



CITY OF VANCOUVER

CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: September 15, 2008
Contact: Rob Whitlock
Phone No.: 7432
RTS No.: 07617
VanRIMS No.: 08-2000-20
Meeting Date: September 30, 2008

TO: Vancouver City Council
FROM: Managing Director of Social Development
SUBJECT: Lease Terms for City-owned Social Housing Site at 1050 Expo Boulevard

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to lease lands located at 1050 Expo Boulevard, legally described as PID: 018-557-694, Lot 232, PL LMP13010, NWD, DL False Creek (the "Lands"), subject to the City exercising the option to purchase the site, by way of ground lease to the 127 Society for Housing (127 Society) to enable the development of a non-market housing project, which ground lease will provide for:
- i) a term of 60 years;
 - ii) a nominal prepaid rent; and
 - iii) a waiver of property taxes for the term of the lease on the project, as long as it continues to provide supportive housing for the homeless and as long as BC Housing continues to provide operating subsidies;

and otherwise will be in accordance with the terms and conditions as set out in this report and to the satisfaction of the Managing Director of Social Development, the Director of Real Estate Services and the Director of Legal Services.

The ground lease to 127 Society at a nominal rent and providing for a waiver of property taxes for the term of the project constitutes a grant and requires 8 affirmative votes.

- B. THAT the Director of Legal Services be authorized to execute all necessary agreements, plans and other documents on behalf of the City and that no legal rights or obligations are hereby created and none shall arise hereafter except upon execution of all legal documents required to complete these transactions to the satisfaction of the Director of Legal Services.

GENERAL MANAGER'S COMMENTS

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

COUNCIL POLICY

It is Council policy to purchase privately-owned sites for non-market housing projects and lease them to non-profit societies or co-operative associations for 60 years. A 60 year lease is valued at 75% of market value.

Council's priorities for social housing are to maintain and expand housing opportunities in Vancouver for low and modest income households with priority being given to families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled and others at risk of homelessness.

The Downtown South Plan approved by Council in 1991 requires that the SROs (residential hotels and rooming houses) providing accommodation for low-income singles be replaced as the neighbourhood redevelops.

Council approved a Memorandum of Understanding between the City and BC Housing on December 19, 2007, regarding the City/Province Social and Supportive Housing Partnership. Twelve (12) sites are included in this partnership, including the site at 1050 Expo Boulevard. Included in Council's approval is a specific recommendation that the City provide the sites at no cost, and to relieve all 12 sites of the obligation to pay property taxes for the duration of their leases.

A lease at nominal rent and waiver of property taxes for the project constitute a grant, requiring the approval of 8 members of Council.

PURPOSE

The purpose of this report is to obtain the authorities required for the non-market housing proposed for the Lands, particularly the ground lease to the 127 Housing Society (127 Society), after the City has purchased the site.

BACKGROUND

This site is one of several sites within the Concord Pacific lands earmarked for social housing, since 1990. Under the False Creek North Official Development Plan, 15% of all units in Concord Pacific Place are currently intended for affordable housing.

The value of the site is \$2,670,202, which is the price that will be paid by the City, when the City exercises its Option to Purchase, to Concord Pacific Group Inc. based on an agreement with the City related to the removal of the requirement for affordable housing at 698 Beatty Street. This action was approved by Council on March 11, 2008.

This project is proceeding under the City/Province Social and Supportive Housing Partnership, approved by Council in December 2007. The MOU outlined the following possible use of the site, as follows:

It is proposed that the site be developed with 100 studio units. Singles living in shelters and SROs in the Downtown would have priority. If more units can be accommodated within the current height and floor space limits, a text amendment to increase the unit count may be considered. The City has an option to purchase the site which can be exercised when funding for the development of the site is available.

A third to a half of the 100 units would be occupied by persons with a mental illness and/or substance abuse problem referred by a provider of services to persons with mental health or addiction issues. All units will be tenanted by core-need singles with a priority for those living in the shelters and SROs in Downtown South.

127 Society for Housing and St. James Community Service Society have been jointly awarded the housing sponsorship for this site.

The 127 Society was formed in 1981. Its purpose is to provide safe affordable housing for low-income and/or seniors and/or individuals with disabilities and assisting them with personal and social needs through its community work program. The 127 Society operates three developments in the Downtown South area of the city with 255 units:

- 508 Helmcken Street (Jubilee House), which provides rental housing for 87 people over the age of 45 on limited incomes;
- 540 Helmcken Street (Brookland Court), which provides rental housing for 78 people over the age of 45 on limited incomes; and
- 415 Nelson Street (The Wellspring), which provides rental housing for 90 people over the age of 45 on limited incomes.

St. James is a grassroots social services organization with nearly 50 years of experience. It manages 134 units in 5 buildings in the central area, ranging in size from 5 to 66 units as well as providing a range of services to the low income community.

This is a partnership with BC Housing, the City of Vancouver, the 127 Society and St. James Community Service Society. The 127 Society will develop and manage the building and its operation, and St. James will provide support for residents to live healthy and independent lives. Support will be provided 24 hours a day, 7 days a week.

Site and Project Description: Development Application 412190 was considered by the Development Permit Board on August 25, 2008 and approved. The site has an area of 3 870.0 m² (41,656 ft.²) with an irregular shape. The site is presently vacant.

The following provides details of the project:

- 133 dwelling units;

- 9 storeys and 29.5 m (97 ft.);
- Total floor space of 5 827 m² (62,721 ft.²), plus 612 m² or 6,590 ft.² of amenity space;
- One level of at-grade parking for 13 parking spaces, and one small loading bay; and
- 100 bicycle spaces as a minimum.

It is expected that the building will be ready for occupancy in 18 to 24 months. The total capital cost of the project, including land, is \$30 million.

The City has an Option to Purchase which it now can exercise as the source of funding from the province to build the project is confirmed. Funding to finance purchase of the site is the payment-in-lieu from the rezoning of 651 Expo Boulevard which will be enacted soon.

The MOU notes the possible need for a text amendment should more than 100 units be possible. It was determined through the course of the design and processing for the development application that 133 units can be developed under the existing CD-1 for Quayside, without the need for a text amendment at this time. A subsequent amendment to the CD-1 may be needed when the development of the one remaining social housing site (Site 5E) proceeds, as the total number of units within the Quayside area would be exceeded if the full potential of site 5E is realized.

Appendix A shows the site.

DISCUSSION

Ground Lease to 127 Society for Housing: The site will be leased to 127 Society for Housing in accordance with the standard terms and conditions agreed to between the City and BC Housing for social housing:

1. Term of 60 years
2. Rent to be a nominal prepaid rent;
3. The value of the foregone rent, based on a calculation of 75% of the value of the site, is \$2,002,651;
4. Lease to be signed within 180 days after Council approval, or such later date as may be approved by the City Manager;
5. Lease is subject to the City exercising an Option to Purchase, which it can now exercise as funding from the Province to build the project is confirmed;
6. Such further and other terms as are acceptable to the Managing Director of Social Development and the Director of Legal Services. No legal rights and obligations shall arise or be created until execution of the lease to the satisfaction of the Director of Legal Services.

A Memorandum of Understanding (MOU) was negotiated between the City and BC Housing and approved by Council on December 19, 2007. Pursuant to the MOU, 127 Housing Society will not pay property taxes.

FINANCIAL IMPLICATIONS

The site is designated for affordable housing as part of Concord Pacific's requirement to provide 20% of the total number of units for social housing in 1990.

On March 11, 2008, subject to approval of rezonings related to 651 Expo Boulevard and the False Creek North ODP, and to the Province confirming the funding to building and operate the social and supportive housing for 1050 Expo Boulevard, Council authorized the Director of Legal Services to exercise the City's Option to Purchase 1050 Expo Boulevard at a pre-determined value of \$2,670,202, with the source of funds to be the payment-in-lieu from the rezoning of 651 Expo Boulevard, which will soon be enacted.

The grant of \$2,002,651 represents 75% of the value to be paid to Concord Pacific Group Inc. when the City exercises its option to purchase the site and the foregone rent. The grant request does not involve further City funding. Council approved the property tax exemption for the 12 City/Province partnership sites on December 19, 2007.

CONCLUSION

The project at 1050 Expo Boulevard is a partnership between BC Housing, the City of Vancouver, 127 Society and the St. James Community Service Society. It will serve towards meeting the one-for-one replacement of existing SROs in the Downtown South, and it is consistent with the City's Homeless Action Plan.

* * * * *

APPENDIX A

Site Location Plan for 1050 Expo Boulevard

