



COUNCIL REPORT

Report Date: November 7, 2025
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Meeting Date: December 9, 2025
[Submit comments to Council](#)

TO: Vancouver City Council
FROM: Deputy City Manager
SUBJECT: Lease and Operating Agreement with SUCCESS for the Social Housing at 167 East 36th Avenue

Recommendations

THAT Council authorize the Managing Director of Real Estate Services to negotiate and execute a lease (the "Lease") and operating agreement (the "Operating Agreement") with S.U.C.C.E.S.S. Affordable Housing Society to operate the 48 social housing units located at 167 East 36th Avenue, legally described as PID: 030-509-882, LOT 4 DISTRICT LOTS 637 AND 638 GROUP 1 NEW WESTMINSTER DISTRICT PLAN EPP82101, on such terms and conditions as outlined in this Report and as otherwise approved by the Deputy City Manager, the Director of Finance, and the Director of Legal Services.

As the rent under the Lease for the initial term and any subsequent renewal terms will be below market, the Lease constitutes a grant requiring a 2/3 vote of Council pursuant to Section 206(1) of the *Vancouver Charter*.

Purpose and Executive Summary

The City issued an RFP for housing operators to manage the 48 social housing units and common areas within the building located at 167 E 36th Avenue, and SUCCESS was identified as the preferred proponent. This report seeks Council authorization to finalize negotiations and execute Lease and Operating Agreements with SUCCESS in anticipation of the Social Housing Project reaching occupancy in early 2026.

Council Authority/Previous Decisions

[Little Mountain Policy Statement](#)

[CD-1 Rezoning: 155 East 37th Avenue \(Little Mountain\)](#) Council conditionally approved the rezoning of the Little Mountain site following a Public Hearing on July 19, 2016. One of the conditions of the rezoning included entering into an agreement for the construction and transfer of a new Little Mountain Neighbourhood House and childcare with 48 units of social housing above.

[CD-1 \(704\) 155 East 37th Avenue \(2018\)](#)

[Housing Vancouver Strategy \(2017\)](#) In November 2017 Council approved the Housing Vancouver Strategy (2018-2027) and the 3 Year Action Plan (2024-2026). These seek to shift the supply of new homes toward the right supply, with targets for new units along a continuum of housing types.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

Project Description

As a condition of the rezoning for the Little Mountain site, the City secured a mixed-use building with social housing, childcare and a neighbourhood house through a Construction and Transfer Agreement located at 167 E 36th Avenue ("Little Mountain AB"). The Social Housing Project contains 48 social housing units located on floors 3 to 6 within Little Mountain AB. Fifty percent of the housing units are designed to be suitable for families with children with two bedrooms or more. The Social Housing Project is co-located above a 69-space childcare facility located at ground level with an outdoor play space ("Childcare Project"). A 1,115 square metre (12,000 sq. ft) Little Mountain Neighbourhood House is located on the ground and second level, which will house the programs of Little Mountain Neighbourhood House Society ("Civic Project"). All of these uses are above a single level of underground parking.

Council approved Little Mountain Neighbourhood House Society as the operator of the Civic Project and Childcare Project on November 4, 2025.

Figure 1: Little Mountain AB Parcel location



Target Affordability

A Housing Agreement registered on title requires that at least 30% of the units be rented to households with incomes at or below BC Housing's Housing Income Limits (HILs) with rents not to exceed 30% of household income. The building is being delivered to the City unencumbered by financing allowing the affordability to exceed the minimum requirements of the Housing Agreement. It is expected that the operator spread the affordability across unit types with targets for the 48 social housing units established as follows:

- 10 units (20%) must be rented at no more than the shelter component of Income Assistance with a minimum of five units for individuals who are participating in the STEP program;
- 14 units (30%) must be rented at or below the Housing Income Limits (HILs) as defined by BC Housing (rent geared to thirty percent of income) targeting an average rent at 70% of maximum HILs; and
- 24 units (50%) to be at low end of market (LEM) rents

The target affordability may adjust over the term of the Operating Agreement to ensure long term financial sustainability of the Social Housing Project.

SUCCESS Background

SUCCESS is a mission-driven organization with over 50 years of experience serving diverse communities across Metro Vancouver. They offer a range of programs and services promoting belonging, wellness and independence, and have been operating and managing affordable housing since 2008. SUCCESS manages over 1,100 subsidized, affordable and low end of market units across the Lower Mainland, including over 800 units in Vancouver.

Discussion

On November 12, 2019, the City issued an RFP for housing operators for the Social Housing Project along with another nearby social housing project (Pearson Dogwood Parcel A). A single operator was procured for both of these projects to create economies of scale given their geographical proximity. SUCCESS was approved as the preferred proponent for both Pearson Dogwood Parcel A and the Social Housing Project.

Pearson Dogwood Parcel A completed in 2022 while construction of Little Mountain AB was delayed, with occupancy anticipated by March 2026. With construction of Little Mountain AB well underway, staff are able to recommend Lease and License Agreement terms along with Operating Agreement Terms for Council consideration.

Lease and Operating Agreement

The 2024 Mayor's Budget Task Force made recommendations, following engagement with the property management and housing sector, to streamline operations, realize economies of scale and improve the overall efficiency of social housing initiatives by utilizing professional property management organizations. The Real Estate Services Act (RESA) requires that any entity providing real estate services to or on behalf of another entity (the City in this case), for or in expectation of remuneration, to be licensed under the Act or eligible for an exemption. The City has implemented these recommendations by using an Operating Agreement model with a licensed operator approach for managing turnkey social housing units.

The City's requirement for licensed operators came into effect after SUCCESS was selected as the preferred operator for this site. As SUCCESS is in the process of becoming licensed in accordance with RESA, staff recommend entering into a 3-year lease term with SUCCESS, with an option to extend to a total of 4 years per the lease terms in Appendix A. This lease term will provide SUCCESS with the necessary time to become compliant with RESA. Once SUCCESS becomes compliant, staff recommend entering into an Operating Agreement per the Operating Agreement terms in Appendix B for a term no longer than 23 years and reduced in length with any extension to the lease terms.

If SUCCESS is unable to comply with RESA within the lease term and extension terms, then staff will procure a new operator through an RFP process.

Financial Implications

Consistent with Council policies, all affordable housing projects are expected to be self-sustaining over the long-term. Project revenues are expected to fully offset all operating costs, including:

- Lease payments to the City during the Lease Term, and
- Management Fee payments during the Operating Agreement Term

In addition, the project is expected to fund capital replacement obligations through its capital reserve contributions. No additional City operating subsidies, property tax exemptions or financial guarantees are anticipated.

Lease Term

While the Lease is in effect, SUCCESS will retain overall financial accountability for the Social Housing Project. Based on the current pro-forma assumptions—including SUCCESS's proposed affordability levels, unit mix and operating expenses—the project is expected to be able to support lease payments of at least \$501,000 during stabilized operations. The lease payment in the rent-up year is set at 75% of that amount. Staff continue to refine the pro-forma with SUCCESS and identify potential operational efficiencies. The final lease payment amount for the Lease Term will be set through the City-approved operating budget for the first stabilized year.

Any operating surpluses generated during the Lease Term will be transferred to the Capital Replacement Reserve, and will be used solely for capital repairs and replacements. Upon the expiry or earlier termination of the term, any portion of the Capital Replacement Reserve not expended will be surrendered to the Landlord.

The estimated fair market value of the lease is approximately \$750,000 per year for each year of the three year term and the one, one year extension option, representing the benefit of not having to lease a comparable site in the private-market site. The below-market lease constitutes a grant and approval requires eight (8) affirmative votes of Council under Section 206(1) of the Vancouver Charter.

Operating Agreement

While the Operating Agreement is in effect, the City will retain overall financial accountability for the Social Housing Project. SUCCESS will receive a Management Fee to provide services in accordance with the Operating Agreement.

Each year, SUCCESS will prepare an Operating Budget summarizing Estimated Operating Revenue and Expenses for City review and approval.

- Approved Operating Expenses will be paid by SUCCESS from Operating Revenues.
- The City will fund Approved Capital Expenses.
- The City will pay the agreed Management Fees.
- All approved costs will be funded from revenue generated by the project.

The table below summarizes SUCCESS's proposed Management Fees. Final fee levels remain subject to negotiation with staff. Fees will be fixed or indexed to an agreed-upon benchmark for the first five years of the Operating Agreement and reviewed every five years thereafter.

Management Fees Component	Proposed Pricing		Estimated Pricing
	Year 1	First 5 Years ²	23 Years ³
Base Management Fee	40,000	212,000	1,205,000
Direct Project Staff Costs ¹	119,000	638,000	3,622,000
Total	159,000	850,000	4,827,000

Note 1 - Includes building maintenance and building administration staff.

Note 2 - Nominal dollars, 3.5% / annum.

Note 3 - Nominal dollars, 2.0% / annum.

Operating surpluses will be remitted to the City to support priorities within the VAHEF.

Legal Implications

No legal rights or obligations will arise or be created by Council's adoption of the recommendations set out in this Report unless and until the agreement described in this Report has been executed and delivered by the respective parties.

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APPENDIX A

Lease Terms

Lease and License	Terms
Tenant and Licensee	SUCCESS Affordable Housing Society (“SUCCESS”)
Lands and Building	Housing Area located 167 E 36 th Ave
Lease and License Term	The 3 year term will commence on XX (the “ Commencement Date ”)
Options to Extend	One, 1-year option to extend
Basic Rent	Lease Year 1: \$376,000 Lease Year 2: \$501,000 Lease Year 3 \$501,000 Renewal Term 1 \$501,000
License	The Landlord will license certain premises, including parking spaces, in the Building and on the Lands, (the “Common Areas”) to the Tenant for the Tenant to repair, maintain and operate
Affordability	The Tenant will ensure the following affordability of the housing units: <ul style="list-style-type: none"> • 10 units (20%) must be rented at no more than the shelter component of Income Assistance with a minimum of five units for individuals who are participating in the STEP program; • 14 units (30%) must be rented at or below the Housing Income Limits (HILs) as defined by BC Housing targeting an average rent at 70% of maximum HILs; and • 24 units (50%) to be at low end of market (LEM) rents
Permitted Use	Unless otherwise agreed to in writing by the Landlord, the Tenant covenants and agrees with the Landlord that neither the Lands nor Building will be used for any purpose except for the provision of affordable rental housing, with the affordability as set out in the Lease Terms.
Assignment and Subleasing	The Tenant may not sublease or sublicense any part of the Lands or Building.
Taxes	The Tenant will pay, directly to the taxing authority, all property taxes in respect of the Current Premises.

Utilities	The Tenant shall pay all charges, rates, fees and levies on account of utilities and other services provided to the Premises, including, without limitation, any neighbourhood energy utility, heat, hydro, sewer, communications (including internet, cable and telephone), electricity, gas, water, garbage, recycling and all costs associated with monitoring/servicing security and all other expenses and outgoings relating to utilities and services provided to the Premises.
Repairs and Maintenance	The Landlord will not be obliged to furnish any services or facilities or to make repairs or alternations in or to the lands or building, and the Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Lands and the Buildings and all expenses related thereto.
Capital Asset Plan	The Tenant will, on the first anniversary of the Agreement and updated three years thereafter if applicable, submit to the Landlord for approval a capital asset plan that sets out the maintenance, repair and replacement standards and practices required to preserve the capital components to the Lands and the Building over the term.
Capital Replacement Reserve	<p>The Tenant will create a reserve for capital replacements to the Lands and the Buildings and their systems, equipment and surfaces, based on the items and life in years as set out in the Capital Asset Plan.</p> <p>The Tenant will use or dispose of the Capital Replacement Reserve for only capital replacements to the Lands and the Building in accordance with the Capital Asset Plan, or other capital items identified by the Society, acting in a reasonable manner as a competent building owner.</p> <p>Upon the expiry or earlier termination of the term, any portion of the Capital Replacement Reserve not expended as set out above will be surrendered to the Landlord.</p>
Operating Surplus	All operating surpluses will be transferred to the Capital Replacement Reserve, to be used solely for capital repairs and replacements to the Lands and the Building.
Mortgaging	The Tenant will not secure debt against its interest in the Lease Agreement
Insurance Requirements	The Tenant will ensure Commercial General Liability Insurance of not less than \$5 million per occurrence.

	The City will ensure insurance of the land and buildings and the Tenant will pay a proportionate share.
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APPENDIX B

Operating Agreement Terms

Operating Agreement	Terms
Operator	SUCCESS Affordable Housing Society ("SUCCESS")
Site	Housing Area located 167 E 36 th Ave
Condition Precedent	Licensing per the BC Real Estate Act or demonstrated exemption is a condition for Agreement execution
Term	No longer than 23 years
Operational Reviews	<p>Operational Reviews will occur at the end of the first Fiscal Year and every five years from the commencement date of the Operating Agreement.</p> <ul style="list-style-type: none"> • Each Operational Review will consist of a review of • Management Fee • Asset Management Plan • Operations Plan • Tenant Management Plan <p>The City and the Operator have the option to terminate the Agreement under defined circumstances during the term.</p>
Management Fee	The City will pay to the Operator a management fee as consideration as summarized in the Financial Implications Section of this report.
Services	<p>The Operator will be responsible for all aspects of the operation of the social housing units, the common areas within the Building, and certain exterior areas of the lands, which will include, but is not limited to, managing the tenancies and conducting repairs and maintenance.</p> <p>The Operator will perform property management tasks and cost allocations related to common areas shared by the Social Housing Project and Childcare and Civic Project.</p>
Financial Model	<p>Project is expected to be financially self-sustaining and surplus generating.</p> <ul style="list-style-type: none"> • Approved Operating Expenses will be paid by the Operator from Operating Revenues

	<ul style="list-style-type: none"> The City will pay for Approved Capital Expenses <p>The Operator will be responsible for all Manager Costs, being all costs associated with the Operator's management, administrative functions, corporate overhead, and compliance activities that do not directly and exclusively provide services to the Lands or the Building, and which are therefore recoverable only through the Management Fees and excluded from Operating Expenses and Surplus.</p>
Operating Surplus	All Operating Surpluses, after contribution to an agreed upon operating reserve, will be transferred to the City.
Operating Deficits	If any Operating Deficit persists and cannot be resolved through the best efforts by the Operator and City, and the Operator has fully complied with the terms and conditions of this Agreement, the City will be responsible for funding such deficits.
Affordability	<p>The Operator will target the following affordability of the housing units, or as directed by the City:</p> <ul style="list-style-type: none"> 10 units (20%) must be rented at no more than the shelter component of Income Assistance with a minimum of five units for individuals who are participating in the STEP program; 14 units (30%) must be rented at or below the Housing Income Limits (HILs) as defined by BC Housing targeting an average rent at 70% of maximum HILs; and 24 units (50%) to be at low end of market (LEM) rents
Capital Maintenance Plan	The Operator, utilizing qualified professionals, will prepare and deliver to the City for review and approval a Building Condition Assessment and Asset Management Plan from time to time.
Capital Maintenance Repairs	<p>The Operator will be responsible for performing all capital maintenance and repairs in accordance with an agreed upon budget.</p> <p>The City will fund agreed upon capital repairs.</p>
Reporting Requirements	The Operator will be responsible for reporting on all aspects of building and operations annually and as otherwise deemed by the City.
Insurance Requirements	<p>The Operator will take out CGL insurance of not less than \$5M for the term.</p> <p>The City will insure the Premises and the Operator will pay a proportionate share.</p>

