



**IN CAMERA**

**REPORT**

Report Date: June 9, 2022  
Contact: Jerry Evans  
Contact No.: 604-873-7340  
RTS No.: 15222  
VanRIMS No.: 08-2000-21  
Meeting Date: July 5, 2022

TO: Vancouver City Council

FROM: General Manager of Real Estate and Facilities Management in consultation with the General Manager of Arts, Culture and Community Services

SUBJECT: Assembly and Acquisition of Land for Affordable Housing: 1736-1768 East Hastings

**IN CAMERA RATIONALE**

This report is recommended for consideration by Council on the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city and (k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

**RECOMMENDATION**

THAT Council authorize the Director, Real Estate Services to proceed with the acquisition of those parcels of land as follows: Parcel Identifier: 015-164-195, Lot 4 of Lot 5 Block D District Lot 183 Plan 729, and having a civic address of 1736 East Hastings Street; PID 003-421-511, Lot 5 Block 5 of Block D District Lot 183 Plan 729 with a civic address of 1738 East Hastings; PID 003-422-259, Amended Lot 6 (Explanatory Plan 7017) Block 5 of Block D District Lot 183 Plan 729 with a civic address of 1756 East Hastings; PID 015-164-209, Amended Lot 7 (Explanatory Plan 7017) of Lot 5 Block D District Lot 183 Plan 729 with a civic address of 1762 East Hastings; PID 004-281-519, Amended Lot 8 (Explanatory Plan 7017) of Lot 5 Block D District Lot 183 Plan 729 with a civic address of 1768 East Hastings (together, the "Subject Property", shown in the attached Appendix A), for the purpose of acquiring land for the development of social housing, for a purchase price in the amount of \$18,000,000 plus applicable taxes. Source of funds to be the 2022 Affordable Housing Land Acquisition Budget.

## **REPORT SUMMARY**

The purpose of this report is to request Council authorization to acquire the Subject Property for the purpose of acquiring land for future development of social housing as part of the Vancouver Affordable Housing Endowment Fund (VAHEF), for a purchase price of \$18,000,000.

## **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

- Grandview-Woodland Community Plan (2016)
- Housing Vancouver Strategy and Housing Vancouver Three-Year Action Plan (2017)
- Affordable Housing Delivery and Financial Strategy (2018)
- Vancouver Affordable Housing Endowment Fund – mandate and guiding principles (2018)
- 2021 Housing Progress Report, Housing Needs Report, and Update on Housing Targets Refresh (2022)

Council authority is required to acquire or dispose of civic property.

## **CITY MANAGER'S/GENERAL MANAGER'S COMMENTS**

The City Manager recommends approval of the foregoing.

## **REPORT**

### ***Background/Context***

The Vancouver Affordable Housing Endowment Fund (VAHEF) was set up with a mandate to *make an enduring contribution to meeting the housing and affordability needs of Vancouver residents, by sustainably managing and growing the City of Vancouver's portfolio of affordable housing assets, contributing to complete and inclusive communities and city-wide housing targets.* The portfolio has over 200 non-market housing properties primarily leased to co-ops and non-profit housing operators and small number directly operated by city staff.

Since 2017 when monitoring of approvals under the Housing Vancouver Strategy began, over 2,400 units of social housing have been approved on City land. The acquisition of this site assembly presents an opportunity to make further the mandate of VAHEF and make progress towards the 12,000 unit target under the Housing Vancouver Strategy, allowing for approximately 100 units of social housing.

### ***Strategic Analysis***

#### **Acquisition Summary**

Real Estate Services have negotiated and received mutually executed individual offers for the 5 respective sites which make up the Subject Property, each conditional upon the satisfactory completion and review of various building condition assessments, environmental reports and

approval by Council. All Conditions are to be removed no later than September 16, 2022. The anticipated closing date is September 29, 2022.

The individual properties include commercial tenants in three of the five buildings, two of which are tenanted by the respective owner operator, and one which includes a lease with a tenant with a fitness use, the lease of which expires in December 2023.

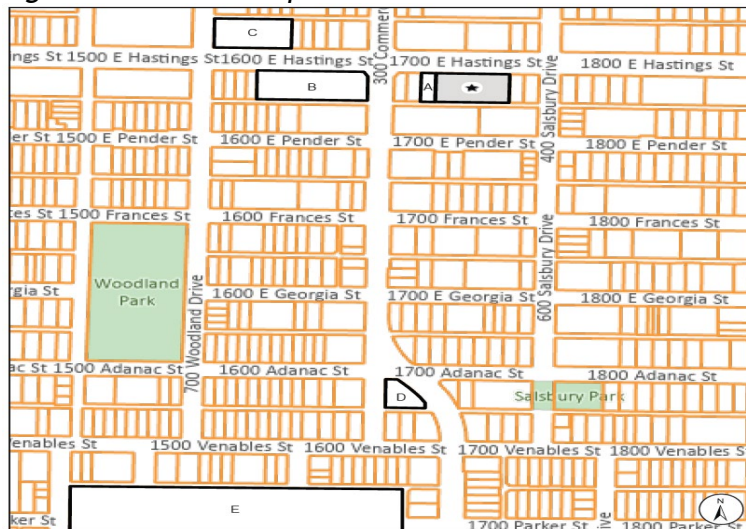
Two of the properties have been damaged by fire and are currently unoccupied.

Social Housing Development Concept and Need for Indigenous Housing in Grandview-Woodland Plan Area

This site assembly is situated in the Hastings Neighbourhood within the Grandview-Woodland Plan area, and is currently zoned MC-1. Preliminary analysis indicates this site can be rezoned under the Grandview-Woodland Plan to allow for an 8 storey mixed-use development with commercial and/or social service use at grade and approximately 100 units of social housing, based on an FSR of 3.0 and a unit mix of 50% singles and 50% family units. Affordability would be determined at a later date based on partnerships with senior government.

Stemming from both the work of the Grandview-Woodland Plan and discussions with partners in the vicinity, there is a vision to create an Indigenous hub of housing and services within this immediate area, with potential to expand this outwards along the Hastings Corridor. As noted in Figure 1 below, the strategic acquisition of these sites has the potential to build on this vision jointly with our non-profit Indigenous partners.

*Figure 1: Location Map and Area Context*



**LEGEND**

- ★ Acquisition Site (1736 - 1768 E Hastings St.)
- A Vancouver Native Housing Society (VNHS) owned site (1726 E Hastings St.)
- B Urban Native Youth Association (UNYA) development project (1618-1680 E Hastings St.)
- C Vancouver Aboriginal Friendship Centre Society future redevelopment (1607 E Hastings St.)
- D 800 Commercial Dr. (NMHDO development site)
- E Britannia Redevelopment (housing included)

Two significant Indigenous organizations – Urban Native Youth Association (UNYA) and the Vancouver Aboriginal Friendship Centre Society (VAFCS) – already provide extensive social and cultural services in the area, and both organizations have a desire to redevelop their current sites to offer a broader range of services including housing. Additionally, Vancouver Native Housing Society (VNHS) has their head office located adjacent to the site assembly, to the west. The Plan notes a desire to continue to have a focus along East Hastings for the urban Aboriginal community including a focus on facilities, services, health and wellness, and housing opportunities.

There is a clearly identified need for affordable housing for the urban Indigenous community in Grandview-Woodland, where 8% of residents identify as Indigenous, compared to just 2% for Vancouver as a whole. There is also a larger proportion of Indigenous children and youth in Grandview-Woodland than in other Vancouver neighbourhood. Of the 9,760 Indigenous households identified in the 2016 census for Vancouver, approximately 82% (8,040 households) are renters, with 29% of these renter households living in subsidizing housing. In Grandview-Woodland specifically census data indicated 53% of Indigenous households had incomes below the poverty line.

The Grandview-Woodland plan provides direction to work with urban Indigenous partners to respond to the diversity of needs within a wellness framework, and calls out a need to explore both intergenerational housing and support models. If the acquisition of these sites is successfully completed, staff will further develop the project concept and approach senior government partners including BC Housing, CMHC, AHMA (Aboriginal Housing and Management Association) as well as our non-profit partners in the Indigenous community to explore project concept development.

### Interim Use Strategy

Two of the five properties have been damaged by fire and are currently unoccupied. A structural and building condition assessment is underway to evaluate whether these properties can be leased in the interim while the future development is planned. It is assumed that significant capital investment would be required to lease these buildings, therefore staff will likely keep the properties unoccupied or demolish the buildings (subject to obtaining permits) until the future development commences.

The remaining three properties have revenue generating potential and staff intend to lease them in the interim to offset ongoing holding costs while the future development is planned. While vacant possession is a condition of closing, staff will explore short term leases with the existing tenants to avoid tenant turn over costs.

### ***Implications/Related Issues/Risk***

#### ***Financial***

The total purchase price for the Subject Property is \$18,000,000 plus applicable taxes; source of funding to be the 2022 Affordable Housing Land Acquisition budget. A third party appraisal dated May 30<sup>th</sup>, 2020 indicated a valuation range of \$17.3 million to \$18.9 million, and the recommended purchase price is in the mid-range of the appraisal.

Subject to negotiations with existing tenants and successfully leasing the buildings that will be vacated at closing, revenue generated from the properties are estimated at \$100,000 annually. These revenues are intended to offset all or most of the holding costs of the properties while the future development is planned.

***Environmental***

Satisfactory completion and review of various building condition assessments, hazardous building materials, and environmental assessments is a condition of the purchase. Assessment of potential contamination at the Subject Property and hazardous building materials in the existing buildings is underway. Upon review of the related reports, staff will assess the risk of proceeding with the acquisition prior to closing or renegotiating the purchase price. It is anticipated that any costs associated with contamination management and hazardous building materials disposal associated with demolition will be third-party development costs.

***CONCLUSION***

The Director of Real Estate Services is of the opinion that the acquisition price of \$18,000,000 represents fair market value for the Subject Property.

Acquisition of this site assembly is recommended, conditional upon the satisfactory completion and review of various building condition assessments, environmental reports, and will allow for the development of approximately 100 units of social housing based on the site parameters identified in the Grandview-Woodland Plan. The strategic location of this site will allow Non-Market Housing Development and Operations to explore partnerships with Indigenous housing operators to further the goal of creating an Indigenous hub of housing and services along the Hastings Corridor.

\* \* \* \* \*

Subject Property



Street View

