CITY OF VANCOUVER

COUNCIL REPORT

Report Date:	June 29, 2026
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VanRIMS No.:	08-2000-20
Meeting Date:	July 28, 2026

[Submit comments to Council]

TO: Vancouver City Council

FROM: Armin Amrolia, Deputy City Manager

SUBJECT: Below Market Lease Extension to Affordable Housing Societies for The Street Homes

Recommendations

A. THAT Council authorize the Director of Real Estate Services to negotiate and execute an extension and amendment (the “Agreement”) to the ground lease registered under no. N75800, as amended by a lease modification registered under no. P4893, (together, the “Lease”) between the City of Vancouver as lessor (the “City”) and Affordable Housing Societies (“AHS”) as the lessee for the City-owned properties civically and legally described as:

i. 330 – 332 Union Street

PID: 007-014-147, Lot E, Block 104, District Lot 196, Plan 19196;

ii. 837 East Georgia Street

PID: 015-567-940, Lot 33, Block 82, District Lot 181, Plan 196;

iii. 1020 East Pender Street

PID: 015-573-711, Lot 5, Block 79, District Lot 181, Plan 196;

iv. 1142 – 1144 East Georgia Street

PID: 003-615-294, Lot 10, Block 21, Block A of District Lot 182, Plan 355;

v. 1030 Keefer Street

PID: 003-641-074, Lot 7, Block 80, District Lot 181, Plan 196;

vi. 1153 East Pender Street

PID: 003-615-464, Lot 24, Block 14, Block A, District Lot 182, Plan 355; and

vii. 761-763 Prior Street

PID: 015-568-318, The North 10 Feet of Lot 28, Block 100, District Lot 181 and 196, Plan 196

(collectively, the "Street Homes"),

at below market rates pursuant to the lease renewal framework set out in Sustaining Affordable Non-Profit Housing on City Land (RTS 11904) approved by Council on July 14, 2018 ("Non-Profit Lease Renewal Framework"), which the Agreement will provide for:

viii. an extension of the original term up to August 30, 2035 (the "Extension Period");

ix. ground rent to be paid annually;

x. additional reporting requirements to measure operating performance and affordability delivered; and

xi. the terms and conditions outlined in this report and such other terms and conditions as approved by the Deputy City Manager, the Director of Finance, General Manager of Real Estate, Environment and Facilities Management and the Director of Legal Services.

The proposed ground rent for the Lease extension determined in accordance with the Non-Profit Lease Renewal Framework constitutes a grant and is required to be passed by not less than 2/3 of all Council members, per Section 206(1) of the Vancouver Charter.

B. THAT, pursuant to *Vancouver Charter* section 206(1)(j), Council approve that AHS, as a society operating housing on City land, be deemed an organization contributing to the welfare of the City.

C. THAT no legal rights or obligations will arise or be created between AHS and the City unless and until a legally binding agreement is executed by the City and AHS through its authorized signatories as authorized by Council and AHS, respectively.

Purpose and Executive Summary

This report recommends Council approve the negotiation and execution of the Agreement with AHS for the Street Homes comprised of fourteen non-market homes. The calculation for ground rent for the extension period will be in accordance with the Non-Profit Lease Renewal Framework and based on the affordability of the housing provided.

Council Authority/Previous Decisions

- Housing Vancouver Strategy and Housing Vancouver Three-Year Action Plan (2017)
- Affordable Housing Delivery and Financial Strategy (2018)

- On July 24, 2018, Council approved the Non-Profit Lease Renewal Framework and authorized staff to negotiate future ground leases with non-profit operators in accordance with the Options, Key Terms, and Ground Rent Valuation contained in the Non-Profit Lease Renewal Framework

City Manager's Comments

The City Manager supports the recommendations as set out above.

Context and Background

Affordable Housing Societies operates non-profit residential buildings on fourteen City-owned sites in Vancouver with a total of 760 below-market residential units. AHS also owns and operates 7 affordable housing properties in Vancouver with a total of 507 units.

The Street Homes comprise seven duplexes in the Strathcona neighbourhood, under one lease. The original term of the Lease is 40 years, commencing on August 31, 1985. The Lease expired on August 30, 2025 and has been in overhold since August 31, 2025.

Discussion

Affordability Profile

The Street Homes provides non-market housing to low to moderate income households. Affordability requirements for the Extension Period will reflect those noted in the original lease, whereby at least 2 units (14%) will be rented to low-income households (defined in the Lease as families whose respective annual gross income from year to year is not greater than the average Canadian weekly wage from year to year multiplied by 32.4), at rents geared to 25% of the household's gross income. The current rent range exceeds the lease requirement. Current rent ranges have been summarized below.

Unit type	# Units	Rent Range	Affordable to (rent as 30% of income)
Duplex	14	\$1,495 - \$2,470	\$ 59,800 - \$98,800

Building condition assessments for the Street Homes buildings were undertaken in late 2025. Overall, the buildings are in fair to good condition but require regular maintenance and capital repairs.

The proposed Agreement terms are summarized in Schedule A.

Ground Rent Valuation

The Non-Profit Lease Renewal Framework provides a methodology for valuing ground rent by assessing a project's revenue and expenses, based on recent audited financial statements and conservative projections. It also accounts for senior government funding sources for major capital repairs, new construction costs, and any operating subsidies (including rent supplements and care or health-related services).

AHS' operating budget indicates that the Street Homes can be financially sustainable while maintaining the current affordability. Based on the projected financial model for the Extension

Period, the Street Homes is expected to generate modest surpluses after capital expenditures each year. Staff propose that ground rent be established at 50% of the projected surplus for each year.

Financial Implications

Consistent with Council policies, all affordable housing projects are expected to be self-sustaining over the life of the project and do not require further operating subsidies, property tax exemptions, and/or financial guarantees from the City. Housing partners are responsible for operating and maintaining the housing project at prescribed affordability where rent and other revenues (including senior government subsidies) are sufficient to cover operating and capital expenditures over the term of their lease.

Financial projections based on current affordability levels and operating expenses, with annual escalations applied to both, show that the Street Homes is estimated to support a total of ~$882,074 in annual rent payments from August 31, 2025 to August 30, 2035 (see Appendix B). Any remaining operating surpluses after ground rent and reserve contributions will be equally divided between AHS and the City. AHS will use this surplus to increase affordability at the Street Homes or create or acquire net new social housing in Vancouver.

The estimated fair market value of the extension of the Lease is approximately $1,640,697. The below-market extension of Lease constitutes a grant and is required to be passed by not less than 2/3 of all Council members, per Section 206(1) of the Vancouver Charter.

Legal Implications

No legal rights or obligations will arise or be created between AHS and the City unless and until a legally binding agreement is successfully negotiated and executed by the City and AHS through their authorized signatories as authorized by Council and AHS respectively.

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APPENDIX A
Term Sheet – The Street Homes (Affordable Housing Societies)

Between the City (the "Lessor") and AHS (the "Lessee") for an extension and amendment of the Lease for the Street Homes.

While this term sheet does not create binding rights or obligations, the parties wish to confirm their intent to work together in a cooperative and collaborative manner, acting reasonably, fairly and in good faith to negotiate and finalize with all reasonable due diligence the Agreement.

Lease Component	Terms
Leased Premises	330 – 332 Union, 761-763 Prior, 837 E Georgia, 1020 E Pender, 1142-1144 E Georgia, 1030 Keefer, 1153 E Pender
Lease Original Term	August 31, 1985 – August 30, 2025
Extension Period	August 31, 2025 – August 30, 2035
Options to Extend	The Lessor may, in its sole discretion, grant to the Lessee a lease extension upon the expiration of the term. Closer to the end of the term, the parties mutually agree to explore lease extension or redevelopment in accordance with the prevailing Non-Profit Lease Renewal Framework.
Restricted Use	Unless otherwise agreed to in writing by the Lessor, the Lessee covenants and agrees with the Lessor that neither the Lands nor Building nor any part of the Lands or Building will be used for any purpose except the provision of residential accommodation.
Affordability	Affordability requirements will reflect those noted in the Lease. At least 2 units (14%) will be rented by the Lessee to low-income households, at rents geared to 25% of the household's gross income.
Ground Rent	The ground rent will be based on the income generated from the project and the levels of affordability provided in accordance with the Non-Profit Lease Renewal Framework. Financial projections based on current affordability levels and operating expenses, with annual escalations, show that the project is estimated to support a total of ~$882,074 in annual rent payments from August 30, 2025 to August 31, 2035 (see Appendix B).
Redevelopment Option	The City may initiate redevelopment discussions with the Lessee and provide the Lessee with a Notice of Redevelopment for the expiry of the term.
Repairs and Maintenance	The Lessor will not be obliged to furnish any services or facilities or to make repairs or alternations to the leased premises, and the Lessee hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the leased premises and all expenses related thereto.

Insurance	The Lessee will effect and keep in force commercial general liability insurance with limits of not less than five million dollars ($5,000,000), or such other amount as the Lessor may require from time to time, per occurrence, against public liability claims for bodily injury, death and property damage (including loss of use) arising from the Lessee's use and occupancy of the Buildings. Prior to signing the Agreement, the Lessee must provide the Lessor with evidence of all insurance required to be taken out pursuant to the Lease, in the form of one or more detailed certificates of insurance.
Mortgaging by Lessee	The Lessee may mortgage its leasehold interest in the Lands and Buildings only with the written consent of the Lessor. Notwithstanding any such mortgage, the Lessee will be and remain liable for the payment of all ground rent and additional rent, and the performance of its obligations.
Capital Asset Plan	The Lessee will, on the second anniversary of the commencement of the Extension Period, and every five years thereafter, submit to the Lessor for approval a capital asset plan (the "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.
Replacement Reserve	The Lessee 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. Beginning on the commencement of the Extension Period, the Lessee will deposit in a replacement reserve (the "Replacement Reserve") an amount to be determined by an independent third part consultant with experience in capital asset planning and approved by the Lessor. The Lessee will use or dispose of the 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 Lessee, acting in a reasonable manner as a component building owner. At the end of the term, any remaining funds in the Replacement Reserve will be surrendered to the Lessor.
Operating Surplus	After the payment of ground rent, remaining surpluses will be equally divided between AHS and the City. AHS will use this surplus to increase affordability at the project or create or acquire net new social housing in Vancouver.
Reporting Requirements	On an annual basis, the Lessee will provide the Lessor with an operating report that details occupancy statistics, rents charged to occupants, and operating expense statistics. The Lessee will, every five years, provide the Lessor with a building condition report setting out the condition of the building structure and all major building systems prepared by an independent third party.

APPENDIX B
Schedule of Projected Annual Land Rent Payments

Fiscal Year	Projected Land Rent
Overhold 2025/2026	$79,303
2026/2027	$81,178
2027/2028	$83,091
2028/2029	$85,042
2029/2030	$87,032
2030/2031	$89,061
2031/2033	$91,132
2032/2033	$93,243
2033/2034	$95,397
2034/2035	$97,594
Total	$882,074