



COUNCIL REPORT

Report Date: April 22, 2025
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Meeting Date: June 17, 2025
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TO: Vancouver City Council
FROM: Armin Amrolia, Deputy City Manager
SUBJECT: Selection of and Terms for Social Housing Operator at 488 Broughton Street

Recommendations

THAT Council approve the City of Vancouver executing an operating agreement with FirstService Residential BC Ltd. ("FirstService"), pursuant to which FirstService is to operate the 60 social housing units and the common areas of the development located at 488 Broughton Street, based on the key terms outlined in this Council Report and upon such other terms and conditions to the satisfaction of the Managing Director of Non-Market Housing Development, the Director of Finance, and the Director of Legal Services.

Purpose and Executive Summary

This report seeks Council authorization to enter into a 25-year Operating Agreement with FirstService to operate the 60 social housing units and the common areas at 488 Broughton Street.

Council Authority/Previous Decisions

[Coal Harbour Official Development Plan By-law \(1990\)](#)

[CD-1 \(365\) By-law No. 7677 \(1996, last amended January 25, 2022\)](#)

[CD-1 Amendment: 480 Broughton Street \(June 15, 2021\)](#)

[Housing Vancouver Strategy \(2017\)](#) In November 2017 Council approved the Housing Vancouver Strategy (2018-2027) and the 3 Year Action Plan (2024-2026). These seek to shift the supply of new housing types.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

Project Description

Pursuant to the Coal Harbour Official Development Plan and CD-1 zoning for this site, the City constructed Phase II of the Coal Harbour Community Centre Project (the "Project"). Phase II is a 11-storey City-owned building (the "Building"), comprised of 60 social housing units, a three-level elementary school and a one-level childcare facility. This Phase II development is adjacent to the Coal Harbour Community Centre.

A Housing Agreement registered on title requires that 30% of the units be rented to households whose income is at or below BC Housing's Income Limits (HILs) with rents not to exceed 30% of household income. Fifty-eight percent of the units are designed to be suitable for families with children with two bedrooms or more. The City anticipates that a diverse mix of tenants will occupy these units, emphasizing families with children given the large number of family units and co-located childcare and school. Staff will establish the affordability target for the Project, beyond the required 30% of units at or below HILs, closer to occupancy considering Project viability, recovery of construction costs and priorities within the Vancouver Affordable Housing Endowment Fund.

Project Operating Model/Agreement

The 2024 Mayor's Budget Task Force made recommendations, following engagement with the property management and housing sector, to streamline operations, realize economies of scale and improve the overall efficiency of social housing initiatives by utilizing professional property management organizations. The City has subsequently requested proposals from housing operators to enter into an operating agreement with the City and provide tenant management, asset management and property management services for the Project ("Operating Agreement"), specifying:

- A term of up to 25 years. The Operating Agreement will be for the duration of the Term unless the Operating Agreement is terminated earlier in accordance with the provisions of the Operating Agreement.
- The Operator will be responsible for all aspects of the operation of the social housing units, the common areas within the Building, and certain exterior areas of the lands, which will include managing the tenancies and conducting repairs and maintenance.
- The City will pay to the Operator a management fee as consideration for its services as described in the Operating Agreement ("Management Fee").
- The Operator will collect Operating Revenue and will pay Operating Expenses, all on the terms and conditions of the Operating Agreement including delivery of a monthly statement outlining the Operating Revenue, Operating Expenses and any Surplus or Operating Deficit and a written explanation of any variance of 10% or more for City review. In addition, the City will conduct Operational reviews every five years. The City and the Operator have the option to terminate the Agreement under defined circumstances during the term.

- Operational Reviews will occur at the end of the first Fiscal Year and every five years from the commencement date of the Operating Agreement. Each Operational Review will consist mainly of a review of the Management Fee, operations plans and service levels.

The Real Estate Services Act requires that any entity providing real estate services to or on behalf of another entity (the City in this case), for or in expectation of remuneration, to be licensed under the Act or eligible for an exemption.

Discussion

On April 23, 2025, the City issued a Request for Proposals (RFP) for an operator for the Project. The RFP was posted on the City's Supply Chain Management E-Sourcing site and on BC Bid. Four (4) qualified vendors submitted proposals to the City. The proposals were reviewed by a staff evaluation team to determine which proposal offered best overall value to the City. Evaluation criteria included: Experience Managing Affordable Housing, Tenant Management Plan, Staffing, Capacity and Property Management Plan, Management Fees and Other Financial Information and Social Sustainability. Based on the overall evaluation, the team concluded that the proposal submitted by FirstService best met the City's requirements and has been identified as the recommended proponent for the Project ("Proposed Operator").

Proposed Operator

- The Proposed Operator manages 700 properties in British Columbia including social and affordable housing and LEED certified buildings similar to the Project. Of these 700 properties, over 150 are air space parcels.
- The Proposed Operator has experience with income testing and using the BC Housing Registry to tenant units renting at or below HILs rents, and is committed to engaging with "The Right Fit" to appropriately tenant all wheelchair accessible units.
- The Operator has also highlighted strategic partnerships for tenant referrals with non-profit societies including the BC Indigenous Housing Society, and Covenant House to create units dedicated for youth transitioning to independent living and has proposed partnerships with non-profit societies to provide additional tenant supports if desired by the City.
- The City also has a positive history with the Proposed Operator on other City projects, including the market rental building located at 228 E 7th Ave and a social housing building located at 808 Nicola St. The operations plan proposed by the Proposed Operator demonstrated a sound approach to effectively operate the Project.
- With its extensive portfolio of properties, the Proposed Operator can leverage its economies of scale and extensive partnerships with trades and vendors to deliver cost effective property management services. Eighteen (18) units within the Project will be rented to households at or below the Housing Income Limits and will require income testing.

Financial Implications

The Project is expected to be financially self-sustaining, with expected revenue to offset operating costs and capital expenditures. Excess revenue will be remitted to the City to fund

priorities within the Vancouver Affordable Housing Endowment Fund. The City will retain overall financial accountability for the Project and the Proposed Operator will be paid a Management Fee to perform services in accordance with the Operating Agreement. The Proposed Operator will prepare an Operating Budget at the beginning of each year summarizing Estimated Operating Revenue and Operating Expenses of the Project for review and approval by the City. Approved Operating Expenses will be paid by the Proposed Operator from Operating Revenues. The City will pay for Approved Capital Expenses. The City will pay the agreed Management Fees for the Proposed Operator's services. The City will pay for all approved costs from revenue generated by the project.

Management Fees

The table summarizes the Proposed Operator's Management Fees, subject to further negotiation with Staff. Management Fees will be fixed or indexed to an agreed rate or benchmark for the first 5 years of the Operating Agreement and reviewed every 5 years for the remainder of the Operating Agreement.

Management Fee Component	Proposed Pricing		Estimated Pricing 25 Years ²
	Year 1	First 5 Years ¹	
Base Management Fee	58,000	315,000	2,003,000
Direct Project Staff Costs	68,000	359,000	2,227,000
Subtotal (Annual Fees)	126,000	674,000	4,230,000
One-time Initial Rent Up Fee	45,000	45,000	45,000
Total (Annual + One-time)	171,000	719,000	4,275,000

Note 1 - 4%/annum on Base Management Fee, 2.5%/annum on Staff Costs

Note 2 - 2%/annum for Years 6-25

Legal Implications

No legal rights or obligations will arise or be created by Council's adoption of the recommendations set out in this Report unless and until the agreement described in this Report has been executed and delivered by the respective parties.

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