



## COUNCIL REPORT

Report Date: December 9, 2025  
Contact: Ryan Bigelow  
Contact No.: 604.673.8151  
RTS No.: 18282  
VanRIMS No.: 08-2000-20  
Meeting Date: December 9, 2025  
[Submit comments to Council](#)

TO: Vancouver City Council

FROM: Armin Amrolia, Deputy City Manager

SUBJECT: New Below Market Lease and Grant to Access 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 Access Housing Co-operative ("Access Co-op") for the City-owned properties located at 2864, 2866, 2868, 2870, 2872, 2874, 2876, 2878, 2880, 2882, 2884, 2886, 2888, 2890, and 2892 E 5<sup>th</sup> Avenue, 2812, 2814, 2816, 2818, 2820, 2822, 2824, 2826, 2828, 2830, 2832, 2834, 2836, 2838, 2840, 2842, 2844, 2846, 2848, 2850, 2852, 2854, 2856, 2858, 2860, and 2862 E 7<sup>th</sup> Avenue, and 2801, 2803, 2805, 2807, 2809, 2811, 2821, 2823, 2825, 2827, 2829, and 2831 E 8th Avenue together with all buildings and improvements situated thereon (collectively, the "Premises") in accordance with the terms outlined in Appendix A, and as otherwise approved by the Deputy City Manager, the Director of Finance and the Director of Legal Services.
- B. THAT Council authorize 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 Access Co-op (the "Existing Lease"), which has been in overhold since January 13, 2023, by amending the overhold rent for the period from January 13, 2023 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 Original Lease, a 40-year ground lease with Access Co-op on January 13, 1983. The 2-storey buildings are comprised of 52 co-op homes located in the City's Hastings-Sunrise area at 2864 – 2892 E 5th Avenue, 2812 – 2862 E 7th Avenue and 2801 – 2831 E 8th Avenue.

As a result of policy changes, the Premises have significant redevelopment potential to create additional affordable homes. A New Lease for a 4-year term will provide Access Co-op with a leasehold interest at below market rates to provide affordable housing to its members while Staff further explore and plan redevelopment of the sites with the co-op.

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

## Council Authority/Previous Decisions

- 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 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 the renewals of leases with co-ops would be governed.
- On July 8, 2025, Council approved the [Rupert and Renfrew Station Area Plan](#). Access Co-op, along with Frog Hollow Neighbourhood House and George Whiten Place, was identified in the Plan as a Special Site, with policies prioritizing the renewal and expansion of existing non-market housing to meet current and future needs.

## City Manager's Comments

The City Manager concurs with the foregoing recommendations.

## Context and Background

### Original Lease with Access Co-op

The City entered into a lease with Access Co-op on January 13, 1983, which expired on January 12, 2023. The 2-storey buildings are comprised of 52 co-op homes located in the City's Hastings-Sunrise area at 2864 – 2892 E 5th Avenue, 2812 – 2862 E 7th Avenue and 2801 – 2831 E 8th Avenue. The lease has been in overholding since January 13, 2023.

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 Rupert and Renfrew Station Area Plan, the redevelopment potential of this site presents an opportunity to significantly increase affordable rental housing supply in the Renfrew area. 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 for a 4-year term.

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

### Membership Profile - RGI and Non-RGI Units

In accordance with the Lease Renewal Framework for Redevelopment, the New Lease with Access 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 Access Co-op, 31 units (60%) are occupied by households that meet the RGI criteria and land rent will be set based on household income for these units. The remaining 21 units (40%) 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
Studio	1	0	0	1	100%
1 BR	14	12	86%	2	14%
2 BR	21	13	62%	8	38%
3 BR	14	5	36%	9	64%
4 BR	2	1	50%	1	50%

<b>Overall</b>	<b>52</b>	<b>31</b>	<b>60%</b>	<b>21</b>	<b>40%</b>
----------------	-----------	-----------	------------	-----------	------------

### 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
Studio + 1 BR	15	12	\$28,249	3	\$65,988
2 BR	21	13	\$46,503	8	\$104,930
3 BR + 4 BR	16	6	\$48,979	10	\$120,327
<b>Overall</b>	<b>52</b>	<b>31</b>	<b>\$39,916</b>	<b>21</b>	<b>\$106,699</b>

### Estimated Land Rent and Transition Grant

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 \$285,415 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*

	<b>Total \$</b>	<b>\$ per unit per month</b>
<b>Rent revenue</b>	<b>\$902,130</b>	<b>\$1,446</b>
Senior Gov't Subsidy	\$84,921	\$136
Vacancy deduction	(\$9,021)	(\$14)
Opex deduction	(\$304,694)	(\$488)
Capex deduction	(\$387,920)	(\$622)
<b>Unadjusted Land Lease Rent</b>	<b>\$285,415</b>	<b>\$457</b>

Recommendation B, as proposed, will also amend the ground lease rent during the Overholding Period of the Original Lease (from January 13, 2023 to when the New Lease commences) based on Co-op Lease Methodology, which includes the Transition Grant.

The adjusted calculation of land rent for the Co-op's Lease incorporates a transition grant for up to the first 10 years following the expiry date of the Existing Lease. The Co-op Lease Methodology includes a Transition Grant that helps to slow the pace of housing charge increases. While Access 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.

Staff recommends a Transition Grant for the full 4-year Term for the New Lease, as well as the 3-year Overholding period exercised in the Existing Lease, as shown in the following schedule. The total Transition Grant is estimated at \$1,304,722.

*Figure 4: Estimated Transition Grant*

Year	Est. land rent, before grant (\$)	Est. Transition grant		Est. land rent, after grant	
		%	\$	\$ Total	\$ per unit per month
OH1 (2023)	<b>271,100</b>	95%	257,545	13,555	\$22
OH2 (2024)	<b>275,754</b>	90%	248,179	27,575	\$44
OH3 (2025)	<b>280,525</b>	80%	224,420	56,105	\$90
1 (2026)	<b>285,415</b>	70%	199,791	85,625	\$137
2 (2027)	<b>290,427</b>	60%	174,256	116,171	\$186
3 (2028)*	<b>228,336</b>	50%	114,168	114,168	\$183
4 (2029)	<b>215,910</b>	40%	86,364	129,546	\$208
<b>Total</b>	<b>1,847,467</b>		<b>1,304,722</b>	<b>542,745</b>	

*\*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 Access Co-op members, RGI and Non-RGI, will be confirmed and calculated before entering into the New Lease.

#### Building Condition and Capital Maintenance

Access Co-op will be responsible for maintaining the building at the Current Premises in accordance with the terms of the New Lease.

#### Co-op Board Approval and Member Support of Key Terms

Following Council's approval of the recommendations, staff and Access Co-op will work towards finalizing the New Lease for execution. The Access Co-op Board has agreed the New Lease terms in principle and a 2/3 vote of the Access 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 4-year Term is estimated at \$1,078,228. Under the Lease Renewal Framework, the forecast land rent before Transition Grant is \$1,020,088 for the 4-year Term. After adjusting for the Transition Grant amount of \$574,579, the forecast land rent is \$445,509 for the 4-year Term.

The unadjusted forecasted rent for the overholding period (January 13, 2023 to New Lease Commencement Date of January 13, 2026) is \$827,379. After adjusting for the Transition Grant amount of \$730,144, the forecast land rent is \$97,235 for the overholding period.

The below-market New Lease constitutes 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 unless and until all legal documentation has been executed and delivered by the respective parties.

Recommendations A and B constitute a grant and require at least 8 affirmative votes of Council, per Section 206(1) of the *Vancouver Charter*.

\* \* \* \* \*

## APPENDIX A KEY TERMS OF NEW LEASE

### Key Proposed Terms and Conditions of the New Lease

<b>Landlord:</b>	City of Vancouver
<b>Tenant:</b>	Access Housing Co-Operative Association
<b>Lease:</b>	Lease registered with the Land Title Office against the Current Premises on April 12, 1983 under registration number L36320
<b>Current Premises:</b>	<p>2864, 2866, 2868, 2870, 2872, 2874, 2876, 2878, 2880, 2882, 2884, 2886, 2888, 2890, 2892 E 5th Avenue</p> <p>PID 014-666-570, 014-666-588, 014-666-596, 014-666-600</p> <p>Those lands legally described as Lots 10-13, Block 2 North 1/2 of Section 35 Town of Hastings Suburban Lands Plan 1314, together with all buildings and improvements situated thereon.</p> <p>2812, 2814, 2816, 2818, 2820, 2822, 2824, 2826, 2828, 2830, 2832, 2834, 2836, 2838, 2840, 2842, 2844, 2846, 2848, 2850, 2852, 2854, 2856, 2858, 2860, 2862 E 7th Avenue</p> <p>PID 014-676-079, 014-676-087, 014-676-095, 014-676-109, 014-676-117, 014-676-125, 014-676-133, 014-676-141&amp; 014-676-150</p> <p>Those lands legally described as Lots 3-11, Block 16 North 1/2 of Section 35 Town of Hastings Suburban Lands Plan 1314, together with all buildings and improvements situated thereon.</p> <p>2801, 2803, 2805, 2807, 2809, 2811, 2821, 2823, 2825, 2827, 2829, 2831 East 8th Avenue</p> <p>PID 066-997-929</p> <p>Those lands legally described as Lot A Block 16 North 1/2 of Section 35 Town of Hastings Suburban Lands Plan 19504</p>
<b>4-year Term:</b>	The 4-year Term will start upon January 13, 2026 (the “ <b>Commencement Date</b> ”) and will be for a period of 4 years.
<b>Basic Rent:</b>	<p>Assuming the following initial unit mix and affordability profile outlined in the table below, indicative annualized Basic Rent will amount to approximately \$285,415 in the first year of the 4-year Term (excluding Transition Grants, as defined in Schedule A) when determined in accordance with Schedule A.</p> <p>Basic Rent for the overhold period will amount to \$97,235 for January 13, 2023 to January 12, 2026.</p>

	<p>This Basic Rent is subject to further change based on the target “Rent Geared to Income” units (“<b>RGI Units</b>”), updates to CMHC area rents and Median Vancouver Renter Income statistics, and income testing determined with the Tenant.</p> <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>1</td><td>14</td><td>21</td><td>14</td><td>2</td></tr><tr><td>Number of RGI Units</td><td></td><td>12</td><td>13</td><td>5</td><td>1</td></tr><tr><td>Average Income of RGI Units</td><td></td><td>28,249</td><td>46,503</td><td>52,054</td><td>33,600</td></tr></table> <p>Basic Rent for the 4-year Term may be set annually and is payable monthly starting on the Commencement Date.</p> <p>The Tenant should strive to ensure its unit mix represents the Housing Vancouver Strategy of equity and diversity.</p>		Studio	1br	2br	3br	4br	Number of units	1	14	21	14	2	Number of RGI Units		12	13	5	1	Average Income of RGI Units		28,249	46,503	52,054	33,600
	Studio	1br	2br	3br	4br																				
Number of units	1	14	21	14	2																				
Number of RGI Units		12	13	5	1																				
Average Income of RGI Units		28,249	46,503	52,054	33,600																				
<b>Transition Grant Value</b>	When determined in accordance with Schedule A, the estimated Transition Grant for the overhold period and for the 4 year lease term is \$1,304,722.																								
<b>Taxes:</b>	<p>The Tenant will pay, directly to the taxing authority, all property taxes in respect of the Current Premises.</p> <p>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.</p>																								
<b>Utilities:</b>	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.																								
<b>Permitted Use:</b>	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.																								
<b>Assignment and Subleasing:</b>	The Tenant may not assign its interest in the New Lease without the Landlord’s consent, which may be arbitrarily withheld.																								
<b>Maintenance and Repairs:</b>	<p>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.</p> <p>The Tenant will operate, manage and maintain the Current Premises or will cause the Current Premises to be operated, managed and maintained</p>																								



	<p>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.</p> <p>During the 4-year Term, the Tenant, at the Tenant's sole cost and expense, will:</p> <ul style="list-style-type: none"> <li>(a) maintain the Current Premises in a sanitary, neat, tidy and safe condition and free from nuisance at all times;</li> <li>(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;</li> <li>(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;</li> <li>(d) not cause or suffer nor permit any waste, damage or injury to the Current Premises or any part thereof;</li> <li>(e) make all reasonable efforts in its operation, maintenance, repair, replacement and alterations of the Current Premises to improve environmental performance; and</li> </ul> <p>The Landlord will make reasonable efforts to coordinate with the Tenant to settle a deferred maintenance and interim capital maintenance plan that will apply during the 4-year Term ("<b>New Lease Capital Maintenance Plan</b>"), and the Tenant will cooperate reasonably to settle such New Lease Capital Maintenance Plan.</p> <p>The New Lease Capital Maintenance Plan will (a) reflect deferred maintenance that is required to be completed during the 4-year Term to ensure the Current Premises are in good order and condition as at the</p>
--	--

	<p>Commencement Date of the 4-year Term pursuant to the terms of the Original Lease ("<b>Deferred Maintenance</b>"), and (b) recognize that the capital expenditures made by the Tenant reflect the period of time remaining before the parties intend for the Tenant during the 4-year Term reflect the redevelopment timeline and maintain the Current Premises to an appropriate and safe condition in line with the maintenance and repair requirements for the 4-year Term ("<b>Interim Maintenance</b>").</p>
<b>Capital Maintenance Reserve:</b>	<p>The Tenant will contribute to a Capital Maintenance Reserve (separate from any pre-existing reserves held by the Tenant) over the 4-year Term to fully fund the New Lease Capital Maintenance Plan.</p> <p>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).</p> <p>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.</p> <p>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 4-year Term, the Tenant will be responsible for funding any additional Interim Maintenance without any further deduction in Basic Rent.</p> <p>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 4-year Term or at the end of any Overholding Period agreed between the Landlord and Tenant, whichever is later.</p> <p>If redevelopment proceeds, any remaining funds in the Capital Maintenance Reserve will be surrendered to the Landlord.</p>
<b>Minimum Capital Contributions:</b>	<p>At a minimum, the Tenant will make contributions to the Capital Maintenance Reserve equivalent to the Benchmark CAPEX defined in Schedule A (the "<b>Minimum Capital Contributions</b>").</p>
<b>Government Subsidy Programs:</b>	<p>During the 4-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</p>

	receives, including the amount, the date(s) of receipt and any agreement setting out the terms of any such payment(s).
<b>Mortgaging:</b>	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.
<b>Recording Keeping and Financial Management:</b>	<p>Annual income testing for all members occupying RGI Units (as defined in Schedule A) throughout the 4-year Term to support discounts in land rent, and to support any adjustments if required.</p> <p>For remaining members occupying units which are not RGI units ("<b>Non-RGI Units</b>"), income reporting will be required at commencement of the New Lease.</p> <p>Within 12 months of the Commencement Date and upon replacement from time to time during the 4-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.</p> <p>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).</p> <p>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.</p> <p>Other Tenant reporting obligations to be detailed in the New Lease.</p>
<b>Insurance Requirements:</b>	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.
<b>Tenant Default for RGI Unit Count or Reporting Deficiencies:</b>	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.
<b>Surrender and Early Termination of</b>	At the end of the 4-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

<b>the New Lease Agreement:</b>	<p>which they are to be maintained in accordance with the New Lease or as otherwise approved by the Landlord in writing.</p> <p>Should the Landlord and Tenant extend the 4-year Term to align with redevelopment timelines, the Tenant will surrender and vacate the Current Premises at the end of that lease period.</p>
<b>Lease Registration:</b>	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
<p>a. <b>Allowable RTA Rate</b> – the historical maximum allowable annual rent increase set by the Province of British Columbia for residential tenancies for the given year.</p> <p>b. <b>Housing Income Limits (“HILs”)</b> – housing income limits by Unit Type for British Columbia established annually by BC Housing Management Commission or its successor in function.</p> <p>c. <b>Income Adjusted Housing Charge</b> –housing charges representing household income divided by 40 or, if receiving income assistance, the Income Assistance Rates.</p> <p>d. <b>Income Assistance Rates</b> – the maximum shelter allowance available to a Member household in receipt of income assistance such as BC Benefits or a replacement program.</p> <p>e. <b>Median Vancouver Renter Income Escalation Rate</b> – collectively, the change in median Vancouver renter income as census data is published and the Allowable RTA Rate between census periods.</p> <p>f. <b>Minimum RGI Units</b> – the number of RGI Units that meet the RGI Unit Eligibility Criteria agreed upon by the Landlord and the Tenant.</p> <p>g. <b>Non-RGI Benchmark Rent</b> – the lower of a 15% discount to CMHC Average neighborhood area rents or 25% of median Vancouver renter incomes.</p> <p>h. <b>RGI Unit Eligibility Criteria</b> – 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.</p> <p>i. <b>Senior Government Subsidy</b> – 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.</p> <p>j. <b>Transition Grant</b> –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.</p>

RGI/Non-RGI Household Target
<ul style="list-style-type: none"> <li>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</li> </ul>

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 4-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 4-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  
- CAPEX Deduction  
**= Rent before Grant**  
- Transition Grant  
**= Annual Net Rent**

### Non-RGI Revenue

- Non-RGI Rent revenue = # of units x lower of:
  - 25% of Median Vancouver Renter Income (MVRI), and
  - 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:
  - Non-RGI Unit households must report income at the beginning of the 4-year Term

- 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 4-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 4-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 4-year Term, any overholding periods 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 4-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 Year 1 from Original Lease – 95%
- Overholding Year 2 from Original Lease – 90%
- Overholding Year 3 from Original Lease – 80%
- Yr 1 of 4-year Term – 70%
- Yr 2 of 4-year Term – 60%
- Yr 3 of 4-year Term – 50%
- Yr 4 of 4-year Term – 40%
- An additional reduction of 10% from Year 4 of the 4-year Term will be discounted for each year in any agreed upon Overholding Period.

**Term & Eligibility:**

- Available only to existing members at commencement of the 4-year Term
- Member must report income at beginning of 4-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