



Committee of the Whole Report

For the Meeting of October 6, 2022

To: Committee of the Whole **Date:** September 13, 2022

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

Subject: **Victoria Housing Reserve Fund Application for 496-498 Cecelia Road & 3130 Jutland Road**

RECOMMENDATIONS

That Council approve a grant from the Victoria Housing Reserve Fund to Pacifica Housing Advisory Association in the amount of \$500,000 to assist in the construction of an 88-unit non-market affordable housing project for 496-498 Cecelia Road and 3130 Jutland Road, subject to the following conditions:

1. The execution of a Housing Fund Grant Agreement in a form satisfactory to the Director of Sustainable Planning and Community Development and the City Solicitor; with terms for the eligible use of the grant, reporting requirements, repayment, indemnification, and communication protocols.
2. The applicant fulfills the applicable requirements of the Victoria Housing Reserve Fund Guidelines.
3. \$250,000 shall be payable to the applicant upon execution of the Housing Fund Grant Agreement, and the remaining balance of \$250,000 shall be payable to the applicant once the City has issued all required occupancy permits for the project.
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 information, analysis, and recommendations for a Victoria Housing Reserve Fund (VHRF) application from Pacifica Housing Advisory Association. The applicant is seeking \$500,000 to support the redevelopment of a 5,637m² parcel that would add 88 new non-market affordable rental units, a new public courtyard as well as community-oriented uses on the ground floor including a new childcare space in the Burnside neighbourhood.

On February 24, 2022, Council approved an OCP amendment, rezoning application, and development permit to support the development of a mixed income affordable rental housing project on the site. The proposal envisions two new apartment buildings, with 62 of the 88 homes aligning with the VHRF funding guidelines for people with very low to median incomes.

The VHRF has a current unallocated net balance of \$4,771,771 with no other grant applications for the September 30, 2022, intake. Therefore, approval of the \$500,000 grant requested by the applicant would result in a balance of \$4,271,771. If approved, the grant would also be subject to a Housing Fund Grant Agreement.

Based on the number of deeply affordable units being provided on-site, a grant of \$500,000 would cover roughly 89 per cent of what the project would be eligible for based on the per unit funding levels in the guidelines. The applicant indicated that the grant would help to offset cost escalations associated with inflation, rising insurance costs as well as the significant off-site transportation works required. Consistent with the guidelines and the maximum grant amount, staff recommend Council approve a \$500,000 grant.

PURPOSE

The purpose of this report is to present Council with information, analysis, and recommendations for a Victoria Housing Reserve Fund (VHRF) grant application (Attachment 1) from Pacifica Housing Advisory Association, to support the construction of a non-market rental housing project at 496-498 Cecelia Road and 3130 Jutland Road (Attachment 2).

BACKGROUND

An OCP amendment, rezoning application, and development permit, were approved by Council at Public Hearing on February 24, 2022, for the development of an 88-unit mixed-income non-market rental housing project on the lands behind the old Burnside School (Attachment 2). The proposal envisions two multi-family buildings (Buildings “A” & “B” shown in Attachment 3) that will front a new 1290m² public courtyard. In addition, Building “A” will include a ground floor childcare space for approximately 60 children with a secure outdoor play area.

The two buildings would share access to an underground parkade that will provide 98 vehicle parking spaces and 110 long-term bicycle spaces. The project has secured funding under the BC Housing Community Housing Fund, ensuring that 20 per cent of units are deeply subsidized for people with very low incomes (deep subsidy), and 50 per cent of units are subsidized at Rent Geared to Income (RGI) levels, supporting people with low incomes. The remaining 30 per cent of units are secured at below market rents for people with moderate incomes.

The development site is part of a land partnership between the Pacifica Housing Advisory Association, BC Housing, School District No. 61, and the City of Victoria. To integrate the development with the local neighbourhood, the applicant has also built partnerships with the Burnside Gorge Neighbourhood Association to operate the proposed licensed daycare space, out-of-school care programs, and associated ground floor community spaces. Overall, this project would deliver much needed affordable rental housing and other valuable amenities that would serve the local community.

ISSUES AND ANALYSIS

The application is consistent with the VHRF Guidelines and is the outcome of a land partnership between Pacifica Housing Advisory Association, BC Housing, City of Victoria, and the School District. The applicant has secured funding for the project, with 62 of the 88 units aligning with the VHRF Guidelines for individuals with very low incomes and low incomes. The other 26 units would be rented at below-market rates. The parcels proposed for redevelopment are currently owned by the City of Victoria and would be leased to the applicant for a period of 62 years. The applicant will be required to pay property taxes to the City.

The applicant is required to complete various off-site transportation works including a new traffic signal at the corner of Cecelia Road and Jutland Road, in accordance with City standards. This off-site work will require an amenity contribution of \$350,000 toward the design and installation of the new traffic signal that will benefit the broader community but is challenging for the applicant to absorb. Any increased costs typically require affordable housing providers to increase the size of their loan (mortgage), translating into higher monthly costs that are recovered through higher rents on the 26 below market units or via increased operating subsidies from BC Housing. Accordingly, the additional off-site transportation costs would be offset by the VHRF grant.

Affordability Requirements

The applicant is proposing to deliver deeply affordable rental housing for people with low and very low incomes. As shown in the table below, the project proposes 62 units that meet VHRF guidelines under the BC Housing Affordability levels. Specifically, the applicant is applying for a grant to support 18 deep subsidy units for people with very low incomes and 44 RGI units that align with the City's targets for people with low incomes. The remaining 26 below-market units will be rented at below-market rates that are not eligible for a grant but would provide much needed family-friendly units for people with moderate incomes.

Unit Composition and Affordability Table

Unit Type	Number of Units	Target Income Group	Proposed Income Level	Proposed Monthly Rent	VHRF Eligible Grant	Subtotal ¹
VERY LOW INCOME UNITS / BC HOUSING DEEP SUBSIDY UNITS						
Studio	8	Very Low (Deep Subsidy)	< \$19,999	\$375	\$7,500/unit	\$60,000
1-Bedroom	7	Very Low (Deep Subsidy)	< \$19,999	\$375	\$10,000/unit	\$70,000
2-Bedroom	2	Very Low (Deep Subsidy)	< \$19,999	\$570	\$15,000/unit	\$30,000
3-bedroom	1	Very Low (Deep Subsidy)	< \$19,999	665	\$20,000/unit	\$20,000
LOW INCOME UNITS / BC HOUSING RGI UNITS						
1-Bedroom	27	Low (RGI)	\$20,000 to \$34,999	\$848	\$7,500/unit	\$202,500
2-bedroom	15	Low (RGI)	\$20,000 to \$34,999	\$1,089	\$10,000/unit	\$150,000
3-Bedroom	2	Low (RGI)	\$20,000 to \$34,999	\$1,411	\$15,000/unit	\$30,000

¹ The Victoria Housing Reserve Fund Guidelines establish a maximum grant amount of \$500,000 per project.

Leveraging Additional Funding

In addition to working with partners to secure the land, Pacifica Housing has secured funding through the BC Housing Community Housing Fund as well as Canada Mortgage and Housing Corporation (CMHC). The applicant has secured significant capital grants for the residential components of the project from senior levels of government totaling roughly \$16.85 million and an annual operating subsidy from BC Housing of roughly \$850,000. This translates to an average monthly operating subsidy of approximately \$1,200/unit for the 62 Deep Subsidy and RGI units that are included in the project. The applicant has also leveraged funding from the Provincial Ministry of Children and Family Development to support the construction of the new childcare space on the ground floor of Building A.

Pacifica Housing Advisory Association has entered into a long-term lease (62 years) with the City and will operate the units for the life of the building. The applicant is applying for grant funding to offset increased construction costs and help this vital project move ahead.

Project Priorities

The proposed project aligns with many of the objectives of the VHRF program, providing affordable housing for the following groups:

- Units for people with low and very low incomes (62 units)
- Accessible Units for seniors and/or people with disabilities (4 units)
- Family-friendly (46 units are 2- or 3-bedroom units)
- Housing for people at risk of homelessness (18 deep subsidy units).

The project would create a new mixed-income development with a new public courtyard space for the local community. The redevelopment proposes 20 three-bedroom, family-friendly units with a new childcare space for 60 children on the ground floor of the building. With a range of unit types, future tenants would be able to move between different housing options as their life situation changes. The project would also include deep subsidy units for those at significant risk of homelessness.

Legal Agreements

On January 28, 2021, Council directed staff to prepare legal agreements to secure the 88 residential rental units at affordable or below market rents for 62 years in accordance with the City's definition of affordability and below market. That Council direction was secured in the 62-year lease of the City-owned lands. The lease was signed after the final land use bylaws, subdivision, and BC Housing funding were approved in summer 2022. If Council approves the grant request, the applicant will also be required to enter into a Housing Fund Grant Agreement with the City of Victoria to secure conditions of the grant.

Capacity of the Victoria Housing Fund

The VHRF has a current unallocated balance of roughly \$4,771,771. For the September 2022 VHRF intake, there were no other applications received. If Council approves the applicant's request for a grant of \$500,000, the VHRF would have a remaining unallocated balance of \$4,271,711. The fund is well positioned to accommodate the grant request at this time.

OPTIONS AND IMPACTS

Accessibility Impact Statement

The applicant has proposed four accessible units that would serve people with disabilities and/or seniors. The *British Columbia Building Code* regulates accessibility as it pertains to buildings.

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

Issuance of a \$500,000 grant to Pacifica Housing Advisory Association will not affect the Financial Plan, as the VHRF balance (unallocated) of \$4,711,711 is sufficient to fund this application.

Official Community Plan Consistency Statement

This project supports Official Community Plan policies related to working with community partners to increase affordable housing supply. Also, the project supports OCP policies related to locating non-market housing near Village Centres to ensure easy access to services.

CONCLUSIONS

This grant application from Pacifica Housing is well aligned with VHRF priorities and would support the construction of a valuable mixed-income, non-market rental project that will deliver a range of community benefits to the local neighbourhood, including affordable, accessible, and family-friendly housing, purpose-built childcare facilities, and a public courtyard.

Respectfully submitted,

Ross Soward
Senior Planner – Housing Development
Community Planning Division

Karen Hoese, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager.

List of Attachments

- Attachment 1: Application to the Victoria Housing Reserve Fund
- Attachment 2: Aerial Map
- Attachment 3: Site Plan