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

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**SUBJECT** Michigan Redevelopment Project

### **ISSUE SUMMARY**

A recommendation to the Capital Regional District (CRD) Board is needed in response to an application from the Regional Housing First Program (RHFP) Partnership for a \$570,000 grant from the Regional Housing Trust Fund (RHTF) to support 38 units of affordable rental housing within a proposed development at 330 Michigan Street, located in the City of Victoria.

### **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 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**

Michigan Square is a 62 unit affordable housing development located on 5,074 square metres of land in James Bay, Victoria. The land is currently owned by the Capital Region Housing Corporation (CRHC). The redevelopment will construct 97 new affordable units within two 4-storey apartment buildings (53 units and 44 units), reuse the existing parkade structure and retain an existing townhouse complex with nine units. The project is anticipated to begin construction in March 2021 with occupancy in spring 2023. This application focuses on only the 53 unit building, which will be funded through the RHFP.

The project will include 15 units at provincial income assistance rates under the RHFP. The remaining 38 units within the building are the focus of the \$570,000 grant request through the RHTF. The breakdown of affordability levels within the building are as follows: 28% Shelter Rate, 23% Affordable and 49% Near-Market. The 38 affordable and near market units are considered affordable within the RHTF Guidelines as well as BC Housing definitions<sup>1</sup>. All units meet the

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<sup>1</sup> Low and Moderate Income Limits <https://www.bchousing.org/glossary#L>

definition of affordable under the RHFP Definitive Agreement. Table 1 provides a more detailed summary of the project unit structure.

**Table 1 – 53 Unit Michigan Square Building: Unit Summary**

Unit Type	Number	Rental Criteria	Rent Level	Income Level
<b>RHFP Units</b>				
Studios	3	Shelter Rate	\$375	Provincial Income Assistance Shelter Rate
One Bedroom	12	Shelter Rate	\$375	Provincial Income Assistance Shelter Rate
Sub Total (RHFP)	<b>15</b>			
<b>Affordable Rental (For RHTF Grant Approval)</b>				
One Bedroom	8	Affordable	\$1,250	\$30,500 - \$51,905
Two Bedrooms	4	Affordable	\$1,800	\$50,500 - \$79,128
Two Bedrooms	20	Near Market	\$2,000	\$56,000 - \$113,040
Three Bedrooms	6	Near Market	\$2,480	\$56,000 - \$113,040
Sub Total (RHTF)	<b>38</b>			
<b>TOTAL</b>	<b>53</b>			

### **Evaluation Comments**

The RHTF Application was reviewed by the RHTF Advisory Committee on July 15, 2020 and received a favourable score of 214 out of a possible 235 points. The RHTF Advisory Committee recommends the RHFP Partnership receive a grant of \$570,000 to support the Michigan Square Redevelopment 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 \$570,000 to the Capital Region Housing Corporation be approved to support the development of 38 units of affordable rental housing at 330 Michigan Street, Victoria, 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**

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

*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 38 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*

Management and operation of these additional units of housing will be the responsibility of the CRHC and increases in service delivery demands are being facilitated through the CRD’s usual corporate and budget planning processes.

**CONCLUSION**

The RHTF Commission has limited Letters of Intent and applications for grants to RHFP projects. The CRHC, through the redevelopment of Michigan Square, is providing an opportunity to expand its 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 \$570,000 to the Capital Region Housing Corporation be approved to support the development of 38 units of affordable rental housing at 330 Michigan Street, Victoria, subject to meeting the terms of the RHTF Grant Funding Agreement.

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**ATTACHMENT(S)**

- Appendix A: Michigan Square Application for Funding
- Appendix B: Regional Housing Trust Fund Program Policy Guidelines