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## **REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, SEPTEMBER 4, 2024**

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**SUBJECT**     Thuthiqut Hulelum' (Forest Homes) Grant Application Authority

### **ISSUE SUMMARY**

To authorize the Capital Regional District (CRD) Chief Administrative Officer (CAO) to pursue grants and funding to develop Forest Homes, a proposed 20-unit housing project, formerly known as Galiano Green, on the recently acquired CRD property at 280 Georgeson Bay Road on Galiano Island.

### **BACKGROUND**

In September 2023, the CRD Board approved Growing Communities Funds (GCF) in the amount of \$2.8 million (M) towards the Galiano Green 20-unit Affordable Housing Project across four separate structures on Galiano Island, which has subsequently been renamed Thuthiqut Hulelum' (translates as "Forest Homes" in the Hul'qumi'num language).

On December 13, 2023, the CRD Board directed staff to proceed with acquisition of the property for a purchase price of up to \$672,000, and to use the remaining \$2.1M Growing Communities Funds (GCF) allocated for this project to advance project development. The Board directed that the CAO be authorized to negotiate, execute, and do all things incidental to finalizing the purchase of the property, and enter into agreements for the funding, construction, and operation of the project.

The Galiano Affordable Living Initiative (GALI), on behalf of the project, had applied to the Community Housing Fund (CHF) through BC Housing in the 2023 call for proposals. The project partners were informed by BC Housing in early 2024 that the submission was not successful. In the December 2023 report staff commented that should the CHF application not be successful, that staff would still advance the acquisition of the lands and could consider either phasing the project or seeking additional sources of equity. Therefore, in June 2024, the CRD purchased the 10-acre property from the GALI, a non-profit society that had rezoned the property and prepared the site for development. Under the terms of the purchase agreement, once construction is complete and the occupancy permit issued, GALI will be the housing operator responsible for building operations, management of tenants, ensuring units are rented, financial management, and sustainability of the project, building and property maintenance and repairs.

As the lands are now in the possession of the CRD and the 2023 CHF application was not successful, additional direction is needed to apply for funds to close the equity gap and support the project in moving forward.

## **ALTERNATIVES**

### *Alternative 1*

The Hospitals and Housing Committee recommends to the Capital Regional District Board: That the Chief Administrative Officer, or their duly authorized delegate, be authorized to apply for, negotiate and accept the terms to receive funds, execute agreements and do all things necessary to secure grant funding and financing for the project at 280 Georgeson Bay Road on Galiano Island through funding programs as necessary and as they become available.

### *Alternative 2*

That this report be referred to staff for additional information based on Hospitals and Housing Committee direction.

## **IMPLICATIONS**

### *Social Implications*

Galiano Island is part of the Southern Gulf Island Electoral Area (SGI EA) and has a population of 1,395 based on the Island's 2021 Census Profile. The 2018 Southern Gulf Islands (SGI) Housing Needs Assessment found that:

*"All evidence clearly points to serious shortages in secure, appropriate, and affordable housing for low to moderate-income earners. Renters are particularly impacted as their incomes are insufficient to enter the homeownership market, and the limited number of rental properties are increasingly vacant seasonally or placed in the vacation rental market. Community members strongly described the housing situation as bordering on crisis, and as having serious impacts on themselves and their families, community well-being and economic sustainability."*

It is intended that the Forest Homes development will advance rental housing for low-to moderate-income<sup>1</sup> or middle-income<sup>2</sup> households depending on which program the partners are able to access funding through.

### *Service Delivery Implications*

This project was purchased under the authority of the Land Banking and Housing Service, which provides the CRD with the ability to "undertake land assembly for the purpose of housing, either public or private, and public housing."

### *Financial Implications*

The initial total cost estimate as provided to the CRD Board in December 2023 was \$14M, including the land. At present, the total cost remains the same. Table 1 depicts the estimated Capital Cost associated with this 20-unit project as of September 2024.

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<sup>1</sup> Low- and Moderate-Income Limits (2024): Gross household income of less than \$84,780 (unit with less than two-bedrooms) and \$134,140 (unit with two-bedrooms or more).

<sup>2</sup> Middle-Income Limits (2024): Gross household income of less than \$131,950 (unit with less than two-bedrooms) and \$191,910 (unit with two-bedrooms or more).

**Table 1 – Summary of Costs & Equity**

Gross Capital Budget	Estimated	Confirmed
Soft Costs <sup>3</sup>	\$1,575,940	
Hard Costs <sup>4</sup>	\$11,482,510	
Contingency	\$946,067	
<b>Total Capital Cost</b>	<b>\$14,004,517</b>	
<b>Equity</b>		
Land	\$672,000	\$672,000
CRD Growing Communities Fund	\$2,750,000	\$2,750,000
Municipal Grant	\$10,000	\$10,000
Community Fundraising	\$150,000	\$100,000
CMHC Seed Funding Grant	\$50,000	\$50,000
CMHC Affordable Housing Fund	\$1,500,000	
Other Grants (SCI IRP)	\$15,000	\$15,000
FCM GMF Study Grant	\$175,000	\$175,000
CWF Contribution	\$600,000	
BC Builds Contribution	\$4,336,711	
Additional Funding Required	\$210,654	
<b>Total Equity</b>	<b>\$10,469,365</b>	<b>\$3,772,000</b>
<b>Debt</b>		
CMHC Mortgage	\$3,535,152	
<b>Total Mortgage Debt</b>	<b>\$3,535,152</b>	
<b>Total Estimated Capital Cost</b>	<b>\$14,004,517</b>	
Total Estimated Equity	\$10,469,365	
Total Confirmed Equity	\$3,772,000	
<b>Total Equity Gap</b>	<b>\$6,697,365</b>	

Staff have identified a total of \$3.7M in confirmed funds through the Growing Communities Fund and other sources toward a total estimated capital cost of \$14M. Staff further estimate that with a Debt Coverage Ratio (DCR) of 1:1.1, the project could service a mortgage of \$3.5M resulting in a total estimated equity gap of \$6.7M. Should the CRD Board approve the recommendation contained within this report, staff have plans to advance efforts to close this equity gap. Alternatively, if insufficient funding is secured, the project could be implemented in phases, with the first building constructed for occupancy and the on-site infrastructure engineered and installed for full build out.

#### *Climate Implications*

In accordance with the BC Housing Design Guidelines and Construction Standards, the project will be constructed to achieve BC Energy Step Code – Step 4 which will target a 40% reduction in energy consumption.

<sup>3</sup> Incl. appraisals/studies, municipal fees, utility fees, design and other consultants, miscellaneous costs and building start up.

<sup>4</sup> Incl. land acquisition and servicing, borrowing costs, and construction costs.

### *Environmental Implications*

Through the rezoning process with Islands Trust, there were several conditions placed on the development to ensure environmental impacts would be avoided. These include considerations of siting, water use, septic disposal, greenhouse gas impacts, and ecological protection. There are several professional reports to guide implementation of these goals.

### *Equity, Diversity & Inclusion Implications*

This project upholds values of equity, diversity, and inclusion through the eligibility criteria of future tenants, as required by the housing agreement. This project would be built in accordance with Part 8: Wheelchair Accessible and Adaptable Dwelling Units of the BC Housing Design Guidelines and Construction Standards as well as any additional requirements associated with funding programs and the applicable legislation and regulation.

### *Alignment with Board & Corporate Priorities*

This project is consistent with the CRD Board Priority to increase the supply of affordable, inclusive, and adequate housing in the region. This aligns with the CRD Corporate Plan, Section 5a to increase the supply of housing across the region.

### *Alignment with Existing Plans & Strategies*

This project is consistent with the Southern Gulf Islands Housing Strategy, which was adopted by the CRD Board May 11, 2022. The project is consistent with the Galiano Island Official Community Plan and the Islands Trust Policy Statement, which is the regional growth management framework for the Islands Trust Area.

## **CONCLUSION**

Forest Homes is a development-ready affordable project located on 10 acres of CRD-owned land on Galiano Island that would provide 20 homes to qualifying households. The housing would be operated by GALI who would be responsible for building operations, management of tenants, ensuring units are rented, financial management, and sustainability of the project, building and property maintenance and repairs. Staff have identified a total of \$3.7M in committed funds toward the estimated total cost of \$14M. To support working toward closing the estimated equity gap of \$6.7M, staff require additional authority from the CRD Board to advance applications.

## **RECOMMENDATION**

The Hospitals and Housing Committee recommends to the Capital Regional District Board: That the Chief Administrative Officer, or their duly authorized delegate, be authorized to apply for, negotiate and accept the terms to receive funds, execute agreements and do all things necessary to secure grant funding and financing for the project at 280 Georgeson Bay Road on Galiano Island through funding programs as necessary and as they become available.

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