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REPORT
Regular Council Meeting
1989 March 28

THE CORPORATION OF THE DISTRICT OF BURNABY

HOUSING COMMITTEE

HIS WORSHIP, THE MAYOR
AND ALDERMEN:

REPORT OF THE HOUSING COMMITTEE

RE: LEASING OF CARIBOO HEIGHTS GROUP HOUSING SITES

RECOMMENDATIONS

1. THAT the Phase 1 Cariboo Heights market group housing sites be tendered on a 60 year, prepaid lease basis.
2. THAT sites 7c, 7d and 7e be tendered concurrently in the initial offering.
3. THAT no upset price be included in the lease offering.
4. THAT prior to the actual tendering, staff provide Council with a draft of the detailed lease document.
5. THAT staff be authorized to study and report back on the feasibility, desirability, legality and optional procedures for acquiring land for future development of non-market housing in Burnaby.

REPORT

1.0 BACKGROUND

Council, at its meeting of 1989 March 06, gave consideration to the report concerning the marketing of residential properties within the Cariboo Heights development area. At that time, Members of Council expressed support for the concept of disposing of the "market" group housing sites on a long term, prepaid lease basis.

Council at their meeting of 1989 March 06 ADOPTED the following resolutions:

1. "THAT Recommendation #1 of Item 20, Municipal Manager's Report No. 9, 1989 January 30, be AMENDED to read as follows:
 - i. 'THAT staff be authorized to tender the Phase 1 group housing sites in Cariboo Heights on the basis of prepaid leases, and further, that the proposal call be brought back to Council for final approval.
 - ii. THAT Recommendation #1, as AMENDED and Recommendation #2, of Item 20., Municipal Manager's Report #9, 1989 January 30, be REFERRED to the Housing Committee to evaluate the ideas, concepts and concerns as expressed at the informal meeting between Council and staff in order to develop methods to market lease lands'."

REPORT
Regular Council Meeting
1989 March 28

A number of questions were directed to the Housing Committee which dealt with the broad parameters of a leasing approach. It was expected that the Housing Committee would address these questions and recommend an appropriate course of action in relation to the lease option. It was further understood that a subsequent report to Council will be required, prior to the actual tendering, outlining the specifics of the tender and lease documents.

The Housing Committee met to consider this matter on 1989 March 20.

2.0 OBJECTIVES UNDERLYING LONG TERM LEASE APPROACH

During the course of the discussion concerning the disposition of the Cariboo Heights group housing "market" sites and the preference for the long term lease option, there appeared to be a consensus amongst the Members of Council, that there are three principal objectives towards which the marketing of these sites should be directed. These objectives reflect the guidelines of the adopted Cariboo Heights Community Plan and include the following:

1. Receive the best return from the marketing of the lands.
2. Ensure that the Cariboo multiple-family component will help provide affordable housing, now and in the future.
3. Maintain Municipal ownership and therefore control over lands in perpetuity.

In the discussion of these objectives, it has been recognized that it may be difficult, under certain circumstances, to simultaneously achieve objectives 1 and 2.

3.0 RESPONSE TO QUESTIONS RAISED

The various points raised at the informal meeting of 1989 March 06 were summarized into 4 questions for the consideration of the Housing Committee: These questions are as follows:

3.1 What term of lease is recommended in order to obtain full market value (i.e. equivalent to the freehold market value)?

The Solicitor has reviewed this question and advises that in order to obtain full freehold market value, the minimum prepaid lease agreement should be for sixty years. After discussion of this matter, the Housing Committee concurred with the 60 year lease term.

There has been some discussion as to whether the lease should start from the time the bid is accepted, when full payment is made, when rezoning is finalized, when a building permit is issued or when an occupancy permit is granted. This is an item that will need to be resolved during the preparation of the detailed tendering documents.

A related issue that will need resolution is whether a performance clause is included within the lease document to ensure that development occurs within a specified period. This would ensure that the property is not left undeveloped for an extended period and that the lease starting point is not unduly delayed.

3.2 What number of sites should be included in the initial tendering process for the phase 1 area?

Within Phase 1 sites 7b, 7c, 7d and 7e have been designated for "market" group housing. Site 7b is presently not available for marketing given the need to complete 3 acquisitions as part of the site consolidation process. The Committee is of the opinion that the 3 available market sites (7c, 7d and 7e) should be included in the initial tendering given the current demand for sites and in recognition of the infrastructure costs put in place by the Municipality to date.

3.3 Should there be an upset price, and if so, what would it be based upon?

Staff and the Committee agreed that it would be advantageous to not establish an upset price, but rather to accept the lease proposals based on the market response. The Municipality would, of course, provide the stipulation that it reserves the right to reject all bids. This is the approach utilized by the District of North Vancouver in their recent tendering of a 35 unit group housing site in the Indian Springs area.

3.4 What is the estimated difference in the price between the leasehold and the freehold approaches as related to the "market" group housing sites?

The Solicitor has advised that on the basis of a 60 year lease, the prepaid lease value is equivalent to the freehold market value.

4.0 NON-MARKET HOUSING SITE UPDATE

At its meeting of 1988 October 03, Municipal Council adopted a staff recommendation that sites 7a, 6a and 4c in Cariboo Heights be designated for the development of co-op housing. Council also authorized staff to consult with OMHC to determine the economics, preliminary terms and mechanics of a long term lease agreement for the co-ops.

Staff have subsequently met with OMHC and are finalizing details on a model lease agreement that could be used for co-op developments. The lease will be prepaid and is expected to have a 60 year term. Upon expiry of the lease, the land and improvements will revert to the Municipality. No compensation will need to be paid to OMHC or the co-op societies.

At the meeting, OMHC representatives acknowledged that the subject Cariboo sites are highly desirable for co-op development. Nonetheless, they are unable to guarantee that funding will be approved for the Cariboo projects at the time of their annual project appraisal process.

In addition to meeting with OMHC, staff also met with the four resource groups involved with development of co-ops in the Lower Mainland: Columbia Housing Advisory Association, Inner City Housing Society, Affordable Housing Advisory Association and Access Building Association. The purpose of the meeting was to gain suggestions on a process for selecting resource groups for development of the co-op sites. The four resource groups were all interested in an opportunity to develop one or more co-op projects in Cariboo Heights. The difficulty was that all four groups have good experience and "track records" in the development of co-ops and given that they would all be working within the same funding limitations, it would be difficult to select a clearly "superior" group to develop the Cariboo co-ops. The resource groups understood the Municipality's dilemma and agreed to meet amongst themselves to develop a proposed procedure for our consideration to be used in the selection of resource groups for the development of co-ops on designated municipal land.

REPORT
Regular Council Meeting
1989 March 28

Staff will be reporting to Council when the details of the prepaid lease agreements have been finalized with OMC and a proposal for selection of resource groups has been developed. Proposals for OMC's 1989 Co-operative Housing Proposal Call had to be submitted by 1988 December. Staff anticipate that two co-op proposals (for sites 7a and 6a) could be submitted for the 1990 proposal call.

5.0 ADDITIONAL NON-MARKET HOUSING INITIATIVES

The Committee gave consideration to Recommendation #2 from the previous staff report concerning the Cariboo Heights area (Item 20, Manager's Report #9, 1989 January 30) that requested authority for staff to study and report back on the subject of possible additional non-market housing initiatives by the Municipality. The Committee agreed on the need to undertake this work and to provide criteria under which sites could be evaluated for possible municipal assembly and/or development for non-market housing. The Committee requested that such a review include reference to both co-operative and non-profit rental (for families or seniors) forms of housing. In addition, staff were requested to give a priority consideration to the Cariboo Heights area with a view towards providing a recommendation as to whether a site or sites should be designated for non-profit rental housing funded by the British Columbia Housing Management Commission.

It was agreed that the issue of non-profit housing within Cariboo Heights should be addressed prior to the commencement of the marketing of the single family and group housing sites. Staff will be preparing a recommendation on this matter within the next two weeks and be submitting a further report to the Housing Committee.

Respectfully submitted,

Alderman F.G. Randall
Chairman

Alderman R.G. Beglin
Member

Alderman L.A. Rankin
Member

JSB/jp

cc: Municipal Manager
Director Administrative & Community Services
Municipal Solicitor