



August 27, 2021

Mayor and Council  
City of Victoria  
1 Centennial Square  
V8W 1P6

**RE: Proposed policy change to limit Housing Reserve Funds to net-new units**

Dear Mayor Helps and Council:

Thank you for the opportunity to comment and provide feedback into the policy discussion related to the deployment of Housing Reserve Funds to only net new units in the City of Victoria.

Local non-profit housing organizations, such as the Greater Victoria Housing Society (GVHS), are committed to working together with the City to ensure its citizens have access to safe, affordable, and secure spaces to call home as well as support a thriving local economy.

The redevelopment of older residential properties is a key tool for housing non-profits to build new affordable units during a time of critical housing shortage. It allows us to leverage our existing properties to increase the number of affordable units, meet community sustainability and climate goals by increasing housing in already serviced areas, upgrade older, end of life housing in decline, as well as support broader livability and social outcomes. Limiting the Housing Reserve Fund to only net-new units places more constraints and costs on an already complicated process and may impact the number and affordability of units coming on stream at a time when the community needs them most. It is also important to remember that all the units in a non-profit redevelopment, not just the net-new, are permanent and affordable over the long term (+60 years) thanks to land use, operating, and other financial agreements.

Building affordable housing is not easy. Local funding programs, such as the Housing Reserve Fund, demonstrate to larger funders and the community that municipal governments are a committed partner. Ensuring that municipal funding programs and approval processes are flexible, consistent, and timely is paramount to our collective success.

If you have any questions, please do not hesitate to ask. I am also happy to speak to or support Mayor and Council and City staff on this matter in any way I can.

Yours truly,

A handwritten signature in black ink, appearing to read "V. Holden", is written over a horizontal line.

Virginia Holden  
Executive Director

August 30, 2021

Mayor and Council  
City of Victoria  
1 Centennial Square  
Victoria, BC V8W 1P6

**Re: Proposed policy change to limit Housing Reserve Fund to net-new units**

Dear Mayor Helps and Council,

We have discussed the proposed changes to the Victoria Housing Reserve Fund as it applies to funding of new affordable housing projects with planning staff.

We understand that the City is considering changing the funding formula from total units to net new units on sites that are being redeveloped. This is a concern as we believe that all the new units provide substantial value and not just the net new units.

For instance, a redevelopment of existing units was most likely initiated by a deficiency in the existing units as well as a potential to create additional units. All the new units would then provide benefits such as energy efficiency, better design and functionality for the tenants, and likely a better relationship with the neighbouring community.

We also feel funding should be on total new units, as opposed to net new units, as we spend considerable effort rehousing all existing tenants before advancing any redevelopment process. This is a critical part of our mission.

Should you have any questions, please don't hesitate to contact me.

Sincerely,



Steven Hurst, P.Eng.  
Director of Real Estate Development  
Victoria Cool Aid Society  
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[shurst@coolaid.org](mailto:shurst@coolaid.org)

**From:** Kimberly Lemmon <[Klemmon@crd.bc.ca](mailto:Klemmon@crd.bc.ca)>

**Sent:** July 6, 2021 12:13 PM

**To:** Ross Soward <[rsoward@victoria.ca](mailto:rsoward@victoria.ca)>

**Subject:** RE: VHRF

Hi Ross,

My apologies for the delay in getting back to you. I was away on holidays last week, but neglected to turn on my out of office.

I am always happy to share with others some of the information and rationale in our decision making that goes into determining redevelopment potential. We have undertaken a thorough analysis and rating of our existing properties that has led to determining their redevelopment priority, but this is based primarily based on the existing building condition and the form of development that could be supported on the site based on existing planning policies in place. Additional factors that influence are decision are things like the status of the operating agreement, remaining mortgage term, eligible grant funding available, demographics and construction trends in the area, financial considerations like rent revenues and construction costs, etc.

I would have to do a more thorough analysis of the VHRF program and grant funding anticipated for Caledonia or Michigan to give a formal comment on the revised proposal. But I can tell you that the incremental changes over the years have consistently diminished the amount of funding eligible, which is always difficult to make up for and creates additional complexities with our other funding partners. This limits a non-profit housing providers ability to access grant funds from other federal or provincial programs, as they often want to see local support. Earlier certainty of funding is always preferred as is earlier access to funds, since there are significant costs involved in the early planning phases of a project.

Taking Michigan as an example, we had \$1.485M approved in February 2019 for 98 units, which decreased to \$1.02M approved in February 2020 for 91 eligible units and that was decreased again in March 2021 to \$620K for 46 eligible units. Changing the program to only fund net new units would see a further decrease, since Michigan has 44 net new units and some of those may not be considered eligible once we look into the details of the rent levels.

I hope that helps give you some further background for your council report.

Cheers,

**Kimberly Lemmon** RPP, MCIP | Manager, Planning & Development, Regional Housing | O: 250.360.5675 | C: 236-638-2689