



ADMINISTRATIVE REPORT

Report Date: July 16, 2012  
Contact: Jim De Hoop  
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VanRIMS No.: 08-2000-20  
Meeting Date: July 25, 2012

TO: Standing Committee on Planning and Environment

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

SUBJECT: Capital Grant and MOU for a Permanent Aboriginal Shelter at 946 and 950 Main Street

**RECOMMENDATION**

- A. THAT Council approve a capital grant of up to \$100,000 to the Vancouver Aboriginal Friendship Centre Society (the "VAFCS") to enable the VAFCS to engage a consultant to provide preliminary designs to explore a potential development on lands owned by the City located at: 1) 946 Main Street (PID: 005-749-239, Lot 10, Block 24, District Lot 196, Plan 184) and, 2) 950 Main Street (PID: 005-749-484, Lot 11, Block 24, District Lot 196, Plan 184) (the "Lands") for a social service centre which will also provide shelter services (the "Centre") on the first three floors of the building to be constructed on the Lands, having consideration to social housing that may be located above the Centre; source of funds to be the 2009-2011 Capital Budgets for Supportive Non-Market Housing, to be added to the 2012 Capital Budget from the "timing uncertain" category.
- B. THAT Council authorize the City to enter into a Memorandum of Understanding (the "MOU") with the VAFCS setting out the framework for the development and use of the Centre by the VAFCS, in accordance with the terms and conditions outlined 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 and that Council authorize the General Manager of Community Services and the General Manager of Financial Services to execute the MOU on behalf of the City.
- C. THAT no legal rights or obligations shall arise hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.

- D. THAT Council call upon the Province to work with its partners to maintain and increase the shelter capacity for urban Aboriginal people and other specialized populations including women and youth in Vancouver.

The approval of recommendation A requires a Council resolution passed by no less than two thirds of all Council members.

### **REPORT SUMMARY**

This report seeks Council approval for a \$100,000 grant to the VAFCS to enable the VAFCS to engage a consultant to explore the potential of the Lands to optimize capacity for a shelter with consideration for future social housing to be accommodated above the shelter. Approval of this grant may lever \$2 million from Service Canada in earmarked funds for homelessness initiatives under the 2011-2014 Federal Homelessness Partnering Strategy. It is anticipated that BC Housing will approve the transfer of operating funding from the temporary Aboriginal HEAT shelter located at 201 Central Street to this permanent location. The VAFCS is in discussion with BC Housing regarding:

- Securing operational funding beyond the current contract which is scheduled to end in March 2013.
- Transporting the operating funding from the temporary Aboriginal HEAT shelter located at 201 Central Street to this permanent location; and
- Providing capital funds from the Aboriginal Housing Initiative from the Province and the Federal governments announced on June 29, 2012 for housing units for urban Aboriginal people.

VAFCS is exploring other funding partners needed to fill the gap of the total capital costs.

This report also seeks Council approval for the City to enter into a MOU with the VAFCS to set out the framework for developing the shelter on the Lands. The VAFCS will operate the shelter and the MOU will set out the legal arrangements required to allow the VAFCS to occupy a portion of the building to be constructed on the Lands (the "Premises") for such purpose. It is anticipated that the City will grant the VAFCS a long term lease at a nominal rent for the Premises and the VAFCS will partner with Lu'ma Native Housing Society to develop and manage the Premises, but further information is required on the use of the Lands for affordable housing before these legal arrangements can be finalized. The MOU will also set out the conditions that the VAFCS must meet before the City can enter into a lease for the Premises, including evidence of project feasibility and confirmed funding.

### **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

On September 22, 2005 Council adopted the Downtown Eastside Housing Plan including the objective for one-for-one replacement of Single Room Occupancy (SRO) units in the Downtown Eastside with new self-contained social housing units.

On July 28, 2011 Council endorsed the Housing & Homelessness Strategy 2012-2021 which includes:

- Strategic Direction 1: Increase the supply of affordable housing
- Strategic Direction 2: Encourage a housing mix across all neighbourhoods that enhances quality of life, and
- Strategic Direction 3: Provide strong leadership and support partners to enhance housing stability.

The 3-Year Action Plan 2012-2014 identifies priority actions to achieve some of the Strategy's goals. The priority actions that relate to this grant request are:

- To optimize the City's use of land, capital grants, incentives and other resources to lever and support housing partnerships;
- To target low barrier shelter, supportive and social housing in neighbourhoods with significant homeless populations and limited capacity and to specific populations in need; and
- To demonstrate leadership in research and innovation to create improved housing options for our diverse population.

Pursuant to Section 206(1) of the Vancouver Charter, Council may only make the grant set out in recommendation A by resolution passed by no less than two thirds of all Council members.

#### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The shelter services to be provided in the shelter are intended to ultimately replace the Aboriginal HEAT shelter currently located at 201 Central Street which can accommodate 100 people. The operating funding is due to end on March 31, 2013. Consistently, there is an overrepresentation of urban Aboriginal people found among the homeless population. In Vancouver, Aboriginals represent 2% of the total population compared with nearly one-third of the homeless population. This speaks to the need for a permanent shelter that is culturally appropriate for urban Aboriginal people in the City. The recommended grant enables the VAFCS to explore the potential of the Lands to optimize low-barrier shelter capacity, and to find programmatic synergies with a shelter providing counseling services, with consideration for social housing units that may be constructed on the Lands as part of this initiative. The timing of support for this project is critical in terms of enabling the VAFCS to make an application for 2011-2014 Federal Homelessness Partnering Strategy (HPS) funding before the end of July 2012. The grant and MOU set out in this report is the basis of shared objectives of the City and VAFCS in their work to end street homelessness, particularly as it relates to urban Aboriginal peoples in Vancouver. BC Housing will be a vital partner in this project; their involvement is still subject to ongoing discussion and approval. VAFCS, the City and BC Housing need to work together to find those shelter clients at 201 Central more appropriate housing options and specifically explore the opportunities being created by the opening of the 14 sites.

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

## *REPORT*

### *Background/Context*

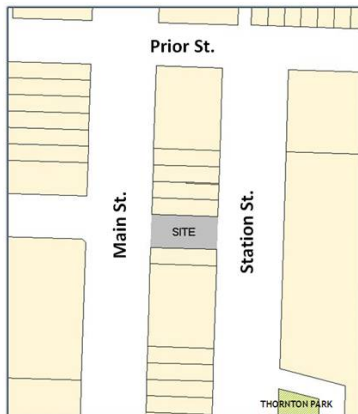
A Council priority is to end street homelessness by 2015. Over the last 10 years significant strides have been made to decrease street homelessness through partnerships which have created low-barrier shelters such as the HEAT shelters that opened in the winter of 2008/2009. Low-barrier shelters are important because they allow people to bring with them their pets and carts without a maximum length of stay. They provide healthy food daily along with health care and social services. Integral to the low-barrier model is that these types of shelters are located in areas where people who are homeless actually live. There is a need for shelters that cater to special populations, such as urban Aboriginal peoples, youth and women, to deliver services in a culturally appropriate and effective manner.

Since 1963, the VAFCS, a charitable organization registered as a charity with Canada Revenue Agency, has been meeting the needs of Aboriginal people making a transition to the urban Vancouver community. The VAFCS provides programs in health, welfare, social services, human rights, culture, education, recreation and equality for all Urban Aboriginal people. With over 50 years of providing essential services to the urban Aboriginal community, the VAFCS has helped families, youth, adults, elders and children maintain their cultural ties and values while also helping to access education, housing needs and support for families. Since 2010, the VAFCS has been providing 100 low-barrier shelter bed services in Strathcona just outside of the DTES as a result of the Mayor's HEAT task force at 201 Central Street.

Based on the information the City's First Nations and Urban Aboriginal Communities engagement strategy in 2011 over 60% of urban Aboriginal peoples in Vancouver use and rely on services and organizations dedicated to Aboriginal peoples. Further, as part of the engagement strategy at the Vancouver Aboriginal Peoples Study held at the VAFCS, participants recommended "strong support for City to play advocacy role on issues affecting urban Aboriginal people". Providing capital funding and leading the way for Vancouver's first permanent Aboriginal shelter is a positive signal of support. The Aboriginal Shelter currently located at 201 Central Street is one of the original low-barrier HEAT shelters that opened in the winter of 2008, operated by the VAFCS. The current location at 201 Central Street was never intended to be a permanent location as the building does not meet the needs required for a permanent shelter. Further, the site has been identified for a potential farmers market for the community.

As part of the housing continuum, low barrier shelters are an important "first step" off the streets. A grant towards the design of a permanent Aboriginal shelter facilitates achieving the Council priority of ending street homelessness. The Lands were purchased by the City in 1998 for the purpose of future social housing.

Figure 1: Area Map of 946 & 950 Main Street



The FC-1 zoning allows for a shelter which is considered a “Social Service Centre” use under the Zoning and Development By-law. In addition to the use of the Lands for the shelter the zoning for the Lands allows for residential uses. There is potential for housing to be developed above the Premises. This could be developed at the same time as the shelter or as a future phase of development.

This use requires a Development Permit which will take approximately up to 14 weeks from application to approval subject to conditions.

### *Strategic Analysis*

The 2012 Homeless Count has shown that the number of people found homeless has stayed relatively constant over the past two years, with the biggest fluctuation in the shift from the street to shelters. Representing nearly one-third of the homeless population and only 2% of Vancouver’s population, the proportion of urban Aboriginal people found homeless is consistently overrepresented in homeless counts. For this reason, Council identified the need to increase shelter capacity for urban Aboriginal people as a priority for action and these grants for permanent shelter beds start to address that. The intention is to replace the 100 temporary shelter beds from 201 Central Street to this permanent location with a minimum of 100 spaces with consideration for an area specifically designed for women and families. The Aboriginal Shelter clients will be the focus of upcoming openings of the 7 remaining 14 sites.

The Province needs to work with its partners to complete a comprehensive shelter strategy as this report is addressing only a small component of the greater needs. The conversion of temporary shelter spaces to permanent spaces is a positive incremental step but more needs to be done to complete a permanent shelter strategy.

Figure 2: Homeless Count Numbers Over the Past 10 Years



With support from the City grant, the VAFCS will also be in a strong position to lever other senior government funds. The VAFCS will be applying for a \$2M grant from the 2011-2014 Federal Homelessness Partnering Strategy funding. The City's contribution would help to lever senior government funds to realize shared objectives to acquire a low-barrier permanent shelter for urban Aboriginal people in Vancouver.

The VAFCS will be a tenant of the Premises and the operator of the shelter. The VAFCS will contract out development services and property management of the shelter to Lu'ma Native Housing Society. Lu'ma has extensive experience with building, owning and operating affordable housing for urban Aboriginal people families and individuals with low to moderate income. The partnership between the VAFCS and Lu'ma is further detailed in a Memo of Understanding attached as Appendix A.

#### MOU Terms and Conditions:

Council approved acquisition of the Lands for social housing in 1998 for future non-market housing. The source of funds for the acquisition costs of the Lands was the PEF.

The MOU will set out the anticipated and preliminary terms of the lease to be granted to the VAFCS which, subject to agreement, are as follows:

- i. Long term lease;
- ii. Prepaid nominal rent;
- iii. Such further other terms as are acceptable to the Managing Director of Social Development, Director of Real Estate Services and the Director of Legal

- Services and as approved by the General Manager of CSG and the GM of Financial Services; and
- iv. Such terms and conditions that allow the future development of residential uses on the Lands in addition to the shelter.

The MOU will also set out the following conditions that must be met prior to the City entering into a lease with the VAFCS as follows:

1. The VAFCS must provide a confirmed project management plan including but not limited to Class B Cost Estimates and a project schedule;
2. The VAFCS must provide evidence of confirmed operational funding to the satisfaction of the City;
3. The VAFCS must provide evidence of confirmed capital funding to the satisfaction of the City;
4. Approval for the form of development subject to the Director of Planning or Development Permit Board; and
5. Development and Building Permit issuance which will require a subdivision for consolidation of the two existing legal lots.

No legal rights and obligations shall arise or be created until execution of the MOU by the Director of Legal Services, the General Manager of Community Services and the General Manager of Financial Services and the MOU and such legal rights and obligations that are intended to be binding will be identified as binding in the MOU.

### *Implications/Related Issues/Risk (if applicable)*

#### *Financial*

The typical funding framework for non-market housing including supportive, social housing and shelter projects is that the City will contribute land in the form of a long term nominal lease or capital grants. The non-profit operator is expected to fund the ongoing operating costs.

#### Capital Costs:

It is anticipated that the shelter, which will accommodate at least 100 individuals, will cost approximately \$6.0M. The cost related to the potential housing above the shelter would be determined as part of the next phase of work and would be over and above the \$6.0M.

Table 1 below summarizes the estimated capital costs for the shelter.

**Table 1: Estimated Costs for a replacement Shelter**

	<b>Costs</b>	<b>% of Total</b>
<b>Land:</b>		
• Assuming a long term lease (75% of freehold market value of Land)	\$1,218,000	
• Estimated soil remediation costs	\$500,000	
<i>Subtotal</i>	<i>\$1,718,000</i>	29%
<b>Preliminary Design</b>	\$100,000	2%
<b>Construction</b>	\$2,460,000	41%
<b>Soft Costs</b>	\$1,720,000	29%
<i>Subtotal</i>	<i>\$4,280,000</i>	
<b>TOTAL</b>	<b>\$5,998,000</b>	<b>100%</b>

The per square foot construction cost is based on 3 storeys of concrete at \$205/square foot. Overall, for 100 shelter spaces the cost is estimated to be \$60,000 per shelter space (including all project costs) for with an estimated total of 12,000 square feet. These estimated costs are based on average assumptions for the form of development to be refined as part of the design process.

**Table 2: Potential Capital Funding Sources**

<b>Funding Sources</b>	<b>Amount</b>	<b>Confirmation Date</b>	<b>% of Total Project</b>
Requested: City of Vancouver	\$1.8M	Pending approval	30%
Requested: Government of Canada	\$2.0M	Pending approval, Fall 2012	33%
Requested: BC Housing	\$2.0M	TBD	33%
Other fundraising sources	\$0.2M	TBD	4%
<b>Total Project Costs</b>	<b>\$6.0M</b>		<b>100%</b>

Requested City of Vancouver Contribution:

The preliminary request for City contribution to the overall project is up to \$1.8M which includes the value of the nominal lease to the VAFCS, estimated remediation costs, and preliminary design. In addition, the value of the lease would be up to \$1.2M, depending on the length of the term, and any costs incurred for remediation of the Lands are estimated to be up to \$500,000. Subject to the VAFCS securing the capital and operating costs, staff will report back to Council to seek approval to grant the nominal lease and budget for the costs associated with soil remediation.

As the first step, if Council adopts Recommendation A, the City will grant up to \$100,000 to the VAFCS to explore the potential of the Lands to optimize capacity for the shelter with consideration to social housing that may be located above the Premises. This grant will be used by the VAFCS for the preliminary design fees in three increments upon evidence of progress. The City intends that the deliverables provided by the consultant engaged by the VAFCS will become the joint intellectual property of the City and the VAFCS.



The source of funds for the \$100,000 grant to the VAFCS would be the 2009-2011 Capital Budgets for Supportive Non-Market Housing, to be added to the 2012 Capital Budget from the "timing uncertain" category. This grant and the City's commitment to the project may lever \$4.2M from other levels of government and represents 30% of the total project costs.

BC Housing Contribution:

The VAFCS is having on-going discussions with BC Housing regarding \$2.0M towards capital funding from the Aboriginal Housing Initiative which is a federal and provincial investment of \$5M across BC for Aboriginal housing units. In addition to the capital funding VAFCS is also in discussion with BC Housing about securing operational funding beyond the current contract which is scheduled to end in March 2013 and transporting the operating funding from the temporary Aboriginal HEAT shelter located at 201 Central Street to this permanent location.

Government of Canada Contribution:

The VAFCS will be applying for a \$2.0M grant from Service Canada, earmarked for homelessness initiatives under the 2011-2014 Federal Homelessness Partnering Strategy (HPS). The HPS funds must be spent by March 31, 2014 and must be spent on a capital project.

Other Fundraising:

VAFCS is also exploring fundraising opportunities from other sources.

**CONCLUSION \***

The Managing Director of Social Development recommends that Council approve up to \$100,000 grant to the VAFCS towards the preliminary design fees necessary to explore the potential of the Lands.

The Managing Director of Social Development and the Director of Real Estate Services recommends that the Council authorize the City to enter into an MOU with the VAFCS to set out the framework for the development and use of the shelter by the VAFCS which will include at least 100 permanent low-barrier shelter beds for urban Aboriginal people with consideration to social housing co-located above should the opportunity arise.

\* \* \* \* \*

**MEMORANDUM OF UNDERSTANDING**  
as of the 15<sup>th</sup> day of June, 2012.

**BETWEEN:**

**VANCOUVER ABORIGINAL FRIENDSHIP CENTRE SOCIETY**  
("VAFCS")

**AND:**

**LU'MA NATIVE BCH HOUSING SOCIETY ("Lu'Ma")**

**WHEREAS:**

- A. VAFCS and Lu'Ma wish to cooperate on the development and operation of a Shelter to be located at 946 Main Street, Vancouver, BC (the "Property").
- B. VAFCS is an experienced operator of an aboriginal shelter.
- C. Lu'Ma is an experienced developer and operator of aboriginal projects.
- D. With the support of VAFCS, Lu'Ma would like to further develop the social housing above the shelter should the opportunity arise.
- E. The parties intend to cooperate in the development and operation of the Property as a purpose-built community resource on the terms set out below.

NOW THEREFORE in consideration of the premises and \$1.00 now paid by each party to one another (the receipt and sufficiency of which are acknowledged), the parties covenant and agree as follows:

- (1) The parties and their funders must approve the construction;
- (2) The parties' members must approve any required borrowing resolutions;
- (3) VAFCS shall operate any aboriginal shelter facility located on the Property;
- (4) Lu'Ma shall act as the developer of the Property, responsible for delivering a turnkey building;
- (5) Lu'Ma shall maintain the Property;
- (6) Each of the parties shall execute and deliver, at the request of the other, all such further documents and instruments, and shall do all things that are necessary to give full effect to the intent and meaning of this Memorandum;
- (7) This Memorandum shall enure to the benefit of and be binding upon the parties and their respective successors and assigns;

(8) Time shall be of the essence of this Memorandum and of all the transactions contemplated in it; and


(9) This Memorandum of Understanding may be signed in counterpart.

**IN WITNESS WHEREON** the parties have set their hands as of the day and year first above written.

**VANCOUVER ABORIGINAL FRIENDSHIP CENTRE SOCIETY**  
By its authorized signatory:

  
\_\_\_\_\_  
Susan Tatoosh, Executive Director

**LU'MA NATIVE BCH HOUSING SOCIETY**  
By its authorized signatory:

  
\_\_\_\_\_  
Marcel Swain, CEO