

# *Regional Housing First Program*

## **PROGRAM FRAMEWORK**

October 2016

## INTRODUCTION

In May 2016, the Capital Regional District (CRD)/Capital Regional Hospital District (CRHD), the Vancouver Island Health Authority (Island Health), BC Housing, and the Provincial Rental Housing Corporation (PRHC) entered a Partnering Agreement to facilitate the creation of sustainable affordable rental housing in the capital region, with an emphasis on the needs of individuals experiencing homelessness. BC Housing has made available \$30 million from the Provincial Investment in Affordable Housing (PIAH) program, matched by \$30 million made available by the CRD/CRHD and all three partnering organizations have agreed, through this combined investment, to create the Regional Housing First Program (RHFP). The total \$60 million in capital funding will be approved through the Regional Housing First Program.

Through RHFP, BC Housing and CRD will invest \$60M to develop and acquire new affordable housing units to be owned by CRD or PRHC and operated by successful project proponents or non-profit partners. In addition, CRD and BC Housing will seek partnership opportunities to further increase the supply of affordable rental housing within the capital region. This will be achieved by leveraging contributions from others along with the Province's capacity to provide construction and mortgage financing at reduced rates.<sup>1</sup>

Projects developed through RHFP must be able to operate without any ongoing operating subsidies from the CRD or BC Housing. Projects will typically apply a mixed-income approach and be situated toward the independent range of housing options, with a portion of units in each project targeted to individuals experiencing homelessness. Priority will be given to projects that include a portion of units that rent at provincial Income Assistance Rates. While support services are not included in these projects, proponents must demonstrate the interest and capacity to accommodate some individuals who require supports that are provided or funded by third parties, such as Island Health or other community partners.

## PRINCIPLES

The following principles guide how BC Housing and the CRD implement and administer the program and their relationship with partners and government.

- 1. Affordable housing is established in the capital region, including units targeted for individuals experiencing homelessness who may or may not require supports.**
- 2. Sustainability**
  - a) Developments will be financially sustainable without additional financial assistance from BC Housing or CRD.
  - b) BC Housing and CRD consider environmentally sustainable practices a priority and encourages commitments to this end.
- 3. Consistency with regional and community priorities and plans**
  - a) Community and local/regional government support for the project should be evident.
  - b) Projects should be consistent with any Official Community Plans and strategies.
- 4. Project partners are expected to maximize their equity contribution to projects**

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<sup>1</sup> BC Housing's capability to provide financing to facilitate the development of affordable rental housing for eligible households is enacted through provincial regulation. See: *Ministry of Lands, Parks and Housing Act*, R.S.B.C. 1979, [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/11\\_490\\_79](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/11_490_79): BC Housing Management Commission Regulation

## 5. Transparent and accountable operations

- a) BC Housing and CRD will employ fair and consistent processes when evaluating and selecting projects.
- b) Project partners will maintain reliable and consistent records and fulfill reporting obligations to CRD and BC Housing.

## PROGRAM PURPOSE

**Goal:** To create a range of affordable and appropriate housing options that address the needs of people experiencing homelessness, as well as create affordable and appropriate housing options for low to moderate income households in the capital region.

**Objective:** Increase the supply and broaden the range of affordable rental housing in the capital region.

### Outputs:

1. Equity contributions from BC Housing and CRD for the development and acquisition of PRHC owned or CRD owned units.
2. Interim construction and take-out financing for eligible non-profit partnership projects.
3. Operator/Operating Agreements established with the proponent or non-profit partner managing approved housing projects.
4. New affordable rental units created in the capital region.

### Outcomes:

1. More low and moderate income households living in affordable, appropriate housing, including individuals who were previously experiencing homelessness.
2. Affordable housing is operated successfully over the expected life of the developments without operating subsidies or supplemental funding from CRD or BC Housing.

### Indicators:

1. Number of new units created or leveraged for eligible households.
2. Number of Operator/Operating Agreements established with non-profit housing partners.

## FUNDING

### Equity Contributions

BC Housing and CRD administer equity contributions through the purchase of affordable rental housing units to be owned by PRHC or CRD<sup>2</sup>. These units are then operated by the proponent or their non-profit partners. PRHC or CRD owned units may comprise 100% of the project, or be located within a larger project that includes units owned by partners (i.e. strata units).

### Project Partner Contributions

Partnerships are encouraged to leverage additional units and further increase the affordability of

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<sup>2</sup> PRHC or CRD ownership interest is required for RHFP funds, such as fee simple, a registered long-term leasehold interest in the land and building or other forms of ownership acceptable to BC Housing and CRD. Depending on the project, BC Housing or CRD may elect to directly manage these units.

housing units. Partner contributions may include capital funding, land or other equity contributions. Partners may be non-profit housing providers, government agencies, the private sector or other community organizations.

### **Financing<sup>3</sup>**

BC Housing may provide interim construction financing for the development of affordable housing, including new construction or acquisition and renovation of existing buildings to preserve affordability. Interim financing may be approved up to 100% of the cost to complete the affordable housing project.

BC Housing may also help eligible non-profit housing partners obtain take-out financing for non-profit-owned units. BC Housing will make arrangements with NHA approved lenders to obtain low interest rates and favourable terms through a competitive tender and selection process conducted and approved by BC Housing. All approved BC Housing take-out loans will have Canada Mortgage and Housing Corporation (CMHC) loan insurance.

Depending on the type of project, BC Housing will typically require the following security registered on title where take-out financing is provided:

- Execution and registration of BC Housing's standard mortgage security package, and
- A Section 219 restrictive covenant.

Security considerations will vary from project to project. However, the project partner must have a mortgageable interest in the property.

## **PROJECT ELIGIBILITY**

BC Housing, Island Health, and CRD will consider proposals for funding through an open proposal call for submissions. The evaluation of submissions will be based on proponent and project eligibility, need and demand, lending criteria and available financing.

The following minimum eligibility requirements must be met<sup>4</sup>:

1. The site must be located in the capital region and be suitable for affordable housing.
2. Housing must be for Low and Moderate income households and may include a portion of Income Assistance Rate Units for individuals experiencing homelessness.
3. The project partner must present a clear business case for the project, including a demonstrated ability to maintain the proposed rents over time without any operating subsidies or grants for capital repairs/replacements from either CRD or BC Housing.
4. The non-profit project partner must own and control a mortgageable interest in the property if take-out financing is required.
5. The project partner will demonstrate present and future need and demand for affordable rental housing in the target community. Project partners should refer to the Need and Demand Study Document template for the recommended approach for all units within the project (see <https://www.bchousing.org/partner-services/non-profit-training-resources/resources-a-z>).
6. The project partner is encouraged to bring equity to the development in the form of cash, grants, municipal reductions, subordinated debt, or unencumbered land.
7. Non-profit project partners must:

<sup>3</sup> Financing is subject to BC Housing's Lending Criteria.

<sup>4</sup> BC Housing and CRD may require additional guarantees or security in certain cases as they deem appropriate.

- a) Be incorporated under the laws of British Columbia or Canada.<sup>5</sup>
- b) Ensure their constitution and bylaws meet BC Housing requirements.
- c) Demonstrate the capacity to manage project construction and operate the affordable housing development as intended.

While all project partners must meet the minimum eligibility requirements, priority will be given to projects that include a portion of units that rent at Income Assistance rates. The CRD or BC Housing may also prioritize projects based on available equity contributions, financing and other determining factors as indicated below:

- Greater need and demand/community impact
- Greater affordability
- Larger equity contribution
- Geographic location

## KEY PROGRAM ELEMENTS

The RHFP model is based on a mixed-income approach. Projects will typically include a combination of *Affordable Rental Units* and *Income Assistance Rate Units*.

### Income Assistance Rate Units

Income Assistance Rate units are rented at rates equal to the maximum shelter component of Income Assistance. To be eligible, individuals must be identified as requiring housing through a BC Housing and CRD approved housing application system that assesses the needs of people experiencing homelessness in the region.

### Affordable Rental Units

The rent structure for Affordable Rental units will vary depending on the characteristics of the particular project, the tenant population served, and whether or not funding from other sources is layered into the project. Rents may be structured as affordable market rents, fixed rents, and may include some rent-gear-to income units where feasible.

Rents must not exceed the Affordable Market Rent, set at the average market rent based on CMHC's rental market or housing report, or an alternative based on local community conditions, as agreed by BC Housing.

Low and moderate income households are eligible for Affordable Rental Units. The income threshold used to define low and moderate income households depends on the number of bedrooms in the unit.

- **Units with two or more bedrooms:** Low and moderate income households are those whose gross household income does not exceed the median income for families with children, as determined by BC Housing from time to time.<sup>6</sup>
- **Units with less than two bedrooms:** Low and moderate income households are those whose gross household income does not exceed the median income for families without children, as determined by BC Housing from time to time.<sup>7</sup>

<sup>5</sup> Ministry of Lands, Parks and Housing Act, R.S.B.C. 1979:

[http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/11\\_490\\_79](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/11_490_79): BC Housing Management Commission Regulation.

<sup>6</sup> BC Housing determines this figure using data released by Statistics Canada - Income Statistics Division: *T1 Family File - Median Income for British Columbian Couple Families (With Children)*. For 2016, this figure is \$67,540.

<sup>7</sup> BC Housing determines this figure using data released by Statistics Canada - Income Statistics Division: *T1 Family File - Median Income*

For projects involving a mix of unit sizes, the corresponding income threshold will be applied to each unit.

## Agreements

Housing providers must enter into an applicable agreement with CRD and/or BC Housing for the operation of the development<sup>8</sup>:

1. For PRHC or CRD owned units, the housing provider will enter in to an operator agreement with the owner to operate the units.
2. For non-profit owned units, the housing provider will enter in to an operating agreement with BC Housing to provide affordable housing for low and moderate income households.

## Design Guidelines

Projects are encouraged to meet or exceed the BC Housing Design and Construction Guidelines (<http://www.bchousing.org/publications/BCH-Design-Guidelines-Construction-Standards.pdf>). CRD and provincially funded units must meet high standards of environmental sustainability, including low GHG emissions. Certifications may include LEED, R2000, Passive House, or other equivalent.

## ROLES AND RESPONSIBILITIES

### BC Housing / CRD

- Evaluating project proposals.
- Providing equity contributions or facilitating financing.
- Providing technical assistance and advice.
- Monitoring and evaluating the success of the program.

### Project Partners

- Coordinating the design and construction of developments.
- Day to day operations and management of the housing, including the provision of property management services.
- Identification and selection of tenants, including verification of their income.
- Periodic reporting to CRD and/or BC Housing as specified in the operating agreement.
- Ensuring the financial viability and long term operating success of the housing.

## MONITORING AND REPORTING

Monitoring ensures program compliance and minimizes risk to all stakeholders: residents, project partners and BC Housing.

BC Housing's and CRD's main interests are:

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*for British Columbian Couple Families (Without Children).* For 2016, this figure is \$96,170.

<sup>8</sup> Where no housing provider is initially identified, CRD or BC Housing may, at their discretion, either select a housing provider or elect to directly manage the project's operations.

- Targeted households are being housed.
- Affordable rents are maintained.
- Construction standards and value for money are met.
- Developments are financially viable with no operating subsidies from BC Housing.
- Buildings are maintained to an appropriate standard for their expected lifespan.
- Project partners meet contractual obligations.

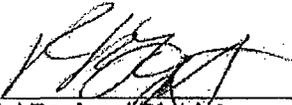
From time to time, the project partner is required to submit a report, using a template provided by BC Housing and/or CRD, addressing these key requirements:

- Current financial statements.
- Current rent levels.
- Household incomes at move-in.

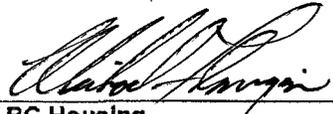
An on-site visit by BC Housing and/or CRD staff may occur from time to time, dependent on any issues arising and/or where financial and operating risks are considered to be greater.

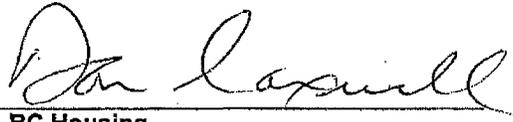
## SIGN-OFF

The RHFP Program Framework requires final sign-off by the CRD Chief Administrative Officer and Manager of Bylaw and Contract Administration and BC Housing Vice-Presidents of Development and Asset Strategies and Corporate Services.

  
 Capital Regional District  
 Chief Administrative Officer  
 Robert Lapham

  
 Capital Regional District  
 Manager, Bylaw and Contract  
 Services KRISTEN MORLEY

  
 BC Housing  
 Vice President Development and  
 Asset Strategies

  
 BC Housing  
 Vice President, Corporate Services