



## ADMINISTRATIVE REPORT

Report Date: March 11, 2016  
Contact: Abi Bond  
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RTS No.: 11365  
VanRIMS No.: 08-2000-20  
Meeting Date: April 5, 2016

TO: Vancouver City Council  
FROM: Chief Housing Officer  
SUBJECT: Atira Development Society - New Housing Agreement and DCL Reimbursement - 41 East Hastings Street

### **RECOMMENDATION**

- A. THAT Council approve a new Housing Agreement with Atira Development Society for 41 East Hastings Street that secures the market rental units as for-profit affordable rental housing for the greater of 60 years or the life of project and adds covenants that prohibit the subdivision of those units by strata plan and the separate sale of any of those units without the City's prior consent. This Housing Agreement will replace the Housing Agreement that secures the units as rental for 15 years, approved by Housing Agreement By-law No. 11220 enacted on May 13, 2015.
- B. THAT, if Atira Development Society and its mortgagees enter into such a new Housing Agreement on such terms and conditions as the Director of Legal Services and the Chief Housing Officer in their discretion may require, the Director of Legal Services be instructed to prepare the necessary Housing Agreement By-law for the proposed for-profit affordable rental housing units for enactment, and prepare an application to Council to repeal Housing Agreement By-law No. 11220 at the same time.
- C. THAT, subject to enactment of a Housing Agreement By-law to approve the new Housing Agreement described in Recommendations A and B, and registration in the Land Title Office of that new Housing Agreement, Council approve a reimbursement of \$457,158.46 for Development Cost Levy (DCL) charges previously paid by Atira Development Society prior to building permit issuance. Source of funds to be the city-wide Development Cost Levies.

- D. THAT Recommendations A through C be adopted on the following conditions:
- i. That the passage of the above resolutions creates no legal rights for the owner or any other person, or obligation on the part of the City; any expenditure of funds or incurring of costs is at the risk of the person making the expenditure or incurring the cost; and
  - ii. That the City and all its officials, including the Approving Officer, shall not in any way be limited or directed in the exercise of their authority or discretion, regardless of when they are called upon to exercise such authority or discretion.

### ***REPORT SUMMARY***

On October 22, 2013, Council approved in principle the rezoning of 33-49 East Hastings Street (now addressed 41 East Hastings Street) to enable the owner, Atira Development Society, to construct a 14-storey mixed-use building with commercial at grade and residential above. The residential component is to be comprised of one block of market rental units and another of social/supportive housing units, which will be subdivided into separate parcels by the deposit of an air space subdivision plan prior to occupancy. As a condition of rezoning, the owner entered into two housing agreements, one for the market rental housing for a term of 15 years and one for the social/supportive housing for a term of the greater of 60 years or the life of the building. A total of \$457,158.46 in DCLs was paid at building permit issuance for the market rental portion of the project. This report recommends the approval of a new Housing Agreement with Atira Development Society that extends the term of the 78 market rental units from 15 years to the greater of 60 years and life of the building and secures the units as for-profit affordable rental housing. This report further recommends that, in accordance with section 3.1A of the Vancouver DCL Bylaw that will then qualify those units for a DCL waiver, Council approve a reimbursement of DCL fees paid at building permit issuance.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

- On July 28, 2011 Council endorsed the Housing & Homelessness Strategy 2012-2021 which includes three strategic directions:
  1. Increase the supply of affordable housing;
  2. Encourage a housing mix across all neighborhoods that enhances quality of life; and,
  3. Provide strong leadership and support partners to enhance housing stability.
- On October 22, 2013, Council approved in principle the rezoning of 33-49 E Hastings, now addressed 41 E Hastings, (RTS10113) with a condition that the owner, Atira Development Society, enter into a Housing Agreement securing 102 of the 169 units in the development as social/supportive housing within an airspace parcel, for 60 years or the life of the building, whichever is greater,

and securing the remaining 67 units as market rental for 15 years through a separate Housing Agreement.

- Following the public hearing, the owner hired a new architect that was able to revise the drawings and increase the total unit count to 198 within the same form of development, including 120 units of social/supportive housing and 78 market units.
- On June 11, 2014, Council approved a Capital Grant of \$1,200,000 to Atira Women's Resource Society (RTS10585) towards the construction of 120 units of social and supportive housing on the site.

### **CITY MANAGER'S/GENERAL MANAGER'S COMMENTS**

The Chief Housing Officer RECOMMENDS approval of the foregoing.

### **REPORT**

#### **Background/Context**

As a condition of rezoning, the owner entered into a Market Rental Housing Agreement for a term of 15 years for the market rental units and a Social/Supportive Housing Agreement for a term of the greater of 60 years or the life of the building for the social/supportive housing units.

The project site was subject to the city-wide DCL rate, payable at time of building permit issuance. The social/supportive housing was exempt from the DCL charges. The market units were not eligible for the DCL waiver because they were stratified and secured as rental for only 15 years. A total of \$457,158.46 in DCL fees were collected for the market residential portion of the development (see table 1 for DCL breakdown).

**Table 1: Development Cost Levy Breakdown for Residential Portion of 41 E Hastings**

	Date Paid	Rate	Total
Social/ Supportive housing - 57,714 sf	June 30, 2015	\$12.67/sf	\$731,236.38 - Exempt
Market Housing - 35,750 sf	June 30, 2015	\$12.67/sf	\$452,952.50
Market Housing - 316 sf *	February 5, 2016	\$13.31/sf	\$4,205.96
<b>Total DCLs Paid for Residential Portion</b>			<b>\$457,158.46</b>

\*Minor amendment to the DE approved an additional 315 sf residential floor area, requiring additional DCL payment

Since the approval of the rezoning, Atira Development Society has requested an amendment to, or replacement of, the existing Market Rental Housing Agreement to extend its term from 15 years to the greater of 60 years or the life of the building and

to secure the market rental units as for-profit affordable rental housing (Rental 100). As such, the owner is seeking a waiver of the Development Cost Levy (DCL) available for "for-profit affordable rental housing" in accordance with section 3.1A of the Vancouver DCL By-law. In this case, the qualification for a DCL waiver requires a reimbursement of DCL fees previously paid by the owner during the approval process.

### *Strategic Analysis*

Atira Development Society has proposed that all of the 78 market residential units be secured as for-profit affordable rental housing and has requested a waiver of the DCL fees associated with these units. Projects where 100% of the residential development is residential in tenure are eligible for the DCL waiver provided that the market rental units meet the requirements under the DCL Bylaw.

Staff have assessed the proposal and conclude that it is consistent with the DCL By-law definition of "For-Profit Affordable Rental Housing" and meets all the standard requirements for a DCL waiver. The rental units will be secured through a new Housing Agreement with the City for the greater of the life of the building and 60 years. Covenants will be registered on title to preclude the stratification of the parcel containing those units and the separate sale of individual units. The proposed construction costs, average unit sizes and average rents for both the studio and one-bedroom units meet the applicable maximum average thresholds established in the DCL Bylaw (see Appendix A for a detailed DCL Waiver Analysis).

Staff recommend that Council approve a new housing agreement and grant Atira Development Society a reimbursement of DCL fees paid for the market rental units which will be entitled to a waiver of such fees when they are secured as for-profit affordable rental housing. The public benefit that will accrue from these units is their contribution to the City's rental housing stock for the greater of the life of the building or 60 years. If the new Housing Agreement is approved and the DCL fees are reimbursed, the project will contribute 78 secured for-profit affordable rental units to the City's affordable housing goals as identified in the Housing and Homelessness Strategy.

### *Implications/Related Issues/Risk (if applicable)*

#### *Financial*

#### Initial Rezoning

As a condition of the initial rezoning, the applicant entered into two housing agreements, one for the social/supportive housing units and one for the market units.

*Social/supportive housing units (102 Units):* The Housing Agreement for the social/supportive housing units was for a term of 60 years or life of the building, whichever is longer. It secured rents in 52 units at the shelter component of income assistance (currently \$375 per month for a single individual and \$570 per month for a couple) and Housing Income Limits (HILs) rates or CMHC market rents, whichever is lower, for the remaining 50 social housing.

*Market units (67 Units):* The Housing Agreement secured the market units as rental and subjected them to a no-separate sales covenant for a period of 15 years. The units were permitted to be subdivided under the Strata Property Act. The units would rent at market rates and were estimated to be ranging from \$952 per month for a studio to \$1,680 for a one-bedroom unit (with an average rent \$1,168 per month).

### Proposed Changes

Based on the latest proposal, there will now be 120 Social/Supportive Housing units and 78 Market units. The changes are outlined in table 2 below and the applicant now meets all of the requirements (Appendix 1) to qualify for a DCL waiver for the 78 Market units.

**Table 2: Changes proposed for 41 E Hastings (market units) since initial rezoning**

	Initial Rezoning	Current Proposal - DCL Waiver
<b>Market Units</b>		
# of units	67	78
Proposed Rents	Studio - \$952 1-bedroom - \$1,680	Studio - \$1,242 1-bedroom - \$1,561
Housing Agreement Term	15 years	60 years or life of the building, whichever is longer
<b>Social/Supportive Housing Units</b>		
# of units	102	120
Proposed Rents	52 Units- Shelter Component of Income Assistance (\$375 for singles, \$570 for couples) 50 Units - Housing Income Limits (HILs) rates or CMHC market rents, whichever is lower	52 Units- Shelter Component of Income Assistance (\$375 for singles, \$570 for couples) 68 Units - Housing Income Limits (HILs) rates or CMHC market rents, whichever is lower
Housing Agreement Term	60 years or life of the building, whichever is longer	60 years or life of the building, whichever is longer
DCL Fees Paid /(to be refunded)	\$457,158.46	(\$457,158.46)

This housing project will be owned and operated by Atira and is expected to be self-sustaining and will not require further operating or capital subsidies from the City (other than the \$1.2 million capital grant already approved by Council in December 2013 & June 2014). As operating surpluses become available after all mortgage financing obligations are repaid, there will be opportunities to enhance affordability of the 120 social/supportive housing units over time.

As a result, this report recommends approval of a new Housing Agreement with Atira Development Society for 41 East Hastings Street that secures the 78 units rental units for the greater of 60 years or the life of the project, as well as approving a refund of \$457,158.46 for Development Cost Levy (DCL). Source of funds will be the city-wide Development Cost Levies.

## ***CONCLUSION***

A new Housing Agreement with Atira Development Society that secures the 78 market rental units as for-profit affordable rental housing for the greater of 60 years and life of the building will bring the project into full compliance with the criteria for a DCL waiver, as per section 3.1A of the Vancouver DCL By-law. As such, this report recommends the approval of a new Housing Agreement with Atira Development Society on such terms and conditions as the Director of Legal Services and the Chief Housing Officer in their discretion may require and the approval of a reimbursement of DCL fees paid at building permit issuance. If approved, the project will contribute 78 affordable rental units to the City's rental housing stock, supporting the City's affordable housing goals outlined in the Housing and Homelessness Strategy and the Mayor's Task Force on Housing Affordability.

\* \* \* \* \*

41 East Hastings Street  
DEVELOPMENT COST LEVY WAIVER ANALYSIS

To qualify for a waiver of Development Cost Levies (DCL), the project must meet the criteria set out in the relevant DCL By-law under section 3.1A. The 78 market rental units qualify for the DCL waiver, as outlined below.

- a) All these dwelling units will be secured as rental through a housing agreement.
- b) None of these dwelling units will be strata units, as required through the Housing Agreement.
- c) The average size of the proposed dwelling units will not be greater than specified in the DCL By-law.

Unit Type	No. units proposed	DCL Bylaw maximum average unit size	Proposed average unit size
Studio	50	42 m <sup>2</sup> (452 sq. ft)	38 m <sup>2</sup> (413 sq. ft.)
1-bedroom	28	56 m <sup>2</sup> (603 sq. ft)	49 m <sup>2</sup> (528 sq. ft.)

- d) The average initial rents for the proposed dwelling units do not exceed rents specified in the DCL By-law.

Unit Type	No. units proposed	DCL Bylaw maximum average unit rent*	Proposed average unit rent
Studio	50	\$1,242	\$1,242
1-bedroom	28	\$1,561	\$1,561

\*Both the maximum and proposed rents are subject to annual adjustment as per the DCL Bylaw.

- e) The proposed construction cost for the residential floor area does not exceed the maximum specified in the DCL By-law.

DCL Bylaw maximum construction cost	Proposed construction cost
\$2,691 per m <sup>2</sup> (\$250 per sq. ft)	\$2,656 per m <sup>2</sup> (\$247 per sq. ft)

By way of the proposed new Housing Agreement, the tenure of these units will be secured as rental for the greater of the life of the building or 60 years, subdivision by strata plan and separate sale of individual units will be prohibited, and the initial rents at occupancy will be secured to meet the averages as set out under (d) above, subject to any adjustment that the Vancouver DCL By-law may allow.