



## COUNCIL REPORT

Report Date: June 19, 2023  
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VanRIMS No.: 08-2000-20  
Meeting Date: June 27, 2023  
[Submit comments to Council](#)

TO: Vancouver City Council  
FROM: General Manager of Arts, Culture and Community Services  
SUBJECT: Funding Approval and Legal Agreement Authorization for Cedar Cottage Neighbourhood House Redevelopment

### Recommendations

- A. THAT Council approve a one-time capital grant of \$9,700,000 to the Association of Neighbourhood Houses of British Columbia (“ANHBC”) as a contribution to the construction costs for the redevelopment of the Cedar Cottage Neighbourhood House (“CCNH”) facility at 4065 Victoria Drive, legally described as Lots 14 to 15 Except the East 7 feet Block 16 District Lot 352 Plan 1344 [PIDs 008-890-595 and 008-890-641 respectively], and Lots 16 to 17 Block 16 District Lot 352 Plan 1344 [PIDs 008-890-706 and 008-890-722 respectively] (collectively, the “Redevelopment Site”), including 37 new childcare spaces (the “Childcare Component”) and the additional Neighbourhood House space (the “Neighbourhood House Component”). The funding source will be \$5,200,000 from the 2023 Capital Budget for Childcare Capital Grants and \$4,500,000 from the 2023 Capital Budget for Neighbourhood House Capital Project Grants.
- B. THAT Council authorize the General Manager, Arts, Culture and Community Services to execute and deliver on behalf of the City all legal and other agreements required to implement Recommendation A, including a Memorandum of Understanding (“MOU”) (Appendix A) and 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.

Recommendation A authorizes a grant which requires two-thirds affirmative votes of all Council members per section 206 (1) of the *Vancouver Charter*.

## Purpose and Executive Summary

This report recommends Council approval of a one-time grant of \$9,700,000 to the Association of Neighbourhood Houses of British Columbia (ANHBC), to contribute towards the redevelopment of Cedar Cottage Neighbourhood House (CCNH) located at 4065 Victoria Drive. The neighbourhood house redevelopment will include a new 37-space licensed childcare facility for children ages 0 – 4 and approximately 15,000 square feet of social serving space.

This recommendation supports the following key civic policy and strategic directions:

- Spaces to Thrive: Vancouver Social Infrastructure Strategy
- Making Strides: Vancouver's Childcare Strategy

If approved, the recommended grant would be funded from amounts contemplated in the 2023-2026 Capital Plan, specifically \$4.5M from the Capital Plan allocation for neighbourhood house capital grants and \$5.2M from the Capital Plan allocation for childcare capital grants. ANHBC has also secured \$13.5M funding for this project from the provincial and federal governments.

## Council Authority/Previous Decisions

On April 27, 2023 Council approved the CD-1 Rezoning application for 4065 Victoria Drive (RTS 15614) to rezone the lands from RS-1A (Residential) District to CD-1 (Comprehensive Development) District.

In June 2022, Council approved [Making Strides: Vancouver's Childcare Strategy \(RTS 14540\)](#) to support implementation of a senior government-led universal childcare system.

In November 2021, Council approved [Spaces to Thrive: Vancouver Social Infrastructure Strategy \(RTS 14727\)](#), Vancouver's first 10 year social infrastructure policy and partnership framework.

## City Manager's Comments

The City Manager concurs with the foregoing recommendations.

## Context and Background

To leverage municipal investment in social infrastructure, the City supports social non-profits in a number of ways including as an investor, regulator and partner. For example, the City can help to:

- develop and renew City-owned community spaces;
- provide nominal lease for non-profit operators;
- provide core funding for programs and operators;
- provide capital grants for renovations; and
- provide major grants to support redevelopment of non-profit owned social facilities.

As part of the implementation of *Spaces to Thrive: Vancouver Social Infrastructure Strategy*, priorities identified for social spaces that address the needs of equity-deserving populations include support for the redevelopment and expansion of Neighbourhood Houses.

While the mandate for childcare provision rests with senior governments, the City recognizes the importance of affordable, accessible and quality childcare to the social and economic sustainability of Vancouver's families and neighbourhoods. Currently, there is an estimated shortfall of more than 15,000 licensed childcare spaces for children ages 0 -12 in Vancouver. While there remains a significant service gap, the City's impact to date has been substantial. The City has contributed to the development of 35% of all existing licensed childcare spaces for children aged 0 -12 years, including 60% of all spaces for children under 3 years. This has been achieved through developer contributions, cost levies, and tools such as childcare capital grants to non-profit organizations. In total, this effort has created over 5,000 licensed spaces in Vancouver. These spaces offer quality and inclusive care at fees that fall at or below the citywide average, and are made possible through non-profit operators such as neighbourhood houses, which offer stable tenure in facilities secured for childcare use over the long-term.

### Neighbourhood Houses

Neighbourhood Houses have a long history in Vancouver, dating back to 1891, as providers of local-serving programs and childcare within the City's many neighbourhoods. As place-based, non-profit organizations, Neighbourhood Houses play a vital role in Vancouver's social infrastructure and childcare ecosystems. The contribution of a capital grant to ANHBC for the redevelopment of CCNH offers a unique opportunity to support the delivery of important services in the Kensington-Cedar Cottage neighbourhood and beyond.

### Association of Neighbourhood Houses of British Columbia

ANHBC is the organizing body for seven of the 11 Neighbourhood Houses in Vancouver<sup>1</sup>. ANHBC's impacts are wide reaching; across Metro Vancouver, ANHBC offers 1,293 licensed childcare spaces, assists over 40,000 people annually and offers over 400 programs and services. ANHBC's mission is to play a leadership role in building healthy and engaged neighbourhoods by connecting people and strengthening their capacity to create change. Through its Neighbourhood Houses, ANHBC holds strong community relationships and provides much needed services in underserved areas of Vancouver. Neighbourhood Houses are uniquely positioned in their connection to community and their ability to be responsive to community needs. The City of Vancouver has a long history of collaborating with ANHBC. Currently, ANHBC is a key partner in the implementation of both Making Strides: Vancouver's Childcare Strategy and Spaces to Thrive: Vancouver Social Infrastructure Strategy.

### Cedar Cottage Neighbourhood House

As one of Vancouver's Neighbourhood Houses that falls under the umbrella of ANHBC, CCNH serves the Kensington-Cedar Cottage neighbourhood and beyond. In a neighbourhood that is seeing increasing densification, CCNH acts as a hub where people in the neighbourhood can find social connections, supports, and services that are integral to their wellbeing. CCNH is able to respond to the unique needs of the Kensington-Cedar Cottage neighbourhood, where almost two thirds of the population are members of a racialized group and more than half of Kensington-Cedar Cottage residents have a non-English first language. Kensington-Cedar Cottage also has a larger share of immigrants than the city overall. In 2016, 46% of the

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<sup>1</sup> The seven Vancouver based Neighbourhood Houses part of ANHBC are: Cedar Cottage, Frog Hollow, Gordon, Kitsilano, Marpole, Mount Pleasant, and South Vancouver Neighbourhood Houses.

population were immigrants, and another 3% were non-permanent residents such as foreign students, temporary workers or refugee claimants.

## Discussion

### Cedar Cottage Neighbourhood House Redevelopment Project

ANHBC owns both the land and existing CCNH facility (originally constructed in 1964), and is ultimately undertaking the redevelopment of a new and expanded facility. The redevelopment looks to respond to the demands of the increasing Kensington-Cedar Cottage neighbourhood population. To date, ANHBC has received a commitment of \$13,523,318 in Provincial and Federal funding with the gross capital budget for the redevelopment (less land) estimated at \$24,313,970.

ANHBC is currently exploring various options for funding the shortfall of about \$1,000,000 for the redevelopment project, which may include sources such as capital reserves and a fundraising/capital campaign. Significant contingencies of just under \$4,000,000 have also been built in to the project budget to mitigate against escalations in project costs and other uncertainties. Contingencies account for ~16% of the total capital budget, with over 25% of contingencies dedicated to escalation of costs. The remaining contingencies account for project unknowns and redesigns. If exceeded and all contingencies have been allocated, ANHBC will explore sourcing additional capital, or value engineering parts of the building (i.e., cheaper materials, scope reduction) to reduce costs. ANHBC will carry all contingencies and risks related to the redevelopment project.

*Table 1: Project Budget and Funding Contributions for CCNH Redevelopment*

| <b>Funding Contributor</b>                       | <b>Funding Amount</b> |
|--|-----------------------|
| Provincial and Federal Government                | \$13,523,318          |
| City of Vancouver                                | \$9,700,000           |
| Current funding shortfall to be secured by ANHBC | \$1,090,652           |
| <b>Total Project Budget</b>                      | <b>\$24,313,970</b>   |

Located at 4065 Victoria Drive, the redevelopment proposal includes a three-storey replacement and expansion of CCNH, with a total floor area of 1,934 sq. m (20,807 sq. ft.). One level of underground parking is to be accessed from Alice Street. CCNH is also proposing to lease a portion of Alice Street adjacent the application site, between the property line and the sidewalk, for use as part of the outdoor play space for the childcare outdoor space. Construction is expected to begin in late Spring 2024.

The new CCNH will feature improved facilities allowing for the continuation and expansion of the many important community programs offered by the Neighbourhood House. Spaces will be flexible, welcoming, and amenable to programs such as food security, literacy and learning, cultural celebration, and social interaction. The new CCNH will reflect the diversity of the neighbourhood it serves. Spaces in the new building will include:

- Improved and expanded spaces for an Adult Day Program;
- A new 37-space licensed childcare facility;

- A community living room and kitchen;
- Family meeting and activity rooms;
- Multipurpose and cultural wellness spaces;
- A rooftop terrace;
- Outdoor gathering spaces; and
- Administration spaces.

The new 37-space childcare centre will offer full day, licensed care for children ages 0 – 4, including 12 spaces for children under the age of 36 months and 25 spaces for children ages 30 months to school age. There is a demonstrated need for licensed childcare across the City, and especially in the Kensington-Cedar Cottage neighbourhood where only 25% of the need for full day licensed childcare for children ages 0 – 4 is met, with an estimated shortfall of approximately 1000 childcare spaces. The need for care for children under 36 months is particularly acute, with only about 13% of need met. As a multi-service agency embedded in its local community, CCNH is well-positioned to provide childcare while also connecting childcare to neighbourhood-based social programs and providing supports to families attending its childcare.

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

With a strong community need for childcare, the City is aiming to create quality licensed 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 sites suitable for childcare facilities and new partners.

Recognizing the need to deliver childcare spaces in new and innovative ways, staff are developing a new funding program, as part of the implantation work of Making Strides: Vancouver's Childcare Strategy (approved in 2022). The new funding program aims to provide capital contributions towards the creation of licensed childcare facilities owned and maintained by public or non-profit organizations.

Discussions with ANHBC regarding a funding contribution to its redevelopment began prior to the development of the Childcare Capital Grants program. As a result, it is a unique project that is not being held to the requirements and funding limits outlined in the Childcare Capital Grants program.

#### Legal Agreements

Should Council approve the recommendations in this report, a MOU (draft attached as Appendix A) would be signed and a grant agreement outlining the terms, conditions and payment schedule for the City's contribution will be drafted, detailed and executed before any funds are released.

To secure the City's funding contribution and ensure long-term delivery of licensed childcare and social infrastructure on site, CCNH will be required to deliver licensed childcare and non-profit social programming at the redevelopment site for 60 years. If ANHBC provides the agreed-upon services for less than 60 years, it will be required to pay an early termination fee to the City based on the depreciated value of the City's capital contribution to the project.

## **Financial Implications**

Contributing capital funds to CCNH allows the City to facilitate the expansion of much needed childcare and social serving spaces in the City, but without the long-term financial responsibility of facility ownership and maintenance. Ongoing operating and maintenance costs for the space will be the responsibility of CCNH and will require no further contribution from the City of Vancouver. Should Council approve the recommendations in this report, the Grant Agreement with CCNH commits the City to paying its share of design costs, which will be covered by the grant funds allocated in this report.

### Neighbourhood House Component Funding

A total of \$40 million in City and development funding towards Social Facilities was approved as part of the 2023 – 2026 Capital Plan, which includes investment in both City-owned spaces as well as grants for community partners. \$5 million is earmarked for Neighbourhood House Capital Grants. Should Council approve the recommendations in this report, \$4.5 million in Neighbourhood House capital funding will be directed towards the Neighbourhood House component of the CCNH project.

### Childcare Component Funding

In the 2023 – 2026 Capital Plan, a total of \$128 million in City and development funding is earmarked for the creation of new, licensed childcare spaces for infants, toddlers, preschool and school age children. This includes \$5.4 million allocated towards the Childcare Capital Grants Program. Should council approve the recommendation in this report \$5.2 million in childcare capital funding will be allocated to the Childcare component of the CCNH project.

## **Legal Implications**

Legal Services will be called upon to finalize the legal agreements with CCNH including the MOU regarding the City's contribution to the CCNH redevelopment (draft attached as Appendix A) and a grant agreement outlining the terms, conditions and payment schedule for the City's contribution, which will be drafted, detailed and executed before any funds are released. Long term use of the social services use and the childcare use of the community facility on the site will be secured through a Section 219 covenant in favour of the City and registered against title to the property.

\* \* \* \* \*

**APPENDIX A: MEMORANDUM OF UNDERSTANDING REGARDING CITY CONTRIBUTION  
TO CEDAR COTTAGE NEIGHBOURHOOD HOUSE PROJECT**

(this “**MOU**”) dated for reference \_\_\_\_\_, 2023 (the “**Effective Date**”),

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

**AND:**                   **ASSOCIATION OF NEIGHBOURHOOD HOUSES OF BRITISH COLUMBIA**  
203-3102 Main Street, Vancouver, British Columbia, V5T 3G7  
(“**ANHBC**”)

WHEREAS, the City and ANHBC (together, the “**Parties**” and individually, a “**Party**”) are negotiating, *inter alia*, a grant agreement (“**Grant Agreement**”) in respect of the redevelopment by ANHBC of the existing Cedar Cottage Neighbourhood House facility at 4065 Victoria Drive, legally described as

- Lots 14 to 15 Except the East 7 feet Block 16 District Lot 352 Plan 1344 [PIDs 008-890-595 and 008-890-641 respectively], and
- Lots 16 to 17 Block 16 District Lot 352 Plan 1344 [PIDs 008-890-706 and 008-890-722 respectively]

(collectively, the “**Development Site**” or the “**Building**” as the context may require), including 37 new childcare spaces (the “**New Childcare Component**” and the social services project as a whole hereinafter called the “**Proposed Project**”);

AND WHEREAS pursuant to the Grant Agreement (which is subject to Council approval under s. 206 of the *Vancouver Charter*), the City will contribute funding of approximately \$9,700,000 towards the construction of the Proposed Project on certain terms and conditions;

AND WHEREAS, ANHBC, 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;

NOW THEREFORE this MOU while this MOU does not create legally binding right or obligations (other than as specifically set out herein), the Parties wish to confirm their mutual intentions 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 Grant 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, 2023, unless the Parties otherwise agree in writing.

**1.2 Design** – During the Term, ANHBC 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 ANHBC for the City’s share of Design Costs properly incurred by ANHBC during the Term upon receipt of an invoice from ANHBC following the execution of the Grant Agreement. ANHBC 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 Terms and Conditions –**

(a) ANHBC will provide:

(i) non-profit full-time childcare, and

(ii) social and/or cultural services that are open and accessible to all

(collectively, the “**Services**,” the definitions for which may be refined in the Grant Agreement) on the Development Site which meet the City’s requirements for 60 years. If ANHBC wishes to substantially change the Services provided in the Building, ANHBC will give prior notice to the City and work with the City to obtain the City’s prior approval to such change to the Services.

(b) If ANHBC provides the Services for less than 60 years, it will pay to the City an early termination fee based on the depreciated value of the City’s capital contribution to the New Childcare Component and Proposed Project, to be set out in greater detail in the Grant Agreement.

(c) The commitments set out in 1.4(a) and (b) will be evidenced by the registration of a Land Title Act Section 219 Covenant on title to the Development Site (which may include an equitable charge to secure repayment described in 1.4(b) above) prior to payment of any grant monies by the City to ANHBC. In the event ANHBC pays the termination fee described in 1.4(b), the City will discharge the Covenant (and any accompanying equitable charge, if applicable) from title to the Development Site, to be set out in greater detail in the Grant Agreement.

**1.5 Payment of Grant Monies** – Subject always to Council approval, the grant will be paid to ANHBC in instalments upon completion of certain milestones, as follows (to be set out in greater detail in the Grant Agreement):

| <b><i>Amount of Grant (TBD)</i></b> | <b><i>Milestone</i></b>                                |
|-------------------------------------|--|
| 15%                                 | Execution of the Grant Agreement                       |
| 35%                                 | At construction contract award                         |
| 25%                                 | At 50% construction completion of the Proposed Project |



|     |   |
|-----|---|
| 25% | At substantial performance (including confirmation the New Childcare Facility can be licensed ) |
|-----|---|

- 1.6 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.
  
- 1.7 MOU Does Not Fetter Council Discretion** - ANHBC acknowledges that all obligations of the City will be 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*.
  
- 1.8 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: \_\_\_\_\_  
 Title: \_\_\_\_\_

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

**ASSOCIATION OF NEIGHBOURHOOD  
 HOUSES OF BRITISH COLUMBIA**  
 by its authorized signatory(ies):

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

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