

File No.: 04-1000-20-2017-209

August 22, 2017

s.22(1)

Dear s.22(1)

Re: Request for Access to Records under the Freedom of Information and Protection of Privacy Act (the "Act")

I am responding to your request of May 29, 2017 for:

All communications from City of Vancouver employees, regarding media reports on the Brenhill land swap; and communications from or to the City of Vancouver on the Brenhill deal or media reports about the Brenhill deal, from the RCMP and any officers of the RCMP; BC Housing and any employees of BC Housing; Bob Rennie; Max Kerr; Brent Kerr; Marko Vesely; Roger McConchie; Michael Flanigan; Rich Coleman; Bob Ransford; Frances Bula; Charlie Smith; Allen Garr; Bob Mackin. Time frame: January 1, 2017 to May 29, 2017.

All responsive records are attached. Some information in the records has been severed, (blacked out), under s.13(1), s.14, and s.22(1) of the Act. You can read or download this section here:

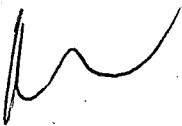
http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/96165_00

Under section 52 of the Act you may ask the Information & Privacy Commissioner to review any matter related to the City's response to your request. The Act allows you 30 business days from the date you receive this notice to request a review by writing to: Office of the Information & Privacy Commissioner, info@oipc.bc.ca or by phoning 250-387-5629.

If you request a review, please provide the Commissioner's office with: 1) the request number assigned to your request (#04-1000-20-2017-209); 2) a copy of this letter; 3) a copy of your original request for information sent to the City of Vancouver; and 4) detailed reasons or grounds on which you are seeking the review.

Please do not hesitate to contact the Freedom of Information Office at foi@vancouver.ca if you have any questions.

Yours truly,



Barbara J. Van Fraassen, BA
Director, Access to Information

Barbara.vanfraassen@vancouver.ca
453 W. 12th Avenue Vancouver BC V5Y 1V4
Phone: 604.873.7999
Fax: 604.873.7419

Encl.

:cf

From: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>
To: "[Direct to Mayor and Council - DL](mailto:CCDTMACDL@vancouver.ca)" <CCDTMACDL@vancouver.ca>
Date: 4/13/2017 8:06:12 PM
Subject: Brenhill questions from council

Greetings Mayor and Council

At council on Tuesday, Councillor Carr asked a few questions following up on the Brenhill transaction. Below in black are the questions and the text in red are staff's answers:

- Why no independent 3rd party appraisal of land by city in that deal? **Past practice, before Brenhill, was to rely exclusively on staff analysis of market comparisons to determine value, but 3rd party appraisals were obtained on exception basis. Staff who oversaw this work for Brenhill transaction confirmed that market analysis was completed; however, when this matter went to BC Supreme Court, the records to support the analysis could not be found in the file. Therefore, the City engaged EYI to complete an independent analysis of the transaction before this matter went back to Council for the 2nd public hearing on the rezoning. The EYI report confirmed that it was a reasonable transaction.**

As a result of the deficiencies found in our records, the City then engaged EYI (who acts as receiver or trustee in bankruptcy, and understands best practices for records management, given the scrutiny of Court applications) to review and help implement best practices for Real Estate files. The EYI recommendations have been implemented in Real Estate Services so there is accountability regarding proper documentation for files.

2. Are we doing 3rd party independent appraisals of city land as regular practice now? And if so, when did we start doing this?

Yes, we do get independent 3rd party appraisals for all land sales above \$1M in value, and may even get them for sales below this value if appropriate (i.e. direct sale negotiations). We started this after the Brenhill transaction; however, there are instances where we did get these for some transactions prior to Brenhill.

3. Are there any other projects since the Brenhill deal involving sale of City land which have NOT been based on 3rd party independent appraisals of our land value? – if so, which ones?

No

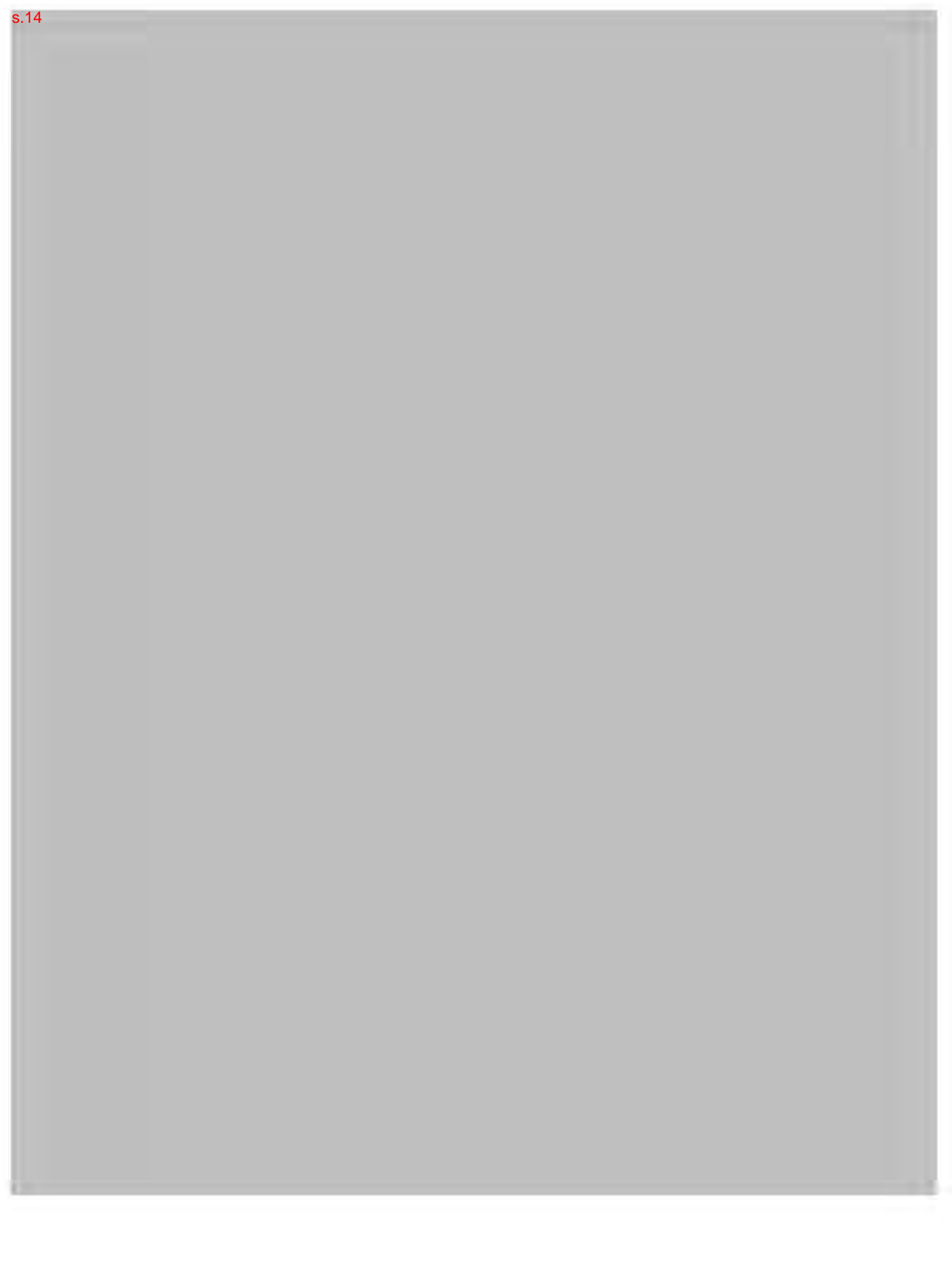
I hope this answers your questions. As you know Brenhill documents are on the city website.

Best

Sadhu

Sadhu Afochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)





From "Sebastian Lorraine" <lorraine.sebastian@vancouver.ca>
To "Quinlan Kevin" <Kevin.Quinlan@vancouver.ca>
Date 1/16/2017 2:17:53 PM
Subject FW: Brenhill messages and Q&A

Hi Kevin,

Please see below the Brenhill messages and Q & A for the Interview today @ 3 00 PM

Thanks
Lorraine

Lorraine Sebastian | Executive Assistant to the City Manager
 CITY OF VANCOUVER | City Manager's Office
 453 W 12th Avenue | Vancouver | BC V5Y 1V4
 604.873.7628 | lorraine.sebastian@vancouver.ca

From: Postma, Tobin
 Sent: Monday, January 16, 2017 2:14 PM
 To: Sebastian, Lorraine
 Cc: Evans, Jerry
 Subject: RE: Brenhill messages and Q&A

- 1) The City owned site at 508 Helmcken was encumbered with a long term lease in place until 2046 - so 127 Society would have to agree to surrender its lease in order for the City to monetize the land.
- 2) Building on site was old (built in 1985) and required increasing levels of maintenance and capital costs
- 3) New building at 1099 Richards (opened in summer 2016) resulted in net increase of 75 low-income units (162 in total) and allowed for seamless transition of residents across the road.
 - a. The 127 Society agreed to surrender its existing lease
 - b. Construction costs and risks were taken on fully by Brenhill
- 4) Since this deal was approved by Council in late 2012, we have seen an unprecedented rise in land value. At the time, staff and Council believed this to be an appropriate deal which served to deepen level of affordability and resulted in a 162 unit social housing building.
- 5) This was more than just a straightforward land deal. This strategic swap, involving two sites in close proximity, was finalized in late 2012, over four years ago. This was a unique transaction that Council approved through its direct sales policy, which was predicated upon effectively reaching a tripartite agreement between COV, Brenhill and 127 Society rather than going out to the open market.
- 6) In 2015 we hired an independent 3rd party (E&Y) to review the deal - they found the deal to be reasonable. They also recommended process improvements which the City implemented to ensure appropriate due diligence and analysis are undertaken to maximize value for all city land deals.
 - a. This report and its findings are publicly available on our website.
 - b. A couple of recent examples are at 601 Beach and 2102 Keith Drive:
 - 601 Beach - It was anticipated that a significant increase in density will occur when the property is rezoned and so an adjustment price was included in the contract which could see the City net an extra \$73M-\$127M depending on if the property is rezoned and how much additional square foot the rezoning allows for
 - 2102 Keith Drive - At the time of the sale the 2102 Keith Dr property had an assessed value of \$4.375M and was sold for \$17.53M. We don't anticipate that there will be any significant increase in density at that site, given the site constraints and zoning; however, we put in a provision that requires the developer to make a fixed rate CAC contribution of \$10 psf of additional density which would go towards providing additional childcare space/facilities.

Why did the City not get involved in the reassessment of 508 Helmcken?

The leaseholder 127 Society successfully had the 2015 assessment (\$59.4M) reassessed to \$9,409,000 - this was more than two years after the land transaction had closed. A higher assessment would have greatly impacted their ability to continue to operate due to the resulting increase in property tax for the following year.

The City was never involved in the reassessment, nor did we challenge the assessment value. In 2016, a third party appellant appealed the 2015 assessment as being too low. They were unsuccessful in the appeal.

Why did the City sole-source this deal?

We are aware of the challenges of sole-sourcing deals/contracts and we try to avoid this as often as possible. However, in this occasion due to the unique aspects of the land swap (three parties, encumbered land lease) Council approved this tripartite agreement through our direct sales policy.

Was this a good deal for the City?

When this deal was first brought forward in 2011 and closed more than four years ago, staff and Council believed that it was a fair exchange of value given the net gain in affordable housing.

Had we have known that property prices would grow so much in the last two years, like every other property owner in the city who sold land between 2012 and 2016 we would have probably not elected to sell - hindsight is 20/20.

Why didn't the City seek an adjustment price for 508 Helmcken like it did for 601 Beach?

No two land deals are alike. This was not a simple land transaction. 508 Helmcken was unique - it was encumbered and three parties were involved. Staff sought what they believed to be a fair exchange of value.

Since then we have tightened up our processes, through an independent 3rd party review to ensure the City is able to maximize value for all city land deals.

IE 601 Beach and 2102 Keith Drive

How much money did Brenhill donate to Vision?

You will need to contact Vision's party headquarters to ask for that information.

This happened under the former City Manager, was this neglect on her part?

When this deal was first brought forward in 2011 and closed more than four years ago, staff and Council believed that it was a fair exchange of value given the net gain in affordable housing.

Had we have known that property prices would grow so much in the last two years, like every other property owner in the city who sold land between 2012 and 2016 we would have probably not elected to sell - hindsight is 20/20.

Since then we have tightened up our processes and internal controls, including undertaking independent 3rd party valuations to ensure the City is able to maximize value for all city land deals.

Why was it so important for the City to gain the support of 127 Society?

Council's Housing and Homelessness Strategy provides direction to address the significant housing challenges facing Vancouver. The plan prioritizes the revitalization of existing social housing units through financial and regulatory tools and the creation of new affordable purpose-built rental housing.

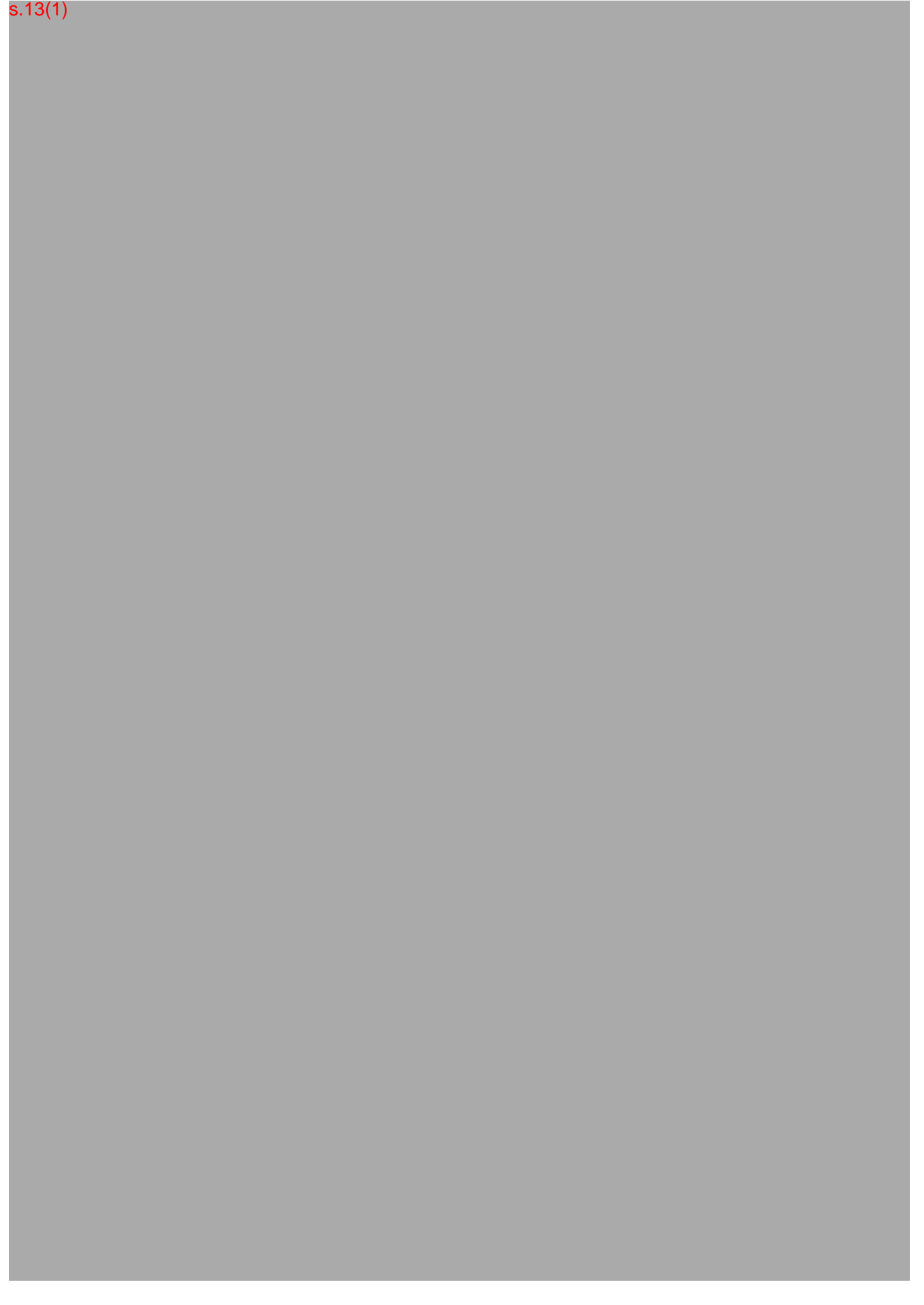
These actions work towards preventing homelessness and enhancing choice and stability for the many low and moderate income households struggling to find appropriate housing.

How did the City arrive at its valuation of the land?

The land exchange was based on BC Assessment valuations and other market data related to the two properties such as the encumbrance at 508 Helmcken and other offers Brenhill had received for 1099 Richards (\$10 M)

Staff sought what they believed to be a fair exchange of value.

Since then we have tightened up our processes and internal controls, including undertaking independent 3rd party valuations to ensure the City is able to maximize value for all city land deals.







From: ["Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>](mailto:Sadhu.Johnston@vancouver.ca)

To: ["Quinlan, Kevin" <Kevin.Quinlan@vancouver.ca>](mailto:Kevin.Quinlan@vancouver.ca)

Date: 1/12/2017 2:16:14 PM

Subject: FW: Global interview request - Brenhill land valuation

Attachments: COM - PD - Issue - 508 Helmcken 1079-1099 Richards Land Exchange.DOCX
2016-432 - Records sent to the applicant.PDF

fyi

Sadhu Aufochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)



From: Postma, Tobin
Sent: Thursday, January 12, 2017 2:14 PM
To: Aujla, Bill; Johnston, Sadhu; Connell, Francie; Evans, Jerry; Oehlschlager, Kelly; Francis, Andrew; Granger, Heidi; Kendall-Craden, Rena
Cc: Sebastian, Lorraine; Eng, Nancy; Couper, Sara
Subject: Global interview request - Brenhill land valuation
Importance: High

Dear all,

Tanya Beja from Global has been researching the Brenhill/Jubilee land swap deal for the past month and she is requesting an interview with either Sadhu or Bill next week as they are planning on running their story next week.

I've answered a few of her questions around land valuation and rezoning (which you can find below), as well as sending her the recent FOI release of the E&Y report on the financials of the deal.

What she wants to focus on is essentially summarized in her email below:

The land was not valued based on future rezoning, even though the whole deal was contingent on that rezoning. I am curious as to why it was a sole-sourced deal and why the city didn't approach other developers to compare offers /value. Right now the property alone is assessed at 130 million, which is significantly more than what the city received for it. Basically my questions revolve around the valuation of the project/land and how that was determined, as well as decisions made by the city in 2015, between the two court cases, with regards to the valuation.

At this point, Rena and I believe the best course of action is that we sit down with her and take her through the deal (similar to what is highlighted in BC Housing's presentation in the link below) and then do a 5-10 minute interview with her on-camera – where we re-iterate our key messages which I've copied at the bottom of the email (this was created last year for the opening of The Jubilee House).

Bill/Jerry, could you please read through the key messages to make sure they are still accurate and let me know if anything has been left out (please ignore present vs past tense).

I suggest we have a short conference call later today or tomorrow morning to prepare.

Right now, I've asked Lorraine to block 3-330pm off in Sadhu's calendar on Monday for a possible interview.

Best regards,
Tobin

<http://share.hscorp.ca/wp-content/uploads/2015/11/Session-A-How-to-think-like-a-Developer-Part-1-1030-am.pdf>

Tanya Beja - Global - 508 Helmcken

Reporter wanted to know if the city was involved in the reassessment of 508 Helmcken.

The leaseholder 127 Society successfully had the 2015 assessment (\$59.4M) reassessed to \$9,409,000. Under the terms of the ground lease they are responsible to pay for property taxes. The City was never involved in the reassessment, nor did we challenge the assessment value. In 2016, a third party appellant appealed the 2015 assessment as being too low. They were unsuccessful in the appeal.

Tanya Beja - Global - Adjustment price for 601 Beach

Reporter wanted to know if developers are always required to pay an adjustment price

There isn't a policy or practice in place that requires an adjustment price in a land sale agreement where there is an anticipated future rezoning. When the City contemplates a sale of City land, it reviews each site on a case by case basis, to determine the appropriate structure to an invitation to offer process and terms of a subsequent sales agreement.

In the case of 601 Beach Avenue, the General Policy for Higher Buildings applies. As a result there is the potential for more significant buildable floor area being achieved than is otherwise permitted under existing zoning. Additional buildable floor area is only available if Council approves a rezoning following a public hearing. The General Policy for Higher Buildings sets out considerations for "higher building" applications including the requirement that the building achieve new benchmarks for architectural creativity and excellence. As the amount of buildable floor area achievable through the rezoning of 601 Beach Avenue will not be known until sometime in the future, the City determined that an invitation to offer with a requirement for an Adjustment Price to be paid for any additional buildable floor area above the base gross buildable area was the most appropriate method of ensuring best value to the City.

Tanya Beja - Global - 508 Helmcken

Reporter wanted to know why city didn't seek an adjustment price for 508 Helmcken

This was a unique transaction, that Council approved through its direct sales policy, which was predicated upon effectively reaching a tripartite agreement between COV, Brenhill and 127 Society. The 127 Society agreed to surrender its existing lease, in return for the developer constructing turn-key non-market housing on the adjacent property. The CoV and Brenhill agreed to a land swap, that enabled rezoning of the lands (508 Helmcken) and the delivery of turnkey non-market housing and other public benefits.

601 Beach was simply an invitation to offer process, not involving complex negotiations with various stakeholders. Brenhill was a very different land transaction involving multiple stakeholders in the negotiation.

Overview

Council's Housing and Homelessness Strategy provides direction to address the significant housing challenges facing Vancouver. The plan prioritizes the revitalization of existing social housing units through financial and regulatory tools and the creation of new affordable purpose-built rental housing. These actions work towards preventing homelessness and enhancing choice and stability for the many low and moderate income households struggling to find appropriate housing.

New Jubilee House, completed in June 2016, will provide 162 units of housing for Vancouverites. Located at 1099 Richards Street in Downtown South, the project forms part of a complex land exchange agreement between the City of Vancouver and Brenhill Developments Limited. The project will replace the existing Jubilee House located at 508 Helmcken (also known as 1111 Richards St) which is currently managed by the 127 Society for Housing and houses 87 low income seniors. All existing tenants will be relocated to New Jubilee House upon completion.

This project partners with the private and non-profit sectors to both revitalize existing social housing stock and create additional affordable rental units. The new building provides the opportunity for enhanced programming and liveability for existing Jubilee House tenants while contributing to neighbourhood stability by enabling residents to age in place.

Land Exchange with Brenhill Developments

The New Jubilee House site located at 1099 Richards street forms part of a land exchange agreement signed in January 2013 between the City of Vancouver and Brenhill Developments Limited. As part of this land exchange, Brenhill committed to building 162 social and affordable housing units (New Jubilee House) on the land they own at 1099 Richards Street and to transfer ownership to the City upon completion. In exchange, the City will transfer land it owns at 508 Helmcken (the site of the original Jubilee House) to Brenhill for future development of a proposed mixed-used building including 200 market condo apartments and 121 secured market rental units.

A Development Agreement was signed in 2013 between Brenhill, the City and 127 Society which requires that all tenants at the existing Jubilee House building must be relocated to the New Jubilee House before a Development Permit is issued to Brenhill for the 508 Helmcken site.

The land exchange was based on BC Assessment valuations and other market data related to the two properties, in work undertaken by the Director of Real Estate Services. In the agreement, the price for the City-owned lands (508 Helmcken Street and the adjacent lane) was set at \$15 million and for the Brenhill lands (1099 Richards Street) at \$8.4 million. The net proceeds of the land sale and land purchase to the City was \$6.6 million, representing the difference in the prices between the two parcels of land (\$15 million for the City's land at 508 Helmcken Street — realized through the agreement of The 127 Housing Society to surrender their long term lease — less \$8.4 million for the purchase of Brenhill's lot at 1099 Richards Street).

Rather than Brenhill making a cash payment of \$6.6 million directly to the City, Brenhill agreed to accept responsibility for the total cost of developing the site and constructing the 162 units of social housing at 1099 Richards Street with the City capping its contribution at \$30.6 million

It was agreed that if the rezoning of 508 Helmcken Street was approved by Council, the negotiated Community Amenity Contribution (CAC) of \$24 million in value is satisfied by the in-kind construction of the social housing at 1099 Richards Street. As such, funding for the construction of the 1099 Richards Street social housing came from an in-kind \$24 million Community Amenity Contribution (CAC) and the net proceeds of \$6.6 million received by the City from the land exchange.

Once New Jubilee House was completed in June 2016, ownership of the building is transferred to the City and a 60 year Lease and Operating Agreement will be entered into with the Society to manage the building as social housing.

New Jubilee House

The previous Jubilee House, located at 508 Helmcken has been managed by the 127 Society under a lease agreement since 1985. The project contained 87 social housing units which housed seniors receiving shelter assistance, old age security or other income assistance. The building was in need of significant repairs in order to continue to provide safe, high quality housing for tenants. Average rents for the current tenants are at \$436 per unit per month. All existing Jubilee House tenants will be relocated to the new project prior to the issuance of a development permit for 508 Helmcken.

The New Jubilee House will deliver 162 social housing units (116 studios and 46 1 bedroom units) across 13 storeys. The building also includes a range of amenity space for tenants include a library, a lounge area, a kitchen and roof top garden space.

The original proposed tenant mix for New Jubilee House was to 87 (53%) units for the existing tenants of Jubilee House, transferred at their existing rents and an additional 75 low end of market units (47%) a 13 storey project. In May 2016, Council approved in-camera that 20 of the low end of market units can be used to housing units to house tenants of the Quality Inn. The resultant tenant at the New Jubilee will therefore be 66% (107 units) of tenants in receipt of income assistance and 34% (55 units) low-end of market rental units.

This project will support a lease payment to the City and is expected to generate future operating surpluses which will be used to further Vancouver's housing goals. The Downtown South Public Benefits Strategy (updated 2007) identifies an overall target of 1,238 additional affordable housing units for the neighbourhood. By replacing an existing 87 units and adding 75 new affordable units, this project makes a significant contribution towards this target.

127 Housing Society will be the operator of the New Jubilee House. The Society is a registered non-profit society based in Downtown South/Yaletown that provides affordable homes for seniors and people with disabilities who have low-incomes. Founded in 1981 by a group of Anglicans, the Society began by providing homes for SRO tenants displaced by Expo 86. Today the Society operates three apartment buildings in the Downtown South neighbourhood housing 259 people. Jubilee house, opened in 1986 was the Society's first building.

The City and the Society will sign a 60 year Lease and Operating Agreement after the building transitions to city ownership

BC Housing's Role

There are two existing mortgages registered against the Society's leasehold interest on the existing Jubilee House in favour of CMHC / BC Housing. One of the mortgages will be transferred to New Jubilee House for the remainder of its term. The second mortgage will be forgiven and a new mortgage from BC Housing will be provided to the Society registered in its place.

The level of mortgage finance being provided by BC Housing to the Society has not yet been confirmed. However, the Lease Agreement confirms the City's expectation to receive a total lease payment of \$9.9m which will be funded through the mortgage provided by BC Housing. (Nb. The information in relation to the lease payment is not public).

Tobin Postma | Communications Manager
Corporate Communications | City of Vancouver
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tobin.postma@vancouver.ca

Never miss a chance to have your say. Join [TalkVancouver.com](https://www.talkvancouver.com) and stay in the loop on civic engagement opportunities!

From: "Van Mavor's Office" <vanmayorsoffice@vancouver.ca>
To: s.22(1)
Date: 4/6/2017 12:47:58 PM
Subject: RE: Brenhill Developments

Please see below for the Council minutes and the associated reports:

[Report from Ernst & Young](#) (172 KB)
[Land exchange contract](#) (291 KB)
[Development agreement](#) (3.73 MB)
[In camera Council meeting from October 31 and November 7, 2012](#)
[In camera Council meeting from April 9 and 10, 2013](#)

-----Original Message-----

From: s.22(1)
Sent: Wednesday, April 05, 2017 4:35 PM
To: Van Mayor's Office
Subject: Re: Brenhill Developments

Thank you

When was this deal discussed in Council and how can I access the minutes of the meetings Regards

----- Original Message -----

From: "vanmayorsoffice" <vanmayorsoffice@vancouver.ca>
To: s.22(1)
Sent: Wednesday, April 5, 2017 4:08:32 PM
Subject: RE: Brenhill Developments

Dear s.22

On behalf of Mayor Robertson, thank you for your message.

In 2012, Vancouver City Council approved a strategic land trade for a City-owned property at 508 Helmcken and a property across the street from it at 1099 Richards, owned by Brenhill.

The City-owned site at 508 Helmcken was encumbered with a long term lease in place until 2046, and the 127 Society, the current non-profit housing operator, would have had to agree to surrender its lease in order for the City to monetize the land. Furthermore, the building currently on site was old and required increasing levels of maintenance and capital costs.

The tripartite agreement between the City, Brenhill, and 127 Society included the development of a new 162-unit social housing building at 1099 Richards (opened in summer 2016), resulting in a net increase of 75 low-income units and allowing for a seamless transition of residents across the road. In order to do this, the 127 Society agreed to surrender its existing lease at 508 Helmcken, and Brenhill took on all construction costs and risks associated with the new social housing development.

In 2015, the City hired an independent third party (Ernst & Young) to conduct a review of the deal; the review found the deal to be reasonable. Ernst & Young also recommended process improvements, which the City has implemented, to ensure appropriate due diligence and analysis are undertaken. The City has since amended its processes and internal controls, including undertaking independent third party valuations, to ensure the City maximizes value for all city land deals.

Thank you again for your message.

Sincerely,
Vancouver Mayor's Office

-----Original Message-----

From: s.22(1)
Sent: Wednesday, April 05, 2017 2:34 PM
To: Robertson, Gregor
Subject: Brenhill Developments

Hello Mr Robertson

I would like to hear your reasoning for the deal made with Brenhill Developments for the tower near Emery Barnes park. As a resident and tax payer of Vancouver please explain why you are giving up land to developers at a fraction of their value while at the same time asking for more and more from regular folks like myself Regards s.22(1)

6/16/2017

Page 015

From: "Louie, Raymond" <Raymond.Louie@vancouver.ca>

To: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

Date: 4/14/2017 12:51:37 PM

Subject: Re: Brenhill questions from council

Thank you Sadhu.

Here is the link for those of you that haven't seen the information on our website.

<http://vancouver.ca/news-calendar/land-exchange-contract-relating-to-1099-richards-and-508-helmcken.aspx>

Acting Mayor Raymond Louie
Vice-Chair – Metro Vancouver Regional District
Immediate Past President - Federation of Canadian Municipalities

On Apr 13, 2017, at 8:06 PM, Johnston, Sadhu <Sadhu.Johnston@vancouver.ca> wrote:

Greetings Mayor and Council

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- Why no independent 3rd party appraisal of land by city in that deal? **Past practice, before Brenhill, was to rely exclusively on staff analysis of market comparisons to determine value, but 3rd party appraisals were obtained on exception basis. Staff who oversaw this work for Brenhill transaction confirmed that market analysis was completed; however, when this matter went to BC Supreme Court, the records to support the analysis could not be found in the file. Therefore, the City engaged EYI to complete an independent analysis of the transaction before this matter went back to Council for the 2nd public hearing on the rezoning. The EYI report confirmed that it was a reasonable transaction.**

As a result of the deficiencies found in our records, the City then engaged EYI (who acts as receiver or trustee in bankruptcy, and understands best practices for records management, given the scrutiny of Court applications) to review and help implement best practices for Real Estate files. The EYI recommendations have been implemented in Real Estate Services so there is accountability regarding proper documentation for files.

- Are we doing 3rd party independent appraisals of city land as regular practice now? And if so, when did we start doing this? **Yes, we do get independent 3rd party appraisals for all land sales above \$1M in value, and may even get them for sales below this value if appropriate (i.e. direct sale negotiations). We started this after the Brenhill transaction; however, there are instances where we did get these for some transactions prior to Brenhill.**
- Are there any other projects since the Brenhill deal involving sale of City land which have NOT been based on 3rd party independent appraisals of our land value? – if so, which ones?
No

I hope this answers your questions. As you know Brenhill documents are on the city website.

Best

Sadhu

Sadhu Aufochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: sadhuajohnston

From: "Sandhu, Jag" <jag.sandhu@vancouver.ca>
To: "Quinlan, Kevin" <Kevin.Quinlan@vancouver.ca>
Date: 12/16/2016 3:35:32 PM
Subject: RE: Brenhill

Nope. Not today or yesterday.
Jag

-----Original Message-----

From: Quinlan, Kevin
Sent: Friday, December 16, 2016 3:33 PM
To: Sandhu, Jag
Subject: Brenhill

Have we had any media calls related to brenhill/DCLs today? Apparently Clr affleck was doing media outside the building

Kq

Sent from my iPhone

From: "Quinlan, Kevin" <Kevin.Quinlan@vancouver.ca>
To: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>
Date: 4/5/2017 10:33:41 AM
Subject: Re: STATEMENT ON BRENHILL

Looks good

Sent from my iPhone

On Apr 5, 2017, at 10:15 AM, Johnston, Sadhu <Sadhu.Johnston@vancouver.ca> wrote:

Let me know if you have any thoughts on this.

Thx

s.

Sadhu Aufochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)

<image001.jpg>

s.13(1), s.14

From: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>
To: "[Quinlan, Kevin](mailto:Kevin.Quinlan@vancouver.ca)" <Kevin.Quinlan@vancouver.ca>
Date: 3/28/2017 4:24:40 PM
Subject: FW: BC Housing release on Brenhill
Attachments: Technical Briefing-Wall Brenhill.pdf

KQ-
Pls see below and attached. I have discussed with michael and he has been in direct communications with the developers.
Best
Sadhu

Sadhu Afochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)



From: Postma, Tobin
Sent: Tuesday, March 28, 2017 4:23 PM
To: Aujla, Bill; Evans, Jerry; Van Fraassen, Barbara; Dixon, Iain; Connell, Francie
Cc: Kendall-Craden, Rena; Johnston, Sadhu
Subject: BC Housing release on Brenhill

Hi all,

Attached is the package that BC Housing released to media today on Brenhill.

One issue of note is that there is a Nov 2013 note from Michael Flannigan saying that value of land once rezoned is estimated to be \$80M.

We have put a small update on our homepage that links to all of the document related to Brenhill so that they are easy to find/direct people to.

Tobin

Tobin Postma | Communications Manager
Corporate Communications | City of Vancouver
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BC Housing

ARCS File: 0200-20 BOC

BOARD OF COMMISSIONERS SUBMISSION FOR APPROVAL

SUBJECT: Financing Proposal for Community Partnership Initiatives (CPI) Project in Vancouver

RESOLUTION: The Board of Commissioners approves the following project: interim financing of up to \$33,000,000 under the Community Partnerships Initiative for a 162 unit affordable housing project for supported homeless, hard to house and low end of market (LEM) units developed by Brenhill Developments Ltd. in partnership with the City of Vancouver for 127 Society for Housing.

CURRENT SITUATION:

The Capital Review Committee Terms of Reference requires that the Committee must review and recommend to the Board of Commissioners whether or not to proceed with individual projects that have a total project value of \$25 million or greater. As such, attached is a Community Partnership Initiatives project proposal to develop a facility in Vancouver with 162 unit affordable housing project for supported homeless, hard to house and low end of market (LEM) units. Executive Committee reviewed the proposal and is recommending approval of the project.

Prepared by: Michael Flanigan, Vice President Development and Asset Strategies

Date: November 14, 2013

Attachment:

Community Partnership Initiatives – Financing Proposal
127 Society for Housing: 162 unit affordable rental housing project

Community Partnership Initiatives – Financing Proposal
127 Society for Housing: 162 Unit Affordable Rental Housing Project
127 Society for Housing (the "Society")
1077 – 1099 Richards Street, Vancouver, B.C.

Project Overview:

In June, 2012, Brenhill Developments Ltd. ("Brenhill") and the City of Vancouver (the "City") proposed a land swap arrangement to exchange property lots in return for the development of social and affordable housing. Brenhill proposed a swap for their property at 1077 – 1099 Richards Street ("Brenhill Lot"), for a larger City owned site at 508 Helmcken Street ("City Lot"), which the 127 Society has been operating 87 units of housing with supports for a homeless and hard to house population.

In exchange for the larger lot and an increase in density on the Helmcken Street lot, Brenhill is proposing to build a new 13 storey social housing complex ("the New Affordable Housing Project") on the Richards Street lot to replace the aging 3 storey Jubilee House. The Helmcken lot would be rezoned with greater density for Brenhill to develop a mixed use 36 storey tower including 110 secured market rental units, a private preschool, kindergarten, ownership condo's as well as commercial retail units on the ground floor.

The role of BC Housing, through the Community Partnerships Initiatives program, is to provide interim construction financing to Brenhill Developments Ltd., and once completed, an insured mortgage loan and annual operating funding to the non-profit society, 127 Society for Housing, for the affordable rental housing component of the project.

Project Background Details:

Brenhill and the City have entered into a Land Exchange Contract ("Land Exchange") dated January 28, 2013 which set out the terms and conditions and obligations between the parties. The major points of the Land Exchange Agreement are described below.

Land Exchange

- Brenhill will transfer the Brenhill Lot to the City on the closing date free from all liens, charges, encumbrances, equities, claims, encroachments and defects on title except for the permitted charges;
- The City will transfer the City Lot to the Brenhill on the closing date free from all liens, charges, encumbrances, equities, claims, encroachments and defects on title except for the permitted charges;
- Transfer of the existing CMHC Mortgage BK273470 and the associated CMHC charges such as the assignment of rents currently on the City Lot upon closing date. This CMHC Mortgage is a maximum mortgage assistance NHA Section 95 2% Pre-1986 Non Profit Housing Projects mortgage entered into on July 22, 1985 with a subsequent amending agreement on July 10, 2009. The CMHC Mortgage provides for a maximum mortgage assistance of \$4,494.64 per month. The current mortgage

amortization period remaining as of the last renewal period is 8 years, 5 months from March 1, 2013. The intent of the porting and transfer of the CMHC mortgage is to maintain the subsidy to 127 Society for Housing;

Development Approvals and Permits

- Brenhill will have obtained all development permits, building permits and other permits and approvals with respect to the development and construction of the New Affordable Housing Project;
- The City will have approved and will have received confirmation that 127 Society and BC Housing have approved the terms of the construction contract by Brenhill with respect to the construction of the New Affordable Housing Project, including the non-market housing design, plans and construction specifications to be developed jointly by the City, Brenhill, 127 Society and BC Housing;
- Brenhill will have obtained the required financing for the development and construction of the New Affordable Housing project;
- Brenhill will have substantially completed construction of the New Affordable Housing Project in accordance with the terms of the Development Agreement, including obtaining all required final or conditional occupancy permits for the New Affordable Housing Project permitting occupancy of the New Affordable Housing Project for the purposes for which it is intended to be used;
- On the enactment date of the rezoning of the City Lot, Brenhill will have provided the City with \$1,000,000 to the City's Affordable Housing Fund;
- Brenhill will not become the owner of the City Lot until the Closing Date. The City grants Brenhill the authority to proceed with a rezoning application for the City Lot.

Existing Tenants

- Brenhill acknowledges that there are tenants currently residing in the building in situate on the City Lot. The City will use reasonable efforts and will cooperate with Brenhill and 127 Society in an effort to ensure that all residents will move into the New Affordable Housing Project from the Jubilee House following the completion of the construction and the receipt of all necessary occupancy permits.
- Upon the City's receipt of the \$1 Million payment from Brenhill, the City will reimburse Brenhill for moving expenses relating to the tenants of Jubilee House to the New Affordable Housing Project to a maximum of \$75,000;

General Provisions

- Other general provisions and typical requirements for documentation and timing for closing of the land exchange have been outlined in the Land Exchange; and
- The Land Exchange is further tied to a Development Agreement, that details the terms and conditions of design, development, construction and costs of the New Affordable Housing Project that was entered into between the City, Brenhill, 127 Society and BC Housing on May 15, 2013. The Development Agreement outlines 5 main areas that include i) the development matters, ii) costs and financing, iii) default provisions, iv) insurance and v) general provisions.

BC Housing Funding Program:

This is a proposed financing project under BC Housing's *Community Partnerships Initiative* (CPI) program. Under this program BC Housing provides interim financing, and arranges for long-term financing for non-profit societies creating affordable housing. BC Housing may also make arrangements with a large number of *National Housing Act* approved lenders to obtain low interest rates and favourable terms through a competitive tender and selection process conducted and approved by BC Housing. All approved BC Housing take-out loans will have low cost Canada Mortgage and Housing Corporation (CMHC) loan insurance.

Typically affordable housing rental developments require that projects under this agreement achieve a 1.20 Debt Coverage Ratio (DCR). In consultation, with the City's initiatives for additional social and affordable housing for the use of the pre-paid Lease payment proceeds and the supported homeless and hard to house tenants at shelter rental rates, BC Housing developed a funding arrangement to lessen the financial burden of this requirement by requiring the project to achieve a 1.05 DCR.

Financial Implications:

Approval is being sought for interim financing for the project of up to \$33,000,000 comprising of a first position interim construction mortgage of up to \$33,000,000 to Brenhill Developments Ltd. to finance the construction of the proposed facility, followed by long term take-out financing for the project of up to \$9,900,000.00 comprising of a first position CMHC insured mortgage of up to \$9,900,000.00 to 127 Society for Housing to pay for the pre-paid Lease payment to the City of Vancouver for the 60 year term lease.

The Society, the City and Brenhill have signed a Land Exchange and Development Agreements in January, 2013 and May 2013 respectively, confirming the proposed obligations of each party regarding the design, development, construction, operations and funding for the project. Key financial details of these agreements are as follows:

- The Borrower, Brenhill, will manage and develop the construction of the new 162 unit apartment that will be valued at approximately \$41.8M, in exchange for the rezoned City Lot;
- Brenhill has requested an interim demand loan for up to \$5M to be secured by a first charge mortgage to pay for the costs spent to date for the design, municipal approval and development process and to replace the existing land loan by HSBC on title prior to the interim construction mortgage of \$33M to be registered;
- Upon completion, the \$33M construction loan to Brenhill will either be paid out by Brenhill or be ported to the City Lot at 508 Helmcken Street to be taken out by Brenhill's financing with its market construction lender;
- At the end of construction and upon completion of the Land Exchange, Brenhill will transfer the Brenhill Lot to the City, who will in turn Lease the New Affordable Housing Project to 127 Society for 60 years. The City is seeking a pre-paid Lease payment of up to \$9.9M in two stages;

- The first pre-paid Lease payment to the City by 127 Society for Housing is a request for \$8.1M upon Lease registration;
- The second pre-paid Lease payment to the City by 127 Society for Housing is a request for \$1.8 upon the expiry of the existing CMHC NHA Section 95 mortgage that will be expiring on August 1, 2021;

CMHC has committed to porting the existing CMHC insured mortgage NHA Section 95 mortgage to the new property, and the Society will debt service the remaining amount of the requested loan for the pre-paid Lease payments through revenues generated from residential units in the facility. Overall, the project achieves a 1.05 DCR.

Project Risk:

The main project risks are split based on the two properties in the Land Exchange arrangement as they have different risks that may affect the outcome of the individual portions of the project. These are summarized as follows:

Brenhill Lot:

- **Developer Obligations:** The Developer, Brenhill, is required to cash flow and take all the up-front risks for the financial costs of designing, developing and constructing the New Affordable Housing Project and the costs of the municipal approvals for both the Brenhill Lot and the City Lot, prior to any land transfer. In the event that Brenhill is not be able to fulfill these up-front obligations it could result in Brenhill delaying the project or delaying the payout of the BC Housing interim construction mortgage after the project is completed or not being able to obtain the required rezoning that would significantly reduce the value of the City Lot and the subsequent security BC Housing would hold.
- **Debt Servicing and Interest Rate Risk:** The final take-out financing to 127 Society for Housing for the City's pre-paid Lease payment of \$9.9M may be impacted based on various factors including interest rates at the time as well as the debt servicing from the net operating revenues. These have not been finalized and a discussion and negotiation with the City and 127 Society will be required prior to project completion to determine. The mitigating option is to negotiate a reduced pre-paid Lease payment amount to reflect the interest rate and DCR at that time.

City Lot:

- **Presales timelines.** The ability of Brenhill to repay the BC Housing interim construction mortgage will be predicated on Brenhill's ability to obtain interim construction financing from a market financial institution for the market building, and would be determined by presales of the market development among other factors. It is also unknown if market conditions will change in 2015 to the extent that Brenhill finds the redevelopment project uneconomical and postpones it. Should the presales requirements take longer to achieve and advance the project on to market interim construction financing a delay in the repayment of the BC Housing interim construction mortgage is possible. The underlying residual land

value of the City Lot once rezoned is estimated to be \$80M, therefore, BC Housing's security should a default occur remains robust.

- Rezoning: The approval of rezoning is a significant milestone that will impact the value of the City Lot and the associated security that BC Housing would receive for the interim construction mortgage. The obligations to complete the rezoning falls with Brenhill and should they not complete the rezoning or if the City is unable to approve the rezoning enactment and subsequent FSR density increase, could result in the project being re-evaluated by Brenhill for financial feasibility given, Brenhill's responsibility to provide the Brenhill Lot with the New Affordable Housing Project free and clear of all encumbrances.

Project Schedule:

SCHEDULE

Development Permit	August 12, 2013
Pre-construction/Mobilization work	November, 2013
Building Permit	January 3, 2014
Rezoning for City Lot	Spring 2014
Final Project Commitment	January, 2014
Construction Start Date	February, 2014
Occupancy	May 1, 2015
Project Handover	May / June 2015

**MINUTES
BC HOUSING BOARD OF COMMISSIONERS MEETING #292
November 14, 2013**

The 292nd meeting of the Board of Commissioners was held on Thursday, November 14, 2013 at 11:30 a.m. in the Boardroom at the Lower Mainland Directly Managed Office, 369 Terminal Avenue, Vancouver, BC.

IN ATTENDANCE:

Board of Commissioners:

Judy Rogers, Board Chair
Melvin Kositsky
Faye Wightman
Sabrina Kunz
Robert Rennie

BC Housing Staff:

Shayne Ramsay, CEO
John Bell, Director, Strategic Planning (Recording)

CALL TO ORDER

The meeting was called to order at 11:30 a.m.

MINUTES AND OPENING REMARKS

1. Approval Minutes from Previous Meetings

The Board reviewed the minutes from the previous meeting.

MOTION: Resolved that the minutes of the Board of Commissioners meeting #290 and #291 held on July 22, and October 15, 2013 be approved.

M/S/C (Wightman /Rennie)

2. Chair's Report

The Chair noted that Wendy Acheson, Vice President and Registrar of the Homeowner Protection Office will be delivering a presentation on the HPO at the end of the meeting. The Chair also informed the Board of a meeting that was recently held by provincial government representatives with all Crown board chairs on the following topics: fiscal update and government priorities.

3. Chief Executive Officer's Opening Remarks and Second Quarter Report

S. Ramsay provided an overview of his second quarter report with specific update on winter shelter openings and status of MOU supported housing developments.

PRESENTED REPORTS AND UPDATES

4. Provincial Rental Housing Corporation (PRHC) President's Second Quarter Report

**Board of Commissioners Meeting
November 14, 2013**

The Board reviewed the quarterly Provincial Rental Housing Corporation President's Report for the second quarter 2013/14.

5. **Quarterly Freedom of Information and Protection of Privacy Act (FIPPA) Report**
S. Ramsay provided an overview of on current FIPPA requests.

BOARD COMMITTEE REPORTS & APPROVALS

Audit and Risk Management Committee

6. **Committee Chair's Report**

The Committee Chair reported on matters discussed at the November 14, 2013 meeting.

7. **BC Housing's 2nd Quarter Actual Results for Fiscal 2013/14**

The Committee Chair reported on the Second Quarter 2013/14 Financial Results brought forward for the Board's approval.

MOTION: Resolved that the Board approves the second quarter actual results for 2013/14.

M/S/C (Wightman/Kositsky)

8. **BC Housing's Budget (2014/15 to 2016/17)**

The Committee Chair reported on the 2014/15 budget brought forward for the Board's approval.

MOTION: Resolved that the Board approve the budget of \$618.4 million in 2014/15, \$594.7 million in 2015/16, and \$578.8 million in 2016/17.

M/S/C (Wightman/Kunz)

Human Resource Committee

9. **Committee Chair's Report**

The Committee Chair reported on matters discussed by the Committee at the November 14, 2013 Committee.

Capital Review Committee

10. **Committee Chair's Report**

The Committee Chair reported on matters discussed by the Committee at the November 14, 2013 Committee and brought forward one item for the Board's review and approval.

11. **Financing Proposal for Community Partnership Initiatives (CPI) Project in Vancouver**

The Committee Chair recused himself from the discussion and approval of this agenda item, and temporarily left the room.

MOTION: Resolved that the Board approve the following project: interim financing of up to \$33,000,000 under the Community Partnerships Initiative for a 162 unit affordable housing project for supported homeless, hard to house and low end of market (LEM) units developed by Brenhill Developments Ltd. in partnership with the City of Vancouver for 127 Society for Housing.

M/S/C (Wightman/Kositsky)

Corporate Governance Committee

12. Committee Chair's Report

The Committee Chair reported on matters discussed by the Committee at the November 14, 2013 meeting.

13. Audit and Risk Management, Capital Review, Human Resources and Corporate Governance Terms of Reference for Board Committees

MOTION: Resolved that the Board approves the Terms of Reference for the Corporate Governance, Audit and Risk Management, Human Resources, and Capital Review Committees.

M/S/C (Wightman/Kositsky)

14. Board Assessment Policy

MOTION: Resolved that the Board approves the Board Assessment Policy.

M/S/C (Wightman/Kositsky)

15. BC Housing Board Competency Framework

MOTION: Resolved that the Board approve the BC Housing Board Competency Framework.

M/S/C (Wightman/Kositsky)

TABLED REPORTS

16. Quarterly Fraud Report

The Quarterly Fraud Report was tabled for information.

IN CAMERA

17. In Camera with Chief Executive Officer

The Board met in camera with the CEO.

18. In Camera

No further in camera was held.

The meeting was closed at 1:00 p.m.

**Board of Commissioners Meeting
November 14, 2013**



BC Housing

ARCS File: 0200-20 BOC

BOARD OF COMMISSIONERS SUBMISSION FOR APPROVAL

SUBJECT: Increase to Capital Budget and Financing Proposal for Community Partnership Initiatives (CPI) Project at 1077 – 1099 Richards Street in Vancouver

RESOLUTION: That the Board of Commissioners approve the following project: an increase to the interim financing from up to \$33,000,000 by \$3,215,000 to a total of up to \$36,215,000 under the Community Partnerships Initiative for a 162 unit affordable housing project for supported homeless, hard to house and low end of market (LEM) units developed by Brenhill Developments Ltd. in partnership with the City of Vancouver for 127 Society for Housing.

CURRENT SITUATION:

The Capital Review Committee and Board approved this project at the November 14, 2013 meeting. Since this time the budget of the project has increased, and therefore it is being brought back to the Committee and Board for subsequent approval. The November 2013 is attached for the Committee's convenience.

Prepared by: Michael Flanigan, Vice President Development and Asset Strategies

Date: February 25, 2014

ATTACHMENT:

Submission at previous meeting November 14, 2013

- Community Partnership Initiatives – Financing Proposal 127 Society for Housing: 162 unit affordable rental housing project at 1077 – 1099 Richards Street in Vancouver

Community Partnership Initiatives – Financing Proposal
127 Society for Housing: 162 Unit Affordable Rental Housing Project
127 Society for Housing (the "Society")
1077 – 1099 Richards Street, Vancouver, B.C.

Project Overview:

In November 14, 2013 the Capital Review Committee reviewed a \$33M proposed financing project by Brenhill Developments Ltd. ("Brenhill") for their property at 1077 – 1099 Richards Street ("Brenhill Lot"), to build a new 162 unit affordable housing project, with a land exchange arrangement for a larger City owned site at 508 Helmcken Street ("City Lot"), which the 127 Society has been operating 87 units of housing with supports for a homeless and hard to house population. The previous submission is attached for reference.

Since the previous submission, the project's capital budget and subsequent request for interim construction financing has also increased, mainly as a result of the City of Vancouver's requirement for Brenhill to pay Development Cost Levies ("DCLs") for an affordable housing project which was unexpected and other cost increases to the hard construction costs to account for contingencies and an earlier construction start.

The role of BC Housing, through the Community Partnerships Initiatives program, is to provide interim construction financing to Brenhill Developments Ltd., and once completed, an insured mortgage loan and annual operating funding to the non-profit society, 127 Society for Housing, for the affordable rental housing component of the project.

Project Background Details:

The following is an update to the information provided in the previous submission.

Land Exchange

- Brenhill has completed various discussions and negotiations with the City of Vancouver around the Brenhill Lot development permits such as the DCLs and design development requirements.

Development Approvals and Permits

- Brenhill have obtained development permit prior to conditions, are in the process of completing the building permit application and will receive a development permit once the building permit application is submitted;
- Brenhill have also received demolition permits and have demolished the first building and are in the midst of completing demolition for the second building;
- Brenhill is completing the pre-tender construction work which will include site preparations, and excavation;
- Brenhill anticipates that the main construction start for the building is estimated in April or May, 2014;

- All the other municipal requirements and approvals as indicated in the previous submission will continue to be met.

Existing Tenants

- While no changes relate to the existing tenants, Brenhill has requested an extension of the interim construction financing after the new 162 new affordable housing project is completed for a period of 6 months after completion, with an option to extend for an additional 60 days. This initial holding period request is to ensure the successful transition of existing tenants from the existing Jubilee House to the new building and in case there are delays resulting from Residential Tenancy Act issues.

General Provisions

- Other general provisions and requirements for the closing of the land exchange have been outlined in the Land Exchange and the Development Agreement, which have not been changed; and
- In addition to the initial holding period, Brenhill has requested an additional holding period of 6 months for Brenhill to complete its municipal requirements in order to provide the disclosure statements required for pre-sales, and for Brenhill to find an alternative market lender. During this additional holding period, the interest rate will be at typical market financial lending rates for a similar borrower and covenant.

BC Housing Funding Program:

This is a proposed financing project under BC Housing's *Community Partnerships Initiative* (CPI) program. Under this program BC Housing provides interim financing, and arranges for long-term financing for non-profit societies creating affordable housing. BC Housing may also make arrangements with a large number of *National Housing Act* approved lenders to obtain low interest rates and favourable terms through a competitive tender and selection process conducted and approved by BC Housing. All approved BC Housing take-out loans will have low cost Canada Mortgage and Housing Corporation (CMHC) loan insurance.

Typically affordable housing rental developments require that projects under this agreement achieve a 1.20 Debt Coverage Ratio (DCR). In consultation, with the City's initiatives for additional social and affordable housing for the use of the pre-paid Lease payment proceeds and the supported homeless and hard to house tenants at shelter rental rates, BC Housing developed a funding arrangement to lessen the financial burden of this requirement by requiring the project to achieve a 1.05 DCR.

Financial Implications:

Approval is being sought for an increase to the interim financing for the project of up to \$36,215,000 comprising of a first position interim construction mortgage of up to \$36,215,000 to Brenhill Developments Ltd. to finance the construction of the proposed facility. The long term take-out financing for the project of up to \$9,900,000.00 comprising of a first position CMHC insured mortgage of up to \$9,900,000.00 to 127

Society for Housing to pay for the pre-paid Lease payment to the City of Vancouver for the 60 year term lease has not been changed at this time.

With the exception of the increase in capital budget and the request for an initial holding period and an additional holding period after the 162 unit new affordable housing project is completed, there are no other changes contemplated as described in the previous submission.

Project Risk:

The main project risks as described in the previous submission have not changed and have been updated with additional risks based on the increase to the capital budget and the increase to the interim construction financing. These risks are in addition to the previous risks summarized as follows:

Brenhill Lot:

- **Developer Obligations:** The Developer, Brenhill, is required to fulfill various obligations under the Land Exchange Contract and Development Agreement. In addition as a result of the increase in the capital budget and increase to the interim construction financing amount, the Developer has agreed to fund any costs over and above the approved amount of \$36,215,000 with its own resources should the project's budget increase beyond the current requested amount. Further, while there is a request for an initial holding period after the construction completion, it is limited to a 6 month and possible additional 60 day period.
- **DCL Rebate:** While the DCL obligation by the developer is now resolved with the City through a DCL payment, this DCL payment is to be held in trust. Should the City be able to sort out the issue regarding a payment requirement, it is possible that the DCL payment held in trust could be returned to the Developer and therefore would not be drawn on the interim construction mortgage by the end of the construction period. This would be a potential reduction of the interim construction mortgage amount of approximately \$1.8M.

City Lot:

- **Presales timelines.** The ability of Brenhill to repay the BC Housing interim construction mortgage will be predicated on Brenhill's ability to obtain interim construction financing from a market financial institution for the market building, and would be determined by presales of the market development among other factors. The Developer has requested an additional holding period of 6 months beyond the initial holding period to help facilitate the developer's ability to complete the municipal requirements to initiate pre-sales. It should be noted that the interest charged by BC Housing for the additional holding period will be at market financial rates and not at the BC Housing's typical interim construction rates. Therefore, there will not be an unfair competitive advantage provided to Brenhill for the additional holding period. After the additional holding period Brenhill is required to repay the outstanding interim construction mortgage. With

an interest rate at market rates, the incentive for Brenhill to find an alternative lender to repay the BC Housing interim construction mortgage is greater than if BC Housing was to charge its typical preferred interim construction mortgage rates.

Project Schedule:

SCHEDULE

Development Permit	August 12, 2013
Prior to Conditions Response	November 2013
Pre-construction/Mobilization work	December, 2013
Building Permit Application	February 17, 2014
Development Permit Issuance	February, 2014
Final Project Commitment	February 12, 2014
Rezoning for City Lot	Spring 2014
Building Permit Issuance	March / April, 2014
Construction Start Date	May, 2014
Occupancy	November, 2015
Project Handover	November / December 2015



BC Housing

ATTACHMENT 1 – PREVIOUS SUBMISSION NOV/14 MEETING

CAPITAL REVIEW COMMITTEE SUBMISSION FOR APPROVAL

SUBJECT: Financing Proposal for Community Partnership Initiatives (CPI) Project in Vancouver

RESOLUTION: The Capital Review Committee resolves to recommend to the Board of Commissioners approval of the following project: interim financing of up to \$33,000,000 under the Community Partnerships Initiative for a 162 unit affordable housing project for supported homeless, hard to house and low end of market (LEM) units developed by Brenhill Developments Ltd. in partnership with the City of Vancouver for 127 Society for Housing.

CURRENT SITUATION:

The Capital Review Committee Terms of Reference requires that the Committee must review individual projects with a total project value of \$25 million or greater. As such, attached is a Community Partnership Initiatives project proposal to develop a facility in Vancouver with 162 unit affordable housing project for supported homeless, hard to house and low end of market (LEM) units. Executive Committee reviewed the proposal and is recommending approval of the project.

Prepared by: Michael Flanigan, Vice President Development and Asset Strategies

Date: November 14, 2013

Attachment:

Community Partnership Initiatives – Financing Proposal
127 Society for Housing: 162 unit affordable rental housing project

ATTACHMENT – SUBMISSION FROM PREVIOUS MEETING NOV 14 2013

Capital Review Committee
November 14, 2013

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4. Financing Proposal for CPI Project

Community Partnership Initiatives – Financing Proposal
127 Society for Housing: 162 Unit Affordable Rental Housing Project
127 Society for Housing (the "Society")
1077 – 1099 Richards Street, Vancouver, B.C.

Project Overview:

In June, 2012, Brenhill Developments Ltd. ("Brenhill") and the City of Vancouver (the "City") proposed a land swap arrangement to exchange property lots in return for the development of social and affordable housing. Brenhill proposed a swap for their property at 1077 – 1099 Richards Street ("Brenhill Lot"), for a larger City owned site at 508 Helmcken Street ("City Lot"), which the 127 Society has been operating 87 units of housing with supports for a homeless and hard to house population.

In exchange for the larger lot and an increase in density on the Helmcken Street lot, Brenhill is proposing to build a new 13 storey social housing complex ("the New Affordable Housing Project") on the Richards Street lot to replace the aging 3 storey Jubilee House. The Helmcken lot would be rezoned with greater density for Brenhill to develop a mixed use 36 storey tower including 110 secured market rental units, a private preschool, kindergarten, ownership condo's as well as commercial retail units on the ground floor.

The role of BC Housing, through the Community Partnerships Initiatives program, is to provide interim construction financing to Brenhill Developments Ltd., and once completed, an insured mortgage loan and annual operating funding to the non-profit society, 127 Society for Housing, for the affordable rental housing component of the project.

Project Background Details:

Brenhill and the City have entered into a Land Exchange Contract ("Land Exchange") dated January 28, 2013 which set out the terms and conditions and obligations between the parties. The major points of the Land Exchange Agreement are described below.

Land Exchange

- Brenhill will transfer the Brenhill Lot to the City on the closing date free from all liens, charges, encumbrances, equities, claims, encroachments and defects on title except for the permitted charges;
- The City will transfer the City Lot to the Brenhill on the closing date free from all liens, charges, encumbrances, equities, claims, encroachments and defects on title except for the permitted charges;
- Transfer of the existing CMHC Mortgage BK273470 and the associated CMHC charges such as the assignment of rents currently on the City Lot upon closing date. This CMHC Mortgage is a maximum mortgage assistance NHA Section 95 2% Pre-1986 Non Profit Housing Projects mortgage entered into on July 22, 1985 with a subsequent amending agreement on July 10, 2009. The CMHC Mortgage provides for a maximum mortgage assistance of \$4,494.64 per month. The current mortgage

ATTACHMENT – SUBMISSION FROM PREVIOUS MEETING NOV 14 2013

Capital Review Committee
November 14, 2013

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4. Financing Proposal for CPI Project

amortization period remaining as of the last renewal period is 8 years, 5 months from March 1, 2013. The intent of the porting and transfer of the CMHC mortgage is to maintain the subsidy to 127 Society for Housing;

Development Approvals and Permits

- Brenhill will have obtained all development permits, building permits and other permits and approvals with respect to the development and construction of the New Affordable Housing Project;
- The City will have approved and will have received confirmation that 127 Society and BC Housing have approved the terms of the construction contract by Brenhill with respect to the construction of the New Affordable Housing Project, including the non-market housing design, plans and construction specifications to be developed jointly by the City, Brenhill, 127 Society and BC Housing;
- Brenhill will have obtained the required financing for the development and construction of the New Affordable Housing project;
- Brenhill will have substantially completed construction of the New Affordable Housing Project in accordance with the terms of the Development Agreement, including obtaining all required final or conditional occupancy permits for the New Affordable Housing Project permitting occupancy of the New Affordable Housing Project for the purposes for which it is intended to be used;
- On the enactment date of the rezoning of the City Lot, Brenhill will have provided the City with \$1,000,000 to the City's Affordable Housing Fund;
- Brenhill will not become the owner of the City Lot until the Closing Date. The City grants Brenhill the authority to proceed with a rezoning application for the City Lot.

Existing Tenants

- Brenhill acknowledges that there are tenants currently residing in the building in situ on the City Lot. The City will use reasonable efforts and will cooperate with Brenhill and 127 Society in an effort to ensure that all residents will move into the New Affordable Housing Project from the Jubilee House following the completion of the construction and the receipt of all necessary occupancy permits.
- Upon the City's receipt of the \$1 Million payment from Brenhill, the City will reimburse Brenhill for moving expenses relating to the tenants of Jubilee House to the New Affordable Housing Project to a maximum of \$75,000;

General Provisions

- Other general provisions and typical requirements for documentation and timing for closing of the land exchange have been outlined in the Land Exchange; and
- The Land Exchange is further tied to a Development Agreement, that details the terms and conditions of design, development, construction and costs of the New Affordable Housing Project that was entered into between the City, Brenhill, 127 Society and BC Housing on May 15, 2013. The Development Agreement outlines 5 main areas that include i) the development matters, ii) costs and financing, iii) default provisions, iv) insurance and v) general provisions.

ATTACHMENT – SUBMISSION FROM PREVIOUS MEETING NOV 14 2013

Capital Review Committee
November 14, 2013

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4. Financing Proposal for CPI Project

BC Housing Funding Program:

This is a proposed financing project under BC Housing's *Community Partnerships Initiative* (CPI) program. Under this program BC Housing provides interim financing, and arranges for long-term financing for non-profit societies creating affordable housing. BC Housing may also make arrangements with a large number of *National Housing Act* approved lenders to obtain low interest rates and favourable terms through a competitive tender and selection process conducted and approved by BC Housing. All approved BC Housing take-out loans will have low cost Canada Mortgage and Housing Corporation (CMHC) loan insurance.

Typically affordable housing rental developments require that projects under this agreement achieve a 1.20 Debt Coverage Ratio (DCR). In consultation, with the City's initiatives for additional social and affordable housing for the use of the pre-paid Lease payment proceeds and the supported homeless and hard to house tenants at shelter rental rates, BC Housing developed a funding arrangement to lessen the financial burden of this requirement by requiring the project to achieve a 1.05 DCR.

Financial Implications:

Approval is being sought for interim financing for the project of up to \$33,000,000 comprising of a first position interim construction mortgage of up to \$33,000,000 to Brenhill Developments Ltd. to finance the construction of the proposed facility, followed by long term take-out financing for the project of up to \$9,900,000.00 comprising of a first position CMHC insured mortgage of up to \$9,900,000.00 to 127 Society for Housing to pay for the pre-paid Lease payment to the City of Vancouver for the 60 year term lease.

The Society, the City and Brenhill have signed a Land Exchange and Development Agreements in January, 2013 and May 2013 respectively, confirming the proposed obligations of each party regarding the design, development, construction, operations and funding for the project. Key financial details of these agreements are as follows:

- The Borrower, Brenhill, will manage and develop the construction of the new 162 unit apartment that will be valued at approximately \$41.8M, in exchange for the rezoned City Lot;
- Brenhill has requested an interim demand loan for up to \$5M to be secured by a first charge mortgage to pay for the costs spent to date for the design, municipal approval and development process and to replace the existing land loan by HSBC on title prior to the interim construction mortgage of \$33M to be registered;
- Upon completion, the \$33M construction loan to Brenhill will either be paid out by Brenhill or be ported to the City Lot at 508 Helmcken Street to be taken out by Brenhill's financing with its market construction lender;
- At the end of construction and upon completion of the Land Exchange, Brenhill will transfer the Brenhill Lot to the City, who will in turn Lease the New Affordable Housing Project to 127 Society for 60 years. The City is seeking a pre-paid Lease payment of up to \$9.9M in two stages;

ATTACHMENT – SUBMISSION FROM PREVIOUS MEETING NOV 14 2013

Capital Review Committee
November 14, 2013

Page 9

4. Financing Proposal for CPI Project

- The first pre-paid Lease payment to the City by 127 Society for Housing is a request for \$8.1M upon Lease registration;
- The second pre-paid Lease payment to the City by 127 Society for Housing is a request for \$1.8 upon the expiry of the existing CMHC NHA Section 95 mortgage that will be expiring on August 1, 2021;

CMHC has committed to porting the existing CMHC insured mortgage NHA Section 95 mortgage to the new property, and the Society will debt service the remaining amount of the requested loan for the pre-paid Lease payments through revenues generated from residential units in the facility. Overall, the project achieves a 1.05 DCR.

Project Risk:

The main project risks are split based on the two properties in the Land Exchange arrangement as they have different risks that may affect the outcome of the individual portions of the project. These are summarized as follows:

Brenhill Lot:

- **Developer Obligations:** The Developer, Brenhill, is required to cash flow and take all the up-front risks for the financial costs of designing, developing and constructing the New Affordable Housing Project and the costs of the municipal approvals for both the Brenhill Lot and the City Lot, prior to any land transfer. In the event that Brenhill is not be able to fulfill these up-front obligations it could result in Brenhill delaying the project or delaying the payout of the BC Housing interim construction mortgage after the project is completed or not being able to obtain the required rezoning that would significantly reduce the value of the City Lot and the subsequent security BC Housing would hold.
- **Debt Servicing and Interest Rate Risk:** The final take-out financing to 127 Society for Housing for the City's pre-paid Lease payment of \$9.9M may be impacted based on various factors including interest rates at the time as well as the debt servicing from the net operating revenues. These have not been finalized and a discussion and negotiation with the City and 127 Society will be required prior to project completion to determine. The mitigating option is to negotiate a reduced pre-paid Lease payment amount to reflect the interest rate and DCR at that time.

City Lot:

- **Presales timelines.** The ability of Brenhill to repay the BC Housing interim construction mortgage will be predicated on Brenhill's ability to obtain interim construction financing from a market financial institution for the market building, and would be determined by presales of the market development among other factors. It is also unknown if market conditions will change in 2015 to the extent that Brenhill finds the redevelopment project uneconomical and postpones it. Should the presales requirements take longer to achieve and advance the project on to market interim construction financing a delay in the repayment of the BC

ATTACHMENT – SUBMISSION FROM PREVIOUS MEETING NOV 14 2013

Capital Review Committee
November 14, 2013

Page 10

4. Financing Proposal for CPI Project

Housing interim construction mortgage is possible. The underlying residual land value of the City Lot once rezoned is estimated to be \$80M, therefore, BC Housing's security should a default occur remains robust.

- Rezoning: The approval of rezoning is a significant milestone that will impact the value of the City Lot and the associated security that BC Housing would receive for the interim construction mortgage. The obligations to complete the rezoning falls with Brenhill and should they not complete the rezoning or if the City is unable to approve the rezoning enactment and subsequent FSR density increase, could result in the project being re-evaluated by Brenhill for financial feasibility given, Brenhill's responsibility to provide the Brenhill Lot with the New Affordable Housing Project free and clear of all encumbrances.

Project Schedule:

SCHEDULE

Development Permit	August 12, 2013
Pre-construction/Mobilization work	November, 2013
Building Permit	January 3, 2014
Rezoning for City Lot	Spring 2014
Final Project Commitment	January, 2014
Construction Start Date	February, 2014
Occupancy	May 1, 2015
Project Handover	May / June 2015

MINUTES
BC HOUSING BOARD OF COMMISSIONERS MEETING #294
February 25, 2014

The 294th meeting of the Board of Commissioners was held on Tuesday, February 25, 2014 at 1:45 pm in the Boardroom at the Lower Mainland Directly Managed Office, 369 Terminal Avenue, Vancouver, BC.

IN ATTENDANCE:

Board of Commissioners:

Judy Rogers, Board Chair
Melvin Kositsky
Faye Wightman
Robert Rennie
Lucie Gosselin
Sabrina Kunz
Harvey McLeod

BC Housing Staff:

Shayne Ramsay, CEO
John Bell, Director Strategic Planning and Corporate Secretary (Recording)

The meeting was called to order at 1:45 pm.

1. Approval Minutes from Previous Meetings

The Board reviewed the minutes from the previous meeting.

MOTION: Resolved that the minutes of the Board of Commissioners meeting #293 held on January 16, 2014 be approved.

M/S/C (Rennie/Wightman)

2. Board Chair's Opening Remarks

The Chair thanked the Committee Chairs for their work at the previous meetings.

3. Chief Executive Officer's Opening Remarks & Third Quarter Report - For Information

S. Ramsay provided an overview of the third quarter CEO report, highlight the following: release of the updated provincial housing strategy, status of the Riverview consultation, availability of extreme weather shelter spaces made available across the province, and an update on BC Housing's move to receive housing applications online. The Chair remarked on the province-wide scope of BC Housing activities and the progress being made on major initiatives each quarter.

4. Provincial Rental Housing Corporation President's Third Quarter Report - For Information

S. Ramsay updated the Board on PRHC property-related activities during the quarter.

Audit and Risk Management Committee – February 25, 2014

5. Committee Chair's Report

The Committee Chair reported on matters discussed at the February 25, 2014 meeting.

6. BC Housing Budget 2014/15

The Committee Chair reported on the revised 2014/15 BC Housing budget brought forward for the Board's approval.

MOTION: Resolved that the The Board of Commissioners approve the revised budget of \$660.8 million in 2014/15, \$658.1 million in 2015/16, and \$633.2 million in 2016/17.

M/S/C (Rennie/Wightman)

7. Third Quarter 2013/14 Financial Results

The Committee Chair reported on the Third Quarter 2013/14 Financial Results brought forward for the Board's approval.

MOTION: That the Board approves the third quarter actual results for 2013/14.

M/S/C (Kunz/Rogers)

8. External Audit Plan 2014/15

The Committee Chair reported on the External Audit Plan 2014/15 brought forward for the Board's approval.

MOTION: That the Board approves the External Audit Plan by BDO Canada.

M/S/C (Kositsky/Wightman)

9. Internal Audit Master Plan 2014/15 to 2015/16

The Committee Chair reported on the External Audit Plan 2014/15 to 2015/16 brought forward for the Board's approval.

MOTION: That the Board of Commissioners approves the Three-Year Internal Audit Master Plan for 2014/15 to 2016/17.

M/S/C (Rennie/Wightman)

Human Resources Committee – February 25, 2014

10. Committee Chair's Report

The Committee Chair reported on matters discussed by the Committee at the February 25, 2014 Committee.

11. Management Compensation 2014/15

This submission was presented "In-Camera"

12. Executive Management Compensation 2014/15

This submission was presented "In-Camera"

13. Chief Executive Officer Performance Results 2013/14

This submission was presented "In-Camera"

Capital Review Committee – February 25, 2014

14. Committee Chair's Report

The Committee Chair reported on matters discussed by the Committee at the February 25, 2014 Committee.

**15. Financing Proposal for Community Partnership Initiatives (CPI) Project
138 East Hastings St. in Vancouver**

The Committee Chair reported on the Financing Proposal for Community Partnership Initiatives (CPI) Project with FJL Housing Society in Vancouver, which was brought forward for the Board's approval.

MOTION: That the Board of Commissioners approve the above project: interim construction financing of up to \$21,860,573 under the Community Partnerships Initiative for a 97-unit affordable housing project for individuals of low to moderate income developed by 138 Sequel Development Corp. in partnership with the FJL Housing Society.

M/S/C (Kositsky/Wightman)

16. Increase to Capital Budget for CPI Project 1077–1099 Richards St. in Vancouver

Note: Bob Rennie left the boardroom due to the perception of a conflict of interest with this project.

The Board Chair reported on the Financing Proposal for Community Partnership Initiatives (CPI) Project with CPI Project with 127 Housing Society in Vancouver, which was brought forward for the Board's approval.

MOTION: That the Board of Commissioners approve the above project: an increase to the interim financing from up to \$33,000,000 by \$3,215,000 to a total of up to \$36,215,000 under the Community Partnerships Initiative for a 162 unit affordable housing project for supported homeless, hard to house and low end of market (LEM) units developed by Brenhill Developments Ltd. in partnership with the City of Vancouver for 127 Society for Housing.

M/S/C (Kositsky/Wightman)

Bob Rennie returned to the boardroom for the remainder of the meeting.

17. Materiality Limits for Major Capital Project Budget Changes

The Committee chair reported on the Materiality Limits for Major Capital Project Budget Changes brought forward for the Board's approval.

MOTION: The Board of Commissioners approves an amendment to the Capital Review Committee Terms of Reference related to material limits for major capital project budget changes.

M/S/C (Kunz/Wightman)

Corporate Governance Committee – February 25, 2014

18. Committee Chair's Report

The Committee Chair reported on matters discussed by the Committee at the February 25, 2014 Committee.

19. Board Assessment - For Information

The results of the Board self assessment survey which took place in December 2013 was reviewed.

20. Board Succession Planning

An overview of BC Housing's approach to board succession planning, including training and development opportunities of current members was discussed.

MOTION: The Board of Commissioners approves the BC Housing Board Succession and Appointment approach.

M/S/C (McLeod/Kunz)

Tabled Reports

21. Quarterly Fraud Report

The Quarterly Fraud Report was tabled for information.

22. Payment to Auditor Report

The Payment to Auditor Report was tabled for information

23. Quarterly Ombudsman Report

The Quarterly Ombudsman Report was tabled for information

24. Quarterly Litigation Report

The Quarterly Litigation Report was tabled for information

25. Quarterly Freedom of Information and Protection of Privacy Act Report

The Quarterly Freedom of Information and Protection of Privacy Act Report was tabled for information and reviewed by the Board.

26. In Camera with Chief Executive Officer

An in camera session with the CEO was held.

**Board of Commissioners Meeting
February 25, 2014**

27. In Camera

The Board met in camera.

The meeting was closed at 2:30 pm.

NEW WESTMINSTER LAND TITLE OFFICE

LAND TITLE ACT
FORM B (Section 225)

Apr-11-2014 10:25:37.001

CA3673755

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 12 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Michael Patrick
Shane FG7JFI

Digitally signed by Michael Patrick
Shane FG7JFI
DN: c=CA, cn=Michael Patrick Shane
FG7JFI, o=Lawyer, ou=Verify ID at
www.juricent.com/LKUP.cfm?id=FG7JFI
Date: 2014.05.27 07:33:12 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael Shane

Richards Buell Sutton LLP

700 - 401 Georgia Street West

Vancouver

BC V6B 5A1

Phone No.: 604.661.9223

File No.:

BCHMC No.: 93848/7119/13497

Document Fees: \$73.50

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[legal description]

029-182-115

LOT A BLOCK 84 DISTRICT LOT 541 GROUP 1 NEW WESTMINSTER
DISTRICT PLAN EPP34629

STC? YES

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

BRENHILL DEVELOPMENTS LIMITED

487 HELMCKEN STREET

VANCOUVER

V6B 2E6

BRITISH COLUMBIA

CANADA

Incorporation No

BC0909081

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

1701 - 4555 KINGSWAY

BURNABY

CANADA

BRITISH COLUMBIA

V5H 4V8

5. PAYMENT PROVISIONS:

(a) Principal Amount:

SEE SCHEDULE

(b) Interest Rate:

SEE SCHEDULE

(c) Interest Adjustment

Date: SEE SCHEDULE

Y M D

(d) Interest Calculation Period:

Monthly

(e) Payment Dates:

1st day of each month

(f) First Payment

Date: SEE SCHEDULE

(g) Amount of each periodic payment:

SEE SCHEDULE

(h) Interest Act (Canada) Statement.

The equivalent rate of interest calculated
half yearly not in advance
is N/A % per annum.

(i) Last Payment

Date: SEE
SCHEDULE

(j) Assignment of Rents which the
applicant wants registered ?YES NO

If YES, page and paragraph number:

(k) Place of payment:

SAME AS LENDER
ADDRESS IN #4 ABOVE

(l) Balance Due

Date: SEE
SCHEDULE

6. MORTGAGE contains floating charge on land ?

YES NO

7. MORTGAGE secures a current or running account ?

YES NO

8. INTEREST MORTGAGED:

Freehold

Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only);

(a) Prescribed Standard Mortgage Terms

(b) Filed Standard Mortgage Terms

(c) Express Mortgage Terms

D F Number: MT900183

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

SEE SCHEDULE

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SEE SCHEDULE

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

Patrick J. Julian
Barrister & Solicitor
19th Floor 885 West Georgia Street
Vancouver, B.C. V6C 3H4

Execution Date		
Y	M	D
14	03	17

Borrower(s) Signature(s)

Brenhill Developments Limited by its authorized signatory(ies)

Print Name: Max Kerr

Print Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

6. MORTGAGE contains floating charge on land ?
YES NO

7. MORTGAGE secures a current or running account ?
YES NO

8. INTEREST MORTGAGED:
Freehold
Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

(a) Prescribed Standard Mortgage Terms

(b) Filed Standard Mortgage Terms

(c) Express Mortgage Terms

D F Number: MT900183

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

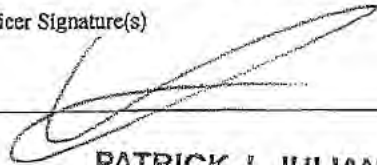
SEE SCHEDULE

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SEE SCHEDULE

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)



PATRICK J. JULIAN
Barrister & Solicitor
19th Floor
885 West Georgia Street
Vancouver, B.C.

V6C 3H4


~~(as to both signatures)~~

Execution Date

Y	M	D
14	03	17

Borrower(s) Signature(s)

Brenhill Developments Limited by its authorized signatory(ies)


Print Name: Max Kerr

Print Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM E

SCHEDULE

Page 3

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5. PAYMENT PROVISIONS:

5(a) Principal Amount:

The principal amount shall consist of advances under this mortgage not to exceed in aggregate the sum of \$36,215,000.

The principal amount will be advanced by the Mortgagee to the Mortgagor in accordance with the terms and conditions set forth in the Commitment Letter (as defined below). The Mortgagor and the Mortgagee agree that the aggregate advances of the principal amount under this mortgage shall not exceed 75% of the current appraised "as is" (as currently zoned and improved) residual value (the "Residual Value") of the City Lot (as defined below) until such time as the City Lot receives final approval for re-zoning as contemplated in the LEC (as defined below). For greater certainty, the Mortgagor and the Mortgagee acknowledge that the Residual Value of the City Lot is currently \$10,700,000 and that 75% thereof is \$8,025,000.

5(b) Interest Rate:

The interest rate payable under this Mortgage both before and after maturity, and both before and after default and both before and after judgment is the variable rate (as defined below) during the period from and including the day of the first mortgage advance of the principal amount or any portion thereof to and including the day prior to the Third Holding Period" (as defined below).

The interest rate payable under this Mortgage both before and after maturity, and both before and after default and both before and after judgment is the RBP Rate (as defined below) during the period from and including the first day of the Third Holding Period until the principal amount and any other money advanced and/or secured under this Mortgage have been repaid in full.

The "Variable Rate" means an interest rate calculated as a weighted average of the interest charged by the Ministry of Finance of the Government of British Columbia to British Columbia Housing Management Commission ("BCHMC") plus an administration spread up to 9/16%, and in any event, no more than Royal Bank Prime plus 1%. The Variable Rate will be adjusted monthly and compounded monthly, not in advance.

The "RBP Rate" means interest at Royal Bank Prime plus 1% per annum. The RBP Rate will be adjusted monthly and compounded monthly, not in advance.

The "Variable Rate" and "RBP Rate" are together referred to herein as the "mortgage rate".

5(c) Interest Adjustment Date:

The first day of the month following the month in which the first mortgage advance is made.

5(f) First Payment Date:

The first day of the month following the month in which the interest Adjustment Date occurs.

LAND TITLE ACT
FORM E

SCHEDULE

Page 4

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5(g) Amount of Each Periodic Payment:

Monthly payments of interest only at the Variable Rate or the RBP Rate, as applicable in accordance to 5(b) above, on the principal amount and any other amounts advanced and/or secured under this Mortgage.

5(i) Last Payment Date and 5(l) Balance Due Date:

The Mortgagor and the City of Vancouver (the "City") have entered into a land exchange contract (the "LEC") bearing an effective date of January 28, 2013, wherein it has been agreed that upon substantial completion of construction of the affordable housing project upon the said lands, the Mortgagor will transfer the said lands to the City and the City will transfer 508 Helmcken Street, Vancouver, BC (the "City Lot") to the Mortgagor (the transfers together are referred to herein as the "Land Exchange"). Concurrent with completion of the Land Exchange, the Mortgagee will provide a discharge of this mortgage as a charge against the said lands in exchange for either:

- (a) the Mortgagor paying to the Mortgagee the principal amount outstanding under this Mortgage together with all accrued interest and any other amounts advanced and/or secured under this Mortgage; or alternatively
- (b) the extension and registration of this mortgage as a first priority mortgage charge against title to the City Lot, re-zoned as contemplated in the LEC.

The Last Payment Date and the Balance Due Date will be the earlier of the date of (a) and (b) below:

- (a) the date the Mortgagee in its sole and unfettered discretion makes demand for repayment of the principal amount; and
- (b) the latest of
 - (i) the expiration of a period of up to 182 days (the "First Holding Period") after completion of the Land Exchange and registration of this mortgage as a first priority mortgage charge against title to the City Lot, re-zoned as contemplated in the LEC;
 - (ii) the expiration of a period of up to 60 days (the "Second Holding Period") following the expiration of the First Holding Period, at the Mortgagee's sole discretion to allow a smooth transition of the tenants from the existing housing project on the City Lot and for the Mortgagor to complete and resolve any warranty period items; and
 - (iii) the expiration of a period of up to 182 days (the "Third Holding Period") following the expiration of the First Holding Period or the Second Holding Period as the case may be, to allow for the Mortgagor to complete its municipal processes, disclosure statements for pre-sale and to make financing arrangements (if applicable) with respect to the market project to be constructed on the City Lot;

at which time the full balance of the principal amount outstanding under this Mortgage together with all accrued interest and any other amounts advanced and/or secured under this Mortgage shall be repayable forthwith by the Mortgagor to the Mortgagee.

LAND TITLE ACT
FORM E

SCHEDULE

Page 5

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

10. Additional or Modified Terms:

This Mortgage is dated for reference the 7th day of March, 2014.

"Commitment Letter" means the loan commitment letter issued by the Mortgagee to the Mortgagor dated February 28, 2014, including any amendments thereto.

The Mortgagor makes this Mortgage in consideration of the making of the loan by the Mortgagee to the Mortgagor.

1. Standard Mortgage Terms MT900183 are amended as follows:

1.1 delete clause 1(b) and replace it with the following:

"The Mortgagor covenants and agrees to pay to the Mortgagee interest on the amounts from time to time advanced at the applicable mortgage rate computed from the respective dates of such advances. On becoming overdue, all interest shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the applicable mortgage rate as well after as before maturity of this Mortgage and all such interest and compound interest shall be a charge on the land referred to in item 2 of Part 1 of this Mortgage (the "said lands"). In the event of non-payment of any of the money hereby secured at the times set for payment in this Mortgage, the Mortgagor agrees to pay interest at the applicable mortgage rate on the same so long as any part thereof remains unpaid."

1.2 add clause 1.(d) as follows:

"In consideration of the principal amount of lawful money of Canada now paid or to be paid by the Mortgagee to the Mortgagor, the receipt of which is acknowledged, the Mortgagor grants and mortgages to the Mortgagee, its successors and assigns forever the said lands."

1.3 delete clause (a), (b), (c) and (d) and replace it with the following:

"The Mortgagor may prepay all or any portion of the principal amount secured under this Mortgage at any time without notice, bonus, or penalty."

1.4 delete the words: "...with the approval of Canada Mortgage and Housing Corporation..." from clause 4(g).

1.5 add the following to clause 5:

"The Mortgagor will insure the said lands, and keep them insured, in compliance with the Mortgagee's requirements as set out in the Commitment Letter, with such variations, additions and changes in the amounts and types of coverage as the Mortgagee may from time to time notify the Mortgagor in writing. If the Mortgagor fails to insure the said lands as stipulated above, the Mortgagee may, but shall not be obliged to obtain such insurance, and any costs incurred, including the premium will be secured under this Mortgage and bear interest at the applicable mortgage rate. Without limiting the foregoing the Mortgagor further agrees with the

LAND TITLE ACT
FORM E

SCHEDULE

Page 6.

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

Mortgagee to comply with all of the insurance terms set forth in the remainder of this paragraph 5."

- 1.6 delete clause 17 "DUE ON SALE" and replace with the following:

"The Mortgagor covenants and agrees with the Mortgagee that in the event of the Mortgagor selling, conveying, transferring or entering into an agreement for sale or transfer of title (of either or both of the legal and beneficial estates) of the said lands or any part of them (including, but not limited to, the sale of the issued and outstanding shares in the Mortgagor or other interest resulting in a transfer of an ownership interest in the Mortgagor) to a purchaser or transferee not approved, in writing, by the Mortgagee, all monies hereby secured with accrued interest thereon at the applicable mortgage rate shall at the option of the Mortgagee forthwith become due and payable. Any such conveyance, transfer or entry into an agreement for sale or transfer shall not (even if the Mortgagor receives the Mortgagee's consent) release the Mortgagor from any of its obligations under this Mortgage."

- 1.7 delete all references to the "Condominium Act" in clause 22 and replace with the following:

"Strata Property Act, SBC 1998, c.43 as amended from time to time (the "Strata Property Act")"

- 1.8 delete the words "a certificate in Form B of the Schedule to the Condominium Act" in clause 22 (b) and replace with the following:

"a certificate in Form G of the Strata Property Regulation, BC Reg. 43/2000 (the "Strata Property Regulation")"

- 1.9 delete the words "a certificate in Form A of the Schedule to the Condominium Act" in clause 22(c) and replace with the following:

"a certificate in Form F of the Strata Property Regulation"

- 1.10 delete the reference to "Section 28(3) of the Condominium Act" in clause 22 (g) and replace with the following:

"Section 36(1)(c) of the Strata Property Act"

- 1.11 adding the following to Clause 22(g):

"together with all other records and documents referred to in Section 35 of the Strata Property Act"

- 1.12 delete clause 22(h) and replace with the following:

"Pursuant to Section 59 of the Strata Property Act, the Mortgagor hereby authorizes in writing any officer of the Mortgagee to apply at any time and from time to time to the Strata Corporation for certification to the Mortgagee of the information required by Section 59(3) of the Strata Property Act"

LAND TITLE ACT
FORM E

SCHEDULE

Page 7

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

1.13 add the following to clause 28 in the second line after the word "lands":

"including, without limiting the generality of the foregoing, concerning the protection of the environment and public health and safety,"

2. Commitment Letter

The Mortgagor acknowledges and agrees that the execution and delivery of this Mortgage and any collateral security shall in no way merge or extinguish the terms and provisions of the Commitment Letter and the terms and conditions contained in the Commitment Letter continue in full force and effect, provided that in the case of any inconsistency or conflict between any provisions of the Commitment Letter, any provisions of this Mortgage, and/or any collateral security, the Mortgagee shall determine in its sole discretion which agreement shall prevail.

The Mortgagor and the Mortgagee acknowledge and agree that a breach of the Commitment Letter will constitute breach of this Mortgage and vice versa.

3. Security Agreement and Assignment of Rentals

For the better security of the Mortgagee, the Mortgagor agrees that forthwith at the request and in favour of the Mortgagee, the Mortgagor will grant in a form satisfactory to the Mortgagee as security concurrent herewith:

3.1 a security agreement in favour of the Mortgagee covering all goods, chattel paper, documents of title, instruments, investment property, intangibles and money now or hereafter situate on, related to, used in connection with or arising from or out of the premises herein mortgaged, including without limiting the generality of the foregoing, all floor coverings, ranges, refrigerators, dishwashers, appliances, heating, ventilating and air-conditioning equipment, elevators, conveyancing devices and all other mechanical equipment, plumbing and electrical fixtures, bathroom fixtures, lighting fixtures, cupboards, doors, water heaters, window coverings, communications and data systems, awnings and other equipment and fixtures now or hereafter installed in or situated on such premises as the case may be, and will pay on demand to the Mortgagee the legal costs and other expenses, if any, incurred by the Mortgagee to obtain renewal of such security agreement from time to time; and,

3.2 an assignment of all rentals and any money whatsoever to be paid by the occupants of the building situate on the said lands and every guarantee given to the Mortgagor for payment thereof;

and the Mortgagor acknowledges and agrees that any default by the Mortgagor under any other security or securities for payment of the money or performance of the obligations thereby secured shall be deemed to be default under this Mortgage and shall entitle the Mortgagee to exercise any and all remedies available in the event of default hereunder, subject to the notice provisions granted to CMHC or BCHMC herein.

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

4. Environmental Matters

- 4.1 In this Article, "Hazardous Substance" includes, without limitation, any contaminants, pollutants or other substances, products, materials or goods which are hazardous or dangerous or potentially hazardous or dangerous to human, animal, or plant health or life or the environment, and, in particular, includes any substances, products, materials or goods which are defined as hazardous substances or special waste in or pursuant to any law, regulation or order of any authority of competent jurisdiction.
- 4.2 Save and except for the excavation of the said lands, the Mortgagor covenants that it will not carry out any improvements to the said lands until and unless it has obtained and forwarded to the Mortgagee confirmation from a professional environmental consultant that the said lands do not contain any Hazardous Substance in excess of the standards set by the provincial authority having jurisdiction over environmental standards for residential use of the said lands.
- 4.3 The Mortgagor hereby agrees to indemnify and hold the Mortgagee harmless from and against any and all liabilities, losses, claims and damages (including lost profits, consequential damages, interest, penalties, fines and monetary and other sanctions) incurred or suffered by the Mortgagee by reason of, or in any way related to, the breach of the covenant set out in clause 4.2 above and any and all other environmental liabilities relating to any Hazardous Substance on or under the said lands during the term or any renewal of this Mortgage. This agreement to indemnify will survive repayment of the monies owing under the Mortgage, and will continue in force so long as the possibility of such liability, loss, claim or damage exists.
- 4.4 The Mortgagee, BCHMC or CMHC or any of the respective agents (collectively and individually for the purposes of this paragraph, the Mortgagee, BCHMC or CMHC or any of their respective agents are referred to herein as the "Entitled Party") may, at any time, before and after default, and for any purpose deemed necessary by the Entitled Party, enter upon the said lands to inspect the lands and buildings thereon. Without in any way limiting the generality of the foregoing, the Entitled Party may enter upon the said lands to conduct any environmental testing, site assessment, investigation or study, deemed necessary by the Entitled Party, and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the applicable mortgage rate, shall be payable by the Mortgagor forthwith and shall be a charge upon the said lands. The exercise of any of the powers enumerated in this clause shall not deem the Entitled Party to be in possession, management or control of the said lands and buildings.

5. Financial Records

The Mortgagor hereby:

- 5.1 agrees to keep records of all rents received and of all expenses paid by the Mortgagor in connection with the said lands and, at least annually, have a statement of revenue and expenses for the said lands prepared by a professional accountant and to give a copy of the statement to the Mortgagee, if requested to do so; and,

LAND TITLE ACT
FORM E

SCHEDULE

Page 9

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5.2 grants to the Mortgagee the right at any time during the term of this Mortgage to inspect the Mortgagor's property, books of account and other relevant records relating to the said lands and/or this Mortgage and the Mortgagor agrees to advise the Mortgagee of the location of the said books of account and other relevant documents when required to do so by the Mortgagee.

6. Appointment

The Mortgagor hereby irrevocably appoints the Mortgagee its attorney to enforce, in the name of and on behalf of the Mortgagor, the Mortgagor's rights contained in the labour and material payment bond, the performance bond that has been or will be obtained by the Mortgagor for construction of the premises on the said lands, and the construction contract that has been or will be entered into by the Mortgagor to construct the premises on the said lands, provided that such appointment shall not be effective unless and until accepted in writing by the Mortgagee, and the Mortgagee shall be under no obligation to accept such appointment or enforce any covenants and agreements contained in those agreements.

7. Further Encumbrances

The Mortgagor will not allow title to the said lands to become further encumbered or charged in any manner whatsoever without the Mortgagee's prior written consent. If the Mortgagor further encumbers the said lands, without the Mortgagee's prior written consent, which consent may be withheld or granted in the Mortgagee's sole discretion, the principal amount, interest and all other monies secured under this mortgage shall, at the Mortgagee's sole option, immediately become due and payable. As a term of providing its consent the Mortgagee may require the encumbrancer to grant to it a registrable priority or priority/standstill agreement on terms satisfactory to the Mortgagee at the Mortgagor's expense.

8. Additional Defaults

If the Mortgagor makes any default in payment of the principal amount, interest or other monies hereby secured, or in the observance or performance of any of the covenants, agreements or provisos herein contained, or under the section 219 covenant registered against title to the said lands in favour of Provincial Rental Housing Corporation or under any operating agreement and funding agreement entered into by the Mortgagor in connection with the said lands, or becomes bankrupt or insolvent or makes an assignment to or proposal for the benefit of his creditors, or becomes subject to or takes advantage of any provision of any legislation for the benefit of insolvent debtors, or being a corporation is dissolved or wound up, then and in every such case the whole of the monies hereby secured remaining unpaid shall, at the option of the Mortgagee, forthwith become due and payable without notice in like manner and to all intents and purposes as if the due date for payment of such monies had fully come and expired, and all powers and remedies of the Mortgagee hereunder shall be exercisable.

9. Notice to BCHMC and Its Right to Cure Defaults:

9.1 In the event that BCHMC assigns its interest in this mortgage, the assignee (the "Assignee") will not exercise any of its rights which arise as a result of a default by the Mortgagor under this mortgage or any security which is additional or collateral security to the mortgage until ninety (90) days after the Assignee has provided written notice to BCHMC (the "Notice Period") and so long as, within thirty (30) days of BCHMC receiving the notice describing the Mortgagor's default

LAND TITLE ACT
FORM E

SCHEDULE

Page 10

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

BCHMC, agrees in writing that during the Notice Period, BCHMC will perform all of the covenants of the Mortgagor required in this mortgage and in any security which is additional or collateral security to this mortgage, and at the end of the Notice Period, BCHMC will either pay to the Assignee all monies secured under this mortgage (in which case the Assignee will, if requested to do so by BCHMC, assign its interest in this mortgage to BCHMC or its nominee), or, if BCHMC chooses not to do so, the Assignee shall then be at liberty to proceed to exercise any of the powers given to it under this mortgage and in any security which is additional or collateral security to this mortgage.

- 9.2 The provisions contained in Section 9.1 are not to be construed in any manner whatsoever so as to limit or otherwise prejudice the rights of the Assignee against CMHC under any Undertaking-to-Insure issued by CMHC to the Assignee or any other agreement between CMHC and the Assignee.
- 9.3 Notwithstanding anything else contained in this mortgage or any security which is additional or collateral security to this mortgage, all of the following are subject to the notice required to be given by the Assignee to BCHMC under Section 9.1, namely:
- 9.3.1 the acceptance by the Assignee of any assignment by the Mortgagor to the Assignee of the Mortgagor's equity of redemption in the said lands; and,
- 9.3.2 the exercise by the Assignee of its options under Section 5 of the Filed Standard Mortgage Terms relating to the application of any insurance monies.

10. Construction Loan Provision:

Add the following to clause 6:

"If the principal amount advanced and secured under this Mortgage is to be used in the course and for the purpose of demolishing, repairing, improving and/or constructing improvements upon the said lands:

- 1) The Mortgagor shall construct all buildings and other improvements on the said lands in accordance with the applicable building and air space parcel plans and to the satisfaction of all governmental and regulatory authorities having jurisdiction and carry on diligently to completion the buildings and other improvements. All buildings and other improvements now or later on the said lands shall form part of the security for the full amount of the money secured by this mortgage.
- 2) All construction on the said lands shall be carried out by reputable contractors having experience which is commensurate to the nature and size of the project, and such contractors must be prior approved by the Mortgagee in writing, such approval not to be unreasonably withheld.
- 3) Provided that should construction on the project cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Mortgagor excepted), for a period of fifteen (15) consecutive business days, then, at the sole option of the Mortgagee, this Mortgage shall, immediately become due and payable. In the event that construction does

LAND TITLE ACT
FORM E

SCHEDULE

Page 11

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

- cease, then the Mortgagee shall have the right, at its sole option but under no circumstance shall the Mortgagee be obliged, to assume some part or complete control of the construction of the project in such manner and on such terms as it deems available. The cost and expenses of completion of the project by the Mortgagee and all expenses incidental thereto together with a management fee of fifteen percent (15%) of the costs and expenses of the construction completed by the Mortgagee will be secured under this Mortgage and bear interest.
- 4) At all times there shall be sufficient funds unadvanced under this Mortgage and retained by the Mortgagee to complete the construction.
 - 5) This Mortgage will be advanced in stages as construction upon the said lands proceeds or as the conditions as enumerated by the loan commitment letter are complied with.
 - 6) All advances which are made from time to time hereunder shall be based on certificates of a duly qualified architect, engineer, quantity surveyor, cost consultant or other consultant(s) retained for the purpose of reviewing and advising the Mortgagee with respect to the project and the progress thereof, whose fees and costs shall be for the account of the Mortgagor regardless of by whom such person has been retained. All such certificates shall without limitation certify the value of the work completed and the estimated costs of any uncompleted work and such certificates shall further certify that such completed construction to the date of such certificate shall be in accordance with the applicable building plans and in accordance with all municipal and other governmental requirements of all authorities having jurisdiction pertaining to such construction and that there shall be no outstanding work orders or other requirements pertaining to construction on the said lands. Such certificates with respect to any values shall not include materials on the site which are not incorporated into the buildings.
 - 7) The Mortgagor shall pay to the Mortgagee on each occasion when an inspection of the said lands is required to confirm construction costs to date and compliance with conditions for further advances, an inspection fee in such reasonable amount as the Mortgagee may charge from time to time for each such inspection and the Mortgagee's solicitors shall be paid their reasonable fees and disbursements for each subsearch and work done prior to each such advance and all such monies shall be deemed to be secured hereunder and the Mortgagee shall be entitled to all right and remedies with respect to collection of same in the same manner as it would have with respect to collection of principal and interest hereunder or at law.
 - 8) The Mortgagee shall be entitled to erect at the Mortgagee's expense, a reasonable number of signs at reasonable locations and of reasonable size, and to otherwise publicize the source of the financing during the construction period.
 - 9) The Mortgagee may at its sole option, withhold from any advances for which the Mortgagor may have qualified, such amounts as the Mortgagee, in its sole discretion, considers advisable to protect its position under the provisions of the Builders Lien Act (British Columbia) as amended, so as to secure its priority over all liens, until the Mortgagee is fully satisfied that all lien periods have expired and that there are no liens outstanding. Nothing in this clause shall be construed to make the Mortgagee an "owner" as defined under the Builders Lien Act (British Columbia) as amended, nor shall there be, or be deemed to be, any obligation by the Mortgagee to retain any holdback which may be required to be made by the owner which shall remain solely the

LAND TITLE ACT
FORM E

SCHEDULE

Page 12

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

Mortgagor's obligation. The Mortgagor hereby covenants and agrees to comply in all respects with the provisions of the Builders Lien Act (British Columbia) as amended."

11. Municipal Compliance

The Mortgagor warrants, represents and covenants with the Mortgagee that every building and improvement to be constructed on the said lands and their uses will comply with all municipal, civic, or provincial building, zoning and siting by-laws, all governmental laws and regulations of an environmental nature which regulate or control such use and every order made thereunder and every order of a fire marshal or health inspector and will continue so to comply at least until the money hereby secured and all other money owing under this mortgage have been paid in full to the Mortgagee.

11. **PRIOR ENCUMBRANCES PERMITTED BY LENDER:***

Easement BW490936 and BW546504

Covenant CA3594268

Covenant in favour of Provincial Rental Housing Corporation filed in the Land Title Office on the same day preceding this mortgage

END OF DOCUMENT

LAND TITLE ACT
 FORM C (Section 233) CHARGE
 GENERAL INSTRUMENT - PART 1 Province of British Columbia

Apr-11-2014 10:25:37.002

CA3673756

PAGE 1 OF 1 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Michael Patrick
 Shane FG7JFI

Digitally signed by Michael Patrick
 Shane FG7JFI
 DN: c=CA, cn=Michael Patrick Shane
 FG7JFI, o=Lawyer, ou=Verify ID at
 www.juricert.com/LKUP.cfm?
 id=FG7JFI
 Date: 2014.03.27 07:34:07 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael Shane

Richards Buell Sutton LLP
 700 - 401 Georgia Street West
 Vancouver

BC V6B 5A1

Phone No.: 604.661.9223

File No.:

BCHMC No.: 93848/7119/13497

Document Fees: \$73.50

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[LEGAL DESCRIPTION]

029-182-115 LOT A BLOCK 84 DISTRICT LOT 541 GROUP 1 NEW WESTMINSTER
 DISTRICT PLAN EPP34629

STC? YES

3. NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Assignment of Rents

Standard Charge Terms Pages 1 to 5

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No. ST921015

(b) Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

BRENHILL DEVELOPMENTS LIMITED (INC. # BC0909081)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
 #1701 - 4555 KINGSWAY

BURNABY

BRITISH COLUMBIA

V5H 4V8

CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Patrick J. Julian

Barrister & Solicitor

19th Floor 885 West Georgia Street
 Vancouver, B.C. V6C 3H4

Execution Date

Y	M	D
14	03	17

Transferor(s) Signature(s)

Brenhill Developments Limited by its
 authorized signatory(ies)

Print Name: Max Kerr

Print Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Michael Patrick
Shane CSSIYV

Digitally signed by Michael Patrick
Shane CSSIYV
DN: o=CA, cn=Michael Patrick Shane
CSSIYV, o=Lawyer, ou=Verify ID at
www.juricert.com/LKUP.cfm?
id=CSSIYV
Date: 2016.06.27 17:08:25 -0700'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael Shane
Richards Buell Sutton LLP
700 - 401 Georgia Street West
Vancouver
Document Fees: \$71.58

Phone No.: 604.661.9223
File No.:
BCHMC No.: 93848/7119/13497

BC V6B 5A1

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[LEGAL DESCRIPTION]

029-182-115 LOT A BLOCK 84 DL 541 GROUP 1 NWD PLAN EPP34629

STC? YES

3. NATURE OF INTEREST

Modification

CHARGE NO.

CA3673755

ADDITIONAL INFORMATION

Entire Instrument

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No. ST921015

(b) Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

BRENHILL DEVELOPMENTS LIMITED (INC. # BC0909081)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
#1701 - 4555 KINGSWAY

BURNABY

V5H 4V8

BRITISH COLUMBIA

CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Patrick J. Julian
Barrister & Solicitor
19th Floor
885 West Georgia Street
Vancouver, B.C. V6C 3H4

Execution Date

Y	M	D
16	5	27

Transferor(s) Signature(s)

Brenhill Developments Limited
by its authorized signatories

Print Name: Brent Kerr

Print Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Charlotte K. Wong
Barrister & Solicitor
2110 Burquitlam Drive
Vancouver, B.C. V5P 2P1
(as to Dan Maxwell's signature)

Y	M	D
16	04	19
16	04	21

British Columbia Housing Management
Commission by its authorized
signatories

Print Name: Dan Maxwell

Print Name: Michael G. Flanigan
British Columbia Housing Management
Commission

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, lawyer, public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

TERMS OF INSTRUMENT – PART 2

WHEREAS:

- A. The Mortgagor described in Item 5 of Page 1 of this Agreement (the "Mortgagor") holds a freehold interest in the lands and premises described in Item 2 on Page 1 of this Agreement (the "Lands");
- B. Pursuant to a mortgage (herein called the "Original Mortgage") dated March 17, 2014 and registered on April 11, 2014 in the Vancouver Land Title Office (herein called the "Land Title Office") under no. CA3673755, the Mortgagor mortgaged all its interest in the Lands to British Columbia Housing Management Commission (the "Mortgagee") to secure the repayment of the principal sum of \$36,215,000.00 with interest thereon and other monies as therein provided;
- C. The Mortgagor and the Mortgagee have agreed to modify the Original Mortgage in the manner hereinafter set forth.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the sum of \$1.00 and other good and valuable consideration now paid by each of the parties hereto to each of the other parties hereto, the parties hereto hereby covenant and agree as follows:

1. The Mortgagor and the Mortgagee acknowledge and confirm that the Original Mortgage constitutes a valid and subsisting first mortgage charge registered against the Lands.
2. The Original Mortgage as hereby amended and modified is hereinafter called the "Mortgage".
3. From and after April 8, 2016 (herein called the "Effective Date"), notwithstanding the actual date of execution of this Agreement, the Original Mortgage shall be amended and modified in the Form B (Part 1), item 5 "PAYMENT PROVISIONS" as follows:
 - 5 (a) "Principal Amount" shall be amended by deleting the reference to \$36,215,000.00 and substituting the principal amount of \$39,000,000.00 therefor;
4. The Mortgagor and the Mortgagee expressly covenant and agree that whether or not this Agreement is registered pursuant to the *Land Title Act* of British Columbia, the provisions hereof shall be binding upon both the Mortgagor and the Mortgagee and that the Original Mortgage shall be amended and modified accordingly and as from the Effective Date the same shall be read and construed as if the provisions hereof were therein written.
5. The Mortgagor covenants with the Mortgagee to make any and all payments at the times and in the manner provided for in the Original Mortgage and observe and perform all the covenants, clauses, provisos, powers, matters and things whatsoever contained therein, altered or amended, and the Original Mortgage shall continue in force and have application to the amounts and dates and terms of payment herein contained; PROVIDED, HOWEVER, that nothing in this Agreement will create any merger or alter or prejudice the rights of the Mortgagee against any security collateral to the Mortgage or as regards to any surety, covenantor, guarantor or subsequent encumbrancer or any person not a party hereto liable to pay the mortgage monies or interested in the Lands, all of which said rights are hereby reserved and each of the Original Mortgage, save as herein modified, is ratified and confirmed by the Mortgagor and the Mortgagee.

6. Wherever the singular or masculine is used throughout this Agreement of Mortgage, the same shall be construed as meaning the plural or feminine or body corporate where the context or the parties hereto so require and if there be more than one borrower named in this Agreement of the Mortgage or any covenantor or any guarantor party hereto and signatory to this Agreement, all covenants shall be joint and several; and all grants, rights, covenants, agreements, powers, privileges and liabilities contained herein shall be read and held as made by and with and granted to and imposed upon the parties hereto, their respective heirs, executors, administrators, successors and assigns as if those words had been inserted and written in all proper and necessary places.
7. The Mortgagor will execute all documents which, in the opinion of the Mortgagee, are necessary or advisable to give effect to any of the covenants and agreements contained herein.

IN WITNESS WHEREOF the Transferor and Transferee have caused this Agreement to be executed on the day and year stated in item 8 of the attached Form C and Form D.

END OF DOCUMENT

MORTGAGE - PART 1 Province of British Columbia

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

**Carlos Sousa
Mendes
K9H9TQ**

Digitally signed by Carlos Sousa Mendes K9H9TQ
Date: 2016.08.12
11:02:30 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael P. Shane, Richards Buell Sutton LLP

Barristers and Solicitors

700 - 401 Georgia Street West

Vancouver

BC V6B 5A1

(604) 661-9223

File No. 32374-0106

Document Fees: \$71.58

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[legal description]

029-261-317 LOT C BLOCK 94 DL 541 GROUP 1 NWD PLAN EPP35544

STC? YES

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

SEE SCHEDULE

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

1701 - 4555 KINGSWAY

BURNABY

CANADA

BRITISH COLUMBIA

V5H 4V8

5. PAYMENT PROVISIONS:

(a) Principal Amount:

SEE SCHEDULE

(b) Interest Rate:

SEE SCHEDULE

(c) Interest Adjustment

Date: **SEE SCHEDULE**

Y	M	D
---	---	---

(d) Interest Calculation Period:

Monthly, not in advance

(e) Payment Dates:

1st day of each month

(f) First Payment

Date: **SEE SCHEDULE**

(g) Amount of each periodic payment:

SEE SCHEDULE

(h) *Interest Act* (Canada) Statement.

The equivalent rate of interest calculated half yearly not in advance is **N/A** % per annum.

(i) Last Payment

Date: **SEE SCHEDULE**

(j) Assignment of Rents which the applicant wants registered ?

YES NO

If YES, page and paragraph number:

(k) Place of payment:

**SAME AS LENDER
ADDRESS IN #4 ABOVE**

(l) Balance Due

Date: **SEE SCHEDULE**

6. MORTGAGE contains floating charge on land ?
YES NO

7. MORTGAGE secures a current or running account ?
YES NO

8. INTEREST MORTGAGED:
Freehold
Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

- (a) Prescribed Standard Mortgage Terms
- (b) Filed Standard Mortgage Terms
- (c) Express Mortgage Terms

D F Number: MT900183

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

SEE SCHEDULE

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

SEE SCHEDULE

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

Daniel S. Remick
Barrister & Solicitor
19th Flr. 885 W Georgia St.
Vancouver, B.C. V6C 3H4

Execution Date		
Y	M	D
16	08	09

Borrower(s) Signature(s)

8X ON THE PARK INC. by its
authorized signatory(ies):

Maxwell M. Kerr

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Daniel S. Remick
Barrister & Solicitor
19th Flr. 885 W Georgia St.
Vancouver, B.C. V6C 3H4

Y	M	D
16	08	09
16	08	09

BRENHILL PROPERTY HOLDINGS
LIMITED by its authorized signatory
(ies):

Maxwell M. Kerr

Daniel S. Remick
Barrister & Solicitor
19th Flr. 885 W Georgia St.
Vancouver, B.C. V6C 3H4

BRENHILL COMMERCIAL
PROPERTIES LTD. by its authorized
signatory(ies):

W. Brent Kerr

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM E**

SCHEDULE

PAGE 4 OF 13 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

8X ON THE PARK INC. (Inc. No. BC1066888), having a registered and records office and postal address at 19th Floor, 885 West Georgia Street, Vancouver, B.C., V6C 3H4
AS TO AN UNDIVIDED 77.438/100TH INTEREST

BRENHILL PROPERTY HOLDINGS LIMITED (Inc. No. BC1068854), having a registered and records office and postal address at 19th Floor, 885 West Georgia Street, Vancouver, B.C., V6C 3H4
AS TO AN UNDIVIDED 21.074/100TH INTEREST AND

BRENHILL COMMERCIAL PROPERTIES LTD. (Inc. No. BC1080273), having a registered and records office and postal address at 19th Floor, 885 West Georgia Street, Vancouver, B.C., V6C 3H4
AS TO AN UNDIVIDED 1.488/100TH INTEREST

LAND TITLE ACT
FORM E

SCHEDULE

Page 5

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

5. PAYMENT PROVISIONS:

5(a) Principal Amount:

The principal amount shall consist of one advance under this Mortgage not to exceed the sum of \$39,000,000.

5(b) Interest Rate:

The interest rate payable under this Mortgage both before and after maturity, and both before and after default and both before and after judgment is the variable rate (as defined below) during the period from and including the day of the mortgage advance of the principal amount or any portion thereof to and including the day prior to the Third Holding Period" (as defined below).

The interest rate payable under this Mortgage both before and after maturity, and both before and after default and both before and after judgment is the RBP Rate (as defined below) during the period from and including the first day of the Third Holding Period until the principal amount and any other money advanced and/or secured under this Mortgage have been repaid in full.

The "Variable Rate" means an interest rate calculated as a weighted average of the interest charged by the Ministry of Finance of the Government of British Columbia to British Columbia Housing Management Commission ("BCHMC") plus an administration spread up to 9/16%, and in any event, no more than Royal Bank Prime plus 1%. The Variable Rate will be adjusted monthly and compounded monthly, not in advance.

The "RBP Rate" means interest at Royal Bank Prime plus 1% per annum. The RBP Rate will be adjusted monthly and compounded monthly, not in advance.

The "Variable Rate" and "RBP Rate" are together referred to herein as the "mortgage rate".

5(c) Interest Adjustment Date:

The first day of the month following the month in which the mortgage advance is made.

5(f) First Payment Date:

The first day of the month following the month in which the Interest Adjustment Date occurs.

5(g) Amount of Each Periodic Payment:

Monthly payments of interest only at the Variable Rate or the RBP Rate, as applicable in accordance to 5(b) above, on the principal amount and any other amounts advanced and/or secured under this Mortgage.

5(i) Last Payment Date and 5(l) Balance Due Date:

The Mortgagor and the City of Vancouver (the "City") have entered into a land exchange contract (the "LEC") bearing an effective date of January 28, 2013 (as amended from time to time), wherein it has been agreed that upon substantial completion of construction of a new affordable housing project (the "New Affordable Housing Project") at 1077-1099 Richards Street, Vancouver, BC ("Richards Street"):

LAND TITLE ACT
FORM E

SCHEDULE

Page 6

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

- (a) Brenhill Developments Limited ("BDL") will transfer title to Richards Street to the City;
- (b) the City will transfer the said lands to the Mortgagor (being the assignees of BDL's interest under the LEC) (the transfers together are referred to herein as the "Land Exchange");
- (c) the Mortgagor will grant this Mortgage to the Mortgagee;
- (d) the Mortgagee will:
 - (i) advance to itself sufficient funds under this Mortgage to payout the mortgage registered against title to Richards Street (the "Richards Street Mortgage"); and
 - (ii) following receipt of sufficient funds to payout the Richards Street Mortgage, discharge the Richards Street Mortgage from title to Richards Street.

The Last Payment Date and the Balance Due Date will be the earlier of the date of (a) and (b) below:

- (a) the date the Mortgagee in its sole and unfettered discretion makes demand for repayment of the principal amount; and
- (b) the latest of
 - (i) the expiration of a period of up to 182 days (the "First Holding Period") after completion of the Land Exchange, registration of this Mortgage as a first priority mortgage charge against title to the said lands and the advance of funds under this Mortgage by the Mortgagee to payout and discharge the Richards Street Mortgage;
 - (ii) the expiration of a period of up to 60 days (the "Second Holding Period") following the expiration of the First Holding Period, at the Mortgagee's sole discretion to allow a smooth transition of the tenants from the existing affordable housing project on the said lands to the New Affordable Housing Project on Richards Street and for the Mortgagor and/or BDL to complete and resolve any warranty period items in respect of the New Affordable Housing Project; and
 - (iii) the expiration of a period of up to 182 days (the "Third Holding Period") following the expiration of the First Holding Period or the Second Holding Period as the case may be, to allow for the Mortgagor to complete its municipal processes, disclosure statements for pre-sale and to make financing arrangements (if applicable) with respect to the market project to be constructed on the said lands;

at which time the full balance of the principal amount outstanding under this Mortgage together with all accrued interest and any other amounts advanced and/or secured under this Mortgage shall be repayable forthwith by the Mortgagor to the Mortgagee.

10. Additional or Modified Terms:

This Mortgage is dated for reference the 2nd day of August, 2016.

LAND TITLE ACT
FORM E

SCHEDULE

Page 7

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

"Commitment Letter" means the loan commitment letter issued by the Mortgagee to the Mortgagor dated August 2, 2016, including any amendments thereto.

The Mortgagor makes this Mortgage in consideration of the advance of the principal amount by the Mortgagee to or to the credit of the Mortgagor.

1. **Standard Mortgage Terms MT900183** are amended as follows:

1.1 delete clause 1(b) and replace it with the following:

"The Mortgagor covenants and agrees to pay to the Mortgagee interest on the amounts from time to time advanced at the applicable mortgage rate computed from the respective dates of such advances. On becoming overdue, all interest shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the applicable mortgage rate as well after as before maturity of this Mortgage and all such interest and compound interest shall be a charge on the land referred to in item 2 of Part 1 of this Mortgage (the "said lands"). In the event of non-payment of any of the money hereby secured at the times set for payment in this Mortgage, the Mortgagor agrees to pay interest at the applicable mortgage rate on the same so long as any part thereof remains unpaid."

1.2 add clause 1.(d) as follows:

"In consideration of the principal amount of lawful money of Canada now paid or to be paid by the Mortgagee to or to the credit of the Mortgagor, the receipt of which is acknowledged, the Mortgagor grants and mortgages to the Mortgagee, its successors and assigns forever the said lands."

1.3 delete clause 3 (a), (b), (c) and (d) and replace it with the following:

"The Mortgagor may prepay all or any portion of the principal amount secured under this Mortgage at any time without notice, bonus, or penalty."

1.4 delete the words: "...with the approval of Canada Mortgage and Housing Corporation..." from clause 4(g).

1.5 add the following to clause 5:

"The Mortgagor will insure the said lands, and keep them insured, in compliance with the Mortgagee's requirements as set out in the Commitment Letter, with such variations, additions and changes in the amounts and types of coverage as the Mortgagee may from time to time notify the Mortgagor in writing. If the Mortgagor fails to insure the said lands as stipulated above, the Mortgagee may, but shall not be obliged to obtain such insurance, and any costs incurred, including the premium will be secured under this Mortgage and bear interest at the applicable mortgage rate. Without limiting the foregoing the Mortgagor further agrees with the Mortgagee to comply with all of the insurance terms set forth in the remainder of this paragraph 5."

1.6 delete clause 17 "DUE ON SALE" and replace with the following:

LAND TITLE ACT
FORM E

SCHEDULE

Page 8

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

"The Mortgagor covenants and agrees with the Mortgagee that in the event of the Mortgagor selling, conveying, transferring or entering into an agreement for sale or transfer of title (of either or both of the legal and beneficial estates) of the said lands or any part of them (including, but not limited to, the sale of the issued and outstanding shares in the Mortgagor or other interest resulting in a transfer of an ownership interest in the Mortgagor) to a purchaser or transferee not approved, in writing, by the Mortgagee, all monies hereby secured with accrued interest thereon at the applicable mortgage rate shall at the option of the Mortgagee forthwith become due and payable. Any such conveyance, transfer or entry into an agreement for sale or transfer shall not (even if the Mortgagor receives the Mortgagee's consent) release the Mortgagor from any of its obligations under this Mortgage."

- 1.7 delete all references to the "Condominium Act" in clause 22 and replace with the following:

"Strata Property Act, SBC 1998, c.43 as amended from time to time (the "Strata Property Act")"

- 1.8 delete the words "a certificate in Form B of the Schedule to the Condominium Act" in clause 22 (b) and replace with the following:

"a certificate in Form G of the Strata Property Regulation, BC Reg. 43/2000 (the "Strata Property Regulation")"

- 1.9 delete the words "a certificate in Form A of the Schedule to the Condominium Act" in clause 22(c) and replace with the following:

"a certificate in Form F of the Strata Property Regulation"

- 1.10 delete the reference to "Section 28(3) of the Condominium Act" in clause 22 (g) and replace with the following:

"Section 36(1)(c) of the Strata Property Act"

- 1.11 adding the following to Clause 22(g):

"together with all other records and documents referred to in Section 35 of the Strata Property Act"

- 1.12 delete clause 22(h) and replace with the following:

"Pursuant to Section 59 of the Strata Property Act, the Mortgagor hereby authorizes in writing any officer of the Mortgagee to apply at any time and from time to time to the Strata Corporation for certification to the Mortgagee of the information required by Section 59(3) of the Strata Property Act"

- 1.13 add the following to clause 28 in the second line after the word "lands":

"including, without limiting the generality of the foregoing, concerning the protection of the environment and public health and safety,"

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2. Commitment Letter

The Mortgagor acknowledges and agrees that the execution and delivery of this Mortgage and any collateral security shall in no way merge or extinguish the terms and provisions of the Commitment Letter and the terms and conditions contained in the Commitment Letter continue in full force and effect, provided that in the case of any inconsistency or conflict between any provisions of the Commitment Letter, any provisions of this Mortgage, and/or any collateral security, the Mortgagee shall determine in its sole discretion which agreement shall prevail.

The Mortgagor and the Mortgagee acknowledge and agree that a breach of the Commitment Letter will constitute breach of this Mortgage and vice versa.

3. Security Agreement and Assignment of Rentals

For the better security of the Mortgagee, the Mortgagor agrees that forthwith at the request and in favour of the Mortgagee, the Mortgagor will grant in a form satisfactory to the Mortgagee as security concurrent herewith:

- 3.1 a security agreement in favour of the Mortgagee covering all goods, chattel paper, documents of title, instruments, investment property, intangibles and money now or hereafter situate on, related to, used in connection with or arising from or out of the premises herein mortgaged, including without limiting the generality of the foregoing, all floor coverings, ranges, refrigerators, dishwashers, appliances, heating, ventilating and air-conditioning equipment, elevators, conveyancing devices and all other mechanical equipment, plumbing and electrical fixtures, bathroom fixtures, lighting fixtures, cupboards, doors, water heaters, window coverings, communications and data systems, awnings and other equipment and fixtures now or hereafter installed in or situated on such premises as the case may be, and will pay on demand to the Mortgagee the legal costs and other expenses, if any, incurred by the Mortgagee to obtain renewal of such security agreement from time to time; and,
- 3.2 an assignment of all rentals and any money whatsoever to be paid by the occupants of the building situate on the said lands and every guarantee given to the Mortgagor for payment thereof;

and the Mortgagor acknowledges and agrees that any default by the Mortgagor under any other security or securities for payment of the money or performance of the obligations thereby secured shall be deemed to be default under this Mortgage and shall entitle the Mortgagee to exercise any and all remedies available in the event of default hereunder, subject to the notice provisions granted to CMHC or BCHMC herein.

4. Environmental Matters

- 4.1 In this Article, "Hazardous Substance" includes, without limitation, any contaminants, pollutants or other substances, products, materials or goods which are hazardous or dangerous or potentially hazardous or dangerous to human, animal, or plant health or life or the environment, and, in particular, includes any substances, products, materials or goods which are defined as

**LAND TITLE ACT
FORM E**

SCHEDULE

Page 10

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

hazardous substances or special waste in or pursuant to any law, regulation or order of any authority of competent jurisdiction.

- 4.2 Save and except for the excavation of the said lands, the Mortgagor covenants that it will not carry out any improvements to the said lands until and unless it has obtained and forwarded to the Mortgagee confirmation from a professional environmental consultant that the said lands do not contain any Hazardous Substance in excess of the standards set by the provincial authority having jurisdiction over environmental standards for residential use of the said lands.
- 4.3 The Mortgagor hereby agrees to indemnify and hold the Mortgagee harmless from and against any and all liabilities, losses, claims and damages (including lost profits, consequential damages, interest, penalties, fines and monetary and other sanctions) incurred or suffered by the Mortgagee by reason of, or in any way related to, the breach of the covenant set out in clause 4.2 above and any and all other environmental liabilities relating to any Hazardous Substance on or under the said lands during the term or any renewal of this Mortgage. This agreement to indemnify will survive repayment of the monies owing under the Mortgage, and will continue in force so long as the possibility of such liability, loss, claim or damage exists.
- 4.4 The Mortgagee, BCHMC or CMHC or any of the respective agents (collectively and individually for the purposes of this paragraph, the Mortgagee, BCHMC or CMHC or any of their respective agents are referred to herein as the "Entitled Party") may, at any time, before and after default, and for any purpose deemed necessary by the Entitled Party, enter upon the said lands to inspect the lands and buildings thereon. Without in any way limiting the generality of the foregoing, the Entitled Party may enter upon the said lands to conduct any environmental testing, site assessment, investigation or study, deemed necessary by the Entitled Party, and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the applicable mortgage rate, shall be payable by the Mortgagor forthwith and shall be a charge upon the said lands. The exercise of any of the powers enumerated in this clause shall not deem the Entitled Party to be in possession, management or control of the said lands and buildings.

5. Financial Records

The Mortgagor hereby:

- 5.1 agrees to keep records of all rents received and of all expenses paid by the Mortgagor in connection with the said lands and, at least annually, have a statement of revenue and expenses for the said lands prepared by a professional accountant and to give a copy of the statement to the Mortgagee, if requested to do so; and,
- 5.2 grants to the Mortgagee the right at any time during the term of this Mortgage to inspect the Mortgagor's property, books of account and other relevant records relating to the said lands and/or this Mortgage and the Mortgagor agrees to advise the Mortgagee of the location of the said books of account and other relevant documents when required to do so by the Mortgagee.

LAND TITLE ACT
FORM E

SCHEDULE

Page 11

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

6. Appointment

The Mortgagor hereby irrevocably appoints the Mortgagee its attorney to enforce, in the name of and on behalf of the Mortgagor, the Mortgagor's rights contained in the labour and material payment bond, the performance bond that has been or will be obtained by the Mortgagor for construction of the premises on the said lands, and the construction contract that has been or will be entered into by the Mortgagor to construct the premises on the said lands, provided that such appointment shall not be effective unless and until accepted in writing by the Mortgagee, and the Mortgagee shall be under no obligation to accept such appointment or enforce any covenants and agreements contained in those agreements.

7. Further Encumbrances

The Mortgagor will not allow title to the said lands to become further encumbered or charged in any manner whatsoever without the Mortgagee's prior written consent. If the Mortgagor further encumbers the said lands, without the Mortgagee's prior written consent, which consent may be withheld or granted in the Mortgagee's sole discretion, the principal amount, interest and all other monies secured under this mortgage shall, at the Mortgagee's sole option, immediately become due and payable. As a term of providing its consent the Mortgagee may require the encumbrancer to grant to it a registrable priority or priority/standstill agreement on terms satisfactory to the Mortgagee at the Mortgagor's expense.

8. Additional Defaults

If the Mortgagor makes any default in payment of the principal amount, interest or other monies hereby secured, or in the observance or performance of any of the covenants, agreements or provisos herein contained, or becomes bankrupt or insolvent or makes an assignment to or proposal for the benefit of his creditors, or becomes subject to or takes advantage of any provision of any legislation for the benefit of insolvent debtors, or being a corporation is dissolved or wound up, then and in every such case the whole of the monies hereby secured remaining unpaid shall, at the option of the Mortgagee, forthwith become due and payable without notice in like manner and to all intents and purposes as if the due date for payment of such monies had fully come and expired, and all powers and remedies of the Mortgagee hereunder shall be exercisable.

9. Notice to BCHMC and Its Right to Cure Defaults:

9.1 In the event that BCHMC assigns its interest in this mortgage, the assignee (the "Assignee") will not exercise any of its rights which arise as a result of a default by the Mortgagor under this mortgage or any security which is additional or collateral security to the mortgage until ninety (90) days after the Assignee has provided written notice to BCHMC (the "Notice Period") and so long as, within thirty (30) days of BCHMC receiving the notice describing the Mortgagor's default BCHMC, agrees in writing that during the Notice Period, BCHMC will perform all of the covenants of the Mortgagor required in this mortgage and in any security which is additional or collateral security to this mortgage, and at the end of the Notice Period, BCHMC will either pay to the Assignee all monies secured under this mortgage (in which case the Assignee will, if requested to do so by BCHMC, assign its interest in this mortgage to BCHMC or its nominee), or, if BCHMC chooses not to do so, the Assignee shall then be at liberty to proceed to exercise

LAND TITLE ACT
FORM E

SCHEDULE

Page 12

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

any of the powers given to it under this mortgage and in any security which is additional or collateral security to this mortgage.

9.2 The provisions contained in Section 9.1 are not to be construed in any manner whatsoever so as to limit or otherwise prejudice the rights of the Assignee against CMHC under any Undertaking-to-Insure issued by CMHC to the Assignee or any other agreement between CMHC and the Assignee.

9.3 Notwithstanding anything else contained in this mortgage or any security which is additional or collateral security to this mortgage, all of the following are subject to the notice required to be given by the Assignee to BCHMC under Section 9.1, namely:

9.3.1 the acceptance by the Assignee of any assignment by the Mortgagor to the Assignee of the Mortgagor's equity of redemption in the said lands; and,

9.3.2 the exercise by the Assignee of its options under Section 5 of the Filed Standard Mortgage Terms relating to the application of any insurance monies.

10. Construction Loan Provision:

Add the following to clause 6:

- 1) Prior to or concurrent with the registration of this Mortgage in the land title office and once every 90 days thereafter, the Mortgagor shall provide the Mortgagee with written, detailed reports setting forth details of:
 - (i) pre-sale achievements for the contemplated market housing project (the "Market Housing Project") upon the said lands; and
 - (ii) the status of municipal approvals, demolition and building permits and related municipal requirements for the Project;

all to the satisfaction of the Mortgagee acting reasonably.

- 2) Prior to proceeding with demolition of the current affordable housing facility ("Old Jubilee House") located upon the said lands, the Mortgagor must obtain the Mortgagee's prior written consent which consent shall be based upon the Mortgagee being reasonably satisfied that the relocation of all occupants currently residing in Old Jubilee House has been completed.
- 3) The Mortgagor shall construct all buildings and other improvements on the said lands in accordance with the applicable building and air space parcel plans and to the satisfaction of all governmental and regulatory authorities having jurisdiction and carry on diligently to completion the buildings and other improvements. All buildings and other improvements now or later on the said lands shall form part of the security for the full amount of the money secured by this mortgage.
- 4) All construction on the said lands shall be carried out by reputable contractors having experience which is commensurate to the nature and size of the Project, and such contractors

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

must be prior approved by the Mortgagee in writing, such approval not to be unreasonably withheld.

- 5) Provided that should construction on the project cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Mortgagor excepted), for a period of fifteen (15) consecutive business days, then, at the sole option of the Mortgagee, this Mortgage shall, immediately become due and payable. In the event that construction does cease, then the Mortgagee shall have the right, at its sole option but under no circumstance shall the Mortgagee be obliged, to assume some part or complete control of the construction of the Project in such manner and on such terms as it deems available. The cost and expenses of completion of the Project by the Mortgagee and all expenses incidental thereto together with a management fee of fifteen percent (15%) of the costs and expenses of the construction completed by the Mortgagee will be secured under this Mortgage and bear interest.

11. Municipal Compliance

The Mortgagor warrants, represents and covenants with the Mortgagee that every building and improvement to be constructed on the said lands and their uses will comply with all municipal, civic, or provincial building, zoning and siting by-laws, all governmental laws and regulations of an environmental nature which regulate or control such use and every order made thereunder and every order of a fire marshal or health inspector and will continue so to comply at least until the money hereby secured and all other money owing under this mortgage have been paid in full to the Mortgagee.

11. **PRIOR ENCUMBRANCES PERMITTED BY LENDER:***

Easement and Indemnity Agreement 211055M, Easement and Indemnity Agreement P10797, Equitable Charge P10798, Covenant CA3591351, Statutory Right of Way CA3591353, Covenant CA3591354, Statutory Right of Way CA3591355, Covenants CA3591356 and CA3591357, Equitable Charge CA3591358, Statutory Right of Way CA3591360, Covenants CA3591361 and CA3591362, Equitable Charge CA3591363, Statutory Right of Way CA3591364, Covenants CA3591365 and CA3591366, Equitable Charge CA3591367, Easement CA3591369, Covenant CA3591370, Easement CA3591371 and Covenants CA3591372 and CA4339333.

END OF DOCUMENT

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

Aug-12-2016 11:39:51.002

CA5420057

PAGE 1 OF 3 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Carlos Sousa
Mendes
K9H9TQ

Digitally signed by Carlos
Sousa Mendes K9H9TQ
Date: 2016.08.12
11:05:42 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael P. Shane, Richards Buell Sutton LLP

Barristers and Solicitors

700 - 401 Georgia Street West

Vancouver

BC V6B 5A1

(604) 661-9223

File No. 32347-0106

Document Fees: \$71.58

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[LEGAL DESCRIPTION]

029-261-317 LOT C BLOCK 94 DISTRICT LOT 541 GROUP 1 NWD PLAN EPP35544

STC? YES

3. NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Assignment of Rents

Standard Charge Terms Pages 1 to 5

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No.

(b) Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

SEE SCHEDULE

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

1701 - 4555 KINGSWAY

BURNABY

BRITISH COLUMBIA

V5H 4V8

CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Daniel S. Remick

Barrister & Solicitor

19th Flr. 885 W Georgia St.
Vancouver, B.C. V6C 3H4

Execution Date

Y	M	D
16	08	09

Transferor(s) Signature(s)

8X ON THE PARK INC. by its
authorized signatory(ies):

Maxwell M. Kerr

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM D**

EXECUTIONS CONTINUED

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Daniel S. Remick
Barrister & Solicitor
19th Flr. 885 W Georgia St.
Vancouver, B.C. V6C 3H4

Y	M	D
16	08	09

BRENHILL PROPERTY HOLDINGS
LIMITED by its authorized signatory
(ies):

Maxwell M. Kerr

Daniel S. Remick
Barrister & Solicitor
19th Flr. 885 W Georgia St.
Vancouver, B.C. V6C 3H4

16	08	09
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PROPERTIES LTD. by its authorized
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**LAND TITLE ACT
FORM E****SCHEDULE**

PAGE 3 OF 3 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

8X ON THE PARK INC. (Inc. No. BC1066888), having a registered and records office and postal address at 19th Floor, 885 West Georgia Street, Vancouver, B.C., V6C 3H4
AS TO AN UNDIVIDED 77.438/100TH INTEREST

BRENHILL PROPERTY HOLDINGS LIMITED (Inc. No. BC1068854), having a registered and records office and postal address at 19th Floor, 885 West Georgia Street, Vancouver, B.C., V6C 3H4
AS TO AN UNDIVIDED 21.074/100TH INTEREST AND

BRENHILL COMMERCIAL PROPERTIES LTD. (Inc. No. BC1080273), having a registered and records office and postal address at 19th Floor, 885 West Georgia Street, Vancouver, B.C., V6C 3H4
AS TO AN UNDIVIDED 1.488/100TH INTEREST

LAND TITLE ACT Apr-11-2014 10:26:16.001
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, R.S.B.C. 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Michael Patrick
Shane FG7JFI

Digitally signed by Michael Patrick
Shane FG7JFI
DN: c=CA, cn=Michael Patrick Shane
FG7JFI, o=Lawyer, ou=Verify ID at
www.juricert.com/LKUP.cfm?
id=FG7JFI
Date: 2014.04.11 10:22:42 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael P. Shane, Barrister and Solicitor
Richards Buell Sutton LLP (604) 661-9233
700 - 401 West Georgia Street File No. 32374-0106
Vancouver BC V6B 5A1
Document Fees: \$73.50

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID] [LEGAL DESCRIPTION]
029-182-115 LOT A BLOCK 84 DL 541 GROUP 1 NWD PLAN EPP34629

STC? YES

3. NATURE OF INTEREST

CHARGE NO. ADDITIONAL INFORMATION

SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No. (b) Express Charge Terms Annexed as Part 2
A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

PROVINCIAL RENTAL HOUSING CORPORATION

1701 - 4555 KINGSWAY Incorporation No
BURNABY BRITISH COLUMBIA BC052129
V5H 4V8 CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Charlotte K. Wong
Barrister & Solicitor
300 - 5687 Yew Street
Vancouver, B.C. V6M 3Y2
(as to both signatures)

Execution Date		
Y	M	D
14	03	13

Transferor(s) Signature(s)

BRITISH COLUMBIA HOUSING
MANAGEMENT COMMISSION by
its authorized signatory(ies):

Shayne Ramsay

Agnes Ross

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM C (Section 233) CHARGE**

GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 3 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, R.S.B.C. 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael P. Shane, Barrister and Solicitor
Richards Buell Sutton LLP (604) 661-9233
700 - 401 West Georgia Street File No. 32374-0106
Vancouver BC V6B 5A1

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

029-182-115 LOT A BLOCK 84 DL 541 GROUP 1 NWD PLAN EPP34629

STC? YES

3. NATURE OF INTEREST

CHARGE NO. ADDITIONAL INFORMATION

SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filled Standard Charge Terms D.F. No. (b) Express Charge Terms Annexed as Part 2
A selection of (a) includes any additional or modified terms referred to in item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

PROVINCIAL RENTAL HOUSING CORPORATION

1701 - 4555 KINGSWAY Incorporation No
BURNABY BRITISH COLUMBIA BC052129
V5H 4V8 CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)



CHARLOTTE K. WONG
Barrister & Solicitor
300 - 5687 YEW STREET
VANCOUVER, B.C. V6M 3Y2

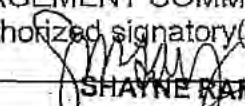
(AS TO BOTH SIGNATURES)

Execution Date

Y	M	D
14	03	13

Transferor(s) Signature(s)

BRITISH COLUMBIA HOUSING
MANAGEMENT COMMISSION by
its authorized signatory(ies):



SHAYNE RAMSAY



AGNES ROSS

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 1 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM E

SCHEDULE

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Priority Agreement		granting Section 219 Covenant CA3673673 priority over Covenant BA3594268

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
--------------------	------------	------------------------

TERMS OF INSTRUMENT - PART 2
PRIORITY AGREEMENT

This Agreement is dated for reference the 7th day of March, 2014.

BETWEEN: The Transferor named in the Form C
("BCHMC")

AND: The Transferee named in the Form C
("PRHC")

A. By an instrument registered in the Land Title Office under the number set out in Item 3 of the attached Form C, BCHMC was granted a covenant (the "BCHMC Charge") by the registered owner (the "Grantor") of the land described in Item 2 of the attached Form C (the "Land") charging the Grantor's interest in the Land.

B. By an instrument registered in the Land Title Office under the number set out in Item 3 of the attached Form C, the Grantor granted to PRHC a covenant (the "PRHC Charge") charging the Grantor's interest in the Land.

C. PRHC has requested BCHMC to subordinate the BCHMC Charge to the PRHC Charge and BCHMC has agreed to grant priority to the PRHC Charge over the BCHMC Charge.

IN CONSIDERATION of the premises, payment of the sum of \$10.00 of lawful money of Canada, now paid by PRHC to BCHMC and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by BCHMC), BCHMC does hereby:

1. grant to PRHC priority over the interest which BCHMC now has or will have in the Land by virtue of the BCHMC Charge;
2. postpone to the PRHC Charge, the BCHMC Charge and all the right, title and interest of BCHMC thereunder and in and to the Land and as if the PRHC Charge had been executed, delivered, and registered prior to the execution, delivery and registration of the BCHMC Charge and the advance of any monies thereby secured.
3. authorize PRHC or its representative or agent to complete in Item 3 of the attached Form C, all appropriate registration numbers; and
4. agree with PRHC that these presents shall extend to and enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

END OF DOCUMENT

**LAND TITLE ACT
FORM DECLARATION**

Related Document Number: CA3673762

PAGE 1 OF 1 PAGES

Your electronic signature is a representation that: you are a subscriber as defined by the Land Title Act, RSBC 1996, C.250, the original or where designated by the Director, a true copy of the supporting document is in your possession and that the summary of the material facts set out in this declaration accurately reflects the material facts set out in each supporting document and if a supporting document is evidenced by an imaged copy the material facts of the supporting document are set out in the imaged copy of it attached. Each term used in the representation and declaration set out above is to be given the meaning ascribed to it in Part 10.1 of the Land Title Act.

**Michael
Patrick Shane
FG7JFI**

Digitally signed by Michael Patrick
Shane FG7JFI
DN: o=CA, cn=Michael Patrick
Shane FG7JFI, o=Lawyer, ou=Verify
ID at www.juricert.com/LKUP.cfm?
id=FG7JFI
Date: 2014.04.11 13:42:45 -07'00'

I, MICHAEL P. SHANE, Barrister and Solicitor, of Richards Buell Sutton LLP, of #700 - 401 West Georgia Street, Vancouver, B.C. V6B 5A1, DECLARE THAT:

1. The Covenant in part 3 on page 2 was incorrectly described.
2. The Covenant in part 3 on page 2 should read "CA3594268" and not BA3594268.

I make this declaration and know it to be true based on personal information.

MICHAEL P. SHANE.

NOTE:

A Declaration cannot be used to submit a request to the Registrar for the withdrawal of a document.

Fee Collected for Document: \$0.00

ACKNOWLEDGEMENT OF RECEIPT

I acknowledge receipt from the Lender described below of:

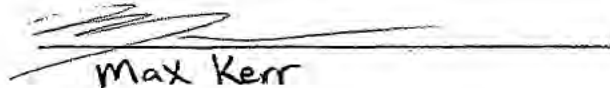
- (a) a true copy of the set of Standard Mortgage Terms filed under No. **MT900183**;
- (b) a copy of the Mortgage - Part 1 (Form B Land Title Act) described below and any Schedule(s) referred to therein;
- (c) a true copy of the set of Standard Assignment of Rents filed under No. **ST921015**; and,
- (d) a copy of the Assignment of Rents - Part 1 (Form C Land Title Act) described below and any Schedule(s) referred to therein;

at or before the time that I executed the Mortgage and Assignment of Rents - Part 1.

Y M D

14 03 17

Brenhill Developments Limited by its
authorized signatory(ies):



Max Kerr

DESCRIPTION OF MORTGAGE

NAME OF LENDER:	British Columbia Housing Management Commission
PRINCIPAL AMOUNT:	\$36,215,000.00
PID	LEGAL DESCRIPTION
029-182-115	Lot A Block 84 District Lot 541 Group 1 New Westminster District Plan EPP34629

93848/7119/13497

PRIORITY AGREEMENT

THIS AGREEMENT is dated for reference the 7th day of March, 2014.

BETWEEN:

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
Suite 1701, 4555 Kingsway
Burnaby, BC, V5H 4V8

("BCHMC")

AND:

CANADIAN WESTERN BANK
4991 No. 3 Road
Richmond, B.C. V6X 2C3

("CWB")

WHEREAS:

A. **BREHILL DEVELOPMENTS LIMITED** (the "Debtor") has established certain credit facilities with and provided or will provide certain security to each of CWB and BCHMC;

B. CWB and BCHMC have agreed to enter into this priority agreement to provide for the priority of their respective security.

NOW THEREFORE WITNESSETH that for valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the parties hereto hereby agree as follows:

1.0 Definitions

1.1. In this agreement:

"BCHMC Assets" means all proceeds of insurance maintained in respect of the Premises and all of the presently owned or held and after acquired or held personal property of the Debtor, of whatsoever nature and kind and all proceeds and renewals thereof and therefrom, accretions thereto and substitutions therefor which are located at or upon the Premises and for greater certainty includes without limitation;

- (a) any personal property of the Debtor which is at law a chattel located at or upon the Premises or a fixture affixed or otherwise attached to the Premises; and
- (b) all rent, additional rent, deposits as security or otherwise, revenues, other monies, issues, monetary benefits, rights and profits, present and future, absolute or contingent derived or to be derived by the Debtor from leases of premises comprising all or any part of the Premises;

"BCHMC Security" means each and every document, instrument or security now or at any time in the future issued or granted to or held by BCHMC which creates or purports to create a mortgage, charge or security interest upon or in all or any part of the BCHMC Assets;

"CWB Assets" means:

"All present and after acquired personal property of the Debtor of whatsoever nature and kind and wheresoever situate and all proceeds thereof and therefrom, renewals thereof, accessions thereto and substitutions therefor."

"CWB Security" means each and every document, instrument or security now or at any time in the future issued or granted to or held by CWB which creates or purports to create a mortgage, charge or security interest upon or in all or any part of the CWB Assets, notice of which was filed in the British Columbia Personal Property Registry under Base Registration No. 876781G.

"Premises" means the lands and premises in **Vancouver, BC** municipally described as **1077 - 1099 Richards Street, Vancouver, BC**, and legally described as:

PID 029-182-115
Lot A Block 84 DL 541 Group 1 NWD Plan EPP34629

1.2 Except where the context may otherwise require, all references to the BCHMC Assets, the BCHMC Security, the CWB Assets and the CWB Security include where applicable each or any of them or any part or parts thereof separately.

2.0 Grant of Priority

2.1 CWB does hereby:

- (a) consent to the creation or granting by the Debtor of the BCHMC Security notwithstanding any prohibition thereof contained in the CWB Security and waive any breach by the Debtor of or default under the CWB Security resulting from the issuance or granting of the BCHMC Security;
- (b) grant to BCHMC priority over the interest which CWB has now or may at any time hereafter acquire in and to the BCHMC Assets under or by virtue of the CWB Security and postpone the CWB Security and the mortgages, charges and security interests created thereby, and all right, title and interest of the CWB thereunder or pursuant thereto in and to the BCHMC Assets to the BCHMC Security and the mortgages, charges and security interests created thereby in or upon the BCHMC Assets to the intent that all right, title and interest of CWB in and to the BCHMC Assets shall be subject to the right, title and interest which BCHMC has now or may at any time hereafter acquire in and to the BCHMC Assets under or by virtue of the BCHMC Security to the same extent as if the BCHMC Security and the mortgages, charges and security interests created thereby had been entered into, granted, executed, delivered, registered, attached and perfected and as if all moneys advanced or readvanced on the security thereof from time to time had been advanced prior to the entering into, granting, issuance, execution, delivery, registration, attachment and perfection of the CWB Security and the mortgages, charges and security interests created thereby and prior to the advancement of any monies secured thereby;
- (c) postpone and defer all its rights under the CWB Security and all the lien, charge and security interest thereof upon or in the BCHMC Assets to the BCHMC Security and to the lien, charge and security interest which BCHMC has acquired or may at any time hereafter acquire upon or in the BCHMC Assets under or by virtue of the BCHMC Security, to the intent that the BCHMC Security shall be, become and remain a mortgage, charge and security interest upon or in the BCHMC Assets having and retaining priority to the full extent thereof over the CWB Security;

- (d) agree that the provisions of this agreement will apply notwithstanding the respective date or dates on which:
 - (i) any floating charge of any of the BCHMC Security or the CWB Security is crystallized;
 - (ii) BCHMC or CWB commences enforcement or realization proceedings under the BCHMC Security or the CWB Security, as the case may be; or
 - (iii) any notice is given to any debtor of the Debtor either by BCHMC or its assigns or by CWB or its assigns.

3.0 General Provisions

3.1 Each of the parties may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Debtor as it may see fit, the whole without notice to either party and without prejudice to or in any way limiting or affecting the agreements on the part of the other party set forth in this agreement.

3.2 The headings to the provisions of this agreement are inserted for convenience of reference only and shall not form part or nor affect the interpretation of this agreement.

3.3 CWB authorizes BCHMC or its solicitors to complete and file as agents for CWB such financing change statements or other registration documents as may be necessary to record notice of this agreement in the British Columbia Personal Property Registry.

3.4 This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

3.5 This agreement may be executed in any number of counterparts, or by facsimile, each of which, when delivered will be deemed to be an original for all purposes and will constitute one and the same instrument, binding all the parties, notwithstanding that all the parties are not signatories of the same counterpart or facsimile.

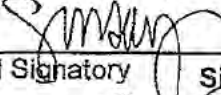
IN WITNESS WHEREOF this agreement has been executed as of the day and year first above written.


CANADIAN WESTERN BANK by its
authorized signatory(ies):


~~Victor Hoang~~
~~Senior Account Manager, Commercial Banking~~
 Authorized Signatory


 Authorized Signatory
Andrew Lam
 Senior Manager, Commercial Banking

BRITISH COLUMBIA HOUSING
MANAGEMENT COMMISSION by its
authorized signatory(ies):


Authorized Signatory **SHAYNE RAMSAY**


Authorized Signatory **AGNES ROSS**

This is page 4 of a Priority Agreement dated for reference the 7th day of March, 2014, between Canadian Western Bank and British Columbia Housing Management Commission.

NEW WESTMINSTER LAND TITLE OFFICE

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1

Mar-24-2016 15:05:00.001

CA5064484

PAGE 1 OF 8 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Allison Kate
Godey AV9SJ7

Digitally signed by Allison Kate Godey
AV9SJ7
DN: c=CA, cn=Allison Kate Godey
AV9SJ7, o=Notary, ou=Verify ID at
www.judicial.com/UKUP.cfm?
id=AV9SJ7
Date: 2016.03.24 14:37:58 -0700

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Allison Godey

Singleton Urquhart LLP

1200 - 925 West Georgia Street

Vancouver

BC V6C 3L2

Phone No: 604.673.7425

File No: 25000.184

292 East Hastings Street, Vancouver

Document Fees: \$71.58

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[LEGAL DESCRIPTION]

029-768-446

LOT 1 BLOCK 11 DISTRICT LOT 196 GROUP 1 NEW WESTMINSTER
DISTRICT PLAN EPP59251

STC? YES

3. NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Covenant

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No.

(b) Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

PROVINCIAL RENTAL HOUSING CORPORATION (INCORPORATION NO.: BC0052129)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

SUITE 1701 - 4555 KINGSWAY

BURNABY

BRITISH COLUMBIA

V5H 4V8

CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

SUSAN DO

Barrister & Solicitor

SINGLETON URQUHART LLP

LEGAL COUNSEL

1200 - 925 West Georgia Street

Vancouver BC V6C 3L2

(as to Donna Evans' signature)

Execution Date

Y	M	D
16	03	23

Transferor(s) Signature(s)

PROVINCIAL RENTAL HOUSING
CORPORATION, by its authorized
signatory(ies):

Print Name: Agnes Ross

Print Name: Donna Evans

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.



1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Susan Do
Singleton Urquhart LLP
1200 - 925 West Georgia Street
Vancouver BC V6C 3L2

Phone No: 604.673.7435
File No: 25000.184

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

029-768-446 LOT 1 BLOCK 11 DISTRICT LOT 196 GROUP 1 NEW WESTMINSTER
DISTRICT PLAN EPP59251

STC? YES

3. NATURE OF INTEREST

CHARGE NO. ADDITIONAL INFORMATION

Covenant

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(a) Filled Standard Charge Terms D.F. No. (b) Express Charge Terms Annexed as Part 2
A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

PROVINCIAL RENTAL HOUSING CORPORATION (INCORPORATION NO.: BC0052129)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

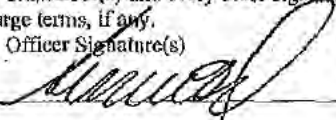
SUITE 1701 - 4555 KINGSWAY
BURNABY BRITISH COLUMBIA
V5H 4V8 CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)


SUSAN DO
Barrister & Solicitor
SINGLETON URQUHART LLP
LEGAL COUNSEL
1200 - 925 West Georgia Street
Vancouver BC V6C 3L2
(as to **Donna Evans** signature)

Execution Date		
Y	M	D
18	03	27

Transferor(s) Signature(s)

PROVINCIAL RENTAL HOUSING CORPORATION, by its authorized signatory(ies):


Print Name: Agnes Ross


Print Name: Donna Evans

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

Officer Signature(s)



Pantea Afifi
A Commissioner for Taking Affidavits
for British Columbia
BC Housing Management Commission
203 - 4555 Kingsway
Burnaby, BC V5H 4T8
Tel: (604) 646-7088

Exp date: December 31, 2018

Execution Date

Y	M	D
16	03	23

Transferor / Borrower / Party Signature(s)

BRITISH COLUMBIA HOUSING
MANAGEMENT COMMISSION, by its
authorized signatory(ies):



Print Name:

WENDY ACHESON

Print Name: VP + REGISTRAR

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

TERMS OF INSTRUMENT - PART 2
SECTION 219 COVENANT

THIS AGREEMENT dated for reference the 21 day of March, 2016.

BETWEEN: **PROVINCIAL RENTAL HOUSING CORPORATION**
(Incorporation No. BC0052129), 1701 – 4555 Kingsway
Burnaby, B.C., V5H 4V8

(the “Owner”)

AND: **BRITISH COLUMBIA HOUSING MANAGEMENT**
COMMISSION, a Crown Corporation having its offices at
Suite 1701 - 4555 Kingsway, Burnaby BC V5H 4V8

(the “BCHMC”)

WHEREAS:

- A. The Owner is the registered owner of the property (the “Lands”) situated, lying and being in the City of Vancouver, in the Province of British Columbia, described in Item 2 of Form C to which this Terms of Instrument (the “Agreement”) is attached;
- B. Section 219 of the *Land Title Act*, R.S.B.C. 1996, c.250, and amendments thereto (the “*Land Title Act*”), states that a covenant in favour of a Crown Corporation may be registered as a charge against the title to land and is enforceable against the covenantor and its successors in title even if the covenant is not annexed to land owned by the Crown Corporation;
- C. The Owner intends to develop the Lands and construct on the Lands a multi-storey building (the “Development”) to be comprised of: (i) a market residential rental component (the “Market Rental Component”) containing approximately 68 market residential dwelling units (each a “Market Dwelling Unit”); (ii) a non-market residential rental component (the “Non-Market Rental Component”) containing approximately 104 non-market dwelling units (each a “Non-Market Dwelling Unit”), which Market Dwelling Units and Non-Market Dwelling Units (collectively, the “Dwelling Units”, and each being a “Dwelling Unit”) are to be held for Rental Purposes; and (iii) a commercial component containing certain non-residential units (the “Commercial Component”);

- D. Upon completion of the Development, the Owner intends to file an airspace subdivision plan under the *Land Title Act* subdividing the Non-Market Rental Component and the Commercial Component into two separate airspace parcels while the Market Rental Component shall remain in the remainder parcel;
- E. It is a condition of the BCHMC that the Owner, to be exempt from certain provisions of the *Homeowner Protection Act* (the "Act") and the Homeowner Protection Act Regulation (the "Regulations"), must register this covenant against the Lands in respect of the Market Rental Component and the Non-Market Rental Component (collectively, the "Rental Component");
- F. The Owner has agreed to grant this Agreement which charges the Development and Lands.

NOW THEREFORE, pursuant to Section 219 of the *Land Title Act* and in consideration of One Dollar (\$1.00) now paid by the BCHMC to the Owner, the receipt and sufficiency of which is hereby acknowledged, and of the premises herein contained, the parties covenant and agree as follows:

- 1. In this Agreement, the terms and words used, the first letters of which are capitalized, have the meanings set out in the Act and Regulations, unless specifically defined in this Agreement.
- 2. The Owner, for itself and its successors and assigns, covenants and agrees with the BCHMC, as a covenant running with the Lands, that the Owner will not:
 - (a) sell or otherwise dispose of any Market Dwelling Unit in the Development to be constructed on the Lands for a period of ten (10) years from the date that the first Market Dwelling Unit in the Development constructed on the Lands is first occupied, except together with all Market Dwelling Units in the Development constructed on the Lands;
 - (b) sell or otherwise dispose of any Non-Market Dwelling Unit in the Development to be constructed on the Lands for a period of ten (10) years from the date that the first Non-Market Dwelling Unit in the Development constructed on the Lands is first occupied, except together with all Non-Market Dwelling Units in the Development constructed on the Lands;
 - (c) during the ten (10) year period set out in Section 2(a), use the Market Dwelling Units and Common Property in the Market Rental Component or allow them to be used, except for Rental Purposes; and

- (d) during the ten (10) year period set out in Section 2(b), use the Non-Market Dwelling Units and Common Property in the Non-Market Rental Component or allow them to be used, except for Rental Purposes.
3. Nothing contained in or implied by this Agreement shall prejudice or affect the rights and powers of the BCHMC in the exercise of its functions under the Act, the Regulations, or any public or private statutes, bylaws, orders and regulations, all of which may be fully and effectively exercised in relation to the Lands and Development as if this Agreement had not been executed and delivered by the Owner.
 4. The Owner will indemnify and save harmless the BCHMC and the Government of the Province of British Columbia and each of their ministers, officers, directors, employees and agents, and their heirs, executors, administrators, personal representatives, successors and assigns, from and against all claims, demands, actions, causes of action, damages, losses, deficiencies, costs, liabilities and expenses which may be made or brought against the BCHMC or the Government of the Province of British Columbia, or the BCHMC or the Government of the Province of British Columbia may suffer or incur as a result of, in respect of, or arising out of:
 - (a) any non-performance or non-fulfillment of any covenant on the part of the Owner contained in this Agreement; or
 - (b) any other act or omission of the Owner or its officers, directors, employees, agents, contractors or other persons for whom the Owner is at law responsible, except to the extent caused by the negligence of the BCHMC, the Government of the Province of British Columbia, or their ministers, officers, directors, employees, agents or contractors.
 5. The Owner releases the BCHMC and the Government of the Province of British Columbia, and each of their ministers, officers, directors, employees and agents and their heirs, executors, administrators, personal representatives, successors and assigns absolutely and forever, from any claims the Owner may have against all or any of them for costs, expenses, or damages the Owner may suffer, incur, or be put to arising out of or in connection with the terms contained in this Agreement and, from all claims arising out of advice or direction respecting the use, development, operation or lease of the Lands given to the Owner by any of them.
 6. The Owner agrees to cause the registrable interest in the Lands expressly agreed to be granted pursuant to this Agreement to be registered in the Land Title Office as a first registered charge against the Lands, save only for:

- (a) any reservations, liens, charges or encumbrances contained in any grant from Her Majesty the Queen in Right of the Province of British Columbia respecting the Lands;
 - (b) any restrictive covenants, rights of way, easements, equitable charges or other similar charges granted in favour of the City of Vancouver (the "City") required by the City in connection with the construction of the Development and any reciprocal easements and equitable charges in favour of the Market Rental Component, the Non-Market Rental Component and/or the Commercial Component relating to or required in connection with the airspace subdivision of the Development; and
 - (c) any non-financial easements and restrictive covenants in favour of third parties over which, in the sole opinion of the Registrar of the BCHMC, priority for this Agreement is not required.
7. Notwithstanding anything in this Agreement to the contrary, the Owner and the BCHMC acknowledge and agree as follows:
- (a) the restrictions under Section 2(c) and 2(d) will not apply to the use of the Commercial Component for commercial purposes;
 - (b) subject to Section 7(c), if one or more air space subdivision plans are registered in the Land Title Office in respect of all or a portion of the Lands, such that separate parcel(s) are created that do not contain the Rental Component, then the BCHMC will execute and deliver to the Owner a registerable discharge and release of the charges and encumbrances contained in this Agreement against title to the subdivided parcel(s) of the Lands that do not contain the Rental Component; and
 - (c) the BCHMC's obligations under Section 7(b) of this Agreement are subject to the following conditions:
 - (i) the BCHMC will have no obligation to execute any such discharge and release until written request thereof from the Owner has been received by the BCHMC, which request will include the form of discharge and release in registrable form;
 - (ii) the cost of the preparation of each such discharge and release and the cost of registration of same in the Land Title Office will be paid by the Owner; and
 - (iii) the BCHMC will have a reasonable time within which to execute

any such discharge and release and return same to the Owner for registration.

8. If the Land Title Office rejects the registration of this Agreement, then the parties will re-execute and the Owner will re-register the same in a form and style acceptable to the Land Title Office.
9. The Owner represents and warrants to and covenants and agrees with the BCHMC that:
 - (a) it has the full and complete power, authority and capacity to enter into, execute and deliver this Agreement and to bind all legal and beneficial interests in the title to the Lands with the interest in land created hereby;
 - (b) upon execution and delivery of this Agreement and registration therefor, the interest in land created hereby will encumber all legal and beneficial interests in the title to the Lands;
 - (c) this Agreement will be fully and completely binding on the Owner in accordance with the terms hereto and the Owner will perform all of its obligations under this Agreement in accordance with the terms hereof; and
 - (d) the foregoing representations, warranties, covenants and agreements will have force and effect notwithstanding any knowledge on the part of the BCHMC, whether actual or constructive, concerning the status of the Owner, the Development or the Lands, or any other matter.
10. In any action or proceeding concerning this Agreement, including any application seeking the specific performance of the Owner's obligations under this Agreement, the BCHMC will be entitled to be indemnified for its costs on a solicitor-and-own-client basis.
11. The Owner agrees that damages are not an adequate remedy for the BCHMC for any breach by the Owner of its obligations under this Agreement and that the BCHMC is entitled to an order for specific performance or a prohibitory or mandatory injunction to compel performance of the Owner's obligations.
12. The parties to this Agreement will do the things and execute the documents as may reasonably be necessary to perfect the intention of the Agreement as prescribed by the Act and Regulations.
13. All obligations and covenants in this Agreement are severable, so that if any are held or declared by a court of competent jurisdiction to be void or unenforceable, the balance of the obligations and covenants will remain and be binding.

14. No alleged waiver of any breach of this Agreement is effective unless it is an express and specific waiver in writing, which will not operate as a waiver of any other breach of this Agreement.
15. The covenants set forth in this Agreement shall charge the Lands pursuant to Section 219 of the *Land Title Act* and shall be covenants, the burden of which shall run with the Lands. It is further expressly agreed that the benefit of all covenants made by the Owner herein shall accrue solely to the BCHMC and that this Agreement may only be modified or discharged by agreement of the BCHMC and the Owner, pursuant to the provisions of Section 219(9) of the *Land Title Act*. If requested by the Owner following the expiration of the respective 10-year periods set out in Sections 2(a) or 2(b), or if the Owner submits to the BCHMC evidence of home warranty coverage for the Market Rental Component or the Non-Market Rental Component as required under the Act and the Regulations and payment of the reconstruction fee authorized by Section 26 of the Act, such evidence to be in a form acceptable to the Registrar of the BCHMC, the BCHMC will execute and deliver a registrable release of the covenants set forth in this Agreement in respect of the Market Rental Component and/or the Non-Market Rental Component, as applicable, but the Owner shall bear the preparation and registration costs.
16. Notwithstanding anything in this Agreement to the contrary, the Owner shall not be liable under any of the covenants and agreements contained herein where such liability arises after the Owner ceases to have any further interest in the Lands.
17. Wherever the singular or masculine is used herein, the same shall be construed as meaning the plural, feminine or body corporate or politic where the context of the parties so requires.
18. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on Form C, to which this Agreement is attached and which forms a part of this Agreement, effective as of the date first above written.

END OF DOCUMENT

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

Apr-11-2014 10:07:13.001

CA3673673

PAGE 1 OF 13 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Michael Patrick
Shane FG7JFI

Digitally signed by Michael Patrick
Shane FG7JFI
DN: c=CA, cn=Michael Patrick Shane
FG7JFI, o=Lawyer, ou=Verify ID at
www.juricert.com/LKUP.cfm?
id=FG7JFI
Date: 2014.03.27 07:31:30 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael P. Shane, Barrister and Solicitor
Richards Buell Sutton LLP (604) 661-9223
700 - 401 West Georgia Street File No. 32374-0106
Vancouver BC V6B 5A1
Document Fees: \$73.50

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

029-182-115 LOT A BLOCK 84 DL 541 GP 1 NWD PLAN EPP34629

STC? YES

3. NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No.

(b) Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

BRENHILL DEVELOPMENTS LIMITED (BC0909081)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

PROVINCIAL RENTAL HOUSING CORPORATION

1701 - 4555 KINGSWAY

BURNABY

V5H 4V8

BRITISH COLUMBIA

CANADA

Incorporation No

BC052129

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Patrick J. Julian

Barrister & Solicitor

19th Floor 885 West Georgia Street
Vancouver, B.C. V6C 3H4

Execution Date

Y	M	D
14	03	17

Transferor(s) Signature(s)

BRENHILL DEVELOPMENTS
LIMITED by its authorized signatory
(ies):

Max Kerr

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.



1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Michael P. Shane, Barrister and Solicitor
 Richards Buell Sutton LLP (604) 661-9223
 700 - 401 West Georgia Street File No. 32374-0106
 Vancouver BC V6B 5A1

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID] [LEGAL DESCRIPTION]
 029-182-115 LOT A BLOCK 84 DL 541 GP 1 NWD PLAN EPP34629

STC? YES

3. NATURE OF INTEREST

CHARGE NO. ADDITIONAL INFORMATION

SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No. (b) Express Charge Terms Annexed as Part 2
 A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

BRENHILL DEVELOPMENTS LIMITED (BC0909081)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

PROVINCIAL RENTAL HOUSING CORPORATION

1701 - 4555 KINGSWAY Incorporation No
 BURNABY BRITISH COLUMBIA BC052129
 V5H 4V8 CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

PATRICK J. JULIAN
 Barrister & Solicitor
 19th Floor
 885 West Georgia Street
 Vancouver, B.C.
 V6C 3H4

Execution Date

Y	M	D
14	03	17

Transferor(s) Signature(s)

BRENHILL DEVELOPMENTS LIMITED by its authorized signatory (ies):

Max Kerr

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

Officer Signature(s)



CHARLOTTE K. WONG
Barrister & Solicitor
300 - 5687 YEW STREET
VANCOUVER, B.C. V6M 3Y2

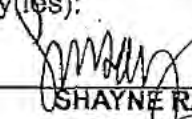
(AS TO BOTH SIGNATURES)

Execution Date

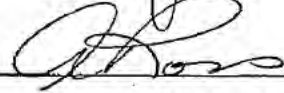
Y	M	D
14	03	13

Transferor / Borrower / Party Signature(s)

PROVINCIAL RENTAL HOUSING
CORPORATION by its authorized
signatory(ies):



SHAYNE RAMSAY



AGNES ROSS

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM E

SCHEDULE

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Covenant		Section 219 Covenant Page 10, Section 3 Person Entitled to Interest - Provincial Rental Housing Corporation

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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**EXPRESS CHARGE TERMS
TERMS OF INSTRUMENT – PART 2**

WHEREAS:

- A. The Commission, on behalf of Her Majesty the Queen in Right of the Province of British Columbia, provides, or assists in providing, housing for persons with limited incomes and/or for persons with special housing requirements;
- B. PRHC, on behalf of the Commission, acquires, leases, disposes of, and otherwise deals with land which is required for the purposes set out in Paragraph A;
- C. The Transferor wishes to develop the Improvements on the Land for the Specific Purpose, and wishes to obtain the Commission's assistance in carrying out the Specific Purpose;
- D. The Transferor has acknowledged to PRHC that:
 - (i) the Transferor is entering into this Agreement to benefit the public interest;
 - (ii) the Transferor will use the Property for the Specific Purpose during the Term;
 - (iii) the provision of housing, in accordance with the Specific Purpose, is in the public interest and is more important than the fact that the Property may be kept out of commerce for the Term;
 - (iv) the Transferor is willing to give to PRHC whatever covenants, restrictions, assurances, rights, and remedies as are agreed to by both parties to ensure that the foregoing objectives are carried out and the Property is used for the Specific Purpose; and
 - (v) the rights and remedies of PRHC hereunder or under any contract pertaining to the Property to which PRHC is a party, are fair and reasonable and ought never to be construed as containing terms which are considered a penalty or forfeiture;
- E. Section 219 of the Land Title Act of British Columbia provides, amongst other things, that a covenant, whether of a negative or positive nature, in respect of the use of land or the use of a building on or to be erected on land, in favour of a Crown agency, may be registered as a charge against title to that land;
- F. PRHC and the Commission are Crown agencies pursuant to Section 10 of the Ministry of Lands, Parks and Housing Act of British Columbia but may on behalf of the Government of the Province of British Columbia carry out their duties and functions in their own names; and
- G. The Transferor has agreed to enter into this Agreement to ensure that the Property is used only for the Specific Purpose and that the objectives stated in paragraph D of these recitals are carried out.

THEREFORE in consideration of the premises and of the mutual covenants contained herein, and in further consideration of the sum of \$1.00 now paid by each party to the other, the receipt and sufficiency of which each party hereby acknowledges.

SECTION 1.

INTERPRETATION

1.1 Definitions. In this Agreement:

- (a) "Agreement" means the General Instrument Part 1 and these Express Charge Terms under Part 2;
- (b) "Commission" means the British Columbia Housing Management Commission, or its successors in function;
- (c) "Eligible Occupant" means an individual who meets the eligibility criteria prescribed in the Operating Agreement;
- (d) "Environmental Law" means any applicable federal, provincial, municipal or local law, statutes, ordinance, codes, by-law, regulation, rule, order, directive, decision, policy, instruction, guideline or decree regulating, relating to or imposing liability or standards of conduct concerning any environmental matter, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, packaging, transport, handling, containment, clean-up or other remediation or corrective action of Hazardous Substances including, but not limited to, matters related to air pollution, water pollution, noise control, or hazardous material and any similar, replacement, amendment or supplemental act and all regulations, orders or decrees, now or hereafter made pursuant to any of the foregoing;
- (e) "General Instrument Part 1" means Part 1 of the General Instrument as prescribed by the Land Title (Transfer Forms) Regulation, as amended;
- (f) "Hazardous Substances" collectively means, without limitation, contaminants, pollutants or other substances, products, materials or goods which are hazardous or dangerous to human, animal or plant health or life or the environment, and, in particular, includes substances, products, materials, or goods which are defined as hazardous substances or special waste in or pursuant to any law, regulation or order of any Statutory Authority;
- (g) "Improvements" means those improvements, structures, buildings, fixtures, equipment and systems which now exist, or which are constructed on the Land from time to time including heating, ventilating, air-conditioning, plumbing, electrical and mechanical systems and equipment;
- (h) "Interest in the Property" means the Transferor's registered and beneficial right, title and estate in and to the Property;
- (i) "Land" means that certain parcel or those certain parcels of land, or any part thereof, described in Item 2 of the General Instrument Part 1;
- (j) "Landlord" means the landlord named in the Lease if the Interest in the Property is a leasehold interest;
- (k) "Lease" means the lease of the Property granted to the Transferor by the Landlord if the Interest in the Property is a leasehold interest;

- (l) "Operating Agreement" means the agreement entered into by the Transferor and the Commission which provides, amongst other things, for the roles and responsibilities of the Transferor with reference to the operation of the Property;
 - (m) "Permitted Encumbrances" means those charges or encumbrances set forth in Schedule "A" and any other encumbrances from time to time approved in writing by PRHC;
 - (n) "Person" means any association, society, corporation, individual, joint-stock company, joint venture, partnership, trustee, administrator, legal representative, unincorporated organization, or Statutory Authority;
 - (o) "Personal Property" means all trade fixtures, machinery, equipment, kitchen ware, cabinetry, furniture, moveable partitions, carpets, rugs, drapes, appliances and other personal property necessary or desirable to carry out the Specific Purpose from time to time;
 - (p) "PRHC" means Provincial Rental Housing Corporation, or its successors in function;
 - (q) "Project" means the construction and development of the Improvements on the Land;
 - (r) "Property" means the Land, Improvements, and Personal Property;
 - (s) "Rental Purposes" means an occupancy or intended occupancy which is or would be governed by a tenancy agreement as defined in section 1 of the Residential Tenancy Act;
 - (t) "Specific Purpose" means the provision of housing for Eligible Occupants on the Property;
 - (u) "Statutory Authority" means any federal, provincial, regional, municipal, or other government or authorized agency, department or ministry thereof, which has jurisdiction with respect to any matter referred to in this Agreement;
 - (v) "Term" means the term of the Operating Agreement; and
 - (w) "Transferor" means the Person named in the General Instrument Part 1 as Transferor.
- 1.2 Time. Time will be of the essence of this Agreement. If either party expressly or impliedly waives this requirement, that party may reinstate it by delivering notice to the other party. If a time is specified in this Agreement for observing or performing any obligation, such time will be then local Vancouver, British Columbia time.
- 1.3 Governing Law. This Agreement will be governed by and construed and enforced in accordance with the laws of British Columbia, and the laws of Canada applicable therein.
- 1.4 References. In this Agreement, words importing the singular include the plural and vice versa, and words importing gender include all genders.

- 1.5 Construction. The division of this Agreement into sections and the use of headings are for convenience of reference only and are not intended to govern, limit, or aid in the construction of any provision contained in this Agreement. In all cases, the language in this Agreement will be construed simply, according to its fair meaning, and not strictly for or against either party.
- 1.6 No Limitation. The word "including" when following any general statement, term, or matter is not to be construed to limit such general statement, term, or matter to the specific items set forth immediately following such word or to similar items whether or not non-limiting language such as "without limitation" or "but not limited to" or words of similar import are used with reference thereto, but rather such general statement, term, or matter is to be construed to refer to all other items that could reasonably fall within the broadest possible scope of such general statement, term, or matter.
- 1.7 Validity of Provisions. If a Court of competent jurisdiction finds that any provision contained in this Agreement is invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability will not affect any other provision of this Agreement which will be construed as if such invalid, illegal, or unenforceable provision had never been contained therein and such other provisions will be enforceable to the fullest extent permitted at law or in equity.
- 1.8 No Waiver. Failure by either party to exercise any of its rights, powers or remedies hereunder, or its delay to do so, shall not constitute a waiver of those rights, powers or remedies unless such waiver is in writing. No waiver made with respect to a particular right will be deemed to be a waiver with respect to any other instance involving the exercise of the right or with respect to any other such right.
- 1.9 Statutes. Any reference to a statute is to such statute and to the regulations made pursuant to such statute as such statute and regulations may at any time be amended or modified and in effect, and to any statute or regulation that may be passed that have the effect of supplementing or superseding such statute or regulation.
- 1.10 Remedies. Each party to this Agreement, in addition to its rights under this Agreement or at law, will be entitled to all equitable remedies including specific performance, injunction and/or declaratory relief, to enforce its rights under this Agreement. No reference to nor exercise of any specific right or remedy under this Agreement or at law or in equity by either party will prejudice, limit or preclude that party from exercising any other such right or remedy. No such right or remedy will be exclusive or dependent upon any other such right or remedy, but either party, from time to time, may exercise any one or more of such rights or remedies independently, successively, or in combination. The Transferor acknowledges that specific performance, injunctive relief (mandatory or otherwise), or other equitable relief may be the only adequate remedy for a default by the Transferor under this Agreement.
- 1.11 Schedules. The following schedule is attached to and forms part of this Agreement:
Schedule "A" Permitted Encumbrances

SECTION 2.

**REPRESENTATIONS, WARRANTIES
AND COVENANTS OF THE TRANSFEROR**

- 2.1 Representations and Warranties of the Transferor. Regardless of any independent investigations that PRHC may cause to be made, the Transferor represents and warrants to PRHC as follows:
- (a) the Transferor has sufficient power, authority and capacity to enter into this Agreement and the execution and delivery of this Agreement has been duly and validly authorized by all necessary proceedings;
 - (b) the execution of this Agreement by the Transferor will not constitute a breach by the Transferor of any statute, regulation or its constating documents, or of any agreement to which it is a party, or by which it is bound;
 - (c) the Transferor has good and marketable title to the Interest in the Property, free and clear of all liens, encumbrances, charges, encroachments, defects in title, equities or claims, except for Permitted Encumbrances;
 - (d) to the best knowledge of the Transferor, having made due inquiries, the Property is free of Hazardous Substances and complies with all Environmental Laws, and there are no other environmental risks or liabilities in connection with the Property known to the Transferor;
 - (e) the Transferor has no indebtedness to any Person or to any Statutory Authority which might by operation of law or otherwise now or hereafter constitute a lien, charge or encumbrance on the Interest in the Property, other than the Permitted Encumbrances;
 - (f) the Improvements (if any) on the Land have been constructed, renovated and repaired pursuant to building permits, validly issued, and in compliance with all applicable building, zoning and other municipal by-laws and restrictions, and the Transferor has not received any notice alleging any such violation. Such Improvements do not encroach upon any lands not owned by the Transferor, or on which the Transferor does not have a leasehold interest;
 - (g) the Transferor is a society or a corporation duly organized, validly existing and in good standing under the laws of British Columbia;
 - (h) all municipal taxes, rates, levies and assessments in respect of the Property have been paid in full, and the Transferor has no present or future obligation to pay moneys to any Statutory Authority in connection with offsite roads, services, utilities or the like;
 - (i) the Transferor is not a non-resident of Canada within the meaning of the Income Tax Act of Canada; and
 - (j) if the Interest in the Land is a leasehold interest, the Lease is in good standing and the Transferor has observed or performed all its obligations under the Lease as required by the Lease.

2.2 Covenants of the Transferor. The Transferor covenants and agrees with PRHC as follows:

- (a) The representations and warranties contained in Section 2.1 will be true and correct on the date of this Agreement and will remain true and correct throughout the term of this Agreement;
- (b) the Transferor shall maintain the Property in a state of good repair and maintenance, and in particular will:
 - (i) establish maintenance procedures to maintain the value of the Property and prolong the life of the Improvements and Personal Property on the Land;
 - (ii) ensure that the necessary skills and tools are available to adequately clean and maintain the Property;
 - (iii) ensure that the Improvements on the Land comply with all municipal requirements, and applicable statutory, health and safety standards at all times;
 - (iv) ensure that any construction, renovation or repairs carried out on the Property comply with all municipal requirements and will advise PRHC in a timely manner as to the progress of such construction, renovation or repairs; and
 - (v) ensure that all applicable fire regulations are observed and that fire inspections are carried out regularly by the appropriate authorities;
- (c) the Transferor shall maintain in force adequate insurance coverage that a prudent owner of property similar to the Property would obtain, including without limitation, insurance in respect of claims for personal injury, death, property damage, and third party or public claims arising from any accident which may occur on or within the Property and such other insurance as PRHC may reasonably require from time to time;
- (d) the Transferor shall pay to the appropriate Statutory Authority, as and when due, all municipal taxes, water taxes, school taxes and any other taxes, local improvements or similar rates, levies, charges and assessments whatsoever affecting the Property and shall submit to PRHC, upon demand, proof of such payment;
- (e) the Transferor shall act reasonably and cooperate with PRHC at all times during the Term and shall provide information reasonably required by PRHC without delay;
- (f) the Transferor shall not vacate the Property or permit the Property to be used by any Person who is not entitled to use the Property;
- (g) the Transferor shall make reasonable and diligent use of the Property throughout the Term for the Specific Purpose;

- (h) the Transferor shall promptly observe, perform, execute and comply with all present and future laws, rules, requirements, orders, directions, ordinance and regulations of every Statutory Authority concerning the Property and further agrees at the sole cost and expense of the Transferor to do and perform all acts and things which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances and regulations;
- (i) if the Property now or any time hereafter comprises one or more strata lots:
 - (i) the Transferor will duly observe all of the provisions of the Strata Property Act R.S.B.C. 1998, c.43, as amended or as replaced and other similar statutes affecting the Property, the by-laws and the rules and regulations of the strata corporation;
 - (ii) in exercising its right to vote at any strata meetings, the Transferor shall at all times vote to ensure that the Transferor is able to continue to use the Property for the Specific Purpose and at PRHC's written request, the Transferor shall assign to and confer on PRHC its right to vote at any strata meetings; and
 - (iii) the Transferor will pay on or before the due dates thereof, the monthly maintenance fees and all assessments, contributions, or levies made against the Property by the said strata corporation; and
- (j) the Transferor shall not, without PRHC's prior written consent, transfer, mortgage, charge or otherwise encumber the Property during the Term, except by the Permitted Encumbrances.

SECTION 3.

SECTION 219 COVENANT PRHC

- 3.1 Section 219 Covenant - PRHC. The Transferor hereby covenants with PRHC, pursuant to Section 219 of the Land Title Act of British Columbia, with the intent that this Section 219 Covenant will be registered as a charge against the Interest in the Property and the burden of which will run with the Interest in the Property, and will also bind the Transferor contractually, during such time as the Transferor has an Interest in the Property, that:
- (a) the Property will be used only for the Specific Purpose during the Term;
 - (b) the Property will be used only in accordance with the terms and conditions of the Operating Agreement in effect from time to time during the Term; and
 - (c) the Interest in the Property will not be subdivided during the Term.

SECTION 4.

INDEMNITY

- 4.1 Indemnity. The Transferor will indemnify and save harmless PRHC, the Commission and the Government of the Province of British Columbia and each of their ministers,

officers, directors, employees and agents, and their heirs, executors, administrators, personal representatives, successors and assigns, from and against all claims, demands, actions, causes of action, damages, losses, deficiencies, costs, liabilities and expenses which may be made or brought against PRHC, the Commission or the Government of the Province of British Columbia, or which PRHC, the Commission or the Government of the Province of British Columbia may suffer or incur as a result of, in respect of, or arising out of:

- (a) any non-performance or non-fulfillment of any covenant on the part of the Transferor contained in this Agreement;
- (b) any misrepresentation, inaccuracy or breach of any representation or warranty made by the Transferor contained in this Agreement;
- (c) any other act or omission of the Transferor or its officers, directors, employees, agents, contractors or other persons for whom the Transferor is at law responsible; or
- (d) PRHC remedying any default by the Transferor in observing or performing its obligations under this Agreement or enforcing the obligations of the Transferor under this Agreement.

4.2 Release. The Transferor releases PRHC, the Commission and the Government of the Province of British Columbia, and each of their ministers, officers, directors, employees and agents and their heirs, executors, administrators, personal representatives, successors and assigns absolutely and forever, from any claims the Transferor may have against all or any of them for costs, expenses, or damages the Transferor may suffer, incur, or be put to arising out of or in connection with the terms contained in this Agreement and, from all claims arising out of advice or direction respecting the use, development, operation or lease of the Property given to the Transferor by any of them.

SECTION 5.

GENERAL PROVISIONS

5.1 Notices. Unless otherwise specified, each notice to the Transferor must be given in writing and delivered, personally, or by courier to the Transferor as follows:

Brenhill Developments Limited
19th Floor - 885 West Georgia Street
Vancouver, B.C. V6C 3H4

Attention: Director

or to any other address or person that the Transferor designates.

Unless otherwise specified, each notice to PRHC must be given in writing and delivered personally or by courier to PRHC, Attention: Manager Real Estate Services, at the address shown as the registered office of PRHC in the records maintained by the British Columbia Registrar of Companies as of the date upon which the notice is sent, or to any other address or person that PRHC designates.

Any notice, if delivered personally or by courier, will be deemed to have been given when actually received.

- 5.2 Fees. Each of the Transferor and PRHC will pay its own legal fees.
- 5.3 Enuring Effect. This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the Transferor and PRHC.
- 5.4 Discharge. On the expiry of the Term, the Transferor may require that PRHC execute and deliver to the Transferor a release in registrable form of the Covenant.
- 5.5 Modification or Amendment. Except as expressly provided in this Agreement, no amendment, supplement, restatement or termination of any provision of this Agreement is binding unless it is in writing and signed by each person that is a party to this Agreement at the time of the amendment, supplement, restatement or termination.
- 5.6 Counterparts. This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered is an original, but all of which taken together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto acknowledge that the parties have duly executed this Agreement by signing on the Form C and Form D, constituting pages 1 and 2 hereof.

SCHEDULE "A"

PERMITTED ENCUMBRANCES

LEGAL NOTATIONS

Notice of Interest, Builders Lien Act, See BT370097
Easement BW490937
Easement BW546505
Notice of Interest, Builders Lien Act, See CA1217904

CHARGES & ENCUMBRANCES - EXISTING

Easement BW490936
Easement BW546504
Covenant CA3594268 (over which this Section 219 Covenant will be granted priority)

CHARGES & ENCUMBRANCES - FUTURE

Provincial Rental Housing Corporation consents to the registration of a Mortgage in favour of British Columbia Housing Management Commission in the principal amount of \$36,215,000.00, together with an Assignment of Rents relating thereto.

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Daniel Solomon
Remick
RS4VAV
Digitally signed by Daniel Solomon
Remick RS4VAV
DN: c=CA, cn=Daniel Solomon
Remick RS4VAV, o=Lawyer,
ou=Verify ID at www.juricert.com/
LKUP.cn?id=RS4VAV
Date: 2014.02.17 10:18:45 -0800

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Koffman Kalef LLP
19th Floor
885 West Georgia Street
Vancouver BC V6C 3H4
Document Fees: \$147.00

Tracy Gallo, Applicant's Agent
604-891-3670
File No.: 51530-12
TCG-004138

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

029-182-115 LOT A BLOCK 84 DISTRICT LOT 541 GROUP 1 NEW WESTMINSTER
DISTRICT PLAN EPP34629

STC? YES

3. NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No.

(b) Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

BRENHILL DEVELOPMENTS LIMITED (INC. NO. BC0909081) AND HSBC BANK CANADA, AS TO PRIORITY

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

1701-4555 KINGSWAY

BURNABY

BRITISH COLUMBIA

V5H 4V8

CANADA

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

DANIEL S. REMICK

Barrister & Solicitor

19th Flr. 885 W. Georgia St.

Vancouver, B.C. V6C 3H4

Execution Date

Y	M	D
14	1	24

Transferor(s) Signature(s)

BRENHILL DEVELOPMENTS LIMITED, by its authorized signatory (ies):

Print Name: MAX KERR

Print Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

WENDY JANE ANN ACHESON

Commissioner for Taking Affidavits for British Columbia

BC Housing Management Commission
#650-4789 Kingsway
Burnaby, BC V5H 0A3
Tel: (604) 646-7050
Commission Expires: April 30, 2016

Y	M	D
13	12	10
14	02	13

BRITISH COLUMBIA HOUSING
MANAGEMENT COMMISSION, by its
authorized signatory(ies):

Print Name: Deanna Nesbitt
Manager, Licensing Homeowner
Protection Office Branch of BC Housing
650-4789 Kingsway, Burnaby, BC V5H
0A3 604-464-7087

Print Name:

HSBC BANK CANADA, by its
authorized signatory(ies):

Print Name: KARLA MCCARTHY
Assistant Vice President Commercial
Real Estate

Print Name: ALEXI D MANOLIS
Senior Account Manager
Commercial Real Estate

JESSICA MARY BRUMMELL

Commissioner for Taking Affidavits for British Columbia

885 West Georgia Street
Vancouver, BC V6C 3G1
Commission Expires: February 28,
2015

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor or a public notary or person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Covenant

Section 219

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Priority Agreement

Granting the Covenant herein priority over
Mortgage CA3127327 and Assignment of Rents
CA3127328

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

TERMS OF INSTRUMENT - PART 2
SECTION 219 COVENANT

THIS AGREEMENT made as of the 10th day of December, 2013.

BETWEEN: **BREHILL DEVELOPMENTS LIMITED (Incorporation No. BC0909081)**, a Company duly incorporated in British Columbia having its offices at 4540 Agar Road, Richmond, BC V7B 1A3

(the "Owner")

AND: **BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION**, a Crown Corporation having its offices at Suite 1701 - 4555 Kingsway, Burnaby BC V5H 4V8

(the "BCHMC")

WHEREAS:

- A. The Owner is the registered owner of the property (the "Lands") situated, lying and being in the Municipality of Vancouver, in the Province of British Columbia, described in Item 2 of Form C to which this Terms of Instrument (the "Agreement") is attached;
- B. Section 219 of the *Land Title Act*, R.S.B.C. 1996, c.250, and amendments thereto (the "*Land Title Act*"), states that a covenant in favour of a Crown Corporation may be registered as a charge against the title to land and is enforceable against the covenantor and its successors in title even if the covenant is not annexed to land owned by the Crown Corporation;
- C. The Owner wishes to develop the Lands and construct on the Lands a multi-unit building (the "Development") which is to be held for Rental Purposes and owned by the Owner;
- D. It is a condition of the BCHMC that the Owner, to be exempt from certain provisions of the *Homeowner Protection Act* (the "Act") and the Homeowner Protection Act Regulation (the "Regulations"), must register this covenant against the Lands and Development;
- E. The Owner has agreed to grant this Agreement which charges the Development and Lands;

NOW THEREFORE, pursuant to Section 219 of the *Land Title Act* and in consideration of One Dollar (\$1.00) now paid by the BCHMC to the Owner, the receipt and sufficiency of which is hereby acknowledged, and of the premises herein contained, the parties covenant and agree as follows:

1. In this Agreement, the terms and words used, the first letters of which are capitalized, have the meanings set out in the Act and Regulations, unless specifically defined in this Agreement.
2. The Owner, for itself and its successors and assigns, covenants and agrees with BCHMC, as a covenant running with the Lands, that the Owner will not:
 - (a) sell or otherwise dispose of any Dwelling Unit in the Development to be constructed on the Lands for a period of 10 years from the date that the first Dwelling Unit in the Development constructed on the Lands is first occupied, except together with all Dwelling Units in the Development constructed on the Lands;
 - (b) during the 10-year period set out in paragraph 2(a), use the Dwelling Units and Common Property in the Development constructed on the Lands, or allow them to be used, except for Rental Purposes.
3. Nothing contained in or implied by this Agreement shall prejudice or affect the rights and powers of the BCHMC in the exercise of its functions under the Act, the Regulations, or any public or private statutes, bylaws, orders and regulations, all of which may be fully and effectively exercised in relation to the Lands and Development as if this Agreement had not been executed and delivered by the Owner.
4. The Owner hereby agrees to indemnify and save harmless the BCHMC, and its appointed directors, officials, officers, employees, and agents from and against any loss, damage, debts, claims, liabilities, obligations, costs (including solicitor and own client costs incurred by the BCHMC in the enforcement of the Owner's obligations under this Agreement) or causes of action which the BCHMC and its appointed directors, officials, officers, employees and agents, or any of them, may suffer, incur, or be put arising whether directly or indirectly, out of a breach of any covenant or condition of this Agreement by the Owner or its directors, officers, employees, or agents, or any other person for whom it is legally responsible.
5. The Owner agrees to cause the registrable interest in the Lands expressly agreed to be granted pursuant to this Agreement to be registered in the Land Title Office as a first registered charge against the Lands, save only for:

CRE:51530-12/TCG-004137_1_1

- (a) any reservations, liens, charges or encumbrances contained in any grant from Her Majesty the Queen in Right of the Province of British Columbia respecting the Lands;
 - (b) any non-financial easements and restrictive covenants in favour of third parties over which, in the sole opinion of the Registrar of the BCHMC, priority for this Agreement is not required.
6. If the Land Title Office rejects the registration of this Agreement, then the parties will re-execute and the Owner will re-register the same in a form and style acceptable to the Land Title Office.
7. The Owner represents and warrants to and covenants and agrees with the BCHMC that:
- (a) it has the full and complete power, authority and capacity to enter into, execute and deliver this Agreement and to bind all legal and beneficial interests in the title to the Lands and Development with the interest in land created hereby;
 - (b) upon execution and delivery of this Agreement and registration therefor, the interest in land created hereby will encumber all legal and beneficial interests in the title to the Lands and Development;
 - (c) this Agreement will be fully and completely binding on the Owner in accordance with the terms hereto and the Owner will perform all of its obligations under this Agreement in accordance with the terms hereof; and
 - (d) the foregoing representations, warranties, covenants and agreements will have force and effect notwithstanding any knowledge on the part of the BCHMC, whether actual or constructive, concerning the status of the Owner, the Development or the Lands, or any other matter.
8. In any action or proceeding concerning this Agreement, including any application seeking the specific performance of the Owner's obligations under this Agreement, the BCHMC will be entitled to be indemnified for its costs on a solicitor-and-own-client basis.
9. The Owner agrees that damages are not an adequate remedy for the BCHMC for any breach by the Owner of its obligations under this Agreement and that the BCHMC is entitled to an order for specific performance or a prohibitory or mandatory injunction to compel performance of the Owner's obligations.

10. The parties to this Agreement will do the things and execute the documents as may reasonably be necessary to perfect the intention of the Agreement as prescribed by the Act and Regulations.
11. All obligations and covenants in this Agreement are severable, so that if any are held or declared by a court of competent jurisdiction to be void or unenforceable, the balance of the obligations and covenants will remain and be binding.
12. No alleged waiver of any breach of this Agreement is effective unless it is an express and specific waiver in writing, which will not operate as a waiver of any other breach of this Agreement.
13. The covenants set forth in this Agreement shall charge the Lands pursuant to Section 219 of the *Land Title Act* and shall be covenants, the burden of which shall run with the Lands. It is further expressly agreed that the benefit of all covenants made by the Owner herein shall accrue solely to the BCHMC and that this Agreement may only be modified or discharged by agreement of the BCHMC, pursuant to the provisions of Section 219(9) of the *Land Title Act*. If requested by the Owner following the expiration of the 10-year period set out in Section 2, or if the Owner submits to the BCHMC evidence of home warranty coverage as required under the Act and the Regulations and payment of the reconstruction fee authorized by section 26 of the Act, such evidence to be in a form acceptable to the Registrar of the BCHMC, the BCHMC will execute and deliver a registrable release of the covenants set forth in this Agreement but the owner shall bear the preparation and registration costs.
14. Notwithstanding anything in this Agreement, the Owner shall not be liable under any of the covenants and agreements contained herein where such liability arises after the Owner ceases to have any further interest in the Lands.
15. Wherever the singular or masculine is used herein, the same shall be construed as meaning the plural, feminine or body corporate or politic where the context of the parties so requires.
16. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on Form C, to which this Agreement is attached and which forms a part of this Agreement, effective as of the date first above written.

CONSENT AND PRIORITY INSTRUMENT

In this consent and priority instrument:

- (a) “Existing Charges” mean the Mortgage registered under number CA3127327 and the Assignment of Rents registered under number CA3127328;
- (b) “Existing Chargeholder” means HSBC Bank Canada;
- (c) “New Charge” means the Section 219 Covenant contained in the attached Terms of Instrument – Part 2; and
- (d) words capitalized in this instrument, not otherwise defined herein, have the meaning ascribed to them in the attached Terms of Instrument – Part 2.

For ten dollars and other good and valuable consideration, the receipt and sufficiency of which the Existing Chargeholder acknowledge, the Existing Chargeholder:

- (a) consent to the Owner granting the New Charge to BCHMC; and
- (b) agrees with BCHMC that the New Charge charges the Lands in priority to the Existing Charges in the same manner and to the same effect as if the Owner had granted the New Charge, and they had been registered against title to the Lands, prior to the grant or registration of the Existing Charges or the advance of any money under the Existing Charges.

To witness this consent and priority instrument, the Existing Chargeholder has caused its duly authorized signatories to sign the attached General Instrument - Part 1.



BC Housing

ARCS File: 94035-7438 BOC

BOARD OF COMMISSIONERS SUBMISSION FOR APPROVAL

SUBJECT: Financing Proposal for Community Partnership Initiatives (CPI) and potentially for Non Profit Asset Transfer (NPAT) funding for a 172 unit Project at 288 East Hastings Street, in Vancouver

RESOLUTION:

The Board approves the following project:

- 1) Project Development Funding (PDF) financing of up to \$7,071,225 including GST under the Community Partnerships Initiative for the purchase of the lands from Wall Financial Corp. plus holding costs to develop up to 172 units of purpose built affordable housing and market rental housing in a mixed use high-rise development with a total capital budget of \$35,928,300 for low to moderate income households developed by the Wall Financial Corp. ("Wall");
- 2) To sign a Letter of Intent (LOI) and to subsequently negotiate and enter into a Development Agreement with Wall Financial Corporation;
- 3) To purchase 104 units out of 172 units for a purchase price of up to \$15,364,500 with Non Profit Asset Transfer (NPAT) funding to the Provincial Rental Housing Corporation ("PRHC") in partnership with Wall Financial Corporation; and
- 4) To consider providing interim construction financing of up to \$35,928,300 to PRHC for the redevelopment of the Project with Wall Financial Corporation.

This project responds to BC Housing's second strategic priority "Respond to Needs Along the Housing Continuum" through innovative partnerships.

CURRENT SITUATION:

The Capital Review Committee Terms of Reference requires that the Committee must review individual projects with a total project value of \$25 million or greater. As such, attached is a Non Profit Asset Transfer (NPAT) funding project proposal to develop a facility in Vancouver with up to 172 units for homeless at risk, working poor, low to moderate income individuals, affordable rental and market rental households. Executive Committee reviewed the proposal and is recommending approval of the project.

Board of Commissioners
November 13, 2015

12. Financing Proposal for CPI Project

PROJECT OVERVIEW:

The form of development proposed includes 6,100sq.ft. of ground floor Commercial CRUs, 4 storeys of Non Market housing (contemplated for PRHC ownership), planned outdoor courtyard/garden space on Level 2, and a 7-storey Market rental component atop the NonMarket levels (for a total of 11-storeys) for long term Market rental use.

The Wall Financial Corp. has approached BC Housing for a partnership to co-develop and a request for potential interim construction financing through BCH's Community Partnership Initiative Program to develop the project, with PRHC potential ownership of up to 104 non-market housing units for a project cost of up to \$15,364,500 with Non Profit Asset Transfer (NPAT) funding.

The proposal allows for redevelopment of a valuable land assembly parcel in the Downtown Eastside (DTES) neighbourhood of Vancouver. The subject properties consist of four separate lots and separate titles. The property is close to transportation, commercial shops and community facilities. It is anticipated that the four lots will eventually be consolidated into one lot with the consolidated lot size approximately 122'7" x 110'5" or about 13,540 ft² (1,257.9 m²).

The Developer is offering the Lands together with costs directly attributable to the Lands, at what will become a fixed price on the Land Transfer Date (estimated March 1, 2016), currently estimated at \$6,734,500 (original purchase price by the Developer plus all holding costs to transfer date and subject to typical additional costs) for the proposed Development Agreement. Holding costs will include interest, all due diligence and design development costs and fees to date to move the project through the current municipal processes. Subject to the detailed terms of the Development Agreement, the Lands will be consolidated and upon project completion, title(s) provided by way of air parceling and stratification.

Independently of whether BC Housing exercises its option to interim-finance the Market component, BC Housing will be a partner per the Letter of Intent (LOI), entitled to benefit from contributions from the Market component's Operation (rental revenues) or Disposition (sale proceeds), depending on which exit strategy is finally decided upon, per the terms of the Development Agreement yet to be determined. Likewise revenues from the expected purchase of the Commercial CRU space by the Developer will contribute equity to the capital budget.

The development concept proposed accomplishes 5 main objectives:

- (i) To *increase the supply of quality, non-market housing* by building self contained units (31,795 sq.ft. in 104 units including studios, 1-bedroom and 2-bedroom units);
- (ii) To *increase the rental stock* in Vancouver (39,918 sq.ft. in 68 units including studios, 1-bedroom and 2-bedrooms units) consistent with such City of Vancouver housing incentive programs which may be available, eg: Rental 100 or Social Housing policy programs.
- (iii) To *improve the Commercial fronting onto both Hastings and Gore* by improving the design and public safety of the Commercial space including an integrated landscaping plan consistent with City requirements;
- (iv) To *undertake redevelopment consistent with a vision for overall improvements to the Hastings and Gore intersection* projects.

The proposed development will consist of 31,795 sq.ft. of net rentable Non Market housing (104 units), 39,918 net rentable sq.ft. of Market rental housing (68 units), and 6,100 sq.ft. of Commercial ground-floor retail space. Developer is expected to be seeking the following from the City in support of a development permit application:

- (a) Approval from the Development Permit Board for the height and density. Developer is not seeking a rezoning for the project;

- (b) Approval of the market rental under any potentially available City incentive programs, for example Rental 100 or Social Housing incentive programs;
- (c) Planning exemptions on loading and parking requirements;
- (d) DCL exemptions on the Non Market Housing component;
- (e) CAC waivers (although the current proposal includes amenities these are yet to be scrutinized by City Development Permit Board and staff of the Director of Planning).

The property has a mortgage outstanding of approximately \$3,900,000 while the land value is approximated at \$4,792,000 per BC Assessment which is considered a low or conservative estimate of value versus formal appraisal.

PROJECT BACKGROUND DETAILS:

Doing business as 292 East Hastings Holdings Ltd. (Inc. No. BC1007369), Wall Financial Corp. ("the Developer") purchased the property only recently in 2014, from its previous long-term owner of 27 years. In Summer 2014, Developer, Wall Financial Corporation closed on the property purchase and proceeded after procuring clean title to submit to BC Housing a detailed proposal, outlining their intent to redevelop the properties at "288 East Hastings" for the purposes of creating Market and Non-Market housing. What has been discussed to date is the proposal for PRHC to purchase the lands and property from the Developer and negotiate the concept in the form of a Letter of Intent ("LOI") to capture the proposed business partnership, procurement mode, and terms thereof which would lead to a formal Development Agreement through which the Project Team consisting of the Developer, the Provincial Rental Housing Corporation ("PRHC", as owner), and BC Housing Management Commission ("BC Housing", as lender), collectively known as the "Project Partners" would jointly develop the property. The prime consultant is architectural firm Endall Elliot Partners ("the Architect") who has since advanced four to five consecutive design iterations which have undergone examination through two rounds of review by BC Housing Development and Asset Strategies (DAS) project technologists. The current design is believed to be largely consistent with City and Downtown Eastside (DTES) Local Area Plan requirements, and only modestly challenges height and density within variances believed to be approvable by the City.

The site is of significant value in the larger context of redeveloping the intersection of Gore Avenue and East Hastings Streets in the heart of the Downtown Eastside ("DTES"). Currently BC Housing owns the North-West corner lands in which Orange Hall Regional Operations conducts its business in offices, provides a presence for BC Housing in the DTES and houses supportive housing units above. The North-East corner is currently owned by the Health Authority and was the site of the former Buddhist temple. The South-East corner is the First United Church ("First United") location where they currently have a shelter and drop in centre being operated as well as congregational space for their parishioners. The current proposal with the Developer relates to the final corner on the South-West portion of the intersection. Together this intersection or the so-called "Four corners" of the Hastings and Gore intersection if viewed from a global context can play an integral part in the fabric and services that are being offered to the local community and for BC Housing's mandate to serve homeless and those at risk of homelessness.

Vancouver Coastal Health Authority ("HA") has a significant presence at the "Four corners" location in that it owns and may be undertaking to consolidate and redevelop its properties in the DTES to consolidate services or expands its services for the community. The property forming the North East corner of the Gore and Hastings intersection is one such location they are potentially targeting for redevelopment. As such, it is important to recognize the broader context in which the proposed redevelopment will be proceeding: the area may represent an

opportunity to tie in a variety of health-related uses coordinating the needs of community and specific services targeted for the local area.

The Developer intends to own and operate the Retail component. BC Housing through PRHC intends to own and operate the Non Market units. Actual Affordability levels are yet to be determined, and will be based on consultation with BC Housing's Regional Operations and the potential operator for the Non Market units. Actual Affordability levels are being set as per the pro forma currently pre-determined at \$375 Shelter rates and \$800 for Housing Income Limit (HILs) rent rates to achieve the net operating income (NOI) noted in the Operating section above.

For the Market tower, this component is not contemplated as a low end of market rental per se but currently the Developer is carrying these rental units at \$2.40 per sq.ft. which equates to \$1037 for Studios (432sf), \$1327 for 1-bedrooms (553sf) and \$1848 for 2-bedrooms (770sf).

It will be incumbent on BCH and the Developer to confirm that take out financing is secured and equity equivalent to the interim construction loan is in place. While most of the project's affordability considerations apply to the Non Market component; a "low end of market" affordability scenario may be achievable on the Market tower should BCH/PRHC wish to finance and operate the tower long-term to underwrite such benefits (under situation of default or in this case withdrawal from the project by the Developer).

Unit Mix – Proposal of 11 storey, 116' height New Building

Component	Unit Type	Average* Unit Area	# of Units
Non Market Housing (4 Storeys; Levels 2-5)	Studio – Shelter rate incl. 2 Accessible Units	263.4 335.0	34
	Studio – HILs ¹ incl. 2 Accessible Units	263.4 335.0	
Subtotal NMH			104
Market Tower (6 Storeys; Levels 6-11)	Studios	432.3	22
	1 Bedroom	553.0	24
	2 Bedroom	770.0	22
Subtotal Market			68
Total Qty of Units			172

Note: There is a variable range of unit sizes within each category, Studios range (253 – 304sf); 1 bedrooms range (548 – 567sf); 2 bedrooms range (697 – 840sf).

¹ BCH Orange Hall Regional Operations suggests HILS units be larger than the shelter rate units; as compared to the market studios, the square footage is significantly less yet the rents are comparable at \$800 and \$1000 respectively.

The role of BC Housing, through the Community Partnerships Initiatives program, is to provide PDF and possibly interim construction financing to PRHC to assist in the redevelopment of the project by the Developer. At this early stage, it is contemplated that Wall will obtain its own take-out financing for the project once completed, however, it is unknown whether Wall will remain as owners of the 68 market housing rental units or sell the units to an investor(s). For the Non-Market PRHC units, Wall Financial Corp. is in discussions with Aitra Women's Resource Society ("Aitra") as their preferred operator to operate the building as an affordable rental building.

BC HOUSING FUNDING PROGRAM:

This is a proposed financing and Non Profit Asset Transfer (NPAT) funding project under BC Housing's Community Partnerships Initiative (CPI) program. Under this program BC Housing provides interim financing, and arranges for long-term financing for non-profit societies creating affordable housing. BC Housing may also make arrangements with a large number of *National Housing Act* approved lenders to obtain low interest rates and favourable terms through a competitive tender and selection process conducted and approved by BC Housing. All approved BC Housing take-out loans have low cost Canada Mortgage and Housing Corporation (CMHC) loan insurance.

Typically affordable housing rental developments require that projects under this agreement achieve a 1.20 Debt Coverage Ratio (DCR). In consultation with Wall and using research on the City's Rental 100 program incentives and requirements for new purpose-built affordable rental housing projects, BC Housing developed a hypothetical rent roll framework which will require a significant equity injection in the range of \$15,364,500 with additional variables to be confirmed.

FINANCIAL IMPLICATIONS:

There is no current demand loan request however a tentative outline Interim Development Budget has been outlined herein and is approximately \$7,071,225 for PRHC to purchase the land and reimburse the Developer for holdings costs to the closing transfer date.

The discharge of existing mortgage at the time of closing transfer date via PRHC purchase and PDF funding will help reduce the interest charged on the project, as would BC Housing's interim financing if approved in future by using BC Housing's interim construction rates compared to market financing rates. Going forward, the PDF demand loan will form part of any approved interim construction financing from BC Housing (subject to application for same, if approved) provided all conditions of interim financing have been met.

Development and Asset Strategies estimates the demand loan at a maximum upset price at \$6,734,500 plus GST of \$336,725 for a total of \$7,071,225 including GST for a land loan for PRHC to purchase of the lands from Wall Financial Corp. including holding and development costs to the transfer date for the proposed 172-unit project at 288 East Hastings Street in Vancouver.

The PDF demand Land Loan will be not be secured against title to the four (4) parcels as PRHC will become the owner of the titles.

At this stage the intention is for PRHC and the Developer to enter into a Purchase and Sale Agreement and a Letter of Intent with PRHC and BC Housing. The Developer has requested that BC Housing have the land financing from HSBC discharged through the purchase of the lands and property by PRHC, for which the loan balance of approximately \$6,734,500 plus GST

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12. Financing Proposal for CPI Project

including the additional holding costs is requested. Architecture fees and other soft costs continue to be borne by the Developer during this period prior to land closing.

PRHC may require a demand loan which is interest bearing at a term to be 24 months.

While Developer is currently carrying the land cost and land component, it is anticipated that following the execution of an LOI and finalization of a Development Agreement and other legal documents, a Purchase and Sale Agreement for transfer of the property title to PRHC will occur at which point full interim financing may be required at project commencement; however, no mortgage will be registered on title.

BC Housing is currently assumed to be the interim construction lender to PRHC who will hold the property from inception through to construction completion, thereupon being reimbursed by the Developer for the Market rental and Commercial components at a price established through a valuation process to be determined. Therefore, long term take-out mortgage debt is not currently required. However, this does not preclude PRHC from providing placing a long term take-out mortgage on the completed units to be debt serviced through the operating net incomes produced.

At this time it remains to be determined and it could be a possibility that the Developer would act as "Construction Manager at Risk" during the preliminary and pre-construction phases of development; however, the exact model of procurement has not been determined to date and options will need to be considered and vetted as part of the contemplated LOI negotiations and finalized in the terms of any Development Agreement.

The timing and details of an interim demand loan to PRHC will be driven by the Purchase and Sale Agreement, LOI signing and Development Agreement terms and conditions as well as the execution and registration of transfer documents for the transfer of the Site lands to PRHC and discharge of the existing mortgage currently being requested.

At this time, approval for consideration by the Board of Commissioners is being sought for interim construction financing for the project of up to \$35,928,300. The initial capital budget for the project is \$35,928,300 and is expected to fluctuate somewhat while assumptions are tested and development progresses. The \$35.9M budget is based only on preliminary square-foot estimating to date; while a Quantity Surveyor and/or Cost Engineer will be retained for project costing purposes in months ahead, these professionals have not had budgetary input at this early stage.

As the affordable rental units will not have a mortgage being owned by PRHC, the proposed project is expected to achieve a break even operating budget.

Atira Women's Resources Society ("Atira") has been identified as the potential operator for the new development moving forward will be responsible to ensure that rental rates and renter incomes meet the affordability criteria set out as conditions of BC Housing's funding for the income assistance shelter-rate rental units and Housing Income Limits ("HILs") rental units. To date, BCH has not approached Wall to consider taking all risks associated with any increases in the capital budget or cash flows to debt service a long term take-out mortgage if Wall is operating the 68 market rental units on a long term basis. Wall may consider obtaining their own take-out financing upon construction completion, or Wall may consider selling the market units to investor(s) and alternatively request the investor(s) to consider obtaining its own long term take out financing.

PROJECT RISK:

The main project risks are split based on major milestones for the development that may affect the outcome of the project at different stages. These are summarized as follows:

LOI and Development Agreement Negotiations:

- Current LOI Terms – Developer’s exclusive authority. Of particular concern is the concept that Developer may possibly lead the development particularly such that Developer may write into the LOI the Developer’s right to have exclusive authority to direct the Prime Consultant (Architect and Certified Professional), even on areas of the project which are to be procured for the exclusive ownership and benefit of PRHC / BCHMC. Should such a contemplated loss of direct control over the Prime Consultant occur, it is a contractual liability to the Owner; if it is not raised and negotiated to the satisfaction of PRHC / BCHMC in early stages. Doing so at a later date could possibly jeopardize the Project Partners’ relationship and potentially lead to Developer walking away. To mitigate this situation, the finalization of the Development Agreement between the Project Partners would need to outline in greater detail these relationships, the reporting structures and rights of each of the Project Partners when it comes to final decisions of the design, construction and potential changes to the scope being provided by the affiliated companies.
- Forthcoming Draft LOI Terms – Conflict between Developer and Construction Manager (“CM”). Where scopes of work are to be paid-for and title ownership is to be had on an air space parcel shared with the Developer, who in turn has relationship with the CM sharing costs with PRHC upon completion, there exists a potential imbalance of contractual control which could peak during the course of construction. This imbalance may lead to decisions which benefit the Developer both in short term / long term (construction cost savings vs. overruns passed to PRHC / BCHMC left holding the liability down the road). The Development Agreement and related negotiated agreements will spell out more details as the project moves forward; however it may be advisable to retain some (not all) levels of control(s) normally afforded to the Owner which could include, for example, retention of Owner Cash Allowances at the Owner’s sole discretion and approval, such that any billing(s) against cash allowances require fixed price proposals for these scopes, to be reviewed and approved in advance of any actual work and billing thereof. Most CM’s are familiar with these terms, albeit with some reluctance, as the onus is on the CM to do a little more leg work, to be organized on costing all scopes with CA’s in advance, etc.
- Development Agreement and legal documentation: While the parameters of the Development Agreement are not yet drafted the terms of a Purchase and Sale Agreement and LOI are now completed, there may still be many terms and conditions as well as details not negotiated in the Development Agreement that will need to be sorted out between the Project Partners within the Development Agreement or other legal agreements to finalize the intent of the purchase and LOI. These other legal agreements include offer to purchase and sale agreements (for the repurchase of the Market and Commercial Component by Wall Financial Corp.), potential equity contribution agreements, potential tripartite agreements, cost overrun agreements, Project Partner covenants and guarantees or a whole host of other legal documentation that have not yet been established or finalized. These agreements will be crucial to determine the terms, conditions and obligations of the Developer, BC Housing, PRHC and the requirements around affordability, financing and economic feasibility for the project.

Municipal Approvals:

- Municipal Approval – 11 storey, 116 foot scenario. The financial feasibility is tied to a number of municipal approvals and relaxations, such as approvable heights, parking relaxations, no DEU requirements as well as density allowable. While these factors could ultimately impact on the financial feasibility of the project, Developer and its design team have experience in working with the City of Vancouver to satisfy the City's approval requirements. Recently, the City has granted permission based on the current design iteration to proceed to a Development Permit application, which appears to bode well in terms of early considerations for the design details presented to date; Endall Elliot Partners Architects are proceeding to commence detailed design of units and floor plans.
- Municipal Requirements – Unforeseen DTES Local Area Plan (LAP) / Downtown Eastside Oppenheimer District (DEOD) zoning or other requirements. At this stage it is anticipated that Heritage requirements do not apply whereas other requirements for this site are generally known as outlined in the new DTES Local Area Plan which is still in its infancy in terms of deployment; however, based on the municipal approvals not being completed, additional unforeseen requirements during the process could derail the process or put onerous requirements that would severely impact costs and the capital budget. The site is of significant value in the larger context of redeveloping the "Four corners" of the Hastings and Gore intersection, and the City may want to preserve some pre-existing cultural or other values or require additional requirements beyond what is anticipated.
- NIMBY: The project will require development permit application and Director of Planning approval, and the project will be required to complete a Development Permit and Building Permit process along with community consultation as directed by the City. While we are currently unaware if there are any community groups that do not agree with the development of the project as currently proposed, there is still a possibility that these groups may exist and would oppose the project's redevelopment, given the historical and heritage significance of the property. There could still be opposition leading up to the rezoning, development permits and building permits being received, completed, and approved by the City.
- Housing Agreement; it is unknown whether the City will have additional requirements and requirements potentially regarding a Housing Agreement or other covenants or requirements of the development permit application process. The objectives of such a housing agreement have not been outlined nor has a draft housing agreement with specific terms been provided. This could have implications for the operating Proforma especially around additional rental restrictions or rent levels to either of the project partners.

Construction:

- Project timelines: The project is still in early stages of the development process. As a result, assumptions pertaining to the capital budget have a potential to change before they are committed by way of contract or agreement. The Developer has not committed to a capped capital budget and will be looking to the Project Partners to finance or provide its share of any additional costs above the \$35.9M either from BC Housing's interim construction mortgage or with additional equity resources from the Project Partners. BC Housing will perform additional feasibility analyses and assess additional

impacts and risks to the feasibility of the project for increased costs during the Provisional Project Approval process.

- **Capital Budget Pressures.** While the Development Strategies analysis of the capital budget appears to align with the Developer's budget estimate, and BC Housing's Cost Framework, the estimated capital budget is still in its infancy and there are multiple factors that could affect and significantly impact the capital budget. Further to this there are several liabilities that could contribute to cost overruns that include but not limited to tender pricing, LEED requirements, DTES LAP / DEOD zoning, other municipal requirements, municipal approvals on height (currently 116' with 99' permitted) and density, project specifications and other factors.
- **Development and Construction Schedule.** The development and construction schedule as submitted by Developer is considered aggressive. While Developer has the ability and track record to deliver an aggressive schedule, the City approvals processes and sensitivities to the site development may impose delays on the Developer to work through those municipal approvals or requirements. The development schedule could be severely impacted. Further analysis of the schedule will be required as the municipal approval processes are undertaken.
- **Developer will be instrumental to the development and construction process and insuring competitive pricing is received for the Project Partners.** Should Developer decide not to proceed with the project, it is unclear if the project will be feasible, as PRHC may not be able to operate the Market rental units as an affordable or Low End of Market (LEM) component based on the projected rents based on the 68 units (Refer to the Affordability section). The Developer's non-participation at some point after project commencement represents one of the greater project risks, and although the security for same is believed adequate, analyses have yet to be confirming those potential operating parameters. In the event that Developer is unable to continue project participation or if the Developer is unable to buy out the BCH/PRHC Market and Commercial component net proceeds, it would be conceivable that PRHC could become party to a scenario involving long term rental of the Market and Commercial units. This event would also involve PRHC having liability for any long term take out mortgage that would be required, or additional equity contribution or monthly subsidy in order to retire any interim construction mortgage associated with the Market and Commercial units. In addition, there could also be long term operating costs or losses depending on the Net Operating Income of the Market units and the final take-out rate on the long term mortgage. Furthermore, the fact that PRHC may not be able to have ownership of "Market Rental Units" as part of their mandate, may also pose an additional hurdle to this risk. PRHC or BC Housing would need to review the options at that time, including providing additional equity, identifying a Non-Profit entity to transfer the Market and Commercial units, identifying operating or ongoing subsidy dollars, or potentially selling the units at a loss. While these mitigation strategies inherently pose a potential financial burden to PRHC or BC Housing, the main mitigation strategy would be to ensure through legal documentation (currently a purchase agreement) on the Market and Commercial units well in advance of construction completion to allow for proper retirement of any interim construction mortgage from BC Housing

Financing:

- **Interim Financing Model terms and conditions.** Analysis of the interim financing underwriting has not been fully flushed out at this early stage. Based on the final financing requirements to be determined, the final financing structure could pose more or

less risk to BC Housing depending on the final purchase price for the Market and Commercial components purchase by Developer to PRHC (the currently expected arrangement). If BC Housing does approve financing of 100% of the project, risk mitigations would include ensuring that the Developer has identified take-out financing to complete the purchase and sale of the Market units and the Commercial component and a 3rd party lender has provided a firm commitment to complete take-out financing sufficient to retire the outstanding balance for the BC Housing interim construction mortgage to complete the final purchase for the Market and Commercial components. As a Project Partner, BC Housing and PRHC could have to bear additional increased costs in the interim construction loan facility, but these would be expected to be modest sums.

- Market Component Purchase Price – Market and Commercial Components' Sale Valuation. The contribution from net proceeds of the Market and Commercial units is in direct correlation to the assumptions used to value the Market and Commercial units and the ultimate sale price of the Market and Commercial units. Fluctuations in the assumptions on the capitalization rate to determine the valuation for the sale price can strongly affect the final net proceeds back to PRHC that may be totally independent of capital budget costs relating to the project delivery being held on time and on budget. While the capitalization rates will be dependent on comparable market sales and on market conditions now and in future which holds an element of uncertainty, demand is expected to remain high and good need and demand analysis as well as proper due diligence through market data, a market rent appraisal and CMHC reports should mitigate risk in this area as well as determination of the valuation process in the purchase agreement to determine the final purchase price for the Market and Commercial Components.
- Long-term financing is not required; however the Developer's long-term lender has not yet been confirmed in the event the Developer wishes to finance the purchase of the Market and Commercial units through the purchase agreement. The Developer or a third party investor will have to identify a long-term lender in due course depending on the Developers option to keep or sell the Market and Commercial units. If the Developer cannot source a firm take-out commitment then repayment in full of BC Housing's financing at construction completion may be delayed and the resulting extended timeframe on the interim loan could impact BC Housing's cash flow position.
- Long-term Financing interest rates play a lesser role in the viability of the project dependent on the final exit strategy option chosen by the Developer. At the same time, interest rates will play a major role for the valuation of purchase of the Market units and Commercial component which could then impact the final net proceeds from the final purchase price from the Developer to offset any outstanding interim construction financing provided by BC Housing to PRHC. The interest rate fluctuations will be less of an impact compared to the Market Unit Sale Valuation assumptions as determined for the purchase price of the Market Component.
- PDF Demand Loan Request. There is no current demand loan request however a tentative outline Interim Development Budget has been outlined in the Financials section. In the fall 2014 the Developer approached BCH about the project but has only recently approached BC Housing for PRHC to purchase the land and clear the existing mortgage that was registered in Winter 2014/15 by HSBC on title. Since that time, this financing was renewed on a short term basis, and the request stands for BCH to take over the financing, for which the loan balance of \$6,734,500 including additional holding costs, and closing costs for the land purchase is now requested. Architecture fees and

other soft costs continue to be borne by the Developer. Development and Asset Strategies estimates the demand loan at a maximum upset price at \$6,734,500 plus GST of \$336,725 for a total of \$7,071,225 including GST for a land loan for PRHC to purchase the lands and property from Wall Financial Corp. for the proposed 172-unit project at 288 East Hastings Street, Vancouver. Risks associated with the Land Loan are discussed in the Risk Register. The PDF demand Land Loan will not be secured against title to the four (4) parcels as a result of PRHC ownership.

Post Completion and Operations:

- Market and Commercial units component Sale / Lease-up timelines: As the project is contemplating a purchase agreement with the Developer for the Market and Commercial units component, the timing of such purchase or the final purchase price has not yet been determined. In the event that the Developer requests in the purchase agreement a sale of Market rental units or Commercial units as an already occupied or “used” property to potentially save on GST charges on new product transfer, the various lease up timelines could pose a delay in the timing of when interim construction financing is retired after the purchase sale of the Market Component. Especially if the Market units are delayed the timing of the purchase and any 3rd party take-out financing for such purchase will also be delayed. In the event of Developer default on the final purchase, PRHC may also not have sufficient Net Operating Income from the Market and Commercial units to operate and debt service the amount required to retire the outstanding interim construction mortgage:
- PRHC Site Ownership – Timing and Approvals. At some point in time PRHC will take over the land ownership and depending on the timing of title transfer in regards to the progression of other legal and agreement documents, there are a range of agreements including LOI terms, details of the negotiated Development Agreement and so forth which have yet to be determined, but which will need to be coordinated presumably prior to the City granting approval on development factors such as height, density and other requirements as discussed above. Should the developer for any reason terminate the partnership prior to municipal approvals being in place, PRHC would wish to have options vetted in advance, which DAS will explore going forward, in regards to exit strategies including potential to sell the lands in their entirety, some portion thereof, or retain the full sites to develop a mixed-use development where PRHC could potentially sell a portion of the development while retaining another portion as affordable rental stock as originally planned upon construction completion.

Project Schedule:

Design Panel Approval	31 August 2015
Development Permit	31 October 2015
Sign off Outline / ID Specifications	15 November 2015
Working Drawings, BP Submission	15 December 2015
Building Permit	05 February 2016
Final Project Approval	05 February 2016
Construction Start Date	01 March 2016
Occupancy	Tentatively May 2017

Prepared by: Michael Flanigan, Vice President Development and Asset Strategies

Date: November 13, 2015

Board of Commissioners
November 13, 2015

12. Financing Proposal for CPI Project

**MINUTES
BC HOUSING BOARD OF COMMISSIONERS MEETING
November 23, 2015**

The meeting of the Board of Commissioners was held on Monday, November 23, 2015 at 4:00 PM in the Boardroom at BC Housing Directly Managed Office 369 Terminal Avenue, Vancouver, BC.

IN ATTENDANCE:

Board of Commissioners:

Judy Rogers, Board Chair
Lucie Gosselin
Melvin Kositsky
Sabrina Kunz
Dennis Chan
Faye Wightman
Harvey McLeod

BC Housing Staff:

Shayne Ramsay, CEO
John Bell, Director Strategic Planning and Corporate Secretary (Recording)

The meeting was called to order at 4:00 PM.

1. Approval Minutes and Opening Remarks

The Board reviewed the minutes from the previous meeting.

MOTION: Resolved that the minutes of the Board of Commissioners meeting held on July 28, 2015 be approved.

M/S/C (McLeod/Wightman)

2. Chair's Opening Remarks

The Chair reported that she has an upcoming regular quarterly meeting with Minister Coleman to discuss strategic priorities and performance. She also mentioned that the BC Non-Profit Housing Association conference began this week with Shayne Ramsay delivering a welcoming keynote at the conference on behalf of the Minister. She mentioned that the next quarterly meeting will be held in Victoria which will facilitate an opportunity to meet with staff and housing providers. Finally she mentioned that discussion for agenda item #5, Development of the Service Plan, will take place at the end of the agenda.

3. Chief Executive Officer's Opening Remarks and Fourth Quarter Report - For Information

S. Ramsay provided an overview of the quarterly CEO report, mentioning that BC Housing was awarded gold level certification in Aboriginal relations by the Canadian Council on Aboriginal Businesses, and that the recruitment of the newly created Aboriginal Relations Advisor position will help us look at all that we do to be more culturally sensitive, and strengthen partner relationships. He also updated the Board on the federal government's Syrian refugee plan and BC Housing's possible involvement in this. BC Housing's

Board of Commissioners Meeting
November 23, 2015

Extreme Weather Response Shelter program was discussed and plans for the winter ahead.

4. Provincial Rental Housing Corporation President's Second Quarter Report - For Information

This report was tabled for information. S. Ramsay noted that this quarterly report, which describes PRHC real estate transactions, is also provided to the Housing Policy Branch of the Ministry.

5. Development of the Service Plan - For Discussion

J. Bell provided an overview of the report on the planning context and proposed strategic framework for the 2016/17 Service Plan to the Board. The Board discussed internal and external factors impacting BC Housing, as well as major areas of opportunity and risk for the year ahead. Direction was provided to staff for the draft Service Plan to be presented to the Board at the December meeting.

Audit and Risk Management Committee – November 23, 2015

6. Committee Chair's Report

F. Wightman, on behalf of the Committee Chair, reported on matters discussed at the November 23, 2015 meeting, and presented the following motions for approval by the Board:

MOTION: Resolved that the Board of Commissioners approves the second quarter financial results for 2015/16.

M/S/C (Wightman/McLeod)

MOTION: The Board resolves that the budget of \$664.8 million in 2016/17, \$651.5 million in 2017/18, and \$628.6 million in 2018/19, be approved.

M/S/C (Wightman/McLeod)

Human Resources Committee – November 23, 2015

7. Committee Chair's Report

The Committee Chair reported on matters discussed at the November 23, 2015 meeting and presented one motion in camera.

Capital Review Committee – November 23, 2015

8. Committee Chair's Report

The Committee Chair reported on matters discussed at the November 23, 2015 meeting, and presented the following motions for approval by the Board:

Shayne Ramsay left the room at 3:56 PM due to a conflict.

MOTION: The Board approves the following project:

- 1) Project Development Funding (PDF) financing of up to \$7,071,225 including GST under the Community Partnerships Initiative for the purchase of the lands from Wall Financial Corp. plus holding costs to develop up to 172 units of purpose built affordable housing and market rental housing in a mixed use high-rise development with a total capital budget of \$35,928,300 for low to moderate income households developed by 200 Hastings Street Developments Limited Partnership, by its general partner, 200 Hastings Developments (GP) Ltd., with development guarantees to be provided by BJW Investments Ltd., and PWO Investments Ltd, joint and several (herein "Wall");
- 2) To sign a Letter of Intent (LOI) and to subsequently negotiate and enter into a Development Agreement with Wall;
- 3) To purchase 104 units out of 172 units for a purchase price of up to \$15,364,500 with Non Profit Asset Transfer (NPAT) funding to the Provincial Rental Housing Corporation ("PRHC") in partnership with Wall; and
- 4) To consider providing interim construction financing of up to \$35,928,300 to PRHC for the redevelopment of the Project with Wall.

M/S/C (Kositsky/Kunz)

Shayne Ramsay returned to the meeting at 4:00 PM.

MOTION: The Board approves the following project:

Provisional Project Approval with a total capital budget of \$28,976,421 and approve interim construction financing of up to \$23,228,253 to Townline Ventures (Clarke Street) Ltd for the purpose of developing the affordable home ownership residential component only of their proposed eighty-four unit mixed use project at 2513 Clark Street, Port Moody.

M/S/C (Kositsky/Wightman)

Corporate Governance Committee – November 23, 2015

9. Committee Chair's Report

The Committee Chair reported on matters discussed at the November 23, 2015 meeting and presented the following motion for approval by the Board:

MOTION: The Board resolves that the Terms of Reference for the Ethics Advisor position, and the reappointment of Gavin Hume, Q.C. of Harris & Company LLP as BC Housing's Ethics Advisor, be approved.

M/S/C (Kunz/Wightman)

MOTION: The Board approves the Terms of Reference for the Human Resources Committee and the Capital Review Committee.

M/S/C (Kunz /McLeod)

Tabled Reports

10. Quarterly Freedom of Information and Protection of Privacy Act (FIPPA).

This report was presented

11. In Camera with Chief Executive Officer

In camera with the CEO was not held.

12. In Camera

In camera was held.

The meeting closed at 5:00 PM.

NEW WESTMINSTER LAND TITLE OFFICE

LAND TITLE ACT Mar-01-2016 11:27:56.001
FORM A (Section 185(1))
FREEHOLD TRANSFER Province of British Columbia

CA5017590
PAGE 1 OF 1 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Allison Kate Godey AV9SJ7
Digitally signed by Allison Kate Godey AV9SJ7
DN: cn=CA, o=Allison Kate Godey AV9SJ7, e=Lawyer, ou=Verify ID at www.jefeast.com/LKUP.cfm?ID=AV9SJ7
Date: 2016.03.01 10:23:10 -08'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Allison Godey
Singleton Urquhart LLP
1200 - 925 West Georgia Street
Vancouver BC V6C 3L2
Phone No: 604.673.7434
File No: 25000.184
BCH File No: 94035pr7438/292 East Hastings
Document Fees: \$71.58
Deduct LTSA Fees? Yes

2a. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

029-768-446 LOT 1 BLOCK 11 DISTRICT LOT 196 GROUP 1 NEW WESTMINSTER DISTRICT PLAN EPP59251

STC? YES

2b. MARKET VALUE: \$ 6,699,984.00

3. CONSIDERATION: \$ 6,699,984.00

4. TRANSFEROR(S):

292 EAST HASTINGS HOLDINGS LTD. (INC. NO. BC1007369)

5. FREEHOLD ESTATE TRANSFERRED: Fee Simple

6. TRANSFEREE(S): (including occupation(s), postal address(es) and postal code(s))

PROVINCIAL RENTAL HOUSING CORPORATION

1701 - 4555 KINGSWAY
BURNABY BRITISH COLUMBIA BC0052129
V5H 4V8 CANADA

7. EXECUTION(S): The transferor(s) accept(s) the above consideration and understand(s) that the instrument operates to transfer the freehold estate in the land described above to the transferee(s)

Officer Signature(s)

PETER M. TOLENSKY
Barrister & Solicitor
1600 - 925 WEST GEORGIA ST.
VANCOUVER, B.C. V6C 3L2
(604) 685-3456

Execution Date		
Y	M	D
16	02	29

Transferor(s) Signature(s)

292 EAST HASTINGS HOLDINGS LTD. by its authorized signatory(ies):

Print Name: BRUNO WALL

Print Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM A (Section 185(1))
FREEHOLD TRANSFER Province of British Columbia

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.



1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Allison Godey
Singleton Urquhart LLP
1200 - 925 West Georgia Street
Vancouver BC V6C 3L2

Phone No: 604.673.7434
File No: 25000.184
BCH File No: 94035pr7438/292 East Hastings

Deduct LISA Fees? Yes

2a. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

029-768-446 LOT 1 BLOCK 11 DISTRICT LOT 196 GROUP 1 NEW WESTMINSTER
DISTRICT PLAN EPP59251

STC? YES

2b. MARKET VALUE: \$ 6,699,984.00

3. CONSIDERATION: \$ 6,699,984.00

4. TRANSFEROR(S):

292 EAST HASTINGS HOLDINGS LTD. (INC. NO. BC1007369)

5. FREEHOLD ESTATE TRANSFERRED: **Fee Simple**

6. TRANSFEREE(S): (including occupation(s), postal address(es) and postal code(s))

PROVINCIAL RENTAL HOUSING CORPORATION

1701 - 4555 KINGSWAY
BURNABY

BRITISH COLUMBIA
CANADA

Incorporation No
BC0052129

V5H 4V8

7. EXECUTION(S): The transferor(s) accept(s) the above consideration and understand(s) that the instrument operates to transfer the freehold estate in the land described above to the transferee(s)

Officer Signature(s)

PETER M. TOLENSKY
Barrister & Solicitor
1600 - 925 WEST GEORGIA ST.
VANCOUVER, B.C. V6C 3L2
(604) 685-3456

Execution Date

Y	M	D
16	02	29

Transferor(s) Signature(s)

292 EAST HASTINGS HOLDINGS LTD. by its authorized signatory(ies):

Print Name: BRUNO WALL

Print Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

Supporting Documents Available Online

1. **LINK:** <http://vancouver.ca/files/cov/ey-brenhill-land-swap-report.pdf>

City of Vancouver: Brenhill Land Swap report

Preliminary findings report reviewing the process and economics of the land swap transaction, prepared by Ernst and Young.

2. **LINK:** <http://vancouver.ca/files/cov/2016-163-release.pdf>

COV response to FOI Request for Access to records June 15, 2016 in regards to the draft report entitled "City of Vancouver: Brenhill Land Swap".

3. **LINK:** <http://council.vancouver.ca/20121031/icre20121031dec.htm>

Regarding:

In Camera City of Vancouver Council Meeting, October 31 November 7, 2012 Decisions and Reports Released

"In-camera City of Vancouver minutes regarding Potential Sale of City-owned land located at 508 Helmcken Street and proposed closure and sale of adjacent lane and Potential Purchase of land for Housing and Development of Non-Market Housing."

4. **LINK:** <http://council.vancouver.ca/20130409/icre20130409dec.htm>

Regarding: In Camera City of Vancouver Council Meeting April 9 and 10, 2013 Decisions and Reports Released.

"Development Agreement and Related Contracts for the Sale of City-owned land located at 508 Helmcken Street for the development of new social housing."

From: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>
To: "[Quinlan, Kevin](mailto:Kevin.Quinlan@vancouver.ca)" <Kevin.Quinlan@vancouver.ca>
Date: 3/16/2017 9:53:41 AM
Subject: FW: Brenhill in news again

fyi

Sadhu Afochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
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604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)



From: Postma, Tobin
Sent: Thursday, March 16, 2017 9:50 AM
To: Johnston, Sadhu; Aujla, Bill; Connell, Francie
Cc: Kendall-Craden, Rena
Subject: Brenhill in news again

Hi all,

Just a quick heads up – Brenhill is in the news again as David Eby is focusing on it – see note below from Jen at Metro:

Hello,

I am working on a story about questions that MLA David Eby has raised regarding a \$39 million loan to Brenhill Property Holdings. Brenhill was involved in a land swap deal that ended up in a condo building being built on the former site of a social housing complex, while a new social housing building was built across the street (near Emory Barnes Park in Yaletown).

Eby has told me that the city contributed \$30 million to the social housing part of the project. I am wondering if I could speak to someone at the city who could walk me through the city's involvement in the project. It is incidental to the main thrust of the story, which involves BC Housing, the developer and the provincial government, but I am trying to get a better understanding of what was quite a complicated arrangement.

I've sent her to our FOI section for the E&Y report for a breakdown of the deal, she is satisfied with that.

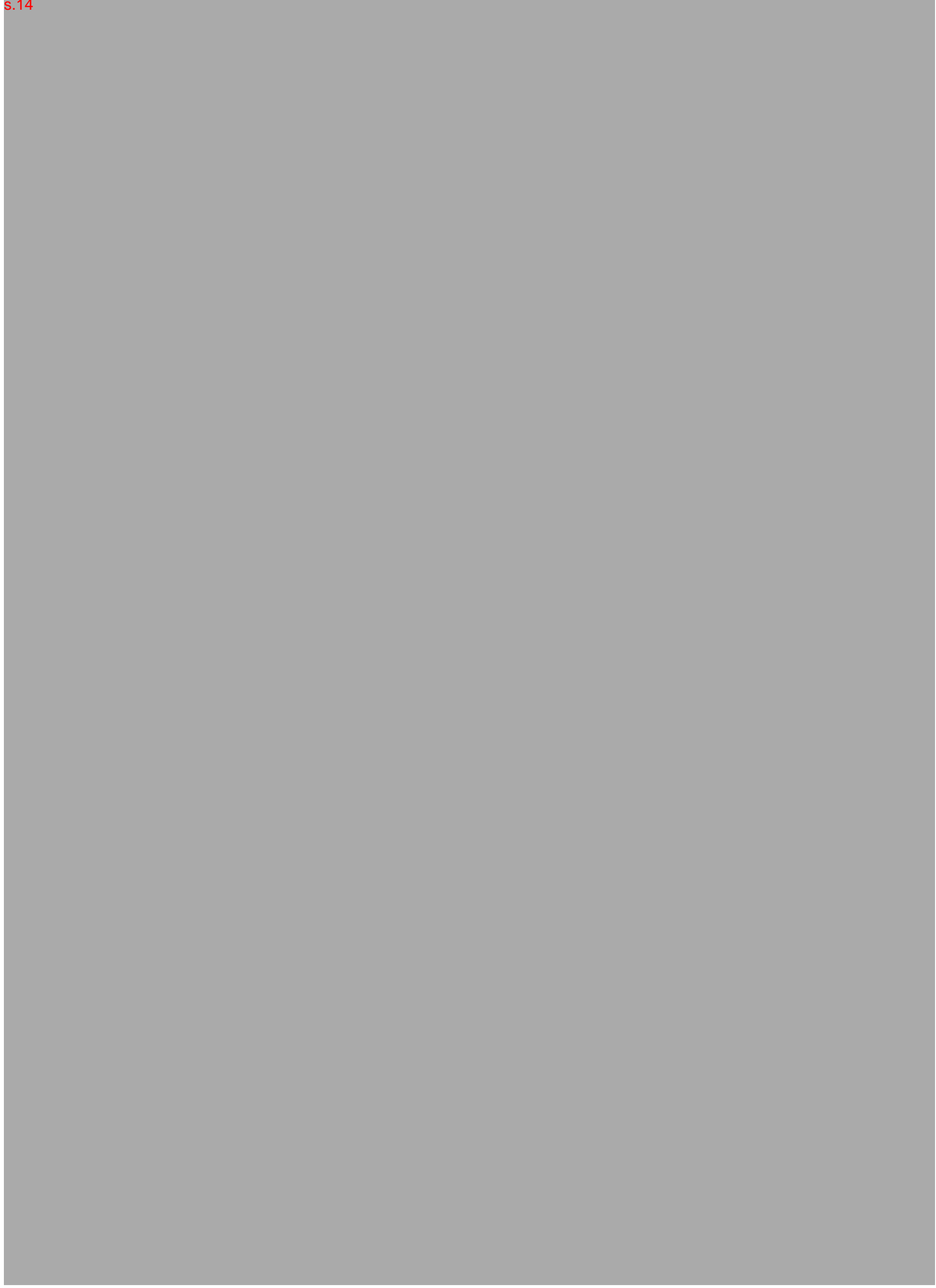
Just wanted to raise the flag on this.

Tobin

Tobin Postma | Communications Manager
Corporate Communications | City of Vancouver
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t. 604.871.6914
m. 604.218.5952
tobin.postma@vancouver.ca

Never miss a chance to have your say. Join TalkVancouver.com and stay in the loop on civic engagement opportunities!





From: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>

To: "[Quinlan, Kevin](mailto:Kevin.Quinlan@vancouver.ca)" <Kevin.Quinlan@vancouver.ca>

Date: 4/5/2017 4:16:24 PM

Subject: FW: media on brenhill

fyi

Sadhu Afochs Johnston | City Manager
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604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)



From: Postma, Tobin
Sent: Wednesday, April 05, 2017 4:15 PM
To: Johnston, Sadhu
Subject: RE: media on brenhill

Frances Bula wanted a statement on RCMP investigation - I sent her our statement that we created this morning.

Sam Cooper followed up with questions on how we determined affordable rents at Jubilee House – I sent him the same information that I sent Jen St Denis last week which was prepared by Housing team.

From: Johnston, Sadhu
Sent: Wednesday, April 05, 2017 4:12 PM
To: Postma, Tobin
Subject: media on brenhill

Hi-
Have we gotten any requests on this?
s.

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604.873.7627 | Sadhu.johnston@vancouver.ca
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From: "[Jong, Teresa](mailto:Teresa.Jong@vancouver.ca)" <Teresa.Jong@vancouver.ca>

To: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>

Date: 6/20/2017 12:19:55 PM

Subject: HP Records Manager Document : DOC/2017/106075 : CMO - Letter to Editor in Chief Vancouver Sun - 2017.04.04 - signed by CM

Attachments: CMO - Letter to Editor in Chief Vancouver Sun - 2017.04.04 - signed by CM.PDF

-----< HP Records Manager Record Information >-----

Record Number : DOC/2017/106075

Title : CMO - Letter to Editor in Chief Vancouver Sun - 2017.04.04 - signed by CM

April 7, 2017

Editor in Chief, Vancouver Sun
Harold Munro
hmunro@vancouver.sun.com

Dear Sir,

On April 5, 2017 the Vancouver Sun published, both in print and online, an article entitled "RCMP investigating controversial Vancouver land swap". The byline attributes the article to Sam Cooper.

The City of Vancouver has serious concerns with this article.

The article maintains that the "RCMP are investigating controversial Vancouver land swap". It has subsequently come to the City's attention that the RCMP are not "investigating" this land swap. The RCMP have indicated to other media sources that they are simply reviewing documents related to the land swap that were forwarded to them by Glen Chernen and that there is, in fact, no formal investigation.

As a result of this information other media outlets have retracted the assertion that the RCMP are "investigating" the land swap. For example Global BC have included the following editor's note with their online article:

A previous version of this article's headline stated the RCMP is "investigating" the City of Vancouver land swap deal. The RCMP have not launched a formal investigation but are currently reviewing a complaint into the deal.

We ask that as responsible journalists the Vancouver Sun issue a similar clarification in print, online and on whatever social media platforms the allegations has been disseminated. The City would hope that the Vancouver Sun will, in future, take steps to ensure that the headlines and stories it publishes are accurate and properly verified.

The article also refers to the litigation in 2014 and 2015 relating to the land swap as follows:

...a 2014 B.C. Supreme Court challenge which successfully quashed the deal's rezoning. A judge said the city's public process for the deal was inadequate. But the city won an appeal in April 2015.

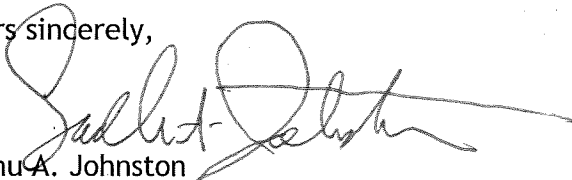
This paragraph details the findings of the BC Supreme Court but fails to adequately state that the City was fully vindicated by the Court of Appeal and that the BC Supreme Court decision was overturned. A fair and balanced report would have emphasized that the Courts have found that the City acted entirely properly in re-zoning the property involved in the land swap rather than emphasize that a lower court made a contrary finding.

Finally, the City is concerned that the article uses Mr. Glen Chernen as a source without adequately explaining Mr. Chernen's relationship to the City. Mr. Chernen is not just a member of the South Vancouver Parks Society he is a former candidate for Mayor with the Cedar Party and was involved in three lawsuits against the City or the Mayor in 2014. Two of those lawsuits were dismissed and Mr. Chernen was directed to pay the Mayor's costs in those cases and in the third he has taken no steps to pursue the claim. A fair and balanced report would have considered Mr. Chernen's history with the City of Vancouver and made clear the political motivation for his complaint to the RCMP.

The City trusts that in future the Vancouver Sun will endeavor to provide more balanced coverage of issues such as this and will ensure that all of its articles are properly sourced and are accurate.

We request your confirmation that you will be retracting the assertion that the RCMP are conducting an investigation.

Yours sincerely,



Sadhu A. Johnston
City Manager

453 W 12th Avenue, Vancouver, BC V5Y 1V4
tel: 604.873.7627 - fax: 604.873.7641
sadhu.johnston@vancouver.ca

From: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>

To: "[Postma, Tobin](mailto:tobin.postma@vancouver.ca)" <tobin.postma@vancouver.ca>

["Aujla, Bill"](mailto:bill.aujla@vancouver.ca) <bill.aujla@vancouver.ca>

["Evans, Jerry"](mailto:jerry.evans@vancouver.ca) <jerry.evans@vancouver.ca>

["Van Fraassen, Barbara"](mailto:Barbara.VanFraassen@vancouver.ca) <Barbara.VanFraassen@vancouver.ca>

["Dixon, Iain"](mailto:iain.dixon@vancouver.ca) <iain.dixon@vancouver.ca>

["Connell, Francie"](mailto:francie.connell@vancouver.ca) <francie.connell@vancouver.ca>

Date: 3/28/2017 4:24:04 PM

Subject: RE: BC Housing release on Brenhill

Ok
Thanks
s.

Sadhu Afochs Johnston | City Manager
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604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)

From: Postma, Tobin
Sent: Tuesday, March 28, 2017 4:23 PM
To: Aujla, Bill; Evans, Jerry; Van Fraassen, Barbara; Dixon, Iain; Connell, Francie
Cc: Kendall-Craden, Rena; Johnston, Sadhu
Subject: BC Housing release on Brenhill

Hi all,

Attached is the package that BC Housing released to media today on Brenhill.

One issue of note is that there is a Nov 2013 note from Michael Flannigan saying that value of land once rezoned is estimated to be \$80M.

We have put a small update on our homepage that links to all of the document related to Brenhill so that they are easy to find/direct people to.

Tobin

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t. 604.871.6914
m. 604.218.5952
tobin.postma@vancouver.ca

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From: "[Quinlan, Kevin](mailto:Kevin.Quinlan@vancouver.ca)" <Kevin.Quinlan@vancouver.ca>
To: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>
Date: 3/28/2017 4:28:08 PM
Subject: Re: BC Housing release on Brenhill

Max asked me to call him when I can. s.22(1) could you give him a call to check in?

Sent from my iPhone

On Mar 28, 2017, at 4:24 PM, Johnston, Sadhu <Sadhu.Johnston@vancouver.ca> wrote:

KQ-

Pls see below and attached. I have discussed with michael and he has been in direct communications with the developers.

Best

Sadhu

Sadhu Aufochs Johnston | City Manager
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<Technical Briefing-Wall Brenhill.pdf>

From: Johnston, Sadhu
Sent: Wednesday, April 05, 2017 7:45 AM
To: Kendall-Craden, Rena; Aujla, Bill
Subject: Brenhill

Hi

Can you work together to prepare a statement on this morning's story? We will likely be getting requests, so will want to have this ready...

Thanks

Sadhu

Sadhu Aufochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: sadhuajohnston

From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

To: "Postma, Tobin" <tobin.postma@vancouver.ca>

"Aujla, Bill" <bill.ujla@vancouver.ca>

"Connell, Francie" <francie.connell@vancouver.ca>

Date: 3/16/2017 9:53:32 AM

Subject: RE: Brenhill in news again

Ok.
Thanks
s.

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Cc: Kendall-Craden, Rena
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Just wanted to raise the flag on this.

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From: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>

To: "[Quinlan, Kevin](mailto:Kevin.Quinlan@vancouver.ca)" <Kevin.Quinlan@vancouver.ca>

Date: 4/7/2017 4:05:39 PM

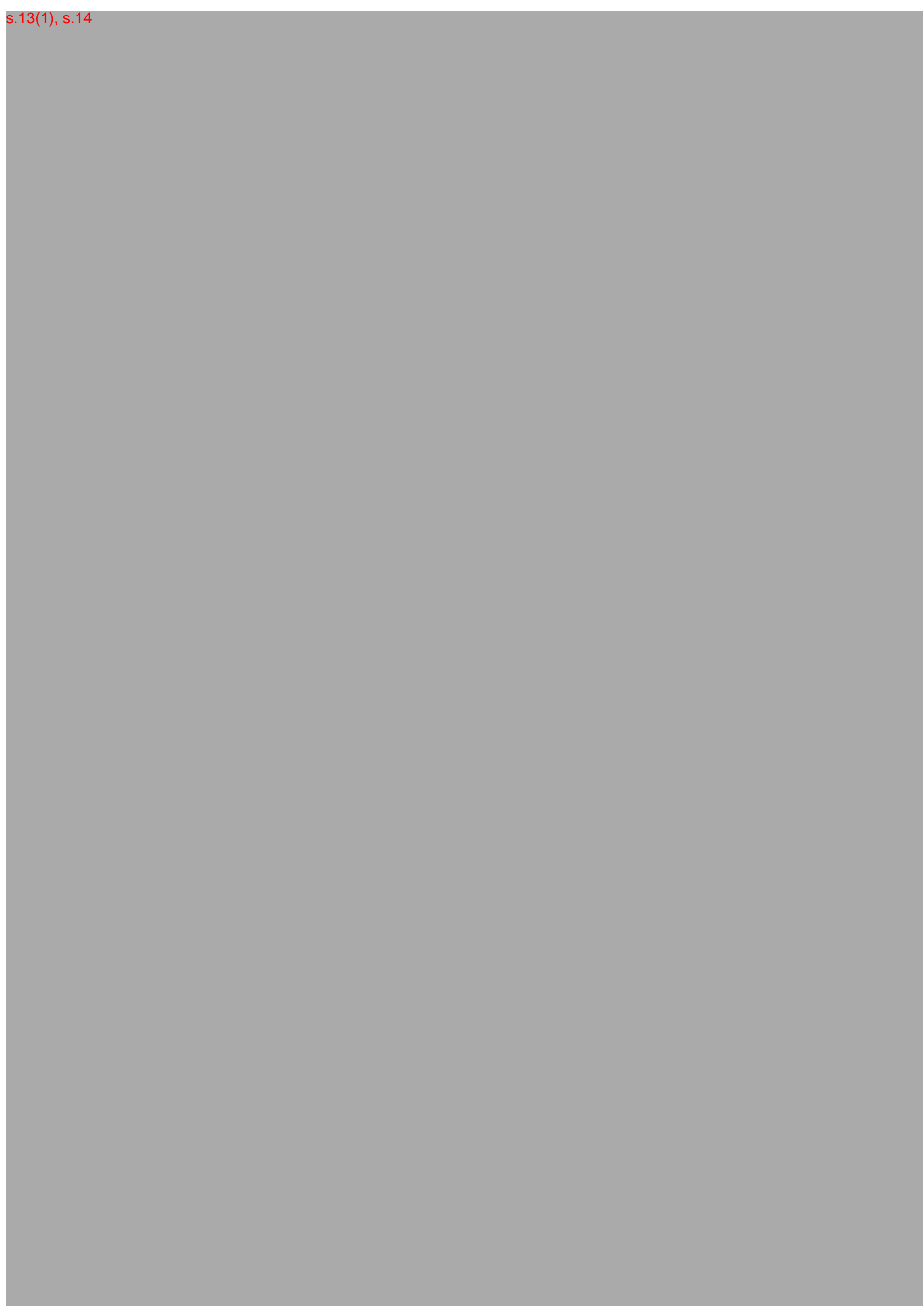
Subject: RE: Brenhill Letter to CKNW

Did you see the linda steele comment saying she's seen that the rcmp is doing an investigation?

Sadhu Afochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: sadhuajohnston




s.13(1), s.14



From: "[Kendall-Craden, Rena](mailto:Rena.Kendall-Craden@vancouver.ca)" <Rena.Kendall-Craden@vancouver.ca>
To: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>
Date: 4/5/2017 8:00:06 AM
Subject: RE: Brenhill

I wish I had video recorded your interview with Tanya Beja. It would have said it all. Thanks RKC

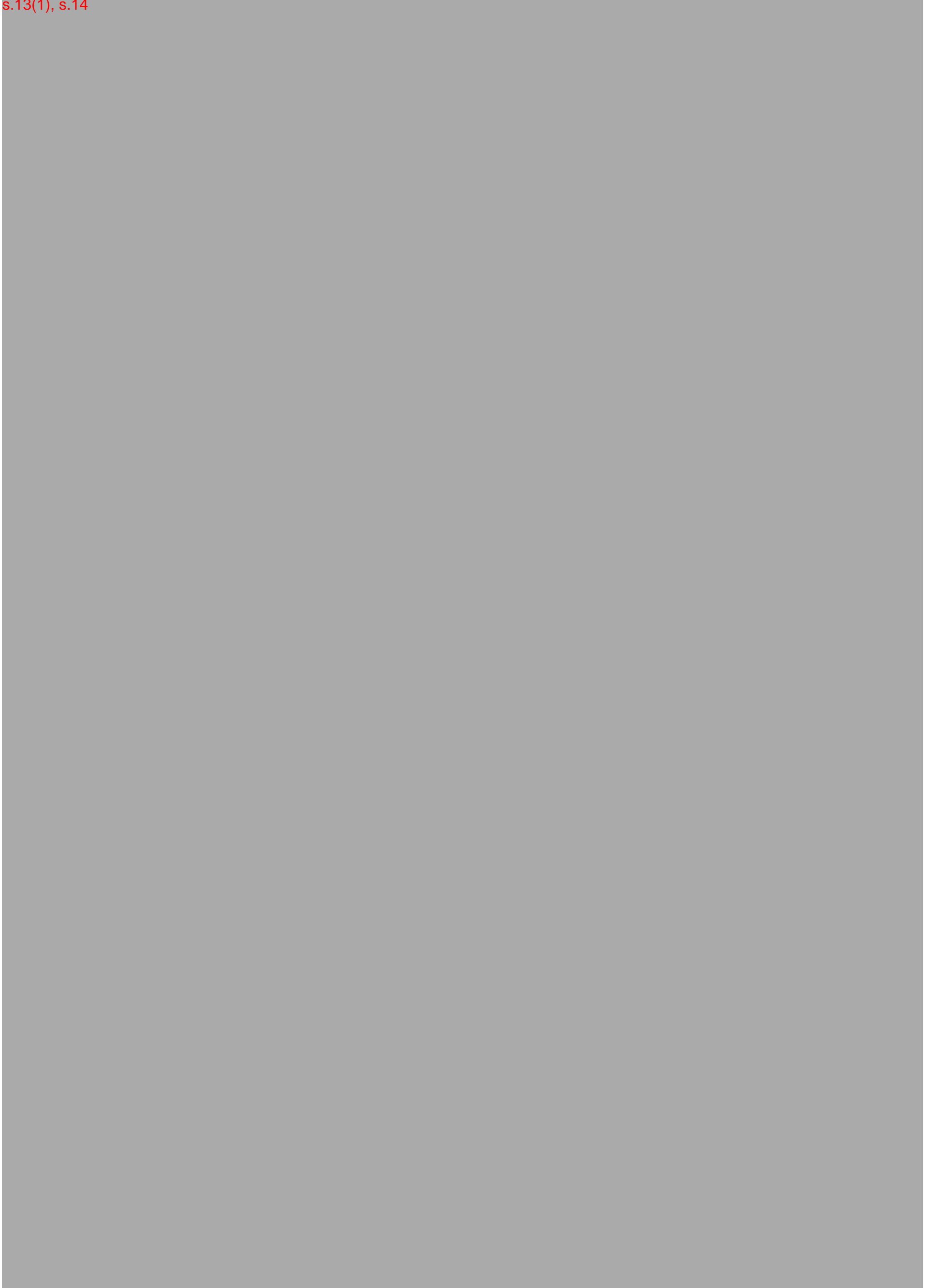
s.13(1), s.14



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To: Kendall-Craden, Rena; Aujla, Bill
Subject: Brenhill

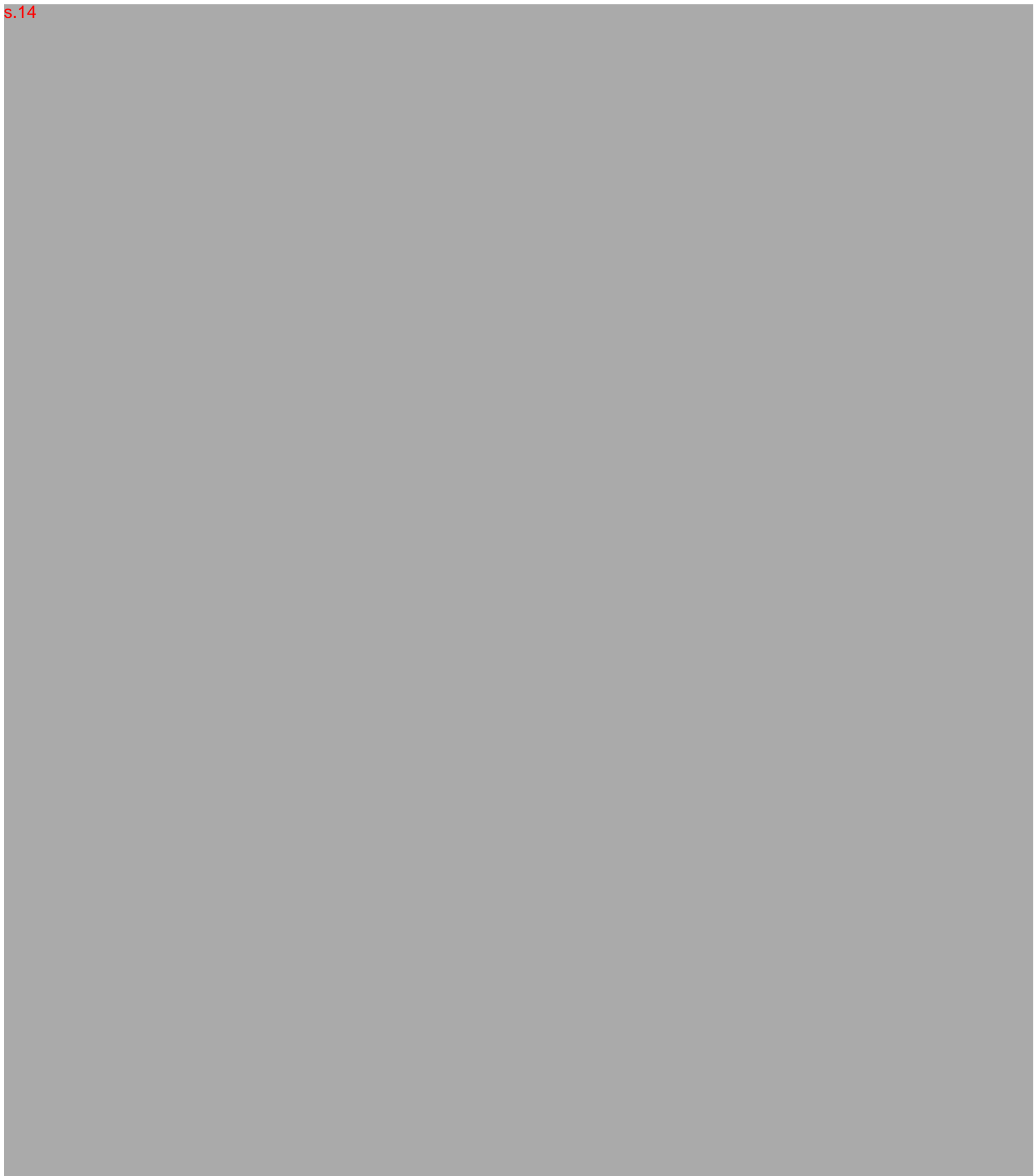
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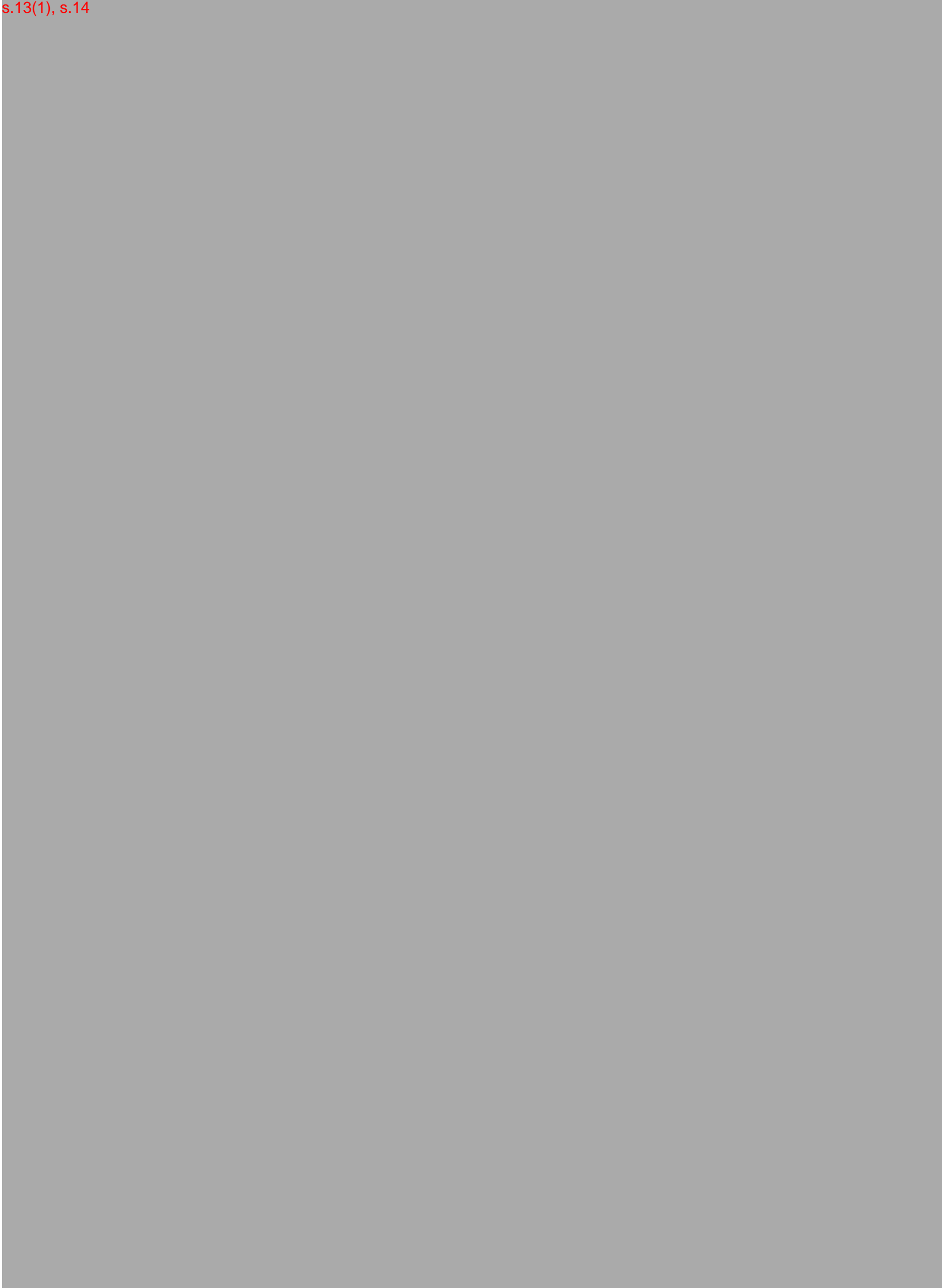
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Twitter: sadhuajohnston



s.13(1), s.14

s.14





From: Postma, Tobin
Sent: Wednesday, January 18, 2017 8:48 AM
To: Aujla, Bill; Dixon, Iain; Evans, Jerry; Johnston, Sadhu; Van Fraassen, Barbara; Connell, Francie
Cc: Kendall-Craden, Rena
Subject: Global story on Brenhill

Please find a link below to Global's Brenhill story that ran last night:

<http://globalnews.ca/news/3188058/exclusive-did-vancouverites-lose-out-on-downtown-land-swap-deal/>

Thanks all for your work to prepare for this one – I think Sadhu got our message across as clearly as we could and the story ended with the improvements we have since made going forward.

Barb – please let me know when we can get those in-camera documents posted, it would be great if we could get them up by tomorrow.

Thanks,
Tobin

Tobin Postma | Communications Manager
Corporate Communications | City of Vancouver
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Vancouver BC V5Y 1V4
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m. 604.218.5952
tobin.postma@vancouver.ca

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ADMINISTRATIVE REPORT

Report Date: April 3, 2013
Contact: Michael Flanigan
Contact No.: 604.873.7422
RTS No.: 10015
VanRIMS No.: 08-2000-21
Meeting Date: April 9, 2013

TO: Vancouver City Council

FROM: General Manager of Real Estate and Facilities Management and the Director of Real Estate Services, in consultation with the Director of Finance, General Manager of Community Services, General Manager of Engineering Services, and Director of Legal Services

SUBJECT: Development Agreement and Related Contracts for the Sale of City-owned land located at 508 Helmcken Street for the development of new social housing

IN CAMERA RATIONALE

This report is recommended for consideration by Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city.

RECOMMENDATION

- A. ***THAT Council authorize the Director of Real Estate Services to complete contract negotiations with The 127 Society for Housing (the "Society") and British Columbia Housing Management Commission ("BC Housing") for the lease of land and improvements to be constructed on the property located at 1077-1099 Richards Street, legally described as PID: 004-904-125 PID: 015-485-811 PID: 003-690-806, PID: 006-706-673 LOT 20 to LOT 23, all of BLOCK 84 DISTRICT LOT 541 PLAN 210 (the "Brenhill Lands"); and authorize the Director of Real Estate Services to execute an offer to lease (the "Offer to Lease") for a new 60-yr lease agreement (the "Lease Agreement") with the Society, as lessee of the Brenhill Lands and the 162 unit social housing project (the "Non-Market Housing Project") to be constructed on the Brenhill Lands and thereafter transferred together with the Brenhill Lands to the City; the Offer to Lease and Lease Agreement to be on such terms and conditions as are acceptable to the General Manager of Real Estate and Facilities Management, Managing Director of Social Development, the Director of Finance, and Director of Legal Services, including:***

- i. *a phased prepayment of the rent payable by the Society pursuant to the Lease Agreement of approximately \$9.9 million (the "Prepaid Rent"), of which approximately \$8.1 million will be payable within 12 months of final occupancy permit issuance for the Non-Market Housing Project and an additional \$1.8 million will be payable upon maturity of the remaining outstanding BCH/CMHC mortgage; and*
- ii. *financing of the Prepaid Rent by new mortgage(s) of the Society's leasehold interest in the Brenhill Lands and the Non-Market Housing Project, to be negotiated with BC Housing/CMHC and/or other third party lenders (the "Mortgage"), with the Mortgage and any related financing documents to be on such terms and conditions as are acceptable to the Director of Finance and Director of Legal Services.*

As the prepaid lease of approximately \$9.9 million is below the applicable market rate of \$28.6 million, RECOMMENDATION A(i) constitutes a grant valued at approximately \$18.7 million and approval requires eight affirmative votes of Council.

B. THAT, subject to obtaining Council approval of RECOMMENDATION A:

- i. *THAT Council, pursuant to the land exchange contract (the "Land Exchange Contract") entered into between the City and Brenhill Developments Limited ("Brenhill") with an effective date of January 28, 2013, for the City lands (the "City Lands") located at 508 Helmcken Street, legally described as PID: 015-482-073, PID: 015-482-081, PID: 015-482-138, PID: 015-482-162 PID: 015-482-260 LOT 34 to LOT 38, all of BLOCK 94 DISTRICT LOT 541 PLAN 210, and the City Lane (as shown on Appendix A), authorize the Director of Legal Services and Director of Real Estate Services to negotiate and execute a development agreement (the "Development Agreement") with Brenhill, the Society, and BC Housing/Canadian Mortgage and Housing Corporation ("CMHC") to construct the Non-Market Housing Project, to be transferred upon completion to the City together with the Brenhill Lands, at no development or construction cost risk to the City; the Development Agreement to be on such terms and conditions as are acceptable to the General Manager of Real Estate and Facilities Management, General Manager of Engineering, and Director of Legal Services;*
- ii. *THAT Council direct City staff to complete negotiations with the Society and BC Housing/CMHC and authorize the Managing Director of Social Development to, concurrently with the Lease, enter into a 60 year operating agreement (the "Operating Agreement") with the Society and BC Housing/CMHC that will govern the Society's operation of the Brenhill Lands and the Non-Market Housing Project as more particularly set out below in this report; the Operating Agreement to be on such terms and conditions as are acceptable to the General Manager of Real Estate and Facilities Management, General Manager of Community Services, Director of Finance, and Director of Legal Services.*

- C. *THAT, when City staff conclude such negotiations with Brenhill, BC Housing, CMHC, and the Society, that the Offer to Lease, Lease Agreement, Development Agreement, and Operating Agreement be subject to the City Lands being successfully rezoned, at Brenhill's sole risk and expense.*
- D. *THAT a Council decision to enter into the Offer to Lease, Lease Agreement, Development Agreement, and/or Operating Agreement with Brenhill, BC Housing and/or the Society will not in any way limit Council or the City and its officials, including the Approving Officer, in exercising their discretion with respect to any related rezoning, permitting, or subdivision of the City Lands or Brenhill Lands.*
- E. *THAT no legal rights or obligations will arise or be created between:*
- i. *the Society and the City for the lease of the Brenhill Lands and the Non-Market Housing Project unless and until a legally binding Lease Agreement, is successfully negotiated and executed and delivered by the Society and the City through its authorized signatories, the Director of Legal Services and the Director of Real Estate Services;*
 - ii. *the Society, BC Housing/CMHC, and the City for the operations of the Brenhill Lands and the Non-Market Housing Project unless and until a legally binding Operating Agreement is successfully negotiated, executed and delivered by the Society, BC Housing/CMHC and the City through its authorized signatories, the Director of Legal Services and the General Manager of Community Services; and,*
 - iii. *Brenhill, the Society, BC Housing/CMHC, and the City for the development and financing of the Non-Market Housing Project unless and until a legally binding Development Agreement is successfully negotiated and executed and delivered by Brenhill, the Society, BC Housing/CMHC, and the City through its authorized signatories, the Director of Legal Services and the Director of Real Estate Services.*

REPORT SUMMARY

On October 31, 2012, staff presented Council with a project briefing on the proposed Brenhill land transaction for the City owned property located at 508 Helmcken Street (RTS 9821). The purpose of this Report is to update Council on the outcome of the negotiations staff have undertaken to date with Brenhill Development, 127 Society for Housing, and BC Housing/CMHC to achieve the stated Council Housing and Homelessness objectives. This Report further seeks Council approval for staff to finalize the unit count, tenant mix, operating model, and mortgage finance recommendations in order to complete the new Lease Agreement, Operating Agreement, and Development Agreement with the respective parties.

At the October 31, 2012 Council briefing, City staff advised Council that Brenhill had approached the City with a "sole source" land exchange proposal that would involve the transfer of ownership of the Brenhill Lands to the City in exchange for fee simple title to the City Lands. In consideration for the City agreeing to the land exchange,

including transfer of ownership of the City Lane, and further subject to a proposed rezoning of the City Lands by Vancouver City Council, Brenhill would be responsible for all costs and risk of constructing and fitting out approximately 172 non-market housing units on the Brenhill Lands, to be owned by the City and built pursuant to the City's non-market housing construction plans and specifications.

The total construction value for the Non-Market Housing Project was estimated at \$30,600,000, to be funded from a projected \$25,000,000 in CAC's from the proposed rezoning of the City Land, with the balance to be funded through reinvestment of the differential sale proceeds of the land transaction. In addition, Brenhill proposed to build 110 units of market rental housing in their market condominium tower to be secured by a City Housing Agreement over the City Lands, protecting this affordable rental housing stock for a minimum of 60 years, or life of the building, whichever term is longer. If the proposed rezoning of the City Lands is successful, Brenhill would also contribute a further \$1,000,000 in cash to the City's Affordable Housing Fund (AHF), to be used in part to fund the City's and the Society's project management and related legal, tenant relocation, and administrative expenses.

Given that the final unit count, unit sizes, tenant mix, operating model, and prepaid lease options remained to be finalized with the Society at that time, and the number of units comprising the Non-Market Housing Project was subject to change (+/- 10) depending on final project design, Council directed that the final decision pertaining to the new Lease Agreement, Operating Agreement, and Development Agreement were to be reported back to Council for final approval once these deal terms were better known.

Staff are pleased to advise that the Lease Surrender agreement and Land Exchange Contract have now been successfully negotiated and executed. The architectural design for the Non-Market Housing Project on the Brenhill Lands has been through a number of iterations and the final count has settled at 162 units, as further detailed in this Report.

The proposed rezoning submission for the City Lands has also been refined and was submitted to the City (as regulator) on February 8, 2013. The completion of these agreements, and the significant progress on the design/development work, has provided staff with sufficient confidence to now finalize the remaining contracts that are the subject of this Report.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council's mission is to create a city of communities that cares about its people, its environment, and the opportunities to live, work, and prosper.

Council's Housing and Homelessness Strategy empowers City staff to work with other City departments, community partners, and all levels of government, to:

- Leverage the City's assets to build more affordable housing
- Build additional supportive housing for our most vulnerable citizens
- Target shelters, and supportive and social housing to underserved neighbourhoods
- Enhance support to renters
- Increase the opportunities for renters to become homeowners

Council's priorities for social housing are to maintain and expand housing opportunities with priority being given to families with children, SRO residents, and the mentally ill, physically disabled, and others at risk of homelessness.

The City leases land for non-market housing on 40-year or 60-year terms and currently considers prepaid rent of 50% of freehold land value to be the market value of a 40 year ground lease, and 75% of freehold land value to be the market value of a 60 year ground lease. Where improvements owned by the City are included in a non-market housing lease, the City considers 75% of the land and improvement value to be the market value of a 60 year lease.

Section 190(b) of the Vancouver Charter authorizes Council to dispose of City-owned property deemed to be surplus to the City's needs and requires an affirmative vote of two-thirds of all members of Council for the disposition of property which exceeds \$400,000 in value.

Council policy is to dispose of City-owned land through a public tender process. Council policy further provides for the direct sale of property without a public tendering in certain circumstances, such as those set out in this Report.

On April 18, 2012, staff presented Council with a project briefing on the proposed Brenhill land transaction and were directed to report back to Council with a revised deal structure that placed a stronger emphasis on achieving increased affordability options for the project.

On October 31, 2012, staff presented Council with a follow-up briefing and the Resolutions of that meeting are included as Appendix B.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

Council's Housing and Homelessness Strategy is an ambitious plan to address a critical policy goal for the city. The plan is multipronged and requires staff to develop innovative approaches to leverage city assets and partnerships to increase the number of social, supportive and affordable housing units across the city. The first annual progress report (2012) presented recently to Council demonstrated the progress which has been made through a variety of initiatives across the housing continuum. This report outlines an innovative opportunity and partnership which will renew and increase social housing units in the downtown south neighbourhood of Vancouver and in addition, through the rezoning proposal

which will be outlined in a subsequent report to Council, leverage over 100 additional units of market rental housing as part of the overall initiative.

This report outlines the use of a number of strategies to leverage the construction of a new social housing facility with 162 units (87 replacement, 75 incremental units):

- a strategic land swap involving two sites (one of which was an 87 unit social housing facility run by a non-profit operator on a city site) in close proximity
- the allocation of the anticipated CAC from the proposed rezoning for the development of the non-market housing
- the return of the City's equity through a pre-paid rent from the Society leveraged on the 60-year lease.
- The use of the development agreement to:
 - transfer the financial and construction risk to the developer for the delivery of the non-market housing for the City
 - ensure that the non-market housing is built first and the residents of Jubilee House transferred to the new facility prior to commencement of construction of the market housing project
 - establish a maximum construction budget with any savings retained by the city

A cross disciplinary team of staff from Housing, Real Estate, Planning, Facilities, Law and Finance have worked to support the negotiation of this innovative housing partnership. With approval of this report by Council, the negotiations will be completed and documents executed and then the rezoning application report will be brought forward for referral to Public Hearing.

In summary, the absence of a national housing strategy, the lack of federal social and affordable housing programs and the constrained resources at the provincial level require the city to find new and creative ways to continue to move ahead on our housing targets - this is one such example of how the city can achieve both refurbishment and expansion of social housing in our city through a combination of strategic partnerships, responsible leverage of City assets, regulation and policy, and a due diligence approach.

REPORT

Background/Context

The City owns the lands on which the Jubilee House is located at 508 Helmcken Street. This City land is leased to the Society which owns the building during the term of the lease, a non-market housing project built in 1985 containing 87 units. The term of the lease is for 41 years, with an option to renew for a further 20 years bringing the expiry date to 2046. Tenants in the building currently reside in 78 studio units, 5 one bedroom units, and 4 Accessible studio units and are low and limited income residents over the age of 45. The City does not have any financial obligations for these 87 housing units, as this project is subsidized by BC Housing. In order to proceed with the development proposal, however, the City has to obtain the Society's agreement to surrender their existing lease interest, provided replacement accommodation for the existing Jubilee residents in the new project is secured.

STRATEGIC ANALYSIS

Transaction Framework

In order to complete the necessary legal agreements to secure the respective obligations and responsibilities of the parties to this transaction, staff have created a transaction framework that will guide the completion of the required contracts, including those identified in RECOMMENDATION A and B. Both the City Lands and the Brenhill Lands will also require Development Permit processes to approve the respective forms of development being contemplated.

Jubilee House - Lease Surrender

Further to Council's direction on October 31, 2012, City staff have now concluded the negotiations with the Society and Brenhill to successfully secure a conditional Lease Surrender. The Lease Surrender is subject to meeting a number of condition precedents, in favour of the City, Society, and Brenhill. One of the material considerations is that the City grant a new Lease Agreement to the Society for a recharged lease term of sixty (60) years for the Non-Market Housing Project. RECOMMENDATION A provides the authority to staff to conclude negotiations and execute an Offer to Lease, and upon completion of the Non-Market Housing Project and the transfer of that Project and the Brenhill Lands to the City, a new Lease Agreement, in order to proceed with the Development Agreement. It is also a material term and condition of the Lease Surrender that the Non-Market Housing Project would be developed, with residents moved in, prior to Brenhill commencing demolition of the Jubilee House on the City Lands.

Non-Market Housing Project - Final Unit Count

In order to finalize the new Lease Agreement, staff must obtain the Society's agreement to the building design, final unit count, tenant mix, City's non-market housing design standards and construction specifications, parking/storage layouts, and configuration and fixturing of the amenity areas. Brenhill has been very cooperative with staff and the Society and after numerous design meetings with the Brenhill team, Brenhill's architect has revised the design to incorporate 162 units into the Non-Market Housing Project. To enhance long term operational and financial viability and address specific housing needs in the neighborhood, a decision was reached by the Society and staff to convert some of the studio spaces envisaged in the earlier design to larger one bedroom units to better accommodate couples and single parent families while enhancing tenant stability as rental of studio units tend to have shorter tenure and higher turnover.

Should Council approve the recommended 162 units in the Non-Market Housing Project, it would mean accepting a slight reduction from the 172 units previously targeted in the October 2012 report. The net increase of new social housing units (after factoring the 87 replacement units for Jubilee House) that the City has leveraged out in this innovative development model would be 75 additional units. Accordingly, the recommended suite breakdown would be 112 studio units, 4 senior studio units, and 46 1-bedroom units.

Operating Model & Tenant Mix

The operating model proposes that the management of all tenants in the Non-Market Housing Project, including both relocated Jubilee House residents as well as new tenants, be consolidated under the Society's Operating Agreement with the following tenant mix:

	Shelter Rate	Low-End of Market	Total
Studio & Senior. Studio	82	34	116
1-Bedroom	5	41	46
Total Unit Count	87	75	162
Average Rent/Month	\$436	\$1,142	\$763
(%)	53%	47%	100%

The proposed tenant mix will ensure preservation of housing for the existing 87 Jubilee residents who receive shelter assistance, old age Security or other fixed-income while dedicating all additional 75 units to serve clients at low-end-of-market (LEM) rates to achieve financial sustainability. As operating surpluses become available after financing obligations are repaid, there will be opportunities to enhance overall tenant mix over time to include more affordable non-market units (rent geared to income) and/or further invest in other social housing projects in Vancouver.

Mortgage Financing & New Lease Agreement

Pursuant to the October 31, 2012 Council meeting, Council instructed the Director of Finance to recommend a prepaid lease amount that would be supportable by the non-market housing operation based on the final unit count and tenant mix, while achieving long-term operational viability and financial sustainability over the term of the lease.

There are two existing mortgages registered against the Society’s leasehold interest on the City Lands in favour of CMHC that would take a priority position over any new financing. The existing first mortgage was registered on September 30, 1985 and subsequently assigned to CMHC. The second mortgage was registered to CMHC on October 26, 1998 (charge number BM295775). As at March 1, 2013, the first mortgage had an outstanding balance of approximately \$1,375,000 (including accrued interest), while the second mortgage, required for an emergency workout for roof and structural repairs, has an outstanding balance of approximately \$1,600,000 (including accrued interest).

Given the significant financial benefits that will accrue to BC Housing primarily through avoidance of deferred maintenance and future capital rehabilitation costs, BC Housing and CMHC (Ottawa office) have committed to an absolute discharge of the second CMHC mortgage in the amount of \$1.6 million and to continue providing non-market housing subsidies (~\$54,000 per annum) for the term of the existing CMHC first Mortgage. This agreement is an express acknowledgement of the innovative and creative public partnership between BC Housing and the City. Subject to BC Housing and CMHC’s agreement, the City would permit the remaining first mortgage to be ported over to the Brenhill Lands to be secured against the new leasehold interest of the Society in the Brenhill Lands and the Non-Market Housing Project, to be registered in priority to the new Mortgage.

With the proposed tenant mix of 53% who receive shelter assistance, old age security or other fixed-income and 47% at lower end of market rate, a phased prepaid lease of approximately \$9.9 million, of which approximately \$8.1 million is payable within 12 months of final occupancy permit issuance and an additional \$1.8 million is payable upon maturity of the first BCH/CMHC mortgage can be supported through mortgage financing (assuming 35-year amortization and financing rates of 4% for the first \$8.1 million of the Prepaid Rent and 6% for

the remaining \$1.8 million of the Prepaid Rent. The proceeds from the Prepaid Rent would be deposited into the City's Property Endowment Fund to offset the capital cost of the Non-Market Housing Project. As the market value of the new 60-year leasehold interest is estimated at \$28.6 million (75% of freehold value) net of the first outstanding CMHC mortgage of \$1.375 million, the recommended prepaid lease of \$9.9 million would constitute a grant valued at \$18.7 million and require eight affirmative votes of Council.

The Mortgage for the first payment of approximately \$8.1 million will be arranged as soon as feasible after the Society takes occupancy of the new Non-Market Housing Project and achieves a level of stabilized absorption of the units ("Stabilized Occupancy") as required by BC Housing/CMHC. The City and Society will make all reasonable efforts to ensure the new Mortgage and transfer of the existing CMHC mortgage will be completed within 12 months of the occupancy date.

It is proposed that the Brenhill Lands and the Non-Market Housing Project will be leased to the Society on similar basis as other affordable housing developed on City-owned land. The Lease Agreement will include the following terms and conditions:

- a term of 60 years with phased Prepaid Rent to the City of approximately \$9.9 million, which will be financed by BC Housing/CMHC or a commercial lender and secured by a Mortgage of the Society's leasehold interest;
- cross default provisions with the Operating Agreement to avoid conflicts between the requirements of the Lease and the Operating Agreements; and
- such other terms and conditions as may reasonably be requested by the City Manager, Managing Director of Social Development, the General Manager of Real Estate and Facilities Management, Director of Finance, and the Director of Legal Services.

With Council's approval, staff will also pursue further negotiations with BC Housing to provide low cost construction financing. Any potential savings will be retained by the City.

Operating Agreement

The Operating Agreement will set out the terms and conditions under which the building will be operated by the Society. This agreement will generally include the following principal terms and conditions:

- An initial target of a 53% tenants receiving shelter assistance, old age security or other fixed-income and 47% tenants at LEM with provisions for enhancing overall tenant mix to include more affordable "shallow core" non-market units (rent geared to income) over time as operating surpluses are achieved;
- requirement for the operator to manage the tenancies and tenancy turnover to ensure City Council's affordability targets are met and sustained over the long-term;
- requirement for the operator to develop and report on annual operating and capital budgets and tenant mix, to collect revenue and pay expenses and to develop a system of record keeping as determined necessary by the City;
- a requirement for building and systems repair and maintenance plans, both preventive and long-term capital asset preservation and replacement;
- a requirement to carry out all maintenance and repairs in a manner acceptable to the City;

- requirements for appropriate capital maintenance and operating contingency reserves to be provided by the Society;
- requirements for appropriate property and liability insurance coverage;
- cross default provisions with the Lease Agreement;
- provisions that any operating surplus, as and when they are achieved, would be shared 50/50 between the City and Society and which surplus must be reinvested in social housing either within the Non-Market Housing Project, or elsewhere within the City of Vancouver;
- provisions regarding all other aspects of the operation and management of the facility, and performance of obligations under contracts by which the Society is bound; and
- such other terms and conditions as may reasonably be requested by the City Manager, Managing Director of Social Development, the General Manager of Real Estate and Facilities Management, Director of Finance, and the Director of Legal Services.

FINANCIAL IMPLICATIONS

Capital Funding

On October 31, 2012, Council was presented with the following project capital and funding strategy:

Project Capital Cost	
Land	\$8.4M
Construction	\$30.6M
Project Management & Contingency	\$1.0M
	<hr/>
	\$40.0M
 Funding Sources	
Proceeds from Sale of Existing Jubilee Site	\$15.0M
Anticipated CAC from Proposed Rezoning of Existing Jubilee Site	\$25.0M
	<hr/>
	\$40.0M

The following assumptions are key to the proforma for the project:

- Brenhill will assume all financial risks associated with the construction of the Non-Market Housing Project at a maximum cost of \$31.6 million (excluding land)
- Any savings arising from lower than expected construction costs will be retained by the City
- As a condition precedent to the Development Agreement, Brenhill must tender the construction contracts to confirm that the final design and unit mix can be achieved within this funding envelope. (Early indication from the marketplace suggests that the proposed budget is sufficient.)
- Brenhill’s application to rezone the existing Jubilee Site in February 2013 further confirms that the anticipated value of the CAC (\$25 million) is achievable upon successful enactment of the proposed rezoning.

Prepaid Lease

The City will lease the Brenhill Lands and the Non-Market Housing Project to the Society for 60 years in return for a prepayment on the lease of approximately \$9.9 million. The estimated market value of the lease is estimated at \$28.6M (this reflects the standard formula used for calculating the net present value of a 60 year ground leases to non-profit social housing operators: 75% of \$40 million project cost less outstanding mortgage - in this case \$1.375 million Mortgage transferred from the Jubilee project). Thus this arrangement represents a grant from the City valued at approximately \$18.7 million to the Society.

Operating Funding

Consistent with Council policies on most non-market housing projects, the project is expected to be self-sustaining and does not require further operating subsidies, property tax exemptions, and/or financial guarantees from the City.

The Society and the City have agreed to an operating model and a tenant mix of 53% tenants receiving shelter assistance, old age security or other fixed-income and 47% LEM that optimizes long-term operational viability and financial sustainability of the Non-Market Housing Project while providing opportunities to advance Council's housing objectives in Vancouver. The proposed tenant mix will preserve housing affordability for all existing Jubilee tenants (87 units) at shelter rates while generating a prepaid lease of approximately \$9.9 million to offset overall City contribution to the project. Of the \$9.9 million prepaid lease, \$8.1 million will be paid within 12 months of occupancy and an additional \$1.8 million will be paid upon maturity of the remaining outstanding BC Housing/CMHC mortgage. Proceeds will be deposited in the Property Endowment Fund.

The City has also received written commitment from BC Housing that the existing second CMHC mortgage valued at \$1.6 million (principal + interest as of March 31, 2013) will be discharged, the existing housing subsidy of approximately \$54,000 will continue throughout the term of the existing CMHC Mortgage, and BC Housing will facilitate low cost financing for the new prepaid lease.

As operating surpluses become available after all mortgage financing obligations are repaid, there will be opportunities to enhance overall tenant mix to include "shallow core" non-market units (rent geared to income). Operating surpluses are generally shared 50/50 between the City and the Society after contributions to applicable reserves. The Society may use its portion to enhance affordability onsite or invest in other social housing projects in Vancouver.

PROJECT OVERSIGHT AND CONTROL

Further to Council's direction on October 31, 2012, the City's Procurement Office, working with Facilities Planning & Development, have issued an RFP for project management oversight (the "Project Oversight Manager") of Brenhill's design and construction of the Non-Market Housing Project. The Project Oversight Manager will represent the City's interest in the project and Brenhill and the City will meet regularly to review project issues, schedules, and budgets as required. The Project Oversight Manager will also supervise building envelope testing, commissioning, and close-out, review detailed electrical/mechanical specifications, and attend for onsite pouring and installation of structural components and roof membranes.

The Project Oversight Manager will attend the site to supervise these critical milestone events in the development schedule and as otherwise appropriate or necessary to protect the City's interests. A provision will also be established in the Development Agreement for the use of independent Quantity Surveyors and any construction cost savings arising from the construction cost estimates will be retained by the City.

It is important to note that Council, when considering this Report, is acting as owner of the City Lands and as proposed purchaser of the Brenhill Lands only and in order to ensure Council remains unfettered when considering any future rezoning or development permit as City regulator, RECOMMENDATION D has been included to provide: "that a Council decision to enter into the Lease Agreement, Operating Agreement, or Development Agreement with Brenhill, BC Housing and the Society will not in any way limit Council or the City and its officials, including the Approving Officer, in exercising their discretion with respect to any related rezoning, permitting, or subdivision of the City Lands or Brenhill Lands".

CONCLUSION

Council direction to City staff to complete the negotiations with Brenhill, the Society, and BC Housing/CMHC to complete the Offer to Lease, Lease Agreement, Development Agreement, and Operating Agreement will further progress the Non-Market Housing Project and create 162 units of new social housing. Completion of these agreements will permit Brenhill to apply for rezoning of the City Lands that will directly support the goals and objectives of the City's Housing and Homelessness strategy. Council approval to proceed with Brenhill's development proposal would see 100% of the estimated \$25,000,000 public equity invested from the proposed rezoning, plus an additional \$6,600,000 in freed up land value, to be used in the creation of the City's long term non-market housing stock, including the delivery of 110 new secured market rental units. This non-market housing stock would not have been achieved until well after 2046, the current expiry date of the existing Jubilee House ground lease.

Although the subject of this report is a real estate transaction, the Offer to Lease, Lease Agreement, Development Agreement, and Operating Agreement will still be subject to a future Council rezoning. When considering this sole source negotiation with Brenhill and the Society, Council is not in any way limited, nor are the City and its officials, including the Approving Officer, limited, in exercising their regulatory discretion with respect to any related rezoning, permitting, or subdivision of either the City Lands or Brenhill Lands.

* * * * *

Legal Description of the "City Lands"

- Parcel Identifier: 015-482-073, Lot 34, Block 94, D.L. 541, Plan 210
- Parcel Identifier: 015-482-081, Lot 35, Block 94, D.L. 541, Plan 210
- Parcel Identifier: 015-482-138, Lot 36, Block 94, D.L. 541, Plan 210
- Parcel Identifier: 015-482-162, Lot 37, Block 94, D.L. 541, Plan 210
- Parcel Identifier: 015-482-260, Lot 38, Block 94, D.L. 541, Plan 210

Legal Description of the "Brenhill Lands"

- Parcel Identifier: 004-904-125, Lot 20, Block 84, D.L. 541, Plan 210
- Parcel Identifier: 015-485-811, Lot 21, Block 84, D.L. 541, Plan 210
- Parcel Identifier: 003-690-806, Lot 22, Block 84, D.L. 541, Plan 210
- Parcel Identifier: 006-706-673, Lot 23, Block 84, D.L. 541, Plan 210

Legal Description of the "City Lane"

- All that portion of lane East of Seymour Street, South from Helmcken Street; and South of Helmcken Street, West from Richards Street, shown hatched on Appendix A.



On April 18, 2012, staff presented Council with a project briefing on the proposed Brenhill land transaction and were directed to report back to Council with a revised deal structure that placed a stronger emphasis on achieving increased affordability options for the project.

On October 31, 2012, Council resolved:

- A. *THAT Council authorize the Director of Real Estate Services to negotiate a conditional lease surrender (the "Lease Surrender") with The 127 Society for Housing (the "Society") and Provincial Rental Housing Corporation ("BC Housing") for the City owned lands at 508 Helmcken Street, legally described as PID: 015-482-073, PID: 015-482-081, PID: 015-482-138, PID: 015-482-162 PID: 015-482-260 LOT 34 to LOT 38, all of BLOCK 94 DISTRICT LOT 541 PLAN 210 (the "City Property"), at no cost to the City;*
- B. *THAT, subject to obtaining the Lease Surrender in RECOMMENDATION A, Council authorize the Director of Real Estate Services to enter into exclusive negotiations with Brenhill Developments Limited ("Brenhill"), the owner of 1077-1099 Richards Street, legally described as PID: 004-904-125 PID: 015-485-811 PID: 003-690-806, PID: 006-706-673 LOT 20 to LOT 23, all of BLOCK 84 DISTRICT LOT 541 PLAN 210 (the "Brenhill Lands"), over the next 12 months to:*
- (i) negotiate the sale of the City Property to Brenhill, together with a portion of lane described in the attached Appendix A (the "City Lane"), and*
 - (ii) negotiate the City's acquisition of the Brenhill Lands;*

such negotiations to be based on the following terms and conditions:

- (a) the City to purchase the Brenhill Lands for a purchase price of \$8,400,000, plus closing costs and taxes;*
- (b) the City to sell the City Property and City Lane (collectively the "City Lands") to Brenhill for a price of \$15,000,000, net of closing costs and taxes;*
- (c) the City successfully negotiating the terms of a development agreement with Brenhill, BC Housing, and the Society (the "Development Agreement"), on terms subject to final Council approval, in which Brenhill agrees to build an anticipated 172 turnkey replacement units of non-market housing (herein the "Replacement Non-Market Housing Project"), such final unit count, tenant mix, and terms of the operating agreement to be approved by Council; such Replacement Non-Market Housing Project to be constructed on the Brenhill Lands, to be owned by the City of Vancouver at no development or construction cost risk to the City; and,*
- (d) that the City's maximum contribution towards funding the Replacement Non-Market Housing Project will be the sum resulting from the difference in the purchase price amount for the Brenhill Lands and the sale price amount for the City Lands, being \$6,600,000, together with the CAC value of approximately \$25,000,000 from rezoning the City Lands, to be used to finance the construction costs for the Replacement Non-Market Housing Project on terms as further set out in this Report;*

- C. *THAT, if the Director of Real Estate Services can successfully conclude such negotiations with Brenhill, BC Housing, and the Society, Council authorize the Directors of Legal and Real Estate Services to enter into a legally binding Lease Surrender and Contracts of Purchase and Sale, such agreements being subject to the City Lands being rezoned;*
- D. *AND FURTHER THAT, if the Director of Real Estate Services can successfully conclude such negotiations with Brenhill, BC Housing, and the Society, Council authorize the Directors of Legal and Real Estate Services to enter into a legally binding Development Agreement, such agreement being subject to final City Council approval;*
- E. *THAT the closure and sale of the City Lane will be subject to the approval of the rezoning of the City Lands at public hearing and approval by Council to stop up, close and convey the lane to the abutting owners;*
- F. *THAT as part of the Development Agreement and rezoning process, Council authorize the Director of Real Estate Services to negotiate a requirement for Brenhill to provide a minimum of 110 units of new secured market rental housing, on the City Lands, to be owned by Brenhill, which market rental housing will be secured through the contemplated rezoning of the City Lands by a Housing Agreement entered into pursuant to section 565.2 of the Vancouver Charter, including covenants in favour of the City protecting this affordable rental housing stock for a minimum of 60 years or life of the building, whichever term is longer, and prohibiting subdivision by strata plan and separate sale of any of such units (the "City Housing Agreement");*
- G. *THAT as part of the Development Agreement, Council authorize the Directors of Legal and Real Estate Services to negotiate a new replacement lease with the Society and BC Housing for the Replacement Non-Market Housing Project, for a term of 60 years (the "Lease"), subject to Council approval. The Lease will require payment of property taxes in lieu unless the Replacement Non-Market Housing Project are classified by BC Assessment as a Class 3 supportive housing property;*
- H. *THAT Council authorize the Director of Finance and Managing Director of Social Development to prepare a strategy for optimizing the value of a prepaid lease to the Society to the extent that mortgage financing is supported by the housing operations over the long term, with a report back to Council with recommended prepaid lease options;*
- I. *THAT Council authorize the Director of Legal Services to negotiate with the Society and BC Housing, and Canada Mortgage and Housing Corporation ("CMHC") for the transfer of two existing mortgages registered against the Society's leasehold interest in the City Property in favour of CMHC under registration numbers #BK273470 and #BM295775 from the City Property to the Society's leasehold interest pursuant to Recommendation G, in the building to be constructed on the Brenhill Lands upon the City successfully becoming the registered owner of the Brenhill Lands;*

- J. *THAT Council accept a voluntary contribution from Brenhill to the City's Affordable Housing Fund in the amount of \$1,000,000, payable to the City at the time of successful enactment of the rezoning of the City Lands;*
- K. *THAT Council authorize the creation of a 2013-2015 project management budget of \$1,000,000 (the "Project Management Budget") to be used to fund City project management services, expert consultants, Quantity Survey expenses, as well as to reimburse the Society for City approved legal fees, independent technical expert expenses, Jubilee tenant relocation costs, Land Title registration fees, overhead and administration expenses and related consulting costs as set out in this report; source of funds to be the Brenhill contribution to the City's Affordable Housing Fund as set out in Recommendation J;*
- L. *THAT a Council decision to enter into a Development Agreement with Brenhill, BC Housing and the Society or Contracts of Purchase and Sale with Brenhill will not in any way limit Council or the City and its officials, including the Approving Officer, in exercising their discretion with respect to any related rezoning, permitting, or subdivision of the City Lands or Brenhill Lands;*
- M. *THAT no legal rights or obligations will arise or be created between Brenhill and the City unless and until a legally binding Development Agreement, Contracts of Purchase and Sale, Lease Surrender, and Lease are successfully negotiated and executed and delivered by Brenhill and the City through its authorized signatories, the Director of Legal Services and the Director of Real Estate Services; and,*
- N. *AND FURTHER THAT, if the Director of Real Estate Services is at any time during the 12 month negotiation period of the view that terms cannot be successfully concluded with the Society, BC Housing, CMHC, and/or Brenhill, the City Manager and Director of Real Estate Services report back to Council for further direction.*

ADMINISTRATIVE REPORT

Report Date: October 22, 2012
Contact: Michael Flanigan
Contact No.: 604.873.7422
RTS No.: 9821
VanRIMS No.: 08-2000-21
Meeting Date: October 31, 2012

TO: Vancouver City Council

FROM: Director of Real Estate Services and General Manager of Real Estate & Facilities Management, in consultation with the Deputy City Manager, Director of Planning, Director of Finance, Managing Director of Social Development, Director of Legal Services, and General Manager of Engineering Services

SUBJECT: Potential Sale of City-owned land located at 508 Helmcken and proposed closure and sale of adjacent lane and Potential Purchase of Land for Housing and Development of Non-Market Housing

IN CAMERA RATIONALE

This report is recommended for consideration by Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (e) the acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure could reasonably be expected to harm the interests of the city.

RECOMMENDATION

- A. ***THAT Council authorize the Director of Real Estate Services to negotiate a conditional lease surrender (the "Lease Surrender") with The 127 Society for Housing (the "Society") and Provincial Rental Housing Corporation ("BC Housing") for the City owned lands at 508 Helmcken Street, legally described as PID: 015-482-073, PID: 015-482-081, PID: 015-482-138, PID: 015-482-162 PID: 015-482-260 LOT 34 to LOT 38, all of BLOCK 94 DISTRICT LOT 541 PLAN 210 (the "City Property"), at no cost to the City.***
- B. ***THAT, subject to obtaining the Lease Surrender in RECOMMENDATION A, Council authorize the Director of Real Estate Services to enter into exclusive negotiations with Brenhill Developments Limited ("Brenhill"), the owner of 1077-1099 Richards Street, legally described as PID: 004-904-125 PID: 015-485-811 PID: 003-690-806, PID: 006-706-673 LOT 20 to LOT 23, all of BLOCK 84 DISTRICT LOT 541 PLAN 210 (the "Brenhill Lands"), over the next 12 months to:***

- (i) *negotiate the sale of the City Property to Brenhill, together with a portion of lane described in the attached Appendix A (the "City Lane"), and*
- (ii) *negotiate the City's acquisition of the Brenhill Lands;*

such negotiations to be based on the following terms and conditions:

- (a) *the City to purchase the Brenhill Lands for a purchase price of \$8,400,000, plus closing costs and taxes;*
 - (b) *the City to sell the City Property and City Lane (collectively the "City Lands") to Brenhill for a price of \$15,000,000, net of closing costs and taxes;*
 - (c) *the City successfully negotiating the terms of a development agreement with Brenhill, BC Housing, and the Society (the "Development Agreement"), on terms subject to final Council approval, in which Brenhill agrees to build an anticipated 172 turnkey replacement units of non-market housing (herein the "Replacement Non-Market Housing Units"), such final unit count, tenant mix, and terms of the operating agreement to be approved by Council; such Replacement Non-Market Housing Units to be constructed on the Brenhill Lands, to be owned by the City of Vancouver at no development or construction cost risk to the City; and,*
 - (d) *that the City's maximum contribution towards funding the Replacement Non-Market Housing Units will be the sum resulting from the difference in the purchase price amount for the Brenhill Lands and the sale price amount for the City Lands, being \$6,600,000, together with the CAC value of approximately \$25,000,000 from rezoning the City Lands, to be used to finance the construction costs for the Replacement Non-Market Housing Units on terms as further set out in this Report.*
- C. *THAT, if the Director of Real Estate Services can successfully conclude such negotiations with Brenhill, BC Housing, and the Society, Council authorize the Directors of Legal and Real Estate Services to enter into a legally binding Lease Surrender and Contracts of Purchase and Sale, such agreements being subject to the City Lands being rezoned;*
- FURTHER THAT, if the Director of Real Estate Services can successfully conclude such negotiations with Brenhill, BC Housing, and the Society, Council authorize the Directors of Legal and Real Estate Services to enter into a legally binding Development Agreement, such agreement being subject to final City Council approval.*
- D. *THAT the closure and sale of the City Lane will be subject to the approval of the rezoning of the City Lands at public hearing and approval by Council to stop up, close and convey the lane to the abutting owners.*

- E. THAT as part of the Development Agreement and rezoning process, Council authorize the Director of Real Estate Services to negotiate a requirement for Brenhill to provide a minimum of 110 units of new secured market rental housing, on the City Lands, to be owned by Brenhill, which market rental housing will be secured through the contemplated rezoning of the City Lands by a Housing Agreement entered into pursuant to section 565.2 of the Vancouver Charter, including covenants in favour of the City protecting this affordable rental housing stock for a minimum of 60 years or life of the building, whichever term is longer, and prohibiting subdivision by strata plan and separate sale of any of such units (the "City Housing Agreement").**
- F. THAT as part of the Development Agreement, Council authorize the Directors of Legal and Real Estate Services to negotiate a new replacement lease with the Society and BC Housing for the Replacement Non-Market Housing Units, for a term of 60 years (the "Lease"), subject to Council approval. The Lease will require payment of property taxes in lieu unless the Replacement Non-Market Housing Units are classified by BC Assessment as a Class 3 supportive housing property.**
- G. THAT Council authorize the Director of Finance and Managing Director of Social Development to prepare a strategy for optimizing the value of a prepaid lease to the Society to the extent that mortgage financing is supported by the housing operations over the long term, with a report back to Council with recommended prepaid lease options.**
- H. THAT Council authorize the Director of Legal Services to negotiate with the Society and BC Housing, and Canada Mortgage and Housing Corporation ("CMHC") for the transfer of two existing mortgages registered against the Society's leasehold interest in the City Property in favour of CMHC under registration numbers #BK273470 and #BM295775 from the City Property to the Society's leasehold interest pursuant to Recommendation G, in the building to be constructed on the Brenhill Lands upon the City successfully becoming the registered owner of the Brenhill Lands.**
- I. THAT Council accept a voluntary contribution from Brenhill to the City's Affordable Housing Fund in the amount of \$1,000,000, payable to the City at the time of successful enactment of the rezoning of the City Lands.**
- J. THAT Council authorize the creation of a 2013-2015 project management budget of \$1,000,000 (the "Project Management Budget") to be used to fund City project management services, expert consultants, Quantity Survey expenses, as well as to reimburse the Society for City approved legal fees, independent technical expert expenses, Jubilee tenant relocation costs, Land Title registration fees, overhead and administration expenses and related consulting costs as set out in this report; source of funds to be the Brenhill contribution to the City's Affordable Housing Fund as set out in Recommendation J.**

- K. *THAT a Council decision to enter into a Development Agreement with Brenhill, BC Housing and the Society or Contracts of Purchase and Sale with Brenhill will not in any way limit Council or the City and its officials, including the Approving Officer, in exercising their discretion with respect to any related rezoning, permitting, or subdivision of the City Lands or Brenhill Lands.*
- L. *THAT no legal rights or obligations will arise or be created between Brenhill and the City unless and until a legally binding Development Agreement, Contracts of Purchase and Sale, Lease Surrender, and Lease are successfully negotiated and executed and delivered by Brenhill and the City through its authorized signatories, the Director of Legal Services and the Director of Real Estate Services;*

FURTHER THAT, if the Director of Real Estate Services is at any time during the 12 month negotiation period of the view that terms cannot be successfully concluded with either the Society, BC Housing, CMHC, and/or Brenhill, the City Manager and Director of Real Estate Services report back to Council for further direction.

REPORT SUMMARY

On April 18, 2012, staff presented Council with a project briefing on the proposed Brenhill land transaction. City staff advised Council that Brenhill had approached the City with a land exchange proposal that would involve the transfer of ownership of the Brenhill Lands to the City in exchange for fee simple title to the City Lands. In consideration for the City agreeing to the land exchange, including transfer of ownership of the City Lane, and further subject to a rezoning of the City Lands by Vancouver City Council, Brenhill would be responsible for all costs and risk of constructing and fitting out 179 non-market housing units on the Brenhill Lands, pursuant to the City's non-market housing construction plans and specifications. In addition, Brenhill proposed to construct 84 new units of purpose built secured market rental housing, together with conversion of the Brookland Court's non-market units to market rental housing, to total 158 market rental housing units.

The Council deliberations focussed on one key component of the Brenhill proposal: although innovative, the proposal provided a net increase of only 14 units over the 165 combined existing non-market housing units already in Jubilee House (87 units) and Brookland Court (78 units). Although generally supportive of this proposal, Council directed staff to return to the negotiating table with a focus to achieve an increased level of "affordability" and a mandate to secure a higher total number of social housing units on the block, even if that meant delivering less purpose built market rental housing than the 158 units proposed.

The purpose of this Report is to update Council on the outcome of the subsequent negotiations staff have undertaken with Brenhill to achieve the stated Council objectives. In addition, this Report seeks Council approval for the Director of Real Estate Services to enter into a time-limited, 12 month negotiation with Brenhill for the direct sale of the City Lands, in exchange for the City acquiring the Brenhill Lands, complete with approximately 172 new Replacement Non-Market Housing Units to be constructed at Brenhill's sole risk, cost, and expense, with a construction value of approximately \$31,600,000. The final unit count, unit

sizes, tenant mix, operating model, and prepaid lease options remain to be finalized with the Society and the number of Replacement Non-Market Housing Units may change slightly (+/- 10) depending on final project configuration, and any final decision will be reported back to Council for final approval once known.

These negotiations would be undertaken on a direct basis that would justify by-passing the normal competitive bidding process for the disposition of the City Lands, as further set out in this report.

COUNCIL AUTHORITY/PREVIOUS DECISIONS *

Council's mission is to create a city of communities that cares about its people, its environment, and the opportunities to live, work, and prosper.

Council's Housing and Homelessness Strategy empowers City staff to work with other City departments, community partners, and all levels of government, to:

- Leverage the City's assets to build more affordable housing
- Build additional supportive housing for our most vulnerable citizens
- Target shelters, and supportive and social housing to underserved neighbourhoods
- Enhance support to renters
- Increase the opportunities for renters to become homeowners

Council's priorities for social housing are to maintain and expand housing opportunities with priority being given to families with children, SRO residents, and the mentally ill, physically disabled, and others at risk of homelessness.

The City leases land for non-market housing on 40-year or 60-year terms and currently considers prepaid rent of 50% of freehold land value to be the market value of a 40 year ground lease, and 75% of freehold land value to be the market value of a 60 year ground lease. Where improvements owned by the City are included in a non-market housing lease, the City considers 75% of the improvement construction value to be the market value of a 60 year lease.

Section 190(b) of the Vancouver Charter authorizes Council to dispose of City-owned property deemed to be surplus to the City's needs and requires an affirmative vote of two-thirds of all members of Council for the disposition of property which exceeds \$400,000 in value.

Council policy is to dispose of City-owned land through a public tender process. Council policy further provides for the direct sale of property without a public tendering in certain circumstances, such as those set out in this Report.

On April 18, 2012, staff presented Council with a project briefing on the proposed Brenhill land transaction and were directed to report back to Council with a revised deal structure that placed a stronger emphasis on achieving increased affordability options for the project.

The recommendation in Recommendation K is considered to be a grant, and requires 8 affirmative votes of Council.

GENERAL MANAGER'S COMMENTS

The General Manager of Real Estate and Facilities Management supports the decision to sell the City Lands at this time in order to further Council's Housing and Homelessness priorities. This Report seeks Council approval for the Director of Real Estate Services to enter into time-limited negotiations with the property owner, Brenhill, to determine if there is an arrangement that will enhance the value to the City on the sites in the Helmcken and Richards Street blocks while commensurately delivering on Council's priority to create new Affordable Housing and help end Street Homelessness by 2015. A potential deal structure is documented in this Report for Council's consideration.

It is Council policy that City property be sold by public tender, however, in the case of City Property that is the subject of this Report, Council may decide to sole source this property where there is a distinct public benefit related to the delivery of social housing. The unique and innovative nature of this proposal would allow the City to capture a significant public benefit in the form of new non-market housing funded through a financial mechanism that would not otherwise be available to City Council until sometime after 2046, the current expiry date of the existing Jubilee House ground lease.

It is the view of the General Manager of Real Estate and Facilities Management that this is a strategic decision that will provide significant benefit to the City in the form of new and improved social housing stock as well as a significant addition of critically needed rental housing product in the City and should be pursued and, as a result, RECOMMENDS approval of A through N.

BACKGROUND/CONTEXT

Jubilee House

The City owns the lands on which the Jubilee House is located at 508 Helmcken Street. This City land is leased to the Society which owns the building during the term of the lease, a non-market housing project built in 1985 containing 87 units. The term of the lease is for 41 years, with an option to renew for a further 20 years bringing the expiry date to 2046. Tenants in the building reside in 78 studio units, 5 one bedroom units, and 4 Accessible studio units and are low and limited income residents over the age of 45. The City does not have any financial obligations for these 87 housing units, as this project is subsidized by BC Housing.

The property is currently zoned DD (sub-area L) and measures 15,000 square feet. Permissible FSR under current zoning is 5.0, indicating existing development capacity of 75,000 square feet. Preliminary discussions with Planning indicate that the site could be rezoned to permit a 320 foot tower comprising approximately 385,000 square feet of development potential, assuming the adjacent lane was included in the site configuration. The 2012 BC Assessment for the property is \$8,491,000. Unencumbered by the ground lease, Real Estate Services ("RES") has valued the City Lands under current zoning at \$15,000,000 which includes an allocation to the City Lane of approximately \$300,000. RES further advises that, unencumbered by the ground lease to the Society for Housing, the City could expect to receive up to \$25,000,000 in Community Amenity Contributions ("CAC's") assuming a rezoning of the City Lands was successful. It is this combined City equity and the CAC's that are being targeted to fund the development of the new Replacement Non-Market Housing Units in this proposal.

There are two existing mortgages registered against the Society's leasehold interest on the City Property in favour of CMHC (the "CMHC Mortgages"). The first mortgage was registered on September 30, 1985 and subsequently assigned to CMHC. The second mortgage was registered to CMHC on October 26, 1998 (charge number BM295775). As at August 1, 2012, the first mortgage had an outstanding balance of \$1,470,830 (including accrued interest), while the second mortgage, required for an emergency workout for roof and structural repairs, has an outstanding balance of \$967,625 (not including accrued interest). Subject to BC Housing and CMHC's agreement, the City would permit these mortgages to be ported over to the Brenhill Lands to be secured against the new leasehold interest of the Replacement Non-Market Housing Units.

Brenhill Lands

Brenhill Development Limited owns the property located at 1077 -1099 Richards Street. This site is improved with two low-rise commercial buildings and is currently home to the Montessori School. The development potential of the Brenhill Land is constrained due to the block already having been developed to the maximum number of high-rise permitted buildings. The site is ideally situated, however, for a modest scale 13 storey building to accommodate the new Replacement Non-Market Housing Units, complete with on-site amenity spaces. Although City Planning has given preliminary support to this proposal, it would only proceed under the discretionary authority of the Director of Planning through a Development Permit process under existing zoning. The 2012 BC Assessment for the property is \$6,609,000, but RES has valued the property under existing zoning at \$8,400,000.

STRATEGIC ANALYSIS AND TRANSACTION FRAMEWORK:

Staff are pleased to report back to Council that the increased housing affordability objective has been achieved. Brenhill has agreed to construct 172 units of new non-market housing units on the Brenhill Lands and has agreed that the Brookland Court will not be part of the land exchange, and will remain in BC Housing ownership, and therefore would not convert this stock of 78 social housing units to market rental. The Society has not yet agreed to the final unit count, unit sizes, or tenant mix, so although staff and Brenhill are working to a figure of 172 Replacement Non-Market Housing Units on the Brenhill Lands, the final configuration and architectural design remains to be finalized and may change slightly, as approved by the City Manager and General Manager of Community Services. As outlined in Figure 1 below, based on the current Brenhill proposal, the combined number of non-market housing units in this City block would increase from 165 to 250 units, producing a net increase of 85 non-market housing units overall, after factoring the loss of the existing 87 Jubilee House units; a significant increase over the 14 net new units originally proposed. In addition, Brenhill will commit to constructing 110 units of secured market rental housing on the City Lands, provided a rezoning is successful.

Figure 1

Housing type	Social Housing	Rental Housing	Condos	Total
Brookland Court now	78	0	0	78
Jubilee House	87	0	0	87
Current Total	165	0	0	165
Retained Brookland Court	78	0	0	78
New Social Housing	172	0	0	172
High Rise Tower	0	110	306	416
New Total	250	110	306	666

The 110 units of market rental housing would be secured by a City Housing Agreement over the City Lands, protecting this affordable rental housing stock for a minimum of 60 years, or life of the building, whichever term is longer. In addition, on enactment of a successful rezoning of the City Lands, Brenhill would contribute a further \$1,000,000 cash to the City's Affordable Housing Fund, to be used in part to fund the City's and the Society's project management and related legal and administrative expenses.

Net of the \$1,000,000 Affordable Housing Fund (AHF) contribution, the current construction budget for the Replacement Non-Market Housing Units is \$30,600,000, representing a cost per unit of \$177,907 equivalent to approximately \$320.00 pbsf. Including land as valued by RES, the total value of the project to the City on conveyance would be approximately \$40,000,000 (2012\$).

It is intended that the Replacement Non-Market Housing Units would be operated by the Society. It is a material term and condition that the Replacement Non-Market Housing Units would be developed, with residents moved in, prior to Brenhill commencing demolition of the Jubilee House on the City Property. In order to facilitate this land exchange, the Society, with consent from BC Housing, would have to surrender the existing lease on the City Property in consideration for the City granting a new leasehold interest in the building to be construction on the Brenhill Lands. By agreeing to surrender the existing lease, the Society would be releasing its rights to occupy the City Property for the remaining terms of the existing lease, being 31 years (calculated from 2015 move date). The new lease would be for a term of 60 years and would be registered over the same 87 units currently operated by the Society. The parties to this transaction must agree on the operating relationship that would govern for the remaining approximately 85 additional new social housing units, but it is staff's working premise to consolidate the management of all the Replacement Non-Market Housing Units under the Society's Non-Market Housing Operating Agreement.

FINANCIAL IMPLICATIONS

It is important for Council to understand the funding mechanism being created to finance the construction of the Replacement Non-Market Housing Units. As noted in Recommendation B, there is an inherent value differential between the City Lands and the Brenhill Lands of \$6,600,000. In addition, it is expected that a successful rezoning of the City Lands would create a CAC of approximately \$25,000,000 in addition to the value of the secured market rental housing covenant. It is this combined equity and the CAC's that are being captured to pay for the estimated total Replacement Non-Market Housing project budget.

Including the contribution to the AHF, the cost of delivering the 172 non-market housing units is estimated at \$31.6 million, subject to refinement based on final unit count, unit sizes and tenant mix, as well as the City's housing design standards. The City's equity contribution towards the construction is made up of forgone CAC (\$25 million) and the value realized from the land swap (\$6.6 million).

Sale of land @ 508 Helmcken	
Land sale (based on existing zoning)	\$15.0M
CAC (based on future zoning)	<u>\$25.0M</u>
	\$40.0M
Replacement Non-market Housing @ 1077-1099 Richards	
Land purchase (based on existing zoning)	(\$8.4M)
Construction costs	(\$30.6M)
AHF contribution	<u>(1.0M)</u>
	(\$40.0M)

The value of the new Lease interest is estimated at \$28.2 million (assuming 75% of freehold value), which is comprised of \$6.3 million on the land portion and \$21.9 million on the improvement portion, net of outstanding CMHC mortgage. As set out in Recommendation H, staff recommend that the City realize a portion of the leasehold interest value through a prepaid lease from the Society and apply such proceeds to further advance Council's priorities on housing. Assuming a rental mix of 30% market and 70% of non-market, a model that is considered to be reasonably sustainable over the long-term, the preliminary financial model suggests that a \$15.5 million mortgage (inclusive of the \$2.4 million CMHC mortgage carried over) can be supported based on 4% financing rate and 30-year amortization. Further, every 25 bps reduction in financing rate could increase the mortgage amount by approximately \$0.5 million.

Council should note that there are significant financial benefits that will accrue to BC Housing. Jubilee House is in poor condition and requires an immediate injection of capital of approximately \$1,500,000 to \$2,000,000. The replacement of the Jubilee units will create a "rehabilitation cost avoidance" benefit for BC Housing as these deferred costs, as well as impending future capital costs, will not be required. Further, the Replacement Non-Market Housing units, when completed, will create a significantly more valuable asset, both in terms of capital scale, enhanced revenue stream, operating surplus, and recharged 60 year leasehold interest, upon which BC Housing and CMHC's mortgage interests will be secured. City staff intend to lever these enhanced security and capital and operating benefits to

ensure BC Housing maintains its obligation to continue paying the current non-market housing subsidies (approximately \$54,000 per annum), as well as to provide attractive mortgage financing rates, in the event Council wishes to finance its interest as set out in Recommendation H.

As such, staff recommend that Council adopt the strategy of optimizing the value of the prepaid lease to the extent that the mortgage financing is supportable by the housing operation over the long-term. With Council's approval, staff will pursue negotiations with BC Housing to provide low cost financing in exchange for the benefits accrued to them as noted above. Upon conclusion of the negotiation, the final project cost, unit count, mortgage financing and operating model will be reported back to Council by the Managing Director of Social Development and Director of Finance.

PROJECT OVERSIGHT AND CONTROL

Although the project will be led by Brenhill, the City will retain management oversight of the Replacement Non-Market Housing Units during design and construction. The City will hire (or assign) a Project Manager to represent its interest in the project and Brenhill and the City will meet regularly to review project issues, schedules, and budgets as required. A provision will also be established in the Development Agreement for the use of independent Quantity Surveyors and any construction cost savings arising from the construction cost estimates will be retained by the City.

Staff have met with industry professionals to seek guidance and advice on deal structure, construction cost management and risk transfer, form of construction contracts, project management, and project oversight. The expert advice to the City was to secure third party consultants to supervise building envelope testing and close-out, review detailed electrical/mechanical specifications, and attend for onsite pouring and installation of structural components and roof membranes. Accordingly, the Project Manager will attend the site to supervise these critical milestone events in the development schedule and as otherwise appropriate or necessary to protect the City's interests. Staff have prepared a Project Budget as follows:

1.	City Project Manager	
	\$170,000 per annum (based on 30% EFT) for three years:	\$153,000
2.	City Technical Reports & Expert Review Project Costs:	\$150,000
3.	The 127 Society outside legal and consulting:	\$75,000
4.	The 127 Society Housing Consultant (prepare construction specs):	\$60,000
5.	The 127 Society administration / overhead:	\$25,000
6.	The 127 Society tenant relocation expenses: \$500 per resident:	\$43,500
7.	CMHC registration/mortgage costs:	\$20,000
8.	Contingency:	<u>\$473,500</u>
	TOTAL	\$1,000,000

The securing of a \$1,000,000 cash contribution from Brenhill upon enactment of a successful rezoning of the City Lands for the City's Affordable Housing Fund will be used to fund these project management expenses.

SOLE SOURCE DISPOSITION

City policy is that City property is sold through a public tender process; however, the policy provides for the direct sale of City lands without a public tendering process in certain circumstances, most notably:

- the sale of a small City owned site to an adjoining owner, subject to consolidation, as close to fair market value as possible, bearing in mind the advantages to the City of the sale;
- where certain social purposes can be achieved, such as non-market housing; or
- where City owned lands are essential to an assembly or expansion project, whereby an attempt is made to obtain a price above market value based upon value to the purchaser noting that worthwhile developments provide benefits to the City.

The Director of Real Estate Services is of the opinion that the direct sale of the City Lands to Brenhill is consistent with Council policy for achieving non-market housing.

ENVIRONMENTAL IMPLICATIONS

Given the historic uses of both the City Lands and Brenhill Lands, it is not expected that there are any environmental issues that will have to be addressed. That said, Brenhill will undertake its own due diligence to ensure that both properties can be developed free and clear of any environmental contamination. Brenhill would purchase the City Lands “as is, where is” and will be responsible to undertake any preliminary and detailed site investigations of the soil and groundwater conditions that may be required to satisfy the City or Ministry of Environment regulations. The City would not take title to the Brenhill Lands until the City was satisfied that the property was free and clear of any environmental contamination, which would include delivery of a Ministry of Environment Certificate of Compliance, if required.

Under the Development Agreement, Brenhill will additionally remain solely responsible for all costs associated with demolition, site preparation, and debris removal of both the Brenhill Lands and City Lands. The development proposal anticipates achieving a LEED Gold certification for both the Replacement Non-Market Housing Units as well as the market condominium components of the project.

LEGAL IMPLICATIONS

Approval by Council for a sole source transaction would require the City to enter into a Development Agreement with Brenhill, BC Housing and the Society. The Development Agreement would provide an omnibus transaction framework that would likely include the following contracts: reciprocal Contracts of Purchase and Sale with Brenhill for the respective properties, interim site access License Agreements for conducting site due diligence, a Lease Surrender Agreement with the Society, a new Lease and City Non-Market Housing Operating Agreement with the Society, and a CCDC-2 Non-Market Housing Construction Contract with Brenhill and/or its General Contractor. Recommendation C allows the City to provide Brenhill with a strong level of “in principle” approval by Council for staff to enter into the Lease

Surrender, finalize the Contracts of Purchase and Sale agreements and dollar amounts, and grants authority for staff to negotiate a “sole source” transaction; as these are the critical and immediate deal decisions for Brenhill. Recommendation D provides that the other terms of the Development Agreement will be reported back to Council for further approval as the parties still must finalize the terms of the new Lease, the Replacement Non-Market Housing unit designs and mix, the CCDC-2 contract, terms of the City Non-Market Housing Operating Agreement, and complete the rezoning of the City Lands. In addition, both the City Lands and the Brenhill Lands will require a DP process, to approve the respective forms of development being contemplated.

It is important to note that Council, when considering this Report, is acting as owner of the City Lands and as proposed purchaser of the Brenhill Lands only and in order to ensure Council remains unfettered when considering any future rezoning or development permit as City regulator, Recommendation L has been added to provide: “that a Council decision to enter into a Development Agreement with Brenhill, BC Housing and the Society or Contracts of Purchase and Sale with Brenhill will not in any way limit Council or the City and its officials, including the Approving Officer, in exercising their discretion with respect to any related rezoning, permitting, or subdivision of the City Lands or Brenhill Lands”.

Further, with regard to the sale of the City Lane (shown hatched in Appendix A), staff will report back to Council prior to enactment of the rezoning to seek direction on its closure and stopping up once the technical review has been completed. Subject to Council approval, Engineering’s working premise is that the City Lane may be closed for use by the development. Existing utilities will be protected with registered SRW’s and placement of structures within certain portions of the City Lane will be limited.

CONCLUSION

The successful conclusion of direct negotiations with Brenhill to sell the City Lands at a price reflective of premium market value will allow the City to realize the full value of the City Lands, whilst a future rezoning of the City Lands will generate significant amenities and public benefits which would not have been achieved until well after 2046 (the current expiry date of the existing Jubilee House ground lease). Council approval to proceed with Brenhill’s development proposal would see 100% of the estimated \$25,000,000 public equity invested from the rezoning, plus an additional \$6,600,000 in freed up land value, to be used in the creation of the City’s long term non-market housing stock, including the delivery of 110 new secured market rental units.

Although the subject of this report is a real estate transaction, the form and conditions of development would still be subject to a future Council rezoning. When considering this sole source sale contract with Brenhill, Council is not in any way limited, nor are the City and its officials, including the Approving Officer, limited, in exercising their regulatory discretion with respect to any related rezoning, permitting, or subdivision of either the City Lands or Brenhill Lands.

* * * * *

Legal Description of the "City Lands"

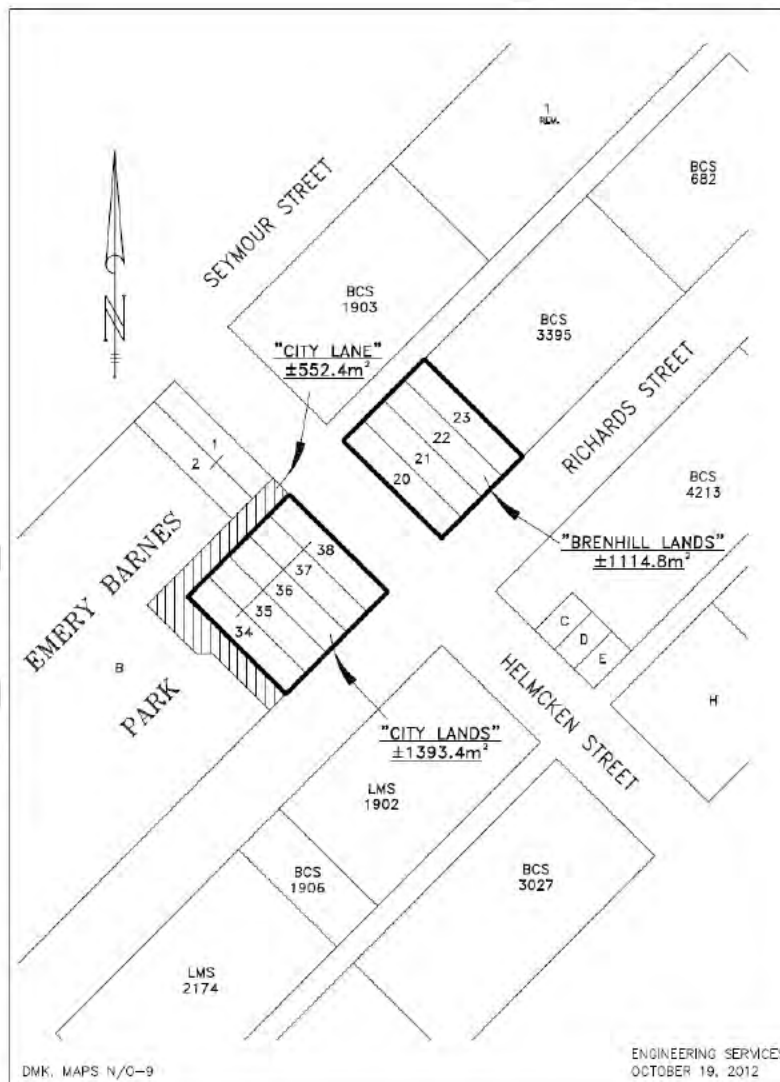
- Parcel Identifier: 015-482-073, Lot 34, Block 94, D.L. 541, Plan 210
- Parcel Identifier: 015-482-081, Lot 35, Block 94, D.L. 541, Plan 210
- Parcel Identifier: 015-482-138, Lot 36, Block 94, D.L. 541, Plan 210
- Parcel Identifier: 015-482-162, Lot 37, Block 94, D.L. 541, Plan 210
- Parcel Identifier: 015-482-260, Lot 38, Block 94, D.L. 541, Plan 210

Legal Description of the "Brenhill Lands"

- Parcel Identifier: 004-904-125, Lot 20, Block 84, D.L. 541, Plan 210
- Parcel Identifier: 015-485-811, Lot 21, Block 84, D.L. 541, Plan 210
- Parcel Identifier: 003-690-806, Lot 22, Block 84, D.L. 541, Plan 210
- Parcel Identifier: 006-706-673, Lot 23, Block 84, D.L. 541, Plan 210

Legal Description of the "City Lane"

- All that portion of lane East of Seymour Street, South from Helmcken Street; and South of Helmcken Street, West from Richards Street, shown hatched on Appendix A.





Brenhill Housing Proposal at Emery Barnes Park: Proposed City Land Exchange

Presentation to Council In Camera - October 31st, 2012

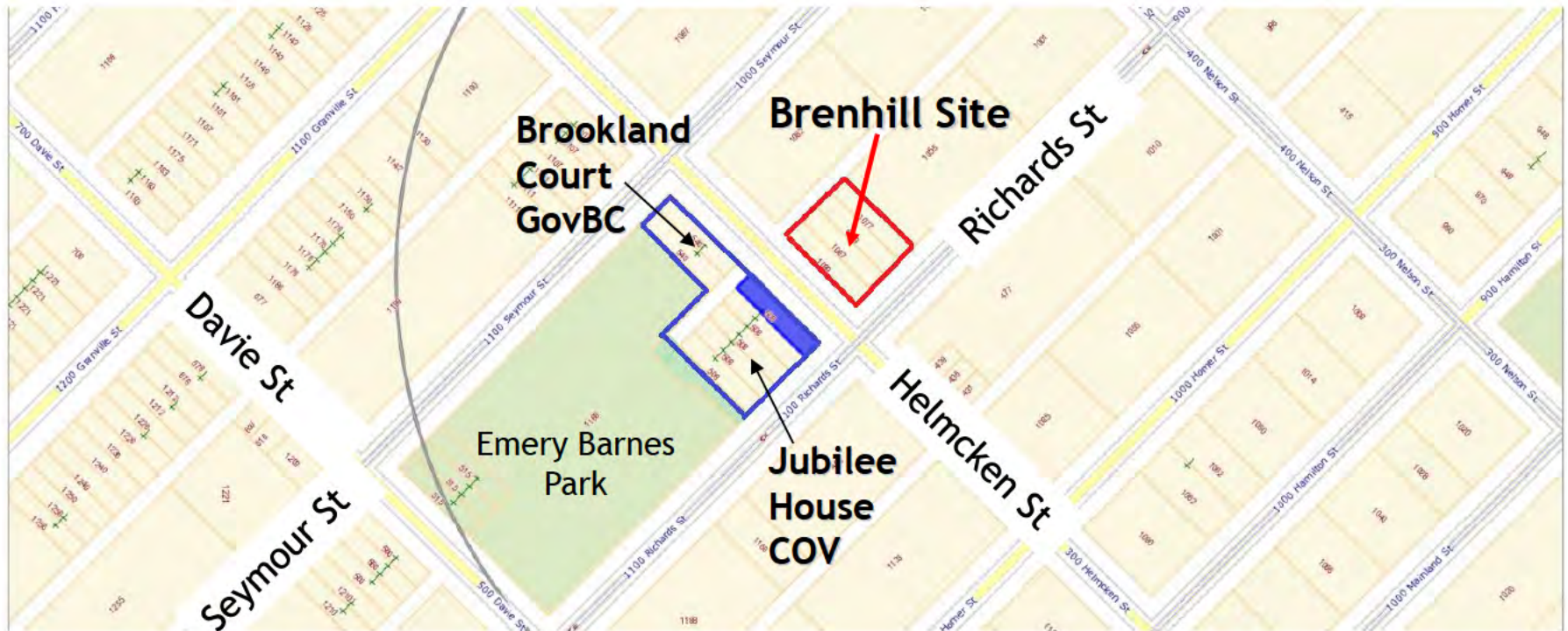
REFM

Recap of April 18, 2012 Council Discussion

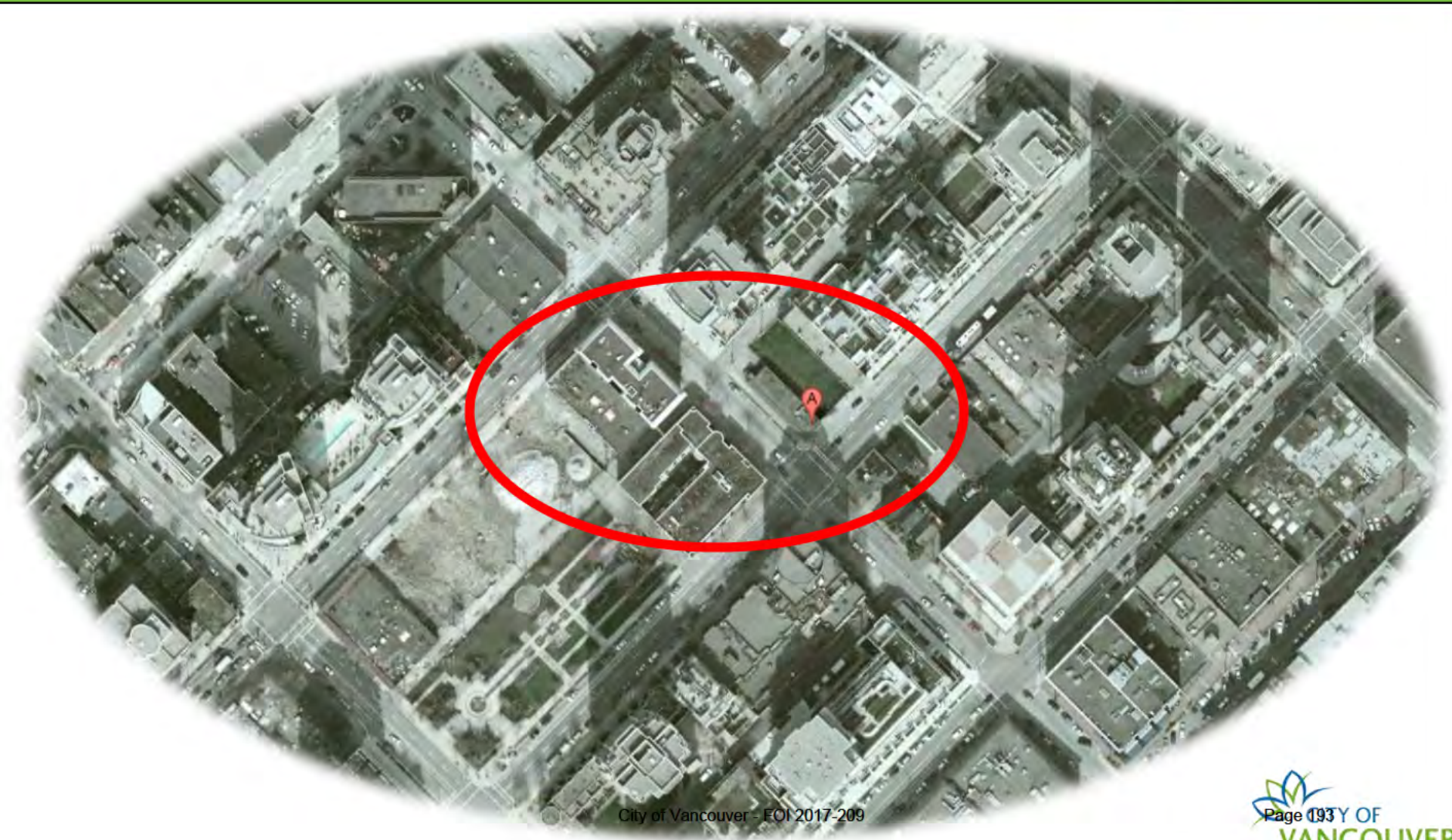
- Complex negotiation to use City land to lever:
 - Rehabilitation of deteriorating social housing
 - Incremental affordable rental housing
 - Incremental social housing
- 3 Property owners involved:
 - BC Housing, COV, Private Owner
- 1 Non-profit operator involved
- 3 current buildings:
 - 2 social housing buildings (Brookland Court, Jubilee House)
 - 2 low rise private buildings: lease with Montessori School
- Timing issues

Recap of Subject Properties

- Downtown South adjacent to Emery Barnes Park



Aerial View of Location



Brenhill's Original Housing Summary Proposal

Housing type	Social Housing	Rental Housing	Condos	Total
Brookland Court now	78	0	0	78
Jubilee House	87	0	0	87
Current Total	165	0	0	165
New Brookland Court	0	74	0	74
New Social Housing	179	0	0	179
High Rise Tower	0	84	306	390
New Total	179	158	306	643

April 18, 2012 - Council Direction to Staff

- focus on achieving an increased level of “affordability”
- secure a higher total number of social housing units on the block
- If necessary to achieve above, deliver less purpose built market rental housing than the 158 units proposed.

Governing Interests and Goals

- COV:
 - reduce the risk of inheriting failed buildings (Jubilee House) on City lands leased for social housing
 - Make progress on the 2011-2021 Housing Strategy Goals
- Province (BC Housing):
 - reduce potential liabilities and achieve greater efficiencies on operating costs for social housing
 - Enhance CMHC mortgage security
- Non-Profit:
 - retain the community of residents it serves intact and in good quality homes
- Private Property Owner (Brenhill)
 - Develop market rental housing portfolio
 - Improve opportunity of development potential on their property

Existing Building: Jubilee House - Social Housing

- 508 Helmcken St (at Richards)
- 27 year old facility
- City-owned site
- 41 year lease; option for extra 20 years; all in 2046 termination
- Non-profit Operator: The 127 Society for Housing
- 87 Social Housing Units:
 - 78 Studio
 - 5 one bedroom
 - 4 Accessible Studio Units
- Tenants: low or limited income residents over the age 45



Brenhill Buildings: Private Commercial Buildings

- 1077 to 1099 Richards St.
- Owned by Brenhill
- Two low-rise commercial buildings
- Principal Tenant: Montessori School
- Development Potential limited due to number of high rise towers currently on this block

Revised Development Plan

- New Social Housing Building on Brenhill property:
 - new 13 storey building
 - - 172 Social Housing Units
 - amenity spaces included
 - net increase of 85 new Non-Market Housing Units
 - Property to be transferred to city
- New High Rise Tower on Jubilee House property:
 - Demolish Jubilee House; transfer city property to developer
 - New mixed use podium & tower; townhouses wrapping base of tower:
 - 110 rental units
 - 306 market condos
 - Gallery space and new Montessori School in podium
 - Leed Gold
 - View cones intact
- Transfer of Land ownership: sole source disposition

Updated Housing Summary

Housing type	Social Housing	Rental Housing	Condos	Total
Brookland Court now	78	0	0	78
Jubilee House	87	0	0	87
Current Total	165	0	0	165
Retained Brookland Court	78	0	0	78
New Social Housing	172	0	0	172
High Rise Tower	0	110	306	416
New Total	250	110	306	666

Development Cost/Benefit Reconciliation

	<i>508 Helmcken Street (In Favour of Brenhill)</i>	<i>1077-99 Richards Street (In Favour of City)</i>
Non-Market Housing Construction Costs		\$30,600,000
\$1,000,000 Cash Contribution to City's Affordable Housing Fund		\$1,000,000
Land Value - existing zoning	-\$15,000,000	\$8,400,000
Foregone CAC Value (net of the 110 secured market rental housing units)	-\$25,000,000	
Balanced Transaction	-\$40,000,000	\$40,000,000

Proposed Social Housing (View from West)



Proposed New Tower: Site at Helmcken at Richards - NE corner of the existing Emery Barnes Park



Business Case Assumptions

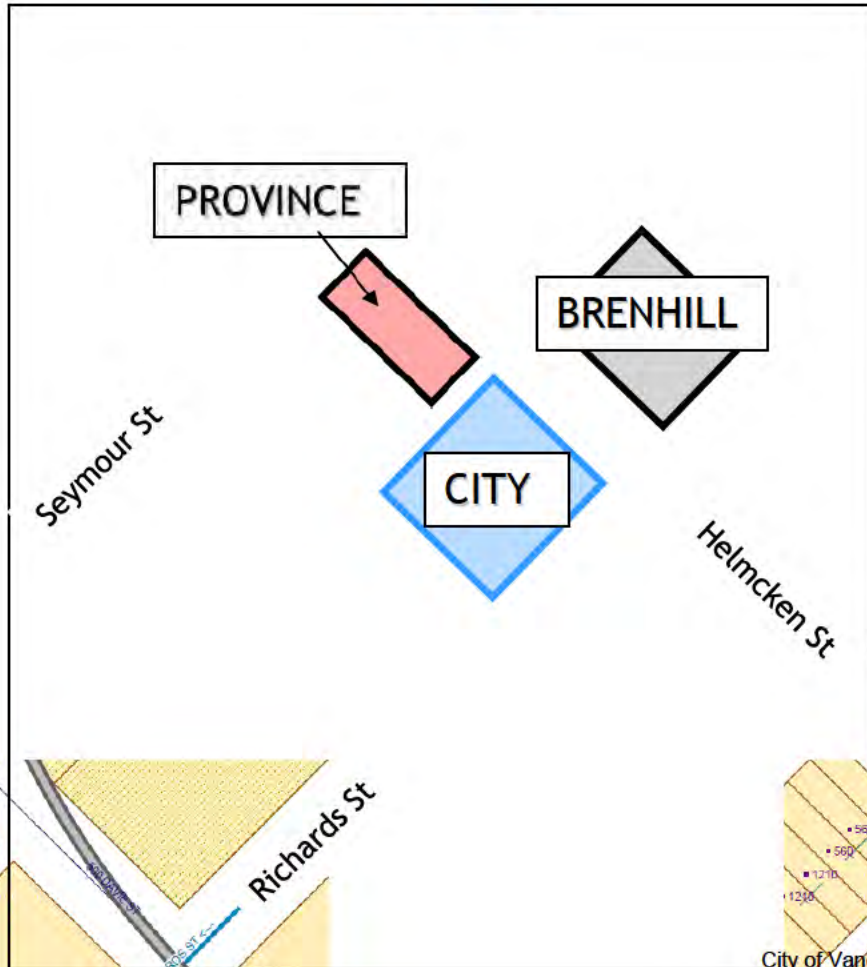
- **Province (verbal agreement so far):**
 - will transfer CMHC mortgages to new social housing building
 - will sustain its operational subsidy commitment
 - no cost to the City
- **Developer:** balance between regulatory framework/community plan and optimal CAC to support housing goals
- **City:**
 - Approves sole source land disposition, acquisition of Brenhill lands, lease termination with non-profit and new lease for new facility
 - all CAC's applied to Social Housing
 - Will allow elimination of lane for new green connection to Park and direct access to Richards street
- **Non-Profit:** existing non-profit housing operator will consent and continue

Other Key Assumptions

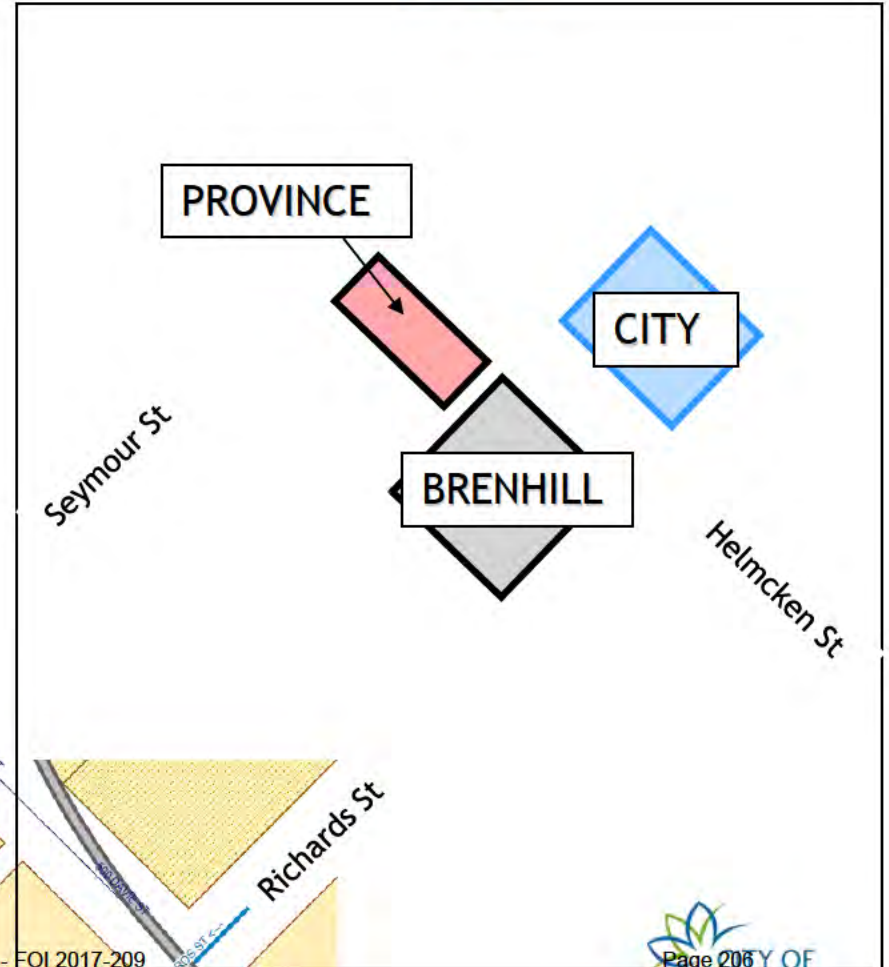
- Director of Finance and General Manager of CSG to report back to Council on:
 - unit size, unit mix
 - operating model
 - options for extracting deal equity through a new prepaid Lease
- The closure and sale of the City Lane subject to rezoning
- Final terms of the overall Development Agreement to be reported back to Council for final approval

Land Transfer Summary Maps

Before



After



Risks and Mitigation

Risk	Mitigation
Province and City can't agree on policy regarding social housing tenant mix and operational funding subsidy.	Escalate issue as necessary to seek resolution
Failure of a rezoning proposal to be approved	Robust planning process to balance development, policy and community issues during rezoning
Demolition of Jubilee House seen as premature.	Provide detailed analysis on costs anticipated to completion of tenure on current site versus costs associated with operating the new building

Risks and Mitigation - continued

Risk	Mitigation
Failure of Brenhill to generate sufficient sales to finance the plan	<ul style="list-style-type: none">• Ensure the delivery of the Social Housing CAC prior to Brenhill's marketing program;• legal title of the Jubilee site would not be conveyed to Brenhill until the Social Housing is delivered.
Escalation of construction costs over the term of the agreement	<ul style="list-style-type: none">• Brenhill will execute a fixed price construction contract and tender the project as soon as possible to lock in major trade costs.• construction cost escalation factor has been provided in the pro forma in accordance with normal practice.

Council Approval Process

Stage 1 - Completed, subject to Council Approval

- Council approves the deal in principle, authorize staff to negotiate the Lease Surrender and Purchase and Sale Contract for sole source sale (closing pending rezoning approval)
- When City Manager and the Director of Legal Services satisfied with commitments of BC Housing and 127 Society, Brenhill will be authorized to submit an application for rezoning.

Stage 2 - Currently Underway

- Staff finalize the details of a Development Agreement

Council Approval Process

Stage 3 -early 2013

- Staff report back to Council for final approval of the terms of the Development Agreement, including:
 - final unit mix, unit size, operating model, and financial options for new prepaid Lease.

Stage 4 -late Spring 2013

- Rezoning to Council

Stage 5 - Start of Construction in late 2013

- DP issued; construction starts on the New Non-Market Housing Building

RECOMMENDATIONS

As set out in the body of Report RTS 9821

QUESTIONS?



Brenhill Housing Proposal at Emery Barnes Park: Direction re: City Land Disposition

Presentation to Council In Camera - April 18th, 2012
Deputy City Manager, David McLellan

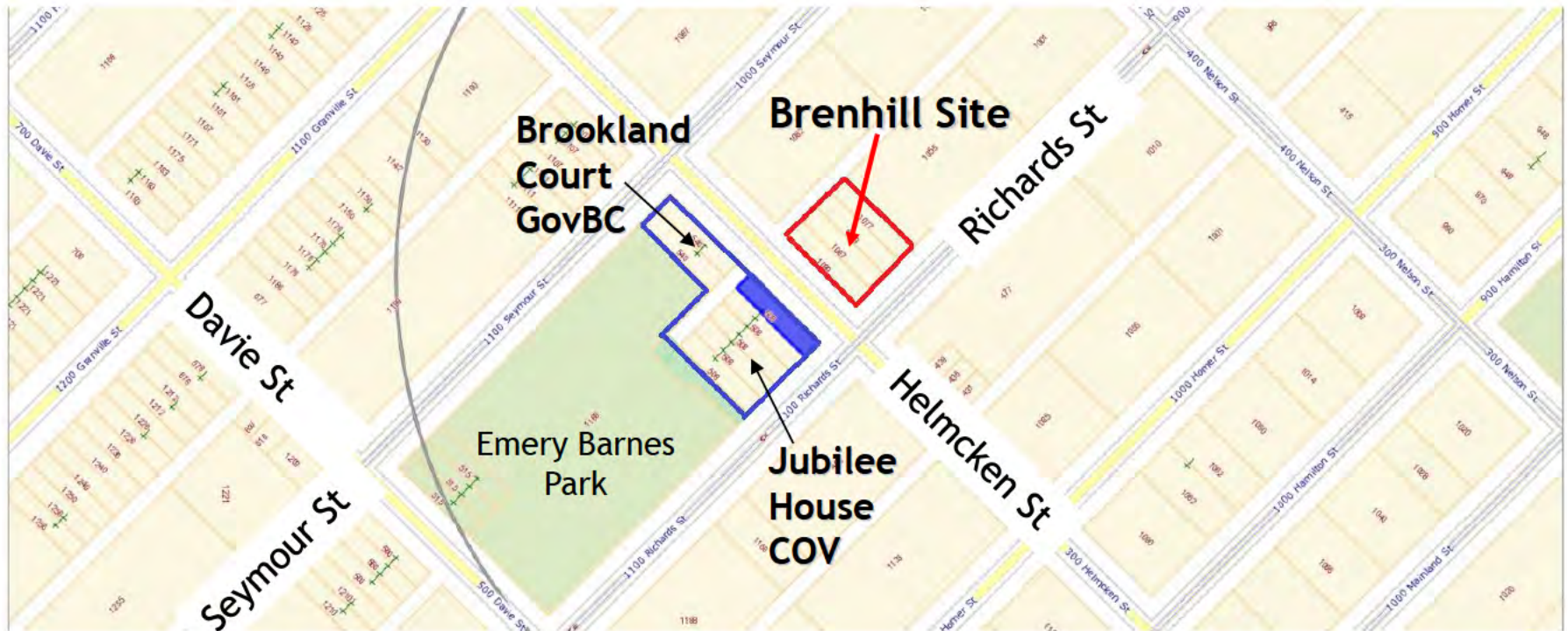
City of Vancouver - FOI 2017-209

Key Elements of Discussion

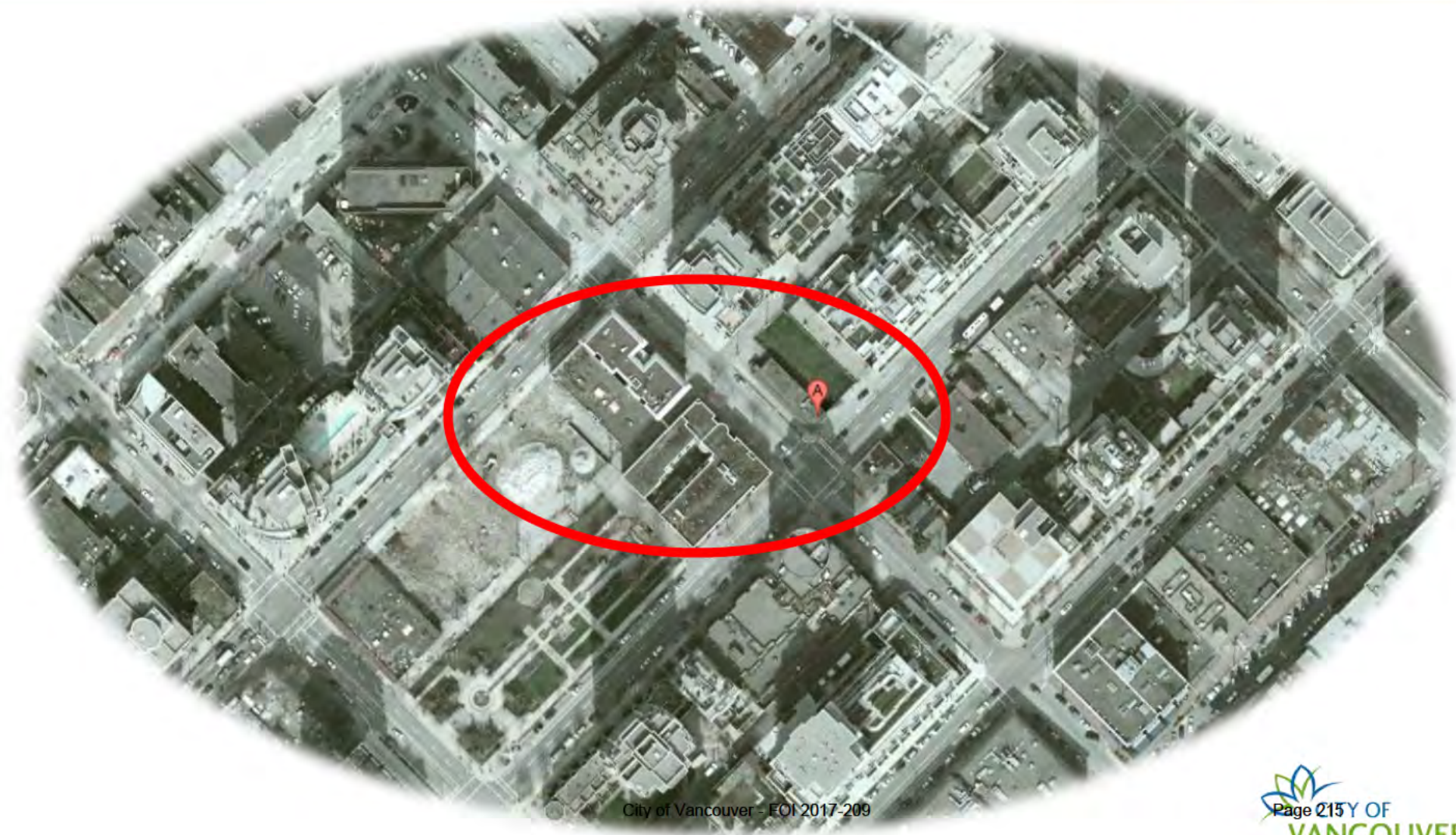
- Complex negotiation to use City land to lever:
 - Rehabilitation of deteriorating social housing
 - Incremental affordable rental housing
 - Incremental social housing
- 3 Property owners involved:
 - BC Housing, COV, Private Owner
- 1 Non-profit operator involved
- 3 current buildings:
 - 2 social housing buildings (Brookland Court, Jubilee House)
 - 2 low rise private buildings: lease with Montessori School
- Timing issues

Location of Involved Properties

- Downtown South adjacent to Emery Barnes Park



Aerial View of Location



Identified Interests and Goals

- COV:
 - reduce the risk of inheriting failed buildings (Jubilee House) on City lands leased for social housing
 - Make progress on the 2011-2021 Housing Strategy Goals
- Province (BC Housing):
 - reduce potential liabilities and achieve greater efficiencies on operating costs for social housing
- Non-Profit:
 - retain the community of residents it serves intact and in good quality homes
- Private Property Owner (Brenhill)
 - Develop market rental housing portfolio
 - Improve opportunity of development potential on their property

Existing Building 1: Brookland Court - Social Housing

- 540 Helmcken St at Seymour
- Heritage “B” Building (constructed circa 1910)
- Provincial land leased to Non-Profit
- Term of the lease is 60 years from 1987, with the likely termination date in 2047
- Non-profit Operator: The 127 Society for Housing
- 78 total Social housing units:
 - 70 Studio
 - 5 One Bedroom
 - 3 One Bedroom Accessible
- Tenants: 78 Seniors



Existing Building 2: Jubilee House - Social Housing

- 508 Helmcken St (at Richards)
- 27 year old facility
- City-owned site
- Term of the lease is 41 years from 1985, with the society holding an option to renew for 20 years, bringing the likely termination date to 2046
- Non-profit Operator: The 127 Society for Housing
- 87 total Social Housing Units:
 - 78 Studio
 - 5 one bedroom
 - 4 Accessible Studio Units
- Tenants: low or limited income residents over the age 45



Existing Buildings 3: Private Commercial Buildings

- 1077 to 1099 Richards St.
- Owned by Brenhill
- Two low-rise commercial buildings
- Principal Tenant: Montessori School
- Development Potential limited due to number of high rise towers currently on this block

High Level Development Plan

- **New Social Housing Building**
 - Construct a new 13 storey building on the Brenhill property accommodating approximately 179 Social Housing Units complete with amenity spaces
- **Brookland Court:**
 - Retain and undertake comprehensive renovation to obtain 74 market rental units and Montessori School at grade adjacent to Emery Barnes Park
- **New High Rise Tower:**
 - Demolish Jubilee House
 - Construct a mixed use podium & tower with townhouses wrapping base of tower on the site of Jubilee, including:
 - Mix of 84 rental and 306 market condos in tower
 - Gallery space in podium at grade adjacent to Emery Barnes Park
 - Leed Gold
 - View cones intact
- **Transfer of Land ownership**

Housing Summary

Housing type	Social Housing	Rental Housing	Condos	Total
Brookland Court now	78	0	0	78
Jubilee House	87	0	0	87
Current Total	165	0	0	165
New Brookland Court	0	74	0	74
New Social Housing	179	0	0	179
High Rise Tower	0	84	306	390
New Total	179	158	306	643

Development Cost/Benefit Reconciliation

	<i>508 Helmcken Street (In Favour of Brenhill)</i>	<i>1077-99 Richards Street (In Favour of City)</i>
Non-Market Housing Construction Costs		\$30,670,000
Premium Heritage Retention Costs - Brookland Court		\$3,300,000
Land Value - existing zoning	-\$15,000,000	\$8,400,000
Foregone CAC Value	-\$27,370,000	
Balanced Transaction	-\$42,370,000	\$42,370,000

New Social Housing Detail

- Current Zoning allows the construction of a 13 storey tower (with Director of Planning discretion)
- All units in Jubilee House and Brookland Court replaced with LEED Gold new units
- Approximately 14 new social housing units added
- 127 Society remains as operator
- Ownership of land and building transferred to City of Vancouver

Proposed Social Housing (View from South)



Proposed Social Housing (View from West)



Brookland Court - Detail

- Purpose built residential building:
 - structural columns, stairs, elevator, ceiling heights and windows designed for a residential use
 - Suite would be in affordable range
 - Existing heritage designation
 - Office or other use would be severely challenged by all of these existing systems.
- Current density 5-6 FSR - appropriate density
 - Further density would be challenging given underlying structure in relation to seismic, elevator, stair and sustainability requirements
- Conclusion: best value is to preserve as much as possible of the existing building intact.
- Proposal: renovate for 74 market rental units and Montessori School at ground level.
- Land ownership transferred to Brenhill

New High Rise Tower

- Rezoning required to accommodate proposed tower and density.
- Takes advantage of development opportunity by proposing a tower form (approximately 33 floors) with condos, market rental housing, commercial tenancy (gallery)
- Preliminary review of tower form undertaken by City Planning staff
- In compliance with new height restrictions
- Land ownership transferred to Brenhill

Site at Helmcken at Richards - NE corner of the existing Emery Barnes Park

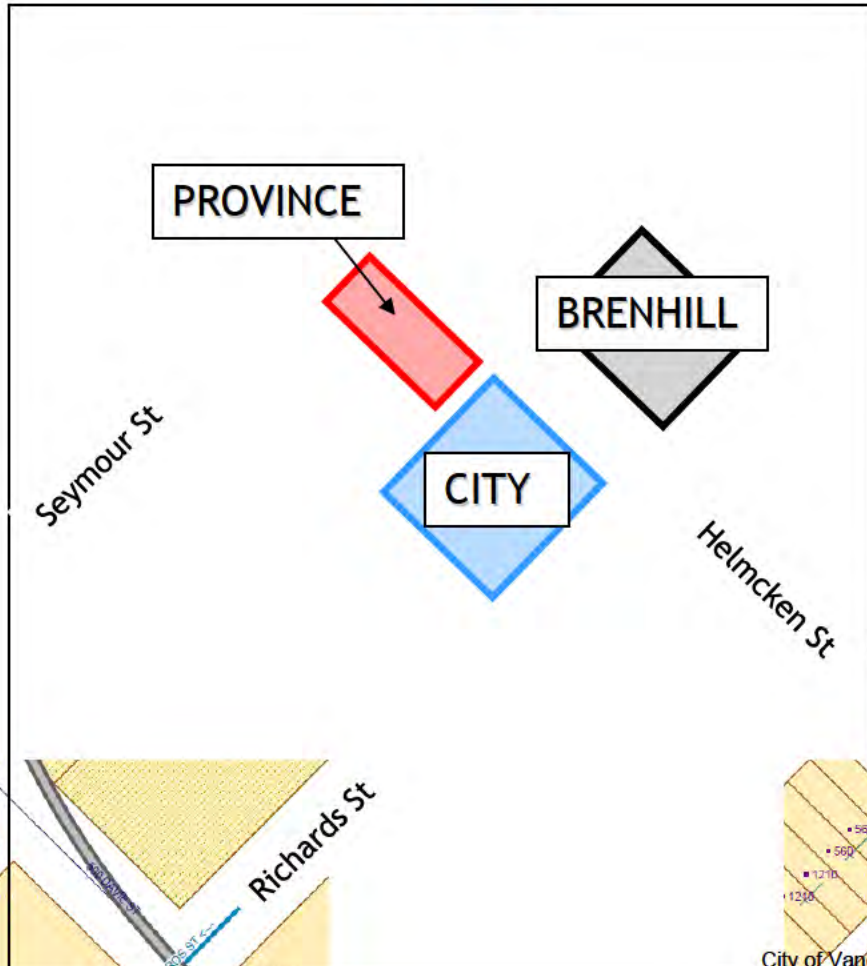


Business Case Assumptions

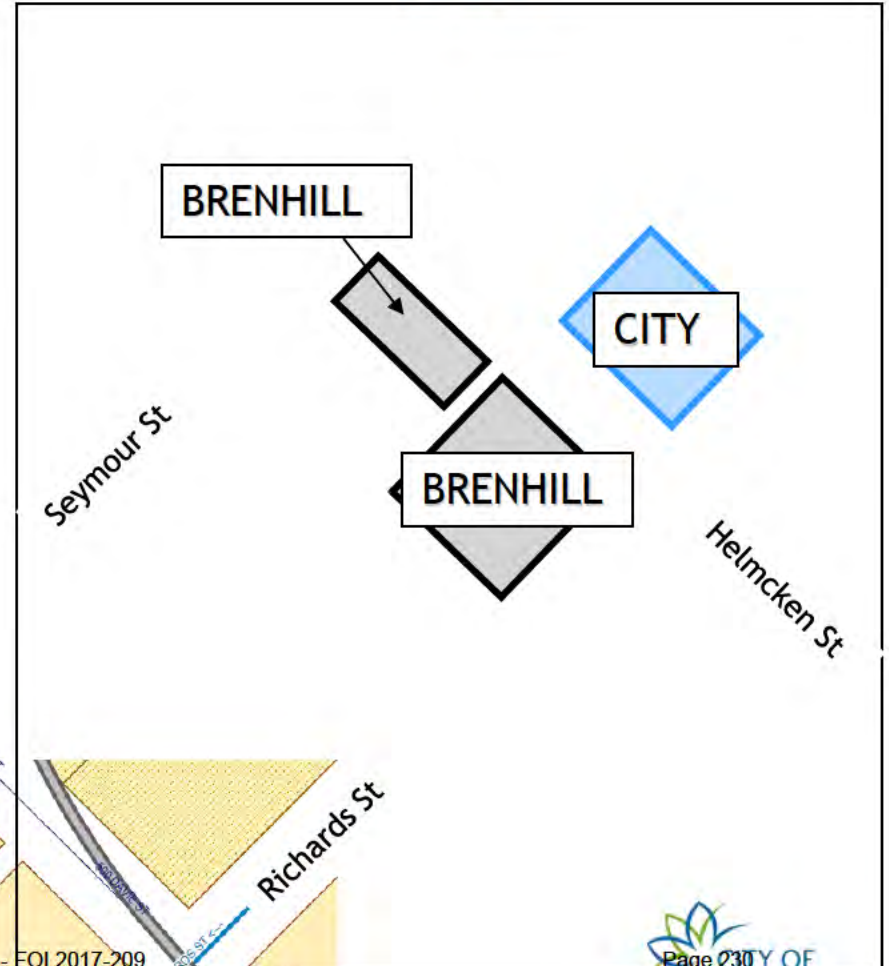
- Province will cooperate with transfer of land and assets and sustained operational commitment, at no cost to the city (preliminary verbal consent given)
- Market development adjusted to fit within regulatory framework/community plan while optimizing a CAC to support social housing replacement and heritage retention
- Total value of CAC's applied to Social Housing replacement and Heritage
- The cooperation of the non-profit housing operator (as the registered lease holder) will be given
- Sole sourced real estate deal by City (land exchange) with Brenhill
- The City will permit direct access to Richards Street which would allow the elimination of the lane between the proposed tower and Brookland Court in favour of a new green connection to Emery Barnes Park

Land Transfer Summary Maps

Before



After



Risks and Mitigation

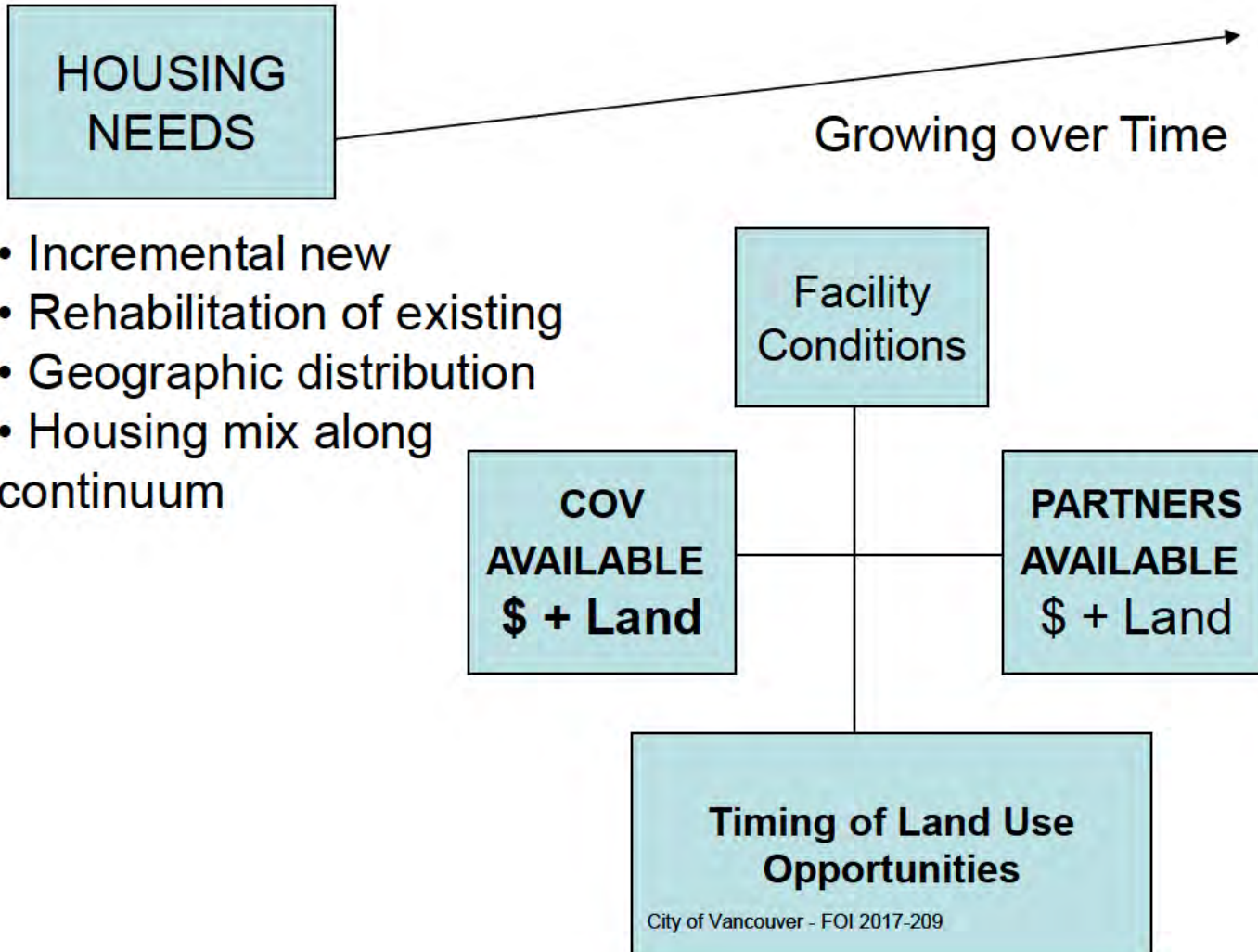
Risk	Mitigation
Province or Non- Profit requires an unanticipated monetary inducement to cooperate causing a financial issue.	Adjust the pro forma (i.e. altering the housing mix: ratio of condo to rental) in an attempt to accommodate (i.e. value of provincial land, moving costs)
Province and City can't agree on policy regarding social housing tenant mix and operational funding subsidy.	Escalate issue as necessary to seek resolution
Failure of a rezoning proposal to be approved	No mitigation, deal fails
Demolition of Jubilee House seen as premature.	Provide detailed analysis on costs anticipated to completion of tenure on current site versus costs associated with operating the new building

Risks and Mitigation - continued

Risk	Mitigation
Failure of Brenhill to generate sufficient sales to finance the plan	Ensure the delivery of the Social Housing CAC prior to Brenhill's marketing program and legal title of the Jubilee site would not be conveyed to Brenhill until the Social Housing is delivered.
Escalation of construction costs over the term of the agreement	Brenhill will execute a fixed price construction contract and tender the project as soon as possible to lock in major trade costs. A construction cost escalation factor has been provided in the pro forma in accordance with normal practice.

Dynamics of Meeting our Housing Strategy

Timing is Crucial



Council Approval Process

Stage 1

- Council approves the deal in principle, including real estate sole source, and upon the City Manager and the Director of Legal Services being satisfied with the Province (BC Housing) and the Non-profit (127 Society for Housing) confirmed commitments, Brenhill will be authorized to submit an application for rezoning.

Stage 2

- Staff finalize the details of a Development Agreement (this is the overarching document which will contain the Purchase and Sale Contract, the CCDC-2 Construction Contracts, Non-Market Housing Construction Specifications, the Lease Surrender, the new ground lease, Subdivision Plans, and any other legal documents needed) .

Stage 3

- Staff report back to Council for final approval of the detailed agreements on the transfer of lands.

Stage 4

- Council considers the rezoning proposal after the normal staff and public processes.

REGULAR COUNCIL (IN CAMERA) MEETING MINUTES

APRIL 9 AND 10, 2013

A Regular (In Camera) Meeting of the Council of the City of Vancouver was held on Tuesday, April 9, 2013, at 11:32 am, in the Mayor's Office, Third Floor, City Hall. Subsequently, the meeting recessed and reconvened on Wednesday, April 10, 2013, at 1:08 pm.

PRESENT: Mayor Gregor Robertson
Councillor George Affleck*
Councillor Elizabeth Ball
Councillor Adriane Carr*
Councillor Heather Deal
Councillor Kerry Jang*
Councillor Raymond Louie* (Items 1-7 and 10 only)
Councillor Geoff Meggs
Councillor Andrea Reimer
Councillor Tim Stevenson*
Councillor Tony Tang*

ABSENT: Councillor Tim Stevenson (Leave of Absence) - April 10, 2013

ALSO PRESENT: Penny Ballem, City Manager
Sadhu Johnston, Deputy City Manager (Item 8)
Bill Aujla, General Manager, Real Estate & Facilities Management (Items 1, 2, 5,6,7)
Michael Flanigan, Director, Real Estate Services (Items 1, 2, 5-9)
Jerry Evans, Associate Director, Development, Real Estate Services (Items 1 and 2)
Patrice Impey, General Manager, Financial Services (Items 1, 2 and 8)
Brian Jackson, General Manager, Planning & Development Services (Items 1 and 9)
Brenda Prosen, General Manager, Community Services (Items 1 and 2)
Jim DeHoop, Managing Director, Social Development (Items 1 and 2)
Kelly Oehlschlager, Assistant Director - Construction, Procurement & Technology, Legal Services (Items 1 and 2)
Grace Cheng, Senior Manager, Long-Term Financial Planning (Items 1, 2 and 8)
Malcolm Bromley, General Manager, Parks and Recreation (Items 5-7)
Tilo Driessen, Manager, Planning & Research, Parks and Recreation (Items 5-7)
Peter Judd, General Manager, Engineering Services (Item 8)
Jerry Dobrovolny, Director, Transportation (Item 8)
Scott Edwards, Manager, Street Activities Branch (Item 8)
Nick Kassam, Director, Supply Management (Item 8)
Kathryn Kolbuch, Business Planning Manager, Business Planning Secretariat (Item 8)
David Li, Solicitor, Legal Services (Item 8)
Marco D'Agostini, Senior Heritage Planner (Item 9)
Randy Pecarski, Senior Planner, City-Wide & Regional Planning, Policy & Projects (Item 9)
Paul Mochrie, General Manager, Human Resource Services (Item 10)
Mike Magee, Chief of Staff, Mayor's Office

CITY CLERK'S OFFICE: Barbara Pearce, Deputy City Clerk
Charlene Imai, Meeting Coordinator

*Denotes absence for a portion of the meeting.

ADOPTION OF MINUTES

MOVED by Councillor Louie
SECONDED by Councillor Jang

THAT the Minutes of the Regular Council (In Camera) meetings of March 12, 2013, and March 13/14, 2013, be adopted.

CARRIED UNANIMOUSLY
(Councillors Affleck and Carr absent for the vote)

COMMITTEE OF THE WHOLE

MOVED by Councillor Deal
SECONDED by Councillor Reimer

THAT this Council resolve itself into Committee of the Whole, Mayor Robertson in the Chair.

CARRIED UNANIMOUSLY
(Councillors Affleck and Carr absent for the vote)

1. **Development Agreement and Related Contracts for the Sale of City-owned land located at 508 Helmcken Street for the development of new social housing April 3, 2013**

Penny Ballem, City Manager, and Michael Flanigan, Director, Real Estate Services, provided an overview of the Development Agreement and related contracts for the sale of City-owned land located at 508 Helmcken Street for the development of new social housing, and responded to questions.

MOVED by Councillor Jang

- A. THAT Council authorize the Director of Real Estate Services to complete contract negotiations with The 127 Society for Housing (the "Society") and British Columbia Housing Management Commission ("BC Housing") for the lease of land and improvements to be constructed on the property located at 1077-1099 Richards Street, legally described as PID: 004-904-125 PID: 015-485-811 PID: 003-690-806, PID: 006-706-673 LOT 20 to LOT 23, all of BLOCK 84 DISTRICT LOT 541 PLAN 210 (the "Brenhill Lands"); and authorize the Director of Real Estate Services to execute an offer to lease (the "Offer to Lease") for a new 60-yr lease agreement (the "Lease Agreement") with the Society, as lessee of the Brenhill Lands and the 162 unit social housing project (the "Non-Market Housing Project") to be constructed on the Brenhill Lands and thereafter transferred together with the Brenhill Lands to the City; the Offer to Lease and Lease Agreement to be on such terms and conditions as are acceptable to the General Manager of Real Estate and Facilities Management, Managing Director of Social

Development, the Director of Finance, and Director of Legal Services, including:

- i. a phased prepayment of the rent payable by the Society pursuant to the Lease Agreement of approximately \$9.9 million (the "Prepaid Rent"), of which approximately \$8.1 million will be payable within 12 months of final occupancy permit issuance for the Non-Market Housing Project and an additional \$1.8 million will be payable upon maturity of the remaining outstanding BCH/CMHC mortgage; and
- ii. financing of the Prepaid Rent by new mortgage(s) of the Society's leasehold interest in the Brenhill Lands and the Non-Market Housing Project, to be negotiated with BC Housing/CMHC and/or other third party lenders (the "Mortgage"), with the Mortgage and any related financing documents to be on such terms and conditions as are acceptable to the Director of Finance and Director of Legal Services

As the prepaid lease of approximately \$9.9 million is below the applicable market rate of \$28.6 million, A(i) constitutes a grant valued at approximately \$18.7 million and approval requires eight affirmative votes of Council.

B. THAT, subject to obtaining Council approval of A:

- i. THAT Council, pursuant to the land exchange contract (the "Land Exchange Contract") entered into between the City and Brenhill Developments Limited ("Brenhill") with an effective date of January 28, 2013, for the City lands (the "City Lands") located at 508 Helmcken Street, legally described as PID: 015-482-073, PID: 015-482-081, PID: 015-482-138, PID: 015-482-162 PID: 015-482-260 LOT 34 to LOT 38, all of BLOCK 94 DISTRICT LOT 541 PLAN 210, and the City Lane (as shown on Appendix A to the Administrative Report dated April 3, 2013, entitled "Development Agreement and Related Contracts for the Sale of City-owned land located at 508 Helmcken Street for the development of new social housing"), authorize the Director of Legal Services and Director of Real Estate Services to negotiate and execute a development agreement (the "Development Agreement") with Brenhill, the Society, and BC Housing/Canadian Mortgage and Housing Corporation ("CMHC") to construct the Non-Market Housing Project, to be transferred upon completion to the City together with the Brenhill Lands, at no development or construction cost risk to the City; the Development Agreement to be on such terms and conditions as are acceptable to the General Manager of Real Estate and Facilities Management, General Manager of Engineering, and Director of Legal Services;
- ii. THAT Council direct City staff to complete negotiations with the Society and BC Housing/CMHC and authorize the Managing Director of Social Development to, concurrently with the Lease, enter into a 60 year operating agreement (the "Operating Agreement") with the Society and BC Housing/CMHC that will govern the Society's operation

of the Brenhill Lands and the Non-Market Housing Project as more particularly set out below in this report; the Operating Agreement to be on such terms and conditions as are acceptable to the General Manager of Real Estate and Facilities Management, General Manager of Community Services, Director of Finance, and Director of Legal Services.

- C. THAT, when City staff conclude such negotiations with Brenhill, BC Housing, CMHC, and the Society, that the Offer to Lease, Lease Agreement, Development Agreement, and Operating Agreement be subject to the City Lands being successfully rezoned, at Brenhill's sole risk and expense.
- D. THAT a Council decision to enter into the Offer to Lease, Lease Agreement, Development Agreement, and/or Operating Agreement with Brenhill, BC Housing and/or the Society will not in any way limit Council or the City and its officials, including the Approving Officer, in exercising their discretion with respect to any related rezoning, permitting, or subdivision of the City Lands or Brenhill Lands.
- E. THAT no legal rights or obligations will arise or be created between:
 - i. the Society and the City for the lease of the Brenhill Lands and the Non-Market Housing Project unless and until a legally binding Lease Agreement, is successfully negotiated and executed and delivered by the Society and the City through its authorized signatories, the Director of Legal Services and the Director of Real Estate Services;
 - ii. the Society, BC Housing/CMHC, and the City for the operations of the Brenhill Lands and the Non-Market Housing Project unless and until a legally binding Operating Agreement is successfully negotiated, executed and delivered by the Society, BC Housing/CMHC and the City through its authorized signatories, the Director of Legal Services and the General Manager of Community Services; and,
 - iii. Brenhill, the Society, BC Housing/CMHC, and the City for the development and financing of the Non-Market Housing Project unless and until a legally binding Development Agreement is successfully negotiated and executed and delivered by Brenhill, the Society, BC Housing/CMHC, and the City through its authorized signatories, the Director of Legal Services and the Director of Real Estate Services.

CARRIED UNANIMOUSLY
AND BY THE REQUIRED MAJORITY

* * * * *

Councillor Louie left the meeting at 11:48 am, and did not return.

* * * * *

RISE FROM COMMITTEE OF THE WHOLE

MOVED by Councillor Reimer

THAT the Committee of the Whole rise and report.

CARRIED UNANIMOUSLY
(Councillor Stevenson absent for the vote)

ADOPT REPORT OF COMMITTEE OF THE WHOLE

MOVED by Councillor Tang
SECONDED by Councillor Jang

THAT the report of the Committee of the Whole be adopted.

CARRIED UNANIMOUSLY
(Councillor Stevenson absent for the vote)

ADJOURNMENT

MOVED by Councillor Carr
SECONDED by Councillor Ball

THAT the Regular Council (In Camera) meeting be adjourned.

CARRIED UNANIMOUSLY
(Councillor Stevenson absent for the vote)

The Council adjourned at 4:00 pm.

* * * * *

REGULAR COUNCIL (IN CAMERA) MEETING MINUTES

APRIL 18, 2012

A Regular (In Camera) Meeting of the Council of the City of Vancouver was held on Wednesday, April 18, 2012, at 12:12 pm, in the Mayor's Office, Third Floor, City Hall.

PRESENT: Mayor Gregor Robertson*
Councillor George Affleck
Councillor Elizabeth Ball
Councillor Adriane Carr*
Councillor Heather Deal*
Councillor Kerry Jang
Councillor Geoff Meggs*
Councillor Andrea Reimer*
Councillor Tim Stevenson*
Councillor Tony Tang*

ABSENT: Councillor Raymond Louie (Leave of Absence - Civic Business)

ALSO PRESENT: Penny Ballem, City Manager
Bill Aujla, General Manager, Real Estate and Facilities Management
(Items 1-7)
Patrice Impey, General Manager, Financial Services Group (Items 1-7)
David McLellan, Deputy City Manager (Item 6)
Brenda Prosken, Acting General Manager, Community Services Group
(Items 1-3, 6 and 7)
Michael Flanigan, Director, Real Estate Services (Items 1-7)
Richard Newirth, Managing Director, Cultural Services (Item 7)
Mike Magee, Chief of Staff, Mayor's Office
Kevin Quinlan, Executive Assistant, Mayor's Office

CITY CLERK'S OFFICE: Janice MacKenzie, Acting City Clerk
Laura Kazakoff, Meeting Coordinator

**Denotes absence for a portion of the meeting.*

ADOPTION OF MINUTES

MOVED by Councillor Meggs
SECONDED by Councillor Jang

THAT the Minutes of the Regular Council (In Camera) meeting of March 28, 2012, be adopted.

CARRIED UNANIMOUSLY
(Councillors Carr, Deal and Stevenson absent for the vote)

Councillor Carr arrived prior to the vote on Committee of the Whole.

COMMITTEE OF THE WHOLE

MOVED by Councillor Jang
SECONDED by Councillor Tang

THAT this Council resolve itself into Committee of the Whole, Mayor Robertson in the Chair.

CARRIED UNANIMOUSLY
(Councillors Deal and Stevenson absent for the vote)

VARY ORDER OF AGENDA

Council agreed to vary the order of the agenda to consider Item 6 first. For clarity, the items are minuted in the order in which they were dealt with.

6. Verbal Briefing: 508 Helmcken Street

Councillors Deal and Stevenson arrived prior to discussion on Item 6.

David McLellan, Deputy City Manager, provided an overview of negotiations related to a housing proposal involving properties adjacent to Emery Barnes Park and requested feedback on a proposed Council approval process. Mr. McLellan, along with Penny Ballem, City Manager, Michael Flanigan, Director, Real Estate Services, Bill Aujla, General Manager, Real Estate and Facilities Management, and Patrice Impey, General Manager, Financial Services, responded to questions.

Councillor Reimer left near the end of discussion on Item 6 and did not return.

RISE FROM COMMITTEE OF THE WHOLE

MOVED by Councillor Jang

THAT the Committee of the Whole rise and report.

CARRIED UNANIMOUSLY
(Mayor Robertson [Civic Business] and Councillor Reimer absent for the vote)

ADOPT REPORT OF COMMITTEE OF THE WHOLE

MOVED by Councillor Jang
SECONDED by Councillor Stevenson

THAT the report of the Committee of the Whole be adopted.

CARRIED UNANIMOUSLY
(Mayor Robertson [Civic Business] and Councillor Reimer absent for the vote)

The Council adjourned at 1:39 pm

* * * * *

CONFIDENTIAL

REGULAR COUNCIL (IN CAMERA) MEETING MINUTES

OCTOBER 31 AND NOVEMBER 7, 2012

A Regular (In Camera) Meeting of the Council of the City of Vancouver was held on Wednesday, October 31, 2012, at 3:03 pm, in the Mayor's Office, Third Floor, City Hall. The meeting was subsequently recessed and reconvened on Wednesday, November 7, 2012, at 1:07 pm.

PRESENT:

- Mayor Gregor Robertson
- Councillor George Affleck
- Councillor Elizabeth Ball
- Councillor Adriane Carr
- Councillor Heather Deal
- Councillor Kerry Jang
- Councillor Raymond Louie*
- Councillor Geoff Meggs*
- Councillor Andrea Reimer
- Councillor Tim Stevenson*
- Councillor Tony Tang

ALSO PRESENT:

- Penny Ballem, City Manager
- David McLellan, Deputy City Manager
- Bill Aujla, General Manager, Real Estate and Facilities Management (Items 2-4)
- Michael Flanigan, Director, Real Estate Services (Items 2-4)
- Jean Billing, Solicitor, Legal Services (Items 2-3)
- Jerry Dobrovolny, Director of Transportation (Item 3)
- Devan Fitch, Engineering Services (Item 3)
- Paul Mochrie, General Manager, Human Resource Services (Item 6)
- Kevin Jeske, Manager, Labour Relations (Item 6 - November 7)
- Michael Magee, Chief of Staff, Mayor's Office

CITY CLERK'S OFFICE:

- Janice MacKenzie, City Clerk
- Laura Kazakoff, Meeting Coordinator (Items 1-5)

*Denotes absence for a portion of the meeting.

ADOPTION OF MINUTES

MOVED by Councillor Deal
SECONDED by Councillor Jang

THAT the Minutes of the Regular Council (In Camera) meeting of October 16, 2012, be adopted.

CARRIED UNANIMOUSLY
(Councillors Louie and Stevenson absent for the vote)
Councillor Louie arrived prior to the vote on going into Committee of the Whole.

COMMITTEE OF THE WHOLE

MOVED by Councillor Deal
SECONDED by Councillor Jang

THAT this Council resolve itself into Committee of the Whole, Mayor Robertson in the Chair.

CARRIED UNANIMOUSLY
(Councillor Stevenson absent for the vote)

2. Potential Sale of City-owned land located at 508 Helmcken Street and proposed closure and sale of adjacent lane and Potential Purchase of land for Housing and Development of Non-Market Housing October 22, 2012

Michael Flanigan, Director, Real Estate Services, provided an overview of the report and, along with Penny Ballem, City Manager, and David McLellan, Deputy City Manager, responded to questions.

Note: When this matter was previously considered by Council, Councillor Affleck had declared a conflict of interest as his child attends daycare in this location, however, he now noted that he did not consider himself to have a conflict of interest in this matter.

MOVED by Councillor Louie

- A. THAT Council authorize the Director of Real Estate Services to negotiate a conditional lease surrender (the "Lease Surrender") with The 127 Society for Housing (the "Society") and Provincial Rental Housing Corporation ("BC Housing") for the City owned lands at 508 Helmcken Street, legally described as PID: 015-482-073, PID: 015-482-081, PID: 015-482-138, PID: 015-482-162 PID: 015-482-260 LOT 34 to LOT 38, all of BLOCK 94 DISTRICT LOT 541 PLAN 210 (the "City Property"), at no cost to the City.
- B. THAT, subject to obtaining the Lease Surrender in A above, Council authorize the Director of Real Estate Services to enter into exclusive negotiations with Brenhill Developments Limited ("Brenhill"), the owner of 1077-1099 Richards Street, legally described as PID: 004-904-125 PID: 015-485-811 PID: 003-690-806, PID: 006-706-673 LOT 20 to LOT 23, all of BLOCK 84 DISTRICT LOT 541 PLAN 210 (the "Brenhill Lands"), over the next 12 months to:
 - (i) negotiate the sale of the City Property to Brenhill, together with a portion of lane described in Appendix A of the Administrative Report dated October 22, 2012, entitled "Potential Sale of City-owned land located at 508 Helmcken and proposed closure and sale of adjacent lane and Potential Purchase of Land for Housing and Development of Affordable Housing (the "City Lane"); and
 - (ii) negotiate the City's acquisition of the Brenhill Lands;

such negotiations to be based on the following terms and conditions:

- (a) the City to purchase the Brenhill Lands for a purchase price of \$8,400,000, plus closing costs and taxes;
 - (b) the City to sell the City Property and City Lane (collectively the "City Lands") to Brenhill for a price of \$15,000,000, net of closing costs and taxes;
 - (c) the City successfully negotiating the terms of a development agreement with Brenhill, BC Housing, and the Society (the "Development Agreement"), on terms subject to final Council approval, in which Brenhill agrees to build an anticipated 172 turnkey replacement units of non-market housing (herein the "Replacement Non-Market Housing Units"), such final unit count, tenant mix, and terms of the operating agreement to be approved by Council; such Replacement Non-Market Housing Units to be constructed on the Brenhill Lands, to be owned by the City of Vancouver at no development or construction cost risk to the City; and,
 - (d) that the City's maximum contribution towards funding the Replacement Non-Market Housing Units will be the sum resulting from the difference in the purchase price amount for the Brenhill Lands and the sale price amount for the City Lands, being \$6,600,000, together with the CAC value of approximately \$25,000,000 from rezoning the City Lands, to be used to finance the construction costs for the Replacement Non-Market Housing Units on terms as further set out in the Administrative Report dated October 22, 2012, entitled "Potential Sale of City-owned land located at 508 Helmcken Street and proposed closure and sale of adjacent lane and Potential Purchase of land for Housing and Development of Affordable Housing".
- C. THAT, if the Director of Real Estate Services can successfully conclude such negotiations with Brenhill, BC Housing, and the Society, Council authorize the Directors of Legal and Real Estate Services to enter into a legally binding Lease Surrender and Contracts of Purchase and Sale, such agreements being subject to the City Lands being rezoned.
- D. FURTHER THAT, if the Director of Real Estate Services can successfully conclude such negotiations with Brenhill, BC Housing, and the Society, Council authorize the Directors of Legal and Real Estate Services to enter into a legally binding Development Agreement, such agreement being subject to final City Council approval.
- E. THAT the closure and sale of the City Lane will be subject to the approval of the rezoning of the City Lands at public hearing and approval by Council to stop up, close and convey the lane to the abutting owners.

- F. THAT as part of the Development Agreement and rezoning process, Council authorize the Director of Real Estate Services to negotiate a requirement for Brenhill to provide a minimum of 110 units of new secured market rental housing, on the City Lands, to be owned by Brenhill, which market rental housing will be secured through the contemplated rezoning of the City Lands by a Housing Agreement entered into pursuant to section 565.2 of the Vancouver Charter, including covenants in favour of the City protecting this affordable rental housing stock for a minimum of 60 years or life of the building, whichever term is longer, and prohibiting subdivision by strata plan and separate sale of any of such units (the "City Housing Agreement").
- G. THAT as part of the Development Agreement, Council authorize the Directors of Legal and Real Estate Services to negotiate a new replacement lease with the Society and BC Housing for the Replacement Non-Market Housing Units, for a term of 60 years (the "Lease"), subject to Council approval. The Lease will require payment of property taxes in lieu unless the Replacement Non-Market Housing Units are classified by BC Assessment as a Class 3 supportive housing property.
- H. THAT Council authorize the Director of Finance and Managing Director of Social Development to prepare a strategy for optimizing the value of a prepaid lease to the Society to the extent that mortgage financing is supported by the housing operations over the long term, with a report back to Council with recommended prepaid lease options.
- I. THAT Council authorize the Director of Legal Services to negotiate with the Society and BC Housing, and Canada Mortgage and Housing Corporation ("CMHC") for the transfer of two existing mortgages registered against the Society's leasehold interest in the City Property in favour of CMHC under registration numbers #BK273470 and #BM295775 from the City Property to the Society's leasehold interest pursuant to G above, in the building to be constructed on the Brenhill Lands upon the City successfully becoming the registered owner of the Brenhill Lands.
- J. THAT Council accept a voluntary contribution from Brenhill to the City's Affordable Housing Fund in the amount of \$1,000,000, payable to the City at the time of successful enactment of the rezoning of the City Lands.
- K. THAT Council authorize the creation of a 2013-2015 project management budget of \$1,000,000 (the "Project Management Budget") to be used to fund City project management services, expert consultants, Quantity Survey expenses, as well as to reimburse the Society for City approved legal fees, independent technical expert expenses, Jubilee tenant relocation costs, Land Title registration fees, overhead and administration expenses and related consulting costs as set out in the Administrative Report dated October 22, 2012, entitled "Potential Sale of City-owned land located at 508 Helmcken Street and proposed closure and sale of adjacent lane and Potential Purchase of land for Housing and Development of Affordable Housing"; source of funds to be

the Brenhill contribution to the City's Affordable Housing Fund as set out in J above.

- L. THAT a Council decision to enter into a Development Agreement with Brenhill, BC Housing and the Society or Contracts of Purchase and Sale with Brenhill will not in any way limit Council or the City and its officials, including the Approving Officer, in exercising their discretion with respect to any related rezoning, permitting, or subdivision of the City Lands or Brenhill Lands.
- M. THAT no legal rights or obligations will arise or be created between Brenhill and the City unless and until a legally binding Development Agreement, Contracts of Purchase and Sale, Lease Surrender, and Lease are successfully negotiated and executed and delivered by Brenhill and the City through its authorized signatories, the Director of Legal Services and the Director of Real Estate Services.
- N. FURTHER THAT, if the Director of Real Estate Services is at any time during the 12 month negotiation period of the view that terms cannot be successfully concluded with either the Society, BC Housing, CMHC, and/or Brenhill, the City Manager and Director of Real Estate Services report back to Council for further direction.
- O. THAT the City continue to pursue other sources of funding, but not to the detriment of the project moving forward.

carried

Councillor Affleck requested that B(ii)(d), F and K be voted on separately.

The motion was therefore put and CARRIED with Councillor Affleck opposed to B(ii)(d), F and K.

* * * * *

VARY AGENDA

During discussion on Item 2, Council agreed to vary the order of the Agenda in order to deal with Item 6. For ease of reference, the agenda items are minuted in numerical order.

* * * * *

RISE FROM COMMITTEE OF THE WHOLE

MOVED by Councillor Stevenson

THAT the Committee of the Whole rise and report.

CARRIED UNANIMOUSLY

ADOPT REPORT OF COMMITTEE OF THE WHOLE

MOVED by Councillor Stevenson
SECONDED by Councillor Tang

THAT the report of the Committee of the Whole be adopted.

CARRIED UNANIMOUSLY

* * * * *

Council recessed at 4:35 pm and reconvened on Wednesday, November 7, 2012, at 1:07 pm, with all Council members present with the exception of Councillors Louie, Meggs and Stevenson.

* * * * *

COMMITTEE OF THE WHOLE

MOVED by Councillor Jang
SECONDED by Councillor Deal

THAT this Council resolve itself into Committee of the Whole, Mayor Robertson in the Chair.

CARRIED UNANIMOUSLY
(Councillors Louie, Meggs and Stevenson absent for the vote)

RISE FROM COMMITTEE OF THE WHOLE

MOVED by Councillor Jang

THAT the Committee of the Whole rise and report.

CARRIED UNANIMOUSLY
(Councillors Louie, Meggs and Stevenson absent for the vote)

ADOPT REPORT OF COMMITTEE OF THE WHOLE

MOVED by Councillor Deal
SECONDED by Councillor Jang

THAT the report of the Committee of the Whole be adopted.

CARRIED UNANIMOUSLY

(Councillors Louie, Meggs and Stevenson absent for the vote)

ADJOURNMENT

MOVED by Councillor Jang
SECONDED by Councillor Deal

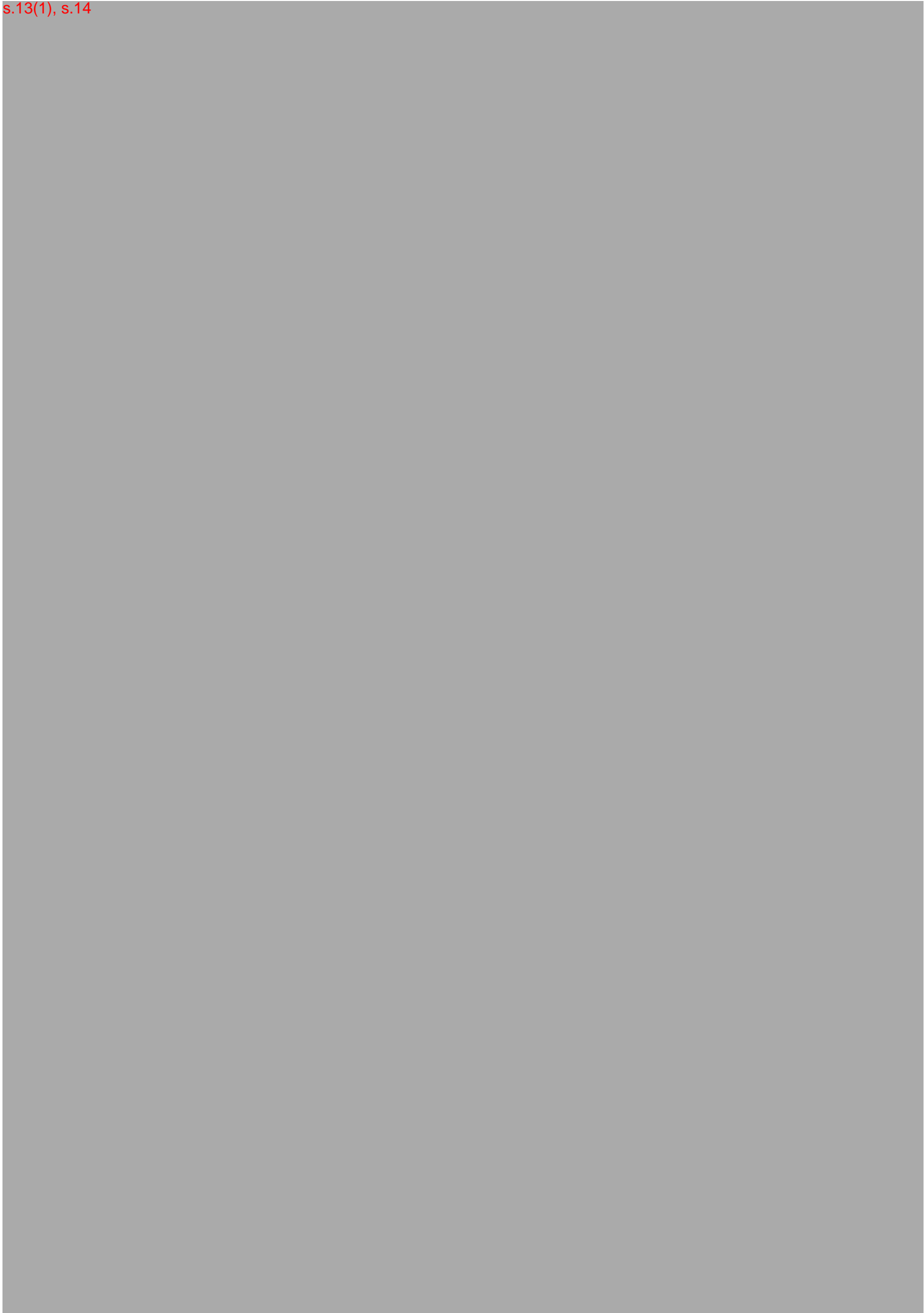
THAT the meeting be adjourned.

CARRIED UNANIMOUSLY
(Councillors Louie, Meggs and Stevenson absent for the vote)

The Council adjourned at 1:40 pm

* * * * *

CONFIDENTIAL



From: Postma, Tobin
Sent: Wednesday, January 18, 2017 8:48 AM
To: Aujla, Bill; Dixon, Iain; Evans, Jerry; Johnston, Sadhu; Van Fraassen, Barbara; Connell, Francie
Cc: Kendall-Craden, Rena
Subject: Global story on Brenhill

Please find a link below to Global's Brenhill story that ran last night:

<http://globalnews.ca/news/3188058/exclusive-did-vancouverites-lose-out-on-downtown-land-swap-deal/>

Thanks all for your work to prepare for this one – I think Sadhu got our message across as clearly as we could and the story ended with the improvements we have since made going forward.

Barb – please let me know when we can get those in-camera documents posted, it would be great if we could get them up by tomorrow.

Thanks,
Tobin

Tobin Postma | Communications Manager
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tobin.postma@vancouver.ca

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From: "[Nancy Keough](mailto:nkeough@thekettle.ca)" <nkeough@thekettle.ca>
To: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>
Date: 3/27/2017 2:51:09 PM
Subject: RE: Item of interest

Thank you Sadhu, appreciate the article.
Just want to add that David Eby is a big supporter of our project.
Regards,

Nancy Keough

Executive Director, The Kettle Society 1725 Venables Street, Vancouver, BC. V5L 2H3
Phone: 604-251-9828



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From: Johnston, Sadhu [mailto:Sadhu.Johnston@vancouver.ca]
Sent: Thursday, March 23, 2017 3:17 PM
To: Nancy Keough <nkeough@thekettle.ca>
Subject: Item of interest

Hi Nancy

I thought i'd pass along an article from today's paper to demonstrate the type of dialog there is right now around some of the deals between government and developers. This is why we need to be really clear what all of the arrangements are.

Best
Sadhu

[Complex public/private social housing deals must be open to scrutiny: MLA – Metro](#)

Complex public/private social housing deals must be open to scrutiny: MLA

By: [Jen St. Denis](#) Metro Published on Thu Mar 23 2017

City and provincial governments are increasingly looking to partner with private developers to build much-needed social housing.

But NDP MLA David Eby says [several recent examples show governments](#) need to be much more open about the inner workings of the complex deals to reassure British Columbians that the arrangements are indeed in the public interest.

“I think that any time you’re doing deals with tens of millions of dollars of public money and a private

company, you need to have not just regular transparency where if someone files a freedom of information request, they can get some of the documents,” Eby told Metro.

“You need to have exceptional transparency where everything is public and you can examine, if you wish, the details of the financing of the project.”

Eby recently raised questions in the legislature regarding two Vancouver deals. One involves a land swap between the City of Vancouver and Brenhill Developments over two pieces of land in Yaletown, 508 Helmcken St. and 1099 Richards St.

The other deal involves a building in the Downtown Eastside, 288 Hastings St. Property developer Wall Financial sold a property it owned at the site to BC Housing “for the cost of the land plus carrying costs,” Eby said. Eby is questioning why BC Housing also paid Wall a development fee of \$3.3 million, although, Eby says, the project required no changes to be made to existing zoning.

When the building, which was 60 per cent social housing, was completed, BC Housing then sold the 40 per cent market rental portion back to Wall.

In the case of the Yaletown land swap between the City of Vancouver and Brenhill, Eby is questioning the complex tangle of funds which apparently went to construct the new social housing building, which contained 87 units of social housing and 75 market rental apartments and was budgeted to cost around \$30 million to build.

Those funds include \$30.6 million the City of Vancouver says it contributed to a project; a \$39 million loan from BC Housing to Brenhill; and a \$15 million loan from BC Housing to the social housing operator, 127 Society. Eby says the \$39 million loan was not initially included in a list of all loans BC Housing made in 2015/2016, which he obtained through a freedom of information request.

The \$30.6 million from the city was an amount derived from the 2012 land swap between the city and Brenhill, and no actual cash was transferred: the city determined the difference between the cost of the two pieces of land was \$6.6 million, and pegged a community amenity contribution at \$24 million, based on the increase in land value from rezoning 508 Helmcken St. to allow a taller building.

The combined \$30.6 million the city would have gotten from the developer would be considered the city’s contribution to the project.

As part of the land swap deal, Brenhill was obligated to build new social housing at 1099 Richards St, to replace an aging social housing building on 508 Helmcken St. To do this, Brenhill got a \$39 million loan from BC Housing at the low interest rate of 1.02 per cent.

The B.C. ministry responsible for housing has explained that a \$39 million mortgage that appears to be for Brenhill’s market condo building — which contains no social housing — was to secure the loan to construct the social housing on 508 Helmcken St., and that loan has since been repaid. As for the \$15 million, that was part of the total \$39 million loan, which was advanced in multiple amounts, says the ministry.

There are further questions about the outcome of the social housing, called New Jubilee House. The 87 units of social housing that stood on 508 Helmcken St. were fully replaced at 1099 Richards St. But the 75 market rentals that were supposed to have been rented at “below market” rents for lower-income people appear to now be going for between \$1,500 and \$1,700, according to Craigslist ads for two of the units. In a city report from 2015, planning staff wrote units would be rented for around \$1,164. In 2016, average rent for downtown Vancouver one-bedroom apartments was \$1,434.

Despite stating in public documents that the market rents in New Jubilee would be kept low, city communications staff told Metro the city has no legal power to determine rent rates after the first set of tenants have moved in.

The city was sued over the land swap by the Community Association of New Yaletown, a case the city ended up winning on appeal in 2015. The city says it has now changed the way it would do land swaps in the future, including getting an independent analysis “to maximize value for all city land deals,” something it failed to do in this case.

The value of the land has risen from \$15 million in 2012 to \$130 million in 2016, according to BC Assessment. The city says it could not have anticipated the dramatic rise in land values that occurred across Vancouver between 2015 and 2016.

Eby wants BC Housing to release all minutes, briefing and mortgage documents related to the deal. He also wants to know — and has raised the issue in the legislature —whether condo marketer Bob Rennie, who was on the board of BC Housing from 2012 to 2014, recused himself from meetings where the deal was discussed. Rennie, who has led major fundraising efforts for the BC Liberals, is now marketing Brenhill’s condo project at 508 Helmcken St.

Rich Coleman, B.C.’s minister responsible for housing, promised to release the documents at the end of this week. But BC Housing and the ministry are still reviewing the documents for privacy concerns.

“These kinds of deals call for exceptional transparency, and that’s not unfortunately what we’re seeing,” Eby said.

“If you want to benefit from a 1.02 per cent loan from the public as a private company, you have to accept that comes with a cost, and that cost is full transparency to the public that’s funding you.”

<http://www.metronews.ca/news/vancouver/2017/03/23/complex-public-private-social-housing-deals-more-transparent.html>²

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From: "[Munro, Harold](mailto:HMunro@postmedia.com)" <HMunro@postmedia.com>

To: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>

Date: 4/10/2017 8:07:54 AM

Subject: Re: Letter to Editor in Chief, Vancouver Sun

Mr. Johnston,

Thank you for taking the time to write to me last Friday at 5:20 p.m., concerning the article we published in The Vancouver Sun on April 5.

As I understand matters, your principle concern appears to be with the suggestion that an RCMP investigation into 508 Helmcken has been launched or is underway. That concern seems to arise from information promulgated by the RCMP, after our article, indicating that the force is "simply reviewing documents", and as such there is "no formal investigation." Your letter indicates that you and perhaps even some at the RCMP responding to the article are seeking to draw a fine distinction between the RCMP "reviewing documents" and a "formal investigation." Respectfully, that is a distinction without a difference in a case like this. Further, and in any event, The Vancouver Sun considers its reporting on the point you raise to be entirely accurate. I trust that if you had some record or statement from the RCMP that so finely parses the word "investigation", you would have forwarded that to us, rather than merely pointing to what "other media" may be doing, no doubt in the face of pressure from others.

You referred to our coverage of the 2015 appeal judgment. We reported that the trial judge found the City's public process for the deal was inadequate, but the City successfully appealed from that judgment. That is what appeal courts do: they allow or dismiss appeals. Accordingly, I fail to see how our coverage on the point was inadequate.

You also suggest that fairness and balance required that our article contain additional information about Mr. Chernen. He is a complainant to the RCMP. We reported that fact in the article. The RCMP are not in the business of ignoring complaints from citizens just because they may be unhappy with the actions of City Hall or the Mayor. The RCMP will presumably determine whether the records Mr. Chernen supplied warrant further investigation, charges, or no further action at all but, surely, in these circumstances, that would have little if anything to do with the fact that Mr. Chernen was a former candidate for Mayor, or that he was involved in civil lawsuits against the City or the Mayor.

The City of Vancouver is expected to act as a responsible municipal government, operating on behalf of and for the protection of its citizens as a whole. The actions of the City in this transaction are quite properly matters of significant public interest. The residents of Vancouver are entitled to understand why and how the City of Vancouver would divest itself of a valuable asset. If you have additional information that you wish us to consider about this land swap, I would be most pleased to assign a reporter to arrange an interview. In the meantime, may I thank you once again for taking the time to write to me about your concerns.

Yours truly,

HAROLD MUNRO

EDITOR-IN-CHIEF

Vancouver Sun | The Province

#1 – 200 Granville Street

Vancouver, BC V6C 3N3

hmunro@postmedia.com

The information contained in this email is strictly confidential, and is only intended for the party(ies) to whom it is addressed. Any other use, dissemination, distribution, disclosure or copying is prohibited. If you have received this email in error please so advise by reply email. Thank you.

From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

Date: Friday, April 7, 2017 at 5:20 PM

To: "Harold (Vancouver Sun) Munro" <HMunro@postmedia.com>

Subject: Letter to Editor in Chief, Vancouver Sun

Dear Sir,

Please see attached letter.

Sincerely,
Sadhu A. Johnston
City Manager

Sadhu Aufochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
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From: "Kendall-Craden, Rena" <Rena.Kendall-Craden@vancouver.ca>

To: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

Date: 4/10/2017 12:46:25 PM

Subject: s.14

Sadhu: you know how Postmedia shares the resources between province and sun. is it a coincidence that this item appeared today? <http://theprovince.com/opinion/columnists/vancouver-city-hall-interference-taxes-homeowners-patience>

BTW we are drafting an op ed.

Rena

s.14





From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

To: "Postma, Tobin" <tobin.postma@vancouver.ca>

Date: 4/5/2017 4:16:14 PM

Subject: RE: media on brenhill

Ok.
Thnx
s.

Sadhu Afochs Johnston | City Manager
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Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)



From: Postma, Tobin
Sent: Wednesday, April 05, 2017 4:15 PM
To: Johnston, Sadhu
Subject: RE: media on brenhill

Frances Bula wanted a statement on RCMP investigation - I sent her our statement that we created this morning.

Sam Cooper followed up with questions on how we determined affordable rents at Jubilee House – I sent him the same information that I sent Jen St Denis last week which was prepared by Housing team.

From: Johnston, Sadhu
Sent: Wednesday, April 05, 2017 4:12 PM
To: Postma, Tobin
Subject: media on brenhill

Hi-
Have we gotten any requests on this?
s.

Sadhu Afochs Johnston | City Manager
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Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)



From: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>
To: "[Postma, Tobin](mailto:Tobin.Postma@vancouver.ca)" <Tobin.Postma@vancouver.ca>
"[Kendall-Craden, Rena](mailto:Rena.Kendall-Craden@vancouver.ca)" <Rena.Kendall-Craden@vancouver.ca>
Date: 4/3/2017 12:53:06 PM
Subject: RE: questions on Brenhill valuation

s.13(1)

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604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)

From: Postma, Tobin
Sent: Monday, April 03, 2017 9:47 AM
To: Kendall-Craden, Rena; Johnston, Sadhu
Subject: questions on Brenhill valuation

Hi Sadhu,

Below is a summary of the latest line of questioning regarding Brenhill, which arose out of a media briefing that BC Housing gave last week.

Most of it focuses on a valuation of 508 Helmcken of \$80M that was produced in 2013 and whether or not the City (or the Director of RES at the time, Michael Flanigan) saw it.

For example;

Sam Cooper (Postmedia): Regarding the valuation, BC Housing in Nov. 2013 reported that the 508 land was to be valued at 80 million assuming rezoning, and the report was done by Michael Flanigan.

The valuation upon which Flanigan based this report, was done as stated below, by BC Housing, in response to my question. So my question is, *did the director of Real Estate Services in Vancouver see this appraisal report while he was working for the City of Vancouver in 2013?* Thanks

Garnett Wilson Realty Advisors Ltd. conducted the appraisal on February 13, 2013. Brenhill Development commissioned and retained the appraisal.
Tanya Beja (Global): Do you know if anyone at the city ever received a copy of the appraisal done of 508 Helmcken by Garnett Wilson Realty in Feb 2013? I will be reporting on the appraisal today, specifically how the rezoning value was determined to be 80 million. Please let me know if Sadhu is available and wants to comment.

The response to both reporters has been: [The deal was approved by Council in late 2012. We have no record of any appraisal by Garnet Wilson in our files so we have no way of knowing if the Director of RES at the time saw the report while working for the City. Your question should be directed towards BC Housing and Michael Flanigan as the City has no record of the appraisal.](#)

Jen St Denis (Metro) has focused more on the high rents at Jubilee building, we sent her the following:
[The City has entered into a 60 year Operating Agreement with 127 Society to manage and operate New Jubilee House . The Operating Agreement places responsibility on 127 Society to tenant the building including responsibility for assessing tenant income and assets - the City does not select tenants or test incomes directly.](#)

[The City worked with 127 Society to agree an operating budget and to set low end of market rental rates that would ensure overall operational viability and financial sustainability of the building. As part of this process, the City has refined its definition of low end of market to set rental rates at a maximum of 90% of market value. The rents of \\$1,500 per unit for the low end of market 1 bedroom units at New Jubilee reflect a 10%-15% discount from full market value compared to equivalent new buildings in the Downtown South area \(this was based on an appraisal carried out by an independent market assessor\). It continues to be the City's objective to deepen affordability of units as far as possible while ensuring overall operational viability of the building over the long term.](#)

[The \\$1,500 rental rate for the low end of market 1 bedroom units at New Jubilee continues to be below the Vancouver average for new rental buildings City-wide \(built from 2005 onwards\), which in 2016 was \\$1,747 for a one bedroom as reported by CMHC.](#)

Please let me know if you have any questions.

Tobin

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To: "[Van Fraassen, Barbara](mailto:Barbara.VanFraassen@vancouver.ca)" <Barbara.VanFraassen@vancouver.ca>
"[Kendall-Craden, Rena](mailto:Rena.Kendall-Craden@vancouver.ca)" <Rena.Kendall-Craden@vancouver.ca>
Date: 3/27/2017 1:30:38 PM
Subject: Re: Request from BC Housing re: Brenhill

Hi

s.13(1)

Thanks
Sadhu

Sadhu Aufochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)

From: Van Fraassen, Barbara
Sent: Monday, March 27, 2017 12:48 PM
To: Johnston, Sadhu; Kendall-Craden, Rena
Cc: Aujla, Bill; Connell, Francie; Dixon, Iain
Subject: Request from BC Housing re: Brenhill

s.13(1), s.14

I am assuming Corporate Communications will take this from here once Sadhu has had a chance to review the above information. Let me know if I can provide anything further.

Also note while these might be documents that we could attach to the Jubilee house page on the City's website, that page is now archived rather than 'live' so it would be up to web services to move the page to 'live' view again in order to do that.

Barbara J. Van Fraassen
Director, Access to Information

City Clerk's Department
City of Vancouver
Tel. (604) 873-7999
Email: Barbara.vanfraassen@vancouver.ca

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From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

To: "Postma, Tobin" <tobin.postma@vancouver.ca>

Date: 4/5/2017 10:18:07 AM

Subject: RE: STATEMENT ON BRENHILL

Thanks. looks good.

S.

Sadhu Afochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
Vancouver | BC V5Y 1V4
604.873.7627 | Sadhu.johnston@vancouver.ca
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s.13(1), s.14

From: "Quinlan, Kevin" <Kevin.Quinlan@vancouver.ca>
To: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>
Date: 4/5/2017 10:33:41 AM
Subject: Re: STATEMENT ON BRENHILL

Looks good

Sent from my iPhone

On Apr 5, 2017, at 10:15 AM, Johnston, Sadhu <Sadhu.Johnston@vancouver.ca> wrote:

Let me know if you have any thoughts on this.
Thx
s.

Sadhu Afochs Johnston | City Manager
City of Vancouver | 453 W 12th Avenue
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604.873.7627 | Sadhu.johnston@vancouver.ca
Twitter: [sadhuajohnston](https://twitter.com/sadhuajohnston)

<image001.jpg>

s.13(1), s.14

From: "[Shayne Ramsay](mailto:sramsay@bchousing.org)" <sramsay@bchousing.org>

To: "[Johnston, Sadhu](mailto:Sadhu.Johnston@vancouver.ca)" <Sadhu.Johnston@vancouver.ca>

Date: 3/20/2017 10:43:44 AM

Subject:

Sadhu...latest misinformation on this. We are pulling together the information Minister Coleman indicated he would in the Legislature. The income mix and rents for new Jubilee were a requirement of the CoV so this is something you might want to clarify.

Shayne

Eby - Yaletown land swap

CKNW

Friday, March 17, 2017, 14:19

By CKNW Lynda Steele

Lynda Steele: There are more questions about that controversial land swap in Yaletown. It involved the city of Vancouver. It involved BC Housing. It involved a luxury developer named Brenhill. This developer basically built the New Jubilee House, which is a social housing, low market rental sort of project. It was supposed to cost about \$30m but then it turns out that BC Housing gave like a \$40m to Brenhill to finance the presale marketing of condos.

Drex: At a good interest rate, mind you.

Steele: It's all very confusing. Critics of this thing say really should BC Housing be financing condos. David Eby, the NDP housing critic, has been going back and forth in the Legislature with the BC Housing minister. This is how Rich Coleman kind of defended this deal.

Rich Coleman: BC Housing only financed the 162 units. So, we put 162 new units of supportive and social housing in downtown Vancouver and get rid of an older building that had 87 units. We actually almost doubled the units.

Steele: So, it sounds like they've doubled the amount of social housing, which is great despite the fact that the building land swap was allegedly \$130m worth of land for like \$8m or something like that.

Drex: From what we understand, what he says isn't entirely the truth.

Steele: We want to bring in David Eby, NDP housing critic. So, the thing that's curious today is that we're seeing on Craigslist there are one bedroom suites in this social housing project in Yaletown being listed for like \$1,700 a month. How does that sort of square with what Rich Coleman's saying in the house?

David Eby: This is a loan to a luxury housing developer for almost \$40m that BC Housing didn't disclose to us when we did a FOI request for where they were provided construction funding. So, then we found out about it through independent researcher Glen [inaudible]. He came forward. He said look at this and sure enough there's a \$39m mortgage registered against a site that's got nothing but luxury housing in it. So, we take it to the minister and he says look, you jerks, how dare you question me about this, we built 162 units of social and supportive housing and it was totally worth issuing this loan to this luxury housing developer for this project that happened to be marketed by Bob Rennie, the Premier's chief fundraiser.

Then someone went on Craigslist and pulled up ads for the rental units in this building. They're renting for \$1,500 to \$1,700 a month in the so-called social housing. That's not even affordable if you're earning \$36,000 a year.

Steele: How does he define that as supportive housing?

Eby: Supportive social housing. I have no idea how he could define it that way. It's really representative of the answers we've been getting on this as we keep pushing why did this happen, give us the documents, give us the minutes from BC Housing, give us the mortgage document, give us all the contracts because this thing stinks. The Housing minister is refusing to do it. We asked him like 12 times and then the very last question on the last

day he says I'll get you, quote, "the information you're asking for." I don't know if that means he's going to get us the documents. I don't know if that means he's going to get us the primary documents from BC Housing but he said it was going to take five more days. This has been going on for a couple weeks now and the question I have is why is it taking so long to come up with these documents? Very straight forward, public documents about \$39m loaned to a private developer at an interest rate, I'm going to add, that was less than interest rates charged to many of the non-profits that were on the list. They were charged as much as 1.39%. These guys got a loan for 1.02%.

Steele: David, what do you make of the fact that BC Assessment did some sort of private deal to reduce the assessed value of that land by over \$45m? So, from \$130m to \$90m. There's just so many questions around this development.

Eby: Well, nothing surprises me anymore about this. It's just one weird thing after another. We're told it's social housing. It rents for \$1,700 a month. We're told that there's no lending and then it turns out there's a \$39m loan to the for-profit developer of luxury housing. So, I can't trust anything that the Housing minister told us in the Legislature, Rich Coleman. I just want to see the documents. Show us the documents. Show us the agreements. Show us the minutes from the meetings and let the public be the judge of what happened here.

Drex: So, in the past 15 minutes we got a statement from the Ministry of Housing here. They say 87 of the households at the old Helmcken site moved across the street into brand new units at 1099 Richards. Another 20 of the units were allocated to previously homeless individuals from the Quality Inn transitional housing site operated by the city of Vancouver. Here's what I find interesting. It says here the remaining -- this is what they said -- the remaining 55 units are now rented at below market rates. Last time I checked renting out a place for between \$1,500 and \$1,700 is not below market rate. It's about market rate.

Eby: Yeah. I mean, I think it is market rate but in any event it's not until they get caught that you get some of the information. So, we busted the Housing minister in this ridiculous story that these are all social supportive housing units and that's why they had to do the loan. We showed him the Craigslist ad. It's obviously not true.

Steele: Right.

Drex: When they say supportive are they making an assumption or making a claim that those extra units that are rented at or above market rate actually subsidize the units given to people who can't afford to live in that building ordinarily?

Eby: Yeah. There are all kinds of deals like that across the province but you don't call those units social and supportive housing. You call that market housing. That's market housing. Then the market housing pays for the social housing. Social housing is defined as housing that's rented at, it's rent geared to income so it's 30% of your income and typically in Vancouver it means housing that's affordable to people living on disability or on welfare. These units are nowhere close to that.

Steele: Why do you think the BC Housing and the minister are being so defensive about this?

Eby: I think they're defensive because they know it stinks. Mr Rennie was appointed to -- the Premier's chief fundraiser -- he was appointed to the board of BC Housing by Rich Coleman personally when this thing was being considered by the board. Then he went and now he's marketing the luxury condos in the project that's associated with this. So, he seems to be a fairly significant winner who is tied into the deal at the BC Housing end of things and he's also the Premier's chief fundraiser. So, I think they should be sweating that they've got so many fingerprints all over this deal and that they can't be straight about it. They can't say oh, you know what? A number of them are market housing units or they rent for \$1,700. They make up stories about social housing or about the timing of the mortgage. Just enough. Just release the documents. Release the documents.