



ADMINISTRATIVE REPORT

Report Date: September 10, 2009
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VanRIMS No.: 08-2000-20
Meeting Date: October 6, 2009

TO: Vancouver City Council
FROM: Managing Director, Social Development
SUBJECT: Grant to Union Gospel Mission, 601 East Hastings

RECOMMENDATION

- A. THAT Council approve a capital grant of \$1 million to the Union Gospel Mission to assist in the construction of replacement housing at 601 East Hastings, the source of funds for this Capital Project being levies collected pursuant to the Vancouver Development Cost Levy By-law. The payment of the grant will occur following confirmation by BC Housing of approval of the 10th construction draw.

As a grant is recommended, 8 affirmative votes of Council are required.

- B. THAT, subject to A above, the housing agreement with Union Gospel Mission for 601 East Hastings Street be amended to include reference to the City providing a \$1 million grant, with the housing agreement subject to finalization to the satisfaction of the Director of Legal Services and Managing Director of the Social Development Department, provided that this resolution does not create any legal right or obligations and that none shall arise until the agreement as authorized by by-law is amended.
- C. THAT, subject to B above, the Director of Legal Services be instructed to bring forward the by-law to amend the housing agreement.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

COUNCIL POLICY

Council's housing priorities are to maintain and expand housing opportunities in Vancouver for low and modest income households with priority being given to families with children; seniors

on fixed incomes, or in need of support; SRO residents; and the mentally ill, physically disabled, and other risk of homelessness.

In situations where the development of social housing projects are not viable because of high land or construction costs in the city, Council has provided grants to non-profit housing sponsors to ensure they can proceed.

Capital grants require that 8 members of Council vote in favour.

SUMMARY AND PURPOSE

This report describes a social housing building to be constructed by Union Gospel Mission (UGM) and recommends a grant of \$1 million to assist with its construction.

BACKGROUND

On May 5, 2009, Council approved in principle a housing agreement with Union Gospel Mission for 601 East Hastings related to development cost levies. The building qualifies as social housing and is exempt from paying development cost levies. A housing agreement has been registered on title which requires that the building continue to be used as social housing for the life of the building. The value of the development cost levy exemption is \$403,000.

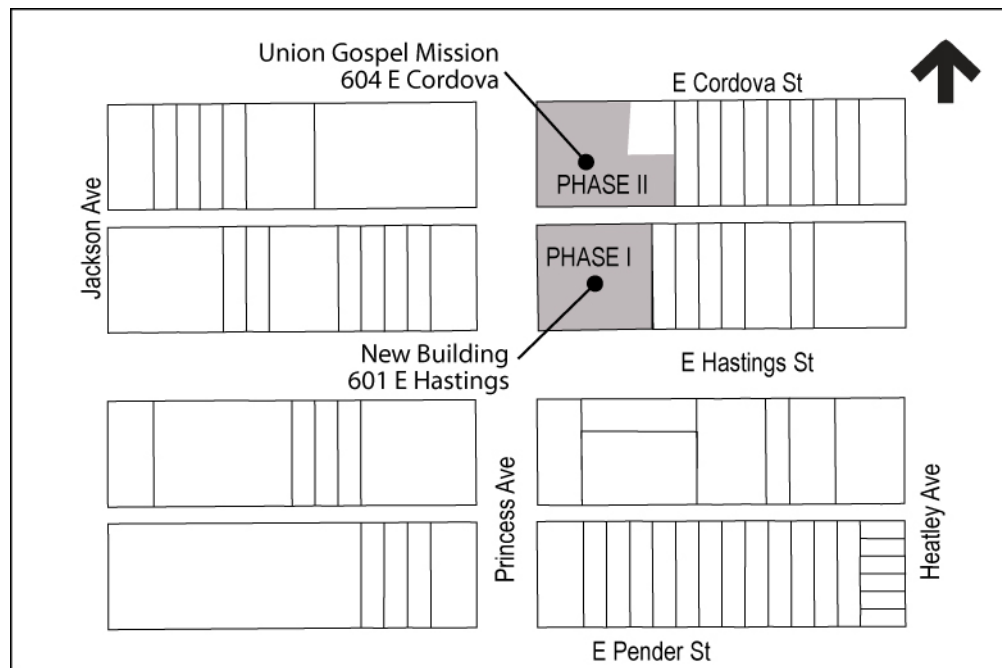
UGM is a registered non-profit organization providing various services to the low-income community. They have twelve centres throughout the Lower Mainland with their main facilities located in Vancouver's Downtown Eastside. For nearly 70 years, UGM has provided exemplary services to the most needy residents in the area.

UGM is the owner of the site at 601 East Hastings Street. A development permit has been issued and construction has begun. The building will be six-storeys and contain retail, residential and special needs residential facility group living (SNRF) uses. The new facility will provide 43 overnight shelter beds for men; 54 alcohol and drug recovery units for men; and 37 abstinence-based independent living units for low-income residents receiving income assistance from government. It will also provide educational and employment services, and a meal service for residents in the alcohol and drug recovery units and those in need in the community, both housed and homeless.

DISCUSSION

UGM has launched a capital campaign to assist with their project and have requested a grant from the City.

The project has two phases which involve two properties. The first phase is to construct a new mixed use building at Princess and East Hastings described above. The second phase is to retrofit the existing UGM building on East Cordova, across the lane from the first building, to be used exclusively for women and families. It will include services such as drop in centre, dining facilities, emergency shelter, resource centre, etc. Some of the current activities at the East Cordova building will be transferred to the East Hastings when that building is completed.



The cost of the first phase of the project is estimated at \$28 million. UGM has received approval of \$5 million in grant and \$7.093 million in loan from BC Housing. The Union Gospel Mission Foundation has provided \$700,000. The rest of the capital cost and operating cost will be funded through donations and UGM has launched a capital campaign which includes appeals to individual donors and this campaign is well underway in terms of commitments. Requests have been made to Streethome Foundation and a request will be made to the Federal Government's Homelessness Partnership Initiative, managed by the Regional Steering Committee on Homelessness, of which the City is a member. UGM advise that over \$ 20 million has been committed through their combined strategies to date. In the event the full \$28 million is not raised, UGM would obtain a mortgage through financial institutions.

Staff have met with UGM and they have requested a grant of \$2.7 million from the City for both phases with a total budget of \$31.4 million for both buildings. Staff are supportive of a housing grant for the construction of the building on East Hastings. The building plans and budget are well developed to the point where construction is about to start. Providing a grant for this social housing building is consistent with Council's overall housing policies and the Downtown Eastside Housing Plan for replacement housing. Further, the project is supported by other partners, including BC Housing and potentially Streethome Foundation and federal housing funds.

The specific plans and budget for the East Cordova building are much less developed. Building plans are not yet available, no development permit has been submitted and community consultation has not yet started. It will be more than a year before construction on that site begins as the East Hastings building will need to be completed so activities in the East Cordova can be temporarily relocated during construction. UGM has strong fund raising capabilities and it is recommended that the City's grant be limited at this point to \$1 million for the East Hastings site.

To ensure that the grant is used as described for social housing, the disbursement is tied to the milestone of the 10th draw for construction, which will be more than half-way through construction. When BC Housing confirms the draw, the funds will be provided to UGM.

The existing housing agreement, which is registered on title, provides security that the building on East Hastings will be used as social housing. However it references only the Development Cost Levy by-law, through which an exemption of levies valued at \$403,000 has been provided. The housing agreement provides for the possibility that in the future the form of Social Housing could be changed, if approved by the General Manager of Community Services. It is recommended that the by-law be amended to reference the City's \$1 million grant so this contribution is recorded for use in possible future City decisions.

FINANCIAL IMPLICATIONS

Source of funds for the \$1 million capital grant is the City-wide Development Cost Levies.

CONCLUSION

The Managing Director, Social Development recommends that Council approve the requested capital grants, in the amount of \$1 million, with the source of funds to be City-wide Development Cost Levies.

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