



ADMINISTRATIVE REPORT

Report Date: March 22, 2016
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VanRIMS No.: 08-2000-20
Meeting Date: April 5, 2016

TO: Vancouver City Council
FROM: Chief Housing Officer
SUBJECT: Grant to Salsbury Community Society for Social and Supportive Housing
(1870 East 1st Avenue / 1723 Victoria Drive)

RECOMMENDATION

THAT Council approve an increase in capital grant from \$260,000 (previously approved) to \$500,000 to Salsbury Community Society to help realize the construction of a 26-unit non-market housing development, including 20 units of supportive housing, at 1870 East 1st Avenue / 1723 Victoria Drive (*Lots 4, Amended Lot 1 and Amended Lot 3 of Block B, Block 144, District Lot 264A, Plans 1315 and 1771; PID: 004-877-934, 015-076-431 and 015-076-458 respectively*); source of funding for the incremental \$240,000 grant to be the 2016 Capital Budget for Non-market Rental Housing Grants.

The approval of grants requires that eight members of council vote in the affirmative.

REPORT SUMMARY

This report seeks Council approval of an increase in capital grant from \$260,000 (previously approved) to \$500,000 to Salsbury Community Society ("Salsbury") for the construction of a 26-unit non-market housing development, including 20 units of supportive housing, at 1870 East 1st Avenue/1723 Victoria Drive. The incremental grant will help Salsbury move forward with a "shovel ready" supportive housing project with an aim to start construction in May 2016. The recommended increase in City contribution aligns with the current Housing Infrastructure Grant guideline for supportive housing and family units.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Following a Public Hearing on April 16, 2012, Council approved the rezoning of this site with conditions. One of the conditions was that a Housing Agreement be registered on title securing all the dwelling units proposed as social housing on this site. On April 9, 2013 Council approved a \$260,000 Housing Infrastructure grant for social housing under the eligibility criteria for grants in effect at that time (RTS 10029). The Housing Agreement was subsequently approved and registered on title and on October 14, 2014 Council enacted the CD-1 by-law for this site.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Chief Housing Officer RECOMMENDS approval of the foregoing.

REPORT

Background/Context

On July 28, 2011 Council endorsed the Housing & Homelessness Strategy 2012-2021 which includes Strategic Direction 1: Increase the supply of affordable housing and Strategic Direction 2: Encourage a housing mix across all neighbourhoods that enhances quality of life. The 3-Year Action Plan 2012-2014 identifies priority actions to achieve some of the Strategy's goals. The priority actions that relate to this grant request are to optimize the City's use of capital grants to lever and support housing partnerships.

Following a Public Hearing on April 16, 2012, Council approved the rezoning of this site, and one of the conditions was that a Housing Agreement be registered on title securing all the dwelling units proposed as social housing on this site.

This project enables the City an opportunity to partner with Salsbury to provide much needed affordable supportive housing for street and sheltered homeless, and those vulnerable and at a higher risk of homelessness. The project contemplates that a majority of supportive housing units will rent at or near the shelter component of welfare.

In situations where the development of non-market housing projects are not viable, or where a City contribution will assist in addressing the issue of street homelessness, or meeting the needs of low income and core-need households, Council has provided capital grants to non-market housing sponsors. Such contributions help ensure the projects can proceed, and help ensure that rents in these properties can be reduced to be affordable to persons on income assistance or who are otherwise low-income / core-need income households.

The City's Supportive Housing Strategy supports the creation of social and supportive housing throughout the city in locations where there is accessibility to transit, shopping and community services. The City's Housing and Homelessness Strategy, approved in July 2011, reaffirmed Council's housing priorities to maintain and expand housing opportunities in Vancouver for low and modest income households, with priority for those who are homeless or at risk of homelessness.

The proposed project consists of a four-story multiple dwelling building, providing non-market housing, with a total floor area of approximately 1 723 m² (18,546 sq. ft.). The housing provider for this project is Salsbury, a non-profit society affiliated with the nearby Grandview Calvary Baptist Church. Salsbury’s “Co:Here Community Housing Initiative” has been providing supportive community housing since 1997.

Salsbury presently operates five supportive housing projects in the area, which are also “community-oriented” in nature, but smaller in size than this proposal. They also operate, with affiliates in the neighbourhood, a number of programs, such as skills and job training and a social enterprise designed to assist those in need. This proposal will serve a Council priority by providing homes with support services for those who are homeless or who are vulnerable and at risk of homelessness.

The three upper levels of the proposed building include 26 non-market residential units, consisting of 18 studios (four of which are accessible for the disabled), four one-bedroom units, and four two-bedroom units. Communal amenity space, as well as a kitchen, guest room, counseling and office spaces, are located on the main floor. A large outdoor amenity space, including garden space, is found on the south side of the building. Twenty units in the building will be occupied by low income people needing supportive housing with a priority to locally homeless persons or persons who are at risk of homelessness, but who do not need higher levels of support than the community within the building offers. In addition to these core residents, six units will be occupied by people providing support to them. These supports include facilitating community building, providing spiritual and emotional support, and serving as a link to other service providers in the community. The building will be operated and maintained by Salsbury affiliated staff and volunteers, with an on-site Building and Maintenance Manager and a Community Support Worker.

Strategic Analysis

The Housing and Homelessness Strategy 2012-2021 identifies a need for 5,000 social housing units. If this grant is approved, it will facilitate the completion of 26 units of affordable housing including 20 units of supportive housing within Grandview Woodlands. These units are included in the total under Current Projects (Supportive Housing and all other Non-Market Units) presented in the table below.

Progress towards Social & Supportive Unit Targets as set in the City’s Housing and Homelessness Strategy (Dec. 31st 2015)

	TARGETS		CURRENT PROJECTS	GAP
	Long Term (2021)	Short Term (2018)	Committed, Under Construction and Completed	(2018 Target)
Supportive Housing Units	2,900	2,700	1,844	856
All Other Non-Market Housing Units	5,000	3,500	1,683	1,817
Total Non-Market Housing Units	7,900	6,200	3,527	2,673

(1) Targets are established in the 2011 City of Vancouver Housing and Homeless Strategy.

In 2013, Council approved a Housing Infrastructure Grant of \$260,000 reflecting the \$10,000 per door grant structure of the program for social housing units at the time.

Since then, in line with the adoption of the 2015-2018 Capital Plan, the Housing Infrastructure Grant was amended to provide an additional \$10,000 grant for each supportive housing unit and family housing unit. As the project includes 20 supportive housing units and 4 family units, under the revised guideline, this project is now eligible for an additional \$240,000 grant, bringing the total grant to \$500,000 subject to Council approval.

This is a privately initiated project that helps address the need for affordable and supportive housing. Operating funds are achieved through a mix of rents within the building, with nearly all of the units anticipated to be rented at or below Housing Income Limit rent levels, and it is expected that most will rent at shelter component of income assistance.

Many organizations and individuals are contributing to the realization of this project:

- Grandview Baptist Church donated the land, worth \$2.7 million;
- the Hawthorne Foundation pledged \$2.75 million in capital dollars;
- an anonymous community member donated \$1 million dollars;
- Salsbury has raised several hundred thousand dollars in individual donations from people in the community, as well as larger donations, averaging \$10,000, from philanthropic foundations;
- BC Housing has provided \$2.38 million in capital grants, and will provide interim and take-out financing for the project;
- StreeTohome Foundation has previously indicated support through a grant for \$520,000; and
- The City of Vancouver has approved a \$260,000 Housing Infrastructure grant and under the new eligibility criteria qualifies for an additional \$240,000. The project will be eligible for the Social Housing exemption of the Development Cost Levy;

In all, through their efforts Salsbury has raised over \$9 million in equity towards this project.

Salsbury / Co:Here has also invested a great deal of effort into making this project a reality. When faced with mounting construction costs, they undertook an extensive "value engineering" exercise, resulting in a net cost reduction of approximately \$400,000. They have put the project out to tender and received an excellent bid that was \$200,000 less than budgeted. Salsbury / Co:Here have worked hard to find efficiencies, while ensuring that the building provides an environment that will enhance their community development efforts. Once built, the building will be financially sustainable. No on-going operational financial assistance will be required.

To make the housing units affordable for people who are homeless or at risk of homelessness, the mortgage must be kept to a minimum, ideally no more than \$250,000. The City contribution of an additional \$240,000 for a total of \$500,000 Housing Infrastructure Grant, would reduce the equity shortfall to between \$1.196 million and \$1.76 million, depending on other partners moving forward in kind.

With an estimated \$11 million total capital budget, (including the value of land), should Council approve an additional grant of \$240,000, the City's contribution of \$500,000 would be approximately 4.5% of the total project cost. As this project is clearly now "shovel ready," BC Housing has indicated that they are committed to the project, and the anticipated construction start schedule, but have not yet indicated

an additional amount they are willing to contribute. The augmentation of the City grant recommended in this report will align with current Housing Infrastructure Grant eligibility requirements for the housing being developed on this site. It is anticipated this will help lever BC Housing, StreeToHome Foundation and other community partners to step forward with additional funding and move this project forward on schedule, and with levels of financing that will deliver on the rental affordability expectations secured in the City's Housing Agreement. The disbursement of the grant is subject to the funding commitment from Salsbury Community Society, BC Housing, StreeToHome and other community partners being secured and the issuance of a building permit.

Staff recommend that Council approve an additional grant of \$240,000 to Salsbury to reflect current Housing Infrastructure Grant eligibility criteria and to facilitate a May 2016 construction start for the 26- unit affordable supportive co-housing community /development at 1870 East 1st Avenue / 1723 Victoria Drive). Subject to Council approval, the City will be providing support to this project through a \$500,000 (in total) grant.

Implications/Related Issues/Risk (if applicable)

Financial

Project Capital Budget - The Project is estimated to cost ~\$11.2 million (subject to refinement), including land and construction.

Capital Costs

Land	\$	2.25M
Construction (hard & soft costs)	\$	8.97M
	\$	<u>11.22M</u>

Sources of Funding/Financing

Grandview Baptist Church (land)	\$	2.25M	(20%)
Donations & Pledges	\$	3.84M	(34%)
StreetToHome	\$	0.52M	(5%)
Misc. Grants & Income	\$	0.07M	
Additional Fundraising	\$	1.22M	(11%)
City of Vancouver (capital grants):			
Council-approved	\$	0.26M	
Recommended (subject to Council approval)	\$	<u>0.24M</u>	\$ 0.50M (5%)
BC Housing:			
Capital Grant	\$	2.38M	
Mortgage Financing	\$	<u>0.44M</u>	\$ 2.82M (25%)
	\$	<u>11.22M</u>	(100%)

Salsbury is responsible for securing all funding and financing, and construction of the project. The project meets the definition of "social housing" and qualifies for DCL exemption under Section 523D (10d) of the *Vancouver Charter* and the *Vancouver Development Cost Levy By-law*. On this basis, the DCL exemption is estimated to be \$256,700.

The City’s grant contributions represent ~4.5% of the overall project costs. The recommended increase from \$260,000 (previously approved) to \$500,000 aligns with the current Housing Infrastructure Grant guideline for supportive housing and family units. See table 1 below for details.

The City’s contribution is subject to Salsbury securing all capital and operating funding for the project. The source of funding for the additional grant of \$240,000 is the 2016 Capital Budget for Non-market Rental Housing grants.

Table 1- Grant Summary

Units Mix	# of Units	Original Housing Grant		Revised- Based on New Housing Infrastructure Grant			Additional Grant Amount
		Social Housing Grant/ unit	Total Grant	New Social Housing Grant/ unit	New Supported Housing Grant	Total Grant	
Studios	18	\$10,000	\$180,000	\$10,000	\$10,000	\$360,000	\$180,000
1 Bedroom	4	\$10,000	\$40,000	\$10,000	\$10,000	\$60,000	\$20,000
2 Bedroom	4	\$10,000	\$40,000	\$20,000		\$80,000	\$40,000
Total	26		\$260,000			\$500,000	\$240,000

Operating Budget - The project will be owned and operated by Salsbury to help address the need for affordable and supportive housing in the Grandview-Woodland area.

Consistent with Council policy on non-marketing housing projects, the project is expected to be sustainable over the long term and require no further grants, subsidies, and/or financial guarantees from the City, with the exception of potential foregone property taxes should the project obtain Class 3 designation from the Province.

Operating funds are achieved through a mix of rents within the project. Salsbury contemplates charging close to shelter rates for the majority of the supportive housing units, and up to HILs for most of remaining units. The rental income will offset mortgage payments, operating, programming, onsite supportive services and facility costs of the project.

CONCLUSION

The Chief Housing Officer recommends the City provide a grant to Salsbury Society towards the development of 1870 East 1st Avenue / 1723 Victoria Drive which will add affordable supportive housing for street and sheltered homeless, and those who are vulnerable and at risk of homelessness in the Grandview Woodlands neighbourhood.

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