



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: July 4, 2008  
Author: Rob Whitlock  
Phone No.: 604.873.7432  
RTS No.: 07416  
VanRIMS No.: 08-2000-20  
Meeting Date: July 22, 2008

TO: Vancouver City Council

FROM: Director of the Housing Centre

SUBJECT: Lease Terms and Other Arrangements for City-owned Social Housing Site at 1338 Seymour Street (Granville Mennonite Housing Society)

#### **RECOMMENDATION**

- A. THAT Council approve the ground lease for 1338 Seymour Street, legally described as Parcel F, Group 1, D.L. 541, NWD PL BCP32313 to the Granville Mennonite Housing Society (GMHS) for 60 years for a nominal value in accordance with the terms and conditions satisfactory to the Director of the Housing Centre, the Director of Real Estate Services and the Director of Legal Services.

Recommendation A represents a grant of \$6,750,000, and requires 8 affirmative votes.

- B. THAT Council authorize the Director of Real Estate Services to negotiate, for the site, reciprocal construction easements for shoring, underpinning and overhead cranes, with neighbouring property owners, in an amount not to exceed \$10,000 for each affected property and a total of \$40,000 for all affected properties, the source of the funding to be the Affordable Housing Fund;

FURTHER THAT Council authorize the Director of Real Estate Services to negotiate similar arrangements on the other 11 City-owned sites under the City/Province Social and Supportive Housing Partnership, approved by Council on December 19, 2007, with the total amount not to exceed \$10,000 for each affected property and a total of \$260,000 for all affected properties, the source of funding to be the Affordable Housing Fund; and

- C. THAT the Director of Legal Services be authorized to execute all necessary agreements, plans and other documents on behalf of the City and that no legal rights or obligations are hereby created and none shall arise hereafter except upon execution of all legal documents required to complete these transactions to the satisfaction of the Director of Legal Services.

### **GENERAL MANAGER'S COMMENTS**

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

### **COUNCIL POLICY**

It is Council policy to purchase privately-owned sites for non-market housing projects and lease them to non-profit societies or co-operative associations for 60 years. A 60 year lease is valued at 75% of freehold market value.

Council's priorities for social housing are to maintain and expand housing opportunities in Vancouver for low and modest income households with priority being given to families with children, seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled and others at risk of homelessness.

Council approved a Memorandum of Understanding (MoU) between the City and BC Housing on December 19, 2007, regarding the City/Province Social and Supportive Housing Partnership. Twelve (12) sites are included in this partnership, including the site at 1338 Seymour Street. Included in Council's approval is a specific recommendation to relieve all 12 sites of the obligation to pay property taxes for the duration of their leases.

Grants require the approval of 8 members of Council.

### **PURPOSE**

The purpose of this report is to obtain Council approval of the terms of the ground lease of the City-owned site at 1338 Seymour Street to the Granville Mennonite Housing Society (GMHS), as well as other arrangements related to the development of the site for social housing.

### **BACKGROUND**

Council approved acquisition of this site for social housing for low-income urban singles in 2001. The 2008 assessed value of the site is \$9.0 million.

This project is proceeding under the City/Province Social and Supportive Housing Partnership, approved by Council in December 2007. The MOU outlined the following possible use of the site, as follows:

It is proposed that the site be designed for 100 or more studio units. A third to a half of the units would be occupied by persons with a mental illness and/or a substance abuse problem. All units will be tenanted by core-need

singles with a priority for those living in the shelters and SRO hotels in Downtown South.

The project was made possible because the City had purchased the land and was able to provide the site for a nominal rent.

GMHS was announced as the housing sponsor at the end of January 2008, following a request for proposals by BC Housing. Respondents were evaluated by staff from BC Housing and the City's Housing Centre. GMHS is also the housing sponsor for 1321 Richards Street, a similar project under construction immediately east across the lane from the site. GMHS was founded in 1984 and currently houses 950 people in 400 units in the Lower Mainland, Victoria and Prince George.

The project is a partnership with BC Housing, Vancouver Coastal Health Authority, the City of Vancouver, and the Granville Mennonite Housing Society, who will manage the housing and provide tenant services.

Development application 411958 was approved by the Development Permit Board on June 2, 2008, subject to conditions. The site has an area of 1 115 m<sup>2</sup> (12,500 ft.<sup>2</sup>), with a frontage of 30.485 m (100 feet) and a depth of 38.105 m (125 ft.). The following lists project details:

- 106 supportive dwelling units;
- Floor area of 5 362 m<sup>2</sup> (57,716 ft.<sup>2</sup>);
- FSR of 4.81 (5.0 allowed);
- Amenity space of 246 m<sup>2</sup> (2,648 ft.<sup>2</sup>);
- 11 storeys with a total height of 38.08 m (125 ft.);
- One level of underground parking for 11 cars
- 80 spaces for bicycle storage

It is expected that the building will be ready for occupancy in 18 to 24 months. The total capital cost of the project, including land, is approximately \$30,000,000.

Appendix A shows the site location.

## ***DISCUSSION***

**Ground Lease to GMHS:** The site will be leased to GMHS in accordance with the standard terms and conditions agreed to between the City and BC Housing for social housing:

1. Term of 60 years;
2. Prepaid lease rent will be \$6.75 million which represents 75% of the market value of the site and for which the City is asked to provide a grant to GMHS in that amount;
3. Lease to be signed within 180 days after Council approval, or such later date as may be approved by the City Manager;
4. Such further and other terms as are acceptable to the Director of the Housing Centre and the Director of Legal Services. No legal obligation shall arise or be created until execution of the lease to the satisfaction of the Director of Legal Services.

Pursuant to Council's decision on December 19, 2007, GMHS will not pay property taxes on the residential portion of the property, but will pay all other fees and charges for utilities, insurance, etc.

**Reciprocal Construction Easements:** Most Downtown construction projects require the developer to negotiate construction easements with adjacent and nearby property owners. These easements include shoring and underpinning agreements for excavation and foundation work, and overhead crane agreements for above-ground construction. Many of the arrangements are reciprocal and no money changes hand. Others involve a combination of reciprocity and cash payments.

Negotiations with adjoining property owners for 1388 Seymour can be expected to occur in the near future. Similar negotiations will be needed for the remaining 11 sites, and the staff recommendation is intended to provide both a specific authorization for the subject site, as well as a general authorization for the remainder. Staff have also included a similar recommendation to cover the other 11 sites.

### ***FINANCIAL IMPLICATIONS***

The site was purchased using the Downtown South development cost levies for replacement housing and the grant of \$6,750,000 does not require any further City funding. The grant is the difference between the value of a 60 year lease and the nominal prepaid lease rent the City will be paid.

Reciprocal construction easements negotiated with neighbouring property owners of 1338 Seymour Street and for similar reciprocal construction easement arrangements on the other eleven City-owned sites under the City/Province Social and Supportive Housing Partnership approved by Council December 19, 2007, could amount to a total maximum of \$300,000 depending on specific terms negotiated. The source of funds for these reciprocal construction easements is the Affordable Housing Fund.

The funds recommended to achieve easements for shoring, underpinning and overhead cranes are intended to provide for costs incurred in circumstances where development is not imminent on impacted adjacent properties, and it is necessary to provide for expenses such as legal services and registration. It is hoped that in many situations the expenditure will be unnecessary and reciprocal arrangements can be achieved.

### ***CONCLUSION***

This supportive housing project will serve 106 low-income singles who suffer from mental illnesses and/or addictions, who may be homeless or at risk of becoming homeless. Priority will be given to housing individuals presently located in the Downtown South community.

The Director of the Housing Centre recommends approval of the lease terms for 1338 Seymour, as outlined in the report, as well as other arrangements.

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