



The Corporation of the District of Saanich

Report

To: Mayor and Council

From: Lindsay Chase, Director of Planning

Date: January 14, 2025

Subject: Saanich Affordable Housing Reserve Fund Applications

File: 2140-50

RECOMMENDATIONS

1. That Council approve Capital Grants from the Saanich Affordable Housing Reserve Fund (SAHRF) for the projects and amounts recommended by staff in Schedule A (Attachment 1), and direct staff to enter into grant agreements as outlined in SAHRF policy (Attachment 2).
2. That Council approve Pre-Development Grants from the Saanich Affordable Housing Reserve Fund (SAHRF) for the projects and amounts recommended by staff in Schedule B (Attachment 1).
3. That Council direct staff to receive applications and approve Saanich Affordable Housing Reserve Fund (SAHRF) grants twice per calendar year, and at strategic intervals as required.

PURPOSE

The purpose of this Report is to provide Council with an evaluation of two Capital Grant applications and four Pre-Development Grant applications. The Report summarizes each project and provides a recommendation based on SAHRF policy and the applicant's eligibility against SAHRF criteria. Staff are recommending that Council approve a total of \$120,000 in Pre-Development grants to three non-profit housing providers and a total of \$593,000 dollars in Capital Grants to two non-profit housing providers.

BACKGROUND

The Saanich Affordable Housing Reserve Fund (SAHRF) provides financial assistance to support the development of affordable rental housing in the District of Saanich. The fund provides non-profit organizations with Pre-Development Grants to engage in pre-development activities related to non-market housing, and Capital Grants to improve the viability and affordability of new non-market housing supply. Council endorsed the policy for SAHRF on July 15th, 2024. The SAHRF Council Policy outlines eligibility, funding conditions, and other details (Attachment 2).

SAHRF is funded by Community Amenity Contributions (CACs), provincial Online Accommodation Platform Municipal and Regional District Tax (OAP MRDT) revenue, plus any interest accrued by the fund. There is currently approximately \$2.87 million in the SAHRF.

Suggested grant amounts are set out in Council policy. Applicants may apply for a maximum of \$40,000 for the Pre-Development Grant. For Capital Grants, amounts are per door and vary depending on unit type (1-bedroom, 2-bedroom, etc.). While the target amount per door is outlined in policy, it is not prescriptive, and the final amount distributed to any given project is left to Council's discretion.

DISCUSSION

Capital Grant Applications

The District of Saanich received two applications from the following non-profit organizations for Capital Grants. Both applications have active Development Permit applications, and have requested that the funds be released prior to construction (upon approval of Development Permit). As such, if the SAHRF grant applications are approved by Council, staff will take the following steps:

- As per SAHRF policy, applicants must own or hold a long-term lease on the land. Both applicants will be required to submit ownership or lease documentation prior to Grant funds being released.
- Applicants will be required to sign a Grant Agreement with the District of Saanich which allows 80% of the funds to be released prior to construction (upon approval of Development Permit), and 20% to be released following Occupancy permit and satisfaction of applicable conditions of the Grant Agreement. The Agreement includes stipulation for returning the funds if the project is not realized or is significantly altered.

Application information, including staff recommendations, are included in Schedule A (Attachment 1) of this Report.

1. The **Aboriginal Land Trust Society** has submitted a Capital Grant application for the proposed development located at 81, 83, 85, 89 and 95 Cadillac Avenue and 3691 Wascana Street. The Development Permit application for this project was received by planning staff on November 25th, 2024, and is being processed under the District's Rapid Deployment policies and regulations.

The project takes the form of a single six-storey residential building serving Indigenous populations. The proposal is comprised of 104 units of affordable housing ranging from 1-bedroom to 3-bedroom units. The project is funded through BC Housing's Indigenous Housing Fund and as such, rental tenure and affordability will be secured through a long-term agreement with BC Housing. This project represents a highly desirable form of development and contributes to several of the District's long-term community-building objectives as outlined in the Official Community Plan (OCP).

The applicant has requested an amount of \$304,500 from SAHRF, reflecting the policy's target amount for this unit count and mix. The applicant has set an estimated project completion date of August 2027.

Staff recommend the full amount of the grant request be approved.

2. **Capital Regional Housing Corporation** has submitted a Capital Grant application for the proposed developed located at 3950 Cedar Hill Road. The Development Permit application for this project was first received by planning staff on September 20th, 2024, and a resubmission was received on December 2nd, 2024. The project is being processed under the District of Saanich's Rapid Deployment policies and regulations.

The proposed project is a mixed-use affordable housing project, replacing the existing Greater Victoria Public Library "Nellie McClung" branch. The library is set to be relocated into the first and second storeys of the new building, with two towers (10- and 18-storeys) providing 210 units of non-market rental tenure housing offering various depths of housing affordability. The project includes a mix of unit types from studios up to 3-bedrooms.

This project represents a partnership between CRHC and the District, with considerable District of Saanich support. The land remains District-owned, and a Letter of Intent between the two parties outlines a future long-term lease for the residential portion of the project. The District of Saanich successfully led a rezoning process for the site, appearing before Council in May 2024. In addition, a Master Development Agreement is currently being prepared involving the District of Saanich, BC Housing and CRHC to further assure long-term housing affordability.

The application meets the eligibility criteria under SAHRF policy. It should be noted, however, that grant amounts for Capital Grants are ultimately left to council discretion on a case-by-case basis contingent on the health of the fund and other factors.

The amount of \$577,000 requested for this project represents a significant contribution from SAHRF that would draw down approximately one-fifth of the current balance. While staff recommend that a Capital Grant be disbursed to the applicant, staff also appreciate that the District's ongoing involvement with this project represents a unique contribution that furthers its commitment to housing affordability. This separate contribution, in addition to a general consideration for the fund's health, may justify a reduction in the Capital Grant amount from what has been requested. Maintaining the health of the fund should be considered a priority to ensure a sustainable and accessible grant program for future non-market housing developers to rely upon.

Staff recommend approving the grant for a reduced amount of \$288,500, representing 50% of the Capital Grant target amount as identified in Council Policy.

Pre-Development Grant Applications

The District of Saanich received four applications from the following non-profit organizations in accordance with SAHRF policy for Pre-Development Grants.

Applicants for the Pre-Development Grant are required to identify the scope of eligible pre-development activities. These activities include but are not limited to surveying and geotechnical work, feasibility studies, schematic design work, and other preliminary planning and engineering activities. Grant monies are disbursed upon receipt of invoices related to these activities submitted by successful grant applicants. Pre-Development Grants are limited to a maximum of \$40,000 for eligible activities. All applicants have requested the full amount.

Application information, including staff recommendations, are included in Schedule B (Attachment 2) of this report.

1. **Mount Doug Seniors Housing Society** has submitted a Pre-Development Grant application for the site at 1552 Arrow Road. The site currently contains 164 units of non-market seniors housing across two buildings, both owned and operated by the Society. With one building recently opened in 2019, the Society is now considering replacing the older structure (80 units) with a 6-storey apartment building containing 166 units of seniors housing for a net increase of 86 non-market housing units on the site.

The application meets the eligibility criteria under SAHRF policy. Staff recommend the grant request be approved.

2. **Society of Saint Vincent de Paul Vancouver Island** has submitted a Pre-Development Grant application for the property at 4349, 4351, 4353 and 4383 West Saanich Road. The site is made up of four adjacent parcels that the Society currently operates. The Society is seeking to explore a master concept plan for all four parcels, which, led by the Society's strategic priorities, would include redevelopment for the purposes of increasing non-market housing units. The 4349 West Saanich Road parcel in particular serves as a high-potential location for new non-market housing. The Society currently operates four housing projects across Victoria, including 85 units at this location.

The application meets the eligibility criteria under SAHRF policy. Staff recommend the grant request be approved.

3. **The Anglican Synod of the Diocese of British Columbia** has submitted a Pre-Development Grant application for the site at 3937-3939 St. Peters Road. The applicant has signed a Letter of Intent with Dawson Heights Housing Society to deliver 66 new affordable rental units for seniors and families in addition to assembly uses. The society currently owns seven properties with over 300 housing units across the CRD and CVRD and operates these units in partnership with local housing operators.

The application meets the eligibility criteria under SAHRF policy. Staff recommend the grant request be approved.

4. **Capital Region Housing Corporation** has submitted a Pre-Development Grant application for the site at 3950 Cedar Hill Road. The site is registered to the District of Saanich and the Development Permit application is currently under review. The submitted Development Permit application proposes to demolish the existing Greater Victoria Public Library branch and construct a new library branch with 210 units of affordable housing above grade across two towers with a maximum height of 18-storeys. CRHC is a subsidiary of the CRD, and own and operate more than 2,000 affordable rental units across the Region.

The project has completed a Council-approved rezoning process and is currently in the Development Permit application stage. In essence, the applicant is requesting its application be considered retrospectively, and if approved, that the grant "back pay" for completed activities.

While SAHRF Council Policy does not discuss the eligibility of already completed activities, staff recommend that the grant is not approved for this project. This recommendation rests on staff's understanding of the grant's intent; that is, to incentivize non-market housing providers to engage in pre-development activity. Staff support for a grant application is therefore reduced when the activities the grant aims to incentivize have already been completed by the applicant. As such, staff consider that for a Pre-Development Grant application to be supportable, eligible activities must not only be limited to the pre-development phase (i.e. prior to the submission of a Development Permit application) but must also remain incomplete at the time the grant application is submitted.

Frequency of Council Reports for SAHRF Grant Approval

The SAHRF Council Policy does not direct staff as to the frequency that grant applications are received. Establishing a schedule for grant approvals helps to increase certainty for grant applicants who may be timing development activity on the release of grant funding. It also provides greater consistency for both Council and District of Saanich staff. Based on current activity levels of non-market housing inquiries, and with consideration to staff resources, staff suggest SAHRF grant applications are brought as a package to Council twice per calendar year. In addition, applications may be brought to Council beyond this schedule, as needed at strategic intervals.

ALTERNATIVES

1. That Council approve the staff recommendation.
2. That Council approve the disbursement of the full amount of SAHRF funds as requested by the supported applicants.

If Council chooses this alternative, the full amount to be approved would increase from \$713,000 to \$1,001,500. The current fund balance is approximately \$2,866,000. Staff are aware of several non-market projects which may be approaching their planning approvals phase and will likely apply for the SAHRF Capital Grant over the next one to two years. Granting the full amount under this alternative may impact the ability of SAHRF to disburse funds to these future applicants.

3. That Council provide alternative direction.

FINANCIAL IMPLICATIONS

The proposal has no immediate implications related to the District of Saanich 2024 – 2028 Financial Plan.

STRATEGIC PLAN IMPLICATIONS

The decision resulting from this Report supports the District of Saanich 2023 – 2027 Strategic Plan objectives including:

2.3: *We invest in people and neighbourhoods to foster community health and a sense of belonging.*

3.1: *We use mechanisms available to increase and improve the supply of diverse and affordable housing that meets the needs of our residents now and in the future.*

CONCLUSION

Two applications for the Saanich Affordable Housing Reserve Fund (SAHRF) Capital Grant and four applications for the SAHRF Pre-Development Grant were received and reviewed by staff. Applicant eligibility is measured against SAHRF Council Policy (Attachment 2). Staff are recommending that Council approve a total of \$120,000 in Pre-Development grants to three non-profit housing providers and a total of \$593,000 dollars in Capital Grants to two non-profit housing providers.

Capital Grant amounts listed in SAHRF policy are considered targets and the amount granted ought to be considered on a case-by-case basis, based on the health of the Fund. Staff recommend Council approve the disbursement of SAHRF funds for the projects and amounts described in Schedules A and B (Attachment 1), including a reduction to one Capital Grant from the requested amount.

In addition, staff recommend that going forward, SAHRF grant applications are brought to Council at a frequency of twice per calendar year, and as needed beyond this schedule.

Prepared by: Thomas Kempster, Planner

Reviewed by: Carley Friesen, Acting Manager, Housing Planning and Policy

Approved by: Lindsay Chase, Director of Planning

TK/kb

Attachments:

- Attachment 1: Schedule A: Capital Grant Applications, January 2025, Schedule B: Pre-Development Grant Applications, January 2025
- Attachment 2: Saanich Affordable Housing Reserve Fund Policy

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation from the Director of Planning.

Brent Reems, Chief Administrative Officer