



COUNCIL REPORT

Report Date: March 28, 2024
Contact: Ryan Bigelow
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RTS No.: 16259
VanRIMS No.: 08-2000-20
Meeting Date: April 9, 2024
[Submit comments to Council](#)

TO: Vancouver City Council
FROM: Armin Amrolia, Deputy City Manager
SUBJECT: Community Housing Incentive Program (CHIP) Grants

Recommendations

- A. THAT Council approve a grant of up to \$5.37 million from the approved multi-year capital budget for the 2023-2026 Non Market Housing grant program (CHIP) to Entre Nous Femmes Housing Society (“Entre Nous”), a charity registered with the Canada Revenue Agency, to assist with the construction of the 97-unit social housing development at 1656 Adanac Street (the “Entre Nous” project).
- B. THAT Council approve a grant of up to \$30,000 from the approved multi-year capital budget for 2023-2026 Non Market Housing grant program (CHIP) to First United Church Community Ministry Society (“First United”), a charity registered with the Canada Revenue Agency, to assist with the construction of the 103-unit social housing development at 320 East Hastings Street that First United is developing in partnership with Lu’ma Native BCH Housing Society (“Lu’ma”) (the “First United – Lu’ma Development”).
- C. THAT subject to Council approval of the recommendations referred in the Report dated March 28, 2024, entitled “Community Housing Incentive Program Recalibration”, that Council approve a grant of up to \$4.0 million from the approved multi-year capital budget for the 2023-2026 Non Market Housing grant program (CHIP) to Young Women’s Christian Association, based in Vancouver (“YWCA”), a charity registered with the Canada Revenue Agency, to assist with the purchase of YWCA’s proposed 70-unit social housing project at 388 Slocan Street (the “YWCA Project”).
- D. THAT Council approve a grant of up to \$233,000 from the approved multi-year capital budget for the 2023-2026 Non Market Housing grant program (CHIP) to Hopehill Living in Community Society (“Hopehill”) to assist with the construction of the 64-unit social housing development at 3321 East 5th Avenue (the “Hopehill” project).

- E. THAT the Grant Agreements disbursing the grants described in Recommendations A through D be on the terms generally outlined in this Report and otherwise satisfactory to the City's Deputy City Manager and Director of Legal Services.
- F. THAT the Deputy City Manager (or their designate) be authorized to execute the Grant Agreements on behalf of the City.
- G. THAT no legal rights or obligations are created by the approval of Recommendations A through D 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 have been secured to the satisfaction of the Directors of Finance and Legal Services.

Approval of Recommendations A through D 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*.

Purpose and Executive Summary

This report recommends Council approve four Community Housing Incentive Program (CHIP) capital grants totalling \$9,633,300 to assist with the construction or purchase of 334 affordable housing units 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 the affordability of all units for 60 years or the life of the building, whichever is greater.

Council Authority/Previous Decisions

- [Housing Vancouver Strategy and Action Plan \(2017\)](#)
- [Housing Infrastructure Grant Framework Update \(October 2019\)](#)
- [Vancouver Housing Needs Report – \(2022\)](#)

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

One key way the City delivers affordable housing is through ongoing collaboration with non-profit and co-op housing providers who play an important role in delivery of new affordable homes on City land and through development or redevelopment of their own land. CHIP grants strategically target the latter. These partnerships with non-profits help the City meet its social and supportive housing targets.

The CHIP program provides capital grants to non-profit housing providers delivering non-market housing in Vancouver. Grants are intended to offset the cost of construction and enhance affordability of these projects. The intent of CHIP is also to leverage funding from senior government programs for non-market housing projects proposed within Vancouver, by making them a more viable proposition for such investments.

With the launch of CHIP in 2019, Council approved over \$32 million of grants from the 2019-2022 program supporting nearly 800 units across 8 projects. Building off the success of the

CHIP program since 2019, enhancements were proposed to the program in 2024 to address the following primary objectives:

1. Provide a range of capital funding to support projects with different levels of affordability
2. Complement the patchwork of senior government funding programs to meet the City's range of affordability objectives across unit types and rent mix
3. Optimize the City's limited capital funding

The proposed changes to the CHIP program incorporates feedback from the non-profit sector, specifically how the City can better assist projects moving forward to construction, by better aligning grant programs with the broader range of senior government funding programs now available.

CHIP grant applications were submitted and reviewed by staff while the CHIP program was under review. For the applications that met the 2019-2022 CHIP program eligibility criteria, applicants were provided an 'Approval in Principle' (AIP) letter confirming eligibility for a CHIP grant subject to meeting a number of conditions and Council approval. These applications are being considered as legacy grants under the previous CHIP program parameters. Recommendation A, B and D refers to three of these legacy grant applications.

Additionally, a CHIP grant application was received that did not meet the 2019-2022 CHIP program eligibility criteria, but was well aligned with the updated CHIP criteria. The application was related to a time-sensitive project, therefore staff provided an 'Approval in Principle' letter confirming eligibility for a CHIP grant subject to meeting a number of conditions and Council approval, and is the purpose of Recommendation C.

Discussion

The four projects recommended for City support in this report include a total of 334 affordable housing units that will help achieve the 10-year Housing Vancouver goal of creating 72,000 new homes across Vancouver, including 12,000 new social and supportive housing units.

Overview of Proposed Projects

Project 1: Entre Nous Femmes Housing Society, 1656 Adanac Street (Alma Blackwell)

Entre Nous Femmes Housing Society has been providing safe, secure affordable housing to low-income women, children, single parent families, and seniors throughout the Lower Mainland for nearly 40 years. They operate over 400 units, including 144 in Vancouver. Entre Nous Femmes is redeveloping a 46-unit social housing development in Grandview Woodland at 1656 Adanac Street with 97 new social housing units (51 net new social housing units) [PID: 002-430-088, PID: 002-5430-088, 002-567-733, 002-569-183, 002-569-701, 002-569-914, 002-570-297, 002708-817 Block C & D, Plan VAP 631 & 729, District Lot 183, NWD LOTS 5-9 & 19-20 of 10]. The project will provide 19 units (20%) at shelter rate, 49 units (50%) at or below the Housing Income Limits (HILs) and 29 units (30%) at low end of market rents.

The [Development Permit](#) (DP-2022-00617) was conditionally approved by the Director of Planning on December 8, 2022. The project recently reached the Provisional Project Approval (PPA) stage with BC Housing, with funding through the Community Housing Fund. A grant of up to \$5.37 million is recommended based on the 2019-2022 CHIP eligibility criteria, program parameters and maximum grant amounts, at the following proposed affordability and unit mix.

Unit Affordability Summary

Unit Type	Shelter	HILs	LEM	Total
Studio	1	3	2	6
1-Bedroom	8	21	13	42
2-Bedroom	7	16	10	33
3-Bedroom	3	7	4	14
4-Bedroom	-	2	-	2
Total	19	49	29	97

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

Land equity	15.9
Development Costs	52.7
	\$68.6

Anticipated sources of funding (\$M)

Land equity	15.9
City of Vancouver CHIP grant	5.4
BCH Community Housing Fund grant	15.4
DCL exemptions / waivers	2.2
	\$29.7

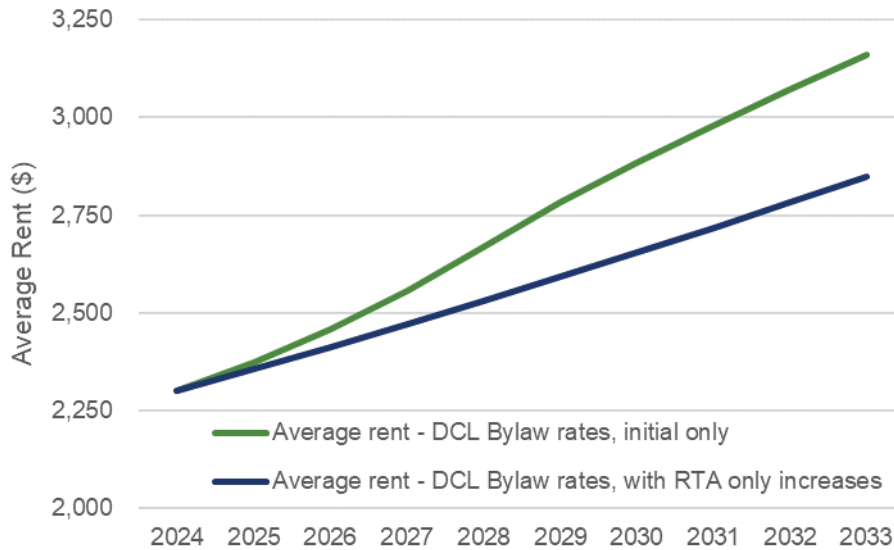
Required mortgage/equity financing (\$M)**Project 2 – First United Church Community Ministry Society in partnership with Lu'ma Native BCH Housing Society, 320 E Hastings**

First United Church Community Ministry Society in partnership with Lu'ma Native BCH Housing Society, is developing a 103-unit social housing project for Vancouver's urban Indigenous residents in the Downtown Eastside located at 320 E Hastings [PID: 031-308-236, Lot A Block 71 Plan EPP107810 District Lot 196 NWD Group 1]. The [project](#) was approved by the Development Permit Board on January 25, 2021 and initiated construction in early 2023. It will deliver 49 units renting at or near the shelter component of income assistance and 54 units renting at a range of rents up to BC Housing Income Limit maximum rents. A grant of up to \$4.83 million towards capital costs of the project was assessed by staff, however the recommendation to Council and the [grant approved](#) on July 19, 2022 erroneously rounded this number down to 4.8 million. Staff recommend correcting this error by way of recommending approval of a further \$30,000 grant to reflect the original assessed grant amount.

Project 3: YWCA, 388 Slocan (YWCA Project)

YWCA has partnered with BC Housing and Chard Developments Ltd ("Chard") to deliver an affordable housing project containing 70 units and ground floor retail space located at 388 Slocan Street (YWCA Project) [PID: 031-445-721, Lot A Block 51 Plan EPP111274 District Lot THSL NWD Group 1]. The project was originally approved as a secured market rental project under the City's Secured Rental Housing Policy on July 23rd, 2020. Subsequently, the YWCA and BC Housing have partnered to purchase the market rental project from Chard following project completion, anticipated in May 2024. Following this new partnership, the housing will be government and non-profit owned and operated by the YWCA.

Funding contributions from BC Housing, YWCA and the City's proposed CHIP grant will allow the project's affordability to exceed the requirements originally approved at the time of rezoning. Starting rents for the initial tenancies of the remaining units will not exceed the DCL By-law maximum rents, and as units turn-over, YWCA is committed to ensuring the rental rates do not exceed the initial DCL By-law maximums plus any allowable annual increases under the RTA, for the life of the building.

Forecast average rent, with and without enhanced affordability:

The YWCA also expects to provide seven units at deeply subsidized rents and offer these to single women and single mothers and children. Furthermore, YWCA is committed to fundraising to deepen upfront affordability and to deepening affordability over time as financially feasible.

Based on the partnership between YWCA and BC Housing and funding requirements, the YWCA Project will be subdivided into three air-space parcels; one to be owned by BC Housing (via Provincial Rental Housing Corporation) containing 34 housing units, and the remaining air-space parcels owned by YWCA containing 36 housing units and the ground floor retail space. As a result, it is envisioned that the Housing Agreement By-law enacted on July 6th, 2021 will be replaced with a new Housing Agreement for each air-space parcel containing housing units with the additional affordability requirements outlined above. Subject to Council's approval of the recommendations and YWCA meeting the conditions of the CHIP grant, approval of the new Housing Agreements will be brought forward to Council once the air-space parcels envisioned above are created.

Subject to Council approving the updates to the CHIP program proposed in RTS 15689, staff are recommending a \$4 million CHIP grant toward the YWCA project to support the additional affordability contemplated above. The updates to the CHIP program proposed address current economic conditions for delivering non-market housing and availability of senior government funding and introduce more flexibility in the type and affordability of projects eligible under CHIP like the YWCA Project. Following the previously approved CHIP program parameters approved by Council in 2019, YWCA would not be eligible for a CHIP grant and YWCA's partnership with BC Housing and Chard for the project at 388 Slocan would be at risk of dissolving.

Project funding summary**Estimated costs (\$M)**

Purchase costs	\$57.1
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Anticipated sources of funding (\$M)

City of Vancouver CHIP grant	4.0
BC Housing contribution	24.2
Mortgage financing	24.9
YWCA partner equity	4.0
	\$57.1

Project 4 – Hopehill Living in Community Society, 3321 E 5th Avenue

Hopehill Living in Community Society (formerly Beulah Garden Homes) was founded in 1951 and provides Vancouver seniors with affordable housing and care in a safe and inclusive community. Hopehill is developing 3321 E 5th Avenue with 64 units of non-market housing dedicated to seniors, adding to the 338 units of seniors non-market housing currently operated by Hopehill in East Vancouver [PID: 026-666-511, Lot C Section 29 Plan BCP23618 District Lot THSL NWD Group 1]. The project will provide 50 studio units and 14 one-bedroom units. A grant of up to \$233,000 is recommended based on the 2019-2022 CHIP eligibility criteria, program parameters and maximum grant amounts at the following proposed affordability and unit mix.

Unit Affordability Summary

Unit Type	Shelter	HILs	LEM	Total
Studios	14	36		50
1-bedroom			14	14
Total	14	36	14	64

Development Funding Summary**Estimated development costs (\$M)**

Land equity	6.29
Development Costs	26.09
	\$32.4

Anticipated sources of funding (\$M)

Land equity	6.3
City of Vancouver CHIP grant	0.2
CMHC grants	3.0
Applicant cash equity	5.2
DCL exemptions / waivers	0.2

Required mortgage/equity financing (\$M)	\$17.5
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Financial Implications

The City's capital grant contributions are conditional on execution of Grant Agreements and confirmation of all funding/financing sources for the Projects 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 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;
- Registration of a Housing Agreement on title to secure affordability levels;
- Issuance of a Building Permit to Construct (or Occupancy permit with respect to the YWCA Project);
- Provision of an updated project pro-forma, budget and confirmation of funding/financing sources for the project.

Sources of funding for the grants totalling \$9,633,000 is the 2023-2026 approved multi-year capital budget for Non Market Housing grant program to support new or Redeveloped partner units(CHIP). Expenditures will be managed within the current approved Annual Capital Expenditure Budget.

Legal Implications

Grant Agreements will continue to be a condition of disbursement, prepared to the satisfaction of the Deputy City Manager, and the Director of Legal Services.

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