



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: June 13, 2008  
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Meeting Date: June 24, 2008

TO: Vancouver City Council

FROM: Director of Real Estate Services in consultation with the Director of Facilities Design & Management

SUBJECT: Request for Expressions of Interest for property management services for the City owned residential market rental high-rise tower located at 228 East 7<sup>th</sup> Avenue which forms part of the Mount Pleasant Civic Centre development (1 Kingsway)

#### RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to issue a Request for Expressions of Interest ("EOI") to be followed by a Request for Proposal ("RFP") for the provision of property management services for the new market rental residential high-rise located at 228 East 7<sup>th</sup> Avenue which forms part of the Mount Pleasant Civic Centre development (1 Kingsway, Appendix A).
- B. THAT Council authorize the Director of Real Estate Services in consultation with the Director of Facilities Design & Management to short list qualified proponents submitting in the EOI to compete in a formal RFP process. Following closing of the RFP staff to report back to Council with recommendations on the award of the property management service agreement with a source of funding being the revenue generated from this PEF owned property.

#### GENERAL MANAGER'S COMMENTS

The General Manager of Business Planning & Services recommends approval of the foregoing.

## **COUNCIL POLICY**

Contracts are to be awarded on the basis of best value for the City.

## **PURPOSE**

The purpose of this report is to seek Council approval for an EOI/ RFP process to provide property management services for a market rental high-rise building due to be completed in December 2008, as part of the Mount Pleasant Civic Centre development.

## **BACKGROUND**

The Mount Pleasant Civic Centre development project includes a purpose built 98 unit residential market rental high-rise tower which will be managed by Real Estate Services (RES) as a PEF owned asset. The new residential high-rise will significantly increase the number of residential units currently under the management by RES. It is of note that the existing residential units under RES management, are the result of strategic City acquisitions of land for future civic purposes and not as market rental income producing properties acquired for investment purposes only. In other words, the current PEF residential portfolio is made up of holding properties which are managed by RES until such time as they are redeveloped for another civic purpose. RES currently manages 3 small apartment buildings (with a total of 20 units), two artist live/work studios, and 47 houses, which are owned by the PEF.

## **DISCUSSION**

RES has undertaken a review to consider the in-house staffing requirements needed to manage this new 98 unit residential high-rise building, both during the initial lease-up period and for ongoing day to day property management and rental. The review also considered the alternative use of a property management company with expertise in market rental residential high-rise buildings.

The review concluded that using a property management company providing day to day management and leasing services, with RES providing an overall asset management role, was preferred. This approach addressed the issue of having to provide enhanced levels of additional staffing during the initial labour intensive lease-up period, as well as the levels of additional staffing required on an ongoing 24/7 basis for a 98 unit residential high-rise building. The decision to use an outside property management firm also provides cost effective management, maintenance, accounting and rental services. The procurement of property management services would be awarded through an RFP process, with the successful proponent being paid an annual management fee typically calculated as a percentage of gross annual rent. It is anticipated that no additional RES or Facilities Design & Management staffing will be required as oversight of a third party property management company can be provided within existing staff workload capacity.

However, if the City was intending in the future to acquire or develop similar types of purpose built market rental buildings, then there is a case to expand the capabilities and staffing levels in RES and FDM to manage new residential buildings and future similar acquisitions. As there are no current or long term plans for the City to develop any additional

market rental housing in the PEF, staff recommend engaging a property management company through a commercial procurement strategy utilizing and EOI/ RFP process. Staff to report back to Council on recommendations for award of a property management services agreement.

### **FINANCIAL IMPLICATIONS**

Real Estate Services staff will carefully assess the responses to the Request for Proposal to ensure that the service level and proposed management fee agreed to with the successful proponent are both cost effective and provide a satisfactory service levels for this valuable City asset. Source of funding will be the PEF. RES staff will ensure that monthly rental rates are reflective of current market conditions to ensure a reasonable return to the PEF.

### **ENVIRONMENTAL IMPLICATIONS**

The new facility is seeking a LEED™ Gold accreditation. The RFP will require that management practices for the ongoing operation and maintenance are consistent with maintaining that LEED standard, and the development of high standards of environmental and sustainable best practices in the future operation of the building. These standards will apply to all products used to maintain, clean, and service the building.

### **SOCIAL IMPLICATIONS**

This market rental residential development will be a significant addition to the stock of purpose built market rental housing which has seen little increase over the years despite very low vacancy rates. Whilst this is not a non-market housing project with subsidized rents, it will have a positive effect on the very tight rental market introducing more rental options than are currently available. The mix of units being provided (62 One Bedroom, 4 One Bedroom and Den, 32 Two Bedroom Units) will attract singles, couples and families, with units being designed to accommodate disabled wheelchair access as prescribed under the Building Code. Two units have also been designed to allow for licensed in-home daycare.

### **CONCLUSION**

The engagement of a property management services company through a commercial procurement strategy utilizing an EOI/RFP process will ensure cost effective service provision and address the issue of providing enhanced levels of additional staffing during the initial intensive lease-up period, as well as levels of additional staffing required on an ongoing 24/7 basis. The successful proponent will be awarded a management service contract based on the proponent's fee proposal and quality of service provision. RES and FDM will provide an overall asset management role of this important City building, to ensure appropriate service delivery and that the operation and maintenance of the building is consistent with maintaining the LEED™ Gold accreditation and reflective of environmental and sustainable best practices on an ongoing basis.

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Appendix A

