



CITY OF VANCOUVER

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### ADMINISTRATIVE REPORT

Report Date: March 26, 2008  
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VanRIMS No.: 11-2400-10  
Meeting Date: April 15, 2008

TO: Vancouver City Council

FROM: The Director of the Housing Centre

SUBJECT: Grant: HFBC Housing Foundation Purchase of 5550 Yew St.

#### RECOMMENDATION

- A. THAT, subject to Recommendation B, Council approve a capital grant of \$250,000 to the HFBC Housing Foundation for the purchase of 5550 Yew St. (Lot 20/21 of Lot 7, Block 17, DL 526, PL 4907 and PID: 011-280-093 & 011-280-107) to be secured by a Housing Agreement requiring that the property be owned and operated by a non-profit housing society with vacancies to be filled with core-need households for a term of 20 years as set out in this report, with the source of funds to be the City-wide Development Cost Levies allocated to replacement housing; and
- B. THAT no legal rights or obligations shall be created or arise from the approval of Recommendation A until all legal documentation is prepared and executed on terms and conditions to the satisfaction of the City's Director of Legal Services.

A capital grant requires 8 affirmative votes of Council.

#### GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the Recommendations A and B.

## COUNCIL POLICY

Council policy is to preserve and maintain a stock of market rental housing, and to maintain or increase the stock of affordable and social housing in the city.

Capital grants require that 8 members of Council vote in favour.

## PURPOSE

This report seeks Council approval of a capital grant for the purchase of 5550 Yew St. by the HFBC Housing Foundation (HFBC) subject to HFBC entering into a Housing Agreement that will require the property to be owned and operated by a non-profit housing society with all new tenants to be in core-housing need, i.e. unable to afford market rent for a term of 20 years.

## BACKGROUND

HFBC is a well established non-profit housing society that currently operates 23 affordable housing projects in the city of Vancouver. The portfolio consists of 756 units serving families, seniors and persons with disabilities. They operate 4 projects on sites leased from the City of Vancouver. They now own 8 projects that are mortgage free and which are generating a positive cash flow that provides internal subsidies to households that cannot afford market rents and equity for investment in new projects. The society has invested its own equity to purchase existing 5 market rental buildings with a total of 96 units and convert them to non-market housing.

## 5550 YEW STREET

HFBC has optioned 5550 Yew St. (The Londonderry), a 22 unit rental property in Kerrisdale as shown in Figure 1. HFBC will pay \$4,400,000 to acquire the property. They will invest \$1,000,000 of their own equity in the property and \$30,000/year in on-going subsidies. They have asked BC Housing and the City to each contribute \$250,000 in equity. In addition, BC Housing will provide the financial guarantees for a mortgage of \$2,937,020.

Originally HFBC had asked that the City exempt the property from property taxes. They were advised that the City does not normally provide property exemptions for affordable and social housing, but that staff could recommend a capital grant to match BC Housing's. The Society has now requested that the City provide a matching capital grant, and it is recommended that a capital grant of \$250,000 be approved with the source of funds to be the Development Cost Levies allocated to replacement housing. BC Housing has confirmed that they will be providing a capital grant of \$250,000 along with the mortgage guarantees. The property will pay property taxes.

The City's grant would be conditional on HFBC entering into a Housing Agreement requiring that the building be owned and operated by a non-profit housing society for a term of 20 years with vacancies to be filled by core-need households. HFBC will operate the building as market rental housing with the new tenants to be subsidized from the positive cash flow generated by HFBC's portfolio as a whole. Existing tenants will be allowed to remain, and affordability will grow through attrition. HFBC will be entering into an operating agreement

with BC Housing, and the City's Housing Agreement will be consistent with the Operating Agreement between the HFBC and BC Housing on terms and conditions to the satisfaction of the Director of Legal Services.



### FINANCIAL IMPLICATIONS

Source of funds for the \$250,000 capital grant are the City-wide Development Cost Levies allocated to Replacement Housing.

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