



POLICY REPORT

Report Date: May 15, 2019
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Meeting Date: May 28, 2019

TO: Vancouver City Council

FROM: General Manager of Arts, Culture and Community Services and General Manager of Planning, Urban Design and Sustainability

SUBJECT: Request to Amend the Conditions of By-law Enactment for the CD-1 Rezoning at 118-150 Robson Street

RECOMMENDATION

THAT Council amend the conditions of by-law enactment imposed by its July 10, 2018, decision to approve in principle the CD-1 rezoning of 118-150 Robson Street by amending the Shelter Relocation conditions set out in section (c)10 of the resolutions adopted by Council, generally as shown in Appendix A, which pertain to the shelter relocation.

REPORT SUMMARY

This report seeks Council's approval of an amendment to the conditions of by-law enactment for the CD-1 rezoning of 118-150 Robson Street, which was approved after the public hearing of June 26, 2018, but not yet enacted. At the time of the rezoning application, the applicant agreed to the replacement of a minimum 102-bed shelter, 10,000 sq. ft. space within the Downtown District Zoning Boundary or such other location as may be acceptable to the General Manager of Arts, Culture and Community Services (ACCS). If the new replacement shelter is a leased space, then the lease was to be for not less than 10 years at rents that allow the shelter to be sustainable for the duration of the lease term.

The recommended change requested by the applicant is to allow the term of the lease for the replacement shelter to be for a minimum of seven years, with an option to renew for three years subject to agreement by the owner. A letter of credit for \$1.5 million is proposed to be provided to the City and drawn down if the lease is not renewed for the additional three-year term and the full 10-year shelter replacement term is not achieved. These funds would be put towards tenant improvements and a payment, if required, for a new shelter space. If approved, these amended terms would be incorporated into the shelter relocation agreement that is required to be registered on title prior to enactment of the rezoning by-law for the site as a Section 219 Covenant, together with the owner

satisfying all other conditions of by-law enactment. Because the condition was prescribed by Council in its resolution and the authority to vary it was not delegated, Council approval of this amendment to the condition is required.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- Policy report dated May 22, 2018 entitled “CD-1 Rezoning at 118-150 Robson Street and Heritage Designation of the Facades of the Northern Electric Company Building”, RTS 12323 (rezoning approved in principle at the July 10, 2018 Regular Council Meeting after the June 26, 2018 public hearing with conditions of approval set out in the resolution adopted by Council recorded in the meeting minutes; enactment of CD-1 By-law is pending fulfillment of the conditions of by-law enactment)
- Housing Vancouver Strategy and Housing Vancouver Three Year Action Plan (2017)

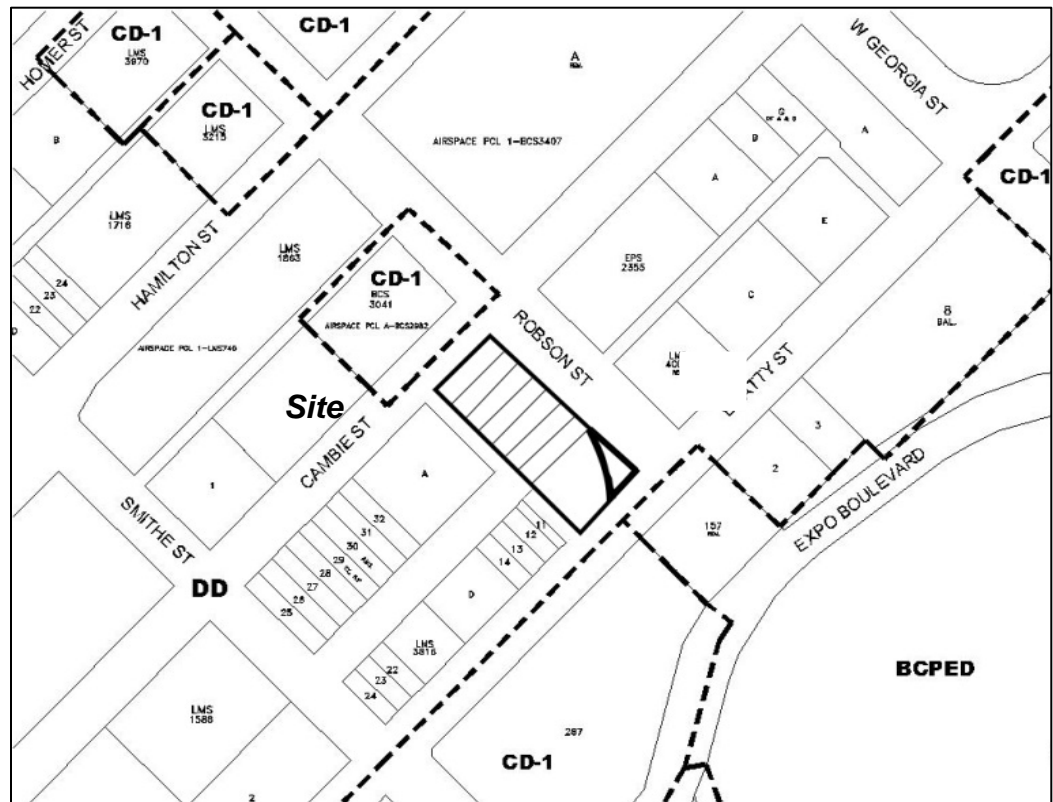
REPORT

Background/Context

1. Site

The subject site at 118-150 Robson Street is in the Central Business District, in the block-end defined by the lane south of Robson, and by Robson, Beatty and Cambie Streets. The site is comprised of eight legal lots as well as a portion of road (see Figure 1).

Figure 1: Site Location Map



2. Project Background

On July 10, 2018, Council approved in principle the rezoning of 118-150 Robson Street from DD (Downtown District) to CD-1 (Comprehensive Development) District to increase the floor space ratio to allow for the construction of a 29-storey mixed-use building, comprised of market residential, hotel, and ground-floor retail and services uses, subject to a number of conditions.

An existing homeless shelter, Catholic Charities Men's Hostel, is located within the current building on site, and has been in operation since 1958. It has 102 beds that are open year-round, with an additional 24 temporary shelter beds that are open during the winter. The shelter primarily serves men over the age of 45, some of whom are working. The shelter is open 16 hours a day and provides services such as laundry, meal vouchers, and one-on-one advocacy. The shelter's operations are currently funded by BC Housing.

The downtown core has one of the highest proportions of homeless individuals in the entire Metro Vancouver area. The existing shelter provides a critical downtown service for homeless individuals, providing around half of the downtown shelter beds (102 of a total of 228 regular, year-round shelter beds in the downtown core). The demand for beds far exceeds availability, and all of the shelters are consistently operating at full-capacity. The loss of this shelter or interruption of shelter services is likely to have significant negative impacts for the homeless population and progress towards ending street homelessness.

When the applicant purchased the site from Catholic Charities in 2015, the applicant entered into an agreement with Catholic Charities to enable Catholic Charities to continue to operate the existing shelter, first on the existing site and, following redevelopment, at an alternative replacement shelter site.

The City, BC Housing, the applicant and the Catholic Charities are working together to find a solution for a new replacement shelter, sufficient for 102 beds, in the downtown core and within 10 blocks of the rezoning site. A condition to secure the replacement shelter was put forward in the 2018 rezoning report. It requires the applicant to secure a suitably sized and located space, for a minimum of 10 years, and complete renovations, all at the cost of the applicant, so that shelter services can be moved to the new relocation, avoiding any loss or interruption of service.

Since approval in principle of the rezoning application on July 10, 2018, the applicant is now requesting a change to the shelter replacement conditions. They have identified and are in the process of securing an alternate site that meets the size and locational requirements, but are unable to secure it for the full 10-year required term. They have negotiated an agreement to lease the new site for a minimum of seven years, with an option to renew at the owner's discretion for an additional three years. They are offering a letter of credit for \$1.5 million to be held by the City, should the lease not be renewed for the last three years and a new alternative replacement site needs to be found. The amount secured by the Letter of Credit would be put towards tenant improvements and to secure a new shelter space, if required.

Strategic Analysis

Homelessness is a humanitarian crisis and remains a persistent challenge in many areas of Vancouver, including the downtown core. The 102 beds and services provided by the Catholic Charities in their current location at 150 Robson Street, is a critical service that staff want to ensure is replaced, without an interruption of service, during the upcoming redevelopment of the site.

It is very rare that staff would recommend a change to approved rezoning conditions between the public hearing and enactment, however in this instance, staff have determined that a lease term for seven years plus the option to renew for three years at the owner's discretion, combined with the \$1.5 million letter of credit, ensures that a 102-bed homeless shelter can continue to provide services in the downtown core or at another suitable location at the discretion of the General Manager of ACCS, in consultation with BC Housing, and without a service interruption. BC Housing have confirmed their intention to continue to cover operating costs and are supportive of this approach.

Should this change be approved, the conditions will be amended so that a minimum seven-year lease term will be required for a replacement shelter site, with an option for the owner to extend for three years. In addition a \$1.5 million letter of credit will be provided to the City of Vancouver so that, if the additional three-year term is not offered, it can be used by the City and its partners to find and fit out an alternative replacement shelter site, ideally in the downtown core but potentially in another location, to the satisfaction of the General Manger of ACCS.

FINANCIAL IMPLICATIONS

A letter of credit to the value of \$1.5 million will be provided to the City, so in the event that the full 10-year lease term at the new replacement location cannot be secured, the City can apply this letter of credit to the costs of securing a new replacement shelter site, including lease and tenant improvement costs. The value of the letter of credit is determined based on annual lease estimate of ~\$400,000 for three years plus some tenant improvement allowance.

CONCLUSION

This report recommends that Council amend its July 10, 2018 resolution to approve in principle the CD-1 rezoning of 118-150 Robson Street by amending the condition of by-law enactment related to shelter replacement to vary the minimum term of the lease for replacement shelter space from 10 years to seven years plus an option for three years, together with a \$1.5 million letter of credit, to the satisfaction of the General Manager of Arts, Culture & Community Services.

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CD-1 REZONING: 118-150 ROBSON STREET
Proposed revisions to the Shelter Replacement condition (c) 10 of the resolutions
adopted by Council July 10, 2018

Sections proposed to be deleted are struck-through and added sections are underlined in bold.

Shelter Relocation

10. Prior to enactment of the rezoning by-law, the applicant will enter into a Section 219 Covenant, to be registered against title to the rezoning site, to secure the relocation of the shelter space currently located on the rezoning site under the following terms:
- (i) No demolition permits for the rezoning site will be issued until:
 - a. the applicant can demonstrate that it has secured or has facilitated the securing of a replacement shelter space that is, at a minimum, an operational 102-bed, 10,000 sq. ft. space that is located within the Downtown District Zoning Boundary or such other location in the Downtown Core as may be acceptable to the General Manager of Arts, Culture and Community Services;
 - b. if the new replacement shelter space is leased space, a copy of the new lease is provided to the City for the review of and confirmation by the Directors of Legal Services and Real Estate Services and the General Manager of Arts, Culture and Community Services that such lease provides for, at a minimum, a 102 bed, 10,000 sq. ft. space that is located as required in subsection (i) a., and such lease will be for a minimum of a ~~10-year term~~ **seven-year term with an option to renew for an additional three-year term at the discretion of the lessor**, at rents that allow the shelter to be sustainable for the duration of the lease term; and
 - c. the new replacement shelter space has been renovated to meet funder requirements and BC Housing's standards for shelters, an Occupancy Permit has been obtained, and all operations have been relocated from the rezoning site to the new shelter by the Catholic Charities, provided that the requirement for the Section 219 Covenant may be dispensed with and demolition permits issued or, if the Section 219 Covenant has been registered, it may be discharged and demolition permits issued, if in either case the General Manager of Arts, Culture and Community Services is satisfied that the replacement shelter space will be operational within a suitable period of time and any security that may be required by the General Manager of Arts, Culture and Community Services to secure the delivery of the replacement shelter has been provided to the City in the form required by the Director of Legal Services; and
 - (ii) The new replacement shelter space will be for the use of the operation of a homeless shelter by Catholic Charities or, if Catholic Charities determines not to continue to operate a homeless shelter or if Catholic Charities defaults in its obligations to the applicant, another non-profit shelter operator to be approved by the General Manager of Arts, Culture and Community Services in consultation with BC Housing.

(iii) That the applicant provide to the City an irrevocable, demand letter of credit to the City (in a form to be approved by the Director of Legal Services) for \$1,500,000 to be to be drawn down by the City in the event that the lease is not renewed after seven years, with such funds being allocated for tenant improvements and payment to secure a further replacement shelter space.

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