



ADMINISTRATIVE REPORT

Report Date: February 27, 2018
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VanRIMS No.: 08-2000-21
Meeting Date: April 18, 2018

TO: Standing Committee on Policy and Strategic Priorities

FROM: Chief Executive Officer, Vancouver Affordable Housing Agency Ltd.
("Housing Agency")

SUBJECT: Designation of Housing Agency as Agent of the City to Develop Additional City Land Assets – 2009, 2015, and 2021 Stainsbury Avenue

RECOMMENDATION

- A. THAT Council designates the Housing Agency to act as the agent of the City to enable the development of affordable housing on City-owned land at 2009, 2015, and 2021 Stainsbury Avenue, legally described as Lot A, Block 6, District Lot 195, Plan 22230; Lot 5, Block 6, District Lot 195, Plan 1976; and Lot 6, Block 7, District Lot 195, Plan 1976; PIDs: 013-756-834, 013-755-501 and 013-755-510 respectively (the "Site").
- B. THAT, subject to approval of Recommendation A, Council authorize the transfer of \$4.875 million to the Property Endowment Fund as payment for a 60-year prepaid ground rent of the Site; source of funding to be the 2018 Housing Capital Budget (VAHA) for new non-market rental housing.

REPORT SUMMARY

This report seeks Council's approval for the designation of the Housing Agency, to act, as the agent of the City to enable development of affordable housing on the Site.

Council had earlier designated the Housing Agency to act as agent of the City for the development of affordable housing at twenty (20) City-owned properties. At the request of the Housing Agency, the site at 1015 E Hastings was subsequently removed from this list in March 2017. The City is now working directly with the Vancouver Aboriginal Friendship Centre Society and BC Housing to develop the 1015 E Hastings site, with BC Housing leading the development. Most of the remaining sites are well-advanced in the permitting process as well as the process of identifying a housing partner to design, build, finance, operate and maintain the

proposed developments. The Housing Agency is therefore well-positioned to develop more City-owned sites for affordable housing purposes. The sites for which the Housing Agency has been designated development agent for the City will yield approximately 2,200 units so more sites are needed to enable the Housing Agency to fulfil its mandate of 2,500 affordable homes by 2021.

To that end, the Housing Agency has identified the subject Site located at 2009, 2015 and 2021 Stainsbury Avenue. The Site is largely vacant except for a community garden and a laneway home (as further described below) so development can proceed expeditiously. A substantial amount of preliminary design development has been carried out in respect of the Site, which will further accelerate the delivery of affordable housing. With an expected unit yield between 80-100 homes, the proposed mid-size wood-frame project can be completed quickly with projected occupancy by 2021. It will meet the social housing affordability requirements and almost 95% of the units will have rents affordable to the \$30,000-80,000 per year income band identified in the Housing Vancouver Strategy (2018-2027) and the 3-year Action Plan (2018-2020).

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- In 2011, Council approved the Housing & Homelessness Strategy 2012-2021 with its key goal of increasing the supply of affordable housing.
- In 2012, Council received the final report from the Mayor's Task Force on Housing Affordability, "Bold Ideas towards an Affordable City", and approved a 3-year Action Plan (2012-2014) which included a priority action to develop an operational and organizational model for a City-controlled Housing Authority to enhance the City's and the community's capacity to deliver affordable rental housing and social housing.
- In June 2014, Council authorized the creation of the Vancouver Affordable Housing Agency with a mandate of delivering 2,500 affordable housing units on City and partner land by 2021, commencing with an initial program of 500 affordable housing units subject to interim review.
- In March 27, 2015, Council approved the Housing Agency Business and Development Plan and designated the Housing Agency as agent of the City for the development of affordable housing at 12 City-owned properties.
- In September 2015, Council approved capital funding to support the development of four sites.
- In May 2016, Council approved the re-allocation of capital funding to support the planning and design work.
- In March 2017, Council designated the Housing Agency to enable the development of affordable housing on another eight (8) City-owned and optioned sites; but removed 1015 E Hastings from earlier list of 12 sites at the request of the Housing Agency for the reasons described in the Report Summary section above .
- In November 2017, Council approved the Housing Vancouver Strategy (2018-2027) and 3-Year Action Plan (2018-2020).

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

- The Housing Agency was created in 2014 with a mandate for the delivery of 2,500 affordable homes.
- Significant progress has been made toward developing the sites for which Council has designated the Housing Agency to act as its agent.
- In addition, the Housing Agency has completed a 40-unit temporary modular housing development at 220 Terminal. It is also extensively involved currently in delivering another 600 temporary modular housing units in collaboration with the province.
- The Site was evaluated for temporary modular housing but did not qualify as it was considered more suitable for permanent housing.
- The Site is owned by the City and is held in the Property Endowment Fund.
- Approval from Council is being sought to have the Housing Agency designated to act as the agent of the City to enable the development of affordable housing on the Site.

Strategic Analysis

A. The Housing Agency requires and has the capacity to facilitate social housing on additional sites

VAHA's mandate is to deliver 2,500 units by 2021. The sites for which the Housing Agency has been designated development agent for the City are expected to yield approximately 2,200 units so more sites are needed to enable the Housing Agency to fulfil its mandate of 2,500 affordable homes by 2021. Table 1 below shows that the Housing Agency has advanced development on almost all these sites.

S/no.	Site Description	Status
1	Parcel 8A	Land lease including operating agreement being negotiated
2	3510 Fraser	Land lease including operating agreement being negotiated
3	Parcel 43A	Land lease including operating agreement being negotiated
4	2221 Main	Land lease including operating agreement being negotiated
5	58 W Hastings	Development agreement with VCF; funding commitment from BC Housing
6	Parcels 3 & 5A**	Proposals received pursuant to RFP; selection process underway and expected to be completed by 2Q2018.
7	177 W Pender	Proposals received pursuant to RFP; selection process underway and expected to be completed by 2Q2018.
8	Parcel 13	Proposals received pursuant to RFP; selection process underway and expected to be completed by 2Q2018.
9	1190 Burrard	Proposals received pursuant to RFP; selection process underway and expected to be completed by 2Q2018.
10	1210 Seymour	Proposals received pursuant to RFP; selection process underway and expected to be completed by 2Q2018.
11	3279-3297 Vanness	Proposals received pursuant to RFP; selection process underway and expected to be completed by 2Q2018.
12	1001 Kingsway	Proposals received pursuant to RFP; selection process underway and expected to be completed by 2Q2018.
13	55-79 & 87-115 SW Marine **	Operator identified; funding being negotiated with BCH
14	1618-1680 E Hastings	Rezoning application being developed
15	Parcels 1	Rezoning application being considered to determine the permitted density.
16	Parcel 34	Development in abeyance pending sub-division and site servicing
17	501 Powell	Site is being used for temporary modular housing.
18	1015E Hastings	Removed per Council's decision of Mar-2017

** Two designated sites developed in tandem as one project

Table 1: Status Update on VAHA development sites

B. Preliminary design development is already well-advanced for the Site

The Site was evaluated for potential use in the temporary modular housing program. Through preliminary design development, it was concluded that the Site is more suited for permanent housing because a rezoning is required as per the Kensington-Cedar Cottage Community Vision. While discussing the site with BC Housing, considerable interest was raised in a partnership opportunity to develop a permanent modular housing project that can maximize the density achieved through rezoning.

A substantial amount of preliminary design development work on the Site has already been completed including preparation of schematic drawings, environmental assessment, geotechnical investigation, topographic survey, building grade determination, and arborist study. Over the course of several meetings, the Housing Agency has also received extensive input from Planning and Urban Design on its current design proposal. If Council designates the Housing Agency to act as agent of the City to develop the Site, development can proceed to a Letter of Enquiry stage within three months. Since this will be a fairly small development (80-100 units), it is likely that the development will be ready for occupancy by 2021, which will help towards achieving the Housing Agency's target of delivering 2,500 units by 2021.

C. The units developed will contribute to the 'right supply'

The Housing Vancouver Strategy (2018-2027) and the 3-year Action Plan (2018-2020) emphasizes the need for a 'right supply' of social housing. The proposed development, based on the preliminary design, will be a mix of studio, 1, 2 and 3-bedroom units. Based on social housing requirements, a minimum of 30% of the units will rent at or below BC HILS; and nearly

95% of all the units will have rents suited for singles with income between \$30-80,000 per annum and families with income less than \$80,000 per annum.

Implications/Related Issues/Risk

Financial

Land – The Site is held in the PEF. Council policy requires that the PEF receives fair market value for the site in the form of a prepaid ground rent. Based on an estimated freehold market value of \$6.5 million, a 60-year prepaid ground rent would be \$4,875,000 (75% of freehold market value).

Payments to the PEF are typically funded from a combination of i) Housing Capital Budget and ii) prepaid ground rent from housing partners. Depending on the affordability target, lease term and project-specific development economics, a housing partner may not be able to pay the required prepaid ground rent, in whole or in part. Under such circumstances, the Housing Capital Budget will provide the necessary supplemental funding to ensure PEF receives the prepaid ground rent at fair market value.

As it would take nine to 12 months to sort out development partner(s), senior government partnership, funding and financing arrangements, and other project-specific terms and conditions, staff recommend that the prepaid lease of \$4.875 million be initially funded from the 2018 Housing Capital Budget (VAHA) for new non-market rental housing. Any prepaid ground rent secured from the future housing partner(s) will be used to replenish the Housing Capital Budget.

Housing Development – The proposed 5-storey wood-frame development is estimated to cost \$20-\$25 million.

The affordability requirement for the Site is that a minimum of 30% of the units be rented at or below the BC HILS maximum. To achieve deeper affordability (1/3 at shelter, 1/3 at or below BC HILs and 1/3 at market), the Housing Agency has submitted an application to BC Housing for a grant of \$7 million. Preliminary response from BC Housing has been positive.

Other

Vacant possession – Part of the Site is occupied by the Cedar Cottage Community Garden which is operated by the Cedar-Cottage Garden Society. In the absence of any valid lease or licence agreement between the City and the aforementioned Society, there is no formal termination notice requirement. However, the Housing Agency will work with the Society and other City departments to ensure a smooth handover particularly in terms of exploring options for relocating the garden.

Another part of the Site is leased to SFU to accommodate their West House project. The lease commenced in Apr-2013 for a two-year term and is now on a month-to-month tenancy. The lease provided for a 6-month termination notice. The Housing Agency will work closely with the City's Sustainability department to recover vacant possession as the lease to SFU originally arose from collaboration between the Sustainability department and SFU.

CONCLUSION

In June 2014, City Council created the Vancouver Affordable Housing Agency to expedite the delivery of affordable housing, particularly through the development of City land. The mandate for the Housing Agency was to deliver 2,500 units by 2021. Council had earlier designated the Housing Agency to act as agent for the City to develop affordable housing at twenty (20) sites. At the request of the Housing Agency, the site at 1015 E Hastings was subsequently removed from this list in March 2017 for the reasons described in the Report Summary section above.

Most of the remaining sites are now well-advanced in the permitting process as well as the process of identifying a housing partner to design, build, finance, operate and maintain the proposed developments. The Housing Agency is therefore well-positioned to develop more City-owned sites for affordable housing purposes. Furthermore, the VAHA-led development sites will yield approximately 2,200 units so more sites are needed to enable the Housing Agency to fulfil its mandate of 2,500 homes by 2021.

The Housing Agency is therefore requesting Council's to designate the Housing Agency to act as the agent of the City to enable the development of affordable housing on 2009-2021 Stainsbury Avenue and enable the Housing Agency to achieve its 2,500-unit mandate by 2021.

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