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**REPORT TO THE PLANNING AND TRANSPORTATION COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 28, 2009**

SUBJECT **The Continuation of the Regional Housing Trust Fund (RHTF)**

ISSUE

To amend CRD Regional Housing Trust Fund Bylaws 3266 and 3294 scheduled to expire on March 31, 2010.

BACKGROUND

The launching of the RHTF began on March 23, 2005 with the adoption of CRD bylaws 3266 and 3294. This trust fund's operations were created for an initial five-year trial period with the expectation of reviewing the service prior to the expiry of the bylaws on March 31, 2010. The initiative to create a housing trust fund, to assist in the creation of affordable housing, grew from broad community support in conjunction with the development of the Regional Growth Strategy in 2003 and the eventual adoption of a Regional Housing Affordability Strategy (RHAS) in July 2007.

The creation and operation of the Regional Housing Trust Fund was considered a pivotal strategy of RHAS to carry out and launch its five strategies. A Business Case was developed and presented in December 2004 outlining the various considerations and benefits of a regional housing trust fund including the following:

- Leverage:** offer a source of equity that can be used to lever resources from other funders.
- Partnerships:** uses partnerships to marshal resources from a variety of agencies.
- Flexibility:** can be structured to meet the particular housing needs of the community.
- Targeting:** can be precisely targeted to meet those needs that are most pressing.
- Economic development:** create jobs, training opportunities, and increased tax revenues.
- Innovation:** flexibility allows for innovation in the development and operation of affordable housing.

An updated Business Case has been prepared and attached to this report. This 2009 business case looks at the original considerations, the changing housing environment from 2005 versus 2009, and the performance of the RHTF in relation to the original objectives and principles of the fund. The 2009 Business Case highlights the following:

- a present snapshot of the CRD housing environment
- the benefits of affordable housing and the RHTF
- performance details focusing on how the original objectives and principles were addressed
- a project sampling funding analysis of successful RHTF projects.

An overall synopsis and summary would indicate that the RHTF has met or exceeded all of the original objectives and principles as prescribed in the original bylaws and the original directions of the CRD Committees and Board.

Also attached to the business case is a progress report of all of the RHTF funded projects since July 2005.

On September 21 and 28, 2009 the Regional Housing Trust Fund Commission met and discussed the renewal of the RHTF bylaw. The Commission expressed strong support for the continuation of the Trust Fund and conveyed the importance of continued discussion with municipalities who had yet to join the RHTF in the hopes of having a completely regional service. The Commission supported the recommendation that the service continue as it has been, with agreed on participation by municipalities and a maximum annual pro-rated requisition of \$1 million.

ALTERNATIVES

1. That RHTF Bylaw 3266 be amended to delete the expiry of the Bylaw under Item 9 (Effective Dates) providing for continued participation by the current participants with a maximum annual prorated requisition of \$1 million and that Bylaw 3294 be amended to delete Item 1.1 (f) making reference to the five-year term.
2. That the RHTF Bylaw be proposed as a newly established regional service with all municipalities participating, with a maximum annual requisition of \$1 million.
3. That the RHTF Bylaw be proposed as a newly established regional service with all municipalities participating, with a maximum annual requisition of \$2 million.

PROGRAM ANALYSIS

Over the past four and half years \$3.4 million has been granted, generating 281 units in 17 new projects, and creating approximately \$51 million in new affordable housing assets. This allocation of funding has been leveraged on average at 15 to 1, which is far in excess of the initial anticipated 5 to 1 ratio.

The creation and operation of the RHTF has proved to be pivotal to move forward and take action on the five identified strategies of the Regional Housing Affordability Strategy. The member municipalities are all making significant progress significantly improved affordable housing policies, such as secondary suites. More recently the RHTF will be of great benefit to action the Greater Victoria Coalition to End Homelessness Procurement Action Plan.

Since the original launching of the RHTF six of the members have, or are in the process, of also created their own housing trust fund. This has allowed these members to operate and partner their funding in tandem with the RHTF to further ensure the financial viability of their own community housing proposals or enhance their own community initiative such as downtown revitalization.

FINANCIAL IMPLICATIONS

The following are the summarized financial implications of the above proposed alternatives;

1. With the addition of the Town of Sidney to the fund in late 2009 the requisition in 2010 would be \$859,173 or approximately \$6.50 per household per annum. Based on the past five years performance and leveraging of the Fund, this could translate into \$12.8 million of affordable housing when partnered with senior government, community and private sector.
2. Should all municipalities participate in the program effective 2010 an additional \$140,000 would be generated, bringing the total to \$1 million or approximately \$6.50 per household per annum. This funding could generate \$15 million of affordable housing when partnered with other funders.

3. The third alternative, with full participation of all municipalities would generate a total requisition of \$2 million or approximately \$13 per household per annum. This funding could generate \$30 million in affordable housing when partnered with other funders.

BYLAW IMPLICATIONS

The RHTF bylaws were created for an initial five-year trial period with the expectation to review the service prior to the expiry of the bylaws on March 31, 2010. The procedure for continuing with the service can be achieved by a 2/3 majority vote of the current participants to amend bylaws 3266 and 3294 by deleting the requirement for reestablishment of service.

As the current establishment bylaw provided for the review of the service and for its potential expiry after five years, staff recommend achieving unanimous consent by the participants to continue the service as outlined in Alternative 1. As all participants are represented on the RHTF Commission and the Commission has recommended that the service be continued staff are recommending that the bylaw be amended rather than be re established.

Alternatively, if a change is proposed to either increase or decrease the requisition limits or if any participants wish to opt out of the service, a new establishment bylaw would be required. The process to amend or re-establish the bylaw requires that the bylaw be reintroduced, given three readings, circulated to all participating municipalities for consent, submitted to the Ministry of Community and Rural Development for approval and considered for adoption by the Board.

SUMMARY

Affordable housing and homelessness continue to be ranked as one of the primary issues for constructive action by the CRD Community. The 2009-2011 CRD Strategic Plan identifies Affordable Housing as an area of primary focus for action.

In 2005 the RHTF was created with broad support throughout the Region. The participation under the program was voluntary. From an initial five municipal participants it has grown to 11 participants (2010), including Salt Spring Island Electoral Area. The original creation of the fund was premised on two major principles:

- The establishment of the RHTF was ranked as the highest priority action identified and recommended for the success of the Regional Housing Affordability Strategy.
- The availability of RHTF funds would enable the development of partnerships with senior governments, private industry and the community to foster action and develop additional affordable housing.

The Regional Housing Trust Fund Commission has endorsed the recommendation to renew the RHTF bylaw. As the Business Case Report (Attachment #1) and RHTF Progress Report (Attachment #2) indicate, the creation and operation of the region's Housing Trust Fund in the first five years has been a resounding success, meeting or exceeding all of the original objectives and principles.

RECOMMENDATION:

That the Planning and Transportation Committee recommends to the CRD Board:

1. That RHTF Bylaw 3266 be amended to delete the expiry of the Bylaw under Item 9 (Effective Dates) providing for continued participation by the current participants with a

maximum annual prorated requisition of \$1 million and that Bylaw 3294 be amended to delete Item 1.1 (f) making reference to the five-year term.

2. That Bylaw No.3652 “Capital Regional District Regional Housing Trust Fund Service Establishment Bylaw No. 1, 2005, Amendment Bylaw No. 6, 2009” be introduced and given first reading, second reading, and third reading.
3. That Bylaw No.3653 “Capital Regional District Regional Housing Trust Fund Commission and Administrative Bylaw No. 1, 2005, Amendment Bylaw No. 2, 2009” be introduced and given first reading, second reading, and third reading.

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