

DATE OF MEETING March 18, 2024

AUTHORED BY LISA BRINKMAN, MANAGER, COMMUNITY PLANNING
WENDY FULLA, DIRECTOR, FINANCE

SUBJECT HOUSING LEGACY RESERVE FUND REVIEW

OVERVIEW

Purpose of Report

The purpose of this report is to present a proposed amendment to the “Housing Legacy Reserve Fund Establishing Bylaw 2019 No. 7299” to clarify the purpose for which the fund may be used.

Recommendation

That:

1. “Housing Legacy Reserve Fund Establishing Bylaw Amendment Bylaw 2024 No. 7299.01” (to clarify the purpose for which the fund was established) pass first reading;
2. “Housing Legacy Reserve Fund Establishing Bylaw Amendment Bylaw 2024 No. 7299.01” pass second reading;
3. “Housing Legacy Reserve Fund Establishing Bylaw Amendment Bylaw 2024 No. 7299.01” pass third reading; and,
4. That Council rescind the January 2011 Policy (COU-187) “Housing Legacy Reserve – Funding Allocation Criteria”.

BACKGROUND

City Plan policy directs that the Housing Legacy Reserve (HLR) Fund be reviewed on a regular basis, and states that the City of Nanaimo: “Maintain a Housing Legacy Reserve Fund for cash-in lieu contributions negotiated with developers through rezoning and make funds available for affordable and supportive housing across all areas of the city (C3.2.11)”. The Integrated Action Plan directs that the HLR Bylaw be reviewed and updated with clear articulation of criteria for use of funds (C3.2.17).

The HLR was created in 2005 by a transfer from the Casino Reserve to support affordable housing initiatives in Nanaimo. Since 2005, the contributions to the HLR have been primarily from monetary community amenity contributions (CACs) negotiated at the time of a rezoning application, and annual allocations from property taxation (see Attachment A). As well, the Online Accommodation Platform (OAP) portion of the Municipal and Regional District Tax (MRDT) is being allocated to the HLR, however, a separate report will bring forward a bylaw to establish a separate statutory reserve for this funding as allocation of the OAP funding is governed by the City’s approved tactical plan.

Between 2005 and 2019, the HLR was an operating reserve. In November 2019, taking effect 2020-JAN-01, the City adopted “Housing Legacy Reserve Fund Establishing Bylaw 2019 No. 7299” (Attachment B) establishing a statutory reserve fund. As of 2023-DEC-31, the HLR Fund had a balance of \$4,178,221.57 consisting of \$3,326,732.08 in general funding and \$851,489.49 of OAP funding from the MRDT.

In addition, Council has a Housing Legacy Reserve – Funding Allocation Criteria Policy – COU-187, effective January 2011 that has provided guidance for how the funds may be used (Attachment C). As a housekeeping item, and to improve transparency, it is recommended that Council rescind policy COU-187, and amend the “Housing Legacy Reserve Fund Establishing Bylaw 2019 No. 7299” with updated criteria to guide the use of the funds.

As part of the suite of changes proposed by the Province in their ‘Homes for People Action Plan’, including Bill 44, 46, and 47, Staff anticipate fewer rezoning applications and less opportunity to negotiate for monetary amenity contributions. Also, Bill 46 introduces an opportunity for the City to create an Amenity Cost Charge Bylaw which will allow the City to collect funds for specified amenities at the time of building permit or subdivision application, similar to a development cost charge. The project to create an Amenity Cost Charge Bylaw will trigger the need to review the City’s Community Amenity Contribution (CAC) Policy, which is one of the primary sources of funding to the HLR fund. For this reason, Staff are recommending more of a housekeeping review of the HLR Fund Bylaw at this time, rather than a full review. Once we understand more about the implications for the new provincial housing bills to the HLR fund, a full review could be completed.]

DISCUSSION

Section 188 of the *Community Charter* states that: “A council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.” The money in a reserve fund, and interest earned on it, must be used only for the purpose for which the fund was established. As a housekeeping item, and to improve transparency, Staff are proposing that the “Housing Legacy Reserve Fund Establishing Bylaw 2019 No. 7299” be amended to more accurately reflect how HLR funds have historically been used.

The following outlines more specifically how HLR funds have been allocated since 2005:

- HLR funds have been used for the purchase of land and building improvement costs related to supportive housing, emergency shelters, and below market housing. The HLR fund was used to assist with renovation costs for an emergency shelter at 870 Victoria Road, and to assist with fire suppression renovations for non-market rental units at 126 Haliburton Street.
- HLR funds have been used for development cost charge (DCCs) and servicing reductions for roads, drainage, sanitary sewer, water, and parkland improvements directly related to the development of new supportive housing and below market housing developments. These developments are typically partnerships between the province and a non-profit organization, and are often related to proposed developments in a memorandum of understanding (MOU) between the City and BC Housing. For example, HLR funds have been used to cover a portion of DCCs for non-market rental units or supportive housing units at 2104 Bowen Road, 477 Tenth Street, 1406 Bowen Road,

437 Wesley Street, 1597 Boundary Crescent, 6025 Uplands Drive, and 2360 Extension Road.

- HLR funds have been directed to support the rent bank program. A rent bank is a short-term or temporary homelessness prevention tool that helps to provide housing stability for low to moderate income renters who are unable to pay their rent or utilities due to life circumstances. The City partners with a local non-profit to deliver this program.
- HLR funds have been used to support the rent supplement program. Rent supplements are government-funded payments that bridge the gap between what an individual or family can afford to pay, and what the actual cost of housing is. They are geared at reducing the cost to the rate of affordability wherever possible. The City partners with a local non-profit to deliver this program.
- HLR funds have been used for the provision of humanitarian basic needs services to the City's unsheltered population, including a shower program, outreach services, emergency shelters, and warming centre spaces and related operations.
- HLR funds have been used for the development of strategies, plans, and solutions to address, and create more affordable housing in the city (i.e. Affordable Housing Strategy – 2018).

Currently Section 3 of the HLR Fund Establishing Bylaw states that: "The accumulated funds in the Housing Legacy Reserve Fund will be used to support affordable housing in the community including but not limited to property acquisition and capital investment." As shown above, prior to the creation of the statutory reserve, the HLR funds were allocated to a more diverse spectrum of uses. Staff have considered the past, and future use of HLR funds, and are recommending that Section 3 of the "Housing Legacy Reserve Fund Establishing Bylaw 2019 No. 7299" be replaced to state:

3. The accumulated funds in the Housing Legacy Reserve Fund will be used for:
 - a) The purchase, and acquisition, of land and buildings, as well as land and building improvement costs, related to supportive housing, emergency shelters, and below market housing (including costs related to project planning, legal, land surveying, subdivision, site investigation, development approvals, and engineering design);
 - b) Development cost charges, as well as works and servicing reductions (i.e. for roads, drainage, sanitary sewer, water, and parkland improvements) directly related to supportive housing, emergency shelters, and below market housing developments;
 - c) Rent Bank programs;
 - d) Rent supplement programs;
 - e) The provision of humanitarian basic needs services to the City's unsheltered population; and
 - f) The development of strategies, plans, and solutions to address and create more affordable housing in the City of Nanaimo.

These proposed amendments to Bylaw 7299 better reflect how HLR funds have historically been used, and clearly establishes updated criteria for future uses of HLR funds. A full review of the HLR fund bylaw can be completed once the implications of the new provincial housing

legislation changes are better understood in relation to the impact to monetary amenity contributions to the HLR. |

OPTIONS

1. That:
 - a) “Housing Legacy Reserve Fund Establishing Bylaw Amendment Bylaw 2024 No. 7299.01” (to clarify the purpose for which the fund was established) pass first reading;
 - b) “Housing Legacy Reserve Fund Establishing Bylaw Amendment Bylaw 2024 No. 7299.01” pass second reading;
 - c) “Housing Legacy Reserve Fund Establishing Bylaw Amendment Bylaw 2024 No. 7299.01” pass third reading; and,
 - d) That Council rescind the January 2011 Policy (COU-187) “Housing Legacy Reserve – Funding Allocation Criteria”.
 - The advantages of this option: The criteria for use of HLR funds will reflect how the funds have been used in recent years, and will be located in one updated bylaw document. The outdated January 2011 HLR Policy will be rescinded to eliminate duplication and confusion.
 - The disadvantages of this option: none
 - Financial Implications: The proposed amendment to Bylaw 7299 will offer greater transparency for use of City reserve funds. The City’s Reserve Policy will be updated to reflect the changes. A bylaw to establish a new statutory reserve for the Online Accommodation Platform funding will be brought forward as approval of the City’s tactical plan by the province is required prior to allocation of funding.
2. That Council provide alternative direction to Staff. |

SUMMARY POINTS

- Staff are recommending a proposed amendment to the “Housing Legacy Reserve Fund Establishing Bylaw 2019 No. 7299” to clarify the purpose for which the fund may be used, and to rescind an outdated HLR Policy.
- The improved criteria in Bylaw 7299 will ensure transparency for the use of HLR funds.

ATTACHMENTS:

ATTACHMENT A: HLR Contributions

ATTACHMENT B: Housing Legacy Reserve Fund Establishing Bylaw 2019 No. 7299

ATTACHMENT C: Housing Legacy Reserve Funding Allocation Criteria Policy (COU-187)

BYLAW 7299.01

Submitted by:

Lisa Brinkman
Manager, Community Planning

Wendy Fulla
Director, Finance |

Concurrence by:

Jeremy Holm
Director, Planning & Development

Laura Mercer
General Manager, Corporate Services |

ATTACHMENT A

Housing Legacy Reserve Fund Contributions (2005 To 2023)

Housing Legacy Reserve Fund Contributions (2005 To 2023)		
Contributions	Contribution Explanation	YTD 2023-DEC-31*
Developer Monetary Community Amenity Contributions	In accordance with the City’s Community Amenity Contribution (CAC) Policy, an applicant/developer typically provides an amenity as a condition of a rezoning application. The CAC is typically provided to the City at the time of building permit, and a portion or all of the monetary CAC contribution is placed in the housing legacy reserve fund. From 2010 to 2019 approximately 20% of monetary CACs were directed to the HLR fund. The 2021 CAC policy increased the CAC rates, and directs that 40% of monetary CACs be directed to the HLR fund.	\$622,649
Transfer from General Capital Reserve	As per Council direction \$2,000,000 was transferred to the HRL in 2008	\$2,135,891
Return of Unspent Funding	Unspent extreme weather shelter funding returned to City	\$5,126
Annual Allocation to Housing Legacy Reserve Fund	Allocations budgeted by Council to support the Housing Legacy Reserve Fund from property taxation funds. This funding is used to support Housing Legacy Reserve Fund projects during the year and any remaining funds are transferred to the reserve at year end.	\$2,263,008
Online accommodation Platform	Municipal and Regional District Tax (MRDT) collected through online accommodation platform providers or short-term rental platforms.	\$888,889
Total		\$5,915,663

*Includes interest earned on contributions

ATTACHMENT B

CITY OF NANAIMO

BYLAW NO. 7299

A BYLAW AUTHORIZING THE CITY OF NANAIMO TO ESTABLISH THE HOUSING LEGACY RESERVE FUND

WHEREAS the City of Nanaimo has a strategy to address the need to fund the support of affordable housing in the community;

AND WHEREAS Section 188 of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund;

AND WHEREAS money in this reserve fund, and interest earned on it, must be used only for the purpose for which the fund was established;

AND WHEREAS monies received through budget transfers or other Council approved allocations and interest earnings on those proceeds have been segregated in a reserve fund.

THEREFORE BE IT RESOLVED that the Council of the City of Nanaimo in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. This Bylaw may be cited as "HOUSING LEGACY RESERVE FUND ESTABLISHING BYLAW 2019 NO. 7299".
2. Amounts included in the financial plan adopted under Section 165 of the *Community Charter* or other allocations approved by Council, may from time to time be paid into this reserve fund.
3. The accumulated funds in the Housing Legacy Reserve Fund will be used to support affordable housing in the community including but not limited to property acquisition and capital investment.
4. This Bylaw shall take effect on 2020-JAN-01.

PASSED FIRST READING: 2019-NOV-04
PASSED SECOND READING: 2019-NOV-04
PASSED THIRD READING: 2019-NOV-04
ADOPTED: 2019-NOV-18

L. E. KROG
MAYOR

S. GURRIE
CORPORATE OFFICER

ATTACHMENT C



RCRS Secondary:	GOV-02	Effective Date:	2011-JAN-10
Policy Number:	COU-187	Amendment Date/s:	
Title:	Housing Legacy Reserve – Funding Allocation Criteria	Repeal Date:	
Department:	Finance	Approval Date:	2011-JAN-10

PURPOSE:

To establish a policy for the use of the Housing Legacy Reserve for affordable housing.

DEFINITIONS:

N/A

SCOPE:

The intent of the Housing Legacy Reserve (HLR) is for use as a resource for municipal support to affordable housing initiatives in Nanaimo.

POLICY:

- (a) Municipal support and assistance for affordable housing projects will be directed primarily to the provision of social housing in Nanaimo, and secondarily to non-market housing, as represented on the housing continuum below.

<i>The Housing Continuum</i>							
Emergency Shelters	Low Barrier Housing	Transitional Housing	Supported Housing	Affordable Rental Housing	Assisted Home Ownership	Rental Housing	Home Ownership
<i>Social Housing</i>				<i>Non-Market Housing</i>		<i>Market Housing</i>	

The housing continuum is widely accepted as a model of housing needs and affordability. This model describes both housing need (and affordability) and the degree of government intervention that decreases as one moves from the left to right along the continuum. The continuum distinguishes three broad categories for housing:

- Social Housing, which involves some form of government funding and/or operation, as well as support services to tenants who are homeless, or in transition to housing, with support services (emergency shelters, low barrier, transitional, and supported housing);
- Non-Market Housing, which may be provided by non-profit or private for-profit entities and is either affordable rental for low income individuals or families, or affordable ownership below market rates for low to moderate income households (affordable rental, assisted home ownership); and,
- Market Housing, which is provided by the private sector and includes market rental and home ownership directed toward middle and higher income residents (rental housing, home ownership).

- (b) The following are categories of funding to be applied for the use of reserve:
- Land and building acquisition costs related to affordable housing projects.
 - Project planning costs (including legal, land surveying, subdivision, site investigation, development approvals, engineering design).
 - Project capital costs (including construction of works and services, building components).
 - Financial support (including relief from payment of DCC's) for affordable housing.
- (c) Funds from the HLR for municipal affordable housing projects are a priority and are applied for purposes of the following:
- Land and building acquisition related to affordable housing projects.
 - Project planning costs (including legal, land surveying, subdivision, site investigation, development approvals, engineering design).
 - Project capital costs (including construction of works and services, building components).
- (d) Funds from the HLR for assistance to non-profit organizations may be provided and are applied for purposes of the following:
- Project capital costs (including construction of works and services, building components).
 - Financial support (including relief from payment of DCC's) for affordable housing.

PROCESS:

N/A

RELATED DOCUMENTS:

N/A

REPEAL/AMENDS:

N/A

CITY OF NANAIMO

BYLAW NO. 7299.01

A BYLAW TO AMEND THE “CITY OF NANAIMO HOUSING LEGACY RESERVE FUND
ESTABLISHING BYLAW 2019 NO. 7299”

WHEREAS the City of Nanaimo has a strategy to address the need to fund the support of affordable housing in the community;

AND WHEREAS Section 188 of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund;

AND WHEREAS it is necessary to clarify the purpose for which the fund was established;

THEREFORE BE IT RESOLVED the Municipal Council of the City of Nanaimo, in open meeting assembled, ENACTS AS FOLLOWS:

1. Title

This Bylaw may be cited as the “Housing Legacy Reserve Fund Establishing Bylaw Amendment Bylaw 2024 No. 7299.01”.

2. Amendments

The “City of Nanaimo Housing Legacy Reserve Establishing Bylaw 2019 No. 7299” is hereby amended as follows:

By deleting Section 3 in its entirety and replacing it with the following:

“3. The accumulated funds in the Housing Legacy Reserve Fund will be used for:

- a) The purchase and acquisition of land and buildings, as well as land and building improvement costs, related to supportive housing, emergency shelters, and below market housing (including costs related to project planning, legal, land surveying, subdivision, site investigation, development approvals, and engineering design);
- b) Development cost charges, as well as works and servicing reductions (i.e. for roads, drainage, sanitary sewer, water, and parkland improvements) directly related to supportive housing, emergency shelters, and below market housing developments;
- c) Rent bank programs;
- d) Rent supplement programs;

- e) The provision of humanitarian basic needs services to the City's unsheltered population; and
- f) The development of strategies, plans and solutions to address and create more affordable housing in the City of Nanaimo."

PASSED FIRST READING: _____
PASSED SECOND READING: _____
PASSED THIRD READING: _____
ADOPTED: _____

MAYOR

CORPORATE OFFICER