



## **Planning and Land Use Committee Report**

### **For the Meeting of November 26, 2015**

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**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 120 Gorge Road East

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### **RECOMMENDATIONS**

That Council consider approving a grant from the Victoria Housing Reserve Fund in the amount of \$20,000 to the Victoria Native Friendship Centre (VNFC) to assist in the development of two additional units of supportive affordable rental housing as part of the phase two development of Siem Lelum at 120 Gorge Road East, on the following conditions:

1. The grant will be eligible for payment to the Victoria Native Friendship Centre upon approval of the grant 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 Victoria Native Friendship Centre if the project is not completed.
3. The Victoria Native Friendship Centre 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 the development of two additional supportive affordable housing units as part of phase two of the Siem Lelum (Respected House) project located at 120 Gorge Road East.

The Victoria Housing Reserve Fund Guidelines permit consideration of grant applications for up to \$10,000 per residential unit for projects that meet the eligibility criteria. The current balance (as of November 3, 2015) within the Victoria Housing Reserve Fund is approximately \$2.3 million. There is also approximately \$1.4 million in committed funding for previously approved projects; therefore, the resulting balance of approximately \$920,000 is sufficient to provide the requested \$20,000 grant. The Housing Reserve Fund has no minimum threshold.

An application from the Victoria Native Friendship Centre (Attachment 1) has been received seeking funding for the development of two additional supportive affordable housing units as part of phase two of the Siem Lelum project located at 120 Gorge Road East (Attachment 2). The first



phase of the project opened for occupancy on June 1, 2013 and provides 26 units of housing for Aboriginal families, single young adults who are working and/or attending school, grandparents raising grandchildren and youth aging out of the foster care system who are, or are at risk of becoming homeless, who will benefit from living in a supportive environment where they can learn parenting skills and other life skills necessary for self-sufficiency.

A Development Permit for the second phase of Siem Lelum was approved by Council on March 26, 2015 which will include the construction of a three-storey building that will contain 15 supportive affordable housing units that range in size from one to three bedrooms. This phase will also include amenities for the tenants including a kinetic playground/gathering space, exercise stations, science stations for children and adults, a community garden, traditional medicine plants, rain water recovery systems, and a community building.

Siem Lelum supportive affordable 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 Siem Lelum range from no income up to \$34,000. The anticipated monthly rents will be approximately \$550 for one-bedroom units, \$650 for two-bedroom units and \$750 for three-bedroom units. Therefore, all of the housing units will be rented at less than market rents and at levels well below the affordable rent criteria published by the Canada Mortgage and Housing Corporation (CMHC).

Based on the rent levels proposed and the target client population, a recommendation to approve a grant of \$20,000 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 \$900,000. However, the City is also currently in the process of reviewing another Housing Reserve Fund Application that is requesting a grant of \$420,000 for Rosalie's Village at 4351 West Saanich Road (District of Saanich). Therefore, if Council approves both of these grants the subsequent balance of the Housing Reserve Fund will be approximately \$480,000.

## **BACKGROUND**

On July 5, 2011 Council approved the allocation of \$390,000 from the Housing Reserve Fund to support the renovation and upgrading of the former Traveller's Inn located at 120 Gorge Road East for the purpose of providing affordable housing. At the time, the City of Victoria was the owner of the property and it was anticipated that the project would provide 39 units of affordable housing. Based on the Housing Reserve Fund Guidelines (\$10,000 per dwelling unit x 39 units) a commitment of \$390,000 was made. Subsequently, the City entered into an agreement to sell the property to the Victoria Native Friendship Centre; this process included the establishment of a legal Housing Agreement and planning approvals which stipulate the development of 41 supportive affordable housing units:

- 26 units within the existing building (Completed in phase one)
- 15 additional units as part of phase 2 (Underway).

The City of Victoria received a Housing Reserve Fund Application, dated October 19, 2015 from the Victoria Native Friendship Centre, a federally registered charitable organization and non-profit society in Victoria, requesting a grant of \$20,000 to assist with the capital costs of constructing two dwelling units of supportive affordable housing as part of phase two of the project. The project will be built to serve the needs of Aboriginal families, single young adults who are working and/or attending school, grandparents raising grandchildren and youth aging out of the foster care system who are, or are at risk of becoming homeless, who will benefit from living in a supportive



environment where they can learn parenting skills and other life skills necessary for self-sufficiency.

## ISSUES & ANALYSIS

In response to the Application, City staff completed a Project Eligibility Evaluation (Attachment 3) and determined that this Application meets the eligibility criteria contained in the Victoria Housing Reserve Fund Guidelines (Attachment 4). 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.

### Affordability Requirements

Phase two of the project will provide a total of 15 supportive affordable dwelling units including a mix of one, two and three bedroom units that will be provided within a three-storey building (see Table 1 below). Rents are set to achieve affordability targets well below the City of Victoria's affordable housing rent limits set out in the Victoria Housing Reserve Fund Guidelines.

**Table 1 – Proposed Rent and Income Targets**

Unit Type	Number of Units	Affordability Levels	Estimated Average Monthly Rents	Housing Income Limits
One bedroom	1	Low Income	\$550	\$0 - \$34,000
Two bedroom	10	Low Income	\$650	
Three bedroom	4	Low Income	\$750	
<b>Total</b>	<b>15</b>			

### Leveraging Additional Funding

The total project budget for phase two is approximately \$4,586,000 of which the majority (\$4,136,000) has been secured through a grant from BC Housing. Additional funding is also being requested from the City of Victoria Housing Reserve Fund and the Capital Region Housing Trust Fund as noted in Table 2 below:

**Table 2 – Funding Sources (Phase 2)**

Source	Amount	Status
BC Housing Grant	\$4,136,000	Approved
CRD Housing Trust Fund	\$30,000 (2 units)	Pending
City of Victoria Housing Reserve Fund	\$20,000 (2 units)	Pending
<b>TOTAL FUNDING</b>	<b>\$4,186,000</b>	
<b>TOTAL PROJECT COST</b>	<b>\$4,586,000</b>	
<b>FUNDING SHORTFALL</b>	<b>&lt;\$400,000&gt;</b>	

The remaining funding shortfall (\$400,000) of the project cost, excluding the request grant from the City of Victoria, will be addressed through on-going fundraising by the Victoria Native Friendship Centre. In addition, the proponent has confirmed that BC Housing, Van City and Mi's

Kow A Ao Development Society have all offered to provide a patient loan for the unfunded portion. It is anticipated however, that the funds raised through the fundraising campaign would pay off the loan before the Victoria Native Friendship Centre is required to begin making loan payments.

### Capacity of Victoria Housing Reserve Fund

Table 3 below provides information on the current status of the Victoria Housing Reserve Fund. The current balance (as of November 3, 2015) 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 \$20,000 grant.

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

<b>Balance to December 31, 2014</b>			<b>\$1,866,083</b>
<b>Plus Funds Received</b>			
Annual City Contribution 2015		\$250,000	
One time funding 2015- GPC minutes Apr 9/15		\$750,000	
Oscar 1237-39 contribution		\$10,000	
<b>Total City Contributions 2015</b>			<b>\$1,010,000</b>
<b>Grants Paid out in 2015</b>			
Greater Victoria Rental Development Society - 1950 Blanshard St			\$543,725
<b>Total Grants Paid out in 2015</b>			<b>\$543,725</b>
<b>GL Balance</b>			<b>\$2,332,358</b>
<b>Grants Pending (Not yet Paid)</b>			
CRHC (Capital Region Housing Corp -Dockside Green)	\$460,000		
Pacifica Housing Advisory Association - 105 Wilson	\$840,000		
Cottage Grove – 3221 Quadra (Saanich)	\$112,000		
<b>Total Grants Committed</b>			<b>(\$1,412,000)</b>
<b>Total GL Balance less Committed Grants</b>			<b>\$920,358</b>

The City of Victoria has also recently received one other application seeking \$420,000, which is currently being reviewed. This application is from the Society of Saint Vincent de Paul to support the construction of 42 supportive affordable housing units as part of the Rosalie's Village project at 4351 West Saanich Road (District of Saanich).

### Legal Agreements

The applicant has made a commitment to enter into a legal agreement (Housing Reserve Fund Grant Agreement) with the City of Victoria if Council approves the grant request. The legal



agreement will secure the conditions of the grant, which includes repaying the grant should the project not be completed as presented by the applicant. In addition, a Housing Agreement was established between the City of Victoria and the Victoria Native Friendship Centre on November 28, 2014 which secures the provision of 41 affordable supportive housing units in perpetuity.

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.

## **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 Siem Lelum 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*

Approval of this grant request will advance *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.

## **Option 1 – Approve the Grant Request (Recommended)**

Approval of the grant will further support the Victoria Native Friendship Centre to build two additional units of supportive housing as part of Phase 2 of the Siem Lelum project. It will be added to the primary grant being provided by BC Housing, along with another pending grant from the Capital Region Housing Trust Fund. Providing financial support sends a positive message with respect to the City of Victoria's willingness to partner with organizations and housing providers to address homelessness and provide affordable housing.

## **Option 2 – Decline the Grant Request**

Should the grant be declined, the Victoria Native Friendship Centre will have to attempt to solicit other grants and donations for the project which may delay the ongoing development until the additional funds are secured.

## **CONCLUSIONS**

The housing development presented in this report meets the Victoria Housing Reserve Fund eligibility requirements and is being proposed by an applicant who has successfully completed the first phase of the project. A legal agreement has already been established between the City of Victoria and the proponent to secure the provision of affordable supportive housing in perpetuity and at rates that align with the Victoria Housing Reserve Fund Guidelines. 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 Division

Alt.



Jonathan Tinney, Director  
Sustainable Planning and  
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Report accepted and recommended by the City Manager:



Date: November 17, 2015

#### LIST OF ATTACHMENTS

- Attachment 1: Application for Victoria Housing Reserve Fund dated October 19, 2015
- Attachment 2: Aerial photo of 120 Gorge Road East
- Attachment 3: Project Eligibility Evaluation Form
- Attachment 4: Victoria Housing Reserve Fund Guidelines.