



REPORT

Report Date: February 10, 2022
Contact: Ryan Bigelow
Contact No.: 604-673-8151
RTS No.: RTS 14817
VanRIMS No.: 08-2000-20
Meeting Date: March 1, 2022

[Submit comments to Council](#)

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 \$5.5 million to Brightside Community Homes Foundation (“Brightside”), a charity registered with the Canada Revenue Agency, to assist with the construction of Brightside’s proposed 146-unit social housing development at 2924 Venables Street [PID: 007-625-022, Lot 1 Block 2 North West 1/4 of Section 24 Town of Hastings Suburban Lands PLAN 15707] (the “Brightside Development”).

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

- B. THAT Council approve a grant of up to \$6.0 million to Soroptimist International of Vancouver (“SIV”), a charity registered with the Canada Revenue Agency and non-profit society, to assist with the construction of SIV’s proposed 135-unit social housing development at 546 W 13th Avenue [PID: 011-143-142 , Lot A of Lot 5 Block 440 District Lot 526 Plan 5484; PID: 011-143-151, Lot A of Lot 6 Block 440 District Lot 526 Plan 5484; PID: 011-143-185, Lot A of Lot 7 Block 440 District Lot 526 Plan 5484] (the “SIV Development” and together with the Brightside Development, the “Developments”).

Sources of funding for the grant are:

- \$4.4 million remaining in the approved multi-year capital project budget for the 2019-2022 Community Housing Incentive Program;

- A \$1.6 million increase to the multi-year capital project budget for the 2019-2022 Community Housing Incentive Program from Empty Home Tax Reserve funds to be added to the 2019-2022 Capital Plan.

Expenditures will be managed within the current approved Annual Capital Expenditure Budget.

- C. THAT the Grant Agreements disbursing the grants described in Recommendations A and B be on the terms generally outlined in this Report and otherwise satisfactory to the City's General Manager Arts, Culture and Community Services and Director of Legal Services.
- D. THAT the General Manager of Arts, Culture and Community Services (or their designate) be authorized to execute the Grant Agreements, on behalf of the City.
- E. THAT no legal rights or obligations are created by the approval of Recommendations A or B unless and until the City and the grant recipients execute and deliver the Grant Agreements and the grant recipients confirm the funding and financing sources for the Brightside Development and the SIV Development to the satisfaction of the Directors of Finance and Legal Services.

Approval of Recommendations A and B constitute grants and therefore requires affirmative votes from at least 2/3 of all Council members pursuant to Section 206(1) of the *Vancouver Charter*.

REPORT SUMMARY

This report recommends Council approve two Community Housing Incentive Program (CHIP) capital grants totalling \$11.5 million to assist with the construction of 281 social housing units located in Vancouver. The capital grants would be payable after building permit issuance following execution of a Grant Agreement and confirmation of funding/financing sources for the developments to the satisfaction of the City. The City will also register housing agreements on title for each development 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.

2018-2028 Women's Equity Strategy – The strategy seeks to make Vancouver a place where all women have full access to the resources provided in the city and have opportunities to fully participate in the political, economic, cultural, and social life of Vancouver. The strategy includes five priority areas: applying an intersectional lens to strengthen City processes and inform decision-making; address safety and violence against women; accessible, quality childcare; safe and affordable housing; and, women's leadership and representation in the workforce.

Hastings-Sunrise Community Vision (2004) – The Vision provides direction on a range of issues in the neighbourhood, such as traffic and transportation, community safety and services, housing, neighbourhood centres, parks, environment and community participation. The Vision supports the creation of new social housing through the rezoning process. Direction 15.11 supports small developments for seniors close to parks, shopping and transit to allow aging in place.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The capital grants being recommended for approval in this report represent the fourth report brought forward under the Community Housing Incentive Program. The grants will support substantial investment of multiple partners to deliver on social housing projects targeted towards seniors, families, and women 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

Social Housing Targets

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 providers being recommended for funding in this report.

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

Housing Type	10-YEAR TARGETS	Units Approved Towards Targets
Social, Supportive, and Co-op Housing Units	12,000	6,926 units (57.7% towards targets)

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

Community Housing Incentive Program (CHIP)

CHIP applications are accepted and reviewed on a project-by-project basis. Each project is evaluated individually under the CHIP framework, which prioritizes projects providing deeper levels of affordability beyond the minimum required, places greater emphasis on alignment with City housing and strategic objectives, as well as improved alignment with both Provincial and Federal funding programs. Successful applications are issued an 'approval in principle' letter to assist in leveraging senior government funding, and can only be brought forward for Council consideration once initial regulatory approval is in place, either a successful Public Hearing or approval by the Development Permit Board.

As the total value of CHIP applications currently exceeds the pool of remaining funds, staff have been prioritizing projects that are farther along in the regulatory process, those which will offer the deepest level of affordability overall, and which are expected to leverage senior government funding, which in the case of these two projects is based on early Community Housing Fund announcements. Projects that align with the City's goal of reconciliation or which serve one or more target client groups who may face greater housing barriers continue to be prioritized.

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, CHIP allows 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

The two developments recommended for City support in this report include a total of 281 social housing units that will help achieve the 10-year Housing Vancouver target of 12,000 new social and supportive housing units.

Overview of Proposed Projects

Project 1: Brightside Community Homes Foundation, 2924 Venables Street

Brightside Community Homes Foundation proposes 146 social housing units on a site which previously had an aging low-rise apartment building with 66 units. A grant of up to approximately \$5.5 million 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	22	17	-	-	39
1-Bedroom	7	46	33	-	86
2-Bedroom		6	6	-	12
3-Bedroom		4	5	-	9
Total	29	73	44	-	146

This project would serve Vancouver's seniors and low- and moderate-income families. As this project involves the redevelopment of a Brightside apartment building that previously housed 44 tenants at the time of the rezoning application, up to 44 of the units in the new building may be occupied by former tenants that have a right of first refusal under the approved tenant relocation plan. All 146 units are considered in calculating CHIP grant eligibility.

This project will maximize affordable housing delivery by increasing density and diversifying the tenant population by adding families to a currently all-senior population. It is anticipated that 29 units will be renting at or near the shelter component of income assistance and 73 will be renting at a range of rents up to BC Housing Income Limit maximum rents. The remaining units are expected to rent at Low End of Market rents.

A rezoning application for the site was approved in principle following a Public Hearing on December 2, 2020 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 145 units, the project has subsequently been increased to 146 units, and the current grant amount is reflective of this unit count increase.

In terms of partnerships, this project has been conditionally approved under the BC Housing Community Housing Fund, and is seeking an operating subsidy under the program to achieve the affordability levels proposed. It is anticipated that approval of a CHIP grant will assist Brightside in successfully achieving the next stage of funding approval through BC Housing.

Development funding summary

Estimated development costs (\$M)	
Land equity	23.0
Development costs	59.6
	\$82.6
Anticipated sources of funding (\$M)	
Land equity	23.0
City of Vancouver CHIP grant	5.5
BCH Community Housing Fund grant	14.6
DCL exemption	2.4
	\$45.5
Required mortgage/equity financing (\$M)	\$37.1

Project 2: Soroptimist International of Vancouver (SIV), 546 West 13th Avenue

Soroptimist International of Vancouver proposes 135 social housing units geared towards women including seniors, women with disabilities, single mothers and workforce women. A grant of up to approximately \$6.0 million 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	11	25	15	-	51
1-Bedroom	7	19	11	-	37
2-Bedroom	7	16	11	-	34
3-Bedroom	2	7	4	-	13
Total	27	67	41	-	135

This project will be owned and operated by SIV who currently operates an existing 21-unit seniors' social housing building on site that will be replaced by the 135 social housing units for women. SIV is committed to improving the lives of women and girls and has expanded its mandate to use their existing sites to deliver additional housing for women. Up to 21 of the units in the new building may be occupied by former tenants, as they have the right of first refusal under the approved tenant relocation plan.

This project will maximize affordable housing delivery as it is anticipated that 27 units will be renting at or near shelter component of income assistance and 67 will be renting at a range of rents up to BC Housing Income Limit maximum rents. The remaining units are anticipated to rent at Low End of Market rents.

A rezoning application for the site was approved in principle following a Public Hearing on July 13, 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.

In terms of partnerships, this project has been conditionally approved under the BC Housing Community Housing Fund, and is seeking an operating subsidy under the program to achieve the affordability levels proposed. It is anticipated that approval of a CHIP grant will assist SIV in successfully achieving the next stage of funding approval through BC Housing.

Development funding summary

Estimated development costs (\$M)	
Land equity	9.1
Development costs	60.1
	\$69.2
Anticipated sources of funding (\$M)	
Land equity	9.1
City of Vancouver CHIP grant	6.0
CMHC Seed Funding grant	0.1
CMHC Co-Investment Fund grant	3.0
BCH Community Housing Fund grant	13.7
DCL exemption	3.0
	\$34.9
Required mortgage/equity financing (\$M)	\$34.3

Financial Implications

The City's capital grant contributions are conditional on execution of Grant Agreements and confirmation of all funding/financing sources for the Developments secured to the satisfaction of the Directors of Finance and Legal Services and registration of Housing Agreements 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 grant 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 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 include the \$9.9 million remaining in the 2019-2022 approved multi-year capital project budget for the Community Housing Incentive Program, and a \$1.6 million increase to the 2019-2022 Capital Plan and the multi-year capital project budget for the program. The \$1.6 million increase will be funded from the Empty Home Tax Reserve allocation of \$12.0 million for the Community Housing Incentive Program; leaving \$10.4 million available for future grants. Expenditures will be managed within the current approved Annual Capital Expenditure Budget.

CONCLUSION

The two projects will serve Council's overall housing objectives by providing 281 units of social housing across the city for a diverse range of populations that may experience greater barriers to housing. Staff recommend that Council approve the capital grants to assist the projects with delivering deeper levels of affordability beyond the City's standard social housing definition.