



ADMINISTRATIVE REPORT

Report Date: May 22, 2018
Contact: Abi Bond
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VanRIMS No.: 08-2000-20
Meeting Date: June 19, 2018

TO: Vancouver City Council
FROM: General Manager of Arts, Culture and Community Services
SUBJECT: Acquisition of Social Housing at 1810 Alberni Street

RECOMMENDATION

- A. 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 acquisition, for a nominal purchase price, from the owner / developer of a mixed use building at 1810 Alberni Street, legally described as: PID 004-414-632, Lot C of Lot 29 Block 65 District Lot 185 Plan 4795 (the "Lands") of an air space parcel (the "Social Housing Air Space Parcel") whereby:
- i. the Social Housing Air Space Parcel will contain approximately 2421.4 m² (26,064 sq ft.) of residential floor area and no fewer than 24 units of Social Housing (the "Social Housing Units") as well as associated amenity areas, 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; and,
 - 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 in accordance with DP-2017-01157 – conditionally approved by the Development Permit Board on April 3, 2018, pursuant to the C-5A District Schedule.

REPORT SUMMARY

This report requests Council authorization to acquire at a nominal purchase price, an air space parcel with no fewer than 24 units of Social Housing to be constructed on the Lands, secured in accordance with West End Plan and the bonus density provisions outlined in the C-5A 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.

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 '4' within Lower Robson, additional density can be bonused up to 7.0 FSR for new developments that provide 20% of floor space as social housing. These provisions are outlined in the C-5A District Schedule.

Housing Vancouver Strategy (2017)

In November 2017, Council approved the Housing Vancouver Strategy (2018–2027) and 3-Year Action Plan (2018-2020). The strategy seeks to shift the supply of new homes toward the right supply, with targets for new units along a continuum of housing types including 12,000 units targeted for social and supportive housing

On April 3, 2018 the Development Permit Board, pursuant to the C-5A District Schedule, conditionally approved DP-2017-01157 for the Lands for construction of a 21 storey mixed-use building that includes 60 dwelling units comprised of 36 market units in 80% of the floor area (floors 3-21) and 24 social housing units in 20% of floor area (floors 2 and 3) and containing retail on the first floor, 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 Arts, Culture and 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 November 2017, Council approved the Housing Vancouver Strategy (2018–2027) and 3-Year Action Plan (2018-2020). The strategy seeks to shift the supply of new homes

toward the right supply, with targets for new units along a continuum of housing types including 12,000 units targeted for social and supportive housing.

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 in the first 10 years of the Plan. 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-5A District Schedule.

Strategic Analysis

On April 3, 2018, the Development Permit Board conditionally approved DP-2017-01157 for the Lands, for 21 storey mixed-use building that includes 60 dwelling units (36 market units in 80% of floor area and 24 social housing in 20% of floor area) and retail use on the ground floor, all over three levels of underground parking. Plans include a floor area of 26,018 sq. ft. of Social Housing, which is to include no fewer than 24 units.

Among the conditions of approval, the Development Permit Board required the applicant to make arrangements to secure the obligation pursuant to the C-5A 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 of 26,018 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-5A District Schedule.

Figure 1 — Social Housing Units Secured to Date in the West End Plan (Corridors) as of March 31, 2018

Number of Social Housing Units to be delivered in the Corridors in first 10 years (2014 - 2023)	Previous Units Approved as of March 31, 2018 *	Units to be delivered with this application
500	238	24

*This figure does not include the 24 units to be constructed on the Lands.

Figure 2 Progress Towards 10 Year Housing Vancouver Targets for Non-Market Housing as of March 31, 2018

Housing Type	10-YEAR TARGETS	Units Approved Towards Targets
Social, Supportive, and Co-op Housing Units	12,000	1,933

*Note that tracking progress towards 10-year Housing Vancouver targets began in 2017

*Unit numbers exclude the units in this proposal, pending Council's approval of this acquisition.

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-5A 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 senior levels of government and non-profit partners to seek to deepen the levels of affordability across the social housing units.

Upon acquisition, a non-profit organization will be selected through a Request for Proposals in line with the City's Procurement Policies to lease and operate the Social Housing Air Space Parcel. Recommendation on the operator / lessee of the Social Housing Units, along with the key terms of the lease/operating agreement (including rents, operating and capital maintenance costs, and monitoring and reporting requirements) will be presented to Council for consideration and approval in a forthcoming report.

Implications/Related Issues/Risk

Financial

Upon acquisition of the Social Housing Air Space Parcel (created pursuant to the C-5A District Schedule) at a nominal price, the City would select a non-profit organization to lease, operate and maintain the Social Housing Units typically for 60 years or the life of the Social Housing Units.

Consistent with Council policies, all non-market housing projects are expected to be self-sustaining and require no 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. There is a potential to monetize the value of the lease which could be 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-5A District Schedule, the General Manager of Arts, Culture and 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 on the Lands.

Subject Property:

<u>Civic Address</u>	<u>Legal Description</u>	<u>PID</u>	<u>Owner</u>
1810 Alberni Street	Lot C of Block 29 Block 65 District Lot 185 Plan 4795	004-414-632	Landa Denman Holdings Ltd.

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