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ADMINISTRATIVE REPORT

Report Date:	May 19, 2009
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Meeting Date:	June 2, 2009

TO: Vancouver City Council

FROM: Managing Director of Social Development

SUBJECT: Change of Lessee to Provincial Rental Housing Corporation for 9 Supportive Housing Sites

RECOMMENDATION

THAT Council approve the substitution of the Provincial Rental Housing Corporation (PRHC) as the lessee of City-owned sites for any or all of the nine (9) supportive housing sites, as further discussed in this report, but otherwise on the same terms and conditions already approved by Council for each respective project.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of the foregoing recommendation.

COUNCIL POLICY

Council approved a Memorandum of Understanding (MOU) between the City and BC Housing on December 19, 2007, regarding the development of social and supportive housing. Twelve (12) City-owned sites are included in this partnership.

SUMMARY AND PURPOSE

The Province of BC has decided to provide capital grants to fund the construction of the first six supportive housing projects. As a consequence, BC Housing has requested that the PRHC be included as a possible lessee for nine (9) sites for which Council has already authorized preparation of leases.

BACKGROUND

14 Sites: The MOU entered into between the City and the Province in December 2007 included 12 supportive housing sites. Two additional projects (1005 Station Street and 377 West Pender Street) had previously received funding approval under the Provincial Homelessness Initiative (PHI). Ten of the 14 projects have received expedited processing, while the remaining 4 require rezoning.

Leases Already Approved: Council has authorized leases for 9 of the 14 supportive housing projects on City-owned sites as follows:

	Project	Housing Sponsor/Lessee	Date of Council Approval
1	1338 Seymour*	Granville Mennonite Housing Society	July 22, 2008
2	1005 Station Street*	Portland Hotel Society	September 16, 2008
3	1237 Howe Street	McLaren Housing Society	September 16, 2008
4	1601 Fir Street (at 7th Ave.)	Katherine Sanford Housing Society	September 30, 2008
5	1050 Expo Boulevard	127 Society for Housing	September 30, 2008
6	188 West 1st Avenue*	Lookout Emergency Aid Society	September 30, 2008
7	525 Abbott Street*	Atira Women's Resource Society	October 14, 2008
8	3595 West 17th Avenue*	Coast Foundation Society	October 28, 2008
9	377 West Pender Street*	Coast Foundation Society	November 25, 2008

*The Province announced capital funding for these six projects in March 2009.

In approving the leases, Council established three conditions which apply to all of the sites:

- A lease term of 60 years;
- A nominal prepaid rent; and
- A waiver of property taxes for the terms of the leases (which does not apply to Station and West Pender Street).

Update on 14 Sites: Six sites indicated above are proceeding immediately with construction to start as early as July 2009. It is anticipated that the eight remaining projects will proceed over the next couple of years.

Six of the sites involve rezoning. Council has already approved rezonings for 188 East 1st, in July 2008 (listed above), and for 215 West 2nd Avenue, at a Public Hearing in January 2009. Work continues on readying the other 4 projects for the rezoning process:

- 590 Alexander;
- 1134 Burrard;
- Broadway and Fraser; and
- 606 Powell Street.

DISCUSSION

The Province's normal financing structure for social housing is to mortgage the leasehold interest in the property to cover the capital cost of the building and then to provide subsidies to cover the mortgage payments and operating costs. However, for the 6 sites for which funding was announced in March, the Province of BC has decided to instead provide capital grants to fund building construction. As a consequence of this decision, it is necessary for the Province (PRHC) to "own" the projects. In this case, PRHC serving as the lessee of the lands and owner of the buildings for 60 years, with the City retaining ownership of the lands, constitutes effective Provincial ownership. In effect, the Province decided to make a capital investment and must acquire ownership in the lease and buildings in order to account for the investment.

For the remaining 3 of these first 9 projects the Province may decide to use PRHC as the lessee or may decide to follow what was previously the standard practice, which was for a non-profit housing society to act as lessee, and the Province would like the flexibility to decide that at such time as a funding decision for each such project is made.

This report deals only with the 9 sites for which Council has already authorized leases. The remaining 5 of 14 sites will be dealt with as the lease terms are brought forward for Council approval in the future.

BC Housing and the City's solicitors have already generated an alternate set of SCTs (Standard Charge Terms) for the leases to accommodate the circumstances where PRHC is the lessee.

City staff are reviewing revised Operating Agreements between BC Housing and the non-profit housing societies who will run the projects on a daily basis to ensure that the structure of the operations are consistent with the previous arrangement, particularly in terms of the relationship with the City. It is anticipated that agreement will be reached shortly.

FINANCIAL IMPLICATIONS

There are no financial implications.

CONCLUSION

The Managing Director of Social Development recommends PRHC be approved as a lessee for the 9 previously approved social and supportive housing projects to be built on City-owned lands.

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