CITY OF VANCOUVER

COUNCIL REPORT

Report Date:	November 28, 2025
Contact:	Ryan Bigelow
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RTS No.:	18283
VanRIMS No.:	08-2000-20
Meeting Date:	December 9, 2025

Submit comments to Council

TO: Vancouver City Council

FROM: Deputy City Manager

SUBJECT: New Below Market Lease and Grant to Vera Housing Co-operative Association

Recommendations

A. THAT Council authorize the Director of Real Estate Services, on behalf of the City, to negotiate and execute a new lease agreement (the "New Lease") with Vera Housing Co-operative Association ("Vera Co-op") for the City-owned property located at 531, 533, 575 595 and 597 Southwest Marine Drive and 8380, 8382, 8384, 8386, 8388, and 8390 Ash Street, legally described as: PID 006-937-471, Lot 22 Blocks 1 and 2 District Lot 311 Plan 19939, together with all buildings and improvements situated thereon (collectively, the "Premises") in accordance with the terms outlined in Appendix A, the Methodology for Co-operative Housing Lease Renewals approved by Council on July 8, 2021 (RTS 13783), and as otherwise approved by the Deputy City Manager, the Director of Finance and the Director of Legal Services.

B. THAT Council authorizes the Director of Real Estate Services, on behalf of the City, to negotiate and execute an amendment to the existing lease of the Premises with Vera Co-op (the "Existing Lease"), which has been in overhold since March 1, 2025, by amending the overhold rent for the period from March 1, 2025 to the commencement of the New Lease to below-market rent based the Methodology for Co-operative Housing Lease Renewals approved by Council on July 8, 2021 (RTS 13783).

For the purposes of this Report, the rent under the New Lease for the initial term and any subsequent renewal terms and the rent under the Existing Lease for the overhold period will be below the applicable market rates. Therefore, Recommendations A and B constitute grants valued at the estimated amounts listed in Appendix A, requiring a 2/3 vote of Council pursuant to Section 206(1) of the *Vancouver Charter*.

Purpose and Executive Summary

The City entered into the Existing Lease, a 41-year ground lease with Vera Co-op on March 1, 1984. The 3-storey building is comprised of 69 co-op homes located in the City's Marpole area at 531 – 575 SW Marine Drive.

As a result of policy changes, the Vera Co-op site has significant redevelopment potential to create additional affordable homes. A new lease with a five year term will provide Vera Co-op a leasehold interest at below market rates to provide affordable housing to its members while Staff further explore and plan redevelopment of the Current Premises with the co-op.

Key terms of the New Lease are included in Appendix A.

Council Authority/Previous Decisions

- April 2, 2014, Council approved the Marpole Community Plan. The plan identified the total need for social housing in Marpole as approximately 1,400 units over the life of the plan, reflecting both the minimum existing need and a share of future growth. The Current Premises is part of the Marine Landing area of the Marpole Community Plan.
- In November 2017, Council approved the Housing Vancouver Strategy (2018–2027) The strategy includes policies to retain and renew existing social, non-market, and co-op housing, while identifying opportunities to increase social and co-op housing supply through redevelopment, and secondly, to work with partners in regional and senior government on opportunities to support reinvestment in private market rental and renewal in existing social, co-op, and SRO housing.
- On July 8, 2021, Council approved the Methodology for Co-operative Housing Lease Renewals (RTS 13783), which approved certain policies that are intended to guide or provide a framework for the negotiation of co-op lease renewals. The methodology includes the Lease Renewal Methodology Principles and a Redevelopment Option Framework, and sets out the terms under which land rent and other terms (i.e. length of term, redevelopment option etc.) relating to extended/renewed leases with co-ops would be governed.
- On April 15, 2025 Council approved policy updates to the Marine Landing area section of the Marpole Community Plan. A number of policy changes addressed affordable housing sites in the area, including the Current Premises. City Manager's Comments

City Manager's Comments

The City Manager supports the recommendations as set out above.

Context and Background

The City entered into a lease with Vera Co-op on March 1, 1984, which expired on February 28, 2025. The 3-storey building is comprised of 69 co-op homes located in the City's Marpole area at 531 – 597 SW Marine Drive. The lease has overheld since March 1, 2025.

To address the housing crisis and prioritize affordability, it is critical that the City optimizes the use of public land in a way that maximizes social benefit to Vancouver residents. This includes redevelopment of sites currently leased to co-ops to increase affordable housing supply while preserving affordability for existing low and moderate households.

Recent land use changes have created significant opportunities for increased density on these sites through redevelopment, including the Current Property. Considering the Marine Landing sub-area of the Marpole Community Plan, the redevelopment potential of this site presents an opportunity to significantly increase affordable rental housing supply in Marpole. Staff continue to explore and plan the redevelopment of the Current Property with the Co-op.

Discussion

The Co-op Lease Framework establishes an approach for the calculation of below market land rent for short and long term co-op lease renewals. The land rent calculation is based on the level of affordability provided by the Co-op, and a transition grant, for up to 10 years, may be provided to ease the impact of land rent on the Co-op's budget. Appendix A outlines the key terms and conditions of the New Lease.

During the New Lease, Staff will continue to explore and plan the redevelopment of the Current Premises with Vera Co-op and report back to Council.

<u>Membership Profile - RGI and Non-RGI Units</u>

In accordance with the Co-op Lease Framework, the New Lease Agreement with Vera Co-op is intended to be below market where land rent is primarily determined by the number of non-Rent Geared to Income ("Non-RGI") and Rent Geared to Income ("RGI") member households as defined below.

Household Type	**Definition**
Non-RGI member households	lower of a 15% discount to Canada Mortgage and Housing Corporation ("CMHC") average neighborhood area rents or 25% of median Vancouver renter incomes (Non-RGI Benchmark Rent)
RGI member households	30% of the average income of RGI Units below the lower of HILs/Non-RGI Benchmark Rent and to be no lower than Income Assistance Rates

For Vera Co-op, 27 units (39%) are occupied by households that meet the RGI criteria and land rent will be set based on household income for these units. The remaining 42 units (61%) will have land rent based on the Non-RGI definition. The distribution of RGI and Non-RGI units is summarized below.

Figure 1: Summary of RGI and Non RGI Units

Unit type	**Unit count**	**RGI units**		**Non-RGI units**	
		Count	**% of units**	**Count**	**% of units**
1 BR	12	10	83%	2	17%
2 BR	33	12	36%	21	64%
3 BR	24	5	21%	19	79%
Overall	**69**	**27**	**39%**	**42**	**61%**

Membership Profile – Income Profile

Summarized below is the current income profile for the Co-op, with the average annual income by bedroom type for RGI and non-RGI households.

Figure 2: Average Incomes of RGI and Non-RGI Units

Unit type	Unit count	RGI units		Non-RGI units	
		Count	Average income	Count	Average income
1 BR + 2 BR	45	22	$47,451 $40,054	23	$117,302 $134,749
3 BR	24	5	$61,626	19	$159,019
Overall	**69**	**27**	**$44,050**	**42**	**$138,160**

**1 and 2 bedroom summaries are intentionally merged to maintain income confidentiality due to the low unit count of 1 bedroom units.*

Estimated Land Rent and Transition Grant

Basic Rent starting in the Overholding Period of the Existing Lease and continuing into the New Lease will be determined in accordance with the Co-op Lease Framework and will be calculated annually as outlined in Appendix A.

After operating, capital and vacancy deductions described in the ground rent formula in Appendix A, indicative Annual Rent for Year 1 amounts to an unadjusted land rent total of $598,660 as broken down below. Rent Revenue is the sum of land rent calculated for all RGI and Non RGI units in the Co-op.

Figure 3: Estimated Year 1 Annual Rent

	Total $	$ per unit per month
Rent revenue	$**1,347,280**	**$1,627**
Senior Gov't Subsidy	$183,899	$222
Vacancy deduction	($13,473)	($16)
Opex deduction	($404,305)	($488)
Capex deduction	($514,741)	($622)
Unadjusted Land Lease Rent	**$598,660**	**$723**

Recommendation B, as proposed, will also amend the ground lease rent during the Overholding Period of the Lease (March 1, 2025 to when the New Lease commences) based on Co-op Lease Methodology, which includes the Transition Grant.

The adjusted calculation of land rent incorporates a transition grant for up to the first 10 years starting in the Overholding Period of the Existing Lease and continuing into the New Lease Agreement. While Vera Co-op's Non-RGI households can afford increased housing charges to contribute to lease rent, the time-limited Transition Grant helps limit the pace of any increase which may destabilize the mixed income community and cross subsidization. The total Transition Grant is estimated at $2,397,793 as shown in the following schedule.

Figure 4: Estimated Transition Grant

Year	Est. land rent, before grant ($)	Est. Transition grant		Est. land rent, after grant	
		%	$	$ Total	$ per unit per month
OH (2025)	**588,544**	95%	559,117	29,427	$36
1 (2026)	**598,660**	90%	538,794	59,866	$72
2 (2027)	**609,029**	80%	487,223	121,806	$147
3 (2028)*	**451,083**	70%	315,758	135,325	$163
4 (2029)	**446,652**	60%	267,991	178,661	$216
5 (2030)	**457,819**	50%	228,909	228,909	$276
Total	**3,151,788**		**2,397,793**	**753,994**	

**In Year 3, the Co-op's operating subsidy agreement with CMHC reaches term. If this agreement is not extended, more of the City's land rent will go towards subsidizing RGI member households.*

Income for all Vera Co-op members, RGI and Non-RGI, will be confirmed and calculated before entering into the New Lease.

Building Condition and Capital Maintenance

Vera Co-op will be responsible for maintaining the building in accordance with the terms of the New Lease as outlined in Appendix A.

Co-op Board Approval and Member Support of Key Terms

Following Council's approval of the recommendations, staff and Vera Co-op will work towards finalizing the New Lease for execution. The Vera Co-op Board has agreed the New Lease terms in principle and a 2/3 vote of the Vera Co-op membership will be required prior to execution of the New Lease.

Financial Implications

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, operating costs and capital replacement, and do not require further operating subsidies, property tax exemptions, and/or financial guarantees from the City.

For the proposed New Lease, the market value of the 5 Year Term is estimated at $2,222,740. Under the Co-op Lease Framework, the forecast land rent before Transition Grant is $2,563,244 for the 5 Year Term (excluding overholding rent). After adjusting for the Transition Grant amount of $1,838,676, the forecast land rent is $724,567 for the 5 Year Term.

The unadjusted forecasted rent for the overholding period is $588,544. After adjusting for the Transition Grant amount of $559,117, the forecast land rent is $29,427 for the overholding period.

The below-market New Lease, and overholding period, constitute a grant and approval requires eight affirmative votes of Council, per Section 206(1) of the Vancouver Charter.

Legal Implications

No legal rights or obligations shall arise or be created by Council's adoption of Recommendation A and Recommendation B unless and until all legal documentation has been executed and delivered by the respective parties.

Recommendations A and B constitute grants, each requiring a 2/3 vote of Council pursuant to Section 206(1) of the *Vancouver Charter*.

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APPENDIX A
KEY TERMS OF NEW LEASE

Key Proposed Terms and Conditions of the New Lease

<table>
<tr><td>Landlord:</td><td>City of Vancouver</td></tr>
<tr><td>Tenant:</td><td>Vera Housing Co-Operative Association</td></tr>
<tr><td>Lease:</td><td>Lease registered with the Land Title Office against the Current Premises on March 16, 1984 under registration number M21819 as modified by M51799 registered on June 21, 1984</td></tr>
<tr><td>Current Premises:</td><td>531, 533, 575 595 and 597 Southwest Marine Drive and 8380, 8382, 8384, 8386, 8388, and 8390 Ash Street

Those lands legally described as: PID: 006-937-471, Lot 22 Blocks 1 and 2 District Lot 311 Plan 19939, together with all buildings and improvements situated thereon.</td></tr>
<tr><td>5 Year Term:</td><td>The 5 Year Term will start upon March 1, 2026 (the “Commencement Date”) and will be for a period of 5 years.</td></tr>
<tr><td>Basic Rent:</td><td>Assuming the following initial unit mix and affordability profile outlined in the table below, indicative annualized Basic Rent will amount to approximately $598,660 in the first year of the 5 Year Term (excluding Transition Grants, as defined in Schedule A) when determined in accordance with Schedule A.

This Basic Rent is subject to further change based on the target “Rent Geared to Income” units (“RGI Units”), updates to CMHC area rents and Median Vancouver Renter Income statistics, and income testing determined with the Tenant.

<table>
<tr><td></td><td>Studio</td><td>1br</td><td>2br</td><td>3br</td><td>4br</td></tr>
<tr><td>Number of units</td><td></td><td>12</td><td>33</td><td>24</td><td></td></tr>
<tr><td>Number of RGI Units</td><td></td><td>10</td><td>12</td><td>19</td><td></td></tr>
<tr><td>Average Income of RGI Units</td><td></td><td>$31,180</td><td>$47,451</td><td>$61,626</td><td></td></tr>
</table>

Basic Rent for the 5 Year Term may be set annually and is payable monthly starting on the Commencement Date.

Basic Rent for the overhold period will amount to approximately $588,544 (excluding Transition Grants, as defined in Schedule A) when determined in accordance with Schedule A.

The Tenant should strive to ensure its unit mix represents the Housing Vancouver Strategy of equity and diversity.</td></tr>
<tr><td>Transition Grant Value</td><td>When determined in accordance with Schedule A, the estimated Transition Grant for the overhold period and for the 5 year lease term is $2,397,793</td></tr>
</table>

Taxes:	The Tenant will pay, directly to the taxing authority, all property taxes in respect of the Current Premises. The Tenant will pay, every tax and permit and licence fee (including penalties and interest) in respect of any business carried on in the Current Premises or in respect of the use or occupancy of the Current Premises by the Tenant or its members.
Utilities:	The Tenant will be responsible for charges for utilities and services including heat, electricity, gas, water, waste and recycling collection, telephone, cable and internet, used by the Tenant during the term.
Permitted Use:	The Tenant will use the Current Premises only for the purpose of providing residential housing to its members in accordance with the terms and conditions of the New Lease, unless otherwise approved by the Landlord in its sole discretion.
Assignment and Subleasing:	The Tenant may not assign its interest in the New Lease without the Landlord's consent, which may be arbitrarily withheld.
Maintenance and Repairs:	The Landlord will not be obliged to furnish any services or facilities or to make repairs, replacements or alterations in or to the Current Premises, and the Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Current Premises and all expenses related thereto. The Tenant will operate, manage and maintain the Current Premises or will cause the Current Premises to be operated, managed and maintained in a good, efficient and businesslike manner and will properly and adequately supervise the Current Premises, will supply or cause to be supplied all necessary building services to the occupants thereof, will impose and enforce rules and regulations relating to the use and occupancy of the Current Premises, and will generally manage the Current Premises as would a prudent owner pursuant to the terms of the Original Lease. During the 5 Year Term, the Tenant, at the Tenant's sole cost and expense, will: (a) maintain the Current Premises in a sanitary, neat, tidy and safe condition and free from nuisance at all times; (b) put and keep in good order and condition, or cause to be put and kept in good order and condition, the Current Premises (and any fixtures and equipment located thereon and therein) as a reasonable and prudent owner of similar premises would, both inside and outside, including structural elements, fixtures, walls, foundations, roofs, vaults, stairways, elevators (if any) and similar devices, heating and air conditioning equipment, sidewalks, landscaping and other like areas, water and sewer mains and connections, water, steam, gas and electric pipes and conduits, and all other fixtures and appurtenances to the Current Premises and machinery and equipment used or required in the operation thereof, whether or not enumerated herein;

	(c) in the same manner and to the same extent as a reasonable and prudent owner of similar premises would, make any and all necessary repairs, replacements and alterations, whether ordinary or extraordinary, foreseen or unforeseen, structural or otherwise, to keep the Current Premises (including any and all fixtures, fittings, appliances and equipment thereon and therein) safe and fully usable for the purposes for which they are intended and to keep same in good repair. All repairs, replacements and alterations will be the property of the Landlord, subject to the Tenant's leasehold interest therein, and all such repairs, replacements and alterations will be in all respects to a standard at least substantially equal in quality of material and workmanship to that of the building as of the Commencement Date, and will in each case be performed only in accordance with all applicable terms and conditions of the permitted encumbrances to be defined in the New Lease; (d) not cause or suffer nor permit any waste, damage or injury to the Current Premises or any part thereof; (e) make all reasonable efforts in its operation, maintenance, repair, replacement and alterations of the Current Premises to improve environmental performance; and The Landlord will make reasonable efforts to coordinate with the Tenant to settle a deferred maintenance and interim capital maintenance plans that will apply during the 5 Year Term ("**New Lease Capital Maintenance Plan**"), and the Tenant will cooperate reasonably to settle such New Lease Capital Maintenance Plan. The New Lease Capital Maintenance Plan will (a) reflect deferred maintenance that is required to be completed during the 5 Year Term to ensure the Current Premises are in good order and condition as at the Commencement Date of the 5 Year Term pursuant to the terms of the Original Lease ("**Deferred Maintenance**"), and (b) recognize that the capital expenditures made by the Tenant during the 5 Year Term reflect the redevelopment timeline and maintain the Current Premises building to an appropriate and safe condition in line with the maintenance and repair requirements for the 5 Year Term. ("**Interim Maintenance**").
Capital Maintenance Reserve:	The Tenant will contribute to a Capital Maintenance Reserve (separate from any pre-existing reserves held by the Tenant) over the 5 Year Term to fully fund the New Lease Capital Maintenance Plan. The Tenant will be responsible for funding the Capital Maintenance Reserve to address all Deferred Maintenance included in the New Lease Capital Maintenance Plan without any deduction in Basic Rent (i.e. the Tenant will utilize pre-existing reserves or increases in Non-RGI housing charges to fund Deferred Maintenance). For Interim Maintenance included in the New Lease Capital Maintenance Plan, at a minimum, the Tenant will make contributions to the Capital Maintenance Reserve equivalent to the Benchmark CAPEX described in Schedule A (defined below as the Minimum Capital Contributions). The Tenant will be responsible for funding any additional Interim Maintenance if the Interim Maintenance requirements in the New Lease Capital Maintenance Plan are greater than the Minimum Capital Contributions in a given year.

	Any additional contributions made by the Tenant will be recognized towards the Minimum Capital Contributions in the following year. In the final year of the 5 Year Term, the Tenant will be responsible for funding any additional Interim Maintenance without any further deduction in Basic Rent. The Landlord reserves its rights under the New Lease to use of the funds in the Capital Maintenance Reserve if the Deferred Maintenance and Interim Maintenance requirements of the New Lease Capital Maintenance Plan have not been met at the end of the 5 Year Term or at the end of any Overholding Period agreed between the Landlord and Tenant, whichever is later. If redevelopment proceeds, any remaining funds in the Capital Maintenance Reserve will be surrendered to the Landlord.
Minimum Capital Contributions:	At a minimum, the Tenant will make contributions to the Capital Maintenance Reserve equivalent to the Benchmark CAPEX defined in Schedule A (the "**Minimum Capital Contributions**").
Government Subsidy Programs:	During the 5 Year Term, the Tenant will promptly: (a) apply in good faith for any Senior Government Subsidy (as defined in Schedule A) for which it might qualify including, without limitation, as may be identified by the Landlord; (b) keep the Landlord reasonably informed as to the status of any application made for a Senior Government Subsidy; and (c) disclose to the Landlord all information as may be reasonably required by the Landlord in respect of any Senior Government Subsidy which the Tenant receives, including the amount, the date(s) of receipt and any agreement setting out the terms of any such payment(s).
Mortgaging:	The Tenant will not secure debt against its interest in the New Lease and Current Premises without the Landlord's approval, which may be arbitrarily withheld.
Existing Debt	Within 6 months of the Commencement Date, the Tenant will provide the Landlord with a plan to extinguish existing debt within the lease period.
Recording Keeping and Financial Management:	Annual income testing for all members occupying RGI Units (as defined in Schedule A) throughout the 5 Year Term to support discounts in land rent, and to support any adjustments if required. For remaining members occupying units which are not RGI units ("**Non-RGI Units**"), income reporting will be required at commencement of the New Lease. Within 12 months of the Commencement Date and upon replacement from time to time during the 5 Year Term, provide to the Landlord: (a) the Tenant's member referral and selection policy as approved by the Tenant's members and enforced by the Tenant; and (b) the Tenant's unit occupancy and over/under housing guidelines/policies as approved by the Tenant's members and enforced by the Tenant, which the Tenant will make reasonable efforts to align with the National Occupancy Standard developed by Canada Mortgage and Housing Corporation. Annually provide to the Landlord (a) financial statements; (b) schedule of repairs/capital expenditures; (c) housing charge statistics (i.e., housing

	charges to all members); (d) occupancy statistics (i.e., vacancy and turn overs); and (e) operating budget and expense statistics (detail and summary operating expenses). Provide to the Landlord on the Commencement Date of the New Lease and every three years following or as otherwise approved by the Landlord: (f) a building condition report; and (g) an asset management plan. Other Tenant reporting obligations to be detailed in the New Lease
Insurance Requirements:	The Tenant will take out CGL insurance of not less than $10M per occurrence, all risk property insurance to the full replacement cost value of the building, business interruption (rental income) insurance in an amount equal to or greater than the Basic Rent payable for the relevant 12 month period, and insurance covering boilers, machinery and pressure vessels protection against usual and unusual perils.
Tenant Default for RGI Unit Count or Reporting Deficiencies:	In addition to standard events of default to be listed in the New Lease, it will be an event of default for the Tenant if: (a) the number of members occupying RGI Units in the building and receiving income adjusted housing charges at a maximum of 30% of the member's household income is less than 15% of the total number of housing units in the building; or (b) income information from members is grossly misstated or not reported for a 5% or more of the housing units as required to validate the below market land rent rates.
Surrender and Early Termination of the New Lease:	At the end of the 5 Year Term, the Tenant will vacate the Current Premises and deliver up the Current Premises and the fixtures, appurtenances and equipment therein in good order and condition and in the condition in which they are to be maintained in accordance with the New Lease or as otherwise approved by the Landlord in writing. Should the Landlord and Tenant extend the 5 Year Term to align with redevelopment timelines, the Tenant will surrender and vacate the Current Premises at the end of that lease period.
Lease Registration:	The New Lease, or a short form of the New Lease, may be registered at the Land Title Office at the sole cost of the Tenant including, without limitation, with respect to any property transfer tax payable.

***Schedule A*: New Lease Basic Rent**

Definitions
a. **Allowable RTA Rate** – the historical maximum allowable annual rent increase set by the Province of British Columbia for residential tenancies for the given year. b. **Housing Income Limits ("HILs")** – housing income limits by Unit Type for British Columbia established annually by BC Housing Management Commission or its successor in function. c. **Income Adjusted Housing Charge** –housing charges representing household income divided by 40 or, if receiving income assistance, the Income Assistance Rates.

d. **Income Assistance Rates** – the maximum shelter allowance available to a Member household in receipt of income assistance such as BC Benefits or a replacement program.

e. **Median Vancouver Renter Income Escalation Rate** – collectively, the change in median Vancouver renter income as census data is published and the Allowable RTA Rate between census periods.

f. **Minimum RGI Units** – the number of RGI Units that meet the RGI Unit Eligibility Criteria agreed upon by the Landlord and the Tenant.

g. **Non-RGI Benchmark Rent** – the lower of a 15% discount to CMHC average neighborhood area rents or 25% of median Vancouver renter incomes.

h. **RGI Unit Eligibility Criteria** – the maximum household Income level required to be eligible for monthly rent geared to income, being the lower of HILs and Non-RGI Benchmark Rent.

i. **Senior Government Subsidy** – any funding received by the Tenant to subsidize housing costs for RGI Units, as made available to the Tenant through a funding program operated by CMHC or any government or other governmental agency during the Term.

j. **Transition Grant** –deduction in rent intended to slow the pace of change in housing charges expected for Members occupying Non-RGI Units at the Commencement Date, calculated in accordance with the rent formula below.

RGI/Non-RGI Household Target

- Basic Rent will be reduced for member households that meet the RGI Unit Eligibility Criteria. The number of RGI Units that meet the RGI Unit Eligibility Criteria must be agreed-upon at the beginning of the year (i.e., the Minimum RGI Units) and must be at least 15% of total units in the Current Premises. The Minimum RGI Units can be adjusted at the beginning of each year.

Basic Rent Calculation and Payment

- At the beginning of each year of the 5 Year Term, (a) the Landlord will provide the Tenant with the RGI Unit Eligibility Criteria; (b) the Tenant and the Landlord will define the Minimum RGI Units, which will impact the calculation of Basic Rent; and Basic Rent will be set annually by determining an indicative rent at the beginning of the year using the previous year's income for members occupying the Minimum RGI Units.
- rent will be paid monthly in advance.
- At the end of each year of the 5 Year Term, (a) Basic Rent will be adjusted based on income testing results of that year for Minimum RGI Units; and (b) any amounts owing to the Landlord will be paid the next rent payment date, and any amounts owing to the Tenant may be deducted from the next payment date(s).
- If the Tenant does not maintain its committed Minimum RGI Units, the Tenant will pay additional rent equivalent to the Non-RGI amounts for the deficit.
- At all times, the Tenant must deliver a minimum of 15% RGI Units.

Rent Formula:
Non-RGI Revenue + RGI Revenue + Sr. Government Subsidies - Vacancy Allowance - OPEX Deduction <u>- CAPEX Deduction</u> **= Rent before Grant** <u>- Transition Grant</u> **<u>= Annual Net Rent</u>**

Non-RGI Revenue
• Non-RGI Rent revenue = # of units x lower of: o 25% of Median Vancouver Renter Income (MVRI), and o 15% discount of CMHC average area rents (Downtown zone); • MVRI is adjusted when new census data is published and escalated by RTA rate between census periods. • CMHC area rents are published annually. • Eligibility/income threshold: o Non-RGI Unit households must report income at the beginning of the 5 Year Term o Should members occupying Non-RGI Units not provide income information, the Landlord reserves the right to determine land rent for these units at the prevailing market rates for the number of units with income information outstanding

RGI Revenue
• Rent revenue = # of eligible units x 30% of household income and not lower than the maximum shelter rate component of Income Assistance; Eligibility/ income threshold: • household income is at or below HILs; or • 30% of annual household income is below Non-RGI rent rate; whichever is higher • Should members occupying RGI Units be over-housed according to the Tenant's unit occupancy and over/under housing guidelines/policies, the Landlord reserves the right to determine land rent for these units at the Non-RGI unit rate Tenant Housing Charge Conditions: • Housing charges set by Tenant for households in RGI eligible units cannot exceed 30% of income • RGI Unit households must report income at the beginning of the 5 Year Term and be income tested (and adjusted) annually • Tenant sets number of RGI Units; minimum 15% of total Tenant Allocated Units

OPEX Deduction
OPEX deduction of $477 PUPM in year 1 of the 5 Year Term, escalated annually by rate of escalation of Non-RGI and RGI Revenue from the previous year

CAPEX Deduction
CAPEX deduction of $607 PUPM, escalated annually by rate of escalation of Non-RGI and RGI Revenue from the previous year (the “**Minimum Capital Contribution**”)

Vacancy Allowance
Vacancy deduction of 1% of RGI Revenue and Non-RGI Revenue

Transition Grant
The Transition Grant is only available during the 5 Year Term and any agreed extensions, and for a maximum of 10 years. The Transition Grant is not available to new co-op members of the Tenant after the commencement of the 5 Year Term *as its purpose is to assist existing members with lease payments*. The Tenant’s existing co-op members moving to different units leased to the Tenant are not considered new members. Rent Discount Formula: • Total Unadjusted Rent x Year Rent Discount % Year Rent Discount #: • Overholding from Original Lease – 95% • Yr 1 of 5 Year Term – 90% • Yr 2 of 5 Year Term – 80% • Yr 3 of 5 Year Term – 70% • Yr 4 of 5 Year Term – 60% • Yr 5 of 5 Year Term – 50% • An additional reduction of 10% from year 5 of the 5 Year Term will be discounted for each year in any agreed extensions. Term & Eligibility: • Available only to existing members at commencement of the 5 Year Term • Member must report income at beginning of 5 Year Term for unit to be eligible.

Senior Government Subsidy
Adjustment for senior government operating subsidy received by the Tenant Adjustment cannot exceed the difference in lease rate between RGI and Non-RGI units by unit type x total RGI units by unit type