



## ADMINISTRATIVE REPORT

Report Date: June 2, 2014  
Contact: B.Prosken/J. De Hoop /  
Contact No.: 8.6858/8.7479  
RTS No.: 10585  
VanRIMS No.: 08-2000-20  
Meeting Date: June 11, 2014

TO: Standing Committee on City Finance and Services  
FROM: General Manager of Community Services  
SUBJECT: Grant to Atira Women's Resource Society: 33 to 49 East Hastings Street Affordable Housing

### **RECOMMENDATION**

THAT Council approve a Capital Grant of \$1,200,000 to Atira Women's Resource Society towards the construction of 120 units of social and supportive housing for low-income residents in the Downtown Eastside at 39 to 41 East Hastings Street. [*Lots 25, 26 and 27, Block 8, District Lot 196, Plan 184; PIDs: 015-691-284, 015-691-292 and 015-691-314 respectively*]; source of funding to be:

- i. \$1,020,000 from the 2014 Capital Budget for Non Market Rental Housing Grant-Atira Women's Resource society, AND
- ii. \$180,000 from unallocated funding remaining in the 2012-2014 Capital Plan for Non -Market Rental Housing Grants.

FURTHER THAT no legal rights or obligations shall arise or be created from approval of the above recommendation until all the required l documentation has been approved to the satisfaction of the Chief Housing Officer.

The approval of grants requires eight affirmative votes of Council.

### **REPORT SUMMARY**

This report seeks approval of a capital grant for \$1,200,000 (\$10,000 per unit) towards the construction/completion of a 120-unit social housing development for low income residents in the Downtown Eastside at 33-49 East Hastings Street, consistent with Council's Affordable Housing and Homelessness Strategy as well as the DTES Local Area Plan.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

- On July 28, 2011 Council endorsed the Housing & Homelessness Strategy 2012-2021 which includes three strategic directions:
  1. Increase the supply of affordable housing;
  2. Encourage a housing mix across all neighbourhoods that enhances quality of life; and,
  3. Provide strong leadership and support partners to enhance housing stability.
- 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; and to focus our efforts with partners on preventing and eliminating homelessness.
- Following a Public Hearing on October 22, 2013, Council approved the rezoning of this site, with a condition, that the applicant enter into a Housing Agreement securing 102 of the 169 units in this development as social housing within an airspace parcel, for 60 years or the life of the building, whichever is greater and securing 52 of these as supportive housing at rents where the tenant contribution is no more than the shelter component of income assistance (currently \$375 for a single person); with 50 units secured as rental housing where rents are set to housing income levels (HILs) or CMHC market rents, whichever is lower. The remaining units will be secured as market rental for 15 years through a separate Housing Agreement.
- Following the public hearing, the applicant hired a new architect that was able to revise the drawings and increase in the total unit count to 198 and the social housing unit count to 120 within the same form of development.
- On March 15, 2014, Council adopted the Downtown Eastside Local Area Plan. The Local Area Plan sets out a vision for the future of the DTES to improve the lives of all those who currently live in the area, including low-income and middle-income residents, the homeless, seniors, women, children and families. The LAPP "enhances and accelerates' Council's original 2005 DTES Housing Plan" thereby improving the diversity of affordable market and non-market options in the neighbourhood.
- On December 17, 2013, Council approved the 2014 Capital Budget (RTS10267) including a grant of \$1,020,000 to Atira Women's Resource Society to assist in the creation of social/supportive housing at 41 East Hastings Street, based at that time on 102 housing units at \$10,000 per unit.
- On April 16, 2014 Council approved the demolition of 37 SRA-designated units to be replaced by at least 102 self-contained social and supportive housing units with the balance of the development being secured market rentals with supports provided in a portion of the units to give stability to residents.

## ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

This project provides the City with an opportunity to partner with Atira to assist in resolving a funding gap for the creation of much needed affordable and supportive housing in the Downtown East Side. The development of this project will result in the creation of 68 social housing units for households in core need and 52 supportive housing units. The tenant rent contribution for the 52 supportive housing units will be at the shelter component of welfare and the rent for the 68 social housing units will be the lower of HILs or CMHC market rents. The General Manager of Community Services recommends approval of the foregoing recommendations.

## ***REPORT***

### ***Background/Context***

Council policy is to preserve and maintain a stock of market rental housing, and to maintain or increase the stock of affordable and social housing in the city. The City's social housing priorities are low and modest income families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled, and others at risk of homelessness.

The project aligns with Council-approved policies laid out in *the Homeless Action Plan* (June 2005) and the *Housing Plan for the Downtown Eastside* (October 2005) by increasing the supply of self-contained social housing units

In situations where the development of non-market housing projects are not viable because of high land or construction costs, or where a City contribution will assist in meeting the needs of core-need households, Council has provided capital grants to non-market sponsors. Such contributions help ensure the projects can proceed, and that rents in these projects can be reduced to be affordable to core-need income households.

Atira Women's Resource Society (Atira) is a non-profit organization established in 1983 providing a range of housing and services to women who are marginalized. Their programs include counseling, legal advocacy, addictions recovery and employment training as well as the operation of 14 housing projects for both men and women.

Following a public hearing, on October 22 2013, Council conditionally approved a rezoning subject to conditions. Following the rezoning, the applicant provided revised drawings that increased the unit count to 120 social housing units.

This meets the Downtown Eastside Local Area Plan objectives by improving the lives of individuals currently living in the area, especially low and middle-income residents, the homeless, especially women, thereby improving the diversity of affordable market and non-market options in the neighbourhood.

## **Strategic Analysis**

### **1. Proposal**

The application proposes a mixed use development with commercial uses at grade and in a mezzanine, with 198 residential units on 12 stories above. Of the residential units, 60% will be social/supportive housing secured for not less than 60 years and 40% market housing to be secured as rental housing for minimally 15 years

### **2. Rental Housing**

Atira owns the property and will operate the building to provide social and supportive housing units. The proposed 198 residential units are mostly studio units averaging 350 sq. ft. in floor area and junior one-bedroom units averaging 450 sq. ft. The type and size of units are evenly distributed between social and supportive housing. All units would have access to a common amenity room located on the first residential floor, as well as the adjacent rooftop terrace and an outdoor children's play area.

The applicant proposes the following housing mix:

- 78 units of market rental
- 68 units of social housing renting to households in core need
- 52 units of supportive housing renting with the tenant contribution for rent at the shelter component of welfare (currently \$375 per month for a single individual and \$525 per month for a couple)

Atira proposes to prioritize the units for women, using women headed lease agreements, where the female in a male -female partnership would be the leaseholder. This would ensure that women would be able to remain in the housing should a relationship with a partner come to an end.

Additionally, the applicant proposes that the 52 shelter rate units will be supported by two, live-in residential care workers, who will be available 24/7 to respond to emergencies.

The City of Vancouver is providing support to the project through relief of Development Cost Levies for the social/supportive housing units, and the grant recommended by this report, subject to Council approval and registration of a housing agreement securing the social/supportive housing on this site for a period of 60 years or the life of the building whichever is greater.

As noted below, in addition to the City's grant, the project is being supported by grants from BC Housing and the Streethome Foundation. Additionally, BC Housing is providing construction financing to the project.

The Housing and Homelessness Strategy 2012-2021 identifies a need for 5,000 social housing units and if the grant is approved, this project will accommodate 120 units toward that target. See table below.

**Non-Market Housing Targets and Project Status as at May 9<sup>th</sup> 2014**

	TARGETS <sup>1</sup>		CURRENT PROJECTS	GAP
	Long Term (2021)	Near Term (2014)	Committed, Under Construction and Completed	(2014 Target)
<b>Supportive Housing Units</b>	2,900	2,150	1,846	304
<b>All Other Non-Market Housing Units</b>	5,000	1,500	1,427	73
<b>Total Non-Market Housing Units</b>	7,900	3,650	3,273	377

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

Staff recommend that Council approve a grant of \$1,200,000 (\$10,000 per unit) to Atira for 120 social housing units. Subject to Council approval of the grant, the funds will be advanced to Atira after the Building Permit is issued.

***Implications/Related Issues/Risk (if applicable)******Financial******Capital Funding***

Below is the project capital and funding strategy for the Atira social/supportive housing project:

**Project Capital Costs:**

Land	\$ 3.7M
Hard & Soft Costs	<u>\$25.9M</u>
	<u>\$29.6M</u>

**Funding Sources:**

Atira Capital Fundraising	\$ 0.7M
BC Housing Mortgage Financing	\$22.7M
BC Housing Grant	\$ 4.0M
Street-to-Home Foundation	\$ 1.0M
City of Vancouver	
Approved Capital Grant	\$1.02M
Recommended Additional Grant	<u>\$0.18M</u>
	<u>\$29.6M</u>

On December 17, 2013, Council approved the 2014 Capital Budget (RTS 10267), which includes a capital grant of \$1.02 million to Atira to assist in the creation of 102 units of social/supportive housing at 33-49 East Hastings Street at \$10,000 per unit. The updated design drawing confirms that 120 units can be achieved on site and hence staff

recommend an increase of \$180,000 to bring the total grant to \$1.2 million to reflect the increase in units. The source of funds for the capital grant of \$1.2 million is recommended to be \$1.02 million from existing 2014 Capital Budget for Non-market Rental Housing Grants and \$180,000 from unallocated funding remaining in the 2012-2014 Capital Plan for Non-Market Rental Housing. The 2014 Capital Expenditure Budget for the Atira grant will be adjusted as part of the Quarterly Capital Budget review process.

If approved, total City contribution would represent approximately 4% of the project capital cost. Additionally, social housing is exempt from Development Cost Levy (DCL) and the amount exempt is estimated to be approximately \$1,113,085.

Disbursement of capital grants to social/supportive housing are subject to the following conditions:

- funding commitment from other sources being secured;
- registration of a Housing Agreement for not less than 60 years; and
- enactment of the CD-1 District Schedule Bylaw approved in principle for this site.

### ***Operating Funding***

Consistent with Council policies on non-market housing projects, the project is expected to be self-sustaining and does not require further operating subsidies or property tax exemptions from the City. The social/supportive housing operation will be funded from non-market rental revenues, supplemented with market rental revenues. Atira's proforma indicates that the target rental mix with, 78 market rental, 52 units at shelter rates and 68 units at HILS will support mortgage financing payments and operating expenses. The project's long-term operational viability and financial sustainability will be dependent on Atira's ownership of the market rental units.

### **CONCLUSION**

The General Manager of Community Services recommends that the City assist Atira Women's Resource Society to facilitate the construction of 33 to 49 East Hastings Street thereby adding much needed social housing stock to the Downtown Eastside. Approval of this project supports the Housing and Homelessness Strategy and the DTES Local Area Plan.

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