



ADMINISTRATIVE REPORT

Report Date: November 14, 2017
Contact: Abi Bond
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RTS No.: 11946
VanRIMS No.: 08-2000-20
Meeting Date: November 28, 2017

TO: Vancouver City Council
FROM: General Manager of Community Services
SUBJECT: Acquisition of Social Housing at 1488 Robson Street

RECOMMENDATION

THAT Council authorize the Director of Real Estate Services and the Director of Legal Services to negotiate and execute all documents which they consider appropriate in connection with the purchase, for a nominal purchase price, from the owner / developer of a mixed use building at 1488 Robson Street (1488 Robson Street Holdings Ltd.), of an air space parcel (the "Social Housing Air Space Parcel") whereby:

- i. the Social Housing Air Space Parcel will contain approximately 7325 m² (78,855 sq. ft.) of residential floor area and no fewer than 82 units of Social Housing (the "Social Housing Units") and associated storage lockers, parking and bike storage;
- ii. the City of Vancouver (the "City"), as owner of the Social Housing Air Space Parcel, will be granted the appropriate rights and be subject to the appropriate obligations applicable to the ownership and operation of the Social Housing Air Space Parcel, including reciprocal easements and indemnities, repair and maintenance, cost sharing, insurance and other applicable legal obligations;
- iii. the construction and transfer to the City of the Social Housing Air Space Parcel will be secured in a Construction and Transfer Agreement to be registered against title to the lands (Lot 1 Block 44 District Lot 185 Plan 15341) (the "Lands") in accordance with DP-2016-00376 as conditionally approved by the Development Permit Board on June 12, 2017, pursuant to the C-6 District Schedule.

REPORT SUMMARY

This report requests Council authorization to acquire at a nominal purchase price, an air space parcel with no fewer than 82 units of Social Housing to be constructed at 1488 Robson Street, secured in accordance with West End Plan and the bonus density provisions outlined in the C-6 District Schedule.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In July 2011, Council approved the Vancouver Housing & Homelessness Strategy (2012 - 2021) and 3-Year Action Plan (2012-2014) as a framework to respond to Council's priorities for addressing street homelessness and increasing the variety of affordable housing options within the city.

In March 2017, an 'Emerging Directions' report was presented to Council outlining initial proposals and priority actions for 'Housing Vancouver', a new 10-year housing strategy. A further update was provided to Council in July 2017 detailing proposed targets of 72,000 new homes in Vancouver over the next 10 years.

The West End Community Plan (2013) seeks to maintain or enhance the existing housing affordability by requiring replacement of existing market rental units as social housing. In Area '5' within Lower Robson, additional density can be bonused up to 8.75 FSR for new developments that provide 20% of floor space as social housing. These provisions are outlined in the C-6 District Schedule.

On June 12, 2017, the Development Permit Board, pursuant to the C-6 District Schedule, conditionally approved DP-2016-00376 for 1488 Robson Street for construction of a mixed-use building (31 and 32 storey towers) that includes dwelling units (237 market in 80% of floor area and social housing in 20% of floor area), retail use on the ground floor, and office use on the second and third floors all over three levels of underground parking.

Council approval of the acquisition of real property is required by the *Vancouver Charter*.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

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

REPORT

Background/Context

The City of Vancouver's Housing and Homelessness Strategy 2012 - 2021 (the "Strategy") identifies a specific goal to increase the supply of non-market rental housing.

In March 2017, an 'Emerging Directions' report was presented to Council outlining initial proposals and priority actions for 'Housing Vancouver', a new 10-year housing strategy with the aim of improving housing affordability by creating the right supply of homes to meet the needs of the people who live and work in Vancouver. A further update was provided to Council in July 2017 detailing proposed targets of 72,000 new homes in Vancouver over the

next 10 years. Of the 72,000 new homes, 12,000 units are targeted for social and supportive housing. The completed Housing Vancouver Strategy is expected to be considered by Council in November 2017.

The West End Community Plan (the "Plan") provides a framework to guide positive change, development and public benefits in the West End. Deepening housing affordability and meeting the needs of a growing community are a priority. The Plan identifies new social housing opportunities and has a goal of providing over 1,600 units of social housing, including 500 units through additional density and rezoning applications in specified corridors. The Plan requires that 50% of social housing units be two and three bedroom units suitable for families with children.

The Plan includes the provision for additional density through density bonusing by the Director of Planning or the Development Permit Board (i.e. without the need for rezoning) in the Lower Robson area of the Plan. The provisions for Social Housing in the Plan were enacted within the C-6 District Schedule.

Strategic Analysis

On June 12, 2017, the Development Permit Board conditionally approved DP-2016-00376 for 1488 Robson Street, for a mixed-use building (31 and 32 storey towers) that includes dwelling units (237 market in 80% of floor area and social housing in 20% of floor area), retail use on the ground floor, and office use on the second and third floors, all over three levels of underground parking. While the original proposal included 63 social housing units, a design condition to increase the number of family housing units in the social housing by bringing the unit sizes and mix into closer alignment with the Housing Design and Technical Guidelines was approved. Currently, revised plans include a floor area of 78,855 sq. ft. of Social Housing, which is to include no fewer than 82 units.

Among the conditions of approval, the Development Permit Board required the applicant to make arrangements to secure the obligation pursuant to the C-6 District Schedule to design, build and deliver to the City, the Social Housing units and associated parking and bike storage within a separate air space parcel. A Construction and Transfer Agreement for the Social Housing will be registered against the Lands to secure this obligation. Under the *Vancouver Charter*, Council approval is required for the acquisition of real property. Subject to Council's approval, the acquisition of the Social Housing Air Space Parcel will secure 78,855 sq. ft. of non-market rental (Social Housing). This social housing project will be secured under the land use and housing policies of the West End Plan and the C-6 District Schedule.

Table 1: Units of Social Housing secured to date under West End Plan- Corridors (September 30, 2017):

Number of Social Housing units to be delivered in the Corridors	Units delivered with this application	Previous units delivered	Total units delivered to date	Balance of units to be delivered
500	82	201	283	217

Table 2: Progress towards Social & Supportive Unit targets as set in the City's Housing and Homelessness Strategy (September 30, 2017):

	TARGETS ¹		CURRENT PROJECTS ²	GAP	
	Long Term (2012-2021)	Short Term (2012 - 2018)		(2018 Target)	(2021 Target)
Supportive Housing Units	2,900	2,700	1,702	998	1,198
All Other Non-Market Housing Units	5,000	3,500	2,937	563	2,063
Total Non-Market Housing Units	7,900	6,200	4,639	1,561	3,261

(1) Targets are established in the 2011 City of Vancouver Housing and Homeless Strategy.

(2) Includes 82 social housing units at this project.

The target for rent levels in the Social Housing will reflect the West End Plan objective to maintain or enhance the affordability offered in the current rental stock in the neighbourhood. As a result, the rents will range from the shelter component of Income Assistance to a maximum of the Low End of Market rents (90% of appraised market rent and 30% of the BC Housing's Moderate Income Limits). As required by the C-6 District Schedule, a minimum of 30% of the units will rent to households with incomes below BC Housing's Housing Income Limits (HILs), at rental rates of no more than 30% of income. Staff will work with other government and non-profit partners to seek to achieve the deepest possible levels of affordability.

Upon acquisition, the Social Housing Air Space Parcel will be subject to lease terms (to be reported and approved by Council in a forthcoming report along with a recommended operator / lessee of the Social Housing Units), including as may be applicable, rents, operating and capital maintenance costs, and monitoring and reporting requirements. The operator / lessee will be selected through a request for proposals process in line with the City's Procurement Policies.

Financial Implications

Upon acquisition by the City of the Social Housing Air Space Parcel containing the Social Housing Units (created pursuant to the C-6 District Schedule) at a nominal price, the City would own the Social Housing Units, and select a non-profit organization to lease and operate the Social Housing Units typically for 60 years or the life of the Social Housing Units, including ongoing capital maintenance and repair.

Consistent with Council policies for non-market housing, this project is expected to be self-sustaining and not require further operating subsidies, property tax exemptions, and/or financial guarantees from the City.

The City will work with its housing partner(s) (to be selected through a Request for Proposals) on an operating model and tenant mix that optimizes long-term viability of the project while achieving an affordability target that reflects the objectives of the West End Plan. It is anticipated that there is a potential to monetize the value of the lease in the form of a prepaid lease. As operating surpluses become available over time, there will be opportunities to enhance affordability and/or reinvest in other affordable housing projects in Vancouver.

CONCLUSION

As the Recommendation outlined in this report is consistent with the West End Plan, and the Development Permit Board Decision pursuant to the C-6 District Schedule, the General Manager of Community Services recommends approval of the acquisition at a nominal purchase price, of the Social Housing Air Space Parcel containing Social Housing Units to be constructed at 1488 Robson Street.

Subject Property:

<u>Civic Address</u>	<u>Legal Description</u>	<u>PID</u>	<u>Owner</u>
1488 Robson Street	Lot 1 Block 44 District Lot 185 Plan 15341	003-511-138	1488 Robson Street Holdings Ltd.

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