



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: November 17, 2010
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Meeting Date: November 18, 2010

TO: Vancouver City Council

FROM: Director of the Real Estate Services, in consultation with the General Managers of Community Services and Business Planning and Services, and Director of Legal Services

SUBJECT: Lease of 2750 E 18th Avenue to The Pacific Autism Centre Society

IN CAMERA RATIONALE

This report is submitted for recommendation to Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city; (k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

RECOMMENDATION

- A. THAT Council accept the surrender of lease dated October 10, 1996 from the Children's Foundation for the property located at 2750 E 18th Avenue legally described as Parcel Identifier No.: 023-593-598 Lot D Block F Section 44 Town of Hastings, Suburban Lands Group 1 New Westminster District Plan LMP 30472 (the "Property").
- B. THAT Council approve a new 60-year lease for the Property with The Pacific Autism Centre Society at a nominal prepaid rent on the terms and conditions set out in this report and authorize the Director of Legal Services and Director of Real Estate Services to negotiate and execute the necessary legal documents on behalf of the City.

- C. THAT Council instruct the Director of Real Estate Services to permit a rezoning application to be submitted to the City, in its regulatory capacity, by The Pacific Autism Centre Society (or their consultant), at the sole cost and expense of The Pacific Autism Centre Society, to rezone the Property to address programming and land use requirements of the project, provided that such Council direction will not in any way limit or fetter Council or the City and its officials, including the Approving Officer and Director of Planning, in exercising their regulatory discretion with respect to considering the rezoning or permitting of the Property.
- D. THAT no legal rights or obligations shall arise or be created from the approval of A and B until all the required legal documentation is fully executed on terms and conditions to the satisfaction of the City's Director of Legal Services.

Recommendation B represents a capital grant and requires 8 affirmative votes.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services and General Manager of Business Planning and Services recommends approval of A, B, C and D.

COUNCIL POLICY

The City leases sites for non profit use for 40-or 60-year terms and considers a prepaid rent of 50% of freehold value to be the market value of a 40-year lease and 75% of freehold value to be the market value of a 60 year lease. For those projects which require enhanced funding and financing from the Federal or Provincial governments, because of the scale and cost of the projects, Council will consider a nominal prepaid rent for a long term lease.

Grants require 8 affirmative votes of Council.

PURPOSE

This report recommends that Council accept the surrender of lease of the Property from the Children's Foundation so that the Property becomes available for a new lease to The Pacific Autism Centre Society. Through BC Housing, the City has received this request to facilitate the development of the Pacific Autism Family Centre ("PAFC") by approving a new 60-year lease for 2750 E 18th Avenue (legally described as Parcel Identifier No.: 023-593-598 Lot D Block F Section 44 Town of Hastings, Suburban Lands Group 1 New Westminster District Plan LMP 30472) with a nominal prepaid rent subject to requirements that the Provincial Government and The Pacific Autism Centre Society invest approximately \$25,000,000 in the new facility.

A nominal prepaid rent for the new 60-year lease is recommended as there is significant value in the existing lease with the Children's Foundation (lease expiry 2041). By consent of the Children's Foundation and Province of BC, the leasehold interest is being repackaged for the benefit of the The Pacific Autism Centre Society, who will create a lease tenure to lever the required provincial capital and operating funding for the new PAFC project.

BACKGROUND

On September 26th, 1996, City Council considered a recommendation that the lease term for the Children's Foundation be extended for 25 years, with two (2) further renewal terms of 10 years each, with a nominal prepaid rent for the lease extension, to enable the Children's Foundation to receive funding and grants for the construction of new buildings on the site. The lease extension was executed in October 1996 and set an expiry date of October 2041. The value of the City grant giving rise to the nominal lease payment was valued at [...] at the time.

Council approved a recommendation:

"THAT Council approve a request from the Children's Foundation to modify the term of a lease approved by Council on July 28, 1994 to extend the term from 5 years to 25 years at a nominal rate and to grant 2 - 10 year options at a nominal rate, the options to be exercised by the Children's Foundation, subject to the Children's Foundation or its successor, continuing to operate facilities for children and continuing to have operating agreements with the Provincial Government."

In the 2008 Throne Speech, the Premier committed a one-time grant of \$20 million to help build a provincial autism centre that will serve as a research and treatment facility for children. Since June 2010, the City has been in negotiation with the Province represented by BC Housing, to enable this commitment.

DISCUSSION

The Property is located along East 18th Avenue and Kaslo Street with portions of the project also fronting on Slocan Street. The site measures 114,467 square feet (2.63 acres) and is rectangular in size (see Appendix "A"). The Property faces single family residential on the opposite sides of all three streets. The lane to the west of the Property serves the rear of single family housing that fronts onto Slocan Street. The design of the new facility will respect the existing neighborhood and will be sited along the current property line between the Sunny Hill Hospital ("SHCHC") land (owned by the Province of BC) which also includes the Children's Hearing and Speech Centre (CHSC), as well as outbuildings of various sizes. There is a grove of mature trees separating the SHCHC property along Slocan Street that will be preserved and become a part of the PAFC campus. Additional play structures and walkways are intended to be installed to make a portion of the area accessible to the public.

The Property was zoned CD-1 (356) in 1996 and has a current allowable FSR of 0.5. It is evident from the proposal that the City has reviewed that a rezoning of the Property will likely be required. Recommendation C will authorize staff to permit The Pacific Autism Centre Society, at its sole cost and expense, to apply to the City in its regulatory capacity to consider the rezoning, provided Council remains unfettered in its discretion to entertain the rezoning application and that the City and its officials, including the Approving Officer and Director of Planning, are not restricted in any way in exercising their regulatory discretion with respect to considering the rezoning or permitting of the Property.

THE PACIFIC AUTISM FAMILY CENTRE PROJECT

The care of children has been the use on the property for almost 80 years. The Pacific Autism Family Centre will continue that historical use as a non-profit society on public land. The purpose behind BC Housing's request for the City to consent to the lease surrender and execution of a new lease is to set out the collaboration required between The Pacific Autism Centre Society, The Children's Foundation, and Provincial Government. The Property is next to the Sunny Hill Health Centre and Children's Hearing and Speech Centre (formerly Vancouver Oral Centre) and the recommendations set out in this Report pertain only to the subject Property. As redevelopment of the subject lands will no doubt create further interest in the future of the adjoining Sunny Hill Health Centre property, the City will monitor opportunity for value creation, improved land use, and potential for non-market and affordable housing opportunities closely and will report back to Council as opportunities arise.

The rate of diagnosis of ASD is increasing and is approximately 1 per 100-150 births (higher prevalence in male children). The Province has stated a need for a facility that will combine the best practices for treatment, education and care with research into suitable care models and fundamental causes of the affliction. The PAFC is designed to respond to the challenge of Autism Spectrum Disorder (ASD) in British Columbia. Its core purpose will be a provincial knowledge centre that brings together state of the art resources for research, information, learning, assessment, treatment and support in order to build capacity for addressing the lifespan needs of individuals with ASD and their families across British Columbia. The concept envisages a Lower Mainland centre linked with smaller locations throughout the province in order to build services and capacity. The Pacific Autism Centre Society has committed to raising approximately \$15 million to assist with capital and ongoing operating costs. The Housing and Social Development Ministry will assist with one-time capital costs and Children and Family Development Ministry has been asked to assist with operating costs. A more detailed information brief on PAFC is attached as Appendix "B".

FINANCIAL IMPLICATIONS

The current 2010 BC Assessment for the Property is \$4,864,848 for the land. The previous Council decision to extend the Children's Foundation lease until 2041 already created a grant valued at \$3,000,000 (present valued in 1996). By approving Recommendations A and B, Council would essentially be extending the lease encumbrance for a further 30-years to 2071. This extension represents an additional grant and RES staff have calculated the grant amount by measuring the annual opportunity cost of the land (at 5%) from 2041 to 2071, and present valuing this calculation back to 2010. Accordingly, the additional 30-year term of the land lease from 2041 to 2071 would represent a further grant in 2010 dollars of [...].

As the repackaged 60-year lease for PAFC at a nominal prepaid rent represents a grant, 8 votes in support are required for approval of Recommendation B.

SUSTAINABILITY

The project will be designed to a LEED Gold standard for sustainability and will be a predominantly wood structure. Limited visitor parking will be provided on the surface close to the entrance off Kaslo Street. The remaining parking will be provided underground. A traffic consultant will be engaged to conduct a demand study and to assist with discussions with the engineering department to determine the required number of stalls and loading bays with the

few to minimizing parking, where possible. The centre will be integrated spatially with the existing Children's Foundation complex. Four existing structures will be demolished as well as two existing temporary structures immediately west of the CHSC. Re-use of building materials on site will be strongly encouraged. The concept will be campus like with many green spaces and open courts between buildings. New buildings will be designed for durability, and air quality will be protected by the avoidance of VOC's and other off-gassing materials. As well, site geothermal will be explored for ground source heating and cooling.

The project represents an estimated \$28 million investment in Vancouver creating dozens of jobs and employment during construction and an estimated 60 plus jobs during its operation. Further, the PAFC project will include a 200 seat auditorium that will feature presentations on autism issues and will be made available to the public for community events and public education seminars.

CONCLUSION

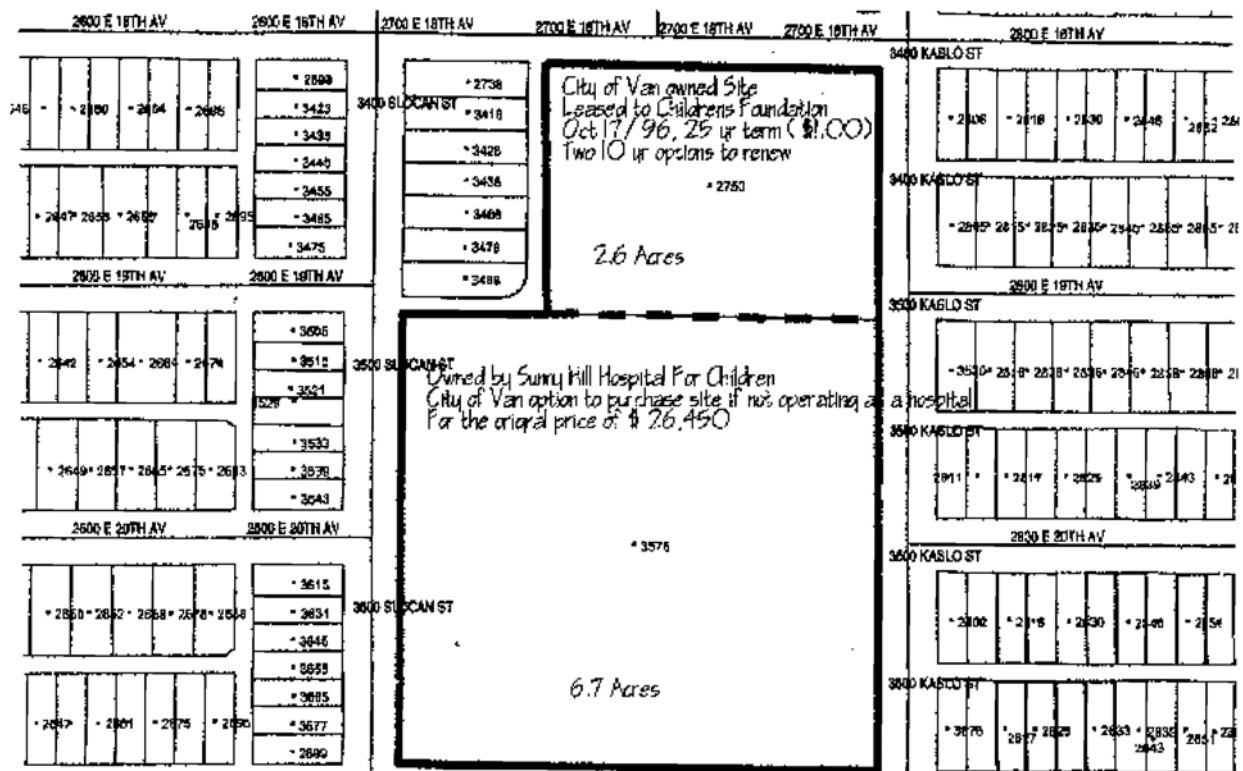
The proposal before Council presents an opportunity for capital renewal on a key Vancouver health care site and represents a significant reinvestment by the Province in continuing to provide children's services from the subject Property. To facilitate the Province's request, it is recommended that Council accept the surrender of lease from the Children's Foundation and to concurrently enter into a new 60-year lease agreement with The Pacific Autism Centre Society. Approval of the new lease involves a grant of [...] to The Pacific Autism Centre Society and requires 8 affirmative votes of Council.

It is further recommended that Council authorize the Director of Real Estate Services to permit The Pacific Autism Centre Society to submit a rezoning application for the subject Property if it is determined that a rezoning is required to deliver the desired programming, land use, and built form. Any decision by Council to authorize the rezoning application to be submitted, would not fetter or restrict Council or City staff in their discretion with respect to considering the rezoning or permitting of the Property in their regulatory capacity.

The approval by the City to proceed with the PAFC project will further the City's support for the health care sector and will be an affirmation of the collaborative relationship the City enjoys with the Provincial Government.

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Sunny Hill Hospital / Children's Foundation Map



December 2009



PACIFIC AUTISM Family Centre

Bringing Knowledge and Innovation Together

Our Purpose and Vision for Future Success

The Pacific Autism Family Centre (PAFC) is designed to respond to the challenge of Autism Spectrum Disorders (ASD) in British Columbia.

Autism is a condition experienced by approximately 26,000 individuals in BC. PAFC's core purpose is to be a provincial Knowledge Centre; bringing together state-of-the-art resources for research, information, learning, assessment, treatment and support, and building capacity to address the lifespan needs of individuals with ASD, and their families. The concept envisages a Lower Mainland centre linked with smaller locations throughout the province in order to build services and capacity.

OUR INSPIRATIONAL GOAL

Within the next decade, to help British Columbia become the best place in the world for people with ASD and their families.

OUR VISION FOR FUTURE SUCCESS

- To provide high quality information, treatment and support to diverse cultural and geographic communities throughout BC.
- To provide innovative programs based on best practices that will serve as models for training parents and community professionals across BC.
- To foster and maintain close relationships with researchers across the country, ensuring developed programs are informed by, and contribute to, research. A state-of-the-art research facility will be an integral part of the Centre.
- To foster and maintain close relationships with community professionals and organizations to better serve British Columbians with ASD across the age span.



PAFC site looking south (Source: Bing Maps)

WORKING WITH THE CHILDREN'S FOUNDATION AND SUNNY HILL HEALTH CENTRE FOR CHILDREN

The Children's Foundation (TCF) and the Sunny Hill Foundation are making land available to enable the development of the PAFC.

A portion of the site at Kaslo Street and East 18th Avenue, adjacent to Sunny Hill Health Centre, is currently occupied by TCF and leased from the City of Vancouver. The remainder of the site is vacant land forming the northern part of the Sunny Hill Centre for Children. This location has been serving children for almost 80 years.

TCF has been helping families in the Lower Mainland for over 50 years, including assisting families with children diagnosed with ASD, from offices in East Vancouver, Surrey and Langley.

Sunny Hill is part of *BC Children's Hospital* and provides specialized services to children with a wide range of disabilities from across the province, including consultation, treatment and research in autism.



Artist's concept of PAFC site.

ABOUT ASD

Autism Spectrum Disorder is a developmental condition that impacts normal brain development and affects social relationships, communication, interests and behaviour. As a spectrum disorder, ASD varies widely in each person's needs, skills and abilities. ASD occurs in approximately 1 in every 100 to 150 births, and appears during the first three years of life. It is four to five times more common in boys than girls — affecting 1 in every 90 boys — and is the most common neurological disorder in children. Today, there are approximately 26,000 people with ASD in BC — over 6,000 children and 20,000 adults.

The cause, or causes, are still unknown and, for now, there is no cure.

There are, however, effective treatment and intervention methods that can help individuals, and their families, address the characteristics of the disorder. Early interventions, based on best practices, are intended to help children with ASD to develop skills, to learn to communicate effectively, to share in family life, and to enjoy success at school.

Children and parents can benefit from community supports and, with this assistance, an increasing number of adults with Autism Spectrum Disorder may be able to live independently.

BUILDING AND OPERATIONAL CONCEPT

The PAFC has not yet been designed, but its pioneering, purpose-built concept envisions low-rise, wood-frame buildings, totalling about 6,500 m². The facility will also integrate the existing Children's Foundation, Children's Hearing and Speech Centre of BC, and the Sunny Hill Health Centre for Children in a campus-like setting.

A plan for the operation of the Centre will evolve with its design, and will involve partnerships with organizations and agencies already operating in the autism field.

Serving the province will be an essential feature of PAFC — designed to be accessible from across BC, and incorporating a series of regional resources through a "hub and spoke" concept, whereby a Lower Mainland centre will link with smaller locations throughout the province.

TIME FRAME, APPROVALS AND COST

The Pacific Autism Centre Society is seeking funding support for the Centre from the provincial government, complemented by private and community donations. The cost of the project is estimated at \$29 million. Obtaining this financial support, as well as the necessary municipal rezoning and other approvals, design and construction is anticipated to take three years, with the Centre opening in late 2012/early 2013.

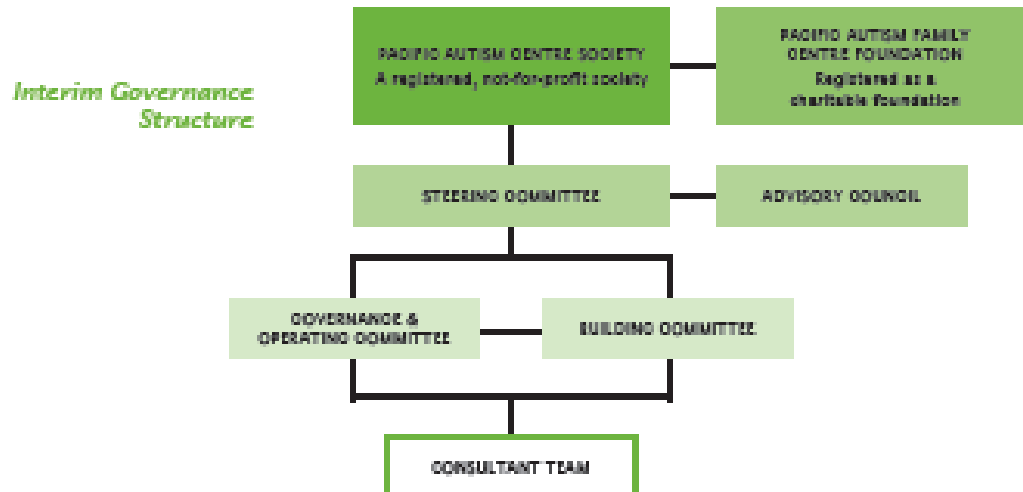


CONSULTATION

The Pacific Autism Centre Society has been established to develop and operate the new Centre. In creating the vision for PAFC, the Society has been guided by a large Advisory Group, that includes parents of children with ASD, experts and organizations active in ASD.

Planning will be undertaken within an interim governance model designed to ensure extensive consultation with a broad representation of stakeholders across the province.

Planning for the PAFC will include a long term operational model and governance structure.



WORKING TOGETHER

The success of the PAFC will involve the cooperation of many organizations. The Province of British Columbia will play a key role with funding; the City of Vancouver, the Children's Foundation and Sunny Hill Foundation will play key roles with the site. Contributions to capital and operating funding will come from the private sector, philanthropic organizations and the community. The operation of the Centre will involve the participation of many non-profit service providers, health authorities, the research community and families.



For more information:

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