

ITEM "SUPPLEMENTARY" 10
MANAGER'S REPORT NO. 21
COUNCIL MEETING 85/03/18

ITEM 4
MANAGER'S REPORT NO. 62
COUNCIL MEETING 84/10/09

RE: LEASE OF 5706 IRMIN STREET LOT "C", BLOCK 32-33
DISTRICT LOT 97, GROUP 1, PLAN 1312, N.W.D.
TO THE ACTION LINE HOUSING SOCIETY

131

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Municipal Solicitor be adopted.

* * * * *

TO: MUNICIPAL MANAGER

DATE: OCTOBER 2, 1984

FROM: MUNICIPAL SOLICITOR

RE: LEASE OF 5706 IRMIN STREET LOT "C", BLOCK 32-33,
DISTRICT LOT 97, GROUP 1, PLAN 1312, N.W.D.
TO THE ACTION LINE HOUSING SOCIETY

RECOMMENDATION:

1. THAT this report be received for the information of Council.

R E P O R T

BACKGROUND:

Following the recommendation of the Housing Committee, Council at its meeting of May 13, 1968, approved in principle the Action Line Housing Society's proposed development and rezoning to provide low rental accommodation and instructed the Municipal Solicitor to prepare a lease document. It was also suggested that a clause be inserted in the lease so that the lease rate could be reviewed during the lease term. Following the introduction of the Burnaby Lease Authorization Bylaw No. 1, 1968, on November 1, 1968, the Corporation of the District of Burnaby entered into a lease agreement with the Action Line Housing Society. The most relevant terms of the lease are:

Term of Lease - Sixty years commencing November 1, 1968. Initial rental rate \$1.00 per annum to be renegotiated after ten years and every five years thereafter.

The said lease allowed the Lessee to mortgage its leasehold estate. In accordance with this provision the Action Line Housing Society mortgaged its leasehold interest to the Central Mortgage Housing Corporation for the sum of \$315,580.

A 20 unit residential townhouse complex was constructed and rented to low income families.

ITEM "SUPPLEMENTARY" 10
MANAGER'S REPORT NO. 21
COUNCIL MEETING 85/03/18

Lease of 5706 Irmin Street
October 2, 1984 Page 2

ITEM 4
MANAGER'S REPORT NO. 62
COUNCIL MEETING 84/10/09

CURRENT LEASE:

The lease rate has remained at \$1.00 per annum up to November 1, 1983.

PRESENT SITUATION:

Following our normal procedure we opened negotiation for the revision of the lease rate for a further period of five years. In January 9, 1984, Mr. Allan G. La Croix, Secretary and Solicitor for the Action Line Housing Society, by letter requested that the lease be renewed for a further period of five years at \$1.00 per annum.

Our review of the rental structure of the project revealed that the rents were only \$230 per month. The market value of these units would be closer to \$600 per month. We were surprised to learn that a number of units continued to be rented to families no longer in need of financial assistance. This was verified by staff at Action Line Housing. An attempt had been made by them to request their tenants to move, but it was not the policy of C.M.H.C. to evict those tenants no longer in need of subsidized housing.

NEGOTIATIONS:

In our letter of February 29, 1984, to Mr. Allen G. La Croix, we advised him of our findings and brought to his attention the original intent of the parties at the time this lease was entered into and made reference to a report prepared by the Housing Committee dated May 10, 1968. The low rental housing was intended to serve people in the \$5,000 - \$7,000 per annum income range. Nominal rent \$125 per month or \$1,500 per annum, representing a percentage of gross income between 30 percent and 21 percent respectively.

Application of this percentage to the current rental structure would indicate the gross income of each tenant should range between \$9,200 and \$13,143 per annum.

As the lease agreement does not contain a provision to ensure that the project continues to be rented to people on a low income, we indicated that the municipality should receive a yield of at least five percent of the market value of the leased land or \$30,000 per annum. In keeping with the original intention of all parties the lease of \$30,000 should be reduced by 1/20th or \$1,500 for each family qualified by income for low cost housing. If all tenants qualify, the lease will remain at \$1.00 per annum.

On March 8, 1984, we received a letter from Mr. A.G. La Croix advising us that the matter will be brought before the next meeting of the Board of Directors.

On September 9, 1984, by letter we requested a response to our letter of February 29, 1984.

On September 26, 1984, we received a phone call from Mr. A.G. La Croix, apologizing for the delay and he briefly outlined the problems.

Action Line Housing has undertaken a survey of the incomes of all tenants. He intends to make this information available to the municipality.

ITEM "SUPPLEMENTARY" 10
MANAGER'S REPORT NO. 21
COUNCIL MEETING 85/03/18

ITEM 4
MANAGER'S REPORT NO. 62
COUNCIL MEETING 84/10/09

Lease of 5706 Irmin Street
October 2, 1984 Page 3

133

Some tenants are well above the maximum income permitted, but the problem cannot be solved by simply increasing the rent for these tenants and paying an economic lease rate. In addition to the attitude adopted by C.M.H.C. of not enforcing the income qualifying rule, he is concerned that should an economic rent be received, C.M.H.C. could demand the current interest rate for the remaining term of the loan.

Mr. La Croix agrees that the original intent of the project was to provide low cost housing to low income families. He supports the action we have taken and is prepared to work with the municipality to restore the low rental objectives of this project.

A further report will be forthcoming when the matter has been resolved.



P.W. FLIEGER
MUNICIPAL SOLICITOR

FAE:sb

c.c. Director Administrative & Community Services
Director Engineering
Director Finance
Director Planning & Building Inspection
Director Recreation & Cultural Services

ITEM "SUPPLEMENTARY" 10
MANAGER'S REPORT NO. 21
COUNCIL MEETING 85/03/18

PEACH, DE STEFANIS

BARRISTERS & SOLICITORS

FURIO G. DE STEFANIS
THOMAS S. PEACH

ALLEN G. LACROIX ASSOCIATE COUNSEL

FILE NO. 3611-3

TELEPHONE (604) 525-3311
SUITE 2 - 7375 KINGSWAY
BURNABY, B.C. V3N 3B5

March 12, 1985

BY HAND

Corporation of the District
of Burnaby
4949 Canada Way
Burnaby, B.C.
V5G 1M2

Attention: Mr. Shelley

Dear Sir:

RE: Lease of 5706 Irmin Street
Lot "C" Block 3233 District Lot 97
Group 1, Plan 1312, N.W.D.
Action Line Housing Society

I am solicitor for Action Line Housing Society. At a recent meeting of the Board of Directors held March 6, 1985, the Board approved a motion agreeing that the Society enter into a renewal of the Lease wherein it is provided that the rental payment for the land is increased to \$30,000.00 per annum, being \$1,500.00 per unit, provided that if any unit is occupied by a tenant whose income qualifies for assisted housing under the current Central Mortgage and Housing Corporation criterion (namely where rent does not exceed 25% of income as defined by Central Mortgage and Housing Corporation) then in such case the ground rent payable by the Society to the Corporation shall be reduced to \$1.00 per unit on a pro-rata basis for that portion of the rental period that the unit is occupied by a tenant who so qualifies.

I have attached a copy of the definition of income provided to me by Central Mortgage and Housing Corporation.

The Society proposes that the new ground rent increase take effect three months from the effective date of the notice of rent increase to be provided to each tenant by the Society. We anticipate that the notice can be given on April 1, 1985 to be effective July 1, 1985 provided that the resolution approving the new rental structure proposed herein can be passed through Council prior to the end of March,

... /2

ITEM "SUPPLEMENTARY" 10
MANAGER'S REPORT NO. 21
COUNCIL MEETING 85/03/18

135

Corporation of the District
of Burnaby

- 2 -

PEACH, De STEFANIS

1985. If this is not possible we will not be able to give notice until May 1, 1985 in which case the ground rent increase proposed herein will not be able to commence until August 1, 1985.

I would be grateful if you would keep me advised as this matter progresses through Council.

If there is any further information you require, please feel free to call me.

Yours very truly,
PEACH, De STEFANIS


ALLEN G. LaCROIX

AGL/ln
enc.

ITEM "SUPPLEMENTARY" 10
MANAGER'S REPORT NO. 21
COUNCIL MEETING 85/03/18

DEFINITION OF INCOME

For the purposes of this agreement, "income" means the aggregate gross income, in whatever form received, of all members of the family, or of an individual where applicable, EXCLUDING:

1. earnings of children in regular attendance at recognized institutions of learning; funds for tuition, such as scholarships, bursaries and contributions from non-resident family members;
2. living out or travelling allowances of a family head;
3. earnings of a working spouse up to \$900 per annum;
4. income from any source other than social assistance payments of a one-parent family, up to \$900 per annum;
5. earnings in excess of \$75 per month of all members of the family, other than of the family head or spouse. (This will include persons related by blood, marriage or adoption, or other persons who may reasonably be assumed to form part of the family.);
6. capital gains, such as insurance settlements, inheritances, disability awards, sales of effects; and
7. family allowance.

OCCUPANCY CHARGE REDUCTIONS FOR CHILDREN

The above scale provides the occupancy charge of a family or individual with no children. A reduction in this charge of \$2 per month is allowable for each child, with a minimum service charge of \$28 a month regardless of the number of children.

SOCIAL ASSISTANCE RECIPIENTS

Occupants receiving welfare assistance or family benefits shall pay the shelter component of the welfare or family benefit payment or the amount required by application of the total payment to the graduated occupancy charge scale, whichever is the greater.

