



## ADMINISTRATIVE REPORT

Report Date: August 26, 2016  
Contact: Kathleen Llewellyn-Thomas  
Contact No.: 604.873.7488  
RTS No.: 11647  
VanRIMS No.: 08-2000-20  
Meeting Date: September 20, 2016

TO: Vancouver City Council  
FROM: General Manager of Community Services  
SUBJECT: Grant to Catalyst Community Developments Society for Social Housing Development at 585 West 41st Avenue

### **RECOMMENDATION**

THAT Council approve a grant of \$620,000 to Catalyst Community Developments Society for the construction of 46 units of Social Housing at 585 W 41st Avenue [Lots 1 and 2, Block 874, District Lot 526, Plan 8313; PIDs 010-165-932 and 010-165-959 respectively] ; source of funding to be Development Cost Levies (DCL), to be added to the 2015-2018 Capital Plan and to the 2016 Capital Expenditure Budget for Non-market Rental Housing Grants.

FURTHER THAT the grant be subject to the following conditions:

- Financing being secured to the satisfaction of the Director of Legal Services;
- Registration of a Housing Agreement securing all 46 units as social housing for 60 years or the life of the building, whichever is greater, with at least 15 units be rented at rates affordable to households with incomes below the BC Housing Income Limits; and
- Enactment of the CD-1 By-law approved in principle for this site.

The approval of grants requires eight affirmative votes of Council.

### **REPORT SUMMARY**

This report seeks approval of a capital grant of \$620,000 to Catalyst Community Development Society. Approval of this grant will help Catalyst lever additional funding

and financing to facilitate the construction of 46 Social Housing units, with at least 15 units be rented at rates affordable to BC Housing Income Limits, consistent with Council's Affordable Housing and Homelessness Strategy.

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

On June 28, 2016 Council conditionally approved the rezoning of 585 West 41st Avenue to CD-1 to permit the development of a six-storey mixed-use building with commercial space at grade, church on the second floor and social housing on floors three to six. One of the conditions of rezoning was that a Housing Agreement be registered on title securing all the dwelling units proposed as social housing on this site.

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

The General Manager of Community Services recommends approval of the foregoing.

### ***REPORT***

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

On July 29, 2011 Council endorsed the Housing and Homelessness Strategy 2012-2021 which includes strategic directions to increase the supply of affordable housing, including housing that is affordable for low and moderate income households. The Strategy strives to increase the variety of affordable housing options across the entire housing continuum, to improve choice and affordability for all residents within the City, and it includes specific targets for new affordable housing delivery across the housing continuum. The strategic directions are:

- Increase the supply of affordable housing.
- Encourage a housing mix across all neighbourhoods that enhance quality of life.
- Provide strong leadership and support partners to enhance housing stability.

Mayor's Task Force on Housing Affordability – The Priority Action Plan (2012) as developed by the Task Force put forward a number of recommendations including:

- To increase the supply and diversity of housing.
- To enhance the City's and community's capacity to deliver affordable rental and social housing

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 provision 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 moderate income households, with priority for those who are homeless or at risk of homelessness.

## STRATEGIC ANALYSIS

The recommended grant will serve a Council priority by facilitating the development of homes for low income households. 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 46 units of affordable social housing (included in the total of 1932 units for current non-market housing projects committed, under construction and completed in table 1 below.) At least 15 units will be rented at rents affordable to BC Housing Income Limits. The 46 units are included in the total under Current Projects (All Other Non-Market Units) presented in the table below Table 1:

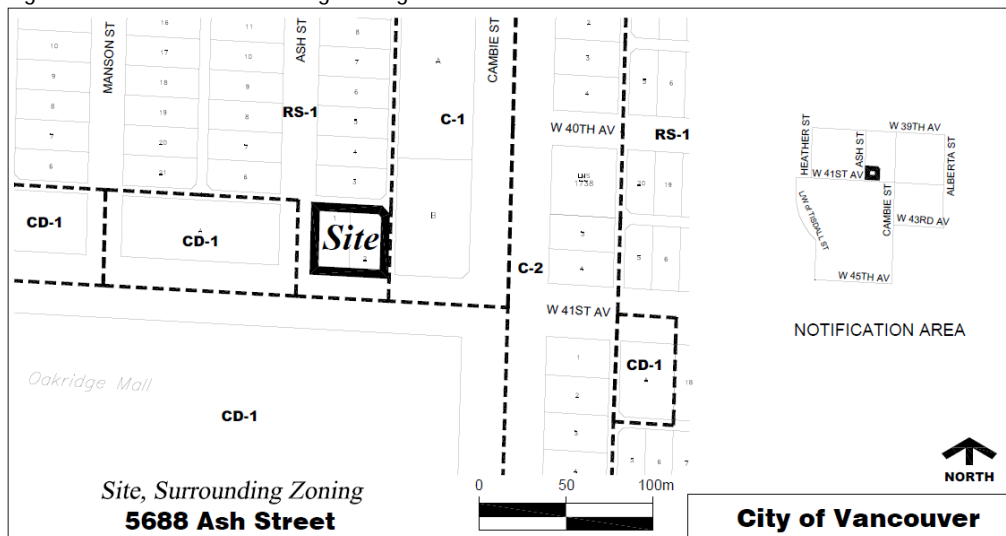
Table 1 - Progress towards Social & Supportive Unit Targets in the City's Housing and Homelessness Strategy (as of June 30, 2016)

	TARGETS		CURRENT PROJECTS	GAP	
	Long Term (2012-2021)	Short Term (2012 - 2018)	Committed, Under Construction and Completed	(2018 Target)	(2021 Target)
<b>Supportive Housing Units</b>	2,900	2,700	1,755	945	1,145
<b>All Other Non-Market Housing Units</b>	5,000	3,500	1,568	1,932	3,432
<b>Total Non-Market Housing Units</b>	7,900	6,200	3,323	2,877	4,577

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

Catalyst Community Development Society's mission is to build, own, and operate affordable rental housing through community partnerships, in this case the Oakridge Lutheran Church. In the absence of senior government subsidies, the affordability mix of this project is enhanced with the approval of this grant and contributes to the City's housing objectives. Approval of this grant will facilitate an innovative model of delivering social housing through a privately initiated non-profit endeavour, which expands social housing supply in Vancouver, while ensuring the long-term financial viability of the development.

Figure 1: Site and Surrounding Zoning



*Implications/Related Issues/Risk (if applicable)*

*Financial*

*Capital Funding*

The overall development cost (land and construction) is estimated to be \$26.5 million, which includes 46 units of social housing, a replacement church and commercial space at grade with two levels of underground parking. Anticipated funding sources are outlined below.

Anticipated Funding Sources	
Debt Financing	\$17.88 M
Land Contribution from Oakridge Lutheran Church	\$7.00 M
Developer Equity	\$1.00 M
City of Vancouver - Housing Infrastructure Grant (Recommended)	\$0.62 M
<b>TOTAL</b>	<b>\$26.5 M</b>

Staff recommend that Council approve a grant of \$620,000 to enable the project to deliver at least 15 units (30%) of social housing to be rented at rates below Housing Income Limits for 60 years or the life of the building, whichever is greater. Housing Infrastructure Grants are provided to facilitate the delivery of new social housing to enable non-market housing sponsors to proceed with housing projects while ensuring that rents in these properties can be reduced or maintained as affordable to low- and moderate-income households. This project meets the criteria for the Housing Infrastructure Grant, which is calculated at \$10,000 for each studio/1-bedroom unit and \$20,000 for each 2-bedroom unit. Source of funding for the grant is Development Cost Levies (DCL) to be added to the 2015-2018 Capital Plan and to the 2016 Capital Expenditure Budget for Non-market Rental Housing Grants.

Additionally, the social housing component of the project is exempt from Development Cost Levies. The value of this exemption is estimated to be approximately \$454,523 as detailed in the rezoning report dated June 28, 2016.

Disbursement of the grant is subject to the following conditions:

- Financing being secured to the satisfaction of the Director of Legal Services;
- Registration of a Housing Agreement securing all 46 units as social housing, including a minimum of 15 units to be rented at rates affordable to households with incomes below the BC Housing Income Limits, for 60 years or the life of the building, whichever is greater; and
- Enactment of the CD-1 By-law approved in principle for this site.

Should Council approve this capital grant, 47% of the total 2015-2018 Capital Plan allocation for housing grants (\$10 million) will be committed.

### *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.

### **CONCLUSION**

This report seeks approval of a capital grant of \$620,000 to Catalyst Community Development Society. Staff recommend that Council approve this grant as it will help Catalyst lever additional funding and financing to facilitate the construction of 46 Social Housing units.

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