



ADMINISTRATIVE REPORT

Report Date: February 5, 2016
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Meeting Date: March 8, 2016

TO: Vancouver City Council

FROM: Chief Housing Officer in consultation with the General Manager of Real Estate and Facilities Management

SUBJECT: Acquisition of Social Housing at 1171 Jervis Street

RECOMMENDATION

THAT Council authorize the Director of Real Estate Services and the Director of Legal Services to negotiate and execute all documents which they consider appropriate in connection with the purchase from the owner / developer of a mixed use project at 1171 Jervis Street (Intracorp Jervis St. Project (Nominee) Ltd.), of an Air Space Parcel for a nominal purchase price, containing a minimum of 2150 m² (23,147 sq.ft.) of residential floor area and no fewer than 27 units of Social Housing and associated storage lockers, parking and bike storage. The construction and transfer to the City of the Social Housing Air Space Parcel will be secured in a Construction and Transfer Agreement to be registered against the lands (Lot A Block 37 District Lot 185 NWD Plan EPP 56185) in accordance with DE 418742 as conditionally approved by the Development Permit Board on May 4, 2015, pursuant to the RM-5D District Schedule.

REPORT SUMMARY

This report requests Council authorization to acquire at a nominal purchase price, 27 units of Social Housing to be constructed at 1171 Jervis Street, secured in accordance with the bonus density provisions outlined in the RM-5D District Schedule. These units will be the first social housing secured under the new land use and affordable housing policies approved in the West End Plan.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On July 28, 2011, Council approved the Vancouver Housing & Homelessness Strategy (2012 - 2021) and 3-Year Action Plan (2012-2014) as a framework to respond to Council's priorities for addressing street homelessness and increasing the variety of affordable housing options within the city.

The West End Community Plan (2013) seeks to maintain or enhance the existing affordability by requiring replacement of rental units as social housing. In Area '4' within Lower Davie and Lower Robson, additional density can be bonused up to 7 FSR for new developments that provide 20% of floor space as social housing. These provisions are outlined in the RM-5D District Schedule.

On May 4, 2015, The Development Permit Board, pursuant to the RM-5D District Schedule, conditionally approved DE418742 for 1171 Jervis Street for construction of a new 19 storey mixed use building of with 62 market condos, 27 social housing units and 1 commercial unit.

Council approval of the acquisition of real property is required by the Vancouver Charter.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Chief Housing Officer and the General Manager of Real Estate and Facilities Management recommend approval of the foregoing.

REPORT

Background/Context

The City of Vancouver's Housing and Homelessness Strategy 2012 - 2021 (the "Strategy") outlines the City's overall direction for housing and homelessness, identifying the different forms of housing necessary to meet the needs of our residents. A specific goal of the Strategy is the development of non-market rental housing units, as noted in the "Rental Housing" spectrum of the Housing Continuum (see figure below).

Figure One: The Housing Continuum



A key action in the implementation of the Housing and Homelessness Strategy is the development of supportive land use policies through both City-wide and community planning.

The West End Community Plan provides a framework to guide positive change, development and public benefits in the West End. Deepening housing affordability and meeting the needs of a growing community are a priority. The Plan identifies new social housing opportunities and has a goal of providing over 1,600 units of social housing, including 500 units through additional density and rezoning applications in the Corridors. The plan requires that 50% of social housing units to be two and three bedroom units for families with children.

The Plan adopted significant innovations in the provision of additional density to achieve affordable housing, including the provision for additional density through density bonusing in zoning (i.e. without the need for rezoning). In the Lower Davie and Lower Robson areas of the Plan, the provisions for Social Housing in the Plan were enacted within the RM-5D District Schedule.

Strategic Analysis

On May 4, 2015, the Development Permit Board conditionally approved DE 418742 for 1171 Jervis Street, for a 19 storey mixed use building with one Commercial Retail unit on the first floor and 19 levels of residential containing 91 dwelling units (63 Market / 28 Social Housing) all over three levels of underground parking. A minor change to the plans which address a design condition to increase the number of family housing units in the social housing, has resulted in one fewer Social Housing unit (now 27 Social Housing units).

Among the conditions of approval was a requirement to make arrangements to secure the applicant's obligation pursuant to the RM-5D District Schedule to design, build and deliver to the City, the Social Housing units and associated parking and bike storage within a separate airspace parcel. A Construction and Transfer Agreement for the Social Housing will be registered against the lands to secure this obligation, subject to Council's approval. Under the Vancouver Charter, Council approval is required for the acquisition of the Social Housing Air Space Parcel.

Subject to Council approval, the acquisition of the Social Housing Air Space Parcel will secure 27 units of non-market rental (Social Housing), the first to be secured under the new land use and housing policies of the West End Plan.

Table 1 (units of Social Housing secured under West End Plan):

Number of Social Housing units to be delivered in the Corridors	Units delivered with this application	Balance of units to be delivered
500	27	473

Table 2 - Progress towards Social & Supportive Unit Targets as set in the City's Housing and Homelessness Strategy

	TARGETS ¹		CURRENT PROJECTS	GAP
	Long Term (2021)	Short Term (2018)	Committed, Under Construction and Completed	(2018 Target)
Supportive Housing Units	2,900	2,700	1,844	856
All Other Non-Market Housing Units	5,000	3,500	1,683	1,817
Total Non-Market Housing Units	7,900	6,200	3,527	2,673

(1) Targets are established in the 2011 City of Vancouver Housing and Homeless Strategy.

*Unit numbers exclude the units in this proposal, pending Council's approval of this application.

The target for rent levels in the social housing will reflect the West End Plan objective to maintain or enhance the affordability offered in the current rental stock in the neighbourhood. As a result, the rents will range from the shelter component of Income Assistance to a maximum of the CMHC average market rent for the local area. As required by the RM-5D District Schedule, a minimum of 30% of the units will rent to households with incomes below BC Housing's Housing Income Limits (HILs). Staff will work with government and non-profit partners to seek to achieve the deepest possible levels of affordability.

Upon acquisition, the Social Housing Air Space Parcel will be subject to lease terms (to be reported and approved by Council in a forthcoming report along with a recommended operator / lessee of the Social Housing units), including as may be applicable, rents, operating and capital maintenance costs. The operator / lessee will be selected through a request for proposals process in line with the City's Procurement Policies.

Financial Implications

Upon acquisition of the 27 social housing units (created pursuant to the RM-5D District Schedule) at a nominal price, the City would own the units, and select a non-profit organization to lease and operate the units typically for 60 years or the life of the units, including ongoing capital maintenance and repair.

Consistent with Council policies for non-market housing, this project is expected to be self-sustaining and not require further operating subsidies, property tax exemptions, and/or financial guarantees from the City.

The City will work with its housing partner(s) (to be selected through a Request for Proposals) on an operating model and tenant mix that optimizes long-term viability of the project while achieving an affordability target that reflects the objectives of the West End Plan. It is anticipated that there is a potential to monetize the value of the lease in the form of a prepaid rent. As operating surpluses become available over time, there will be opportunities to enhance affordability and/or reinvest in other affordable housing projects in Vancouver.

CONCLUSION

As the Recommendation outlined in this report is consistent with the West End Plan, and the Development Permit Board Decision pursuant to the RM-5D District Schedule, the Chief Housing Officer and General Manager of Real Estate and Facilities Management recommend approval of the acquisition at a nominal purchase price, of an Air Space Parcel containing 27 units of Social Housing to be constructed at 1171 Jervis Street.

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Subject Properties Legal

Civic Address	Legal Description	PID	Owners
1171 Jervis Street	(Lot A Block 37 District Lot 185 NWD Plan EPP 56185)	029-758-289	Intracorp Jervis St. Project (Nominee) Ltd.