

MEMORANDUM OF UNDERSTANDING
between
Family Services of Greater Vancouver (FSGV)
and
the City of Vancouver (the City)
regarding the use and redevelopment of 1134 Burrard St. (the Site)
dated for reference June 1, 2004.

Introduction

The City purchased the Site for \$3,600,000 to meet its long term commitment to replace the residential hotels and rooming houses (SROs) which may be redeveloped or converted to other uses and to maintain the stock of low-income housing in Downtown South. Funding to develop the Site for low-income housing is not currently available, and the Site is available for short term lease.

The Site

The Site is legally described as PID: 007-074-531: Lot G, Block 90, District Lot 5441, Plan 18877. It has an area of 12,000 sq. ft. (100 ft. frontage by 120 ft. depth). It is zoned DD and the zoning permits a maximum FSR of 5 (60,000 buildable sq. ft.) of which up to 1 FSR (12,000 buildable sq. ft.) can be used for social service purposes.

The Improvements

The Site is improved with a single storey 8,668 sq. ft. building that was previously used as a medical clinic and diagnostic facility (the Improvements).

Integrated Youth Services Centre

In January 2004, the Ministry of Children and Family Development selected FSGV to develop and operate an Integrated Youth Services Centre (IYSC) in downtown Vancouver. An IYSC provides counselling and support, health services, life skills training, and other services to street-involved youth. FSGV provides components of an IYSC through Dusk-to-Dawn located in St. Paul's Hospital at Comox and Nelson Sts. and through Street Youth Services located at 1065 Seymour St. These services would be consolidated and combined with additional services to create FSGV's downtown Vancouver IYSC.

Public Consultation

FSGV has initiated extensive public consultations regarding its proposed downtown Vancouver IYSC. An Advisory Committee of neighbours, service providers and youth has been established to review site criteria, potential sites and operational issues. The Site has been identified as a suitable site for an IYSC. FSGV will continue to consult with the Site's neighbours, other providers of youth services, and with youth that would be served by the IYSC to be developed on the Site, throughout the development process.

Lease of Site for an IYSC

FSGV wishes to lease the Site for the purposes of renovating the Improvements to accommodate their downtown Vancouver IYSC. FSGV believes the Improvements are of sufficient size and in adequate condition that they can be renovated to accommodate an IYSC. FSGV would consolidate their Dusk-to-Dawn and their Street Youth Services operations in the IYSC to be developed on the Site, as outlined in the proposed program for the IYSC attached as Appendix A.

FSGV's Street Youth Services operation currently occupies City-owned space. The City will allow FSGV to terminate the lease of their Street Youth Services space without penalty if and when FSGV relocates their Street Youth Services to the IYSC to be developed on the Site.

FSGV's Dusk-to-Dawn drop-in operation is currently accommodated in St. Paul's Hospital, and FSGV has been given notice to vacate by the end of August 2005.

Environmental Issues

The City will ensure that the Improvements are properly decommissioned from their current use as a medical clinic and diagnostic facility. The City will retain a qualified professional to prepare a report identifying any environmental issues related to the Site and Improvements, and any environmental issues that must be addressed during the renovation of the building for FSGV's IYSC. A copy of the report will be made available to FSGV for their review.

Lease

The City will lease the Site and Improvements to FSGV on the following terms:

- Prior to executing the lease, FSGV will satisfy itself that the Site and Improvements are satisfactory to its purposes. The lease will require that FSGV accept the Site and Improvements 'as-is, where-is';
- The lease term will be for 5-years with an option to renew for a further 5-years;
- FSGV will pay the City rent of \$68,500/year in monthly instalments for the initial 5-year term with the rent to be inclusive of the annual Community Services grant that FSGV receives from the City and for which FSGV will continue to apply;
- provided by the City's Social Planning Department;

- The rent for the second 5-year term will be \$68,500 as adjusted by increases in Vancouver's CPI should FSGV exercise its option for the second 5-year term and the City's Director of Social Planning advise that the budget for the IYSC can accommodate an increase in rent;
- FSGV to be responsible for paying the cost of all utilities and insurance for the Site and its Improvements;
- FSGV will not be obliged to pay property taxes or rent-in-lieu of property taxes;
- With the exception of major structural repairs, FSGV will maintain and repair the Site and Improvements as if they were not going to be demolished, and will be responsible for all costs to maintain and repair the Site and Improvements. FSGV may cancel the lease in the event that the Improvements require major structural repairs;
- FSGV will be responsible for all permits required for the renovation and use of the Site and Improvements for an IYSC.
- Any renovations to the Improvements other than repair and maintenance will require the approval of the City as Lessor as well as the approval of the City as regulator of land use and development;
- FSGV will be responsible for all costs of renovating the Improvements to accommodate the IYSC;
- The Lease will commence upon issuance of a Building Permit for the proposed IYSC with payments under the Lease to commence upon issuance of an occupancy permit for the improvements;
- The City will have the right to cancel the lease if an occupancy permit has not been issued for the IYSC to be developed on the Site by August 31, 2005;
- The City will have the right to cancel the lease during the second 5-year term on one-years notice if the City wishes to proceed with the development of a low-income housing project on the Site;
- The approval of City's Director of Social Planning will be required for the services and programs to be provided in FSGV's IYSC to be developed on the Site and to any material changes to the program and services provided, and FSGV will provide an annual report to the Director of Social Planning describing the operations of the IYSC, numbers of clients served by each program and service, etc.
- FSGV will provide services to youth from and will accommodate youth in the IYSC a minimum of 120 hours a week and 7 days a week, and FSGV will use its best efforts to secure or raise funding so it can operate the IYSC 24 hours a day, 7 days a week, with any changes to hours of operation to be subject to the approval of the City's Director of Social Planning;
- FSGV will maintain communication with and be accessible to neighbours of the Site to respond to complaints and issues that may arise from the operation of the IYSC and will establish a neighbourhood advisory committee for the operation of the IYSC, and implement such other public communication and consultation measures as may be required by the Development Permit for the IYSC; and
- FSGV will continue to participate on a committee consisting of representatives of providers of youth services in downtown Vancouver and youth being served by those

services that advises on youth issues and services in downtown Vancouver, and which will include the operation of the IYSC.

Development Permit

FSGV has retained Davidson Yuen Simpson Architects (DYSA) to prepare the plans for the renovation of the Improvements to accommodate the IYSC to be developed on the Site. DYSA will apply for a Development Permit within 60 days of approval of this Memorandum of Understanding by City Council. The Development Permit Application must be approved by the City as Lessor as well as by the City in its role as regulator of land use and development. If a Development Permit for the IYSC has not been submitted within 60 days of City Council approval of this Memorandum of Understanding, or has not been issued by December 31, 2004, the City may terminate the arrangements as set out in this Memorandum of Understanding.

Capital Funding

FSGV has funding through Human Resources Development Canada's (HRDC) Supporting Community Partnerships Initiative (SCPI) to cover the costs of the public consultation and Development Permit Application for the IYSC proposed for the Site. The total capital cost of the renovations to accommodate the IYSC is estimated at \$600,000. FSGV has \$325,000 in funding from the Vancouver Coastal Health Authority and the Ministry of Health in place for the cost of the renovations. FSGV will apply for funding through HRDC's 2004 SCPI proposal call for \$275,000 to cover the remaining cost of the renovations. If FSGV's IYSC proposal for the Site is not approved for funding through HRDC's 2004 SCPI proposal call, FSGV will seek funding from other sources. If funding for the capital cost of the IYSC proposed for the Site is not confirmed by January 31, 2005, the City may cancel the arrangements set out in this Memorandum of Understanding.

Operating Funding

The operating budget for the first year's operation of the IYSC is attached as Appendix B. It provides for the operation of the IYSC 120 hours/week, 7 days/week and sets out the operating cost and staffing for each module of the IYSC program. Included in Appendix B are the confirmed sources of funding to cover the operations of the IYSC during the first year of the lease term. The sources of funding for the operation of the IYSC are committed annually, but are expected to be stable for the full term of the lease.

Future Development of the Site

FSGV is seeking funding to develop a purpose designed and built downtown Vancouver IYSC, and the City is seeking funding to develop low-income housing to replace the SROs in Downtown South. The City and FSGV propose that the Site be redeveloped within 10 years for both a purpose built IYSC and low income housing. The IYSC would occupy a maximum of 12,000 buildable sq. ft. (1 FSR) of the new development and low-income housing would occupy

the remaining development potential.

Redevelopment Partnership

It is proposed that the Site be redeveloped through a partnership between the City, FSGV, and a non-profit housing society (the Sponsor) who would develop and operate the low-income housing component and who would be selected by the City once funding for the low-income housing component has been secured. The partnership for the redevelopment of the Site (the Project) would include the following intent:

- the Sponsor would be the developer of the Project;
- the Sponsor would select the architect for the Project subject to FSGV's approval;
- FSGV must approve the Development Permit and Building Permit Applications and the plans and specifications for the IYSC component of Project;
- The Sponsor would be responsible for selecting and managing the contractor for the Project, and responsible for delivering the IYSC component to FSGV on the terms and specifications agreed to between the Sponsor and FSGV;
- The Sponsor will be responsible for all costs to develop the housing component of the Project, and FSGV will be responsible for all costs to develop the IYSC component of the Project;
- the IYSC and the housing would be developed as separate entities within the Project e.g. with separate entrances, circulation and utilities so that each can be operated independently; and
- If FSGV is able to provide the necessary support services and has the capacity to respond to and be responsible for any issues that may arise, FSGV will have the right to select youth from their programs to be tenants for 20% of the units in the Project. FSGV's right to select tenants will only apply if the housing component is operated as low-income housing. The youth selected for FSGV's units must satisfy the program requirements for the low-income housing component. FSGV and the Sponsor will enter into an operating agreement setting out the roles and responsibilities for each in the selection and management of the FSGV tenants.

Financing the Project

It is hoped that financing for both the IYSC and the low-income housing components of the Project will be available concurrently. Both FSGV and the City will strive to have funding for their respective components in place at the end of the initial 5-year term of the lease or sometime during the second 5-year term. However, both note that concurrent funding for the IYSC and low-income housing may not be available. There are two options: the funding for the IYSC component is in place and the funding for the low-income housing is not (A), or the reverse (B).

- A. If, by the end of the first 5-year term of the lease, FSGV is able to secure the funding required for the IYSC component of the Project, it will advise the City that funding is in place and the City will attempt to find funding to develop the low-income housing

component of the Project. If funding for low-income housing is not available, then the City will attempt to find funding to develop the housing component of the Project as market housing to be operated by the Sponsor and that the Sponsor would convert to low-income housing in the future either as the mortgage is paid off or when funding for low-income housing becomes available. If the City is not able to find funding to develop the Project's housing component for either low-income or market housing, the Project will not proceed, and FSGV will be free to exercise its option to renew for a further 5-years, or, if the funding for the IYSC is perishable, to relocate the IYSC to another site which FSGV would develop. The City would allow FSGV to continue operating the IYSC on the Site on a month to month basis until the new IYSC was ready to be occupied.

- B. The City will be seeking funding for the low-income housing component of the Project through Federal and Provincial affordable housing programs. At the end of the first 5-year term of the lease or any time during the second 5-year term, the City is able to secure funding for the low income housing component, the City will provide FSGV with one-years notice to find either sufficient capital funding for the IYSC component of the Project, or sufficient operating funding to pay the mortgage payments or to pay rent for the IYSC component of the Project. If FSGV is unable to find funding for the IYSC component within the year, as set out in Project Structure (B), they will either close or relocate the IYSC to another site.

FSGV will be responsible for all costs for relocating the IYSC to another site and for operating the IYSC at another site, either temporarily while the Project is under construction or permanently if their downtown Vancouver IYSC is not included in the future redevelopment of the Site.

Project Structure

The IYSC component of the Project could be structured as an air-space parcel owned by FSGV (A) or as a lease to FSGV (B).

- A. If FSGV is able to fund the total capital cost of the IYSC component of the Project, including a proportionate share of the land cost based on the buildable area of the IYSC and housing components of the Project, through equity it has acquired, or is able to enter into a mortgage to pay off the total capital cost of the IYSC component of the Project, an air-space parcel will be created for the IYSC component which the City will transfer to FSGV on payment of the IYSC component's proportionate share of the land cost. The land cost will be the price the City paid to purchase the Site. The City will have the right to purchase the IYSC air-space parcel for its appraised market value, if FSGV wishes to sell it in the future.

The air-space parcel agreement will require that the owner of the IYSC component commit to the redevelopment of the IYSC component of the Project if, on the 60th anniversary of substantial completion of the Project or after, the City wishes to redevelop

the housing component of the Project. If the owner of the IYSC component is unable or unwilling to redevelop the IYSC component when the redevelopment of the housing component proceeds, the City will be able to buy the IYSC air-space parcel at a price equal to its proportionate share of the Site's land value at the time.

- B. If FSGV is unable to fund the total capital cost, including a proportionate share of the land cost, of the IYSC component of the Project through equity it has acquired or is unable to enter into a mortgage to pay off the total capital cost, but is able to pay the capital cost of the IYSC excluding the land component, the City will lease the IYSC component to FSGV by way of a leasehold subdivision for 60 years with a nominal prepaid rent.

If FSGV is unable to pay the capital cost of the IYSC, but is able to commit to paying rent for the IYSC for a minimum of 10 years, the City will finance the IYSC component of the Project. The annual rent for the IYSC will be the total capital cost of the IYSC component financed by the City, excluding its proportionate share of the land cost, times the interest rate at which the City borrows capital. The rent will be adjusted every 5 years in accordance with changes to Vancouver's CPI and reviewed every 10 years. The City would lease the IYSC to FSGV for 60 years, with FSGV able to terminate the lease on one year's notice anytime after the 10th anniversary of the lease.

Schedule

FSGV Board Approval of MoU	June 23, 2004
Council Approval of MoU	June 22, 2004
SCPI Funding Application	June 30, 2004
Development Permit Application	June 30, 2004
SCPI Funding Approval	September 2004
Development Permit Issuance	October 2004
Issuance of Building Permit	December 2004
Start of Renovations	January 2005
Completion of Renovations	May 2005

Once this Memorandum of Understanding has been signed, it will be presented to City Council and FSGV's Board of Directors for approval.

No legal rights or obligations shall arise or be created until the FSGV Board of Directors and City Council have approved this Memorandum of Understanding, all conditions set out in the Memorandum of Understanding have been satisfied, and all legal documentation required has been fully executed on terms and conditions to the satisfaction of the City's and FSGV's Solicitors. Legal documentation will be restricted to the five-years plus option for an additional five years lease of the Site and Improvements to FSGV. Only an In-Principle commitment can be made to the Project by either the City or FSGV through this Memorandum of Understanding, and no legal documentation for the Project will be put in place until funding is in place for both

the IYSC and the housing components of the Project, and City Council and the FSGV's Board have given final approval to the Project.

For FSGV

For the City of Vancouver

Teri Nicholas
Executive Director

Cameron Gray
Director of the Housing Centre

date

date

YOUTH CENTRE SERVICES

These FSGV programs are currently being offered:

Daytime Resource Centre	Youth under 19, Monday – Thursday, 10AM-5PM and Friday, 11AM– 8PM
Day Program	Monday – Friday 11AM – 6PM (MCFD Referral)
Overnight Resource Centre	A drop-in that operates from Sunday – Thursday from 7:00PM – 7AM.
Street Youth Job Action	A job bank with a philosophy of ‘working today and being paid on the same day’ operating from 8AM to 4PM and providing casual and temporary work placements.
Street Youth Service Outreach	An outreach service for youth over 19 years of age.
Street Youth Service Outreach	An outreach service covering the City of Vancouver for youth under 19 years of age.
Options Addictions	A program for youth up to age 24 who are struggling with addiction issues (drop-in access daily).
Life-skills/Housing Support	One to one support for youth who require housing and life-skills assistance.
Housing Support and Assistance	Work with the central housing registry to provide one to one support for youth requiring housing assistance. (MCFD referral)
Services to Transition Youth to Adulthood:	One to one youth support and youth agreements. (MCFD Referral)

Other program currently in the building:

British Columbia Centre for Disease Control – Street Nurses Program

FAMILY SERVICES OF GREATER VANCOUVER
Projected Budget for Youth Centres - Downtown
FOR THE FISCAL YEAR ENDING MARCH 31, 2005

REVENUE:

Provincial Government Grant - MCFD	1,129,973.00
Provincial Government Grant - MHR	275,939.00
VCHA - SMART	137,405.00
VCHA - Addictions	72,870.00
City of Vancouver Grant	40,500.00
Service Fees - SYJA	117,000.00
Rental Income	16,800.00
Donations	43,000.00
Total Revenue	1,833,487.00

EXPENSES:

Salaries, Wages and Benefits	1,262,493.00
Rent	54,144.00
Building Occupancy	70,258.00
General Program Expenses	48,373.00
Direct Program Expenses	116,366.00
Purchased Services	85,156.00
Recruitment and Professional Development	15,000.00
Promotion and Publicity	3,900.00
Amortization Expense	4,068.00
Administration Costs	171,579.00
Contingency Fees	2,543.00
Total Expenses	1,833,880.00

Surplus (Deficit) for the period (393.00)