



ADMINISTRATIVE REPORT

Report Date: May 30, 2017
Contact: Abi Bond
Contact No.: 604.873.7670
RTS No.: 11942
VanRIMS No.: 08-2000-20
Meeting Date: June 28, 2017

TO: Standing Committee on Policy and Strategic Priorities
FROM: General Manager of Community Services
SUBJECT: Acquisition of Social Housing at 1345 Davie 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 acquisition for a nominal purchase price, from the owner / developer of a multiple dwelling building at 1345 Davie Street (Marcon Davie Properties Ltd.), of an air space parcel (the "Social Housing Air Space Parcel") whereby:

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- i. the Social Housing Air Space Parcel will contain a minimum of 4,298 m² (46,263 sq.ft.) of residential floor area and no fewer than 68 units of Social Housing and associated storage lockers, parking and bike storage;
- ii. the City of Vancouver (the "City"), as owner of the Social Housing Air Space Parcel, will be granted the appropriate rights and be subject to the appropriate obligations applicable to the ownership and operation of the Social Housing Air Space Parcel, including reciprocal easements and indemnities, repair and maintenance, cost sharing, insurance and other applicable legal obligations; and,
- iii. 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 title to the lands (Lot 14 Block 37 District Lot 185 Plan 92) (the "Lands") in accordance with DP-2016-00373 as conditionally approved by the Development Permit Board on March 20, 2017, pursuant to the RM-5D District Schedule.

REPORT SUMMARY

This report requests Council authorization to acquire at a nominal purchase price, 68 units of Social Housing to be constructed at 1345 Davie Street, secured in accordance with West End Plan and the bonus density provisions outlined in the RM-5D District Schedule.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On July 28, 2011, Council approved the Vancouver Housing & Homelessness Strategy (2012-2021) and a 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 existing housing affordability by requiring replacement of existing market rental units as social housing. In Area 3 within Lower Davie, 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 March 20, 2017, the Development Permit Board, pursuant to the RM-5D District Schedule, conditionally approved DP-2016-00373 for 1345 Davie Street for construction of an 18 and 19 storey multiple dwelling building with 221 total dwelling units consisting of 153 market condos and 68 social housing units.

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

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager Community Services recommends approval of the foregoing.

REPORT

Background/Context

The City of Vancouver's Housing and Homelessness Strategy 2012 - 2021 (the "Strategy") identifies a specific goal to increase the supply of non-market rental housing.

On March 28, 2017, Council received a report on the Emerging Directions for Housing Vancouver. The development of supportive land use policies through both City-wide and community planning is a key emerging direction of the Strategy.

The West End Community Plan (the "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 bonus density and rezoning applications in specified corridors. The Plan requires that 50% of social housing units be two and three bedroom units suitable for families with children.

The Plan includes the provision for additional density through density bonusing by the Director of Planning or the Development Permit Board (i.e. without the need for rezoning) in the Lower Davie area of the Plan. The provisions for Social Housing in the Plan were enacted within the RM-5D District Schedule.

Strategic Analysis

On March 20, 2017, the Development Permit Board conditionally approved DP-2016-00373 for 1345 Davie Street, for an 18 and 19 storey multiple dwelling building containing 221 total dwelling units consisting of 153 market condos and 68 social housing units all over four levels of underground parking.

Among the conditions of approval, the Development Permit Board required the applicant to make arrangements to secure the 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 air space parcel. A Construction and Transfer Agreement for the Social Housing will be registered against the Lands to secure this obligation. Under the *Vancouver Charter*, Council approval is required for the acquisition of real property. Subject to Council approval, the acquisition of the Social Housing Air Space Parcel will secure 68 units of non-market rental (Social Housing). This will be the second social housing project to be secured under the new land use and housing policies of the West End Plan and the RM-5D District Schedule.

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	Previous units delivered	Total units delivered to date	Balance of units to be delivered
500	68	27	95	405

Table 2: Progress towards Social & Supportive Unit targets as set in the City's Housing and Homelessness Strategy (March 31, 2017)

	TARGETS ¹	CURRENT PROJECTS	GAP
	Long Term (2021)	Committed, Under Construction & Completed	2021 Target
Supportive Housing Units	2,900	1,702	1,198
All Other Non-Market Housing Units	5,000	2,119	2,881
Total Non-Market Housing Units	7,900	3,821	4,079

¹Targets are established in the 2011 City of Vancouver Housing and Homelessness Strategy.

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), at rental rates of no more than 30% of income. Staff will work with other 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, and monitoring and reporting requirements. The operator / lessee will be selected through a request for proposals process in line with the City's Procurement Policies.

Financial Implications

Upon acquisition by the City of the 68 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 General Manager Community Services recommends approval of the acquisition at a nominal purchase price, of an air space parcel containing 68 units of Social Housing to be constructed at 1345 Davie Street.

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Subject Properties Legal

Civic Address	Legal Description	PID	Owner
1345 Davie Street	Lot 14 Block 37 District Lot 185 Plan 92	011-444-606	Marcon Davie Properities Ltd.
	Strata Lots 1-48 and the Common Property of District Lot 185 Strata Plan VR. 605	Multiple PIDs	