

Capital Renewal Fund

FUNDING FRAMEWORK

June 2021



INTRODUCTION

In 2018 the Provincial Government announced significant new funding for affordable housing across British Columbia, including more than \$1.1 billion over the next 10 years to protect existing affordable housing. This adds to BC Housing's ongoing budget of \$32 million per year for repairs and improvements to existing stock.

This funding program responds to the Province's commitment to protect existing affordable housing units that are owned by non-profit housing providers and the Provincial Rental Housing Corporation (PRHC). It represents a much-needed investment into building rehabilitation and repair, to increase building safety against a major fire or earthquake, and to improve energy performance for existing affordable housing. It outlines how funding will be granted to housing providers under an ongoing agreement with BC Housing, via capital grants secured by forgivable mortgages, and with a commitment to continue providing affordable housing for those in need.

This funding framework outlines the overall program intent, guiding principles, core elements and monitoring and reporting requirements, and defines the roles and responsibilities of BC Housing and non-profit housing providers in the delivery and management of Capital Renewal Fund (CRF).

PRINCIPLES

1. Existing affordable housing stock is protected, whether provincially-owned, or owned by non-profit housing providers.

- a) Projects must benefit the building's Facility Condition Index (FCI).
- b) Funding is used to complete essential building repairs and renewals.
- c) Funding can also be allocated to critical life-safety improvements including seismic and fire-safety upgrades, as well as energy performance upgrades.

2. Funding is provided in a clear, consistent and efficient manner.

- a) The funding model is fair and transparent.
- b) Funding is allocated where it is needed most to ensure the ongoing operation of affordable housing.

3. Funding is used in ways that strengthen long-term financial and environmental sustainability.

- a) Housing providers plan and prepare for long-term capital needs, financial viability and the ability to continue providing affordable housing over the long term.
- b) BC Housing considers environmentally sustainable practices a priority and encourages commitments to this end.

4. Administration and use of funding will be transparent and accountable.

- a) BC Housing will employ fair and consistent processes in administering CRF and will conduct periodic reviews to confirm that objectives are met.
- b) Project partners will maintain reliable and consistent records and fulfil obligations to BC Housing as outlined in any applicable operating agreement.

GOALS, OUTPUTS, OUTCOMES, INDICATORS

Goal

To protect existing affordable housing that is provincially-owned or owned by non-profit housing providers or housing co-operatives.

Objective

To repair and improve affordable rental housing for households in need, across British Columbia.

Outputs

1. Capital repairs are completed to improve the condition, performance, and safety of existing affordable housing stock.
2. New operating agreements are signed where required to secure housing affordability for a minimum of ten years.

Outcomes

1. The condition, safety, and useful life of existing affordable housing units is improved or extended.
2. Housing providers are supported to achieve the long-term sustainability of affordable housing.
3. Housing affordability is maintained for a minimum of ten years.

Measures

1. Improvement in the funded building's FCI.
2. Improvements to building's seismic or fire safety, or energy performance.

Indicators

1. Number of CRF projects and units funded annually.
2. Total annual spend.
3. Improved aggregate FCI of existing affordable housing.
4. Approved projects with seismic, fire safety or energy performance improvements.

KEY PROGRAM ELEMENTS

Project Eligibility

PRHC-owned housing and housing developments under an active operating agreement¹ with BC Housing are eligible to be considered for funding under CRF. Projects that are primarily funded by other government agencies (i.e. residential care facilities, sponsoring ministry funded group homes) may not be eligible for CRF funding. Other housing developments, including those where the operating agreement has recently expired, may be eligible for funding. They will be reviewed on a case-by-case basis and must be approved by Executive Committee. To be considered, they must meet the following minimum criteria:

- Continues to provide affordable housing for low and moderate-income households; housing providers must sign a new operating agreement to provide affordable rental housing for a minimum of 10 years.

¹ Rent supplement only agreements are not eligible.

- Demonstrated need and clear scope of work that will result in post-repairs FCI ≤30% and service life of ≥ 10 years.

Projects funded under CRF must maintain or benefit the FCI of the building, or improve the seismic or fire safety, or energy performance. In addition, PRHC-owned buildings must demonstrate a “betterment” of the property to be eligible (i.e. the work must result in an extension of the useful life of the building, an increase in the service potential, or lower the operating costs of the building).

Eligible project types include:

Routine Capital	Fire Safety	Seismic Upgrades	Energy Performance
Envelope	Sprinkler System	Structural Upgrade	Thermal Efficiency
Roof	Fire Alarm	Mechanical Upgrade	Mechanical Efficiency
Mechanical	Fire Separation	Electrical Upgrade	Electrical Efficiency
Perimeter Drainage			
Electrical			
Interior Upgrades			
Site			
Structural			
Elevator			
Access Controls			
Accessibility			

Funding/Operating Agreements

CRF funding is via capital grants. Security will generally include²:

- Forgivable mortgage and S.219 covenant registered on title.
- Operating agreement to provide affordable housing for low and moderate-income households for a minimum of 10 years following funding.

Small Repair Fund

Projects under a short-term or support services agreement (i.e. Emergency Shelter Program, Women’s Transition Housing and Support Program, etc.) that cannot meet the 10-year affordability requirement may be eligible for the Small Repair Fund - an alternate funding source for projects with small and minor repairs under \$250K. The Small Repair Fund replaces the Building Repair and Small Capital Program. Project eligibility will be reviewed on a case-by-case basis. Because the repairs are under \$250K, no additional security or operating agreements are required.

² For grants of less than \$250,000 these requirements may be waived.

ROLES AND RESPONSIBILITIES

BC Housing

- Provide CRF capital grant allocations to eligible projects.
- Provide technical support, advice and other services for housing providers to support long-term financial and capital planning.
- Monitor and evaluate the success of the program.

Housing Providers

- Provide a capital improvement plan to BC Housing, detailing the project scope and budget.
- Contract for, and manage the completion of the improvement works.
- Communicate with, and minimize disruption for, existing tenants throughout the process.
- Report to BC Housing as specified in the operating agreement.

MONITORING AND REPORTING

During the renovation phase, funds are disbursed against invoices for completed work.

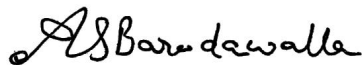
Ongoing operation of affordable housing will be monitored in accordance with the applicable operating agreement.

SIGN-OFF

The Program Framework requires final sign-off by BC Housing's Vice President of Development and Asset Strategies and Vice President of Corporate Services.



Vice President Development and Asset Strategies
BC Housing



Vice President Corporate Services and Chief Financial Officer
BC Housing