



## REPORT

Report Date: May 29, 2020  
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Meeting Date: June 23, 2020  
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TO: Vancouver City Council  
FROM: General Manager of Arts, Culture, and Community Services  
SUBJECT: Acquisition of Social Housing at 1485 Davie 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, of an air space parcel (the "Social Housing Air Space Parcel") from the owner / developer of a mixed use building at 1485 Davie Street (1034907 B.C. Ltd.), whereby:

- i. the Social Housing Air Space Parcel will contain approximately 3295.27 m<sup>2</sup> (35,470 ft<sup>2</sup>) of residential floor area and no fewer than 51 units of Social Housing (the "Social Housing Units") and associated common property such as open balconies, residential amenity, 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 with a civic address of 1485 Davie Street and, legally described as PID: 030-726-948, Lot A District Lot 185 Group 1 New Westminster District Plan EPP87867 (the "Lands") in accordance with DP-2017-01183 as conditionally approved by the Development Permit Board on October 15, 2018, pursuant to the RM-5D District Schedule.

## **REPORT SUMMARY**

This report requests Council authorization to acquire at a nominal purchase price, an air space parcel with no fewer than 51 Social Housing Units to be constructed at 1485 Davie Street, secured in accordance with West End Community Plan and the bonus density provisions outlined in the RM-5D District Schedule.

## **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

In November 2017, Council approved the Housing Vancouver Strategy (2018-2027) and a 3-Year Action Plan (2018-2020) as a framework to provide Vancouver residents with access to housing that is adequate and affordable. The strategy is based on three core principles: (1) creating the right supply of housing to address speculative demand, (2) protecting existing affordable housing for the future, (3) and ensuring support for vulnerable residents.

The Annual Progress Report and Data book details progress towards Housing Vancouver targets of 72,000 new homes between 2018 and 2027.

The West End Community Plan, adopted in 2013, seeks to maintain or enhance the existing housing affordability by requiring replacement of existing market rental units as social housing. In Area '3' within Lower Davie, additional density can be bonused up to 7 FSR for new developments that provide 20% of floor space as social housing, or one-for-one replacement of the existing market rental housing with social housing units whichever is greater. These provisions are outlined in the West End Community Plan and RM-5D District Schedule.

On October 15, 2018, the Development Permit Board, pursuant to the above plans and the RM-5D District Schedule, conditionally approved DP-2017-01183 for 1485 Davie Street for the construction of 128 market dwelling units in one 21 storey tower and 51 Social Housing Units (22% of floor area) in a 6 storey building all over five levels of underground parking with vehicular access from the lane.

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 and the City Manager recommends approval of the foregoing.

## **REPORT**

### **Background/Context**

The City of Vancouver's Housing Vancouver Strategy 2018 – 2027 (the "Strategy") identifies a specific goal to increase the supply of non-market rental housing.

The 10-year housing strategy aims to improve housing affordability by creating the right supply of homes to meet the needs of the people who live and work in Vancouver. The strategy's proposed target is 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 was adopted 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 Davie area of the Plan. The provisions for Social Housing in the Plan were enacted within the West End Community Plan and RM-5D District Schedule.

### **Strategic Analysis**

On October 15, 2018, the Development Permit Board conditionally approved DP-2017-01183 for 1485 Davie Street, for two towers (21 and 6 storeys) that includes 128 market housing units and 51 Social Housing Units, all over five levels of underground parking. Current social housing plans include a floor area of 35,470 ft<sup>2</sup>, an FSR of 1.37, balcony space of 3,295 ft<sup>2</sup>, amenity space of 1,549 ft<sup>2</sup>, 206 parking spaces (to be shared with the market housing), and 66 spaces of bicycle parking, and no fewer than 51 residential units.

Among the conditions of approval, the Development Permit Board required the applicant to make arrangements to secure the obligation pursuant to the RM-5D District Schedule to design, build and deliver to the City, the Social Housing Units and associated common property within a separate air space parcel, being the Social Housing Air Space Parcel. A Construction and Transfer Agreement for the Social Housing Air Space Parcel 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 35,470 ft<sup>2</sup> of non-market turn-key housing to be owned by the City. This social housing project will be secured under the land use and housing policies of the West End Community Plan and the RM-5D District Schedule.

Figure 1: Progress Towards Social & Supportive Unit Targets as Set in Housing Vancouver Strategy<sup>1</sup> – City Wide (March 31, 2020):

<b>Housing Type</b>	<b>10-Year Targets</b>	<b>Units Approved Towards Targets</b>
<b>Social, Supportive, and Co-op Housing Units</b>	12,000	4,657

(1) Note that tracking progress towards 10-year Housing Vancouver targets began in 2017, figures include Temporary Modular Housing

The target for Social Housing rent levels will reflect the West End Community 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 rates to a

maximum of the Low End of Market rents (90% of appraised market rent for the neighbourhood). As required by the RM-5D District Schedule, a minimum of 30% of the units will rent to households with incomes at or below BC Housing's Housing Income Limits (HILs), at rental rates of no more than 30% of income. This is consistent with the City's social housing definition. 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 select a non-profit partner to operate the Social Housing Units through a procurement process in line with the City's procurement policies and subject to approval by Council. The City will work with its partner 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 Housing Vancouver Strategy and the West End Community Plan.

### ***Financial Implications***

Upon acquisition by the City of the Social Housing Air Space Parcel containing the Social Housing Units (created pursuant to the RM-5D District Schedule) at a nominal price of ten dollars, the City would own the Social Housing Units and select a non-profit partner to operate the Social Housing Units.

The City will work with its housing partner on an operating model and tenant mix that optimizes long-term viability of the project. Should operating surpluses become available over time, there will be opportunities to enhance affordability and/or reinvest in other affordable housing projects in Vancouver.

Consistent with Council policies for social 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.

### ***CONCLUSION***

As the Recommendation outlined in this report is consistent with the West End Community Plan, Housing Vancouver, and the Development Permit Board Decision pursuant to the RM-5D District Schedule, staff recommend approval of the acquisition at a nominal purchase price, of the Social Housing Air Space Parcel containing Social Housing Units to be constructed at 1485 Davie Street.

Subject Property:

<b><u>Civic Address</u></b>	<b><u>Legal Description</u></b>	<b><u>PID</u></b>	<b><u>Owner</u></b>
1485 Davie Street	Lot A District Lot 185 Group 1 New Westminster District Plan EPP87867	030-726-948	1034907 B.C. Ltd.

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