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Re: – Exploration of different funding streams available at 2086, 2098 W 7th & 2091 W 8th Ave, Vancouver, BC

BC Housing (BCH) entered a Memorandum of Understanding in August 2020 with the City of Vancouver (the City) and the Canadian Mortgage and Housing Corporation (CMHC) to deliver a minimum of 300 supportive housing units across several sites in Vancouver. The Permanent Modular Supporting Housing Initiative (PMSHI), which includes the West 8th project, was to be primarily funded by the Building BC: Supportive Housing Fund (SHF) with partial funding from CMHC's Co-Investment Fund. The sites were to be provided by the City to BC Housing at nominal cost on 60-year ground leases.

Based on the multilateral government agreement of the MOU, the West 8th project proposal is for a new residential building containing 129 social and supportive housing studio apartment units for individual people. The affordability mix of the project allows for a minimum of 50% of the units to be Shelter Rate and 50% at rents-geared-to-income, up to a limit of 50% of BCH's Housing Income Limits.

At the rezoning Public Hearing final meeting on July 26, 2022, City Council passed a condition for City staff and the applicant team to explore "different funding streams available, to increase the mix of unit types" at the West 8th project. This letter details the funding allocation for this project and describes the different funding streams available, as well as explains work done to respond to the condition including the exploration of the limitations on the alternative funding options.

The PMSHI projects were allocated to SHF because they meet the objectives and criteria of the program set by the Provincial Government. SHF is purposefully designed to create 2,500 new units of Provincial Rental Housing Corporation-owned, non-profit operated, supportive housing for individuals who are experiencing or at risk of homelessness. The funding requirements for SHF stipulate the program is to use equity funding only and no leveraging or financed units are permitted in projects (no debt on title), and no cross-subsidy or layering of programs is typically accepted. For operational funding, a subsidy is provided by BC Housing to non-profit operators for 24/7 staffing and meal programs. Eligible persons in SHF projects are specifically for individuals who are experiencing homelessness or at risk of homelessness. The rents are geared to income, with most rents at Shelter Rates for those in receipt of Income Assistance and up to 50% of the Housing Income Limits (HILs) amount.

SHF projects include studio type units for individual tenants only, this is because single individuals represent the biggest proportion of people who are homeless or are experiencing homelessness. Families facing homelessness or experiencing homelessness are prioritized and housed in other accommodation funded by BCH or projects oriented specifically to families. Therefore, increasing the mix of unit types to include one-, two- and three-bedroom units would conflict with the eligibility criteria the Fund is designed to serve and deliver unit types that do not align with the greatest need in the community.

Other active funding programs administered by BCH include the: Building BC: Community Housing Fund (CHF) and Indigenous Housing Fund (IHI), the Women Transition Housing Fund (WTHF) and the Affordable Rental Housing (ARH) Fund.

CHF is designed to create 14,350 new units of social housing for a mix of low- and moderate-income families and seniors across British Columbia. Project ownership is typically with a non-profit operator, and within each project there must be a mix of rents including affordable market, RGI, and Deep Subsidy. Whilst there is some equity granted by BCH, these projects are primarily financed through construction loans and take-out mortgages. A completed project must generate enough revenue from rents and ongoing operating subsidy to debt service itself. CHF projects cannot be layered or cross subsidized from other funding programs. CHF allocation is awarded through a Request for Proposals (RFP) process. After 2 successful proposal calls, the Fund is fully committed and there is no set date for a new call for funds.

IHI's goal is to create 1,750 new units of affordable rental housing for Indigenous families and seniors, on and off reserve. Project ownership is usually with the non-profit operator and contain a mix of rents geared to income at or below HILs and Shelter Rate. Funding is provided through a mix of grant and debt financing, again, there is a requirement for the project to financially sustain itself through revenue and ongoing operating subsidy. IHI is not fully committed, but based on Identified Projects it is full and there is no date for a new call for funds.

Therefore, due to the key tenets of these programs, including no layering of different funding programs, debt requirements, ownership requirements and oversubscription, CHF and IHI cannot be considered for this project.

WTHF intends to deliver 1,500 new units of PRHC owned non-profit operated long-term permanent supportive housing for women and children fleeing violence. The program has similar requirements to the SHF but is meant for transitional housing and group homes. Blending women and children's transitional housing with the supportive housing model is not supported. Finally, ARH is provided by BCH for equity ownership in projects. Eligible households allow low and moderate incomes by charging Affordable Market Rents, and the projects take on long term mortgages to cover capital costs. These funding programs are currently oversubscribed and cannot be utilized for this project.

CMHC is also providing funding across the PMSHI portfolio and for this project; their funding amount is currently estimated to be approximately \$50,000 per unit (based on the MOU). CMHC has several broad funding requirements for their Co-Investment program, and it is prioritized on Provincial input, affordability, energy efficiency, accessibility, proximity to transit and social inclusion. Upon application to the Co-Investment program projects are prioritized that exceed the minimum requirements. The project is providing deep affordability, high energy efficiency and universal accessibility. CMHC's funding is not associated with unit mix or type, and CMHC would not change their contribution based on a different unit mix. CMHC offered long term financing as an alternative source of funding, but as previously noted debt financing cannot be utilized on an SHF project.

Finally, the City is providing an equity grant to the project via a land contribution on a 60-year ground lease and development cost charge/levy waivers. Increased City equity would be greatly welcomed to the project, but due to the primary source of funding requirements it would have no impact on the unit mix at the project.

BCH looks forward to continuing to work with the City to identify opportunities to deliver affordable housing to meet the diverse needs of Vancouver residents.

Yours Sincerely,



Michael Pistrin, Acting Vice-President, Development & Asset Strategies
BC Housing Management Commission