



CITY OF VANCOUVER

## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

# A5

Report Date: 16 November 2009  
Author: Dennis Carr  
Phone No.: 604.873.7432  
RTS No.: 8405  
VanRIMS No.: 08-2000-20  
Meeting Date: December 1, 2009

TO: Vancouver City Council

FROM: Managing Director, Social Development

SUBJECT: Grant to Coast Foundation Society; Purchase and Renovations of 618 Commercial Drive

#### RECOMMENDATION

- A. THAT Council approve a grant of \$150,000 (\$10,000 per unit) to the Coast Foundation Society (CFS) for the purchase and renovation of 618 Commercial Drive [Parcel Identifier: 015-166-295, Amended Lot 1 (see 347632L), except the west 7 feet now road off lot 7, Block D, District Lot 183, Plan 729], to be secured by a Housing Agreement requiring that the property be owned and operated by a non-profit housing society for core-need households, for a term of 20 years, as set out in this report. The source of funds is to be the Affordable Housing Fund;

The grant request of \$150,000 requires eight affirmative votes for approval;  
and

- B. THAT no legal rights or obligations shall arise or be created from approval of Recommendation A until all the required legal documentation is executed in full and on terms and conditions to the satisfaction of the Director of Legal Services.

## GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of Recommendations A and B.

## COUNCIL POLICY

Council policy is to preserve and maintain a stock of market rental housing, and to maintain or increase the stock of affordable and social housing in the city. The City's social housing priorities are low and modest income 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.

In situations where the development of non-market housing projects are not viable because of high land or construction costs in the city, or a City contribution will assist in meeting the needs of core-need households, Council has provided grants to non-market sponsors to ensure they can proceed.

The approval of grants requires that eight members of Council vote in the affirmative.

## PURPOSE

This report seeks Council approval of a \$150,000 capital grant to Coast Foundation Society (CFS) towards the purchase and renovation of 618 Commercial Drive subject to registration of a Housing Agreement that will require the property to be owned and operated by a non-profit housing society and units are to be occupied by individuals in core-need households.

## BACKGROUND

**Society Description:** CFS is a non-profit housing society that improves the lives of people with a mental illness by providing assistance through housing, jobs, providing rehabilitative social and recreational opportunities, food, clothing and basic life skills training. Coast Foundation has a lengthy and successful track record in Greater Vancouver, and in Vancouver.

Coast currently operates and provides services to 226 units in Vancouver. Most recently, CFS took on management of the City-owned Doug Story building at 768 Richards, a 46-unit low income housing building. CFS will also oversee the development of the 52-unit project at 3595 West 17<sup>th</sup> Avenue (at Dunbar), which is one of the 12 City-owned supportive housing sites and part of the MOU between the City and BC Housing.

**618 Commercial Drive:** Coast Foundation Society (CFS) has purchased 618 Commercial Drive (The Riviera View), a 15 unit, 43-year-old rental property located on the southeast corner of Commercial Drive and Frances Street. The building is a three-storey, walk-up apartment consisting of 14 one-bedroom suites and 1 two-bedroom unit, for a total of 15 units. Sources of funding for the operation of the building will derive from the Mental Health Commission of Canada (Semi Independent Living Program where clients rent private market units) and BC Housing's Homeless Outreach Program. The building is close to an existing CFS facility - Frances Court, which will provide operating and support efficiencies.

The site is located in the Grandview-Woodlands neighbourhood as shown in Figure 1 below.

Figure 1: Location of 618 Commercial Drive



CFS has paid \$1,700,000 to acquire the property. Renovation costs are estimated to be \$900,000, for a total project cost of \$2.6 million. A summary of the funding sources is outlined below, and described in a letter from CFS, attached as Appendix A to this report:

CMHC (RRAP including accessibility funding):	\$ 834,717
Federal (Homelessness Partnership Strategy):	\$ 500,000
BCHMC financing:	\$ 1,115,283
City of Vancouver:	\$ 150,000
<b>Total:</b>	<b>\$2,600,000</b>

BC Housing is prepared to provide financing up to \$1.4 million, which gives the project an adequate contingency should renovation costs exceed the estimated \$900,000. The grant contributions from all levels of government significantly reduce the debt service ratio for the project and will enable the project to achieve a greater level of affordability.

## DISCUSSION

Coast Foundation Society has asked the City to contribute \$150,000 (\$10,000/unit) towards the purchase and renovation of the building, costs of which will total approximately \$2.6 million. The City's contribution will be limited to the amount requested.

In return Coast has agreed to enter into a Housing Agreement that would:

1. restrict the use of 618 Commercial Drive to the provision of non-market housing for core-need households (households that would have to pay more than 30% of their gross household income to rent a market unit of appropriate size in decent condition); and
2. maintain rents at core-need thresholds for a minimum of 20 years term.

Staff recommend that Council approve a grant of \$150,000 to Coast Foundation Society conditional upon execution and registration of the Housing Agreement.

#### **FINANCIAL IMPLICATIONS**

The source of funds for the City's grant of \$150,000 to Coast Foundation Society would be the Affordable Housing Fund.

#### **CONCLUSION**

The Assistant Director of Social Infrastructure recommends that the City assist the Coast Foundation Society with the purchase and renovation of 618 Commercial Drive. The City's contribution would be \$150,000.

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Letter from Coast Foundation Society



November 4, 2009

Social Development Department  
City of Vancouver  
Ste. 310, East Tower  
555 West 12th Avenue,  
Vancouver, B.C. V5Z 3X7

Attention: Mr. Cameron Gray

Dear Cameron:

*Re: 618 Commercial Drive*

I am writing to advise the City that Coast Mental Health has completed the purchase of the apartment block at 618 Commercial Dr. in Vancouver and is requesting \$150,000 in financial support to help us complete the plan to renovate and transform this building into affordable supported housing for persons with mental illnesses who are homeless or at risk of homelessness. The total purchase price was \$1,700,000 for the 15 unit apartment block. Renovations totaling roughly \$900,000 are being implemented to bring the building up to current standards. (Total invested in purchase & renovations roughly \$2,600,000)

All the other funding for the planned purchase and renovation is now substantially confirmed.

- Canada Mortgage Housing Corporation has agreed to provide RRAP funding in the amount of \$535,926. As well they have agreed to provide an additional \$298,791 of RRAP (D) funding to make the building and units more accessible.
- The Regional Steering Committee on Homelessness through the Metro Vancouver Homelessness Secretariat has recommended funding of \$500,000 for the project from The Government of Canada through the Homelessness Partnership Strategy which has recommended funding of \$500,000 to enable the units to be sub-market.

- Though we arranged bridge financing from the vendor during renovations, BC Housing has agreed to finance up to \$1,400,000 towards the project effective March 2<sup>nd</sup>, 2010.

As a result of the extensive renovations needed, the 13 existing tenants of 618 Commercial are in the process of being displaced. An individualized resettlement strategy has been implemented including a free months rent and in two instances where there were individuals with special needs, an offer to house in Coast facilities was made as well as tenant support from our Supported Housing staff. (One individual has accepted and has moved into Coast's subsidized housing and the other has decided to move to Surrey, but our latest word is he may want to return and if so, he will be provided a suite through Coast). At this writing, all tenants seem to have had their needs met during this transition.

Thank you for your support, the City of Vancouver continues to be a significant enabler for the development of affordable housing for its most vulnerable citizens. Please advise if you require any further information.

Sincerely,  
Coast Mental Health



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Darrell J. Burnham,  
Executive Director.