



REPORT

Report Date: October 6, 2020
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VanRIMS No.: 08-2000-20
Meeting Date: October 20, 2020
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TO: Vancouver City Council
FROM: General Manager of Arts, Culture and Community Services
SUBJECT: Capital Grant for Project Re-Design at 1015 East Hastings Street

RECOMMENDATION

- A. THAT Council approve a grant of up to \$500,000 to BC Housing Management Commission (“BC Housing”) to assist with re-design of a planned mixed use building at 350 Raymur Ave (also referred to as 1015 East Hastings St) due to railroad setbacks at the site, legally described as PID: 009-392-815, Lot C, Block 63, District Lot 181, Plan VAP21524, NWD.
- Source of funding for the grant will be housing development cost levies from an affordable housing grant program for non-profit operators approved in 2017.
- B. THAT Council, for the purposes of the grant set out in Recommendation A, deem BC Housing to be an organization “contributing to the culture, beautification, health or welfare of the city” in accordance with Section 206(1)(j) of the *Vancouver Charter*.
- C. THAT Council authorize the General Manager of Arts, Culture and Community Services to negotiate to the satisfaction of the General Manager of ACCS, General Manager of Finance, Risk & Supply Chain Management and Director of Legal Services, and to execute any agreements necessary to give effect to the transaction contemplated in Recommendation A.
- D. THAT Council’s decision to approve the grant will not, in any way, limit Council or the City and its officials (including the Approving Officer) in exercising their regulatory discretion in respect of any rezoning, subdivision or consolidation or permitting of or for the Development.

- E. THAT no legal rights or obligations will arise or be created by Council's adoption of Recommendation A unless and until all legal documentation has been executed and delivered by the respective parties.

Approval of Recommendation A constitutes a grant and therefore requires affirmative vote of at least 2/3 of all of Council members pursuant to Section 206(1) of the *Vancouver Charter*.

REPORT SUMMARY

This report recommends Council approval of a capital grant to BC Housing to support BC Housing and the Vancouver Aboriginal Friendship Centre Society's efforts to advance housing for Indigenous people led by Indigenous agencies through the development of a proposed mixed-use building at 350 Raymur Ave (also referred to as 1015 East Hastings St) containing a shelter, social and supportive housing and market rental housing. As this City owned site is uniquely constrained by governments' current policies and future needs related to the railroad, it is recommended that the City share in addressing the re-design costs on this City-owned site.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City acquired the site at 350 Raymur Ave (1015 East Hastings St) in October 1990 through the Property Endowment Fund for the purpose of future development of a new triage centre.

On July 2012 ([RTS 9664](#)), City Council approved \$100,000 grant and authorized staff to work with the Vancouver Aboriginal Friendship Centre Society (VAFCS) and BC Housing to explore preliminary shelter designs at 950 Main Street for a permanent Aboriginal shelter to be operated by VAFCS with operational and capital funding from BC Housing. Following extensive design analysis it was determined that 950 Main Street was sub-optimal for the permanent shelter.

In January 2016 ([RTS 11215](#)), as part of the recommended actions to respond to the Metro Vancouver Aboriginal Executive Council (MVAEC) *Aboriginal Housing and Wellness Strategy*, Council agreed in principle to the development of a mixed-use project that co-locates a permanent shelter, health services along with social housing at 1015 E Hastings Street. Council approved re-allocating an initial \$100,000 grant towards shelter design work at 950 Main towards the new proposed location at 1015 E. Hastings.

In November 2017, the City entered into a Memorandum of Understanding ("MOU") with BC Housing to deliver a permanent shelter, social housing and potentially market rental housing at 1015 E. Hastings. Council also approved authority for a nominal ground lease for the site to BC Housing, a contribution valued a \$13.3 million.

GENERAL MANAGER'S COMMENTS

This innovative project leverages a City owned site with capital and in-kind investments from non-profit, private sector and senior government partners to deliver on the City's commitment to Reconciliation and to advance the Metro Vancouver Aboriginal Executive Council (MVAEC) strategy to address housing and wellness for urban Aboriginal peoples. As the urban Aboriginal population grows, the City remains dedicated to addressing the short and long-term needs of Aboriginal residents in partnership with Aboriginal agencies.

This project will provide a much needed permanent home for the temporary shelter operated by Vancouver Aboriginal Friendship Centre Society (VAFCS) for the past decade and ensure that culturally relevant principles are integrated into the new housing, health and wellness services for Aboriginal residents. The General Manager of Arts, Culture and Community Services recommends approval of the foregoing recommendations.

REPORT

Background

The shelter at 201 Central St opened in January 2009 as part of the Homeless Emergency Action Team (HEAT) initiative. It is operated by the VAFCS with the support of BC Housing. Because of the limitations of the existing, aging facility and the need for a permanent Aboriginal shelter, staff have been working with VAFCS and BC Housing to secure a permanent solution.

In 2016, Council approved committing the City owned lots at 1015 E Hastings towards an important Indigenous housing partnership and replacement of a temporary shelter with the Vancouver Aboriginal Friendships Center Society.

The MOU with BC Housing allows for a separate market rental component within the project. This was a unique and necessary arrangement with BC Housing to facilitate viability of the housing project and to offset the costs of the shelter space.

Since the MOU was signed in 2017, the project has experienced delays in the design phase regarding the size of railway setback which required coordination with the Federal Government. The final direction to the applicants to expand the size of setback required a significant re-design. Given the importance of the project in advancing reconciliation and housing goals, and in recognition of the delay in determining governments' position on the matter, the City Manager supported a contribution to BC Housing of \$500,000 towards the additional project costs incurred.

At this time the applicant team has advanced the redesign needed to accommodate the railway line and successfully passed Urban Design Panel review. The project is progressing through the regular rezoning application process and is expected to be considered by Council before the end of this year. The current proposal includes: 163 units of social housing and market rental housing, an 80-bed shelter with associated services, and a social enterprise space

If the rezoning application is approved, the City would execute a ground lease with BC Housing for the express purpose of delivering much needed affordable housing and shelter replacement.

Strategic Analysis

Vancouver is in a housing crisis with a growing need for more permanent homes for the City's most marginalized and systemically discriminated residents. The City is working closely with partners across the housing sector and the development industry to advance the delivery of supportive, social and affordable rental housing. The social housing homes proposed at 1015 East Hastings St would, subject to future rezoning approvals, contribute to the target of 12,000 social, supportive and non-profit co-operative units set out in the Housing Vancouver Strategy, as well as the target of 1,400 units of social housing to be delivered during the first ten years of the Downtown Eastside Plan (2014).

Vancouver was founded on the unceded territory of the Musqueam, Squamish and Tsleil-Waututh First Nations. Vancouver is strengthened by Aboriginal culture and values, lived and practiced by both on- and off-reserve Aboriginal residents. The City has intensified intention and commitment to strengthening relationships with both on and off-reserve Aboriginal partners through City of Reconciliation initiatives, including MOUs with First Nations and the Metro Vancouver Executive Aboriginal Council (MVAEC), establishing Council-to-Council meetings and working under the advisement of the Urban Aboriginal People's Advisory Committee.

The commitment of this grant signals the City's responsibility to redress and honour urban Indigenous health and wellbeing as so articulately expressed in their *Aboriginal Housing and Wellness Strategy*. This City owned site is uniquely constrained by federal and municipal governments' current policies and future needs related to the railroad. It is reasonable that the City share in addressing the cost of the design complexities for this public benefit.

Financial Implications

The recommended additional \$500,000 grant to support the re-design will be funded from development cost levies allocated to housing from an affordable housing grant program for non-profit operators originally approved in 2017. Payment of the capital grant is anticipated in 2021, and the corresponding annual expenditure budget will be established as part of the capital budget process.

BC Housing has advanced the project to its current status with the understanding that additional funding for the redesign would be formally sought from City Council. Table 1 below summarizes an estimate of the overall project capital costs and funding sources.

Table 1: 1015 E Hastings project cost and funding estimate (September 2020)

Project cost		
Land	\$13.3 million	12.4%
Development (BC Housing estimate)	\$94.3 million	87.6%
Total	\$107.6 million	100.0%
Sources of funds		
City nominal lease (land)	\$13.3 million	12.4%
City grants	\$0.6 million	0.6%
BC Housing grant (note 1)	\$19.0 million	17.7%
BC Housing mortgage financing, other sources (note 1)	\$74.7 million	69.4%
Total	\$107.6 million	100.0%

Note 1 : funding amounts are still subject to final approval by BC Housing

BC Housing is providing a combination of financing and equity funding for the design, development, and construction of the Project. Under the MOU, BC Housing's minimum cash equity contribution toward the project's capital costs is \$19 million. The City has already granted \$100,000 towards preliminary design and negotiated a nominal lease (valued at \$13.3 million) to be executed if a rezoning application for the site is approved in principle by Council following a public hearing. This report seeks an additional \$500,000 grant toward the re-design of the project associated with the railroad setbacks at the site.

Consistent with Council policies, all affordable housing projects are expected to be self-sustaining over the long-term where rents are set at levels that will cover mortgage payments (to repay some or all of the construction costs), operating costs and capital replacement; and do not require further operating subsidies, property tax exemptions, and/or financial guarantees from the City.

BC Housing is responsible to ensure that all elements of the housing project will be financially sustainable while maintaining the target affordability over the term of the project.

CONCLUSION

The General Manager of Community Services recommends Council approve the grant to BC Housing toward the redevelopment of 1015 E. Hastings to provide a purpose-built shelter, social and supportive housing and market rental housing operated for Indigenous people led by Indigenous agency.

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