



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: November 13, 2014
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Meeting Date: November 25, 2014

TO: Vancouver City Council

FROM: General Manager of Real Estate and Facilities Management

SUBJECT: Sub-sublease of City Premises Situated at 651-691 East Broadway to La Boussole Centre Communautaire Societe

IN CAMERA RATIONALE

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (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

THAT Council authorize the Director of Real Estate Services to execute a sub-sublease to La Boussole Centre Communautaire Societe (the "Tenant") for a portion of the City owned property situated at 651-691 East Broadway (the "Premises"), legally described as Parcel Identifier: 028-721-942, Lot A, Block 119, District Lot 264A, Group 1, New Westminster District, Plan BCP 49417, on the following general terms and conditions:

Term: Five (5) years commencing January 1, 2015 with an option for an additional five (5) year term on the same terms and conditions except rent, which is to be negotiated at market rates.

Rentable Area: Approximately 2,284 square feet.

Rent: A total rent, inclusive of common area maintenance and building insurance costs (the "Rent"), is as follows:

Year 1 - s.17(1) /annum plus GST s.17(1) psf
Year 2 - s.17(1) /annum plus GST s.17(1) psf

Year 3 - s.17(1) /annum plus GST s.17(1) psf)
Year 4 - s.17(1) /annum plus GST s.17(1) psf)
Year 5 - s.17(1) /annum plus GST s.17(1) psf)

Fixturing Period: The Tenant will receive a s.17(1) fixturing period to install its tenant improvements. The tenant will not pay any Rent during the fixturing period.

Free Rent: The Tenant's s.17(1) of Rent will be reduced by s.17(1) as a tenant inducement.

Improvement Allowance: The Landlord will provide the Tenant with an improvement allowance of s.17(1) psf, s.17(1) inclusive of GST, to assist with tenant fixturing. A tenant improvement budget was approved as part of the 2014 PEF Capital Budget.

Parking: The Rent will include the exclusive use of two (2) parking stalls for the Tenant.

Use: Francophone Community Centre.

Other Terms: The lease is to be provided on the City's standard Sub-sublease agreement, drawn to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that no legal right or obligation is created and none shall arise until the Sub-sublease document is fully executed by both parties.

Rent to be credited to the Property Endowment Fund ("PEF").

REPORT SUMMARY

This report seeks Council approval to Sub-sublease the Premises to the Tenant for a term of five (5) years commencing on January 1, 2015 plus one additional five (5) year renewal option.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The Director of Real Estate Services can approve lease and lease renewals if:

- The total rental value does not exceed the sum of \$250,000; and
- The term is no more than ten years (including renewal options).

The proposed lease to the Tenant exceeds the total value of \$250,000 over the life of the term and is therefore submitted to Council for approval.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate and Facilities Management recommends APPROVAL of the foregoing recommendations.

REPORT

Background/Context

The Vancouver Native Housing Society ("VNHS") is a registered charity formed in 1984. VNHS provides social and supportive housing for a wide range of people with a special interest "to provide safe, secure, affordable housing for Aboriginal individuals and families living in the urban setting".

Broadway Youth Resource Centre ("BYRC") is an award winning multi-partner, multi-agency, one-stop resource centre administered by the Pacific Community Resources Society ("PCRS"). BYRC serves homeless and at-risk youth primarily between 16-24 years of age with a variety of integrated services to meet their needs including: assistance to re-connect with their families, cultures and home communities, assistance to obtain safe, affordable housing, access to education programs and/or stable employment, access to medical, counselling, cultural and other support services.

On October 4, 2011, City Council approved the Head Lease to the VNHS at nominal rent to provide for social housing and for the PCRS to sublease a social service centre from VNHS to be constructed on the site to provide youth service programs to homeless and at risk youth.

It also approved the Sublease of approximately 10,355 square feet of shell commercial retail space back to the City of Vancouver at a nominal rate. A budget of **s.17(1)** plus applicable taxes was established for required tenant improvements to be undertaken by either the City or as negotiated with prospective tenants to facilitate leasing of up to six commercial units.

Strategic Analysis

The Tenant is the only Francophone community centre in the Lower Mainland that delivers social and employment services for low income individuals and families, the homeless and at-risk populations, newcomers and refugees. They have successfully run a community centre at 612 East Broadway for the last 22 years, but have outgrown this space and wish to relocate to the Premises.

Construction of the building is now complete and the shell commercial spaces are ready to be leased by the City. This report proposes leasing 2,284 square feet of the total 10,355 square feet of commercial retail space available to the Tenant as outlined in bold on Appendix A attached.

There is strong support for this group from the City's Social Policy department and the PCRS who often works closely with the Tenant. Having both PCRS and the Tenant in the same building will provide a positive synergy for these groups to continue collaborating.

The Tenant has historically received funding from all levels of government and has proven over the last 22 years that the group has the capacity to operate.

Real Estate staff has surveyed rental rates for similar properties in the vicinity of the premises. The current fair market total rental rates inclusive of common area maintenance and building insurance cost range from s.17(1) per square foot. The rental rate for the Tenant of s.17(1) per square foot is considered by the Director of Real Estate Service to represent market value for the type, location, age and condition of the premises.

Implications/Related Issues/Risk (if applicable)

Financial

The total rent for the five (5) year Sub-sublease term will be s.17(1) inclusive of common area maintenance costs and insurance. The Rent will be credited to the PEF.

The source of funds for the tenant improvement allowance (s.17(1) inclusive of GST) is the approved 2014 PEF Capital Budget.

All legal documents are to be completed to the satisfaction of the City's Director of Legal Services.

CONCLUSION

The Director of Real Estate Services is of the opinion that the Rent negotiated is representative of current fair market total rental value for the type, location and age of the premises.

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Subject Premise





