

RR-3



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: November 6, 2007
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Meeting Date: November 13, 2007

TO: Vancouver City Council

FROM: The Director of the Housing Centre in consultation with the Directors of Development Services, Planning, Real Estate Services and Social Planning

SUBJECT: City/Province Social and Supportive Housing Partnership

RECOMMENDATION

- A. THAT Council refer consideration of Recommendations B and C to a public meeting to be held on the evening of December 12, 2007.
- B. THAT Council approve the Memorandum of Understanding between the City and the Province (BC Housing) attached as Appendix A to this report whereby 12 City-owned sites would be developed for social and supportive housing for the homeless and those at risk of homelessness such as the mentally ill, people with addictions, and residents of the City's Single Room Occupancy (SRO) hotels, and whereby:
- the City would lease 12 sites to non-profit sponsors of social and supportive housing for 60 years with a nominal prepaid lease rent;
 - the non-profit sponsors would not be required to pay property taxes; and
 - the City would pay the cost of environmental remediation (removing hazardous materials from the buildings and soil remediation);
- with the source of funding to be the Property Endowment Fund, Development Cost Levies allocated to replacement housing, and the Affordable Housing Fund as set out in this report.

- C. THAT Council approve making two existing temporary Planner II positions in the Housing Centre permanent, subject to review by Human Resources. Community Services will fund the positions for 2008, and for 2009 funding to be added to the 2009 Operating Budget without offset, as part of Community Services' operating budget, subject to the 2009 Budget Process, at an estimated cost of \$81,900 (2006 rates) for each position.

Recommendation B represents a grant and requires 8 affirmative votes.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of Recommendations A, B and C.

CITY MANAGER'S COMMENTS

The City Manager notes the importance of this partnership for achieving the Homeless Action Plan and Project Civil City objectives. The City has been facing a growing homelessness crisis, and supportive housing for persons suffering from mental illness and/or substance abuse is key to any long term solution. It will greatly improve the lives of Vancouver's most disadvantaged citizens and the communities most impacted by the crisis. The Province will be making a substantial commitment of capital and operating funds, and the City's financial contribution is also significant. It needs to be clear that this partnership is not setting any precedents regarding property tax exemptions or any other future City contribution. This partnership is a unique and specific response to the homelessness, mental health and addictions crises the city and its citizens face today, and an important initiative for achieving the Project Civil City objective to create housing opportunities and reduce homelessness.

COUNCIL POLICY

The City's social housing priorities are low and modest income families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled, and others at risk of homelessness.

Council policy is to replace the single-room occupancy hotels and rooming houses in the downtown on a 1-for-1 basis; to maintain or increase the percentage of social housing in the City; to develop social and supportive housing throughout the city; and to eliminate homelessness with a 50% reduction by 2010.

Nominal leases and property tax exemptions are grants and require 8 affirmative votes of Council for approval.

PURPOSE AND SUMMARY

This report recommends referral of the recommendation to approve the Memorandum of Understanding attached as Appendix A to a public meeting on December 12, 2007, at which delegations would be heard and Council would consider the recommendation.

The Memorandum of Understanding between the City and the Province (BC Housing) sets out a partnership that would see BC Housing fund the preconstruction costs for the development of 1100 - 1200 social and supportive housing units on 12 City-owned sites. The partnership assumes that funding to build and operate the projects will be provided by the Province and its other partners (the Federal Government, corporate and private donors, etc.) in 2008.

The units would be small studio units, each with a kitchen and bathroom. The residents would all be in core-need including low-income singles living in the City's SROs, homeless individuals and those at risk of homelessness, many of whom are mentally ill and/or suffer from addiction and need supports in addition to stable, secure and affordable housing. The projects would provide supportive environments for all the residents, with 400-600 of the units to be occupied by the clients of mental health and addiction service providers. The building and operating programs will vary between the projects depending on the tenant profile to be served, but all the projects would accommodate a range of need, from those requiring more services to those who can live independently.

The City's contribution to the partnership would be to lease the sites to the non-profit housing sponsors for 60 years at nominal prepaid rents, exempt the projects from property taxes, and cover the cost of environmental remediation.

An expedited process is proposed that would begin with the consideration of the Memorandum of Understanding at a December 12 public meeting, after which the projects would be processed in accordance with the City's Development and Building Permit, and rezoning processes. The intent is to have Development Permits approved by the summer so that construction of at least 6 projects can commence before the end of 2008.

BACKGROUND

Since the mid-1990s, homelessness has been a growing problem across Canada, including in the city and metro Vancouver. Between 2002 and 2005, when the last regional count of the homeless was undertaken, the number of homeless living on the street or in shelters doubled; from 1,000 in 2002 (630 in the city) to 2,100 in 2005 (1,300 in the city). The next regional count is scheduled for early 2008, but the expectation is that the number of homeless has continued to increase and may have again doubled.

At the same time, the SRO stock in the city has become increasingly vulnerable due to age (most are a century old), lack of revenue (frozen welfare rates), a more difficult tenant profile (increasing mental illness and addiction), and competing uses (conversion to tourist hotels and demolition for condominium development). There are 6,000 SROs in the city that should be replaced. The total number of housing units available for low-income singles (SROs, and social housing and special needs residential facilities developed for low income singles) has held steady at 14,000 over the past couple of decades, but the pressure to accelerate the rate of replacement is growing with the increasing vulnerability of the SROs and the increasing vulnerability of their tenants. It is estimated that there are at least 2,000

SRO residents that need supportive housing, in addition to the 1,000 - 2,000 homeless (on the street or in shelters) in the city on any given night.

Social housing accommodates families, seniors and singles who cannot afford market housing, and supportive housing is social housing for people who need support in addition to safe, secure and affordable housing. Supportive housing connects residents to services and which provides a supportive environment that maximizes the residents' independence.

The City has responded to the homelessness crisis in several ways. It has introduced regulations to control the loss of affordable market rental housing including SROs. In 2003 Council adopted the Single Room Accommodation (SRA) By-law that requires Council approval of a conversion or demolition of any SRA (which includes most of the SROs). In 2007 Council adopted regulations to manage the rate of change in the purpose built (unstratified) market rental stock that require 1-1 replacement of the rental units for redevelopments of more than 5 units. While these regulations can control the loss of affordable rental housing, including the SROs, they are only a temporary solution; at some point disinvestment will set in and eventually the buildings will reach a state where their physical state and the economics dictate that they be closed.

The City has developed comprehensive policies to address homelessness and the need to replace the downtown SROs. The policies provide a foundation for the City's response to the homelessness and affordability crises, including its advocacy with the Federal Government and the Province who have the mandate and the resources to solve homelessness and fund social and supportive housing programs. In 2005, the City adopted the Homeless Action Plan that identified the need to develop 8000 units of social housing in the city over the next decade, of which 3200 units should be supportive housing and 600 units transitional housing. The Homeless Action Plan sets out "3 Ways to Home" for solving homelessness, one of which is better access to housing, with supportive housing as the priority. In 2005, Council also adopted the Housing Plan for the Downtown Eastside, which recommended the continuing development of 150-200 units/year for low income singles on the basis of historic rates of SRO loss.

When federal or provincial funding for the development of social housing has been available, the City has been an important partner by providing sites and contributing capital grants. The Federal government is now a secondary funder of affordable housing programs, but does directly fund affordable housing projects through its homelessness and rental rehabilitation programs, and the City has been a partner in some of these projects. The Province has become the City's primary partner, and the City is a member of the Premier's Task Force on Homelessness, Mental Illness and Addictions. The Province has provided most of the funding for the 2,000 social and supportive housing units under construction or funded and in design development in the city. The City has contributed sites for social and supportive housing funded through the Task Force, and more recently contributed sites for projects funded through the Province's housing strategy, Housing Matters BC.

Project Civil City

On December 14, 2006, Council approved a motion regarding street disorder that established Project Civil City. One of the four objectives of Project Civil City is to "increase housing opportunities and eliminate homelessness, with at least a 50% reduction by 2010". A companion report, "Project Civil City - Progress Report" provides Council with an update on Project Civil City. It is important to note that the proposed City/Province social and supportive housing partnership will increase housing opportunities, and that supportive

housing is key to eliminating homelessness. The proposed partnership will be an important component of Project Civil City's implementation.

Vancouver Homelessness Funding Model

On March 13, 2007, Council approved in principle the "Vancouver Homelessness Funding Model: more than a warm bed". The consultants who developed the model, Ken Dobell and Don Fairbairn, proposed that the City make 12 or more of its sites available to the Province at no cost for the development of supportive housing for the homeless and those at risk of homelessness, and recommended that the City exempt the projects from property taxes. City Council approved in principle leasing 12 or more sites to a proposed Homelessness Foundation or to non-profit supportive housing providers for 60 years at nominal prepaid rents and not requiring that the supportive housing projects developed on the City's sites pay property taxes, subject to the Province committing the funding to develop and operate the supportive housing. The proposed City/Province social and supportive housing partnership would effectively implement these recommendations.

Council also approved in principle offering \$5,000,000 as the City's contribution towards securing 500 SRO units in partnership with the Province. On April 3, 2007, the Province announced that it had acquired 10 SRO buildings in Vancouver with 596 rooms, and that it would be converting them to supportive housing operated by non-profit housing societies, and at the same time announced funding for 3 new projects with 300 units of social and supportive housing. BC Housing has now selected the sponsors for its 10 SRO buildings, and is recommending sponsors for the City site that will be developed as a small suite project and for the Drake Hotel which the City acquired in the spring. Staff will report to Council to seek approval of the non-profit sponsors for the Drake Hotel and the small suite project, and also for the \$5,000,000 contribution for the purchase of 500+ SROs and their conversion to supportive housing.

Other Vancouver Homeless Funding Model recommendations related to establishing a Limited Partnership (now identified as Street to Home Vancouver Partnership) and a Street to Home Vancouver Foundation that would encourage investments in and charitable contributions to supportive housing. The Limited Partnership requires changes to Federal tax regulations and legislation, and discussions with the Federal Government are underway. Changes to the Federal taxation rules will not in any event happen before the 2008/9 Federal budget. Staff expect to report to Council in the near future on the status of the federal discussions and the Vancouver Homelessness Funding Model.

Inclusive Olympics Housing Table

In March 2007, the advisory Table set up to develop recommendations for implementing the Inner City Inclusivity Commitments related to housing, made to the IOC as part of the Vancouver/Whistler bid for the 2010 Winter Games, released its report. There were five ICI Commitments related to housing:

- Provide an affordable housing legacy and start planning now;
- Protect rental housing stock;
- Provide many alternative forms of temporary accommodation for Games' visitors and workers;
- Ensure people are not made homeless as a result of the Games; and
- Ensure residents are not involuntarily displaced, evicted or face unreasonable increases in rent as a result of the Games.

The members of the Table represented a broad range of housing interests and made 25 recommendations of which 23 were approved on consensus. The recommendations relating to providing an affordable housing legacy generally urged all the partners to the ICI Commitments to implement Vancouver's Homeless Action Plan, including funding for 800 social housing units/year, a majority of which the Table believes should be supportive housing. On June 7, Council approved the City's response to the Housing Table recommendations and reiterated the need for Federal and/or Provincial funding to develop 800 units/year of social and supportive housing in the city.

Supportive Housing Strategy

On June 6, 2007, Council approved the "Supportive Housing Strategy for Vancouver Coastal Health's Mental Health and Addictions Supported Housing Framework". Vancouver Coastal Health's housing framework identified a need for 2,200 units of supportive housing for individuals with a mental illness and/or addiction who are connected to VCH services but at risk because they are living in inappropriate housing (insecure, unstable and/or unaffordable). Most would be accommodated through rent supplements in private rental housing, with 450 units to be provided in a dozen new supportive housing projects.

Council adopted the Supportive Housing Strategy including recommendations to balance geographically new supportive housing across the city in zones where apartments are permitted; that the City assist in acquiring sites; that the provincial and federal governments have primary responsibility for funding supportive housing (capital, operational and support services); and that the City, VCH and BC Housing undertake community consultation regarding supportive housing and services for the mentally ill and those suffering from addictions.

The proposed City/Province social and supportive housing partnership will implement the Supportive Housing Strategy by making 100 or so units available to VCH clients who are already connected to treatment and support services. However, many of the homeless and those at risk who will become residents of the projects developed through the partnership will not be VCH clients. Though they may use emergency wards and access walk-in clinics, most homeless and SRO residents are not VCH clients in the sense that they are in treatment or recovery, and connected to programs to address a mental health or substance abuse issue. One of the goals of the supportive housing will be to connect unconnected residents to the appropriate social and health services.

CITY/PROVINCE SOCIAL AND SUPPORTIVE HOUSING PARTNERSHIP

The Memorandum of Understanding attached as Appendix A sets out the proposed City/Province social and supportive housing partnership. It would see 11 City-owned sites designated for affordable housing (which includes social and supportive housing), plus one site designated for affordable housing that the City has an option to purchase, developed for social and supportive housing.

The sites are:

Address	Number of Units+/-
505 Abbott St.	120
675-691 East Broadway	100
1134 Burrard St.	100

3588-96 West 16 th Ave./3212-28 Dunbar St.	50
1607-15 West 7 th Ave	70
1050 Expo Blvd.	100
1233-51 Howe St.	100
606 Powell St.	100
1721-23 Main St.	80
215-225 West 2 nd Ave.	100
1308 Seymour St.	100
590 Alexander St.	100
Total	1100-1200

The location of the 12 sites is shown on the map attached to the Memorandum of Understanding. The key components of the proposed partnership are:

- 1) BC Housing to fund all the preconstruction work required so that Development Permits and Building Permits can be issued;
- 2) funding from the Province and its other partners to build and operate the social and supportive housing projects to be available in 2008;
- 3) the City's contribution to the partnership will be to lease 12 of its sites to non-profit housing sponsors for 60 years at nominal prepaid rents, the lessees to be exempt from paying property taxes, and the City to pay the cost of environmental remediation;
- 4) the 12 projects to generate 1100 - 1200 small studio units in supportive environments with 400-600 residents connected to and supported by community based non-profit providers of mental health and addiction services;
- 5) approximately 100 of the supported units to be available to Vancouver Coastal Health's clients who are living in precarious conditions in accordance with the City's Supportive Housing Strategy;
- 6) a continuum of social and supportive housing projects to be developed including alcohol and drug free, and low barrier projects with the low barrier projects to be located in the city's downtown;
- 7) all residents to be low income singles with those who are not connected to services benefiting from a supportive environment and generally able to live independently;
- 8) the projects to be staffed 24 hours a day 7 days a week with the low barrier projects expected to require higher staffing levels;
- 9) the projects to be operated by non-profit housing sponsors who will partner with a non-profit service provider or providers if they don't provide mental health and addiction services themselves; and
- 10) an expedited process for the design, review and approval processes with the intent that construction will commence on at least half the projects by the end of 2008.

The proposed partnership raises some specific issues:

Commercial Component

Five of the City's sites are located on arterials or in shopping districts where the zoning encourages or requires ground floor commercial, and in particular, retail uses. The City's Property Endowment Fund already has a portfolio of commercial space located on the ground floors of social housing projects. Approximately 30,000 sq. ft. of ground floor commercial space could be accommodated on the five sites. As with past social housing projects, the PEF would pay the cost to build the space but not pay any of the land cost. The estimated cost to build 30,000 sq. ft. of commercial space is \$7,000,000. The commercial floor space would be operated on a market basis as a long term financial investment.

Social Service Centres

Social service centres are currently tenants on two of the 12 sites. Both provide drop-in and services to youth, with Family Services of Greater Vancouver operating New Directions at 1134 Burrard St. and Pacific Community Resource Society operating the Broadway Youth Services Centre at Broadway and Fraser. Motivation, Power and Achievement Society (MPA) operates a mental health drop-in and social service centre at Pine and 4th and their landlord has advised them that he wants to redevelop the site. He has granted them an extension while they look for a new location, and the proposal is to include MPA on the ground floor of a social and supportive housing project to be developed on the City's 7th and Fir site.

The non-profit societies which operate the social service centres and their funders have all expressed an interest in being included in any redevelopment of these sites. BC Housing will finance the capital cost of the social service centres but the funders of the social services will need to commit the funding to operate the social service centres. If operating funding for the social service centres is not forthcoming, they may have to relocate when their leases end.

The social service centres would sub-lease their space from the non-profit housing sponsors. The terms of the leases for the sponsors and of the sub-leases for the social service centres would be reported to Council in mid-2008.

Existing Tenancies

Eight of the sites are vacant or effectively vacant with month-to-month leases or leases that can be terminated with modest compensation. The 4 sites that are leased for longer terms include the two with the social service centres and two sites in South East False Creek (in the 'private lands'). When funding to build the projects is confirmed, the tenants will be advised that their leases will not be renewed beyond the date when vacant possession is required for the projects' construction schedule. The City will enter into discussions with the tenants on the two sites in South East False Creek to determine if the tenants are willing to vacate early and on what conditions, and the City and BC Housing will determine how best to proceed. Staff will report back to Council as appropriate.

Rezoning

All but the two sites in South East False Creek (SEFC) can be developed without rezoning. The two SEFC sites will be the subject of CD-1 rezoning applications that will conform to the parameters established by the SEFC ODP. However, the Broadway and Fraser site, the Drake Hotel site (Powell and Princess), and the Alexander and Princess sites could all benefit from

potential rezonings. All three sites are in areas that are undergoing a planning review. The Broadway/Fraser site is in Mt. Pleasant where a visioning process has begun, and the Drake Hotel and Alexander and Princess sites are in the Downtown Eastside Oppenheimer District (DEOD) where a review of the zoning, as recommended by the Housing Plan for the Downtown Eastside, is underway. These sites can potentially accommodate an increase in density and height, and in the case of the Broadway and Fraser and Drake Hotel sites, the sites are large enough to accommodate a mix of market and non-market housing, and possibly commercial uses as well.

The proposal is to develop designs for projects at higher densities and heights than currently allowed for review by the City in its regulatory role and by the surrounding community. If the proposals are supportable the designs would form the basis of rezoning applications. The Housing Centre and Real Estate Services would be the applicants for any rezoning submissions.

The project designs for the Broadway and Fraser and Drake Hotel sites will include a mix a market and social/supportive housing and, in the case of Broadway and Fraser, commercial and the youth service centre on the ground floor. The Broadway and Fraser and Drake Hotel sites are opportunities to explore the integration of market and non-market (social and supportive housing) within a single project. The Alexander and Princess site is too small for a mix of uses but could benefit from an increase in height and density over what is allowed under the current zoning.

It is understood that the City as regulator may or may not support a rezoning as may be proposed for a site, and that City Council retains its unfettered right to approve or refuse a rezoning application following the public hearing required for a rezoning application.

Property Taxes

It is proposed that the projects developed on the 12 sites not have to pay property taxes, estimated at a \$1,000,000/year once all the projects are completed. This is an exception to City policy as most social housing leases require the lessees to pay property taxes. However, social housing for low income singles, and for supportive housing in particular, requires mortgage free buildings plus an operating subsidy. The 12 social and supportive housing projects represent a capital commitment by the Province and its other partners of approximately \$300,000,000, and will require that the Province commit operating subsidies on the order of \$10,000,000/year.

It is important that exempting these 12 social and supportive housing projects from paying property taxes not be considered a precedent. Over 8% of the housing stock in the city is non-market housing and most projects pay property taxes. Most non-market housing is able to make mortgage payments and pay property taxes, and as the residents of non-market housing consume City services like all other residents, it is appropriate that in general they pay their share of property taxes. Where the federal and provincial governments continue to provide operating subsidies to non-market housing, these subsidies fund property taxes. The proposed City/Province social and supportive housing partnership is a unique and specific response to the current homelessness crisis and the urgent need to replace the city's aging SROs.

Housing Priorities

As shown in the table below, there are currently 2000 units of social housing under construction or funded and in the preconstruction development stage. The majority of these (about 1300) are SRO replacement units targeted to singles, with about 700 connected to services. The units that are funded but not yet under construction include the 596 SRO units that the Province purchased and which are being converted to social including supportive housing.

Projects	Total Units	SRO Replacement Units	Supportive Housing
Under Construction	695	394	200+/-
Funded, Preconstruction	1262	929	500+/-
Total Units	1957	1323	700+/-

With the 1300 units under construction or in development and the 1100 - 1200 units that would be developed through the proposed partnership, approximately 2500 units of housing for the homeless and those at risk of homeless, including SRO residents and individuals suffering from mental illness and/or addictions, will be under construction or funded and in design development. Half of these units will likely be some form of supportive housing. These projects would be completed over a number of years, with an average of 500 units being completed for low income singles and those at risk per year for the next 5 years.

The focus of the Province's social housing investment of late, and the investment the Province would make through the proposed partnership, has been on vulnerable populations, either the frail elderly or the homeless and those at risk of homelessness. There are only 230 units of social housing for families under development in the city. In terms of broader affordability, the high cost of ownership in Vancouver means that few renters can afford to buy and new households (young families, young people leaving home, migrants and immigrants) must generally rent as well. At the same time, very little market rental housing is being built, and the older market rental stock is not being renewed.

Over half the households in the city rent, renter's incomes are half home owner incomes, and a third of the city's renters are in core-housing need. The investment in social and supportive housing for the homeless and those at risk of homelessness is an important step in solving homelessness, but much more needs to be done to address the broader affordable housing crisis, and in particular the need to renew and increase the stock of market and non-market rental housing.

Single Room Accommodation By-law

In October 2003, Council adopted the Single Room Accommodation (SRA) By-law to control the loss of SROs. At the time there was very limited funding for social housing to replace the SROs. There was a concern that SROs would be converted to tourist accommodation or demolished for condominium development faster than they could be replaced. SROs are the least expensive form of market housing and the primary stock of housing affordable to singles on welfare, and any losses of SROs in the absence of replacement social housing could increase homelessness.

The SRA By-law has been effective in limiting conversions and demolitions, and the stock of housing in the downtown that is affordable to low income singles has been holding steady at approximately 14,000 units. The 2007 survey of the low income housing stock in the

downtown revealed that vacancy rates in the SROs had declined to 2% and, until replacement housing is available, the existing SROs continue to be an important stock of housing for low income singles. The fact remains, however, that the City's downtown SROs are aging, provide inadequate accommodation, and need to be replaced.

The proposed partnership should result in social housing completions exceeding SRO losses, and, when the replacement housing is completed, the controlled conversion or demolition of SROs should be considered. Staff are to report back on the status of the SRA By-law in 2008 and in that report will consider the issues related to the controlled conversion or demolition of SROs including timing, relocation of tenants, etc.

Support Services

All of the projects developed through the proposed partnership will have a 24 hours a day, 7 days a week staffing model. The precise staff complement for each building will be established by the sponsors based on the tenant profile and the size of the building. The low-barrier tenant populations may require more staff on some shifts. These staff will be responsible for managing the buildings and the tenants. They will assist tenants to connect to services but they will not provide services themselves. Some non-clinical services such as life skills training, home care, community integration, and crisis management will be provided on site. These will generally be provided by non-profit service providers who may have staff on site but will often have staff in the community who will provide the services on an outreach basis. The tenants will have access to clinical as well as non-clinical services based in the community.

Process and Schedule

An expedited process is proposed that would see at least six of the projects under construction by the end of 2008. The process will begin with referral of the recommendation to approve the Memorandum of Understanding attached as Appendix A to a public meeting scheduled for the evening of December 12. If the Memorandum of Understanding is approved, then the projects would proceed through the City's Development and Building Permit processes. The expedited process will compress the steps in the standard process but all the steps will be included. To expedite the process for sites where a rezoning is proposed, the rezoning and development permit applications will be processed together.

Once the non-profit sponsors have been selected, probably in January 2008, the building and operational programs for each project will be defined, and the design of each building sufficiently advanced to make a Development Permit application. At that time an open house will be organized so that the sponsor and the design team can meet with each project's neighbours to review the proposed design and the building and operational program. The application will be reviewed by staff, including the results of the neighbourhood consultation and the response from the sponsor and the design team, and a report prepared with recommendations for consideration by the Development Permit Board. Development Permit Board meetings are public, and the Board would hear from the neighbours and any others with an interest in the project prior to making its decision.

To ensure the schedule can be achieved, specific staff from Development Services and Planning will be dedicated to all the projects, and a technical staff team established to ensure that all issues are identified and addressed in a co-ordinated and timely fashion. BC Housing has dedicated a project manager to oversee all the projects, and has retained

consultants to assist with the public consultation and in moving the projects through BC Housing's and the City's processes.

The consultation process provides 3 formal opportunities for public input; the public meeting on December 12 where Council will consider the Memorandum of Understanding, the open house for the neighbours once a Development Permit Application for a project has been submitted to the City, and at the Development Permit Board meeting where the application will be considered. There may be requests for additional meetings, and it should be possible to accommodate invitations from established organizations, e.g. Vision Implementation Committees, BIAs, Resident Associations, etc. for a presentation to one of their regular scheduled meetings. However, these will have to be accommodated without compromising the schedule which is to have the Development Permit Board consider the projects that do not require a rezoning before the summer break.

FINANCIAL IMPLICATIONS

The proposed partnership would see the City lease 12 sites that the City acquired at a cost of approximately \$50,000,000 to non-profit housing sponsors for 60 years at nominal prepaid rents, and relieved of the obligation to pay property taxes estimated at \$1,000,000/year for all 12 sites. The City would also be expected to pay the cost of removing any hazardous materials such as asbestos and for soil remediation. Budgets for the environmental work will need to be prepared for each site and reported to Council for funding approval. BC Housing will pay the costs of demolishing the buildings and securing the agreements with neighbouring property owners required for construction e.g. crane overhang and shoring agreements. The PEF will be investing approximately \$7,000,000 in the ground floor commercial space required for some of the developments. This will be a financial investment and the commercial space will be operated on a market basis.

The source of funding for removal of hazardous materials from the buildings and for possible early termination of leases will be the DCLs for replacement housing and the Affordable Housing Fund. The Property Endowment Fund which will pay for the cost of soil remediation as it holds the freehold title to the sites on behalf of the City.

PERSONNEL IMPLICATIONS

The City/Province Social and Supportive Housing Partnership will require that the Housing Centre's resources be focused on project management. The Housing Centre will reorganize its work program to avoid if possible any additional resource requirements, however it is recommended that two temporary Planner II positions be made permanent to deal with the current and expected workload. These positions would otherwise terminate in mid-2008. Funding for the remainder of 2008 will be found within Community Services budget. Funding for 2009 would be an increase to Community Services budget without offset, and would be subject to the 2009 Budget Process. Some Housing Centre work currently underway will need to be postponed or restructured as the projects proposed in the City/Province partnership will become the Housing Centre's priority. The cost of the two Planner II positions, including fringe benefits, is \$81,900 per position or \$163,800 for both (2006 rates).

Earlier this year, Council received a memo from the City Manager regarding the impact of “high priority projects” on staff workload and resource allocation. With the addition of these twelve projects, to be completed within an expedited timeframe, staff anticipate that further effects will be felt on other projects, particularly in Development Services, Planning, Engineering Services and Legal Services. The inter-departmental Ad Hoc Committee on High Priority Projects will be convening shortly to discuss these impacts and will report its conclusions to the Corporate Management Team, which may subsequently report to Council. With the exception of Legal Services, no additional resources are being requested at this time. However, the Ad Hoc Committee will regularly monitor the situation and may be compelled to identify the need for such resources in the new year.

ENVIRONMENTAL IMPLICATIONS

BC Housing intends that all the projects will be Green House Gas Neutral and LEED® Gold certified or equivalent.

COMMUNICATIONS PLAN

A web page has been set up on the City’s major project site:
<http://www.vancouver.ca/projects.cfm>
with links to BC Housing’s site:

These sites will update the status of the projects; provide Questions and Answers that will be revised throughout the process, and will provide general information regarding social and supportive housing, and mental health and addictions.

If Council refers the Memorandum of Understanding to a December 12 public meeting, advertisements will appear in the local papers identifying the sites, the purpose of the City/Province partnership, and announcing the December 12 meeting.

Prior to the December 12 public meeting, an insert will be published in the local newspapers that will provide more information on the partnership, a map of existing supportive housing in the city, a map of the 12 City sites, etc. and reminding the public of the December 12 public meeting.

CONCLUSION

A Memorandum of Understanding attached as Appendix A sets out a partnership between the City and BC Housing to develop 12 City-owned sites for 1100-1200 units of social and supportive housing. It is recommended that the proposed partnership be referred to a public meeting on December 12 at which Council would hear speakers and make its decision.

The partnership would implement recommendations from the Homeless Action Plan, the Vancouver Homelessness Funding Model, the Housing Plan for the Downtown Eastside, and the Supportive Housing Strategy, and is a key initiative for achieving Project Civil City’s objective to increase housing opportunities and reduce homelessness by 50% by 2010, and meeting the City’s commitments to an inclusive 2010 Winter Games.

Memorandum of Understanding
between
BC Housing Management Commission (BC Housing) and
the City of Vancouver (the City)
regarding the development of City-owned sites for social and supportive housing,
and dated for reference October 29, 2007

1. Introduction

On October 12, 2007, Premier Campbell announced that BC Housing would be funding the design, approvals and preconstruction work required for the development of social and supportive housing on municipally owned sites in several cities in the province, including 12 sites in Vancouver. This Memorandum of Understanding sets out the proposed partnership between BC Housing and the City for the design, approvals, and preconstruction work required on the City's 12 sites (the Sites), with the intent that construction of the individual social and supportive housing projects (the Projects) will proceed in 2008.

The City is the owner of the Sites and also responsible for regulating development in the city, including development of the Projects. The City's ownership and regulatory roles are separate and independent, and, where relevant to this Memorandum of Understanding, are specifically identified.

2. Policy Context

In September 2004 the Premier's Task Force on Homelessness, Mental Illness and Addictions was created "to develop innovative strategies to help people with addictions and mental illness move from temporary shelters to long-term, stable housing where their needs can be better met".

In June 2005, City Council approved Vancouver's Homeless Action Plan which identified the development of supportive housing as one of the "Three Ways to Home" and, along with adequate income and support services, as key to solving homelessness. It identified a need for 3,200 additional supportive housing units and 600 transitional housing units over the next decade.

In October 2006, the Province of BC announced its comprehensive housing strategy, Housing Matters BC, which has as two of its six priorities that:

- "the homeless have access to stable housing with integrated support services, and
- BC's most vulnerable citizens receive priority for assistance".

In December 2006 the Mayor presented a report on public civility to Council which summarized the Mayor's survey and dialogues with citizens on public disorder issues, including aggressive panhandling, open drug dealing and drug use. Vancouverites have significant concerns over the increased incidents of street disorder and are worried for their safety and well-being. The Project Civil City recommendations approved by Council include as one of its four objectives to:

"increase housing opportunities and eliminate homelessness,

with at least a 50% reduction by 2010”.

In March 2007, Council considered the Vancouver Homelessness Funding Model, and approved in principle making sites available to the Province at no cost and forgiving property taxes for the development of supportive and social housing that would accommodate the homeless and those at risk of homelessness:

- “C. THAT Council approve in principle:
- i. making 12 or more City sites available at no cost (which may or may not include all the sites designated for social housing that the city currently owns) with an estimated value of \$50,000,000 for the development of 1500 or more supportive housing units for low income singles, including those with mental health and addictions issues;
 - ii. exempting the supportive housing developed on the City sites from property taxes estimated at \$1,000,000/year (2006 dollars) for all sites when they are fully developed”.

In June 2007 Council approved a Supportive Housing Strategy to implement Vancouver Coastal Health’s Mental Health & Addictions Supported Housing Framework. Subject to funding being available, the Strategy would see the development over the next decade of 450 new supportive housing units in a dozen or so buildings for persons with a mental illness and/or substance abuse issues who are receiving Vancouver Coastal Health’s treatment services and in need of stable and affordable housing and a supportive environment.

In July 2007, Council and BC Housing approved a Memorandum of Understanding regarding the redevelopment of Little Mountain Housing which included investing half the net proceeds in the development of social housing in the city.

3. Housing Priorities

There are an estimated 2,000 homeless individuals living on the street or in shelters on any given night in the city of Vancouver. In addition there are 6,000 rooms in 136 Single Room Occupancy (SRO) buildings in downtown Vancouver which provide insecure and inadequate accommodation for low income singles and which need to be replaced. Many of the homeless, those at risk of homelessness and those living in the SROs suffer from mental illness and/or substance abuse issues, and need safe, secure and affordable housing plus support services. The Projects to be developed on the Sites will all be social and supportive housing that will accommodate the homeless and those at risk of homelessness who are living on Vancouver’s streets, in its shelters, and in the city’s downtown SROs.

4. Building Program

The Projects will generally consist of studio units complete with kitchen and bathroom. One or two may consist of small studio units with a bathroom but limited cooking facilities and where common dining and meal service is provided. The Projects will range in size from 50+/- units to 120+/- units. They will include amenity

spaces and administration offices. Non-residential uses (commercial, retail and social services) may occupy the ground floors.

The Projects will provide a range of environments to accommodate the continuum of need including alcohol and drug free to low barrier environments.

For most of the Projects, one third to one half of the units (the Supported Units) in each Project will be occupied by tenants (the Supported Tenants) connected to and referred by non-profit providers of social and health services to the mentally ill and/or addicted. A couple of the projects in the downtown may be developed for persons with higher needs in which case most if not all of the tenants will be connected to and referred by social and health services.

5. Sustainability

The Province is committed to achieving higher environmental standards, and BC Housing intends that all the Projects be designed to be Green House Gas neutral and to achieve LEED® Gold certification or equivalent, as BC Housing may determine. BC Housing's commitment to minimize Green House Gas emissions and to achieve LEED® Gold certification or equivalent is their initiative and is not a requirement of the City as regulator of development. The City's Office of Sustainability will work with BC Housing and the consultant teams to optimize the Projects' sustainability as BC Housing may consider financially justifiable.

6. Commercial and Retail Uses

Commercial and/or retail uses may be required on the ground floor of five of the Projects because of their location in a shopping district or on a major arterial. The City as owner of the Sites and through its Property Endowment Fund will pay the cost of building the commercial and retail space including a proportionate share of the base building cost and the cost of the parking required for the commercial and retail space. The commercial and retail space will be sub-leased to the City for the term of the lease with a nominal prepaid rent, and the City will operate the commercial and retail space as a financial investment. The City will pay its share of any shared expenses for operating the Projects that include commercial and/or retail space, but otherwise the residential and non-residential uses and spaces will be operated independently.

The City's Real Estate Services will assign a project manager to work with the architects for the Projects that include commercial space on the design and specifications for the space, and Real Estate Services' approval of the design and specifications for the commercial space in a Project will be required prior to commencement of construction.

7. Social Service Centres

Opportunities to develop social service centres on the ground and perhaps second floors of the Projects have been identified for three of the Sites. These social service centres would accommodate existing social services in the city, two of which are already located on the Sites as tenants. Both the social services and their funders

have expressed an interest in being partners in the Projects so as to secure their facilities for the long term.

BC Housing and the City will invite the social services and their funders to participate in the design and program development for the Projects and, should the social services and their funders request, will include the social service centres in the design of the Projects and in the application for Development Permits for the Projects. BC Housing will finance the capital costs of the social service centres where operational funding has been confirmed.

The social service will enter into a sub-lease with the Sponsor for the social service centre for the term of the lease. The social service centre will be exempt from paying property taxes as long as the component of the Project they occupy continues to provide social services funded in whole or in part by the Province or provincial agencies. The social services operating a social service centre in a Project may be one of the Service Providers in the Project and if so will have the right to refer their clients to some of the Supported Units in the Project and the obligation to provide support services to their clients who Supported Tenants.

The social services and their funders will need to assign staff to work with the architects for a Project that includes a possible social service centre on the program, and the design and specifications for the social service centre. Approval from the social services and their funders of the design and specifications for a social service centre in a Project will be required prior to commencement of construction. The social services and their funders will be expected to provide prompt and complete responses to the architects and the development teams to ensure that the Projects that include a social service centre remain on schedule.

8. Parking

Parking will be provided in accordance with the City's Parking By-law. The parking for social and supportive housing projects consisting of small studio units designated for core-need singles has typically been provided on the basis of one space/ten units. Parking for any other uses included in the Projects would be in addition to the requirement for the social and supportive housing component.

9. Eligible Tenants

Only singles in core-need (having to pay more than 30% of their gross household income to rent a studio unit in the private market) will be eligible to move into the Projects. Priority will be given to low-income singles living in Vancouver who are homeless, at risk of homelessness, or living in a downtown SRO.

10. Rents

Tenants on income assistance will pay a rent equal to the shelter allowance of income assistance. All other tenants will pay 30% of their gross household income for rent or the market rent of the unit whichever is less.

11. Building Operation

Each Project will be operated by a non-profit housing society (the Sponsor) who will manage the building and the tenants (selection, tenant agreements, rent collection, eviction, etc.). For each Project one or more non-profit provider of social or health services (the Service Provider) will be selected to support the Supported Tenants who are living with a mental illness, substance abuse, or other problem that puts them at risk of homelessness. Only persons referred by and supported by the Service Provider will be eligible to move into a Supported Unit. The Sponsor and the Service Provider for a Project may or may not be the same non-profit organization.

12. Selection of Sponsors

BC Housing is undertaking a Request for Proposals to select the Sponsors. The sponsors will be jointly selected by BC Housing and the City. Once the Sponsors are selected they will take on the role of developers of the Projects including providing direction on Project designs and programs, as well as assuming responsibility for the on-going management of the project development team, including architects and builders. Each Sponsor will identify their representative who will participate in the development process.

13. Selection of Service Providers

If the services will not be provided by the Sponsor, or the Service Providers are not selected at the same time as the Sponsor, the Sponsor selected for a Project and BC Housing, in consultation with the funders of health and social services, will select the Service Providers for a Project.

14. Vancouver Coastal Health Clients

In accordance with the City's Supportive Housing Strategy, and subject to VCH providing the support funding, Supported Units will be made available to VCH for their clients who are in treatment but living in insecure and unstable housing. VCH will participate in the selection of the Sponsors and Service Providers for the Projects that will accommodate their clients, and VCH will control access to their Supported Units and be responsible for the Supported Tenants who are also their clients.

15. Sponsor and Service Provider Co-ordination

BC Housing is developing a collaborative process and structure which will involve all providers of supportive housing in the Province in the development and co-ordination of client centred and community based supportive housing and associated services. The intent is to ensure the effective use of resources; a collective approach to wait lists, tenant selection and case management; the sharing of information, research, education and training; and a sector capacity to address common issues and concerns.

The Sponsors and Service Providers selected for the Projects will work collaboratively with BC Housing to develop and define the building and operational programs for all

the Projects with the intent to develop a co-ordinated and collaborative response to the needs of the homeless and those at risk of homelessness that the Projects will serve.

16. Operational Staffing

Funding will be provided to the Sponsors for 24 hours a day and 7 days a week staffing for each of the Projects. These positions will be employees of the Sponsor and they will manage the buildings and the residents in their capacity as tenants and not as clients of services. Their role will include connecting the tenants to services but they will not provide services to the tenants themselves.

17. Support Services

Most of the services the tenants need, including the Supported Tenants, will be provided by community based non-profit service providers, including the Service Providers. These services will include education, training, job placement and other social services. The tenants will access these services either by going to the locations where the services are delivered or through outreach to the tenants in their homes.

The services provided on site will support the tenants to maximize their independence and their social integration, and may include assistance with basic life skills (budgeting, banking and housekeeping); help with personal crises; medication management; assistance with appointments; links to social, vocational and health services; training and education planning; and community participation.

The tenants will have access to clinical services provided by Vancouver Coastal Health and their contractors in the community, some of which they will access by going to locations where the services are provided e.g. local health clinics, detox and treatment, and in some cases through outreach to the tenants in their homes, e.g. home care.

18. Design and Program Development Funding

BC Housing will pay all the costs to design the Projects through to issuance of the Development and Building Permits for each Project. These costs include the fees for the architects and their sub-consultants, permit fees, legal costs, survey and engineering costs, quantity surveying, etc.

19. Funding for Construction, Operations and Services

The BC Housing/City social and supportive housing partnership assumes that the Province and its other partners (the Federal Government, corporate and private donors, non-profit housing and service providers) will provide funding to build and operate the Projects in 2008. The funding will cover the cost to build the Projects, and for the subsidies to operate the buildings and provide the non-clinical support services for the homeless and those at risk of homelessness e.g. the mentally ill and those suffering from addiction. The funding will include the half of the net proceeds from the redevelopment of Little Mountain Housing Project to be invested in the City.

20. Existing Tenancies

Some of the Sites have been leased to tenants pending their development for social and supportive housing. Once funding for the construction and operation of the Projects is available, the City as owner of the Sites will give termination notices to the existing tenants in accordance with the terms of the leases between the City and its tenants.

The City will allow BC Housing and the Sponsors access to the Sites on the same basis as the City is allowed access under the terms of the leases between the City and its tenants.

Some leases between the City and its tenants allow the City to terminate the leases in advance of the end of the lease term subject to the City compensating the tenants. If the funding is in place to build and operate a Project, and BC Housing wishes to proceed with the development of a Project on a Site where the lease between the City and its tenant allows for early termination, the City will pay the costs of early termination.

For tenancies on the Sites where the leases do not allow for early termination, the City will initiate discussions with the tenants to determine the conditions under which the tenants would agree to early termination, and BC Housing and the City will jointly consider whether to proceed with early termination and the costs to be borne by each.

21. Leases

The City as owner of the Sites will lease the Sites to the Sponsors for 60 years with a nominal prepaid rent. The lease for a Project will commence once the Building Permit for the Project has been issued, the construction financing is in place, and the contract to build the Project has been executed. The leases will require the Sponsors to maintain and repair the Projects, pay all utilities, insurance, fees and taxes with the exception of property taxes.

22. Property Taxes

The City as owner of the Sites will, as a term of the lease, exempt each Project from property taxes for the term of the lease as long as the Project continues to provide supportive housing for the homeless and those at risk of homelessness and as long as BC Housing continues to provide operating subsidies to the Project.

23. Access to the Sites

Subject to the existing tenancies, the City as owner of the Sites will grant licenses to BC Housing and to the Sponsors, once the Sponsors have been selected, that will allow BC Housing and the Sponsors to have access to the Sites in advance of the commencement of the lease for the purpose of surveys, demolition, and construction mobilization.

24. Hazardous Materials

The City will undertake environmental assessments of any buildings on the Sites to determine if there are any hazardous materials e.g. asbestos that need to be removed. The City will pay the costs to remove any hazardous materials. The environmental assessment reports will be provided to the Sponsor and the recommendations incorporated into the demolition contracts which will be subject to the review and approval of the City as owner of the Sites.

25. Demolition

The Sponsor will be responsible for demolishing and removing any existing improvements or structures including any hazardous materials in the buildings and any foundations located on the Sites. BC Housing will pay all costs for the demolition of any improvements located on the Sites and the removal of all debris, with the exception of any costs to remove hazardous materials.

26. Soils

The City as owner of the Sites will be responsible for the costs of remediating any soil contamination on the Sites as required by the approving authorities for the development of the Projects. The City will undertake the preliminary soil assessment for each Site, and undertake any subsequent assessment should further testing be required. The soil assessment reports will be provided to the Sponsor and the recommendations incorporated into the excavation contracts. The contracts for excavation of the Sites will be subject to the review and approval of the City as owner of the Sites. BC Housing and the Sponsor will work with the City to minimize the cost of remediating any soil contamination, including allowing for on-site remediation.

27. Architectural Services

BC Housing has selected three architectural firms to design the Projects. BC Housing will assign 4 sites to each firm. The three firms are:

- Davidson Yuen Simpson
- Gomberoff Bell Lyon
- Neale Staniskis Doll Adams

The three firms will meet with each other and with the City as regulator on a regular basis and will work together to identify and address issues common to the Projects. The firms will co-ordinate with the selection of sub-consultants and where appropriate use common sub-consultants.

28. Certified Professional

Certified Professionals will be retained early in the design process to work with the architectural and consultant teams designing the Projects to review and monitor compliance with the City's Building Code.

29. Legal Counsel

BC Housing and the City will jointly select an independent legal firm to act for both in identifying and addressing the legal issues related to the Projects, prepare charge summaries, deal with charges on title, and draft the leases and other legal documentation that may be required.

30. Contractors

BC Housing is undertaking a Request for Proposals from potential contractors to build the Projects. The contractors will provide project management services through the design development process, including costing advice and recommendations regarding construction efficiencies ('value engineering'), and will assist in ensuring that construction of the Projects can commence as soon as possible.

31. Crane Overswing and Underpinning Agreements

The Projects will require agreements with neighbouring property owners to allow construction cranes to swing across property lines and to allow underpinning of shoring required for excavation. The contractors selected for the Project will determine the extent of the shoring and overswing requirements. The contractor will be responsible for negotiating the agreements with the neighbouring property owners and will have the required agreements in place by the time the Building Permit is issued for a Project. BC Housing will pay all costs associated with securing the agreements. Any legal agreements will require the approval of the City's solicitors.

32. Rezoning

The intent is to develop the Projects within the zoning currently in place for each Site if at all possible. However, some Projects will require or benefit from a rezoning. The City as owner of the Sites will be the applicant for any rezonings that may be required. The City as regulator of development will report to Council with a recommendation and may recommend approval of the application, with or without conditions, or may recommend that the application be refused. Any rezoning will require Council consideration at a public hearing, and City Council retains the unfettered right to approve or refuse a rezoning application for any of the Projects as City Council may determine following a public hearing.

Any revenue or increase in land value generated by the rezoning of one of the Sites, e.g. from a market housing or commercial component, will be to the account of the City as owner. In any event, no land cost will be attributable to the social and supportive housing or any social service uses.

The rezonings may result in a mixed market/non-market development with the Project occupying an airspace parcel. If a rezoning does result in a mixed market/non-market development, the City will be responsible for finding a development partner to undertake the overall development including the Project, and ensuring the development proceeds. If there is no market interest in a mixed market/non-market development, the Project will proceed without the market component.

33. Development Permit Process

BC Housing, the City as both owner and regulator, the Sponsors and the consultant teams will work co-operatively to identify and address issues with the intent that the Development and Building Permit applications can be expeditiously processed. The intention is for Development and Building Permits to be approved and issued for the Projects not subject to rezoning applications so that at least 6 Projects can be under construction by the end of 2008. All parties recognize that good communication, prompt responses, and complete documentation will be essential to achieve this schedule.

The architectural firms on behalf of BC Housing will be the applicant for the Development and Building Permits required for the Projects. Each firm will identify a principal who will be the primary contact for the City during the Development and Building Permit review and approval processes.

BC Housing will appoint a project manager who will be the primary contact at BC Housing for the Projects and the Development and Building Permit review and approval processes.

A technical team of City staff will work with BC Housing, the Sponsors and their consultant teams, and will co-ordinate the Development and Building Permit review and approval processes for all the Projects. The City's technical team will be chaired by a Project Facilitator from Development Services who will expedite the process and be the primary contact for the City as regulator to the consultant team, and will include a Development Planner from Planning to work with the consultant team to identify and resolve any design issues; and staff from other departments to work with the consultant team on engineering (utilities, streets, etc.), building code, sustainability and other issues. The City's technical team will report to the City's Major Project Steering Committee for resolution of any issues that require direction from the City's senior management.

The City's technical team, Sponsors and the consultant teams will meet together to identify and address issues that may be common to the Projects, in addition to the City's technical team meeting with the individual architectural firms to discuss their particular Projects. The City's technical team, BC Housing and the consultant teams will begin meeting upon approval of this Memorandum of Understanding and before any work on the design of the Projects commences to ensure that all the issues are identified and addressed as early in the process as possible, and that all the information required by the City for the Development and Building Permit review and approval processes is provided.

The City's Project Facilitator will chair all meetings between the City's technical team, the consultants and the sponsors and will be responsible for arranging the meetings and for preparing meeting agendas and minutes.

34. Operations Management Plan

Once a Sponsor and Service Provider(s) have been selected for a Project, they will develop a building and management program for review by the City as regulator of

development and by the surrounding community that may be impacted by a Project. An Operations Management Plan (OMP) may be required for each Project as a condition of Development Permit approval. A separate OMP may be required for any social service centre located in a Project.

Any OMP that may be required will be designed for each Project's specific program and neighbourhood context, but all will have the following in common:

- a Community Advisory Committee with representation from the nearby residents, businesses and institutions as well as representatives from the Sponsor and Service Providers, the funders of the Project and Service Providers, the Vancouver Police Department (VPD), and the City as owner, with a mandate to monitor the operations of the Project, identify and discuss issues, and make recommendations to the Sponsor and the Project funders;
- a dispute resolution process to resolve issues between neighbours, funders and sponsors that will include, as a final step in the appeal process, a show cause hearing to determine if the Sponsor's business license should be terminated;
- a 24 hour, 7 day a week, contact number for the Sponsor which neighbours and others can access if they wish to report concerns regarding the Project or activities in the neighbourhood; and
- a description of the building program, staffing model, the tenant profile and the Service Providers accessing the Supported Units in the Project. In the case of social service centres, the description of the program will include the hours of operation, the schedule of services and programs, and the profile of the clients of each service and program.

Where an OMP is required, it will be a condition of the Development Permit that the OMP be finalized and approved by the City as regulator prior to issuance of an occupancy permit.

35. Public Consultation

The public consultation process will commence with the presentation of this Memorandum of Understanding to City Council and a recommendation that it be referred to a public meeting at which City Council would hear speakers and consider this Memorandum of Understanding, the proposed City/Province partnership, and the use of the Sites for social and supportive housing.

BC Housing and the City will prepare a newspaper insert for distribution across the city that will outline the proposed partnership and provide a summary of the context for the initiative. The newspaper insert will be in addition to the notices that the City normally places in newspapers for public meetings. The City will also directly notify all those on the contact lists developed for the Supportive Housing Strategy that Council approved in June 2007.

If this Memorandum of Understanding and the proposed City/Province partnership are approved by Council, further public consultation will focus on the building and management program, and the design of the Projects, and the Projects will be processed in accordance with the City's Development and Building Permit processes. For those Projects for which a rezoning is sought, the rezoning and Development Permit applications will be, to the extent possible, processed together.

Once an application for a Development Permit has been submitted for a Project, an open house will be held in the community so that the Project's neighbours can review the proposed design, and the building and management program. The Sponsor, the Service Providers, and their consultant team will be available to respond to questions and issues raised by the neighbours.

Once a Project and the public input has been reviewed by the City as regulator, the City as regulator will present the proposed Project for consideration by the Development Permit Board at a public meeting where the public will be able to speak to any issues or concerns they may have.

Neighbourhood and community responses to the public consultation will be received by the City as regulator through comment cards available at the neighbourhood meetings/open houses, fax back, and the internet as well as by phone and mail. BC Housing and the City will set up a website to provide information regarding all of the Projects (design, program, etc.), meeting schedules, and questions and answers which will be updated throughout the process.

Invitations from established organizations such as Vision Implementation Committees, Business Improvement Associations, Neighbourhood Houses and Resident Associations, asking that the City as owner, BC Housing and the Sponsor attend one of their regularly scheduled meetings will be accommodated to the extent that the expedited schedule allows.

36. Schedule

Consideration of MoU by BC Housing's Executive Committee	Nov. 7, 2007
Council to receive MoU for referral to a public meeting	Nov. 13, 2007
Public Meeting for consideration of MoU by City Council	Dec. 12, 2007
RFPs issued for Sponsors, Service Providers and contractors	Dec. 2007
Selection of Sponsors, Service Providers and contractors for the Sites	Jan. 2008
Initiation of Public Consultation	Feb. 2008
Development Permit Application Submissions	March 2008
Development Permit Board meetings	June 2008
Approval of Funding to build and operate the Projects	June 2008
Council approval of Project lease terms, etc.	July 2008
Approval of Building Permits	Sept. 2008
Commencement of Construction for first 6+ Projects	Late 2008
Completion of first 6+ Projects	Mid 2010

37. The Sites

The 12 Sites proposed for the BC Housing/City Supportive Housing Partnership include 11 the City owns now and one that the City has an option to purchase if and when funding to develop the Site for social housing is available. The locations of the Sites are noted on the map attached.

The Sites vary in location, size, zoning, and readiness to proceed. All but two of the sites can be developed for social and supportive housing under the current zoning but

three of those Sites are candidates for rezoning that would increase their development potential. The two sites that need rezoning are part of the South East False Creek (SEFC) ODP which sets out the parameters for any rezonings in anticipation that all the properties in SEFC, including the two Sites, will be rezoned from industrial to residential uses. Five Sites may require retail to be developed on the ground floor, and three Sites present potential partnerships with social services that would occupy the ground and possibly second floors. Six of the Sites are leased to tenants with the leases varying from month-to-month to 5 year terms.

The analysis of each site presented below is subject to verification and confirmation by the architectural teams working on the Projects and by the City as regulator's review of the zoning for each of the Projects.

a) 505 Abbott St. (SW Corner of Abbott and Pender)

This irregular site has an area of 17,104 sq. ft. It is zoned CD-1 (CD# 265) and is part of the International Village Neighbourhood. It has a maximum allowable 61,124 sq. ft. of residential floor space and a maximum potential of 120 units. Retail must be developed on the ground floor and a maximum of 6,441 sq. ft. of retail floor space is available. The site is currently occupied by a 3,400 sq. ft. building that was the presentation centre for Henderson's International Village development and is now vacant.

It is proposed that this site be designed for up to 120 studio units. A third of the units to a half of the units would be made available for persons with mental illness or substance abuse problems who are referred by and connected to health and social services. All units would be tenanted by core-need singles with priority for singles living in the Downtown Eastside's shelters and single room occupancy (SRO) hotels and rooming houses.

b) 675-691 East Broadway (NW Corner of Broadway and Fraser)

This site has an area of 24,156 sq. ft. (200 ft. by 120 ft.) and is zoned C-2C. It has a maximum allowable 60,390 sq. ft. of floor space of which a maximum of 51,935 sq. ft. can be developed for residential. The ground floor must be developed for commercial, preferably retail or retail-like uses. The site is currently occupied with a one-storey 17,749 sq. ft. commercial building containing 6 CRUs. One CRU is vacant and the remaining 5 are leased to 4 tenants with the longest lease with Pacific Community Resource Society, which operates the Broadway Youth Services Centre, terminating in 2014. The Broadway Youth Services Centre occupies 7,005 sq. ft. There is interest in developing a youth services hub on the ground floor of any future development on this site.

The site is within the Mt. Pleasant Neighbourhood which is currently in a Visioning process which is to be completed in late 2009/early 2010. The City's intent has been to explore rezoning opportunities when the visioning is completed as the C-3A zone to the west that allows higher densities and built forms may be extended east. The site is large enough to accommodate a mix of market and non-market (supportive and/or social) housing, as well as ground level retail and services.

It is proposed that a design for this site at a higher density and greater height than currently permitted by the C-2C zoning be developed for review by the City as regulator, BC Housing, and the community, and recognizing that a rezoning would be required. The form may be a tower and podium that may yield a height and floor space greater than allowed under a C-3A zoning schedule. The Project would include 100+/- studio units and market housing, a potential youth services hub, and ground floor commercial and retail uses.

A third to a half of the 100 units would be occupied by youth, if a youth services hub is included in the Project, by persons with a mental illness and/or substance abuse problem referred by providers of services to persons with mental health or addiction issues. All units will be tenanted by core-need singles with a priority for those living in the shelters and SROs in Mt. Pleasant and along the Broadway corridor.

c) 1134 Burrard St. (between Helmcken and Davie)

This site has an area of 12,000 sq. ft. (100 ft. by 120 ft.) and is within the Downtown District ODP (sub-area M) zoning schedule. It has a maximum allowable 60,000 sq. ft. of floor space as long as social housing (including supportive housing) occupies 2/3 of the floor space. Increases in density for social housing are permitted subject to Council approval.

The site is occupied with an 8,553 sq. ft. one-storey commercial building currently occupied by Family Services of Greater Vancouver's Directions youth centre. The building has been leased to Family Services until June 20, 2010. There is an in principle agreement that the City, and Family Services of Greater Vancouver will work together to develop a youth services hub of up to 12,000 sq. ft. on the first and perhaps second floor of any redevelopment of the site. Approximately 20% of the social housing units developed on the site would be made available for youth referred and served by the youth services hub.

It is proposed that the site be designed for 100+/- studio units with a youth services hub on the first and possibly second floor of up to a total of 12,000 sq. ft. BC Housing and the City will work with Family Services of Greater Vancouver to develop the building program and design. A third to a half of the 100 units would be occupied by youth referred and supported by the youth services, if a youth services hub is included in the Project, by persons with a mental illness and/or substance abuse problem referred by a provider of services to persons with mental health or addiction issues. All units will be tenanted by core-need singles with a priority for those living in the shelters and SROs in Downtown South.

d) 3588-96 West 16th Ave./3212-28 Dunbar St. (SE Corner of 16th and Dunbar)

This site consists of two lots and has a total area of 13,146 sq. ft. (119.5 ft. x 110 ft.). It is zoned C-2 and the maximum floor area allowed for all uses is 32,865 sq. ft. of which a maximum of 28,264 sq. ft. can be developed for residential uses. Retail frontage will be required along Dunbar St. The site is currently occupied by a commercial building with 4 tenants. All tenancies are month-to-month.

It is proposed that this site be designed for 50+/- studio units with 4-5,000 sq. ft. of ground floor retail. A third to a half of the units would be occupied by persons with mental illness and referred and served by a mental health services provider. All units would be tenanted by core-need singles with a priority for those living in Dunbar, West Point Grey and Kitsilano.

e) 1607-15 West 7th Ave (NW corner of 7th and Fir)

This site consists of 3 lots and has a total area of 11,388 sq. ft. (114 ft. by 100 ft.). It is zoned C-3A which allows a maximum floor space of 34,164 sq. ft. The site is vacant except for a one-storey building with a single tenant on the western-most lot. The tenancy is month-to-month. To the north, there a 6 ft. wide strip of dedicated lane that can be consolidated with the site to form a 12,000 sq. ft. site with a maximum allowable floor space of 36,000 sq. ft.

Motivation Power and Achievement Society (MPA) needs to relocate their social service centre now located at 1733 West 4th Ave. Initial conversations with MPA and VCHA indicate that the development of a social service centre at 7th and Fir is an option worth exploring.

It is proposed that the site be designed for 70+/- studio units with MPA's mental health drop-in centre on the first second floor of up to 10,000 sq. ft. BC Housing and the City will work with Vancouver Coastal Health and MPA to develop the building program and design. A third to a half of the 80 units would be occupied by persons with a mental illness. All units will be tenanted by core-need singles with a priority for those living in Fairview and Kitsilano.

f) 1050 Expo Blvd. (between Expo and Pacific Blvds. west of Nelson)

This irregular site has an area of 41,603 sq. ft. sq. ft. and is vacant. It is within the Quayside Neighbourhood of Concord Pacific Place and zoned CD-1 (CD-1 #324) where it is identified as Site 4J and designated for affordable housing. It has a zoned capacity for 60,000 sq. ft of floor space and a maximum potential of 100 units. The site may be reduced in size by a widening of Pacific Blvd. to provide a right-of-way for a proposed streetcar line, however, the reduced site will still be able to accommodate the density permitted.

It is proposed that this site be developed with 100 studio units. Singles living in shelters and SROs in the Downtown would have priority. If more units can be accommodated within the current height and floor space limits, a text amendment to increase the unit count may be considered. The City has an option to purchase the site which can be exercised when funding for the development of the site for affordable housing is available.

A third to a half of the 100 units would be occupied by persons with a mental illness and/or substance abuse problem referred by a provider of services to persons with mental health or addiction issues. All units will be tenanted by core-need singles with a priority for those living in the shelters and SROs in Downtown South.

g) 1233-51 Howe St. (between Drake and Davie)

This site consists of two lots and has a total area of 11,958 sq. ft. (100 ft. x 120 ft.). It is zoned DDODP (sub-area N) and the maximum floor area allowed for all uses is 59,790 sq. ft. all of which can be developed for residential uses. There is a one-storey building on the site, occupied by 2 tenants. One tenancy will terminate at the end of August 2008 and the other at the end of February 2011 but there is a provision that would allow the lease to be bought out in advance. There is a new development under construction to the north, and the owner of the property to the south is interested in proceeding with a development on that site. The developer of the site to the south would like the architects for both projects to develop their designs together so that the design potential for both is optimized.

It is proposed that the site be designed for 100+/- studio units. A third to a half of the 100 units would be occupied by persons referred and supported by a provider of services for persons with a mental illness and/or substance abuse problem. All units will be tenanted by core-need singles with a priority for those living in the shelters and SRO hotels in Downtown South.

h) 606 Powell St. (SE corner of Powell and Princess)

This site consists of 7 lots and has a total area of 20,000 sq. ft. (175 ft. by 120 ft.). It is currently zoned DEOD which allows 2.5 FSR as long as social housing is included. The site is occupied by the former Drake Hotel (24 rooms and a 220 seat pub). The building occupies 2 lots and the remaining lots are occupied by surface parking. The building is currently vacant but the rooms will be leased to Triage Emergency Services Society on a short term basis. A temporary use for the ground floor may also be sought.

A recommendation of the Housing Plan for the Downtown Eastside approved in October 2005 was to undertake a review of the Downtown Eastside Oppenheimer District Official Development Plan (DTES ODP). This review has commenced and should be completed in late 2008 or early 2009. The review will explore the potential of additional height and density with the DEOD and it is expected that large corner sites such as this are likely candidates for higher buildings and higher densities.

It is proposed that a design for a project on this site be developed at a higher density and greater height than currently permitted by the DEOD zoning for review by the City as regulator, BC Housing, and the community, and recognizing that a rezoning would be required. The form may be a tower and podium that may yield a height and floor space similar to the height and density achievable along Main and Hastings Sts. The Project would include 100+/- studios units and market housing, and possible commercial uses on the ground floor.

A third to a half of the units will be occupied by tenants who are referred and supported by providers of services for persons with mental health or addiction

problems. All units will be tenanted by core-need singles with a priority for those living in the shelters and SRO hotels in the Downtown Eastside.

i) 1721-23 Main St. (SW corner of Main and 1st)

This site consists of two lots and has a total area of 12,066 sq. ft. It is currently zoned M-2. A rezoning will be required but the site is intended for residential use as it is within the South East False Creek Official Development Plan. The SEFC ODP allocates a floor space ratio of 3.5 to the sites between First and Second, which would generate a maximum allowable floor space of 42,231 sq. ft. all of which can be for residential though ground level retail along Main St. should be considered. The owner of the lands between the City site and Quebec St. to the west has expressed an interest in proceeding soon with the development of their site and would be interested in having the architects for both projects work together to optimize the design potential. The site is occupied by one storey industrial buildings, and both are tenanted with the last tenancy to terminate in June 09.

It is proposed that the site be designed for 80+/- studio units. Thirty of the 80 units would be occupied by persons with a mental illness or substance abuse problem. All units will be tenanted by core-need singles with a priority for those living in the shelters and (SRO) hotels in Mt. Pleasant and the Downtown Eastside.

j) 215-225 West 2nd Ave. (NW corner of 2nd and Ontario)

This site consists of three lots with a total area of 18,135 sq. ft. It is currently zoned M-2. A rezoning will be required but the site is intended for residential use as it is within the South East False Creek Official Development Plan. The SEFC ODP allocates a floor space ratio of 3.5 to the sites between First and Second Ave., which would generate a maximum allowable floor space of 63,472 sq. ft. Ground floor commercial and retail uses are required along 2nd Ave.

It is proposed that the site be designed for 100+/- studio units. A third to a half of the 100 units would be occupied by persons with a mental illness and/or substance abuse problem. All units will be tenanted by core-need singles with a priority for those living in the shelters and (SRO) hotels in Mt. Pleasant and the Downtown Eastside.

k) 1308 Seymour St. (between Drake and Pacific)

This site consists of 4 lots and has a total area of 11,948 sq. ft. (100 ft. x 120 ft.). It is zoned Downtown District ODP (sub-area L1) and the maximum floor area allowed for social housing development is 59,740 sq. ft. all of which can be developed for residential uses. Three lots are vacant and one is occupied and leased to tenants on a month-to-month basis. The site to the south has been consolidated in preparation for development, and the developer would be interested in having the two architects work together to optimize the design benefit to both projects.

It is proposed that the site be designed for 100 or more studio units. A third to a half of the 100 units would be occupied by persons with a mental illness and/or

substance abuse problem. All units will be tenanted by core-need singles with a priority for those living in the shelters and SRO hotels in Downtown South.

l) 590 Alexander St. (SW corner of Princess and Alexander)

This site consists of 3 lots with a total area of 9,000 sq. ft. (75 ft. x 120 ft.). It is within the Downtown Eastside Oppenheimer District (DEOD) ODP (sub-area 4) which allows a maximum 2.5 Floor Space Ratio for residential uses as long as social housing is included. This site is now occupied by Marie Gomez Place, a 76 unit social housing project which is to be demolished by BC Housing pursuant to an agreement approved by City Council on Sept. 18, 2007. Once the building is demolished the site will be available for redevelopment. A recommendation of the Housing Plan for the Downtown Eastside approved in October 2005 was to undertake a review of the Downtown Eastside Oppenheimer District Official Development Plan (DTES ODP). This review has commenced and should be completed in late 2008 or early 2009.

It is proposed that a design be prepared for the site based on a 100 ft. tall building with a Floor Space Ratio of up to 5. It is proposed that the project consist of 100 or so small studio units of 200-250 sq. ft. and be developed as low barrier housing. Sufficient amenity space would be provided to accommodate a kitchen and dining area and the necessary support for a low barrier project. Meals would be provided. Most of the units would accommodate persons with a mental health and/or substance abuse problem. All units will be tenanted by core-need singles with a priority for those living in the shelters and (SRO) hotels in the Downtown Eastside.

Site Summary

The total number of units in each Project is approximate only and is likely to change through the design development process. It is expected that 400-600 of the units will be occupied by tenants supported by providers of services to persons with a mental illness, addiction problem, street youth, and others in need of support. For most of the Projects, a third to a half of the units will be occupied by Supported Tenants. One or two projects in the downtown may be developed as low barrier models in which most or all of the tenants are supported by Service Providers.

Address	Number of Units+/-
505 Abbott St.	120
675-691 East Broadway	100
1134 Burrard St.	100
3588-96 West 16 th Ave./3212-28 Dunbar St.	50
1607-15 West 7 th Ave	80
1050 Expo Blvd.	100
1233-51 Howe St.	100
606 Powell St.	100
1721-23 Main St.	80
215-225 West 2 nd Ave.	100
1308 Seymour St.	100

590 Alexander St.	100
Total	1100-1200

Once this Memorandum of Understanding has been signed, it will be presented to BC Housing's Executive Committee and to Vancouver City Council for approval. No legal rights or obligation shall be created or arise until BC Housing's Executive Committee and City Council have approved this Memorandum of Understanding and all legal documentation required to implement this Memorandum of Understanding and which will replace this Memorandum of Understanding has been fully executed on terms and conditions satisfactory to the solicitors for BC Housing and the City.

For BC Housing

For the City

Shayne Ramsay, CEO

Judy Rogers, City Manager

date

date

