

REPORT
1993 October 04

CITY OF BURNABY

HOUSING COMMITTEE

HIS WORSHIP, THE MAYOR
AND COUNCILLORS

Re: Non-Market Housing Component
for George Derby Lands

RECOMMENDATION:

1. THAT Canada Mortgage and Housing Corporation (CMHC) be permitted to make available up to 71 additional market units in the George Derby Lands (bringing available market units up to approximately 50% of the total market units).

R E P O R T

The Housing Committee, at its meeting held on 1993 September 28, adopted the attached staff report providing an update on the non-market housing component of the George Derby Lands.

Respectfully submitted,

Councillor L.A. Rankin
Chairman

Councillor C. Redman
Member

Councillor J. Young
Member

:COPY - CITY MANAGER
- DIRECTOR PLANNING & BUILDING

TO: HOUSING COMMITTEE 1993 SEPTEMBER 29
FROM: DIRECTOR PLANNING & BUILDING OUR FILE: 12.301.2
SUBJECT: NON-MARKET HOUSING COMPONENT FOR GEORGE DERBY LANDS
PURPOSE: To provide an update on the development of the non-market housing component of the George Derby Lands.

RECOMMENDATION:

1. **THAT** the Housing Committee recommend to Council that Canada Mortgage and Housing Corporation (CMHC) be permitted to make available up to 71 additional market units in the George Derby Lands (bringing available market units up to approximately 50% of total market units).

REPORT

1.0 BACKGROUND

At its meeting of 1993 May 3, the Housing Committee considered a staff report on the development of the non-market housing component of the George Derby Lands. The report proposed that the non-market site in George Derby be developed as two projects - a 43 unit core-need non-profit family rental project and a 42 unit mixed-income non-profit housing co-operative. The report recommended that the Housing Committee and Council approve and support funding proposals to the Federal-Provincial Non-Profit Housing Program for the units. The report noted that if either or both of the applications to the Program were successful, it would seem to equate to allowing Canada Mortgage and Housing Corporation (CMHC) to market up to an equal percentage of George Derby's market sites. Housing Committee approved the report's recommendations on 1993 May 3 and Council approval was obtained on 1993 May 10.

In mid-August, 1993, British Columbia Housing Management Commission (BCHMC) informed both the Mennonite Central Committee Social Housing Society, the sponsor of the core-need non-profit project, and the Avalon Housing Co-operative that their proposals had received conditional allocations.

On 1993 August 20, staff received a fax from Public Works Canada, the acting realtor for CMHC on the George Derby Lands, requesting permission to market additional market sites, given satisfaction of Council's non-market housing requirement for the George Derby Lands. This fax was followed by a letter, dated 1993 September 23, stating Public Works Canada's intention to advertise for proposals for Enclave D (71 units) later this month. (See Appendix 1, *attached*).

2.0 STATUS OF CORE NEED NON-PROFIT RENTAL PROJECT

As BCHMC's letter to the Mennonite Central Committee Social Housing Society notes, a number of requirements must be met before final project approval is granted, sometime after 1993 November 15. It is staff's understanding from professionals in the non-profit development field that unless a major problem with the development emerges, conditional allocation is fairly certain to lead, ultimately, to final project approval.

The Mennonite Central Committee Social Housing Society is working to advance the project. The Society is currently in the process of selecting a project architect.

3.0 STATUS OF THE MIXED-INCOME NON-PROFIT CO-OPERATIVE

BCHMC's letter to the Avalon Housing Co-operative notes a number of requirements which must be satisfied before final project approval is granted, sometime after 1993 November 15.

The mixed-income nature of the proposed co-operative renders its development somewhat more complex than the development of a 100% core-need project. The report considered by the Housing Committee on 1993 May 3 outlined some of those complexities, particularly the uncertainty of the financing for the units to be targeted to moderate-income households, given the absence of any senior government funding program for mixed-income housing. The report noted that of the total 42 units, 26 would be targeted to core-need families through Non-Profit Program Rent Supplements. The remaining 16 units would be targeted to moderate-income families able to pay an affordable market rent. It was felt that affordability could be achieved if three conditions were met, including:

- 1) BCHMC agreement to allow a higher land value for the 26 unit core-need component of the project, in order to "cross-subsidize" the moderate-income units
- 2) CMHC's agreement to allow the co-operative to pay for the land at the completion rather than at the outset of construction
- 3) the provision of a mortgage interest rate of 8.25% or lower.

Accordingly, the co-operative applied for 42 units, and requested a higher subsidy than usual on the 26 core-need units to help finance the 16 moderate-income units.

It is staff's understanding from discussions with the resource group working with the co-operative that, although BCHMC is anxious to see a mixed-income co-operative developed on the site, BCHMC staff have declined to discuss with the co-operative the financing of the 16 moderate-income units until two major issues have been resolved. Those issues are:

- 1) review of conceptual site plan for the 42 units of family housing given the site's hilly topography
- 2) uncertainty about the mechanics of the co-op's request that the site be sold to the newly established Co-operative Housing Land Trust, for lease back to the co-operative.

Until these issues are resolved, and then a means found to ensure the development of the 16 moderate-income units, the project cannot be assumed to be in line for final project approval.

4.0 CONCLUSION

Development of the 43 unit core-need family non-profit project by the Mennonite Central Committee Housing Society would seem to be moving along with few apparent problems. However, realization of the 42 unit mixed-income housing co-operative, which represents 50% of the non-market requirement, is somewhat less certain in that a number of critical issues remain to be resolved.

To date, 105 of the total 328 market units in the George Derby Lands have been tendered. Public Works Canada's request to market an additional 71 market units would bring that total to 176, or 54% of all market units. In light of the uncertainty about Avalon co-operative, staff recommend that CMHC be given the approval to proceed with marketing only the 71 additional market units at this time. Staff will continue to work with CMHC, BCHMC and Avalon Housing Co-operative to address the outstanding issues regarding fulfillment of the non-market requirements, which will ultimately free CMHC to tender the remaining market units.



D.G. Stenson, Director
PLANNING AND BUILDING

JS/db

Attachment

cc: City Manager
Director Administrative & Community Services
Director Recreation & Cultural Services



Public Works
Canada

Travaux publics
Canada

Pacific-Western Region
B.C./Yukon Division

1166 Alberni Street
Vancouver, B.C.
V8E 3W5

Région Pacifique-Ouest
Division C.-B./Yukon

1166, rue Alberni
Vancouver, (C.-B.)
V8E 3W5

Appendix 1

(BK)

September 23, 1993

6050-B10/3

The City of Burnaby
4949 Canada Way
Burnaby, B.C.
V5G 1M2

Attention: Mr. Bill Rapanos

Re: George Derby - Enclave E

As you are aware, the British Columbia Housing Management Commission has issued conditional unit allocations to the Mennonite Social Housing Society for a non-market rental project and to the Avalon Housing Co-operative for a co-operative housing project, both located at the above site. After some more definitive architectural design, it appears that there will be 43 rental units and 39 co-operative units. We deem these arrangements, once finalised, to have met our obligation with respect to the provision of non-market housing and trust that you agree.

We have been receiving considerable pressure from the private sector to make available some more market units. It is our intention therefore, to advertise for proposals for Enclave D (71 units) late next week.

Yours truly,

L. John Westwood, P.Eng.
Manager
Property Development

cc: J. Thakar
J. Currie

Canada

