



IN CAMERA

REPORT

Report Date: June 15, 2021
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RTS No.: 14468
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Meeting Date: June 22, 2021

TO: Vancouver City Council

FROM: City Solicitor and Director of Finance

SUBJECT: Ground Lease between the City of Vancouver Public Housing Corporation ("VPHC") and City of Vancouver ("City") on the Roddan Lodge site

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*:

(e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city that is subject to solicitor-client privilege, including communications necessary for that purpose, and

(i) the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

RECOMMENDATION

THAT Council authorize staff to enter into a ground lease between the City of Vancouver Public Housing Corporation ("VPHC") and the City of Vancouver ("City") on the land where the new Roddan Lodge social housing facility is constructed.

REPORT SUMMARY

The City of Vancouver Public Housing Corporation ("VPHC") is a wholly owned subsidiary of the City of Vancouver ("the City"), and holds several properties for non-market rental

accommodation. The land where the new Roddan Lodge social housing facility is constructed on is held by VPHC.

In September 2019, Council authorized City staff to enter into a contract to proceed with the construction of Roddan Lodge social housing facility. The redevelopment and construction costs of Roddan Lodge and the Evelyn Saller Center is approximately \$58M. BC Housing Management Corporation (‘BC Housing’) will contribute \$4.8M towards the total construction costs and the remainder of the cost is funded by City.

The City is the major financial contributor to the redevelopment and construction of the building and undersigned all contracting activities, which deems the building ownership under the City.

The land where the building rest on remains under VPHC ownership but the parties have conducted themselves as if the land is leased by VPHC to the City for the purposes of constructing new Roddan Lodge on the site. A written ground lease agreement is required to be executed by the parties to memorialize this arrangement, effective when the City commenced the redevelopment and construction of Roddan Lodge.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The VPHC Board of Directors is appointed by Council and consists of the Mayor, three City Councillors, the City Manager, City Solicitor and Director of Finance. Council has delegated authority to the City Solicitor for all routine corporate matters. City funding to VPHC is approved annually through the City’s Operating and Capital budgets.

Council authorized City staff in September 2018 to enter into a contract with Smith Bros. & Wilson (B.C.) Ltd. for the construction of the new Roddan Lodge social housing facility located at 124 Dunlevy Avenue for an estimated term of approximately 2.5 years.

CITY MANAGER’S/GENERAL MANAGER’S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

The City of Vancouver Public Housing Corporation (“VPHC”), a wholly owned subsidiary of the City of Vancouver (the “City”), was incorporated in 1974 under the then Companies Act (now called the BC Business Corporations Act). Its principal activity has been to provide non-market rental accommodation within the city of Vancouver. VPHC receives funding contributions from the City and senior government.

VPHC currently holds the following non-market social housing assets:

	Alexander Residence	Barclay Heritage Square	Central Residence	New Continental Apartments	(new) Roddan Lodge
Land ownership	VPHC	City	VPHC	City	VPHC
Building ownership	VPHC	VPHC	VPHC	VPHC	City

In 2020, VPHC’s annual revenue sources to cover the operating expenses and maintenance of the above properties were earned through the City subsidies (42%), rental income (38%), B.C. Housing Management Corporation (‘BC Housing’) contributions (13%) and Other (<1%).

BC Housing is the administrator of, and provides related government assistance, such as rent subsidies and replacement reserve subsidies for VPHC’s Federal and Provincial operating agreements. Of the five non-market social housing assets held by VPHC, only the New Continental is actively receiving funding directly from BC Housing. The new Roddan Lodge qualifies for BC Housing funding and staff is working with BC Housing to execute the VPHC agreements with BC Housing.

The new Roddan Lodge is a 213 mixed unit designation purpose built facility to be operated by the City’s Non-Market Housing Operations (NMHO) department and the building is expected to be completed in late summer of 2021 and available for tenancy thereafter.

Strategic Analysis

The City is the major financial contributor to the redevelopment and construction of the Roddan Lodge building and undersigned all contracting activities, which deems the building ownership under the City. The land the building rests on remains under VPHC ownership but the parties have conducted themselves as if the land is leased by VPHC to the City for the purposes of constructing new Roddan Lodge on the site. A written ground lease agreement is required to be executed by the parties to memorialize this arrangement, effective when the City commenced the redevelopment and construction of Roddan Lodge. The ground lease supports the City’s interest and status as the ‘builder’ of the social housing and its entitlement to claim back all GST sales tax levied and assessed.

Financial

There are no net financial implications on the ground lease between VPHC and the City as VPHC’s financials are consolidated into the City’s consolidated financial statements. However, the ground lease will assist to ensure that the City is able to claim a full rebate on the GST paid on Roddan Lodge.

Legal

The ground lease is a standard legal document between VPHC and the City. The legal documents required to be executed by the VPHC Directors (some of whom are members of Council), will be addressed by a separate memorandum and consent directors’ resolution which staff will

recommend those directors execute in order to complement and complete the transaction recommended by this Report.

CONCLUSION

It is recommended that Council to authorize the City Solicitor and Director of Finance to execute the ground lease agreement.

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