



## ADMINISTRATIVE REPORT

Report Date: March 22, 2011  
Contact: Michael Flanigan  
Contact No.: 604.873.7420  
RTS No.: 9133  
VanRIMS No.: 08-2000-20  
Meeting Date: April 19, 2011

TO: Vancouver City Council

FROM: Director of Real Estate Services in consultation with Director of Social Development

SUBJECT: Lease of City-owned property at 900 Pacific Street to Family Services of Greater Vancouver (Directions Youth Services Centre)

### *RECOMMENDATION*

- A. THAT Council authorize the Director of Real Estate Services to enter into a lease with Family Services of Greater Vancouver for City-owned property at 900 Pacific Street, legally described as a portion of Lot 32, Block 120, District Lot 541, Plan 210, New Westminster District, PID: 002-559-579 and Lots 33 and 34, Block 120, District Lot 541, Plan 210 New Westminster District, PID: 002-559-501 and PID: 002-559-510, as shown heavily outlined on Appendix A, subject to the following general terms and conditions:

Term: Three (3) years, commencing May 1, 2011

Rent: Nominal. One (\$1.00) dollar per year,  
(inclusive of Property Taxes) plus applicable HST

Use: Social Service Centre

Other Terms and Conditions: The lease is to be provided on the City's Standard Commercial Lease and upon such terms and conditions satisfactory to the Directors of Real Estate and Legal Services.

Tenant to be responsible for all building improvement costs associated with establishment of the intended use, including, but not limited to, all plumbing, structural, electrical and mechanical upgrades.

Tenant to be responsible for all operating, repair and maintenance costs during the lease term.

No legal rights or obligation is hereby created and none shall arise until the lease document is fully executed by both parties.

B. THAT Council approve waiving payment in lieu of Property Taxes.

Recommendations A and B constitute a grant and approval requires eight affirmative votes of Council.

### ***GENERAL MANAGER'S COMMENTS***

The General Managers of Business Planning and Services and the Community Services Group RECOMMEND approval of the foregoing.

### ***COUNCIL POLICY***

Council Policy concerning leasing City-owned properties held for non-civic use requires Real Estate Services to seek terms based on market value rents with the responsibility for appropriate operating costs and additional rent equivalent to property taxes being to the tenant's account.

On June 8, 1993, City Council reiterated that the Property Endowment Fund (PEF) should not subsidize rents for social service or cultural organizations occupying its property, and that where subsidies on these sites are deemed appropriate, funding be provided from the Operating Budget in the form of grants.

Family Services of Greater Vancouver is currently leasing premises at 1134 Burrard Street.

On March 23, 2010 Council approved a rezoning of 1134 Burrard Street to permit redevelopment of that site to accommodate supportive housing and program space for Family Services of Greater Vancouver's Directions Street Youth program.

Relevant Council policies related to this recommendation include:

- Homeless Action Plan adopted by Council on June 14, 2005;
- Supportive Housing Strategy adopted by Council on June 6, 2007.
- City/Province Social and Supportive Housing Partnership - Memorandum of Understanding approved by Council on December 19, 2007.

### ***PURPOSE***

The purpose of this report is to request Council approval to lease City-owned property situated at 900 Pacific Street to Family Services of Greater Vancouver for a three (3) year term at a nominal rent of \$1.00 per year and a request of Council to waive the Property Taxes in Lieu.

## ***BACKGROUND***

The subject property is located at the south-west corner of Pacific Street and Hornby Street. The property was acquired in 1982 as a holding property with the intent of providing for future Burrard Bridge upgrades, including pedestrian and bicycle improvements and the widening of Pacific Street. The building was occupied by A Kettle of Fish Restaurant for over 28 years, and although the City was receiving \$11,750 per month in gross rent while A Kettle of Fish Restaurant was in occupancy of the property, the premises have reached the end of their economic life and are in poor condition requiring major upgrades to the structure, the roof, fire and sprinkler system, mechanical and electrical systems. The property is currently vacant and due to its present poor condition and cost to rehabilitate, Real Estate Services intended to recommend it be deconstructed.

Following Council's approval on March 23, 2010 of a rezoning of 1134 Burrard Street, Family Services of Greater Vancouver initiated a search for temporary premises for the much needed Directions Youth Services Centre program. It is essential that Family Services of Greater Vancouver's Directions Youth Services Centre remain in the downtown area where the target population is located.

After an exhaustive search, the only available suitable property is the City-owned property at 900 Pacific Street.

## ***DISCUSSION***

Family Services of Greater Vancouver is a not-for-profit organization dedicated to strengthening people, families, and communities. They provide a diverse range of professional support and counselling services to those who are experiencing challenges in their lives. Their Directions Youth Services Centre currently operates out of a City-owned site at 1134 Burrard Street. That site will be deconstructed and a new 16-storey Supportive Housing development will be built containing 141 dwelling units, with space for Family Services of Greater Vancouver provided on the ground and second floors. Directions Youth Services Centre must vacate their current premises for a three year period and will relocate back to their new premises at 1134 Burrard Street when the building construction is completed.

Family Services of Greater Vancouver has proposed to renovate and relocate to the City's building at 900 Pacific Street until such time as their new premises at 1134 Burrard Street are completed. The cost to renovate 900 Pacific Street is estimated to be \$850,000. The entire cost of renovation will be to the tenant's account, funded by BC Housing.

Real Estate Services supports leasing 900 Pacific Street to Family Services of Greater Vancouver at a nominal rate for three years in consideration of the significant building upgrades that will be funded by the tenant. The value of the upgrades exceed the rental income and property taxes the City would expect for the three year lease term, and is therefore considered to be a benefit to the City.

Engineering Services supports leasing this property for no more than three years as they advance their plans for the area. In the event they do not require the property after the three year term expires, Real Estate Services will be in a position to offer the property for lease in its improved condition for a market rent reflective of competitive rates at that time.

### ***FINANCIAL IMPLICATIONS***

Should Council approve the recommendation of this report, Real Estate Services will negotiate a lease with Family Services of Greater Vancouver at a nominal lease rate for a three year term. This is a holding property for the City and recent attempts to find a commercial lessee on a short term basis have been unsuccessful, primarily due to the poor condition of the building and the significant cost to rehabilitate it. Without considerable City funded upgrades and improvements the Property has limited commercial rental generating opportunities.

Approval of the recommendation of this report has no financial implication to the City as the Tenant is wholly responsible for the cost of upgrades and all ongoing operating and maintenance costs.

### ***SOCIAL IMPLICATIONS***

The Directions Youth Services Centre is one of the services that Family Services of Greater Vancouver provides as part of its youth programs. It serves homeless and at-risk youth primarily under 19 years of age, although some support services are available to youth 19-24. Many of these youth are living in poverty with no place else to turn. The Centre provides youth a helping hand to re-unite with families and home communities or to obtain safe, affordable housing, education programs, and/or stable employment. An interruption in these services or a relocation of the service location outside the downtown area would be extremely detrimental to the target population.

### ***CONCLUSION***

The Director of Real Estate Services, in consultation with Director of Social Development, is presenting the above for Council's consideration noting it constitutes a grant at nominal rent for property held in the Property Endowment Fund and a grant of payment in lieu of property taxes for City-owned property.

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