

CITY OF BURNABY
HOUSING COMMITTEE

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*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

**RE: COMMUNITY BENEFIT BONUS HOUSING UNITS
(UNITS 4336 LOUGHEED HIGHWAY)**

RECOMMENDATIONS:

1. **THAT** Council direct staff to initiate an Expression of Interest process to select a non-profit society or partnership to operate and manage the nine units of affordable housing for seniors and people with disabilities at 4336 Lougheed Highway, obtained through the Community Benefit Bonus policy, according to the process that is described in this report.
2. **THAT** the Expression of Interest be sent to the Greater Vancouver Housing Corporation and Affordable Housing Advisory Association and be made available to any non-profit housing society that wishes to respond to the Expression of Interest.

REPORT

The Housing Committee, at its Open meeting held on 2003 April 29, received and adopted the *attached* report advising that Council has received an application to rezone a site on the south-east corner of Lougheed Highway and Madison Avenue for the purposes of developing two high-rise residential towers with street fronting townhouse and apartment units. The applicant has proposed the inclusion of a Community Amenity bonus to increase the residential development density from a Floor Area Ratio (FAR) of 2.2 to 2.6.

The Community Amenity Bonus is proposed to be provided as affordable housing. The value of the bonus (estimated at about \$2 million) corresponds to about 8,700 sq. ft. as residential space and comprising three one-bedroom units and six two-bedroom units. The units would be suitable for seniors and for those with a wide range of physical disabilities.

COPY - CITY MANAGER
- DIRECTOR PLANNING & BUILDING
- DIRECTOR FINANCE
- CITY SOLICITOR

The Housing Committee is requesting Council authorization to commence an Expression of Interest process to select a non-profit housing society to operate the above referenced nine units at 4336 Lougheed Highway.

Respectfully submitted,

Councillor C. Redman
Chair

Councillor D. Johnston
Vice Chair

Councillor C. Jordan
Member

TO: CHAIR AND MEMBERS
HOUSING COMMITTEE

2003 April 25

FROM: DIRECTOR PLANNING AND BUILDING

Our File: REZ #02-03

**SUBJECT: COMMUNITY BENEFIT BONUS HOUSING UNITS
(4336 Lougheed Highway)**

PURPOSE: To seek authorization to commence an Expression of Interest process to select a non-profit housing society to operate the units to be obtained through the Community Benefit Bonus policy.

RECOMMENDATIONS:

1. **THAT** the Housing Committee recommend that Council direct staff to initiate an Expression of Interest process to select a non-profit society or partnership to operate and manage the nine units of affordable housing for seniors and people with disabilities at 4336 Lougheed Highway, obtained through the Community Benefit Bonus policy, according to the process that is described in this report.
2. **THAT** the Expression of Interest be sent to the Greater Vancouver Housing Corporation and Affordable Housing Advisory Association and be made available to any non-profit housing society that wishes to respond to the Expression of Interest.

REPORT

1.0 BACKGROUND

The City has received an application to rezone a site on the south-east corner of Lougheed Highway and Madison Avenue (see *attached* Sketch 1) for the purposes of developing two high-rise residential towers with street-fronting townhouse and apartment units. The applicant has proposed the inclusion of a Community Benefit bonus to increase the residential development density from a Floor Area Ratio (FAR) of 2.2 to 2.6. The bonus of 0.4 FAR would result in approximately 73,312 sq. ft. of additional floor area.

In 1998, City Council adopted the Community Benefit Bonus policy that allowed developers to receive extra density for residential developments in the designated Town Centres in return for providing public amenities or affordable housing.

With respect to the subject application, at its meeting of November 25, 2002, Council adopted the recommendation of a report from the Community Planning and Housing Committee that presented the proposal to devote the value of the bonus space (roughly \$2 million) to affordable rental housing units. In exchange for the extra density, the developer was to provide the City with housing units at no cost. The value of the bonus corresponds to about 8,700 sq. ft. of residential space, shown on the plans submitted for Public Hearing as three one-bedroom units and six two-bedroom units.

At the Housing Committee meeting held on March 17, 2003, the issue of ownership and operation of the nine units was discussed. Arising from the discussion, the Committee expressed a preference for the City retaining ownership of the units. It also requested that staff provide a list of non-profit societies that could operate the units, along with preliminary criteria for an expression of interest to choose an operator.

The purpose of this report is to present a suggested tenant profile for the units, present two options for the operation of the units by a non-profit society, and identify potential non-profit societies to be approached through a proposed Expression of Interest process to determine their interest in operating the units.

2.0 POTENTIAL RESIDENTS FOR THE AFFORDABLE UNITS

The nine units comprise three one-bedroom units and six two-bedroom units located in a building that fronts Lougheed Highway. The units are all located at ground level and have barrier-free (no stairs) access to the Urban Trail that is located directly in front of the site. The development has excellent access to both the Gilmore and Brentwood Town Centre Sky Train Stations and to the *Save-on-Foods and Drugs* complex across Lougheed Highway.

With this context, the units would be most suitable for seniors and people with physical disabilities. Given the small number of units, there is also an opportunity to set aside some of the units for clients who have affordable housing needs, but have not been served through existing housing programs. An example of such clients include people with degenerative diseases such as multiple sclerosis who would benefit from the adaptable features in the housing units.

While the two-bedroom units would have appeal for families with children, the lack of family oriented amenities and facilities (schools and playgrounds) in the area, as well as the high-traffic environment of Lougheed Highway, would make the site less suitable for families, unless a family member had a disability that made this location suitable.

In order to provide units that are appropriate for the elderly and those with various physical disabilities, the units would be designed according to universal design criteria. The criteria would include the following: provision of wider doorways, lowered light switches, raised electrical outlets, levered handles on doors, reinforced walls in bathrooms, lowered thresholds and ample telephone/cablevision outlets to allow residents to install assistive technologies such as personal emergency call systems and automated door openers. The purpose of universal design is to create units that do not appear different from a standard unit and can be used by people with a range of mobility issues.

Although no subsidy is available (except for Shelter Aid for Elderly Renters known as SAFER, which is targeted to elderly renters), it is expected that the units can be rented at affordable levels to occupants who meet current maximum Core Need Income Thresholds (currently \$26,500 for a one-bedroom unit and \$35,000 for a two-bedroom unit). The revenue generated by the units would cover costs of maintenance, operation, taxes and strata fees. Any additional revenue (for example, through additional subsidies that could potentially come available from other levels of government or SAFER) could be applied to a fund established for unusual costs or liabilities. The project would aim to achieve a mix of tenants with a range of incomes, all of which fall within the definition of core housing need. This is expected to generate a small operating profit.

3.0 OWNERSHIP AND OPERATION OF THE UNITS

Arising from the direction of the Housing Committee, it is considered appropriate that the City retain ownership of the units obtained through use of the Community Benefit Bonus, with the units managed by a non-profit Society. This option gives the City the long term ownership of a capital asset coupled with the expertise in the operation affordable housing provided by an experienced society, rather than direct management by City staff. For potential tenants, access to the housing is improved by having the units placed in an established registry/wait list system. The City can influence use of the units on a long term basis, but need not be involved in the day-to-day details of managing rental housing or tenant-landlord relationships.

Two options for operation of the units by a non-profit society are presented:

- i) management of the units by an experienced non-profit society through an operating agreement or
- ii) leasing the units to a non-profit society, which would act as the manager and operator, for an extended period of time.

Both options would be implemented through the negotiation and registration of a Housing Agreement at the time of rezoning to ensure that the units are used for the purposes of affordable housing.

A third option involving the operation of the units by the City was discussed by the Housing Committee but was not recommended. Operation and management of affordable housing is time consuming, specialized work well beyond the scope of current City resources. Some of the tasks necessary to manage affordable housing include:

- advertising and establishment of equitable wait list procedures;
- establishment of tenant procedures and monitoring criteria, including a point score system and income verification process, related to household selection based on need, household type and special criteria such as disability;
- establishment of annual tenant income monitoring and rent calculation processes;
- ongoing management of property, including establishing policies related to pets, parking use and tenant issues and 24 hour response to property emergencies;
- ongoing involvement with Strata Council.

Establishment of the resources within the City would be a replication of resources that are available through other agencies. However, with the operating agreement and lease options, the City could reassess the ability to operate affordable housing units in the future if, for example, the City had acquired a substantial stock of affordable housing units.

With City ownership of unit titles, either option of leasing the units, or establishing an operating agreement with a non-profit society, are viewed as potentially viable. The lease option is currently used by the City of Vancouver, where typically, a ten year lease is negotiated with a non-profit society to manage units obtained through their bonus zoning program. The operating agreement is currently used with Burnaby's childcare facilities.

Both options would involve a fee for operations being paid by the society. In the case of the operating agreement, the fee will be explicit and will be shown as a debit against revenues earned. In the case of the lease, the fee will be incorporated within the lease. Until a proposal is made for management of the units, it is difficult to judge whether the operating agreement approach or the lease approach would be more beneficial to the City and the long term management of the units. As such, it is proposed that societies be asked to prepare and submit a business plan case for either one or both options, and to state their preferred option as part of the Expression of Interest Process. Through this, the societies will be given the opportunity to thoroughly analyze the operating agreement and leasehold options in terms of their established operation procedures and ability to effectively manage the affordable housing units.

4.0 SELECTION OF NON-PROFIT SOCIETY TO OPERATE UNITS

With the withdrawal of the provincially funded *Homes BC* program to fund new affordable non-profit housing, it is expected that non-profit housing societies that have an established organizational capacity could be interested in operating the units.

Staff recommend that an Expression of Interest process be initiated to obtain indications of interest from non-profit housing societies that meet the following criteria:

- currently manage a stock of non-profit rental housing in the north Burnaby area (in order to achieve economies of scale in operations);
- have a track record of good management and maintenance practices;
- have established application and wait list procedures in place that are available to the general public;
- have offices that are easily accessible to residents in Burnaby;
- have partnered with smaller organizations in order to provide for specialized needs.

Staff has reviewed a number of non-profit housing societies against the criteria, and are of the opinion that Greater Vancouver Housing Corporation (GVHC) and Affordable Housing Advisory Association meet all of the above criteria and are best able to take on the task of managing the units. However, any non-profit housing society would be welcome to respond to the Expression of Interest.

As the agency that was created to carry out the housing functions for the GVRD and a public non-profit housing society, the Greater Vancouver Housing Corporation (GVHC) has a mandate that includes the development of partnerships with member municipalities to own, manage and maintain affordable housing. In essence, the organizational objectives of GVHC include providing affordable housing services for and on behalf of member municipalities. Currently, GVHC is partnering with the City of Surrey and City of Port Moody to implement affordable housing initiatives. Further, GVHC owns and operates three non-profit housing developments in Burnaby and has their offices in Metrotown. Prospective tenants can access GVHC housing through GVHC directly, or through BC Housing's centralized registry. Tenants are afforded the opportunity to request specific projects.

The Affordable Housing Advisory Association has offices in New Westminister, at the intersection of 8th Street and McBride Boulevard, near the Burnaby border. The Association is an established private non-profit housing society and operates five developments in Burnaby, including Heritage Heights and Ridgelawn Gardens in north Burnaby. Prospective tenants can access Affordable Housings Advisory Association's units through BC Housing's centralized registry and request a specific project.

As part of the expression of interest process, proponents will be required to submit project budgets that detail the clients being served, the selection criteria, the amount of the rents that will be charged, projected operating costs (regular project maintenance, management, strata fees, taxes, replacement reserve, contingency fund) and potential revenues (e.g., SAFER). It is expected that any surpluses (rent minus operating costs) would be returned to the City to be placed in a contingency fund for unexpected expenses that may arise over time. The societies will be requested to supply information and a business plan based on an operating agreement approach and lease approach (potentially a 5 year term renewable to 10 years), and present reasons for their preferred option.

Proponents will be evaluated according to criteria that include:

- the quality and thoroughness of the proposal submitted;
- a thorough project management plan showing a clear strategy for managing the units;
- the clarity and thoroughness of budgeting and auditing procedures;
- a solid well-presented business case for the management options and the preferred management option;
- experience and capacity to operate and maintain non-profit housing,
- demonstration of an unmet housing need for their client group;
- ability and history in serving Burnaby residents;
- the ability to manage a small number of units in an efficient and effective manner.

In addition, the location of the units may allow an excellent housing option for a client group which has not necessarily been well served through the *Homes BC* program to date, including people with various types of physical disabilities and degenerative conditions. Proponents will also be encouraged to identify a potential partnering society to allow some of the nine units to be specified for a group whose housing needs have not been met through past programs.

If the above approach is endorsed by the Housing Committee and Council, the next action would involve the preparation and distribution of an Expression of Interest document to the interested non-profit housing societies.

The Expression of Interest Document would outline the general requirements of the non-profit society. The non-profit society would:

- lease units for 5 years, renewable to 10 years, or manage through an operating agreement for 5 years;
- give preference to Burnaby residents in allocating units;

- be responsible for all operation duties such as advertising, wait list management, income verification of tenants, rent calculation, and ongoing tenant relations;
- be responsible for representing the interest of the City and tenants at Strata Corporation meetings and ensure understanding and compliance with Strata Corporation rules by tenants;
- obtain and maintain liability insurance as required by the City;
- be responsible for property maintenance and have a 24 hour response to property emergencies;
- submit annual audits and monitoring information as specified by the City;
- apply any surplus revenue to a budget specified for unexpected costs that may arise in the future.

The above list of general requirements could be modified in response to specific proposals received through the Expression of Interest process. It is expected that the Expression of Interest would be distributed in early May with the results presented to the Housing Committee three months later. Delivery of the housing units would occur in approximately two years.

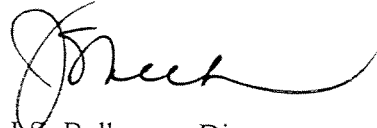
5.0 CONCLUSION

The City has received an application to rezone a site on the south-east corner of Lougheed Highway and Madison Avenue for the purposes of developing two high-rise residential towers with street fronting townhouse and apartment units. The applicant has proposed the inclusion of a Community Amenity bonus to increase the residential development density from a Floor Area Ratio (FAR) of 2.2 to 2.6.

The Community Amenity Bonus is proposed to be provided as affordable housing. The value of the bonus (estimated at about \$2 million) corresponds to about 8,700 sq. ft. as residential space and comprising three one-bedroom units and six two-bedroom units. The units would be suitable for seniors and for those with a wide range of physical disabilities.

Arising from discussion at the Housing Committee, it is considered appropriate that the title of the units remain with the City. Through ownership, the City would have greater control over the use of the units recognizing that, over time, housing needs change, and the ability to or interest of the non-profit operators to manage affordable housing may also change. Two options for operation of the units are presented: operation through an operating agreement with a non-profit housing society or leasing the units for a limited time, for example, ten years, to a non-profit society.

Staff recommends that an Expression of Interest process be initiated to obtain indications of interest from the GVHC and the Affordable Housing Advisory Association and any other non-profit housing society which may be interested. The responses to the Expression of Interest process, along with staff recommendations, will be reported back to the Housing Committee.

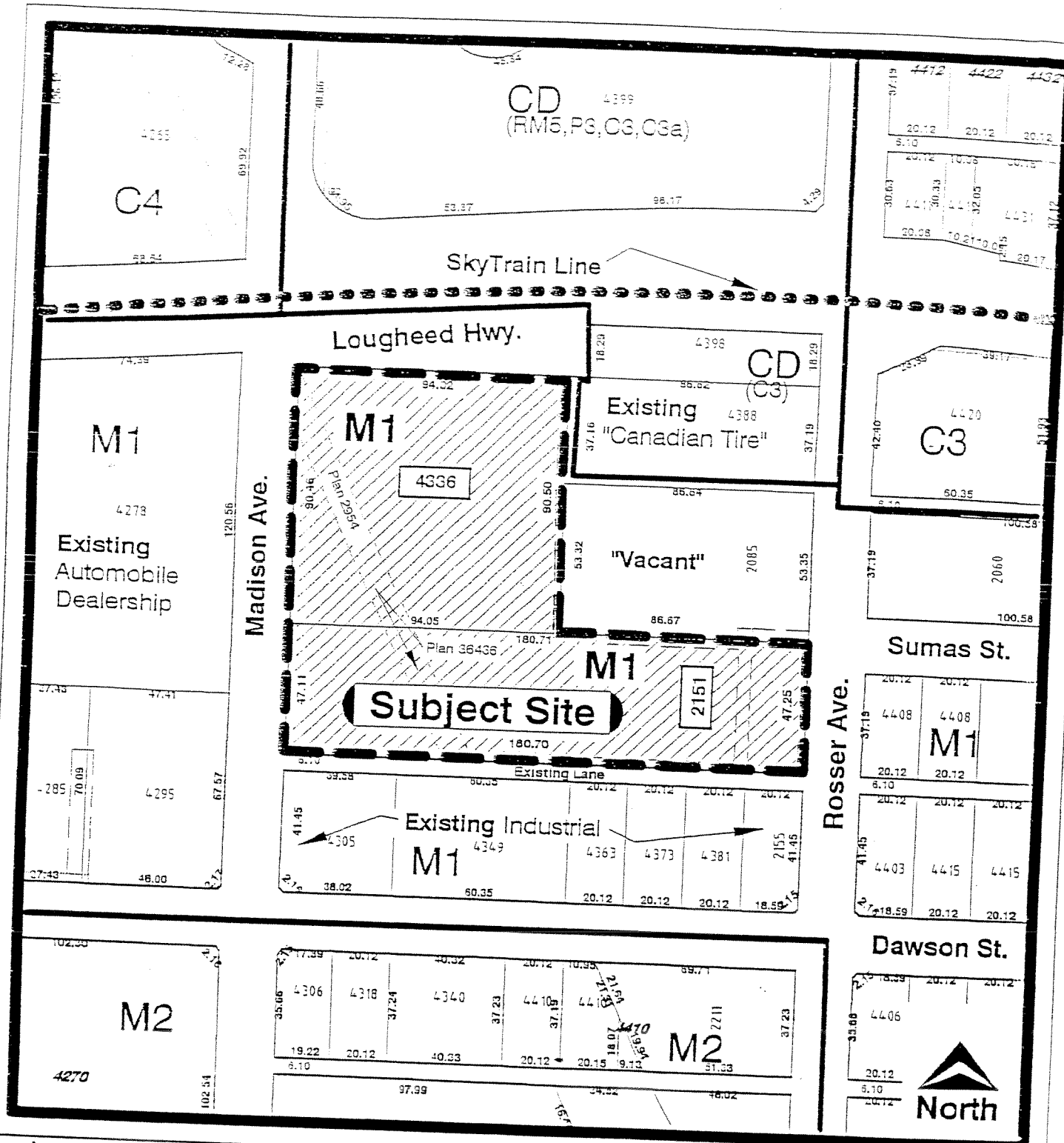


J.S. Belhouse, Director
PLANNING AND BUILDING

BG/jc/sa
Attachment

cc: City Manager
Director Finance
City Solicitor

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Planning And Building Department

Scale: 1 : 2000
 Drawn By: J.P.C.
 Date: March 2002

REZONING REFERENCE 02 -- 03 64
 4336 Lougheed Hwy. & 2151 Rosser Ave.

Sketch # 1

