



Planning and Land Use Committee Report

For the Meeting of November 26, 2015

To: Planning and Land Use Committee **Date:** November 12, 2015
From: Jonathan Tinney, Director, Sustainable Planning and Community Development
Subject: **Victoria Housing Reserve Fund Application for Rosalie's Village -
4351 West Saanich Road (District of Saanich)**

RECOMMENDATIONS

That Council consider approving a grant from the Victoria Housing Reserve Fund in the amount of \$420,000 to the Society of Saint Vincent de Paul to assist in the development of 42 units of supportive affordable rental housing as part of the Rosalie's Village project at 4351 West Saanich Road within the District of Saanich, subject to the following conditions:

1. The grant will be eligible for payment to the Society of Saint Vincent de Paul upon approval by Council and once a Housing Reserve Fund Grant Agreement has been executed with the City of Victoria.
2. The grant is to be repaid by the Society of Saint Vincent de Paul if the project is not completed.
3. The Society of Saint Vincent de Paul will ensure that the City of Victoria receives public recognition for its role as a financial contributor to this housing project by identifying the City of Victoria as a contributor on publications and documents related to the project and at public events related to the development, completion and operation of the project.
4. Upon project completion, the applicant submits a final report to the Sustainable Planning and Community Development Department.

EXECUTIVE SUMMARY

The purpose of this report is to present Council with information, analysis and recommendations for a Victoria Housing Reserve Fund Grant Application for a supportive affordable housing project located at 4351 West Saanich Road (District of Saanich).

The Victoria Housing Reserve Fund Guidelines permit consideration of grant applications for up to \$10,000 per residential unit for eligible projects including those in other surrounding municipalities. The current balance (as of October 28, 2015) within the Victoria Housing Reserve Fund is approximately \$2.3 million. However, there is also approximately \$1.4 million in funding that is committed to previously approved projects, therefore, the resulting balance of approximately \$920,000 is sufficient to provide the requested \$420,000 grant. The Housing Reserve Fund has no minimum threshold.

An application from the Society of Saint Vincent de Paul has been received for the development of Rosalie's Village which will include 42 units of supportive housing for young single mothers with children who are homeless or at risk of homelessness and vulnerable older women who are referred from transition houses or subsidized family housing. The application is for a project within the District of Saanich, however the Victoria Housing Reserve Fund Guidelines support projects in other surrounding municipalities as long as they are designed to provide affordable housing for youth and the chronically homeless. The Society of Saint Vincent de Paul has confirmed that while the project will accommodate young mothers up to the age of 31 and their children, they are also currently working with the Province to secure a youth tenancy agreement that will allow Rosalie's Village to also house single mothers who are 16 to 19 years old and their children. In addition to providing direct support to young mothers and their children, this project will also provide the opportunity to refer eligible tenants from the Saint Vincent de Paul Centre in downtown Victoria to more stable housing at Rosalie's Village, thereby creating available space within the Centre to better house individuals who are chronically homeless or at risk of homelessness along with a higher level of support.

Rosalie's Village supportive housing units will target low-income households and low-income housing limits as defined by BC Housing for Victoria and as reflected in the Housing Reserve Fund Guidelines. The housing income limits (HIL) that are proposed for Rosalie's Village are actually slightly lower than those described in the Housing Reserve Fund Guidelines. This includes an HIL of \$31,200 for one-bedroom units and \$39,120 for two-bedroom units. This means that the proposed rents will be set at 30% of these annual income thresholds for each type of unit. Therefore, all of the housing units will be rented at less than market rents and many at a level well below the affordable rent criteria published by the Canada Mortgage and Housing Corporation. In addition to below market rental, free on-site daycare will also be provided for children who live at Rosalie's Village which equates to a monthly cost savings of approximately \$900-\$1000 for those tenants with young children.

Based on the rent levels proposed and the target client population, a recommendation to approve a grant of \$420,000 is being presented for Council consideration. Should Council approve this request, the new balance of the Housing Reserve Fund available to support new projects will be approximately \$500,000.

BACKGROUND

On September 28, 2015, the City of Victoria received a letter of Intent (Attachment 1) and application (Attachment 2) from the Society of Saint Vincent de Paul, a registered non-profit society in Victoria, requesting a Victoria Housing Reserve Fund grant to assist with the capital costs of constructing a total of 42 dwelling units of supportive housing that will be contained in three buildings: 34 dwelling units in a four-storey apartment building and eight townhouse dwelling units located in two townhouse buildings. The project is located within the District of Saanich at 4351 West Saanich Road (Attachment 3). The project will be built to serve the needs of young single mothers and children who are at risk of homelessness and older women referred from transition houses or subsidized family housing, whose children have reached adulthood and no longer qualify for family housing. The project will also include three dedicated emergency shelter units for women and children fleeing unsafe or inadequate situations. In addition to the formal application, the proponent has provided a further detailed explanation of how the project targets youth and the chronically homeless (Attachment 4). All required development approvals (Rezoning, Development Permit and Building Permits) have been issued by the District of Saanich and the project is currently under construction with a tentative completion in late 2016.

ISSUES AND ANALYSIS

In response to the Application, City staff completed a Project Eligibility Evaluation (Attachment 5) and determined that this Application meets the eligibility criteria contained in the Victoria Housing Reserve Fund Guidelines (Attachment 6). It is important to note that although the Victoria Housing Reserve Fund Guidelines support projects in other municipalities that target youth and the chronically homeless, the guidelines do not provide a definition of youth or chronically homeless. However for the purpose of this application, the proponent has identified that the project will provide housing for young single mothers who are between 16 to 19 years old and their children. Details with respect to rental affordability and the applicant's ability to leverage other funding and use the Grant funds as per the City's eligibility criteria are provided below.

Benefit to the City of Victoria and the Region

In addition to Rosalie's Village, the Society of Saint Vincent de Paul also owns and operates the Saint Vincent de Paul Centre within Victoria's Downtown Core Area (831 Yates Street). The Centre provides 43 units of low-cost supportive housing (bachelor suites) for homeless and homeless at-risk individuals. This includes 15 units for people struggling with mental health and addictions who require a higher level of support. Therefore, the creation of Rosalie's Village will provide the opportunity to refer some eligible tenants from the Saint Vincent de Paul Centre to more stable and diverse supportive housing at Rosalie's Village. This relationship will shorten the Centre's wait list thereby freeing up more space and support services to accommodate individuals that are at risk or chronically homeless within Victoria while providing increased affordable housing options within the region.

Affordability Requirements

Rosalie's Village will include 42 units of supportive affordable housing including a mix of one-bedroom and two-bedroom units that will be provided within a four-storey apartment building and two townhouse buildings (see Table 1 below). Rents are set to achieve affordability targets well below the City of Victoria's affordable housing rent limits as set out in the Victoria Housing Reserve Fund Guidelines. It is important to note that, while the table below identifies average rents, it is anticipated that approximately half of the units could be accessed by individuals who are on rental assistance. This means that a one-bedroom apartment could be provided for \$375 and a two-bedroom apartment could be provided for \$570.

Table 1 - Proposed Rent and Income Targets

Unit Type	Number of Units	Affordability Levels	Estimated Average Monthly Rents	Housing Income Limits
One bedroom (Emergency Shelter)	2	Low Income	\$375	N/A
Two bedroom (Emergency Shelter)	1	Low Income	\$570	N/A
One bedroom (Apartment)	20	Low Income	\$780	\$31,200
Two bedroom (Apartment)	11	Low Income	\$978	\$39,120
Two bedroom (Townhouse)	8	Low Income	\$1,050	\$42,000
Total	42			

Leveraging Additional Funding

The total project budget is \$14,016,854 of which approximately 53% (excluding grant request from City of Victoria) has been leveraged through a variety of sources and partnerships. Grants for the project have been approved by BC Housing, the Capital Region Housing Trust Fund, the Government of Canada, the District of Saanich and Canada Mortgage and Housing Corporation (CMHC). In addition, the Society of Saint Vincent de Paul has secured land and fundraising in support of the project. The various funding sources are described below in Table 2.

Table 2 - Additional Resource Contributions

Source	Amount	Status
BC Housing Grant	\$3,900,000	Approved
Society of Saint Vincent de Paul (Fundraising)	\$1, 137,698	Approved
Society of Saint Vincent de Paul (Land Value)	\$1,270,000	Approved
CRD Housing Trust Fund	\$630,000	Approved
Government of Canada	\$400,000	Approved
District of Saanich	\$172,262	Approved
CMHC PDF Grant/Loan	\$10,000	Approved
TOTAL FUNDING	\$7,519,960	

The remaining balance (\$6,496,894) of the project cost will be serviced by the proponent through a mortgage and additional fundraising. If Council approves a grant of \$420,000 the remaining balance would be reduced to \$6,076,895

Legal Agreements

The applicant has made a commitment to enter into a legal agreement with the City of Victoria if Council approves the grant request. The legal agreement (Housing Reserve Fund Grant Agreement) will secure the conditions of the grant, which includes repaying the grant should the project not be completed as presented by the applicant. Since the project is in another municipality, the City of Victoria is not able to require or secure a typical Housing Agreement, however staff have confirmed that the proponent has entered into and secured a variety of legal encumbrances and agreements with other financial supporters for the purpose of protecting their financial commitments and securing the provision of supportive affordable housing in perpetuity. These include:

- Operating Agreement and Operator Agreement (BC Housing Management Commission and Provincial Rental Housing Corporation)
- Covenant (Section 219), Mortgage and Assignment of Rents (BC Housing Management Commission and Provincial Rental Housing Corporation)
- Covenant and Housing Agreement (District of Saanich)
- Funding Agreement, Covenant (Section 219) and Mortgage (Capital Regional District)
- Funding Agreement (Capital Regional District – Homeless Partnering Strategy).

The applicant is also required to provide annual reports to the City of Victoria outlining how the project is achieving the affordability targets outlined in the Victoria Housing Reserve Fund Guidelines.

Capacity of Victoria Housing Reserve Fund

Table 3 below provides information on the status of the Victoria Housing Reserve Fund. Currently the Fund has a little over \$1 million available to support new projects. With respect to previously approved grants, Dockside Green has recently received Council approval for a Rezoning Application and Development Permit Application that include the development of 49 units of affordable rental housing. However, Dockside Green representatives have indicated that they will not require a grant from the City's Housing Reserve Fund for this project.

Table 3 - Status of Victoria Housing Reserve Fund – November 4, 2015

Balance to December 31, 2014		\$1,866,083
<u>Funds Received</u>		
Annual City Contribution 2015	\$250,000.00	
One time funding 2015 - GPC minutes April 9, 2015	\$750,000.00	
Oscar 1237 - 39 contribution	\$10,000.00	
Total Funds Received - 2015		\$1,010,000
<u>Grants Paid in 2015</u>		
Greater Victoria Rental Development Society - 1950 Blanshard Street	\$543,725	
Total Grants Paid - 2015		\$543,725
GL Balance		\$2,332,358
<u>Grants Pending (Not yet Paid)</u>		
CRHC (Capital Region Housing Corp - Dockside Green)	\$460,000.00	
Pacifica Housing Advisory Association - 105 Wilson	\$840,000.00	
Cottage Grove – 3221 Quadra (Saanich)	\$112,000.00	
Total Grants Committed		(\$1,412,000)
Total GL Balance less Committed Grants		\$920,358

The City of Victoria has also received one other application seeking \$20,000 from the Victoria Housing Reserve Fund which is currently being reviewed. This application is from the Victoria Native Friendship Centre to support the construction of two additional dwelling units as part of the phase two construction of Siem Lelum (120 Gorge Road) which will increase the total number of units from 39 to 41.

OPTIONS AND IMPACTS

2015 - 2018 Strategic Plan

Providing grants to support the development of supportive and affordable rental housing aligns with and supports Council's strategic priority of Making Victoria More Affordable (Objective 6).

Support for the development of Rosalie's Village also aligns with Council's strategic priority to Facilitate Social Inclusion and Community Wellness (Objective 7).

Impacts to 2015 - 2018 Financial Plan

In April of 2015, Council approved an additional contribution of \$750,000 to the Housing Reserve Fund from the 2014 surplus. Combined with the \$250,000 annual contribution for 2015, the Fund has a current balance of \$920,358 that is adequate to support the grant application.

Official Community Plan Consistency Statement

Although this project is outside the boundary of the City of Victoria, approval of this grant request will advance the *Official Community Plan* objectives and policies regarding the provision of rental housing options and entering into partnerships with other levels of government and agencies to help achieve new affordable housing initiatives. This project also supports OCP policies related to working with coordinated community and regional efforts to end homelessness and enable stable affordable housing with support services.

Option 1 - Approve the Grant Request (Recommended)

Approval of the grant will allow the Society of Saint Vincent de Paul to build 42 units of supportive housing. It will be added to the substantial investments in grants being provided by BC Housing, the Government of Canada, Capital Region Housing Trust Fund, the District of Saanich and CMHC. Providing financial support for affordable housing projects outside of the City of Victoria sends a positive message to other municipalities with respect to the City of Victoria's willingness to partner with other regional municipalities in addressing homelessness and providing affordable housing.

Option 2 - Decline the Grant Request

Should the grant be declined, the Society of Saint Vincent de Paul will have to attempt to solicit more donations for the project which may delay the on-going development until the additional funds are secured.

CONCLUSIONS

The housing development presented in this report generally meets the Victoria Housing Reserve Fund eligibility requirements and is being proposed by an applicant with a history of success in developing supportive housing in the community. A legal agreement will be established between the City of Victoria and the proponent to secure the conditions of the grant. The recommendations presented in this report also include conditions that allow for the provision of the grant to the applicant in a way that also provides additional security for the City's financial investment.

Respectfully submitted,



Robert Batallas, Senior Planner
Community Planning

Att.



Jonathan Tinney, Director
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:



Date: November 17, 2015

List of Attachments

- Attachment 1: Letter of Intent dated July 13, 2015
- Attachment 2: Application for Victoria Housing Reserve Fund dated September 25, 2015
- Attachment 3: Aerial photo of 4351 West Saanich Road (District of Saanich)
- Attachment 4: Target Group Summary
- Attachment 5: Project Eligibility Evaluation Form
- Attachment 6: Victoria Housing Reserve Fund Guidelines.