

HOUSING INCENTIVE PROGRAM UPDATE, MARCH 31 2017

Introduction:

The Housing Incentive Program launched at the end of Q2 2016 (June 20th), following Council's approval of \$6.9 million in funding from the Community Economic Resiliency Fund. The program covers affordable housing related pre-development costs and rebate City fees incurred between January 2016 and December 2017. This is a mid-point update.

Benefits:

The Housing Incentive Program offers the following benefits:

- Supports a broad range of affordable housing projects that play an important role in the housing spectrum including housing for women fleeing domestic violence, seniors housing, assisted living and affordable homeownership,
- Provides early stage support for affordable housing pre-development (feasibility) work through a grant of up to \$50,000, at a stage when it is generally harder for organizations to gain access to funds,
- Provides a significant dollar contribution through City fee rebates (typically ranging from \$200,000-400,000), at a level which makes a difference to non-profit affordable housing providers,
- Is delivered with a flexible approach to accommodate a wide range of different housing projects that meet the aims of the program,
- Is delivered in coordination with CMHC's Seed Funding and The City's planning approvals in order to improve the overall application process for non-profit providers.

Current Status:

As of end of Q1 2017, the program approved 17 applications for 14 different affordable housing projects across eight organizations. This includes five pre-development grant applications and 12 city fee rebate applications. To date, 21% (or \$1,434,000) of the budget has been spent and an additional 11% (or \$803,000) has been committed, or set aside, for approved applications (see Table 1). The 32% commitment of \$2,237,000 supports a total of 1,033 units of affordable housing, at an average cost of \$2,166/unit.

The program has received a positive reception, with many applicants appreciating The City's flexible approach to support projects that meet the aims of the program, e.g. the accommodation of assisted living and mixed use projects.

Forecast Application & Expenditures:

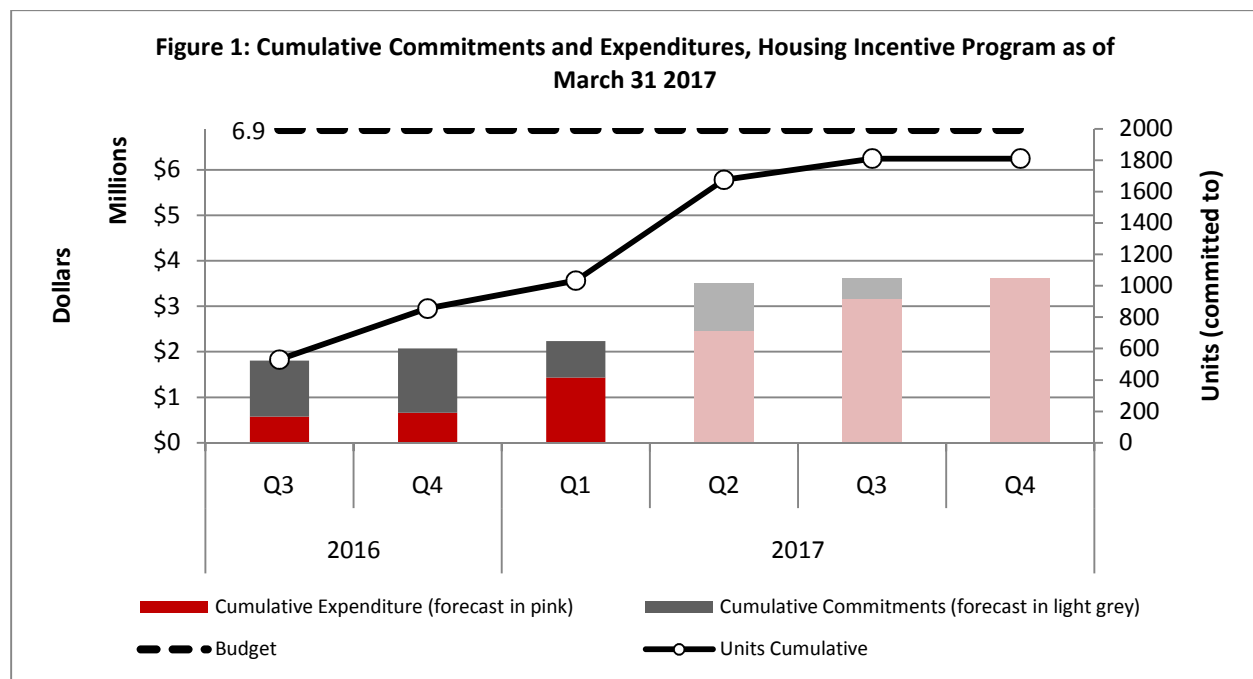
Based on The City's current knowledge of the community pipeline, an additional 14 applications are expected between Q2-Q4 2017. It is forecast that 52% of the budget will be committed and spent by the end of Q4 2017, the current program end date (see Table 1 and Figure 1). This corresponds to a total of

approximately 1,800 units supported by this program. Note that all forecast dollar amounts are rounded to the nearest thousand and unit amounts and rounded to the nearest hundred.

Table 1: HIP Commitments and Expenditures

	Currently Spent	Additional Committed	Total Committed (including spent)	Forecast Committed & Spent by Q4 2017
Dollars	\$1,434,947.11	\$803,220.30	\$2,237,167.41	\$3,606,000
% Budget	21%	11%	32%	52%
Units*	491	542	1,033	1,800

*Note that units are counted on the date when the application is first approved and funds are set aside. If there is a second application for the same project then the units are not counted again. All forecast amounts are rounded to the nearest thousand (for dollars) and hundred (for units).



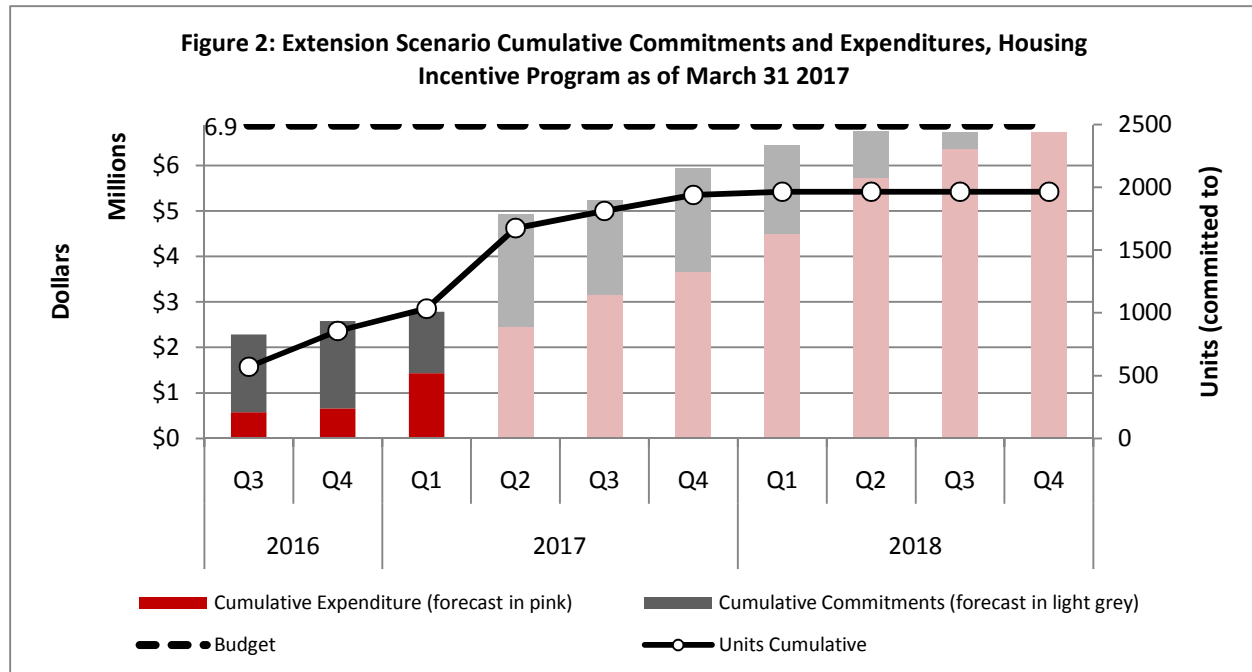
Program Extension:

To maximize the use of existing Council approved funds, Administration recommends the extension of the Housing Incentive Program to the end of 2019 (rather than 2017). With the extension of the terms of this funding, it is expected that an additional 200 units will be supported through approximately 16 additional applications. This would result in a total of 47 applications by the end of Q4 2019. It is forecast that 98% (or \$6,735,000) of the budget will be committed and spent by the end of Q4 2019. This corresponds to a total of 2,000 units supported through this program (see Table 2 and Figure 2).

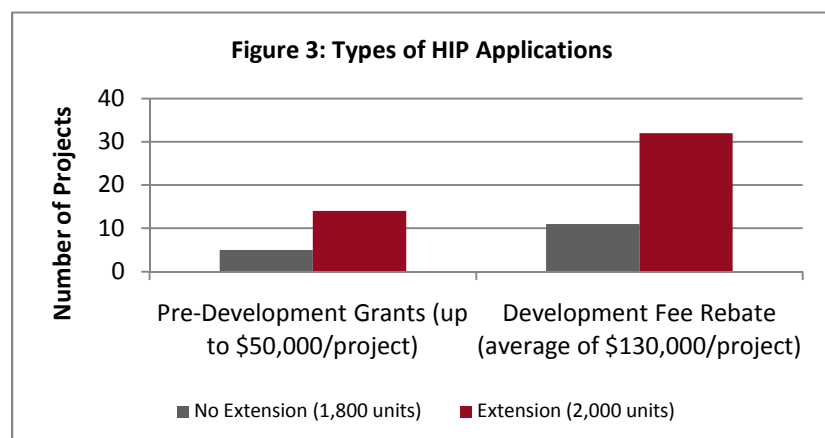
Table 2: Program Extension HIP Commitments & Expenditures

	Current Total Commitment (including spent)	Forecast Committed & Spent by Q4 2017 No Extension	Forecast Committed & Spent by Q4 2017 Extension Scenario
Dollars	\$2,237,169.41	\$3,606,000	\$6,735,000
% Budget	32%	52%	98%
Units*	1,033	1,800	2,000

*Note that units are counted when the application is first approved and funds are set aside. If there is a second application for the same project then the units are not counted again. All forecast amounts are rounded to the nearest thousand (for dollars) and hundred (for units).



While the proposed program extension will support an additional 200 units, it is important to note that the extension will also result in a more substantial contribution to many of the units supported in 2017, based on the structure of the program. Specifically, the extension will primarily increase the number of projects receiving the City development fee rebate (an average of \$130,000 per project) rather than the pre-development grant (of up to \$50,000) (see Figure 3). This will result in a significantly larger contribution of an average of \$205,000 per project vs. \$150,000 per project.



Conclusion:

The Housing Incentive Program has already supported 491 units through \$1,434,000 (or 21% of the budget). It is projected to support a total of 1,800 units through \$3,606,000 (52% of the budget) by the end of 2017. However, with an extension to the end of 2019, it is forecast that the program could support a total of 2,000 units with a higher level of support per project (\$205,000 vs. \$150,000). No additional budget would be required. Therefore, Administration recommends that the program be extended until the end of 2019.