



COUNCIL REPORT

Report Date: September 11, 2024
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VanRIMS No.: 08-2000-20
Meeting Date: October 8, 2024
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TO: Vancouver City Council
FROM: Armin Amrolia, Deputy City Manager
SUBJECT: Community Housing Incentive Program Grant - ALT Jackson Housing Society

Recommendations

THAT Council approve a grant of up to \$1.8 million from the approved multi-year capital budget for the 2023-2026 Non-Market Housing grant program (CHIP) to ALT Jackson Housing Society, (a society incorporated under the Societies Act (British Columbia)), to assist with the construction of the 172-unit social housing development at 401 Jackson Avenue (the “ALT Jackson Development”);

FURTHER THAT the Grant Agreement disbursing the grant be on the terms generally outlined in this Report and otherwise satisfactory to the Deputy City Manager and Director of Legal Services;

FURTHER THAT the Deputy City Manager (or their designate) be authorized to execute the Grant Agreement on behalf of the City;

AND FURTHER THAT no legal rights or obligations are created by the approval of Recommendation A unless and until the Grant Agreements is executed and delivered by the City and the grant recipient confirms that the funding and financing sources for the Development have been secured to the satisfaction of the Directors of Finance and Legal Services.

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

Purpose and Executive Summary

This report recommends Council approve a Community Housing Incentive Program (CHIP) capital grant of up to \$1.8 million to assist with the construction of 172 social housing units for Indigenous families and seniors in the Downtown Eastside of Vancouver. The project has also secured funding contributions from BC Housing and CMHC totalling \$24.3M.

The capital grants 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. A housing agreement has been registered on title for the development, securing all units as social housing for 60 years or the life of the building, whichever is greater.

Council Authority/Previous Decisions

- **Community Housing Incentive Program Recalibration (2024)**
- **Housing Vancouver 10-Year Housing Targets 2024-2033 (2024)**
- **Housing Vancouver Strategy (2017)**
- **City of Reconciliation (2016)**

City Manager's Comments

The capital grant being recommended for approval in this report under CHIP will be combined with substantial investment of multiple partners to deliver on a social housing project targeted towards urban Indigenous residents with deep levels of affordability. The City Manager concurs with the foregoing recommendations.

Context and Background

The City has a long history of providing housing capital grants to non-profits developing or redeveloping affordable housing on their own land. Grant contributions through the CHIP program help the City meet the updated Housing Vancouver Strategy target to deliver 10,000 social, supportive and non-profit co-op housing units by 2033. 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.

An update to the Community Housing Incentive Program was approved by Council in April 2024, creating a two-stream approach:

- **Stream 1** CHIP grants - for non-market housing projects that are self-sustaining, leveraging capital funding and low-cost senior government financing; and
- **Stream 2** CHIP grants - for non-market housing projects targeting a deep level of affordability that rely on ongoing operating subsidies from senior governments (e.g. BC Housing's CHF and IHF)

The changes were made following engagement with the housing sector and accounting for both current economic conditions and current senior government funding programs.

A small number of grant applications were submitted while the CHIP program was under review including the ALT Jackson Development which was issued an 'Approval in Principle' (AIP) letter confirming eligibility for a Stream 2 CHIP grant.

Applications are brought forward for Council consideration once initial regulatory approvals are in place, either a successful Public Hearing or approval by the Development Permit Board, and once projects have advanced through the relevant senior government funding program approvals process.

Discussion

ALT Jackson Housing Society (401 Jackson Avenue)

The Aboriginal Land Trust Society (ALT), owned by Lu'ma Native Housing Society, is an Indigenous-owned non-profit society. Since its inception, ALT has been strengthening the Indigenous sector, working in partnership with Indigenous and non-Indigenous entities to benefit the community and specifically benefit persons of Indigenous ancestry through the acquisition, development and stewardship of real estate and other assets in the City of Vancouver and the province of B.C. ALT Jackson Housing Society is a wholly owned and controlled subsidiary of ALT, created for the express purpose of the ALT Jackson Development.

ALT Jackson Housing Society is developing 172 social housing units for Indigenous families and seniors at 401 Jackson Avenue, 94 units of which are funded under BC Housing's 'Community Housing fund, with the remaining 78 units being funded from other sources. The project recently reached the Final Project Approval stage with BC Housing. A grant of up to \$1.8 million is recommended based on the 2023-2026 CHIP Stream 2 eligibility criteria, program parameters and the prescribed grant amounts, at the following proposed affordability mix:

	Avg rents	Units	CHIP Grant per Unit	Total Grant
Studio – Shelter	\$500	56	\$25,000	\$1.40M
Studio – HILs	\$1,015	22	\$10,000	\$0.22M
Studio – Market	\$1,925	18	-	-
One Bed – HILs	\$1,305	10	\$10,000	\$.10M
One Bed – HILs	\$1,450	8	\$10,000	\$0.08M
One Bed – Market	\$2,950	31	-	-
Two Bed – Market	\$3,950	27	-	-
Total		172		\$1.8M

Development funding summary

Estimated development costs (\$M)

Land	13.9
Development costs	92.7
	\$106.6

Anticipated sources of funding (\$M)

Cash equity	6.0
City of Vancouver CHIP grant	1.8
CMHC Seed grant	0.2
CMHC Co-Investment Fund grant	8.6
BCH Community Housing Fund grant	15.5
DCL exemptions / waivers	3.2
Required mortgage (\$M)	\$71.3

Financial Implications

The City's capital grant contributions are conditional on execution of a Grant Agreement for the project and confirmation of all funding/financing sources secured to the satisfaction of the Directors of Finance and Legal Services.

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 the projects do not require operating subsidies, property tax exemptions, and/or financial guarantees from the City.

Grant disbursement for CHIP grants is conditional on the following:

- Entering into a registered housing agreement
- An executed grant agreement with the City
- Issuance of a full Building Permit to construct the housing
- Provision of an updated project pro-forma and budget before the start of construction supported by tendered construction pricing
- Documentation demonstrating that all sources of funding & financing necessary to proceed with construction of the Project (including equity contributions) are in place/ have been secured.
- Documentation demonstrating that all sources of funding & financing to take out any construction financing at completion (including equity contributions) have been secured.
- Documentation confirming the Project operating budget has been approved by the Operator and governing body (i.e. Board minutes), and that the approved budget is consistent with the pro-forma provided to the City.
- The Project commences construction within 12 months of the grant approval by Council.

Approval of the up to \$1.8 million grant will be funded from the 2023-2026 approved multi-year capital budget for Non-Market Housing grant program to support 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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