



ADMINISTRATIVE REPORT

Report Date: November 6, 2017
Contact: Abi Bond
Contact No.: 604.873.7670
RTS No.: 11948
VanRIMS No.: 08-2000-20
Meeting Date: November 28, 2017

TO: Vancouver City Council

FROM: General Manager of Community Services

SUBJECT: Capital Grant for 2720 East 48th Avenue (Fair Haven United Church Homes) for Social Housing

RECOMMENDATION

- A. THAT Council authorize the General Manager of Community Services to enter into an agreement (the "Grant Agreement") with Fair Haven United Church Homes ("Fair Haven") to set out the conditions of the capital grant toward construction of 139 new social housing units for seniors at 2720 East 48th Avenue (PID: 009-361-332; Lot 3, Block 11, North East ¼ of District Lot 336, Plan 10606). The Grant Agreement will be to the satisfaction of the General Manager of Community Services and the Director of Legal Services, and will state that the City will provide a grant of \$1,390,000 to Fair Haven for the social housing units subject to the following:
- execution of the Grant Agreement with terms and conditions as outlined in this report;
 - registration of the Housing Agreement;
 - all funding/financing sources secured;
 - building permit issuance;
 - provision of an updated pro-forma which reflects final project costs (capital and operating), financing rates, target affordability and rent levels; and
 - agreement to reinvest any operating surplus, after adequate operating reserve and replacement reserve costs are accounted for, to enhance affordability in the project.
- B. THAT upon approval of RECOMMENDATION A, Council approve a capital grant of \$1,390,000 (\$10,000 per unit) to Fair Haven United Church Homes to support the construction of 139 units of social housing at 2720 East 48th Avenue. The source of funding for the capital grant is the Capital Budget for Non-market

Rental Housing (Social Housing). Payment of the grant is anticipated for June 2018 (issuance of building permit), and the corresponding annual expenditure budget will be established as part of the quarterly capital budget adjustment process.

- C. THAT the Director of Legal Services be instructed to prepare an amendment to the Housing Agreement to be entered into by the City by-law enacted pursuant to section 565.2 of the Vancouver Charter to secure the housing affordability offered by Fair Haven (the applicant) and described in the body of this report.

Approval of Recommendation B constitutes a grant and therefore requires an affirmative vote of at least two-thirds of all of Council pursuant to Section 206(1) of the Vancouver Charter.

REPORT SUMMARY

This report seeks Council approval of a capital grant of \$1,390,000 to Fair Haven United Church Homes for the construction of 139 dwelling units of social housing at 2720 East 48th Avenue or 6465 Vivian Street ("the site"). Approval of the grant will enable the applicant to increase the number of housing units offered at rates affordable to households at or below Housing Income Limits (HILs) from 50 to 71 units. The application is in line with the Housing Infrastructure Grant guidelines.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In July 2011, Council endorsed the *Housing and Homelessness Strategy 2012-2021*, which includes strategic directions to increase the supply of affordable housing and to encourage a housing mix across all neighbourhoods that enhances quality of life. Priority actions were identified to achieve some of the strategy's goals, including refining and developing new zoning approaches, development tools and rental incentives to continue the achievement of securing purpose-built rental housing and using financial and regulatory tools to encourage a variety of housing types and tenures that meet the needs of diverse households.

A new 10-year strategy known as 'Housing Vancouver' is currently in preparation with the aim of improving housing affordability by creating the right supply of homes to meet the needs of the people who live and work in Vancouver. An 'Emerging Directions' report was presented to Council in spring 2017 outlining initial proposals and priority actions. A further update was provided to Council in July 2017 detailing proposed targets of 72,000 new homes in Vancouver over the next 10 years. Of the 72,000 new homes target, 12,000 units are targeted for social and supportive housing. This application will make a significant contribution towards the City's social and supportive housing target. The completed Housing Vancouver strategy is expected to be considered by Council in November 2017.

On January 24, 2017, Council held a public hearing to rezone the site to a new Comprehensive Development(CD-1) District to increase the floor area and height to enable a social housing development of 137 affordable units for seniors living independently. Council enacted the bylaws on July 25, 2017. A subsequent change to the application following the rezoning added two units to the project to increase total dwelling units to 139, this is compliant with the applicable zoning.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

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

REPORT

Background/Context

The Victoria-Fraserview/Killarney Community Vision supports seniors' housing located in close proximity to parks, shopping and transit to allow seniors to stay in the community as their housing needs change.

In Vancouver, seniors (65 years plus) comprise the fastest growing age cohort, which increased by 19 percent over the last census period (2011-2016). The 2017 Metro Vancouver Housing Data Book found that the social housing waitlist for seniors' housing in the region has increased by over 100 percent in just seven years, from 1,949 in 2010 to 3,969 in 2017¹. Seniors represent the largest component of the social housing waitlist in the region in 2017 at 36 percent of households². Work underway on the Housing Vancouver Strategy identifies a risk of homelessness for seniors when they are displaced from existing housing.

Housing Infrastructure Capital Grants

In situations where non-market housing projects are not viable, or where a City grant will assist in meeting the needs of low income households, Council offers capital grants to non-market housing sponsors. The grant is provided to ensure that projects can achieve financial viability or that their rents can be held at affordable levels.

Strategic Analysis

The Housing and Homelessness Strategy identifies a long-term target for 5,000 units of non-market housing (see Table 1). This project adds 139 units to the City's inventory.

Table 1: Progress toward Social & Supportive Unit Targets as set in the City's Housing and Homelessness Strategy (September 30, 2017)

	TARGETS ¹		CURRENT PROJECTS ²	GAP	
	Long Term (2012-2021)	Short Term (2012-2018)	Committed, Under Construction and Completed	(2018 Target)	(2021 Target)
Supportive Housing Units	2,900	2,700	1,702	998	1,198
All Other Non-Market Housing Units	5,000	3,500	2,937	563	2,063
Total Non-Market Housing Units	7,900	6,200	4,639	1,561	3,261

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

² Includes 139 social housing units at Fair Haven.

¹ Metro Vancouver Housing Data Book, 2017

² Ibid

Housing Agreement and Rental Mix

When Council approved the rezoning for the Fair Haven site in January 2017, consistent with the commitment from the applicant, a Housing Agreement was registered on title to ensure that at least 50 units (36 percent) would be affordable to households with incomes below the Housing Income Limits (HILs), and that the units will be prioritized for seniors (aged 55 plus) for the longer of 60 years or the life of the building.

At the time of rezoning, the applicant advised Council that they intended to seek a Housing Infrastructure Grant, and staff noted that through the grant review process, they would explore opportunities for the project to achieve broader and deeper affordability in rents.

The applicant has made application for a \$1.39 million grant (\$10,000 per unit). Subject to Council approval of the grant, the applicant would improve upon the number of units affordable at HILs, as set out in Table 2 below. The non-profit operator advises that their objective is to further increase affordability in this project if future borrowing costs remain at levels that will ensure the project’s ongoing financial feasibility. Staff will continue to work with the applicant to explore the feasibility of increased affordability up until the time of grant payment. Further there is a shared aspiration to see the six accessible units in the project rent at affordable rates to individuals requiring accessible housing.

Table 2: Proposed Social Housing Mix

	Provided at rezoning	Proposed via grant application
Affordable Units at HILs	50 units (36%)	71 units (51%)
Market Units	89 units (64%)	68 units (49%)
TOTAL	139 units	139 units

Staff are satisfied that the grant request meets the Housing Infrastructure Grant guidelines for social housing. Staff recommend that Council approve the requested grant subject to an amendment to the existing Housing Agreement to secure the increase in housing units offered at HILs rates from 50 to 71. Furthermore, the Grant Agreement would include a condition that any operating surplus, after adequate contributions toward the operating reserve and capital replacement reserve are accounted for, will be used to enhance affordability in the project.

Financial

One-time Capital

The 139 units in the Fair Haven project meet the definition of “social housing” and will qualify for DCL exemption under Section 523D (10)(d) of the *Vancouver Charter* and the *Vancouver Development Cost Levy By-law*. On this basis, the DCL exemption for the social housing is estimated to be \$911,800, to be confirmed at building permit stage.

The recommended City grant (\$1.39 million) represents \$10,000 per unit in accordance with the current Housing Infrastructure Grant guidelines for social housing. The grant comprises about 3.7 percent of the estimated development cost (land and construction) for this social housing project. The source of funding for the capital grant is the Capital Budget for Non-market Rental Housing (Social Housing). Payment of the grant is anticipated for June 2018, and the corresponding annual expenditure budget will be established as part of the quarterly

capital budget adjustment process. Disbursement of the City's grant is conditional on the following:

- execution of the Grant Agreement with terms and conditions as outlined in this report;
- registration of the Housing Agreement;
- all funding/financing sources secured;
- building permit issuance; and
- provision of an updated pro-forma which reflects final project costs (capital and operating), financing rates, target affordability and rent levels.

Ongoing Operating

Consistent with Council policy, non-market housing projects are expected to be self-sustaining over the long term where rents are set at levels that will cover mortgage payments (to repay some or all of the construction costs), operating costs and capital replacement; and do not require further contributions and subsidies from the City.

Any operating surplus generated from this project, after adequate operating reserve and replacement reserve costs are accounted for, will be used to enhance affordability onsite.

CONCLUSION

The General Manager of Community Services recommends Council approve a capital grant to Fair Haven toward the development of 2720 East 48th Avenue which will provide affordable housing for seniors living independently. This capital grant contributes to enhanced affordability within the project above and beyond the affordability offered at the time of rezoning.

* * * * *