

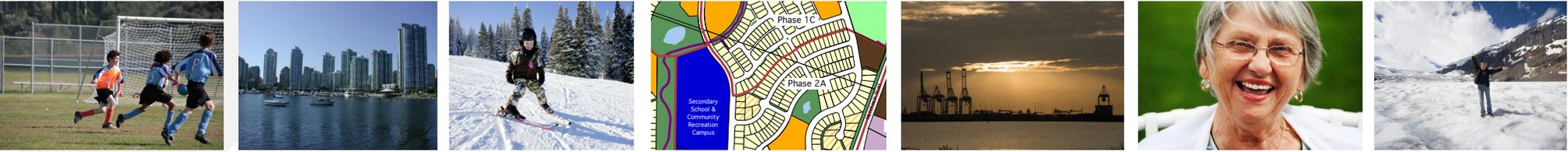


Housing Procurement Action Plan

The Greater Victoria Coalition to End Homelessness | April 2009

CITY SPACES

Planning | Project Management | Applied Research



SUMMARY

This report sets out a six-year action plan to meet the Coalition’s clear and fixed goal of securing housing for 1,500 homeless people and people who are at risk of becoming homeless. The successful implementation of the plan depends on the participation and support of many parties – the BC government, local governments, non-profit societies, faith-based organizations, corporate and community sponsors, and individuals. Inevitably, there will be factors that cannot be anticipated at this time that will impact the achievement of the Coalition’s goal. Knowing this, management and monitoring are very important. Remaining flexible, however, may result in new approaches and opportunities.

The 2009-2014 proposed program comprises **three broad approaches**:

- ▶ New purpose built housing of 743 units;
- ▶ Conversions/renovations and purchase of existing housing for 125 units; and
- ▶ Rent supplement and leasing of 365 units.

Together with existing units (250), plus the estimated turnover of social housing (68), the program will provide housing for 1,500 individuals by 2014. (Refer to Figure S1).

Capital and Operating Costs

Including 113 units of current “pipeline projects”, the order of magnitude capital cost of the 868 units to be purchased, renovated and developed over six years is estimated at \$130 million, about \$150,000 per unit. The debt service and operating costs of **new** units (755) will increase annually, reaching \$8.3 million by 2014.

Early Years – 2009-2011

In the view of the consultants, the Coalition’s goal of permanently housing 700 people in 2009-2010 is not-achievable. However, reaching this target is achievable by the end of 2011. To accomplish this, “pipeline projects” (203 units) must be approved and completed, along with 550 units through various initiatives, including purchase and renovation of rooming houses (30 units), municipal partnerships (70 units), a motel (25 units), apartment building leases (140 units) and rent supplements (135), and new construction 150.

Later Years – 2012-2014

Beyond the first three years, the plan relies heavily on creating new supply through a design-build approach (390) units over three years. This procurement technique is a competitive process, calling on the private sector to deliver projects that meet prescribed specifications. This method was effectively used during the start-up years of the Capital Region Housing Corporation in the mid-1980s. Over four hundred units were delivered using this approach.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

Private Rental Market

Nationally and locally, new social housing is crucial to meet the needs of the homeless or the homeless-at-risk. However, homelessness can only be effectively tackled if the private market is revitalized through measures that will make it attractive to create significantly more supply and increase choice and affordability. The Federal government has the greatest leverage in this area through tax regulation, but municipalities can assist through measures such as permitting secondary suites.

Charts

The five charts on the following two pages illustrate some of the key elements of this plan.

Figure S1: Cumulative Housing by Initiative, 2008-2014

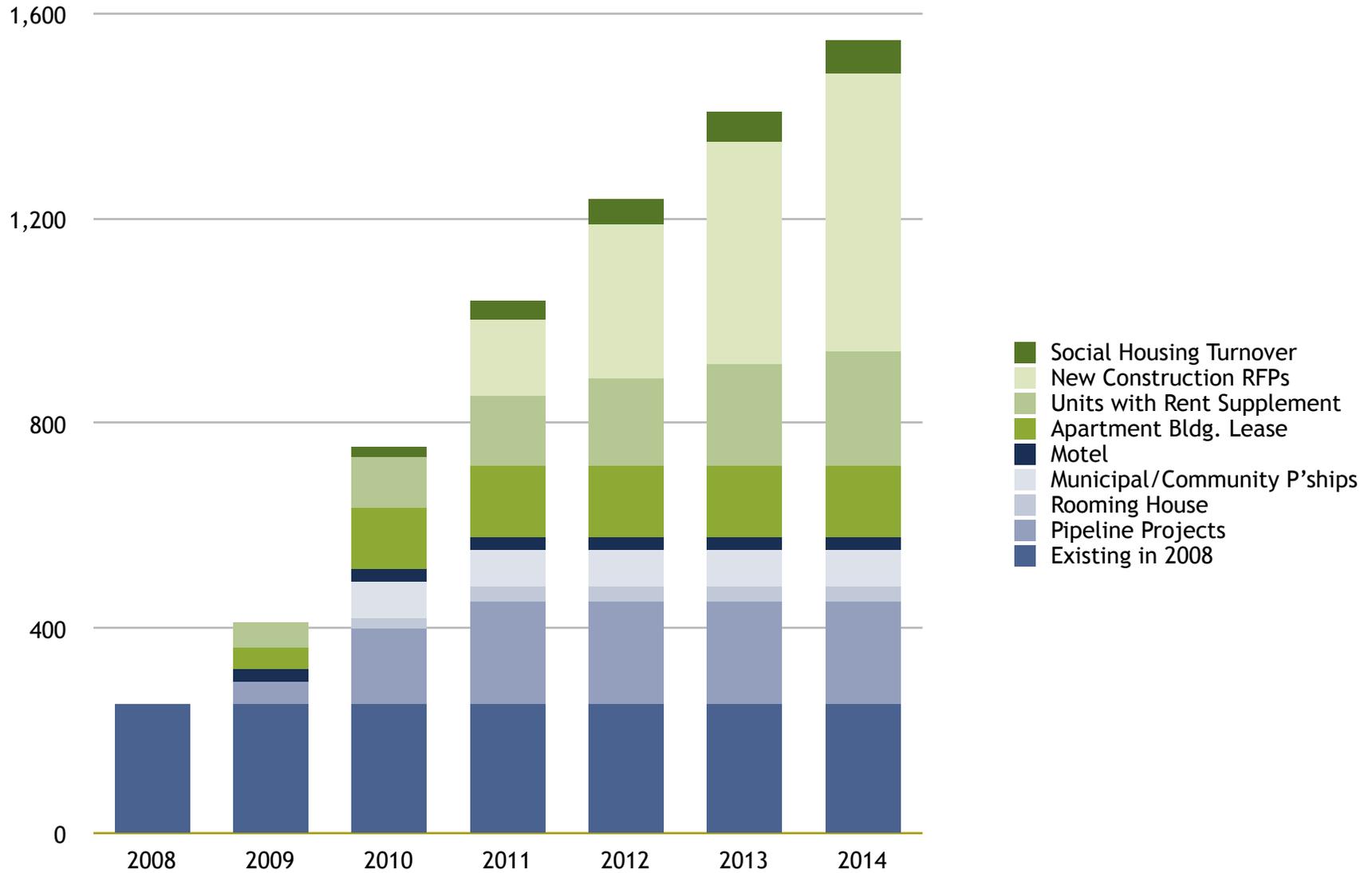


Figure S1: Procurement, by Initiative, 2009-2014

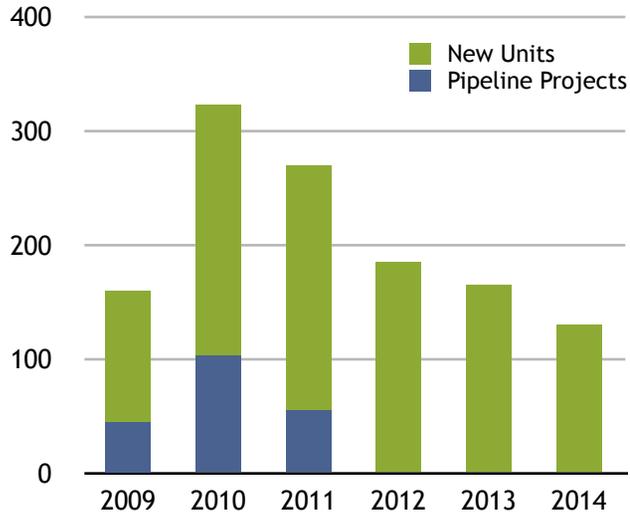


Figure S3: New Capital Requirements by Year, 2009-2014

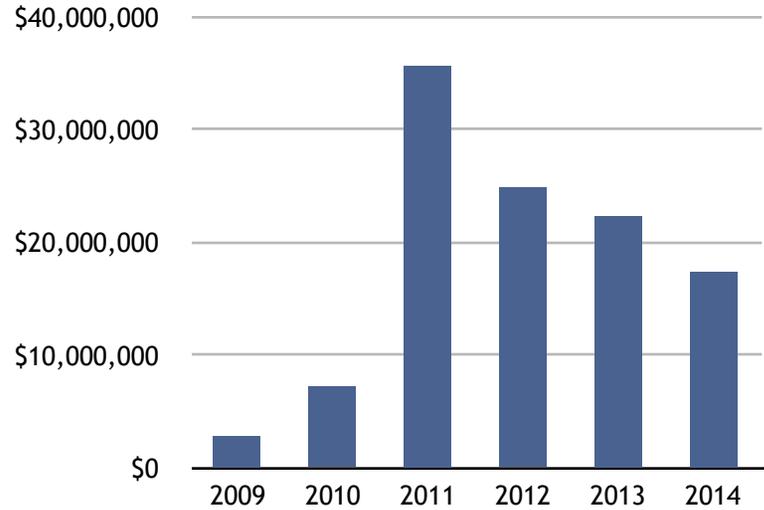


Figure S2: New Units, by Type, 2009-2014

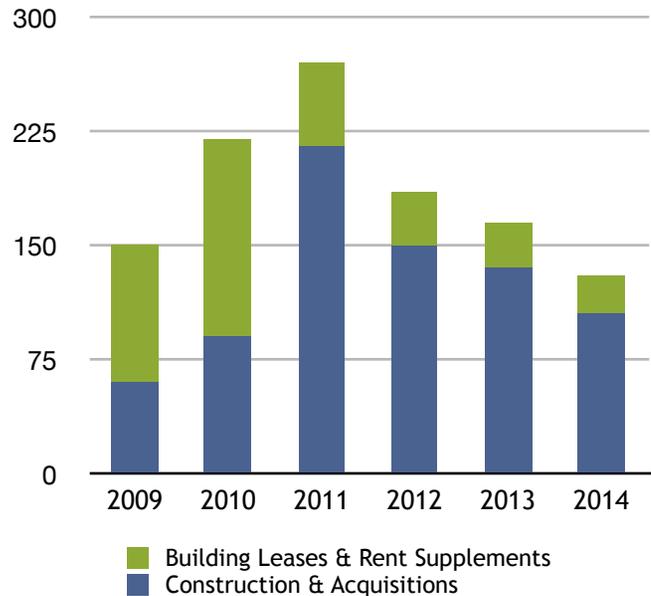
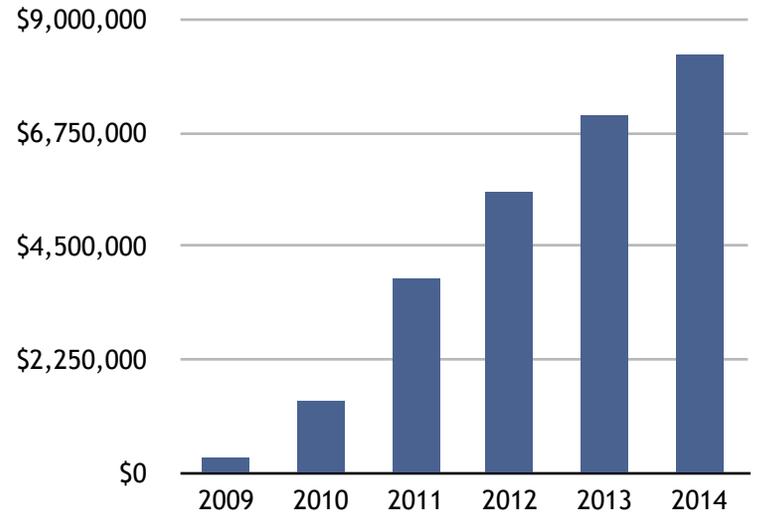


Figure S4: Annual Operating Costs



Costs include debt service, operating, lease and rent upplement costs, net of tenant rents

TABLE OF CONTENTS

Summary

Introduction.....	1
Challenges to Providing Housing.....	1
Eight Guiding Principles.....	2
Overview - Structure of the Plan.....	3
Housing Initiatives.....	3
Estimating Funding Requirements.....	7
Overall Capital Costs.....	7
Debt Service and Operating Costs.....	8
Concluding Comments.....	8

List of Tables and Figures

Table 1:	Procurement by Initiative, 2009 – 2014
Table 2:	Capital Cost Estimates, Acquisitions and New Build, to 2014
Table 3:	New Capital Commitments by Year of Construction, 2009 – 2014
Table 4:	Annual Debt Service, Operating, Lease and Rent Supplement Costs, Net of Tenant Rents
Figure S1:	Cumulative Housing by Initiative
Figure 1:	Approvals and Construction Period, Pipeline and New Units, to 2014
Appendix A	Details of Proposed Initiatives
Appendix B	Commentary on Non-Conventional Housing Forms

HOUSING PROCUREMENT ACTION PLAN

1. INTRODUCTION

The Greater Victoria Coalition to End Homelessness has a **clear and fixed goal** – to house 1,500 homeless and homeless-at-risk people, over a multi-year period. This document outlines an action plan that will assure that the goal is achieved. It sets out how the housing will be procured, over what timeframe, and who will be involved. It also provide detailed estimates of capital and operating costs. In so doing, it provides a basis for funders and service providers to plan for needed resources. This is crucial to the success of the overall strategy.

The Coalition’s original Business Plan sets as a target to house 700 people permanently by 2010, in addition to 250 people already housed in 2008. This is an ambitious target, one that, in the judgement of the consultants, can not be achieved until 2011. The principal reasons are three-fold: a limited number of units in the development “pipeline”; the lengthy lead time for new projects, and a “tight” vacancy rate in the private market, which limits the number of available rental units.

The Coalition’s overall target of housing 1,500 individuals is incorporated into this plan to be achieved by 2014. The document’s sequence is as follows: challenges, principles, procurement by initiative, capital costs estimates and year of commitment, annual operating costs, and concluding comments. Two appendices provide back-up detail to the plan.

2. CHALLENGES TO PROVIDING HOUSING

There are some key challenges in setting achievable targets for providing housing units for homeless people in Greater Victoria.

- **Constructing new housing takes time.**
Assuming a site has been identified, a project can easily take two years from the start of design, through approvals, working drawings, financing approvals, building permit, and construction. If a rezoning and development permits are required, this will likely add 6 to 8 months. Committing to design, approvals and construction of a project obviously also requires that the capital funds for the project are or will be in place.
- **There are few readily available. publicly-owned sites for housing.**
In terms of publicly-owned land, there are several

surface parking lots near the BC Legislature that are designated for higher density mixed uses. There are also a few former school sites that have have interim uses, and there is the Gorge Road Hospital. Greater Victoria’s municipalities do not have a land bank for housing. This contrasts with some other jurisdictions such as Nanaimo, which has identified five sites, and Vancouver with 12 sites currently in the planning approvals process.

- **The rental market is very tight.**
In 2006 an estimated 51,000 or 35% of all dwellings in the Victoria CMA were rented. Eighty percent of these are in Victoria, Esquimalt and Saanich. While this is a substantial stock of rental housing, the vacancy rate in October 2008 was 0.5%. New units that come on stream are largely secondary suites, or rented condominiums. When units turnover, they are



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

immediately re-rented. Securing units to accommodate homeless persons from within the private sector is challenging in this environment.

- **The social housing stock has limited opportunities.** In some jurisdictions, existing social housing has been made available for homeless individuals. This usually occurs where there is an oversupply of small units, particularly in seniors buildings. In Greater Victoria, however, there are waiting lists for for almost all social housing. (Note: This merits further investigation)
- **Land and construction costs have been high.** For a variety of reasons, Greater Victoria has experienced, and continues to experiences, high costs and remains one of Canada’s least affordable communities. This environment makes it difficult to find land and expensive to build.
- **An economy in recession.** While the current economic downturn may result in development opportunities and economies that have not existed in the recent past, there are many competing demands for scarce public funding.

3. EIGHT GUIDING PRINCIPLES

The development of this action plan is guided by eight key principles:

1. **Plan for diversity of needs.** New housing should be able to respond to the diversity of need among homeless people by providing for a variety of housing forms and support levels. More detailed planning on an annual basis will be necessary.

2. **Partnerships are powerful.** Non-profit societies, local governments, the Province, the private sector and the community are all involved in this plan in a variety of partnerships. Maximizing opportunities for participating in ending homelessness is an ingredient for success.
3. **The private sector is a key contributor.** Three major initiatives in the plan use the private sector as major supplier of housing. The plan uses the creativity and energy of the private sector harnessed with the non-profit and public sector.
4. **Provincial government funding is essential.** It has been demonstrated that the costs of housing with supports is less than having homeless people living “on the street”. With the Federal government assuming a relatively minor role in new housing initiatives, only the BC government can fund the majority of the costs. While contributions from local governments, community foundations and other sources are important, they will always be the smallest part of the capital and operating funding.
5. **Ensure value for public funding.** The current recession is a further challenge to public expenditures. Use of rent supplements and leasing, which are annually very cost effective, responds in the first two years of this plan to the challenge of finding funding.
6. **Be flexible to changing circumstances.** Embarking on a multi-year plan requires flexibility and the ability annually to vary the plan if circumstances merit, while still aiming to meet its goals. This long term plan depends on many assumptions, especially regarding funding



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

availability, partner participation and the extent of need.

7. Plan for neighbourhood integration.

Providing housing for homeless people will always be controversial. This plan envisages small developments that will integrate well into the neighbourhoods of Greater Victoria. Other methods that facilitate neighbourhood integration include communications, good neighbour agreements, adequate support staff, and sound property management.

8. Adopt a Greater Victoria approach.

Homelessness knows no geo-political boundaries. While this plan focusses primarily on the area’s “core municipalities”, homeless individuals and families are found everywhere in Greater Victoria.

4. OVERVIEW - STRUCTURE OF THE PLAN

The action plan comprises annual targets of different forms of housing and procurement over six years, as shown on **Table 1 and Figure 1.**

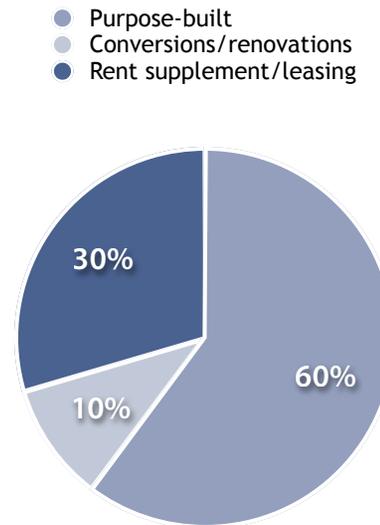
Five broad categories of housing are identified:

- **Units forward from 2008.** There are 250 units in 2008.
- **Pipeline Projects.** These projects are in the planning and development stage. With two exceptions, funding is already committed, or in the process.
- **New Units.** Six different procurement and housing initiatives are identified.
- **Social housing turnover.** As the stock of housing for homeless individuals expands, there will be units generated through turnover.

- **Shelter beds.** Shelter beds are shown in the plan, but are not part of the count of persons housed.

4.2. HOUSING INITIATIVES

1. Over the period 2009-2014 1,233 new units will be created. New, purpose-built housing would comprise 743 units, conversions/renovations and purchase of existing housing 125 units, and rent supplements and leasing 365 units.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

2. In 2009/10, the plan generates 483 units, about 70% of the Coalition’s goal for this period. By 2011, however, the goal will be more than achieved – at 753 units.
3. “Pipeline projects” could result in 203 units, of which only 148 are currently fully-funded. The status in the approval and construction process means that

these 148 units won't be complete until the end of fiscal 2010.

4. In 2009 and 2010, about 70% of units coming on stream are derived from purchasing and renovating or converting or use of existing buildings through leasing or units with rent supplement.
5. In the third through sixth years, the plan proposes housing predominantly through new construction – 540 units.
6. Overall, the plan identifies six major procurement initiatives to generate new housing over the period 2009-2014.
7. The six initiatives include the purchase of a motel, leasing an apartment building, obtaining additional rent supplements in the private market, and 100 units through approximately **ten small projects** of ten units.
8. Of the ten small projects, three would be rooming houses purchased from the private sector, then renovated. A further seven projects are proposed to be sponsored through municipal partnerships and may involve the creation of small apartments in existing houses or buildings.
9. In the later years of the plan, the main procurement technique to secure new development will be through the issue of Requests for Proposals for the **design/build** for new projects on private sites. On completion, these projects would be purchased and managed by the non-profit sector. The lead-time for new housing requires that the first call for proposals be initiated in 2009 to enable new housing to come on stream in 2011. There would be a similar proposal call for each of the three subsequent years.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

Table 1 – Procurement by Initiative, 2009 – 2014

Initiative	Units Forward from 2008	2009	2010	# of Units 2009/10	2011	2012	2013	2014	6 Yr Total	%
Pipeline Projects										
Ellice St., Victoria (Supportive Units Only)	0	0	23	23	0	0	0	0	23	2%
Humboldt St., Victoria	0	0	44	44	0	0	0	0	44	4%
Olympic Vista, Carey Rd., Saanich	0	0	36	36	0	0	0	0	36	3%
St. Vincent de Paul, Saanich	0	0	0	0	40	0	0	0	40	3%
Swift St., Saanich	0	0	0	0	15	0	0	0	15	1%
Clover Douglas, Saanich	0	10	0	10	0	0	0	0	10	1%
Rockland/Tillicum, Victoria	0	35	0	35	0	0	0	0	35	3%
Subtotal	0	45	103	148	55	0	0	0	203	16%
New Units										
Rooming House Purchases/Reno	0	0	20	20	10	0	0	0	30	2%
Municipal /Community Partnership reno	0	0	70	70	0	0	0	0	70	6%
Motel	0	25	0	25	0	0	0	0	25	2%
Apt Building Leases with private sector	0	40	80	120	20	0	0	0	140	11%
Rent Supplement/Private Sector	0	50	50	100	35	35	30	25	225	18%
New Construction RFP's /Reno	0	0	0	0	150	150	135	105	540	44%
Subtotal	0	115	220	335	215	185	165	130	1,030	84%
Grand Total	0	160	323	483	270	185	165	130	1,233	100%
Interim and Housed										
Cumulative Units Available	250	410	733	733	1,003	1,188	1,353	1,483	1,483	-
Allocated Social Housing Turnover	0	0	21	21	37	50	59	68	68	-
Persons housed	250	410	754	754	1,040	1,238	1,412	1,551	1,551	-
Existing Shelter Beds Available	141	141	141	141	141	61	61	61	61	-
Other Interim	0	0	0	0	0	0	0	0	0	-
New Shelter Beds Available Annually	0	0	85	85	85	85	85	85	85	-
Housed or Sheltered to Date	391	551	980	980	1,266	1,384	1,558	1,697	1,697	-
Variance from Target of 1,500	-1,109	-949	-520	-520	-234	-116	58	197	197	-

Notes: Years are fiscal. Actual units procured are 1,483. The allocated social housing turnover is 5% of the previous year's total new units available.

Figure 1 Approvals and Construction Period, Pipeline and New Units, to 2014

Pipeline Projects							
Ellice St., Victoria (Supportive Units Only)			23				
Humboldt St., Victoria			44				
Olympic Vista, Carey Rd., Saanich			36				
St. Vincent de Paul, Saanich				40			
Swift St., Saanich					15		
Clover Douglas, Saanich		10					
Rockland/Tillicum, Victoria			35				
Annual Total		45	103	55			
New Units							
Rooming House Purchases/Reno			20	10			
Municipal /Community Partnership reno			70				
Motel		25					
Apt Building Leases with private sector		40	80	20			
Rent Supplement/Private Sector		50	50	35	35	30	25
				150			
New Construction RFP's /Reno					150		
						135	
							105
Annual Total		115	220	215	185	165	130
Interim and Housed							
Cumulative Units Available	250	410	733	1,003	1,188	1,353	1,483
Allocated Social Housing Turnover			21	37	50	59	68
Total Persons Housed	250	410	754	1,040	1,238	1,412	1,551
Existing Shelter Beds Available	141	141	141	141	61	61	61
New Shelter Beds Available Anually			85	85	85	85	85
Housed or Sheltered to Date		551	980	1,266	1,384	1,558	1,697
Variance from Target of 1,500	-1,109	-949	-520	-234	-116	58	197
Notes: Years are fiscal. The allocated social housing turnover is 5% of the previous year's total new units available.							
Final total shows last year turnover only. <i>Not</i> cumulative.							

5. ESTIMATING FUNDING REQUIREMENTS

Tables 2 and 3 show the capital funding requirements for implementing the plan. Table 4 sets out the operating costs. They are categorized as follows:

Capital Costs.

This refers to the capital cost of the new housing that will be purchased, constructed and or renovated. This cost may be met in two main ways:

- Mortgaging paid for by monthly payments. If arranged through BC Housing this will be over a 35 year amortization period. Some societies have funded projects through private mortgages.
- Grants/Donations. Grants or donations are cash payments for a project's cost that reduce, or remove completely, the need to mortgage a project and meet monthly debt service payment. Grants or donations may be from a variety of sources – BC Housing funds some housing through grants, local government affordable housing funds, foundations, private donations and community fund raising.

Estimated capital costs in this plan are order of magnitude in constant 2009 dollars. While construction costs have been characterized by significant inflation over the recent past, declines may be expected in the immediate future. Land prices will likely decline. Interest rates are considerably reduced.

Operating Costs.

These are annual costs associated with operating a housing project. They include maintenance, taxes, project utilities, insurance, landscaping and similar items. Mortgage payments are an annual cost identified as separate line items in the tables in this report.

On-site Support Staff Costs.

These costs relate to staff employed by the society that manages the project. Staff provide assistance in many ways, including counselling. Support staff may provide 24/7 coverage. The level or presence of support staff will depend on the type of housing and service provided. (Note: These costs are not included in this plan, as additional work is required to compute costs; however, the tables / spreadsheets have provided a “placeholder” for them.)

Off-site Support Staff Costs.

Other staffing not on-site may include Assertive Community Treatment (ACT) teams and health professionals. They are not costed in this plan.

5.1. OVERALL CAPITAL COSTS

As shown on **Table 2**, the order of magnitude capital cost of the 868 units to be purchased, renovated and developed-is estimated at **\$130 million, or approximately \$150,000 per unit**. However, some \$20 million of this is already committed, primarily by BC Housing, to projects in the pipeline, leaving approximately \$110 million requiring to be funded over six years.

Assumptions regarding the form of this funding are shown on **Table 3**. This table shows that of the \$110 million required, \$101 million is assumed to be debt financed via mortgages arranged through BC Housing, although the government may decide to provide grants instead, in full or in part. The balance of \$9 million is assumed to come from grants or fund raising, of which \$6.4 million is proposed to be raised locally, with the remainder, \$2.6 million, coming from BC Housing.

In terms of the specific initiatives, the purchase of a motel is assumed to be though a grant primarily from BC Housing, with Rockland Tillicum funded through other



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

grant sources. Swift Street is assumed to be funded through a BC Housing grant. The 70-municipal/community partnership units are proposed to be funded through local fund raising, local government affordable housing contributions and donations. Rooming houses and all new construction are assumed to be mortgaged arranged and subsidized through BC Housing.

It is a strategic choice as to whether provincial participation in the program overall might be encouraged if a higher proportion of funding could be raised locally from other sources.

5.2. DEBT SERVICE AND OPERATING COSTS

Table 4 shows the annual debt servicing and operating costs of the program of new and purchased units. The figures are cumulative, with units being added each year to 2014. For simplicity, the full annual debt service and operating costs of each year's target units are shown in the year they come on stream. In reality, projects will come on at various stages during the year they are shown developed, so the full debt service and operating cost of any given years targets will probably not be reflected until the following year.

The debt service and operating costs for program in 2009 and 2010 are modest relative to later years because new housing will primarily be through building leases and rent supplements. Substantial annual debt service and operating costs commence in 2011 with the completion of new housing initiated in 2009. This relatively low start up cost for the program in 2009 and 2010 may assist the province when considering support for the overall program. By 2014, the full annual costs of the combined debt service operating, subsidies for units in leased buildings, and rent supplements projects is \$8.3 million.

6. CONCLUDING COMMENTS

The plan's successful implementation depends on the participation and support of many parties. The BC government is the key participant, through capital and operating funding. Assuming this funding is available, the involvement of the private sector is essential – providing building(s) for lease and units with rent supplement, and responding to proposal calls. Overshadowing the plan is the impact of the current recession, particularly on the number of homeless people. Inevitably, it is uncertain whether all components of the plan will be successful. Knowing this, management and monitoring are very important. Flexibility will also be important to maintain the targets, should the level of need change, or some procurement initiatives vary from their targets and timeline.

Constructing new housing will provide permanent housing and add to the existing stock. Units with rent supplements and leasing, although advantageous in providing units quickly and affordably, are not necessarily permanent. As the plan is implemented, the permanency of rent supplement needs to be monitored.

Nationally and locally, the supply of new social housing is crucial to meet the housing needs of people who are homeless or at risk of becoming homeless. However, this needs to be accompanied by other measures that will revitalize the private rental market, increase supply and improve overall affordability.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

Table 2 – Capital Cost Estimates, Acquisitions and New Build, to 2014

Project Type	# of Units	Acquisition Cost per Units	Construction or Reno Cost per Unit	Soft Costs @ 18%	Land Cost	Sub-Total Per Unit Cost	FF& E	Contribution to Project Kitchen	Total Per Unit Cost	Total Cost
Rooming house	30	\$55,000	\$15,000	\$3,000		\$73,000	\$3,000	\$4,500	\$80,500	\$2,415,000
Partnership units	70	\$55,000	\$15,000	\$3,000		\$73,000	\$3,000	\$4,500	\$80,500	\$5,635,000
Motel renovation	25	\$65,000	\$15,000	\$3,000		\$80,000	\$3,000		\$83,000	\$2,075,000
New construction studios	460		\$115,000	\$20,700	\$20,000	\$155,700	\$2,000	\$2,000	\$159,700	\$73,462,000
New construction, 1-bed apartments	80		\$145,550	\$26,199	\$25,000	\$196,749	\$2,000	\$2,000	\$200,749	\$16,059,920
St Vincent de Paul Townhouses/Apts	40								\$230,000	\$9,500,000
Rockland / Tillicum	35	\$800,000*								\$800,000
Swift Street	15									\$500,000
Pipeline Projects Committed – Ellice, Humboldt, Olympic Vista	113								\$172,500	\$19,500,000
	868								\$149,708	\$129,946,920

Note: 868 units = all new construction and acquisitions of total 1,233 new units to be procured, 2009-2014. Remaining 365 units are through building leases and rent supplements.

Table 3 – New Capital Commitments by Year of Construction, 2008-2014

	2008		2009		2010		2011		2012		2013		2014		Total	
	Units	Units	\$M	Units	\$M	Units	\$M	Units	\$M	Units	\$M	Units	\$M	Units	\$M	
St. Vincent de Paul	40	0		0		40	\$9.500	0		0		0		40	\$9.500	
Swift	15	0		0		15	\$0.500	0		0		0		15	\$0.500	
Rockland / Tillicum	35	35	\$0.800	0		0		0		0		0		35	\$0.800	
Rooming Houses	30	0		20	\$1.610	10	\$0.805	0		0		0		30	\$2.415	
Municipal Partnership	70	0		70	\$5.635	0		0		0		0		70	\$5.635	
Motel	25	25	\$2.075	0		0		0		0		0		25	\$2.075	
New Construction	540	0		0		150	\$24.900	150	\$24.900	135	\$22.410	105	\$17.430	540	\$89.640	
Total / Capital Required	755	60	\$2.875	90	\$7.245	215	\$35.705	150	\$24.900	135	\$22.410	105	\$17.430	755	\$110.565	
Anticipated Grants/Donations			\$2.875		\$5.635		\$0.500								\$9.010	
Debt to be Serviced					\$1.610		\$35.205		\$24.900		\$22.410		\$17.430		\$101.555	
Note this table identifies units requiring capital funding. It excludes pipeline project that are funded.																

Note: 755 units are new construction and acquisitions requiring new capital funding. An additional 113 (for a total of 868) have received funding approval by BC Housing.

Table 4 – Annual Debt Service, Operating, Lease and Rent Supplement Costs, Net of Tenant Rents

Debt	2009	2010	2011	2012	2013	2104	Total
New Constructed or Acquired	60	90	215	150	135	105	755
New Debt Service		\$96,793	\$2,116,524	\$1,496,988	\$1,347,290	\$1,047,888	
New Operating	136500*	\$453,600	\$1,083,600	\$756,000	\$680,400	\$529,200	
Total		\$647,186	\$3,200,124	\$2,252,988	\$2,031,290	\$1,577,088	
Accumulated Annual	\$136,500	\$920,186	\$4,120,310	\$6,373,298	\$8,404,588	\$9,981,676	
Less tenant rents	\$135,000	\$675,000	\$1,642,500	\$2,317,500	\$2,925,000	\$3,397,500	
Net cost	\$1,500	\$245,186	\$2,477,810	\$4,055,798	\$5,479,588	\$6,584,176	
Staffing Support*							
Grand Total	\$1,500	\$245,186	\$2,477,810	\$4,055,798	\$5,479,588	\$6,584,176	
Building Leases/Rent Supplements	90	130	55	35	30	25	365
New Building leases	\$132,000	\$264,000	\$66,000				
New Rent Supplements	\$180,000	\$180,000	\$126,000	\$126,000	\$108,000	\$90,000	
Total	\$312,000	\$444,000	\$192,000				
Accumulated Annual	\$312,000	\$1,200,000	\$1,392,000	\$1,518,000	\$1,626,000	\$1,716,000	
Staffing Support*							
Grand Total	\$312,000	\$1,200,000	\$1,392,000	\$1,518,000	\$1,626,000	\$1,716,000	1,020
Grand total all Units	\$313,500	\$1,445,186	\$3,869,810	\$5,573,798	\$7,105,588	\$8,300,176	1,020

Note #1 – Staff support costs to be determined.

Note #2 – Operating costs for 2009 are shown as 1/2 year cost for 60 units (full cost is \$273,000)

Note #3 – Building lease assume negotiated gross rent of \$650 and rent subsidy net of tenants rent @ \$275 per unit, per month. Rent supplement assumes gross rent of \$675. Subsidies at \$300 per unit per month, net after tenant rents.

Note #4 – New units include Rockland, Swift and St Vincent de Paul pipeline projects that are not yet financed.

Note #5 – Unit number 1,020 excludes Clover Douglas (operating funding assumed)

Note #6 – Debt service is assumed to be 5% interest rate over a 35 year amortization period.

Appendices

APPENDIX A – DETAILS OF PROPOSED INITIATIVES

Pipeline Projects.

There are seven pipeline projects, of which five are funded:

- **Ellice Street** in Victoria will be a concrete building with 85-shelter beds and 23 units of transitional supportive housing. The Victoria Cool Aid Society will manage this project. Planned for completion in October 2010, the building has been designed to be convertible to supportive housing.
- **Humboldt Street** in the Fairfield neighbourhood of Victoria is a 44-unit supportive housing project designed to be completed in October 2010. It will be managed by Pacifica Housing.
- **Olympic Vista, Carey Road** in Saanich is a 36-unit supportive project to be completed December 2010. It is funded, but requires a rezoning. Management will be by the Victoria Cool Aid Society.
- **Clover Douglas** in Saanich is a 10-unit project that will be managed by Pacifica Housing.
- **Rockland/Tillicum** is a 35-unit project, currently in final negotiations on funding.
- **St Vincent de Paul** in Saanich is sponsored by the St Vincent de Paul Society. This 40-unit project combines housing for single moms and single people. The project is in the rezoning process, funded through CMHC. No commitment exists for capital funding.

- **Swift Street** in downtown Victoria involves the conversion of shelter beds in the Cool Aid building to 15 units of supportive units.

Rooming Houses.

Once a common form of housing, rooming houses have become almost extinct. A few remain in Victoria. Rooming houses are detached homes that are multiply-occupied. Typically, an individual will have a single room with some elemental cooking facility but with shared washrooms. Cool Aid purchased a rooming house in 2008 and successfully converted and managed it.

- *Procurement and Funding.* Purchase by non profit society, capital funding through a mortgage through BC Housing. Operating funding to be provided by BC Housing.

New Municipal Partnership Units.

This initiative seeks to use a combination of municipal initiative and community enterprise. Some municipalities have been very active in responding to the problems of affordability. Langford has pioneered affordable home ownership, and both Victoria and Saanich have leased land for social housing and accommodated it through re-zonings.

This initiative proposes that each of seven municipalities¹ could contribute housing that would accommodate up to 10 small apartments, likely through conversion. Municipalities often own individual houses or other properties that have been acquired for a variety of reasons. Seven projects of 10 units comprises 70 units.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

¹ Greater Victoria's most urbanized municipalities – Victoria, Esquimalt, Saanich, Oak Bay, View Royal, Colwood, Langford.

The municipalities (or neighbourhood associations) could sponsor a volunteer committee and partner with a non-profit society for renovation, approvals and operation.

- *Procurement and Funding.* Municipal initiative, community capital fund raising, lease to non-profit operation No debt service assumed, BC Housing operational subsidies.

Motel.

This initiative assumes the purchase and nominal upgrade of a motel. Motels are not an ideal long term housing form but are available to provide accommodation that is immediately available. Motels are generally accessible – on main roads and in the inner area of Greater Victoria. Motels can be resold or redeveloped. In the program one motel has been proposed.

- *Procurement and Funding.* Non profit society purchases and operates or BC Housing purchases and leases to non profit society Capital and operating funding from BC Housing.

Building leases.

This initiative utilizes private sector housing and is an alternative to rent supplements. It involves BC Housing, or a non-profit society with BC Housing’s backing, leasing a private rental building for a five-year period. A total of 140 units is proposed with 5 year leases. A call for proposals would be made to the private sector for buildings between 20 and 45 units in size over three years. Rental buildings in Victoria will generally be fully occupied at any one time but units turnover during the year. Industry experts believe that, while turnover varies considerably, on average, buildings turnover between 25 to 35% in year. Some buildings with high student populations have a 80% turnover. Landlords responding to proposals would need to demonstrate that their buildings

experience high turnover. The intent would be to obtain units through turnover not by eviction and would have one year to phase in new residents.

- *Procurement and Funding.* BC Housing issues proposal call. Pre-selects societies to operate through sub lease. Operating funding from BC Housing.

Rent Supplements.

Rent supplementing provides a financial subsidy via BC Housing for an individual unit that is usually located in a market rental building. The subsidy bridges the difference between the market rent and the shelter component of social assistance available to the individual (some rent supplement programs subsidize to 30% of income). This technique has been used in various jurisdictions to get homeless people into housing on an integrated basis.

Units with rent supplements are challenging to negotiate and obtain where the vacancy rate is tight and where there are multiple small building owners and few large owners of rental buildings. Rent supplements continue to provide a flexible and important form of housing and one that can be available in the short term. Rent supplements with building leases are 65% of the new units in the two years 2009 and 2010.

This initiative would require supports to both the landlord and tenant. A limitation of rent supplements is that they may expire at the end of the negotiated period.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

- *Procurement and funding.* BC Housing has funded rent supplements leaving local organizations to secure the units and agreements .

New building and renovations.

This initiative recognizes the need to add permanent affordable units to the housing stock. New units may come about from sites or building conversions that are owned by the public sector, non-profit societies, or faith-based groups. However, as referenced earlier, the supply of this source of housing is likely small. There is very little publicly owned land available in the region for new social housing.

The procurement technique proposed for new units in this plan proposes to obtain units primarily through competitive calls to the private sector to provide sites and design build the projects in accordance with prescribed sizes and specifications. This utilizes the private sector’s nimbleness and cost effectiveness in a competitive environment. It will also likely provide a significant range of site opportunities and enable housing to be developed across the region.

Criteria for project selection would include proponent experience/references, price, project size, location and zoning. Preference would be given to sites from 15-40 units in size, zoned sites and in locations accessible to transit and services. At this stage it has been assumed that these units will be for primarily for single people and some couples in an apartment form. Approximately 85% of the units are assumed to be studios in the size 360 sq ft and 15% apartments in the size 525 sq ft. The latter provides for some couples individuals with special needs and flexibility. Housing for homeless families would be primarily through the existing social housing stock.

Construction financing could be by the private sector retaining the land until completion, or through BC Housing using its competitive rates. There are various combinations that can be used. The completed housing would be owned and operated by a non profit society.

This method was effectively used during the start-up years of the Capital Region Housing Corporation – in the first three years, 14 of 15 projects (421 of 471 units) were developed using this technique.

The current market circumstances are ideal for this measure, there will likely be a range of sites available and both land and construction at prices that will be more attractive than for many years.

Developing new housing takes close to two years from start to finish depending on project size and if zoned. This includes time for the call, negotiations, working drawings and specifications, approvals and construction. To obtain housing in 2011 requires calls to be made in 2009.

A portion of these units might be procured through alternative means. This could be by conversion of existing buildings or on sites that come available from non profit societies, and faith-based groups.

- *Procurement and funding.* The organization calling the RFP’s will need to be resourced with good skills and experience to review select and negotiate projects. BC Housing could make these calls or other arrangements could be made. Land could be purchased by BC Housing and leased back to the society or purchased by the selected society with funding from BC Housing.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

Allocated social housing turnover.

Turnover is where a unit becomes available when its occupant moves out. In housing homeless people, this is a potential indicator of success, since a key objective is to provide a stable living environment that enables an individual to regain self-sufficiency, and, in some cases, move into market housing. However, in some cases a move-out may represent a failure to achieve a stable living situation. As the stock of housing units that is devoted to homeless individuals grows, the number of units that turn-over each year, will also grow. To recognize this “supply source”, a conservative turnover figure of 5% of the annual housing created in the previous year has been computed.

This category of housing may be expandable to housing already in the social housing portfolio and generate more units. By 2014, this plan assumes that 68 units in that year are available from turnover. Annual turnover is not shown as cumulative. The extent of potential housing from turnover needs further exploration. Turnover needs careful monitoring to record actual experience and the reason move-outs are occurring.

Shelter beds.

Shelter beds are very basic emergency accommodation. 141 beds are in existence in Victoria with a further number available through cold and wet weather protocols. With the closing of Cool Aid’s Store Street shelter, and the opening of Ellice Street the total number of shelter beds will be 146.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009

APPENDIX B – COMMENTARY ON NON-CONVENTIONAL HOUSING FORMS

The consultants were asked to provide a commentary on alternative, non-conventional ways to provide housing. Three forms are noted here.

Modular Homes.

The base cost of a modular home is relatively affordable. However, modular homes require services – pads, sewage, water and hydro. Installing these services is an added cost. Sites are not easy to find in convenient locations and, likely, would require rezoning. The number of units for each site would not be large, and issues of circulation and fire fighting will impact density. It is considered that the effort required relative to the cost and likely unit numbers achieved would be better spent invested in other solutions.

Purchasing Condominium Units.

The recession has generated a surplus of condominium units and the potential to purchase in existing buildings. While this is technically possible, the challenges to this initiative are the actual costs of condominiums, especially taking into account preferred unit size, ongoing strata fees, and the reaction of strata councils. Many existing condominiums in Greater Victoria, especially in older buildings, do not permit rentals.

Purchase of Apartment Buildings.

The purchase of existing buildings can play a strategic role in meeting the needs of homeless people. In Vancouver, the BC government has strategically purchased a number of Single Room Occupancy (SRO) hotels. This initiative has retained and upgraded this important affordable housing stock. In Greater Victoria there are fewer opportunities for this kind of purchase, although some motels have been purchased, as well as a few small apartment buildings. Recognizing scarce funding and the fact that apartment buildings are usually fully occupied this is not proposed as major part of this plan. Acquisitions have been limited to buildings that are rooming houses or that can be converted to this purpose and the numbers are small. Access to apartment units has been proposed through rent supplement and building leases.



Housing Procurement
Action Plan

For the Greater Victoria
Coalition to End
Homelessness

13 April 2009



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