



IN CAMERA

ADMINISTRATIVE REPORT

Report Date: December 2, 2016
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Meeting Date: January 24, 2017

TO: Vancouver City Council

FROM: General Manager of Real Estate and Facilities Management in consultation with the General Manager of Community Services

SUBJECT: Lease of 390-394 Powell Street for the Homeless Outreach Team

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*: (j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 [disclosure harmful to business interests of a third party] of the Freedom of Information and Protection of Privacy Act; and (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 negotiate and execute a lease (the "Lease") with Provincial Rental Housing Corporation (PRHC) (the "Landlord") for the City's Homeless Outreach Team (the "Tenant") on the land and buildings situated at 390, 392 and 394 Powell Street legally described as PID: 029-094-712, Lot 1 Block 55 Plan EPP31241, District Lot 196 NWD Group 1 (the "Subject Property"), as shown on Appendix A, on the following terms and conditions:

Term: Five (5) years, anticipated commencement date October 1, 2017.

Leasable Area: Approximately 3,312 square feet (the "Premises").

Base Rent, Operating Costs & Property Taxes:

Term	Base Rent psf	*Estimated Operating Costs (psf)	*Estimated Property Taxes	Total Rent (psf)	Total Annual Rent
Year 1	s.17(1)				
Year 2					
Year 3					
Year 4					
Year 5					

*For the purpose of projecting property taxes and operating costs, an annual increase of 2.5% is assumed.

Operating costs include: water and sewer, waste and recycling removal, general cleaning for the common area, snow removal, pest control, common area utilities, repair and maintenance of common area, management fees and insurance.

Possession Date: The earlier of: i) issuance of a building permit for tenant improvements by the City of Vancouver; or ii) June 30, 2017.

Commencement Date: Commencing on the day following expiry of the Fixturing Period, as herein defined.

Fixturing Period: The Tenant will be granted a Total Rent free period of s.17(1) commencing on the Possession Date to install its tenant fixtures and leasehold improvements.

Improvement Allowance: Landlord will provide the Tenant with an improvement allowance of s.17(1) per square foot) plus GST, to assist with tenant fixturing.

Use: Homeless Outreach Office

Option to Renew: One (1) - five (5) year renewal option on the same terms and conditions, except the Rent which is to be set as follows:

Term	Base Rent psf	*Estimated Operating Costs (psf)	*Estimated Property Taxes	Total Rent (psf)	Total Annual Rent
Year 6	s.17(1)				
Year 7					
Year 8					
Year 9					
Year 10					

*For the purpose of projecting property taxes and operating costs, an annual increase of 2.5% is assumed.

Indemnity: The Tenant will be required to indemnify and save harmless the Landlord from and against any and all losses and claims (including those related to damage to property or personal injury, including death) arising from the Lease, any occurrence upon the Premises, or occupancy or use by the Tenant of the Premises, or caused by any act or omission of the Tenant or its assignees, agents, invitees or licensees.

**Other Terms
And Conditions:** The Lease is to be provided by the Landlord. Terms and conditions of the Lease are to be drawn to the satisfaction of the Directors of Legal and Real Estate Services, it being noted that no legal right or obligation shall arise until the Lease is fully executed by both parties.

The funding source is from the Annual Community Services Operating Budget.

REPORT SUMMARY

The purpose of this report is to seek Council approval for the Lease of the Premises, which is owned by the Provincial Rental Housing Corporation (the "Landlord"), for a term of five (5) years plus one (1) five (5) year renewal option.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The General Manager of Real Estate and Facilities Management can approve leases and lease renewals if:

- 1) The total value is less than \$750,000; and
 - 2) The term is no more than ten (10) years (including renewal options).
- Larger and longer leases require Council approval.

The Lease plus additional renewal terms exceed the total value of \$750,000 which can be approved by the General Manager of Real Estate and Facilities Management, and is therefore submitted to Council for approval.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate and Facilities Management and the General Manager of Community Services recommend approval of the foregoing.

REPORT

Background/Context

The Carnegie Homeless Outreach Program has grown, over an eleven year period, from a few outreach workers delivering harm reduction supplies to the homeless and addicted street population, to become a city wide homeless outreach program. In 2016 the team served approximately 3,210 clients of whom 1,848 were new to the service. The work consists of support to access income assistance, identification, and housing. 710 housing units were secured for individuals that were absolutely homeless in 2016. Eighteen outreach and housing relocation workers, reporting to a Homeless Outreach Planner, are currently operating in interim space that is approximately 1/3rd the size of the space they require to function optimally.

Strategic Analysis

The Subject Property, Tamura House, is a mixed-use SRO and commercial building. The Homeless Outreach Team was occupying the same building until October 2014 when the owner (the Landlord) started the renovation project. The renovation project is anticipated to complete in spring 2017.

The Subject Property has 3,312 square feet of shell retail/office space. The estimated cost to fit out the Premises is **s.17(1)**.

The current market rental rate for similar type of commercial space within the surrounding area ranges from **s.17(1)** per square foot total rent per annum. The rent negotiated for the Premises is considered to be at fair market rental value.

Implications/Related Issues/Risk (if applicable)

Financial

Funding for the Lease payments has been included in the 2017 Operating budget for Community Services. Annual rate adjustments will be managed as part of the annual operating budget process.

Funding of **s.17(1)** was included in the 2016 Capital Budget for planning and basic renovation works required for the Premises prior to the Homeless Outreach team moving into the new location. Annual expenditures will be managed as part of 2017 capital budget process.

CONCLUSION

The Director of Real Estate Services is of the opinion that the rent negotiated is representative of the current market rental value for the type, location, age and condition of the Premises, and therefore recommends Council's approval of the foregoing.



