



Council Report

For the Meeting of June 17, 2021

To: Council **Date:** June 4, 2021

From: Karen Hoese, Director, Sustainable Planning and Community Development

Subject: **1419 Mallek Crescent – Clarification of Housing Agreement for VHRF**

RECOMMENDATIONS

That Council approve a grant from the Victoria Housing Reserve Fund to the Kiwanis Village Society of Victoria in the amount of \$305,000 to assist in the construction of a four-storey 78-unit housing project at 1419 Mallek Crescent, subject to the following conditions:

1. The execution of a Housing Fund Grant Agreement acceptable to the Director of Sustainable Planning and Community Development and in the form satisfactory to the City Solicitor, outlining terms for the eligible use of the grant, reporting requirements, repayment, indemnification and construction insurance, and communication protocols.
2. The execution of a Housing Agreement, in the form satisfactory to the City Solicitor, to secure 78 new housing units as rentals **for a period of 60 years** for seniors (55+) with median income levels as follows:
 - a. 36 studio units;
 - b. 40 one-bedroom units;
 - c. 2 two-bedroom units.
3. The applicant fulfills the applicable requirements of the Victoria Housing Reserve Fund Guidelines; and
4. That the passage of this resolution creates no legal rights for the applicant or any other person, or obligation on the part of the City, until and unless all agreements are fully executed by the City.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with updated recommendations related to a Victoria Housing Reserve Fund (VHRF) grant application in the amount of \$305,000 that was approved at Committee of the Whole on May 27, 2021 to support the construction of a 78-unit senior's housing development at 1419 Mallek Crescent by the Kiwanis Village Society of Victoria.

The approved recommendations were scheduled to be ratified by Council on June 10, 2021, however staff recently identified that the term of the Housing Agreement should be 60 years instead of 'in perpetuity' to align with the VHRF application and mortgage requirements from the applicant's financial lender and Canada Mortgage and Housing Corporation (CMHC). This

change would continue to be consistent with the VHRF guidelines and is similar to the terms for other recently approved VHRF Housing Agreements. The proposed change does not impact the approved grant amount and will continue to result in the construction of affordable rental housing for seniors.

PURPOSE

The purpose of this report is to present Council with updated recommendations related to a VHRF grant application for an affordable housing project at 1419 Mallek Crescent, proposed by the Kiwanis Village Society of Victoria.

BACKGROUND

On May 27, 2021, Committee of the Whole approved a VHRF grant application from the Kiwanis Village Society of Victoria in the amount of \$305,000 to support the development of a 78-unit affordable housing project for seniors at 1419 Mallek Crescent. The recommendations in the report seek direction from Council to prepare a Housing Agreement to secure all 78 units as rental 'in perpetuity' as well as the related affordability levels as follows:

"That Council approve a grant from the Victoria Housing Reserve Fund to the Kiwanis Village Society of Victoria in the amount of \$305,000 to assist in the construction of a four-storey 78-unit housing project at 1419 Mallek Crescent, subject to the following conditions:

- 1. The execution of a Housing Fund Grant Agreement acceptable to the Director of Sustainable Planning and Community Development and in the form satisfactory to the City Solicitor; outlining terms for the eligible use of the grant, reporting requirements, repayment, indemnification and construction insurance, and communication protocols.*
- 2. The execution of a Housing Agreement, in the form satisfactory to the City Solicitor, to secure 78 new housing units as rentals in perpetuity for seniors (55+) with median income levels as follows:*
 - a. 36 studio units;*
 - b. 40 one-bedroom units;*
 - c. 2 two-bedroom units.*
- 3. The applicant fulfills the applicable requirements of the Victoria Housing Reserve Fund Guidelines; and*
- 4. That the passage of this resolution creates no legal rights for the applicant or any other person, or obligation on the part of the City, until and unless all agreements are fully executed by the City."*

Following approval by Committee of the Whole (COTW), staff discovered that the term of the Housing Agreement identified in recommendation 2. should have stated 60 years instead of 'in perpetuity' in the COTW report, to reflect what the applicant proposed in their VHRF application.

ISSUES AND ANALYSIS

Term of Housing Agreement

The current VHRF guidelines stipulate that if a grant is approved, the applicant must *enter into a legal agreement with the City of Victoria to ensure the units receiving funding remain affordable housing in perpetuity, or for a time approved by Council.* The original VHRF application identified

the applicant's willingness to enter into a Housing Agreement to secure the approved affordability levels of the funded units for a period of 60 years. However, due to an administrative error the recommendations to Council referenced a Housing Agreement 'in perpetuity' rather than for '60 years.' A revised term of 60 years aligns with the VHRF guidelines and the financing requirements from the applicant's financial lending institution and CMHC. A 60-year term is also consistent with other housing agreements securing affordability that have been recently approved by Council.

OPTIONS AND IMPACTS

Option 1 - Approve the correction for a 60-year term of the Housing Agreement (Recommended)

This option reflects the applicant's original grant application and corrects an error in the previous staff report. A Housing Agreement term for 60 years is consistent with the VHRF guidelines and would allow the Kiwanis Village Society of Victoria to advance the construction of the 78-unit affordable housing project.

Option 2 – Decline the change to the term of the Housing Agreement (Not Recommended)

If the proposed term of the Housing Agreement is not approved by Council, the applicant has identified this will impact their ability to secure a low interest mortgage from their financial lending institution and their ability to comply with the mortgage insurance requirements from CMHC, which would compromise the feasibility of the project.

Accessibility Impact Statement

Correcting the length of term of the Housing Agreement does not impact accessibility as the project continues to provide units designed to Basic Adaptable Housing with barrier-free access to all suites and amenity areas. Three of the units will also be designed as fully barrier-free accessible units.

2019 - 2022 Strategic Plan

Providing grants to support the development of affordable rental housing supports multiple actions described within Strategic Objective Three: Affordable Housing as well as Strategic Objective Eight: Strong, Liveable Neighbourhoods.

Impacts to Financial Plan

Council's consideration of a 60-year term Housing Agreement does not impact the previously approved \$305,000 grant to the Kiwanis Village Society of Victoria. The balance of funds available for other affordable housing projects in the Victoria Housing Reserve Fund will not be affected by this amendment.

Official Community Plan Consistency Statement

This project supports several OCP objectives, but specifically policies related to achieving multi-generational neighbourhoods by working collaboratively with other public and private partners to plan for the housing of Victoria's population as it ages.

CONCLUSIONS

Approval of a 60-year term for the VHRF Housing Agreement for 1419 Mallek Crescent will better support the development of a proposed 78-unit affordable housing project for seniors by the Kiwanis Village Society of Victoria.

Respectfully submitted,

Robert Batallas,
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Community Planning Division

Karen Hoesel, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager.