

## Regional Housing First Program

### Implementation Plan

#### Executive Summary

This Implementation Plan provides a planned approach to utilizing both the Regional Housing First Program (RHFP) and Regional Housing Trust Fund (RHTF) service to support the development of affordable housing units to address the needs of both people experiencing chronic homelessness and low to moderate households in the region. The main elements of the Implementation Plan include:

- A Capital Investment Strategy to support the RHFP that will see the Capital Regional District (CRD) borrow up to \$30 million to develop at least 134 units of affordable rental housing units that rent at no more than the provincial shelter allowance level of \$375 per month.
- A partnership with BC Housing to provide matching funding to double the number of RHFP housing units to a total of at least 268 units at provincial shelter rates.
- The continuation of the RHTF service for a three-year period to assist in the development of a minimum of 268 rental housing units affordable to low and moderate income households (this number includes grants approved in 2016).
- The combined use of the two services to support the development of “mixed-market” projects that include units that rent at provincial shelter rates, rent levels that are achievable by low to moderate income households and market rents.
- Targeting the investments toward priority needs identified in the Coalition Community Plan.
- An approval and construction phase spanning seven years between 2016 and 2021.
- A phased-in payment schedule to cover the debt servicing costs which will eventually total approximately \$1.98 million per year over 25 years.
- The use of the following sources of funding to pay debt servicing costs:
  - A contribution provided through the Capital Region Housing Corporation (CRHC) (\$270,000),
  - CRD Land Banking and Housing Service (up to \$1,000,000 annual requisition), and
  - Capital Regional Hospital District Service (up to \$710,000 annual requisition).
- A three-step approval process that includes:
  1. Expression of Interest
  2. Preliminary Project Approval
  3. Approval of Financing upon Project Completion
- The use of the CRD’s position of Manager of the Homelessness Partnering Strategy Program to manage projects aimed at system improvements that assure the investments made by the CRD address the objectives and desired outcomes of the RHFP.

#### Background

In December 2015, the CRD Board approved borrowing up to \$30 million to create the RHFP through which the CRD will contribute to the capital costs associated with building affordable housing to be used to address the needs of people experiencing chronic homelessness in the region. In May 2016, the CRD entered into a Partnering Agreement with the BC Housing Management Commission (BCHMC) and Vancouver Island Health Authority (Island Health) through which the Province has committed to contribute a matching \$30 million to the RHFP.

Island Health has agreed to align its existing mental health and substance services with new affordable housing opportunities developed through the RHFP. The CRD Board further directed staff to develop a plan to support the implementation of the RHFP.

## **Goal and Objectives**

The overall goal of the RHFP Implementation Plan is to provide a planned and structured approach to using the CRD's capital investments and its leadership role in promoting system improvements to more effectively meet the needs of a broad range of people experiencing chronic homelessness in the region. To do so, CRD staff will:

- work with community partners through the Greater Victoria Coalition to End Homelessness (Coalition) to identify and address priority areas for action;
- develop and implement a phased strategy that identifies a schedule of capital investments;
- effectively facilitate project approvals through the RHFP Funding Committee;
- manage projects, through its role within the Homelessness Partnering Strategy (HPS), that contribute to system improvement within the housing and support service programs operating in the region; and
- report to the CRD/CRHD Boards on RHFP implementation and its impact on homelessness within the region.

## **Capital Investment Strategy**

The Capital Investment Strategy is based on the concept of creating mixed-market projects that include units at a diversity of rent levels, including provincial shelter rates, rents affordable to low and moderate income households and market rates. The Coalition Community Plan covers the broad spectrum of health and housing services available in the community and indicates a priority need for new units that rent at the Provincial Shelter Allowance level (currently \$375/month) that can be secured as *affordable* and *supported housing* units within mixed market projects developed throughout the region. These units need to be included in a coordinated access system that matches support services with assessed need and must be operated under policies that support eviction prevention and, where required, rapid re-housing processes.

The time between project approval and completion is expected to be approximately 30 months. This means that most of the capital investment available through RHFP will not be needed until 2019. However, a small amount of the funding will be required to fund project development costs associated with approved developments over the first two years of program operation. By using the CRHC contribution to cover these costs allows the opportunity to continue the RHTF service for a three year period to provide grants for affordable rental housing projects. In fact, the continuation of the RHTF service would allow proponents to propose projects that include a mixture of supported housing with affordable and market units, which aligns with Housing First principles as well as recommendations of the Coalition Community Plan. This could allow proponents to consider partnering with other programs, such as BC Housing's Community Partnership Initiative program and the RHTF to deliver more affordable rental units to address other social and workforce housing needs. Table 1 presents the proposed project schedule for the approval and financing of units to be built using CRD funding through the use of both the RHFP and RHTF services. Table 2 outlines the total number of units to be developed and financed using the combined CRD and BC Housing funding to be channeled through the RHFP.

**Table 1 – RHFP & RHTF – Approval, Completion and Funding Schedule (CRD units only)**

Project Stage	Program	Housing Type	Program Year						TOTAL NEW UNITS CREATED
			2016	2017	2018	2019	2020	2021	
1. Project Approval	RHFP	Supported & Affordable at Shelter Rates	44	44	46	0	0	0	N/A
	RHTF	Affordable Rental – Low to Moderate Income	111	65	65	45	0	0	N/A
2. Project Completion	RHFP	Supported & Affordable at Shelter Rates	0	0	0	44	44	46	134 units*
	RHTF	Affordable Rental – Low to Moderate Income	0	0	111	65	65	45	286 units*
<b>TOTAL \$</b>									
3. Financing & Grant Approvals	RHFP	Capital Commitment	\$0	\$10M	\$10M	\$10M	\$0	\$0	\$30M
		Debt Servicing Costs (max \$1.98M annually)	\$0	\$0	\$0	\$660K	\$1.32M	\$1.98M	Ongoing
	RHTF	Grants	\$1M	\$1M	\$1M	\$680K	\$0	\$0	\$3.68M

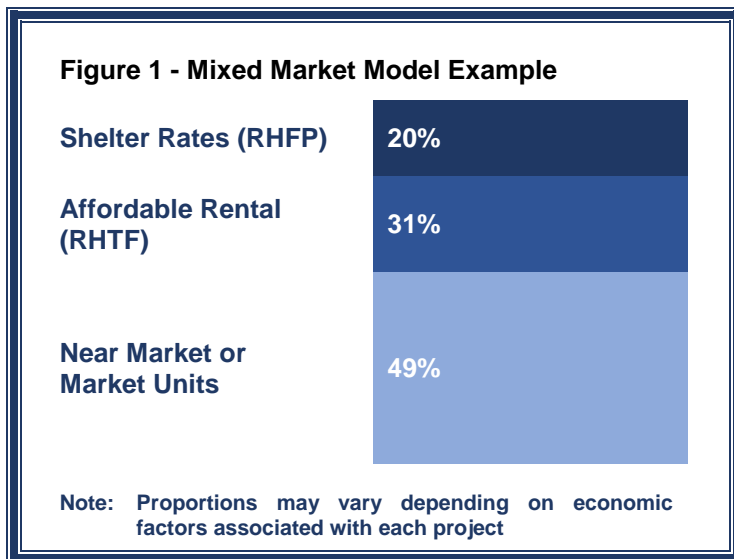
**Table 2 – Total Units and Funding to be Leveraged through BC Housing (RHFP Only)**

Program	Unit Type	Funder	Program Year						TOTAL
			2016	2017	2018	2019	2020	2021	
Regional Housing First Program	Supported Housing & Affordable Housing – Shelter Rates	CRD	0	0	0	44	44	46	134 units*
		BC Housing	0	0	0	44	44	46	134 units*
<b>Total Units</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>88</b>	<b>92</b>	<b>268 units*</b>
RHFP Capital Financing Required		CRD	\$0	\$0	\$0	\$10M	\$10M	\$10M	\$30M
		BC Housing	\$0	\$0	\$0	\$10M	\$10M	\$10M	\$30M
		<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20M</b>	<b>\$20M</b>	<b>\$20M</b>	<b>\$60M</b>

\* These numbers represent the minimum number of units possible and does not take into consideration additional units that could be built as the result of resources to be leveraged from other sources (e.g., proponent equity, municipal grants, reduced municipal fees, charitable donations, etc.).

On April 9, 2016, the CRD Board approved the use of the Land Banking and Housing service and the CRHD Board approved the use of its borrowing power to finance the development of a portion of the units. On March 22, 2016, the CRHC supported in principle the use of a portion of the contribution acquired through municipal tax exemptions to finance the debt servicing costs associated with financing the development of the remainder of the units.

The projections above include only the minimum number of units to be procured through the CRD/CRHD and BC Housing funding and delivered at rent levels less than or equal to provincial shelter rates (\$375/month). It does not take into consideration additional investments or cost savings that may come as a result of other resources leveraged through the program, including equity contributions from housing proponents, other funding or cost savings (e.g. municipal grants or fee reductions) and low-cost financing. Where these additional investments and/or cost savings are identified efforts will be made to use these resources to either procure more units to be rented at provincial shelter rates or to build other affordable rental units. An example of the model of the type of mixed-market housing project is presented in Figure 1.



This approach will allow for the creation of mixed income communities where supported housing units are created in a variety of locations throughout the region. The need to build dedicated supportive housing programs that are close to other services is avoided through the development of flexible and mobile services that are provided within units of housing where individuals have security of tenure. An increasingly decentralized system will significantly increase the level of choice available to those seeking housing with supports, both clinical and social. It will also help

complement the existing supportive housing projects already operating within the current service structure and provide other housing options for clients within fixed supportive housing programs who are seeking greater independence. This will increase the flow of clients through the overall system and help move the region closer to having a homeless response system that better aligns with housing first principles.

### System Improvement

The CRD's role as regional administrator of the HPS Program provides the opportunity for the CRD to work with community partners involved in the Coalition to help transform a currently fragmented system into one that is better coordinated and has the capacity to more effectively address the broad range of needs of people experiencing homelessness within the region. This is an important element of the RHFP Implementation Plan as it will help provide assurance that the capital investments being made through the program will be targeted to those most in need.

In an effort to support this transformation of service delivery systems to better align with Housing First Principles there is a need to develop a set of desired system outcomes and action steps that are agreed upon recommendations for system improvements in the following areas:

- client intake processes;
- client assessment and placement processes;
- existing supported and supportive housing program operations;
- inter-agency collaboration within the service delivery system;
- coordination between the existing service delivery system and external institutions and organizations (e.g., hospitals, correctional programs, youth care systems, etc.);
- data gathering, management and dissemination to support program monitoring and evaluation.

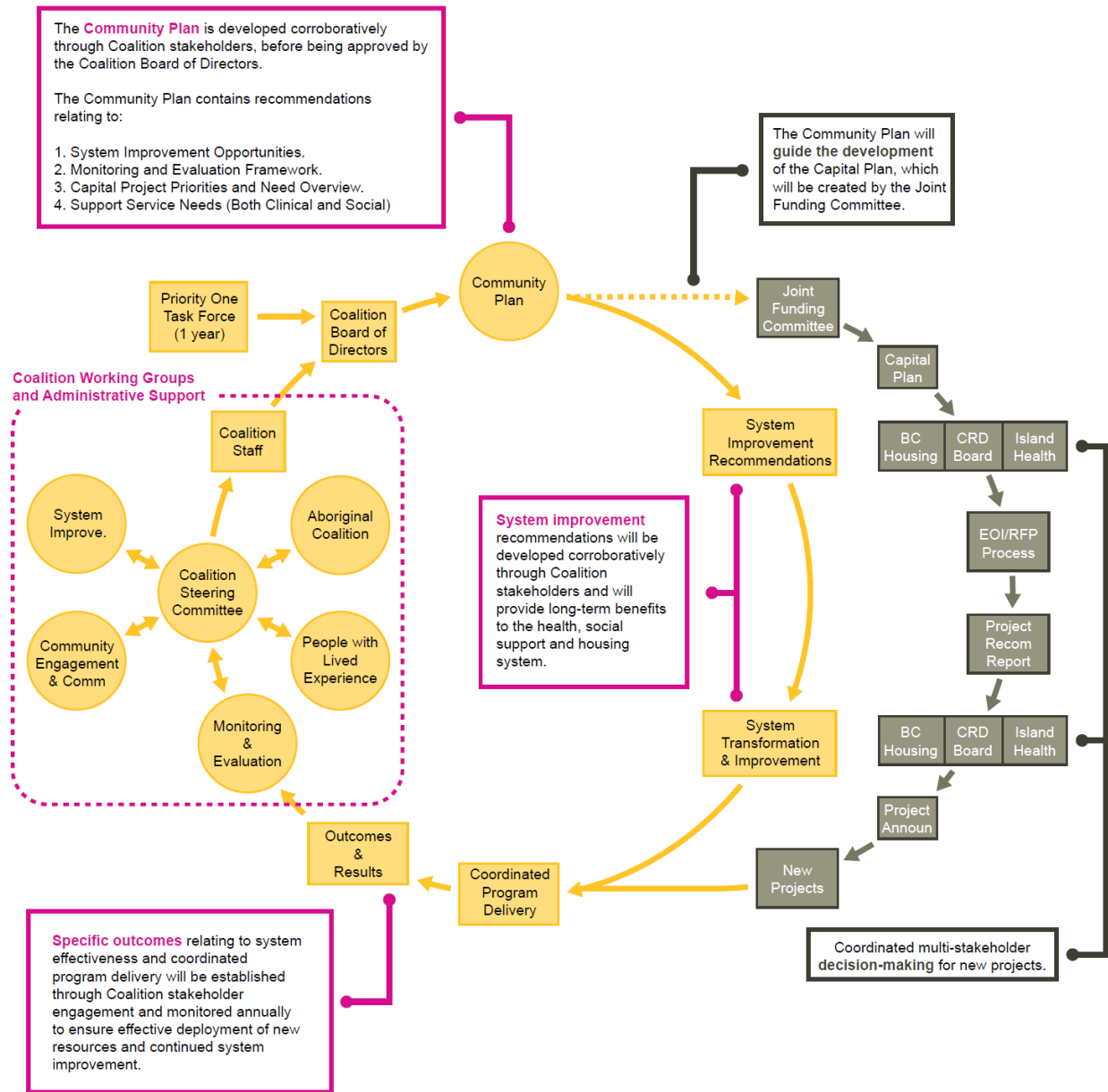
## Capital Investment Approval Process

The capital investments to be made through the RHFP will be overseen by a Funding Committee made up of representatives of the CRD, BC Housing and Island Health. The Coalition Community Plan, developed in partnership with the Coalition, will help guide the identification of priorities for capital investment. The Coalition Community Plan will be developed iteratively, with highest priorities to be addressed in the first phase of the Program. The project approval process will be separate from but logically connected to an overall System Improvement and Capital Recommendation Process developed in partnership with the Coalition (see Figure 2). The CRD will continue to be represented on the Coalition Board, Steering Committee and working groups relevant to the implementation, monitoring and evaluation of the overall housing and service delivery system.

The CRD will use its funding to create units in which it will hold an equity/ownership interest. These will be secured through the purchase of strata units within the mixed-market projects proposed for the program. Covenants will be secured on title of these projects, outlining the terms under which the units will be used and successful proponents will enter into operating agreements with the CRD that ensure the units will be used for the purposes for which the RHFP has been designed.

Because of the complexity of the kinds of projects sought, the CRD will use a graduated system of project approval that includes issuing of an Expression of Interest where proponents will present general descriptions of projects to be reviewed and selected in accordance with the general conditions of the program. Successful applicants will then be asked to present more detailed project proposals, which will be assessed and presented to the CRD for preliminary approval. A more detailed description of the three-step process is presented in Table 4.

**Figure 2 – Systems Improvement and Project Approval Processes**



**Table 4 – RHFP Project Review and Approval Process**

<b>Step</b>	<b>Description</b>	<b>Timeline</b>
1. Expression of Interest	<ul style="list-style-type: none"> <li>• A public call will be issued requesting information from organizations interested in creating mixed-market projects that align with the specifications and conditions of the RHFP.</li> <li>• Projects will be evaluated and scored on their alignment with RHFP specifications and conditions.</li> </ul>	1 month
2. Preliminary Project Approval	<ul style="list-style-type: none"> <li>• Successful proponents will be approached and asked to provide more detailed proposals.</li> <li>• Project proposals will be presented to CRD Board for approval.</li> <li>• Successful proponents will enter into legal agreements pertaining to the construction and provision of housing units upon project completion.</li> </ul>	2 months
3. Final Financing Approval	<ul style="list-style-type: none"> <li>• Successful proponent will provide report upon project completion.</li> <li>• CRD Board will review project and approve financing to procure housing units as per agreement.</li> </ul>	24-36 months

### **Managing Investment**

The CRD will secure the ongoing use of properties for supported housing use by directly purchasing and maintaining ownership of the units developed as supported housing units through the RHFP. The CRD will enter into operating agreements with non-profit or private market housing organizations that commit to using the units for the purpose of providing supported housing. Staff is currently working with BC Housing and CRD legal counsel to examine a variety of options and identify the appropriate forms of ownership and agreement to effectively secure the CRD’s long-term investment.

### **Project Monitoring and Reporting**

The CRD will receive annual reports on the use of the procured housing units to address RFHP priorities. Reports will include annual audited financial statements and rent rolls. Where required, the CRD may be represented on strata council’s responsible for overall asset management.

As noted in the System Improvement section, substantial efforts are currently being directed toward the development of data gathering and monitoring systems. These systems will be coordinated into a system-wide Homelessness Management Information System (HMIS). Data from this system will be used to track client access and movement within the service structures. It will monitor both client outcomes and overall system performance.

The information gathered through the HMIS will augment information and data already collected by various stakeholders and will be reported to a variety of sources, including the CRD/CRHD, BC Housing and the Coalition. For as long as the Government of Canada continues to invest in efforts to address homelessness through the HPS program, quarterly reports will also be presented to the Federal Government.