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REPORT TO REGIONAL HOUSING TRUST FUND COMMISSION MEETING OF FRIDAY, SEPTEMBER 25, 2020

SUBJECT 2170 Charters Road

ISSUE SUMMARY

A recommendation to the Capital Regional District (CRD) Board is needed in response to an application from M'akola Housing Society (MHS) for a \$330,000 grant from the Regional Housing Trust Fund (RHTF) to support 22 units of affordable rental housing within a proposed development at 2170 Charters Road, located in the Sooke.

BACKGROUND

On February 26, 2019, the RHTF Commission approved the following resolution:

That the Regional Housing Trust Fund Commission suspend the receipt of Letters of Intent for non-RHFP projects until allocations for all qualified Regional Housing First Program (RHFP) projects have been approved by the Commission.

In December 2015, the CRD approved a resolution supporting the borrowing of up to \$30 million (M) to establish the Regional Housing First Program (RHFP) to meet the needs of chronically homeless individuals. The Vancouver Island Health Authority (Island Health) has agreed to provide health supports to tenants as required. In 2020, the CRD, through an Alternative Approval Process, approved an additional \$10M in funding for the program.

Since that time, the CRD has partnered with BC Housing Management Commission and Canada Mortgage and Housing Corporation to obtain matching grants of \$40M each to create a capital pool totaling \$120M, to build 400 units of housing to be rented at the provincial income assistance shelter rate (\$375/month) to address the needs of people experiencing chronic homelessness in the region. Under the mixed-market model, the combined \$120M could leverage up to 2,000 units of housing, with a value of up to \$600M.

Project Description

The Charters Road development is a 75 unit affordable housing development located in Sooke. The proposal has MHS as operator. Currently MHS manages over 1,600 affordable housing units across British Columbia which target a variety of tenant groups. The development will construct 75 new affordable units in one 4-storey structure. The project is anticipated to begin construction in early 2021.

The 75 unit project will include 15 units at provincial income assistance rates under the RHFP. To facilitate 22 units of affordable rental units the project is requesting \$330,000 through the RHTF. The breakdown of affordability levels within the building are as follows: 20% Shelter Rate, 29% Median Market and 51% Near-Market. The rents proposed for the 22 studio and one-bedroom Median Market units align with the RHTF Guidelines and all units meet the definition of affordable under the RHFP Definitive Agreement. Table 1 provides a more detailed summary of the project unit structure.

Table 1 – 2170 Charters Road: Unit Summary

Unit Type	Number	Rental Criteria	Rent Level	Income Level
Studio	15	Shelter Rate	\$375	Income Assistance (<\$15K/year)
Studio	1	Median Market	\$1,000	\$71,810 or less
One Bedroom	21	Median Market	\$1,300	\$71,810 or less
Two Bedrooms	27	Near Market	\$1,800	\$108,000 or less
Three Bedrooms	11	Near Market	\$2,125	\$108,000 or less
TOTAL	75			

Evaluation Comments

The RHTF Application was reviewed by the RHTF Advisory Committee on July 15, 2020 and received a favourable score of 211 out of a possible 235. The RHTF Advisory Committee recommends M'akola Housing Society receive a grant of \$330,000 to support the development of 2170 Charters Road.

ALTERNATIVES

Alternative 1

The Regional Housing Trust Fund (RHTF) Commission recommends to the Capital Regional District Board:

That a grant in the amount of \$330,000 to M'akola Housing Society be approved to support the development of 22 units of affordable rental housing at 2170 Charters Road, Sooke, subject to meeting the terms of the RHTF Grant Funding agreement.

Alternative 2

That the Regional Housing Trust Fund Commission provide Capital Regional District staff with alternative direction.

IMPLICATIONS

Financial Implications

The status report of the RHTF service provided in Table 2 demonstrates that the fund has the capacity to fulfill this request. If all three of the applications presented to the Commission in 2020 are approved, the fund balance will be approximately \$767,000 to support future projects.

Table 2 – RHTF Service Financial Status

Current RHTF Status	Amount
Current RHTF Service Surplus	\$3,100,000
2020 Requisition	\$1,000,000
Sub Total	\$4,100,000
Committed to Other Projects	
Croftonbrook	(\$408,000)
Cedar Grove	(\$600,000)
West Park Lane	(\$660,000)
Sub Total	(\$1,668,000)
Total Available in 2020 for New Projects	\$2,432,000
Projects Proposed for 2020	
Michigan	(\$570,000)
Charters	(\$330,000)
Drennan & Sooke	(\$765,000)
Total Remaining in RHTF	\$767,000

Social Implications

This project will provide 15 units of independent housing to help address the needs of people experiencing chronic homelessness in the region. Providing a grant to support the development of the 22 affordable rental units will help address the needs of low and moderate income populations as defined by the RHFP Definitive Agreement, many of whom continue to experience substantial hardship within the current rental market. Despite the impact of the COVID-19 pandemic, there is evidence that the rental market continues to experience low vacancy rates, with the lowest cost rental units showing the lowest vacancy rates.

Service Delivery Implications

The use of the grant to achieve affordable housing units will be monitored through Regional Housing's annual reporting processes.

CONCLUSION

The RHTF Commission has limited Letters of Intent and applications for grants to RHFP projects. M'akola Housing Society, through the redevelopment of 2170 Charters Road, is providing an opportunity to expand the community's existing affordable housing stock and include units at provincial assistance shelter rates to address chronic homelessness. The mixed-market approach outlined in the application aligns with the RHFP model. The proponent's experience and long history in the development and operation of affordable housing makes this an appropriate project to be funded.

RECOMMENDATION

That the Regional Housing Trust Fund (RHTF) Commission recommends to the Capital Regional District Board:

That a grant in the amount of \$330,000 to the M'akola Housing Society be approved to support the development of 22 units of affordable rental housing at 2170 Charters Road, Sooke, subject to meeting the terms of the RHTF Grant Funding Agreement.

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Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Charters Application for Funding

Appendix B: Regional Housing Trust Fund Program Policy Guidelines