



## ADMINISTRATIVE REPORT

Report Date: May 10, 2018  
Contact: Sandra Singh  
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Meeting Date: July 24, 2018

TO: Vancouver City Council

FROM: General Manager of Arts, Culture and Community Services

SUBJECT: Capital Contribution for 33 West Cordova Street (36 Blood Alley Square) for Social/Supportive Housing

### **RECOMMENDATION**

- A. THAT Council authorize the General Manager of Arts, Culture and Community Services to enter into an agreement (the "Contribution Agreement") with British Columbia Housing Management Commission ("BC Housing"), to the satisfaction of the General Manager of Arts, Culture and Community Services and the Director of Legal Services, setting out the conditions of the capital contribution toward construction of 80 social/supportive housing units at 36 Blood Alley Square and 23-51 West Cordova (PID: 030-395-534; Lot A, Block 2, Old Granville Townsite, New Westminster District, Plan EPP80295). The Contribution Agreement will state that the City will provide a capital contribution of \$1,600,000 to BC Housing for the social/supportive housing units subject to the following:
- i. execution of the Contribution Agreement with terms and conditions as outlined in this report;
  - ii. registration of the Housing Agreement;
  - iii. all funding/financing sources secured; and
  - iv. building permit issuance.
- B. THAT, upon approval of Recommendation A, Council approve a capital contribution of \$1,600,000 (\$20,000 per unit) to BC Housing to support the construction of 80 units of social/supportive housing at 33 West Cordova Street. The source of funding for the capital contribution is the Capital Budget for Non-market Rental Housing (Social/supportive Housing). Payment of the capital contribution is anticipated in October 2018 (following issuance of building permit).

## **REPORT SUMMARY**

This report seeks Council approval of a capital contribution of \$1,600,000 to BC Housing for the construction of 80 dwelling units of social/supportive housing at 33 West Cordova Street or 36 Blood Alley Square (the “Site”). The site will also contain 62 secured market rental housing units and development of the site supports the housing objectives of the *Housing Vancouver Strategy*, and Downtown Eastside Plan by ensuring all of the 80 social/supportive housing units are occupied by persons eligible for either Income Assistance or a combination of basic Old Age Security pension and Guaranteed Income Supplement and are rented at rates no higher than the shelter component of Income Assistance. This capital contribution supports continued partnership with the Provincial Government in the delivery of social/supportive housing in the Downtown Eastside.

## **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

**Housing Vancouver Strategy** - 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 and tenures. The Housing Vancouver targets were based on the core goals of retaining the current diversity of incomes and households in the city, shifting housing production towards rental to meet the greatest need, and coordinating action with partners to deliver housing for the lowest income households. Overall, 72,000 new homes are targeted for the next 10 years, including 12,000 social, supportive and non-profit co-operative units and 20,000 purpose-built rental units.

**Downtown Eastside Plan** - In March, 2014, Council adopted the DTES Plan with the goal to improve the diversity of housing types, including much needed social housing and secured market rental, as well as improve building conditions, secure affordability, and provide supports to vulnerable tenants. The DTES Plan identifies the need to replace 4,500 single room occupancy (SRO) rooms over the next 30 years with safe, secure and self-contained dwelling units, while also upgrading the current stock in the interim.

**Development Permit Board Approval** - On December 13, 2017, the Development Permit Board approved the development of this site, with conditions (DE419722 – HA-2). The conditions require that two separate Housing Agreements be registered on title for this site – one to secure the 80 social/supportive housing units to be owned by BC Housing in one air space parcel on the site as social/supportive housing at the rent levels proposed, and a second to secure the 62 for-profit affordable rental units which will be in another air space parcel and will be privately owned. Further conditions required that:

- A final Operational Management Plan will be required prior to the issuance of any Occupancy Permit. Arrangements to ensure such as management, operation, maintenance and access to be included in such legal agreement(s) as the Director of Legal Services and the General Manager of Arts, Culture and Community Services may require;

- Approval by the General Manager of Arts, Culture and Community Services of a Single Room Accommodation (SRA) Demolition Permit in accordance with the Single Room Accommodation By-Law for the Stanley and New Fountain Hotels, located at 36 Blood Alley Square (015-713-334,015-713-326,015-713-342,015-713-318) to demolish 80 SRA designated rooms and replace with 80 units of self-contained social/supportive housing; and
- Provision of a final Tenant Relocation Plan report, to the satisfaction of the General Manager of Arts, Culture and Community Services.

**Capital Contributions for Social/supportive Housing** - Council has approved previous capital contributions to support and partner with BC Housing in the provision of social/supportive housing. Past capital contributions supported the delivery of non-market housing units at 288 E Hastings, 211 Gore Street and 3595 Kingsway. Most recently, in June 2016, Council approved a capital contribution to BC Housing for the development at 288 East Hastings Street to enable the construction of 104 micro dwelling units categorized as social housing in the Downtown Eastside – this contribution was \$1,040,000 (\$10,000 per unit).

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The General Manager of Arts, Culture and Community Services and the City Manager approve of the City's capital contribution that supports the substantial Provincial investment necessary to deliver 80 new social/supportive housing units, rented at the shelter component of income assistance and therefore recommends approval of the foregoing.

### ***REPORT***

#### ***Background/Context***

The existing Stanley New Fountain Hotel contains 80 SRA rooms and 56 shelter beds, with retail space at grade. Both buildings are currently vacant. BC Housing and Portland Hotel Society (PHS) have worked to rehouse all of the SRA tenants into permanent housing, and eligible tenants will receive right of first refusal on the new social/supportive housing rooms. BC Housing has replaced the shelter beds with a new year round, low-barrier emergency shelter, located at 356 East Hastings. This shelter is now operational and is being managed by the PHS. In 2013, Westbank assumed a purchase option from PHS and purchased the Stanley New Fountain from the City. As part of the redevelopment of the site, Westbank transferred ownership of the property to BC Housing in 2016.

The Downtown Eastside Plan's housing objectives include a 10 year goal of upgrading 800 non-profit operated Single Room Occupancy units to contain private bathrooms and cooking facilities and the creation of 1,650 new units of secured market rental housing. The Downtown Eastside Plan also identifies Blood Alley Square and Trounce Alley, where this project is located, as a priority for rehabilitation "to improve the public realm,

increase safety, and introduce programming with support for community stewardship as a shared space, including opportunities for low-income residents."

As the DTES plan outlines, partnerships are essential to creating affordable housing for the existing low-income community. City efforts and contributions aim to leverage other levels of government as well as private, non-profit and community stakeholders to assist in developing an affordable housing supply that can meet local need.

**Housing Infrastructure Capital Grants and Contributions**

City capital contributions to affordable housing are intended to improve project viability, increase affordability, address street homelessness, address the needs of low income and core-need households, or leverage significant contributions from other levels of government or non-profit partners. Council has approved capital contributions to BC Housing to advance housing projects, and/or to deepen affordability to ensure rents in these properties are affordable to persons on income assistance or low or moderate income households.

**Strategic Analysis**

The approved Development Permit project at 33 West Cordova is a 100% rental building that will include: 80 social/supportive housing units that will rent at the shelter component of income assistance and a further 62 units of privately-owned secured market rental housing. The project supports the DTES Plan goal to replace SROs with self-contained social/supportive housing, meets the DEOD objectives to increase social/supportive housing and affordable rental for low- and moderate-income households and those at risk of homelessness, and leverages significant investment from BC Housing into the creation of these units.

The *Housing Vancouver Strategy* identifies a need for 12,000 social housing units to be delivered in the coming decade. If this capital contribution is approved for the project, it will aid in the completion of 80 units of social/supportive housing targeted towards persons receiving Income Assistance or a combination of basic Old Age Security pension and Guaranteed Income Supplement that will be rented at rates no higher than the shelter component of Income Assistance.

**Table 1: Progress Towards 10 Year Housing Vancouver Targets for Non-Market Housing as of June 30, 2018**

Housing Type	10-YEAR TARGETS	Units Approved Towards Targets
Social, Supportive, and Co-op Housing Units	12,000	2,015

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

**Table 2: Downtown Eastside Housing Targets Progress Update– as of March 31, 2018**

	10-Year Target	30-Year Target	Achieved	Gap (10-Year)	Gap (30-Year)
<b>Social Housing (inside DTES)</b>	1,400	4,400	1,527	127 (over target)	2,873
<b>Secured Market Rental (inside DTES)</b>	1,650	3,000	597	1,053	2,403

*\*Note that tracking progress towards DTES housing targets began in 2014*

### **Housing Agreement and Operations**

A Housing Agreement will be registered on the non-market housing component to secure the affordability. The Housing Agreement will stipulate that all of the 80 self-contained social/supportive housing units are occupied by persons eligible for either Income Assistance or a combination of basic Old Age Security pension and Guaranteed Income Supplement and are rented at rates no higher than the shelter component of Income Assistance. This project achieves deep levels of affordability by offering all 80 social/supportive housing units at the shelter component of Income Assistance.

Under City by-laws, social housing units must be owned by a non-profit organization, or on behalf of the City, the Province of British Columbia, or Canada.

Consistent with Council policy, non-market housing projects are expected to be self-sustaining over the long term and require no further contributions and subsidies from the City. Should the project qualify for Class 3 Supportive Housing designation from the Province, the building will be assessed at nominal value for property tax purposes. In this case, BC Housing intends to operate this building as supportive housing (with health programs, food and supports).

BC Housing has contracted Portland Hotel Society as the future operator of the building, and PHS will offer programming, meals and clinical supports on site to meet the needs of those housed. Services would include:

- Proposed Clinical supports
- Services for Medication Support, Addictions Support and Mental Health support
- Social Support – Groups, vocational opportunities, programming
- Individual case management
- Amenity space for residents
- Staff on site 24/7

## ***Implications/Related Issues/Risk***

### ***Financial***

#### ***One-time Capital***

The overall capital cost associated with the social/supportive housing component is ~\$27.8 million. BC Housing is responsible for the design, construction and financing of the project, including any take-out financing.

The social/supportive housing component of the project (80 units) meets the definition of “social housing” and will qualify for DCL exemption under Section 523D (10)(d) of the *Vancouver Charter* and the Vancouver Development Cost Levy By-law. On this basis, the DCL exemption for the social housing (excluding the new utilities DCL rate effective September 30, 2018), is estimated to be \$768,410, to be confirmed at building permit stage.

The recommended City contribution of \$1.6 million is based on \$20,000 per unit for supportive housing in accordance with the current Housing Infrastructure Grant program. It represents ~6% of the estimated project cost of \$27.8 million. The source of funding is the 2018 Capital Budget for Non-market Rental Housing (Social Housing).

The City's contribution is conditional on building permit issuance, registration of the Housing Agreement, and sign off on the terms of the Contribution Agreement as outlined in this report.

#### ***Ongoing Operating***

The social/supportive housing component of the project will be owned by the Provincial Rental Housing Corporation on behalf of BC Housing. BC Housing will contract with a non-profit housing operator to operate the social/supportive housing units. The Housing Agreement will require all 80 units to be rented at the shelter component of income assistance (currently \$375 per month). BC Housing will provide ongoing operating subsidy to ensure the long-term sustainability and capital maintenance of the project, as well as the level of support services to be provided over the life of the building. No further contributions or subsidies are required from the City

Should the project qualify for Class 3 Supportive Housing designation, the building will be assessed at a nominal value for tax purposes.

## ***CONCLUSION***

The General Manager of Arts, Culture and Community Services recommends Council approve a capital contribution to BC Housing toward the development of 33 West Cordova Street which will provide affordable housing for those living off the shelter component of income assistance.

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