



## REPORT

Report Date: November 8, 2021  
Contact: Mark Pickersgill  
Contact No.: 604.873.7975  
RTS No.: 14726  
VanRIMS No.: 08-2000-20  
Meeting Date: November 16, 2021  
[Submit comments to Council](#)

TO: Vancouver City Council

FROM: General Manager of Arts, Culture and Community Services in consultation with the General Manager of Real Estate and Facilities Management and the General Manager of Finance, Risk and Supply Chain Management

SUBJECT: Approval of a Grant and Authorization to enter into Legal Agreement(s) for a Childcare Project with Vancouver Native Housing Society at 1766 Frances Street

## RECOMMENDATIONS

- A. THAT Council approve a one-time capital Grant of \$1,005,600 to Vancouver Native Housing Society to develop an amenity space suitable to operate a licensed 20-space School Age Care program and other childcare related services, to be integrated into a social housing project at 1766 Frances Street.
- B. THAT Council authorize the General Manager, Arts, Culture and Community Services to execute and deliver on behalf of the City all legal agreements required to implement Recommendation A, including a Grant agreement.
- C. THAT no legal rights or obligations will arise or be created by Council's adoption of Recommendations A through B unless and until all legal documentation has been executed and delivered by the respective parties.
- D. THAT council approve a capital project budget and related capital expenditure budget in the amount of \$1,005,600 to support Recommendation A, with source of funding from the Province childcare contribution included in the 2019-2022 Capital plan for new or upgraded spaces for ages 5-12.

Recommendations A and B authorize a grant which require two-thirds affirmative votes of all Council members per section 206 (1) of the Vancouver Charter.

## **REPORT SUMMARY**

This report seeks Council approval of a one-time capital Grant of \$1,005,600 for construction of an amenity space suitable for a licensed 20-space School Age Care program and other licensed childcare related services, to be integrated into a social housing project at 1766 Frances Street. The housing project and amenity space are to be owned by the Vancouver Native Housing Society ("VNHS").

The ground-floor amenity room, which is approximately 114 sq. m (1,225 sf.) in size, has been designed to accommodate a 20-space licensed School Age Care program to provide before-and-after-school care for children aged 5 to 12. The BC Aboriginal Childcare Society ("BCACCS") has been identified as the operator of the childcare programming on site. BCACCS is well positioned to incorporate other potential indigenous focused licensed childcare (such as pre-school programming), as well as a range of child and family programming, into the space when not being used for School Age Care. All programming, including the School Age Care, will be aimed at serving residents within the building, as well as other families and children living in the immediate community.

This report also seeks Council authority to enter into all necessary legal agreements to facilitate and secure the City's contribution, and ensure the delivery of licensed childcare services on site for a minimum of 30 years.

## **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

- 2021: Council unanimously approved the rezoning of 1766 Frances Street (RTS 14250) for an 84-unit social housing project, including space for a school age care program.
- 2020: Council authorized (RTS 14014) one-time capital grant in the amount of \$960,000 for Atira Women's Resource Society's Seksik Early Care and Learning Centre at 321 Princess Avenue.
- 2020: Council approved the Provincial Childcare Memorandum of Understanding - Capital Contribution Allocation and Project Delivery Plan (RTS 13912)
- 2019: The General Manager of Arts, Culture and Community Services negotiated and signed the MOU with the Province, committing \$33 million in Provincial funding towards the City's childcare objectives and expanding on the City's commitment of 1,000 spaces to up to 2,300 spaces.
- 2019: Council authorized (RTS 13121) the Mayor or City Manager to execute an MOU with the Province.
- 2018: Council approved the 2019 - 2022 Capital Plan with the following childcare targets:
- 1,000 new spaces in total:
    - 750 spaces for children ages 0 - 4
    - 250 spaces for children ages 5 - 12

## **CITY MANAGER'S/GENERAL MANAGER'S COMMENTS**

The General Managers of Arts, Culture and Community Services, Real Estate and Facilities Management, and Finance, Risk and Supply Chain Management recommend approval of the foregoing.

## **REPORT**

### ***Background/Context***

In recent years, there has been an increasing commitment towards childcare, with historic investments in childcare made by all levels of government. The Province of BC has expressed its commitment to universal childcare, and has indicated substantial funding to lay the groundwork for this to take place. Since childcare was recognized as an essential service during the COVID-19 pandemic and critical to economic recovery, it is expected that childcare will continue to remain a senior government priority.

Recognizing that the mandate for childcare provision rests with the Province, the City has supported the provision of quality care through land use planning and development, provision of funding, and collaboration with the Province and other stakeholders since the late 1980s, and has viewed childcare as a matter of social and economic sustainability.

Currently, there is a substantial shortfall of approximately 16,000 licensed childcare spaces for children ages 0-12 in Vancouver. In the 2019-2022 Capital Plan, the City set a target to commit an additional 1,000 licensed spaces, and has approved more than 540 licensed spaces to date.

In 2019, the City signed a Memorandum of Understanding (“MOU”) with the BC Ministry of Children and Family Development (“MCFD”), committing the Province to provide \$33 million for Vancouver childcare between 2019-2022. Through this collaboration, the objective has been to create up to an additional 1,300 licensed childcare spaces in Vancouver. With this additional Provincial funding, the City and Province together are seeking to create up to 2,300 new licensed spaces for children under the age of five as well as for school-age children.

### ***Strategic Analysis***

This report seeks Council approval of a one-time capital Grant of \$1,005,600 for construction of an amenity space suitable for a licensed 20-space School Age Care program and other licensed childcare related services, to be integrated into a social housing project at 1766 Frances Street. The housing project and amenity space are to be owned by the Vancouver Native Housing Society (“VNHS”).

### **Current Project Description (1766 Frances Street)**

The project site is located in the Grandview-Woodland neighbourhood on the south side of Frances Street, one block east of Commercial Drive and one lot west of Salisbury Street. The neighbourhood is home to a significant number of urban Indigenous peoples, including members of Musqueam, Squamish, Tsleil-Waututh First Nations, as well as First Nations, Metis and Inuit from other parts of British Columbia and Canada. Indigenous residents in Grandview-Woodland account for approximately 18% of Vancouver’s off-reserve urban Indigenous population.

The site (1766 Frances Street) was initially developed with a four-storey building that was constructed in 1986, containing 27 units of affordable housing for low income Indigenous people. The building was damaged by a fire in 2017 and vacated.

Redevelopment of the site was approved by Council in January 2021 (RTS 14250) and will feature 84 social housing units, including space to be used to accommodate a licensed School-Age Care program of up to 20 spaces. M’akola Development, a local non-profit housing developer, is leading the project, which is to be owned and operated by VNHS, a registered

charity and non-profit society that provides safe, secure, affordable housing for Indigenous and non-Indigenous individuals and families living in urban settings.

The development will include space to accommodate a broad range of activities and socializing for residents and their guests, including a children's play area. The ground-floor amenity room, which is approximately 114 sq. m (1,225 sf.) in size, has been designed to accommodate a 20-space licensed School Age Care program to provide before-and-after-school care for children aged 5 to 12, from approximately 7 to 9 am and from 3 to 6 pm, Monday to Friday.

A significant consideration and rationale for the school age childcare component of the project stems from close proximity of the site to a number of local elementary schools that serve indigenous families in the area:

- Xpey' Elementary School (450 m),
- St. Francis of Assisi Elementary (450 m),
- Britannia Elementary School (650 m), and
- Admiral Seymour Elementary School (900 m).

The BC Aboriginal Childcare Society ("BCACCS") has been identified as the operator of the childcare programming on site. BCACCS is a Centre of Excellence for Indigenous early learning and child care. Initially established in 1996 to administer the federal government's First Nations/Inuit Child Care Initiative, BCACCS has helped establish and deliver over 800 licenced child care spaces in BC. BCACCS also has a history of operating indigenous childcare and early learning programs in the area, including Eagle's Nest Aboriginal Head Start Preschool (618 East Hastings Street).

BCACCS is well positioned to incorporate other potential indigenous focused, licenced childcare (such as pre-school programming), as well as a range of other child and family programming, into the space when not used for School Age Care. All programming, including the school age care, will be aimed at serving residents within the building, as well as other families and children living in the immediate community.

### Funding Request

In advance of formalizing a new childcare funding program for non-city owned childcare facilities, the 20-space School Age Care component of the VNHS project located at 1766 Frances Street requires a funding commitment from the City of Vancouver. After VNHS approached the Province for the additional funding required to include the space for licensed childcare in the project, the Ministry of Child and Family Development ("MCFD") encouraged VNHS to approach the City to discuss funding options under the auspices of the Childcare MOU signed in 2019.

In total, VNHS is seeking a one-time City Grant of \$1,005,600.00 to cover the incremental costs of building an amenity space in the housing project that is large enough and designed to accommodate the 20-space licensed School Age Care program. The source of funding is the Provincial childcare contribution included in the 2019-2022 Capital plan for new or upgraded spaces for ages 5-12.

### Legal Arrangements

The site at 1766 Frances Street is owned by VNHS. VNHS will not operate childcare directly, but has instead made arrangements with the BCACCS to deliver licenced childcare on site.

An MOU (Appendix A) has been signed by the City and VNHS, and subject to Council approval of Recommendations A and B, legal agreement(s) will be drafted, settled and executed before any funds are released. To secure the City's Grant and to ensure long term delivery of licensed childcare on site, a Section 219 Covenant will be secured against the property title. The Covenant will require that licensed childcare services be delivered on site for no less than 30 years. A legal Grant agreement will also outline the terms, conditions and payment schedule of the City's capital contribution.

### Reconciliation and Supporting Indigenous Children & Families

In January 2016, Council approved in principle the City's response to the 27 Truth and Reconciliation Commission Calls to Action that fall within its jurisdiction, in the areas of healthy communities and wellness; Indigenous and human rights and recognition; and advancing awareness, knowledge and capacity.

As a City of Reconciliation, the City has committed to:

1. Form a sustained relationship of mutual respect and understanding with local First Nations and the urban Indigenous community, including key agencies;
2. Incorporate a First Nations and urban Indigenous perspective into its work and decisions;
3. Provide services that benefit members of the First Nations and urban Indigenous community.

Long-term goals aim to:

- strengthen local First Nations and urban Indigenous relations;
- promote Indigenous peoples arts, culture, awareness, and understanding; and
- incorporate First Nations and urban Indigenous perspectives for effective City services.

By supporting this childcare project with the proposed Grant, the City has an opportunity to honour some of its key commitments towards Reconciliation, as well as meet some of its long-term goals.

### Emerging Funding Program for Non-City Childcare Facilities

Contributing a Grant to non-profit and indigenous serving organizations such as VNHS to develop and deliver licensed childcare services provides a unique opportunity to support the development of more childcare spaces on sites that may not be otherwise accessible for childcare development.

With bigger childcare targets to achieve, the City is aiming to create quality childcare spaces at a significantly faster pace than in the past. One of the most significant challenges of meeting these targets has been identifying and securing new site opportunities suitable for childcare facilities, and to bring aboard new partners.

Recognizing the need to deliver childcare spaces in new and innovative ways, staff are currently developing a new funding program for recommendation to Council that would provide capital contributions towards the creation of childcare facilities that will be owned and maintained by public or non-profit organizations. Staff expect to seek formal Council approval of the funding program in early 2022.

While the proposed childcare component of the 1766 Frances Street project is aligned with this developing funding program's objectives and basic framework, the timing of the project requires a funding commitment prior to formal development and approval of the funding program.

A new funding program for non-city owned childcare facilities has the potential to help the City reach its ambitious childcare targets, while also delivering new or expanded childcare in strategic and underserved locations in Vancouver. Providing capital funding to public and non-profit organizations, the City will incentivize community creation of childcare facilities that are aligned with City objectives. It is also hoped that a funding program will serve as an incentive to attract greater senior level investments to childcare projects within Vancouver.

In general, the intention of the funding program will be to:

- Leverage non-City owned land, assets, and capital;
- Leverage funding from other levels of government;
- Advance Reconciliation, equity, and access;
- Encourage co-location of licensed childcare with housing, health care, and other community services;
- Support much-needed public and non-profit run childcare spaces, with minimal long-term asset management responsibility for the City; and
- Create transparent opportunities for organizations seeking capital funding to create new or expand existing childcare on/in their own assets.

## ***Financial***

### 2019-2022 Capital Plan

In the 2019-2022 Capital Plan, a total of \$75 million in City & Development funding (\$70 million) and Provincial funding (\$5 million) is earmarked toward the creation of 500 licensed spaces for children under five years old (full day childcare and preschool), and \$2.5 million toward 250 new spaces for children aged 5 to 12 years (school age care) with the expectation that additional funding could be leveraged from senior governments and non-profits.

### Provincial Contributions

In 2020, \$28 million in Provincial government funding was added to the originally planned \$5 million in Provincial government funding in the 2019-2022 Capital Plan to increase the delivery of new childcare spaces from 1,000 to approximately 2,300 by March 2024. Pursuant to the MOU, the Province committed to contribute \$11 million per year for the next three fiscal years to support the delivery of new childcare spaces.

Of the total \$33 million Provincial contribution in the 2019-22 Capital Plan, \$29 million supports investments in new childcare spaces for children under five years old (full day childcare and preschool), \$2.5 million supports investments for new childcare spaces for children aged 5 to 12 (school age care), and \$1.5 million supports investment for childcare planning and overhead.

The 2019-2022 Capital Plan Recalibration (RTS 13895) recommended that funding for childcare should be maintained with no reduction.

### Allocation of Provincial Childcare Contribution

In July 2020, Council approved a Project Delivery Plan (RTS 13912) for the first of three \$11 million instalments to be paid by the Province to the City pursuant to the MOU. An adjusted Project Delivery Plan is presented in Table A, with the addition of the project at 1766 Frances Street. The entirety of the Grant to support the childcare component of the housing project at 1766 Frances Street is to be funded through the Childcare MOU (\$1,005,600).  
Table A – Adjusted Childcare MOU Project Delivery Plan

Project Name/ Expenditure		Est. # Spaces		Est. Complete Date	Cost estimate	Proposed City Contribution (%)	Proposed Provincial Contribution (%)	Profile of Provincial Childcare Contribution		
		0-4	5-12					Instal. #1	Instal #2	Instal. #3
1	David Lloyd George Elementary	69		2022	\$9.3M**	\$6.3M (68%)	\$3.0M (32%)	\$3.0M		
2	Coal Harbour (School/Housing/Childcare)	69		2024	\$11M	\$8M (73%)	\$3.0M (27%)	\$1.0M	(\$1.0M)	(\$1.0M)
3	Henry Hudson Elementary	69	30	2024	\$12.65M	\$9.65M (76%)	\$3.0M (24%)	\$1.0M	(\$1.0M)	(\$1.0M)
4	Marpole Oakridge CC	69	60	2026	\$14M	\$9.65M (77%)	\$3.0M (23%)	\$1.0M	(\$1.0M)	(\$1.0M)
5	West Fraserlands (WFL)	69		2023	\$10.3 M	\$7.3M (71%)	\$3.0M (29%)	\$0.25M	(\$2.5M)	(\$0.25M)
6	321 Princess Street (Atira)	24		2020	-	-	\$0.96M	\$0.96M		
7	Childcare Planning and Overhead	-	-		-	\$0.6M	\$1.5M	\$0.5M	(\$0.5M)	(\$0.5M)
8	1766 Francis Street (VNHS)		20	2023	\$1.01M		\$1.01M	\$1.01M		
Sub Total		369	80					\$8.72M	(\$7.0M)	(\$3.75M)
SUB-TOTAL		449						\$19.27M		
REMAINING TO BE ALLOCATED								\$13.73 M		

## CONCLUSION

Childcare has been and continues to be a top priority for the City. The COVID-19 pandemic highlighted the importance of the role played by childcare as an integral component in the economy. Approving a one-time Grant to VNHS to secure a space for licensed childcare is a cost efficient and effective way of increasing the supply of much needed licensed childcare, and to support some of the commitments and goals of Reconciliation. As such, all necessary legal agreements to facilitate and secure the City's contribution will be entered into, to ensure the delivery of licensed childcare services.

The City recognizes that children can greatly benefit from culturally safe and quality opportunities for play, learning and connection that childcare, such as what is being proposed as part of the VNHS social housing project at 1766 Frances Street, will provide.

Staff will also continue to explore opportunities to support non-profit organizations to facilitate the provision of childcare on non-City owned sites, especially in strategic and underserved locations.

\* \* \* \* \*

**MEMORANDUM OF UNDERSTANDING  
REGARDING CITY CONTRIBUTION TO CONSTRUCTION  
OF A CHILDCARE AT 1766 FRANCES STREET**

(this **"MOU"**) dated for reference October 14, 2021 (the **"Effective Date"**),

**BETWEEN: CITY OF VANCOUVER**  
453 West 12<sup>th</sup> Avenue, Vancouver, British Columbia, V5Y 1V4  
(the **"City"**)

**AND: VANCOUVER NATIVE HOUSING SOCIETY**  
1726 East Hastings Street, Vancouver, British Columbia, V5L 1S9  
(**"VNHS"**)

WHEREAS, VNHS is planning to construct a social-housing building at 1766 Frances Street, legally described as PID: 003-683-648 Lot F Block 7 of Block D District Lot 183 Plan 20542 (the **"Development Site"** or the **"Building"** as the context may require), and has asked the City to contribute funds towards a multi-purpose room for community uses, including a 20 space school-age child care (the **"New Childcare Component"** and the project as a whole hereinafter called the **"Proposed Project"**);

AND WHEREAS the City wishes to fund the construction of the New Childcare Component, up to a maximum of \$1,005,000, in consideration of a binding commitment by VNHS to provide licensed childcare services therein which meet the City's requirements, for no less than 30 years, to be evidenced by a Section 219 Covenant registered against title to the Development Site;

AND WHEREAS, the City intends to request its elected Council to make a money grant pursuant to Section 206 of the *Vancouver Charter*, and authorize staff to enter into a Funding Agreement with VNHS and such other legal agreements as may be required (including, without limitation, a Section 219 Covenant) to implement the terms of this MOU;

AND WHEREAS, VNHS, as the owner of the Development Site, will be primarily responsible for the selection of a consultant team, management of the design, and construction of the Proposed Project;

AND WHEREAS, VNHS wishes to proceed with the preliminary stages of the Proposed Project including selection of a full consultant team and design development (collectively, the **"Design Activities"**) prior to settlement and execution of the Funding Agreement;

NOW THEREFORE this MOU witnesses that in consideration of the foregoing and the mutual promises, covenants and agreements exchanged below, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged and agreed to by each party, the parties agree with each other as follows:



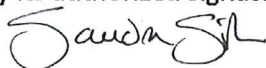
- 1.1 Term** – The term of this MOU (the “**Term**”) shall start on the Effective Date and continue until the earlier of (a) the Funding Agreement being settled and executed by the parties, or (b) either party electing to terminate on at least thirty days’ written notice to the other Party, or (c) December 31, 2022, unless the parties otherwise agree in writing.
- 1.2 Design** – During the Term, VNHS will carry out the Design Activities and pay when due all out-of-pocket costs associated with Design Activities (“**Design Costs**”).
- 1.3 Sharing of Design Costs** – The City agrees to reimburse VNHS for the City’s share of Design Costs properly incurred by VNHS during the Term upon receipt of an invoice from VNHS following the execution of the Funding Agreement. VNHS will promptly provide to the City copies of such backup documentation as the City may reasonably request. This provision shall survive any termination or expiry of this MOU.
- 1.4 Accounting** – The cost-sharing formula for all costs of the Proposed Project (including the Design Costs) will be finalized in the Funding Agreement; however, the following guiding principles will apply:
- (i) costs relating specifically to VNHS components of the Proposed Project will be borne solely by VNHS;
  - (ii) costs relating specifically to the New Childcare Component will be funded by the City;
  - (iii) common costs will be pro-rated to each party on a fair and equitable basis consistent with an incremental cost approach for the New Childcare Component, which may have reference to the respective floor area of each party’s component of the Proposed Project; and
  - (iv) the City’s maximum contribution will be \$1,005,000
- 1.5 Effect of MOU** – While this MOU does not create legally binding rights or obligations, the parties wish to confirm their mutual intention to facilitate the development of the Proposed Project.
- 1.6 MOU Does Not Fetter Council Discretion** - VNHS acknowledges that all covenants and obligations of the City are subject to approvals by Council and without limiting the foregoing, nothing herein shall fetter the discretion of Council, including in respect of its decision of whether to support the Proposed Project through the making of a money grant pursuant to Section 206 of the *Vancouver Charter*.

- 1.7 Counterparts** – This MOU may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. A party's transmission by facsimile or electronic mail transmission of a scanned copy of this MOU bearing that party's signature shall constitute an effective execution and delivery of this MOU by that party to the party receiving the transmission.

As evidence of their agreement to be bound by the terms and conditions of this MOU, the parties have executed and delivered this MOU below on the dates set out below:

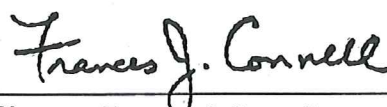
**CITY OF VANCOUVER**

by its authorized signatory(ies):



Name: Sandra Singh

Title: General Manager,  
Arts, Culture & Community Services

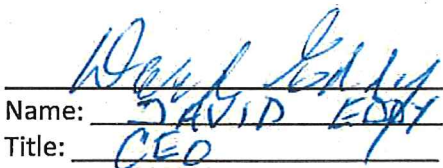


Name: Frances J. Connell

Title: City Solicitor/Director of Legal Services

**VANCOUVER NATIVE HOUSING SOCIETY**

by its authorized signatory(ies):



Name: DAVID EDRY

Title: CEO

Name: \_\_\_\_\_

Title: \_\_\_\_\_