



Council Report

For the Meeting of May 26, 2016

To: Council **Date:** May 24, 2016
From: Jonathan Tinney, Director, Sustainable Planning and Community Development
Subject: Victoria Housing Reserve Fund Application: The Sahota, 1032 North Park Street
Request for Additional Information

RECOMMENDATION

That Council receive this report for information along with the report dated May 2, 2016 as part of consideration of a grant application from the Pacifica Housing Advisory Association to assist in the creation of 11 units for affordable rental housing at 1032 North Park Street.

EXECUTIVE SUMMARY

At the Committee of the Whole meeting of May 19, 2016, Committee requested additional information to determine whether an increase in grant from \$110,000 to \$220,000 would result in the further reduction of rents within an affordable housing project at 1032 North Park Street.

The applicant submitted a letter (attached) confirming that the additional grant would result in a further reduction of household rents ranging from \$360 to \$1080 per year (or \$30 to \$90 per month). An increased grant in the amount of \$220,000 would translate to \$20,000 per unit or \$11,000 per bedroom as there will be 20 bedrooms in this building (three one-bedroom units, seven two-bedroom units and one three-bedroom unit).

The Victoria Housing Reserve Fund has \$1,422,844 available for new projects, so the increased grant could be accommodated. Should Council approve the grant increase, the new balance would be \$1,202,844.

Respectfully submitted,

A blue ink signature of Andrea Hudson.

Andrea Hudson
Assistant Director, Community Planning

A blue ink signature of Jonathan Tinney.

Jonathan Tinney, Director
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager: _____

Date: _____

A blue ink signature of the City Manager.
May 25, 2016

List of Attachments

- Letter from Pacifica Housing received May 20, 2016



The City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

Dear Mayor and Council,

On May 19, 2016 council requested further information on the difference in impact that an Affordable Housing Grant of \$20,000 per unit, opposed to our current request of \$10,000, would have for future families living in the Sahota.

Pacifica's current request of \$110,000 allows us to offer new, affordable one, two and three bedroom homes in the North Park neighbourhood at 2015 Household Income Limit (**HIL**) rates. The new potential grant of a further \$110,000 for this affordable housing project was allocated on a **per bedroom basis** so that the outcome would equitably benefit families with children as well as individuals.

Unit Type	Market Rent	City grant at \$10000 per unit (HIL)	Additional Funding allocated per bedroom
1 Bedroom	\$1,050-1,125	\$865	\$835
2 Bedroom	\$1,350-1,375	\$1075	\$1015
3 Bedroom	\$1,700	\$1500	\$1410

Based on the above amounts, annual savings for each household will range from \$360 to \$1080 annually. Affordable housing is a necessary component to achieving stability, and the affordability of housing is a major determining factor in quality of life.

At Pacifica our priority is affordable housing for the people in our community who need it most. As our city faces a local and regional homelessness crisis combined with a 00.6% vacancy rate, we thank the City of Victoria for looking at creative solutions resulting in long term affordable housing investments.

This 11 unit housing development will be complete in the next 6 to 8 weeks and will be ready to house approximately 30 people, whose annual household income falls between \$34,500 and \$60,000. Our commitment is to provide housing at HIL rates or lower – with your support of our application, at either the \$10,000 a unit or \$20,000 a unit, we can accomplish this!

Thank you for your time and consideration.

Warmest Regards,

Dean Fortin, Executive Director

The SAHOTA PRO FORMA

Suite	Type	Size (SF)	Monthly Rents Mkt	Monthly Rents Low end of Mkt	Monthly Rents HIL	Monthly Rents CoV Special
	1 Townhouse	854	1700	1675	1500	1410
	2 2 Bed	590	1375	1240	1075	1015
	3 2 Bed	530	1350	1240	1075	1015
	4 2 Bed	517	1350	1240	1075	1015
	5 2 Bed	590	1375	1240	1075	1015
	6 2 Bed	530	1350	1240	1075	1015
	7 2 Bed	517	1350	1240	1075	1015
	8 2 Bed	586	1375	1240	1075	1015
	9 1 Bed	429	1125	950	865	835
	10 1 Bed	374	1050	950	865	835
	11 1 Bed	368	1050	950	865	835
Total	11 Suites	5,882	14,450	13205	11620	11020

Operating Costs

Rent	12 Months	173,400	158460	139440	132240
Parking	\$50 x 5 stalls x 12 Months	3,000	3000		3000
Laundry	included				
Gross Income		176,400	161460	142440	135240
Less Vacancy	2%	-3,528	3229	2849	2705
Effective Gross		\$172,872	\$ 158,231	\$ 139,591	\$ 132,535

Less Expenses		40,200	40,200	40,200	40,200
Net Operating Income		132,672	118,031	99,391	\$ 92,335

Expenses

Insurance	4000		Grant	NET
Property Taxes	10,000	Purchase Price	\$	2,700,000
Garbage	2400	BCH/CRD grant	600,000	\$ 2,100,000
Water/Sewer	6800	CoV grant	110,000	\$ 1,990,000

Main/Admin/audit	17000	CoV grant*2	110000	\$	1,880,000
Total	40200				

Mortgage

amount	interest	term	yr total	DCR - LEM	DCR - HIL	DCR
2,700,000	2.75	35	124380	0.95	0.80	
2,100,000	2.75	35	93290	1.27	1.07	
1,990,000	2.75	35	89000	1.33	1.12	
1,880,000	2.75	35	83515	1.41	1.19	\$ 1.11

Note: BC Housing requires a DCR of 1.10 or better to approve mortgage