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: 1475 Kitchener Street – Lease Extension and Amendment with Lu'ma Native Housing Society

Recommendations

A. THAT Council authorize the Director of Real Estate Services to negotiate and execute an extension and amendment (the "Lease Extension") of the registered ground lease (registration no. J92341), as modified by a modification of lease (registration no. N102335) and a lease extension and amendment agreement dated November 1, 2021 (collectively, the "Lease"), for the City-owned land having a civic address of 1475 Kitchener Street and legally described as Lots 3-6, Block 50, District Lot 264A (the "Lands") between the City as lessor and Lu'ma Native Housing Society (Lu'ma) as the lessee in accordance with the terms outlined in Appendix A (the "Term Sheet") and summarized below:

i. Extension period: 5 years commencing October 31, 2026 and expiring on October 30, 2031 (the "Extension Period");

ii. Basic rent: $10 for the five-year Term;

iii. Affordability: Minimum 15% of units to be rented at Shelter rates and the remaining units to be rented at Low End of Market rates, set at a maximum of 85% of market rent rates for the area;

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

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

C. THAT no legal rights or obligations will arise or be created by Council's adoption of Recommendations A and B unless and until all legal documentation has been executed and delivered by the respective parties.

As the lease rent in Recommendation A will be below-market, it constitutes a grant and requires a 2/3 affirmative votes of all Council members pursuant to Section 206(1) of the *Vancouver Charter*.

Purpose and Executive Summary

This report recommends Council authorize staff to negotiate and execute the Lease Extension with Lu'ma for the City-owned site at 1475 Kitchener Street providing 22 units of affordable housing to extend the Lease and amend the affordability mix of the project. Key terms and ground rent align with the Non-Profit Lease Renewal Framework (defined below) based on the affordability of the housing provided. The recommend affordability requirement reflects a financially self-sustaining operation assuming the ongoing provincial operating subsidy is not renewed.

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, 2019, 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 (the "Non-Profit Lease Renewal Framework")

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

Lu'ma is an Indigenous non-profit organization that provides housing and services to the Indigenous community in Vancouver. Lu'ma currently holds 6 long-term land leases with the City, including 1475 Kitchener Street, a 22-unit affordable housing development that was built in 1981.

Lu'ma entered into a 40 year lease ("Original Lease") for 1475 Kitchener on December 4, 1985. The initial term expired on August 25, 2021 and was extended for 5 years ("First Lease Extension"), with an option to extend for another 5 year term at the same terms. A new extension and amendment to the Original Lease is required for the second 5 year term to support changes in the affordability mix.

Discussion

When the initial term expired on August 25, 2021, Lu'ma entered into a 5 year lease extension with the City and maintained the affordability requirements of the Original Lease. These requirements were that 50% of the units be rented at Shelter rates and 50% of the units be rented at Rent Geared to Income for households earning at or below the Housing Income Limits (HILs) published by BC Housing. Given this deep affordability, basic rent for the First Lease Extension was $10.

The affordability requirements of the Original Lease and First Lease Extension have been supported by funding from the Aboriginal Housing Management Association ("AHMA") through an operating agreement with BC Housing dated January 15, 2020 (the "Operating Agreement"). This funding will expire on March 31, 2028 and may not be renewed. Lu'ma receives ~$150,000 in annual subsidy from AHMA. Without AHMA support, Lu'ma is unable to sustain operations and provide the affordability of the Original Lease.

To generate additional revenue to offset the loss of subsidy, Lu'ma approached staff to request a change to the affordability mix of the Original Lease and First Lease Extension. The proposed mix will increase revenue for Lu'ma over time and upon turnover and includes a minimum of 15% of total units at Shelter rates and the remainder of the units at Low End of Market, with rents set at a maximum 85% of the average rent for the area.

The affordability levels proposed for the Extension Period are as follows:

Unit Type	# Units	Rent for Deep Subsidy Units (min 15% of units)	Maximum Rent for LEM Units (2026)
Studio	1	$500	$1,523
1 Bedroom	6	$500	$1,526
2 Bedroom	6	$675	$2,095
3 Bedroom	9	$790	$2,352
TOTAL	**22**		

Lu'ma's Operating Agreement with BC Housing incorporates flexibility for units to be rented at market rents upon unit turnover.

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.

Following the Non-Profit Lease Renewal Framework, rent is determined based on rent revenue expectation, anticipated operating costs, and capital needs of the building. A review of the current rents and cost structure of Lu'ma indicates that the building has been operating on a breakeven basis. While the proposed affordability terms (15% Shelter rate and 85% Low End of Market) will assist Lu'ma to generate additional income, 1475 Kitchener will enter into deficit upon the expiry of Lu'ma's funding agreement with AHMA, which will be the responsibility of Lu'ma. As such, staff recommend that a basic rent of $10 for the Extension Period.

The estimated market value of the Lease Extension is approximately $750,000 for the Extension Period. The proposed below market rent at $10 for the 5 year Lease term represent at grant pursuant to Section 206(1)(j) of the Vancouver Charter and require a 2/3 affirmative votes of all Council members.

Legal Implications

No modification of the legal rights or obligations will arise or be created between Lu’ma and the City unless and until a legally binding agreement is successfully negotiated and executed by the City and Lu’ma to the satisfaction of the Director of Legal Services.

The Lease Extension constitutes a grant under section 206(1)(j) of the *Vancouver Charter*.

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APPENDIX A
Term Sheet – 1475 Kitchener Street

Lease extension and amendment agreement between the City of Vancouver (the “Lessor”) and Lu’ma Native Housing Society (the “Lessee”) at 1475 Kitchener Street.

Lease Component	Terms
Lands	1475 Kitchener Street
Extension Period	Five (5) years commencing on October 31, 2026 and expiring on October 30, 2031
Options to Extend	None
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 rental housing.
Affordability	A minimum of 15% of total units will be set at Shelter rate rents, and the remainder of the units will be rented at Low End of Market rents, with rents set at a maximum 85% of the average CMHC rent for the area.
Basic Rent	$10
Repairs and Maintenance	The Lessor will not be obliged to furnish any services or facilities or to make repairs or alternations in or 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. Prior to the commencement of the Extension Period, the Lessee must provide the Lessee 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 leased premises only with the written consent of the Lessor. Notwithstanding any such mortgage, the Lessee will be and remain liable for the payment of all basic rent and additional rent, and the performance of its obligations
Capital Asset Plan	The Lessee will submit a capital asset plan (the “Capital Asset Plan”) for approval by the Lessor that sets out the maintenance,

	repair and replacement standards and practices required to preserve the capital components of the leased premises. No longer than every five (5) years thereafter the Lessee will retain a third party independent professional consultant approved by the Lessor to conduct a building condition assessment that provides a professional opinion of the current condition of the leased premises, including projected years and costs for capital repairs and replacement. The Lessee will update the Capital Asset Plan based on the findings of the building condition assessment and any capital repairs completed in the preceding period since the previous plan was established and otherwise maintain the Capital Asset Plan.
Replacement Reserve	The Lessee will maintain a reserve (the "Replacement Reserve") for capital repairs and replacements to the leased premises in accordance with the Capital Asset Plan. The Lessee will, upon approval by the Lessor of the Capital Asset Plan, promptly contribute to the Replacement Reserve an amount determined by a third party independent professional consultant approved by the Lessor. The Lessee will use the Replacement Reserve only for capital repairs and replacements to the leased premises and in accordance with the Capital Asset Plan.
Reporting Requirements	On an annual basis, the Lessee will provide the Lessor with an operating report that details, among other things, occupancy statistics, rents charged to occupants, and operating expense statistics.