



ADMINISTRATIVE REPORT

Report Date: May 11, 2015
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VanRIMS No.: 08-2000-20
Meeting Date: June 10, 2015

TO: Standing Committee on City Finance and Services
FROM: Acting General Manager of Community Services
SUBJECT: Extension of Lease Terms and other arrangements for Interim Supportive Housing at 3475 East Hastings Street

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to negotiate and execute a lease (the "Lease") with Community Builders Benevolence Foundation (2013)(CBBF) for the operation of the city-owned property at 3475 East Hastings Street, legally described as PID 010-768-645 Lot 1, Block 48, Plan VAP363 Part S 1/2, District Lot THSL New Westminster Land District, on the following terms and conditions, and other conditions satisfactory to the Managing Director of Housing Delivery and Operations and the Directors of Real Estate Services and Legal Services:

Term: Four (4) years ending March 31, 2019 subject to annual performance reviews

Option to Renew: Two - one (1) year options with approval from the Chief Housing Officer

Total Rent: \$1,026,000 per term (\$256,500 per year), plus applicable taxes (to be paid to the PEF through a grant provided by the City);

Other Terms and Conditions:

- i. CBBF to have responsibility for day to day repairs and maintenance of the premises; payment of utilities; tenant management; tenant support services; co-ordination (with City outreach team) of placements, and provision of 2 meals daily;

- ii. Agreement that the City will be responsible for the capital maintenance of the major building systems such as mechanical, electrical, plumbing, air conditioner, elevator and general fire and safety maintenance.
 - iii. Agreement by CBBF that tenants will be primarily people staying at shelters, particularly 201 Central Street (operated by Vancouver Aboriginal Friendship Centre Society - VAFCS) who are assessed as ready for housing and more independent living; and
 - iv. Agreement by CBBF to work in partnership with Vancouver Aboriginal Friendship Centre Society who will provide the services outlined in B below.
- B. THAT Council authorize the Director of Legal Services to execute an extension and amendments to the scope of the City's existing agreement with Vancouver Aboriginal Friendship Centre Society (VAFCS) for the provision of services of the following type, upon conditions satisfactory to the Managing Director of Housing Delivery and Operations and the Director of Legal Services including:
- i. Tenant Support services such as, but not limited to, a range of holistic services including referrals and support to alcohol and any other drug challenges, tenant landlord issues, health, violence and trauma counseling, basic housing skills, ready to rent, budgeting, skills training, employment and education, and other social services, depending upon their individual unique needs.
 - ii. Co-ordination with CBBF for:
 - Tenant selection process and orientation
 - Coordination of tenants to income supports
 - Coordination to BC Housing rent supplements
 - Tenant transitions to permanent housing
- Funding for the provision of these services as well as payment of the Lease pursuant to Recommendation A includes an annual grant from the City of Vancouver of up to \$321,500. For 2015 the source of funding is the 2015 Operating Budget for Interim Housing. Funding for 2016 onwards will be brought forward through the annual operating budget process.
- C. THAT Council authorize the Property Endowment Fund (PEF) to receive on a per annum basis compensation for the lease extension of the Subject Property for \$256,500 pursuant to Recommendation A, source of funding to be the annual grant to be approved in Recommendation B.

REPORT SUMMARY

This report seeks Council authority to extend the lease with Community Builders Benevolence Foundation (CBBF) for the operation of the City-owned site at 3475 East Hastings Street as

interim supportive housing that was originally approved by City Council on December, 2013 (RTS 10403), to make arrangement with Vancouver Aboriginal Friendship Centre Society (VAFCS) for the provision of resident support services on the terms discussed in the body of the report, and to ensure the PEF is adequately compensated.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- Housing and Homelessness Strategy 2012-2021
- Supportive Housing Strategy 2007

A lease at nominal rent, requiring the approval of 8 members of Council.

Pursuant to Section 206(1) of the Vancouver Charter, approval of the grants contained in Recommendations B requires eight affirmative votes.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

Supportive housing is an important part of the City's housing continuum and plays a key role in helping individuals stabilize their lives and move towards greater independence and contribute to their community. The units at the former Ramada Hotel on East Hastings have made a significant contribution to the lives of the homeless or those at risk of homelessness. Aboriginal homelessness in particular has been consistently high with each Homeless Count, and the supports provided by the Vancouver Aboriginal Friendship Centre Society (VAFCS) at this building will take a step forward in addressing the needs of this community.

REPORT

Background/Context

In July 2011, Council endorsed the Housing and Homelessness Strategy (2012-2021) with two key goals, ending street homelessness by 2015 and increasing affordable housing choices. The strategy has three strategic directions: increase the supply of affordable housing; encourage a housing mix across all neighbourhoods that enhances quality of life; and provide strong leadership and support partners to enhance housing stability.

The City purchased the Ramada Hotel at 3475 East Hastings Street in September 2013 and lease terms and other arrangements were approved by City Council on December 2013 (RTS 10403). The City with the expertise of Community Builders Benevolence Foundation and the Vancouver Aboriginal Friendship Centre Society are using all 57 rooms at the hotel for interim supportive housing that provides a transitional step for those currently residing in shelters, and those who may be homeless living in the Hastings Sunrise area.

The City, Community Builders Benevolence Foundation and Vancouver Aboriginal Friendship Centre Society have agreed to the terms and relationships outlined in this report whereby the City will extend the lease of the building at 3475 East Hastings Street to CBBF, and the City will enter into a modified Services Agreement with VAFCS for the extended period.

Strategic Analysis

Council has a goal of ending street homelessness by 2015, and increasing affordable housing options for everyone. This project has provided 57 units of interim supportive housing, moving people out of shelters and off the street. Tenants moving in directly from existing shelters have also created spaces for others to come in from the cold into the shelters. This supportive housing project brought together two non-profit groups in partnership to manage the operations of the building and provide support services at 3475 East Hastings Street. A summary of metrics over the last year are as follows:

Total tenants housed to date:	108
Relocations to other housing:	52
Intake Sources:	
201 Central Shelter	87%
Other referrals from Outreach	13%

Average Length of Stay	8 months
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Tenant care need levels:	
Low to None	20% (12 tenants)
Moderate	69% (39 tenants)
High	11% (6 tenants)

Both non-profit groups have a proven track record, CBBF in single room occupancy (SRO) management and VAFCS in managing one of the City's first year round HEAT shelter. Staff remain confident that the lessee and support services provider are well suited to this project and have gained valuable experience with the specific tenant populations that are suitable for this facility, as well as the confidence of the community's advisory committee.

The CBBF is a group of humanitarian organizations, whose network of local partners includes Community Builders Foundation, Community Builders Benevolence Group and the Anhart Foundation, with 12 years of experience operating affordable and supportive housing in Vancouver. As a housing provider at the Ramada, they created and maintained a wellness-focused and cost-effective low-income housing environment. They will continue to utilize applicable elements of their 'Whole Life Housing' plan in operating this building. This model includes supportive housing administration, building management, tenant support coordination, community resource liaison services, concurrent disorder supports, building maintenance, housekeeping services, advanced pest management, free laundry, two community meals and tenant leadership development.

Vancouver Aboriginal Friendship Centre Society has been providing services to aboriginal people transitioning to an urban setting for over fifty years; services in health, welfare, social services, human rights, culture, education, recreation and equality. Since January 2009, they have been managing a 100 bed low-barrier shelter at 201 Central Street. They provide mats, blankets and two meals a day, a connection to services provided by Vancouver Coastal Health, and have developed relationships with a number of businesses and organizations in order to better serve the shelter occupants. They have been proactive in working with neighbouring businesses to manage any concerns.

Aboriginal homelessness makes up a significant percentage of the homeless population (36%, or 415 persons, in the 2014 count). Over the next several years, it is expected that a number of tenants will continue to be referred from the shelter at 201 Central Street, as well as from other shelters. The VAFCS staff's involvement with a wide range of shelter occupants provides options for the aboriginal community and facilitates continuity of supports from shelter to permanent housing. Provincial rent supplements will be used to facilitate successful placement of shelter residents into the Ramada facility and ultimately into the community at large.

Staff has reviewed the pro-forma provided by CBBF, in addition to the proposed staffing costs and budget provided by VAFCS and feel confident that the building can operate in a sustainable manner for the duration of the lease. There will also be an annual performance review and ongoing oversight through the City's participation on the Community Advisory Committee and management team meetings. The City's funding contribution to this project may be further offset by additional grant or donor opportunities.

The Community Advisory Committee has brought together residents, businesses and other community organizations with the lessee and support services provider, the City, Vancouver Police Department and other key stakeholders to mitigate any concerns that may arise, and ensure the building and its residents are successfully integrated into the community.

As stated in the Terms of Reference for the Community Advisory Committee (see http://communitybuilders.ca/PDF/3475_East_Hastings_CAC_TOR-2014-01-22.pdf), the operators' have a commitment to ensure that the tenants have a positive impact on the neighbourhood, and the CAC will be conducted in a way so as to help:

- ensure there is open communication between all parties;
- identify opportunities to improve the housing;
- provide a forum for neighbours concerns and interests; and
- assist tenants to become members of the community.

Minor renovations to the property have been completed and an annual balance of funds will be available for further repairs if needed.

In the longer term the Ramada East Hastings site is anticipated to be a future redevelopment site. The City owns numerous properties throughout the city, and has purchased this site as part of the lands for housing acquisition strategy.

Implications/Related Issues/Risk (if applicable)

Financial

i) Facility Lease

The fair market value of the Total Rent for the Subject Property is \$256,500 per annum or \$1,026,000 for four years. As the Subject Property was originally acquired by the PEF, the PEF will be compensated for the value of the lease, with the source of funding being the recommended City Grant for Interim Housing Facility & Operations discussed below.

By way of the lease, CBBF as the tenant will be responsible for all day to day repairs and maintenance of the premises, payment of utilities, tenant management including rent collection, tenant support services, and provision of 2 meals daily (with contribution from VAFCS). The City will be responsible for the capital maintenance of the major building systems such as mechanical, electrical, plumbing, air conditioner, elevator and general fire and safety maintenance, in addition to support costs as outlined below. Projected base building capital maintenance budget over the next 6 years is estimated to be up to \$700,000. Funding will be provided by the PEF, through future PEF capital planning and budgeting processes.

ii) Operating Budget

The interim housing project with on-site supportive services will be funded through rent revenues, supplemented by an annual grant from the City.

Estimated Annual Costs:

Facility Lease - Total Rent (Rec A)	256,500
CBBF Building Operation Costs & Reserve	146,000
CBBF Support Services and Administration	85,000
VAFCS Navigation / Outreach & Meal Contribution	65,000
CBBF Meal Costs	21,000
Total	<u>\$ 573,500</u>

Proposed Annual Funding Sources:

City Grant for Interim Housing Facility & Operations	273,500 - 321,500
Provincial Rent Supplement	0 - 48,000
Rent Revenues (room/month) with vacancy allowance (Note 1)	<u>252,000</u>
Total	<u>\$ 573,500</u>

Note 1 - Anticipated \$48K annual Provincial rent supplement (\$200/room/month for 20 larger rooms); the value of the City grant will vary from \$273.5K - \$321.5K depending on the exact value of the rent supplement received

It is City policy that all housing projects pay property taxes with the exception of Class 3 - Supportive Housing, including the CoV/BC Housing partnership on the 14 sites where, by provincial designation, their assessed values are reduced to \$2 each and pay no taxes.

Funding for the provision of these services as well as payment of the Lease includes an annual grant from the City of up to \$321,500. For 2015 the source of funding is the 2015 Operating Budget for Interim Housing. Funding for 2016 onwards will be brought forward through the annual operating budget process.

CONCLUSION

Staff recommend that Council approve Recommendations A and B and C of the report, continuing to lease the city-owned property at 3475 East Hasting Street to Community Builders Benevolence Foundation for the purpose of operating interim supportive housing, to make arrangements with Vancouver Aboriginal Friendship Centre Society for the on-going provision of resident support services, and ensuring the PEF is compensated.

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