

ADMINISTRATIVE REPORT

Report Date: May 11, 2012
Contact: Dennis Carr
Contact No.: 604.873.7207
RTS No.: 09627
VanRIMS No.: 08-2000-20
Meeting Date: May 29, 2012

TO: Vancouver City Council

FROM: Managing Director of Social Development and the Director of Real Estate Services

SUBJECT: Amendment to Lease Terms and Other Arrangements for Social and Supportive Housing at 675-691 East Broadway

RECOMMENDATION

THAT Council approve an amendment to the lease terms and other arrangements for social and supportive housing at 675-691 East Broadway, in order to authorize a payment amount to BC Housing representing the total construction costs of the commercial space of up to \$4,650,000 plus applicable taxes, with the source of funds being the Property Endowment Fund (PEF).

REPORT SUMMARY

The purpose of this report is to obtain authority from Council to pay up to the corrected amount to BC Housing for the estimated total construction costs of the commercial space. The previous amount reported to Council included only hard construction costs estimated at \$3,085,100 plus applicable taxes. The correct total construction budget including hard and soft construction costs plus contingency is \$4,650,000 plus applicable taxes.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council approved a Memorandum of Understanding ("MOU") between the City and BC Housing on December 19, 2007, regarding the City/Province Social and Supportive Housing Partnership. Twelve sites were included in this partnership, including the lands at 675-691 East Broadway, and two more were subsequently added. In the MOU the City agrees to pay, through the Property Endowment Fund, the cost of building the commercial and retail space, including a proportionate share of the base building cost and the cost of parking required for the commercial and retail space, in those projects that contain such space, including this project. After building completion the City will sublease this space back from the lessee of the land and will in turn sub-sublease it to third party commercial users with the expectation that the City will recover its costs over time.

On October 18, 2011, Council approved Lease terms and other arrangements for a Social and Supportive Housing development at 675-691 East Broadway.

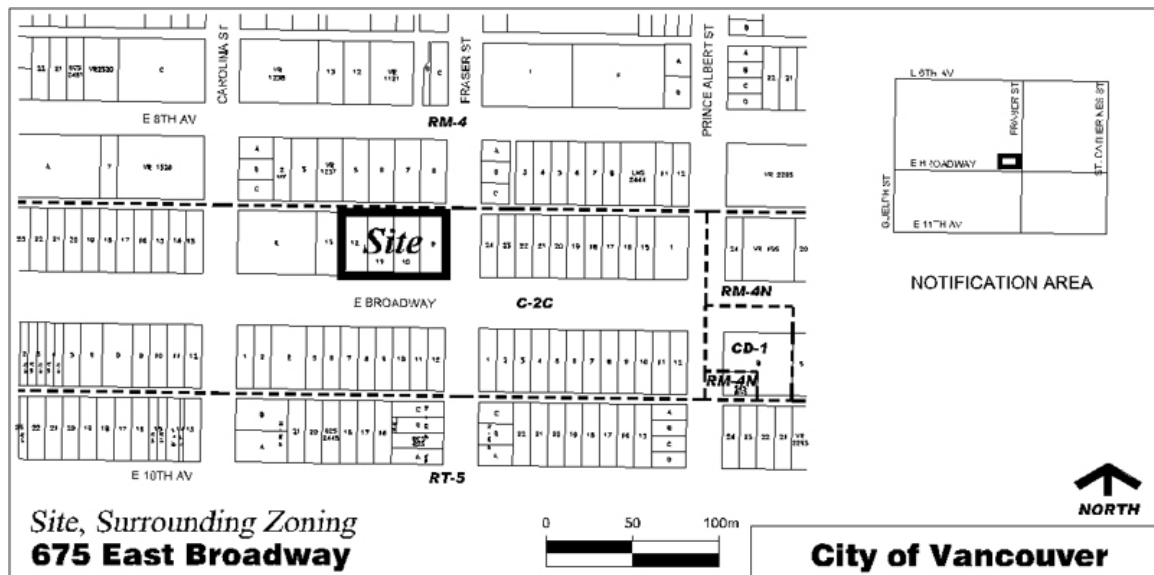
CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Managers of Real Estate and Facilities Management and Community Services recommend APPROVAL of the foregoing recommendation.

REPORT

Background/Context

The site at 675-691 East Broadway is one of the 14 supportive housing sites which is the subject of the MOU regarding the City/Province Social and Supportive Housing Partnership. The site will be leased to the Vancouver Native Housing Society for 60 years, and 100 units of supportive housing will be constructed along with commercial floor space and space for the Broadway Youth Resource Centre.



Strategic Analysis

The Council report which accompanied the recommendations regarding the lease and other financial arrangements for the supportive housing project at 675-691 East Broadway identified the estimated construction costs of the commercial floor space, based on estimates provided by BC Housing. This amount was identified as \$3,085,100. This value represents only the cost of actual construction, and does not include "soft costs" such as architectural services, development approvals, permits and related costs, and contingencies which amounts to an additional \$1,564,900. The full estimated cost of the commercial space is \$4,650,000 plus applicable taxes. This final value does not represent a change in the actual budget, but the correct cost estimate that should have been reported in the October 18th council report 2011.

The project development is contingent on this commercial space being developed as part of the approved project and as a requirement under the zoning. The agreed construction costs are required to be paid by the City to BC Housing under the terms of the MOU. Therefore, staff recommends that the condition (Recommendation D of the October 18, 2011 report) be amended to reflect the correct construction cost estimate.

Implications/Related Issues/Risk (if applicable)

Financial

The estimated total budget cost estimate for the commercial space is \$4,650,000 plus applicable taxes for construction costs, including soft costs and contingency. This report has revised the total cost estimate for the project (as reported initially in RTS 9316) to include the soft costs and contingency of \$1,564,900. Source of funds will be the City's PEF.

Real Estate Services will sub-sublease the commercial space to commercial tenants for market rents including additional rent in lieu of property taxes, operating costs, utilities and maintenance.

In future, greater scrutiny will be applied in verifying both hard and soft costs associated with such projects from all affected parties.

CONCLUSION

The Project at 675-691 Broadway is a partnership between BC Housing, the City of Vancouver, Vancouver Native Housing Society and the Pacific Community Resources Society. It is part of the City/Province Supportive Housing Partnership to provide housing for homeless individuals or those at-risk of homelessness including those with mental illnesses and/or drug addictions.

The provision of commercial space subleased by the City and available for sub-sublease at market rates to businesses and agencies will provide for a positive street presence for the development along this section of East Broadway.

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