



REPORT

Report Date: June 22, 2021
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VanRIMS No.: 08-2000-20
Meeting Date: July 20, 2021
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TO: Vancouver City Council

FROM: General Manager of Arts, Culture and Community Services

SUBJECT: Community Housing Incentive Program Grants

RECOMMENDATION

- A. THAT Council approve a grant of up to \$5,120,000 to Vancouver Native Housing Society (“VNHS”) (a charity registered with the Canada Revenue Agency) to assist with the construction of its proposed 81 unit social housing development (the “Development”) at 1766 Frances Street [PID: 003-683-648, Lot F Block 7 of Block D District Lot 183 Plan 20542].
- B. THAT the Grant Agreement be on the terms generally outlined in this Report and otherwise satisfactory to the General Manager Arts, Culture and Community Services, Director of Finance, and Director of Legal Services.
- C. THAT the General Manager Arts, Culture and Community Services the City Solicitor be authorized to execute the Grant Agreement, on behalf of the City.
- D. THAT no legal rights or obligations are created by the approval of Recommendation A above unless and until the Grant Agreement is executed and delivered by the City and confirmation of funding / financing sources for the Development have been secured to the satisfaction of the Directors of Finance and Legal Services.

Approval of Recommendation A constitutes a grant and therefore requires affirmative vote of at least 2/3 of all of Council members pursuant to Section 206(1) of the *Vancouver Charter*.

Sources of funding for the grant is the approved multi-year capital project budget for 2019-2022 Community Housing Incentive Program; expenditures will be managed within the current approved Annual Capital Expenditure Budget.

REPORT SUMMARY

This report recommends Council approve a Community Housing Incentive Program (CHIP) capital grant of up to \$5,120,000 for the construction of 81 social housing units at 1766 Frances Street, located in Grandview Woodland, which will help to achieve the social housing targets articulated in the Grandview Woodland Community Plan. The Capital Grant would be payable after building permit issuance following execution of a Grant Agreement and confirmation of funding/financing sources for the Development to the satisfaction of the City. The development will also require registration of Housing Agreement securing all units as social housing for 60 years or the life of the building, whichever is greater.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Housing Vancouver Strategy and Action Plan — In November 2017 Council approved the Housing Vancouver Strategy (2018–2027) and 3-Year Action Plan (2018- 2020). The strategy seeks to shift the supply of new homes toward the right supply, with targets for new units along a continuum of housing types. The Housing Vancouver targets were based on the core goals of retaining the diversity of incomes and households in the city, shifting housing production towards rental to meet the greatest need, and coordinating action with partners to deliver housing for the lowest income households. Overall, 72,000 new homes are targeted for the next 10 years, including 12,000 social, supportive and non-profit co-operative units and 20,000 purpose-built rental units. Nearly 50 percent of the new units are to serve households earning less than \$80,000 per year, and 40 percent are to be family-size units.

2019-2022 Community Housing Incentive Program (CHIP) – In October 2019, Council approved the creation of a new grant program to replace the previous Housing Infrastructure Grant program. The objective of CHIP is to fund units delivering deeper levels of affordability (e.g. homes renting at the shelter component of income assistance rates or Housing Income Limits) beyond what is required in the City’s social housing definition. CHIP also places emphasis on the importance of partnerships and funding with other levels of government to further deliver on affordability objectives, as well as prioritizing projects aligning with City objectives around reconciliation, equity, and access.

Truth and Reconciliation Commission Calls to Action (2016) - In January 2016, Council approved in principle the City’s response to the 27 Truth and Reconciliation Commission Calls to Action that fall within its jurisdiction, in the areas of healthy communities and wellness; Indigenous and human rights and recognition; and advancing awareness, knowledge and capacity.

City of Reconciliation (2016) As a City of Reconciliation, the City commits to:

1. Form a sustained relationship of mutual respect and understanding with local First Nations and the Urban Indigenous community, including key agencies
2. Incorporate a First Nations and Urban Indigenous perspective into our work and decisions
3. Provide services that benefit members of the First Nations and Urban Indigenous community

Long-term goals aim to:

- strengthen local First Nations and Urban Indigenous relations;
- promote Indigenous peoples arts, culture, awareness, and understanding; and,
- incorporate First Nations and Urban Indigenous perspectives for effective City services.

Grandview-Woodland Community Plan (2016) –establishes a framework for future change and anticipated population growth of approximately 10,000 people over the next thirty years. A goal for the community is to continue to evolve as a mixed-income and socially and culturally-sensitive neighbourhood. The plan set objectives for a net additional 1440 units of social housing within the plan area. This project renews and expands the social housing stock for a net gain of 54 units in Grandview Woodland.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Capital Grant being recommended for approval in this report represents the third report to be brought forward under the new Community Housing Incentive Program. The grant will support substantial investment of multiple partners to deliver on an Indigenous-led social housing project with deep levels of affordability and therefore the General Manager of Arts, Culture and Community Services and the City Manager RECOMMENDS approval of the foregoing.

REPORT

Background/Context

Housing Vancouver identifies the need for and targets the completion of 12,000 social, supportive and co-op housing units by 2028. Progress towards this target is outlined in the table below. A significant portion of these social housing units are anticipated to be delivered by community partners such as the non-profit housing provider being recommended for funding in this report.

Table 1: Progress Towards 10 Year Housing Vancouver Targets for Non-Market Housing as of March 31, 2021

Housing Type	10-YEAR TARGETS	Units Approved Towards Targets
Social, Supportive, and Co-op Housing Units	12,000	6,103 units (50.8% towards targets)

**Note that tracking progress towards 10-year Housing Vancouver targets began in 2017, figures include Temporary Modular Housing*

The development at 1766 Frances Street includes a total of 81 social housing units (54 net new units) which will help achieve the 10-year Housing Vancouver target of 12,000 new social and supportive housing units. The project is evaluated under the new CHIP framework that prioritizes deeper levels of affordability and more emphasis on alignment with City housing and strategic objectives.

The Affordable Housing Delivery and Financial Strategy specifically identifies the Housing Infrastructure Grant program as a key tool to support non-profit and co-op-led affordable housing projects. The previous Housing Infrastructure Grant program was introduced in 2015 with grant amounts based on a “per-bed” basis of \$10,000 per studio and 1-bedroom, \$20,000 per 2-bedroom, and \$30,000 per 3-bedroom unit, regardless of affordability level.

In 2019, Council approved the 2019-2022 Community Housing Incentive Program with an updated Housing Infrastructure Grant framework with increased grants for non-profit and co-op housing projects offering deeper levels of affordability. The new framework focuses on delivering deeper levels of affordability and allowing for earlier in-principle commitment of City contribution, all while reflecting the City's role and financial capacity to support non-profit and co-op housing projects.

Grant amounts for projects are modelled using baseline assumptions including unit construction costs, rents, operating and maintenance expenses, financing cost, and an assumed level of Provincial/Federal government or other partner funding. The framework also recognizes the ability of cross-subsidy within a project and grants are targeted to units within a project renting at Housing Income Limits (HILs) rates or below.

To help non-profit and co-op societies leverage other funding opportunities, such as Provincial and Federal government funding, the proposed new program will allow the City to provide in-principle funding commitments to projects based on the proposed number of homes, types and affordability, and estimated net capital funding requirement determined using baseline assumptions. As a project further develops, the funding commitment could be adjusted to reflect the updated project specifics, additional funding partner contributions, updated cost assumptions, or changes in the affordability levels, as agreed to by the project's partners. Staff recognize that there is significant demand on senior government programs at this time, and should applicants be unsuccessful in their applications to senior government, there may be a need to review and adjust the CHIP grant accordingly on an individual project basis. Additionally staff have updated the grant process to undertake a more rigorous review earlier on in the process to ensure no errors or omissions in the information provided. Should a project substantially change after a grant application has been made or an approval in principle letter issued, a full review may be undertaken to determine if a project still meets the CHIP grant requirements.

To reflect the City's role and capacity in supporting development of affordable housing, the CHIP program includes an assumed level of Provincial and Federal government investment through BC Housing's Community Housing Fund program or CMHC's Co-Investment Fund. The program also includes a cap on the grant for any single non-market/co-op home renting at HILs rates or below in a project to ensure the City's contribution is used to best position our housing providers to leverage the City's early in-principle commitment to a project and obtain Provincial and/or Federal government investments or other philanthropic financial support.

The CHIP grant program builds on the principles of ensuring project viability and deepening on-site affordability and aims to maximize the City's grant impact in the context of increased senior government funding. The updated framework also endeavours to align funding priorities with other strategic City objectives (e.g. City of Reconciliation, Women's Equity Strategy).

Strategic Analysis

Vancouver Native Housing Society, 1766 Frances Street

VNHS proposes 81 units on a site which previously had 27 units of social housing but which was substantially destroyed by fire in 2017. A grant of up to \$5,120,000 towards capital costs of the project is recommended based on the following proposed rents and unit mix:

Unit affordability summary:

Unit Type	Shelter	HILs	LEM	Market	Total
Studio	4	37	-	-	41
1-Bedroom	5	3	-	-	8
2-Bedroom	7	10	-	-	17
3-Bedroom	4	11	-	-	15
Total	20	61	-	-	81

This project would serve Vancouver's urban Indigenous population, as the target tenant population for this building would be individuals and families of Indigenous ancestry who are experiencing core housing need. As this is a redevelopment of a VNHS apartment building that previously housed urban Indigenous residents, up to 24 of the units in the new building may be occupied by former tenants who were displaced by the fire in 2017 and rehoused elsewhere in VNHS's portfolio or with sister societies, as they have a right to exercise "first refusal" of the units under the approved tenant relocation plan.

This project will allow the Society to both grow the overall number of affordable rental units in its portfolio while welcoming displaced tenants back to their old address and into new, modernized and secure units at no increase in rent (rent geared to income.) It is anticipated that 20 units will be renting at or near shelter component of income assistance and 61 units will be renting at a range of rents up to BC Housing Income Limit maximum rents.

A rezoning application for the site was approved in principle following a Public Hearing on February 18th, 2021, with conditions including a requirement for a Housing Agreement to be registered on title to secure the social housing units for the greater of 60 years or the life of the building. While the rezoning approval was for 84 units, the project has subsequently been reduced to 81 units, and the current grant amount is reflective of this unit count reduction.

In terms of partnerships, the society is seeking funding opportunities from the Indigenous Housing Fund, and an operating subsidy under the program to achieve the affordability levels proposed.

Development funding summary**Estimated development costs (\$M)**

Land equity	10.5
Development costs	44.6
	\$55.1

Anticipated sources of funding (\$M)

Land equity	10.5
Applicant equity	0.4
City of Vancouver CHIP grant	5.1
BCH Indigenous Housing Fund grant	16.2
FCM Green Municipal Fund grant	4.2
DCL exemption	1.8
	\$38.2

Required mortgage/equity financing (\$M)	\$16.9
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Financial Implications

The City's Capital Grant contribution is conditional on execution of the Grant Agreement and confirmation of all funding/financing sources for the Development secured to the satisfaction of the Directors of Finance and Legal Services and registration of the Housing Agreement on title to the Lands.

Consistent with Council policies, all affordable housing projects are expected to be self-sustaining over the long-term where rents and/or external operating subsidies 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 operating subsidies, property tax exemptions, and/or financial guarantees from the City.

Prior to disbursement of the grants at Building Permit issuance for each project, the following steps are to be undertaken to ensure that the grant funds are used for the intended affordability outcomes:

- Execution of a Grant Agreement by the non-profit/co-op and the City;
- In most projects, registration of a Housing Agreement on title to secure affordability level of all homes;
- Confirmation of funding/financing sources for the development.

Sources of funding for the grants is the current approved multi-year capital project budget for 2019-2022 Community Housing Incentive Program; expenditures will be managed within the current approved Annual Capital Expenditure Budget.

CONCLUSION

This grant will serve Council's overall housing objectives by providing 81 units of social housing at 1766 Frances street at deeply affordable rents focussed on Indigenous families and seniors. Staff recommend that Council approve the capital grant to assist the project with delivering deeper levels of affordability beyond the City's standard social housing definition.

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