



IN CAMERA

REPORT

Report Date: August 21, 2020
Contact: Jerry Evans
Contact No.: 604.873.7430
RTS No.: 14004
VanRIMS No.: 08-2000-21
Meeting Date: September 15, 2020

TO: Vancouver City Council

FROM: General Manager of Real Estate and Facilities Management in consultation with General Manager of Engineering Services and Managing Director of Housing Delivery and Operations

SUBJECT: Lease - A portion of Dunlevy Avenue between East Pender Street and Keefer Street to Mau Dan Gardens Co-operative Housing Association at 350 East Pender Street

IN CAMERA RATIONALE

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (a) personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the city or another position appointed by the city.

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to renew the lease for the portion of Dunlevy Avenue located between East Pender Street and Keefer Street, legally described as, That portion of Dunlevy Avenue, adjacent to Lot C, Block 122, District Lot 196, Plan 13208 (the "Subject Property"), as illustrated in Appendix A, for a five (5) year term, subject to one (1) year notice of cancellation, effective July 1, 2020, with a total rental rate of s.17(1) per annum to Mau Dan Gardens Co-operative Housing Association ("Mau Dan").
- B. THAT Council approve a grant in lieu of rent in the amount of s.17(1) per annum, leaving a net annual rent payable by Mau Dan of s.17(1) ;

FURTHER THAT no legal rights or obligations shall arise or be created until all documents are fully executed to the satisfaction of the Director of Legal Services.

Recommendation B is considered a grant and requires a 2/3 affirmative vote of all Council members in accordance with *Vancouver Charter* S. 206(1).

REPORT SUMMARY

Mau Dan Co-operative is a 124 unit non-profit co-operative which was developed in 1982 on City-owned land. The Co-op has a ground lease with the City that expires in March 2051. This report seeks Council authority to renew another, shorter term lease the City has with Mau Dan Co-operative Housing Association for a portion of Dunlevy Avenue for a five (5) year term. The proposed rent for the lease represents a grant in lieu of rent, and requires the affirmative vote of 2/3 of all Council members.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Pursuant to Section 206(1)(a) of the *Vancouver Charter*, not less than two-thirds of all members of Council must approve a resolution for a grant. A lease of City-owned property at less than market rent is considered to be a grant.

Vancouver City Council at its regular meeting on December 09, 2015, approved a five (5) year lease at an annual rate of **s.17(1)**, subject to a grant in lieu of rent of **s.17(1)**, for a net below market rent of **s.17(1)** per annum to Mau Dan.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate and Facilities Management, the General Manager of Engineering Services and the Managing Director of Housing Delivery and Operations recommend the foregoing.

REPORT

Background/Context

In April 1995, Council resolved to close, stop up and lease the 10,032 square foot portion of Dunlevy Avenue located between Pender Street and Keefer Street, to Mau Dan in order to allow for the installation of fencing around their property for improvement of safety and security. The closure received the support of residents in the community, the Police, and the Engineering Services departments.

The portion of the closed road was then leased to Mau Dan for five (5) years at a rent of **s.17(1)** per year to compensate the City for restricting the road from public use.

In the summers of 2000, 2005, 2010 and 2015, Mau Dan, citing the importance of the closed road for maintaining safety and security and their difficult financial position, requested the City to renew the lease at below market value rent. On each occasion, Council supported Mau Dan and staff recommendations to renew the lease for a further five (5) year term at below market rent.

In 2015, the market value of annual rent was estimated at **s.17(1)**, subject to a grant in lieu of rent of **s.17(1)**, for a net below market rent of **s.17(1)** per year.

Strategic Analysis

Mau Dan is currently over holding their lease which expired June 30th, 2020. The lease renewal would be retro-active to July 1, 2020.

Mau Dan has cited in a letter to staff dated April 28, 2020, attached as Appendix B, the importance of the closed road for maintaining safety, security, privacy, and marketability. The letter also indicates Mau Dan's financial challenges related to major building envelope and water line repairs of s.17(1) with financing from CMHC and the City of Vancouver. Furthermore, Mau Dan faces future capital expenses from their operating budget of s.17(1) to replace the parking slab membrane and landscape.

Implications/Related Issues/Risk

Financial

By granting a subsidized rental rate (i.e. rent established at below market rates), Council will be conveying a financial benefit to Mau Dan. While no funding is required for this financial benefit, it is considered a grant in lieu of rent and as such must be approved by 2/3rds of all Council members.

Review of current rental rates in the vicinity suggests a fair market rent for the closed portion of the road to be s.17(1) per year. Given the increase in market rents since 2015 and the financial challenges that Mau Dan has sited, staff recommends the Dunlevy Avenue lease be renewed at a below market rent of s.17(1) per year, which requires a grant in lieu of rent of s.17(1)

The net rental income will be credited to the PEF.

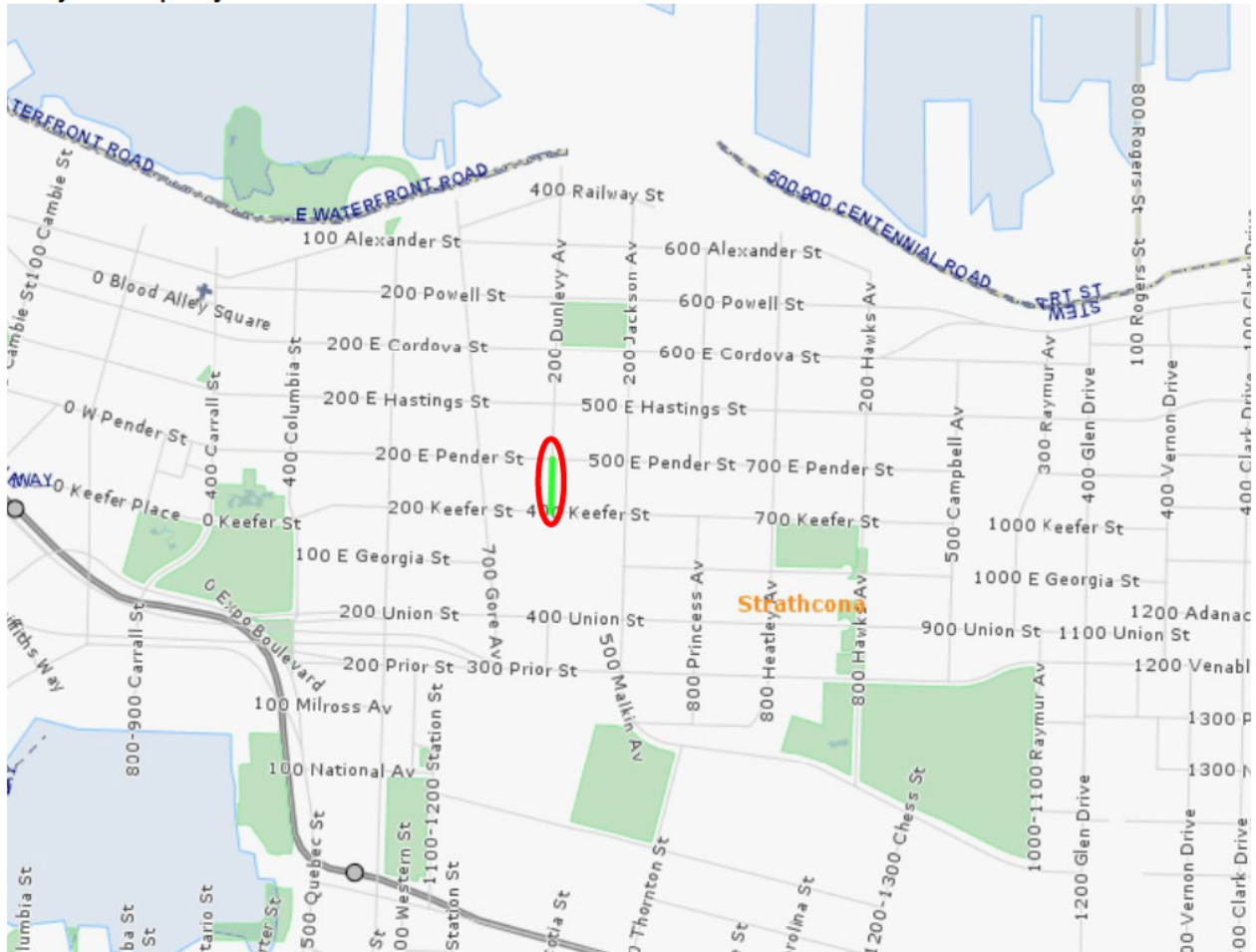
CONCLUSION

The General Manager of Real Estate and Facilities Management, the General Manager of Engineering Services and the Managing Director of Housing Delivery and Operations support the renewal of the lease with similar terms and conditions as the existing lease.

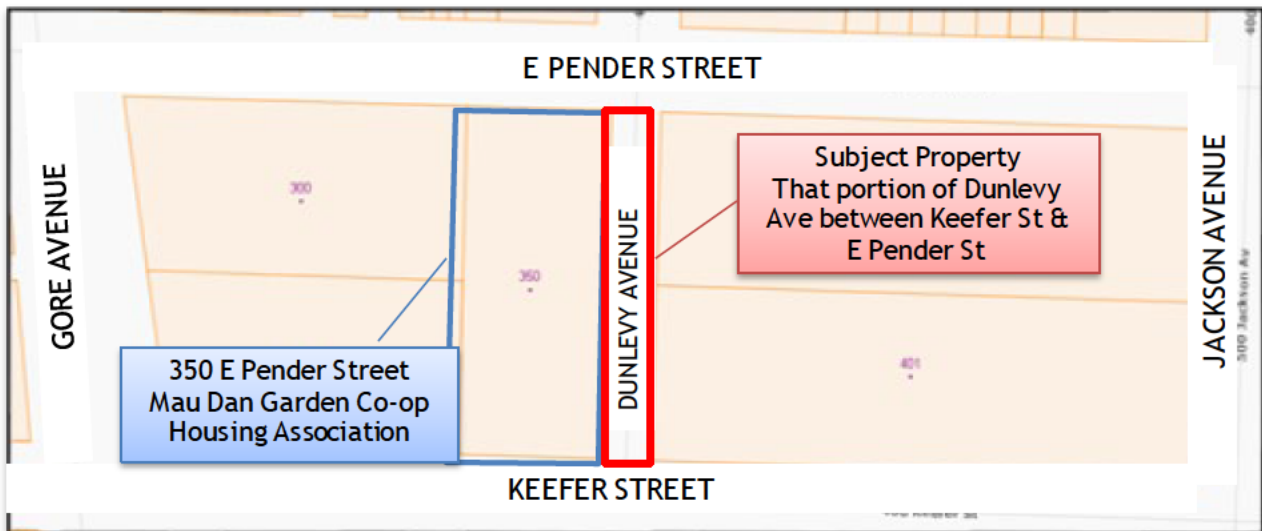
Staff recommends that Council approve Recommendations A and B of the report for a grant in lieu of rent.

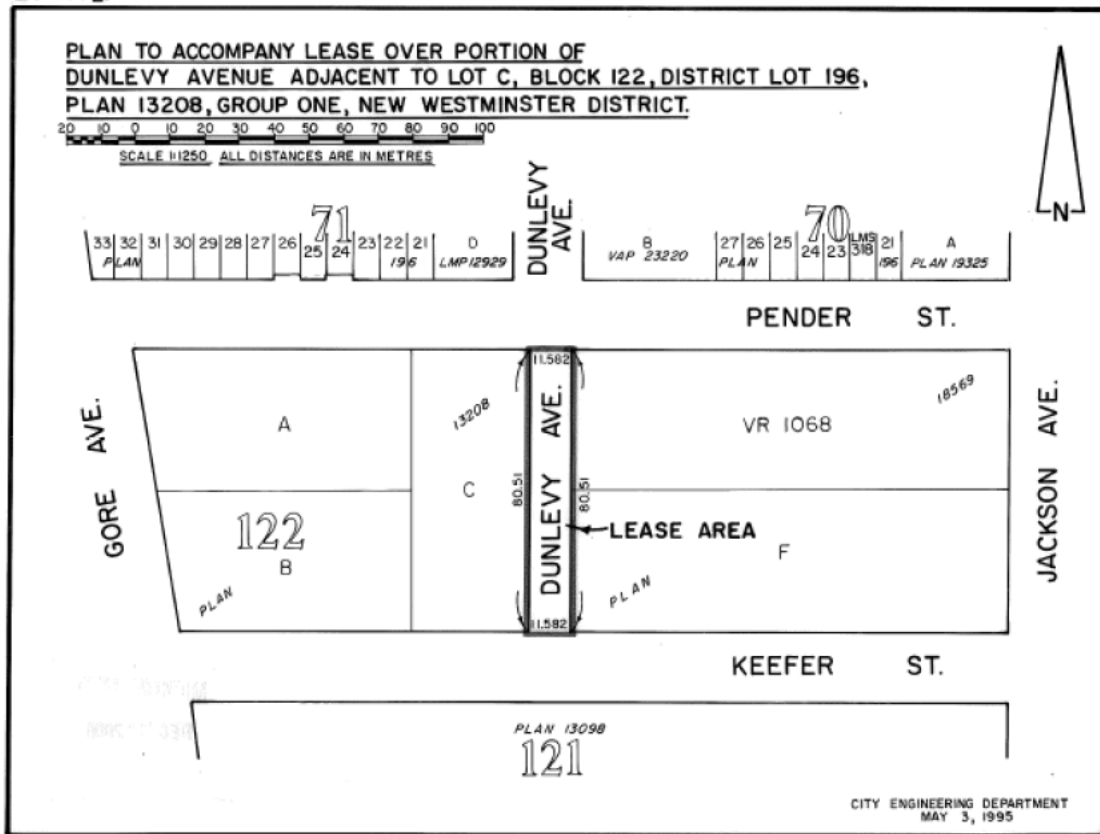
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Subject Property as circled



Legal Lot Ortho





Arial View



Street View along E Pender Street



Street View along Keefer Street





MAU DAN GARDENS CO-OPERATIVE HOUSING ASSOCIATION

415 - 350 E. Pender St. Vancouver BC V6A 3X4 Tel: (604) 255 4778 Fax (604) 255 4703
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April 28, 2020

Emily Eng
Property Negotiator, Real Estate Services
City of Vancouver
Ste. 320 - 507 West Broadway
Vancouver BC V5Z 0B4

By email - emily.aeng@vancouver.ca, Cc: Brian.Kinzie@vancouver.ca

Re: Dunlevy Ave Lease Renewal, between Pender and Keefer

Dear Ms. Eng,

I write on behalf of Mau Dan Gardens Housing Co-op to ask that the lease regarding the portion of Dunlevy Avenue, between Pender and Keefer, will expire on June 30, 2020, be renewed at the current rate of **s.17(1)** a year (plus GST).

The renewal of the lease is important to the safety and viability of our housing co-op and the affordable lease rate is important to Mau Dan as a non-profit housing association.

We have finished major building envelope and water line repairs of **s.17(1)** with financing from CMHC and the City of Vancouver, and we are currently in the middle of a **s.17(1)** project to replace the parking slab membrane and hardscape. The funding for this project has been borrowed from Vancity as a part of the process of transferring our mortgage from CMHC to Vancity. In order to fulfill requirements from both the City and CMHC we need to keep our housing affordable to families and seniors, and we ask the City to renew the Dunlevy lease at its current rate as we move forward under these financial constraints.

When we first negotiated the Dunlevy lease in 1995 and erected our perimeter security fence, the co-op and surrounding neighbourhoods were beset by a major volume of street drug trafficking and sex trade that spilled into and throughout our grounds. The common areas had all but been abandoned and members continuously encountered drug users on their doorsteps, laneways and parkade entrances.

After the installation of the fence in 1995/6 our situation improved dramatically. The grounds were safe for children playing and bike riding, and for seniors' walkabouts. The Garden Committee was reinvigorated and the Membership Committee has been able to attract members willing to live in our neighbourhood.

Nevertheless, outside the gates, the street-level activity remains high and with the security fence, we are able to provide relatively safe housing and contribute to the safety of our neighbours. The benefits of the security fence and the lease on Dunlevy

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are many and we appreciate the long-time support from the City for Mau Dan in maintaining the fence.

Mau Dan Housing Co-operative is made up of 124 co-op units; 52 in an apartment block and 76 townhouses. With over 300 residents, Mau Dan boasts a high number of seniors, growing families with young children attending Strathcona Elementary school and single adults. We have a cultural mix including members of Chinese, Vietnamese, Korean, English-Canadian and French-Canadian backgrounds.

Approximately 33% of our members receive federal housing subsidy in order to pay the low-end of market housing charges. Our Operating Agreement with CMHC ended this year and we are currently in the process of transferring our mortgage over to Vancity.

Our co-op is in a crucial financial position as we work to balance a yearly operating budget of **s.17**(with a **s.17(1)** mortgage renewal. The further capital expenses of **s.17(1)** for the replacement of the parkade slab membrane and the final completion of hardscape as part of the Building Envelope Retrofit project add further financial strain. The level of safety and security provided by the fence is crucial to our ability to attract members willing to share this financial burden.

We therefore request that City Council continue to assist Mau Dan in managing this lease, which is vital to the continued viability of our housing complex, which in turn, is an important component of the affordable housing stock in the Downtown Eastside, Strathcona and Chinatown neighbourhoods. We ask that the City maintain our lease for the use of Dunlevy Ave between Pender and Keefer at the current rate of **s.17(1)** a year plus gst.

Thank you for your consideration.

Yours truly,

by email

Lindsay Yuasa
Vice-President Board of Directors
On behalf of the members of Mau Dan Gardens Co-operative Housing Association

Cc. Brian Kinzie