

Staff Report to the Planning & Protective Services Committee
Meeting of Wednesday, June 27, 2007

SUBJECT: **Section 20 (3) Funding – Sooke Elderly Citizens Housing Society**

PURPOSE/ISSUE:

The recovery of \$63,000 in project development funding from the Sooke Elderly Citizens Housing Society.

BACKGROUND:

In February 2006, Committee approved \$63,000 to the Sooke Elderly Citizens Housing Society (SECHS) to enable it to prepare a detailed proposal for a complex care/assisted living project under a Vancouver Island Health Authority Request for Proposal. The approval stipulated that the funds would be repaid to the CRD if the project was approved. Their project was approved by VIHA and BC Housing with virtual full-cost financing including coverage of the expenses included in the District's project development funding.

The project development funding comes from the Section 20(3) annual grant budget which is \$120,000 in 2007. The demand for these grant funds is increasing and the recovery of previous funding, where they have been offset by project capital financing, allows the Section 20(3) budget to be replenished for other planned and unplanned expenditures. For example, the \$75,000 Regional District contribution to the Regional Homeless Action Plan comes from the Section 20(3) budget.

This issue was referred to Committee in November 2006. Mayor Evans had requested that the Section 20(3) recoverable grant be forgiven. Staff reviewed the request from Mayor Evans and recommended that the grant be recovered not only for the reasons previously provided but also because of the precedence which would be set for other organizations.

The Committee initially resolved that the recoverable project development to SECHS funding be forgiven and that each Society's request be considered on its own merit. Discussions ensued on the implications of a precedent and that other sources of funding may be available to offset the recoverable grant. The Committee then resolved that the initial resolution be postponed while staff worked with the District of Sooke to find alternative funding options to allow the grant to be repaid.

Since the November 2006 Committee meeting, the Sooke Elderly Citizens Housing Society submitted an application to the Regional Housing Trust Fund. On May 16, 2007, the Regional Housing Trust Fund approved a \$120,000 grant to the Society. On the basis of this grant and the Society has increased its funding and is in a position to repay the recoverable \$63,000 project development grant.

ALTERNATIVES:

1. Alternative One is to recover the \$63,000 project development funding.
2. Alternative Two is to forgive the project development funding.

FINANCIAL IMPLICATIONS:

Without the recovery of these funds into the Section 20(3) budget, there will be insufficient funds to cover off known and unanticipated expenses in the 2007 budget. Also, forgiving this recoverable project advance will create precedent for other agencies to seek forgiveness of recoverable expenses further depleting the Section 20(3) funding.

SUMMARY/CONCLUSIONS:

The \$63,000 project development funding was made available to the Sooke Elderly Citizens Housing Society on the condition it be recovered if the project was approved. The project was approved including the costs borne by the District funding. In November 2006, the Committee initially resolved to forgive the project development funding but recognized the implications of the decision and agreed to delay the forgiveness pending a search for alternate funding. The search for alternate funding was successful with the Regional Housing Trust Fund approving \$120,000 to the Society in May 2007.

Alternative One is recommended.

RECOMMENDATION:

That Committee authorizes staff to recover the \$63,000 project development funding from the Sooke Elderly Citizens Housing Society into the Section 20(3) account.

Jeremy Tate, Senior Manager
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Report Writer

Robert Lapham, General Manager Concurrence

COMMENTS: