Capital Regional District

625 Fisgard St.,
Victoria, BC V8W 1R7

Notice of Meeting and Meeting Agenda
Hospitals and Housing Committee

Wednesday, February 7, 2024 | **1:30 PM** | **6th Floor Boardroom, 625 Fisgard St., Victoria, BC V8W 1R7**

K. Murdoch (Chair), J. Caradonna (Vice Chair), M. Alto, P. Brent, S. Brice, Z. de Vries, G. Holman, P. Jones, D. Kobayashi, C. McNeil-Smith, L. Szpak, C. Plant (Board Chair, ex officio)

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. Territorial Acknowledgement

2. Approval of Agenda

3. Adoption of Minutes

3.1. 24-135 Minutes of the December 6, 2023 Hospitals and Housing Committee Meeting

Recommendation: That the minutes of the Hospitals and Housing Committee meeting of December 6, 2023 be adopted as circulated.

Attachments: Minutes - December 6, 2023

4. Chair's Remarks

5. Presentations/Delegations

5.1. 24-127 Presentation: Patricia Maloney, Consultant; Re: Future Housing Priorities and Partnerships Framework

Attachments: Presentation: CRD Regional Housing Acquisition Study

5.2. 24-130 Presentation: Matt Thomson and Jodee Ng, Urban Matters; Re: Future Housing Priorities and Partnerships Framework

Attachments: Presentation: Rural Housing Program Pilot Financial Analysis

5.3. 24-129 Presentation: Dr. Réka Gustafson, Chief medical Health Officer; Re: Local Government Role in the Drug Poisoning Crisis

Attachments: Presentation: Local Gvt Role in the Drug Poisoning Crisis

6. Committee Business

6.1. 24-024 2024 Hospitals and Housing Committee Terms of Reference

Recommendation: There is no recommendation. This report is for information only.

Attachments: Staff Report: 2024 Hospitals and Housing Committee ToR

Appendix A: 2024 Hospitals & Housing Cttee ToR - Approved Dec 13 2023

6.2. 24-128 Future Housing Priorities and Partnerships Framework

Recommendation: The Hospitals and Housing Committee recommends to the Capital Regional District Board:
1. That staff begin advancing efforts under the Regional Housing: Acquisition Strategy; and
2. That the CRD negotiate and execute a Memorandum of Understanding with the Southern Gulf Islands Tourism Partnership to receive $100,000 for staff coordination of the Rural Housing Program pilot scoping.

Attachments: Staff Report: Future Housing Priorities & Partnerships Framework

Appendix A: Future Housing Priorities & Partnerships White Paper

Appendix B: Regional Housing: Acquisition Strategy

Appendix C: Rural Housing Pilot Project Analysis

Appendix D: Rural Housing Program Pilot (2024)

6.3. 24-101 Reaching Home Program Agreement

Recommendation: The Hospitals and Housing Committee recommends to the Capital Regional District Board:
That Capital Regional District staff be authorized to negotiate, execute agreements with the Government of Canada and receive funds through the Reaching Home Program and do all things incidental to finalize such agreements and deliver the program.

Attachments: Staff Report: Reaching Home Program Agreement

Appendix A: Reaching Home Program Sub-Projects 2023-24

Appendix B: Reaching Home Program CAB Terms of Reference

Appendix C: Draft Reaching Home Prgm Amend't Agrmt 2024-2026

6.4. 24-094 Magnetic Resonance Imaging Scanner Replacement at the Victoria General and Royal Jubilee hospitals - Approval of Capital Bylaw No. 422

Recommendation: The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
1) That the Capital Regional Hospital District (CRHD) funding in the amount of $600,000 be approved for Magnetic Resonance Imaging Scanner Replacement at the Victoria General and Royal Jubilee hospitals;
2) That CRHD Bylaw No. 422, "Capital Regional Hospital District Capital Bylaw No. 192, 2024" be introduced and read a first, second, and third time; and
3) That CRHD Bylaw No. 422 be adopted.

Attachments: Staff Report: MRI Scanner Replace't-Approval Cap Bylaw #422

Appendix A: CRHD Bylaw No. 422

6.5. [24-095] Elevator Refurbishment at the Victoria General Hospital - Approval of Capital Bylaw No. 423

Recommendation: The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
1) That Capital Regional Hospital District (CRHD) funding in the amount of $616,715 be approved for Elevator Refurbishment at the Victoria General Hospital;
2) That CRHD Bylaw No. 423, "Capital Regional Hospital District Capital Bylaw No.193, 2024" be introduced and read a first, second, and third time; and
3) That CRHD Bylaw No. 423 be adopted.

Attachments: Staff Report: Elevator Refurbish VGH–Approval Cap Bylaw #423

Appendix A: CRHD Bylaw No. 423

7. Notice(s) of Motion

8. New Business

9. Adjournment

The next meeting is March 6, 2024.

To ensure quorum, please advise Tamara Pillipow (tpillipow@crd.bc.ca) if you or your alternate cannot attend.

Capital Regional District
625 Fisgard St.,
Victoria, BC V8W 1R7

Meeting Minutes

Hospitals and Housing Committee

Wednesday, December 6, 2023	**1:30 PM**	**6th Floor Boardroom 625 Fisgard St. Victoria, BC V8W 1R7**

PRESENT
Directors: K. Murdoch (Chair), J. Caradonna (Vice Chair), M. Alto (1:34 pm), P. Brent (EP), S. Brice (2:16 pm), Z. de Vries, G. Holman, P. Jones (1:36 pm), D. Kobayashi, C. McNeil-Smith, L. Szpak

Staff: T. Robbins, Chief Administrative Officer; R Lachance, Acting Chief Financial Officer (for N. Chan); K. Lorette, General Manager, Planning and Protective Services; M. Barnes, Senior Manager, Health and Capital Planning Strategies; D. Elliott, Senior Manager, Regional Housing; S. Powers, Senior Financial Advisor; C. Baynes, Manager, Housing Facilities & Maintenance; R. Fowles, Manager, Planning & Capital Projects; M. Lagoa, Deputy Corporate Officer; T. Pillipow, Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Director C. Plant

The meeting was called to order at 1:30 pm.

1. Territorial Acknowledgement

Chair Murdoch provided a Territorial Acknowledgement.

2. Approval of Agenda

MOVED by Director McNeil-Smith, SECONDED by Director de Vries,
That the agenda for the December 6, 2023 Hospitals and Housing Committee be approved.
CARRIED

3. Adoption of Minutes

3.1. 23-949 Minutes of the November 1, 2023 Hospitals and Housing Committee Meeting

MOVED by Director McNeil-Smith, SECONDED by Director de Vries,
That the minutes of the Hospitals and Housing Committee meeting of November 1, 2023 be adopted as circulated.
CARRIED

4. Chair's Remarks

The Chair thanked staff for all of their hard work this past year.

5. Presentations/Delegations

There were no presentations or delegations.

6. Committee Business

6.1. 23-904 365 Latoria Drive, Colwood - Approval of Capital Bylaw No. 421

K. Lorette introduced staff in attendance and spoke to item 6.1.

Discussion ensued regarding the project's timeline.

Director Alto joined the meeting at 1:34 pm.

Director Jones joined the meeting at 1:36 pm.

MOVED by Director McNeil-Smith, SECONDED by Director de Vries,
The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
1. That Capital Regional Hospital District (CRHD) Bylaw No. 421, "Capital Regional Hospital District Capital Bylaw No. 191, 2023" be introduced and read a first, second and third time.
2. That CRHD Bylaw No. 421 be adopted.
CARRIED

6.2. [23-907] 2024 Portfolio Operating Budgets

K. Lorette spoke to Items 6.2. through 6.5.

Discussion ensued regarding:
- the percentage of CRHC units eligible for rent increase
- the challenges to unit turn-over
- incorporating maintenance costs in the No Operating Agreement budget
- consideration of a water catchment system at the Drake Road property

Director Brice joined the meeting at 2:16 pm.

MOVED by Director McNeil-Smith, SECONDED by Director de Vries,
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1. That the 2024 Operating Budget for the Umbrella Operating Agreement be approved;
2. That the 2024 Operating Budget for the No Operating Agreement be approved;
3. That the 2024 Operating Budget for the Regional Housing First Program Agreement be approved;
4. That the 2024 Operating Budget for the Investment in Housing Innovation be approved;
5. That the 2024 Operating Budget for the Community Housing Fund (CHF) be approved;
6. That the 2024 Operating Budget for the Independent Living BC Agreement be approved; and
7. That any 2023 operating surplus/(deficits) to be transferred to/(from) the individual Portfolio Stabilization Reserves be approved.
CARRIED

6.3. [23-906] 2024 Administration, Development Services & Routine Services Budgets

MOVED by Director McNeil-Smith, SECONDED by Director de Vries,
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1. That the Capital Region Housing Corporation 2024 Administration Budget be approved;
2. That the Capital Region Housing Corporation 2024 Development Services Budget be approved; and
3. That the Capital Region Housing Corporation 2024 Routine Replacement Services Budget be approved.
CARRIED

6.4. [23-905] Five-Year Updated Routine Capital Plans (2024-2028)

MOVED by Director McNeil-Smith, SECONDED by Director de Vries,
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1. a) That the Capital Region Housing Corporation Umbrella Operating Agreement (UOA) Updated Five-Year Routine Capital Plan 2020-2024 be approved; and
b) That staff be authorized to implement the UOA 2024 Routine Capital Plan.
2. a) That the Independent Living BC 2 (ILBC2) Updated Five-Year Routine Capital Plan 2024-2028 be approved; and
b) That staff be authorized to implement the ILBC2 2024 Routine Capital Plan.
3. a) That the No Operating Agreement (NOA) Updated Five-Year Routine Capital Plan 2024-2028 be approved; and
b) That staff be authorized to implement the NOA 2024 Routine Capital Plan.
4. a) That the Investment in Housing Innovation (IHI) Updated Five-Year Routine Capital Plan 2024-2028 be approved; and
b) That staff be authorized to implement the IHI 2024 Routine Capital Plan.
5. a) That the Regional Housing First Program (RHFP) Updated Five-Year Routine Capital Plan 2024-2028 be approved; and
b) That staff be authorized to implement the RHFP 2024 Routine Capital Plan.
6. a) That the Community Housing Fund (CHF) Five-Year Routine Capital Plan 2024-2028 be approved; and
b) That staff be authorized to implement the CHF 2024 Routine Capital Plan.
CARRIED

6.5. [23-908] Major Capital Plan (2024-2028)

MOVED by Director McNeil-Smith, SECONDED by Director de Vries,
The Hospitals and Housing Committee recommends to the Capital Region Housing Corporation Board:
1. That the Major Capital Plan (2024-2028) be approved; and
2. That the Chief Administrative Officer, or their duly authorized delegate, be authorized to apply for, negotiate and accept the terms to receive funds for up to six development projects through funding programs as necessary and as they become available.
CARRIED

7. Notice(s) of Motion

7.1. 23-909 Motion with Notice: Short Term Rentals in Salt Spring Island Electoral Area (Director Holman)

Discussion ensued regarding:
- how this applies to accessory dwelling units
- implications on staff resources
- the Province's rationale of excluding the electoral areas

MOVED by Director Holman, SECONDED by Director Caradonna,
The Hospitals and Housing Committee recommends to the Capital Regional District Board:
That the Capital Regional District Board request the Province to include Salt Spring Island in the new provincial legislation regarding short term vacation rentals.
CARRIED

8. New Business

There was no new business.

9. Adjournment

MOVED by Director Kobayashi, SECONDED by Director de Vries,
That the December 6, 2023 Hospitals and Housing Committee meeting be adjourned at 2:52 pm.
CARRIED

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CHAIR

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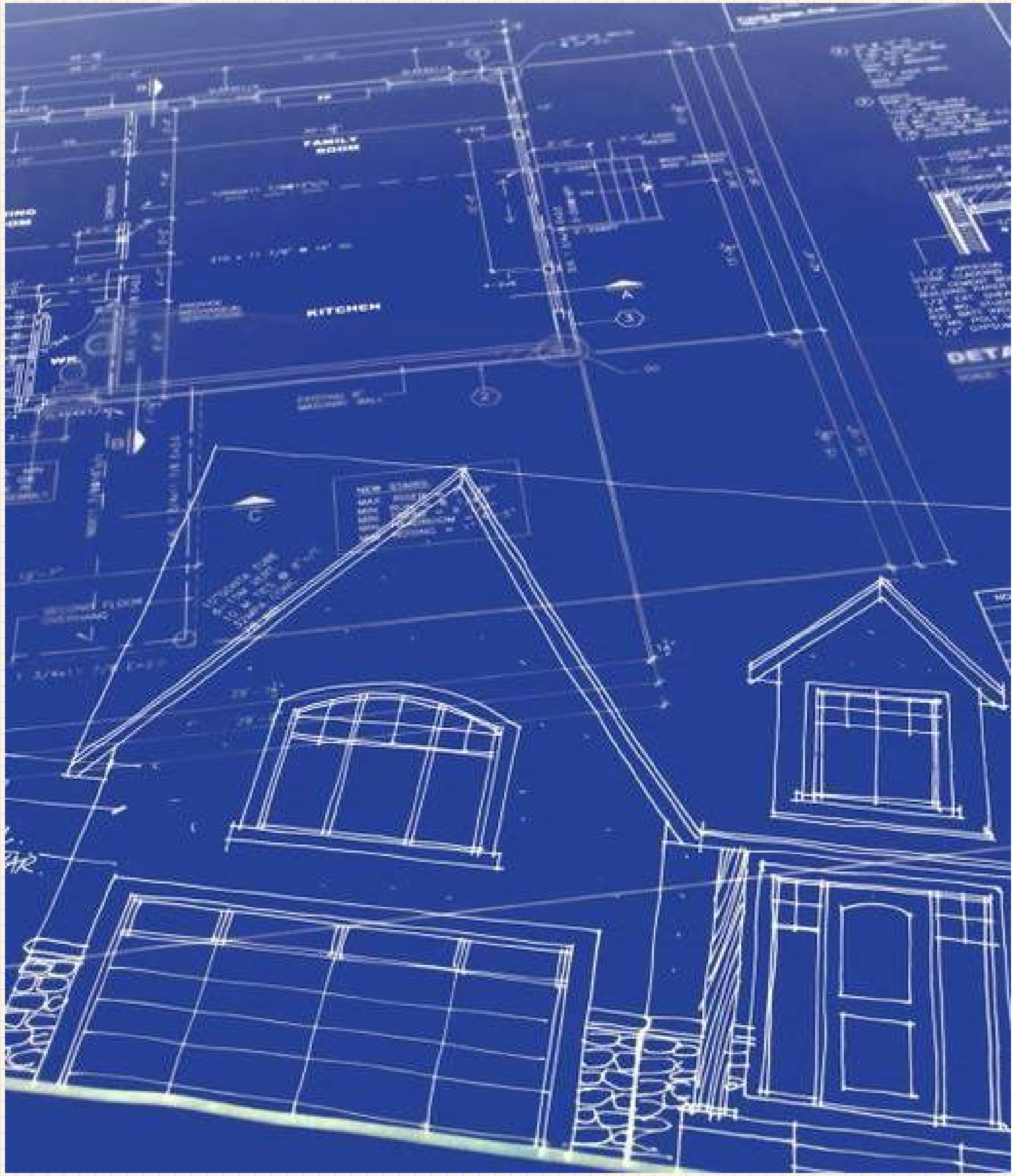
RECORDER



CRD Regional Housing Acquisition Study

Patricia Maloney Consulting


Purpose

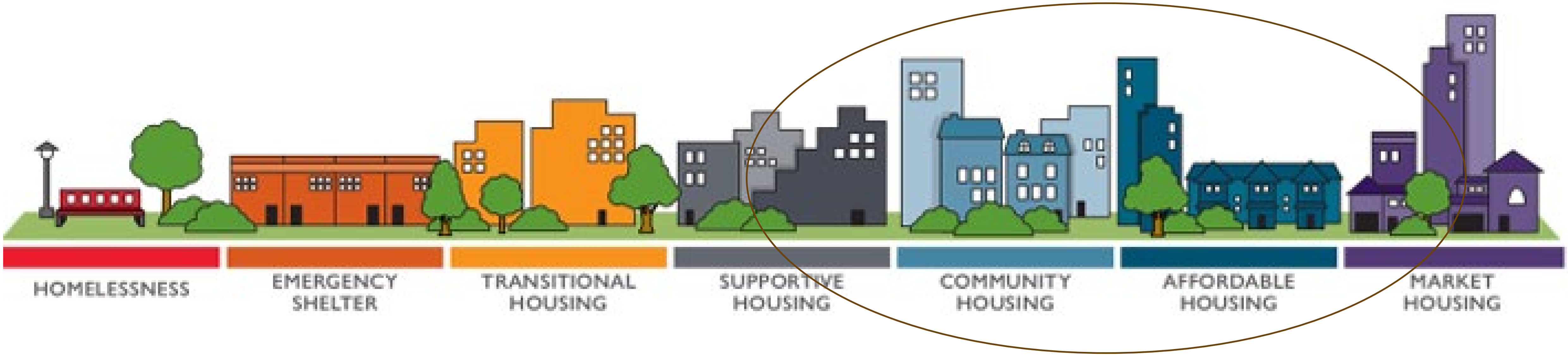
- **To develop a Housing Acquisition Strategy for the Capital Region that will help to respond to the current housing crisis, work with member municipalities and leverage senior government grants.**

The Project

The CRD engaged our consulting team to prepare a Regional Housing: Acquisition Strategy.

The project has provides guidance on locations for affordable housing, recommendations for policy development, options for acquisition that will provide the CRD with most benefit for investment, and a financial model to assess each potential site and develop a proforma for purchase or development of affordable housing.

Housing Continuum(CMHC)



Guidelines for Study

- Only consider the urban municipalities;
- Consider 10 urban municipalities;
- Do not consider land outside of the Urban Containment Boundaries;
- Use the BC Housing and CMHC definition of affordable (no more than 30% of pre-tax income spent on shelter);
- Only address rental units;
- Develop a definition of walkability that will be used to identify appropriate locations for affordable housing projects.

Location Policies

- Build affordable housing close to amenities, services and facilities to reduce the dependence upon personal vehicles
- Allows for parking requirements to be reduced
- Encourages higher density and mixed land use
- Requires frequent transit to key employment centres
- Requires active transportation options (bike paths) and good pedestrian routes (good sidewalks)
- Create community focus points where people can gather and mingle as part of their daily activities.
- Offer improved access to green space and parks.

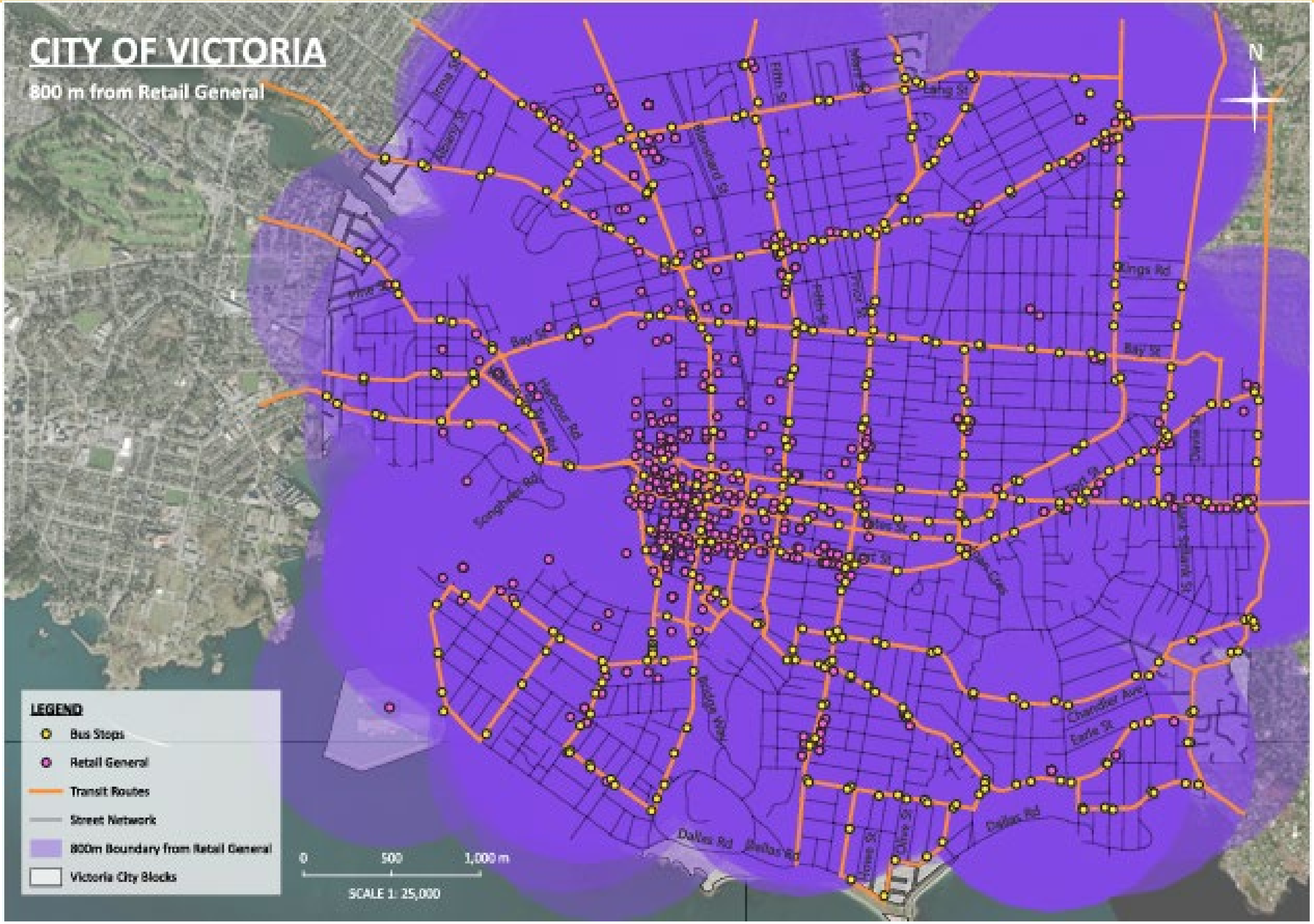
Definition of Walkability

That Lands/real estate will be considered walkable if they are:

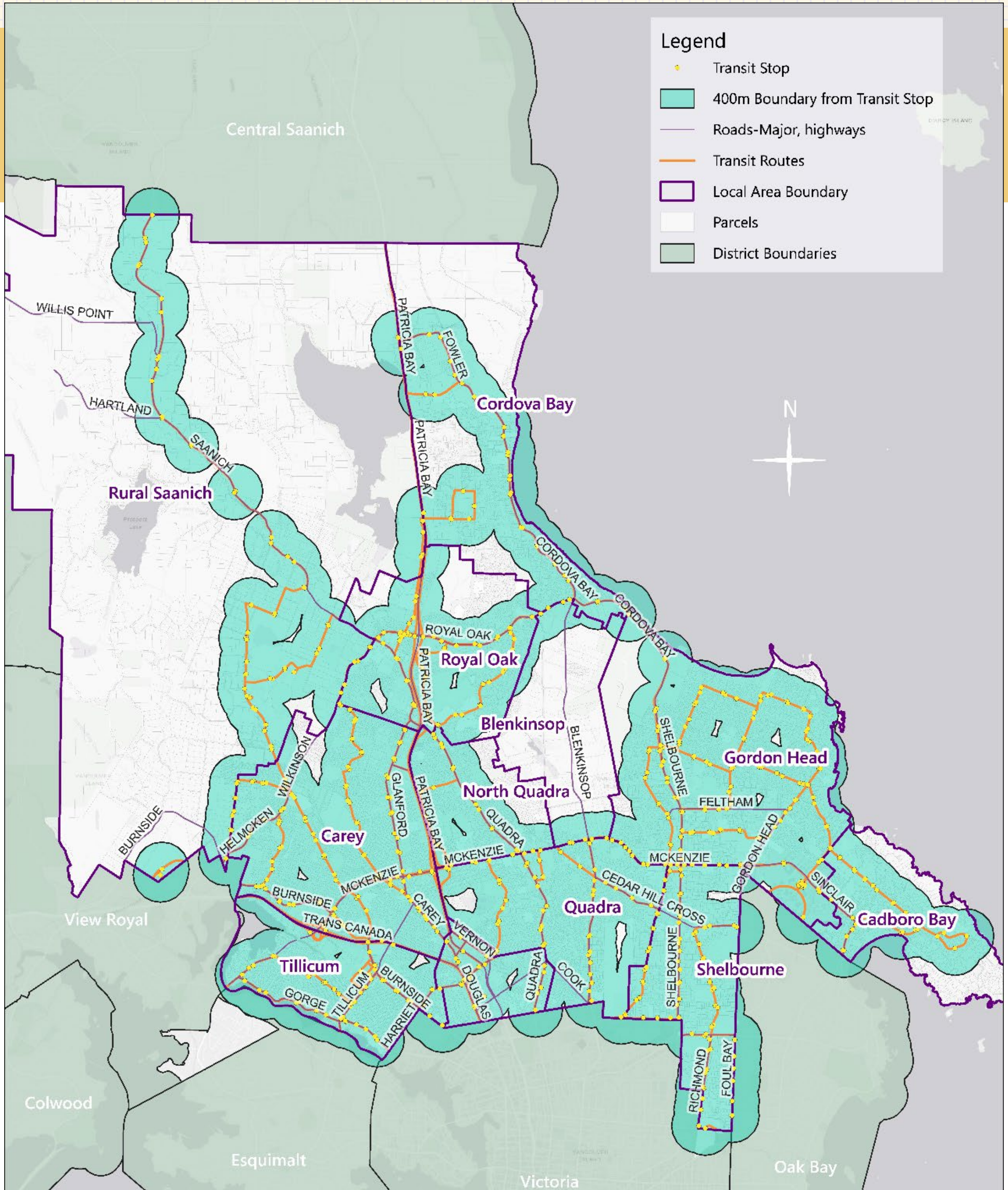
Within 400 meters of a transit stop that provides service with 30 minute or faster service or within 800 meters of three of the following services:

- School/educational facilities,
- Medical services,
- Grocery store and/or shopping centre,
- Financial institutions,
- Government services (social services, child welfare services),
- Parks and recreation,
- Day care,
- Religious/places of worship facilities,
- Employment opportunities,
- Food and beverage services,
- Personal services (insurance, beauty salons and barbershops, health and wellness services, and
- Libraries.

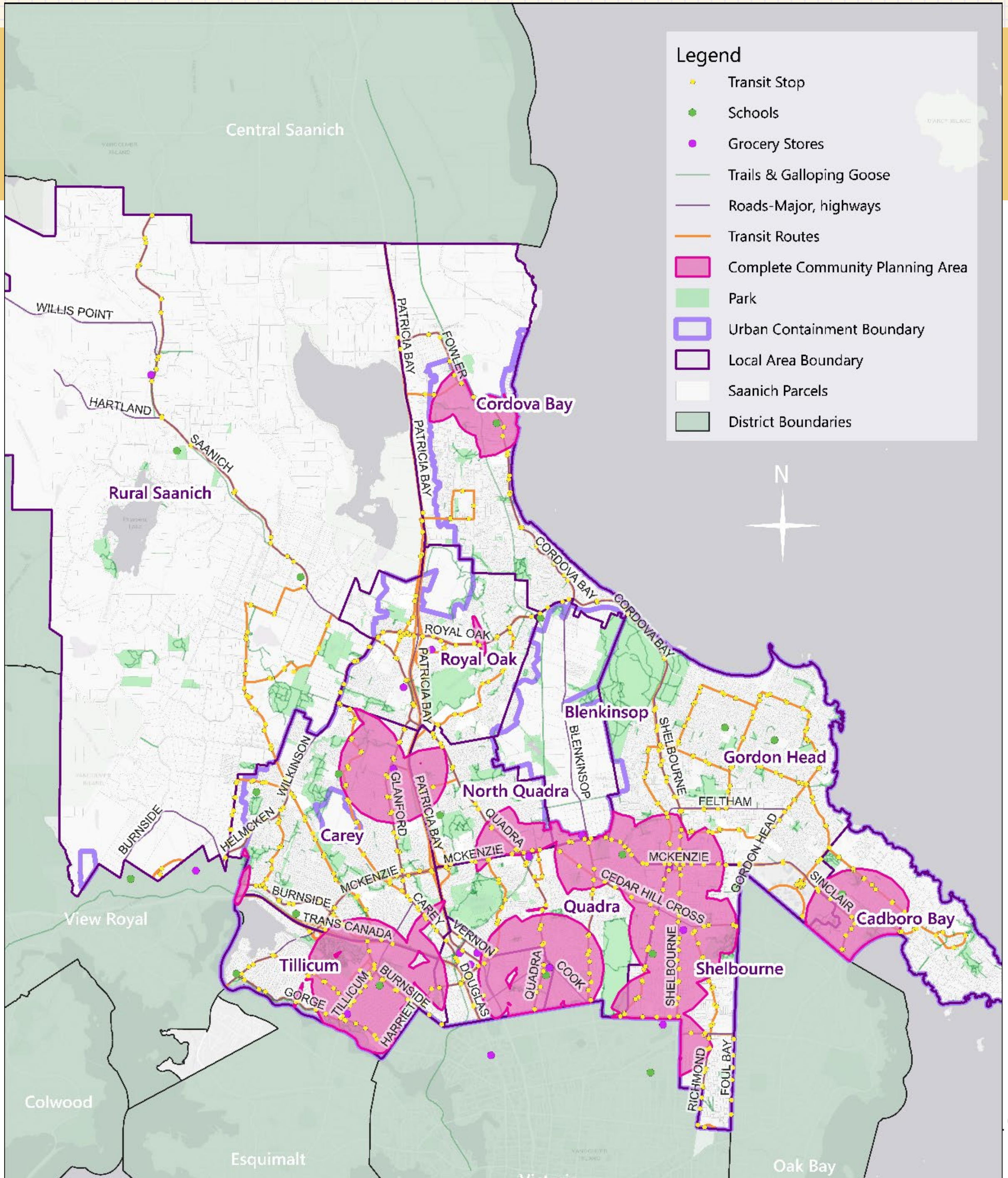
City of Victoria



400 m Transit Walkability for Saanich



Community Services and Facilities Walkability for Saanich



Funding Options

BC Housing

- Community Housing Fund
- Secondary Suite Incentive Program
- Affordable Rental Housing
- Housing Hub

CMHC

- Housing Accelerator Fund
- National Housing Co-Investment Fund
- Preservation Fund
- Affordable Housing Innovation Fund
- CGAH Retrofit Funding
- Rental Construction Financing Initiative
- Seed Funding (to return)

BC Ministry of Housing

- Devlopment Application Permit Review
- Housing Needs Assessments
- Legislative Changes (mandate density, removal of age restrictive stratas, more support for seniors, more money for transitional housing, more funding for indigenous housing)

Acquisition options include:

1. CRD purchasing land and lease to a third party to build and manage
2. CRD to purchase, build and manage
3. CRD to purchase existing residential multi-family building to ensure affordability
4. CRD buy units in market buildings at turn-key price

It is important to note that while the CRD was developing this strategy, the CRD was also seeking permission to borrow $85 million for seed money for affordable housing projects. However, the CRD does not have any jurisdiction over land, zoning, development regulations, subdivision or Development Permit Area interpretation. The CRD must work in partnership with the municipalities to identify locations for affordable housing that have municipal support for rezoning and development.

Financial Analysis

- **Ten Geographies**
  - **Victoria, Central Saanich, Sidney, Colwood, Esquimalt, Saanich, Langford, Oak Bay, View Royal, Sooke**
- **Consider rental apartment development at four densities (roughly, 4-storey, 6-storey, 10-storey, 12-storey, 15-storey and 18-Storey apartment buildings)**
- **Use two approaches for supplying affordable housing – CRD buys land/builds/manages, and the CRD buys land and nonprofit builds/manages**
- **Consider three levels of affordability (30%, 40% and 50% of median household income within each geography).**

Components of the Financial Model

Land Costs	Architect fees	Operating Costs
Land Financing	Engineering Fees	Periodic Improvements
Construction Costs	Site Servicing	Structural Reserve Fund
Construction Financing	Site Connections	Tenant Improvements
Property Tax Transfer	DCCs and ACCs	Hard Cost Contingency
Other Closing Costs	Landscaping, Signage and Lighting	Furniture, Fixtures and Equipment
Real Estate fees	Project Management	Survey
Property Taxes	Other Consultants	Accounting
GST	School Site Acquisition Charge	Legal
Rezoning Fee	Research and Appraisal	Insurance
Development Permit Application Fee	Building Permit and Inspection Fees	Utilities

What kind of questions can you answer?

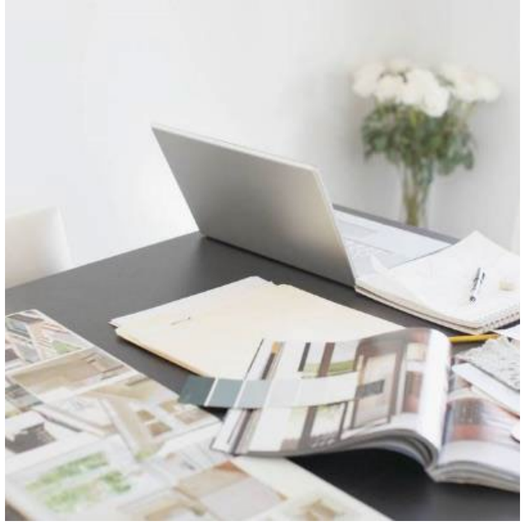
- Identify which projects perform better or worse according to any number of metrics.
- Troubleshoot projects by testing which variables need to change to produce desired outcomes.
- In our case, we will be identifying for each scenario its ratio of CRD equity requirement per affordable unit.

Key Findings

- The CRD must be able to respond to opportunities quickly;
- Utilize lands already owned
- Amend OCP’s to identify lands for housing (eliminating public hearings for rezoning);
- Pre-zone lands for housing to reduce the costs and time to process applications;
- Relax DCCs and ACCs;
- Waive fees for affordable housing projects;
- Locate affordable housing in walkable areas;
- Remove or drastically relaxing parking requirements;
- Lobby to improve transit services; and
- Increase densities/ FSR in transit-oriented locations.

Each site and building is assessed individually

It is important to note that the Financial Model presented in this report is an example of how the model would work to prepare a pro forma for each individual project identified. The CRD will input the current information for the specific site. The example review completed for this report was based on current municipal LUB regulations and BC Assessment for land prices. The Model will allow the CRD to assess each individual site, in collaboration with the home municipality to determine the actual financial viability of each project.




Thank you

RURAL HOUSING PROGRAM PILOT FINANCIAL ANALYSIS

Presentation to the Hospital and Housing Committee, Capital Regional District

February 7, 2024

urban matters

Context

- Urban Matters CCC was commissioned by the Capital Regional District (CRD) to provide a financial analysis of secondary rental market options with grants or forgivable loans, in exchange for housing agreements to ensure affordability or non-market units.

- There are two driving factors behind this:
  - The development potential of the Electoral Areas is limited
  - The CRD's Southern Gulf Islands Housing Strategy recommended a focus on the secondary housing market because **existing zoning is already in place, but high building costs have limited the uptake.**

- While accessory dwelling units (ADU) are one housing option that could be scaled up, there are examples of multi-unit affordable housing projects being advanced by the non-profit sector on Salt Spring Island and the Southern Gulf Islands, and these groups struggle with high costs at the pre-development phase to ensure their projects are adequately serviced and meet the high environmental standards of Islands Trust.

Project Overview

The project goal is to support the development of a **Rural Housing Program Pilot** by understanding:

1. The financial feasibility of developing different housing type and how the financial feasibility is impacted by financial support;
2. How policies that offer grants or forgivable loans might be designed to result in additional homes being developed.

Rental Housing Analysis

- Financial incentives for encouraging the development of accessory dwelling units
- Pre-development funding to move multi-plex housing projects forward

Affordable Homeownership Analysis

- Review of common entry level home ownership programs in Canada

Rental Housing Affordability Guidelines

- The Rental Housing Affordability Guidelines provide a benchmark for assessing the results of the financial analysis.

- Based on lower renter household incomes in the Southern Gulf Islands and on Salt Spring Island, the program should consider adjusting rent thresholds to slightly below Housing Income Limits (as set by BC Housing) for these areas.

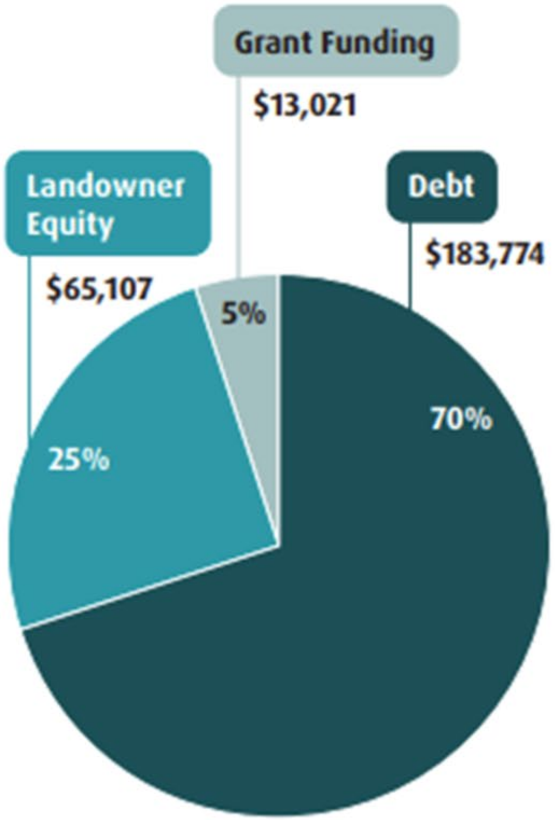
- Juan de Fuca renter incomes align more closely with those of the Capital Regional District as a whole.

Table 1. Rental Thresholds for the Southern Gulf Islands and Salt Spring Island

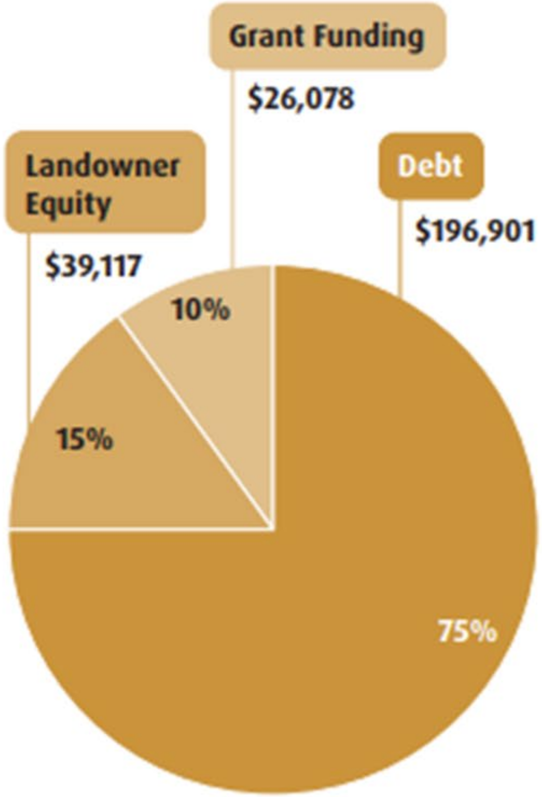
	1 Bdrm/less	2 Bdrm	3 Bdrm
Market Rent and Rent-to-Own Guidelines	$1,500	$1,950	$2,438
Below Market Rental Thresholds	$1,000	$1,250	$1,500
Deep Subsidy Thresholds	$500	$750	$1,000

Equity Approaches

Equity Approach 1:
Landowner-Led Equity Distribution
(e.g., exceeding the 25% equity)



Equity Approach 2:
Top Up Equity Distribution
(e.g., added towards the 25% equity)



KEY FINDINGS

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matters

Secondary Suites: Renovation

One Bedroom Unit

- This scenario relies on individual landowner to invest in and operate the units.
- With no grant funding, the required monthly rents could be:
  - 7.0% Interest Rate: **$1,487**
  - 4.0% Interest Rate: **$1,132**

Two Bedroom Unit

- With grant funding of $30,000 per door, under the following scenarios, the required monthly rents could be:
  - 7.0% Interest Rate: **$2,078** (Baseline Rent: $2,326)
  - 4.0% Interest Rate: **$1,496** (Baseline Rent: $1,753)

Example: Equity Approach 2

Grant for a 1-Bedroom Secondary Suite Renovation, 7.0% Interest Rate

- A $34,000 grant would act as an incentive by lowering landowner's required equity contribution from $55,000 to $22,000
- The landowner would receive 6.4% annual return on their equity contribution.
- The required rent remains at the baseline of $1,487/month.

Secondary Suites: New Construction

One Bedroom Unit

- With grant funding of $30,000 per door, the required monthly rents could be:
    - 7.0% Interest Rate: **$1,583** (Baseline Rent: $1,837)
    - 4.0% Interest Rate: **$1,204** (Baseline Rent: $1,391)

Two Bedroom Unit

- With grant funding of $30,000 per door, the required monthly rents could be:
    - 7.0% Interest Rate: **$2,646** (Baseline Rent: $2,891)
    - 4.0% Interest Rate: **$1,985** (Baseline Rent: $2,172)

Example: Equity Approach 2

Grant for a 2-Bedroom Secondary Suite New Construction, 7.0% Interest Rate

- A $45,000 grant would act as an incentive by lowering landowner's required equity contribution from $114,000 to $68,000.
- The landowner would receive 4.2% annual return on their equity contribution.
- The supportable rent remains at the baseline of $2,891/month.

Cottages

One Bedroom Unit

- With grant funding of $60,000 per door, under the following scenarios, the required monthly rents could be:
  - 7.0% Interest Rate: **$2,118** (Baseline Rent: $2,616)
  - 4.0% Interest Rate: **$1,615** (Baseline Rent: $1,965)

Two Bedroom Unit

- With grant funding of $60,000 per door, under the following scenarios, the required monthly rents for a new build 2-bedroom cottage would be:
  - 7.0% Interest Rate: **$3,484** (Baseline Rent: $3,979)
  - 4.0% Interest Rate: **$2,626** (Baseline Rent: $2,993)

Example: Equity Approach 2

Grant for a 2-Bedroom Secondary Suite New Construction, 7.0% Interest Rate

- A $62,000 grant would act as an incentive by lowering landowner's required equity contribution from $156,000 to $93,000.
- The landowner would receive 4.2% annual return on their equity contribution.
- The supportable rent remains at the baseline of $3,979/month.

Multi-Plex

- Multi-plex rental development projects are challenging to develop from a financial standpoint due to several factors:
  - Lengthy pre-development stage
  - High construction costs associated with rural development
  - Lost building cost efficiencies

- A grant to offset a portion of the pre-development costs can encourage more multi-unit development through:
  - Opening opportunities to secure other funding
  - Lowering required rents
  - Lowering the financial barrier for organizations to pursue these development concepts

Example: Equity Approach 2

Grant for a 10-Unit Multiplex Rental Building, 7.0% Interest Rate

- A grant of $20,000 per door (i.e., $200,000) would increase financial viability and lower the required monthly rents by:
  - 7.0% Interest Rate: **$118, $167, and $197**
  - 4.0% Interest Rate*: **$63, $90, and $106**

- The stacking of funding from senior levels of government is needed to deepen affordability.

*50 year amortization, 80% Loan to Value

Affordable Homeownership

Option	Definition	Benefits	Limitations
Rent to Own	• Helps a program participant become a homeowner as their rent becomes the downpayment required to purchase the house.	• Bring rental units into a market that could become ownership units. • Free up rental units in the market for other tenants.	• Requires an investor willing to hold onto the mortgage during the "rent" period. • Requires a sizeable equity contribution in markets where housing sales prices are high – program reach is lower.
Down Payment Matching Options	• Lowers the down payment required for the eligible household by providing a supplementary down payment as a second mortgage.	• Allows individuals to purchase an asset they may not otherwise be able to afford. • If downpayment is 20%, it enables enable individuals to have lower mortgage payments.	• Secure affordability between users is not commonly implemented in the research examples. • Requires a sizeable equity contribution in markets where housing sales prices are high – program reach is lower.

Recommendations

1. Prioritize allocating funding to projects in CRD’s rural areas where housing would have otherwise not been created (e.g., accessory dwelling units in Salt Spring Island and Southern Gulf Islands).

2. Secondary suites have the biggest potential to scale up in unit numbers when coupled with grant funding.

3. Cottages have potential to scale up in number of units and may be suitable for middle income households and residents in rural communities.

4. Multi-unit buildings should receive the third highest allocation after secondary suites and cottages, as the projects are approved infrequently.

5. Entry-level homeownership programs should have smaller funding allocations as the investment costs are high and affordability is not guaranteed to carry over to the next user.

6. Consider other program parameters and factors when developing the Rural Housing Program Pilot.

Recommendations

In summary, the **potential reach of the Rural Housing Program is substantial,** and the program reach depends on the allocation and distribution of funding.

- The allocation strategy for a hypothetical reserve of $5M to $15M for the Rural Housing Program pilot should maximize the number of units built.

- The suggested distribution prioritizes rental housing (75%) and affordable homeownership (25%), aiming to create a total of **165 units** under a $5M program outreach and up to **308 units** under the $15M program outreach.

THANK YOU

urban
matters

QUESTIONS

urban
matters

Presentation to the Hospital and Housing Committee of the Capital Regional District

Dr. Réka Gustafson
Chief Medical Health Officer, Island Health

Acknowledgement

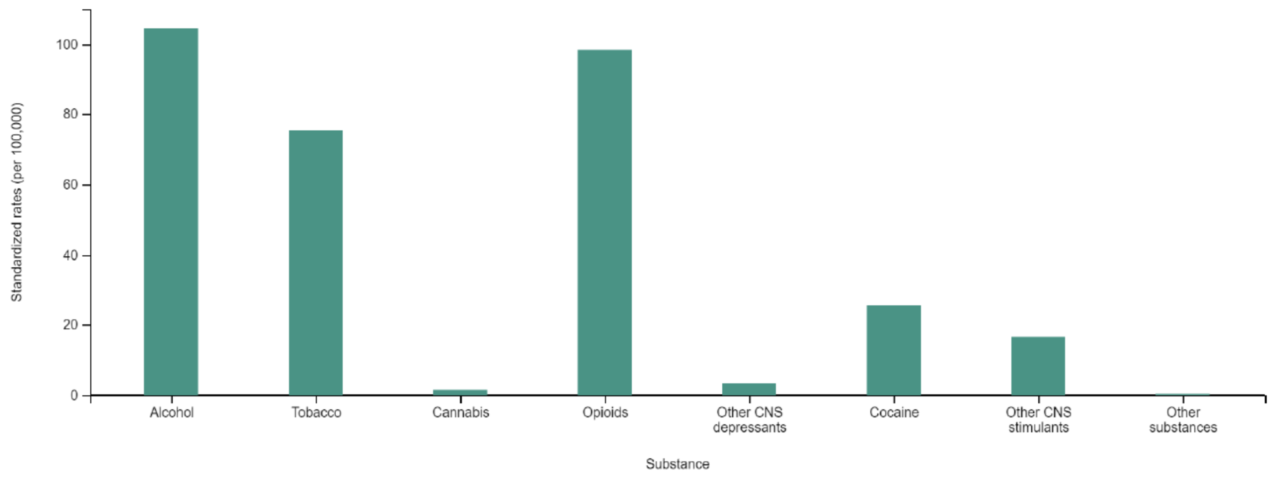
I respectfully acknowledge the Kwakwaka’wakw, Coast Salish and Nuu-Chah-Nulth cultural families on whose traditional lands Island Health is located. At Island Health, we take on the responsibilities of reconciliation in the work that we do, and the ways in which we engage.

The Public Health Approach to Psychoactive Substances

- *Burden of Illness*
- *Drivers*
- ***Interventions that are under our control***
- *Work to implement*
- *Monitor, evaluate and adjust*

Source: Canadian Centre on Substance Use and Addiction: Canadian Substance Use and Harms *Accessed October 14th, 2023*

Substance use-attributable potential years of productive life lost standardized rates, Canada, 2020



Source: Canadian Substance Use Costs and Harms Scientific Working Group. (2023). Canadian substance use costs and harms visualization tool, version 3.0.2 [Online tool]. Retrieved from https://csuch.ca/explore-the-data/

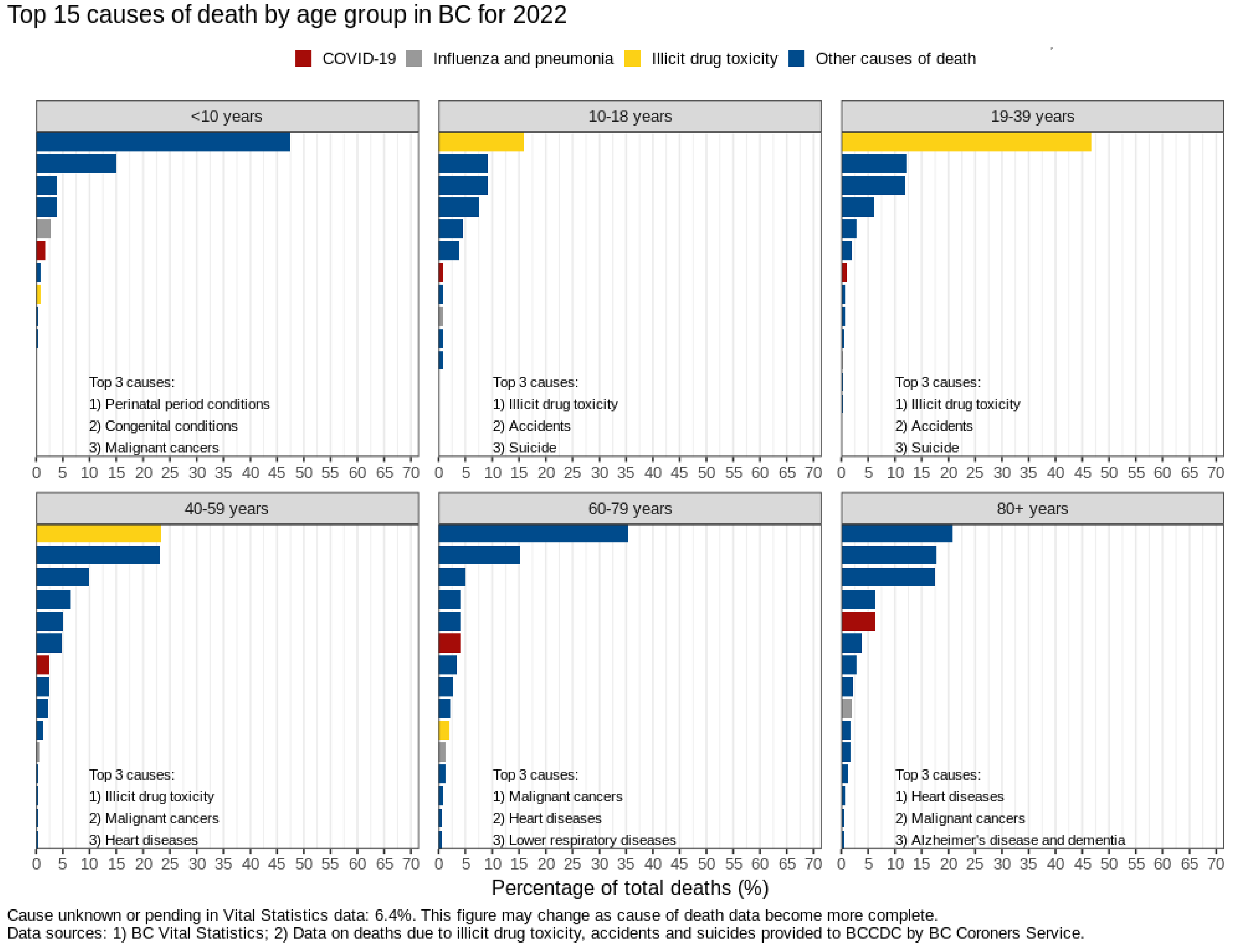
For details on the methodology used to derive estimates, refer to the CSUCH technical report.

Costs due to premature mortality were estimated by calculating future productive years of life lost due to death. See the CSUCH technical report for more detail.

Other CNS depressants exclude alcohol and opioids, and other CNS stimulants exclude cocaine.

These estimates do not include costs or counts associated with premature mortality in Yukon for years 2017 to 2020 only.

- *In 2022 top cause of death in age groups 10-18, 19-39 and 40-59*



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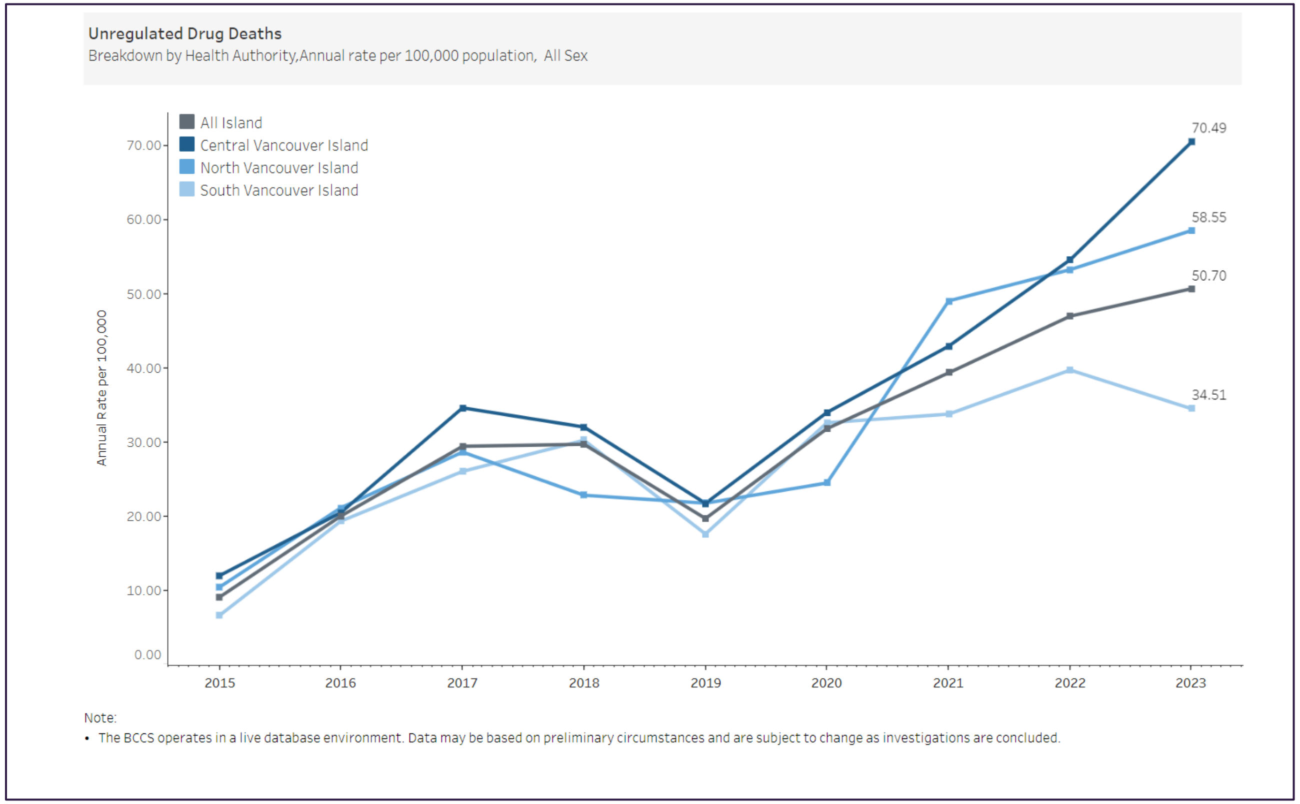
Unregulated Drug Deaths by Island Health Service Delivery Areas



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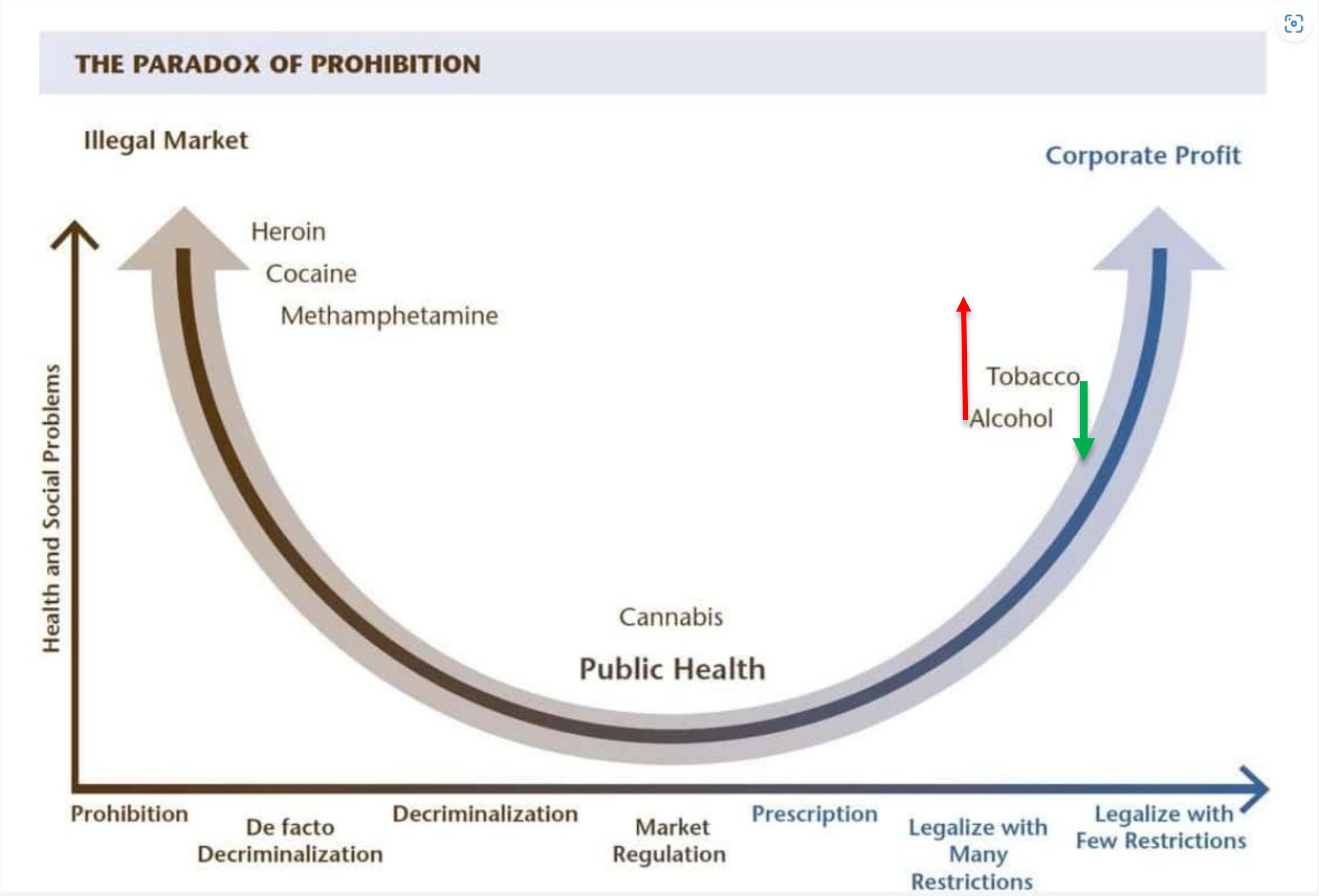
What can we learn from tobacco and alcohol?

Local governments have an important role



Adapted from Marks, J. (1993). The paradox of prohibition. In: Brewer, C. (Ed.), Treatment options in addiction: Medical management of alcohol and opiate use, pp. 77-85. London: Gaskell.

Drivers

Unregulated Drug Poisoning Deaths

- Toxic, unpredictable, unregulated drug supply
- Policy approach to opiates that is not evidence based, and maximizes harm
- Pandemic Response

Opiate Use Disorder

- Biological
- Social
  - Homelessness, poverty, racism, mental health
  - Multigenerational, unaddressed physical, emotional and psychological trauma
- Exposure
- Availability

Interventions

- Prevention
  - Social inclusion and freedom discrimination and racism
  - Positive childhood experiences
- **Naloxone**
- **Overdose Prevention Services**
- **Safe Supply: a legal and regulated supply of psychoactive substances that are currently being accessed through the illegal market and leading to high mortality**
- **Decriminalization**
- Care and treatment

The ones in green are needed because of the absence of legal, regulated access

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Safe Supply

- Emerging data supporting benefit for those who can access
  - No evidence of harm at a population level with limited roll out
  - Scale:
    - Maximum 5000 people have accessed prescribed safe supply in BC
    - Potentially more than 200K at risk of overdose
  - Equity:
    - The majority of prescriptions are in Vancouver and Victoria
    - Very limited rural access
    - Very limited access for those who do not have an OUD
  - Context
    - Limited range of medications available
    - Time limited small scale projects rather than a systematic approach
    - Highly medicalized approach in a health human resources crisis
- Non-medical models
  - Since the prescriber-based model is unable to address the scale of the issue, expert bodies such as the BCCSU and the Coroner's Death Review Panel are recommending a low-barrier, non-prescriber model for those at risk of overdose death

Local government role

- Recognize that there is a role—thank you again for the conversation
  - Continue to work with us – enough staff with the right skills within health, municipal and regional governments to move work forward
  - Combat misinformation and lead informed dialogue
  - Support prevention programming, especially social inclusion programs for youth
  - Enable essential services to address immediate risk (eg: OPS, drug checking, safer supply pilots) in dignified spaces where people can gather, socialize and link to services
  - Act as a convener

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Thank you!

Reka.Gustafson@islandhealth.ca

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REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 07, 2024

SUBJECT **2024 Hospitals and Housing Committee Terms of Reference**

ISSUE SUMMARY

To provide the 2024 Hospitals and Housing Committee Terms of Reference for information.

BACKGROUND

Under the *Local Government Act* and the CRD Board Procedures Bylaw, the CRD Board Chair has the authority to establish standing committees and appoint members to provide advice and recommendations to the Board.

On December 13, 2023, the CRD Board approved the 2024 Terms of Reference for standing committees. Terms of Reference (TOR) serve to clarify the mandate, responsibilities and procedures of standing committees and provide a point of reference and guidance for the committees and members.

This year there were no changes to the defined purpose of the Committee's TOR, attached as Appendix A.

The TOR are being provided for information to the Committee. Any proposed revisions to the TOR will require ratification by the Board.

CONCLUSION

Terms of Reference serve to clarify the mandate, responsibilities and procedures of committees and provide a point of reference and guidance for the committees and their members. Any future revisions to the TOR will require ratification by the Board.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Marlene Lagoa, MPA, Manager, Legislative Services & Deputy Corporate Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT(S)

Appendix A: 2024 Hospitals and Housing Committee Terms of Reference

Terms of Reference

HOSPITALS AND HOUSING COMMITTEE

PREAMBLE

The Capital Regional District (CRD) Hospitals and Housing Committee is a Standing Committee established by the CRD Board and will oversee and make recommendations to the CRD, Capital Regional Hospital District (CRHD) and Capital Region Housing Corporation (CRHC) boards on matters relating to hospitals and housing, and community health.

The Committee's official name is to be:

Hospitals and Housing Committee

1.0 PURPOSE

a) The mandate of the Committee includes providing advice or making recommendations, or both, to the CRD, CRHD, and CRHC Boards regarding the following region-wide functions:

   i. Land Banking and Housing
   ii. CRHC
   iii. CRHD
   iv. Community health planning, regulations and enforcement
   v. Implementation of various housing affordability models, the potential formation of strategic partnerships and the creation of alternative corporate entities
   vi. Options for the procurement of health care facilities and housing developments and
   vii. Real estate matters relating to health care facilities and housing

b) The following committees will report through the Hospitals and Housing Committee:

   i. Regional Housing Advisory Committee
   ii. Tenant Advisory Committee
   iii. Any other advisory body established by the Committee.

2.0 ESTABLISHMENT AND AUTHORITY

a) The Committee will make recommendations to the CRD Board, the CRHD Board, and the CRHC Board, as applicable, for consideration; and

b) The CRD Board Chair will appoint the Committee Chair, Vice Chair and Committee members annually.

3.0 COMPOSITION

a) Committee members will be appointed CRD Board Members and should include the Chair of the CRHC and the Chair of the CRHD Board.

b) All Board members are permitted to participate in standing committee meetings, but not vote, in accordance with the CRD Procedures Bylaw; and

c) First Nation members are permitted to participate in standing committee meetings at their pleasure, in accordance with the CRD Procedures Bylaw, where the Nation has an interest in matters being considered by the committee.

4.0 PROCEDURES

a) The Committee shall meet on a monthly basis, except August, and have special meetings as required;

b) The agenda will be finalized in consultation between staff and the Committee Chair and any Committee member may make a request to the Chair to place a matter on the agenda through the Notice of Motion process;

c) With the approval of the Committee Chair and the CRD Board Chair (or CRHC Board Chair, or CRHD Board Chair, as applicable), Committee matters of an urgent or time sensitive nature may be forwarded directly to the appropriate Board for consideration; and

d) A quorum is a majority of the Committee membership and is required to conduct Committee business.

5.0 RESOURCES AND SUPPORT

a) The General Manager of Planning and Protective Services will act as liaison to the Committee;

b) Minutes and agendas are prepared and distributed by the Corporate Services Department.

Approved by CRD Board December 13, 2023

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REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 07, 2024

SUBJECT **Future Housing Priorities and Partnerships Framework**

ISSUE SUMMARY

To seek direction from the Capital Regional District (CRD) Board to begin advancing an Acquisition Strategy (Appendix B) and the Rural Housing Program (Appendix C), through the development of a pilot initiative (Appendix D). These efforts aim to address unmet need related to housing affordability through innovation, partnership, and cross-sectoral collaboration.

BACKGROUND

The Regional Housing First Program (RHFP) is a $120 million (M) housing supply partnership between the CRD, BC Housing and Canada Mortgage and Housing Corporation (CMHC). As of January 2024, the RHFP has supported the completion of approximately 958 new affordable rental units across the capital region with an additional 97 by mid-2024. At full build out, the RHFP is expected to deliver up to almost 1,500 total units of affordable rental housing by 2028.

The CRD 2019-2022 Corporate Plan identified an initiative to determine continuation of a housing supply program beyond RHFP Implementation. Beginning with the CRD Board endorsement of the Southern Gulf Island (SGI) Housing Strategy in May 2022, staff then included consideration of a Rural Housing Program (RHP) as one component of the Future Housing Priorities and Partnerships (FHPP) white paper (Appendix A). The CRD Board endorsed the FHPP in July 2022, which also includes a focus on an Acquisition Strategy and Complex Care.

To advance efforts under FHPP staff were directed to look at options to fund the establishment, and seed investment for a scaled-up regional housing program. Though there is existing requisition capacity under Bylaw No. 3712 Land Assembly, Housing and Land Banking Service Establishment Bylaw, much of the current capacity is allocated toward approved capital projects under the RHFP. Therefore, the CRD Board directed staff to advance an amendment to Bylaw No. 3712 and advance a new loan authorization bylaw to permit the borrowing of up to $85M.

The FHPP and the parallel work to advance efforts to increase borrowing capacity under Bylaw No. 3712 have been developed to position the CRD with a clarity of focus and sufficient requisition authority and debt capacity to support scaled-up regional efforts while seeking to incentivize partnership with senior levels of government.

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Regional District Board:
1. That staff begin advancing efforts under the Regional Housing: Acquisition Strategy; and
2. That the CRD negotiate and execute a Memorandum of Understanding with the Southern Gulf Islands Tourism Partnership to receive $100,000 for staff coordination of the Rural Housing Program pilot scoping.

Alternative 2
That this report be referred to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

Social Implications
The capital region, like many communities across Canada, continues to experience challenges related to escalating cost of housing, affordability, and homelessness. Demand is particularly strong in the rental system and especially for affordable rental units. The FHPP seeks to position the capital region as a committed partner through looking at:

- An Acquisition Strategy, which aims to increase and/or preserve the supply of affordable rental housing within the urban areas of the region. The Acquisition Strategy will help to guide investment decisions using set criteria intended to help inform the CRD Board on prospective acquisition and investment. The range of model inputs are shown on page 5 of Appendix B.
- A RHP, which aims to increase, preserve, and broaden the supply of affordable housing in rural and remote communities. The approach recognizes the need to approach housing solutions in rural and remote communities with different expectations than those used for conventional housing projects in more densely populated urban regions. At this time, staff are only recommending a pilot on SGI and Salt Spring Island (SSI) to develop the program and test the efficacy of some initiatives, which, subject to CRD Board approval, could be implemented across to the region starting in 2025/2026.
- A Complex Care Housing initiative, which aims to increase the supply of housing with supports for people with complex needs and support complementary to the provincial Complex-Care Housing service. In Greater Victoria, Complex-Care Housing is delivered by Island Health in partnership with BC Housing and non-profit service providers. Due to the critical roles of Island Health, BC Housing, and non-profit organizations in the delivery of Complex Care, CRD staff worked through 2023 to engage, consult and explore opportunities for collaboration and partnership. Island Health and BC Housing continue to look at needs across the health authority, including on Southern Vancouver Island, and CRD staff remain actively engaged and are committed to supporting this ongoing effort. Additional updates will be provided to the CRD Board later in 2024 as the work continues along side Island Health and BC Housing.

Operational Implications
The Housing Planning, Policy, and Programs function operates within Regional Housing and receives grants from federal and provincial partner agencies, provides oversight, and deploys funds within the region, administers housing affordability agreements with developers and owners in the region on behalf of municipalities, and undertakes research and develops policy and programs focused on increasing housing supply across the region.

Staff capacity to advance work under this function was supported through the development of IBC 5a-2.1 Housing Opportunity Innovation and Outcomes Analysis. It is anticipated that there will be approximately 0.75 FTE available to support the advancement of the Acquisition Strategy, including 0.25 FTE management, and 0.5 FTE support staff.

The RHP pilot will be soft launched in 2024 using existing staff resources as well as 1 FTE of new capacity as a two-year term position. The new term position will be supported, in part, through Municipal and Regional District Tax (MRDT) Program funding. Staff will begin implementation of program design and will work to leverage additional external grant funding where possible.

Service Delivery Implications
To exercise constraint and cost containment, the CRD Board directed staff to keep the core inflationary adjustment to 3.5% through the 2024 Service and Financial Planning Guidelines, which has been considered through determining the appropriate balance of requisition impact and securing sufficient capacity to begin advancing the Acquisition Strategy and RHP.

Initiating the Acquisition Strategy in full would require a significant lift in resources being available in the 2024 CRD Financial Plan. Property identification, undertaking appropriate due diligence and advancing acquisitions, subject to CRD Board approval, draws on internal capacity through the Real Estate, Regional Housing and Corporate Finance functions while also relying on the engagement of consultant services on items such as land surveys, environmental and geotechnical analysis, building condition assessments, archaeological reports, appraisals, feasibility analysis and massing modelling, etc.

Staff anticipate that current capacity, including that contained within the 2024 CRD Financial Plan, will be sufficient to support property identification and a high-level assessment of acquisition potential. Staff will then return to the CRD Board to request additional resources to undertake due diligence and funds to place a deposit on a project-by-project basis and through a budget amendment. Final decisions will also come back to the CRD Board, which may require an additional budget amendment.

The RHP pilot scoping work (Appendix D) is to allocate available capacity in support of building the program parameters to consider providing pre-development funding while also starting work on the development of a Missing Middle/Accessory Dwelling Unit Incentive Program. These efforts can be supported through available capacity and resources provided by the MRDT funding.

Intergovernmental Implications
The development of the Acquisition Strategy (applied primarily within the Urban Containment Boundary) and the RHP (applied primarily outside of the Urban Containment Boundary) is to acknowledge the diversity of housing need and development contexts across the capital region and provide suitable, flexible, and tailored tools to advance projects and programs better equipped to support local needs and opportunities and within a municipal/electoral area land use context.

The RHP envisions a whole government approach to support housing solutions outside of the Urban Containment Boundary and in the Electoral Areas where governance is inherently multi-jurisdictional. MRDT funding for 2024 will require a memorandum of understanding (MoU) between CRD and the SGI Tourism Partnership Society. The CRD has also worked to partner with the Islands Trust through an application to the CMHC Housing Accelerator Fund on Mayne Island. If successful, the funding will be awarded to Islands Trust and an MoU with CRD will be required to advance a sub-pilot project to accelerate 73 units of housing on Mayne Island.

In addition to the program, strategy development, and bylaw work undertaken by the CRD in support of advancing the Acquisition Strategy and RHP, the Government of BC has passed several pieces of legislation that alter the local government land use planning framework including increasing small-scale multi-unit housing, establishing proactive planning requirements, changes to development finance tools, and support for transit-oriented development areas.

Beyond the range of recent legislative changes introduced by the Government of BC, Budget 2023 also allocated a total of $1.7 billion (B) over three years in operating and capital funding through Building BC and BC Housing programs as well as transit-oriented development. A recent example of this is the opening of a Community Housing Fund (CHF) call on August 28, 2023, which closed on November 17, 2023. BC Builds was also announced on April 3, 2023, as a focused effort to speed up delivery of new homes and increase the supply of middle-income housing. Further details on BC Builds are expected into 2024. The CRD anticipates additional CHF calls in future years as well as calls to apply for funds through BC Builds, which present a range of ongoing partnership opportunities.

Through the 2023 Government of Canada Fall Economic Statement update, several additional resources were signalled including $15B in new loan authority through the Apartment Construction Loan Program (ACLP), and $1B for capital grants through the Affordable Housing Fund (AHF). It is expected that these new resources will be made available starting in 2025. It should also be noted that as recently as December 29, 2023, the Honourable Sean Fraser, Minister of Housing, Infrastructure and Communities, Government of Canada, announced that there is expected to be a renewed housing plan to help alleviate homebuilding cost pressures and boost productivity.

There are considerable changes locally, provincially, federally and the CRD has taken the necessary steps to develop key areas of focus through the FHPP and continues to secure debt capacity in support of seed funding for a scaled-up housing supply program.

Financial Implications
To advance the Acquisition Strategy, on December 13, 2023, the CRD Board approved amending Bylaw No. 4551 to increase the maximum requisition to the greater of $11.5M annually or $0.062 per $1,000 assessed value for Bylaw No. 3712 Land Assembly, Housing and Land Banking Service Establishment Bylaw. This increase in maximum requisition represents a maximum change per average household of up to $26 annually. It should be noted that the increased requisition will be committed to debt servicing costs for the $85M capacity attached to the loan authorization bylaw which is currently subject to an alternative approval process (AAP).

In preparation for the potential approval of increased borrowing capacity through the approval of a loan authorization bylaw, and subject to a successful AAP, staff intend to begin exploring potential sites for acquisition while also starting to undertake scoping work on a RHP pilot project. This will be done through use of available capacity, which is subject to CRD Board approval of the 2024 Financial Plan.

As noted under service delivery implications, considerable works must be undertaken prior to bringing a recommendation forward to the CRD Board and staff will look to return to the CRD Board seeking funds on a project-by-project basis.

Environmental Implications
The housing priorities being advanced are with consideration of the Regional Growth Strategy, the *Islands Trust Act*, and core principles of smart growth planning. Each municipality and land use authority can ensure environmental metrics are met at the time of project approvals.

The Acquisition Strategy further considers two key components to support a reduction of adverse environmental impacts:

1) Walkability – The consultant has prepared maps depicting those areas that are within 400 metres of a transit stop, which are shown on pages 68-77 of Appendix B. This is to help the CRD focus its efforts on those locations well served by transit.

2) Parking – Due to the focus on walkability when considering potential acquisition or investment, the model prepared by the consultants assumes zero parking stalls for a studio, 1 and 2-bedroom unit. The model further assumes a single parking stall for any unit that is 3-bedroom + as this would consist of a larger family that may be more reliant on vehicle use.

Development undertaken on acquired lands would be subject to local government requirements and sustainability/efficiency measurement built into a capital or operating funding program. The RHP pilot scoping work will be taking place within the SGI and SSI electoral areas, which are under the land use authority of Islands Trust and the legislative obligations under the *Island Trust Act*.

CONCLUSION

Future Housing Priorities and Partnership initiatives are being developed to address unmet need related to housing affordability and homelessness through innovation, partnership, and cross-sectoral collaboration.

Two consultant reports have been appended to the staff report with a focus on enabling the advancement of the Acquisition Strategy as well as a feasibility report on an RHP. Staff are recommending to begin advancing efforts under the Acquisition Strategy while also beginning to develop the scope of a pilot program on SSI and SGI that falls under the RHP. This is to be done through use of existing resources with any new resources being subject to CRD Board approval through budget amendments, which are to be advanced on a project-by-project basis.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Regional District Board:
1. That staff begin advancing efforts under the Regional Housing: Acquisition Strategy; and
2. That the CRD negotiate and execute a Memorandum of Understanding with the Southern Gulf Islands Tourism Partnership to receive $100,000 for staff coordination of the Rural Housing Program pilot scoping.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Future Housing Priorities and Partnerships White Paper
Appendix B: Regional Housing: Acquisition Strategy (Patricia Maloney Consulting, Bayshore Planning Services Inc., and Mullholland Parker Land Economists Ltd. 2024)
Appendix C: Rural Housing Pilot Project Analysis (Urban Matters, 2024)
Appendix D: Rural Housing Program Pilot (2024)

Appendix A

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Future Housing Priorities and Partnerships

INTRODUCTION

Since 2016, a partnership between the Capital Regional District (CRD) and federal and provincial partners has contributed to the development of over a thousand new units, addressing the needs of households in need of affordable housing in the region. Through the Regional Housing First Program (RHFP), the CRD, BC Housing Management Commission (BC Housing) and the Canada Mortgage and Housing Corporation (CMHC) committed $30 million (M) each to build housing units to help address chronic homelessness in the region. In 2020, each partner committed to increasing their contribution by $10M to address escalating land acquisition and construction costs. With a total capital fund of $120M, the RHFP was better positioned to achieve its target of up to 2,000 Affordable Rental Units, with up to 400 of those units having rents set at Government of British Columbia's Income Assistance Rate Table Shelter Maximum (Shelter Rate). Overall, the program is expected to leverage the development of approximately $600M in capital development. As of July 2022, 11 projects have been approved through the RHFP program, representing 1,055 units, with 238 to be rented at Shelter Rate.

Although details have yet to be announced, new and revitalized federal programs, such as the new Housing Accelerator Fund, a third round of the Rapid Housing Initiative and potential reopening of the Affordable Housing Innovation Fund, as well as initial discussions with federal colleagues, suggest potential opportunities for future partnerships. While a specific provincial funding program is not currently open to support a partnership, early discussions with the Province indicate interest, should opportunities present. A new partnership could also help the provincial government achieve its target of building 114,000 units by 2027.

The following provides an overview of current challenges and presents options for the next opportunity to address unmet need related to housing affordability and homelessness through innovation, partnership and cross-sectoral collaboration. Opportunities to address unmet need were identified through research, analysis and engagement with internal CRD staff, municipal, provincial and federal stakeholders, including with the Regional Housing Advisory Committee.

Recommended interventions for consideration include:

- Opportunities to acquire existing housing or land to increase and preserve the supply of affordable rental and create future redevelopment opportunities;
- A Rural Housing Strategy to increase the supply of affordable housing in rural and remote communities; and
- Increase the supply of housing with supports to people with complex needs not currently adequately supported by the traditional models.

CURRENT CHALLENGES

The capital region, like many communities across Canada and around the world, continues to experience challenges related to escalating cost of housing, affordability and homelessness. The population of the region is expected to continue to grow from an estimated 392,100 in 2018, to an estimated 478,500 in 2038[1], adding housing pressure in the region. Demand is particularly

[1] bylawno-4328.pdf (crd.bc.ca)

strong in the rental system, especially affordable rental units. Data suggests a continued trend of low vacancies in the lower price quartiles and high rates of core housing needs for renters[2].

CMHC's 2021 Rental Market Report, released in February 2022, showed tightened market conditions in the Victoria Census Metropolitan Area (CMA) in 2021[3]. Key findings include:

- Vacancy rates declined to 1%, one of the lowest in Canada;
- Two-bedroom purpose built rentals average rent increased by 3.1%;
- Demand returned, but supply is lagging behind and is unevenly distributed with 80% new supply concentrated in the Westshore region; and,
- Rental affordability and suitability remain a challenge for low-income households.

As of March 31, 2020, there were 12,957 subsidized housing units in the Growth Management Planning Area (GMPA), including emergency shelters, housing for the homeless, transitional and supported housing and assisted living, independent social housing and rent assistance in the private market, representing an increase of 1,046 units over the previous year[4].

The development of non-market housing has been supported through a number of new and expanded funding programs at all levels of government. In 2019, the Province of British Columbia committed more than $7 billion over 10 years for programs such as Building BC, including the Community Housing Fund, Affordable Rental Housing Program, Supportive Housing Fund, Women's Transition Housing Fund and Indigenous Housing Fund. In 2020, the Government of Canada launched the Rapid Housing Initiative, providing capital contributions to support the creation of new affordable rental units for people who are vulnerable. In the capital region, there has been and continues to be significant investments in housing through federal and provincial programs. Since 2018, the following units have been supported through various provincial and federal programs:

- Supportive Housing Fund: funding toward over 600 units across 12 projects
- Community Housing Fund: funding toward almost 900 units across 10 projects
- Rapid Housing Initiative: funding toward 136 units across three projects
- Indigenous Housing Fund: funding toward 164 units across two projects.

While the region has seen increases in the number of subsidized housing units in the GMPA, insufficient supply of affordable housing in the private market relative to population growth is also a factor. In response, a number of funding programs to support increased supply of below market housing have been launched in recent years. Provincially, this includes the HousingHub which brings together private and non-profit stakeholders to create new affordable rental and homeownership options for middle-income residents. The federal government also launched and then expanded programs such as the National Housing Co-Investment Fund to support development of mixed-income, mixed tenure and mixed-use affordable housing.

While insufficient supply is a contributing factor to the increasing cost of housing, low mortgage rates, increasing upper-middle class incomes, investor buyers and accumulated equity are also key factors. Investor buyers and repeat purchasers make up the majority of homebuyers, many

[2] http://crd.ca.legistar.com/gateway.aspx?M=F&ID=a7f6cc77-f6b6-4b32-bde9-c0a8e4411b45.pdf
[3] Rental Market Report | CMHC (cmhc-schl.gc.ca)
[4] rgs-indicatorreport2021.pdf (crd.bc.ca)

of which have accumulated significant equity from rising home prices. As one of the leading Canadian researchers on housing, Steve Pomeroy notes:

> *"It is not the quantity of buyers (i.e., total demand), it is the quality (income and wealth, abetted by low mortgage rates) of this very small segment of 'market makers' that have been the ones driving up home prices. … This small segment is creating market imbalance and serious challenge for lower income households…"[5].*

This suggests the importance of building the right supply, rather than the quantity.

Although challenges related to the cost of housing are felt by many in the capital region, research indicates some residents and communities face distinct challenges, including people with complex needs who are experiencing homelessness, and people in rural and remote areas of the region.

Challenges addressing homelessness

The 2020 Greater Victoria Point-in-Time homeless survey estimated 1,523 individuals experiencing homelessness in the region, compared to 1,525 in 2018[6]. 2020 survey results showed higher numbers of unsheltered individuals (270, as compared to 158 in 2018) and higher numbers of people couch surfing (145, as compared to 95 in 2018). Using a different methodology, a new provincial report on homelessness estimates 1,595 individuals experienced homelessness in 2019[7].

The COVID-19 pandemic placed enormous pressure on individuals and communities throughout the region. Many in our communities lost income, resulting in greater housing insecurity or housing loss. Individuals without homes, living outside or in shelter were challenged to comply with public health recommendations to maintain physical distance.

People living with complex needs experience particularly difficult challenges. While the CRD, Province of BC and the Government of Canada have all made historic investments in housing, including housing to meet the needs of people experiencing homelessness, many communities are not able to meet the needs of some vulnerable residents.

Supportive housing (subsidized housing with onsite supports for single adults, seniors and people with disabilities at-risk of or experiencing homelessness) is an important part of the housing continuum. The onsite support services help people who have experienced homelessness find and maintain stable housing.

However, people with complex needs do not always fit into the current supportive housing model. The current healthcare system is also challenged to provide appropriate support. There is a lack of ongoing rehabilitation care, services that specialize in mental health or substance use, but not both, and a lack of housing options for people who are not ready or not willing to engage in treatment. As a result, people with complex needs fall through the cracks. In many communities, including the capital region, this can lead to increased erratic behavior, open drug use and crime.

[5] Exploring causes of escalating home prices: Part 2, demand issues | chec ccrl.ca (chec-ccrl.ca)

[6] crd-pit-count-2020-community-report-2020-07-31.pdf (victoriahomelessness.ca)

[7] Appendix: 2019 Homeless Cohort Data Tables (gov.bc.ca)

In response, the BC Urban Mayors caucus has actively advocated for the creation of appropriate housing and supports for people with complex needs[8].

A distinct approach is required to address the needs of people who have overlapping mental-health challenges, substance-use issues, trauma and acquired brain injuries and who may experience or be at greater risk of homelessness. Approaches may include coordinated health, mental health and substance use services, along with housing, cultural and social supports, to meet these complex needs. This requires new approaches for collaborating across sectors.

In response to this challenge, the Province of BC has initiated plans to support up to 500 people with new Complex Care Housing: a suite of services and supports to better meet the needs of people with complex needs, including people with severe mental health, substance use issues or traumatic and acquired brain injuries who are homeless or unstably housed. In March 2022, the Province announced plans for 100 spaces in Greater Victoria. As the investment does not include capital funding, it is anticipated that the complex care spaces will be delivered by converting existing supportive housing sites, or supportive housing sites currently in development.

Challenges in rural and remote communities

Discussions of challenges associated with preserving, acquiring and developing housing are often in relation to large, urban centres. However, many rural and remote communities experience distinct and urgent needs. Rural homelessness is difficult to measure, as it is often more hidden, with more people living temporarily with friends or family or living in abandoned or overcrowded buildings. According to a 2021 report from the National Alliance to End Rural and Remote Homelessness, 31% of Canadians live in rural and remote communities where residents suffer from homelessness in equal or greater numbers than their urban counterparts[9]. A recent provincial research study quantifying homelessness found that, on a per capita basis, it was smaller, rural and northern communities that have the highest proportion of homelessness, based on their population[10].

Housing affordability challenges have been experienced in many rural and remote communities. Recent assessed property values increased across the region, but particularly in smaller communities where value estimates rose by up to 34% in the District of Highlands and District of Sooke, and up to 35% in the District of Metchosin and the Gulf Islands[11]. According to the recently updated Southern Gulf Islands Housing Needs Report, between 2017 and 2021, median sales prices have increased significantly from 35% to 137%, depending on the island[12].

CMHC's Rental Market Survey indicates lower vacancy rates and higher average rents across the Victoria CMA (see Figure 1 below). This includes areas outside of the core, which saw

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[8] BC Urban Mayors make renewed and urgent call to implement complex care housing solutions - BC Urban Mayors' Caucus (bcurbanmayorscaucus.ca)

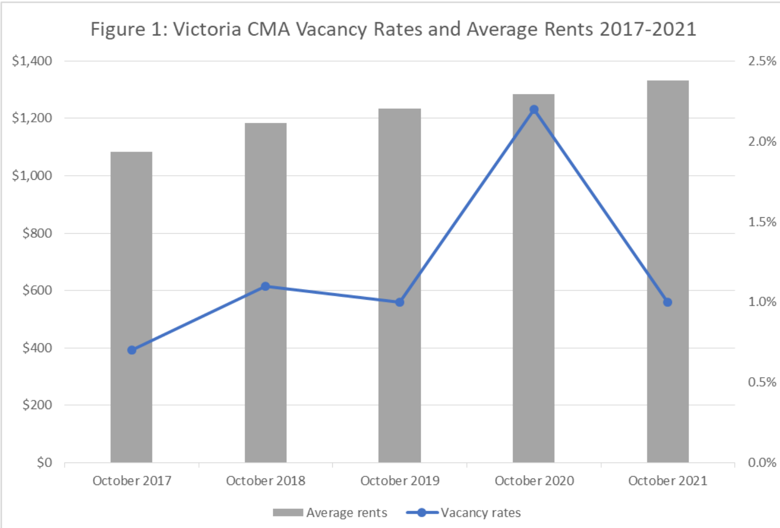
[9] NationalAllianceToEndRuralAndRemoteHomelessness-e.pdf (ourcommons.ca)

[10] Report: Preventing and Reducing Homelessness Integrated Data Project, Province of British Columbia 2021 (gov.bc.ca)

[11] Vancouver Island 2022 Property Assessments in the Mail (bcassessment.ca)

[12] Southern Gulf Islands Updated Market Analysis (Feb 2022)

decreased vacancy rates and increased average rents for almost all apartment types.[13] See Appendix A for vacancy rates and average rents across Zones 1-10 of the Victoria CMA.



Rural and remote communities also face unique challenges in the development of affordable housing. These include: difficulty accessing financing; limited development expertise; fewer consultants with specialized expertise in rural and remote communities; challenges related smaller scale projects; funding program criteria that is not always applicable to rural and remote context; and lower supply of skilled labour[14]. Areas such as Salt Spring Island and the Southern Gulf Islands are also part of the Islands Trust Area, which mandates preservation and protection of the natural environment and unique amenities of the area.

Released in November 2021, the Southern Gulf Islands Community Housing Strategy identifies the need to approach housing solutions using different assumptions than those used for conventional housing interventions in urban areas of the region. The Strategy includes key objectives such as: exploring the potential for a CRD Rural Housing Program; annual affordable housing demand estimates; supporting third party affordable housing projects through new tools; support for pre-development expenses for affordable housing; development of garden suites and cottages; enabling alternative housing types; and taking a whole government approach through collaboration and advocacy.

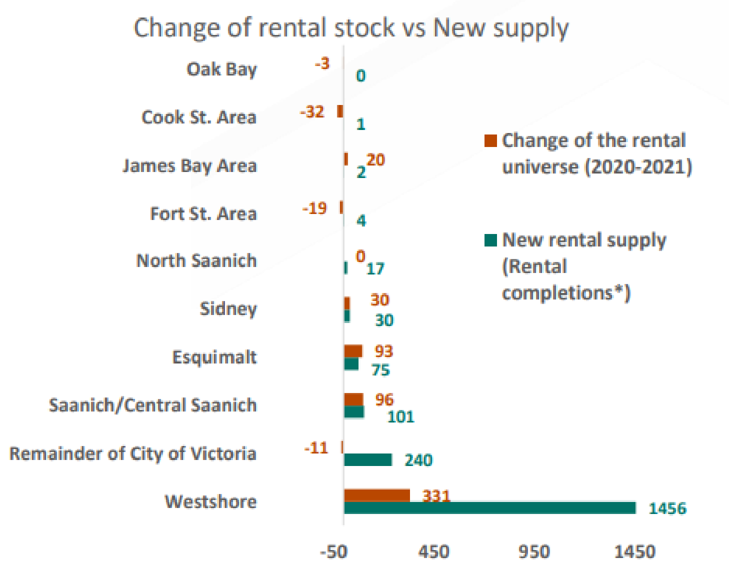
A distinct approach, including specific tools, resources and supports, is required to meet the needs of rural and remote communities.

Challenges preserving existing affordable housing

Recent years have seen an increased number of financial landlords such as private equity firms, asset managers, publicly listed companies, real estate investment trusts (REITs) and financial institutions purchasing multi-family rental and single family rental, including naturally occurring affordable housing (NOAH). Between 2011 and 2016, across the country, the number of private rental units affordable to households earning less than $30,000 per year declined by 322,600

[13] Source: Rental Market Survey (CMHC). © 2022 Canada Mortgage and Housing Corporation
[14] SmallCommunitiesInitiative-Research-Brief-plus-Resource-Guide-March-28.pdf (mnpha.com)

units[15]. In BC, recent analysis by Housing Central notes that between 2015 and 2019, 34,000 rental units were lost. With provincial investment supporting just over 11,000 affordable homes in the same time period, for every one affordable unit developed, over three affordable homes in the private sector were lost[16]. According to recent CMHC Rental Market Survey data, this trend is also evident within the capital region, as illustrated in the table below[17].



* The number of rental completions is the cumulative number of rental structures completed from July 2020 to June 2021. This is consistent with the time frame covered by the 2021 Rental Market Survey.

The loss of NOAH is partially driven by the financialization of rental housing through investment by large capital funds and smaller investors capitalizing on rising rents, as well as redevelopment of sites with older, low-moderate rent properties[18]. Building new supply is one approach, but the high cost and longer timelines for construction makes replacing these affordable units challenging.

In recent years, there has been an increased awareness of the impact of the financialization of housing, which refers to the "expanding and dominant role of financial markets and corporations in the field of housing, leading to unaffordable and insufficient housing and discrimination[19]." Rather than for social good or human rights, housing is treated as vehicle for income and investment, and has transformed housing and real estate markets around the world[20]. The United

[15] Why Canada needs a non-market rental acquisition strategy. May 2020 | Focus Consulting Inc. (focus-consult.com)

[16] Budget 2022 Submission - BC Non-Profit Housing Association | BCNPHA

[17] Source: CMHC Rental Market Survey, CMHC Starts and Completion Survey. The geographical definition in the chart is based on the CMHC Rental Market Survey Zone. For details, please refer to the Rental Market Report February 2022.

[18] Why Canada needs a non-market rental acquisition strategy. May 2020 | Focus Consulting Inc. (focus-consult.com)

[19] Facing financialization in the housing sector: A human right to adequate housing for all - Ingrid Leijten, Kaisa de Bel, 2020 (sagepub.com)

[20] OHCHR | Financialization of housing

Nations Special Rapporteur on the Right to Adequate Housing has called for governments to ensure markets serve housing need rather than investment priorities.

Strategies that enable non-profit housing providers to preserve existing affordable rental housing include an acquisition strategy. An acquisition strategy would: "enable low-income tenants to stay where they are, stabilizing neighbourhoods and preserving a diversity of incomes and tenures in gentrifying districts; preserve and extend the legacy of public investment (many of the buildings at risk of financialization were created through federal grants and tax incentives totalling $4 Billion Canada-wide); [and] be faster and surer than new builds[21]."

The BC Non-Profit Housing Association has called on the Province of BC to commit $500M to create a rental housing acquisition strategy to provide expedited grants to acquisition projects initiated by the community housing sector. An acquisition fund could also include a revolving loan fund to facilitate strategic property acquisition, replaced with long-term low rate financing from CMHC[22]. The value of an acquisition fund has been raised by federal Minister Ahmed Hussen at the February 2022 National Housing Supply Summit, including the ability for non-profits and local governments to acquire land and the importance of not losing supply. The Minister's mandate letter also directs the Minister to "help affordable housing providers acquire land and buildings to build and preserve more units[23]." However, the 2022 Federal Budget did not include funding toward an acquisition strategy.

The above mentioned challenges highlight the significant housing gaps in the region and areas where households are not being adequately served. It also helps explain why communities in the capital region face substantial barriers in addressing these challenges. These challenges also shed light on what is necessary to address these challenges. While new affordable housing supply is needed, additional supply is not enough. Addressing unmet needs in the region will require innovation, partnership and cross-sectoral collaboration.

RESPONDING TO THE CHALLENGE

The CRD is exploring options for addressing housing affordability challenges in the region through partnerships with provincial and federal partners. A future funding program to address unmet need through development and acquisition of new affordable housing units could target three specific areas of unmet need:

1. **Acquisition fund** to increase and preserve the supply of affordable rental and create future redevelopment opportunities, purchase of shovel-ready developments or acquire land for development of affordable housing
2. **Rural Housing Strategy** to increase, preserve and broaden the supply of affordable housing in rural and remote communities, recognizing the need to approach housing solutions in rural communities with different assumptions than those used for conventional housing interventions in growing urban regions

[21] Beat the REITs? Or join them? | Opening the Window

[22] Affordable housing is a hot commodity — and a new Ottawa land trust wants to counter that | Ottawa Citizen

[23] Minister of Housing and Diversity and Inclusion Mandate Letter (pm.gc.ca)

3. Increase the supply of **housing with supports for people with complex needs** currently not adequately supported by the traditional model as a compliment to new provincial Complex Care Housing initiative

The three priorities target areas with unique challenges and where need is unable to be met by traditional funding programs. The priorities also acknowledge the changing landscape and expanding role of financial markets and corporations in the field of housing, reducing barriers for communities and non-profit providers in protecting, preserving and enhancing existing affordable stock.

Current CRD Services

The CRD currently offers a number of services that would complement a new funding program to acquire land and housing and address the unique needs underserved households such as those with complex needs and in rural communities.

The CRD's Real Estate Services strategically manages appraisal, acquisition and disposal of real property interests. In addition, Real Estate Services is responsible for maintaining property information, coordinating referrals from outside agencies and performing property research on behalf of CRD staff. These existing services would be an asset to supporting a future acquisition fund in the region.

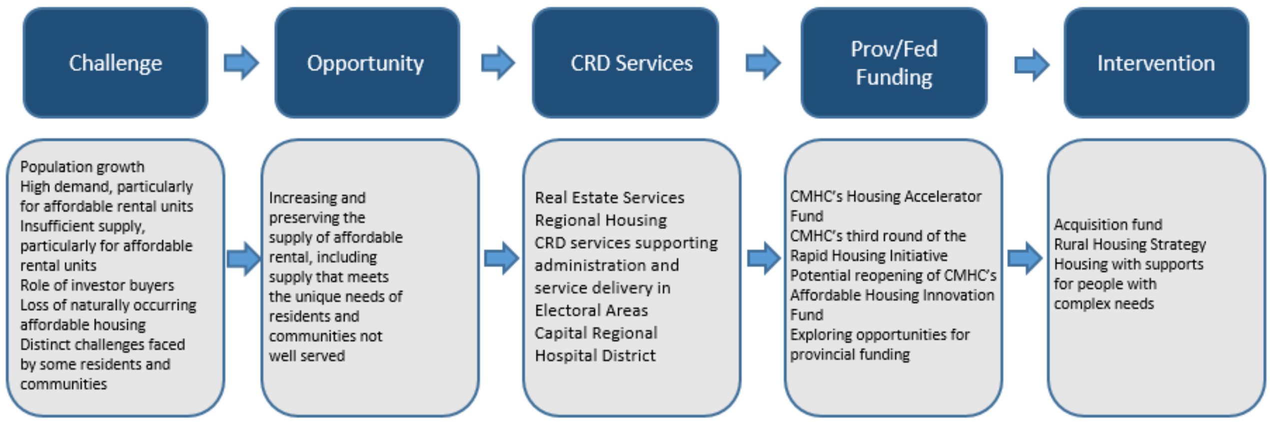
The range of services provided under the Regional Housing portfolio would also ensure the CRD is well positioned to support a program with the above mentioned priorities. Regional Housing includes planning, construction and operation of housing services, as well as administration of the current RHFP.

As a regional district, the CRD is responsible for administration and delivery of local services in the Juan de Fuca, Salt Spring Island and Southern Gulf Islands electoral areas. The recently released Southern Gulf Islands Housing Strategy includes a recommendation to explore the potential for a CRD Rural Housing Program that takes into consideration the unique characteristics of rural communities. Development of a business case that explores the viability of establishing a CRD Rural Housing Program would help support and guide the development of a future funding partnership opportunity.

The CRD is well positioned to support a program to increase the supply of housing with supports for people with complex needs, not adequately supported by the traditional housing and health models. The CRD's Housing Initiatives and Programs team administers the federal Reaching Home funding program, expected to total over $3.2M in funding to support people experiencing homelessness in the region.

Finally, the Capital Regional Hospital District's (CRHD) capital funding mechanism would also play a complimentary role. The CRHD partners with Island Health and community stakeholder agencies to develop and improve healthcare facilities in the region and provide capital funding for infrastructure such as acute care, residential care and hospital equipment.

Conclusion and Recommended Next Steps



This document has provided an overview of: current challenges; proposed opportunities to address unmet need; existing CRD services that could support new funding programs; potential funding partnerships; and interventions to address housing affordability challenges in the region through innovation, partnership and cross-sector collaboration. Challenges include:

- Population growth
- High demand, particularly for affordable rental units
- Insufficient supply, particularly for affordable rental units
- Role of investor buyers
- Loss of naturally occurring affordable housing
- Distinct challenges faced by some residents and communities

Opportunities to address these challenges were identified through research and engagement with internal CRD staff and municipal, provincial and federal stakeholders, including the Regional Housing Advisory Committee. These include increasing and preserving the supply of affordable rental, including supply that meets the unique needs of people with complex needs who are experiencing homelessness, and people in rural and remote areas of the region.

The identified opportunities could be supported by existing CRD services, including: Real Estate Services; Regional Housing; CRD services supporting administration and service delivery in Electoral Areas; and the CRHD.

Initial discussions with provincial and federal partners indicate potential funding opportunities to support the identified priorities to address unmet need in the region. This may include:

- CMHC's Housing Accelerator Fund
- CMHC's third round of the Rapid Housing Initiative
- Potential reopening of CMHC's Affordable Housing Innovation Fund
- Exploring opportunities for provincial funding, supporting the provincial government's target of building 114,000 units by 2027

Recommendation

Through consideration of challenges, opportunities, support through CRD services and potential funding through federal and provincial partners, the following interventions are recommended to address unmet need in the region through innovation, partnership and cross-sector collaboration have been presented:

1. **Acquisition fund** to increase and preserve the supply of affordable rental and create future redevelopment opportunities, purchase of shovel-ready developments or acquire land for development of affordable housing;
2. **Rural Housing Strategy** to increase, preserve and broaden the supply of affordable housing in rural and remote communities, recognizing the need to approach housing solutions in these communities with different assumptions than those used for conventional housing interventions in growing urban regions; and
3. Increase the supply of **housing with supports for people with complex needs** currently not adequately supported by the traditional model as a compliment to new provincial Complex Care Housing initiative.

In addition to staff continuing to explore these three identified pillars underpinning additional efforts to address housing affordability pressures felt across the capital region, advocacy to senior levels of government and continued engagement with municipal partners will be critical in supporting success. As noted throughout this white paper, intervention in the complex issue of decreasing housing affordability and the continued persistence of homelessness will require efforts from all levels of government in support of programs that are tailored to the unique needs of households and individuals across the capital region.

Therefore it is further recommended that staff continue to:

4. Explore opportunities to **advocate to senior levels of government** on the opportunities for partnerships on the identified interventions presented through this document; and
5. **Share efforts on continuing to explore these intervention areas with interested municipalities** to ensure that any future housing supply program reflects the diversity of needs and opportunities across the capital region.

Next Steps

Housing affordability and homelessness are complex policy problems that require new approaches, innovation, partnership and cross-sector collaboration. It is no longer possible for any one level of government to address these challenges alone. The RHFP has demonstrated the impact of partnership; through development of an anticipated 2,000 affordable rental units, with up to 400 of those units having rents set at the income assistance shelter rate. As the CRD prepares for the RHFP to come to a close, there is an opportunity to consider priority interventions to meet unmet need in the region.

Staff will continue to develop the recommended options, which will include continued engagement with provincial and federal partners to: explore funding contributions; consider financial modelling and funding mechanisms; development of a proposed budget; cost implications; eligibility criteria; roles and responsibilities of funding partners; and plans for monitoring and reporting. Staff will return in 2023 with a detailed proposal for a Program Framework and business case, for intended implementation in 2024.

Table 1: Private Apartment Vacancy Rates (%) by Zone and Bedroom Type - Victoria CMA

	Bachelor		1-bedroom		2-bedroom		3-bedroom	
Zone	Oct-20	Oct-21	Oct-20	Oct-21	Oct-20	Oct-21	Oct-20	Oct-21
Zone 1 - Cook Street Area	0.4	1.0	2.2	1.2	1.5	0.7	0.0	0.0
Zone 2 - Fort Street Area	1.4	1.6	1.8	0.5	1.7	0.4	**	0.0
Zone 3 - James Bay Area	3.6	0.5	2.6	2.0	4.9	1.4	**	**
Zone 4 - Remainder of City	2.1	1.1	2.6	0.8	1.9	1.0	0.0	2.3
City of Victoria (Zones 1-4)	**2.1**	**1.0**	**2.3**	**1.1**	**2.5**	**0.9**	**1.2**	**2.1**
Zone 5 – Saanich/Central Saanich	1.2	**	2.3	1.3	3.2	1.2	**	**
Zone 6 - Esquimalt	0.9	0.9	1.1	1.6	1.8	0.6	0.0	1.3
Zone 7 – Langford/View Royal/Colwood/Sooke	2.7	0.7	1.6	0.4	2.4	0.3	0.7	0.7
Zone 8 – Oak Bay	**	0.0	0.9	0.4	1.2	0.2	**	**
Zone 9 – North Saanich	**	**	**	**	**	**	**	**
Zone 10 – Sidney	**	**	0.0	0.0	**	1.0	**	0.0
Remainder of CMA (Zones 5-10)	**2.2**	**1.0**	**1.6**	**1.0**	**2.3**	**0.7**	**0.8**	**0.9**
Victoria CMA	**2.1**	**1.0**	**2.1**	**1.0**	**2.4**	**0.8**	**0.9**	**1.4**

** Data Suppressed

Table 2: Private Apartment Average Rents ($), by Zone and Bedroom Type - Victoria CMA

	Bachelor		1-bedroom		2-bedroom		3-bedroom	
Zone	Oct-20	Oct-21	Oct-20	Oct-21	Oct-20	Oct-21	Oct-20	Oct-21
Zone 1 - Cook Street Area	957	994	1,193	1,207	1,475	1,500	1,879	1,753
Zone 2 - Fort Street Area	986	961	1,125	1,157	1,450	1,501	2,082	2,069
Zone 3 - James Bay Area	1,084	1,091	1,273	1,281	1,661	1,697	2,129	2,201
Zone 4 - Remainder of City	992	1,019	1,173	1,197	1,518	1,595	1,828	1,916
City of Victoria (Zones 1-4)	**1,009**	**1,024**	**1,184**	**1,205**	**1,528**	**1,580**	**1,920**	**1,975**
Zone 5 – Saanich/Central Saanich	1,020	1,013	1,150	1,213	1,490	1,558	1,622	1,928
Zone 6 - Esquimalt	905	920	1,109	1,125	1,252	1,323	1,512	1,636
Zone 7 – Langford/View Royal/Colwood/Sooke	1,139	1,160	1,385	1,417	1,660	1,710	1,697	1,849
Zone 8 – Oak Bay	920	1,005	1,154	1,207	1,579	1,641	**	**
Zone 9 – North Saanich	**	**	**	**	**	**	**	**
Zone 10 – Sidney	**	1,218	1,276	1,251	1,492	1,618	**	2,311
Remainder of CMA (Zones 5-10)	**1,036**	**1,060**	**1,189**	**1,234**	**1,484**	**1,562**	**1,653**	**1,843**
Victoria CMA	**1,015**	**1,032**	**1,185**	**1,214**	**1,507**	**1,571**	**1,758**	**1,894**

** Data Suppressed

CAPITAL REGIONAL DISTRICT

Regional Housing: Acquisition Strategy

Prepared by Patricia Maloney Consulting
In partnership with
Bayshore Planning Services Inc. and Mulholland Parker Land Economists Ltd.

Table of Contents

Figures

Tables

Appendices

Executive Summary

The Capital Regional District (CRD) engaged Patricia Maloney and Associates, in collaboration with Bayshore Planning Services Inc. and Mulholland Parker Land Economists Ltd. (the Consultant), to formulate a Regional Housing Acquisition Strategy. The primary objective is to identify strategic avenues for building and preserving the supply of affordable housing within the Region's urban areas.

Housing is a critical issue in our society today. Affordability, availability, appropriateness, and tenure are critical issues that have been exacerbated by increasing construction prices, rising mortgage and interest rates, in-migration to British Columbia, shortages in staff and experienced trades and overall increases in the cost of living.

The Capital Regional District wants to see how they can contribute to increasing housing in the region. Ten urban municipalities of the Region were the subjects of the research and mapping. Only the lands within the urban containment boundaries were considered. Data was obtained from a variety of sources including BC Transit, each municipal Land Use Bylaw (LUB)[1] and Official Community Plan as well as BC Assessment. Other sources such as Reddit and on-line rental sites were used to gather data on current market rents in the region. BC Housing standards for residential dwelling unit size was used to calculate costs and densities. Housing is considered affordable (attainable) when it consumes no more than 30% of a household's gross, pre-tax income. This definition is used by both BC Housing and Canada Mortgage and Housing Corporation.

With recent legislative changes in British Columbia, as well as new funding programs, the support for the development of both market and non-market housing is strong. A review of new funding opportunities for the private sector, local government, and non-profit societies was conducted. Emphasis is placed on collaboration among these groups, aiming to provide expertise and partnership for developing or redeveloping existing sites along with the utilization of the CRD “seed money”.

The Consultant has created criteria for the location of affordable housing projects, defined walkability, researched other land acquisition strategies and ultimately created a model for CRD to use to establish the financial viability of any identified project. The strategy looks at ways for CRD to finance housing projects. The options reviewed were: buy land and partner with a non-profit organization to build and manage housing; buy land, and build and manage housing; purchase turnkey units in market buildings; and purchase existing residential units to ensure affordable housing.

[1] The Local Government Act refers to Land Use Regulation Bylaws. Division 5 of the Act refers to Zoning Bylaws. However, each municipality may refer to their bylaw as a Land Use or a Zoning Bylaw. For the purpose of this reports, we have used the term Land Use Bylaw.

The key findings and recommendations of the Housing Acquisition Strategy include:

- The CRD should be able to respond to opportunities quickly;
- Utilize lands already owned by non-profits, local governments, and senior governments for affordable housing and looking at ways to expand this land inventory;
- Use the Official Community Plan to identify lands for housing and eliminating public hearings for rezoning;
- Pre-zone lands for housing to reduce the costs and time to process applications;
- Increase density bonusing, and relax DCCs and ACCs;
- Use the local jurisdiction authority to waive fees for affordable housing projects;
- Establish inclusionary requirements for affordable housing units in new multi-family residential development projects;
- Locate affordable housing in walkable areas;
- Remove or drastically relaxing parking requirements;
- Lobby to improve transit services; and
- Increase allowable densities and Floor Space Areas in transit-oriented locations to enable these developments to achieve financial viability, as warranted.

The key deliverable of the study is a spreadsheet that allows the CRD to test any potential site for financial viability. The Financial Model will create a pro forma for each individual project identified. The CRD will input the current information for the specific site. The examples completed for this report were based on current municipal LUB regulations and BC assessment for land prices. The Model will allow the CRD to assess each individual site, in collaboration with the home municipality to determine the actual financial viability of each project. The criteria or elements built into the model include:

Land Costs	Architect fees	Operating Costs
Land Financing	Engineering Fees	Periodic Improvements
Construction Costs	Site Servicing	Structural Reserve Fund
Construction Financing	Site Connections	Tenant Improvements
Property Tax Transfer	DCCs and ACCs	Hard Cost Contingency
Other Closing Costs	Landscaping, Signage and Lighting	Furniture, Fixtures and Equipment
Real Estate fees	Project Management	Survey
Property Taxes	Other Consultants	Accounting
GST	School Site Acquisition Charge	Legal
Rezoning Fee	Research and Appraisal	Insurance
Development Permit Application Fee	Building Permit and Inspection Fees	Utilities

The Operator's Manual is provided separate to this report, as it contains proprietary information for the CRD.

1.0 INTRODUCTION

The Capital Regional District (CRD or Region) is the regional government for 13 municipalities and three electoral areas on the southern Vancouver Island and southern Gulf Islands serving over 415,000 people, according to the 2021 Federal Census. This is an 8.4% increase from the 383,360 population of 2016. The CRD also encompasses traditional territories of many First Nations spanning portions of the Region and 11 of those Nations hold reserve lands throughout the CRD. This significant growth in the Region has not been matched by housing construction.

The CRD is similar to many geographies in Canada. There is a critical shortage of affordable housing for a wide variety of households including vulnerable, seniors, supportive and "workforce" housing. The CRD has been involved in finding solutions to the housing shortage for years, including the Regional Housing First Program initiated in 2016, working with BC Housing and Canada Mortgage and Housing Corporation (CMHC). The CRD currently offers services supporting the implementation of an acquisition plan through the Regional Housing Division (Housing, Planning and Protective Services) works closely with the Real Estate Division (Corporate Services). The CRD Corporation is an established and experienced arm of the CRD that will be able to manage and operate funded housing projects due to this strategy.

This study has looked at 10 of the urban municipalities in the Region, and their policies and bylaws to identify the current costs of construction, current costs of land, and the forms that affordable housing could take. The assumption has been made that the form of housing will be in multi-unit residential development to make best use of the land by ensuring an appropriate density. Not all 13 municipalities were included due to the rural nature of some of the jurisdictions. Electoral areas were not included, again, due to the rural nature of the area implying that transit and infrastructure to support multi-family residential developments is not available. In addition to non-market housing, the model developed looks at the opportunity to combine market and non-market housing to provide housing types and prices for all. The study only considered lands within the Urban Containment Boundary.

It was recognized that affordable housing has locational criteria that make lands more or less suited for affordable housing. These include walkability to a wide variety of services and facilities, and access to transit. These walkable/accessible areas were mapped for each of the 10 municipalities.

This report includes the results of research on land acquisition strategies and walkability in other jurisdictions to identify best practices and options. In addition, the Consultant has looked at the Land Use Bylaws (LUBs) and the Official Community Plans (OCPs) of each municipality. This has provided the basis for the financial model, recognizing that a municipality can waive fees, reducing parking and increasing density for specific projects.

Market rental data was captured from on-line rental sites. This rental data for various unit sizes across the CRD was utilized to determine affordable rent levels based on the affordability benchmark. Affordability has been defined as not exceeding 30% of the annual net income before taxes and including other shelter costs (power, taxes, strata fees etc.). Research was also undertaken to identify funding any partnership opportunities with senior levels of government, which includes BC Housing, Ministry of Housing and CMHC. Explorations into the characteristics of existing affordable housing funds and the availability of public lands were conducted, recognizing these as critical components for developing affordable housing in the Region. This information aims to facilitate a deeper understanding of the affordable housing context in the CRD and British Columbia (BC).

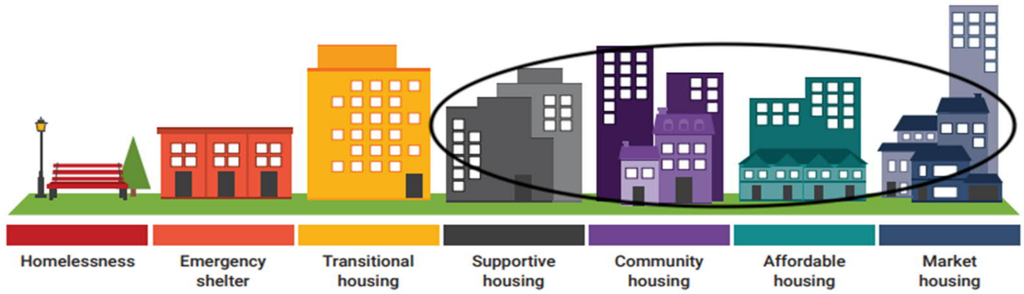
This report was also prepared with the anticipation that the CRD would receive elector approval to borrow $85 million to act as “seed money” for projects as well as to be used to purchase land and buildings.

The primary deliverable of this project is a spreadsheet that will allow the CRD to input the specific information regarding the purchase of a potential housing site and create a pro forma that will indicate the viability of the site, the density and the costs.

1.1 Purpose

The purpose of this study is to complete the research and develop a strategy for a housing and land acquisition strategy for the CRD. The Housing Continuum delineates a broad range of housing types from individuals experiencing homelessness (living on the streets, in their cars, or couch-surfing) to various shelter options, transitional housing, and supportive housing. It contains the near market and market housing both for ownership and rental. The non-market housing comprises supportive, community, and affordable housing, generally encompassing rental units with necessary support services, such as counseling, medical assistance, or financial aid. The market housing needs to have ranges from low to higher income. This study specifically investigates entry-level market housing and all forms of affordable housing, potentially including support for individuals aspiring to purchase their homes as illustrated on Figure 1.

Figure 1: The Housing Continuum[2]



As a component of the CRD's Regional Housing Acquisition Strategy, the application to borrow $85 million is considered to be supportive for the strategy in that these funds will be utilized to catalyze affordable housing development and foster collaboration with municipalities, development communities, and non-profit housing providers.

1.2 Scope

The Request for Proposals specified a scope of work in three phases:

1. Exploration and Analysis;
2. Develop and Compare Acquisition Models; and
3. Preparation of the Final Report and Acquisition Strategy.

A Findings Report was submitted at the end of October 2023. The Scope of work identified direction for the acquisition models including:

- Purchase naturally occurring affordable rental housing;
- Purchase of shovel ready or development ready affordable housing projects;
- Purchase properties for future affordable rental housing development;
- Partner with landowners for affordable rental housing development; and
- Alternative methods.

Phase 3 of the study was to create an evaluation tool to guide investment decision and assess opportunities. This spreadsheet will allow the CRD to complete a walkability assessment for each site under consideration.

The deliverables for the project, included in this report are:

- Background research;
- Engagement Summary;
- Develop and compare potential acquisition models;
- Recommended acquisition models and an evaluation tool;
- Implementation and monitoring plan; and
- Draft and Final Acquisition Strategy.

[2] Canada Mortgage and Housing Corporation Housing Continuum

1.3 Engagement Summary

The engagement for this project included various committees of the CRD in addition to several meetings with staff. The engagement took place during October and November 2023, with the final presentation to the CRD Board in February 2024. Table 1 below details what was included in each meeting.

Table 1: Engagement Summary

Date	Committee/Participants	Key Issues Raised
Sept. 5, 2023	Kick off Meeting with CRD Staff	Provided direction regarding focusing only on rental units. Confirmed to only use the 30% affordability definition.
Oct. 16, 2023	CRD and CMHC	Information provided on National Housing Co-Investment program and discussion of the soon to be announced housing project.
Oct. 20, 2023	CRD Senior Management	Definition of walkability should consider shorter distances than 400 m. Use BC Housing unit sizes and design guidelines.
Oct. 20, 2023	Regional Housing Advisory Committee	Ensure Rapid Transit nodes are included on maps. Consider partnering with private sector. Determine the percentage of units and their sizes.
Nov. 6, 2023	CRD and City of Victoria	Victoria has looked at 15 sites for housing. Victoria uses a 20% premium for lot consolidation for projects
Nov. 27, 2023	District Planning Advisory Committee	Concern that land values were high (BC Assessment was used). Concern that many municipalities reduce parking for affordable housing projects (current adopted LUB regulations were used)
Feb. 7, 2024	CRD Board	Present the final document.

2.0 DEFINITIONS

Addressing the rental housing challenge requires collaboration amongst various stakeholders including senior governments, regional agencies, municipalities, the non-profit development sector, and the development industry. However, these groups often have different perspectives and communication styles adding complexity to the process.

This document uses the following definitions:

"Affordable": means what the average person can afford for rent. For the purpose of this study, the report uses the definition adopted by both CMHC and BC Housing. Affordable housing is when a household does not pay more than 30% of their gross income before taxes on shelter. This includes rent/mortgage, strata fees, heat, and insurance. In 2021, the median household income for renters in the CRD was $60,800, compared to the overall median of approximately $84,000, which includes both owners and renters (Stats Can, 2021 Census).

“Amenity Cost Charges” (ACC): mean the amenities contributed by the developer to the community. Prior to the royal assent of Bill 46, community amenity contributions (CACs) were negotiated between the jurisdiction and the developer to provide some public benefit. Under the new legislation, ACCs will not be negotiated between municipalities and developers at the zoning stage. Rather, ACCs will be known upfront and adopted by bylaw. As with other development finance tools, local governments or the province may waive or reduce ACCs related to the development of certain types of affordable housing. In addition, ACCs will only be imposed on developments that benefit from the specific amenities in question and developers are only responsible for the portion of capital costs assigned to new users. ACCs will not be payable if a development is not expected to result in an increase in the population of residents or workers.

"Density Bonus": means a zoning practice where a developer is awarded additional density and units for the provision of some benefit to the municipality. These benefits may include on-site amenities, affordable housing or cash-in-lieu.

“Development Cost Charge (DCC)”: means a charge on new development applied by Municipalities and regional districts levy to pay for new or expanded infrastructure such as sewer, water, drainage, parks and roads necessary to adequately service the demands of that new development. The DCC is established by bylaw reflecting all benefitting lands. Updating development cost charge bylaw every five years will generally keep the estimates of new development and infrastructure costs current.

“Land”: means the physical sites that can be acquired for development and redeveloped. This can be purchased, donated or transferred and for the purpose of this study generally refers to land for housing development. The land considered in this report is located within the urban containment boundaries of the urban municipalities.

“Profit”: means the net revenue that a developer intends to earn by completing a successful development project.

"Return on Investment" (ROI): means the income generated from investing capital in rental housing, expressed as an annual percentage of the capital amount. For instance, a $10 million investment with a 5% ROI would yield a $500,000 annual net income. Investors generally expect a three-part return: initial net income, gradual increases assuming rising rents, and potential profit from future asset sales exceeding the purchase price. ROI is not considered when developing publicly owned affordable housing projects but will be considered if a partnership of market and non-market housing is considered.

"Risk": means, in real estate projects, the potential for not meeting target profit or ROI, leading to a loss. Main risks in rental housing development include market risk (unlikely in Metro Vancouver currently), cost risk (rising construction costs), approvals risk (uncertainty, duration, and complexity of the approvals process), and regulatory risk (e.g., rent controls, constraints on keeping pace with market rents, and renovation restrictions).

3.0 STRATEGIC OBJECTIVES

The primary objective of this work is to develop a strategy for the CRD for the expenditure of public funds to increase the supply of affordable rental housing in the urban municipalities within the CRD. To do this, the strategy has considered tools and criteria for the identification of sites and level of development that will be financially viable. Challenges have been identified and recommendations for overcoming the challenges and adding to the overall housing stock in the Region.

The Strategic Objectives for this report are:

- Use public funds responsibly;
- Increase the overall number of housing units;
- Increase the total number of affordable and appropriate housing units;
- Consider partnerships for the provision of affordable housing;
- Establish “best practices” for defining the locations for affordable housing; and
- Create tools for the CRD to assess the financial viability of potential sites for affordable housing.

4.0 KEY FINDINGS

The research has provided several key findings for the basis of this report and the recommendations:

- Land cost is a major barrier to affordability. Use of public funds to acquire land for housing, increases the affordability and long-term security of the housing project.
- Purchase and rezoning of land for affordable housing will speed up the delivery of housing. Funders require the lands to be secured and appropriately zoned. Not-for-profit organizations are often challenged with the planning process and having the land zoned for the appropriate use removes the potential for residents who may not support affordable housing to have political influence.
- Parking is a cost barrier to the provision of affordable housing. Whether surface or underground, parking is costly and undermines the financial viability of a project. By providing affordable housing in walkable areas serviced by transit, parking requirements can be reduced or eliminated. In addition, new legislation, which takes effect June 30, 2024, states that developments with 6 or less residential units, does not have to provide on-site parking. It is left to municipal discretion.
- Most Housing Needs Assessments identify the primary need for housing as affordable, appropriate rental units. This strategy has focused on rental units.
- There is a need for larger rental units for families. The market cannot provide affordable 3-bedroom units. This must be part of the strategy.
- There are many partners to consider when the CRD is considering an affordable housing project including the federal and provincial governments, not-for-profit organizations as well as private sector partners.
- Affordable housing locations must consider walkability and less dependence on personal vehicles. This places a much greater emphasis on timely and well-located transit, as well as bike lanes and safe walking trails/sidewalks.

This report explores a variety of strategies for increasing the availability of land for new affordable rental supply:

1. Utilizing lands already owned by non-profits, local governments, and senior governments for affordable housing, and exploring innovative methods to expand this land inventory.
2. Using the OCP to identify lands for housing, thereby not requiring public hearings for rezoning.
3. Pre-zoning lands for housing to reduce the costs and time to process applications.
4. Using the rezoning process and associated tools to allow for density bonusing, relaxation of DCCs and ACCs.
5. Using the local jurisdiction authority to waive fees for affordable housing projects.
6. Establishing inclusionary requirements for affordable housing units in new multi-family residential development projects.

These approaches can be used in combination. It is common, for example, to combine an inclusionary housing requirement with higher density, so that the value of the new density offsets the costs of providing affordable units.

It is important to note that while the CRD was developing this strategy, the CRD was also seeking permission to borrow $85 million for seed money for affordable housing projects. However, the CRD does not have any jurisdiction over land, zoning, development regulations, subdivision or Development Permit Area interpretation. The CRD must work in partnership with the municipalities to identify locations for affordable housing that have municipal support for rezoning and development.

The report looks at 10 urban municipalities and provides a financial model for the CRD to utilize for each potential opportunity, as well as developing criteria for sites and development scenarios.

Provided in this report are examples of how the definitions and assumptions apply to a municipality. The two primary deliverables of this report are:

1. The provision of a financial model for a direct and automated comparison of various scenarios. The parameters of the financial model include built form (density, usage mix), costs (land, hard costs, soft costs, and financing), and operating revenue over time. The municipality builds their current regulations or reduced regulations into the proforma model to determine the financial viability of a specific site.
2. The provision of a strategy of how best to utilize the CRD finances to create the maximum number of affordable housing units.

4.1 Context

The CRD is the regional government for 13 municipalities and three electoral areas on southern Vancouver Island and the Gulf Islands, serving about 440,000 people. The traditional territories of many First Nations span portions of the region and 11 of those Nations hold reserve lands throughout the capital region. While each municipality has jurisdiction over their own land use, the Regional Growth Plan guides development throughout the Region. And while zoning and development falls within the jurisdiction of the municipalities, the CRD has determined that housing is a critical issue and requires the participation of the CRD along with senior levels of government to work towards alleviating the housing crisis.

4.1.1 The Capital Region Housing Corporation

The Capital Region Housing Corporation (CRHC) is a wholly owned subsidiary of the CRD and mandated to address affordable housing needs within the CRD. Managing more than 50 housing complexes across eight municipalities, CRHC is the Region's largest social housing provider, delivering affordable, inclusive, and sustainable housing for low-and-moderate-income families, low-income seniors, and individuals on government disability pensions. CRHC strives to offer safe, suitable homes that remain affordable as residents' circumstances change.

4.1.2 CRD Seed Funding

The CRD realizes that the seed funding for these projects is critical to the success. The purchase of the land, or the front end of the construction, or buying turnkey units with the application of housing agreements, all contribute to the provision of affordable housing: both rental and owned. To further this initiative, the CRD is awaiting final approval from the CRD members to borrow $85 million to continue participating in the provision of affordable housing.

This money, along with money contributed by the participating municipalities will provide seed money for many more projects. The recommendations of this report and the strategic actions will direct the spending of this money to provide the “biggest bang for the CRD buck” to make that money stretch and create as many housing units as possible.

4.2 Publicly Owned Rental Housing

An additional potential solution involves a substantial increase in direct government investment in rental housing, mainly through extensive land acquisition. This approach aims to make sites available to rental housing developers at an affordable cost. While the report explores this approach to some extent, the complexity arises due to the high land prices in the region. Relying solely on purchasing land at market value to accommodate the needed rental housing would require an enormous capital investment.

Metro Vancouver Example

Metro Vancouver estimates an annual need for approximately 6,000 new rental units, encompassing social housing, non-market, affordable, and market rental units. To illustrate, if these rental units were distributed throughout the region, assuming average land values of $100 per buildable square foot of strata apartment residential space (a likely conservative estimate), the required capital investment in land alone would be around $450 million per year. This projection, based on an average unit size of 750 ft^2, implies a land cost estimate of 6,000 units x 750 ft^2 per unit x $100 per ft^2 buildable for land.

Considering construction costs and rental rate structures, this investment might be recouped over the long term. However, it necessitates substantial cash or borrowing to build and maintain this extensive housing portfolio. If construction costs an average of $450 per ft^2, an additional $2 billion per year in construction investment is required, leading to a total annual investment of approximately $2.5 billion for both land and construction.

The Vancouver example illustrates that seeking the investment to meet the region's rental housing needs poses a financial challenge. If housing prices in Metro Vancouver persistently outpace incomes, substantial government housing investment, akin to models observed in communities like Vienna, may be imperative for a long-term solution. On a smaller scale, Whistler has implemented a localized approach, reserving a subset of housing exclusively for employees and pricing it based on local employment income rather than global demand for resort property. Transferring this concept to the regional scale; however, may hinge on whether the required capital investment is within the government's capacity and willingness. If not, it may be necessary to rely on the private sector and non-profit organizations to continue providing a significant share of new rental housing for the foreseeable future.

Affordable housing, by its very nature, needs to reduce the costs for the residents. This also implies that the reduction of dependence on personal vehicles is a priority to allow people to access services and facilities without the need for a personal vehicle. This leads to the location criteria for affordable housing to be based on walkability to services, employment opportunities, education, and recreation. The next section provides a walkability definition to be used in the location of projects.

To complete a land acquisition strategy, it is critical to understand where the land should be acquired to be the most effective for affordable housing.

5.0 WALKABILITY

One of the critical elements in the development of affordable housing is the location of the housing. Affordable housing implies that the residents may have financial limitations and need to be located close to transit. In addition, in an attempt to create complete communities, proximity to services and facilities reduces the dependence on personal vehicles and driving and reduces greenhouse gas emissions. Therefore, this study has assumed that any site being considered for affordable housing, should be a site that is considered walkable. There is no common definition for walkability for the CRD or the member municipalities in policy or regulatory documents. This section looks at the benefits of walkability, a proposed definition of walkability and examples of walkability maps for the CRD's municipalities.

5.1 Best Practices of Walkability

In urban planning, walkability focuses on making amenities accessible by foot, emphasizing the need for complete and inclusive communities beyond transport corridors designed for maximum vehicle throughput. This approach aligns with recent trends, recognizing the health, economic and environmental advantages. For affordable housing, it is crucial to be within walking distance of transit stops, facilities and services, necessitating not only proximity, but also supportive infrastructure such as footpaths, sidewalks, bike lanes, and traffic management. But what is considered walkable?

This assessment emphasizes location, density, and functional mix, revealing challenges in promoting multi-unit affordable housing in rural areas where infrastructure may be lacking, and density does not offer economies of scale. Walkable environments, with concentrated populations and diverse destinations, reduce reliance on personal vehicles, enhance resident health, lower carbon footprints, and support public transit – aligning with OCPs.

The following are three "best practices" to define walkability and guide the creation of a definition for the CRD:

1. Walk Score – this is a realtor-utilized metric that, and while valuable, has limitations. It does not account for sidewalk presence, transit frequency, traffic complexity, local crime rates, or weather conditions. Furthermore, it does not distinguish between amenities, treating a major grocery store and a small convenience store equally. The score ranges from 1 to 100, with 100 indicating an ideal pedestrian environment and 1 indicating heavy reliance on personal vehicles. While trademarked, Walk Score provides:
   - A Walk Score, based on walking routes to destinations such as grocery stores, schools, parks, restaurants, and retail.
   - Pedestrian friendliness metrics include population density, average block length, and intersection density.
   - Transit Score calculates distance to closest stop on each route, analyses route frequency and type.
   - Bike Scored based on bike infrastructure, topography, destinations, and road connectivity.

2. 15 Minute City – The 15-minute city is an urban planning concept in which most daily necessities and services, such as work, shopping, education, healthcare, and leisure can be easily reached by a 15-minute walk or bike ride from any point in the city. This approach aims to reduce car dependency, promote healthy and sustainable living, and improve wellbeing and quality of life for city dwellers. Implementing the 15-minute city concept requires a multi-disciplinary approach, involving transportation planning, urban design, and policymaking, to create well-designed public spaces, pedestrian-friendly streets, and mixed-use development. Recent trends in remote working support this concept. Criticism of this process includes the fact that not everyone walks at the same pace, it does not factor in terrain, and it only reflects very urban living.

3. 400/800-m Distances – Many jurisdictions use a standard distance calculation. This often focuses on distance to transit but can be applied to other uses and services. Research has demonstrated that most people are willing to walk for 5 to 10 minutes, or approximately ¼- to ½-mile (1,320 feet or 400 m to 2,640 feet or 800 m) to a transit stop. While this may appear to be the simplest practice, it also provides a municipality with a quick and easy assessment. The first step is to map transit routes and identify the frequency of the route. A route that runs infrequently is not considered the same as a route that operates long hours and provides frequent service. And while 800 m may be a reasonable distance for able bodied people, it may be beyond the reach of children or people with physical restrictions to walk.

5.2 Definition of Walkability

Considering the three best practices, this report recommends a definition of walkability to be used in the modelling for the CRD investment in affordable housing and how each municipality should define walkability in their policy documents.

It is noted that municipalities may create specific criteria. The recommendation provided here looks at an industry standard that generally provides accessibility for all. In addition to considering distance, accessibility is also an issue. For example, are there sidewalks or sidewalk cuts (for wheelchair, stroller or scooter access)?

The walkability assessment also recognizes transit routes and the frequency of service. But some more rural areas have less regular service, and it needs to be determined if a bus that runs once every four hours, rather than once every 20 minutes, is truly considered a benefit to walkability.

Diverse land uses and urban densities are major determinants of walkability. This if often not available in smaller, more rural municipalities.

The recommendations for walkability are:

a. Every municipality amend their OCP to include a walkability definition and policies to support the development of walkable areas. These policies could include:
    - Encouragement for mixed land use and greater development density to shorten distances between homes workplaces, schools, and recreation so people can walk or bike more easily to them.
    - Work with BC Transit to provide frequent transit between high density residential areas to major employment nodes to reduce the dependence upon automobiles.
    - Support the construction of pedestrian and bicycle infrastructure.
    - Ensure affordable housing is available for people of all income levels and family types.
    - Incorporate parks and public spaces in all comprehensive mixed-use developments where people can gather and mingle as part of their daily activities.
    - Utilize ACCs to increase complete communities and improve walkability to increase access, remove barriers, and reduce the need for personal vehicles.

b. It is recommended that the CRD adopt the following definition of walkability:
    - Land within 400 m of a transit stop that provides service every 30 minutes or faster service.
    - Within 800 m of a minimum of three of the following services: school/educational facilities, medical services, grocery store (not merely a convenience store but a full grocery store), financial institutions, government services building (social services, child welfare services), parks and recreation, day care, religious/places of worship

facilities, employment opportunities, shopping centers, food and beverage services, libraries, and personal services (insurance, beauty salons and barbershops, health and wellness services).

For this report, Saanich was selected to demonstrate the walkability criteria. All municipalities and their walkability maps are illustrated in Appendix A. Figure 2 illustrates how the 400 m criteria is applied to Saanich and what areas would be considered walkable based on this definition. It is noted that the more urban the municipality, the more walkable. For example, the City of Victoria is extremely walkable, while Colwood and View Royal are more rural, and have less walkable areas. It is noted that when a specific site is identified, the walkability map will be updated by the municipality to confirm the site meets the criteria.

It is also noted that when a specific site is selected, the bus routes and schedules should be reassessed, as BC Transit may have altered routes and timing.

Figures 2 and 3 illustrate how the walkability criteria would apply to Saanich. The figures for all municipalities are provided in Appendix B.

Figure 2 illustrates the areas within 400 m of bus routes and bus stops. Figure 3 illustrates how the walkability definition includes the services and facilities in the criteria. Developing a community definition will allow the CRD to better define existing areas in districts where multi-family development is ideal. This map has defined an area in a district that meets a “whole community” definition: 400m from transit stops, 800m from grocery stores, schools, parks and trails.

Figure 2: 400 m Transit Walkability for Saanich

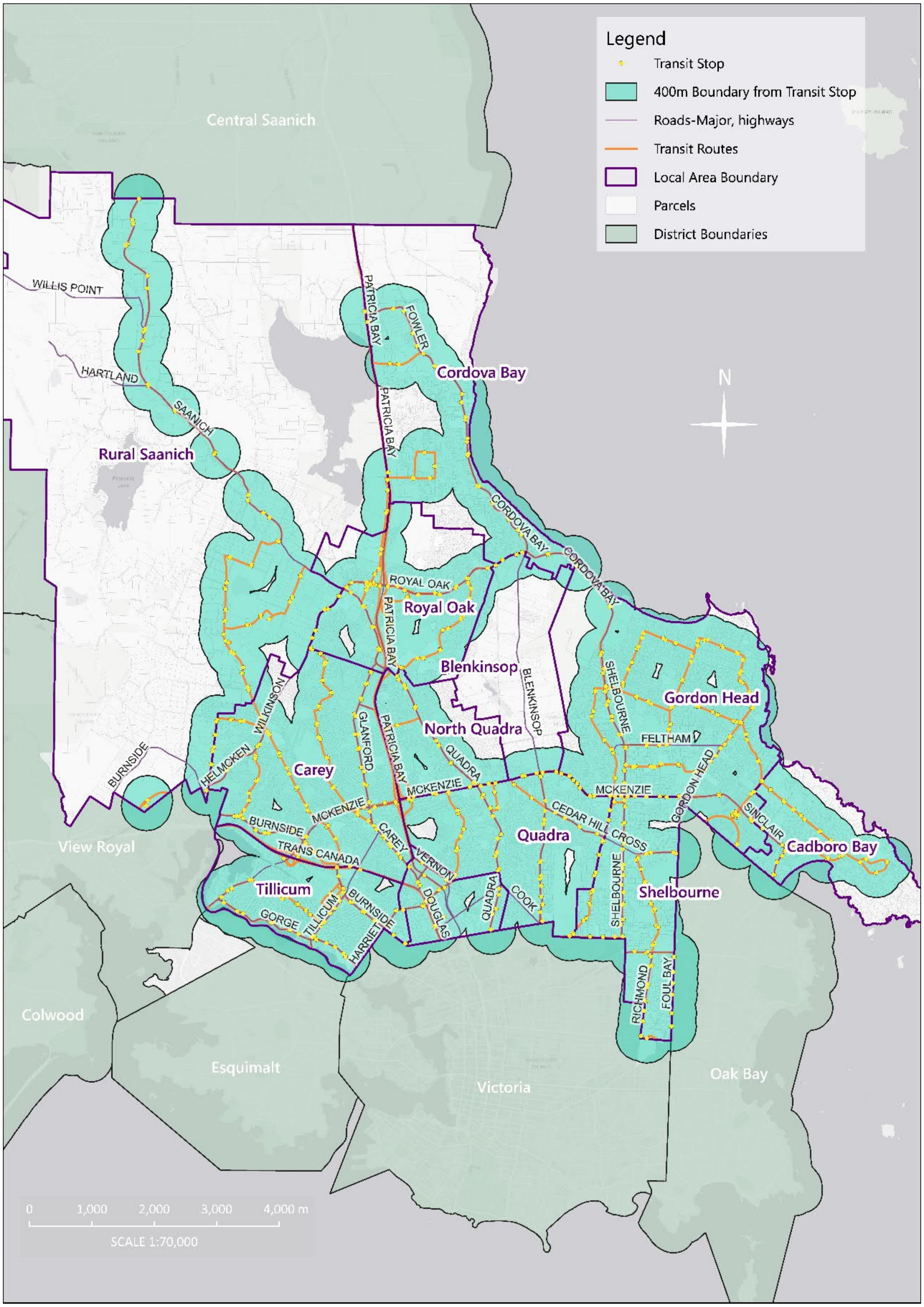
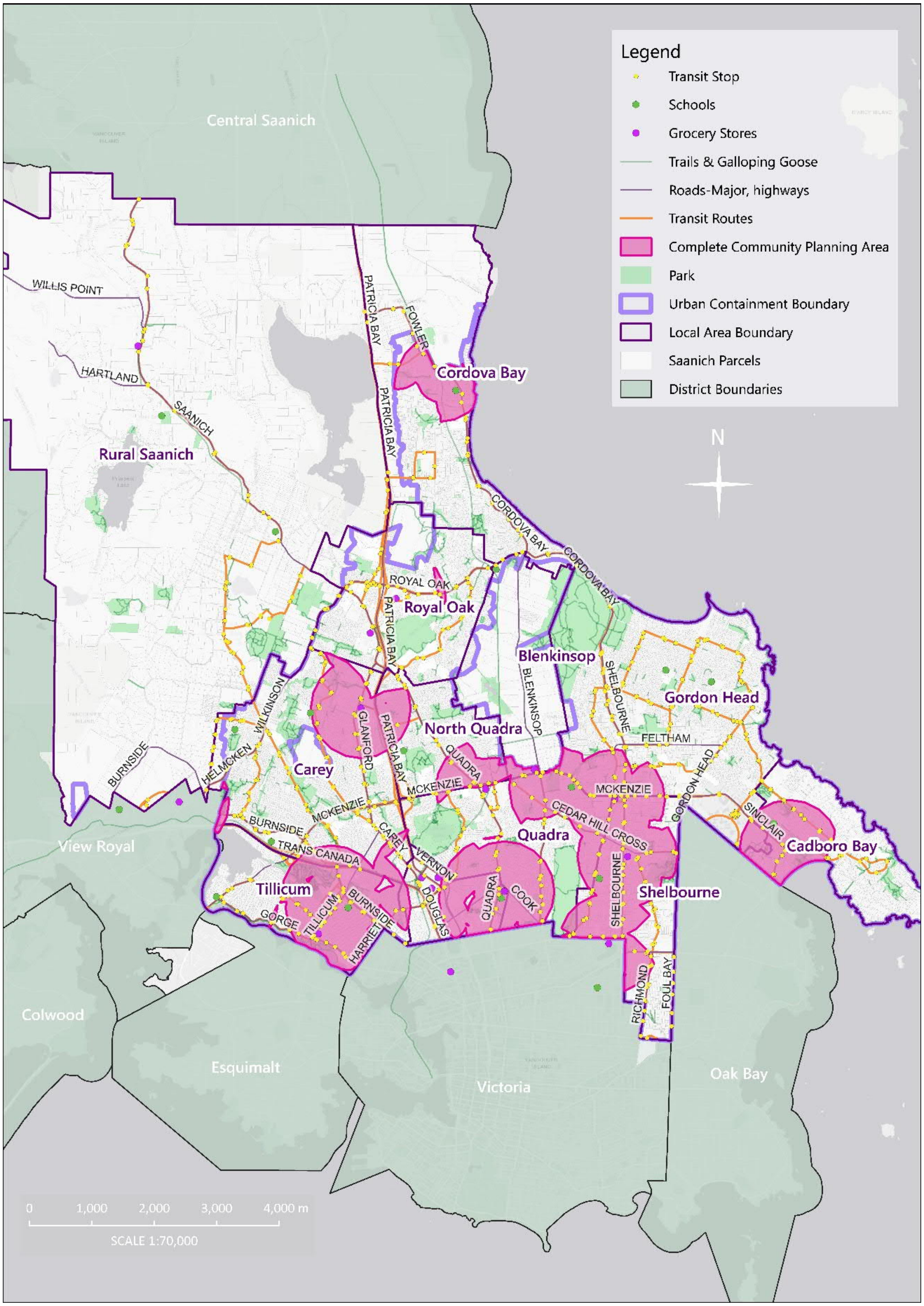


Figure 3: Community Services and Facilities Walkability for Saanich



6.0 LOCAL GOVERNMENT ACQUISITION STRATEGIES

This section provides some examples of other jurisdictions that have implemented government acquisition strategies.

6.1 Local Government Acquisition Strategies

While Canada has lacked systematic support for housing acquisitions, there are several examples at the national level as well as at the local level of municipal acquisition strategies. The examples provided in Table 2 demonstrate a variety of ways to deliver affordable housing.

Table 2 highlights four well-developed Canadian approaches that hold significant promise for rental housing acquisition. These municipalities have implemented acquisition strategies that include options to build, provide seed money and partner to develop both affordable and market housing. Through local government housing acquisition strategies, the theory is that there will be an overall increased supply of rental units available potentially leading to market adjustment and producing more affordable/reduced rental rates.

Table 2: Local Government Acquisition Strategies across Canada

Jurisdiction	Units	Rents	Funding
Halifax (Community Housing Acquisition Program)	335 units to date, in at least three projects, - Properties with at least five self-contained units (or private rooms in a rooming house), where at least 30% of units have rents at or below average median rent (AMR).	The City of Halifax managed the project. At least 30% of units in a project must be rented below the Average Market Rents, with rental increases limited to the Consumer Price Index or legislated rate, and tenant income must be below the Household Income Limits, except for existing tenants.	The funding type is a loan offering up to $10 million per project with up to 95% financing (100% for supportive housing), plus an additional 10% for major repairs, a maximum 30-year amortization, and flexible or fixed interest rates. The City of Halifax is primarily an administrator of the program rather than a financial contributor.

Jurisdiction	Units	Rents	Funding
Toronto (Multi-Unit Residential Acquisitions Program - MURA)	50 to 67 units per year, focusing on small apartments and rooming houses with 5-60 units whether vacant or occupied or at risk of being lost due to conversion.	99-year affordability, where no single unit exceeds 100% of AMR, and the overall project average does not exceed 80% of AMR.	Grants of up to $200,000 per unit for small apartment buildings and $150,000 for rooming houses, including permit fee and property tax waivers, with at least 20% of annual funding dedicated to acquisitions by Indigenous housing organizations. The City of Toronto has committed over $1.3 billion in land value, capital funding and financial incentives to the program.
City of Montreal Montréal's Right of First Refusal Program	Right of First Refusal to Purchase Multi-Family Properties: 277 pre-selected sites.	Not program specific.	Grant funding program. Approx. $10 million a year (for housing).
Vancouver	105 Single Room Accommodation (SRO) properties (2,500 rooms) to purchase and renovate.	Housing Agreements to control rents geared to income.	Total Cost = $1 billion Contingent on federal and provincial funding.

6.2 Acquisition Program Highlights

The success of many acquisition programs is related to the partnerships between local governments and the non-profit sector. The Halifax, Toronto, and Vancouver examples partnered with the non-profit sector to provide affordable financing to housing providers. Partnerships were made possible through establishing agreements to manage significant financial resources for property acquisitions. Ordinarily, banks are unlikely to approve large financial loans to buy housing in the non-profit sector unless there is local government support structured to de-risk lending by transferring the creditworthiness to the non-profit borrower. Halifax's Program was launched in July 2022 as Canada's first dedicated provincial acquisitions program since the 1990s. According to Woodford (2022), the loan program "helped in getting the Bank of Montréal on board," and enabled the Nova Scotia Housing Trust to acquire a large portfolio of buildings, which would not have been possible otherwise. The program also provides non-profits with much-needed equity, via a 95-100% loan offered with a low interest rate. (Source: Hart Report 2023)

The challenges associated with the Halifax program is the funding model was to provide loans with no long-term affordability requirements. This made it difficult for operators to sustain affordable rental rates. Housing providers depend on income streams from properties to repay the loans and support daily operations, but if costs mount rents could go up. As such, the program may prove to be ineffective in supporting long term affordable housing without other subsidies. Funding levels of $10 million-per-project limit, while intended to help catalyze other investment, is unlikely to support large-scale acquisitions.

In contrast, Toronto's MURA Program is rooted in the certainty it provided to the non-profit sector through its pre-approval process, which provided groups with up front predictable funding support. The City's pre-approval process allows them to shop for properties knowing the money is available. A 10% up-front funding transfer allows non-profits to act fast if a promising building comes up for sale (putting down a deposit, conducting a building condition assessment, and so on). The City's commitment to approve projects quickly and transfer full funding within 30 days means that non-profits can move at the speed of the market.

The MURA offers funding via direct grants rather than loans that must be repaid. Grants allow for deeper levels of affordability than loans. In addition, grant funding provides much-needed equity, allowing non-profits to obtain financing from non-state actors. Most banks will only offer a loan on 70-80% of the value of a building without other guarantees in place, and non-profits are not likely to have 20-30% of a building's value in equity on hand.

Toronto's program far exceeds affordability timelines set by other acquisition programs. Long-term Affordability Requirements: which range from 15-60 years in length. The City of Toronto's mechanism for ensuring affordability is quite unique as the City's grant funding is given as a 99-year forgivable loan, in which the outstanding balance is reduced by 1% each year. This provides a lien on the title that secures the 99-year affordability commitment. A downside of this mechanism is that the 'grant' appears as a loan liability on the books of non-profits, which can affect their business operations and ability to access further financing.

The City of Toronto has committed funding to MURA for two years and would like to continue the program but has yet to secure a long-term funding arrangement (City of Toronto, 2021). The main challenge is that annual funding commitments are low so very few affordable buildings can be acquired through this program. More funding is needed to scale up the program.

The City of Montreal's Right of First Refusal is a proactive approach to protecting vulnerable areas. Montréal has pre-selected 'at-risk' sites in the city that should be protected for affordable housing to prevent displacement, curb gentrification, and maintain neighbourhood diversity. This is the only

Canadian program that has a systematic approach to identifying buildings to acquire in advance, rather than buying properties reactively. The program has the potential to prevent the erosion of affordable housing by stopping the sale of affordable buildings and acquiring them for social ownership.

The main challenge with all the examples is the lack of funding. Despite a recent announcement of approximately $10 million annually for acquisitions (Ville de Montréal, 2021), the main limitation of Montréal's program is the lack of funding to make its aspirations (covering 350+ properties) real. The City has an excellent framework in place to pre-identify affordable housing and protect it from loss, but without substantial resources for acquisitions, properties that come up for sale will not be purchased through the program.

In the City of Vancouver's Downtown Eastside, the Province of BC had previously acquired 24 SRO properties. The program, a public-private partnership, funded renovations and turned the properties over to non-profit societies, with agreements and maintenance funding to manage them as long-term supportive housing for 15 years. In 2020, the City of Vancouver launched the ambitious SRO Purchase Plan (City of Vancouver, 2020), to purchase and renovate all remaining private 105 SRO properties (2,500 rooms). A continuation of a previous SRO revitalization effort (City of Vancouver, 2017), the plan's estimated cost is $1 billion, contingent on federal and provincial funding.

A major challenge facing BC and Vancouver's programs is the absence of a discrete funding path. Vancouver's Single Room accommodation (SRO) purchase plan depends on $1 billion from other orders of government that is not confirmed. The City and Province have used equity subsidies, loans, direct state acquisitions, and even expropriation to acquire rental properties on an ad hoc basis. A more systematic approach to property acquisition strategy with guaranteed funding sources would provide more certainty to non-profits seeking to protect affordable housing.

The theme emerging across the four Canadian case studies is that they lack adequate funding at the scale needed to address the affordable housing crisis. These programs tend to focus on small buildings (rooming houses or small apartments) and support very few properties per year. More funding could scale-up and support existing local and provincially designed programs. For example, the Toronto MURA, program could be adopted by cities across Canada and supported by federal or provincial funds.

One approach to scale up funding has been put forward by the Federation of Canadian Municipalities (FCM; 2020). FCM recommends funding for two kinds of acquisitions, with large-scale federal investment. First, their deeply affordable supportive housing option would work to house the homeless and other vulnerable populations. For this, FCM recommends a program to provide grants for 100% of the cost of acquisition, estimated at $170-400,000 per unit, plus $40-90,000 for renovations per unit. An annual contribution of $3.5 billion would support an estimated 12,000 deeply affordable units. Second, their moderately-affordable workforce housing option would support acquisition of currently affordable apartments at risk of becoming unaffordable. In these properties, it is assumed that rent levels would remain the same after acquisition or be gradually reduced over time (and to deeply affordable levels if layered with other funding programs). This type of housing could be supported with a combination of loans (75% of project costs) and grants (25%), with costs of $150-350,000 per unit for purchase plus $20-50,000 per unit for repairs. For $585 million in capital grants, FCM calculated that the federal \government could support non-profits in acquiring 10,000 moderately affordable apartment units. (*Hart Report, Daniels and August 2023*)

Successful acquisition strategies establish clear affordability parameters for acquired properties, that both preserve existing affordability and generate deeper affordability over time. The research indicates that North American programs set out key criteria to target properties for acquisition including: (i) rent at 80% of average market rent (AMR), and or are (ii) affordable to households earning 80% of area median income (AMI). These properties may not provide deep affordability at the outset, but they can be acquired and operated initially with minimal (or zero) operating subsidy. Robust programs have accountability mechanisms and outline minimum affordability levels that must be maintained for acquired properties. The City of Toronto's MURA program, for example, requires that no unit exceed 100% of AMR, and that a property's average rents not exceed 80% of AMR. Toronto's' program requires this standard to be met over 99 years. Effective programs go further to deepen affordability over time. San Francisco's Small Sites Program includes a tenant succession strategy to ensure that when a unit is vacated it is made available to an incoming resident with a lower income. Greater affordability can also be incentivized through program design, by providing additional operating subsidies or 'bonuses' in the form of higher grant values per unit. California's Project Homekey[3], for example, provided greater operational subsidy if lower tiers of government contributed matching capital grants for acquisition. Deeper affordability can be achieved by stacking rental income supports (City of Toronto, 2021).

6.3 Property Acquisition Initiatives

Other municipal programs include the purchase of existing structures to ensure that they remain affordable. The building remains a municipal asset, the project is often managed by a non-profit organization and rent is controlled through tools, such as Housing Agreements or municipal housing policies.

Table 3 addresses some initiatives being undertaken by individual municipalities. It is also important to note other agencies and not for profit organizations that support affordable rental. The Rental Protection Fund, acknowledges that the most affordable housing, is the housing we already have. The Fund provides capital contributions to non-profit housing organizations to help them purchase

[3] Source: Acquisitions for Affordable Housing: Creating non-market supply and preserving Affordability. Housing Assessment Resource Tools (HART) Project. Joseph Daniels Martine August 2023

existing, occupied, purpose-built rental buildings – and retain their affordability and stability over time. This is an applicant-led process funded by the Province of BC through the Ministry of Housing.

Table 3: Property Acquisition Examples

Jurisdiction	Year	Units	Construction Cost/ Investment	Rents	Funding
Chilliwack, BC	2021	80	$21.8 million (With annual operating subsidy of approximately $2.4 million)	Supportive	• BC Housing (Supportive Housing Fund)
Surrey, BC	2021	28	$8.7 million, annual operating subsidy of about $840,000	Supportive	• BC Housing
100 Mile House, BC	2019	33	$2.9 million	Affordable rental	• Housing Hub
Kamloops, BC	2022	53	$10.1 million	Affordable rental	• BC Housing and Canada Mortgage and Housing Corporation
Edmonton, Alberta (AB; Affordable Housing Investment Plan)	2019-2022	2500	Overall Construction Cost: $507M (approximate) City of Edmonton's contribution: $132.7 M Expects contribution from other government orders, equity, and financing from affordable housing providers to fill the gap of $377 M.	Affordable Housing	• City Resources: $132.7 million - 360 secondary Suites: $7.2 million-75 Surplus School Sites: $31 million • 500 Grants: $40 million • 600 Permanent Supportive Housing: $29.6 million • 200 City-owned Housing Inventory: $14.4 million • 365 Existing Commitment: $10.5 million

Jurisdiction	Year	Units	Construction Cost/ Investment	Rents	Funding
Calgary, AB	2021-2022	82	$30 million	Affordable Housing	• -Government of Alberta ($1 million) • -Government of Canada ($1 million) CMHC through the Phase 2 Rapid Housing Initiative ($16.6 million); Collaborative Capital Campaign fundraising ($5.7 million); the City of Calgary ($5.5M); and CMHC in seed funding ($200,00).

7.0 PARTNERSHIPS AND FUNDING

One of the hard facts about affordable housing is that in hot real estate markets, the only way to achieve affordable housing is with government intervention. The primary funding sources and potential partners for this initiative originate from various levels of government, with an additional opportunity for collaboration with the private sector.

BC Housing has several programs that could apply, which generally do not include the purchase of the land. Often in affordable housing projects, the land is donated or is excess municipal land or has been purchased by the municipality. The CRD should work with the local municipalities to identify vacant or available municipal land, or lands that will be sold for taxes. These or lands must be located within the urban containment boundary, meet the requirements for walkability be appropriate for higher density housing.

Table 4: Housing Funding Sources

BC Housing	CMHC	BC Ministry of Housing	CRD
• Community Housing Fund • Secondary Suites Incentive Program • Affordable Rental Housing • Housing Hub	• Housing Accelerator Fund • National Housing Co-Investment Fund • Preservation Fund • Affordable Housing Innovation Fund • CGAH Retrofit Funding • Rental Construction Funding Initiative • Seed Funding (anticipated to return in 2025)	• Development Application Permit Review • Housing Needs Assessments • Legislative Changes (Bills 44 46 and 47)	• Capital Region Housing Corporation • $85 million borrow

In addition, partnering with private developers to either buy turnkey units, or to participate in the entire project for a percentage of the units to be controlled as affordable by housing agreement.

8.0 MUNICIPAL POLICIES AND BYLAWS

As noted earlier, while this is a CRD initiative, the local municipality controls the land use, development permit, subdivision and building permit process. For this study, a scan was made of each of the 10 municipalities included in the assessment for affordable housing. This review of municipal documents looked at density and parking requirements, supportive policies in the OCP and identified areas for affordable housing in OCPs.

It is recognized that municipalities with rural character and electoral areas are not best suited to higher density multi-unit housing. Lack of piped services, low density development and significant distances between services and residential development, preclude these areas as targets for affordable housing.

Addressing the rental housing crisis requires decisive action, acknowledging the disparity between rental construction and demand, as evidenced by decreasing vacancy rates and increased rents. Local governments, rental housing developers, and the province are actively exploring diverse strategies to foster the development of more affordable units, with the focus on rental units.

This section looks at what is being done and what can be done to expedite the development of housing, and specifically affordable housing.

8.1 Municipal Authority

Municipal powers in BC flow from the *Local Government Act* (LGA) and the Community Charter. Regarding rental housing, these two pieces of legislation enable municipalities to act in a variety of ways to regulate development, make land available, support affordable rental developments, or construct and operate rental housing.

Perhaps the most sweeping authority is created by Section 8 of the Community Charter, which states in Section 8.1 that "*A municipality has the capacity, rights, powers and privileges of natural person of full capacity*" and in Section 8.2 that "*A municipality may provide any services that the council considers necessary or desirable and may do this directly or through another public authority or another person or organization*."

These sections enable broad scope to fund housing, provide land for housing, own and operate housing, or assist organizations in the development and operation of housing.

As well, Section 24 anticipates that a municipality might dispose of land or improvements for less than market value, guarantee a loan, or partner with another organization, although public notice is required and Section 25 states that a council “must not provide a grant, benefit, advantage or other form of assistance to a business”.

The Charter also enables municipalities to provide property tax relief under various circumstances. For example, Section 224 authorizes permissive exemptions for property taxes which could exempt land and improvements owned by a non-profit organization, which could be used for affordable housing. Section 226 allows revitalization tax exemptions which could be used to reduce property taxes for up to 10 years for various kinds of development, which could include rental housing even if owned by the private sector (because revitalization tax exemptions are excluded from the general prohibition against providing assistance to a business). These powers allow municipalities to vary requirements to increase the total number of residential units, as well as affordability.

Municipalities can affect affordable housing by strategically enacting a variety of policies, programs, and initiatives across the areas it has jurisdiction. Appendix C provides a non-exhaustive inventory of measures that local jurisdictions could initiate, to reduce barriers and increases opportunities for creating affordable housing options.

It is acknowledged that in an effort to create an attractive community, increasing active transportation, and ensuring parks and recreation spaces and facilities for residents, municipal requirements often affect affordability. The more a developer is asked to contribute or provide, the less affordable the housing becomes.

8.2 Zoning, Development Cost Charges, Amenity Cost Charges and Affordable Housing

The LGA, as well as recent Bills 44, 46 and 47, contain direction and provisions that can be used to support affordable rental housing. There are three main ways in which the zoning authority allows local governments to take positive action to facilitate affordable housing:

1. Under Section 479, BC municipalities can enact LUBs to regulate land use and development parameters. Municipal Councils, with discretionary powers, can set conditions during rezoning, requiring public benefits like Amenity Cost Charges, affordable housing (units or funds), and heritage conservation. This rezoning flexibility is commonly used to negotiate affordable housing inclusion in redevelopment, often secured through housing agreements or transfers of ownership.
2. Section 482 enables municipalities to use density bonusing as a way to obtain affordable housing or public amenities. Density bonus bylaws establish a base density that is achievable without providing public benefits and additional density that, at the developer's option, can be achieved if a prescribed affordable housing component (usually secured via a housing agreement) or other amenity contribution is provided.
3. Section 481, adopted in 2018, gives municipalities a new zoning power to "…limit the form of tenure to residential rental tenure within a zone or part of a zone…in which multi-family residential use is permitted". This limit could apply to an entire parcel or to a specified number, portion, or percentage of units in a building.

In addition, the new legislation continues to provide support for housing, including affordable housing.

- Bill 44 – *Housing Statutes (Residential Developments) Amendment Act 2023* – Section 464 states that a local government must not hold a public hearing and proposed zoning amendment if the application conforms to the OCP, if the application is only for residential uses and if residential accounts for at least 50% of the gross floor area. Public hearings are often adversarial, sway political decision making and add to the cost, time and risk of approvals of affordable housing.
- Bill 46 – *Housing Statutes (Development Financing) Amendment Act 2023* – Division 19.1 addresses Amenity Cost Recovery. Section 570.4 states that no ACC are payable "in relation to a development for any class of affordable housing prescribed by regulation." Currently amenity contributions are negotiated between the municipality and the developer and are considered to be one of the contributing factors to unaffordable housing.
- Bill 47 – *Housing Statutes (Transit Oriented Areas) Amendment Act 2023* – Section 481.01 says that an authority cannot prohibit or "restrict any duty or use or a size or dimension of buildings or other structures set out in the regulations in relation to land that is in a transit-oriented area and zoned to permit:
    a. Any residential use, or
    b. A prescribed use other residential use."

The LGA also allows municipalities to impose DCCs on new development, to help fund growth-related community-wide infrastructure. With few exceptions, the allowable infrastructure is limited to water, sewer, roads, drainage, and park acquisition. However, the Act does allow municipalities to waive or reduce the DCC for not-for-profit rental housing and for-profit affordable rental housing.

Ultimately, the decisions a municipality makes will reflect the support or opposition of the ratepayers. Increased development, density and affordable housing are often seen as negative additions to a community, with the impression that this will decrease property values. The CRD has no control over the decision of the municipality. BC Housing recognizes the impact of non-market housing in communities and has prepared several Toolkits for non-market housing providers. Community Acceptance of Non-Market Housing was prepared in 2018 to guide non-market housing providers to engage with the community. In addition, BC Housing completed a study demonstrating that non-market housing does not negatively impact adjacent housing and property values.

8.3 Municipal Borrowing

Municipalities can borrow funds for public purposes, including borrowing to construct affordable housing if that is a municipal priority and if the municipality has the borrowing capacity (based on its calculated borrowing limits and its other needs for capital spending).

Most municipalities borrow through the BC Municipal Finance Authority, so they benefit from low borrowing rates because of the strength of the province's credit rating. Tax Increment Financing (TIF) is sometimes suggested as a borrowing mechanism that could be used to fund affordable housing. In TIF, the property tax increases in a defined area (typically an area in which property values are expected to increase due to public infrastructure investment) are dedicated to paying back a loan or a bond issue. This vehicle can be useful if a lender or bond holder wants assurance that a defined portion of municipal tax revenue is allocated to repayment regardless of other municipal financial circumstances. However, it is important to note that TIF is simply one way of securing debt payments. It does not produce tax revenue that would not otherwise exist, so it is not a means of creating "new" money for affordable housing (or any other civic purpose).

8.4 Summary

Based on the Community Charter and the LGA, local governments can:

- Acquire land and make it available for less than market value for affordable housing provided by a non-profit entity. Lease land for 49 to 99 years at a nominal rate.
- Develop housing agreements for quick adaptation to new projects.
- Invest in the creation of affordable rental housing or partner with organizations for the creation of affordable housing.
- Speed up the development process by ensuring that lands for housing for 20 years is clearly delineated in the OCP to avoid public hearings and ACCs being applied.

- Use their zoning powers to achieve affordable rental housing in redevelopment projects that involve rezoning.
- Use their "rental" zoning power to try to make it easier for rental housing developers to obtain sites.
- Reduce or eliminate development fees for rental housing.
- Alter development regulations to reduce construction cost (e.g., reduce parking requirements).
- Increase the pace of project approvals to help increase the pace of new unit construction.

9.0 OPTIONS FOR ACQUISITION

The study has explored several strategic options that are currently under analysis, offering diverse investment opportunities for the CRD. These options include:

- The CRD acquires land in a walkable area and leases it to a not-for-profit housing provider for a 49 to 99-year term for the construction and management of an affordable housing development.
- The CRD purchases land in a walkable area and seeks funding through BC Housing or CMHC to construct affordable housing and either manage the building through the CRD or through a non-profit organization.
- The CRD acquires an existing multi-family building and manages it as perpetual affordable housing.
- The CRD negotiates with private sector developers and purchases units in a new (turnkey) market development within a walkable area.
- The CRD collaborates with private sector developers to acquire land and build a mixed market/affordable housing development.

The critical element here is that the CRD will not be the approving authority on the land since the affordable projects will be located with the urban containment boundary of the jurisdictions of the member municipalities.

Assumptions that have been made include:

- The local municipality will support the development and work to engage the community to proceed with the rezoning of the land unimpeded.
- The local municipality will waive some or all fees and charges to allow the development to be affordable.
- Municipalities could consider waiving securities for landscaping and instead enter into a letter of understanding with the developer and project manager.
- The CRD will establish housing agreements, management contracts and other administrative components to ensure that the housing is operated in an appropriate manner and that affordability is maintained.
- The housing to be constructed is affordable, generally independent living and not supportive and is geared to “workforce” housing rather than transient/vulnerable/at risk of homelessness.
- The housing to be developed under this strategy is for rental housing.

A financial model has been prepared that will analyze the development economics of hypothetical CRD affordable rental apartment developments under several development scenario, varying location, density and financial strategy. The purpose of this model is to determine for each scenario how much affordable housing may be delivered and how much capital equity would be required from the CRD, ultimately producing an estimate of CRD capital efficiency per scenario.

This analysis uses a standard developer proforma that represents the flow of money through the development project based on revenue and cost assumptions which are described in more detail in Section 9.1 below.

It is important to note that the Financial Model presented in this report is an example of how the model would work to prepare a pro forma for each individual project identified. The CRD will input the current information for the specific site. The example review completed for this report was based on current municipal LUB regulations and BC Assessment for land prices. The Model will allow the CRD to assess each individual site, in collaboration with the home municipality to determine the actual financial viability of each project.

The model has investigated 60 scenarios that vary in terms of geography, density, and financial strategy. This section defines those parameters.

9.1 Geography

This analysis investigates the economics of affordable housing provision within the CRD's Urban Containment Boundary (UCB), which covers at least part of each of the following municipalities (the Subject Municipalities):

- Central Saanich
- Colwood
- Esquimalt
- Langford
- Oak Bay
- Saanich
- Sidney
- Victoria
- View Royal

The UCB also covers much of Sooke, but market research suggests that market rental rates in Sooke are near or below the affordable level.

9.2 Density

This analysis investigates a number of building heights that provide a wide variety of densities. The research reviewed each municipality's LUB and OCP and has determined the maximum height of multi-unit buildings that could be permitted in each of the nine municipalities. This is represented in Table 5.

Table 5: Floor Space Ratio[4] by Density Scenario[5]

	4-storey	6-storey	12-storey	15-storey	18-storey
Central Saanich	0.6	-	-	-	-
Colwood	1.5	1.6	1.75	1.85	-
Esquimalt	1.5	2.0	3.0	-	-
Langford	1.5	2.0	2.25	2.5	3.0
Oak Bay	1.5	1.6	1.8	1.95	-
Saanich	1.5	2.0	2.25	2.5	3.0
Sidney	1.5	2.0	-	-	-
Victoria	1.5	2.0	2.25	2.5	3.0
View Royal	1.5	-	-	-	-

Table 5 shows that because not all municipalities support all five building heights, there are 30 unique combinations of density and geography investigated in this financial analysis.

9.2.1 Financial Strategy

This analysis investigates two approaches to creating affordable rental apartments:

1. Non-Market Scenarios: in these scenarios, the CRD buys land and either proceeds to construct a multi-unit building on the property, or partners with a non-profit organization to build and ultimately manage the development. All units thus developed are operated as affordable rental housing for the duration of the building's 60-year[6] lifespan.

2. Private Partner Scenarios: in these scenarios, the CRD buys land and leases the property at a nominal rate to a private developer. In exchange for reduced land costs, the developer includes some affordable rental units alongside its market rental units.

   For each scenario, the maximum number of affordable rental units that the developer can afford to provide, while still achieving an acceptable annual IRR[7] of 5.5%, was calculated. The Consultant assumed that each development achieves its respective maximum number of affordable units. In those few scenarios where the developer can achieve an IRR of

[4] Floor space ratio is a measure of density equal to a development's gross floor area divided by its land area.

[5] In Table 5, black items are taken directly from municipal documents such as LUB or OCP, while red items are suggested by the Consultant with the aims of consistency and realism.

[6] Sixty (60) years is used as the life span of the building, although many leases may extend for 99 years.

[7] The Internal Rate of Return (IRR) is the interest rate of a hypothetical asset that produces interest at the same pace as the project in question. A measure of project performance. A higher IRR represents faster profit, or greater profit over the same timeframe. IRR is a better measure of project viability than simple profit-to-cost for projects that generate revenue over a long timeframe because the former reflects the time value of money whereas the latter does not.

greater than 5.5%, while providing 100% affordable units, the land lease price paid by the developer is increased to produce an IRR of 5.5% overall.

The Non-Market Scenarios produce a greater number of affordable rental units because all of the units are affordable, but it also imposes a greater capital cost burden on the CRD, which must pay for the entire project. By comparison, the Private Partner Scenarios produces fewer affordable rental units but are much less costly for the CRD, which is only responsible for the initial land purchase.

In the Non-Market Scenarios, the CRD's equity requirement is calculated as follows:

$$Equity\ requirement = Project\ capital\ costs - takeout\ financing$$

Takeout financing is a mortgage borrowed against the building's ongoing net revenue. In the Non-Market Scenarios, it is the only source of revenue available to offset the CRD's capital costs.

Whereas in the Private Partner Scenarios, the CRD's equity requirement is calculated as follows:

$$Equity\ requirement = Land\ costs - land\ lease$$

The land lease amount is nominal (effectively zero) in some scenarios but significant in others.

Applying each of these two financial strategies to each of the 30 combinations of geography and density presented in Table 5 above produces 60 scenarios overall.

9.3 Assumptions

This section presents the assumptions regarding the built form, cost, and revenue applied in this financial analysis.

9.3.1 Built Form Assumptions

Each scenario is assumed to take place on a serviced half-acre (21,780 ft^2) parcel. Using identical site size assumptions in all scenarios facilitates comparison and interpretation between scenarios.

All buildings are assumed to achieve efficiency of 85%.[8] As directed by the CRD, the report has assumed the distribution of unit sizes as illustrated in Table 6.

[8] Building efficiency equals a building's rentable space divided by its gross floor area.

Table 6: Target Unit Size Composition

	Share of units	Average Unit Size (ft^2) based on BC Housing Averages for Affordable Housing
Studio	5%	350
1-Bedroom	35%	525
2-Bedroom	40%	725
3-Bedroom	20%	925
Average		**676**

The unit size composition in **Table 6** is a target shared by all scenarios, but in practice these scenarios vary slightly depending on their total building size and distribution of market versus non-market units. **Table 7** combines the assumptions in **Tables 5** and **6**, which produces the following total unit counts.

Table 7: Unit Count by Scenario

	4-storey	6-storey	12-storey	15-storey	18-storey
Central Saanich	16	-	-	-	-
Colwood	41	44	48	51	-
Esquimalt	41	55	82	-	-
Langford	41	55	62	68	82
Oak Bay	41	44	49	53	-
Saanich	41	55	62	68	82
Sidney	41	55	-	-	-
Victoria	41	55	62	68	82
View Royal	41	-	-	-	-

The maximum unit count has been calculated using the following calculation. Should the municipality and CRD wish to increase the number of units, the FSR can be increased beyond 3.0:

- An average site area of 0.5 acre or 2,024 m^2
- A gross building site coverage of 3.0 Floor Space Ratio (3 x 21,780 = 65,340 ft^2)
- Net rentable area of 85% of the gross building area (85% x 65,340 – 55,539 ft^2)
- Average Unit Size of 676 ft^2 per unit
- Net rentable area / average unit size = 55,539 / 676 = 82 units.

As instructed by the Client, the Consultant assumed that zero parking stalls will be provided for studio, 1-bedroom, and 2-bedroom affordable units, and that one parking stall will be provided for 3-bedroom affordable units to produce an overall parking ratio of 0.2 stalls per affordable unit.

The Consultant assumed that parking stalls for market units will be provided in line with each municipality's LUB. Note that these are blended rates reflecting the target unit size distribution presented in **Table 6**:

- Central Saanich: 1.75 stalls per unit

- Colwood: 1.36 stalls per unit[9]
- Esquimalt: 1.3 stalls per unit[10]
- Langford: 1.25 stalls per unit[11]
- Oak Bay: 2.25 stalls per unit[12]
- Saanich: 1.5 stalls per unit
- Sidney: 1 stall per unit
- Victoria: 0.875 stalls per unit[13]
- View Royal: 1.4 stalls per unit.

It is assumed that any parking required by the municipality will require 100% underground parking in all cases. Note that parking construction is the largest cost that varies due to municipal policy. Surface parking could be provided at a lesser cost but for the purpose of the model, the report has have assumed all required parking would be underground.

9.3.2 Cost Assumptions

A total of 64 example sites throughout the region were reviewed. Each of these sites met the walkability criteria and were a minimum of ½ acre (2,000 m^2) deemed appropriate for CRD affordable housing projects. The example sites included a mix of sites that require assembly and sites that do not. Based on this sample, the land price was collected from BC Assessment. For parcels that required assembly, 20% premium was added to the land costs[14], for assembly and related costs:

- Central Saanich: $2,616,000
- Colwood: $3,873,000
- Esquimalt: $3,968,000
- Langford: $2,578,000
- Oak Bay: $5,799,000
- Saanich: $4,106,000
- Sidney: $6,861,000
- Victoria: $8,435,000
- View Royal: $3,181,000.

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[9] Colwood has different parking requirements for different sub-areas. The Consultant assumed the site is located in the “urban centre” area.

[10] Esquimalt has different parking requirements for different zones. The Consultant assumed the site is located in a “medium and high-density apartment zone”.

[11] Langford has different parking requirements for different land use designations. The Consultant assumed the site carries the City Centre or Mixed-Use Employment Centre designation.

[12] Oak Bay has different parking requirements for different zones. The Consultant assumed the site is zoned RM-1LD, RM-1MD, RM-1HD, RM-2, RM-3, RM-4, RM-8, or RM-MC1.

[13] Victoria has different parking requirements for different sub-areas. The Consultant assumed the site is located in the “village centre” area.

[14] Twenty (20) percent premium added to the land cost was used to mirror what the City of Victoria currently uses in their proformas, considered to be industry representative.

Other land costs include BC's property transfer tax[15] and additional closing costs have been averaged at $50,000 per lot.

The model has also applied the following project cost assumptions for hard costs, soft costs and municipal fees. Tables 8, 9 and 10 Illustrate these costs. It is important to note that these costs may be updated to be tailored to each specific site and project considerations that would be critical in determining the feasibility of an initiative. It is assumed that the CRD will engage qualified consultants, including a quantity surveyor, to inform the model assumptions, as required.

Table 8: Hard Cost Estimates

Hard Costs	
Site Servicing and Geotechnical	$300,000
Servicing Connections	$10,000
Utilities During Construction	$10,000
Building Construction[16]: • 4-storey wood frame • 6-storey wood frame • 12-storey concrete • 15 or 18 concrete storey	 • $340 / ft² • $350 / ft² • $380 / ft² • $380 / ft²
Underground Parking per stall	$60,000
Furniture/Fixtures/Equipment	$100,000 to $180,000
Landscaping/Signage/Lighting	$50,000
Hard Cost Contingency	10% of all hard cost items

Table 9: Soft Costs Estimates

Soft Costs	
Project Management	2% of total Project Costs
Architectural Fees	1% of building construction costs plus contingency
Engineering Fees	1% of Hard Costs
Other Consultant Fees	1% of Hard Costs
Research and Appraisal	$20,000
Surveying	$20,000
Accounting	$20,000
Legal Costs	$1,000 per unit
Insurance	0.51% of Hard costs

[15] Property transfer tax is defined here: https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax

[16] Source: Altus Group (2023). 2023 Canadian Cost Guide.

Table 10: Municipal Costs

Municipality	Rezoning	Development Permit Fee	Building Permit Fees	Regional DCCs	Municipal DCCs
Central Saanich	$4,800	$3,100	$6,250 plus 1% of construction costs above $500,000	$933 / unit	$3,944 / unit, minus 30% in Non-Market Scenarios
Colwood	$4,699	N/A	$5,238 plus 0.8% of construction costs above $500,000	$1,644 / unit	$7,021 / unit
Esquimalt	$1,000 + $600 per unit	$1,200 plus $120 per unit	$5,737 plus 0.9% of construction costs above $500,000	N/A	N/A
Langford	$9,888	N/A	$11,068 plus 0.485% of construction costs from $1 million to $15 million, plus 0.245% of construction costs above $15 million	$1,644 / unit	$1,438 plus $3,635 / unit
Oak Bay	$7,000	$6,500	$5,000 plus 1.3% of construction costs above $500,000	N/A	N/A
Saanich	$2,000	$1,000	$8,234 plus 1.25% of construction costs above $500,000	N/A	$8,134 / unit[17]
Sidney	$3,400	$300 plus $50 per unit	$5,987 plus 0.9% of construction costs above $500,000	$933 / unit	$650 / unit[18]
Victoria	$6,000 + $0.50 per m^2 ($0.046 per ft^2)	$6,000 plus $2.50 per m^2 ($0.23 per ft^2) of gross floor area	$100 plus 1.4% of construction costs	N/A	$44.77 per m^2 ($4.16 per ft^2) of gross floor area
View Royal	$2,200	$1.15 per m^2 ($0.107 per ft^2) of gross floor area	$6,531 plus 0.9375% of construction costs above $500,000	$1,644 / unit	$6,519 per unit

[17] The consultant assumed that the site is located outside of the Cordova Bay Road DCC area.

[18] DCC rates in Sidney vary considerably by location. The Consultant assumed a rough average.

Other assumptions made include:

- No amenity contributions are required for affordable housing units.
- Municipalities who charge School site acquisition fees, have the ability to waive the fees. For example, Colwood and Langford charge $600 per unit.
- Rental projects are exempt from GST.
- Advertising and promotion: 2% of the value of market rental units based on an annual capitalization rate of 3.9%[19].
- New home warranty: $2,000 per unit.
- Post-construction customer service: $2,000 per unit.
- Corporate overhead: 2% of total project costs.
- Miscellaneous soft costs: 2% of all soft cost items above.
- Soft cost contingency: 10% of all soft cost items above.

9.3.3 Revenue

The Consultant has applied the following rental rates in each scenario's first year of operation shown in Table 11.

Table 11: Monthly Rental Rate Target Per Unit

	Municipality	Studio	1-bedroom	2-bedroom	3-bedroom	Blended Average
Market Rates	Central Saanich	$1,400	$1,895	$2,378	$2,858	$2,258
	Colwood	$1,530	$2,074	$2,559	$2,914	$2,408
	Esquimalt	$1,726	$2,016	$2,298	$2,609	$2,235
	Langford	$1,512	$1,979	$2,458	$2,905	$2,331
	Oak Bay	$1,540	$1,990	$2,443	$2,858	$2,324
	Saanich	$1,568	$1,985	$2,327	$2,664	$2,238
	Sidney	$1,918	$2,462	$2,893	$3,265	$2,767
	Sooke[20]	*$1,292*	*$1,685*	*$2,103*	*$2,636*	*$2,023*
	Victoria	$1,582	$2,100	$2,632	$3,127	$2,494
	View Royal	$1,582	$2,016	$2,407	$2,775	$2,303
Affordable Rental Rate		$1,428	$1,817	$2,204	$2,553	$2,100

[19] The capitalization rate of a revenue-generating asset is the amount of net revenue it produces in a given time-period (typically one year, as in this case), divided by the sale value of that asset. A lower capitalization rate indicates a higher sales price. Capitalization rates are therefore a measure of investor appetite.

[20] Note that Sooke is excluded from this analysis because its market rental rates are affordable. It is included in this section to demonstrate this point.

Figure 4: Blended Average Market Monthly Rental Rate Per Unit by Municipality[21]

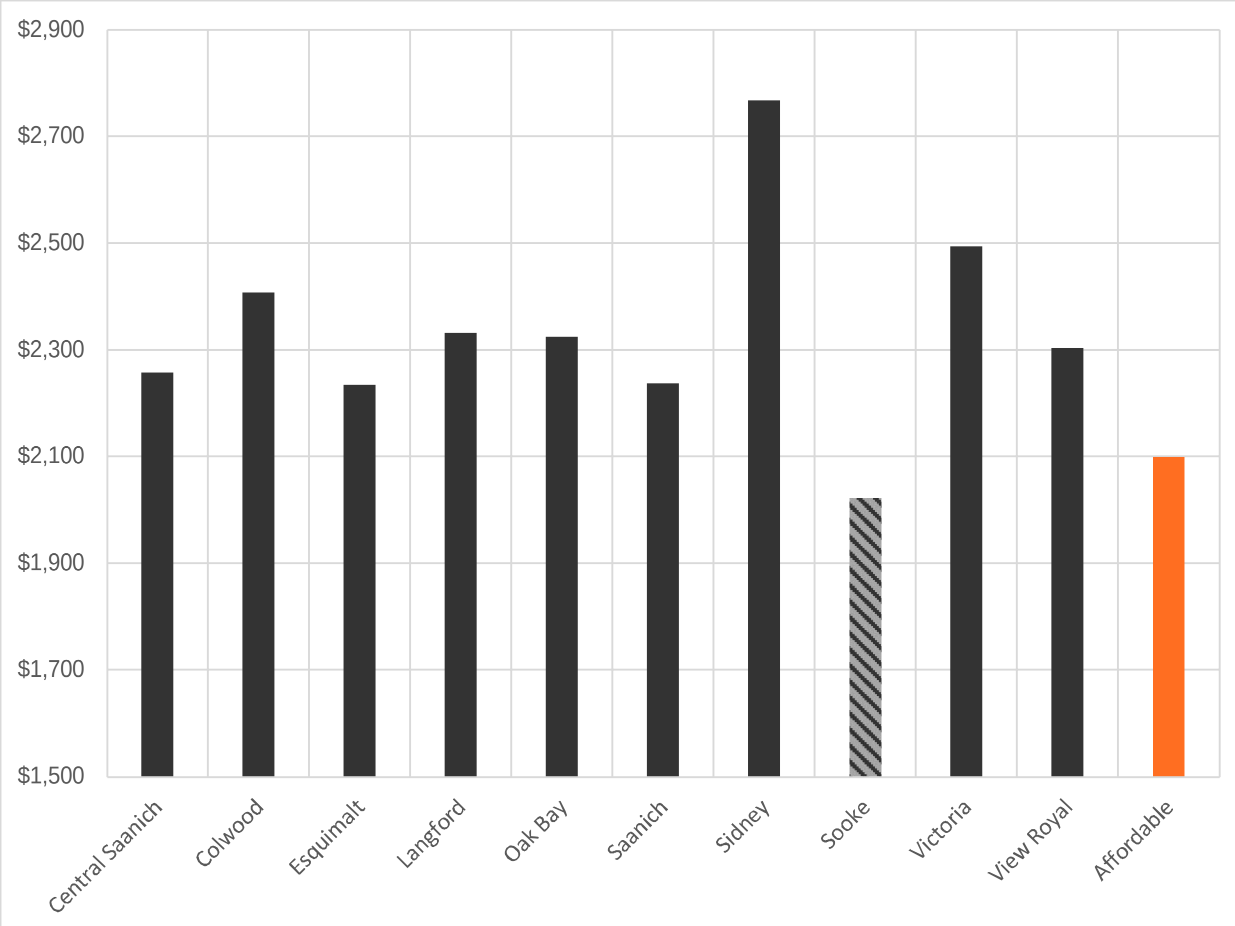


Table 12: Monthly Rental Rate per ft²

	Municipality	Studio	1-Bedroom	2-Bedroom	3-Bedroom	Average
Market Rates	Central Saanich	$4.00	$3.61	$3.28	$3.09	$3.34
	Colwood	$4.37	$3.95	$3.53	$3.15	$3.56
	Esquimalt	$4.93	$3.84	$3.17	$2.82	$3.31
	Langford	$4.32	$3.77	$3.39	$3.14	$3.45
	Oak Bay	$4.40	$3.79	$3.37	$3.09	$3.44
	Saanich	$4.48	$3.78	$3.21	$2.88	$3.31
	Sidney	$5.48	$4.69	$3.99	$3.53	$4.09
	Sooke	$3.69	$3.21	$2.90	$2.85	$3.00
	Victoria	$4.52	$4.00	$3.63	$3.38	$3.69
	View Royal	$4.52	$3.84	$3.32	$3.00	$3.41
Affordable Rental Rate		$4.08	$3.46	$3.04	$2.76	$3.11

[21] Note that Sooke is excluded from this analysis because its market rental rates are affordable. It is included in this section to demonstrate this point.

All market rates presented in Tables 11 and 12, and Figure 4 above are derived from market research performed by the Consultant and presented in the Findings Report. These reflect the market rental rates for brand-new apartments of the sizes indicated in Table 6.

Note that in practice, unit sizes achieved within each scenario vary slightly depending on their total building size and distribution of market versus non-market units. Consequently, the per-unit rates indicated in Table 11 are informative targets, but it is the per-square-foot rates in Table 12 that are applied consistently to all scenarios to account for slight variations in unit size.

Regarding affordable rental rates, the Consultant was instructed to calculate a rental rate that would be affordable to a household with the median annual household income. Affordable rent is defined as 30% of household income. The median household income of each of the Subject Municipalities and their resulting affordable rental rates are presented below in Table 13.

Table 13: Median Annual Household Income and Resulting Affordable Monthly Rental Rate by Municipality

Municipality	Median Annual Household Income[22]	Affordable Monthly Rent
Central Saanich	$103,000	$2,575
Colwood	$102,000	$2,550
Esquimalt	$76,000	$1,900
Langford	$93,000	$2,325
Oak Bay	$107,000	$2,675
Saanich	$93,000	$2,325
Sidney	$77,000	$1,925
Victoria	$67,500	$1,688
View Royal	$98,000	$2,450
Capital Regional District	$84,000	$2,100

Because the median household income reported in Table 13 includes both homeowner and renter households, the median income of six out of nine Subject Municipalities is greater than $90,000 and the rental rate that would be affordable for those municipalities' median income households is equal to or greater than local market rents. If affordable rental rates are above market rental rates, the present exercise becomes meaningless. Therefore, the Consultant concluded that calculating affordable rental rates based on each municipality's median household income is an inadequate methodology.

Instead, the Consultant has applied the regional median household income of $84,000, which yields an affordable monthly rental rate of $2,100. This rental rate is lower than the market rental rate in

[22] Source: 2021 Census of Canada. Note that Household income is not broken down by housing tenureship. This average combines both owners and renters. And note that the income data are based on 2020 incomes.

any of the nine Subject Municipalities, making it a practical definition of affordable housing for the present analysis. Applying the same definition of affordable housing throughout this analysis also facilities comparison and interpretation between scenarios.

Applying this income level yields a single affordable rental rate of $2,100 but this exercise requires four distinct affordable rental rates because the analysis uses four sizes of apartment (namely studio, 1-bedroom, 2-bedroom, and 3-bedroom). Dividing $2,100 by the average unit size of 676 ft^2 yields an average affordable rental rate of $3.11 per ft^2. This might be an affordable average rental rate, but it cannot effectively be treated as an affordable rental rate for all unit sizes because it exceeds market rental rates for 3-bedroom units (see **Table 13** above).

In practice, market rental rates per square foot decrease as unit size increases so that larger units are more expensive in total but less expensive on a per square foot basis. In order to function properly both within this analysis and in the real world, affordable rental rates must do the same so that they remain below market rates at all unit sizes. To produce a set of rental rates that achieve this, the Consultant has identified the typical market rental rate at each unit size within the UCB and then reduced these rates by a set amount to achieve the target average rental rate of $3.11 per ft^2 or $2,100 per unit that is affordable to the regional median household income of $84,000. This process is demonstrated in **Figure 5** and **Table 14** below.

Figure 5: Unit Size versus Monthly Rental Rate per ft^2 Among Recent Rental Listings in the UCB

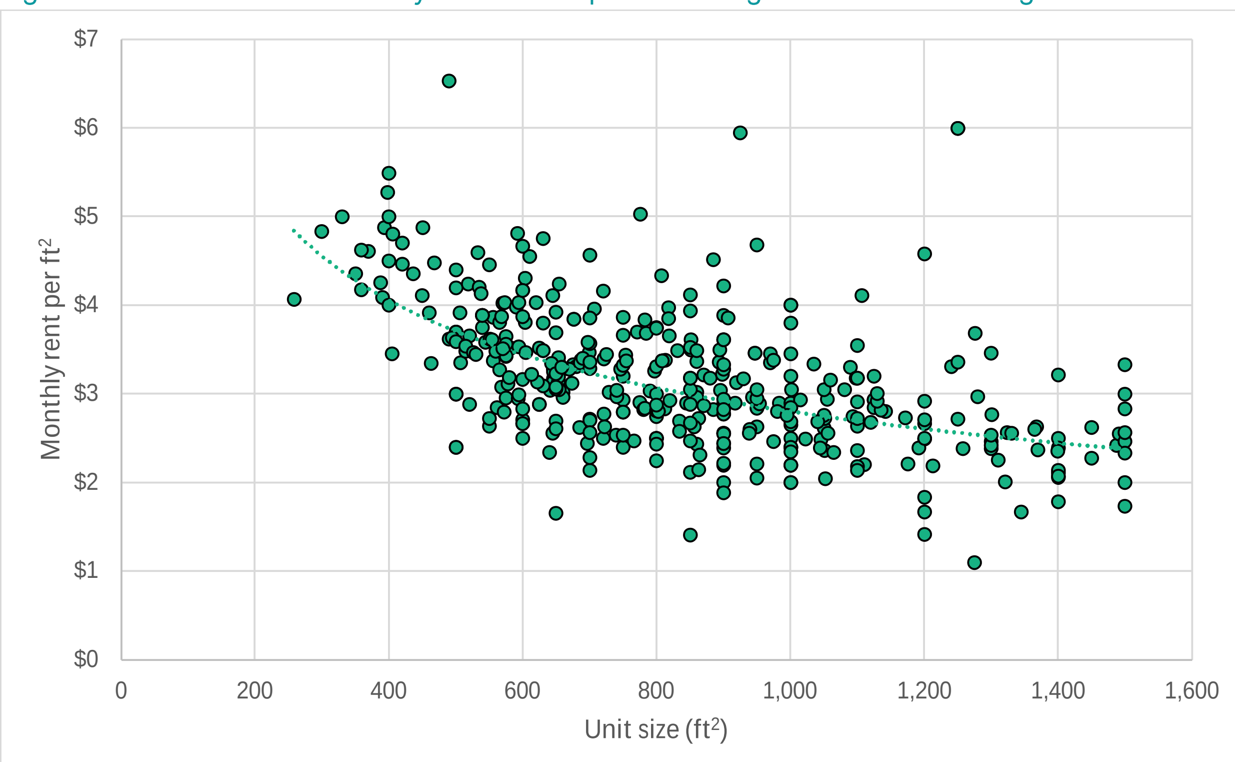


Figure 5 above displays all rental listings within the CRD's Urban Containment Boundary with an identified unit size below 1,500 ft^2. This data reflects the period during which the Consultant was performing market research for this project, namely September to October of 2023. Note that the market rental level indicated here is generally lower than that suggested in Table 12 and Figure 4 because it reflects all rental listings rather than just brand-new units.

Table 14: Observed versus Affordable Monthly Rental Rates

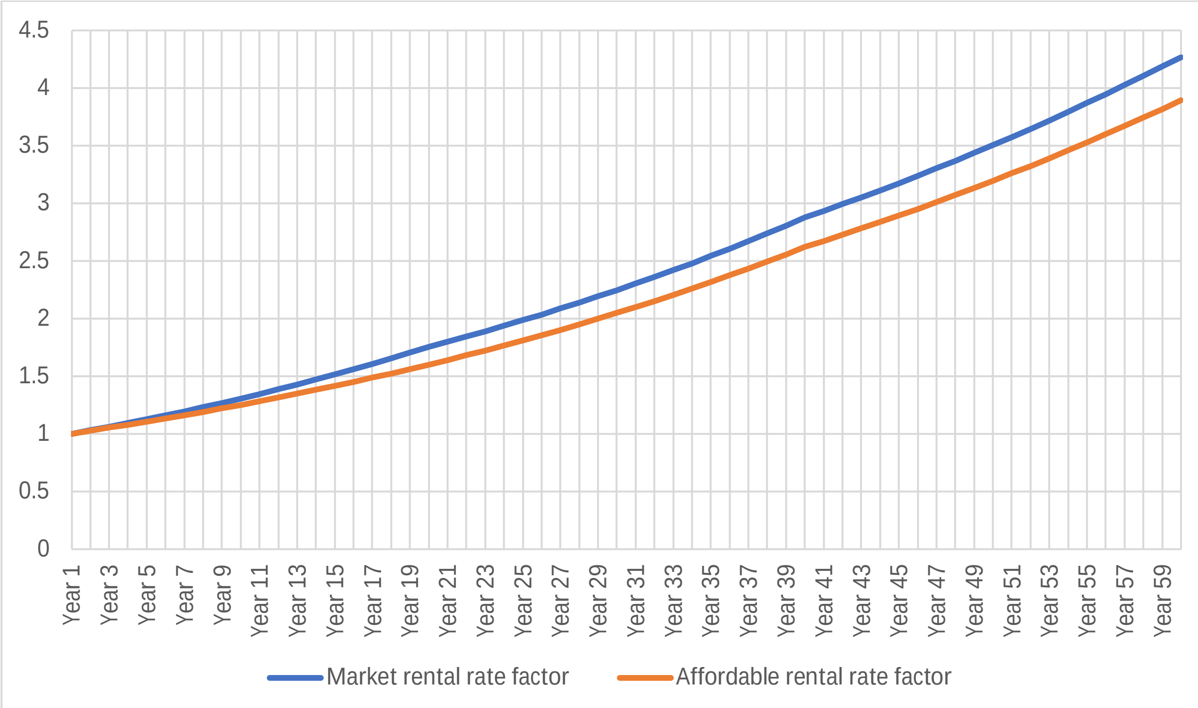
	Observed Market Monthly Rate		Affordable Monthly Rate	
	Per ft2	Per unit	Per ft2	Per unit
Studio	$4.28	$1,499	$4.08	$1,428
1-Bedroom	$3.64	$1,909	$3.46	$1,819
2-Bedroom	$3.19	$2,315	$3.04	$2,205
3-Bedroom	$2.89	$2,677	$2.76	$2,550
Average	$3.26	$2,204	$3.11	$2,100

The observed market data, shown in Figure 5 above, is summarized in Table 14. It suggests a market rental rate of \$3.26 per ft^2 or \$2,204 per unit, which may be reduced by 5% to produce the affordable rental rate of \$3.11 per ft^2 or \$2,100 per unit, which would be affordable to the region's median income household. Therefore, this 5% reduction is applied to each of the observed studio, 1-bedroom, 2-bedroom, and 3-bedroom rates to produce the affordable rental rates used in this analysis, which are indicated in Table 11, Table 12, Table 14, and Figure 4 above.

To calculate net operating income, the Consultant has applied the following assumptions:

- Vacancy rates:
  - For affordable units: zero vacancy.
  - For market units in the first year of operation: 5%.
  - For market units in the second year of operation: 2%.
  - For market units after the second year of operation: 1%.
- Operating costs:
  - For market units: 30% of gross income.
  - For affordable units: $534 per unit per month as instructed by the CRD.
- Periodic structural maintenance of \$7.5 per ft^2 of gross floor area every five years.
- Escalation (see Figure 6 below):
  - Market rental rates are assumed to increase by 3% per year for the first 20 years of operation, by 2.5% per year for the following 20 years, and afterwards by 2% per year.
  - Affordable rental rates are assumed to increase by 2.5% per year for the first forty years of operation and afterwards by 2% per year.
  - Periodic structural maintenance costs are assumed to increase at the same rate as market rental rates.

Figure 6: Rental Rate Escalation Assumptions



9.3.4 Financing

The only form of cash available to rental development is called "takeout financing". It is essentially a mortgage against the project's ongoing net revenue. For a given magnitude of net revenue, the quantity of takeout financing available is determined by three parameters:

1. Interest rate: the amount of interest charged per year as a portion of outstanding debt;
2. Amortization period: the duration of the mortgage; and
3. Debt service ratio: the ratio of net revenue to mortgage burden.

In this analysis, the Consultant applied different assumptions for these parameters to Non-Market and Private Partner Scenarios because public sector affordable housing initiatives are able to access more favourable borrowing terms than private sector developments:

- In Non-Market Scenarios (as instructed by the CRD):
  - Interest rate: 4.27%.
  - Amortization period: 35 years.
  - Debt service ratio: 1.1.
  - Resulting ratio of takeout financing to one year of net revenue: 16.6.
- In Private Partner Scenarios:
  - Interest rate: 7%.
  - Amortization period: 25 years.
  - Debt service ratio: 1.25.
  - Resulting ratio of takeout financing to one year of net revenue: 9.5.

In summary, because of its more favorable lending parameters, non-profit development in Non-Market Scenarios can access 75% more financing per unit of operating income compared to for-profit development in Private Partner Scenarios.

The quantity of takeout financing available in each scenario is equal to the quantity of construction financing available because the takeout financing is used to retire the construction loan. The Consultant applied the following assumptions to construction financing:

- Planning period: 12 months.
- Construction period: 12 months.
- Interest on equity, which represents opportunity cost:
    - In Non-Market Scenarios: none.
    - In Private Partner Scenarios: 10%.
- Construction financing interest rate:
    - In Non-Market Scenarios, in the first year: 4.6%.
    - In Non-Market Scenarios, in the second year: 3.5%.
    - In Private Partner Scenarios: 7%.

10.0 RESULTS

This section outlines the results of the scenarios and assumptions.

Table 15 shows how each of the Non-Market Scenarios performs to produce a total CRD equity burden: total capital costs minus takeout financing equals the scenario's capital shortfall or equity requirement. With affordable rental rates and parking requirements equal between scenarios, the principal factor driving differences of project performance between municipalities is land price.

Table 15: Non-Market Scenario Capital and Financing Outcomes ($ million)

		4-storey	6-storey	12-storey	15-storey	18-storey
Total Capital Costs	Central Saanich	$9.6				
	Colwood	$20.0	$21.5	$24.4	$26.4	
	Esquimalt	$19.7	$25.1	$37.4		
	Langford	$18.3	$23.7	$28.0	$32.0	$37.7
	Oak Bay	$22.0	$23.3	$26.8	$29.4	
	Saanich	$20.3	$25.9	$30.2	$34.2	$40.0
	Sidney	$23.2	$28.1			
	Victoria	$25.4	$30.8	$35.1	$39.1	$44.8
	View Royal	$19.2				
Takeout Financing	Central Saanich	$4.9				
	Colwood	$12.1	$12.7	$13.9	$14.8	
	Esquimalt	$12.1	$16.0	$24.0		
	Langford	$12.1	$16.0	$18.0	$20.0	$24.0
	Oak Bay	$12.1	$12.7	$14.4	$15.6	
	Saanich	$12.1	$16.0	$18.0	$20.0	$24.0
	Sidney	$12.1	$16.0			
	Victoria	$12.1	$16.0	$18.0	$20.0	$24.0
	View Royal	$12.1				
CRD Equity Requirement	Central Saanich	$4.7				
	Colwood	$8.0	$8.7	$10.4	$11.7	
	Esquimalt	$7.7	$9.2	$13.4		
	Langford	$6.3	$7.8	$10.1	$12.0	$13.7
	Oak Bay	$9.9	$10.6	$12.4	$13.8	
	Saanich	$8.3	$9.9	$12.2	$14.3	$16.0
	Sidney	$11.2	$12.1			
	Victoria	$13.3	$14.9	$17.2	$19.2	$20.8
	View Royal	$7.1				

Due to the extremely low parking requirements (Section 9.3.2) and relatively high affordable rental rates (Table 14) assumed for affordable units in these scenarios, the Private Partner Scenarios can provide 100% affordable housing in all scenarios except in Central Saanich, where rental development is not viable due to its low density.

In fact, the private developers in these scenarios can afford to pay a land lease amount (white panel in **Table 16** below) which is in some cases greater than the land price (certain densities in Esquimalt and Langford, indicated in green below), meaning that the CRD would profit from these developments. If the CRD would prefer not to take profit but rather to break even, they may elect to reduce affordable rental rates in such cases, although this is not modelled here.

Table 16: Private Partner Scenario Capital and Financing Outcomes ($ million)

		4-storey	6-storey	12-storey	15-storey	18-storey
Land Cost	Central Saanich	Not viable				
	Colwood	$4.03	$4.03	$4.03	$4.03	
	Esquimalt	$4.13	$4.13	$4.13		
	Langford	$2.68	$2.68	$2.68	$2.68	$2.68
	Oak Bay	$6.06	$6.06	$6.06	$6.06	
	Saanich	$4.28	$4.28	$4.28	$4.28	$4.28
	Sidney	$7.17	$7.17			
	Victoria	$8.82	$8.82	$8.82	$8.82	$8.82
	View Royal	$3.31				
Land-Lease	Central Saanich	Not viable				
	Colwood	$2.95	$2.63	$1.83	$1.25	
	Esquimalt	$3.27	$3.95	$4.30		
	Langford	$3.10	$3.70	$2.80	$2.15	$2.75
	Oak Bay	$3.25	$2.95	$2.30	$1.70	
	Saanich	$2.93	$3.45	$2.50	$1.80	$2.30
	Sidney	$2.30	$3.23			
	Victoria	$3.06	$3.65	$2.75	$2.05	$2.60
	View Royal	$2.96				
CRD Equity Requirement	Central Saanich	Not viable				
	Colwood	$1.08	$1.40	$2.20	$2.78	
	Esquimalt	$0.86	$0.18	-$0.17		
	Langford	-$0.42	-$1.02	-$0.12	$0.53	-$0.07
	Oak Bay	$2.81	$3.11	$3.76	$4.36	
	Saanich	$1.35	$0.83	$1.78	$2.48	$1.98
	Sidney	$3.94	$2.82			
	Victoria	$5.76	$5.17	$6.07	$6.77	$6.22
	View Royal	$0.35				

Table 16 shows how each of the Private Partner Scenarios performs to produce a total CRD equity burden: the cost of land minus whatever land lease the developer can afford equals the scenario's

capital shortfall or equity requirement. It is important to consider market and non-market buildings. The market units will help support the non-market units and as the building ages, there is the ability to increase the number of affordable units.

The CRD Equity rows in Tables 15 and 16 may be directly compared as they each represent the net cost to the CRD of implementing these scenarios.

Dividing the equity requirements identified in Tables 15 and 16 by the unit counts indicated in Table 7 produces an estimate of equity requirement per affordable unit created. This is a general metric of scenario performance and may be used to inform CRD strategy, as shown in Table 17.

Table 17: CRD Equity Requirement per Affordable Rental Unit

		4-storey	6-storey	12-storey	15-storey	18-storey
Non-Market Scenarios	Central Saanich	$292,000				
	Colwood	$195,000	$199,000	$218,000	$229,000	
	Esquimalt	$188,000	$167,000	$164,000		
	Langford	$153,000	$141,000	$162,000	$177,000	$167,000
	Oak Bay	$241,000	$242,000	$253,000	$261,000	
	Saanich	$202,000	$180,000	$197,000	$210,000	$195,000
	Sidney	$273,000	$220,000			
	Victoria	$324,000	$270,000	$277,000	$282,000	$254,000
	View Royal	$174,000				
Private Partner Scenarios	Central Saanich	n/a				
	Colwood	$26,000	$32,000	$46,000	$55,000	
	Esquimalt	$21,000	$3,500	-$2,000		
	Langford	-$10,000	-$18,000	-$2,000	$8,000	-$1,000
	Oak Bay	$68,000	$71,000	$77,000	$82,000	
	Saanich	$33,000	$15,000	$29,000	$36,000	$24,000
	Sidney	$96,000	$51,000			
	Victoria	$141,000	$94,000	$98,000	$100,000	$76,000
	View Royal	$8,500				

CRD equity requirement per affordable rental units (Table 17) indicates the CRD's capital shortfall per unit in each scenario. This represents the CRD cost, minus available funds per unit in each scenario This is derived differently in the Non-Market and Private Partner Scenarios:

- Non-Market Scenario – the CRD simply pays for the project, and the only source of upfront cash is take-out financing (basically a mortgage). So CRD equity shortfall equals capital costs minus the take-out financing. These items are illustrated in Table 15.

- Private Partner Scenario – the CRD buys the land and then leases it to a for-profit developer. The calculation of what a private developer can afford is factored is included. The CRD equity shortfall equals the land cost minus the lease. These items are shown in detail on Table 16. Note that this is sometimes a negative number, which means that the CRD is in a positive cash situation due to the very low parking requirement anticipated.

By comparing the capital shortfall per unit by scenario, we gain a sense of where and how the CRD's money might go further.

Figure 7: CRD Equity Requirement per Affordable Rental Unit in Non-Market Scenarios

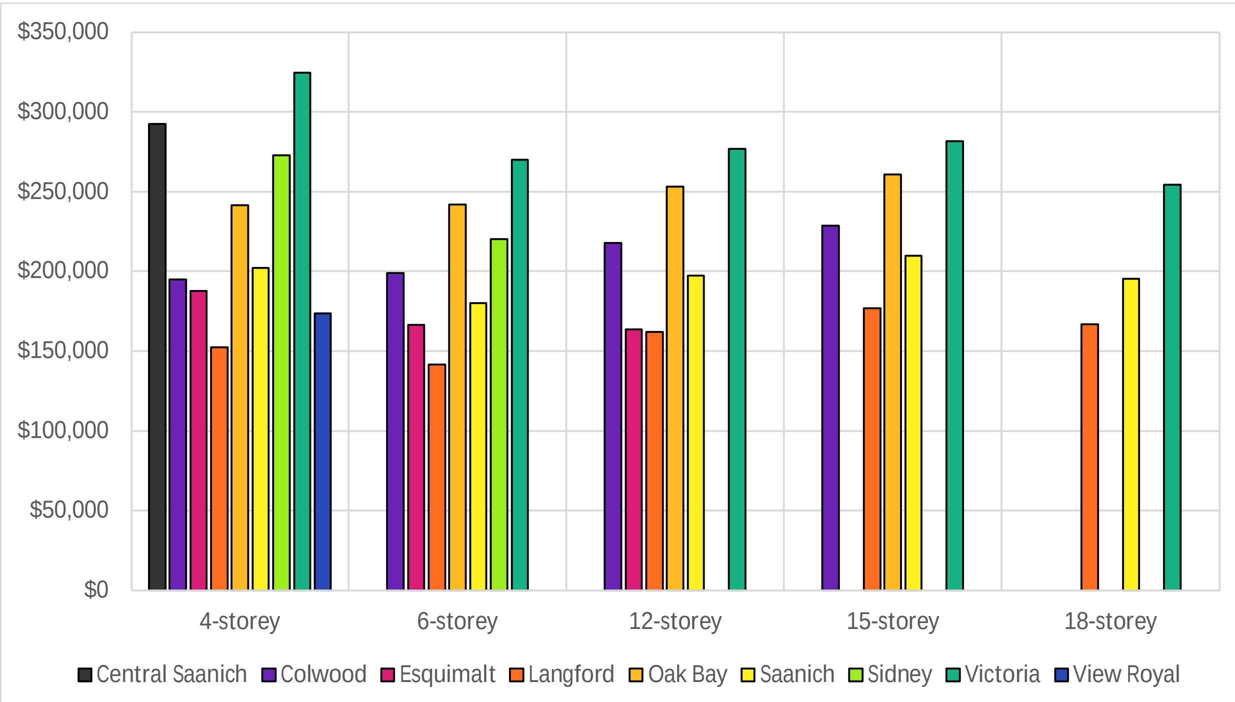
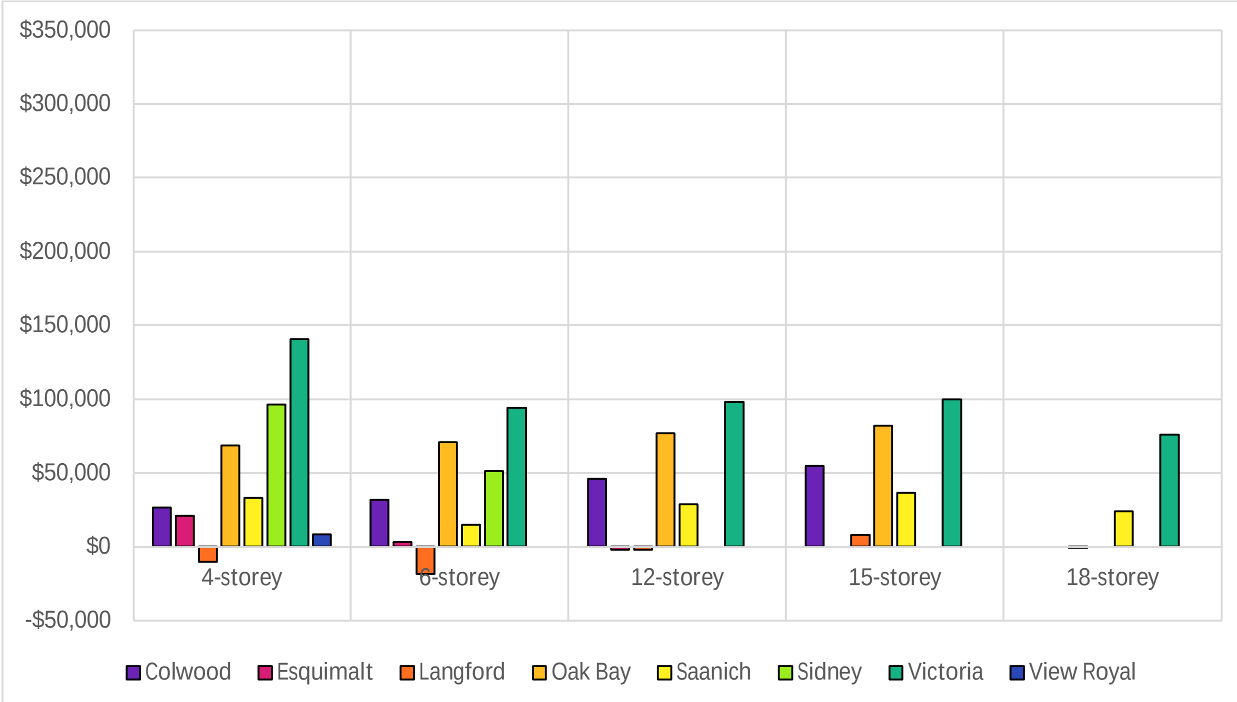


Figure 8: CRD Equity Requirement per Affordable Rental Unit in Private Partner Scenarios[23]



In general, in a given municipality and at a given density, the Private Partner Scenario performs better than the Non-Market Scenario. This is because private developers may be satisfied taking many years to recoup their investment, while the CRD is a public entity and views gradual cost recovery as a capital shortfall. Moreover, in some Private Partner Scenarios in Esquimalt and Langford, the supportable land lease that the developer can afford is greater than the price paid for the land by the CRD, meaning that CRD profit is possible.

Non-Market Scenarios tend to achieve equity efficiency in the range of $150,000 - $300,000 per unit. The most efficient municipality is generally Langford while the least efficient municipality is generally Victoria. Differences between municipalities are mostly the result of land costs.

Whereas Private Partner Scenarios tend to achieve equity efficiency in the range of zero to $100,000 per unit, with the exception of $141,000 per unit at 4 storeys in Victoria. Note again that the CRD equity cost per unit is negative in some scenarios in Esquimalt and Langford because the supportable land lease exceeds land costs. If the CRD would prefer not to take profit but rather to break even, they may elect to reduce affordable rental rates in such cases, although this is not modelled here.

[23] Values for Colwood at 15 storeys ($3.9 million) and Saanich at 6 storeys ($1.4 million) are excluded from Figure 5 because they are so large. These values are so large because these scenarios support so few affordable rental units (one and three, respectively).

According to this analysis, the most efficient approach to creating affordable housing in the Subject Municipalities today would be to use the Private Partner Strategy to build 6-storey wood frame affordable apartment buildings in Langford, which should earn the CRD profit of about $18,000 per unit. Six (6)-storey wood frame buildings in Langford are also the most economical approach if the CRD chooses to focus on the Non-Market Strategy, in which case the cost to the CRD would be $141,000 per unit.

Table 18 identifies the most economical approach in each municipality and its achieved efficiency:

Table 18: Optimal Scenario by Municipality

	Optimal Scenario	Equity Requirement per Affordable Unit
Central Saanich	4-storey with Non-Market Strategy	$292,000
Colwood	4-storey with Private Partner Strategy	$26,000
Esquimalt	12-storey with Private Partner Strategy	-$2,000
Langford	6-storey with Private Partner Strategy	-$18,000
Oak Bay	4-storey with Private Partner Strategy	$68,000
Saanich	6-storey with Private Partner Strategy	$15,000
Sidney	6-storey with Private Partner Strategy	$51,000
Victoria	18-storey with Private Partner Strategy	$76,000
View Royal	4-storey with Private Partner Strategy	$8,500

In summary, the Subject Municipalities fall into five categories:

1. In Central Saanich, the most efficient approach is 4-storey wood frame apartments with a Non-Market Strategy because rental housing is not economically viable due to low density.
2. In Victoria, the most efficient approach is a Private Partner Strategy with as much density as possible due to its high land costs.
3. In Esquimalt, the most efficient approach is a 12-storey concrete with a Private Partner strategy.
4. In Langford, Saanich, and Sidney, the most efficient approach is 6-storey wood frame apartments with a Private Partner strategy.
5. In Colwood, Oak Bay, and View Royal, the most efficient approach is 4-storey wood frame apartments with a Private Partner strategy.

These results suggest that in certain locations, it may be possible for the CRD to produce affordable housing very cheaply. This surprising and possibly counter-intuitive result depends on two remarkable assumptions:

1. Affordable rents are here defined as affordable for the region’s median income household, including homeowner households. This yields an average rental rate of $2,100 per month, which is somewhat more affordable than market rents outside of Sooke, but not extremely affordable in absolute terms.

2. The CRD direction to the Consultant was to assume that zero parking stalls will be provided for studio, 1-bedroom, and 2-bedroom affordable units, and that one parking stall will be provided for 3-bedroom affordable units to produce an overall average parking ratio of 0.2 stalls per affordable unit.

The Consultant assumed that parking stalls for market units will be provided in line with each municipality's LUBs and will be inserted into the proforma model at the time of consideration of a specific site and unit ratios. Note that these are blended rates reflecting the target unit size distribution presented in Table 6:

- Central Saanich: 1.75 stalls per unit.
- Colwood: 1.36 stalls per unit[24].
- Esquimalt: 1.3 stalls per unit[25].
- Langford: 1.25 stalls per unit[26].
- Oak Bay: 2.25 stalls per unit[27].
- Saanich: 1.5 stalls per unit.
- Sidney: 1 stall per unit.
- Victoria: 0.875 stalls per unit[28].
- View Royal: 1.4 stalls per unit.

It is assumed that the municipality will require 100% underground parking in all cases. Note that parking construction is the largest cost that varies due to municipal policy.

The Operators Manual, prepared in support of the Housing Acquisition Strategy, provides the details of how to run the proformas for each individual project.

[24] Colwood has different parking requirements for different sub-areas. The Consultant assumed the site is located in the "urban centre" area.

[25] Esquimalt has different parking requirements for different zones. The Consultant assumed the site is located in a "medium and high-density apartment zone".

[26] Langford has different parking requirements for different land use designations. The Consultant assumed the site carries the City Centre or Mixed-Use Employment Centre designation.

[27] Oak Bay has different parking requirements for different zones. The Consultant assumed the site is zoned RM-1LD, RM-1MD, RM-1HD, RM-2, RM-3, RM-4, RM-8 or RM-MC1.

[28] Victoria has different parking requirements for different sub-areas. The Consultant assumed the site is located in the "village centre" area.

11.0 PURCHASE OF BUILDINGS OR UNITS

Alternative options are available to the CRD for the acquisition of residential units for affordable housing from what has been previously explored in this report. This section looks at two options: purchase an entire existing residential building; and purchase units in a market building. It is noted that all options here, either buy a building or buy units, would still be required to meet the walkability criteria for affordable housing.

11.1 Purchase Existing Residential Buildings

This option would be for the CRD to purchase of an existing multi unit residential building. The benefits to purchasing an existing building include:

- There are more sources of provincial and federal funding for the purchase of an existing building than raw land.
- The land is already serviced.
- DCCs and CACs would not apply (even though they could be waived by the Municipality).
- The building has been approved under the LUB and the density has been accepted by the community.
- Purchase of a building is a good use of CRD staff time and capacity, rather than overseeing the assembly of land and the design and construction of a building.

The Consultant looked at several buildings currently for sale in the Region. The building's age could range from the 1970s to the 2010s. Three examples are provided here, and the full assessment of existing residential buildings for sale or those that had recently been sold as of November 1, 2023, is included in Appendix D.

When assessing an existing residential building, a renovation fee per unit has been applied. Based on the Federation of Canadian Municipalities research for housing grants, renovations per unit can range between $40,000 and $90,000 per unit based on age and previous renovations. The three examples show a range of age and renovation cost estimates.

- Langford (Goldstream) – This 5-storey building with 166 units was constructed in 2019. The assessed value of the building was $54.7 million. It meets the walkability criteria. Considering the age of the building, the cost of renovation has been estimated at $40,000 per unit ($6,640,000) for a total move in cost of $61,340,000 or $370,000 per unit.
- Central Saanich (Brentwood Bay) – This 6-storey building has 92 units and was constructed in 1992. The assessed value of the building was $25,111,000. This development is near the Brentwood commercial area and meets the walkability criteria. This building has 92 units.

Based on the age of this building, a renovation costs per unit of $55,000 has been used ($5,060,000) or a total move in cost of $30,171,000 or $328,000 per unit.
- City of Victoria (Yates Street) - This 4-storey building with 77 units was constructed in 1966. The assessed value of the building was $20,362,000 million. It meets the walkability criteria. Considering the age of the building, the cost of renovation has been estimated at $90,000 per unit ($6,930,000) for a total move in cost of $27,292,000 or $354,500 per unit.

The recommendation is to consider buildings with 16 or more units, to use funds efficiently and make management of the units cost effective.

There are a number of potential challenges including:
- The existing building was developed at previous lower density regulations. And while this demonstrates zoning and community support, the density may be far less than what could be achieved under current zoning and policies; thereby, losing potential residential units if the site were to be redeveloped. For example, a building may have 16 units and if developed under current regulations, could potentially create 60 units. This reflects a loss in overall housing units.
- The building might not meet current building codes. This could be particularly related to heat, HVAC, access and building materials. Accessibility could require installation or upgrade of elevator, widening of doorways, or inclusion of ramps and provision of storage for scooters.
- The building may require renovations and upgrades. Depending on the age of the building and the dates of the last renovations, the units may require some upgrades to meet current building code standards.
- Buildings that are currently occupied that may require major renovations, will have to plan to relocate tenants during the renovations. The tenants may be guaranteed a unit in the building and new rents may need to be re-established.

11.2 Purchase of Turnkey Units

This option is to purchase units in market buildings to then be managed by the CRD as affordable housing units.

The benefits to purchasing "turnkey" units include:
- Less capacity and fewer resources from the CRD.
- Certainty of approval and use.
- As with the purchase of an entire building, the option for purchasing "turnkey"[29] units in market buildings allows the CRD to avoid any land assembly, zoning issues, purchase of land and construction delays.

[29] Turnkey refers to something that is ready for immediate use, in this case, an apartment that has been built by a third party and ready for immediate use of the CRD and potential tenants.

- Purchase of the units would be negotiated with builder/developer pre-completion and developer may receive some reductions in DCCs and AACs, along with waiving of fees to match the percentage of affordable units.
- As with the purchase of a whole building, there are some potential challenges:
    - Developers may not be amenable to having "affordable" units in their market buildings.
    - If the building is a strata building, the strata fee would have to be subsidized by the CRD for ongoing operational costs.

11.3 Financial Viability

Based on the financial assessment completed for this report, purchase of a building or of turnkey units should consider all costs associated with the purchase, and the operationalization (which may include renovations or upgrades). From the examples above in Section 11.1, paying more than $400,000 for a unit reduces the financial viability for affordability.

12.0 DATA GAPS AND CHALLENGES

12.1 Data Gaps

This report used 2021 Federal Census data for incomes. The 2021 Federal Census income stats are based on 2020 income. The incomes were not factored up to reflect cost of living increases. The direction from the CRD was that salaries had not kept pace with the cost of living and as such would not be representative when calculating median incomes or affordable rents. This must be considered at the time a project is selected and individual tenants will be required to prove income to become tenants in future developments.

12.2 Challenges

Freeing up public lands is a process that requires a considerable amount of time. Both the Provincial and Federal governments have recently pledged over $22 million in grants and financing for the next decade. However, it is crucial to note that the allocation of this funding is contingent on establishing partnerships with local governments or other funders to facilitate the development initiatives. In this collaborative approach, non-profit organizations are expected to play a pivotal role by contributing land and/or making substantial equity contributions.

Moreover, projects seeking funding must demonstrate financial viability and provide evidence of approval, emphasizing the importance of meeting specific criteria within a short timeline to secure the necessary financial support.

This dual-layered framework underscores the complexity and interconnectedness of the funding process, emphasizing the need for cooperation and shared responsibilities among various stakeholders involved in freeing up public lands for developmental purposes.

These expectations continue to place considerable pressure on local governments to support non-profit housing development in their communities, and to become active beyond their traditional land use planning and development approval's role in the provision of affordable housing.
Another challenge that has been noted in this report is that the CRD does not control the zoning or development approvals for affordable housing. The CRD must work with the individual municipalities to identify a property that can be rezoned for the appropriate density to accommodate a financially viable development. Public opposition may be a challenge to the approval of these developments.

13.0 STRATEGY AND RECOMMENDATIONS

The CRD and member municipalities have prepared housing needs assessments and housing action plans. Generally, these documents recognize the inherent connection between housing and access to public transportation, proximity to services and facilities and the complicated relationship between housing and mental health.

In response to the regional growth pressures and housing affordability issues, the primary focus of Municipal OCPs are to encourage complete communities. Strategies are needed to preserve existing rental housing stock and support existing tenants. The Acquisition study emphasizes locating market rental and non-market rental housing near transit and leveraging transit-oriented development opportunities. The provision of affordable housing is also related to the costs and timing for approvals of projects and removing or reducing any barriers to quick approvals will assist in the delivery of more housing units, of which affordability can be a component.

The Housing Acquisition Strategy for the CRD should be multi-focused and flexible and be able to respond to opportunities quickly. It is recognized that:

- There is a housing crisis and many people cannot afford appropriate housing for their household;
- This report has focused on rental units only;
- Affordable housing takes many forms including near market, supportive and temporary;
- Housing the vulnerable populations is not just a bricks and mortar issue but it includes deeper mental health and social impediments;
- The prospect of combining non-market and market units in a single building enhances the financial viability of the project; and
- This strategy primarily focuses on the near market rental units.

This report explores a variety of strategies for increasing the availability of land for new affordable rental supply:

1. Utilizing lands already owned by non-profits, local governments, and senior governments for affordable housing, and exploring innovative methods to expand this land inventory.
2. Using the OCP to identify lands for housing, thereby not requiring public hearings for rezoning.
3. Pre-zoning lands for housing to reduce the costs and time to process applications.
4. Using the rezoning process and associated tools to allow for density bonusing, relaxation of DCCs and ACCs.
5. Using the local jurisdiction authority to waive fees for affordable housing projects.

6. Establishing inclusionary requirements for affordable housing units in new multi-family residential development projects.

Based on our findings and research the following initiatives cited as being instrumental to incentivizing affordable housing:

- These results suggest that in certain locations, it may be possible for the CRD to produce affordable housing very cheaply. This surprising and possibly counter-intuitive result depends on two remarkable assumptions:
  - Affordable rents are defined here as affordable for the region's median income household, including homeowner households. This yields an average rental rate of $2,100 per month, which is somewhat more affordable than market rents outside of Sooke, but not extremely affordable in absolute terms.
  - Parking provision of only 0.2 stalls per affordable unit (zero per studio, 1-bedroom, and 2-bedroom units and one stall per 3-bedroom unit).
- Leverage Federal/Provincial surplus or under-utilized public properties in frequent transit locations for rental housing for very low to moderate income households, where appropriate, to achieve long-term housing, transit, and financial objectives.
- Reduction or removal of parking requirements, particularly underground parking, is critical for the affordability of housing. With the cost of a single underground parking stall of $50 to $70,000, it becomes clear that parking reduces the affordability significantly. This is why the locational criteria of a walkable site, is so important for affordable housing.
- Complimentary to reduced parking is the need for improved and enhanced transit to service the area and improve the walkability and reduce the dependence on personal vehicles.
- Establish transit-oriented inclusionary housing targets for purpose built rental and for housing affordable to very low to low-income households within 800m of new or existing transit stations and 400m of frequent bus corridors that are anticipated to accommodate enhanced residential growth.
- Provide incentives for new purpose-built rental housing and mixed income housing located in transit-oriented locations to enable these developments to achieve financial viability, as warranted.
- Offer incentives and use tools that will help make development of new purpose-built market rental housing financially viable (i.e., parking reductions, fee waivers, increased density, and fast-tracking), as needed.

The financial model will consider a number of criteria that will for the proforma for each individual site. The information will be added to the worksheet and the outcome will provide a proforma identifying the financial viability of the project.

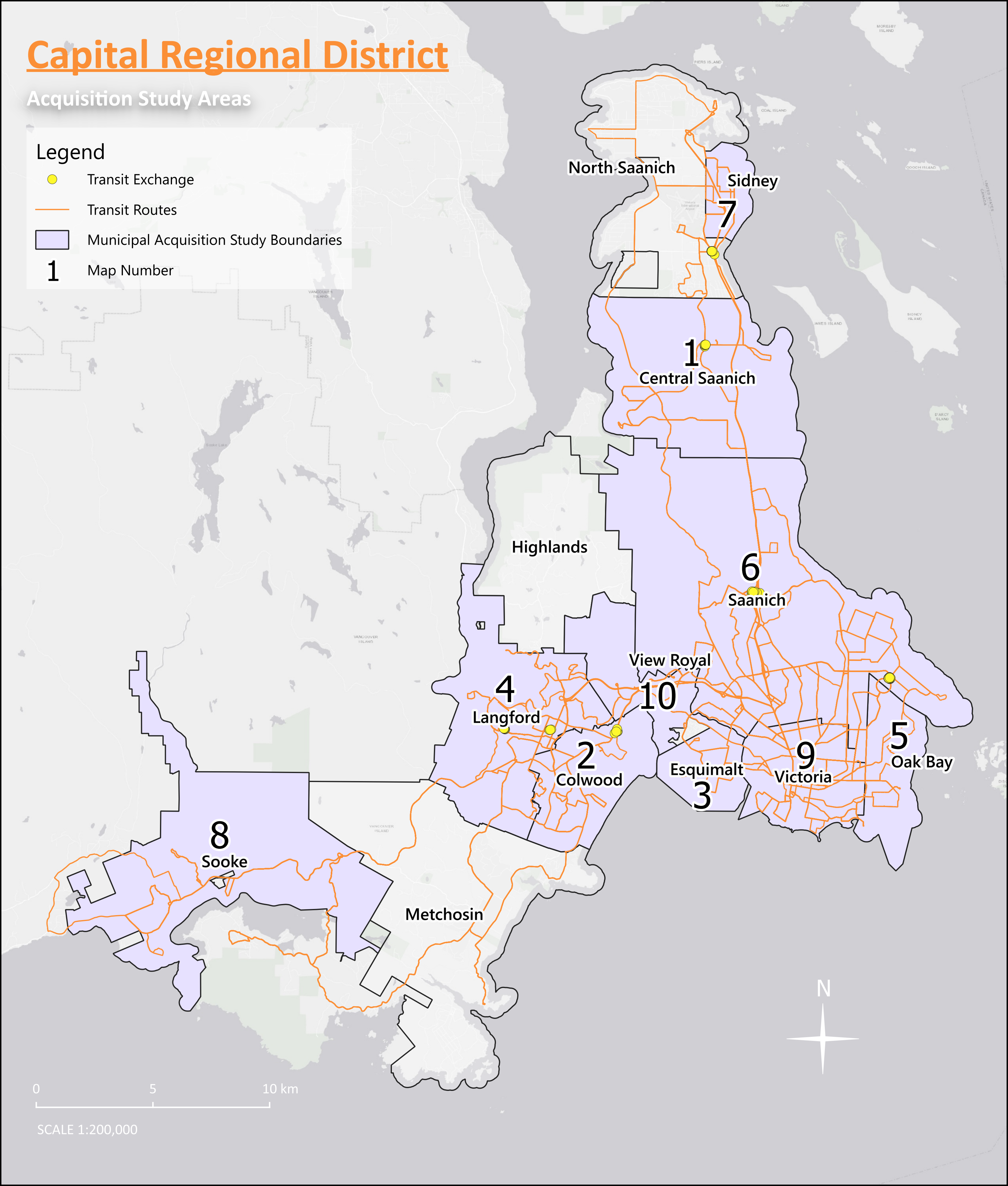
The criteria to be considered are shown in Table 19.

Table 19: Input Data for Financial Model

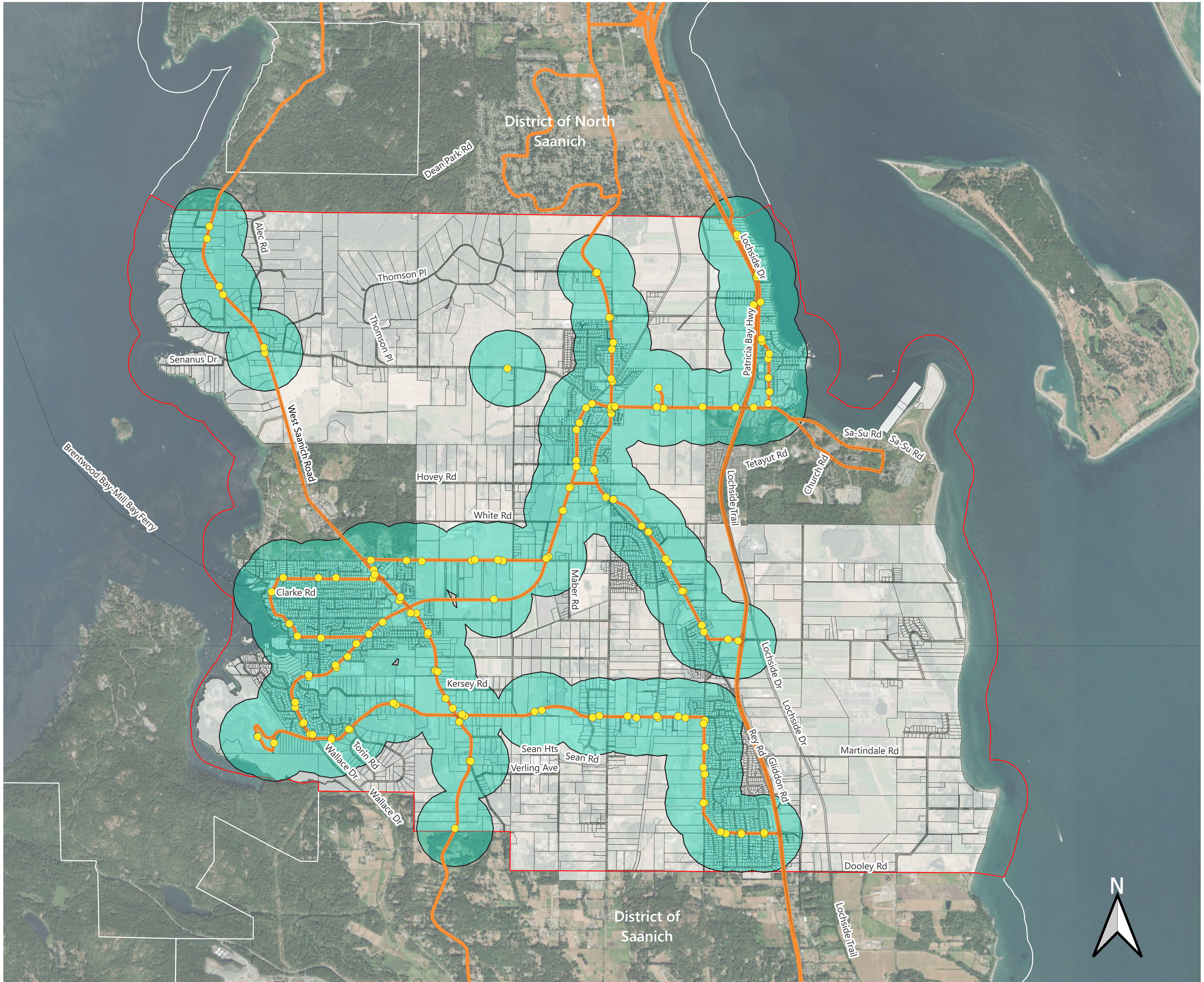
Land Costs	Architect fees	Operating Costs
Land Financing	Engineering Fees	Periodic Improvements
Construction Costs	Site Servicing	Structural Reserve Fund
Construction Financing	Site Connections	Tenant Improvements
Property Tax Transfer	DCCs and ACCs	Hard Cost Contingency
Other Closing Costs	Landscaping, Signage and Lighting	Furniture, Fixtures and Equipment
Real Estate fees	Project Management	Survey
Property Taxes	Other Consultants	Accounting
GST	School Site Acquisition Charge	Legal
Rezoning Fee	Research and Appraisal	Insurance
Development Permit Application Fee	Building Permit and Inspection Fees	Utilities

Appendix A

Walkability Maps



Capital Regional District
Acquisition Study Areas
Legend
Transit Exchange
Transit Routes
Municipal Acquisition Study Boundaries
1
Map Number
North Saanich
Sidney
7
1
Central Saanich
Highlands
6
Saanich
View Royal
10
4
Langford
2
Colwood
Esquimalt
3
9
Victoria
5
Oak Bay
8
Sooke
Metchosin
N
0
5
10 km
SCALE 1:200,000



District of Central Saanich

400m Boundary From Transit Stops

Capital Regional District
Regional Housing: Acquisition Strategy

Making a difference...together

- Transit stops
- 400m Boundary from Transit Stop
- Transit Routes
- Street Network
- Central Saanich Parcels
- Central Saanich Administrative Boundary

0 1 2 km

Projection: NAD83/UTM 10N 1: 40,000

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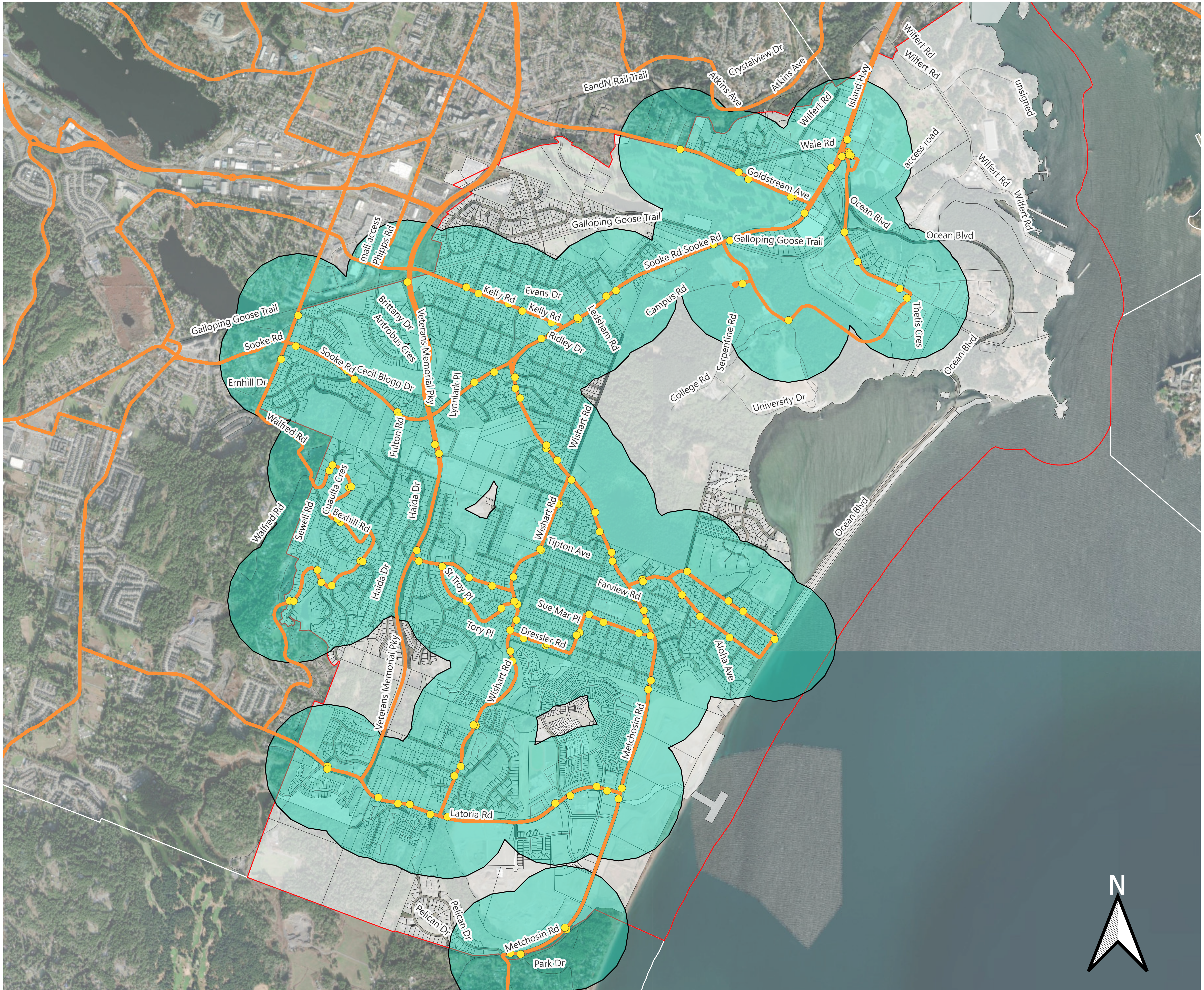
City of Colwood

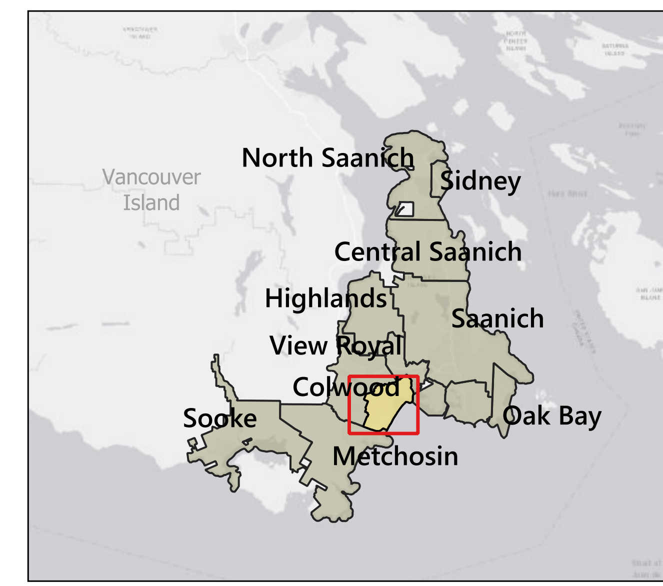
400m Boundary From Transit Stops

Capital Regional District
Regional Housing: Acquisition Strategy

CRD
Making a difference...together



- Transit Stops
- 400m Boundary from Transit Stop
- Transit Routes
- Street Network
- City of Colwood Parcels
- City of Colwood Administrative Boundary



0 750 1,500 m

Projection: NAD83/UTM 10N 1: 25,000

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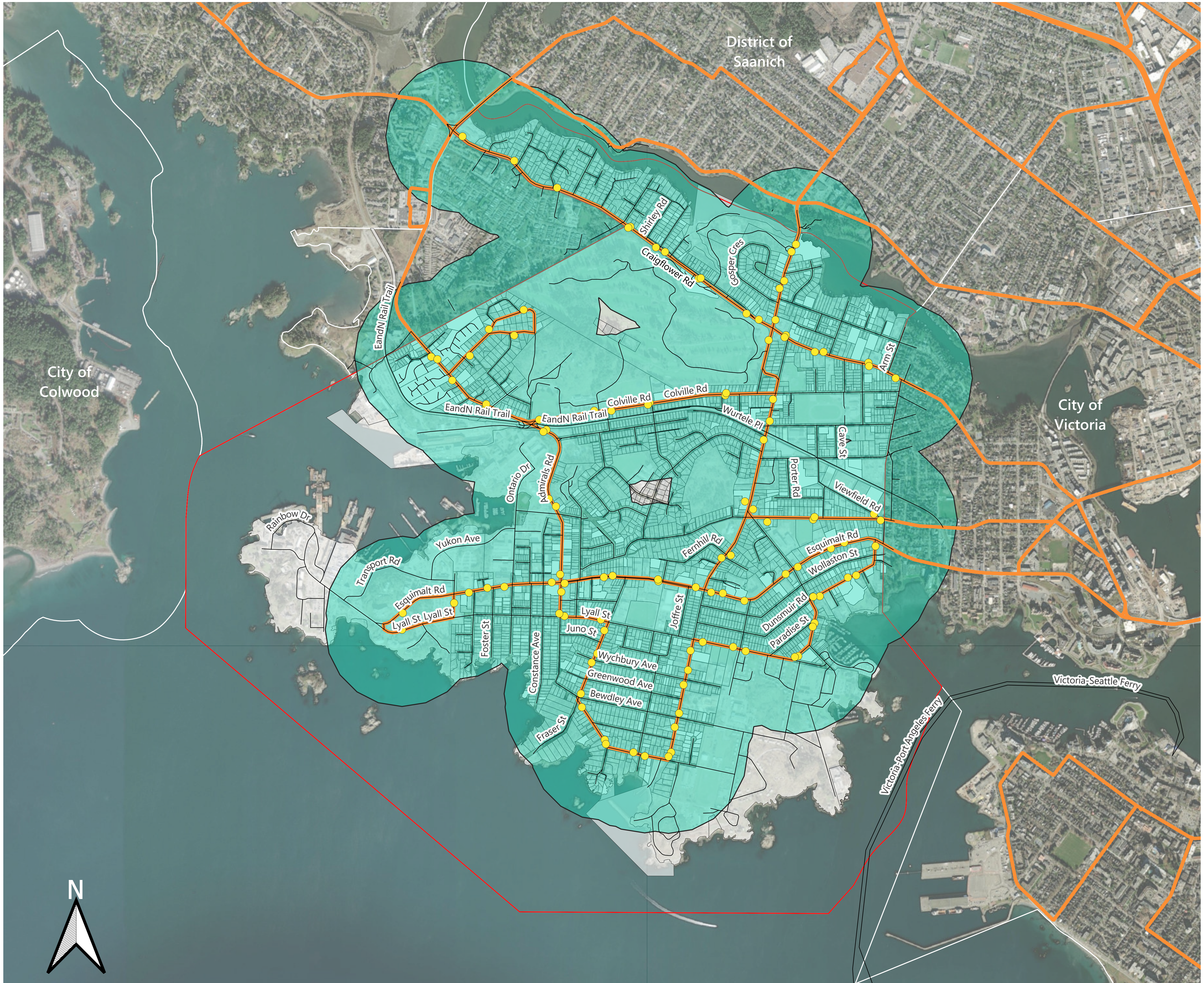
Township of Esquimalt

400m Boundary From Transit Stops

Capital Regional District
Regional Housing: Acquisition Strategy

Making a difference...together



- Transit Stops
- 400m Boundary from Transit Stop
- Transit Routes
- Street Network
- Esquimalt Parcels
- Esquimalt Administrative Boundary

0 500 1,000 m

Projection: NAD83/UTM 10N 1: 20,000

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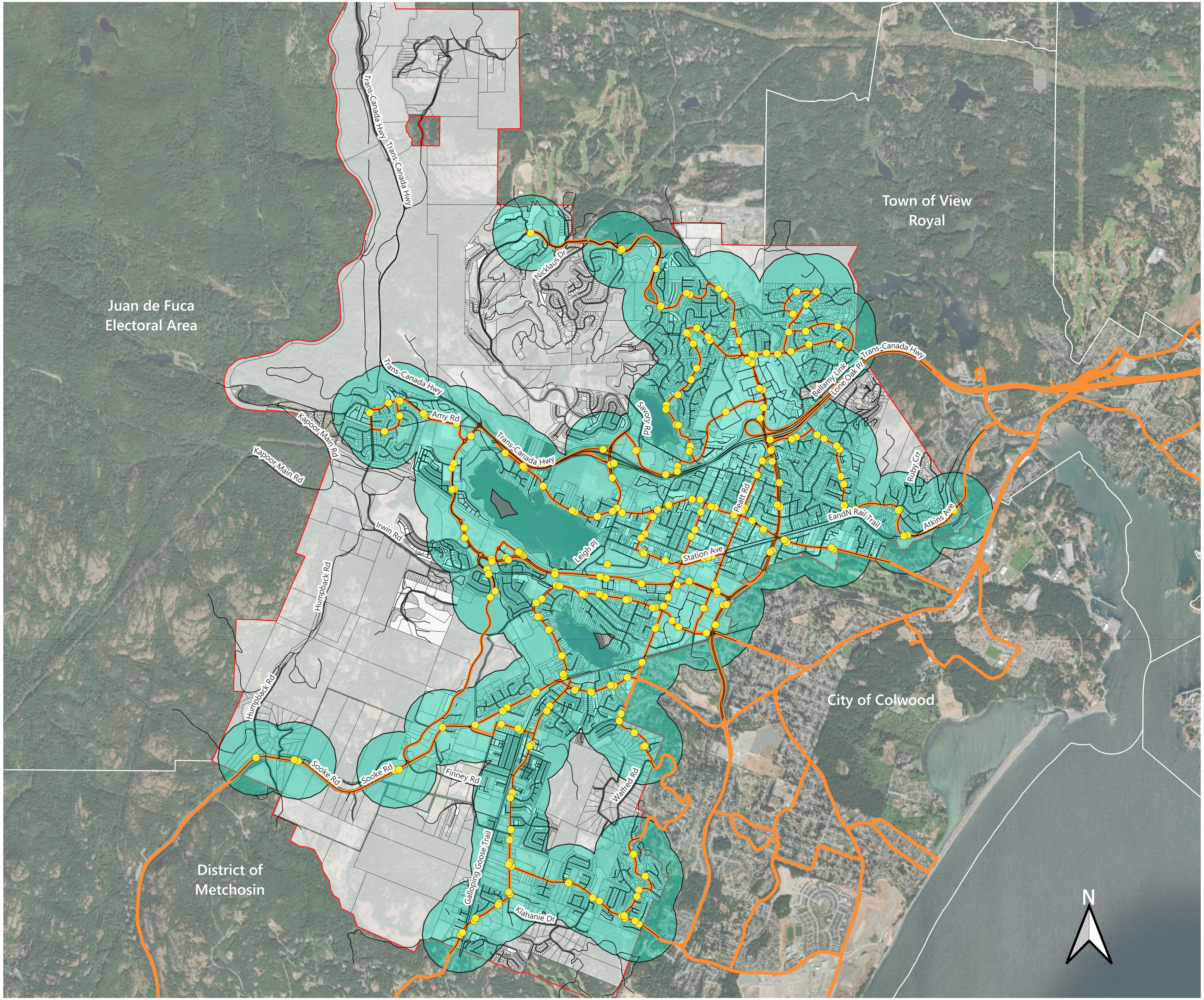
City of Langford

400m Boundary From Transit Stops



Capital Regional District
Regional Housing: Acquisition Strategy

CRD
Making a difference...together

- Transit Stops
- 400m Boundary from Transit Stop
- Transit Routes
- Street Network
- Langford Parcels
- Langford Administrative Boundary

0 1 2 km

Projection: NAD83/UTM 10N 1: 40,000

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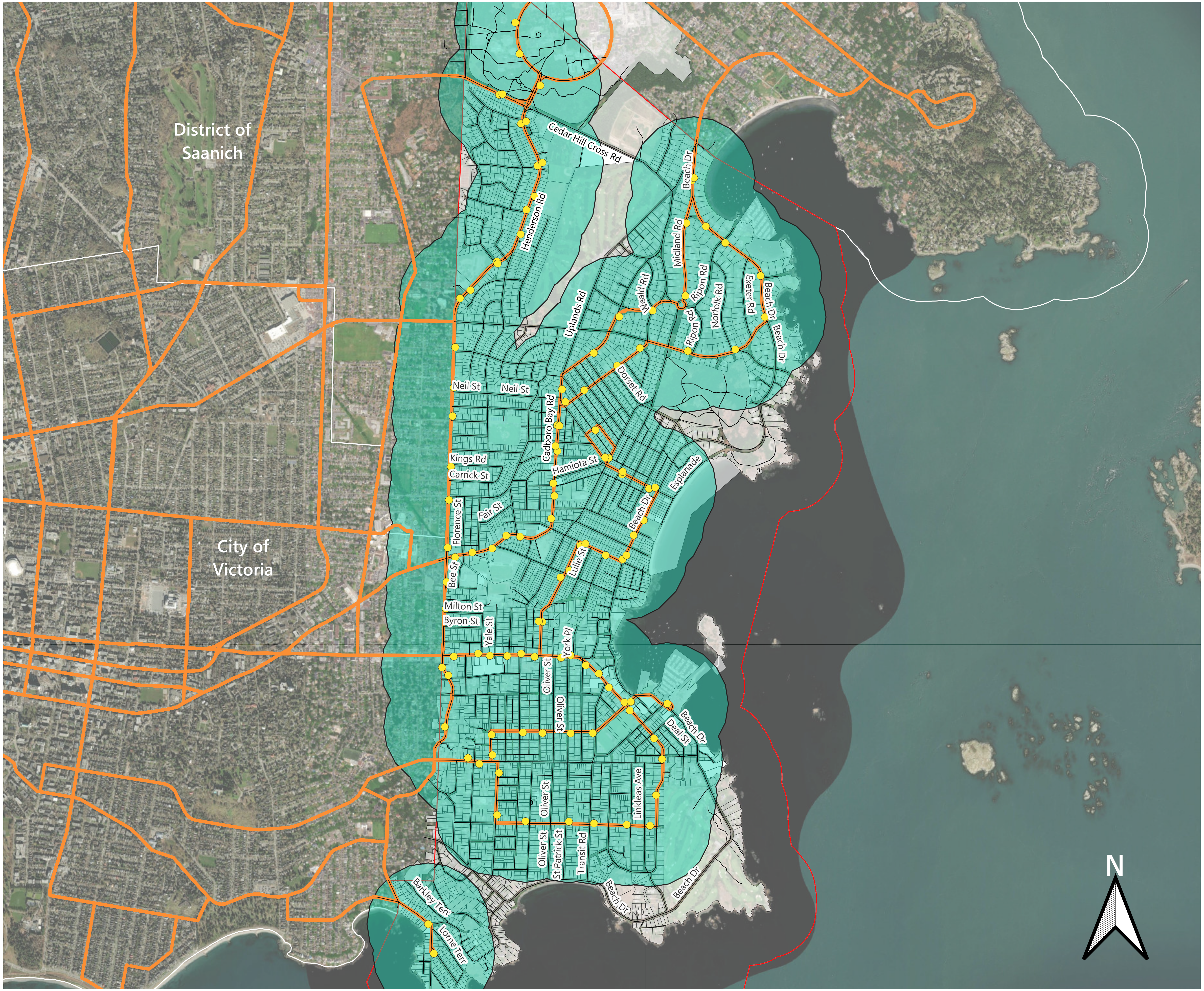
District of Oak Bay

400m Boundary From Transit Stops



Capital Regional District
Regional Housing: Acquisition Strategy

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Transit Stops
400m Boundary from Transit Stop
Transit Routes
Street Network
Oak Bay Parcels
Oak Bay Administrative Boundary

0 750 1,500 m

Projection: NAD83/UTM 10N 1: 25,000

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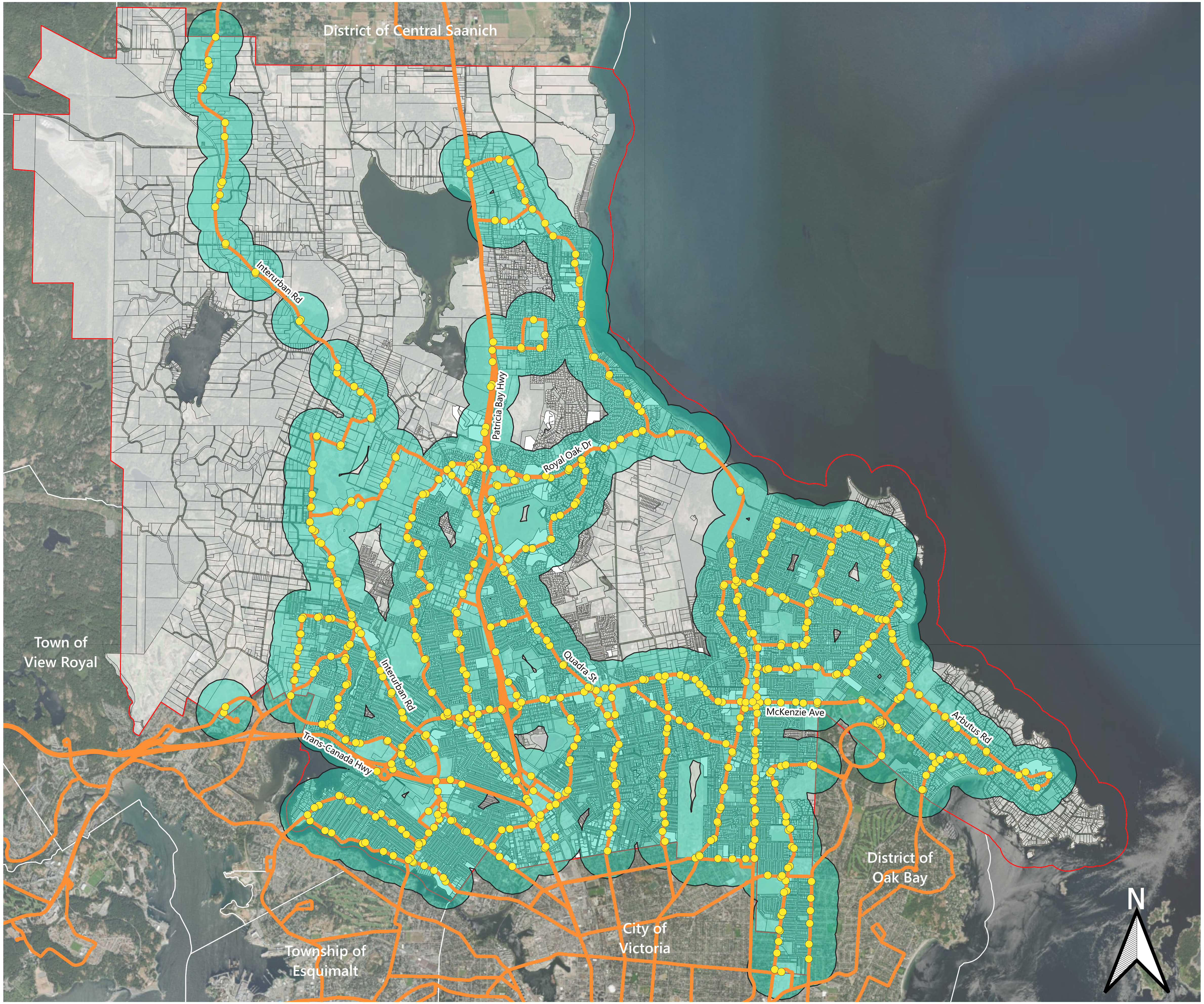
District of Saanich

400m Boundary From Transit Stops



Capital Regional District
Regional Housing: Acquisition Strategy

CRD
Making a difference...together

- Transit Stop
- 400m Boundary from Transit Stop
- Transit Routes
- Street Network
- Saanich Parcels
- Saanich Administrative Boundary

0 1 2 km

Projection: NAD83/UTM 10N 1: 55,000

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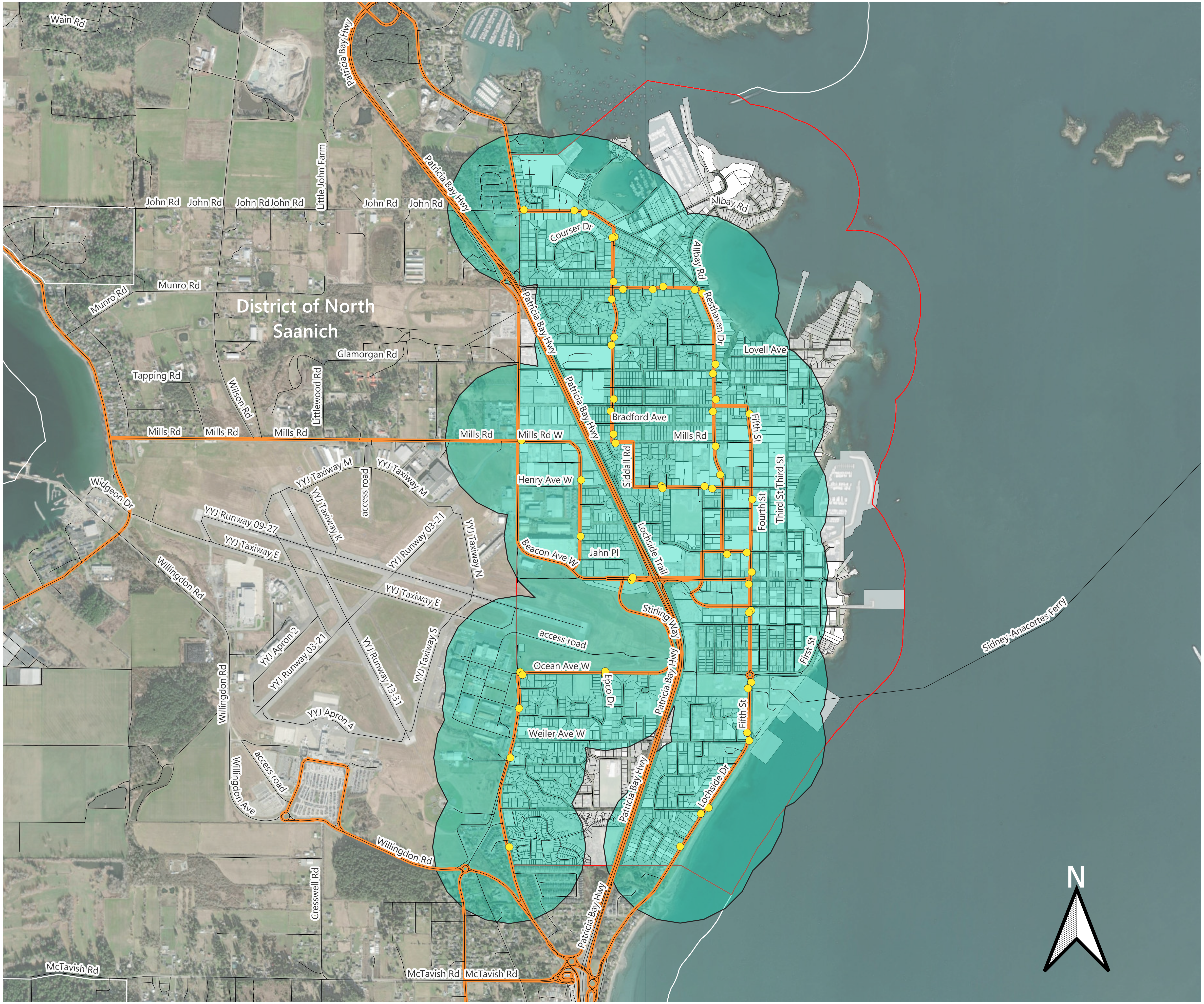
Town of Sidney

400m Boundary From Transit Stops



Capital Regional District

Regional Housing: Acquisition Strategy

CRD

Making a difference...together

- Transit Stops
- 400m Boundary from Transit Stops
- Transit Routes
- Street Network
- Sidney Parcels
- Sidney Administrative Boundary

0 500 1,000 m

Projection: NAD83/UTM 10N 1: 20,000

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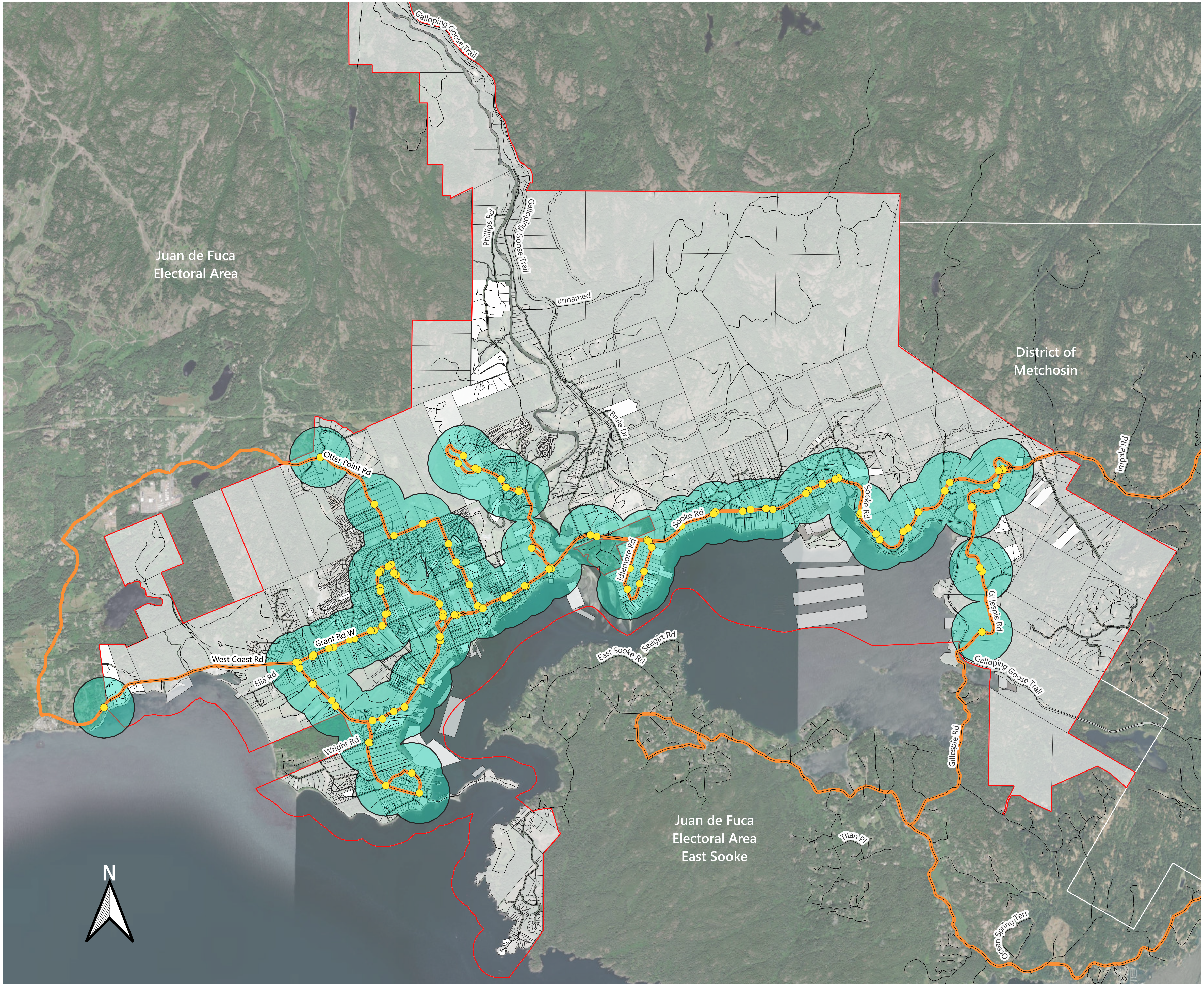
District of Sooke

400m Boundary From Transit Stops



Capital Regional District
Regional Housing: Acquisition Strategy

CRD
Making a difference...together

- Transit Stops
- 400m Boundary from Transit Stop
- Transit Routes
- Street Network
- Sooke Parcels
- Sooke Administrative Boundary

0 1 2 km

Projection: NAD83/UTM 10N 1: 50,000

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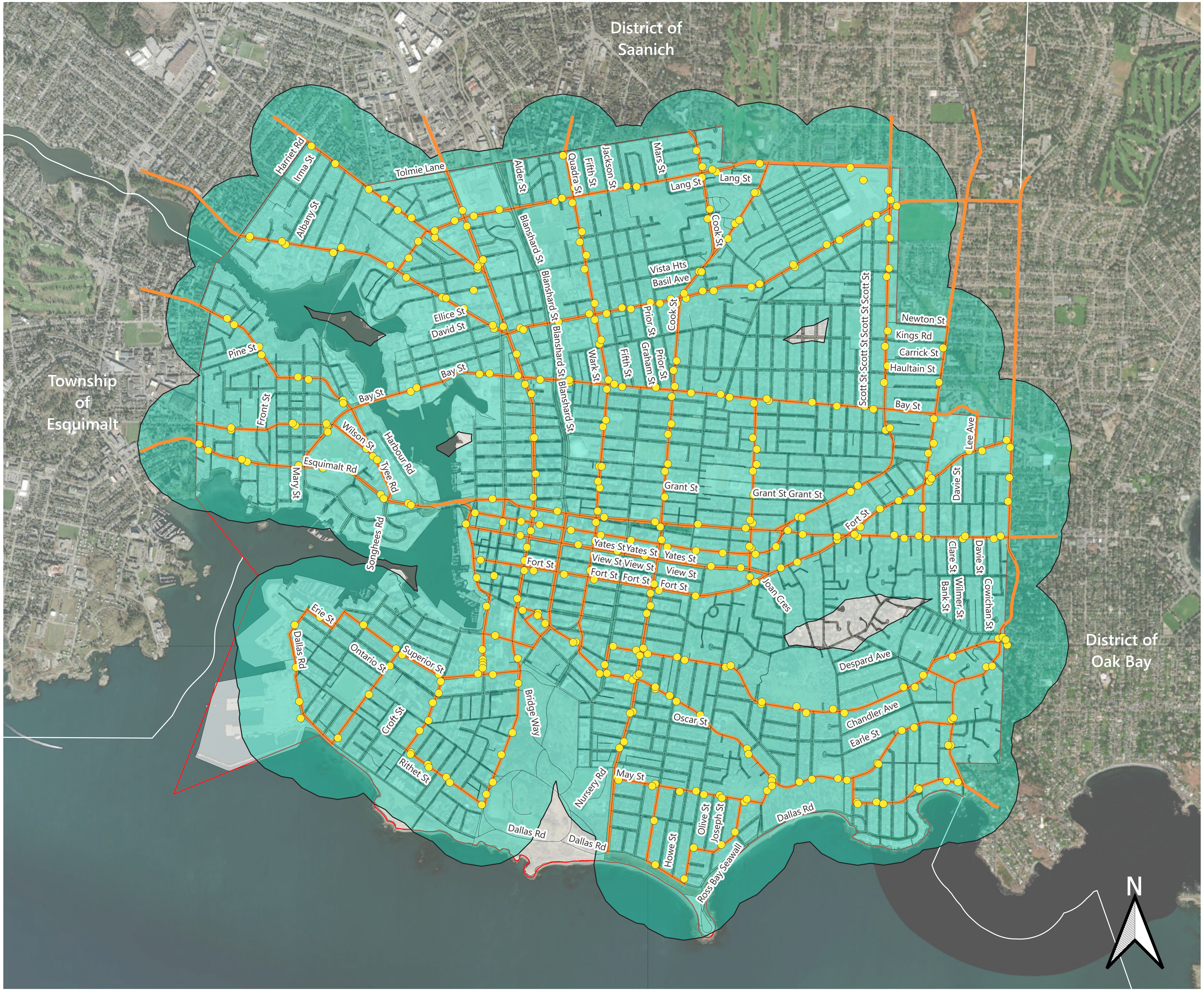
City of Victoria

400m Boundary From Transit Stops



Capital Regional District
Regional Housing: Acquisition Strategy

Making a difference...together

- Transit Stops
- 400m Boundary from Transit Stop
- Transit Routes
- Street Network
- Victoria City Blocks
- Victoria Administrative Boundary

0 750 1,500 m

Projection: NAD83/UTM 10N 1: 25,000

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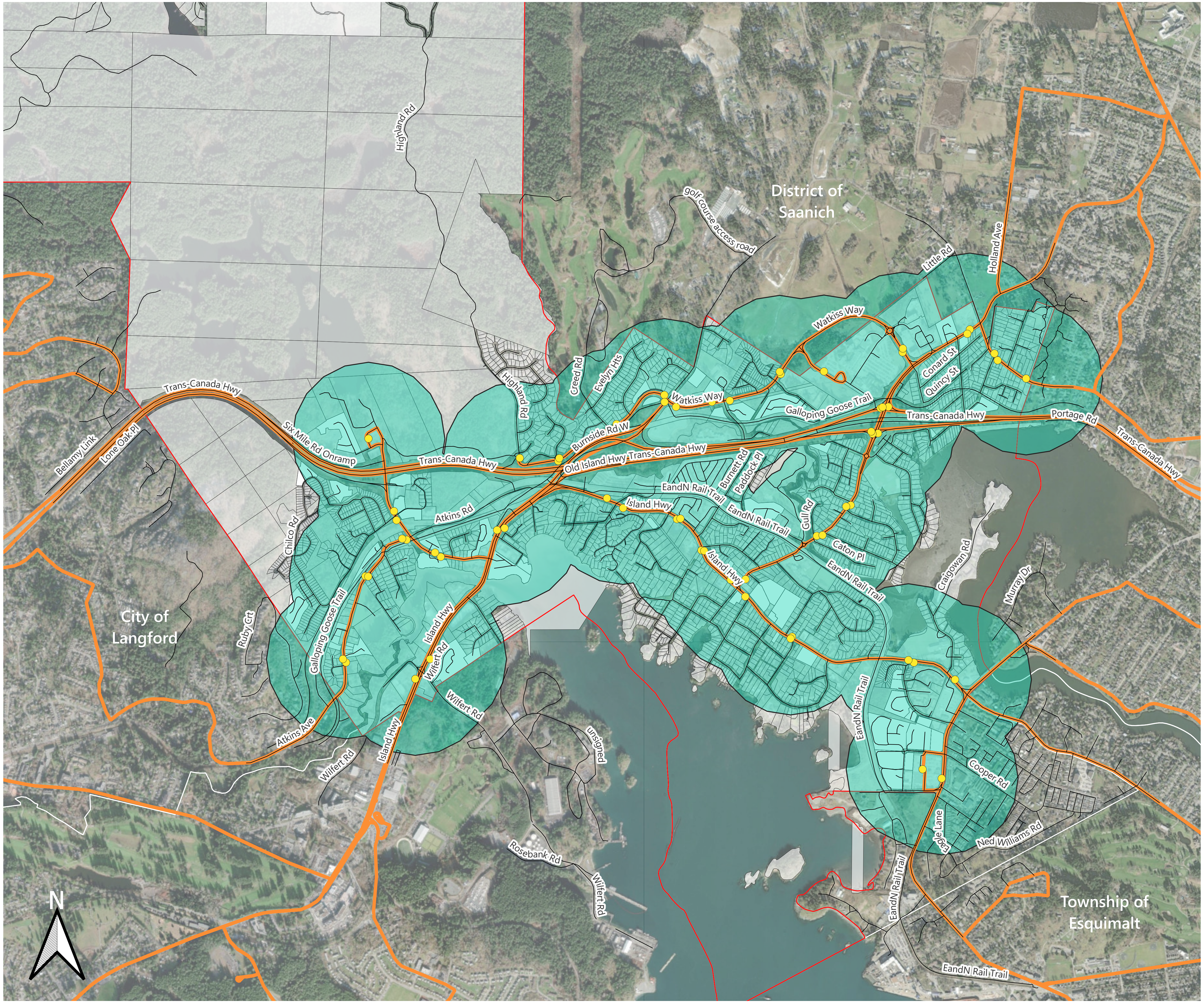

Town of View Royal

400m Boundary From Transit Stops

Capital Regional District
Regional Housing: Acquisition Strategy

Making a difference...together

- Transit Stop
- 400m Boundary from Transit Stop
- Transit Routes
- Street Network
- View Royal Parcels
- View Royal Administrative Boundary

0 500 1,000 m

Projection: NAD83/UTM 10N 1: 20,000

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Appendix B

Municipal Policy and Regulation Summary

	Median HH Income (Based on 2020 data)	Median Cost of Living Adjustment	Apartment Densities	Rezoning Fee	Building Permit Fee	Development Permit Fee	Development Cost Charges	School Site Acquisition Charge	Notes
Central Saanich	103,000	2021 = $103,515 2022 = $105,683.215 2023 = $112,998.429	Bachelor Apartment minimum of 40.0 m^2 net of common area 1 Bedroom Apartment minimum of 50.0 m^2 net of common area 2 Bedroom Apartment minimum of 65.0 m^2 net of common area 3 Bedroom Apartment minimum of 80.0 m^2 net of common area 4 Bedroom Apartment minimum of 111.5 m^2	Single Residential/ Duplex Min Fee: $3600 OR $360 per lot, whichever is greater Multiple dwellings or townhouse: $4800	Min Fee $150 Portion of construction value up to $100,000 $150 plus 1.30% Portion of construction value from $100,001 to $500,000 plus 1.20% Portion of construction value over $500,000 plus 1.00%	N/A	Residential Detached: $6101 Residential Small Detached: $5431 Multi-family Residential: $3944	Set by the province through the SSAC calc.: Low Density Residential (1-20 units/Ha), $1,000/unit Medium Low Density (21 to 50 units/Ha), $900/unit Medium Density (51 to 125 units/Ha), $800/unit Medium High Density (126 to 200 units/Ha) $700/unit High Density (201+ units/Ha) $600/unit	Bylaw to Provide a Reduction of Development Cost Charges
Colwood	102,000	2021 = $102,510 2022 = $104,657 2023 = $111,895	Apartment Residential designation are 100 uph (40 upa) to 250 uph (100 upa)	$4,193 (base fee) + $0.25 /$m^2$ lot area <5,000 m^2 + $0.12/$m^2$ lot area >5,000 m^2	Permits lass than $1,000 or less = $50 For permits in excess of $1,000.00, the fees shall be $50.00 or the first thousand, plus $12.00 per thousand or part for the next $99,000.00, plus $10.00 per thousand or part for the next $400,000.00, plus $8.00 per thousand, or part thereof, for the remainder Application Fee included in Building Permit Fee Permits with a construction value of $200,000 or less: $100.00 Permits with a construction value more than $200,000. $1,000.00Application Fee, non-refundable, included in Building Permit Fee Permits with a construction value of $200,000 or less: $100.00	N/A	Single Family: $7015 Townhouse/ Duplex: $4539 Apartment/ Condo: $4624		Development Cost Charges Estimator: https://www.colwood.ca/city-services/development-services/development-cost-charges-estimator
Esquimalt	76,000	2021 = $76,380 2022 = $77,979 2023 = $83,356	Medium density residential FAR of up to 2.0 or 6 storeys High Density residential FAR up to 3.0 or 12 storeys	$1000 plus $500 for each dwelling unit	For permits $1000.00 or less in value=$50.00 For permits in excess of $1000.00 in value the fees shall be $50.00 of the first thousand, plus $13.00 per thousand or part thereof for the next $99,000.00, plus $11.00 per thousand or part thereof for the next $400,000.00 and $9.00 per thousand in excess of $500,000.00	Single Family Infill dwelling unit $750/dwelling unit Duplex $750/dwelling unit Multiple Family Residential $1200 plus $120/dwelling unit Mixed use development Fee to be calculated based on the combined fees for the	Does not have DCCs		
Langford	93,000	2021 = $93,465 2022 = $95,428.36 2023 = $102,016.29	N/A	Text amendement only: $1116 Text amendement only under existing zoning for changes to not more than two aspects of the Zoning Bylaw: $2226 All land uses: <1000m^2 of site area: $3465 1001$m^2$ - 8094m^2: $7159 >8094$m^2$ - 40467m^2: $10275	N/A	Interface Fire Hazard DP Ara: $310 Riparian DP Area: $618 Two-Family Residential (Duplex): $991 Two-Family Residential (Duplex, not compliant with DG): $2539	Link to Development Cost Charges for Major Roads, Sewers, Water Board.		
Oak Bay	107,000	2021 = $107,535 2022 = $109,778.83 2023 = $117,355.44	N/A	Zoning By-law Amendement = $2,500 Additional deposits in increments of Five Hundred Dollars $500	Building Permit fees are based on the value of construction	$500.00, plus $65.00 for each variance of a bylaw provision in excess of one that is required to accommodate the development or other proposal represented by the application	N/A		
Saanich	93,000	2021 = $93,465 2022 = $95,428.36 2023 = $102,016.29	N/A	$2,000.00 where the application is to rezone lands in any zone EXCEPT that a lesser fee of $1,000.00 shall be submitted where the application is to rezone lands from one single family zone (RS) to another single family zone (RS) for the sole purpose of creating one lot for single family dwelling use	Value of $1000 or less: 100.00 Value of $1001 - 499,999: $ 13.00 / $1,000 of Permit Value Value of $500,000 +: 10.00 / $1,000 of Permit Value	$500.00	Single Family Residential: $11542 Duplex/Triplex/Quadplex: $9108 Townhouse Residential: $8071		
Sidney	77,000	2021 = $77,385 2022 = $78,015.68 2023 = $83,401.38	Mult-ifamily Residential Density and Height: 45-65 UPH, up to 6 storeys	Joint Zoning and OCP = $1,800.00 plus $1,50.00 Public Hearing and $300 mail-out deposit Amendement to Zoning Bylaw = $1,300.00 plus $1,500.00 Public Hearing and $300 mail-out deposit	Plan Processing Fee for Building Permit Application: Construction value less than $100,000: $50 Construction value greater than $100,000: $100 Commercial or multi-family new construction: $200 Reduced fee for alterations, additions, or repairs to existing buildings: $100 Building Permit Fee (based on construction valuation): $1,000 or less: $100 Over $1,000: $100 for the first $1,000, plus $13 per thousand for the next $99,000, plus $11 per thousand for the next $400,000, and $9 per thousand for amounts over	DP Minor = $150.00 DP Major = $300.00 plus $50.00 per unit of residential construction as per the application $300.00 plus $0.50 x m^2 of floor area as per application for all other uses	Town DCCs vary by location. For a complete list of the DCCs for your development site, please visit Town Hall or send an email request. (never got back to me)		
Sooke	87,000	2021 = $87,435 2022 = $89,272.23 2023 = $95,434.79	OCP OR Zoning By-law Amendment $5300.00*, Additional Fee of $0.15/m2 of lot area Link to FAR here:	Zoning By-Law Amendement: $5300*+$0.15/m² of lot area	Building Permit Fees Based on Construction Value	Development Permit $1200.00 $1.50/$m^2$ of gross floor area Development Permit Amendment $700.00 n/a	Low Density Residential: $16,237 Medium Density Multi-Family: $8882 High Density Multi-Family: $5251		
Victoria	67,500	2021 = $67,837.50 2022 = $69,262.08 2023 = $74,046.35	Total FSR of a residential component for non-market housing may range up to approximately 2.5:1, as indicated in local area plans	Up to 3 dwelling units (excluding Duplex/ Triplex) $2000 per dw/unit Duplex $3000 Triplex $4000 Over 3 dwelling units of any type = $6000 + $0.50 per m^2 of total floor area	Application fee: $100 Building Permit Fee: 1.40% of cost of construction* (not including plumbing & electrical value)	Up to 3 dwelling units $2000 per dwell/unit Duplex $3000 Triplex $4000 Over 3 dwelling units of any type $6000 + $2.50 per m^2 of total floor area	Detached Dwelling: $6871 per lot Two Family Dwelling: $12,178 per lot Attached Dwelling: $44.77 per m^2 of total FA Multiple Dwelling: $44.87 per m^2 of total FA		
View Royal	98,000	2021 = $98,490 2022 = $100,550.79 2023 = $107,491.76	Large Lot Residential: up to 5 stories Residential: Max. FSR .5 permitted for infill, up to 2.5 storeys Mixed Residential: up to 3 storeys/ 1.25 FSR permitted, 4 storeys/1.6 FSR permitted for apartment dwellings Neighbourhood Mixed Use: 3 storeys, 1.5 FSR permitted Neighbourhood Centre (Commerical with	$2,200.00	Building Permit Fees Based on Construction Value $0-$10000 = Min. $100 $10,001-$100,000 = $100 plus 1.25% $100,001-$500,000 = $1228 plus 1% Over $500,000 = $5228 plus .75%	$550.00 for first five variances ** FOR LARGE PROJECTS: Gross floor area (m^2) x $1.15 (All residential projects over 4 dwelling units)	Detached Residential: $9806 Multi-family Residential: $6519 Commercial: $40.59, m^2 of gross FA		

Appendix C

Continuum of Measures for Housing Affordability

Continuum of Measures for Housing Affordability[30]

Fiscal Measures:

- -Payment in-lieu accepted for density bonus
- -Amenity Cost Charges (ACC) allocated to affordable housing
- -Waiving development fees for affordable housing
- -Waive/reduce municipal development cost charges for affordable housing
- -Property tax exemption for non-supportive affordable housing
- -Grants to facilitate affordable housing
- -Heritage grants that address housing affordability
- -Lease City owned sites appropriate for affordable housing to non-profits
- -Donate City-owned land to facilitate affordable housing
- -Land trust for affordable housing
- -Affordable housing reserve/trust fund
- -Energy efficiency programs for affordable housing
- -Other fiscal actions (unique to local municipality)

Planning Process or Policies

- Official community plan policies showing commitment to providing a range of housing choices
- Neighbourhood plans/area planes showing commitment to providing a range of housing choices
- Identifying suitable affordable housing sites in neighbourhood and planning processes
- Tenant relocation policy
- Family friendly policy
- Adaptable housing policy (include definitions/details)
- Heritage Program includes provisions to consider/address housing affordability
- Affordable housing strategy or housing action plan
- Ownership affordability program/policy (provide specifics)
- Other planning actions

Zoning/Regulatory Actions

- Increased density in areas appropriate for affordable housing
- Micro housing units policy
- Micro housing units approved on a case-by-case review
- Smaller lots
- Coach houses

[30] Neil Spicer, Senior Policy and Planning Analyst, Parks, Planning and Environment, "*Municipal Measures for Affordable housing Matrix – 2018 Update*" dated May 23, 2018 presented at the Metro Vancouver Regional District, Regional Planning Committee June 8, 2018.

- Secondary suites in single family zones
- Secondary suites in other zones
- Lock-off units in apartment and/or row housing
- Infill housing
- Broadening row house/townhouse & duplex zoning
- Density bonus provisions for affordable housing
- Reduced parking requirements for all housing located in areas with good access to transit
- Reduced parking requirement for affordable housing
- Pre-zone lands for affordable housing
- Comprehensive development zone guidelines favour affordable housing
- Inclusionary zoning policy for affordable housing
- Inclusionary zoning has occurred with rezoning process
- Modified building standard (i.e., code related)
- Housing agreements
- Other zoning actions

Approval Process Measures

- Provide assistance
- Concurrent rezoning and building permit applications
- Fast track approval of affordable housing projects

Purpose Built Market Rental Incentives

- Fees waived or reduced for new market rental housing development
- Density bonus for new market rental housing development
- Parking requirements relaxed for new market rental housing development

Rental Housing Loss Prevention Measures

- Standards of maintenance by-law
- Replacement policies for loss of rental housing stock
- Demolition policies
- Condo/strata conversion policies
- Retention policy

Education and Advocacy Measures

- Monitor rental housing stock
- Guide to development process for affordable housing options such as secondary suites

Appendix D

Existing Building Examples

Geography	Land Size	Storeys	Units	Assessed $	Asking $	Sold in the Last 3 Years $	Age	Zoning	Considerations
Central Saanich									
1230 Verdier Avenue, Brentwood Bay Saanichton V8M 1P2	102228 sf	6	92	$ 25,111,000	N/A	N/A	1992	N/A	N/A
1040 Stellys Cross Road, Brentwood Bay V8M 1H5	2.85 ac	4	70	$ 30,029,000	N/A	N/A	2021	N/A	N/A
7878 East Saanich Road, Saanichton V8M 1T4	20579 sf	5	48	$ 21,503,000	N/A	N/A	2016	N/A	N/A
North Saanich & Sidney									
2433 Malaview Avenue, Sidney V8L 4G4	53066 sf	4	60	$ 18,622,000	N/A	N/A	1979	N/A	N/A
2433 Malaview Avenue, Sidney V8L 4G4	53066 sf	4	60	$ 18,622,000	N/A	N/A	1979	N/A	N/A
Colwood									
3221 Heatherbell Road, Colwood V9C 1Y8	4.21 ac	4	33	$ 6,740,300	N/A	N/A	2017	N/A	N/A
Landmark Building 1085 Goldstream Avenue, Victoria V9B 0Y7	2.15 ac	5	166	$ 54,881,000	N/A	N/A	2019	N/A	N/A
284 Belmont Road, Colwood V9C 1B1	0.58 ac	4	48	N/A	$ 14,926,000	N/A	2021	N/A	Originally built in partnership with BC Housing Hub program.
Esquimalt									
908 Carlton Terrace, Esquimalt V9A 5A5	17266 sf	2	8	$ 2,460,000	$ 4,125,000	N/A	1970	RM4	N/A
687 Admirals Road, Esquimalt V9A 6N7	16361 sf	6	50	$ 14,270,000	N/A	N/A	2022	N/A	Recently developed.
860 Carrie Street, Esquimalt V9A 5R4	12500 sf	3	16	$ 3,406,000	$ 5,350,000	N/A	1971	RM4	Tenants currently residing below market rent. For sale for more than 250 days.
Saanich									
3216 Alder Street, Victoria V8X 1P2	N/A	4	27	$ 9,862,000	N/A	N/A	2019	N/A	N/A
3501 Savannah Avenue, Victoria V8X 1S6	52514 sf	4	48	$ 15,295,000	N/A	N/A	1978	N/A	N/A
1028 Inverness Road, Saanich V8X 2S1	14880 sf	3	13	$ 4,246,000	$ 4,999,000	N/A	1976	N/A	Property is surrounded by multi-family zoning.
Langford									
Belmont Place Apartments 3130 Jacklin Road, Victoria V9B 3Z1	5.12 ac	5	222	$ 80,568,000	N/A	N/A	2019	N/A	N/A
711 Treanor Avenue, Victoria V9B 6W7	62646 sf	6	95	$ 40,231,000	N/A	N/A	2021	N/A	N/A
691 Hoylake Avenue, Victoria V9B 3P9	2.45 ac	5	147	$ 49,530,000	N/A	N/A	N/A	N/A	N/A
Oak Bay									
2161 Haultain Street, Oak Bay V8R 2L8	14048 sf	3	14	$ 3,471,000	$ 3,980,000	N/A	1953	RM3	Large majority of suites currently rented below market rate.
2174 Cadboro Bay Road, Victoria V8R 5H1	51575 sf	4	67	$ 17,689,000	N/A	N/A	1968	N/A	N/A
2314 Oak Bay Avenue, Victoria V8R 1G9	20132 sf	4	27	$ 9,255,000	N/A	N/A	1965	N/A	N/A
View Royal									
Aurora Watkiss Way, Victoria V8Z 0E6	2.22 ac	5	114	N/A	$ 46,910,000	N/A	2018	N/A	N/A
Nursery Heights 301 Nursery Hill Drive, Victoria V9B 0L3	1.44 ac	5	72	N/A	$ 28,523,000	N/A	2018	N/A	N/A
Sooke & Metchosin									
2068 Townsend Road, Sooke V9Z 0H2	11817 sf	3	6	$ 1,153,000	$ 1,999,000	$ 1,450,000 (Sept 2021)	1963	R1	This property is in Sooke's City Town Core area, which allows redevelopment of an FSR or 2.5:1 and up to 6 storeys.
Victoria									
971 Market Street, Victoria V8T 4Z3	26100 sf	4	33	$ 9,310,000	N/A	9,350,000 (April 2022)	1976	R3-2	When advertised for sale in 2022 a 2.0 FSR potential gross buildable area (52,200 sf) was noted.
1236 Pandora Avenue, Victoria V8V 3R4	23634 sf	4	43	$ 11,866,000	N/A	$ 13,973,000 (Nov 2021)	1979	N/A	N/A
1220 Pandora Avenue, Victoria V8V 3R4	24044 sf	4	28	$ 9,106,000	N/A	$ 9,127,000 (Nov 2022)	1977	N/A	N/A
1255 Grant Street, Victoria V8T 1C1	16206 sf	3	25	$ 6,358,000	N/A	N/A	1965	N/A	N/A
1300 Yates Street, Victoria V8S 1Z9	45965 sf	4	77	$ 20,362,000	N/A	N/A	1966	N/A	N/A
1165 Meares Street, Victoria V8V 3J9	7200 sf	3	11	$ 2,627,000	$ 3,725,000	N/A	1961	R3-AM-1	N/A

APPENDIX C

Rural Housing Pilot Project Analysis

January 2024

urban matters

CRD
Making a difference...together

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Table of Contents

Executive Summary

This executive summary provides an overview of the findings from the rental housing analysis and affordable homeownership research conducted for the Capital Regional District's (CRD) rural areas. The report focuses on three areas where the CRD is the local government: Southern Gulf Islands Electoral Area (SGI), Salt Spring Island Electoral Area (SSI), and Juan de Fuca Electoral Area (JdF). The analysis explores various housing typologies, funding mechanisms, and economic conditions to provide incentives for expanded affordable housing options under a possible Rural Housing Program pilot. Key insights and recommendations from the financial analysis and research are highlighted below:

- **The Rural Housing Program (RHP) should prioritize allocating funding to projects in CRD rural areas where housing would have otherwise not been created.** While single-detached houses and accessory dwelling units are permitted across SGIs and SSI, the uptake to build accessory dwelling units has been slow. Previous studies have shown there is market demand for rental housing on the SGI and SSI, however, there has not been enough incentive or funding available to encourage developers and landowners to fill the market gap.
- **Secondary suites have the biggest potential to scale up in unit numbers when coupled with grant funding.** The financial analysis shows that grant funding has the biggest impact on making secondary suite rents affordable (for renovation of existing suites or new construction). The estimated grant needed to influence the development potential or affordability of secondary suites is $30,000 per unit. The uptake potential of secondary suites, however, can be impacted by cultural preferences and whether there is strong market interest to build these units.
- **Cottages have higher development costs and require more grant funding than secondary suites.** Cottage development has higher costs and requires an estimated grant of $60,000 per unit to influence the development potential or affordability of the unit, however, they may be preferred by residents in rural communities. Collaborating with different development approval authorities to create a pre-approved design for cottages, including septic system design, and developing under preferred interest rates can deepen affordability.

- **Multiplex rental development projects are challenging to develop from a financial standpoint under the current land use framework without stacking partnerships and grant funding.** Several factors contribute to the high cost of development, including a lengthy pre-development stage, cost of rural development, and permitted densities that do not maximize building cost efficiencies. To offset a portion of the pre-development costs, a grant of $10,000 to $20,000 per door can move development projects towards the building permit approval stage. This grant would lower the required rents in the project, and allow housing providers to contribute to the required equity for the project, which could unlock partnerships and further grant funding.
- **Entry-level homeownership programs such as rent-to-own and down payment matching programs should have smaller funding allocations as the investment costs are high and affordability is not guaranteed to carry over to the next user.** This program reach could be greater if coupled with partnerships or through existing funding programs.
- **The potential reach of the Rural Housing Program (RHP) pilot depends on the allocation of funding.** The allocation strategy for a hypothetical reserve of $5.0 million to $15 million for the RHP pilot should maximize the number of units built. The suggested distribution prioritizes rental housing (75%) and affordable homeownership (25%), aiming to create a total of 165 affordable units under a $5.0 million program outreach and up to 308 units under the $15 million program outreach.

In summary, the potential reach of the Rural Housing Program is substantial. It can help support housing providers in bringing forth several needed housing options, such as accessory dwelling units for rent, multi-unit rental housing, and affordable homeownership. While the reach of the program can change depending on the economic conditions, the recommended strategies and funding allocations aim to maximize the impact of the Rural Housing Program by increasing the development potential or affordability of the housing options.

1.0 Introduction

1.0 Introduction

The Capital Regional District (CRD) is exploring a suitable pilot project to increase housing options across the CRD's rural areas. The CRD's rural areas include Electoral Areas and municipalities outside of the CRD Urban Containment Policy Area Boundary (Saanich Peninsula and rural West Shore). This report focussed its analysis on the CRD's Electoral Areas for which it is the local government:

- Southern Gulf Islands Electoral Area
- Salt Spring Island Electoral Area
- Juan de Fuca Electoral Area

The goal of the project is to understand the financial feasibility of developing different types of housing and how these housing types are impacted by financial support (grants or forgivable loans). Ultimately, the CRD is looking to see how policies that offer grants or forgivable loans might most efficiently be designed to result in additional homes being developed. The findings from this analysis are intended to support recommendations for the development of a Capital Regional District Rural Housing Program (RHP).

This report contains a section on defining housing affordability in order to understand what the target rents would be under the RHP. The report analyzes three main elements:

Rental Housing Analysis

1. Financial incentives for encouraging the development of accessory dwelling units as rental units.
2. Pre-development funding to move multi-plex rental housing projects forward.

Affordable Homeownership Analysis

3. A review of common entry level home ownership programs in Canada and the benefits and limitations of each.

Findings and recommendations for the funding allocation are outlined in sections 5 and 6 of this report, including a discussion on stacking CRD grants with other government funding programs in order to move housing development concepts off the ground.

2.0

Defining Affordable Housing

2.0 Defining Affordable Housing

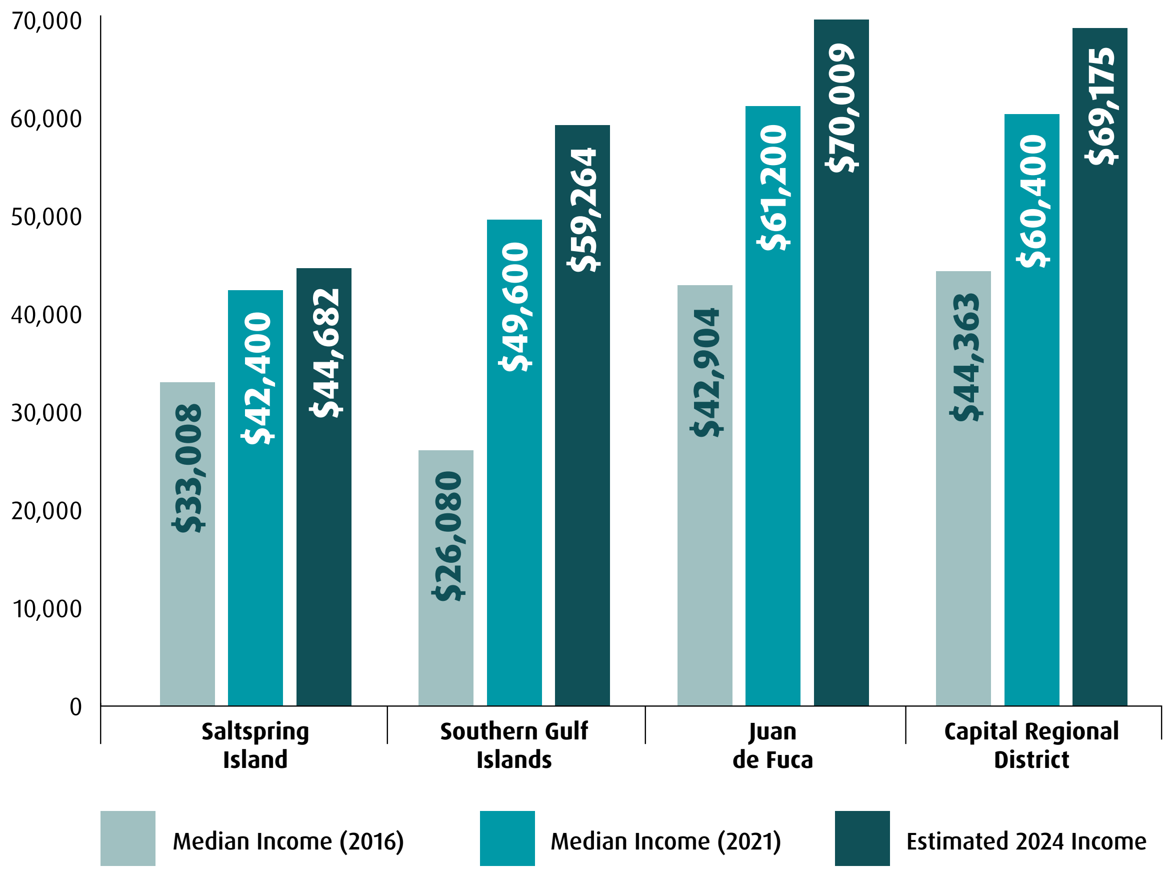
The CRD currently does not define affordable housing for the municipalities and electoral areas within its jurisdiction. To understand the housing affordability levels that could be achieved through CRD's Rural Area Housing Pilot Program, this section proposes rental affordability thresholds for the housing types examined in this report. The definition takes into consideration the remoteness of the CRD's rural communities and household incomes, which differ from the urban areas of the CRD.

2.1 Renter Household Income

The newest household income data available across the three rural areas that form part of this study, Salt Spring Island, Southern Gulf Islands, and Juan de Fuca Electoral Area (Part 1) is from the Census 2021. **Figure 1** shows median incomes for 2016 and 2021 across the rural areas of the CRD and the Regional District as a whole. Renter household incomes have increased substantially across these jurisdictions since 2016. This is attributable to a decline in renters at the lowest income levels (earning less than $20,000 annually) in each jurisdiction and the region as a whole. We have provided estimated renter incomes for 2024, based on historical income growth for renter households between 2006 and 2021.

The CERB benefit offered by the federal government in 2021 had a significant impact on incomes for the most vulnerable households in Canada, including low-income renters. As such, the decline in low-income renters is likely attributable to the short-term impact of CERB, creating more income stability for vulnerable households, and the lack of rental housing availability in these areas. Salt Spring in particular saw an overall decline in the number of renters (from 1,160 in 2016 to 950 in 2021), which is indicative of a challenging rental market.

Figure 1: A Comparison of Renter Income and Estimated Income Across Rural CRD Areas, 2006, 2021, 2024



A comparative analysis of renter income distribution in 2016 and 2021 shows a significant upward shift in the income level of renters across all areas. The SSI and the SGI had a much higher proportion of renters earning less than $60,000 per year than the region as a whole. The income profile for renter households in Juan de Fuca showed more similarity to the CRD as a whole than SSI and SGI. The findings of this analysis are shown in **Table 1** on the following page.

Table 1: Renter Household Income Distribution Analysis, 2016 and 2021

	2016	2021
Southern Gulf Islands (SGI)	78% of renter households earned less than $60,000, and 67% earned less than $40,000	54% of renter households earned less than $60,000, and 40% earned less than $40,000
Salt Spring Island (SSI)	78% of renter households earned less than $60,000, and 50% earned less than $40,000	67% of renter households earned less than $60,000 and 44% earned less than $40,000
Juan de Fuca (JdF)	57% of renter households earned less than $60,000, and 48% earned less than $40,000	27% of renter households earned less than $60,000, and 27% earned less than $40,000
Capital Regional District (CRD)	65% of renter households earned less than $60,000, and 45% earned less than $40,000	50% of renter households earned less than $60,000, and 35% earned less than $40,000

Source: Adapted from Statistics Canada, Census 2016 and 2021

Based on available income data, it is clear that the SGI and SSI have a different composition of renters than seen in JdF and the CRD as a whole, with a higher proportion of very low, and low income renters. While income levels have improved somewhat between 2016 and 2021, it has been suggested in some interviews (with SGI Liaisons) that a noticeable segment of the lowest income residents of these areas have moved after being priced out of the market. Nevertheless, the data shows that any affordability definition for these areas must consider the fact that renters on the islands are likely to be lower income than renters in other parts of the CRD (including Juan de Fuca).

Table 2 below shows BC Housing's Housing Income Limits (HILs) for Greater Victoria in 2023. These figures are derived from CMHC's Rental Market Survey, conducted annually in most Census Agglomerations. The Rental Market Survey focuses on the primary rental market (i.e. purpose-built rental housing). However, most, if not all, of the rental stock in the CRD's rural areas is in the secondary market (i.e. secondary suites, private homes rented out, etc.), and little data is available about the cost of these rentals.

Table 2: Housing Income Limits for the Greater Victoria Region (CRD), 2023

	1-Bdrm/less	2-Bdrm	3-Bdrm	4-Bdrm
Rent levels as defined by HILs	$1,250	$1,625	$2,050	$2,388
Income threshold	$50,000	$65,000	$82,000	$95,500

Source: BC Housing

2.2 Proposed Rental Housing Affordability Guidelines

Based on the household income data, this points to a strong need to provide affordable rental opportunities on the islands that will serve renters at the lower end of the income continuum. The program should therefore consider the following thresholds for rental housing:

- **Market Rental and Rent-to-Own threshold**: $1,500 and up (for households earning $60,000 and up)
- **Below Market threshold**: $1,000 to $2,050 (for households earning $40,000 to $60,000)
- **Deep Subsidy threshold**: $1,000 and below (for households earning less than $40,000)

This latter category is likely to be the most needed by current renters on the islands. However, it is also the least viable, as rents may be too low to pay off all operating costs. Units in this category may need some form of cross subsidy.

Rental income for financial analysis for the SGI and SSI should therefore be structured as outlined in **Table 3** below. Rent Geared to Income (RGI) or Deep Subsidy rental thresholds are low but align with income assistance shelter rates for the smallest unit. **It should be noted that for all categories outlined in Tables 2 and 3, thresholds are intended to be a starting point for that category. It should also be noted that these guidelines should be updated on an annual basis as HILs are updated.**

Table 3: Rental Thresholds for the Southern Gulf Islands and Salt Spring Island, 2023

	1 Bdrm/less	2 Bdrm	3 Bdrm
Market Rent and Rent-to-Own Guidelines	$1,500	$1,950	$2,438
Below Market Rental Thresholds	$1,000	$1,250	$1,500
Deep Subsidy Thresholds	$500	$750	$1,000

Rental thresholds for Juan de Fuca should conform more closely to the CRD HIL rates, as the income profile of renters more closely matches the regional profile. As such the rental thresholds outlined in **Table 4** can be used for financial analysis.

Table 4: Rental Thresholds for Juan de Fuca, 2023

	1 Bdrm/less	2 Bdrm	3 Bdrm
Market Rent Guidelines	$1,500	$1,950	$2,438
Below Market Rental Thresholds	$1,250	$1,625	$2,050
Deep Subsidy Thresholds	$500	$750	$1,000

3.0 Rental Housing Analysis

3.0 Rental Housing Analysis

This section reviews the financial impacts of developing **rental housing** in the context of the CRD's rural areas. The purpose of this financial analysis is to understand the market rents supposed if the rental units were built: 1) Under mortgage lending rates of 7.0%; 2) Under decreased mortgage lending rates of 4.0%; 3) The rents that could be supported if funding were available in both 1 and 2.

While the Bank of Canada has held its benchmark interest rate at 5% since July 2024, some economists are forecasting the Bank of Canada to initiate rate cuts slowly, starting in the second quarter of 2024 and potentially to 4.25% by the end of 2024[1],[2]. While interest rates are out of the CRD's control, modelling two market conditions where the mortgage lending rate is 7.0% and at a lower lending rate of 4.0% illustrates that the timing of the economic market can impact the potential reach of the RHP.

This section reviews three types of rental housing:

- **Secondary suites,** which include the renovation and new construction of secondary suites
- **Accessory dwelling units,** such as cottages or garden suites
- **Multi-unit buildings,** which could be plexes or townhouses. While duplexes are permitted under some zones, multi-plexes and townhouses are not commonly permitted under current zoning across the CRD's rural areas.

Required Rent and Decrease in Supportable Rent

The "required rent" outlined in each test scenario refers to the monthly rent that a landlord would have to receive from a tenanted unit in order to pay for its expenses. Note that these rents refer to the starting rents for the unit during first tenancy only.

Throughout this analysis, the term "decrease in supportable rent" refers to how much the required rent would be lowered if a RHP grant were provided to the landlord during development. For example, if the rent was $1,000 without any grants and the rent dropped to $950 with a $10,000 grant, then the decrease in supportable rent is $50.

1 *"Interest rate increases bite, leading to deeper recession", Deloitte, 2023, https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/finance/ca-economic-outlook-september-2023-report-aoda-en.pdf?icid=eo-report-september-2023-aoda-en*
2 *"Long-Term Forecast", TD Economics, 2023, https://economics.td.com/ca-long-term-forecast*

Policy Goal and Securing Affordability

Under the RHP, the policy goal is that any grant provided to landowners will secure the units as non-market units. This means that after the first tenancy, the required rents can only be increased according to the provincially mandated annual permitted rent increase and not with any increases in the housing market. In addition, during tenant turnover, it is intended that the housing agreement will limit the rent increase to the Consumer Price Index. In other words, even if units are initially rented at rents above the affordability guidelines, over time, the unit would be secured as non-market affordable housing (assuming an escalating rental market). Whether the unit starts off within the affordability guidelines or above it is dictated by the way the grant is distributed into the equity of the approach (see the Equity Approach section below).

One mechanism to secure the affordability is for the CRD to enter into a housing agreement with the landowner, which is then approved as a bylaw and registered on title as a condition of the grant, and dictates the terms for use of the unit. The term for the housing agreement should consider the relative size of the initial investment against the number of years the agreement is in place, and the equity approach that is applied.

One challenge to using housing agreements for secondary suites and cottages across the CRD's rural areas is that with program success, there will be an increase in the number of agreements to adopt, administer and enforce. However, it can be done with a streamlined internal process and appropriate levels of staffing to administer the program. The CRD could also explore a program to partner with a non-profit organization with a mandate to support affordable housing that to sign the land lease agreements with a group of individual landowners on behalf of tenants. Outside of housing agreements, further research is needed to understand whether additional tools are available to local governments, such as forgivable loans. The CRD is currently undertaking a Housing Agreement Program review which will help inform the implementation of the RHP.

Equity Approach

There are two equity approaches in which the secondary suites and cottages could be supported financially and each approach has its own merits[3]. The goal to provide an incentive to build a unit, rent it, and agree to have the rent controlled as a non-market unit. Scenario 2A requires a 25% equity requirement from the landowner, and any grant funding from the CRD is stacked on top of the 25%. Scenario 2B requires a 25% equity, however, any grant funding from the CRD goes towards the 25% and lowers the portion to be contributed by landowner.

3 Note that Scenario 2B does not apply to the multi-unit building analysis as the initial equity required is high due to the construction costs.

One scenario, "**Scenario 2A**" as shown in **Figure 2**, is to structure the equity so that the landowner contributes the minimum amount of equity required to make the project financially viable, and any additional grants from government (CRD or other entity) would be directed to reducing rental rates to make the rent more affordable. This is because any additional grants are added on top of the 25% equity, lowering the principal mortgage required.

The second scenario, "**Scenario 2B**" as shown below in **Figure 3**, models a situation where the landowner only contributes a portion of the equity and the remaining required equity is topped up with grant funding, targeting a total equity of 25%. The intent of this approach is to encourage the development of units rather than deepen the affordability of the rents. It also recognizes that not every landowner may have the upfront equity required (a full 25% equity) to construct an accessory dwelling unit as modelled in Scenario 2A. This scenario does not model an equity contribution of more than 25%.

Figure 2: Example of Landowner-Led Equity Distribution in an Auxiliary Dwelling (Scenario 2A)

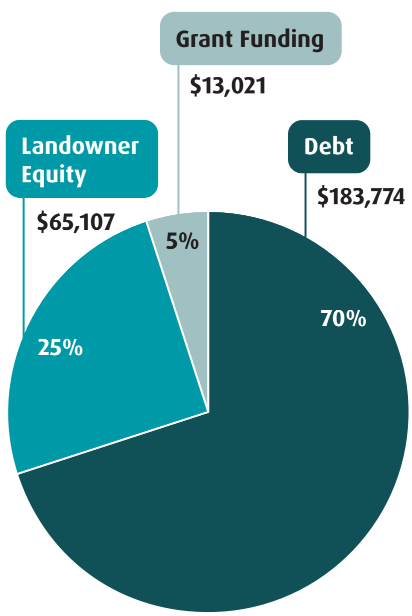
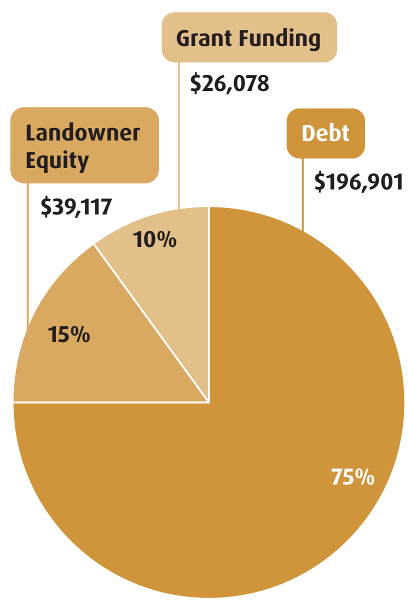


Figure 3: Example of Top Up Equity Distribution in Secondary Suite Renovation (Scenario 2B)



In summary, Scenario 2A allows the grant contributions to support lower mortgage payments, and therefore lowers the required rents in the units. Scenario 2B allows the grant contributions to lower the equity that landowners must put towards the unit and does change the required starting rents. Both scenarios will secure non-market units, but the uptake is dependent on individual landowner's preferences. To better understand which approach would receive more uptake, it is suggested that the CRD conduct community engagement to gather input on the two equity approaches.

Assumptions and Limitations

All scenarios in this section are run under the assumption that a debt service coverage ratio (DSCR) of 1.1 must be met, as that is one metric that lending institutions will use to determine whether a loan can be approved. Inherently this means that a minimal amount of annual revenue will be returned as profit to the landowner if there are no major vacancies[4] during the year. This annual return on equity is discussed in the scenarios below.

It is also assumed that the minimum equity contribution for the mortgage must be 25% of project costs and the assumed loan would be 75% on a 25-year amortization period at a fixed interest rate of 7.0% or 4.0%. Some institutions may approve different loan to ratio values which would increase or decrease the monthly mortgage payments modelled in this section. The rest of the assumptions are outlined in the **Table 5** below.

Construction costs for the secondary suites and cottages are based on a survey conducted by New Commons to local builders on the SGI in early 2022. To account for the increase in construction costs from 2022 to late 2023, the costs were adjusted by 5%. The multi-plex construction cost is based on a builder working on a similar SGI project in 2024. Builders on SSI and JdF were contacted as part of this study, but the response rate was limited. Note that these projects costs are for an average development model and construction costs may be higher or lower depending on the specific site or house (in the context of a renovation).

Table 5: Summary of Assumptions for Rental Housing Analysis

	Secondary Suite – Renovation	Secondary Suite – New	Cottage – New	Multi-Unit Building
Cost to Acquire Land	$0	$0	$0	$0
Unit Size (sq. ft.)	1-Bdrm: 600 sq.ft. 2-Bdrm: 969 sq.ft.	1-Bdrm: 600 sq.ft. 2-Bdrm: 969 sq.ft.	1-Bdrm: 600 sq.ft. 2-Bdrm: 969 sq.ft.	1-Bdrm: 600 sq.ft. 2-Bdrm: 850 sq.ft. 3-Bdrm: 1,100 sq.ft.
Construction Cost ($/sq. ft.)	$296	$368	$439	$600
Contingency	5% of hard costs	5% of hard costs	5% of hard costs	8% of hard costs
Soft Costs	15% of hard costs	17% of hard costs	17% of hard costs	22% of hard costs
Construction Timeline	12 months	12 months	12 months	18 months
Vacancy Allowance	Half of one month's rent	Half of one month's rent	Half of one month's rent	Half of one month's rent

4 *The analysis includes a small vacancy allowance equivalent to half a month's rent in each scenario to account for tenant turnover.*

A limitation to this analysis is that the annual operating costs for each unit will vary in practice. While we have provided estimates of what the operating costs are, they will be dependent on what the individual landowner has budgeted for the rental unit. This is an important metric as the monthly mortgage payments plus the operating expenses are used to calculate whether the development meets the DSCR and what the landowner's return on equity is.

Another limitation to this analysis is that construction costs and development approval timelines will vary depending on the geography and builder. Some owners may want higher-end design and finishing, which will impact the cost to construct a rental unit. As the CRD's rural areas cover three different markets (SGI, SSI, and JdF), the cost variations and regulatory processes require more fine-grained market data. This analysis, however, uses general cost data in order to account for higher labour costs on the SGI and SSI. As such, the actual construction costs for each housing typology may be less on JdF.

Annual Returns / Covering Expenses Related to Operating Rental Housing

As shown in the accessory dwelling unit scenarios, the financial analysis solves for an annual return for landowners. While a developer profit is not built into the analysis, as would occur in typical development scenarios, the annual return here is a result of the excess net operating income to service debt and expenses (mortgage payments and operational expenses) as required by lending institutions when receiving the loan approval.

There are risks in taking out a loan to build or renovate any unit, in addition to the responsibility of operating a rental housing unit, and an annual return helps to understand what the landowner could earn on their investment converting their property into a rental unit. The annual return is a metric that helps landowners decide if they are better off investing their money at the bank or other investment.

If enough of a financial incentive were to be provided, the possibility of scaling up accessory dwelling units could be possible in CRD's Electoral Areas, although it would come down to the individual landowner and how they weigh the financial options.

3.1 Secondary Suites – Renovation

Base Scenario

This scenario models a secondary suite renovation with a unit size of 600 square feet (1-bedroom) and a unit size of 969 square feet (2-bedroom unit). The monthly operating expenses for both the units are estimated to be $165 to $215 which includes vacancy allowance, property tax, home insurance, interior maintenance, and capital reserve fund.

Table 6 below shows the results of the analysis. The total project costs across the 7.0% and 4.0% interest rate scenarios do not vary much, however, it changes the required rents drastically between the scenarios. This is because the threshold to service the debt (e.g., monthly mortgage payments) operating expenses is lowered when the mortgage payments are less.

Under the 7.0% interest rate scenario, assuming a minimum injection of 25% equity into the project, the landowner would need to set the monthly rent at $1,487 for the 1-bedroom unit, which meets the market rental guideline for a 1-bedroom ($1,500). The 2-bedroom unit would support a monthly rent of $2,326 which is above the market rental guideline for a 2-bedroom unit ($1,950).The rents under the 4.0% interest rate scenario are lower.

As mentioned in Section 3.0, these projects costs are for an average secondary suite renovation. It is important to recognize that the costs could be lower or higher depending on the individual house's structural base and other conditions.

Table 6: Secondary Suite Renovation (Base Scenario)

	7.0% Interest Rate (Mortgage)		4.0% Interest Rate (Mortgage)	
	1-Bedroom	2-Bedroom	1-Bedroom	2-Bedroom
Total Project Costs	$223,773	$361,392	$221,337	$357,459
Equity Required	$55,943	$90,348	$55,334	$89,365
Loan-to-Value Ratio (LTV)	0.75	0.75	0.75	0.75
Principal Mortgage Amount	$169,656	$273,994	$167,221	$270,061
Mortgage Payment (Monthly)	$1,188	$1,919	$880	$1,421
Operating Expenses incl. Vacancy Allowance (Monthly)	$180	$215	$165	$190

	7.0% Interest Rate (Mortgage)		4.0% Interest Rate (Mortgage)	
Debt Service Coverage Ratio (DSCR)	1.1	1.1	1.1	1.1
Annual Return	$1,426 or 2.5% on equity	$2303 or 2.5% on equity	$1,056 or 1.9% on equity	$1,705 or 1.9% on equity
Rent Required to Cover Operations and Mortgage Payment (Monthly)	$1,487	$2,326	$1,132	$1,753

While we assume the developer profit will be 0% in the base scenario, the DSCR of 1.1 means the developer will receive $1,402 in profit for the first year of operation for a 1-bedroom unit, baring the absence of any major vacancies. This is equivalent to an annual return of 2.5% on the equity contributed by the landowner.

The 4.0% interest rate scenario shows an improved outlook on required monthly rents. Both the 1-bedroom rent ($1,122) and 2-bedroom unit rent ($1,737) are closer to the respective market rental guidelines.

Subsidized Scenario: 1-Bedroom

As mentioned earlier at the start of Section 3.0, there are two equity approaches in which secondary suite renovations could be subsidized.

Since the base scenario yields a rent that meets the market rent guideline, **Table 7** below shows how incremental additional grants could deepen the affordability to below market rents. If a grant with a contribution amount of between $40,000 and $50,000 were to be provided by the CRD or another entity, the SGI and SSI threshold for below market rent of $1,000 (1-bedroom) is met. For JdF, the below market rent of $1,250 could be met with a grant of approximately $30,000.

At the higher grant levels, however, the annual return on the landowner's equity decreases. As such, even though additional grants may increase the affordability of the rent, it may not necessarily be enough of a financial incentive for a landowner to build and operate a secondary suite. The alternative equity approach, Scenario 2B, presented later in this section creates a scenario where there is more financial incentive for a landowner to take on debt and renovate a unit.

Table 7: Landowner-Led Equity Distribution (Scenario 2A) in Secondary Suite Renovation, 1-Bedroom at 7.0% Interest Rate

Grant/ Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$55,943	$1,487	$0	$1,426	2.5%
$10,000	$55,831	$1,404	$84	$1,338	2.4%
$20,000	$55,722	$1,322	$165	$1,253	2.2%
$30,000	$55,610	$1,238	$249	$1,165	2.1%
$40,000	$55,500	$1,156	$331	$1,080	1.9%
$50,000	$55,388	$1,073	$415	$992	1.8%
$60,000	$55,276	$989	$498	$905	1.6%

**Rounded to the nearest $1,000 for illustrative purposes.*

To illustrate the impact of grant funding under a 4.0% interest rate scenario, **Table 8** shows the rent for a renovated 1-bedroom secondary suite could be lowered to $1,010 with a $20,000 grant (compared to a $40,000 to $50,000 grant under the 7.0% interest rate).

Table 8: Landowner-Led Equity Distribution (Scenario 2A) in Secondary Suite Renovation, 1-Bedroom at 4.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$55,334	$1,132	$0	$1,056	1.9%
$10,000	$55,260	$1,070	$62	$991	1.8%
$20,000	$55,187	$1,010	$123	$927	1.7%
$30,000	$55,112	$948	$184	$863	1.6%
$40,000	$55,039	$887	$245	$799	1.5%
$50,000	$54,964	$825	$307	$735	1.3%
$60,000	$54,889	$763	$369	$670	1.2%

**Rounded to the nearest $1,000 for illustrative purposes.*

To make the opportunity more attractive to landowners, **Table 9** below demonstrates the top up equity approach (Scenario 2B) for the 1-bedroom secondary suite renovation.

A 20% equity contribution ($44,755) from the landowner and 5% equity from grant funding ($11,189) would support the same monthly rent as Scenario 2A with no grant funding ($1,487). This scenario, however, offers a higher annual return on equity (3.2% at 5%) and offers a lower downpayment barrier which may be more attractive for landowners.

Table 9: Top Up Equity Distribution (Scenario 2B) in Secondary Suite Renovation, 1-Bedroom at 7.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	$11,189	20%	$44,755	$1,487	$1,426	3.2%
10%	$22,377	15%	$33,566	$1,487	$1,426	4.2%
15%	$33,566	10%	$22,377	$1,487	$1,426	6.4%
20%	$44,755	5%	$11,189	$1,487	$1,426	12.7%

The advantage in this approach is with more funding is provided, the higher the annual returns are provided to the landowner (as their equity contribution lessens). At 10% funding ($22,377), the annual return on the landowner's investment is 4.2% which may be comparable to common investment options offered by banks in today's market conditions.

Table 10 below shows the same top-up equity approach but under the 4.0% interest rate scenario.

Table 10: Top Up Equity Distribution (Scenario 2B) in Secondary Suite Renovation, 1-Bedroom at 7.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	$11,067	20%	$44,267	$1,132	$1,056	2.4%
10%	$22,134	15%	$33,201	$1,132	$1,056	3.2%
15%	$33,201	10%	$22,134	$1,132	$1,056	4.8%
20%	$44,267	5%	$11,067	$1,132	$1,056	9.5%

Subsidized Scenario: 2-Bedroom

For a 2-bedroom secondary suite renovation, **Table 11** below summarizes how incremental grant contributions can decrease the monthly rent. At a grant contribution of between $40,000 to $50,000, the market rental guideline for a 2-bedroom unit ($1,950) can be reached for the rural areas.

Table 11: Landowner-Led Equity Distribution (Scenario 2A) in Secondary Suite Renovation, 2-Bedroom at 7.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$90,348	$2,326	$0	$2,303	2.5%
$10,000	$90,236	$2,242	$84	$2,215	2.5%
$20,000	$90,126	$2,160	$166	$2,129	2.4%
$30,000	$90,016	$2,078	$248	$2,043	2.3%
$40,000	$89,906	$1,996	$330	$1,957	2.2%
$50,000	$89,793	$1,912	$414	$1,870	2.1%
$60,000	$89,683	$1,830	$496	$1,784	2.0%

Rounded to the nearest $1,000 for illustrative purposes.

Table 12 below shows the incremental grant contribution deepen the affordability of the rents under the 4.0% interest rate scenario. For instance, a $10,000 grant could support a monthly rent of $1,691 for a 2-bedroom secondary suite renovation.

Table 12: Landowner-Led Equity Distribution (Scenario 2A) in Secondary Suite Renovation, 2-Bedroom at 4.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$89,365	$1,753	$0	$1,705	1.9%
$10,000	$89,290	$1,691	$62	$1,640	1.8%
$20,000	$89,159	$1,582	$171	$1,526	1.7%
$30,000	$89,055	$1,496	$257	$1,436	1.6%
$40,000	$88,952	$1,411	$342	$1,347	1.5%
$50,000	$88,850	$1,326	$427	$1,258	1.4%
$60,000	$88,746	$1,240	$513	$1,168	1.3%

Rounded to the nearest $1,000 for illustrative purposes.

Table 13 and **Table 14** below demonstrates the impact of increasing the share of grant funding towards a fixed 25% equity (Scenario 2B) under different economic conditions. Under the 7.0% interest rate, a grant contribution of approximately 10% or $36,139, the annual return on the landowner's equity is 4.2% which is improved from Scenario 2A.

Table 13: Top Up Equity Distribution (Scenario 2B) in Secondary Suite Renovation, 2-Bedroom at 7.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	$18,070	20%	$72,278	$2,326	$2,303	3.2%
10%	$36,139	15%	$54,209	$2,326	$2,303	4.2%
15%	$54,209	10%	$36,139	$2,326	$2,303	6.4%
20%	$72,278	5%	$18,070	$2,326	$2,303	12.7%

As noted previously, the monthly rent is substantially lower under the 4.0% interest rate scenario as shown in **Table 14** below.

Table 14: Top Up Equity Distribution (Scenario 2B) in Secondary Suite Renovation, 2-Bedroom at 4.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	$17,873	20%	$71,492	$1,753	$1,705	2.4%
10%	$35,746	15%	$53,619	$1,753	$1,705	3.2%
15%	$53,619	10%	$35,746	$1,753	$1,705	4.8%
20%	$71,492	5%	$17,873	$1,753	$1,705	9.5%

Stacking Incentives for Accessory Dwelling Units

In October 2023, BC Housing announced the Secondary Suite Incentive Program (SSIP). The program rebate is available for eligible new legal self-contained units with a kitchen and full bathroom (i.e., excludes improvements to existing rental units) and laneway homes / garden suites. The SSIP is intended to help homeowners create new affordable rental housing in their communities through the provision of a rebate in the form of a forgivable loan for 50% of renovation costs, to a maximum of $40,000. A full summary of the eligibility requirements can be found in Appendix A and on BC Housing's website.

While the SSIP is only open for properties located within the 161 incorporated municipalities in BC, and therefore not applicable to properties located in CRD's Electoral Areas, a forgivable loan similar to this would stack well with potential contributions from the CRD to make the grant dollars go further, and to provide more affordable housing units in CRD's rural areas.

3.2 Secondary Suites – New Construction

Base Scenarios

The base scenarios model the construction of a new secondary suite with a unit size of 600 square feet (1-bedroom) and 1,000 square feet (2-bedroom). The monthly operating expenses for both unit types are estimated to be between $175 to $238 which includes vacancy allowance, property tax, home insurance, interior maintenance, and capital reserve fund.

The construction cost for new secondary suites is based on a survey with local builders. While we are modelling a higher construction cost for new suites than for the renovation of a suite, it is possible that a renovation of a suite could cost more. The actual project cost of each specific case will depend on the physical condition of the house.

Table 15 below shows the results of the analysis. Under the higher interest rate scenario (7.0%), the required rent to support the 1-bedroom unit, at $1,837, is close to the market rental guideline for a 1-bedroom ($1,500). The 2-bedroom unit, at a monthly rent of $2,891, may be considered affordable for an annual household income of $115,600 which is above the median renter household incomes across SGI, SSI and JdF. These rents are lower under the 4.0% interest rate scenario.

Table 15: Secondary Suite New Construction (Base Scenario)

	7.0% Interest Rate		4.0% Interest Rate	
	1-Bedroom	2-Bedroom	1-Bedroom	2-Bedroom
Total Project Costs	$281,295	$454,291	$278,234	$449,347
Equity Required	$70,324	$113,573	$69,559	$112,337
Loan-to-Ratio Value (LTV)	0.75	0.75	0.75	0.75
Principal Mortgage Amount	$213,267	$344,426	$210,206	$339,482
Mortgage Payment (Monthly)	$1,494	$2,412	$1,106	$1,785
Operating Expenses incl. vacancy allowance (Monthly)	$194	$238	$175	$208
Debt Service Coverage Ratio (DSCR)	1.1	1.1	1.1	1.1
Annual Return	$1,793 or 2.5% on equity	$2,895 or 2.5%	$1,327 or 1.9%	$2,143 or 1.9%
Rent Required to Cover Operations and Mortgage Payment (Monthly)	$1,837	$2,891	$1,391	$2,172

Subsidized Scenario: 1-Bedroom

Table 16 shows the landowner-led equity approach (Scenario 2A) coupled with incremental $10,000 grants for the construction of a new secondary suite. If a grant with a contribution amount of approximately $30,000 were to be provided by the CRD or by another entity, the required rent would be $1,583, which is closest to the market rent guideline for a 1-bedroom ($1,500).

Table 16: Landowner-Led Equity Distribution in New Secondary Suite (Scenario 2A), 1-Bedroom at 7.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$70,324	$1,837	$0	$1,793	2.5%
$10,000	$70,211	$1,752	$85	$1,704	2.4%
$20,000	$70,099	$1,669	$168	$1,617	2.3%
$30,000	$69,984	$1,583	$254	$1,527	2.2%
$40,000	$69,872	$1,500	$337	$1,440	2.1%
$50,000	$69,761	$1,416	$421	$1,353	1.9%
$60,000	$69,649	$1,333	$504	$1,266	1.8%

**Rounded to the nearest $1,000 for illustrative purposes.*

Under a 4.0% interest rate scenario, the monthly rents for a new 1-bedroom secondary suite would be within the market rent guideline ($1,500) as shown in **Table 17** below.

Table 17: Landowner-Led Equity Distribution in New Secondary Suite (Scenario 2A), 1-Bedroom at 4.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$69,559	$1,391	$0	$1,327	1.9%
$10,000	$69,483	$1,329	$63	$1,261	1.8%
$20,000	$69,409	$1,267	$124	$1,197	1.7%
$30,000	$69,332	$1,204	$188	$1,130	1.6%
$40,000	$69,257	$1,142	$250	$1,066	1.5%
$50,000	$69,183	$1,080	$311	$1,001	1.4%
$60,000	$69,108	$1,018	$373	$937	1.4%

Table 18 and **Table 19** show that the annual returns for the landowner's equity will increase incrementally if grant funding is used to top up the equity to 25% of total project costs (Scenario 2B).

Table 18: Top Up Equity Distribution in New Secondary Suite (Scenario 2B), 1-Bedroom at 7.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	**$14,065**	20%	$56,259	$1,837	$1,793	3.2%
10%	**$28,130**	15%	$42,194	$1,837	$1,793	4.2%
15%	**$42,194**	10%	$28,130	$1,837	$1,793	6.4%
20%	**$56,259**	5%	$14,065	$1,837	$1,793	12.7%

Table 19: Top Up Equity Distribution in New Secondary Suite (Scenario 2B), 1-Bedroom at 4.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	**$13,912**	20%	$55,647	$1,391	$1,327	2.4%
10%	**$27,823**	15%	$41,735	$1,391	$1,327	3.2%
15%	**$41,735**	10%	$27,823	$1,391	$1,327	4.8%
20%	**$55,647**	5%	$13,912	$1,391	$1,327	9.5%

Subsidized Scenario: 2-Bedroom

Under the 7.0% interest rate scenario, if a grant with a contribution amount of $60,000 were to be provided by the CRD or by another entity, the required rent would be $2,400. This rent level would be considered affordable for an annual household income of $96,00 (**Table 20**).

Table 20: Landowner-Led Equity Distribution in New Secondary Suite (Scenario 2A), 2-Bedroom at 7.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$113,573	$2,891	$0	$2,895	2.5%
$10,000	$113,464	$2,810	$81	$2,810	2.5%
$20,000	$113,353	$2,727	$164	$2,723	2.4%
$30,000	$113,244	$2,646	$246	$2,638	2.3%
$40,000	$113,135	$2,565	$327	$2,553	2.3%
$50,000	$113,027	$2,483	$408	$2,468	2.2%
$60,000	$112,915	$2,400	$491	$2,382	2.1%

Under a 4.0% interest rate scenario, an approximate grant contribution of $30,000 would bring the monthly rent down to the market rental guidelines for a 2-bedroom unit for the rural areas (as shown in **Table 21**).

Table 21: Landowner-Led Equity Distribution in New Secondary Suite, 2-Bedroom at 4.0% Interest Rate (Scenario 2A)

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$112,337	$2,172	$0	$2,143	1.9%
$10,000	$112,261	$2,109	$63	$2,077	1.9%
$20,000	$112,187	$2,048	$124	$2,013	1.8%
$30,000	$112,111	$1,985	$187	$1,947	1.7%
$40,000	$112,037	$1,923	$249	$1,883	1.7%
$50,000	$111,961	$1,860	$312	$1,817	1.6%
$60,000	$111,887	$1,799	$373	$1,753	1.6%

Table 22 and **Table 23** below show the decreasing landowner equity needed as the share of grant funding increases.

Table 22: Top Up Equity Distribution in New Secondary Suite (Scenario 2B), 2-Bedroom at 7.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	**$22,715**	20%	$90,858	$2,891	$2,895	3.2%
10%	**$45,429**	15%	$68,144	$2,891	$2,895	4.2%
15%	**$68,144**	10%	$45,429	$2,891	$2,895	6.4%
20%	**$90,858**	5%	$22,715	$2,891	$2,895	12.7%

Table 23: Top Up Equity Distribution in New Secondary Suite (Scenario 2B), 2-Bedroom at 4.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	**$22,467**	20%	$89,869	$2,172	$2,143	2.4%
10%	**$44,935**	15%	$67,402	$2,172	$2,143	3.2%
15%	**$67,402**	10%	$44,935	$2,172	$2,143	4.8%
20%	**$89,869**	5%	$22,467	$2,172	$2,143	9.5%

3.3 Cottage – New Construction

Base Scenario

This scenario models the construction of a new 1-bedroom cottage with a unit size of 600 square feet and a new 2-bedroom cottage with a unit size of 1,000 square feet. The monthly operating expenses for both units are estimated to be $261 to $330 which includes vacancy allowance (half month of rent), property tax, home insurance, interior maintenance, and capital reserve fund.

Table 24 below shows the results of the analysis. The required rent to support the 1-bedroom unit is $2,616 which is above the market rental guideline for a 1-bedroom ($1,500). At this rent level, the unit may be considered affordable for an annual household income of $104,600 which is above the median renter household incomes across the rural areas. However, it is important to keep in mind that the project costs could be lower depending on the specific project and landowner (e.g., sweat-equity type of maintenance, casual labour during construction, conversion of an accessory building, etc.). The rents are lower in the 4.0% interest rate scenario.

Table 24: New Construction Cottage (Base Scenario)

	7.0% Interest Rate		4.0% Interest Rate	
	1-Bedroom	2-Bedroom	1-Bedroom	2-Bedroom
Total Project Costs	$398,479	$622,057	$394,142	$615,287
Equity Required	$99,620	$155,514	$9,536	$152,694
Loan-to-Value Ratio (LTV)	0.75	0.75	0.75	0.75
Principal Mortgage Amount	$302,111	$471,620	$297,775	$464,850
Mortgage Payment (Monthly)	$2,116	$3,303	$1,566	$2,445
Operating Expenses incl. vacancy allowance (Monthly)	$289	$330	$261	$303
Debt Service Coverage Ratio (DSCR)	1.1	1.1	1.1	1.1
Annual Return	$2,539 or 2.5% on equity	$3,964 or 2.5% on equity	$1,880 or 1.9% on equity	$2,934 or 1.9% on equity
Rent Required to Cover Operations and Mortgage Payment (Monthly)	$2,616	$3,979	$1,965	$2,993

Subsidized Scenario: 1-Bedroom

Table 25 below shows the landowner-led equity approach (Scenario 2A) coupled with incremental $10,000 grants for the construction of a 1-bedroom cottage. If a grant with a contribution amount of $60,000 were to be provided by the CRD or by another entity, the required rent would be closer, but still not within the range of market rent guideline for a 1-bedroom ($1,500). This rent level would be considered affordable for an annual household income of $84,700.

Table 25: Landowner Led Equity Distribution (Scenario 2A) in New Cottage, 1-Bedroom at 7.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$99,620	$2,616	$0	$2,539	2.5%
$10,000	$99,507	$2,532	$84	$2,451	2.5%
$20,000	$99,399	$2,451	$165	$2,367	2.4%
$30,000	$99,288	$2,369	$248	$2,280	2.3%
$40,000	$99,177	$2,286	$330	$2,194	2.2%
$50,000	$99,065	$2,202	$415	$2,106	2.1%
$60,000	$98,952	$2,118	$499	$2,018	2.0%

Rounded to the nearest $1,000 for illustrative purposes.

Under the 4.0% interest rate scenario, the monthly rents for the 1-bedroom cottage drop substantially. A grant contribution of $60,000 would be required to bring the rents closer to the market rental guideline for a 1-bedroom unit ($1,500), as shown in **Table 26**.

Table 26: Landowner Led Equity Distribution (Scenario 2A) in New Cottage, 1-Bedroom at 4.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$98,536	$1,984	$0	$1,880	1.9%
$10,000	$98,460	$1,922	$62	$1,814	1.8%
$20,000	$98,388	$1,862	$122	$1,752	1.8%
$30,000	$98,314	$1,800	$183	$1,688	1.7%
$40,000	$98,241	$1,739	$245	$1,624	1.7%
$50,000	$98,165	$1,677	$307	$1,559	1.6%
$60,000	$98,090	$1,615	$369	$1,494	1.5%

**Rounded to the nearest $1,000 for illustrative purposes.*

Table 27 and **Table 28** shows that the annual returns for the landowner's equity will increase incrementally if grant funding is used to top up the equity to 25% of total project costs. In addition, the equity required by the landowner could be lowered with grant funding.

Table 27: Top Up Equity Distribution (Scenario 2B) in New Cottage, 1-Bedroom at 7.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	**$19,924**	20%	$79,696	$2,616	$2,539	3.2%
10%	**$39,848**	15%	$59,772	$2,616	$2,539	4.2%
15%	**$59,772**	10%	$39,848	$2,616	$2,539	6.4%
20%	**$79,696**	5%	$19,924	$2,616	$2,539	12.7%

Table 28: Top Up Equity Distribution (Scenario 2B) in New Cottage, 1-Bedroom at 4.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	**$19,707**	20%	$78,828	$1,984	$1,880	2.4%
10%	**$39,414**	15%	$59,121	$1,984	$1,880	3.2%
15%	**$59,121**	10%	$39,414	$1,984	$1,880	4.8%
20%	**$78,828**	5%	$19,707	$1,984	$1,880	9.5%

Subsidized Scenario: 2-Bedroom

The development costs for a 2-bedroom cottage are the highest, and the rents in **Table 29** reflect this.

Table 29: Landowner Led Equity Distribution (Scenario 2A) in New Cottage, 2-Bedroom at 7.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$155,514	$3,979	$0	$3,964	2.5%
$10,000	$155,403	$3,896	$83	$3,877	2.5%
$20,000	$155,292	$3,813	$166	$3,790	2.4%
$30,000	$155,183	$3,731	$248	$3,705	2.4%
$40,000	$155,071	$3,648	$331	$3,618	2.3%
$50,000	$154,959	$3,565	$415	$3,531	2.3%
$60,000	$154,851	$3,484	$495	$3,446	2.2%

**Rounded to the nearest $1,000 for illustrative purposes.*

However, a decreased interest rate to 4.0% substantially drops the required rent by $950 before any grant contributions to $2,993 (**Table 30**). A grant contribution of $60,000 could decrease the rent to $2,626 (as shown in **Table 30**). While this rent is outside the market rental guideline for a 2-bedroom unit ($1,950), it could potentially provide the incentive for a landowner to offset the site preparation costs for building a cottage[5].

Table 30: Landowner Led Equity Distribution (Scenario 2A) in New Cottage, 2-Bedroom at 4.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)	Decrease in Supportable Rent ($ monthly)	Annual Return ($)	Annual Return on Equity (%)
No Grant	$153,822	$2,993	$0	$2,934	1.9%
$10,000	$153,747	$2,931	$62	$2,870	1.9%
$20,000	$153,673	$2,869	$123	$2,806	1.8%
$30,000	$153,601	$2,809	$183	$2,743	1.8%
$40,000	$153,526	$2,747	$245	$2,678	1.7%
$50,000	$153,452	$2,686	$307	$2,613	1.7%
$60,000	$153,380	$2,626	$367	$2,551	1.7%

**Rounded to the nearest $1,000 for illustrative purposes.*

5 *Cottages on the Gulf Islands typically carry higher site preparation costs, and are dependent on the specific site*

Table 31 and **Table 32** below show the impact of increasing the grant share of the 25% equity. Under the 7.0% interest rate scenario, a 10% equity contribution (or approximately $62,206), the annual return on the landowner's equity could be attractive at 4.2% under the respective economic and interest rate conditions.

Table 31: Top Up Equity Distribution (Scenario 2B) in New Cottage, 2-Bedroom at 7.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	**$31,103**	20%	$124,411	$3,979	$3,964	3.2%
10%	**$62,206**	15%	$93,309	$3,979	$3,964	4.2%
15%	**$93,309**	10%	$62,206	$3,979	$3,964	6.4%
20%	**$124,411**	5%	$31,103	$3,979	$3,964	12.7%

Table 32: Top Up Equity Distribution (Scenario 2B) in New Cottage, 2-Bedroom at 4.0% Interest Rate

Grant/Fund		Landowner Equity		Rent (monthly)	Annual Return ($)	Annual Return on Equity (%)
%	$	%	$			
5%	**$30,764**	20%	$123,057	$2,993	$2,934	2.4%
10%	**$61,529**	15%	$92,293	$2,993	$2,934	3.2%
15%	**$92,293**	10%	$61,529	$2,993	$2,934	4.8%
20%	**$123,057**	5%	$30,764	$2,993	$2,934	9.5%

3.4 Multiplex Rental Housing

Multi-unit rental housing development has historically been uncommon on SGI and limited on SSI because it is not a land use that is widely permitted. These housing developments are in a unique position as they could deliver much needed rental housing, however, at the same time, the development approval process is not configured to efficiently review this type of housing application optimally. As such, multi-unit development applications bear higher development costs during the application review process, which referred to as "pre-development costs" in this report.

A development application in the SGI and SSI must go through several government authorities for approval, including CRD, Islands Trust, Ministry of Transportation and Infrastructure, and Island Health, and extensive community consultation to meet various conditions at each approval stage (e.g., zoning, subdivision, etc.) prior to building permit approval. This review is more complex for more intense uses, such as multi-unit developments, to conduct proof of water, proof of septic, assess archaeological implications, assess vehicle traffic impact, and ensure environmental standards are met.

Three interviews were conducted with non-profit housing providers developing multi-units on the islands to understand the costs incurred during rezoning through to building permit[6]. Typically, a large portion of the **rezoning costs** in the rural areas are related to ensuring the development will be consistent with Islands Trust policies, and ensuring adequate servicing can be provided, often as on-site services for water and sewage disposal[7]. These costs vary from site to site. The following estimates of rezoning costs were provided in the interviews:

- Housing Provider #1: $93,400
- Housing Provider #2: $129,600
- Housing Provider #3: $150,000

6 *One out of the three development projects could only speak to rezoning costs.*

7 *This includes proving water availability and no big impacts to neighbouring wells over multiple rounds of testing, preliminary wastewater design and perc testing, arborist's assessment, Phase 1 ESA, Ecological Assessment (to inform restrictive covenant), survey (for site plan preparation), geotechnical investigation, completion of a water management plan involving civil and mechanical consultants, schematic design services, and legal fees associated with the development and review of the Housing Agreement and restrictive covenants with the Local Trust Committee.*

These costs do not include time related to managing the project to ensure the right documentation was being provided and coordinated during the rezoning stage, such as development consultant fees and in-kind volunteer contributions from non-profit housing providers. Depending on the length of the rezoning process and whether there is development consultant support, the additional in-kind volunteer costs could be an estimated $41,600[8] annually for one full-time equivalent staff at a non-profit housing organization. Two interviewers noted that the rezoning process was lengthy and took around three (3) years for approval.

In addition to rezoning costs, multi-unit development projects in the rural areas can incur higher infrastructure costs prior to building permit approval. One housing provider indicated they budgeted $400,000 to build an access road as part of the subdivision plan process, while another housing provider budgeted $200,000 for related infrastructure.

Based on the information provided in the three interviews, the pre-development costs (i.e., rezoning costs plus infrastructure-related costs) can range anywhere from the low $300,000 to $500,000. These costs could vary depending on the specific site and development conditions. Funding from other levels of government for pre-development costs is not typically available for the rural areas because program eligibility often requires higher density development, such as multi-family buildings and not multi-plex buildings.

Despite the challenges posed by the high costs in the predevelopment stage and limited funding for multi-unit rental housing development projects in the rural areas, the availability of grant funding serves as a valuable resource to mitigate the financial burdens associated with the development approvals process, offering a positive opportunity for project advancement. The analysis below shows how grants of $100,000 and $200,000 can offset a portion of the pre-development costs and increase housing affordability. Providing pre-development funding also allows the housing provider to direct their own funds towards the required equity under other funding programs.

Base Scenario

This scenario models the construction of a new 10-unit multiplex (duplexes, and triplexes) with a mix of 1-bedroom (3 units), 2-bedroom (3 units) and 3-bedroom units (4 units). This scenario requires the prefabrication of larger components to occur off-island using structural insulated panels and insulated concrete forms. The monthly operating expenses for the unit are estimated to be around $525 which includes vacancy allowance, property tax, home insurance, interior maintenance, and capital reserve fund.

8 *Assuming an hourly wage of $20 per hour as compensation.*

Table 33 below shows the baseline scenario analysis results. The required rents to support the units are higher than the market rent guideline for each of the respective unit types. However, this is not atypical as multi-unit developments often require capital funding and operating subsidy to achieve affordable rents in most markets across BC. The table also shows an improved scenario where a 4.0% interest rate and alternative financing terms (50 year amortization period, 80% loan to value) are obtained.

Table 33: Landowner-Led Equity Distribution in 10-Unit Multiplex (Base Scenario)

	7.0% Interest Rate (Mortgage)	4.0% Interest Rate with Alternative Financing Terms (Mortgage)
Total Project Costs	$7,315,929	$7,211,977
Equity Required	$1,828,982	$1,442,395
Loan-to-Value Ratio (LTV)	0.75	0.80
Principal Mortgage Amount	$5,568,841	$5,814,307
Mortgage Payment (Monthly)	$39,005 (total units)	$22,299 (total units)
Operating Expenses incl. Vacancy Allowance (Monthly)	$527	$525
Debt Service Coverage Ratio (DSCR)	1.1	1.1
Annual Return	$46,806 or 2.7% on equity	$26,759 or 1.9% on equity
Rent Required to Cover Operations and Mortgage Payment (Monthly)	Average of $5.77 per sq. ft. 1-Bdrm: $3,461 2-Bdrm: $4,904 3-Bdrm: $5,769	Average of $3.57 per sq. ft. 1-Bdrm: $2,140 2-Bdrm: $3,032 3-Bdrm: $3,567

Subsidized Scenario: 10 Units

To model the impact of using grant funding to offset the rezoning costs, **Table 33** shows grant contributions of $100,000 and $200,000 for the 10-unit multiplex development. At a grant contribution of up to $10,000 per door (i.e., a total of $100,000), decreases the monthly rent by $60, $84, and $99 for the 1-, 2- and 3-bedrooms, respectively. At a grant contribution of $20,000 (i.e., a total of $200,000), the monthly rent is decreased by $118, $167, and $196 for the 1-, 2- and 3-bedrooms, respectively. These rents can be brought into a deeper level of affordability once additional funding programs are secured by the housing provider, which can offer provide capital and operational funding.

While the annual returns on the landowner's equity are higher in this scenario than in the secondary suites or cottage development, it requires a much bigger upfront equity contribution or ongoing operating subsidy. As such, the multi-plex rental projects are likely only attractive and/or suitable to developers with alternate investment return goals, particularly the non-profit sector. This is evident in affordable housing projects being built across the SGI and SSI as they are being led by non-profit housing organizations.

Table 34: Landowner Led Equity Distribution (Scenario 2A) in 10-Unit Multiplex at 7.0% Interest Rate

Grant/Fund ($)*	25% Equity from Landowner ($)	1-Bdrm	Rent ($ Monthly) 2-Bdrm	3-Bdrm	Annual Return ($)	Annual Return on Equity (%)
No Grant	$1,828,982	$3,461	$4,904	$5,769	$46,806	2.6%
$100,000	$1,827,399	$3,402	$4,819	$5,670	$45,901	2.5%
$200,000	$1,825,854	$3,344	$4,737	$5,573	$45,018	2.5%

Some financing programs offer longer amortization terms, loan to value ratios up to 100%, and discounted interest rates[9]. To understand how a financing program similar to the Canada Mortgage Housing Corporation (CMHC) Rental Construction Financing Initiative (RCFi) would impact the multiplex in the scenario above, we model a 80% loan to value – as a starting equity requirement, which decreases with each incremental grant contributions – and an amortization period of 50 years in **Table 35**. The interest rate modelled in this scenario is 4.0%.

9 Discounted interest rates are typically offered in financing programs that require a percentage of the units to meet median household income in the community. For the RCFi program, 20% of units need to be below 30% of median household income in a community. Other funding programs with different eligibility criteria are available which include BC Housing's Community Housing Fund.

Table 35: Landowner Led Equity Distribution (Scenario 2A) in 10-Unit Multiplex with Alternate Financing Terms at 4.0% Interest Rate

Grant/ Fund ($)*	25% Equity from Landowner ($)	Rent ($ Monthly)			Annual Return ($)	Annual Return on Equity (%)
		1-Bdrm	2-Bdrm	3-Bdrm		
No Grant	$1,442,395	$2,140	$3,032	$3,567	$26,759	1.9%
$100,000	$1,441,585	$2,108	$2,986	$3,513	$26,274	1.8%
$200,000	$1,440,794	$2,077	$2,942	$3,461	$25,801	1.8%

Under this improved scenario, the required rents are closer to the market rent guidelines. At a grant contribution of up to $10,000 per door (i.e., a total of $100,000), decreases the monthly rent by $32, $46, and $54 for the 1-, 2- and 3-bedrooms, respectively. At a grant contribution of $20,000 (i.e., a total of $200,000), the monthly rent is decreased by $63, $90, and $106 for the 1-, 2- and 3-bedrooms, respectively. As with the previous scenario, additional funding could be acquired by the housing provider to further deepen the affordability of the units.

While the RHP pre-development funding of $100,000 or $200,000 would not able to offset the total estimated pre-development costs of a single development projects, it allows the housing provider to move past certain stages of the development process and to redirect their initial funds towards another development cost. The effect is that it decreases the overall development costs, which improves project success and leads to lower required rents as shown in **Table 34** and **Table 35**.

While the rents in **Table 34** and **Table 35** may not meet the rental housing affordability guidelines upon completion, the rents secured at first tenancy will be held to controlled rent increases outlined in the housing agreement. Over the term of the housing agreement, these units would have below-market rents and be considered non-market housing units. Furthermore, the affordability could be deepened if additional funding programs beyond the RHP grant and the CMHC RCFi could be stacked.

3.4.1 Possible Cost Efficiencies in Multi-Unit Development

In addition to offsetting development costs through grants, the financial viability of a project can be increased by finding cost efficiencies through design and construction. While a higher density multi-unit development project (e.g., 20 units) was not modelled in this analysis, increasing the number of units would be beneficial from a financial perspective because it can lower the capital cost per unit as well as the operating costs per unit. The capital cost savings can only be found by placing more units into one building and distributing the cost of shared components (e.g., roof, walls, mechanical systems, etc.). If these units are distributed across plex-type buildings, such as in 10-unit multiplex example discussed above, then these cost efficiencies may be lost. The density allowance of lots is controlled through zoning and is a factor that is within the authority of local governments to change.

Some items in operational costs for multi-unit buildings are fixed and can be distributed at a lower cost per unit when the number of units are increased within a building. However, if the number of units in a building is too small, then the building cannot sustain full-time equivalent staff. In smaller multi-unit projects, this will drive up staffing costs in order to hire someone. While this is not a labour market issue that is unique to the CRD's rural areas, it is a challenge that can be lessened if more multi-unit buildings existed (to share resources across the same owner) or if more density were permitted on the development site.

4.0 Affordable Homeownership

4.0 Affordable Homeownership

Affordable homeownership programs in Canada are generally focused on assisting households within a certain income range to enter homeownership, which provides an opportunity to free up rental housing.

Securing affordable homeownership units at the local government level is not common in Canada. This could be attributed to the greatest housing need being in markets where ownership prices are high; however, it can also be attributed to the fact that the cost to subsidize affordable homeownership units is high.

Nonetheless, some municipalities have established their own programs or have obtained these units on an ad-hoc basis. The program rules vary depending on the administrator and, in recent years, the calculation of the resale value for affordable unit has become an even more important consideration as housing prices dramatically increase in some markets.

4.1 Rent-to-Own Options

Rent-to-own programs are viewed as an affordable homeownership program because it bypasses the need for a down payment: the rent paid by the tenant becomes the equity or downpayment required to purchase the house. The idea is to hold the property for the would-be buyer until they can save up what is needed to qualify for a conventional mortgage with a lending institution. The terms of a rent-to-own program vary and are set by the administrator. In general, it is an agreement between renters and property owners or investors to buy a home at a set price at a future deadline. The agreement is made up of a lease and an option to purchase.

4.1.1 Agreement Types

As rent-to-own programs are relatively new, there are generally only two types of rent-to-own agreements available to tenants in Canada[10]. These two agreement types are summarized below:

- **Lease-Purchase Agreement:** This type of agreement virtually guarantees that the tenant will purchase the home once their rent-to-own agreement is complete. These are usually designed to safeguard landlords, so they have a designated buyer.
- **Lease-Option Agreement:** This type of agreement gives the tenant the option of purchasing once the rent-to-own agreement is up and the rent they paid goes towards the equity contribution for a downpayment. While there is no obligation to purchase the home, the money the tenant has put towards the house will not be reimbursed. In that sense, it becomes more like a regular rental agreement.

4.1.2 Organizations Providing Rent-to-Own Options

In addition to the agreement type, there are three types of organizations in Canada who administer rent-to-own programs:

1. **Lending Institutions and Investors**
2. **Developers (*with funding from government*)**
3. **Public Sector Organization**

In some cases, the different types of organizations work together to provide rent-to-own financing for occupants. The biggest difference between the organizations, however, is the distinction between for-profit and non-profit. Having an investment return requirement changes the way the rent-to-own program is structured. This is because the initial mortgage (i.e., during the lease agreement period with the tenant and landlord) is held by the owner. As this owner is taking on risk, they could add additional fees, potentially in the form of higher interest rates and rents, to recover the cost of this risk.

The degree of risk and equity required to build and hold the initial mortgage for would-be buyers is likely why there are very few public sector organizations who administer rent-to-own builds. The authors of this report are only aware of one public sector organization who is developing and administering their rent-to-own units. The organization is a First Nation with specific program goals to house their members, and as such, there is no expectation to receive a return on their equity contribution. A complete list of the organizations researched is available in **Appendix A.**

10 *Research was conducted on rent-to-own models in the United States of America; these models either follow similar program requirements and methodology as those in Canada, or are down payment matching programs.*

4.1.3 Funding Opportunity: CMHC Rent-to-Own

In Canada, the only existing funding opportunity for publicly-owned rent-to-own programs is the Canada Mortgage and Housing Corporation (CMHC) Rent-to-Own funding stream nestled within the Affordable Housing Innovation Fund. This funding is directed to housing providers interested in developing, testing, and scaling innovative rent-to-own models and projects.

This program seeks to provide housing providers the resources to identify better ways of meeting housing challenges, including financing projects and developing funding models enable rent-to-own housing across Canada. As such, there are program fulfilment requirements related to capturing and sharing lessons learned to transfer knowledge. Eligible projects must also demonstrate innovation, affordability, financial sustainability, and safeguards to protect prospective homebuyers. A key outcome of this program is for participants to identify methods to calculate the resale value of rent-to-own units, as this is an emerging area of administrating affordable homeownership programs.

The list of eligible recipients is broad and include municipalities, provinces, and territories; private sector developers and builders; non-profit housing providers and community housing organizations; and Indigenous governments and organizations.

4.1.4 Summary

Mechanisms for securing affordability

If there is not a measure in place to regulate property value increases between ownership change, the affordability of the unit can be lost after the first homeowner returns the house to the market. In the research examples, the resale value of the rent-to-own units were not restricted after the first homeowner. As such, the CMHC Innovation Fund program requires there to be a clear methodology for determining future sale price.

Benefits of rent-to-own

Rent-to-own programs require an initial investor who is willing to front-end the project with equity needed to build the project. A successful rent-to-own program brings new rental units into a market that could become ownership units, which free up rental units for other households in the community, and offers an opportunity for households to purchase a house when they otherwise may not be able to afford homeownership.

Limitations of rent-to-own

The limitation to the rent-to-own concept is that the program will vary depending on the policy or investment goal. For instance, some investors may require a return on equity for taking on this risk, which can be built into the rent required or interest rate, which effectively raises the costs for the tenant and eventual homebuyer. The benefit of owning a house is the opportunity for the homeowner to capitalize on any appreciation gains upon the sale of the house. The policy goal of such a program should be clear and transparent about whether it is to secure a non-market affordable unit or to enable the first homeowners to capitalize on the asset upon sale.

4.2 Down Payment Matching Options Programs

Down payment matching programs are offered by several organizations in Canada. The intent of these programs is to lower the down payment required for the eligible household by providing a supplementary down payment as a second mortgage. This in turn helps households to access a mortgage, lowers monthly mortgage payments (i.e., smaller principal mortgage amount), and lowers insurance premiums if the minimum downpayment is reached.

4.2.1 Options Ready Program

One of the more established down payment matching programs is offered by Options for Homes, a non-profit organization, and serves the Greater Toronto Area market. The **Options Ready Program** requires a minimum of 5% down payment from the applicant and will provide down payment support from 10% to 15% of the purchase price. As Options for Home is a non-profit organization, they forego the initial developer's profit on the construction of the house and use the equity towards matching the applicant's downpayment.

The Options Ready Program operates on a shared-equity approach. This means that upon sale of the unit, homeowners are required to pay back the second mortgage, any associated interest due on the second mortgage, and capital appreciation associated with the second mortgage. In addition, participants can keep any capital appreciation on their portion of the equity. Since this program relies on a market value increase of the house upon sale, it does not maintain affordability past the first owner.

An important distinction to note in the Options Ready Program is that any capital appreciation on the second mortgage amount is returned to Options for Homes, which is then re-invested into the community to build additional affordable homes. This program may work well in an area where the housing market is strong and there is a vested interest from a developer to provide this service.

4.2.2 Municipal Affordable Homeownership Programs

The City of Langford in British Columbia (BC) operates an Attainable Homeownership Program, with the most recent policy amendment in February 2023. It is intended to assist Langford residents earning less than $150,000 in household income. The City provides a grant towards a 5% down payment for the housing unit[11]. The grant amount varies based on the maximum purchase price set for the housing unit (e.g., 1-bedroom, 2-bedroom, and 3-bedroom units) and the household income. The grants are as follows:

- Household Income of less than $119,999: 75% of the 5% downpayment
- Household Income of between $120,000 and $134,999: 50% of the 5%downpayment
- Household Income of between $135,000 to $150,000: 25% of the 5% downpayment

The attainable units under this program are provided by developers and must abide to construction requirements outlined in the program policy. The program restricts the resale value of the units for the first five years of the program, after which there are no restrictions. The inability to secure affordability for future users is a limitation in the program.

Given that the maximum purchase price for the largest unit (e.g., 3-bedroom unit) is $499,000, the maximum grant available would be $18,713 for a household earning less than $119,999. This policy appears to work for apartment units in high cost of living markets (e.g., higher salaries).

The County of Simcoe in Ontario offers an **Affordable Homeownership Program.** It is intended to assist low-to-moderate income renter households located in Simcoe County. The County does not own or secure affordable homeownership units, instead it provides a 10% down payment assistance (to a maximum of $50,000) to the eligible participant's preferred house on the market. The program has rules governing the eligibility of households for the program and applicants need to be pre-approved for a mortgage. The 10% down payment is offered as a 20-year, interest free, forgivable loan with the condition that the mortgage cannot be refinanced for a higher amount than the original. The program does not restrict capital appreciation upon sale of the property, meaning the affordability of the unit is not carried over to the next purchaser.

11 *The program participant cannot put more than a 5% downpayment (including City of Langford grant) towards the purchase of their house.*

4.2.3 Funding Opportunity: BC Housing Affordable Home Ownership Program (AHOP)

The **Affordable Home Ownership Program** (AHOP) is administered by BC Housing with the goal of increasing affordable housing for middle-income households across BC. The program helps home purchasers to target a minimum down payment of 10% on the home's value.

Through this program, BC Housing provides home purchasers with an interest-free second mortgage, known as an AHOP Mortgage, toward the purchase of their home. The buyer is required to contribute a minimum of 5% on the first $500,000 of the home value (10% downpayment is required on the remaining value of a purchase over $500,000). The AHOP Mortgage is interest and payment-free for up to 25 years. AHOP units can be built using BC Housing's low interest interim construction financing and equity contributions.

The AHOP program requires a partnership between the project partners[12] – which typically consists of a developer and a local government – and BC Housing, which may not be suitable for every local government depending on their capacity to support the AHOP project. In addition, the intention of the AHOP is to reinvest the funds back into community, however it is not clear what this entails and how many addition units can be built. If no restrictions are placed on the AHOP units, then the affordability on the AHOP units could be lost once the unit is sold on the market.

Repaid AHOP Mortgage amounts are contributed to the local government where there is an agreement in place to help support more affordable homes within that local government. If there is no agreement in place between BC Housing and the local government, BC Housing will use the proceeds to help support more affordable homes in British Columbia.

12 *The term of "project partner" is loosely used in the BC Housing AHOP Framework, indicating flexibility in the program for who the local government partner can be. To date, the program uptake has been for five projects which are all located in a municipal jurisdiction.*

4.2.4 Summary

Mechanisms for securing affordability

Mechanisms to secure affordability are not commonly implemented in the research examples. One approach that is used to secure affordability on affordable homeownership units is to restrict the resale value for a certain number of years after date of purchase. The City of Langford does this through the use of Housing Agreements adopted as a bylaw and registered on title.

Benefits of down payment matching

Down payment matching programs enable people who may not have been able to access home ownership the opportunity to do so and frees up rental housing for other households. The ability to utilize capital allows individuals to purchase an asset they may not otherwise be able to afford. Down payment matching programs – if allowing for up to 20% of purchase price – can also enable individuals to have lower mortgage payments which can support manageable cash flow. Additionally, insurance premiums are often reduced due to the higher down payment amount, providing individuals with access to more of their monthly income.

Limitations of down payment matching

The agreement language within down payment matching programs is vague regarding the role definition of all parties, namely: developers, individual private owner, the local government and other parties (e.g., BC Housing). It is also unclear what the municipality must commit to in order promote these partnerships and the risks that they must be willing to take on in engaging in the relationship.

There is also an amount of administrative burden in monitoring and enforcing these agreements, especially if affordability is to be maintained throughout the duration of the housing agreement. There are many stipulations about subleasing or selling units to ensure the objective of the program maintains its integrity. The responsibility of ensuring these units is not rented or sublet falls on the program partner (e.g., local government or funder).

5.0 Findings

5.0 Findings

This section highlights the key findings from the rental housing analysis and affordable homeownership research. This analysis demonstrates that are a number of ways that funding can be used to increase the affordability of housing units or to provide an incentive to increase the number of housing units built.

It is important to note that these financial analysis scenarios represent one development cost for each housing typology. Variations in development costs will exist across properties in the CRD's rural areas, and the impact of grant funding may generate deeper affordability if the development costs are below what is modelled here. Considerations include lower operating costs, in-kind contributions by tenants and volunteers (e.g., sweat equity), or more casual labour crews.

To illustrate the potential reach of the program, and to compare opportunity across the housing types, this section allocates a theoretical affordable housing sum of $5M, $10M, and $15M for each stream.

5.1 Partnerships

The analysis in this report reflects current market conditions, and a potential improved scenario where the interest rates are lowered to 4.0%. Despite this, we anticipate the RPH would be able to maximize the grant contributions if multiple government funding programs were stacked together. Below is an example of list of potential programs mentioned that are important for the CRD, senior levels of government, and housing non-profit housing providers in the CRD's rural areas to take note of:

- BC Rural Economic Diversification and Infrastructure Program
- CMHC Rental Construction Financing Initiative Program (RCFi)
- BC Housing Community Housing Fund
- BC Housing Secondary Suite Program
- BC Housing Affordable Homeownership Program (AHOP)

Some of these programs have eligibility criteria that preclude affordable housing development projects in the CRD's rural areas unless they are multi-family projects (i.e., not multi-plexes).

5.2 Mechanisms for Securing Affordability

As noted previously, the required rents are the starting rents for the first tenancy and annual increases will be controlled in exchange for the grants. To secure the affordability of homeownership or rental units over an extended period of time, a mechanism needs to be set up in order to prevent sale prices or rents from going to full market value between occupants. A housing agreement is a the only legal tool available to local governments to secure the term, household income limits, housing prices or rents, and other restrictions to ensure affordability between users of affordable homeownership units.

Outside of housing agreements, further research is needed to understand whether additional tools are available to local governments, such as forgivable loans or partnerships with non-profit organizations who could sign a land lease agreement with individual landowners. The CRD is currently undertaking a Housing Agreement Program review which will help inform the implementation of the RHP.

5.3 Rental Housing Analysis

5.3.1 Secondary Suites – Renovation

1-Bedroom Unit

- The most financially viable rental housing to develop under current market conditions is the renovation of 1-bedroom secondary suites. This rental housing requires the least amount of equity, requires less approvals and construction, and can achieve and potentially exceed the bottom threshold of market rental rates for 1-bedroom units across the CRD's rural areas.
- A drawback to secondary suite renovations is that it is up to the individual landowner to invest in and operate. In Scenario 2A, under the 7.0% interest rate scenario, while the rent ($1,487) is within the market rent guideline ($1,500), the annual return of 2.5% on the landowner's initial equity of $56,000 may not be competitive enough. As such, a greater financial incentive may be required to encourage landowners, either through stacking government funding programs or through the top up equity approach (i.e., Scenario 2B).
- The Scenario 2B top-up equity distribution model with grant funding of 15% equity ($34,000) could lower the required landowner equity from $56,000 to $34,000 while maintaining the monthly rent at $1,487 under the 7.0% interest rate scenario and $1,132 under the 4.0% interest rate scenario.

2-Bedroom Unit

- With grant funding up to $30,000 per door, under the following scenarios, the required monthly rents could be:
  - » 7.0% Interest Rate: $2,078
  - » 4.0% Interest Rate: $1,496
- Alternatively, a top-up equity distribution model with grant funding of 10% equity ($36,000) could lower the required landowner equity from $89,000 to $54,000 while maintaining the monthly rent at $2,288 under the 7.0% interest rate scenario and $1,753 under the 4.0% interest rate scenario.

5.3.2 Secondary Suites – New Construction

1-Bedroom Unit

- A new secondary suite unit is the second most financially viable rental housing to develop under current market conditions.
- Under the 7.0% interest rate scenario, the construction of a new 1-bedroom secondary suite will require a monthly rent of $1,837 which is slightly above the market rental guideline of $1,500. However, the annual return of 2.5% may not be competitive enough for all landowners to invest the initial equity of $70,000.
- With grant funding up to $30,000 per door, under the following scenarios, the required monthly rents could be:
  - » 7.0% Interest Rate: $1,583
  - » 4.0% Interest Rate: $1,204
- Alternatively, a top-up equity distribution model with grant funding of 10% equity ($28,000) could lower the required landowner equity from $70,000 to $42,000 while maintaining the monthly rent at $1,837 under the 7.0% interest rate scenario and $1,391 under the 4.0% scenario.

2-Bedroom Unit

- With grant funding up to $30,000 per door, under the following scenarios, the required monthly rents could be:
  - 7.0% Interest Rate: $2,646
  - 4.0% Interest Rate: $1,985
- Alternatively, a with grant funding of 10% equity ($45,000) could lower the required landowner equity from $114,000 to $68,000 while maintaining the required rent at $2,891 under the 7.0% interest rate scenario and from $112,000 to $67,000 while maintaining the required rent at $2,172 under the 4.0% scenario.

5.3.3 Cottages – New Construction

1-Bedroom Unit

- After secondary suite renovations and new suite construction, cottage units are the third most financially viable rental housing to develop under current market conditions.
- With grant funding up to $60,000 per door, under the following scenarios, the required monthly rents could be:
  - 7.0% Interest Rate: $2,118
  - 4.0% Interest Rate: $1,615
- The biggest cost barrier to cottages is the site preparation required and the installation of septic systems which can cost $50,000 or more per site.
- Alternatively, a top-up equity distribution model with grant funding of 10% equity ($40,000) could lower the required landowner equity from $100,000 to $60,000 while maintaining the required rent at $2,616 under the 7.0% interest rate scenario and $99,000 to $59,000 while maintaining the required rent at $1,984 under the 4.0% scenario.

2-Bedroom Unit

- With grant funding up to $60,000 per door, under the following scenarios, the required monthly rents for a new build 2-bedroom cottage would be:
  - 7.0% Interest Rate: $3,484
  - 4.0% Interest Rate: $2,626

- The equity needed to build a 2-bedroom cottage is high (~$156,000 at 25% contribution), and may be less accessible to a broader range of landowners than a 1-bedroom cottage. A top-up equity distribution model with grant funding could lower the barrier to building 2-bedroom cottages by providing a financial incentive to landowners.
    - » Grant funding of 10% equity ($61,000) could lower the required landowner equity from $156,000 to $93,000 while maintaining the required rent at $3,979 under the 7.0% interest rate scenario and from $154,000 to $92,000 while maintaining the rent at $2,934 under the 4.0% scenario.

5.3.4 Multiplex Rental Housing – New Construction

- The 10-unit rental housing is made up of duplexes and triplexes and is intended to represent one type of multi-unit building. This analysis signals a strong need for government grants to increase the affordability of multi-unit rental housing projects in CRD's rural areas as construction costs are high across all housing types (e.g., ground-oriented and multi-unit).
- Our analysis models an initial required equity of $1.8 million under the current interest rate of 7.0%. The pre-development costs (i.e., rezoning costs related to prove servicing and environmental standards, plus infrastructure-related costs during the subdivision and building permit process) can range anywhere from the low $300,000 to $500,000. These costs could vary depending on the specific site and development conditions.
- With grant funding of $10,000 per door (i.e., $100,000), under the following scenarios without stacking additional funding programs, the required monthly rents could be lowered by:
    - » 7.0% Interest Rate:
        - 1-Bdrm: $60
        - 2-Bdrm: $85
        - 3-Bdrm: $100
    - » 4.0% Interest Rate, 50 year amortization period, 80% Loan to Value:
        - 1-Bdrm: $32
        - 2-Bdrm: $46
        - 3-Bdrm: $54

- With grant funding of $20,000 per door (i.e., $200,000), under the following scenarios without stacking additional funding programs, the required monthly rents could be lowered by:
  - » 7.0% Interest Rate:
    - 1-Bdrm: $118
    - 2-Bdrm: $167
    - 3-Bdrm: $197
  - » 4.0% Interest Rate, 50 year amortization period, 80% Loan to Value:
    - 1-Bdrm: $63
    - 2-Bdrm: $90
    - 3-Bdrm: 106

Benefits of Pre-Development Funding

- A CRD funding program to support pre-development costs such as professional reporting or infrastructure upgrades would increase the viability of multi-unit projects, especially those being advanced by the non-profit housing sector. Additional pre-development funding can support investment in key infrastructure such as well development, driveway construction, and/or professional reporting.
- The impact of the pre-development funding, along with the stacking of other potential grants offered (as outlined in Section 5.1) could encourage more housing providers to develop in CRD's rural areas by:
  - » Increasing the equity in the project by providing grant funding – which opens up opportunities to secure other funding and lowers required rents;
  - » Decreasing the high financial threshold that organizations need to fundraise for multi-unit developments, and therefore lowering the barrier for organizations to pursue these development concepts.

5.4 Affordable Homeownership Analysis

5.4.1 Rent-to-Own

- Rent-to-own program terms and conditions will vary depending on the individual project and in most cases, the affordability of the home is lost after the unit is returned to the market after the first owner, unless a mechanism is put in place to maintain affordability between users.
- As the average 2021 housing price across the SGIs is $767,500 and the cost to build a single unit in a multi-unit dwelling is around $700,000, the initial equity required to take out a mortgage for a rent-to-own unit could be a barrier. Without an initial investor who is willing to provide equity for the development of rent-to-own dwellings, the program reach for this stream would be low, as the CRD or another organization would be responsible for taking the unit off the market to maintain affordability.
- While rent-to-own programs can include lower density forms of housing, the program is most cost effective with multi-unit buildings because government grants can be used to lower the development price, resulting in a lower purchasing price of the units.

5.4.2 Down Payment Matching

- Down payment matching programs enable people who may not have been able to access home ownership the opportunity to do so. However, depending on the home purchase price, the equity required can be high and may be a less effective use of funds (if provided) when compared to other rental housing options in this study (e.g., cottages, secondary suites).
- Similar to rent-to-own programs, if the policy goal is non-market affordable housing past the initial owner, a mechanism needs to be put in place to ensure the unit does not revert to market value upon sale of the property.

5.5 Potential Reach of the Rural Housing Program

Given the findings above, if the RHP were to carry a hypothetical reserve of $5.0 million to $15 million, then the investment dollars should be allocated in a way that maximizes the reach of the program. **Table 36** below illustrates a funding allocation of 75% for rental housing and 25% for affordable homeownership, distributed as follows:

- **Secondary Suite, Renovations:** $30,000 per door (1- and 2-bedrooms)
- **Secondary Suite, New Construction:** $30,000 per door (1-bedroom) and $60,000 per door (2-bedrooms)[13]
- **Cottage, New Construction:** $60,000 per door (1- and 2-bedrooms)
- **Multi-Unit:** $10,000 per door (all unit types)
- **Rent-to-own:** 10% of downpayment or $76,750 in this instance[14]
- **Downpayment matching program:** 10% of downpayment or $76,750 in this instance[15]

Using this distribution under the $5.0 million program outreach, a total of 165 affordable units would be supported:

- **Secondary Suite, Renovations:** 33 units
- **Secondary Suite, New Construction:** 22 units
- **Cottage, New Construction:** 29 units
- **Multi-Unit:** 75 units
- **Rent-to-own:** 3 units
- **Downpayment matching program:** 3 units

13 *A 50/50 split is assumed as the distributed share of 1-bedroom and 2-bedroom secondary suites in the new construction category.*

14 *Assumes 10% of the average housing sales price for an older home – approximately $767,500 across the SGI in 2021 – or 10% of the construction price for a new multi-unit dwelling (e.g., plex). This assumes there would be a program administrator and an investor willing to assume the risk of taking the unit off the market during the period where the program participant rents the house.*

15 *Same as Footnote 14, except the program participant would be responsible for purchasing the house under a housing agreement at the outset.*

Table 36 below breaks this out further under a $5.0 million, $10 million, and $15 million funding reserve.

Table 36: Potential Funding Allocation Under the Rural Housing Program

	$5 Million			$10 Million			$15 Million		
	Funding Allocation (%)	Funding Amount ($)	Estimated Number of Units Supported	Funding Allocation (%)	Funding Amount ($)	Estimated Number of Units Supported	Funding Allocation (%)	Funding Amount ($)	Estimated Number of Units Supported
Secondary Suite – Renovation	20%	$1,000,000	33.0	20%	$2,000,000	66	20%	$3,000,000	100
Secondary Suite – New Construction	20%	$1,000,000	22.0	20%	$2,000,000	44	20%	$3,000,000	66
Cottage – New Construction	35%	$1,750,000	29.0	35%	$3,500,000	58	35%	$5,250,000	87
Multi-Unit	15%	$750,000	75	15%	$1,500,000	150	15%	$2,250,000	225
Rent-to-Own	5%	$250,000	3.0	5%	$500,000	6	5%	$750,000	9
Down Payment Matching Program	5%	$250,000	3.0	5%	$500,000	6	5%	$750,000	9
Total	**100%**	**$5,000,000**	**165**	**100%**	**$10,000,000**	**330**	**100%**	**$15,000,000**	**496**

6.0 Recommendations

6.0 Recommendations

Based on the analysis findings, we recommend six (6) strategies for the CRD when developing and implementing the RHP. Community engagement is recommended to inform the potential uptake of the program and to understand which incentives are most attractive to landowners.

Recommendation 1

- **The RHP should prioritize allocating funding to projects in CRD's rural areas where housing would have otherwise not been created.** While single-detached houses and accessory dwelling units are permitted across SGI and SSI, the uptake to build accessory dwelling units has been slow. Previous studies have shown there is market demand for rental housing on the SGI and SSI, however, there has not been enough incentive or funding available to encourage developers and landowners to fill the market gap.

Recommendation 2

- **Secondary suites have the biggest potential to scale up in unit numbers when coupled with grant funding.** It is recommended that secondary suites receive the highest allocation of funding as it shows that secondary suites have the biggest potential to scale up in unit numbers when coupled with grant funding, making it the most effective use of funding. However, consideration should be given to cultural preferences and whether there would be strong market demand to build these units.

Recommendation 3

- **Cottages have potential to scale up in number of units and may be suitable for middle income households and residents in rural communities.** It is recommended that cottages receive the second highest allocation of funding. Due to the high costs to develop cottages, the program reach may be lessened if development costs are too high or if rents are not affordable for a median-earning renter household. In addition, collaborating with different development approval authorities to create a pre-approved design for cottages, including septic system design, can deepen affordability.

Recommendation 4:

- **Multi-unit buildings should receive the third highest allocation after secondary suites and cottages, as the projects are approved infrequently. Where possible, the stacking of government funding programs will bring deeper affordability to multi-unit developments, including the allowance of more units (e.g., higher density) into one building to realize cost efficiencies.**

Recommendation 5:

- **Entry-level homeownership programs should have smaller funding allocations as the investment costs are high and affordability is not guaranteed to carry over to the next user.** This program reach could be greater if coupled with partnerships or through existing funding programs.

Recommendation 6:

- **When reviewing applications under the Rural Housing Pilot Project, the CRD should take into consideration the following list of factors that impact the effectiveness of the grant.**
  - Operating expenses will vary project by project, but is an important metric as it impacts how much revenue (e.g., rent) the landowner needs to cover all operational costs. A reasonable operating expense should be proposed.
  - Different interest rates and amortization periods can dramatically alter the project finances. While we have modelled an interest rate reflecting the current market (7.0% interest rate), and an improved interest rate of 4.0%, a slight increase or decrease and a variance in the amortization period (25 years) will change the impact of any grant funding on the project.
  - Variations in development costs will exist across properties in the CRD's rural areas, and the impact of grant funding may generate deeper affordability if the development costs are below what is modelled in this report.
  - The term of the housing agreement should consider the initial grant amount.
  - Tracking and monitoring rental costs for the secondary rental market in the CRD's rural areas to understand the benchmark market rents year over year in relation to the RHP rents.

Appendices

Appendix A
BC Housing Secondary Suite Incentive Program

The following summarizes eligibility requirements for BC Housing's Secondary Suite Incentive Program:

Homeowners

- Registered owner(s) must be Canadian citizens or permanent residents
- Live in the property as their primary home
- Combined gross annual income of homeowners on title of less than $209,240 (in the previous tax year)

Properties

- Located within one of the 161 incorporated municipalities in BC
- Have a BC Assessment value below the homeowner grant threshold ($2.125 million in 2023)

Secondary Suite

- New legal self-contained unit with a kitchen and full bathroom
  - » Improvements to *existing* rental units are ineligible
- Laneway homes / garden suites are eligible
- Received municipal building permits *on* or *after* April 1, 2023

Costs

All costs must be directly related to the creation of the new secondary suite and must be $20,000 or more. Eligible costs include the following:

- Architectural and design fees
  - Landscaping costs are ineligible
- Structural modification
- Electrical work
- Fixtures
- Appliances (50% of actual cost to a maximum of $2,500)
- Building and trade permit fees
- Costs to obtain certificates, drawings and specifications directly related to eligible scope of work
- Materials related to the approved construction
  - Extensions, conversions, repair, or replacement of items for the homeowner are ineligible
- Contractor labour (not including work done by Applicant or any member of the Household)
  - Labour costs for work completed by the homeowner are ineligible
- PST and GST

The terms for loan forgiveness are as follows:

- The rebate amount and BC Housing legal costs of $2,000 will be registered on title for 5 years as a forgivable loan;
- The new suite must be located on the same property where the homeowner lives and continues to be the principal residence;
- The new suite must be rented out at *below market rates*, as determined by BC Housing, for at least five years;
- The new suite was rented for at least 10 months in the preceding year and the tenancy is under an agreement compliant with the Residential Tenancy Act on a month-to-month or minimum 1-year fixed term tenancy; and
- The tenant is not an immediate family member (spouse, child, parent, or sibling) of the homeowner(s).

If the loan forgiveness requirements are met, the loan will be forgiven at 20% per year, inclusive of BC Housing's legal costs, over five years, when all SSIP requirements are met. Note that interest will accrue on the loan based on the current prime interest rate charged by the Royal Bank of Canada, plus 2.00%.

There are no payments required on either the principal or interest during the forgiveness period if the homeowner complies with the terms and conditions of the SSIP loan. In the event the homeowner does not comply with all the terms and conditions, the loan and any interest that has accrued will become payable on demand to BC Housing.

Appendix B
Rent-to-Own Research

Examples of select rent-to-own programs in Canada are broken down below.

- **Requity Homes:** Operates in Northern Ontario (Thunder Bay, Sault Ste. Marie, Sudbury and North Bay), Saskatchewan (Regina and Saskatoon), Alberta (Calgary and Edmonton), and Manitoba (Winnipeg). Requity purchases the home and allows the occupant to rent and save for the downpayment. Then, when the occupant is ready, they can buy back the home or cash out savings.
- **Clover Properties:** Operates throughout Ontario. The program offers 24, 36, or 48 month rent to own programs while tenants live in the home they will own at the end of the program term.
- **MB Rent-2-Own:** Operates in Alberta and Manitoba and targets people specifically who require improvements to their credit score in order to purchase a home. Much like Requity homes MB Rent-2-Own will purchase the home and work with the buyer through improving their credit. An initial deposit of 3% is required for this program
- **GVC Property Solutions:** Operates in the Lower Mainland and Fraser Valley British Colombia. Much like the previous examples, MB Rent-2-Own and Requity Homes, GVC property solutions purchases homes and offers them to the rent-to-own market. Within this program the purchaser puts a down payment of between $5,000 and $60,000. Typically, the rent-to- own agreement is 24 months long.
- **RTO Homes:** Operates in the Vancouver area through Apex Western Homes which is a contracting company located in the lower mainland. This program is also targeted to people who have a credit score that would prevent them from being eligible for a mortgage. A 5% down payment is typically required to partake in this program, and available listings are fed through Apex Westen Homes.
- **HOS Financial Inc:** perates in Ontario and Quebec. The minimum down payment within this program is the greater of 3% or $10,000. HOS Financial finds third party investors to purchase properties on the client's behalf. Typically, these agreements span three to five years.

- **JAAG:** Operates in Ontario and targets clients who require time and hands on support to improve their credit scores. This rent to own program typically spans a period of one to three years.
- **Sprout Properties:** Operates across Canada using lending partners. This program is between two and four years in length and requires a downpayment which is the greater of 3% or $10,000. This program also requires a $1000 commitment fee. This fee is also counted towards the purchase price.

Making a difference...together

January 17, 2024

Rural Housing Program Pilot Scoping (2024)

The Capital Regional District (CRD) Rural Housing Program is being developed with acknowledgement that solutions to the housing crisis in CRD's Electoral Areas need to be tailored to the rural context, this is especially true for the Salt Spring Island (SSI) and Southern Gulf Islands (SGI) which are within the Islands Trust Area, and have a special mandate to preserve and protect the environment.

The following provides an outline of a 2024 Rural Housing Program pilot project for the SSI and SGI Electoral Areas.

Proposed CRD Rural Housing Program 2024 Pilot Scoping Work:

1. Build Program to Support Pre-development Funding
   - Engage stakeholders to determine opportunity and anticipate cost to support pre-development work that includes undertaking technical studies and determining infrastructure requirements (including on-site servicing) for multi-unit affordable housing projects.
   - Program will be modelled after the Canada Mortgage and Housing Corporation Seed Funding Program and tailored for the CRD's Rural Housing Program (RHP) Pilot on SSI and SGI.
   - Program criteria will be based on project readiness and effective utilization of funds towards regulatory approvals. Priority will be given to non-profit proponents of affordable housing, with development applications under consideration by the CRD or Islands Trust, or subdivision applications under consideration by the Ministry of Transportation and Infrastructure.

2. Develop a Missing Middle/Accessory Dwelling Unit (ADU) Incentive Program[1] to create non-market housing across the secondary housing market (suites and cottages and missing middle housing typologies).
   - Program design will be guided by the recommendations in the "Rural Housing Pilot Project Analysis," (Urban Matters, 2024).
   - Work in 2024 will include community engagement to test the uptake of different program options, as well as develop criteria, program parameters, application forms, legal and financial reviews, etc. for program roll out in 2025.
   - In future years, subject to funding, the program will offer financial incentives for ADUs in exchange for housing agreements to secure non-market units.

3. In 2024, soft launch of the RHP will be supported by existing staff and supplemented by a program coordinator using Municipal and Regional District Tax Program funding.

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[1] Electoral Areas are excluded from Provincial Secondary Suite Incentive Program.

Making a difference...together

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 07, 2024

SUBJECT **Reaching Home Program Agreement**

ISSUE SUMMARY

The Capital Regional District (CRD) and the Government of Canada need to negotiate and execute an amending agreement to allow the CRD to continue to act as Community Entity (CE), responsible for administering the Reaching Home Program (RHP): Canada's Homelessness Strategy.

BACKGROUND

The CRD is administering $11.6 million (M) in Designated Communities funding between 2019 and 2024 on behalf of the Government of Canada through the Reaching Home Program (RHP).

The RHP is a community-based program aimed at preventing and reducing homelessness across Canada. This program provides funding to urban, Indigenous, rural, and remote communities to help them address their local homelessness needs. The RHP aligns with the goals of the National Housing Strategy (NHS) to support the most vulnerable Canadians in maintaining safe, stable, and affordable housing and to reduce chronic homelessness nationally by 50% by 2028.

Local priorities are set out in the 'Community Plan to End Homelessness', which is approved by a Community Advisory Board (CAB). Appendix A, attached, contains a summary overview of the range of sub-projects currently supported through the RHP. The CAB supports the CRD, as CE, in implementing the RHP by undertaking a range of activities in critical community-based program delivery. Appendix B, attached, is the CAB Terms of Reference.

On November 28, 2023, the Government of Canada notified the CRD of its intention to extend the RHP Contribution Agreement (which was to end on March 31, 2024) for a further two years for an additional amount of $6.1M. Following consultation with the CAB, the CRD has launched a Request for Proposals (RFP) process to identify projects for funding starting April 1, 2024. The draft agreement amendment is attached as Appendix C.

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Regional District Board:
That Capital Regional District staff be authorized to negotiate, execute agreements with the Government of Canada and receive funds through the Reaching Home Program and do all things incidental to finalize such agreements and deliver the program.

Alternative 2
That this report be referred to staff for additional information based on Hospital and Housing Committee direction.

IMPLICATIONS

Social Implications
The Reaching Home Program directly supports vulnerable Canadians and will directly contribute towards advancing this priority through the work of sub-projects in community. Though the CRD as CE, does not directly provide social and/or clinical services in support of vulnerable populations, the funding is allocated to several community projects that do. Projects are identified through RFPs with priorities guided by the 'Community Plan to End Homelessness' and specific recommendations from the CAB. Upon receipt of applications for funding, CE staff screen applications for eligibility and then distribute to CAB members for evaluation and scoring which results in a list of project recommendations. This process is to help ensure alignment between the needs of individuals experiencing or are at imminent risk of homelessness as outlined in the Community Plan to End Homelessness and the requirements of the RHP.

Legal Implications
In additional to the general terms of the RHP Contribution Agreement related to administrative and program delivery obligations, there are three distinct projects that are also requirements of the agreement amendment:

Coordinated Access and Assessment (CAA)
Section 8.1 of Appendix C outlines, that in partnership with the Indigenous Homelessness Community Entity, the CRD will be required to have a Coordinated Access system in place by March 31, 2026. The minimum requirements, as prescribed by Canada, include expectations related to governance, access points, triage, vacancy matching and referrals.

Homeless Individuals and Families Information System (HIFIS)
To support the successful implementation of CAA, Section 8.2 of Appendix C stipulates that communities must implement HIFIS to achieve the minimum requirements for Coordinated Access.

Point-in-Time Count and Enumeration
To further data collection activities, Canada is requiring a Point-in-Time Count be completed every three years, starting in the fall of 2024. This activity will include both an enumeration and survey of people experiencing homelessness in the community to standards set out by Canada. Additionally, future enumerations shall be conducted annually, in a similar time period beginning in 2025 as outlined in Section 8.5 Appendix C.

Financial Implications
Consistent with projections in the 2024-2028 CRD Provisional Financial Plan, Table 1 shows the total RHP funds expected from the Government of Canada for the next two years. Note that the Government of Canada's fiscal year cycle is April 1 – March 31.

Table 1: Designated Communities (DC) Funding by Year

Designated Communities	**2024-2025**	**2025-2026**	**Total**
Funding for Initiatives	$2,594,879	$2,594,879	$5,189,758
Administration	$ 457,919	$ 457,919	$ 915,838
Sub-Total	**$3,052,798**	**$3,052,798**	**$6,105,596**

The RHP responsibility over program oversight includes financial administration, reporting and record keeping as well as oversight of eligible expenditures. Quarterly, the CE submits claims to the Government of Canada based on actuals spent and annual is subject to financial review conducted by the Government of Canada and is subject to an annual audit of the program's activities conducted by a third party. These conditions remain unchanged in the amending agreement.

Service Delivery Implications
All costs associated with the delivery of the RHP are recovered through the administrative allocation as permitted by the program. Therefore, there is no additional cost associated with program delivery.

Intergovernmental Implications
Entering into these agreements will sustain a partnership that has proven effective in addressing the Government of Canada and CRD's mutual interests in working to better address the challenge of homelessness in Canada. The delivery of the program through a community-based approach also positions the CRD in an influential role in working with the provincial government and its agencies to address homelessness.

CONCLUSION

The CRD can sustain its partnership with the Government of Canada to address issues related to homelessness by continuing to act as the CE for the RHP. To better position itself to execute the agreements in a short time frame, staff recommend the CRD Board delegate the finalization and execution of the agreements to CRD staff. In total, this will represent an additional $6.1M for RHP funds into the community with all costs for delivering these funds to eligible community-based projects being covered through the administrative allocation as permitted by the program.

RECOMMENDATION

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Regional District Board:
That Capital Regional District staff be authorized to negotiate, execute agreements with the Government of Canada and receive funds through the Reaching Home Program and do all things incidental to finalize such agreements and deliver the program.

Submitted by:	Don Elliott, MUP, Senior Manager, Regional Housing
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Reaching Home Program Sub-Projects 2023-24
Appendix B: Reaching Home Program Community Advisory Board Terms of Reference
Appendix C: Draft Reaching Home Program Amendment Agreement 2024-2026

DESIGNATED SUB-PROJECTS 2023-24				
Organization	**Sub-Project Title**	**File Number**	**Total Funding Allocation 2023-24**	**Project Description**
Victoria Cool Aid Society	Positive Flow Client Service Worker	D2021-01	$103,811	The Victoria Cool Aid Society is being funded from April 1, 2021 - March 31, 2024 for a Client Service Worker to support clients who are ready to move from supportive housing into more independent, affordable rental housing in the CRD. The Client Support Worker will provide supports to people as they move into more independent affordable housing. This will free up supportive housing for people experiencing homelessness in the community.
CRD	Community Planner	D2021-02	$137,887	Tasked with developing the local Coordinated Assessment and Access system and use of the Homelessness Individuals and Families Information System in Greater Victoria, the CRD Community Planner will be key in the CRD meeting the requirements of the Community Entity in the Reaching Home Program.
Beacon Community Association	Homelessness Prevention Fund (HPF)	D2022-1	$210,429	The HPF is a partnership between eight organizations working together to provide emergency assistance to individuals and families who are in financial crisis and at immanent risk of losing their housing through provision of non-repayable subsidies to cover rent or utilities.
Victoria Cool Aid Society	Indigenous Tenant & Cultural Supports	D2022-02	$150,880	The Victoria Cool Aid Society is providing housing and cultural supports to Indigenous people who are homeless or at risk of homelessness. The program funds an Indigenous Client Services worker and Elders, along with a rich variety of cultural activities, life skills education and support, contact with Elders, and supports to connect with clinical services.

Pacifica Housing	Streets to Homes	D2022-03	$347,801	This project funds housing outreach workers who are working with clients with a history of chronic or episodic homelessness to locate market housing, support them in their housing, and re-house them if necessary. BC Housing provides rent supplements for these clients to make the rent more affordable. The Streets to Homes project is a collaborative community initiative designed to address homelessness in the community. It has a large network of housing resources and landlords, and provides supports by community referrals. This project is connected to other housing providers in the community and coordinates referrals to their program through shelters and drop in centers, along with many other portals.
Peers Victoria Resources	Housing Outreach and Support	D2022-04	$242,450	Peers provides housing and case management services to people who may be from the sex industry who are chronically or episodically homeless. Housing outreach and support workers are providing assistance in locating rental housing, help with moving and storage, administration of rent supplements, support to secure income assistance and to apply for housing, and services that help with life skills and financial assistance through connections with provincial ministries. The housing support workers liaises with shelter and other housing support providers in the region to co-serve clients looking for housing and to share related costs. Peers provides an innovative complement to the existing housing and shelter supports with a unique target population of current and former sex workers. Their service model is harm reduction oriented and based on peer leadership.
Threshold Housing Society	Youth Homelessness Prevention & Housing Stabilization	D2022-05	$333,700	Threshold Housing is funded to provide support services for a wrap-around youth transitional housing program. Activities target at-risk youth ages 16-24. As youth become more stable, they graduate to more independent living situations. Threshold helps at risk youth build self-reliance by providing transitional housing, life skills supports, referrals to outside agencies, preparation for tenancy, financial literacy, cooking classes, social activities, pre-employment support, housing loss prevention, and school completion as required.
Burnside Gorge Community Association	Supporting Families Transitioning to Permanency	D2022-06	$136,871	Housing Outreach Workers will assist 35 families annually that are homeless, chronically homeless, or living in precarious housing transition into stable, long-term housing. Qualified families will be able to access up to $3,000 to cover costs associated with transitioning to permanent housing, including first months' rent, damage deposit, utility and service connections, furniture and basic needs supplies. Additional support will be offered by Housing Outreach Workers liaising with landlords and acquiring income assistance or other financial resources.
John Howard Society - Victoria	Housing Access Team (HAT)	D2022-07	$570,380	A collaborative, community-based program that will focus on moving individuals through the housing continuum and into suitable, permanent housing. Staff will work one on one with each client, removing as many barriers to housing as possible. Needs assessments will be completed, and discussions with community partners to support housing placements.

Pacifica Housing	Community Connections	D2022-08	$106,707	The Community Connections Program is a client-centred homeless prevention program that funds a Tenant Support Worker to proactively identify and provide immediate support services for vulnerable tenants struggling with independent-living within Pacifica's portfolio of 25 subsidized and rent-geared-to-income (RGI) buildings. Tenants supported through Community Connections include those with a history of chronic and episodic homelessness, mental health and substance misuse concerns, and those who had previously participated in other housing programs such as Supportive Housing, shelters, or precarious living situations as they moved through the local Coordinated Assessment and Access (CAA) homelessness response system.
Community Social Planning Council	2023 PiT Count	D2022-09	$45,774	The Community Social Planning Council of Greater Victoria will be coordinating and reporting results for the 2023 Point-in-Time Count. Activities include working closely with the Aboriginal Coalition to End Homelessness and Volunteer Victoria to ensure success of the survey implementation.
Elizabeth Fry Society	Victoria Collaborative-A Way Home	D2022-10	$384,142	A Way Home is a collaboration between the Elizabeth Fry Society (EFry) and Lookout. The objective is to place individuals into housing, provide prevention and diversion support services as well as discharge planning from institutions.
Greater Victoria Coalition to End Homelessness	Micro-credentials	D2022-11	$159,719	Co-developing free, accessible micro-credentialed training modules for workers in the homelessness response housing sector. Facilitating coordinated service delivery and standardized best practices throughout the region. Aligning with community-based requests, recommendations, and Housing First principles.
Tsawout First Nation	Reconciling On-Reserve Housing Injustices	D2022-12	$384,923	Tsawout First Nation is building a responsive community of care ensuring Indigenous families receive housing security through the support of families experiencing rent arrears with eviction prevention services. This program aims to bridge the jurisdictional gap between Indigenous People experiencing homelessness on and off reserve by providing wraparound housing services to community members who are experiencing homelessness or are precariously housed.
Victoria Women's Transition House Society	Homelessness Prevention Project	D2022-13	$219,943	The Homelessness Prevention Project assists women who are survivors of intimate partner violence and abuse to secure safe, stable housing for themselves and their children. This will be accomplished through temporary financial support for maintaining housing, including covering expenses such as utility bills, moving and storage fees, rent and security deposits.

Victoria Youth Clinic	Family Reconnect Program	D2022-14	$276,837	The Family Reconnect Program supports youth aged 14-24 who are experiencing homelessness in stabilizing their housing situations. This will be accomplished through wraparound support services as well as supporting individuals in re-establishing supportive relationships with their families.
Sooke Shelter Society	Outreach Team	D2022-15	$348,710	Sooke Shelter Society will be providing housing support services, including prevention and housing set-up services to Sooke residents who are experiencing or at risk of homelessness.
Victoria Brain Injury Society	Housing Outreach Program	D2023-01	$25,000	The Housing Outreach Program (HOP) provides housing supports to brain injury-affected adults to reduce the threat of homelessness. Through financial aid, home resources and training, HOP addresses housing challenges by empowering survivors with increased communication, confidence, and tenancy skills. HOP will aid brain injury survivors in housing navigation, fostering self-reliance and equip individuals with strategies like budgeting, emergency readiness and maintenance.
Songhees Nation	Housing Strategies Plan - Bring Them Home	D2023-02	$75,000	Songhees Nation is beginning a comprehensive engagement planning process to develop an over-arching Lands and Housing Strategies Plan. The plan will address housing needs in First Nation community, contribute direction for an intentional re-integration of homeless Indigenous Peoples while honouring Indigenous culture and heritage within the community. The plan will also maximize land use and long-term economic potential for lands and long-term housing sustainability. This Housing Strategies Plan will contribute to Songhees Nation's 10 year Strategic Plan, provide information and direction, and answer questions for long-range community planning.
Pacifica Housing	Community Services Truck	D2023-03	$52,000	The Community Services Truck will be used to keep vulnerable residents housed and on track to regaining/maintaining independence. The vehicle will aid in meeting client service needs, primarily assistance with junk removal, housing set-up, donation pickups that build food security and basic needs resources which contribute greatly to housing stability and retention.
Salvation Army	Finding Home Project	D2023-04	$45,944	The Finding Home project at the Victoria Additions and Rehabilitation Centre (ARC) is for residents whose 12 month stay in Salvation Army's transitional housing program is coming to an end. Finding Home is a housing navigation and support pilot program intended to support people leaving transitional housing with finding permanent affordable and/or supportive housing . This project is designed to increase the continuum of care at the ARC.

APPENDIX B

Reaching Home Program Community Advisory Board (CAB)
Terms of Reference

PREAMBLE

On April 1, 2019, the Capital Regional District (CRD) entered into a five-year agreement with the Government of Canada to act as the Community Entity (CE) responsible for administering the Designated Communities Funding Stream of the Reaching Home Program, the Government of Canada's homelessness strategy. Reaching Home requires that all CEs facilitate a Community Advisory Board (CAB) that is inclusive and representative of the community and supports community planning and priority identification. The geographic scope of the CAB is the boundaries of the Greater Victoria Census Metropolitan Area (CMA), as defined by Statistics Canada.

1.0 PURPOSE

Reaching Home is a community-based program aimed at preventing and reducing homelessness across Canada. This program provides funding through various streams across Canada including Designated Communities (urban centers), Indigenous Communities, Territorial Communities and Rural and Remote Communities. Reaching Home supports the goals of the National Housing Strategy, in particular to support the most vulnerable Canadians in maintaining safe, stable and affordable housing and to reduce chronic homelessness nationally by 50% by fiscal year 2027 to 2028.

2.0 ESTABLISHMENT AND AUTHORITY

a) Members of the Reaching Home CAB will be recommended by the General Manager, Planning and Protective Services to the CRD Board for approval.
b) The convening Chair and Vice Chair of the Reaching Home CAB will be selected on an annual basis.

3.0 ROLES AND RESPONSIBITLITIES

a) Create and implement a Terms of Reference and other policies and procedures central to the functions of the CAB that address membership terms and conditions, including recruitment processes, length of tenure, attendance requirements, and/or any delegated tasks. Provide advice to the CE (CRD) in its actions directed toward fulfillment of its roles and responsibilities (see Appendix A).
b) Through the CAB, provide advice to the Alliance to End Homelessness in the Capital Region (AEH) on CE responsibilities delegated to the AEH as outlined in Appendix B.
c) Collaborate with the Indigenous Homelessness CAB to ensure effective coordination of funding for the purpose of service delivery in the community.
d) Develop an engagement strategy that includes details on how it will achieve and sustain broad and inclusive representation.
e) Provide approval of a Community Plan that includes outcomes and indicators to be used to guide action and monitor progress toward effectively addressing issues related to homelessness in the Greater Victoria area.
f) Assess and recommend projects for funding to the CE.
g) Be representative of the community by recruiting members that provide broad and inclusive representation of the community.

h) Support the CE (CRD) and its partners in the planning and implementation of coordinated access.
i) Approve Community Progress Reports.

4.0 MEMBERSHIP

a) The Reaching Home CAB will consist of up to 16 voting members. BC Housing, Vancouver Island Health Authority and the Alliance to End Homelessness in the Capital Region are considered standing members and will have the opportunity to appoint members to the CAB.
b) The Reaching Home CAB will have up to 13 voting members from the following groups:
   - Agencies serving Indigenous people experiencing homelessness
   - First Nations located within the boundaries of the CMA
   - Local non-profit organizations providing housing to people experiencing homelessness
   - Local health or social support service providers
   - People with lived experience of homelessness
   - Police or Correctional service providers
   - Local business community
   - Senior serving agencies
   - Youth serving agencies or Child Welfare authorities
   - Newcomer serving agencies
   - Local neighborhood or community associations
c) Ex-officio representation from both Service Canada and the CE (CRD staff) who will advise on program eligibility requirements, and guide the CAB if and when significant changes to the program are introduced.
d) Non-standing members will be identified through a public recruitment and selection process.
e) The CAB may provide input on membership to CRD Staff who in turn will submit a slate of members for approval by the CRD Board.
f) Whenever possible, Indigenous representation will be a true reflection of the percentage of Indigenous people experiencing homelessness at any point in time.
g) The Community Entity will make an effort to provide for the participation of individuals from groups who experience systemic discrimination in the community, particularly those who are identified within various protected grounds of federal and provincial human rights legislation.
h) In the event of the death, resignation, termination or disqualification of a CAB member, CRD staff can appoint a successor for the remainder of the term.
i) If a member is absent from two or more consecutive meetings of the CAB without approval of the CAB Chair, the CRD Board may, upon the recommendation of the General Manager of Planning and Protective Services, terminate the appointment of such member thereby creating a vacancy on the CAB.
j) Members will be appointed to serve an initial two-year term and can serve up-to an additional consecutive two-year term for a maximum of four years at the discretion of the General Manager of Planning and Protective Services and with CRD Board approval.

5.0 MEETINGS

a) The CAB will meet on a quarterly basis throughout the year.

6.0 PROCEDURES

a) Any directions and decisions requiring a vote will be done by assigning each member one vote.
b) A quorum of the CAB is a majority of the representatives nominated and/or appointed from time to time. In the case that a conflict of interest is declared, quorum will still be in effect and not be reassessed dependent on the number of voting members leaving.
c) Representatives of the CAB shall serve without remuneration.
d) At the request of a CAB member, and with the consent of the CAB Chair, guests or delegations may be invited to attend, present to and/or participate in meetings of the Committee.
e) The CAB Terms of Reference will be reviewed annually or as required.

7.0 RESOURCES AND SUPPORT

a) The Senior Manager of the CRD Regional Housing Division, the Manager of CRD Housing Initiatives and Programs, will provide strategic support and act as liaisons for the Committee.
b) Minutes and agendas are prepared and distributed by the CRD Regional Housing Division.
c) The CRD Regional Housing Division will employ staff that provide additional administrative and planning support as required.

Appendix A

Reaching Home Program

Designated Communities

1.0 Community Entity Roles and Responsibilities

a) Enter into agreements with the Government of Canada to administer the Reaching Home Program.
b) Ex-officio representation on the Community Advisory Board (CAB) to include the Community Entity (CE) who will advise on program eligibility requirements, and guide the CAB where significant changes to the program are introduced.
c) Implement Reaching Home in accordance with Employment and Social Development Canada (ESDC) approved work plans.
d) Manage all aspects of program administration.
e) Implementing selection processes and soliciting and assessing sub-project proposals in an open and fair manner;
   - Facilitating calls for proposals;
   - Determining eligibility of proposals based on Program Directives;
   - Overseeing proposal evaluation and recommendation processes;
   - Completing due diligence and approving project budgets;
   - Executing final agreements with sub-projects and other planning projects;
   - Managing sub-project funding agreements, including financial and activity monitoring of sub-projects to ensure compliance with sub-agreements and achievement of expected results;
   - Implement required data collection processes with sub-project organizations;
   - Reporting quarterly and annually to ESDC on program implementation, sub-project performance, financial claims, and progress toward achievement of outcomes;
   - Conducting and submitting annual audit to ESDC;
   - Overseeing Community Progress Report development, submission to ESDC and publication.
f) Ensure Designated Communities funding stream is fully invested to address priorities identified in the Community Plan. Ensure Indigenous Homelessness funding stream is fully invested to address priorities identified by the CAB.
g) Inform the CAB about the status and results of sub-projects and other activities related to the prevention and reduction of homelessness in the community.
h) Manage all public communications related to the implementation of the Reaching Home Program.
i) CABs and CEs are expected to identify Official Language Minority Communities (OLMCs) within their community and ensure that appropriate services and supports are available in both official languages where there is significant demand. See Directives for more details on CE roles related to OLMCs.
j) Through working with community partners, including, if applicable, in partnership with the Indigenous Homelessness stream Community Entity within the Designated Community where the recipient is located, CEs shall provide annually to Canada, beginning in 2020-2021, using a template provided by Canada, no later than 60 days following the period covered by the report (i.e., the previous fiscal year), a Community Progress Report, satisfactory to Canada in scope and detail. The Community Progress Report will be published publicly in a time and manner prescribed by Canada.

2.0 Coordinated Access

a) Oversee the development of policies and procedures outlining how the coordinated access process operates in the areas of access, assessment, prioritization and matching & referral.
b) Have a Coordinated Access system in place by March 31, 2022, that fully meets all Reaching Home minimum requirements for Coordinated Access. The minimum requirements, as prescribed by Canada, outline Canada's expectations for the design of Coordinated Access systems across the following areas: coverage, governance operating model, access, assessment, prioritization, matching and referral, and Homelessness Management Information System (HMIS) platform.
c) Where one CE is responsible for delivering both streams, the CE will be responsible to engage with the CAB(s) and Indigenous service providers as they are critical partners in a community's efforts to prevent and reduce homelessness, and their participation in coordinated access is essential to its success.

3.0 Homeless Individuals and Families Information System (HIFIS)

a) Develop a set of local agreements to manage privacy, data sharing, and client consent within a community-wide HMIS in compliance to municipal, provincial and federal laws.
b) Work with BC Housing and ESDC to sign necessary Data Provision Agreements and an End-user License Agreements to support the use of HIFIS to support the delivery of Reaching Home.
c) Setup a governance structure to oversee decisions related to implementing and maintaining HIFIS and the data collected.
d) Access a server and establish corresponding security and safeguards to secure the data collected.

Appendix B

Reaching Home Program

Designated Communities

1.0 Alliance to End Homelessness in the Capital Region (AEH)

a) Coordinate government agencies, non-profits, health services and community organizations around the delivery of housing and services directed toward efforts to reduce homelessness in the region, and report to the Community Advisory Board through the AEH Executive Director.
b) Support engagement in the development of a Community Plan that includes outcomes and indicators to be used to guide action and monitor progress toward effectively addressing issues related to homelessness in the Greater Victoria area.
c) Engage with community organizations and individuals, including Indigenous, in the community beyond the homeless serving sector and gather all available information related to the community's local homelessness priorities, and develop a coordinated approach to addressing homelessness in the region.
d) Receive and report on quantitative and qualitative data that outlines progress toward the achievement of the goals of the regional Community Plan to End Homelessness.
e) Provide advice and feedback on any plans or strategies required by the Government of Canada related to the Community Entity's delivery of the Reaching Home Program.

Appendix C

Reaching Home Program - Designated Communities

Conflict of Interest Policy (from BC Community Charter)

Division 6- Conflict of Interest

100 Disclosure of conflict

a) This section applies to council members in relation to:
   - council meetings
   - council committee meetings, and
   - meetings of any other body referred to in section 93 *[application of open meeting rules to other bodies].*

b) If a council member attending a meeting considers that he or she is not entitled to participate in the discussion of a matter, or to vote on a question in respect of a matter, because the member has:
   - a direct or indirect pecuniary interest in the matter, or
   - another interest in the matter that constitutes a conflict of interest, the member must declare this and state in general terms the reason why the member considers this to be the case.

c) After making a declaration under subsection (2), the council member must not do anything referred to in section 101 (2) [restrictions on participation].

d) As an exception to subsection (3), if a council member has made a declaration under subsection (2) and, after receiving legal advice on the issue, determines that he or she was wrong respecting his or her entitlement to participate in respect of the matter, the member may:
   - return to the meeting or attend another meeting of the same body,
   - withdraw the declaration by stating in general terms the basis on which the member has determined that he or she is entitled to participate, and
   - after this, participate and vote in relation to the matter.

e) For certainty, a council member who makes a statement under subsection (4) remains subject to section 101 [restrictions on participation if in conflict].

f) When a declaration under subsection (2) or a statement under subsection (4) is made,
   - the person recording the minutes of the meeting must record,
   - the member's declaration or statement,
   - the reasons given for it, and
   - the time of the member's departure from the meeting room and, if applicable, of the member's return, and

g) unless a statement is made under subsection (4), the person presiding at that meeting or any following meeting in respect of the matter must ensure that the member is not present at any part of the meeting during which the matter is under consideration.

101 Restrictions on participation if in conflict

a) This section applies if a council member has a direct or indirect pecuniary interest in a matter, whether or not the member has made a declaration under section 100.

b) The council member must not
   - remain or attend at any part of a meeting referred to in section 100 (1) during which the matter is under consideration,
   - participate in any discussion of the matter at such a meeting,

- vote on a question in respect of the matter at such a meeting, or
- attempt in any way, whether before, during or after such a meeting, to influence the voting on any question in respect of the matter.

c) A person who contravenes this section is disqualified from holding office as described in section 108.1 *[disqualification for contravening conflict rules]* unless the contravention was done inadvertently or because of an error in judgment made in good faith.

102 Restrictions on inside influence

a) This section applies if a council member has a direct or indirect pecuniary interest in a matter, whether or not the member has made a declaration under section 100.
b) The council member must not
   - remain or attend at any part of a meeting referred to in section 100 (1) during which the matter is under consideration,
   - participate in any discussion of the matter at such a meeting,
   - vote on a question in respect of the matter at such a meeting, or
   - attempt in any way, whether before, during or after such a meeting, to influence the voting on any question in respect of the matter.
c) A person who contravenes this section is disqualified from holding office as described in section 108.1 *[disqualification for contravening conflict rules]* unless the contravention was done inadvertently or because of an error in judgment made in good faith.

103 Restrictions on outside influence

a) In addition to the restriction under section 102, a council member must not use his or her office to attempt to influence in any way a decision, recommendation or action to be made or taken by any other person or body, if the member has a direct or indirect pecuniary interest in the matter to which the decision, recommendation or other action relates.
b) A person who contravenes this section is disqualified from holding office as described in section 108.1 *[disqualification for contravening conflict rules]* unless the contravention was done inadvertently or because of an error in judgment made in good faith.

104 Exceptions from conflict restrictions

a) Sections 100 to 103 do not apply if one or more of the following circumstances applies:
   - the pecuniary interest of the council member is a pecuniary interest in common with electors of the municipality generally;
   - in the case of a matter that relates to a local service, the pecuniary interest of the council member is in common with other persons who are or would be liable for the local service tax;
   - the matter relates to remuneration, expenses or benefits payable to one or more council members in relation to their duties as council members;
   - the pecuniary interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence the member in relation to the matter;
   - the pecuniary interest is of a nature prescribed by regulation.
b) Despite sections 100 to 103, if a council member;
   - has a legal right to be heard in respect of a matter or to make representations to council, and
   - 105 is restricted by one or more of those sections from exercising that right in relation to the matter, the council member may appoint another person as a representative to exercise the member's right on his or her behalf.

105 Restrictions on accepting gifts

a) A council member must not, directly or indirectly, accept a fee, gift or personal benefit that is connected with the member's performance of the duties of office.
b) Subsection (1) does not apply to:
   - a gift or personal benefit that is received as an incident of the protocol or social obligations that normally accompany the responsibilities of office,
   - compensation authorized by law, or
   - a lawful contribution made to a member who is a candidate for election to a local government.
c) A person who contravenes this section is disqualified from holding office as described in section 108.1 *[disqualification for contravening conflict rules]* unless the contravention was done inadvertently or because of an error in judgment made in good faith.

106 Disclosure of gifts

a) This section applies if;
   - a council member receives a gift or personal benefit referred to in section 105 (2) (a) that exceeds $250 in value, or
   - the total value of such gifts and benefits, received directly or indirectly from one source in any 12-month period, exceeds $250.
b) In the circumstances described in subsection (1), the council member must file with the corporate officer, as soon as reasonably practicable, a disclosure statement indicating;
   - the nature of the gift or benefit,
   - its source, including, if it is from a corporation, the full names and addresses of at least 2 individuals who are directors of the corporation,
   - when it was received, and
   - the circumstances under which it was given and accepted.
c) A person who contravenes this section is disqualified from holding office as described in section 108.1 *[disqualification for contravening conflict rules]* unless the contravention was done inadvertently or because of an error in judgment made in good faith.

107 Disclosure of contracts with council members and former council members

a) If a municipality enters into a contract in which;
   - a council member, or
   - a person who was a council member at any time during the previous 6 months, has a direct or indirect pecuniary interest, this must be reported as soon as reasonably practicable at a council meeting that is open to the public.
b) In addition to the obligation under section 100 *[disclosure of conflict]*, a council member or former council member must advise the corporate officer, as soon as reasonably practicable, of any contracts that must be reported under subsection (1) in relation to that person.
c) A person who contravenes subsection (2) is disqualified from holding office as described in section 108.1 *[disqualification for contravening conflict rules]* unless the contravention was done inadvertently or because of an error in judgment made in good faith.

Project #: Project #
Amendment #: Amend #

Reaching Home: Canada's Homelessness Strategy

Community Entity

Designated Communities

Contribution

Agreement

Between

His Majesty the King in Right of Canada (hereinafter referred to as "Canada"), as represented by the Minister of Housing, Infrastructure and Communities AND

Legal Name of the Recipient

(hereinafter referred to as "the Recipient")

Hereinafter collectively referred to as "the Parties"

Articles of Agreement

Whereas Canada has established Reaching Home: Canada's Homelessness Strategy (hereinafter referred to as "the Program") to support projects aimed at reducing homelessness and includes projects aimed at preventing individuals and families at imminent risk from becoming homeless;

Whereas the Recipient has applied to Canada for funding to carry out the project described in Schedule A;

Whereas Canada has determined that the Recipient is eligible to apply for funding under the Program and that the Project qualifies for support under the Program; and

Whereas Canada has agreed to make a contribution to the Recipient towards the costs of the Project;

Now, therefore, Canada and the Recipient agree as follows:

1.0 AGREEMENT

1.1 The following documents, and any amendments thereto, constitute the entire agreement between the Recipient and Canada with respect to its subject matter and supersedes all previous understandings, agreements, negotiations and documents collateral, oral or otherwise between them relating to its subject matter:

(a) These Articles of Agreement;

(b) Schedule A - entitled "Project Description";

(c) Schedule B - entitled "Financial Provisions"; and

(d) Schedule C - entitled "Additional Provisions".

2.0 INTERPRETATION

2.1 Unless the context requires otherwise, the expressions listed below have the following meanings for the purposes of this Agreement:

"Eligible Expenditures" means the expenditures which are listed in the Project Budget in Schedule B, and in compliance with the Conditions Governing the Eligibility of Expenditures set out in Schedule B;

"Fiscal Year" means the period commencing on April 1 in one calendar year and ending on March 31 in the next calendar year;

"Project" means the project described in Schedule A;

"Project Period" means the period beginning on the Project Start Date specified in Schedule A and ending on the Project End Date specified in Schedule A; and

"Working Day" means Monday through Friday except statutory holidays.

3.0 EFFECTIVE DATE AND SURVIVAL OF AGREEMENT

3.1 This Agreement shall come into effect on the date it is signed by the last of the Parties to do so and, subject to section 3.2, shall expire at the end of the Project Period unless the Agreement is terminated on a prior date in accordance with the terms of this Agreement.

3.2 The following provisions which are expressly identified as surviving this Agreement shall survive the expiry of this Agreement and shall continue in full force and effect: article 9, Project Records; article 10, Canada's Right to Audit; article 12, Inquiry by the Auditor General of Canada; article 13, Final Report; article 14, Evaluation; article 17, Indemnification; article 24 Disposition of Capital Assets; and article 29, Enurement.

4.0 PURPOSE OF THE CONTRIBUTION

4.1 The purpose of Canada's funding is to enable the Recipient to carry out the Project. The funding shall be used by the Recipient solely for the purpose of paying the Eligible Expenditures.

5.0 CANADA'S CONTRIBUTION

5.1 Subject to the terms and conditions of this Agreement, Canada agrees to make a contribution to the Recipient in respect of the Eligible Expenditures. The amount of Canada's contribution shall not exceed the total maximum amount specified in section 1.1 of Schedule B.

5.2 Where the Project Period covers more than one Fiscal Year, the amount payable by Canada on account of its contribution in each Fiscal Year of the Project Period shall not exceed the amount shown in section 1.2 of Schedule B for that Fiscal Year.

6.0 APPROPRIATION

6.1 Any payment under this Agreement is subject to the appropriation of funds by Parliament for the Fiscal Year in which the payment is to be made.

7.0 REDUCTION OR TERMINATION OF FUNDING

7.1 If

(a) the Program named in this Agreement is cancelled,

(b) the level of funding for the Program named in this Agreement for any Fiscal Year in which payment is to be made under the Agreement is reduced as a result of a governmental or departmental spending decision, or

(c) Parliament reduces the overall level of funding for the programs of the Office of Infrastructure Canada for any Fiscal Year in which payment is to be made under this Agreement,

Canada may, upon not less than ninety (90) days notice, reduce its funding under this Agreement or terminate the Agreement.

7.2 Where, pursuant to section 7.1, Canada gives notice of its intention to reduce its funding, and where, as a result of the reduction in funding, the Recipient is of the opinion that it will be unable to complete the Project or will be unable to complete the Project in the manner desired by the Recipient, the Recipient shall notify Canada of same as soon as possible after receiving notice of the funding reduction and may, upon not less than thirty (30) days written notice to Canada, terminate the Agreement.

8.0 RECIPIENT DECLARATIONS

8.1 The Recipient

(a) declares that it has provided Canada with a true and accurate list of all amounts owing to the Government of Canada under legislation or funding agreements which were past due and in arrears at the time of the Recipient's application for funding under the Program named in this Agreement,

(b) agrees to declare any amounts owing to the Government of Canada under legislation or funding agreements which have become past due and in arrears following the date of its application for funding, and

(c) recognizes that Canada may recover any amounts referred to in paragraph (a) or (b) that are owing by deducting or setting off such amounts from any sum of money that may be due or payable to the Recipient under this Agreement.

8.2 The Recipient declares that any person who has been lobbying on its behalf to obtain the contribution that is the subject of this Agreement was in compliance with the provisions of the Lobbying Act [R.S.C. 1985 c. 44 (4th Supp.)], as amended from time to time, at the time the lobbying occurred and that any such person to whom the aforementioned act applies, has received, or will receive, no payment, directly or indirectly, from the Recipient that is in whole or in part contingent on obtaining this Agreement.

9.0 PROJECT RECORDS

9.1 The Recipient shall

(a) keep proper books and records, in accordance with generally accepted accounting principles, of all expenditures and revenues relating to the Project, including cash contributions received from Canada and cash contributions from other sources, as well as records substantiating the receipt and value of any in-kind contributions to the costs of the Project referred to in the Project Budget in Schedule B,

(b) keep records of all Project-related contracts and agreements and all invoices, receipts and vouchers relating to Eligible Expenditures, and

(c) keep records of all Project-related activity, progress and evaluation reports and reports of Project reviews or audits carried out by, or on behalf of, the Recipient.

9.2 The Recipient shall retain the books and records referred to in section 9.1 for a period of six (6) years following the Project Period.

10.0 CANADA'S RIGHT TO AUDIT

10.1 During the Project Period and for a period of six (6) years thereafter, the Recipient shall, upon request, grant representatives of Canada access to the books and records referred to in section 9.0 for the purpose of conducting an audit to verify compliance with the terms and conditions of this Agreement and verify expenses claimed by the Recipient as Eligible Expenditures. The Recipient shall permit Canada's representative(s) to take copies and extracts from such accounts and records. The Recipient shall also provide Canada with such additional information as Canada may require with reference to such books and records.

11.0 FINANCIAL AND ACTIVITY MONITORING

11.1 During the Project Period, the Recipient shall grant representatives of Canada reasonable access to the Project site and business premises of the Recipient, if different from the Project site, and to all Project-related books and records referred to in section 9.0 at all reasonable times for the purpose of conducting periodic financial and activity monitoring reviews of the Project. The Recipient shall also, upon request, provide representatives of Canada with copies and extracts from such books and records.

12.0 INQUIRY BY THE AUDITOR GENERAL OF CANADA

12.1 If, during the Project Period or within a period of six years thereafter, the Auditor General of Canada, in relation to an inquiry conducted under subsection 7.1(1) of the *Auditor General Act* [R.S.C., 1985, c. A-17], requests that the Recipient provide him, her or them with any records, documents or other information pertaining to the utilization of the funding provided under this Agreement, the Recipient shall provide the records, documents or other information within such period of time as may be reasonably requested in writing by the Auditor General of Canada.

13.0 FINAL REPORT

13.1 Unless the Recipient is required under a schedule to this Agreement to provide another, more specific, final report outlining the results of the Project, the Recipient shall provide Canada with a final report that summarizes the Project scope, describes the results achieved, explains any discrepancies between the results and the planned or expected results and contains such other information as Canada may specify in writing to the Recipient. The Recipient shall provide Canada with the final report within sixty (60) days following the Project Period.

14.0 EVALUATION

14.1 The Recipient agrees to cooperate with Canada in the conduct of any evaluation of the Project and/or the Program named in this agreement that Canada may carry out during the Project Period or within a period of three years thereafter. Without limiting the generality of the foregoing, if requested by Canada to do so for the purpose of conducting an evaluation, the Recipient agrees to:

(a) participate in any survey, interview, case study or other data collection exercise initiated by Canada; and

(b) subject to section 14.2, provide Canada with contact information of the Project partner organizations, if any, who participated in the Project, and of the members of the board of directors of the Recipient.

14.2 The Recipient shall provide Canada with the contact information of a person (name, address, phone number and e-mail address) referred to in paragraph 14.1(b) only if the person has given their written consent to the release of the information to Canada. The Recipient agrees to make all reasonable efforts to secure such consent during the Project Period. When providing a person's contact information to Canada, the Recipient shall provide Canada with an accompanying written statement certifying that the person has given their consent to the sharing of their contact information with Canada.

14.3 The evaluation process shall be informed by the principle of cultural sensitivity. In the event of a dispute, the provisions of Article 27.0 shall be followed.

15.0 CONTRACTING PROCEDURES

15.1 Contracting

1) Subject to subsection (2), the Recipient shall use a fair and accountable process, involving soliciting a minimum of three bids or proposals, when procuring goods and services from contractors in relation to the Project. The Recipient shall select the bid or proposal offering the best value at the lowest cost.

2) The requirement under subsection (1) shall apply, unless otherwise authorized in writing by Canada to all goods or services contracts valued at $25,000 or more (before taxes). The Recipient must not unnecessarily divide a requirement for goods or services into a number of smaller contracts to avoid this requirement.

15.2 Restrictions Regarding Non-Arms-Length Contracts

1) Unless otherwise authorized in writing by Canada, all goods or services contracts, regardless of their value, entered into in relation to the Project between the Recipient and

   (a) an officer, director or employee of the Recipient,
   (b) a member of the immediate family of an officer, director or employee of the Recipient,
   (c) a business in which an officer, director or employee of the Recipient, or a member of their immediate family, has a financial interest, or
   (d) a business which is related to, or associated or affiliated with, the Recipient,

   require the prior written approval of Canada. In any such contract, the Recipient shall ensure that Canada has a right of access to the relevant records of the supplying entity for the purpose of verifying, if necessary, the amount of the expenditure claimed by the Recipient in relation to a contract referred to in this subsection.

2) In this section, "immediate family" means the father, mother, step-father, step-mother, brother, sister, spouse (including common law partner), child, step-child (including child of common law partner), ward, father-in-law, mother-in-law or relative permanently residing in the household of the officer, director or employee.

15.3 Restrictions Regarding Sub-contracting of Recipient Duties or Responsibilities

1) The Recipient shall not subcontract the performance of any of its duties or responsibilities in managing the Project, including administrative responsibilities, to another party without the prior written consent of Canada unless the Recipient has already indicated in the approved Project Description attached as Schedule A to this Agreement that it intends to use a subcontractor or subcontractors to perform those duties or responsibilities.

16.0 TERMINATION OF AGREEMENT

Termination for Default

16.1 (1) The following constitute Events of Default:

(a) the Recipient becomes bankrupt, has a receiving order made against it, makes an assignment for the benefit of creditors, takes the benefit of the statute relating to bankrupt or insolvent debtors or an order is made or resolution passed for the winding up of the Recipient;

(b) the Recipient ceases to operate;

(c) the Recipient is in breach of the performance of, or compliance with, any provision of this Agreement;

(d) the Recipient, in support of its application for Canada's contribution or in connection with this Agreement, has made materially false or misleading representations, statements or declarations, or provided materially false or misleading information to Canada; or

(e) in the opinion of Canada, there is a material adverse change in risk in the Recipient's ability to complete the Project or to achieve the expected results of the Project set out in Schedule A.

(2) If

(a) an Event of Default specified in paragraph (1)(a) or (b) occurs; or

(b) an Event of Default specified in paragraphs (1)(c), (d) or (e) occurs and has not been remedied within thirty (30) days of receipt by the Recipient of written notice of default, or a plan satisfactory to Canada to remedy such Event of Default has not been put into place within such time period,

Canada may, in addition to any remedies otherwise available, immediately terminate the Agreement by written notice. Upon providing such notice of termination, Canada shall have no obligation to make any further contribution to the Recipient.

(3) In the event Canada gives the Recipient written notice of default pursuant to paragraph (2)(b), Canada may suspend any further payment under this Agreement until the end of the period given to the Recipient to remedy the Event of Default.

(4) The fact that Canada refrains from exercising a remedy it is entitled to exercise under this Agreement shall not be considered to be a waiver of such right and, furthermore, partial or limited exercise of a right conferred upon Canada shall not prevent Canada in any way from later exercising any other right or remedy under this Agreement or other applicable law.

Termination for Convenience

16.2 Canada may also terminate this Agreement at any time without cause upon not less than ninety (90) days written notice of intention to terminate.

16.3 Obligations Relating to Termination under section 7.1 or 16.2 and Minimizing Cancellation Costs

(1) In the event of a termination notice being given by Canada under section 7.1 or 16.2,

(a) the Recipient shall make no further commitments in relation to the Project and shall cancel or otherwise reduce, to the extent possible, the amount of any outstanding commitments in relation thereto; and

(b) all Eligible Expenditures incurred by the Recipient up to the date of termination will be paid by Canada, including the Recipient’s costs of, and incidental to, the cancellation of obligations incurred by it as a consequence of the termination of the Agreement; provided always that payment and reimbursement under this paragraph shall only be made to the extent that it is established to the satisfaction of Canada that the costs mentioned herein were actually incurred by the Recipient and the same are reasonable and properly attributable to the termination of the Agreement

16.4 The Recipient shall negotiate all contracts related to the Project, including employment contracts with staff, on terms that will enable the Recipient to cancel same upon conditions and terms that will minimize to the extent possible their cancellation costs in the event of a termination of this Agreement. The Recipient shall cooperate with Canada and do everything reasonably within its power at all times to minimize and reduce the amount of Canada's obligations under section 16.3 in the event of a termination of this Agreement.

16.5 The Recipient shall collaborate with Canada and community partners to ensure continuity of the Project and the continuation of service to clients in the event that a new Recipient is identified.

17.0 INDEMNIFICATION

17.1 The Recipient shall, both during and following the Project Period, indemnify and save Canada harmless from and against all claims, losses, damages, costs, expenses and other actions made, sustained, brought, threatened to be brought or prosecuted, in any manner based upon, occasioned by or attributable to any injury or death of a person, or loss or damage to property caused or alleged to be caused by any wilful or negligent act, omission or delay on the part of the Recipient or its employees or agents, and participating employers or Project participants, if any, in connection with anything purported to be or required to be provided by or done by the Recipient pursuant to this Agreement or done otherwise in connection with the implementation of the Project.

18.0 INSURANCE

18.1 The Recipient shall arrange, maintain and provide proof to Canada upon request that, during the Project Period, appropriate comprehensive general liability insurance coverage to cover claims for bodily injury or property damage resulting from anything done or omitted by the Recipient or its employees, agents or Project participants, if any, in carrying out the Project.

19.0 RELATIONSHIP BETWEEN THE PARTIES AND NON-LIABILITY OF CANADA

19.1 The management and supervision of the Project are the sole and absolute responsibility of the Recipient. The Recipient is not in any way authorized to make a promise, agreement or contract on behalf of Canada. This Agreement is a funding agreement only, not a contract for services or a contract of service or employment. Canada's responsibility is limited to providing financial assistance to the Recipient towards the Eligible Expenditures. The parties hereto declare that nothing in this agreement shall be construed as creating a partnership, an employer-employee, or agency relationship between them. The Recipient shall not represent itself as an agent, employee or partner of Canada.

19.2 Nothing in this Agreement creates any undertaking, commitment or obligation by Canada respecting additional or future funding of the Project beyond the Project Period, or that exceeds the maximum contribution specified in Schedule B. Canada shall not be liable for any loan, capital lease or other long-term obligation which the Recipient may enter into in relation to carrying out its responsibilities under this Agreement or for any obligation incurred by the Recipient toward another party in relation to the Project.

20.0 CONFLICT OF INTEREST

20.1 No current or former public servant or public office holder to whom the *Conflict of Interest Act [S.C. 2006, c. 9, s. 2]*, the *Policy on Conflict of Interest and Post-Employment or* the *Values and Ethics Code for the Public Sector* applies shall derive a direct benefit from the Agreement unless the provision or receipt of such benefit is in compliance with the said legislation or codes.

20.2 No member of the Senate or the House of Commons shall be admitted to any share or part of the Agreement or to any benefit arising from it that is not otherwise available to the general public.

21.0 INFORMING CANADIANS OF THE GOVERNMENT OF CANADA'S CONTRIBUTION

21.1 The Recipient hereby agrees that a public announcement with respect to this Agreement and subsequent communication opportunities (e.g. funding announcement) may be made by the Minister or delegates in the form of a press release, press conference or otherwise, and that all reasonable and necessary assistance in the organization of the public announcement, as the Canada sees fit, shall be provided.

21.2 The Recipient shall notify Canada twenty (20) working days in advance of initial and subsequent official ceremonies or events related to the announcement of the funding of the Project. Canada reserves the right to approve the time, place, and agenda of the ceremony as well as the participation of the Minister or delegate to the ceremony or event.

21.3 The Recipient shall notify Canada fifteen (15) working days in advance of publications, advertising, and press releases planned by the Recipient or by a third party with whom it has an agreement relating to the Project. Canada and Recipient joint publication material will be approved by Canada prior to the release.

21.4 The Recipient shall ensure that in any and all communication activities, publications, advertising and press releases regarding the Project, recognition, in terms and in a form and manner satisfactory to Canada, are given to Canada's financial assistance to the Project.

21.5 The Recipient agrees to display signs, plaques or symbols as Canada may provide in locations on its premises as Canada may designate. The Recipient agrees to recognize federal funding through the use of a digital sign or the Canada wordmark and the following wording, “This project is funded in part by the Government of Canada” or “This project is funded by the Government of Canada”, when creating a website or webpage to promote or communicate progress on a funded Project or Projects.

21.6 The Recipient shall cooperate with representatives of Canada during any official news release or in-person and virtual media events relating to the announcement of the Project.

22.0 ACCESS TO INFORMATION

22.1 The Recipient acknowledges that Canada is subject to the *Access to Information Act* [RSC 1985, Chapter A-1], and information obtained by Canada pertaining to this Agreement may be disclosed by Canada to the public upon request under the aforementioned act.

23.0 PROACTIVE DISCLOSURE

23.1 The Recipient acknowledges that the name of the Recipient, the amount of the contributions and the general nature of the Project may be made publicly available by Canada in accordance with the Government of Canada's commitment to proactively disclose the awarding of grants and contributions.

24.0 DISPOSITION OF CAPITAL ASSETS

24.1 During the Project Period, the Recipient shall preserve any capital asset purchased by the Recipient with funding provided under this Agreement and shall not dispose of it unless Canada authorizes its disposition.

24.2 At the end of the Project Period, or upon termination of this Agreement, if earlier, Canada reserves the right to direct the Recipient to dispose of any capital asset purchased by the Recipient with funding provided under this Agreement by:

(a) selling it at fair market value and applying the funds realised from such sale to offset Canada's contribution to the Eligible Expenditures;

(b) turning it over to another organization or to an individual designated or approved by Canada; or

(c) disposing of it in such other manner as may be determined by Canada.

24.3 Where Canada elects to exercise its right under section 24.2, the Recipient agrees to comply with the related direction provided by Canada.

24.4 For the purposes of section 24.0, "capital asset" means any single item, or a collection of items which form one identifiable functional unit, that:

(a) is not physically incorporated into another product or not fully consumed by the end of the Project, and

(b) has a purchase or lease value of more than $1,000 (before taxes),

but does not include land or buildings purchased or leased by the Recipient in connection with the implementation of the Project.

25.0 INTELLECTUAL PROPERTY

25.1 Where in the course of carrying out the Project, the Recipient produces any work using funds provided by Canada, the copyright in the work shall vest in the Recipient. However, the Recipient hereby grants to Canada a non-exclusive, irrevocable and royalty free license to use, translate, adapt, record by any means or reproduce, except for commercial sale in competition with the Recipient, any such work which is produced by the Recipient.

25.2 The license granted under section 25.1 shall be for the duration of the copyright and shall include:

(a) the right to sub-license the use of the work to any contractor engaged by Canada solely for the purpose of performing contracts with Canada; and

(b) the right to distribute the work outside the Office of Infrastructure Canada as long as the distribution does not undermine any commercial use of the work intended by the Recipient.

25.3 The Recipient agrees to execute any acknowledgements, agreements, assurances or other documents deemed necessary by Canada to establish or confirm the license granted under section 25.1.

25.4 Additionally, with respect to any work licensed under section 25.1, the Recipient:

(a) warrants that the work shall not infringe on the copyrights of others;

(b) agrees to indemnify and save harmless Canada from all costs, expenses and damages arising from any breach of any such warranty; and

(c) shall include an acknowledgment, in a manner satisfactory to Canada, on any work which is produced by it with funds contributed by Canada under this Agreement, acknowledging that the work was produced with funds contributed by Canada and identifying the Recipient as being solely responsible for the content of such work.

25.5 The Recipient shall include in the final report for the Project, which the Recipient is required to submit to Canada under the terms of this Agreement, a copy of any work licensed under section 25.1.

26.0 NOTICES

26.1 Any notices to be given and all reports, information, correspondence and other documents to be provided by either party under this Agreement shall be given or provided by personal delivery, mail, courier service, fax or email at the postal address, fax number or email address, as the case may be, of the receiving party as shown in Schedule A. If there is any change to the postal address, fax number or email address or contact person of a party, the party concerned shall notify the other in writing of the change as soon as possible.

26.2 Notices, reports, information, correspondence and other documents that are delivered personally or by courier service shall be deemed to have been received upon delivery, or if sent by mail five (5) working days after the date of mailing, or in the case of notices and documents sent by fax or email, one (1) working day after they are sent.

27.0 DISPUTE RESOLUTION

27.1 In the event of a dispute arising under the terms of this Agreement, the Parties agree to make a good faith attempt to settle the dispute. In the event that the Parties are unable to resolve the dispute through negotiation, they agree to give good faith consideration to resorting to other alternate dispute resolution processes to resolve the dispute. However, the Parties agree that nothing contained in this section shall affect, alter or modify the rights of either Party to terminate the Agreement.

27.2 If a dispute arises out of, or in connection with this agreement, the parties shall first seek to resolve the dispute via good faith discussions between the parties' representatives as identified in Schedule A of this Agreement.

27.3 The parties have twenty (20) business days from the date on which a party notifies the other party of the dispute to resolve the dispute. The parties may agree to an extension of this twenty (20) business day period. The Agreement shall be in writing and signed by a representative as identified by each of the parties listed in Schedule A in this agreement.

27.4 If the parties are not able to resolve the dispute within the time specified in section 27.3 of this agreement, the parties agree to mediate the dispute.

27.5 The parties have forty (40) business days starting on the date they agree to proceed to mediation to complete the mediation. The parties may agree to an extension of this forty (40) business day period. The Agreement shall be in writing and signed by each of the parties listed in Schedule A of this agreement.

27.6 If the parties are not able to resolve a dispute via mediation in the time specified in section 27.5 of this agreement, the parties agree to arbitrate the dispute in accordance with the Commercial Arbitration Act (R.S.C.,1985, c. 17 (2nd supp.)) As amended from time to time.

27.7 The provisions of this article 27.0 survive the termination of this agreement and remain in full force and effect.

28.0 ASSIGNMENT OF THE AGREEMENT

28.1 The Recipient shall not assign this Agreement or any part thereof without the prior written consent of Canada.

29.0 ENUREMENT

29.1 This Agreement is binding upon and enures to the benefit of the parties and their respective successors, successors-in-title and permitted assigns.

30.0 COMPLIANCE WITH LAWS

30.1 The Recipient shall carry out the Project in compliance with all applicable federal, provincial and municipal laws, by-laws and regulations, including any environmental legislation and legislation related to protection of information and privacy. The Recipient shall obtain, prior to the commencement of the Project, all permits, licenses, consents and other authorizations that are necessary to the carrying out of the Project.

31.0 APPLICABLE LAW

31.1 This Agreement shall be governed by and construed in accordance with the applicable laws of the province or territory where the Project will be performed or, if the Project is to be carried out in more than one province or territory, of the province or territory where the Recipient has its main place of business.

32.0 SEVERABILITY

32.1 If any provision of this Agreement is held void or unenforceable as a result of the dispute resolution process under article 36.0 of this Agreement or by a court or tribunal of competent jurisdiction, the remainder of this Agreement shall be unaffected and each remaining provision of this Agreement shall be valid and be enforceable to the fullest extent permissible by law.

33.0 WAIVER

33.1 Failure by any Party to exercise any of its rights, powers, or remedies under this Agreement or its delay to do so does not constitute a waiver of those rights, powers, or remedies. Any waiver by either Party of any of its rights, powers, or remedies under this Agreement must be in writing; and, such a waiver does not constitute a continuing waiver unless it is so explicitly stated.

34.0 AMENDMENT

34.1 This Agreement may be amended by mutual consent of the parties. To be valid, any amendment to this Agreement shall be in writing and signed by the parties.

35.0 UNINCORPORATED ASSOCIATION

35.1 If the Recipient is an unincorporated association, it is understood and agreed by the persons signing this Agreement on behalf of the Recipient that in addition to signing this Agreement in their representative capacities on behalf of the members of the Recipient, they shall be personally, jointly and severally liable for the obligations of the Recipient under this Agreement, including the obligation to pay any debt that may become owing to Canada under this Agreement.

36.0 COUNTERPARTS

36.1 This Agreement may be executed in counterparts, each of which shall be deemed an original but both of which taken together shall constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic transmission shall be deemed to be their original signatures for all purposes.

37.0 INDEPENDENT LEGAL ADVICE

37.1 The Parties acknowledge and agree that they have been given full opportunity to seek independent legal advice and if they chose to avail themselves of said opportunity, had independent legal advice to the full extent deemed necessary by each of them, and that they have not acted under any duress or undue influence in the negotiating, preparation and execution of this Agreement.

SIGNATURES

Signed this ______________ day of _______________________, ________________

For the Recipient, by the following authorized officer(s):

____	____
(Name, please print)	(Name, please print)
____	____
(Signature)	(Signature)
____	____
(Position)	(Position)

And signed this ________________ day of ___________________, ________________

For Canada, by the following authorized officer:

____
(Name, please print)

____
(Signature)

____
(Position)

SCHEDULE A

PROJECT DESCRIPTION

NAME OF RECIPIENT: Enter text	
PROJECT TITLE: Enter text	
Recipient	**Canada**
Complete Mailing Address:	**Complete Mailing Address**:
Enter text	Enter text
Primary Contact Enter text	**Primary Contact** Enter text
Telephone Number Enter text	**Telephone Number** Enter text
Fax Number Enter text	**Fax Number** Enter text
Email Address Enter text	**Email Address** Enter text
Secondary Contact Enter text	**Secondary Contact** Enter text
Telephone Number Enter text	**Telephone Number** Enter text
Fax Number Enter text	**Fax Number** Enter text
Email Address Enter text	**Email Address** Enter text

Project Start Date	**Project End Date**	**Total Number of Participants:** (If applicable) N/A
Date	Date	

Project Description

Amendment # _____

Included in this amendment: additional funding of:

2024-2025 funding of $XXX,XXX
2025-2026 funding of $XXX,XXX

[For DC, TH and IH agreements with existing CCI allocations to support implementation of Coordinated Access]

Of this additional funding, the following amounts are intended to provide additional support towards maintaining and improving Coordinated Access systems.

2024-2025 funding of $XXX,XXX
2025-2026 funding of $XXX,XXX

Communities are required to match this additional funding for 2024-2025 and 2025-2026, with contributions from the community. This will be reported as part of the Community Plan for funding for 2024-2025 to 2025-2026.

The Articles of Agreement have been updated as follows:

- Revision of Header, 12.0 Inquiry by the Auditor General of Canada, 14.0 Evaluation, 15.0 Contracting Procedures, 16.0 Termination of Agreement, 18.0 Insurance, 21.0 Informing Canadians of the Government of Canada's Contribution; and Signatures

Objectives

From April 1, 2019, to March 31, 2026, the Recipient, as the Community Entity for [name of community], will administer funding under the Designated Communities stream of Reaching Home in accordance with priorities identified through community planning.

The funding allocation under the Designated Communities funding stream for [name of community] is [$000,000] annually in 2024-2025 and 2025-2026. Reaching Home funds will be used to support projects selected based on Community Planning priorities and recommendations of the Community Advisory Board, as well as program terms and conditions, and related policies and directives of Reaching Home.

The Recipient is allocated funding of [$00,000] annually in 2024-2025 and 2025-26 to support continued investments towards maintaining and improving the Coordinated Access system.

[For DC and TH Communities only: where IH-CE is in the same community]

Through working with community partners, including in partnership with the Indigenous Homelessness stream Community Entity, the Recipient will be responsible for publicly reporting on the work to maintain and improve a Coordinated Access system and prevent and reduce homelessness using an Outcomes-Based Approach, including reporting on core community-level outcomes.

Activities

The Recipient will administer Reaching Home – Designated Communities funding stream, which includes the following activities that will be monitored against milestones in the Work Plan:

The Recipient is responsible for implementing strategies to address Community Plan priorities set out in conjunction with the Community Advisory Board. This includes maintaining and improving a Coordinated Access system, and continuing to prevent and reduce homelessness using an Outcomes-Based Approach.

The Recipient will engage community stakeholders and funding partners to actively work together to prevent and reduce homelessness.

The Recipient will identify funding, other than Reaching Home, received from partners to meet the community contribution-matching requirement.

The Recipient will promote the participation and representation of Indigenous organizations in the planning and implementation of the Community Plan priorities.

[NOTE: For DC agreements where there is also an IH CE in the same community, the following text would be added:]

The Recipient will facilitate collaboration with the Indigenous Homelessness stream Community Entity in the development and implementation of the Community Planning priorities. This includes continuing to prevent and reduce homelessness using an Outcomes-Based Approach.

The Recipient is responsible for undertaking activities to maintain and improve a Coordinated Access system.

The Recipient will work in partnership with the Indigenous Homelessness funding stream to maintain and improve a Coordinated Access system.

The Recipient will implement selection processes and solicit and assess sub-project proposals in an open, impartial and fair manner.

The Recipient will approve and enter into funding agreements with sub-projects recommended by the Community Advisory Board that meet the Community Plan priorities and terms and conditions of Reaching Home and related policies and directives, including eligible activities.

The Recipient is responsible for the management of sub-project funding agreements, including financial and activity monitoring of sub-projects to ensure compliance with sub-agreements and achievement of expected results. The Recipient will inform the Community Advisory Board about the status and results of sub-projects and other activities related to the prevention and reduction of homelessness in the community. The Recipient will report on its activities, including the management of sub-agreements and work to maintain and improve a Coordinated Access system, to Canada in accordance with the reporting requirements described in the Reaching Home funding agreement, as well as any additional reporting as required by Canada.

Expected Results

Activities are supported in accordance with Community Plan priorities as established by the Community Advisory Board.

Reaching Home Designated Communities stream funding is fully invested to address priorities identified in the Community Plan.

Reaching Home Designated Communities funding is matched on an annual basis with other funding partners.

The Community Homelessness Report is completed annually and a summary is published publicly, to the end of the program in 2027-2028.

All Coordinated Access minimum requirements are implemented by the end of 2025-2026. More specifically, the Recipient must:

- Maintain minimum requirements that were met by 2023-2024;
- Meet requirements that were modified as of 2024-2025; and,
- Meet new requirements introduced in 2024-2025.

All outcomes-based approach minimum requirements are implemented by the end of 2025-2026. More specifically, the Recipient must:

- Maintain minimum requirements that were met by 2023-2024;
- Meet requirements that were modified as of 2024-2025; and,
- Meet new requirements introduced in 2024-2025.

Outcomes

Reduction in and prevention of homelessness in the community is achieved as measured through community-wide outcomes prescribed by Canada and voluntary community-wide outcomes identified at the community level.

Through investments in Reaching Home-funded sub-projects: homeless individuals and families are connected to more stable housing; homeless individuals and those at imminent risk of homelessness experience greater housing stability; and homeless individuals and those at imminent risk of homelessness experience greater economic stability and self-sufficiency.

SCHEDULE B

FINANCIAL PROVISIONS

LEGAL NAME OF RECIPIENT: **Error! Reference source not found.**	
PROJECT TITLE: Enter text	

1.0 MAXIMUM CONTRIBUTION OF CANADA

1.1 The total maximum amount of Canada's contribution towards the Eligible Expenditures of the Project is: **$ 000,000**.

1.2 The maximum amount payable by Canada in each Fiscal Year of the Project Period on account of the contribution is as follows, unless otherwise authorized in writing by Canada:

$ 000,000 in Fiscal Year 2019/2020

$ 000,000 in Fiscal Year 2020/2021

$ 000,000 in Fiscal Year 2021/2022

$ 000,000 in Fiscal Year 2022/2023

$ 000,000 in Fiscal Year 2023/2024

$ 000,000 in Fiscal Year 2024/2025

$ 000,000 in Fiscal Year 2025/2026

2.0 INTEREST EARNED ON CONTRIBUTION

2.1 The amount of interest earned on advances may be retained by the Recipient provided it is used by the Recipient during the Project Period to pursue activities consistent with the objectives of the Agreement. If there is any unspent interest at the end of the Project Period, the amount of such interest shall be deemed part of Canada's contribution to which the Recipient is not entitled for the purpose of section 3.0 of this Schedule.

3.0 REPAYMENT REQUIREMENTS

3.1 In the event payments made to the Recipient exceed the amount to which the Recipient is entitled under this agreement, the amount of the excess is a debt owing to Canada and shall be promptly repaid to Canada upon receipt of notice to do so and within the period specified in the notice. Without limiting the generality of the foregoing, amounts to which the Recipient is not entitled include:

(a) the amount of any expenditures paid for with the contribution which are disallowed or determined to be ineligible, and

(b) any amount paid in error or any amount paid in excess of the amount of the expenditure actually incurred.

3.2 Interest shall be charged on overdue repayments owing under section 3.1 in accordance with the Interest and Administrative Charges Regulations (SOR/96-188) (the "Regulations") made pursuant to the Financial Administration Act (R.S.C., 1985, c. F-11). Interest is calculated and compounded monthly at the "average bank rate", within the meaning of such expression as contained in the Regulations, plus three per cent (3%) during the period beginning on the due date specified in the notice to repay and ending on the day before the day on which payment is received by Canada.

3.3 The Recipient acknowledges that where an instrument tendered in payment or settlement of an amount due to Canada under section 3.1 is, for any reason, dishonoured, an administrative charge of $15 is payable by the Recipient to Canada in accordance with the Regulations.

4.0 OTHER SOURCES OF FUNDING

4.1 The Recipient declares that it has received or is entitled to receive

(a) the following funding (cash) for the Project from the following sources:
  (i) $ 000,000

(b) goods, services or other non-cash contributions for the Project from the following sources, having the following agreed estimated fair and reasonable monetary value:
  (i) $ 000,000

4.2 The Recipient agrees to inform Canada promptly in writing of any change to the declaration made under section 4.1.

4.3 The Recipient agrees that where there is a change to the declaration made in section 4.1, Canada may, in its discretion, reduce the amount of its maximum contribution to the Project by such amount, not exceeding the amount of the change in assistance received, that it considers appropriate.

4.4 If the amount of Canada's contribution already paid to the Recipient exceeds the reduced maximum contribution, as determined under section 4.3, the amount of the excess shall be deemed to be an amount to which the Recipient is not entitled and shall be repaid to Canada in accordance with section 3.0 of this Schedule (Repayment Requirements).

4.5 Upon completion of the Project, and if the amount set out in section 1.1 is in excess of $100,000, the Recipient agrees to provide Canada with a statement identifying the total funding provided from all sources for the Project, including total funding received for the Project from federal, provincial/territorial and municipal governments.

5.0 PROJECT BUDGET

5.1 The following is the Project Budget:

COST CATEGORIES	CANADA	OTHER SOURCES		TOTAL
		CASH	IN-KIND	
1. Administrative Costs	**$ 000**			
2. Capital Costs	**$ 000**			
a. Facilities				
b. Capital assets	000			
3. Direct Costs	**$ 000**			
a. Staff wages *	000			
b. Participant costs				
c. Project costs	000			
d. Child care costs				
e. Sub-projects Project Costs *	000			
TOTAL	**$ 000**	**$ 000**	**$ 000**	**$ 000**

Budget notes:

"Administrative Costs" means any expenditure incurred by the Recipient in the course of its regular or ongoing operations that enable the Recipient to manage the Project successfully;

"Facilities" means any expenditure incurred by the Recipient, in direct relation to a Project activity, towards the purchase of land or a building, construction or renovation of a building, or accomplishing any pre-development activities leading up to any of the latter ends;

"Capital Assets" means any expenditure incurred by the Recipient towards the purchase or leasing-to-own of materials subject to the provisions of section 24.0 of the Articles of Agreement;

"Staff Wages" means any wages, mandatory employment related costs (as required by law) or benefits (as required by a collective agreement or company policy) paid by the Recipient to, or on behalf of, an employee of the Recipient working directly on the Project;

"Participant Costs" means any wages, mandatory employment related costs (as required by law) or benefits (as required by a collective agreement or company policy), and any support payments (for travel, emergencies, disability, living expenses, dependent care, materials, etc.), tuition fees, or program participation or completion bonuses paid by the Recipient to, or on behalf of, Project Participants;

"Project Costs" means any expenditure incurred by the Recipient in direct relation to the Project activities that is not covered by any other cost category in the Project Budget;

"Child Care Costs" means any expenditure incurred by the Recipient in support of child care service offerings to aboriginal persons that are adapted to the particular needs of this clientele; and

"Sub-Project Project Costs" means any expenditure incurred by a Third Party in respect of a Sub-Project that does not meet the definition of expenditures included in the Sub-Project Administrative Costs cost category.

5.2 Canada will provide payment to the Recipient for Administrative Costs up to 15% of the total maximum amount of Canada's contribution referred to in section 1.1. The usage of this payment is exempt from the reporting requirements stipulated in this Agreement.

6.0 BUDGET FLEXIBILITY

6.1 The Recipient may, except in cases specified in section 6.2, make adjustments to its allocation of funds between any of the cost categories identified in the Project Budget without having to obtain Canada's approval, provided the adjustments do not result in an increase in Canada's maximum contribution set out in section 1.1. However, where the Recipient makes an adjustment allowed by this section, it shall notify Canada promptly in writing of the adjustment.

6.2 The Recipient must obtain Canada's written approval prior to making an adjustment to the Project Budget that increases or decreases the subtotal amount budgeted for:

(i) any cost category identified with an asterisk (*) by any amount, or
(ii) any other cost category by more than 10%;

6.3 Depending upon the extent and significance of the adjustments, written approval by Canada of adjustments made under section 6.2 may be required by Canada to be documented by way of a formal amending agreement signed by both parties.

[Note for Indigenous Organizations only receiving funding under any RH funding stream]**
6.4 Departmental managers responsible for preparing funding agreements are to ensure the following provisions apply for Indigenous recipients when the flexible contribution approach is used:

(a) it is at the recipient's discretion to redirect funding among specified cost categories; and

(b) the recipient may retain, during the term of the funding agreement, any unexpended funding remaining at the end of each fiscal year for use in the next fiscal year to further achieve results toward the program objectives. Any unexpended funding remaining at the expiry of the funding agreement constitutes a debt due to the Crown.

7.0 CONDITIONS GOVERNING THE ELIGIBILITY OF EXPENDITURES

7.1 The expenditures set out in the Project Budget above are subject to the following conditions:

(a) expenditures must, subject to section 7.2, be incurred during the Project Period;

(b) expenditures must, in the opinion of Canada, be reasonable;

(c) the portion of the cost of any travel, meals and accommodation costs that exceeds the rates for public servants set out in the National Joint Council of Canada's Travel Directive is not eligible for reimbursement;

(d) the portion of hospitality costs that exceed the rates set out in the Directive on Travel, Hospitality, Conference and Event Expenditures, Appendix 2 of Canada's Treasury Board is not eligible for reimbursement;

(e) the portion of the cost of any goods and services purchased by the Recipient for which the Recipient may claim a tax credit or reimbursement is not eligible for reimbursement;

(f) depreciation of capital assets is not eligible for reimbursement;

(g) fines and penalties are not eligible for reimbursement;

(h) the cost of alcoholic beverages are not eligible for reimbursement;

(i) costs associated with software development for the collection and/or management of homelessness data that results in an inability to participate in the National Homelessness Information System initiative (NHIS) database; and that constitutes a redundant use of funds and duplicates activities already offered through the Homeless Individuals and Families Information System (HIFIS) are not eligible for reimbursement.

7.2 If, under the terms of this Agreement, the Recipient is required to provide to Canada an audited annual financial report at the end of the Project Period, and if the cost of the audit is otherwise an Eligible Expenditure, the audit cost is an Eligible Expenditure notwithstanding that it is incurred outside the Project Period.

8.0 TERMS OF PAYMENT

8.1 Subject to section 8.2, Canada will make payments of its contribution by way of **Payment Type**. Each payment shall cover a **Payment Period** period (hereinafter referred to as the "Payment Period") during the Project Period.

8.2 (1) Subject to subsection (2), Canada may, at any time and in its sole discretion,

(a) change the basis of payments of its contribution to the Recipient to **Payment Type** for any period during the Project Period, or

(b) change the Payment Period to a **Payment Period** period, or

(c) change both (a) and (b).

(2) Where Canada decides to make a payment change pursuant to subsection (1), Canada shall notify the Recipient in writing of the change and of the period during which the change will be applicable.

(3) For the purposes of this Schedule,

"progress payments" means payments to reimburse the Recipient for Eligible Expenditures after they have been incurred,

"monthly period" means a calendar month that falls within the Project Period or, if the calendar month falls only partially within the Project Period, such portion thereof, and

"quarterly period", in relation to a series of consecutive three-month periods encompassing the Project Period and beginning on the first day of the calendar month determined by Canada for purposes of administering this agreement, means such a quarter that falls within the Project Period or, if the quarter falls only partially within the Project Period, such portion thereof.

8.3 (1) Where Canada makes payments of its contribution to the Recipient by way of advances,

(a) each advance shall cover the Recipient's estimated financial requirements for each Payment Period. Such estimate shall be based upon a cash flow forecast that, in the opinion of Canada, is reliable and up-to-date; and

(b) if the amount of an advance payment for a Payment Period exceeds the actual amount of Eligible Expenditures incurred by the Recipient during the Payment Period, Canada reserves the right to deduct the excess amount from any subsequent advance payment to be made under this Agreement.

(2) Where Canada makes payments of its contribution to the Recipient by way of progress payments, each progress payment shall cover the Recipient's actual Eligible Expenditures incurred during the Payment Period as approved by Canada following submission by the Recipient of the financial claim referred to in section 8.4 (1).

8.4 (1) Following the end of each Payment Period of the Agreement, the Recipient shall provide Canada with a financial claim using a form provided by Canada and signed/certified as true and accurate by an authorized official (or officials) of the Recipient. The financial claim shall contain:

(a) a summary breakdown, per cost category in the Project Budget, of Eligible Expenditures incurred during the Payment Period;

(b) an updated forecast of Project expenditures;

(c) an activity report describing the work completed on the Project during the Payment Period; and

(d) any supporting documentation relative to the financial claim that may be requested by Canada (e.g. a copy of the general ledger).

(2) The Recipient shall submit the financial claim required under subsection (1) no later than,

(a) if the Payment Period is monthly, **forty-five (45) days** following the Payment Period;

and

(b) if the Payment Period is quarterly, **sixty (60) days** following the Payment Period.

8.5 (1) Canada may withhold any advance payment due to the Recipient under this Agreement

(a) if the Recipient has failed to submit when due

(i) a financial claim under section 8.4 (1); or
(ii) any other document required by Canada under this Agreement; or

(b) pending the completion of an audit of the Recipient's books and records, should Canada decide to undertake such an audit.

(2) Canada may also withhold any progress payment due to the Recipient under this Agreement

(a) if the Recipient has failed to submit when due any other document required by Canada under this agreement; or

(b) pending the completion of an audit of the Recipient's books and records, should Canada decide to undertake such an audit.

8.6 Canada may retain a holdback of an amount up to 10% of its maximum contribution at the end of the Project Period pending

(a) receipt and verification by Canada of a final financial claim for the last Payment Period where advances have been made,

(b) receipt and acceptance by Canada of the final report for the Project that the Recipient is required to submit to Canada under the terms of this Agreement, and

(c) receipt of any other Project-related record that may be required by Canada.

9.0 ANNUAL FINANCIAL REPORTS

9.1 (1) Within one hundred and twenty (120) days following the end of each "Reporting Period" during the Project Period, the Recipient shall provide to Canada a financial report containing,

(a) a statement setting out:

(i) the total amount received from Canada under this Agreement during the Reporting Period,

(ii) the total revenue received from other sources for the Project during the Reporting Period, including cash and the value of in-kind contributions,

(iii) the total amount of GST/HST rebates and interest earned by the Recipient during the Reporting Period on advances of Canada's contribution if the amount of interest earned is in excess of one hundred dollars ($100), and

(iv) the amounts realized during the Reporting Period from the disposition of any capital assets that had been originally purchased with funds from Canada's contribution under this Agreement, and

(b) an itemized statement setting out, by expenditure category as per the Project Budget, the total amount of the expenditures incurred during the Reporting Period in relation to the Project and to the corresponding approved Investment Plan.

(2) For greater certainty, failure on the part of the Recipient to submit financial reports within the timeframe specified under subsection (1) may result in Canada withholding payment of an advance or progress payment in accordance with subsections 8.5(1) or (2) of this Schedule or withholding payment of any holdback retained by Canada in accordance with section 8.6 of this Schedule.

(3) For the purposes of this section, "Reporting Period" means each Fiscal Year that falls within the Project Period or, if the Fiscal Year falls only partially within the Project Period, such portion thereof.

9.2 Each financial report submitted to Canada pursuant to section 9.1 shall be accompanied by such supporting documentation as may be requested by Canada.

Audit Requirement

9.3 (1) Unless otherwise notified by Canada in writing, the Recipient shall engage an independent licensed public accountant to audit, in accordance with Canadian generally accepted auditing standards, each financial report required under section 9.1. The Recipient's letter of audit engagement shall include the requirements set out under section 9.1.

(2) If requested by Canada to do so, the Recipient shall allow representatives of Canada to discuss any audited financial report referred to in this section with the Recipient's auditors. The Recipient shall execute such directions, consents and other authorizations as may be required in order to permit its auditors to discuss the report with representatives of Canada and provide any requested information to them in relation to the audit.

SCHEDULE C

ADDITIONAL CONDITIONS

LEGAL NAME OF RECIPIENT: **Error! Reference source not found.**
PROJECT TITLE: **Error! Reference source not found.**

1.0 WORK PLAN

1.1 For each Fiscal Year that falls within the Project Period or, if the Fiscal Year falls only partially within the Project Period, such portion thereof, the Recipient shall provide to Canada for approval a "Work Plan" outlining the activities to be undertaken by the Recipient in implementing the Project during the Fiscal Year or part thereof. Each Work Plan shall be prepared in accordance with guidelines issued by Canada.

1.2 The Recipient's approved Work Plan for the first Fiscal Year or part thereof of the Project Period is attached to and forms an integral part of Schedule A (Project Description) to this Agreement. The Work Plan for each subsequent Fiscal Year or part thereof shall be provided to Canada for approval no later than sixty (60) days prior to the beginning of each Fiscal Year to which it relates.

1.3 Canada will notify the Recipient of its approval of each subsequent Work Plan no later than thirty (30) days following receipt of each plan. Upon approval, each subsequent Work Plan shall be attached to and form an integral part of Schedule A.

1.4 The Recipient shall implement the Project in accordance with the approved Work Plans. The Recipient shall not make any material change to an approved Work Plan without the written approval of Canada.

2.0 REDISTRIBUTION OF FUNDING TOWARDS SUB-PROJECTS

Interpretation

2.1 For the purposes of this Agreement,

"Sub-Agreement Holder" means an organization other than the Recipient, to whom funding provided to the Recipient under this Agreement is further distributed to enable the organization to carry out a Sub-Project; and

"Sub-Project" means:

(a) an activity eligible for financial support under the Project which is implemented by a Sub-Agreement Holder, or

(b) an activity eligible for financial support under the Project implemented directly by the Recipient.

Sub-Project Selection Process

2.2 (1) The Recipient shall put into place a process satisfactory to Canada for ensuring that proposals for Sub-Projects to be funded with Canada's contribution, including Sub-Projects implemented directly by the Recipient, are assessed and selected in an open, impartial and fair manner. The Recipient agrees that the Community Entity will assess, approve and enter into funding agreements with Sub-Projects based on recommendations by the Community Advisory Board. The Recipient must ensure that Sub-Project proposals of a capital nature address their sustainability; for Sub-Projects of a capital nature Canada will provide a form to address this aspect that is to be included as part of such proposals.

(2) The Recipient shall also put into place written operational policies and procedures relating to its financial management of the Project and its administration of Sub-Projects, and shall provide a copy of those policies and procedures to Canada, together with the names and positions of personnel within the Recipient's organization with responsibilities for the financial management and decision making in connection with the carrying out of the responsibilities of the Recipient under this Agreement. The Recipient shall notify Canada promptly of any changes in such personnel that occur from time to time.

(3) A sub-project shall not be funded under this Agreement unless the organization demonstrates that it applies sound financial management practices and respects the highest level of integrity.

(4) Without limiting the foregoing and subject to subsection 5, a sub-project shall not be funded under this Agreement if a review, audit or investigation conducted by the federal government, the government of a province or a public body created under the law of a province in the previous 3 years concludes to irregularities in the organization's financial management practices or raises integrity issues.

(5) The restriction in subsection 4 does not apply if an organization demonstrates that the irregularities and issues have been resolved and that measures have been diligently put in place to prevent reoccurrence.

Agreements with Sub-Agreement Holders

2.3 (1) When the Recipient provides funding to a Sub-Agreement Holder to support the costs of a Sub-Project, the Recipient shall ensure that there is a written agreement between it and the Sub-Agreement Holder that sets out the terms and conditions under which the Recipient is providing funding to the Sub-Agreement Holder.

(2) The written agreement referred to in subsection (1) shall include:

(a) an identification of the Sub-Agreement Holder (proper legal name and address);

(b) a description of the purpose of the funding;

(c) the effective date, the date of signing and the duration of the agreement;

(d) the financial and/or non-financial conditions attached to the funding and the consequence of failing to adhere to these conditions, including provision for a right of termination of the agreement in the event of a breach of the agreement;

(e) the costs of the Sub-Project eligible for reimbursement;

(f) the conditions to be met before payment is made and the schedule and basis of payment;

(g) the maximum amount payable;

(h) the provision of such reports by the Sub-Agreement Holder on its Sub-Project, outcomes and results as may be specified by Canada in any reporting guidelines or instructions provided to the Recipient by Canada or as may be specified elsewhere in this Agreement;

(i) a provision giving both Canada and the Recipient the right to conduct an audit of the books and records of the Sub-Agreement Holder, even though an audit may not always be undertaken, and to have access to the business premises and business site of the Sub-Agreement Holder to monitor and inspect the administration of the Sub-Project;

(j) a requirement for the Sub-Agreement Holder to repay to the Recipient the amount of any funding provided to which it is not entitled. The agreement should specify that amounts to which it is not entitled include the amount of any payments:

(i) made in error;

(ii) made for costs in excess of the amount actually incurred for those costs; and

(iii) that were used for costs that were not eligible for reimbursement under the agreement;

(k) if the Sub-Project involves an activity described in section 4.1 or 4.3,

(i) a repayment requirement modeled on the provisions of section 4.1 or 4.3, as the case may be, except that every reference to "Recipient" in those provisions shall be replaced by a reference to the term used by the Recipient to identify the Sub-Agreement Holder in its agreement with the Sub-Agreement Holder and every reference to "Canada" shall be replaced by a reference to the term used by the Recipient to identify itself in its agreement with the Sub-Agreement Holder; and

(ii) a provision giving both Canada and the Recipient, for the number of years following the end-date of the Sub-Project in respect of which the repayment requirement referred to in subparagraph (i) applies to the Sub-Agreement Holder, the right to inspect the operation of the facility referred to in section 4.1 or 4.3 at any reasonable time to verify the continuing use of the facility for the purposes for which it was funded; and

(iii) a provision stipulating that the Sub-Agreement holder shall not mortgage, charge or otherwise encumber the facility property during the period of the Sub-Project, or for the number of years following the end-date of the Sub-Project in respect of which the repayment requirement referred to in subparagraph (i) applies to the Sub-Agreement Holder, without the prior written approval of the Recipient; and

(iv) a provision stipulating that the Sub-Agreement Holder shall ensure that all environmental protection measures, standards and rules relating to the Sub-Project established by competent authorities are respected;

(l) a provision stipulating that payment of any funding under the agreement is subject to the availability of funds and that payment of funding may be cancelled or reduced in the event that Canada cancels or reduces its funding to the Recipient;

(m) a requirement for the Sub-Agreement Holder to give appropriate recognition of the contribution of Canada to the Sub-Project being carried out in its publicity and signage relating to the Sub-Project, including any information provided to the public on any web site or social media platform maintained by the Sub-Agreement Holder;

(n) a requirement that the Sub-Agreement Holder notify the Recipient (Community Entity) twenty (20) working days in advance of any and all communications activities, publications, advertising and press releases planned by the Sub-Agreement Holder relating to the Sub-Project; and

(o) a requirement for the Sub-Agreement Holder to cooperate with representatives of Canada during any official news release or ceremonies relating to the announcement of the Sub-Project.

Internal Memoranda of Understanding (MOU)

2.4 When the Recipient is implementing a Sub-Project directly, the Recipient shall ensure that there is an internal memorandum of understanding (MOU) with the head of the branch or division of its organization responsible for implementing the Sub-Project, as if the head of the branch or division implementing the Sub-Project was a Sub-Agreement Holder, setting out terms and conditions of the funding modelled on the requirements of section 2.3, with such modifications as the circumstances may require.

Provision of Copies of Agreements and MOUs

2.5 Upon request, the Recipient shall provide Canada with a copy of any or all agreements with Sub-Agreement Holders and MOUs referred to in sections 2.3 and 2.4, respectively.

Monitoring and Audit of Sub-Projects

2.6 The Recipient shall exercise due diligence in the administration of its agreements with Sub-Agreement Holders and of its MOUs referred to in section 2.4. Without limiting the generality of the foregoing, in exercising due diligence, the Recipient shall take appropriate measures for ensuring compliance by Sub-Agreement Holders and, in the case of MOUs referred to in section 2.4, by the responsible branch or division head of the Recipient, with the terms and conditions of the agreement or MOU, as the case may be, including:

(a) monitoring the Sub-Project through, as appropriate, periodic visits to the Sub-Project site or other means such as telephone calls and questionnaires,

(b) undertaking periodic audits or inspections of financial records to verify that costs claimed under the agreement or MOU, were actually incurred and were in accordance with the agreement or MOU, as the case may be,

(c) furnishing the Sub-Agreement Holder or the branch or division head of the Recipient, as the case may be, with necessary advice, support and training to assist it in carrying out the Sub-Project and in realizing the objectives and achieving the results of the Sub-Project,

(d) where there are breaches of the agreement or MOU, taking appropriate measures to resolve the situation, including, in the case of an agreement with a Sub-Agreement Holder, termination of the agreement with the Sub-Agreement Holder or legal action to enforce compliance with the agreement, and

(e) in the case of an agreement with a Sub-Agreement Holder, making all reasonable efforts to recover any overpayments under the agreement.

2.7 The Recipient shall provide to Canada, upon request, a report of any monitoring review or audit of a Sub-Project undertaken by the Recipient under section 2.6.

2.8 Where Canada desires to exercise its right to audit the books and records of a Sub-Agreement Holder or to monitor and inspect its Sub-Project, Canada shall notify the Recipient of its desire to do so. The Recipient shall cooperate with Canada in obtaining access to the financial records and, if required by Canada, it shall take all necessary steps to enforce the Recipient's and Canada's right of access to the Sub-Agreement Holder's records, including taking legal proceedings against the Sub-Agreement Holder.

3.0 REPORTING ON SUB-PROJECTS FUNDED THROUGH REACHING HOME

Report of Approved Sub-Projects

3.1 Each financial claim submitted to Canada pursuant to section 8 (Terms of Payment) of Schedule B to this Agreement shall be accompanied by a report identifying all agreements with Sub-Agreement Holders and MOUs approved by the Recipient to date containing the following information about each Sub-Project:

(a) the Sub-Project file identifier;

(b) in the case of agreements with Sub-Agreement Holders, the legal name of the Sub-Agreement Holder and Sub-Agreement Holder contact information;

(c) in the case of MOUs, the name of the branch or division within the Recipient's organization responsible for carrying out the Sub-Project and Recipient branch or division contact information;

(d) the amount of funding provided under this Agreement to be provided by the Recipient for the Sub-Project as well as the total budget of the Sub-Project;

(e) identification of the applicable Reaching Home funding stream;

(f) the Sub-Project start and end dates; and

(g) the activity areas(s) supported by the Sub-Project, i.e. (i) housing; (ii) prevention and shelter diversion; (iii) client support services; (iv) capital investments; or (v) coordination of resources and data collection.

Results Reporting

3.2 The Recipient shall provide a project details report, acceptable to Canada, that sets out the detailed description of any new or amended Sub-Agreements, including those retained for direct delivery by the Recipient.

3.3 The report submitted pursuant to section 3.2 is required within thirty (30) days of an online results reporting system being available or in a timeframe and manner as prescribed by Canada Any changes to the funding amount, activities, or end date of a Project approved by the Recipient must be documented and provided to Canada, within thirty (30) days of the change, once the Recipient has received the online results reporting system.

3.4 The Recipient shall provide to Canada, an annual results report detailing the outputs and outcomes achieved, using an online results reporting system provided by Canada, no later than sixty (60) days following each Fiscal Year of the Project Period, or in a timeframe and manner as prescribed by Canada, where applicable depending on the activity categories for each Sub-Agreement, including those retained for direct delivery by the Recipient.

Funded activities that include follow-up beyond the duration of the sub-project and/or Recipient agreement remain as obligations of the Recipient and survive termination or expiry of this Agreement. This includes 3 and 12 month follow-up requirements as follows:

Prevention and Shelter Diversion (Core Services) require a 3-month follow-up once a person has received a Core Prevention service. Follow-up for interventions received in the last three months of a fiscal reporting period (January to March) will always occur in the first three months of the next fiscal reporting period.

Housing Placements require a 12-month follow-up once an individual is placed into housing. Follow-up will always occur in the next fiscal reporting period for up to 12 months.

4.0 REQUIREMENTS IN RESPECT OF FACILITY PROPERTY AND REPAYMENT

Project Funding Used to Purchase Land or a Building for a Facility

4.1 If

(a) funding provided for a Sub-Project is used towards the costs of purchasing land or a building to establish a new facility to provide shelter space, transitional or supportive housing or other services for the homeless, and

(b) the amount of the funding referred to in paragraph (a) is in excess of $50,000, the Recipient shall repay as a debt owing to Canada,

(c) an amount equal to 100% of the funding referred to in paragraph (a) if,

(i) five (5) years following the end date of the Sub-Project, a facility that provides shelter space, transitional or supportive housing or other services for the homeless has not been established on the property referred to in paragraph (a), or

(ii) at any time during the five-year period following the end date of the Sub-Project, Canada concludes, based on

(A) information provided by the Recipient under section 4.7, or

(B) the results of a site inspection conducted by Canada under section 4.9

that the facility referred to in paragraph (a) will not be established during said five-year period and notifies the Recipient of such conclusion in writing, and

(d) an amount determined in accordance with section 4.2 if, within five (5) years following the end date of the Sub-Project, the land or building referred to in paragraph (a) is sold and the proceeds of disposition are not forthwith committed to supporting a facility providing similar services to the homeless that is approved by Canada.

4.2 The amount repayable by the Recipient under paragraph 4.1(d), if the event referred to in that paragraph occurs, shall be determined as follows:

(a) if the event occurs within one year of the end date of the Sub-Project, a sum equal to 100% of the funding referred to in paragraph 4.1(a);

(b) if the event occurs within two years, but after one year of the end date of the Sub-Project, a sum equal to 80% of the funding referred to in paragraph 4.1(a);

(c) if the event occurs within three years, but after two years of the end date of the Sub-Project, a sum equal to 60% of the funding referred to in paragraph 4.1(a);

(d) if the event occurs within four years, but after three years of the end date of the Sub-Project, a sum equal to 40% of the funding referred to in paragraph 4.1(a); or

(e) if the event occurs within five years, but after four years of the end date of the Sub-Project, a sum equal to 20% of the funding referred to in paragraph 4.1(a).

Project Funding Used for Construction or Renovations

4.3 If

(a) funding provided for a Sub-Project is used towards the costs of constructing or renovating a building to establish a new facility to provide shelter space, transitional or supportive housing or other services for the homeless, or towards the costs of expanding or renovating an existing facility that provides shelter space, transitional or supportive housing or other services for the homeless, and

(b) the amount of the funding referred to in paragraph (a) is in excess of $50,000, the Recipient shall repay as a debt owing to Canada,

(c) an amount equal to 100% of the funding referred to in paragraph (a) if the Sub-Project referred to in that paragraph is not completed by the end date of the Sub-Project, and

(d) an amount determined in accordance with section 4.4 if the activity referred to in paragraph (a) is completed by the end date of the Sub-Project but within five (5) years following the end date of the Sub-Project either of the following events occurs:

(i) the facility ceases to operate for its intended purpose and is not used for some other service approved by Canada in support of the homeless but is converted to some other use, or

(ii) the facility is sold and the proceeds of disposition are not forthwith committed to supporting a facility providing similar services to the homeless that is approved by Canada.

4.4 The amount repayable by the Recipient under paragraph 4.3(d) if either event referred to in subparagraph 4.3(d)(i) or (ii) occurs shall be determined as follows:

(a) for renovations representing 30% or less of the market value of the facility established as part of the project assessment process, if the event occurs within:

(i) one year of the end date of the Sub-Project a sum equal to 100% of the funding referred to in paragraph 4.3(a); or

(ii) two years, but after one year of the end date of the Sub-Project, a sum equal to 80% of the funding referred to in paragraph 4.3(a); and

(b) for construction and for renovations representing more than 30% of the market value of the facility established as part of the project assessment process, if the event occurs within:

(i) one year of the end date of the Sub-Project, a sum equal to 100% of the funding referred to in paragraph 4.3(a);

(ii) two years, but after one year of the end date of the Sub-Project, a sum equal to 80% of the funding referred to in paragraph 4.3(a);

(iii) three years, but after two years of the end date of the Sub-Project, a sum equal to 60% of the funding referred to in paragraph 4.3(a);

(iv) four years, but after three years of the end date of the Sub-Project, a sum equal to 40% of the funding referred to in paragraph 4.3(a); or

(v) five years, but after four years of the end date of the Sub-Project, a sum equal to 20% of the funding referred to in paragraph 4.3(a).

4.5 For greater certainty, the Recipient acknowledges that the repayment requirements in sections 4.1 and 4.3 apply to it not only where the Sub-Project is implemented by it directly but also where it is being implemented by a Sub-Agreement Holder. Consequently, where the Recipient provides funding to a Sub- Agreement Holder for a Sub-Project that involves an activity referred to in section 4.1 or 4.3, the Recipient must ensure pursuant to paragraph 2.3(k) that its agreement with the Sub-Agreement Holder includes repayment obligations on the part of the Sub-Agreement Holder that are modeled on the provisions of section 4.1 or 4.3, as the case may be, except that every reference to "Recipient" in those provisions shall be replaced by a reference to the term used by the Recipient to identify the Sub-Agreement Holder in its agreement with the Sub-Agreement Holder and every reference to "Canada" shall be replaced by a reference to the term used by the Recipient to identify itself in its agreement with the Sub-Agreement Holder.

Repayment to Canada of Amounts Recovered from Sub-Agreement Holders

4.6 Where a Sub-Agreement Holder is required, under the terms of its agreement with the Recipient, to repay an amount to a Recipient pursuant to a repayment obligation referred to in section 4.5, the Recipient shall repay to Canada any such amount recovered by the Recipient from the Sub-Agreement Holder.

Annual Monitoring of, and Declaration on, Facility Establishment and/or Utilization Following Completion

4.7 If a Sub-Project involves an activity described in section 4.1 or 4.3, the Recipient shall, for the number of years following the end-date of the Sub-Project in respect of which the repayment requirements in section 4.2 or 4.4, as the case may be, are applicable (hereinafter "the Monitoring Period")

(a) annually monitor, as the case may be,

(i) progress made towards the establishment of the facility, or

(ii) the use of the facility to verify its continuing use for the purposes for which the Recipient had provided its funding, and

immediately notify Canada if the activities leading to the establishment of a facility have ceased, the facility property has been sold or the facility has ceased to be used for its intended purposes, and

(b) provide annually to Canada, using a form provided by Canada, a declaration regarding, as the case may be,

(i) the progress made towards the establishment of the facility during the year covered by the declaration, or

(ii) utilization of the facility during the year covered by the declaration.

4.8 Each annual declaration referred to in section 4.7 shall be provided to Canada no later than ninety (90) days following the end of the year covered by the declaration.

4.9 During the Monitoring Period, the Recipient shall ensure that representatives of Canada are allowed to inspect the operation of the facility at any reasonable time to verify its continuing use for the purposes for which it was funded.

No Mortgaging or Charging of Facility Property

4.10. If the Recipient itself carries out a Sub-Project involving an activity described in section 4.1 or 4.3, the Recipient shall not mortgage, charge or otherwise encumber the facility property during the period of the Sub-Project or during the Monitoring Period, without the prior written approval of Canada. Canada undertakes that its approval shall not be unreasonably withheld.

4.11 If a Sub-Agreement Holder is carrying out a Sub-Project involving an activity described in section 4.1 or 4.3, the Recipient shall ensure that the Sub-Agreement Holder does not mortgage, charge or otherwise encumber the facility property during the period of the Sub-Project or during the Monitoring Period, without the prior written approval of the Recipient.

5.0 ENVIRONMENTAL PROTECTION

5.1 The Recipient shall:

(a) maintain and implement any and all environmental protection measures prescribed by Canada for ensuring that the harm to the environment resulting from the Project, if any, will remain minimal; and

(b) ensure that all environmental protection measures, standards and rules relating to the Project established by competent authorities are respected.

6.0 INDIGENOUS CONSULTATION

6.1 Based on the program design, Canada's funding is to enable the Recipient to carry out the Project. Canada does not assess, approve and enter into funding agreements with Sub-Projects. The Community Entity will assess, approve and enter into funding agreements with Sub-Projects based on recommendations by the Community Advisory Board. Canada does not have sufficient details to understand the nature and scope of the potential impacts on s.35 rights at the time funding is provided to the Recipient because Canada has no knowledge of the specific activities of the sub-project. As such, Canada has determined that a Duty to Consult would not be triggered.

7.0 OFFICIAL LANGUAGES

7.1 Where the Project is to be delivered to members of either language community, the Recipient shall:

(a) make Project-related documentation and announcements (for the public and prospective Project participants, if any) in both official languages where applicable;

(b) actively offer and provide in both official languages any Project-related services to be provided or made available to members of the public, where applicable;

(c) encourage members of both official language communities, including official language minority communities, to participate in the Project and its activities; and

(d) organize activities and provide its services, where appropriate, in such a manner as to address the needs of both official language communities.

8.0 ADDITIONAL PROVISIONS

Coordinated Access

8.1 Through working with community partners, including, if applicable, in partnership with the Indigenous Homelessness stream Community Entity within the Designated Community where the Recipient is located, the Recipient shall be required to have a Coordinated Access system in place by March 31, 2026 that fully meets all Reaching Home minimum requirements for Coordinated Access. More specifically, the recipient shall: maintain all minimum requirements that were met between April 1 2019 and March 31, 2024; meet all minimum requirements that were modified as of April 1, 2024; and meet new minimum requirements introduced on April 1, 2024. The minimum requirements, as prescribed by Canada, outline Canada's expectations for the design of Coordinated Access systems across the following areas: governance and partnerships, access points to service, triage and assessment, the Coordinated Access Resource Inventory, vacancy matching and referral, and use of the Homeless Individuals and Families Information System (HIFIS) or an existing, equivalent Homelessness Management Information System (HMIS).

The Homeless Individuals and Families Information System (HIFIS)

8.2 Through working with community partners, including, if applicable, in partnership with the Indigenous Homelessness stream Community Entity within the Designated Community where the Recipient is located, the Recipient shall be required to implement HIFIS, or utilize an equivalent Homelessness Management Information System (HMIS) if one is already in place, to achieve Coordinated Access minimum requirements.

Outcomes-Based Approach

8.3 Through working with community partners, including, if applicable, in partnership with the Indigenous Homelessness stream Community Entity within the Designated Community where the Recipient is located, the Recipient shall be required to continue to prevent and reduce homelessness using an Outcomes-Based Approach by fully meeting all Reaching Home minimum requirements for an Outcomes-Based Approach. More specifically, the recipient shall maintain all minimum requirements that were met between April 1, 2019 and March 31, 2024, it shall meet all minimum requirements that were modified as of April 1, 2024, and it shall meet new minimum requirements introduced on April 1, 2024. The minimum requirements, as prescribed by Canada, outline Canada's expectations to use person-specific data that is real-time and comprehensive to meet homelessness reduction targets for core community-level outcomes.

Community Homelessness Report

8.4 Through working with community partners, including, if applicable, in partnership with the Indigenous Homelessness stream Community Entity within the Designated Community where the Recipient is located, the Recipient shall provide annually to Canada to the end of the program in 2027-2028, using a template provided by Canada, no later than sixty (60) days following the period covered by the report (i.e. the previous fiscal year), a Community Homelessness Report, satisfactory to Canada in scope and detail. A summary of the Community Homelessness Report will be published publicly by the Recipient in a time and manner prescribed by Canada.

Point-in-Time Count

8.5 The Recipient shall conduct a Point-in-Time Count Enumeration and a Survey on Homelessness, between October 1, 2024 and November 30, 2024. Surveys on Homelessness can be administered over the course of one month and must be completed on or before December 30. Future enumerations shall be conducted annually, in the same time period (October-November), beginning in 2025, with surveys every three years (i.e., 2024, 2027) in alignment with the Reaching Home nationally coordinated Point-in-Time Count timelines. The methodology for the PiT Count must adhere to the national Point-in-Time Count methodology as prescribed by Canada, including common national survey questions.

8.6 The Recipient may conduct the Point-in-Time Count in coordination with a Registry Week or another enumeration methodology provided that the methodological standards prescribed by Canada are followed.

8.7 In a manner prescribed by Canada, for 2024 and onward, the Recipient shall provide the results of the PiT Count to Canada within two months of completing the enumeration and two months of completing the survey, including, but not limited to:

(a) an enumeration off people who were experiencing homelessness in shelters (e.g. emergency shelters, Domestic Violence shelters, extreme weather shelters), transitional housing, and the number who were in unsheltered locations on a single night; and

(b) individual-level survey data from the common national survey questions asked of people experiencing homelessness.

8.8 These results will be used by Canada to report at aggregate levels (e.g. nationally, by region) without identifying results for particular survey respondents or for particular communities.

Capital Regional Hospital District

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 07, 2024

SUBJECT **Magnetic Resonance Imaging Scanner Replacement at the Victoria General and Royal Jubilee hospitals - Approval of Capital Bylaw No. 422**

ISSUE SUMMARY

Approval of a Capital Regional Hospital District (CRHD) $600,000 Capital Expenditure and Borrowing Bylaw is required for Island Health to proceed with the $5,877,000 Magnetic Resonance Imaging (MRI) Replacements at the Victoria General Hospital (VGH) and Royal Jubilee Hospital (RJH).

BACKGROUND

Originally two separate capital projects in the 2023 and 2024 Capital Plan, Island Health is now able to combine the replacement of three MRIs at VGH and RJH that have reached the end of their useful life for the cost of a single MRI scanner replacement. This can be achieved by utilizing a new “facelift” technology where the magnet is kept in place, but other components are replaced. This technology, a more cost-effective option over separate MRI scanner replacement, reduces construction time, and does not compromise South Island MRI volumes and/or waitlist times. The useful life of the MRI scanners will be extended by 10-12 years, this option aligns with green initiatives and ideals (helium re-purpose and magnet re-use).

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
1) That Capital Regional Hospital District (CRHD) funding in the amount of $600,000 be approved for Magnetic Resonance Imaging Scanner Replacement at the Victoria General and Royal Jubilee hospitals;
2) That CRHD Bylaw No. 422, “Capital Regional Hospital District Capital Bylaw No.192, 2024” be introduced and read a first, second, and third time; and
3) That CRHD Bylaw No. 422 be adopted.

Alternative 2
That this report be referred back to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

Financial Implications
Projects for the replacement of MRIs at VGH and RJH have been in the CRHD 10-Year Capital Plan since 2023. In prior years, the projects were presented and cash flowed separately but have been combined into one project in 2024.

The CRHD and Island Health share of the project budget are reflected in the 2024-2033 CRHD 10-Year Capital Plan that was approved by the CRHD Board on October 25, 2023. The total project cost is $5,877,000. CRHD will cost share 30% ($600,000) of $2,000,000 with Island Health and the balance of $3,877,000 will be contributed by the Hospital Foundation. The project costs will occur in 2024 and the CRHD share of $600,000 will be debt serviced through the Municipal Finance Authority. The cost of debt servicing for the CRHD contribution has been included in the 2024 Board Approved Financial Plan based on cash flow projections provided by Island Health.

CONCLUSION

Approval of a CRHD Capital Expenditure and Borrowing Bylaw is required to proceed with MRI Scanner Replacements at VGH and RJH. This capital project will help ensure Island Health is able to provide quality health care services for the capital region.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

1) That the Capital Regional Hospital District (CRHD) funding in the amount of $600,000 be approved for Magnetic Resonance Imaging Scanner Replacement at the Victoria General and Royal Jubilee hospitals;
2) That CRHD Bylaw No. 422, “Capital Regional Hospital District Capital Bylaw No. 192, 2024” be introduced and read a first, second, and third time; and
3) That CRHD Bylaw No. 422 be adopted.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health & Capital Planning Strategies
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: CRHD Bylaw No. 422, “Capital Regional Hospital District Capital Bylaw No. 192, 2024”

Appendix A

CAPITAL REGIONAL HOSPITAL DISTRICT BYLAW NO. 422

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CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL BYLAW NO. 192, 2024

****

WHEREAS the Board of the Capital Regional Hospital District proposes to borrow and expend money for the capital expenditures described in Schedule “A” attached hereto and forming an integral part of this Bylaw;

And whereas those capital expenditures have received the approval required under Section 23 of the *Hospital District Act*;

Now therefore the Board of the Capital Regional Hospital District enacts the following capital expenditure and borrowing bylaw as required by Sections 32 and 33 of the *Hospital District Act*.

1. The Board hereby authorizes and approves the borrowing and expenditure of money necessary to complete the capital expenditures as described in Schedule “A” attached.

2. The Board authorizes and approves the borrowing of a net sum not exceeding $600,000 upon the credit of the District by the issuance and sale of securities in a form and a manner agreed to by the Municipal Finance Authority of British Columbia. The term of the securities and the repayment of the principal and interest shall be over a term not to exceed thirty years.

3. To meet the payments of principal and interest during the term of the securities, there shall be included in the estimates of the Regional Hospital District each year, the respective amounts of principal and interest falling due in that year.

4. The Board hereby delegates the necessary authority to the Treasurer of the Capital Regional Hospital District to settle the terms and conditions of the borrowing and to undertake such temporary borrowing as is necessary to provide funding in advance of the receipt of funds from the Municipal Finance Authority of British Columbia.

5. This Bylaw may be cited for all intents and purposes as the “Capital Regional Hospital District Capital Bylaw No. 192, 2024”.

READ A FIRST TIME THIS	DAY OF	, 2024
READ A SECOND TIME THIS	DAY OF	, 2024
READ A THIRD TIME THIS	DAY OF	, 2024
ADOPTED THIS	DAY OF	, 2024

Chair　　　　　　　　　　　　Corporate Officer

SCHEDULE "A"

Bylaw No. 422

CAPITAL REGIONAL HOSPITAL DISTRICT

CAPITAL BYLAW NO. 192, 2024

Name of Facility	Project or Equipment Description	Project Number	Amount Covered by CRHD Bylaw	Amount Covered by Province and Island Health	Amount Covered by Foundation	Total Project or Equipment Cost
Victoria General Hospital and Royal Jubilee Hospital	MRI Scanner Replacement	C-192-01	$600,000	$1,400,000	$3,877,000	$5,877,000
		Total	**$600,000**	**$1,400,000**	**$3,877,000**	**$5,877,000**

Capital Regional Hospital District

REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 07, 2024

SUBJECT **Elevator Refurbishment at the Victoria General Hospital – Approval of Capital Bylaw No. 423**

ISSUE SUMMARY

Approval of a Capital Regional Hospital District (CRHD) $616,715 Capital Expenditure and Borrowing Bylaw is required for Island Health to proceed with the $2,055,718 Elevator Refurbishment at the Victoria General Hospital (VGH).

BACKGROUND

Island Health retained an Elevator Consultant to review the condition of the elevators at the VGH and provide recommendations on work that needs to be completed. The elevators at the hospital were originally installed in 1983 and modernized in 2006. Based on the age and condition of the equipment, refurbishment of the elevators is recommended. The project will address safety and code compliance, reliability, and performance, simplify use of the elevator system, and associated mechanical and electrical work.

Resources will be utilized for retention of engineering consulting services to undertake design development, tender for construction services, manufacture equipment, installation and refurbish elevators.

A bylaw authorizing CRHD's capital contribution of $616,715, which is 30% of $2,055,718 is shown in Appendix A.

ALTERNATIVES

Alternative 1
The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
1) That Capital Regional Hospital District (CRHD) funding in the amount of $616,715 be approved for Elevator Refurbishment at the Victoria General Hospital;
2) That CRHD Bylaw No. 423, "Capital Regional Hospital District Capital Bylaw No.193, 2024" be introduced and read a first, second, and third time; and
3) That CRHD Bylaw No. 423 be adopted.

Alternative 2
That this report be referred back to staff for additional information based on Hospitals and Housing Committee direction.

IMPLICATIONS

Financial Implications
The Elevator Refurbishment project at Victoria General Hospital has been included in the CRHD 10-Year Capital Plan since 2022 as a potential partnership between the CRHD and Island Health. Island Health will provide $1,439,003 (70%) and CRHD $616,715 (30%), for a total project cost of $2,055,718.

The total project budget and CRHD share are reflected in the 2024-2033 CRHD 10-Year Capital Plan that was approved by the CRHD Board on October 25, 2023. The project costs will be cash flowed over years 2024-2026 and the CRHD share of $616,715 will be debt serviced through the Municipal Finance Authority. The cost of debt servicing for the CRHD contribution has been included in the 2024 Board Approved Financial Plan based on cash flow projections provided by Island Health.

CONCLUSION

Approval of a CRHD Capital Expenditure and Borrowing Bylaw is required to proceed with elevator refurbishment at VGH. This capital project will help ensure Island Health is able to provide quality health care services for the capital region.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

1) That Capital Regional Hospital District (CRHD) funding in the amount of $616,715 be approved for Elevator Refurbishment at the Victoria General Hospital;
2) That CRHD Bylaw No. 423, “Capital Regional Hospital District Capital Bylaw No.193, 2024” be introduced and read a first, second, and third time; and
3) That CRHD Bylaw No. 423 be adopted.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health & Capital Planning Strategies
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: CRHD Bylaw No. 423, “Capital Regional Hospital District Capital Bylaw No. 193, 2024”

Appendix A

CAPITAL REGIONAL HOSPITAL DISTRICT BYLAW NO. 423

****

CAPITAL REGIONAL HOSPITAL DISTRICT CAPITAL BYLAW NO. 193, 2024

****

WHEREAS the Board of the Capital Regional Hospital District proposes to borrow and expend money for the capital expenditures described in Schedule "A" attached hereto and forming an integral part of this Bylaw;

And whereas those capital expenditures have received the approval required under Section 23 of the *Hospital District Act*;

Now therefore the Board of the Capital Regional Hospital District enacts the following capital expenditure and borrowing bylaw as required by Sections 32 and 33 of the *Hospital District Act*.

1. The Board hereby authorizes and approves the borrowing and expenditure of money necessary to complete the capital expenditures as described in Schedule "A" attached.

2. The Board authorizes and approves the borrowing of a net sum not exceeding $616,715 upon the credit of the District by the issuance and sale of securities in a form and a manner agreed to by the Municipal Finance Authority of British Columbia. The term of the securities and the repayment of the principal and interest shall be over a term not to exceed thirty years.

3. To meet the payments of principal and interest during the term of the securities, there shall be included in the estimates of the Regional Hospital District each year, the respective amounts of principal and interest falling due in that year.

4. The Board hereby delegates the necessary authority to the Treasurer of the Capital Regional Hospital District to settle the terms and conditions of the borrowing and to undertake such temporary borrowing as is necessary to provide funding in advance of the receipt of funds from the Municipal Finance Authority of British Columbia.

5. This Bylaw may be cited for all intents and purposes as the "Capital Regional Hospital District Capital Bylaw No. 193, 2024".

READ A FIRST TIME THIS DAY OF , 2024

READ A SECOND TIME THIS DAY OF , 2024

READ A THIRD TIME THIS DAY OF , 2024

ADOPTED THIS DAY OF , 2024

Chair

Corporate Officer

SCHEDULE "A"

Bylaw No. 423

CAPITAL REGIONAL HOSPITAL DISTRICT

CAPITAL BYLAW NO. 193, 2024

Name of Facility	Project or Equipment Description	Project Number	Amount Covered by CRHD Bylaw	Amount Covered by Province and Island Health	Amount Covered by Foundation	Total Project or Equipment Cost
Victoria General Hospital	Elevator Refurbishment	C-193-01	$616,715	$1,439,003	$0	$2,055,718
		Total	**$616,715**	**$1,439,003**	**$0**	**$2,055,718**