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

SUBJECT 2075 Drennan Street and 6418 Sooke 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 \$765,000 grant from the Regional Housing Trust Fund (RHTF) to support 51 units of affordable rental housing within a proposed development at 2075 Drennan Street and 6418 Sooke 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 project area consists of two legal lots at 2075 Drennan Street and 6418 Sooke Road that were formerly consolidated into a single parcel for this project. 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 170 new affordable units in two 5-storey structures including a future road dedication along Sooke Road with construction anticipated to begin in 2021.

The 170 unit project will include 34 units at provincial income assistance rates under the RHFP. To facilitate 51 units of affordable rental units the project is requesting \$765,000 through the RHTF. The breakdown of affordability levels within the building are as follows: 20% Shelter Rate, 30% Median Market and 50% Near-Market. The rents proposed for the 51 one, two and three-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 –Drennan and Sooke Buildings: Unit Summary

Unit Type	Number	Rental Criteria	Rent Level	Income Level
Studios	20	Shelter Rate	\$375	Provincial Income Assistance Rate
One Bedroom	14	Shelter Rate	\$375	Provincial Income Assistance Rate
One Bedroom	26	Median Market	\$1,250	\$71,810 or less
Two Bedrooms	10	Median Market	\$1,580	\$108,000 or less
Two Bedrooms	60	Near Market	\$1,677	\$108,000 or less
Three Bedrooms	15	Median Market	\$1,700	\$108,000 or less
Three bedrooms	25	Near Market	\$1,800	\$108,000 or less
TOTAL	170			

Evaluation Comments

The RHTF Application was reviewed by the RHTF Advisory Committee on July 15, 2020 and received a favorable score of 206 out of a possible 235. The RHTF Advisory Committee recommends that M'akola Housing Society receive a grant of \$765,000 to support the Drennan and Sooke project.

ALTERNATIVES

Alternative 1

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

That a grant in the amount of \$765,000 to M'akola Housing Society be approved to support the development of 51 units of affordable rental housing at 2075 Drennan Street and 6418 Sooke 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 34 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 51 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 2075 Drennan Street and 6418 Sooke 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 \$765,000 to the M'akola Housing Society be approved to support the development of 51 units of affordable rental housing at 2075 Drennan Street and 6418 Sooke Road, Sooke, subject to meeting the terms of the RHTF Grant Funding Agreement.

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ATTACHMENT(S)

Appendix A: Drennan and Sooke Application for Funding

Appendix B: Regional Housing Trust Fund Program Policy Guidelines