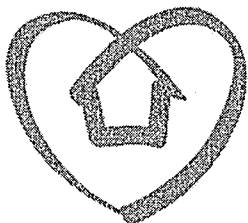


APPLICATION FOR FUNDING

Victoria Housing Reserve Fund

Fairfield Hotel
(1601-1609 Douglas Street)



**PACIFICA
HOUSING**

Pacifica Housing Advisory Association
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PROJECT SUMMARY

Pacifica Housing is applying for a \$250,000 grant from the City of Victoria's Housing Reserve Fund (VHRF) to assist in the 5 year management of the Fairfield Hotel, located at 1601-1609 Douglas Street. The Fairfield Hotel is home to 62 non working poor individuals and represents 30% of the SRO rooms in Victoria.

The facility runs in a deficit position: without support from the City of Victoria, there is a risk that the residential portion of the Hotel will be vacated, or that the rooms will be repurposed. The requested amount will ensure that tenants within the Fairfield remain housed while we implement a strategy to build a new housing facility to decant the residents. This will allow for redevelopment and restoration of the Fairfield by the owner with a smooth and non disruptive transition.

BACKGROUND

In June of 2017, the City of Victoria adopted changes to the Victoria Housing Reserve Fund (VHRF), including "flexibility as to how the fund may be used." The broadened eligibility criteria and expanded program moved the City towards meeting its goals as outlined in the Victoria Housing Strategy 2016-2025: to assure the value of affordable housing projects in Victoria and lead to an increased supply of units for those in the greatest need.

Specifically, the initiative complements the Victoria Housing Strategy's Strategic Direction 2, to "encourage diversity" through "protect[ing] rental stock." The City's six-month moratorium on rental housing demolition and ongoing Market Rental Retention study further demonstrate commitments to protecting renters.

Maintaining the Fairfield as a low-barrier, affordable housing option supports the short and long-term housing needs of the overall community. It is consistent with Section 13 of the City of Victoria's Official Community Plan respecting Housing and Homelessness as well as the Downtown Core Area Plan - Community Vitality.

The grant is not an ongoing subsidy. The Property Owners, Reliance Properties and Porte Communities, intend to redevelop the Fairfield Hotel site in the next 3 to 5 years. Going forward, Pacifica Housing will work with Reliance/Porte to find a more suitable site to create new affordable housing units for the population that relies upon facilities like the Fairfield to exist and live housed in the City of Victoria.

OUR VISION

Pacifica's mission is to be a leading innovative provider and manager of affordable homes and support services that lead to the independence of individuals and families. Safe, secure and affordable housing is our priority, and we aim to find creative solutions that facilitate the development and management of available housing stock to help meet the shelter needs of our

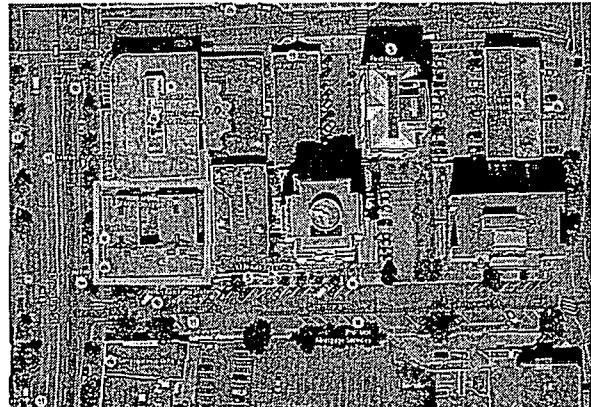
most vulnerable individuals.

For marginalized populations experiencing chronic homelessness and complex issues such as mental health, substance use, brain injury and poverty, finding housing in the private market is almost impossible. Maintaining housing such as the Fairfield allows us to better meet the housing needs of the non-working poor in our community who face significant barriers to securing and maintaining private market housing.

Managing the Fairfield is a creative solution to our community's housing needs that we have been honoured to partake in. It is a unique partnership between a non profit housing provider and two private companies to maintain low rent housing over a medium period of time and facilitate a humane transition for residents when projects such as the Fairfield Hotel are at the point of redevelopment. Our goal is to avoid the community debacle that is associated with the Balmoral Hotel in Vancouver – that is an example of how not to manage a SRO hotel.

OUR PASSION FOR THE FAIRFIELD BLOCK

The 2016 Point-In-Time Count revealed that on the night of February 10, 2016, there were at least 1,387 people experiencing homelessness in Victoria. While the province of British Columbia has taken action and come forward with an additional 370 new units in Victoria, the need for low income housing continues to outnumber available resources and infrastructure.



The retention of the Fairfield Hotel is crucial for maintaining low-barrier, affordable housing stock in the downtown core. The Fairfield represents approximately 30% of Victoria's SRO housing and serves many of our region's non-working poor. Current residents rely upon the building's low rent to retain shelter while facing significant challenges related to mental health, substance-use, and poverty. Maintaining the Fairfield as a low-barrier, affordable housing option supports the short-and long-term housing needs of the overall community.

Over half of the current residents in the Fairfield are currently clients of Pacifica Housing's outreach services, or have established relationships with our outreach staff. Our long-standing connection to these clients puts us in an optimal position to assess the individual needs of the residents and assist individuals with graduating onto more appropriate housing options within our portfolio after the 5-year management period has closed and redevelopment has commenced. This will include placing people in more independent housing or providing higher levels of personal support.

Address/location of project

1601-1609 Douglas Street

Manager's contact Information

Reliance Properties

604 – 683 – 2404

Project Architect and Contact Information

Not applicable

Owner of Housing

Reliance Properties/Porte Communities

Operator of Housing

Pacifica Housing Advisory Association

Housing type (strata/apt) and size (bedrooms) and number of units

The Fairfield is a three-story timber-frame building with brick masonry exterior walls, with a total area of 24,000 square feet. It is a single room occupancy building with 62 units.

Target population, incomes and rents

Target Population: Non Working poor, individuals with long term disabilities and individuals experiencing significant barriers to stable housing conditions.

Incomes: Many of the tenants will be non-working and on social assistance or Canada Pension.

Rents: Rents are aimed to serve Victoria's individuals who (for a multitude of socio-economic reasons) cannot maintain stable housing in Victoria's private market. Rents are targeted at \$400 to \$500 per unit, monthly with all utilities.

Services Provided (if any)

- | | |
|---------------------------------|--|
| ◇ Building management | ◇ Pest control |
| ◇ Custodial/janitorial services | ◇ Garbage removal |
| ◇ Utilities, on-site laundry | ◇ Bed bug heat treatment |
| ◇ Fire inspection | ◇ 24Hrs emergency maintenance Line |
| ◇ Carpet cleaning | ◇ 24Hrs emergency mobile outreach (Mobile Outreach staff are trained professionals who specialize in conflict and crisis remediation). |

Pacifica Housing is committed to maintaining the safety of the Fairfield Hotel as well as the dignity and stability of its tenants, with proven expertise in both maintenance and outreach services.

Pacifica provides regular maintenance and janitorial services, including light housekeeping and building management. Building management includes tenant services (including RTB administrative hearings), rent collection, security deposits, and accounting functions.

Over half of the residents in the Fairfield are currently clients of Pacifica Housing's outreach services, or have established relationships with our outreach staff. Pacifica provides personal support to certain tenants on a case-by-case basis.

Our long-standing connection to these clients puts us in an optimal position to assess the individual needs of the residents and assist each person with graduating onto the most fitting housing options and programs within our portfolio, if and when appropriate. This includes placing people in more independent housing or providing higher levels of personal support.

Additional Features

Not applicable

Target Completion Date

Pacifica Housing is proposing for the grant provided by the City of Victoria's VHRF to last until June 30, 2022, which is the end of our fiscal year. Pacifica will provide regular reports to City of Victoria as to the annual operations of the Fairfield Hotel, and the advancement of any new development that will facilitate replacing the units.

How does the project meet the objectives of the VHRF?

This initiative meets the VHRF project eligibilities through partnerships with private industry; by retaining housing for no or low income households; and its location in the City of Victoria's downtown core. In particular, maintaining the Fairfield Hotel meets the updated guidelines of the VHRF in reducing housing insecurity and retaining existing affordable housing within the city. The project budget (Appendix A) illustrates how the initiative will remain financially viable following the dispersal of the grant.

According to the revised VHRF guidelines, the program provides grants in order to "assist the development and retention of affordable housing for households with no, low or moderate incomes to support community diversity and infrastructure; and facilitate the development of affordable rental housing, and affordable home ownership projects." The residents of the Fairfield have little to no income, and would otherwise find it impossible to find affordable housing.

We understand that Council has broadened the eligible use of the fund, providing the pro-forma and operating budget can show that the proponent will keep the project viable and affordable. Following the broadened VHRF guidelines, this funding will be used to keep this housing initiative viable and affordable, and to assist the retention of affordable housing.

Describe how the project is consistent with the City's Official Community Plan (OCP), Neighbourhood Plan policies and Zoning?

Contributing to Pacifica Housing's operation of the Fairfield Hotel is consistent with S. 13 (b) of the Official Community Plan: "that housing affordability is enabled across the housing spectrum, particularly for people in core housing need."

This project complements the fourth key feature of the Downtown Core Area Plan, "increased housing options", and works toward sustaining a livable urban community with strong vitality that meets people's daily needs. The Social Vitality Policies and Actions within the Area Plan pledge to support the work of the Greater Victoria Coalition to End Homelessness, to assist in the development of non-market housing as the Downtown Core Area grows and to work with non-profit industry partners with targeted investment from the Victoria Housing Reserve Fund.

The Fairfield Hotel falls under Central Business District-I Zone (CBD-I) is zoned as a CA-4 zone with a maximum density of 3:1 floor space ratio, and continues to permit residential use.

What development approvals are required or have been received?

There are no development approvals required.

Experience and capacity to develop and manage affordable housing

For more than 30 years Pacifica Housing has been a leading provider of subsidized, supported, market and near market housing options in Greater Victoria, Duncan, and Nanaimo.

Pacifica Housing has acquired, built and/or renovated a total of 1075 units, and currently houses over 1600 people across 36 properties. We have 150 new affordable family units under construction.

One defining feature of our organization is our portfolio of diverse properties and housing options. Through decades of experience and expertise, we bring a collection of housing alternatives occupying almost every facet of the housing continuum. Pacifica is able to offer clients moving out of transitional housing a diverse range of internal housing options.

We currently work with over 60 private market landlords, administer over 300 rental supplements, and have 171 supported housing units and an additional 780 units of subsidized, low end of market and market rentals. We currently own and/or operate and manage five supported housing properties. In total, we provide supportive housing alternatives to more than 380 individuals. We have won various awards within the community reflecting the work that we do and buildings we have constructed.

Pacifica Housing also operates the nationally renowned Greater Victoria Streets to Homes Program (S2H). S2H is a community collaboration that moves those experiencing homelessness directly into private-market housing. In addition to providing homes, we offer support services, a psychosocial rehabilitation work program, youth groups, community gardens, and community meals that assist in building individual capacity and greater community connections.

In the last five years we have added two new family housing complexes, built two new supported housing complexes and expanded our S2H program by 40 participants. Pacifica owns or manages over \$200 million in capital assets, has an annual operating budget of \$14 million, and currently has over 100 employees. Our largest partner and Society funder is **BC Housing**, which provides 40% of the Pacifica's annual income.

Pacifica has a strong reputation in the community amongst clients, service providers, funders and private market landlords. As professionals in social housing, Pacifica has made community best practices and solid working relationships with our community partners a top priority.

Pacifica Housing's management team brings a wealth of experience and expertise to the field of social housing and has been selected by BC Housing as the community designate to administer the majority of rent subsidies for the capital region, including those for the ACT teams. Our agency is a comprehensive team of development professionals and experts prepared to further expand affordable housing stock throughout Greater Victoria.

Project Financing and Sustainability

Pacifica is very familiar with the financial operation of the Fairfield. We recognize that the income that is generated from the operation of a SRO **can not** service the operating costs and leaves no ability to service a mortgage or make lease payments.

The annual cost to manage the residential portion of the Fairfield building is approximately \$360,000 (2018 budget). The annual revenues are 300,000. Attached is a project budget as Appendix A.

Partnerships

Pacifica has a 3 month management lease agreement with Reliance Properties and Port Communities for the management of the residential floors (2nd and 3rd) of the Fairfield through the provision of a bulk lease. If we can secure the grant from the City of Victoria, we will enter into a 5 year management lease. We will look to work in cooperation with Reliance to construct a new building for the current residents of the Fairfield.

Other information

Not applicable

Appendix A: Project Budget

Five Year Projection - fiscal year ending June 30							
	3 months	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	FIVE+1/4 YEAR
	2017	2018	2019	2020	2021	2022	TOTAL
REVENUE							
City of Victoria - Continuance Grant	12,500	50,000	50,000	50,000	50,000	37,500	250,000
Tenant rent	72,000	311,183	322,697	334,637	347,018	359,858	1,747,394
Laundry	900	3,600	3,600	3,600	3,600	3,600	18,900
Subtotal	85,400	364,783	376,297	388,237	400,618	400,958	2,016,294
Vacancy loss (1%)	(720)	(3,112)	(3,227)	(3,346)	(3,470)	(3,599)	(17,474)
Total	84,680	361,671	373,070	384,891	397,148	397,360	1,998,820

EXPENSE							
Materials and supplies	6,000	24,000	24,480	24,970	25,469	25,978	130,897
Waste	2,250	9,000	9,225	9,456	9,692	9,934	49,557
Service contracts	2,400	9,600	9,840	10,086	10,338	10,597	52,861
Utilities	4,380	17,520	18,308	19,132	19,993	20,893	100,227
Common costs	15,118	60,473	61,985	63,534	65,123	66,751	332,984
Administration	6,250	43,600	43,600	43,600	43,600	25,000	205,650
Direct wages	48,750	195,000	204,750	214,988	225,737	237,024	1,126,248
Total	85,148	359,193	372,188	385,765	399,952	396,177	1,998,424
NET SURPLUS (DEFICIT)	(468)	2,478	882	(875)	(2,804)	1,183	396