



Governance and Priorities Committee Report

Date: January 17, 2014 **From:** John Reilly, Senior Planner - Social Issues
Community Planning Division
Subject: Victoria Housing Fund - Managing Applications

Executive Summary

The purpose of this report is to provide information, analysis and recommendations regarding management of the Victoria Housing Fund. The current *Victoria Housing Fund Program Application Guidelines* do not include a time limit within which the applicant is expected to use the grant for its intended purpose. In some cases, these funds remain unavailable for projects more likely to move forward unless City Council approves a resolution to rescind a grant approval.

A way to prevent this from happening in the future is to set a time limit for using the grant for its intended purpose. Introducing a time limit will provide an incentive for applicants to advance projects to construction phase in a timely manner and increase the efficiency of grant management by eliminating the need for Council to consider rescinding individual grant approvals. The recommended time limit policy will have no impact on existing grant commitments and will apply only to future grant approvals.

Recommendations

That the *Victoria Housing Fund Program Application Guidelines*, Funding Assistance section, be amended to include the following clause:

"Should construction of a project for which a grant is approved not commence within two years of the Development Permit approval or should a Development Permit in respect of an approved project not be issued within two years of Council's approval of the grant, the approved grant shall be rescinded."

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "John Reilly".

John Reilly
Senior Planner - Social Issues
Community Planning

A handwritten signature in blue ink, appearing to read "D. E. Day".

Deb Day, Director
Sustainable Planning
and Community Development

A handwritten signature in blue ink, appearing to read "B. Warner".

Brenda Warner, Director
Finance Department

Report accepted and recommended by the City Manager:

A large handwritten signature in blue ink, appearing to read "Jocelyn Jenkyns".

Jocelyn Jenkyns

JR:aw

1.0 Purpose

The purpose of this report is to present Council with information, analysis and recommendations regarding management of the Victoria Housing Fund, to include a time limit on grant approvals.

2.0 Background

Since 2005, City Council has approved 20 grants from the Victoria Housing Fund. The smallest grant (\$16,700) was approved in 2009 and the largest (\$840,000) was approved in 2013. Over time, the average grant amount approved has risen substantially, with the seven largest grants approved in the past four years. In most cases, the grants have been used in a timely manner and have contributed to the development of a variety of shelter, supportive housing and affordable rental housing units in the City. However, the current *Victoria Housing Fund Program Application Guidelines* do not include a time limit within which the applicant is expected to use the grant. In one particular case, a substantial portion of the Fund remains unavailable for projects with greater potential to move forward.

3.0 Issues

Insufficient Funding to Support New Applications

Under the current guidelines, once a grant application is approved, the requisite funding is encumbered and cannot be used to support future applications. Should an approved project not proceed within what is considered a reasonable time period, new applications more likely to proceed through the development process may be blocked from moving forward due to a lack of available funding within the Victoria Housing Fund account.

Reduced Incentive to Advance Projects

There is currently no time limit on how long the City must hold funding in the Victoria Housing Fund account to honour previously approved grants. This means that the applicant has a limited incentive to advance the project through to the construction phase within planning approval timelines. It also means that, should planning approvals expire, the applicant may not feel compelled to move quickly in resubmitting development applications and commencing construction on a project.

Inefficient Administrative Process

Should projects not advance in a timely manner, City Council must consider a resolution to rescind previous grant approvals. Analysis of each situation requires administrative time and resources that could potentially be directed toward other projects and tasks.

4.0 Analysis

Policy Innovation: Introducing a Time Limitation

The Victoria Housing Fund was established for the purpose of providing grants to non-profit organizations for capital funding that supports the development of housing for households with no, low or moderate incomes and to facilitate the development of affordable rental housing. A copy of the current program guidelines are provided in Attachment 1.

Currently, when a grant is approved for a given project, it usually remains within the Fund account until all planning approvals have been achieved and project construction has commenced.

Unless otherwise directed by Council, Development Permits expire if construction has not commenced within two years of approval. There are no such time limitations currently applied to the Victoria Housing Fund grant approvals.

The potential to introduce a similar two-year time limit on Victoria Housing Fund grant approvals was discussed by staff and presented to several of the community non-profits and development agents who are significant users of the grant program. Advantages to this approach include:

- Applicants being provided with clear motivation to obtain all development approvals and commence construction on their developments within what has been agreed as being a reasonable time frame.
- All applicants being subject to the same clear policy expectations.
- The ability of staff to direct time and resources to other important tasks and duties.
- Council no longer having to rescind grant approvals on an individual basis.

Introducing a time limit will apply only to future approvals, and will have no impact on previously approved grants.

5.0 Options & Impacts

Option 1 (Recommended)

That the *Victoria Housing Fund Program Application Guidelines*, Funding Assistance section, be amended to include the following clause:

“Should construction of a project for which a grant is approved not commence within two years of the Development Permit approval or should a Development Permit in respect of an approved project not be issued within two years of Council’s approval of the grant, the approved grant shall be rescinded.”

Impacts:

- A time limitation on the grant will provide an incentive for the applicant to move their project to construction phase in a timely manner.
- Introducing a time limit guideline would mean that City Council would no longer have to consider rescinding grant approvals.
- The time limit guideline would apply to all subsequent Victoria Housing Fund grant applications that are approved by Council.

Option 2

That the *Victoria Housing Fund Program Application Guidelines*, Funding Assistance section, not be amended to include a time limitation on the use of the grant.

Impacts:

- Allocated grant funds may not be available to support projects in a better position to move forward to construction phase.
- City Council will continue to consider rescinding grant approvals on projects that are not moving forward to the construction stage.

6.0 Recommendation

That the *Victoria Housing Fund Program Application Guidelines*, Funding Assistance section, be amended to include the following clause:

“Should construction of a project for which a grant is approved not commence within two years of the Development Permit approval or should a Development Permit in respect of an approved project not be issued within two years of Council’s approval of the grant, the approved grant shall be rescinded.”

7.0 Attachment

- Attachment 1 - City of Victoria Housing Fund Program: Application Guidelines.



CITY OF VICTORIA HOUSING FUND PROGRAM APPLICATION GUIDELINES

Program Overview

The fund was established for the purpose of the providing grants for capital funding:

- To assist in the development and retention of housing for households with no, low or moderate incomes to support community diversity and infrastructure; and
- To facilitate the development of affordable rental housing.

Who can apply?

Eligible applicants must be a non-profit society or have a partnership with a non-profit organization that will own and operate the housing.

The City encourages partnerships between non-profit societies and the private development industry.

Project Eligibility

Priority for project funding will be based on a consideration of the following criteria:

- Projects that include leveraging and partnerships with other government funding agencies, private industry, community agencies and/or individuals;
- Projects that target housing for no, low or moderate income households (definition below).
- Projects that address the housing needs of families with dependent children, youth and the chronically homeless;
- Projects that are in the City of Victoria (except for those specifically directed to youth and the chronically homeless);
- Proponents with a proven track record of developing and operating non-profit housing.

Funding Assistance

The maximum assistance for eligible projects, under this program, is in the form of a grant of up to \$10,000 per unit.

The City reserves the right to accept or reject any application for funding without limitation.

Application Procedure

1. The proponent meets with the designated staff representative to determine project eligibility;

2. Once it is determined that the project can be considered within the program, the proponent is directed to proceed with a full application;
3. Proponent provides an application package for review;
4. The Administrator evaluates and scores the application and a report with a recommendation to approve or reject the application or provide further information is forwarded to Council for consideration;

Approval of funding under this program does not limit Council's decision making with regard to Rezoning, Development Variance or Development Permit or any other approvals.

Definition of Low and Moderate Income

Low Income

For the purpose of the definition of low income households in this policy, the City endorses the 2010 Housing Income Limits (formerly known as Core Need Income Threshold¹ (CNIT's)) as adopted BC Housing and the Capital Regional Housing Corporation.

Moderate Income

Households with incomes between the HIL and median are considered to be moderate income for the purposes of this policy.

The 2013 Housing Income Limits (HIL's) for Victoria are

Bachelor = \$28,500

1 Brdm = \$34,000

2 Brdm = \$42,500

3 Brdm = \$57,000

4+ Brdm = \$61,500

***The 2006 Victoria CMA household median income = \$52,942 (Source: Stats Canada)*

Affordable housing is defined as costing no more than 30% of gross household income.

Development Cost Charges

All housing projects will be required to pay all City permits, fees and Development Cost Charges. Under the authority of section 933 (12) of the Local Government Act, City Council may authorize a grant equal to the development Cost Charge levy for not for profit housing and supportive housing projects. These grants would be incorporated into any contribution from the Victoria Housing Trust Fund.

Contacts

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