

## IN-CAMERA COUNCIL MEETING

JUNE 13, 2023

### DECISION RELEASE

#### **Housing Provider Selection for the Development of Social Housing at 1050 Expo Blvd**

- A. THAT Council approve Vancouver Native Housing Society (VNHS) as the non-profit housing provider to design, build, finance, operate and maintain the social housing project (the "Project") to be located 1050 Expo Blvd (the "Property"), legally described as: ID: 018-557-694 Legal Description: LOT 232 FALSE CREEK PLAN LMP13010
- B. THAT Council authorize the Managing Director, Non-Market Housing Development & Operations to negotiate and execute a Development Agreement with VNHS for the development of the Project which agreement will:
  - i. obligate VNHS to perform all remaining design and other pre-development work for the Project from lease commencement;
  - ii. commit VNHS to reimburse the City for any pre-development and design costs funded by the City in advance of the commencement of lease;
  - iii. obligate VNHS to work in collaboration as part of the Project Management Team;
  - iv. obligate VNHS to remediate the Property as per Provincial requirements;
  - v. establish the following conditions to execution of the lease described in Recommendation C:
    - a. the approval by the City of a project pro forma submitted by VNHS incorporating current financial information (including all sources of required equity and debt financing and construction cost estimates) demonstrating that the Project will meet or exceed the affordability requirements for the Project set out in Recommendation C;
    - b. the development permit prior-to letter for the Project has been issued or is issuable; and
    - c. VNHS has obtained commitment letters, letters of intent and/or memorandums of understanding in respect of all required project equity and debt financing on terms and conditions approved by the City;
- C. THAT Council authorize the Director of Real Estate Services to negotiate and execute a ground lease (the "Lease") for the Property with VNHS, or at the request of VNHS, a wholly-owned subsidiary of VNHS provided that VNHS will remain a guarantor liable for all obligations of such subsidiary, to enable the

development of the Project, subject to VNHS satisfying the conditions described in Recommendation B, and that will include the following terms or conditions:

- i. Term commences upon execution of Lease and terminates 60 years after full residential occupancy of building (the "Term");
- ii. A nominal prepaid rent;
- iii. Payment of taxes or additional rent-in lieu of taxes
- iv. Units rented at the following rates:
  - a. A minimum of 20% of the units at shelter rates
  - b. A minimum of 50% of the units with rents that do not exceed 1/40th of the then current Housing Income Limits as published by the British Columbia Housing Management Commission for the applicable unit type (HILs);
  - c. A maximum of 30% of the units at market rent for a comparable unit in the community or, in the absence of comparable units in the community, CMHC's Rental Survey for Vancouver for the applicable year of construction, currently the 2005+ category;

Or such other deeper levels of affordability and/or affordability targets, as may be determined by the General Manager of Arts, Culture and Community Services and the Director of Finance, if such requirements do not compromise the ability of the project to raise capital funding and financing and the long-term financial viability of the project;

- v. The satisfaction of a number of pre-construction conditions within a defined, reasonable period of time, including:
  - a. The approval by the City of a project pro forma submitted by VNHS incorporating current financial information (including all required sources) and Class A construction cost estimates and demonstrating that the Project will meet or exceed the affordability requirements set out in the Lease;
  - b. the Lands have been rezoned for the Project; and
  - c. VNHS has entered into legally binding agreement in respect of all required project equity and debt financing on terms and conditions approved by the City;
- vi. Reporting requirements, including rent, affordability, and occupancy statistics and any additional financial or non-financial information required to support a better understanding of the housing operation including audited financial statements and a periodic building condition report;
- vii. A requirement to create, implement and comply with a capital asset plan;

- viii. A requirement to maintain a capital replacement reserve in accordance with the capital asset plan;
- ix. Requirements related for the use, distribution, and sharing of any operating surplus generated from the project generally consistent with those included in the draft lease agreement included in the Request for Proposal and including provisions that any operating surplus distributed to the VNHS will only be used to:
  - 1. deepen the affordability of HILs units in the building or increase the net number of HILs units in the building through turnover of market units or as the result of Income-testing of existing occupants; or
  - 2. create or acquire net new, social housing within the City of Vancouver, provided such acquisitions are in accordance with any agreements between the VNHS and City for the development of affordable housing existing between the parties from time to time during the Term.
- x. An option in favour of the Provincial Rental Housing Corporation (“BC Housing”) to assume the rights and obligation of the lessee in the event of specified defaults as contemplated by the City’s Standard Lease Charge Term for bare land leases of this kind;

And which will otherwise be in accordance with the terms and conditions outlined in this report and to the satisfaction of the General Manager of Arts, Culture and Community Services, the General Manager of Real Estate, Environment and Facilities Management, the Director of Finance, and the Director of Legal Services.

The proposed Lease at a nominal rent constitutes a grant and requires 8 affirmative votes of Council, per Section 206(1) of the Vancouver Charter.

- D. THAT Council’s decision to commence negotiations and execute the Lease 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 Properties;
- E. THAT no legal rights or obligations will arise or be created by Council’s adoption of the foregoing recommendations unless and until all legal documentation has been executed and delivered by the respective parties;
- F. THAT, following the execution of the Lease, the Director of Real Estate Services be authorized to approve and execute all such further amendments to the Lease and ancillary legal documents as are consistent with the terms and conditions set out in this Report, executing all such renewal and extension documents as are contemplated by this Report up to a maximum period of 60 years, and such other administrative modifications and amendments as are considered reasonable and consistent with the objectives of this Report.