



REPORT

Report Date: March 8, 2021
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Meeting Date: March 30, 2021
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TO: Vancouver City Council

FROM: General Manager of Finance, Risk and Supply Chain Management in consultation with the General Manager of Real Estate & Facilities Management

SUBJECT: Funding Application to FCM's Green Municipal Fund Sustainable Affordable Housing Program for the Coal Harbour Mixed-Use Project

RECOMMENDATION

THAT Council approve an application to the Federation of Canadian Municipalities' Green Municipal Fund Sustainable Affordable Housing Program for a loan of up to \$3.7 million and a grant of up to \$3.7 million for the Affordable Housing component of the Coal Harbour School, Childcare and Affordable Housing Project.

REPORT SUMMARY

This report seeks Council's approval of the submission of a funding application for the Affordable Housing component in the Coal Harbour School, Childcare and Affordable Housing Project. This application is to the Sustainable Affordable Housing program, which is part of the Green Municipal Fund (GMF) that is administered by the Federation of Canadian Municipalities (FCM).

The FCM GMF Sustainable Affordable Housing Program will fund up to 20% of the total eligible cost of the Affordable Housing component. If this application is successful, the funding will be in the form of a loan (50%) and a grant (50%).

In November 2020, Council approved the Coal Harbour School, Childcare and Affordable Housing Project to be included in the 2019-2022 Capital Plan. The funding strategy for this Capital Plan includes leveraging senior government funding. This funding application is an action in response to the aforementioned funding strategy as this project presents an

opportunity to obtain funding that is being made available under the FCM GMF Sustainable Affordable Housing Program.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On November 25, 2020, Council approved the development and budget of the Coal Harbour Project that will include the School, Childcare and Housing component.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Acting City Manager, the General Manager of Finance, Risk and Supply Chain Management as well as the General Manager of Real Estate and Facilities Management recommend approval of the report.

REPORT

Background/Context

FCM Green Municipal Fund - Sustainable Affordable Housing Program

The City's recalibrated 2019-2022 Capital Plan funding strategy identifies securing of senior government contributions as a funding source to achieve a number of Council priorities.

The GMF provides low-interest loans in combination with grants to implement capital projects that demonstrate innovative solutions or approaches to municipal environmental issues and generate lessons and models for municipalities of all sizes across Canada. The GMF program supports projects in the following areas: energy, transportation, waste and water.

The Sustainable Housing Program is a new \$300 million sub-stream of the FCM Green Municipal Fund that offers support to local affordable housing providers including municipalities to construct energy efficient new buildings that emit lower GHG emissions. Such new buildings must be working towards net-zero energy (NZE) or net-zero energy ready (NZER). This requirement can be achieved through a range of building performance standards (e.g., Passive House®, LEED® Platinum, or Canada Green Building Council's Zero Carbon Building). A NZER building is a high performance building with low enough energy demand such that it is able to meet all its energy needs with an on-site renewable energy system. The Sustainable Housing Program will however allow buildings to rely on off-site renewable energy (e.g., wind or solar energy sources) in three specific instances:

1. Buildings that have either a very high energy intensity or project density;
2. Instances in which the lead applicant does not control the exterior of the building and energy production is not feasible (e.g., mixed-use); and
3. Geographic areas where the local grid cannot accommodate the on-site renewable energy that would be created by the project.

FCM offers a combination of 50% grant and 50% loan for up to 20% of total eligible project costs, subject to a maximum of \$10 million. The FCM application process has two stages. The

first phase is an initial proposal, which the City submitted in December 2020. In January 2021, the City was invited to move to the 2nd stage, which is a full proposal.

The Coal Harbour School, Childcare and Affordable Housing Project (“Coal Harbour Project”)

This Coal Harbour Project includes the co-location of a new Coal Harbour Elementary School with the existing Coal Harbour Community Centre. The project will advance both childcare and housing objectives with a new 65-space childcare facility and new 60-unit non-market housing.

Strategic Analysis

The Housing Component of the Coal Harbour Project is expected to cost \$36,505,000. This is based on a “Class C” cost estimate prepared by the City’s cost consultants.

The Coal Harbour Project including the Housing Component is aligned with the FCM GMF Sustainable Affordable Housing two main requirements of sustainability and affordability.

Sustainable strategies proposed for the Coal Harbour Project include:

- Zero Emissions – the Project is being designed to achieve zero emissions, including certification to Passive House standard, and to use no fossil fuels, to demonstrate achievement of zero emissions in alignment with the City’s Zero Emissions Building Plan.
- Reduced Embodied Carbon – the Project is measuring embodied carbon from building materials and targeting 40% reduction, in alignment with big Move 5, Lower Carbon Construction, of the City’s Climate Emergency Response Plan.
- General Sustainability – the Project is being designed to satisfy a broad range of sustainability criteria, and to achieve certification to CaGBC’s LEED Gold standard.

The minimum target affordability for the Housing units within Coal Harbour Project is for 30% of the units to be rented at or below the Housing Income Limits.

City staff submitted its initial proposal to FCM for review in December 2020 seeking funding for 20% of the estimated \$36,505,000 i.e., approximately \$7.3 million in FCM loan and grant funding. FCM responded favourably earlier in 2021 instructing the City to proceed to submit a full application.

Financial Implications

The table below shows the total project costs and savings on COV funding upon successful application to the FCM GMF Sustainable Affordable Housing Program.

PROJECT FUNDING SUMMARY:		
Component & Funding Source	Funding amount (as described in Nov-2020 Council Report)	Funding amount (upon successful application for FCM funding)
School - VBE	\$31,655,000	\$31,655,000
Childcare - Province ^[1]	\$3,000,000	\$3,000,000
Childcare - COV	\$9,652,000	\$9,652,000
Sub-total	\$12,652,000	\$12,652,000
Housing - FCM - grant ^[2]	\$0	\$3,650,500
Housing - FCM – loan ^[2]	\$0	\$3,650,500
Housing - CMHC ^[3]	\$0	\$150,000
Housing - COV	\$36,505,000	\$29,054,000
Sub-total	\$36,505,000	\$36,505,000
TOTAL PROJECT COSTS	\$80,812,000	\$80,812,000

Note:

1. In July 2019, the City entered a memorandum of understanding (“MOU”) with the Provincial Ministry of Child and Family Development (MCFD). The MOU outlines a financial contribution of \$33 million from the Province to the City, with the goal of delivering or securing up to 1,300 new public or non-profit group childcare spaces, expanding on the City’s commitment of 1,000 spaces as outlined in the 2019-2022 Capital Plan.
2. The size of the FCM loan and grant, when finalized assuming a successful application, will be net of adjustments for costs incurred prior to the application submission date (which is currently estimated at \$1.0 million)
3. CMHC has approved for \$150,000 in seed funding for the Project

Upon successful outcome of this funding application to the FCM GMF Sustainable Affordable Housing program, staff will (i) bring forth the required Capital Budget adjustments as part of the Capital Budget adjustment process to support the approved recommendation in this report, and (ii) report back seeking the approval for any related funding adjustments and authority to enter into the necessary agreements for the FCM loan and grant.

CONCLUSION

This funding application is an opportunity to leverage senior government funding and reduce the amount of COV funding for the Housing Component of the Coal Harbour Project by up to \$3.7M.

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