



ADMINISTRATIVE REPORT

Report Date: February 21, 2017
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VanRIMS No.: 08-2000-20
Meeting Date: April 11, 2017

TO: Vancouver City Council
FROM: General Manager of Community Services
SUBJECT: Capital Grant for 411 Seniors Centre Society to Cover All or a Portion of the Prepaid Lease at 3510 Fraser Street to Operate a Seniors' Centre

RECOMMENDATION

THAT Council approve a Capital Grant of up to \$800,000 to cover all or a portion of the land value of the prepaid rent for a long-term lease, which forms part of the prepaid leasing costs for 411 Seniors Centre Society (1977) ("411"). 411 wishes to enter into a prepaid lease with the City of Vancouver to operate a seniors' centre, to be located on the ground floor of a proposed mixed-use project with seniors' affordable rental housing above located at 3510 Fraser Street, legally described as PID: 028-868-218, Lot A Block 54 District Lot 301 Group 1 New Westminster District Plan BCP50970.

This grant will be transferred to the Property Endowment Fund (the "PEF") to cover all or a portion of the prepaid rent, subject to the conditions outlined in this report. Source of funds is the 2015-2018 Capital plan (Community Facilities - Grants). Expenditures will be managed within the annual expenditure budget.

Approval of grants requires eight affirmative votes of Council.

REPORT SUMMARY

This report recommends a grant of up to \$800,000 for the 411 Seniors Services Society to cover all or a portion of the prepaid rent for a long-term lease at 3510 Fraser Street subject to the conditions outlined in this report.

411 is a multiservice seniors' centre that, for the last 45 years, has been providing a range of programs including a drop in, city wide information and referral, wellness and social programs. The organization has a long history of working closely with the City and has been supported for the past 32 years through a Community Service grant. **411 currently serves 5,600 seniors, with 90% being low income.**

411 is seeking funding to secure a partnership with the Vancouver Affordable Housing Authority (the Housing Agency) to create a multipurpose seniors' centre on the ground floor of a proposed mixed-use project with senior's affordable rental housing above located on a PEF owned site at 3510 Fraser Street. 411 is able to contribute all construction costs for the portion of the building containing the seniors' centre but requires assistance in covering the costs of the long term land lease with the PEF.

Vancouver's seniors' population is expected to double in the next 30 years¹ with an increase of more than 93,000 seniors by 2036 and the population of seniors above 75 years is expected to see the largest growth.² The neighbourhoods surrounding the proposed location do not currently have a seniors' centre despite having one of Vancouver's largest seniors populations, and one of the highest rates of seniors poverty in the City (see Appendix A for details). The creation of a seniors' centre at this location supports the City of Vancouver's status as an *Age Friendly City* and helps to advance the goals of the Healthy City Strategy.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Healthy City Strategy: On October 29, 2014, Council approved goals, targets and indicators of the Healthy City Strategy 2014-2025 Phase I.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

REPORT

Background/Context

The 411 Seniors Society (411) is a multiservice senior's centre, providing a range of programs including a drop in, information and referral, health, wellness and social programs to seniors throughout Vancouver. In 2016 they served a total of 5,600 seniors, with 90% being low income. 411 has an operating budget of approximately \$420,000 and has been in operation since 1972. The City has contributed a core operating grant to the Society since 1985 recognizing the leadership and capacity building role the organization plays regarding the wellbeing of senior's in particular those who are low income.

In 2011, 411 sold the building they owned and in which they were located in the downtown core, and moved into temporary space near Main and Terminal until 411 could identify how to best utilize the proceeds of the sale (see Appendix A for further details).

¹ Projection data from *BC Stats*

² *Urban Futures*, May 2012, Population and Housing Projections for the City of Vancouver

The City's Role in Supporting Seniors in Vancouver

It is well established that Vancouver's population is aging and is expected to double in the next 30 years³ with an increase of more than 93,000 seniors by 2036. This figure is compounded by the fact that the category of seniors above 75 years old is expected to see the largest growth.⁴ This growth will be an important consideration in the Social Infrastructure Plan currently in development. The plan, while reviewing the broader social infrastructure needs in Vancouver, will help assess the types of seniors social services required in the future.

To date the City has responded to the changing demographics and needs of Vancouver's senior's population through a number of key actions:

Seniors Dialogues

In 2012 the City conducted a Seniors Dialogue project that received input from over 400 individuals and stakeholders and was designed to gain a better understanding of how Vancouver can become a more age friendly city. The dialogues pointed to the need for more spaces for seniors to gather and socialize and the need for access to a diversity of programming and supports to isolated seniors. The report also noted that not all neighbourhoods offered a seniors' centre.⁵

Age Friendly Action Plan and the Healthy City Strategy

Building on the findings of the Seniors Dialogues, The Age Friendly Action Plan was developed and presented to Council on June 23, 2013. The plan was designed to help make Vancouver a safer, more inclusive and engaging place for seniors and committed to improve facilities and services for seniors. Specifically the plan called for funding for age friendly amenities including seniors centres in southeast Vancouver. Importantly the plan also aligned closely with the Healthy City Strategy that was being developed to become the long-term integrated plan for healthier people, places and planet.

In 2013 Vancouver was designated by the Province as an **Age Friendly City**.

City support for neighbourhood based seniors' centres

Since 2013, considerable work has been undertaken by the City to support the establishment of a series of neighbourhood-based seniors' centres across Vancouver. On January 9, 2017, after a number of years of planning, the ground was broken for the new Killarney Seniors Centre. In 2016 new locations for seniors' centres were also identified through City land use agreements, including a proposed new seniors activity and resource centre on the West Side, the proposed relocation of South Granville Seniors Centre to a more appropriate location. Plans are also currently underway to provide significant City support for a seniors' centre in the Sunset neighbourhood.

³ Projection data from *BC Stats*

⁴ *Urban Futures*, May 2012, Population and Housing Projections for the City of Vancouver

⁵ City of Vancouver Seniors Dialogues: Summary Report, Section 4.6 Social Connectedness, May 2013

Strategic Analysis

The site identified is currently owned by the Property Endowment Fund (PEF) and is located at 3510 Fraser Street. The centre would be located adjacent to neighbourhoods with large seniors populations, with a disproportionately high number living alone and/or in poverty. These neighbourhoods are not currently served by a multipurpose seniors' centre. (Appendix A provides details about the project)

The Fraser Street site is well served by transit, on a relatively flat grade and located at the intersection of three Vancouver neighbourhoods: Kensington Cedar Cottage to the east; Riley Park to the west; and, Mount Pleasant to the north. None of these neighbourhoods has a dedicated seniors' centre despite the following demographics:

- Kensington Cedar Cottage has the second largest population of seniors of any Vancouver neighbourhood⁶;
- Seniors in Kensington Cedar Cottage also experience the third highest seniors poverty rate in the Vancouver, with 24% (2,255 seniors) spending more than 30% of their income on accommodation⁷; and
- In Mount Pleasant 47% of seniors live alone, the fifth highest rate in the city and well above the Vancouver average of 29%⁸.

Location of the proposed seniors housing and seniors' centre at 19th Avenue and Fraser Street



Rationale for Grant

411 has worked with staff in Community Services and the Housing Agency along with stakeholders in the seniors community to create a seniors' centre co-located with seniors affordable housing that will be the first of its kind in Vancouver. In November, 2015, the Housing Agency and 411 began discussions and by October, 2016 the Housing Agency and 411

⁶ *Statistics Canada*, 2011 Census of Population

⁷ *Statistics Canada*, 2011 National Household Survey

⁸ *Statistics Canada*, 2011 Census of Population

agreed in principle on almost all aspects of the pre-paid leasing costs, with 411 agreeing to pay for all costs associated with the construction of the seniors' centre, tenant improvements, and parking. 411, however, is not able to cover their proportionate share of the land costs of the pre-paid lease. The cost of PEF land to cover the 60 year pre-paid lease was estimated in late 2015 at \$642,000; current land cost of the pre-paid lease is estimated at over \$840,000 but is subject to market conditions at the time of execution of the ground lease with the NPO, and to be finalized with Real Estate Services.

While the fair market value of the land is yet to be determined, staff recommend a grant of up to \$800,000, with 411 being responsible for the balance if fair market value is determined to be higher. Rationale for the recommendation includes:

- High demand for services, in particular within this and adjacent neighbourhoods;
- 411's capacity, experience, and ability to:
 - Pay for all construction costs estimated at \$3,570,000 (2015); and
 - Provide ongoing operating and programming costs of \$360,000/yr;
- The opportunity to create a unique model that co-locates seniors services with seniors housing that will help reduce risk of isolation, create connections and build community among the residents and within the surrounding neighbourhoods.

The seniors' centre space is estimated to be up to 6,600 square feet, which will be finalized through the rezoning and development process.

Table 1: Recommendation for a 2017 Capital Grant

Organization	Project	Project Budget	Recommended Capital Funding
411 Seniors Society	Construction of a multipurpose seniors' centre on the ground floor of a VAHA-led mixed-use project with seniors' affordable rental housing at 3510 Fraser Street	<p>\$4,370,000 (late 2015 estimate)</p> <p>Total construction costs, including tenant improvements, parking, and \$800,000 in prepaid lease costs. Design and costs to be finalized through the rezoning and development permit process.</p>	<p>Up to \$800,000</p> <p>To cover part or all of the land portion of the pre-paid lease costs associated with the seniors' centre. 411 will be responsible for any costs not covered by the grant.</p>

Funding for the Seniors' Centre

Staff recommend a grant of up to \$800,000 to cover part or all of the land portion of the pre-paid rent associated with the seniors' centre (see Appendix A for details). This grant will be contingent upon:

- a) The execution of an agreement between the Housing Agency (and/or the City) and 411 pursuant to which 411 is required to pay for its proportionate share of the costs of construction for the proposed project at 3510 Fraser Street (as further described herein, the "Project") and the costs of all tenant improvements requirements for the seniors' centre portion of the project;

- b) Full payment by 411 to the City of the payment described in (a) above;
- c) The execution of the following leases and subleases:
 - (i) a ground lease between the City of Vancouver and the selected non-profit operator for the housing component of the Project; and
 - (ii) a sub-lease pursuant to which the non-profit housing operator sub-leases back to the City the seniors' centre portion of the Project; and
 - (iii) a pre-paid sub-sublease of the senior centre portion of the Project from the City to 411;or such other leasing structure for the Project as is satisfactory to the City in its sole discretion;
- d) Full payment by 411 to the City of a prepaid rent amount equal to the difference between: (i) the fair market value of the sublease to 411, which shall be calculated based on the sixty (60) term of the sublease as 75 % of the fee simple fair market value of the land as at the date of lease commencement; and (ii) \$800,000 (being the value of the grant described herein).

All of the requirements listed above must be met to the satisfaction of the General Manager of Community Services.

If the cost of the land lease for the seniors' centre cannot be supported, 411 will be unable to continue with the project and the Housing Agency will review the plans and re-design the ground floor space.

Implications/Related Issues/Risk (if applicable)

Financial

Funding for 411 Seniors Centre Society of up to \$800,000 will be allocated from the 2015-2018 Capital plan (Community facilities - Grants) and expenditures will be managed within the annual Capital expenditure budget.

Legal

Staff are recommending a grant of up to \$800,000 to cover all or part of the land portion of the pre-paid leasing costs associated with the seniors' centre. This grant will be contingent upon:

- a) The execution of an agreement between the Housing Agency (and/or the City) and 411 pursuant to which 411 is required to pay for its proportionate share of the costs of construction for the proposed project at 3510 Fraser Street (as further described herein, the "Project") and the costs of all tenant improvements requirements for the seniors' centre portion of the project;
- b) Full payment by 411 to the City of the payment described in (a) above;
- c) The execution of the following leases and subleases:

- (i) a ground lease between the City of Vancouver and the selected non-profit operator for the housing component of the Project; and
- (ii) a sub-lease pursuant to which the non-profit housing operator sub-leases back to the City the seniors' centre portion of the Project; and
- (iii) a pre-paid sub-sublease of the seniors' centre portion of the Project from the City to 411;

or such other leasing structure for the Project as is satisfactory to the City in its sole discretion;

- d) Full payment by 411 to the City of a prepaid rent amount equal to the difference between: (i) the fair market value of the sublease to 411, which shall be calculated based on the term of the sublease as a percentage of the fee simple fair market value of the land as at the date of lease commencement; and (ii) \$800,000 (being the value of the grant described herein).

All of the requirements listed above must be met to the satisfaction of the General Manager of Community Services.

CONCLUSION

The grant outlined in this report will leverage significant resources from the non-profit sector and create a multi-purpose seniors' centre in a neighbourhood with a large seniors population, a significant number of whom are living alone and/or in poverty. By filling this current gap in service, the grant supports the City of Vancouver's status as an *Age Friendly City* and helps to advance the goals of the Healthy City Strategy.

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Strategic Partnership between 411 and the Vancouver Affordable Housing Authority (the Housing Agency)

In 2011, 411 sold their building at 411 Dunsmuir, and since then have been renting office space in a temporary location at 333 Terminal Avenue while they assess how best to leverage the proceeds of the sale to most effectively serve seniors in Vancouver.

Since 2011, the Board and management of 411 have met with a wide range of service providers, funders and the Vancouver Seniors Advisory Council to produce a vision, a detailed functional program and a budget for a seniors' centre that would be located on the ground floor of a mixed use building with low income seniors housing provided above.

In mid 2014, 411 approached the City with a proposal, along with considerable financial resources, to partner with the Housing Agency to build social housing for seniors with a multiservice seniors' centre on the ground floor.

411 worked closely with the Housing Agency and Social Policy to identify a possible site that would be well suited for seniors housing and a senior's centre and that would fit with 411's visioning, functional program and budget. The City-owned site at 3510 Fraser Street was identified as meeting all the conditions required by 411, the Housing Agency and Social Policy. The proposed mixed-use project would be built with a seniors' centre located on the ground floor with seniors affordable rental housing above.

The site is well served by transit, on a relatively flat grade and located at the intersection of three Vancouver neighbourhoods: Kensington Cedar Cottage to the east; Riley Park to the west; and, Mount Pleasant to the north. None of these neighbourhoods has a dedicated seniors' centre despite the following demographics:

- Kensington Cedar Cottage has the second largest population of seniors of any Vancouver neighbourhood⁹;
- Seniors in Kensington Cedar Cottage also experience the third highest seniors poverty rate in the Vancouver, with 24% (2,255 seniors) spending more than 30% of their income on accommodation¹⁰; and
- In Mount Pleasant 47% of seniors live alone, the fifth highest rate in the city and well above the Vancouver average of 29%¹¹.

In November, 2015, the Housing Agency and 411 began discussions pertaining to the size and scope of the seniors' centre, the costs involved and a timeline. By October, 2016 the Housing Agency and 411 agreed in principle on almost all aspects of the pre-paid leasing costs, with 411 agreeing to pay for all costs associated with the construction of a seniors' centre of up to 6,600 square feet, tenant improvements, and parking. The only outstanding issue was that 411 was not able to cover their proportionate share of the land costs of the pre-paid lease.

⁹ *Statistics Canada*, 2011 Census of Population

¹⁰ *Statistics Canada*, 2011 National Household Survey

¹¹ *Statistics Canada*, 2011 Census of Population

The cost of PEF land costs to cover the 60 year pre-paid lease was estimated in late 2015 at \$642,000. The current land cost of the pre-paid lease is estimated at over \$840,000 but is subject to market conditions at the time of execution of the ground lease with the NPO, and to be finalized with RES.

Staff recommend a grant of up to \$800,000 to cover part or all of the land portion of the pre-paid leasing costs associated with the seniors' centre contingent on a number of requirements as outlined in this report.