



ADMINISTRATIVE REPORT

Report Date: October 03, 2017
Contact: Luke Harrison
Contact No.: 604.829.4259
RTS No.: 12236
VanRIMS No.: 08-2000-21
Meeting Date: October 31, 2017

TO: Vancouver City Council

FROM: Luke Harrison, CEO Vancouver Affordable Housing Agency Ltd. (VAHA)

SUBJECT: Proposed Amendment to Vancouver Affordable Housing Agency Ltd. (VAHA) Governance Structure

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*: (c) labour relations or other employee relations.

RECOMMENDATIONS

- A. THAT Council approve the creation of the Vancouver Affordable Housing Agency (VAHA) Oversight Committee comprised of City of Vancouver senior management, to govern all aspects of VAHA on behalf of the City in its capacity as sole shareholder of VAHA, all as further described herein.
- B. THAT Council authorize the dissolution of the current Vancouver Affordable Housing Agency Ltd. board of directors and replacement with a sole director.
- C. THAT Council authorize the appointment of the General Manager of Finance, Risk and Supply Chain as the sole director of VAHA's board of directors.
- D. THAT Council authorize Vancouver Affordable Housing Agency's (VAHA) sole director to execute routine annual corporate filings and other documents on behalf of the City in its capacity as sole shareholder of VAHA.
- E. THAT Council authorize the Director of Legal Services to prepare, execute and file with the corporate registrar all documents necessary to give effect to Recommendations B and C.

- F. THAT Council approve the creation of a Vancouver Affordable Housing Agency (VAHA) Expert Advisory Panel comprised of industry experts to provide confidential, objective and expert advice to the VAHA Oversight Committee, all as further described herein, with members of the panel to be selected by the City Manager from time to time upon the recommendations of the VAHA Oversight Committee and with terms of reference, including appropriate conflicts of interest provisions, to be approved by the VAHA Oversight Committee and the Director of Legal Services.
- G. THAT Council approve the creation of a City of Vancouver: Vancouver Affordable Housing Agency (VAHA) Working Group that will help to align City and VAHA initiatives and will provide a forum for discussion ahead of submitting recommendations to the VAHA Oversight Committee.

REPORT SUMMARY

This report recommends the creation of a new governance framework for Vancouver Affordable Housing Agency Ltd. ("VAHA"), led by an Oversight Committee comprised of senior COV staff.

The initial governance structure has comprised a Board of Directors (the VAHA Board), previously appointed by City Council, that represent the decision making body of the sole shareholder, the City of Vancouver. The VAHA Board includes four external independent industry experts and four internal senior COV staff.

The proposed amendments to the governance structure would dissolve the current VAHA Board and transfer oversight and governance of all aspects of VAHA to a newly formed VAHA Oversight Committee, comprised entirely of COV senior management, which will govern VAHA on behalf of the City as sole shareholder. The VAHA Board would be decreased to a single board member who will continue to fulfil all legal requirements of the board. The single director would report to, and form part of, the VAHA Oversight Committee.

The new framework is proposed to better align COV and VAHA priorities internally and support the implementation of VAHA's 2-year business plan.

As sole shareholder, Council approval is sought to authorize the re-organization of VAHA's governance structure as described in this report.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In December 2011, Council established the Mayor's Task Force on Housing Affordability, which was to provide recommendations to Mayor and Council for priority actions that may be taken by the City to create low-income housing, affordable rental housing, and affordable home ownership. One of the recommendations from this report was the use of City land for affordable rental housing. Another recommendation was to authorise the creation of a separate housing authority, the Agency, with a primary mandate of creating new affordable housing in Vancouver across the housing continuum through innovative partnerships with private developers, charitable and/or non-profit organizations, and senior levels of government.

In July 2014, Council approved the creation of a new City controlled housing authority, Vancouver Affordable Housing Agency, to implement the recommendations from the Mayor's Task Force on Housing Affordability and deliver more affordable housing options within the City. The report contains the details of the governance, targets, operating model and funding requirements for the Agency.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager supports the recommendations of this report.

REPORT

Background/Context

VAHA was created in July 2014 to act as a catalyst for creating new affordable housing across the housing continuum. VAHA is a City controlled, but legally separate entity, which acts as an agent for the City. The legal form and structure of VAHA is based on an *agency model* and was devised by staff, with the assistance of professional third party advisors, to combine City oversight with key industry knowledge. The structure comprises the City as the sole shareholder and a governing Board made up of staff and independent directors.

VAHA have been operating under this model since inception. However, in order to support a revised VAHA business model and better align VAHA and City priorities, particularly in respect of prioritising affordable housing and resolving issues as they arise, an alternative model is proposed. The proposed model creates an internal decision making structure, which combines internal governance with ancillary external and staff-based advisory groups.

The proposed COV: VAHA Governance Framework, shown in Figure 1, will be refined over time to optimize governance efficiencies. City Council sits at the top of the framework as the sole shareholder and ultimate decision maker, with the City Manager and Oversight Committee (comprising General Managers and the City Manager) below. The Oversight Committee will directly govern all aspects of VAHA on behalf of the City in its capacity as sole shareholder. VAHA's board of directors will be decreased to one member who will continue to fulfil the legal obligations of the board under the Business Corporations Act (B.C.). In addition to the governing bodies, two groups are proposed to act in an advisory and working group capacity; these are, an external VAHA Expert Advisory Panel, and a COV: VAHA Working Group.

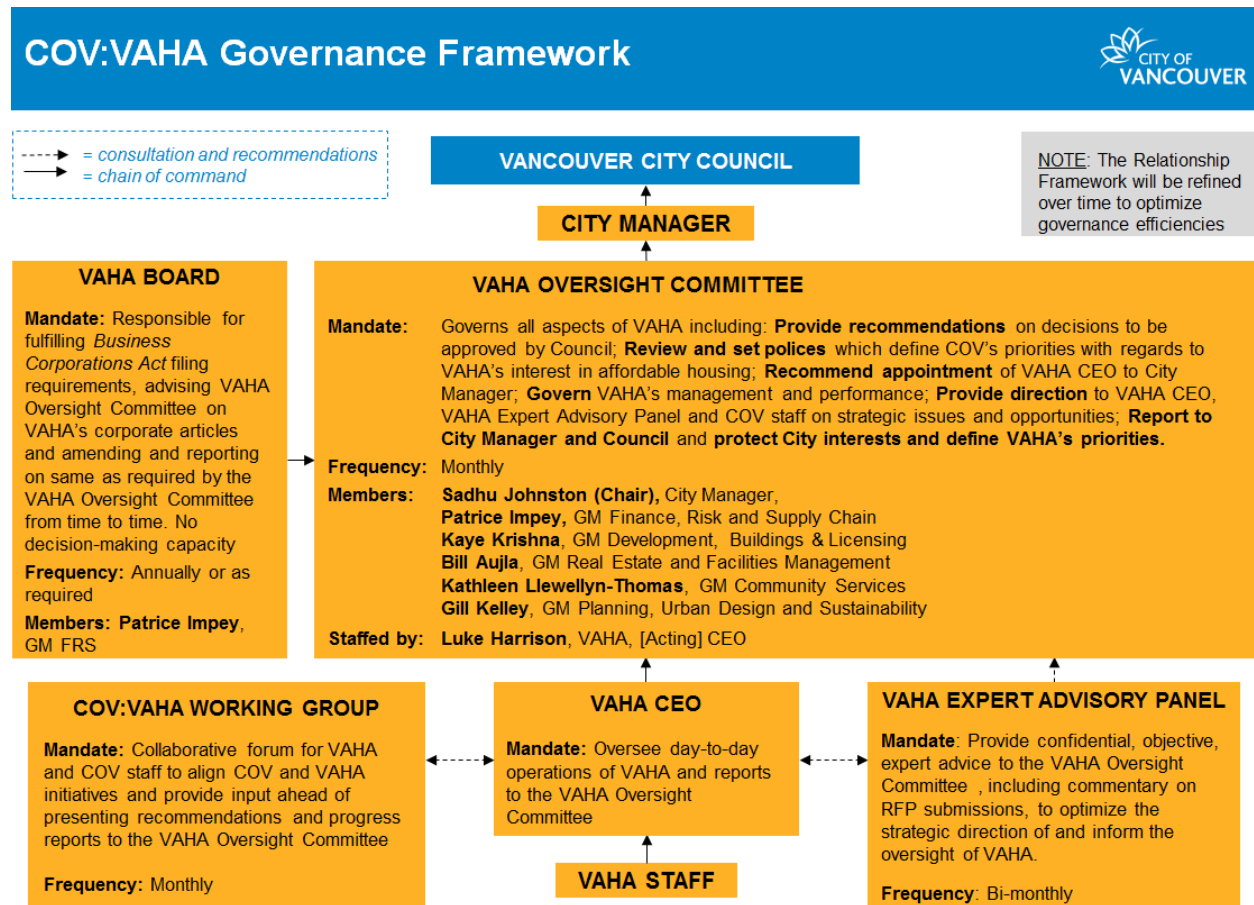


Figure 1: Proposed COV: VAHA Governance Framework

Strategic Analysis

VAHA's business model has thus far focussed on the delivery of housing units, with VAHA being involved in a Project Management capacity for all statutory processes up until Building Permit issuance, at which time the Lease is transferred to the successful proponent for construction and operation of the Project.

The revised business model, set out in the VAHA 2-year Business Plan summary attached under Appendix A, instead focuses on VAHA as an agent for:

- 1) The brokering of resources, i.e. City land suitable for affordable housing.
- 2) The delivery of Temporary Modular Housing.

In the revised model, VAHA's development partners, selected through competitive procurements, will be responsible for pre-development work on the applicable sites rather than VAHA directly. VAHA's role is shifting to strictly oversight on such projects, which allows VAHA to focus on additional sites and procurement processes.

VAHA expects that this model will result in the supply of more 'affordable housing ready' sites to the market, that have been assessed by the City and VAHA to be suitable for the development of affordable housing. It also allows for the opportunity to inspire new thinking and solutions to address the housing issues facing Vancouver, particularly for sites which have

topographical or contextual challenges that have made the development of the sites difficult in the past.

To support this business model, alignment across City departments is required and, for that reason, it is considered expedient to move towards a more internal governance structure. The perceived benefits of the new governance framework are as follows:

- It facilitates the direct alignment of City and VAHA priorities;
- It allows for strategic decisions to be made on sites faster and more collaboratively, with representation on the VAHA Oversight Committee from: Finance, Risk and Supply Chain; Development, Buildings & Licensing; Real Estate and Facilities Management; Community Services; Planning, Urban Design and Sustainability;
- It helps to ensure that all relevant departments are kept informed and made aware of challenges/issues facing affordable housing projects and provides an effective opportunity for collective prioritisation of affordable housing projects; and,
- The COV: VAHA Working Group and VAHA Expert Advisory panel allow for a forum for both discussion and creative thinking around the resolution of issues, and an opportunity to receive confidential, and objective, expert advice from the industry to help inform and support the decision making of the Oversight Committee.

Implications/Related Issues/Risk (if applicable)

Financial

There are no financial implications.

Human Resources/Labour Relations

The monthly VAHA Oversight Committee will be staffed by General Managers and chaired by the City Manager.

The monthly COV: VAHA Working Group will involve COV and VAHA staff.

The bi-monthly VAHA Expert Advisory Panel (external advisory group) will comprise external industry experts.

CONCLUSION

The creation of an internal VAHA Oversight Committee facilitates the direct alignment of City and VAHA objectives, in addition to better supporting VAHA's business model. The new governance framework also provides an opportunity for the City to hear objective expert advice from the development industry and work-shop ideas and issues in a staff forum. It is considered by VAHA that this framework will be a positive step towards a more collaborative and holistic approach to tackling the issue creating more affordable housing in Vancouver.

* * * * *