

# Memorandum of Understanding

July 2020

Between the British Columbia Housing Management Commission (“**BC Housing**”), Canada Mortgage and Housing Corporation (“**CMHC**”) and the City of Vancouver (the “**City**”) and for an initiative (“**Initiative**”) to design, construct and operate a minimum of 300 permanent modular homes (the “**Developments**”) to house with supports, individuals that are experiencing homelessness on sites across the City of Vancouver.

Following execution of this MOU, all parties will agree to a list of proposed sites to be included in the initiative, including contributions by each party, total costs for each site, number of accessible units as a percentage of total units for each site, the energy efficiency of each site, the number of affordable units, and the depth of affordability. Any additional sites/units added to this Initiative will be agreed to by all parties.

The purpose of this Memorandum of Understanding (“**MOU**”) is to set out the desired basic business terms and conditions upon which BC Housing, CMHC and the City intend to proceed with discussions and negotiations for the construction and operation of the Developments. It is anticipated that the City will provide lease hold interest for sites for the Developments at a nominal value, CMHC will provide up to \$50,000 per unit of capital funding as forgivable loans through CMHC’s National Housing Co-Investment Program (“**COI**”), the forgiveness of such loans being subject to meeting COI program requirements, BC Housing will provide all remaining capital and 100% of ongoing operational funding. While this MOU is not intended to create legally binding rights or obligations, the parties wish to confirm their intent to work together in a cooperative and collaborative manner to negotiate and finalize, with all reasonable due diligence and timeliness, the arrangements, transactions and agreements contemplated in this MOU. The parties acknowledge that the City is a party to this MOU in its capacity as the owner of the sites and not in its regulatory capacity. The City will make best efforts to work with BC Housing and CMHC to facilitate purposes set forth in this MOU.

All parties acknowledge that any other agreements arising from or contemplated under this MOU and all rights and obligations of BC Housing will be subject to approvals by BC Housing’s Executive Committee and Board of Commissioners as required; all rights and obligations of the City of Vancouver will be subject to approvals by the City’s Corporate Management Team and Council, as required; and all rights and obligations of CMHC will be subject to CMHC approvals.

## 1.0 BACKGROUND & DESCRIPTION

Homelessness in the City of Vancouver continues to rise and shelter providers are experiencing significant pressure from high occupancy rates and the increasingly complex mental and physical health and/or substance use issues experienced by clients. While shelters provide an important service, there is a need for more supportive housing in order to transition individuals into stable, long-term housing. Since 2017, the City of Vancouver and BC Housing partnered to deliver over 650 new homes of temporary modular housing (TMH) on eleven sites and operated as supportive housing. Adding these new temporary homes was critical to slow the growth of homelessness and provide temporary homes while permanent social and supportive housing is being built. This Initiative is intended to fill the growing need for permanent supportive housing in the City of Vancouver and to build from the lessons learned in the rapid delivery of temporary modular homes.

## ***Covid-19 Pandemic, Homelessness and Supportive Housing***

While the full extent and impact of the COVID-19 crisis on Vancouver's homeless is not yet clear, it is evident that the health risk from the virus and the fall out of the economic downturn are falling more heavily on those without stable housing. As we look ahead to the recovery from Covid-19, the City and partners may face an even more steep challenge to house not only those homeless today but also those made homeless during this pandemic. This initiative to add a minimum of 300 permanent modular support homes is an important step with our government partners to help prepare for recovery and support Vancouverites to transition into long-term housing. Prioritizing this Initiative and moving quickly to develop and open these units is a critical priority at this time.

### **2.0 ROLES & RESPONSIBILITIES**

#### **2.1 The City's Responsibilities**

The City will provide sites to lease for a length up to 60 years at a nominal prepaid rent subject to Council approval, and for sites seeking approval under the COI program, a lease term not less than the greater of (i) the forgivable period of the loan, or (ii) the amortization period pursuant to the loan. A nominal lease constitutes a grant from the City. The ground lease can be executed once the site has been approved in principal for the project. For leases to qualify under the COI program, the City will work with CMHC to ensure that the applicable leases comply with CMHC's leasehold policies and are satisfactory to CMHC from a lender perspective.

The City will designate Vancouver Affordable Housing Agency (VAHA) and the Department of Arts, Culture, and Community Services (ACCS) as the lead groups overseeing the City's involvement in the Initiative. VAHA's responsibilities include delivering development management activities and permits for each project along with lease negotiation, support BC Housing in contractor selection and project handover to BC Housing for construction. ACCS department is responsible for leading the public and community engagement in the development process, identification of individuals experiencing homelessness in Vancouver for the program, supporting BC Housing in operator selection, project handover activities related to building occupancy, collaborating with BC Housing and non-profit partners to support community integration of the new buildings, and monitoring and reporting on the performance of the Initiative.

The specific responsibilities to be carried out by the City will be as follows:

- Coordinate the activities of all relevant City departments including but not limited to Civic Engagement and Communications, Engineering Services, Planning, Urban Design & Sustainability ("**PDS**"), Development, Building and Licensing (DBL), Real Estate and Facility Management ("**REFM**"), Legal Services, Finance, Risk and Supply Chain Management ("**FRSC**") and the City Manager's Office;
- Identify potential City-owned sites for the Initiative;
- Partner with BC Housing in the public consultation processes associated with the Developments, including site specific community engagement activities;
- Complete technical studies to validate development risks, unit yields and cost estimates to finalize site selections;
- Coordinate optimization of various policy requirements in order to maximize design benefits, budget and schedule efficiencies for the projects
- Work with BC Housing to award the standard form contracts for all projects;

- As Project Manager, lead the design, application and permitting processes for the sites in close consultation with the “COV” Working Group, BC Housing and the selected Operators;
- Act as “applicant” for all projects through rezoning to Building Permit applications;
- Coordinate the activities required to execute and register leases;
- Work with BC Housing and CMHC to ensure the various requirements of permitting process and legal requirements align with the respective funding program requirements for capital for each of BC Housing and CMHC, and operational funding from BC Housing. CMHC will not be providing operational funding for approved projects.
- Update Council on the progress of the projects as needed;
- Support BC Housing to transition the projects from permitting (VAHA as Project Manager, BC Housing as applicant) to construction (BC Housing as Project Manager);
- Lead the coordination of activities required to complete effective Public Consultation processes for rezoning or development permit applications, including working with COV Civic Engagement and Communications and the communication departments of BC Housing and CMHC;
- Work with BC Housing to identify population of those experiencing homelessness or sub-populations for program;
- Support BC Housing in the identification of potential operators; and
- In partnership with BC Housing and non-profit operators, undertake community integration activities and outreach, and undertake monitoring and reporting on the effectiveness of the Initiative.

## 2.2 CMHC’s Responsibilities

- Review applications made by BC Housing to the COI program under this MOU, and consider, based on the viability of the COI application and subject to the COI program requirements, providing capital funding for the Developments as forgivable loans. Funding amount anticipated to be up to \$50,000/unit, total CMHC funding in the aggregate not to exceed \$15,000,000, assuming total of 300 units. Reductions and additions in the number of units may result in a proportionate reduction/addition in the aggregate amount of forgivable loans, such reductions or additions to be in the sole discretion of CMHC.
- Proposed funding by CMHC: forgivable loans with leasehold mortgage security over the ground lease over the project lands
- Forgivable loan forgiveness conditions: An equal portion of the principal amount of the forgivable loan shall be forgiven annually on each anniversary of (i) the date of the final advance, if such date is on the 1st day of a month, or (ii) the 1st day of the month following the date of the final project advance, if the date of the final advance is not on the 1st day of a month, until the end of the forgivable loan term, provided that the Borrower has fulfilled all the requirements of the loan documents with CMHC and the project is completed by the targeted completion date for the project, as agreed upon by the parties at loan initiation
- Upon receipt of an application for a loan by BC Housing, CMHC to satisfactorily perform due diligence on zoning, permitting, title to the Project Lands, the legal structure of the Borrower (including any principals) and the Guarantors (if any) and the project, including with respect to any other loans, operating, funding and/or contribution agreement between the Borrower and third parties in connection with the project or project lands (each, a “**Co-Investment Agreement**”)
- A funding schedule will be agreed to with BC Housing and established before

construction commencement

- BC Housing agrees to provide the required project-specific information to CMHC six months prior to construction. CMHC will perform a review of each individual project once those details are made available. CMHC agrees that if the project meets the NHCF policies, guidelines and program requirements CMHC will make best efforts to provide approval of that project within a maximum of six weeks and this approval will be demonstrated via a letter of intent to BC Housing.

### **2.3 BC Housing's Responsibilities**

BC Housing will, at its own cost, fund, construct and operate the Developments, all as further described herein and will designate its Development and Asset Strategies and Operations departments as the lead departments overseeing BC Housing's involvement in the Initiative.

The specific responsibilities to be carried out by BC Housing will be as follows:

- Provide the remaining capital funding and 100% of the ongoing operational funding requirement for the Developments;
- Establish all necessary funding agreements between CMHC and BC Housing for Developments;
- Work with VAHA to complete the Development and Building Permits for the developments;
- Lead the selection of a contractor for all projects (with support from COV); Lead the Communications Plan, in partnership with COV.
- Construct the Developments in accordance with the terms of the standard form contracts (as further described in Section 2.4 below);
- Coordinate the activities of all relevant departments within BC Housing, including but not limited to Operations, Communications, Corporate Services and the Executive Office;
- Provide the City with written confirmation of capital and operating funding for the design, construction, operation, and maintenance of the Developments; BC Housing will reimburse the City for all costs and expenses incurred by the City or VAHA in connection with the engagement of contractors and consultants in connection with project design and obtaining all permits and approvals required for the construction of the project, whether incurred directly by the City or VAHA or paid as disbursements to contractors or consultants or provide up-front pre-development funding to cover costs incurred by the City in an effort to meet critical path expectations;. Expenses eligible for cost recovery will be predefined by BC Housing and the City.
- Manage construction activities for all projects;
- Lead the selection of non-profit operators to operate the Developments, in consultation with the City, prior to site specific community dialogue sessions,

including executing Operating Agreements and providing operating funding to the non-profit operators;

- Lead the initial and ongoing tenant selection process through BC Housing's Coordinated Access program in consultation with the City (see Appendix 1);
- Formalize the relationship with Vancouver Coastal Health ("VCH") as it will apply to the Initiative;
- In partnership with the City and non-profit operators, coordinate the delivery of health services for tenants with VCH;
- Comply with all Development Permit conditions;
- Be the applicant for all COI funding requests under this agreement;
- Ensure all projects that are seeking COI funding, comply with COI requirements;
- In partnership with the City and non-profit operators, undertake community integration activities and outreach, and undertake monitoring and reporting on the effectiveness of the Initiative; and
- Support non-profit operators as the projects begin operations with additional resources and supports in the first year to ensure optimal success for community development in the building and integration with the surrounding community.
- Once a project is submitted to CMHC, BC Housing will work together with CMHC to ensure all conditions to funding are met including, but not limited to:
  - satisfactory evidence that the project will be constructed and operated in accordance with the requirements of the COI program as set out in the Special Covenants
  - satisfactorily diligence which may include but is not limited to zoning, permitting, title to the Project Lands, the legal structure of the Borrower (including any principals) and the Guarantors (if any) and the project, including with respect to any other loans, operating, funding and/or contribution agreement between the Borrower and third parties in connection with the project or project lands (each, a "Co-Investment Agreement")
  - satisfactory execution of and compliance with the forgivable loan agreement, security and all other documentation required by CMHC
  - all acts required to create CMHC's security interest in the project and project lands collateral
  - cooperating with CMHC in processing amendments to Co-Investment Agreements and any title registrations which affect the use and operations of the project that may be requested by CMHC
  - BC Housing agrees to provide the required project-specific information to CMHC six months prior to construction. CMHC will perform a review of each individual project once those details are made available. CMHC agrees that if the project meets the NHCF policies, guidelines and program requirements CMHC will make best efforts to provide approval of that project within a maximum of six weeks and this approval will be demonstrated via a letter of intent to BC Housing.

## **2.4 Contracting Structure for Project Delivery**

- City staff will bring to Council or Director of Planning or Development Permit Board for land use and development approvals the sites to be selected for the purposes of the Initiative.
- BC Housing will make best efforts to apply to other eligible funding programs for all projects, including CMHC COI program.
- BC Housing will initiate an RFP process to enter into standard form contracts for each of the projects.
- BC Housing will enter into standard form contracts that align with the delivery objectives of this MOU (subject to City review).
- City staff will bring to Council for approval lease terms for the sites and will enter leases with BC Housing for all City-owned sites selected for the Initiative.
- BC Housing will reimburse the City in full for all agreed to costs incurred by VAHA or the City to bring projects to Building Permit within 90 days of receiving an invoice from the City after the issuance of the Building Permits of individual projects.
- Ensure all projects that are seeking COI funding, comply with COI program requirements;

## **3.0 BUILDING & UNIT SPECIFICATIONS**

The COV and BC Housing have undertaken the development of shared design principles to guide this Initiative. These principles are to be referenced in the event of conflict between the design guidelines outlined below.

- Designed generally in line with the design principals to be mutually agreed upon for modular housing.
- Designed generally in line with BC Housing Design Guidelines & Construction Standards and City of Vancouver Housing Design & Technical Guidelines.
- Ensure all projects that are seeking COI funding, comply with COI requirements.

## **4.0 OPERATING MODEL**

- BC Housing will provide funding for support services appropriate for a tenant population that has experienced or has been at risk of homelessness. These supports will include a 24/7 staffing model, a meal program and non-clinical supports.
- BC Housing Operator Agreements and City lease requirements and objectives will align and meet CMHC COI program requirements for all projects that are seeking COI funding.
- Health care will be provided in collaboration with VCH Community Services.
- Wrap-around service to be delivered through coordinated neighborhood health services with dedicated workers in the clinics who will prioritize referrals from these Developments.
- Each Development will have an agreed Operations Management Plan that will be shared with the surrounding community, prior to occupancy.
- Tenants will pay the shelter component of income assistance as rent.

## **5.0 TENANTING MODEL**

- Tenants will be selected through BC Housing's Coordinated Access and Assessment (CAA) team, which is comprised of BC Housing Health Services staff, the City of Vancouver's Homelessness Outreach Team, VCH, and additional Homeless Outreach Programs in Vancouver.
- Tenants living in studio units in each building will come primarily from unsheltered locations (approximately 50%); from shelters (approximately 30%); and from other tenancies including transfers from other buildings, SROs, hospital transfers, etc. (approximately 20%) .
- Tenanting process will consider needs within the TMH program, relocation of tenants and shifting priorities.
- Priority will be given to local/neighbourhood individuals experiencing homelessness in the tenanting of the units.
- All units will rent at the shelter component of income assistance.
- Early engagement of VCH as a project partner will be included as part of the tenanting for a portion of the accessible units.

## **6.0 SITES, PERMITTING & APPROVALS**

### **6.1 Permitting & Approvals**

- VAHA in their Project Management role, are responsible for applying and securing all required permits.
- Director of Planning or Development Permit Board, with their delegated authority from Council, may exercise discretionary power to relax the provisions of the Zoning and Development Bylaw for these Developments where a minimum of 70% of all dwelling units are for low cost housing for persons receiving assistance.

### **6.2 Proposed Development Sites**

- City-owned sites yielding a minimum 300 units in total will be recommended by the City. Use of additional sites for more than the minimum 300 units will be agreed by all parties.
- Building design of each site will optimize density.
- Recommended sites will be reviewed by a joint Leadership Group (illustrated in Appendix 2), made up of individuals from BC Housing, the City and CMHC, to confirm the sites. Any additional units added to this Initiative will be agreed to by all parties.

## **7.0 COMMUNICATION PLAN**

- BC Housing will lead the Communications Plan including appropriate and suitable engagement activities with communities. The development and implementation of the Plan will be undertaken in close partnership with the City's ACCS Affordable Housing Programs team.
- BC Housing may hire a consultant, to provide assistance with community engagement about the Initiative.
- BC Housing in partnership with the City will procure and engage non-profit Operators prior to the design and the community engagement sessions.

- ACCS will be supported by the City's Communications Team and will partner with BC Housing, CMHC, VCH and the non-profit operators on media events such as announcements, groundbreakings and openings.

## **8.0 CRITICAL PATH DATES**

The aim of all parties is to expeditiously deliver a minimum 300 modular homes within a reasonable timeframe agreed by all parties, but COI applications must be provided to CMHC not less than six months prior to the start of work on any individual site and will be subject to Rezoning and/or Development Permit Board or Director of Planning approvals, confirmation of funding, unit manufacturing, and site conditions. Agreed timelines for development will be included in any lease agreements between the City and BC Housing.

## **9.0 ISSUE RESOLUTION**

The parties and associated staff teams commit to cooperating with each other to resolve any issues pertaining to the delivery of the Initiative in a productive and efficient manner, including any issues necessary for the Initiative to comply with CMHC's COI lending guidelines. A joint Leadership Group (illustrated in Appendix 2) will meet regularly and make best efforts to resolve any outstanding issues or escalate accordingly with their respective organization.

## **10.0 TERMINATION OF MOU**

This MOU is not legally binding and does not create any legal obligations unless and until agreements are entered into by the parties. The parties each acknowledge that it is a condition of this MOU that if the Initiative is not viable and either the City or BC Housing or CMHC is not able to fund, operate or manage the Initiative, this MOU will automatically terminate.

The parties acknowledge that this MOU and any resulting arrangement between CMHC and BC Housing and the City of Vancouver remains subject to there being a Parliamentary appropriation, pursuant to the *Financial Administration Act* (Canada), or the *Financial Administration Act* (British Columbia), as applicable, for the Fiscal Year in which the payment is to be made. CMHC has no liability in case of no or insufficient appropriations for CMHC funding or for CMHC undertakings in the aggregate. BC Housing has no liability in case of no or insufficient appropriations for funding or for BC Housing's undertakings in the aggregate.

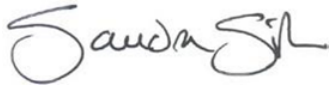
The term of this MOU will commence on August 1, 2020 and will terminate on December 31, 2023, unless earlier terminated by the mutual agreement of the parties.

05 day of August, 2020.



**City of Vancouver**

by its authorized signatory:



\_\_\_\_\_  
Signature

August, 21, 2020

General Manager,  
Arts, Culture & Community Services

\_\_\_\_\_  
Name and Title

**British Columbia Housing  
Management Commission**

by its authorized signatory:



\_\_\_\_\_  
Signature

,  
Shayne Ramsay, CEO

\_\_\_\_\_  
Name and Title

**Canada Mortgage and Housing  
Corporation**

by its authorized signatory:



\_\_\_\_\_  
Signature

Aug 31, 2020

,  
Evan Siddall, President and CEO

\_\_\_\_\_  
Name and Title

## **DRAFT FOR DISCUSSION PURPOSES**

### **Appendix 1 – COV/BC HOUSING/CMHC PERMANENT MODULAR SUPPORTIVE HOUSING INITIATIVE LEADERSHIP COMMITTEE**

#### **City of Vancouver**

- General Manager of Arts, Culture and Community Services
- Assistant Director of Housing Policy & Regulations (PDS)
- Managing Director, Homelessness Services & Affordable Housing Programs
- CEO, Vancouver Affordable Housing Agency

#### **BC Housing**

- Associate Vice-President of Development
- Vice-President of Operations
- Regional Director, Development

#### **CMHC**

- Senior Manager (BC), Housing Solutions, Multi-unit
- Senior Specialist, Client Relations, Multi-Unit Housing Solutions (BC)