

LATE DISTRIBUTION FOR CS&B - MAY 7, 2009

Supports Item No. 4
CS&B Committee Agenda
May 7, 2009



ADMINISTRATIVE REPORT

Report Date: April 28, 2009
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VanRIMS No.: 08-2000-20
Meeting Date: May 7, 2009

TO: Standing Committee on City Services and Budgets

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

SUBJECT: Burn Fund Project: 3891 Main Street

RECOMMENDATION

- A. THAT Council approve the April 14, 2009, Memorandum of Understanding, attached as Appendix A, between the British Columbia Professional Fire Fighters Burn Fund and the City of Vancouver regarding the lease of 3891 Main St. for the development of a Burn Fund Building, with the lease to be subject to the Burn Fund securing the capital funding to build the project and the funding to operate it by the end of 2011, and with the lease to be for a 60 year term at a nominal prepaid rent and to include such other terms and conditions as set out in Appendix A and such other terms as may be required by the Director of Legal Services.
- B. THAT upon execution of the lease described in Recommendation A, the City-owned site at 3891 Main St. be transferred from Capital Assets to the Property Endowment Fund.
- C. THAT no legal rights or obligations shall arise or be created by Council's approval of Recommendation A until all necessary legal documentation for the project is fully executed on terms and conditions to the satisfaction of the Director of Legal Services.
- D. THAT the Province, as the owner of the Little Mountain Housing complex at 37th Ave. and Main St. and BC Housing as the Province's agent, be advised that, subject to a Public Hearing for a rezoning of the Little Mountain Housing complex, an appropriate Community Amenity Contribution for the redevelopment may either be the provision of a site or airspace parcel sufficient to accommodate a new Little Mountain Neighbourhood House, or the development and provision of a new Little Mountain Neighbourhood House, within a redevelopment of the Little Mountain Housing complex.

As the nominal lease in Recommendation A represents a capital grant with a value of approximately \$1,500,000, eight (8) votes in support are required.

GENERAL MANAGER'S COMMENTS

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

COUNCIL POLICY

The City provides capital grants for non-profit operated social infrastructure that serves City priorities.

The value of a 60-year lease is estimated at 75% of freehold market value, with the reversionary interest equal to 25%.

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.

A long term lease with a nominal prepaid rent is a grant, and the approval of a grant requires eight affirmative votes.

PURPOSE AND SUMMARY

This report recommends that Council approve leasing the City's site at 3891 Main St. to the British Columbia Professional Fire Fighter's Burn Fund for the development of a multi-use Burn Fund Building, with the lease to be subject to all the funding required for the project being secured by the end of 2011. The lease would be for a term of 60 years with a nominal prepaid rent. The location of the site is noted on Figure 1.

3891 Main St. was purchased for a new Little Mountain Neighbourhood House but its small size compromises the design, program and budget for the new neighbourhood house. BC Housing, which is providing funding for the Burn Fund Project and sought the City's assistance in finding a site for it, understands that providing a site for a new Little Mountain Neighbourhood House, or providing a new neighbourhood house itself, may be an appropriate community contribution for any rezoning proposed for their Little Mountain Housing complex at 37th and Main St.

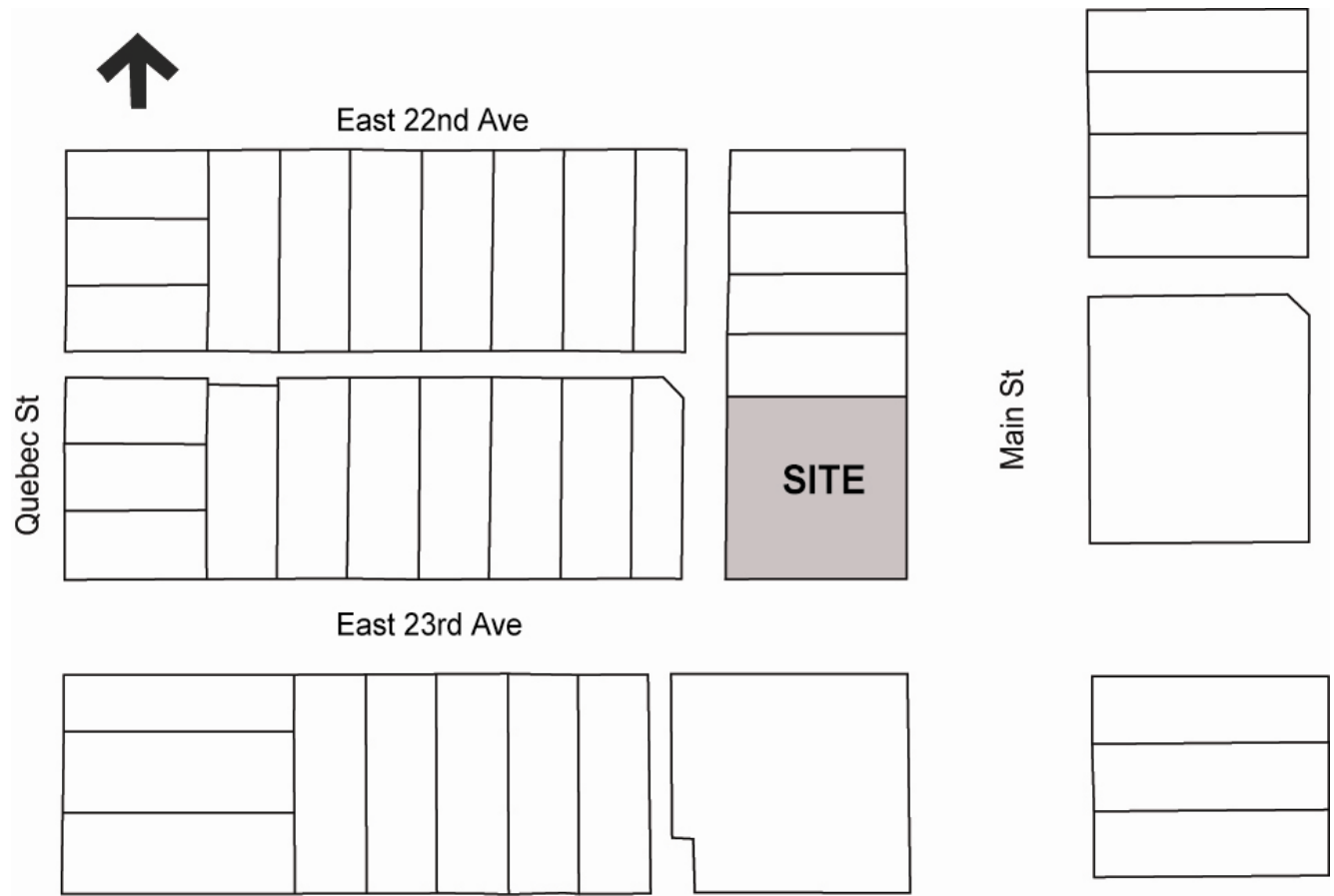


Figure 1

BACKGROUND

On May 4, 2006, Council considered a report that provided an update on the redevelopment of Little Mountain Neighbourhood House, and was advised that increased project costs due to the constrained site and construction cost escalation had resulted in a capital funding shortfall for the project. Council confirmed the City's capital contribution of \$4,215,000 including the cost of 3891 Main St. which Council had purchased in July 2002 for a new Little Mountain Neighbourhood House.

On July 26, 2007, Council approved a June 8, 2007, Memorandum of Understanding between the City and BC Housing regarding the redevelopment of the Province's (BC Housing) Little Mountain Housing complex between 33rd and 37th Ave. and Ontario and Main St. The report to Council identified a requirement for a community needs assessment to be undertaken during the policy development phase that would precede rezoning, and that an appropriate community amenity contribution to address those needs would be considered during the rezoning phase.

BURN FUND PROJECT

The BC Professional Fire Fighter's Burn Fund wishes to develop a multi-use building combining a multi-media educational centre, administrative offices, laboratory, and housing. The project would provide:

- information, public presentations, and training to increase burn awareness and the ability for the public to better prevent and respond to burns,

- research capacity for medical professionals in Vancouver working in the area of burn treatment, and
- 8 housing units for persons recovering from burn injuries and for families from outside Vancouver visiting burn victims being treated at either Vancouver General or Children's Hospitals.

The project is similar to Ronald McDonald House located on Oak near King Edward Ave. and Canuck Place located in Shaughnessy, both of which provide housing and services to children needing access to Vancouver's medical services, though both are primarily residential in character.

In early 2007 BC Housing offered the Burn Fund a vacant site they owned in Kitsilano. However, it was located in the middle of a residential area and would have required a rezoning which may not have been supportable. As the Burn Fund proposal is primarily non-residential in character, Planning and other City staff encouraged the Fund to look for a site in a zoning district, such as C-2, that could accommodate their multi-use program without a rezoning.

The Fund asked the City if it owned any vacant C-2 sites in reasonable proximity to VGH and Children's Hospital, and adjacent a lower density residential area so those in the housing, many of whom from smaller towns, could feel 'at home'. The site at 23rd and Main (3891 Main St.) was identified as a possibility. It had been purchased by the City for a new Little Mountain Neighbourhood House (LMNH) but was proving problematic. Its small size limits the underground parking that could be accessed by a parking ramp and increased the cost/stall to the point where the funding shortfall between the project's estimated cost and the available capital funding had widened to an estimated \$2.7 million in 2006. Consequently, the proposal to develop a new LMNH on the Main and 23rd site has not been able to proceed.

The Burn Fund assessed 3891 Main St. and advised that it could be made to work for their program and that it satisfied their location criteria. The site's small size has proven a challenge for them as well, but they have developed a design that accommodates their program and satisfies the requirements of the zoning. Parking proved the most difficult issue as the basement was required for the multi-media educational centre and not enough parking spaces that could be provided at grade to satisfy the demand for parking that the project would generate. The approved design includes a parking elevator to take cars to a second basement which provides 9 parking spaces. These plus 5 at-grade parking spaces result in a total of 14 parking spaces for the project. The parking elevator is an expensive addition to the project but the Burn Fund believes it can raise the capital required to build the project.

The Development Permit for the project (DE412088) has been approved subject to conditions. It is expected that revised plans satisfying the conditions will be submitted shortly and that the Permit will soon be issuable.

LEASE OF 3891 MAIN ST.

The City site at 3891 Main St. (legally described as Lot D, Block 4, DL 630, Plan BCP21804; PID: 206-554-097) has a frontage along Main St. of 90.5 feet and a depth along 23rd of 84.5 feet for a site area of 7,605 sq. ft. It is zoned C-2 and is located in the Main St. retail area that extends north and south of King Edward Ave.

A Memorandum of Understanding between the City and the Burn Fund, dated April 14, 2009, and attached as Appendix A, sets out the proposed business and lease terms, all subject to Council approval. The lease would be for 60 years with a nominal prepaid rent. The lease would not be executed until all the capital funding is in place to build the project and the operating funding is in place to operate it. The site would be reserved for the Burn Fund until the end of 2011 to give them time to secure the necessary funding, prepare working drawings, tender the project and select a contractor. If the Burn Fund has not secured the capital or operating funding required for the project by the end of 2011, the City may at its sole discretion terminate the relationship and dispose of the site as it chooses.

The Development Permit for the project requires that a parking and traffic management plan be implemented for the project. The Lease will require the Burn Fund to implement the parking and traffic management plan required by the Development Permit and adhere to it for the duration of the lease unless otherwise approved by the City Engineer.

FINANCIAL IMPLICATIONS: BURN FUND

The Burn Fund has secured a \$2,000,000 commitment from the Ministry of Health and a second \$2,000,000 from the Ministry of Housing and Social Development. The total cost of the project is estimated at \$15,000,000. The City's capital contribution would be the 60-year lease of the site at a nominal prepaid rent. The site was assessed in 2008 at \$1,958,000 and this contribution equates to a capital grant of approximately \$1,500,000 based on a 60 year lease equalling 75% of fair market value.

3891 Main St. was occupied by a carwash and a dry cleaner and the preliminary environmental assessment recommended that further site investigation be undertaken prior to development. The Memorandum of Understanding commits the City to contributing up to \$200,000 to the cost of remediating any soil contamination that further investigation may uncover. This is also the limit to the City's contribution, and if the estimated cost of site remediation exceeds \$200,000 either the City or the Burn Fund may terminate the relationship and the project. It is possible, though unlikely, that contamination not found during the investigations undertaken prior to construction is discovered during excavation. The proposal is that the City would cover half the additional cost of soil remediation up to a maximum total City contribution of \$500,000 for soil remediation.

When the previous improvements on the site were demolished, it was found that the wall between the buildings on the City's site and the building on the adjacent site was a shared party wall. The party wall needs to be secured and it is expected that that will be achieved through the construction of the Burn Fund project. There could be additional costs incurred by the project in securing the party wall, and it is proposed that the City cover the cost of the engineering analysis to determine how to secure the party wall and to contribute up to \$200,000 for any additional construction costs. The Burn Fund will retain the engineers and work with the owner of the adjacent lot to achieve a mutually acceptable solution.

Funding for the soil remediation and for securing the party wall will be provided from the Property Endowment Fund (PEF) as the site will be held as a long term asset in the PEF. The site is now held as a capital asset and it is recommended that it be transferred to the PEF once the lease is signed and the project proceeds as the City's long term leases are held in the PEF. At the end of the lease the site will revert to the PEF as a commercial opportunity.

LITTLE MOUNTAIN NEIGHBOURHOOD HOUSE

Little Mountain Neighbourhood House was established in 1976 and currently operates out of a City-owned building at 3981 Main St. It shares the building with the Riley Park Branch of the Vancouver Public Library that will be moving to the new Hillcrest community centre following the 2010 Winter Games. LMNH occupies 1,400 sq. ft. and has been short of space for many years and forced to provide many of its programs off site.

It has been difficult finding a site in the Main St. corridor that is suitable for a new LMNH as the sites along both sides of Main are shallow and most are small. The site at 3891 Main was purchased as it was one of the few sites available but has proven to be too small. LMNH would prefer a site north of BC Housing's Little Mountain Housing complex but recognizes that suitable sites may not be available or possible to find. When BC Housing announced their intentions to redevelop Little Mountain, the LMNH board recognized that it was an opportunity worth considering, and in April 2007 the LMNH board approved a motion expressing interest in a new LMNH being considered as a community amenity for the redevelopment of the Little Mountain Housing complex.

BC Housing is working with a private development partner on the redevelopment of Little Mountain. The current economic downturn may delay the redevelopment but it is expected that the policy development phase leading up to the rezoning application will commence in the next year or so. As set out in the June 8, 2007, Memorandum of Understanding between BC Housing and the City and covering Council report regarding the redevelopment of the Little Mountain Housing complex, the community amenity contribution will be determined following of a community needs assessment that will undertaken as part of the policy development phase required before a rezoning can be considered. The community priorities identified in the policy development work would be incorporated into the subsequent rezoning application with the specifics regarding location, scale and design of the community amenities to be worked out through the rezoning process.

A rezoning and the associated community amenity contribution are subject to Council consideration at a Public Hearing. The community amenity contribution cannot be predetermined but it is important that BC Housing and their development partner be advised prior to commencing their work that a new LMNH may be an appropriate community amenity and needs to be considered in any planning for the site.

The community needs assessment may identify multiple priorities in terms of community needs, and it may not be possible to satisfy all of them fully. It can be expected, for example, that one or more childcare centres may be justified on the basis of demand generated by the redevelopment and existing needs in the neighbourhood. If competing needs mean that the redevelopment is unable to provide a fully developed and constructed new LMNH, a likely alternative is for the redevelopment to provide at no cost a site or airspace parcel sufficient to accommodate a new LMNH. A new LMNH is expected to require 12,000-15,000 sq. ft. of floor space and would probably be developed in conjunction with a childcare centre, as LMNH now provides off-site childcare service and most new neighbourhood houses include a childcare centre. The floor space required by a new childcare would be in addition to the 12,000-15,000 sq. ft. required for a new neighbourhood house.

Incorporating a new LMNH in the redevelopment of the Little Mountain Housing complex would allow for a purpose built design to be achieved and avoid the constraints imposed by standard lot sizes and shapes. The model for a purpose built design is the Collingwood Neighbourhood House developed as part of Collingwood Village which has proved to be a very successful neighbourhood house and an asset to the community.

FINANCIAL IMPLICATIONS: LITTLE MOUNTAIN NEIGHBOURHOOD HOUSE

LMNH secured capital funding from the Province, the City and the community for the new LMNH proposed for 3891 Main St. This includes \$2,500,000 from the Province, \$3,340,000 from the City and \$500,000 from the community. These funds can be transferred to a new location, and if transferred to a new LMNH to be developed as part of the Little Mountain Housing complex redevelopment, would free up the community amenity contribution to be provided by the redevelopment for other public benefits. As a free site for the new LMNH is expected to be provided in the redevelopment of the Little Mountain Housing complex, the current site is available for lease at a nominal rent to the Burn Fund, and does not need to be sold in order to buy a site for a new LMNH.

CONCLUSION

It is proposed that the City site at 3891 Main St. be leased to the BC Professional Firefighters Burn Fund for the development of a multi-use project providing education, research, services and accommodation for the public, the medical community and to burn victims and their families. The lease would be conditional on the Burn Fund securing the capital and operating funds to build and operate the project by the end of 2011.

3891 Main St. was purchased for a new Little Mountain neighbourhood house but has proved unsuitable. It is proposed that a new LMNH be considered as a community amenity to be provided in the redevelopment of the Little Mountain Housing complex. It is recommended that the Province and BC Housing be advised that a new LMNH needs to be considered in the planning for the redevelopment of the Little Mountain Housing complex.

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Memorandum of Understanding
between
British Columbia Professional Fire Fighter's Burn Fund (the Burn Fund), and
the City of Vancouver (the City)
regarding the development of the Burn Fund Building (BFB) and
dated for reference April 14, 2009

Introduction

The Burn Fund, with the support of the Province (BC Housing), has been looking for a site near Vancouver General and Children's Hospitals suitable for the development of their proposed BFB. The site the City had acquired for a new Little Mountain Neighbourhood House (LMNH) has proven to be too small for LMNH's program but can accommodate the BFB. BC Housing has initiated the redevelopment of their Little Mountain housing project (Little Mountain) and it is proposed to incorporate a new LMNH into the redevelopment of Little Mountain.

The proposal is for the City to make the site it had acquired for the new LMNH available to the Burn Fund in expectation that a new LMNH will be included in redevelopment of Little Mountain.

3891 Main St.

The City purchased 3891 Main St. (the Site) in 2002 for a new LMNH. The Site is located at the north-west corner of Main St. and 23rd Ave., and has a frontage of 90.5 ft. on Main St. and a depth of 84.5 ft. for a total area of 7,605 sq. ft. (705.5 sq. m.). It is zoned C-2 which allows a maximum of 2.5 FSR or 19,012.5 sq. ft. of above grade floor area plus a basement. The Site is currently vacant. It is legally described as PID: 026-554-097, Lot D, Block 4, DL 630, Plan BCP21804, NWD. It has a 2008 assessed value of \$1,958,000.

Burn Fund Building (BFB)

The Burn Fund is proposing to develop a BFB on the Site that will be a 3-storey structure (52 feet high) consisting of approximately 25,000 sq. ft. of gross floor area and approximately 19,000 sq. ft. of approvable floor area as calculated in accordance with the C-2 zoning regulations. It will include a multi-media educational centre on the lower level, general offices and covered parking at grade on the ground floor, 8 sleeping units on the second floor, a laboratory facility on the third floor, and one level of underground parking accessed by a car-elevator from the lane for a total of 14 parking spaces.

A Development Permit, DE412088, has been approved for the development of the BFB.

The BFB would be operated by the Burn Fund who would provide public education and information on fire safety, burn research and laboratory space, and housing for persons recovering from burns and requiring access to the specialized medical services located

in Vancouver, specifically at Vancouver General and Children's hospitals, or for families from outside Vancouver with relatives undergoing treatment for burns and in Vancouver General or Children's Hospital.

BFB Capital Funding

The capital cost of the BFB is estimated at \$15,000,000, excluding any land cost. BC Housing has provided \$2,000,000 in capital funding and the Ministry of Health has provided \$2,000,000 in funding. The Burn Fund has initiated a fundraising program and expects to have the remaining capital required to build the BFB in place by the end of 2010.

Reservation of Site

The City will reserve the Site for the Burn Fund's BFB until December 31, 2011. During that time, the Burn Fund will undertake to raise the capital required to build the project and secure the operating funding to operate it. If the capital or operating funding have not been secured, and construction is not ready to commence by December 31, 2011, the City may develop, sell or dispose of the property at its discretion without any further obligation to the Burn Fund.

License to Occupy

The City will grant a license at a nominal fee to the Burn Fund to occupy the site for the purposes of undertaking soil and such other investigations as may be required before construction can commence but not for undertaking excavation or construction.

BFB Lease

The City will lease the Site to the Burn Fund for 60 years for a nominal (\$100) prepaid rent. The lease term will commence upon registration of the lease in the Land Title Office or January 1, 2012, whichever is earlier. The nominal lease is a capital grant with a value of approximately \$1,500,000.

The Burn Fund will be responsible for paying all utilities, insurance, property taxes, and will be responsible for all costs related to the repair and maintenance of the property and BFB.

The City's commitment to lease the Site to the Burn Fund is subject to all capital funding being in place for the construction of the BFB, operating funding being secured, a contract executed for the construction of the BFB, and execution of all other legal documentation required for construction of the BFB to proceed.

If these conditions have not been fully satisfied by December 31, 2011, the City will be under no obligation to lease the property to the Burn Fund.

Parking and Traffic Management

Development Permit DE412088 for the BFB requires that a parking and traffic management plan be implemented. The lease of the Site to the Burn Fund will include

provisions requiring the Burn Fund to implement the conditions related to parking and traffic management as set out in the February 24, 2009, letter to Mr. Jaret Klymchuk of Bunting Coady Architects from Mr. Berg Balantzyan of the City's Development Services Department, and in particular but not restricted to those set out in the Engineering Conditions listed in Section 2.0, and to manage the parking and traffic as required by the February 24, 2009, letter for the term of the lease unless otherwise approved by the City Engineer in writing.

Party Wall

The wall of the building on the property (3867 Main St.) immediately north of the Site encroaches on the Site. When the former improvements on the Site were demolished, this wall was exposed and bracing has been put in place on the Site to temporarily secure it. The construction of the BFB is expected to secure the party wall. The Burn Fund will undertake the negotiations with the owner of 3867 Main St. to develop a mutually acceptable solution and resolve the issue.

Subject to the City's approval of the budget, the City will pay the cost of the engineering study to develop a solution that will secure the party wall, and subject to the City's approval of the additional work and associated cost premium, the City will contribute up to a maximum of \$200,000 towards the cost of securing the party wall.

Soil Contamination and Remediation

The City undertook a preliminary assessment of the soils to determine the potential for soil contamination and has provided the report to the Burn Fund. The report indicates that further investigation may be required. The Burn Fund will undertake any further investigation to evaluate soil contamination on the Site at its cost. Review and approval by the City of the consultants' proposed investigative program and contract is required prior to consultants undertaking further soil investigation.

If the consultants' estimate that the cost of remediating the site exceeds \$200,000, either the City or the Burn Fund may terminate the partnership and the project. If the project cannot proceed because of the cost of remediation, the City will pay the costs of the additional soil investigation undertaken on the Site subject to all copies of the soil investigation reports being provided to the City and the City being included as a party that can rely on the reports.

The City will pay up to \$200,000 towards soil remediation, subject to appropriate supervision of the excavation by a qualified consultant. If additional soil contamination is uncovered through the excavation process, the City will pay for half the cost of soil remediation up to a maximum total City contribution of \$500,000.

Crane Overswing and Underpinning Agreements

The Burn Fund will be responsible for negotiating and paying the costs of any overswing agreements for cranes that may be required for construction and for the cost of underpinning agreements with neighbouring property owners. Any legal documentation required to be registered against title for the Site will be prepared by and on terms and conditions satisfactory to the City's Director of Legal Services.

Next Steps

Upon execution of this Memorandum of Understanding by the Burn Fund and the City, it will be presented to the Burn Fund Board and to City Council for approval.

No Legal Rights or Obligations

No legal rights or obligations shall arise or be created by the Memorandum of Understanding until all required approvals have been received for the BFB, and all legal documentation has been fully executed on terms and conditions to the satisfaction of the solicitors for the Burn Fund and the City's Director of Legal Services.

For the Burn Fund

For the City of Vancouver

Name/Signature

Name/Signature

Date signed

Date signed

Name/Signature

Date signed