



REPORT TO HOSPITALS AND HOUSING COMMITTEE MEETING OF WEDNESDAY, JULY 07, 2021

SUBJECT **Capital Region Housing Corporation Operational Update No. 2, 2021**

ISSUE SUMMARY

To provide the Capital Region Housing Corporation (CRHC) Board with a quarterly update on operations, Tenant Engagement (TE), the Routine Capital Plan 2020 – 2024 and performance in the areas of turnover, vacancy and move-ins up to and including June 15, 2021. This report also includes detailed Regional Housing First Program (RHFP) rent-up information up to June 18, 2021, attached as Appendix A.

BACKGROUND

The CRHC is a wholly owned subsidiary of the Capital Regional District (CRD) with the mandate to develop and manage affordable housing to meet the needs of individuals and families residing within the capital region. In working to fulfill its mandate, the CRHC owns and operates 1,893 units of housing providing homes to more than 3,500 residents of the capital region with low to moderate incomes. In addition, CRHC manages an additional 114 units on behalf of third parties.

CRHC opened 120 new units of housing under the RHFP at Hockley House in Langford, BC on March 26, 2021.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

That the Capital Region Housing Corporation Operational Update No. 2, 2021 report be received for information.

Alternative 2

That the Capital Region Housing Corporation Operational Update No. 2, 2021 report be referred back to staff for additional information based on Hospitals and Housing Committee direction.

DISCUSSION

Operations Update

The 2,007 units of housing across 54 properties that are currently managed by CRHC are supported by the work of approximately 40 full time equivalencies (FTEs) and five auxiliary staff. It was a relatively active first two quarters of 2021 with a total of nine postings within CRHC. Four of these positions were filled internally and three externally and two had been carried over to second quarter (Q2). One of these positions that was carried forward into Q2 was filled through a competition that identified an internal candidate. There remain two open postings at the end of Q2.

Tenant Engagement (TE)

In the absence of being able to engage tenants in person, staff have been working on a series of orientation videos. The focus of these are to ensure that tenants are well-oriented to CRHC along with their rights and responsibilities as tenants. Various staff representing different roles have participated in the orientation videos, which are in the final edit phase before being ready for distribution by email and/or placed on the CRHC website. These orientation videos complement the 2020 work that included the revised Tenant Handbook and a series of tenant information leaflets on the major conflict points in tenancies (unaccompanied children, quiet enjoyment, pets, smoking, etc.). TE has distributed the leaflets to Reception and to several properties. The feedback has been positive so far and in-person orientation will resume when possible.

TE staff distributed 1,000+ seedlings to almost 30 complexes. These were given to CRHC as part of a program with the City of Victoria. CRHC added soil and some tools to interested tenants, including the planting of a children’s garden at Rotary House. This distribution has become very popular with tenants.

TE held a virtual meet-and-greet with Rotary and is planning an in-person version at Viewmont to introduce tenants to their ‘team’ at Housing and encourage feedback and communication. If successful, this can be rolled out to other complexes. TE staff also supported new RHFP tenants coming from supportive housing who were ready to experience a more independent housing situation. Trauma-impacted tenants have been supported to move successfully into their new homes through collaboration with the Ministry of Social Development and Poverty Reduction and various community-based support agencies which has been crucial to the success of their tenancies.

TE has also supported many tenants with the impact of the pandemic. This impact has been particularly notable with isolated seniors and people with disabilities, children and parenting, and tenants’ tolerance for other tenants’ behaviour during this time. There has been an increase in stressors at the same time as a decrease in community-based services to meet needs. TE has been working successfully to connect tenants with various services, communicating clearly and compassionately, and navigating tensions between impacted tenants.

Housing Registry Waitlist Statistics

Table 1: BC Housing Registry Waitlist Statistics

Category	April 2021	May 2021	As at June 10, 2021
Total Registry Units	3,603	3,627	3,650
Applicants			
Family	803	816	828
Seniors	980	973	980
Persons with Disabilities	535	537	535
Wheelchair Modified	109	115	116
Singles	138	138	147
Total	2,565	2,579	2,722

The Housing Registry, managed by BC Housing, helps housing providers manage applicant lists and helps to eliminate duplication among providers that may otherwise receive and process applications from many of the same households. According to BC Housing-provided data, the number of households on the registry has increased by 157 from April to June 10, 2021.

Vacancy

Table 2: Vacancy Rate – Units Operating More than 12 Months

Year	Period	# Units Vacant	# Days Vacant	Average Days Vacant
2021	As of June 15	17	816	48

As of June 15, there are 17 units reported vacant across housing that is owned and operated by the CRHC that has been in operation for more than 12 months. These vacancies total 816 days for an average of 48 days vacant. This figure is impacted by the COVID-19 pandemic as turnovers take longer therefore contributing to more days vacant across the portfolios.

Prior to the COVID-19 pandemic, CRHC worked to maintain a maximum average of not more than 30 days vacant during incidences of unit turnover. Additional health and safety protocols has resulted in this target being impossible to achieve. Assuming that operations return to pre-pandemic levels, staff will reassess the corporation’s capacity to achieve this target and will modify as needed in future reports.

Table 3: Vacancy Rate – Units Operating Less Than 12 Months

Year	Period	# Units	# Unit Vacant	% Units Vacant
2021	As of March 31	402	203	51%
2021	As of June 18	402	135	34%
Difference		0	(-68)	(-17%)

CRHC opened a total of 282 units in Q4 2020 and another 120 units in Q1 2021 for a total of 402 units. With the slower than anticipated rent-up of West Park and Spencer, and with Hockley House opening right at the end of Q1 2021, 51% of newly opened units were vacant as of March 31, 2021. Between April 1, 2021 and June 18, 2021, staff rented up an additional 68 units bringing the overall vacancy rate down to 34% of newly opened units.

Turnover

Table 4: Q2 Turnover Rate – All Units

Year	Period	# Turnovers Operating More Than 12 Months	# Turnovers Operating Less Than 12 Months	Total
2021	March 31	39	4	43
2021	April 1-June 15	31	6	37
Year to Date Total		70	10	80

Housed

Table 5: Q2 Housed Rate

Year	Period	# Housed Operating Less Than 12 Months
2021	January 1 – March 31	60
2021	April 1 – June 18	69
Year to Date Total		129

RHFP Unit Turnover and Rent-Up

Turnover at Millstream Ridge was previously noted in the March 2, 2021 Operational Update where it was reported that the property had a 48% unit turnover in 2020. The frequency of unit turnovers reduced through Q1 and Q2 2021 and it should be noted that the building stabilized going into June 2021. This has had an impact on the performance of the building but the rent-up data suggests the impacts have been contained to Q1 and Q2.

Rent-up at Spencer Close and West Park continue to be slower than anticipated. Appendix A contains the Rent-Up Snapshot for these properties and for Hockley House up to June 18, 2021. A related report is being advanced separately that details the financial impacts of the delayed rent-up and the mitigation efforts underway.

Staff efforts to increase the rent-up rates have shown some success, but there continues to be a slower than anticipated level of tenancy at RHFP buildings due, in part, to the following market factors:

- Rental Universe Expansion in the West Shore: 2019-2020 saw new supply totalling 1,092 units of rental housing with 624 of those being net new.
- Increasing Vacancy Rates: Vacancy Rates in the Victoria Census Metropolitan Area increased from 1.0% in 2019 to 2.2% in 2020 and this is particularly true for larger structures (+100 units).

Both of these factors has had an impact on the performance of the buildings as they came online in late 2020 and through Q1 and Q2 of 2021. Staff continue to work to process the high number of inquiries and process tenancy applications while also working to manage turnovers as the buildings continue to settle.

Routine Capital Plan

The updated Five-Year Routine Capital Plan budgeted for \$4M in 2021. Up to June 30, 2021, staff have undertaken a number of initiatives under this Plan. Currently there has been \$730,623 worth of work awarded and underway across various properties. This common area capital work consists of a re-roofing project, make up air heater replacement, play equipment safety inspections and parking lot line painting.

Staff are actively preparing Requests for Proposals (RFP) for play equipment, fencing and deck repairs or replacements. This work is expected to be ready for bid by the end of June to mid-July and is valued at \$730,000. Additional specification work is being prepared by the Master Painters and Decorators Association. Paint Inspector and West Coast Roof Inspection for exterior painting and re-roofing work. The accumulated budget for this work is \$600,000. The Invitations for Tender are expected to be posted by early July.

CONCLUSION

Through Q2, 2021, CRHC has seen relative stability in the staffing across all levels of the corporation though with some activity in the filling of various vacancies and movement of staff within the corporation. One area that does present a challenge is that five of the nine postings were filled internally meaning that there was movement of staff within CRHC, but limited recruitment from external sources. TE activities have continued in a modified fashion due to the ongoing COVID-19 pandemic and staff continue to work closely with tenants across all properties and through the Tenant Advisory Committee (TAC), which continues to meet quarterly.

Most of CHRC's housing portfolios are stable though the ongoing pandemic does impact unit turnover timelines and targets. Unit Vacancy in the newly opened buildings show a higher number than anticipated, which is having an impact on the financial performance of those properties within the RHFP portfolio.

Work on the Routine Capital Plan continues without delay as there is a total of \$2,060,623 worth of work underway or in-process at the end of Q2.

Impacts from the ongoing pandemic and longer than anticipated rent-ups of recently opened buildings in the RHFP portfolio present the most significant challenges to CRHC through Q2. Though there is a financial risk created by these operational matters, they can be effectively mitigated and are not projected to undermine the overall financial health of CRHC through the remaining two quarters of 2021 or into 2022.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:

That the Capital Region Housing Corporation Operational Update No. 2, 2021 report be received for information.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	David Hennigan, CPA, CMA, Acting Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Acting Chief Administrative Officer

ATTACHMENT

Appendix A – RHFP Rent-up Snapshot Up to June 18, 2021