
COMMUNITY DEVELOPMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

**SUBJECT: URBAN RENEWAL SITE – 3802 HASTINGS STREET
ADVANCEMENT OF PROPOSAL FOR NON-MARKET HOUSING**

RECOMMENDATIONS:

1. **THAT** Council submit a renewed request to the Provincial and Federal Governments to support development of non-market housing on the jointly held Urban Renewal site at 3802 Hastings Street, Burnaby.
2. **THAT** Council request the Federal and Provincial ownership partners in the Urban Renewal site to cost share with the City in the preparation of a development pro-forma to include a development concept, capital cost estimate, and operation cost requirements for a viable non-market housing project on this site, as outlined in this report.
3. **THAT** Council authorize an expenditure not to exceed \$30,000 from the Community Benefit Bonus Housing Fund for completion of the pro-forma, development concept and cost estimates for a non-market housing project on this site, subject to receipt of confirmation of the requested Provincial and Federal cost share contribution.
4. **THAT** this report and the request for a cost-shared funding agreement be sent to the following Federal and Provincial ownership partners in the subject Urban Renewal site:
 - i. The Honourable Diane Finley, Minister of Human Resources and Skills Development, Minister Responsible for CMHC; and
 - ii. Honourable Rich Coleman, Minister of Energy and Mines, Minister Responsible for Housing.
5. **THAT** a copy of this report be sent to Burnaby Members of the Legislative Assembly and Members of Parliament.

To: His Worship, the Mayor and Councillors
From: Community Development Committee
Re: Urban Renewal Site – 3802 Hastings Street
Advancement of Proposal for Non-Market Housing
2011 July 11 Page 2

REPORT

The Community Development Committee, at its ‘Open’ meeting held on 2011 June 28, received and adopted the attached report to present the response received from the Provincial and Federal governments and seeks approval to request Provincial and Federal support for development of non-market housing on the jointly held Urban Renewal site lands.

The Community Development Committee is seeking Council approval for a Provincial and Federal cost-shared funding agreement to advance a pro-forma development concept for non-market housing on the jointly held Federal, Provincial and City Urban Renewal site at 3802 Hastings Street.

Respectfully submitted,

Councillor C. Jordan
Chair

Councillor D. Johnston
Vice Chair

Councillor P. Calendino
Member

Copied to: City Manager Dir. Finance Dir. Plng. & Bldg.

TO: CHAIR AND MEMBERS
COMMUNITY DEVELOPMENT
COMMITTEE

DATE: 2011 June 22

FROM: DIRECTOR PLANNING AND BUILDING

FILE: 71100 20
*Reference: Hastings Street Urban
Renewal*

**SUBJECT: URBAN RENEWAL SITE - 3802 HASTING STREET -
ADVANCEMENT OF PROPOSAL FOR NON-MARKET HOUSING**

PURPOSE: To seek Committee and Council approval for a Provincial and Federal cost-shared funding agreement to advance a pro-forma development concept for non-market housing on the jointly held Federal, Provincial and City Urban Renewal site at 3802 Hastings Street.

RECOMMENDATIONS:

1. **THAT** the Committee recommend that Council submit a renewed request to the Provincial and Federal Governments to support development of non-market housing on the jointly held Urban Renewal site at 3802 Hastings Street, Burnaby.
2. **THAT** the Committee recommend that Council request the Federal and Provincial ownership partners in the Urban Renewal site to cost share with the City in the preparation of a development pro-forma to include a development concept, capital cost estimate, and operation cost requirements for a viable non-market housing project on this site, as outlined in this report.
3. **THAT** the Committee recommend that Council authorize an expenditure not to exceed \$30,000 from the Community Benefit Bonus Housing Fund for completion of the pro-forma, development concept and cost estimates for a non-market housing project on this site, subject to receipt of confirmation of the requested Provincial and Federal cost share contribution.
4. **THAT** this report and the request for a cost-shared funding agreement be sent to the following Federal and Provincial ownership partners in the subject Urban Renewal site:
 - i. The Honourable Diane Finley, Minister of Human Resources and Skills Development, Minister Responsible for CMHC; and
 - ii. Honourable Rich Coleman, Minister of Energy and Mines, Minister Responsible for Housing.

5. THAT a copy of this report be sent to Burnaby Members of the Legislative Assembly and Members of Parliament.

REPORT

1.0 BACKGROUND

At its 2010 October 26 meeting, the Community Development Committee requested information on the Provincial and Federal responses to the City's proposal to advance the Hastings Street Urban Renewal Site at 3802 Hastings Street for a non-market housing development (see Sketch #1, *attached*).

This proposal, and the outstanding request for the Provincial and Federal governments to contribute to the development of non-market housing on the subject site, was initiated by the Committee and Council on 2008 May 5. At that time, City Council adopted recommendations in a report from the Community Development Committee entitled "*Recommended City Initiatives – Affordable Housing and Homelessness*". The report proposed a partnership between the City, the Provincial Government, and the Federal Government to develop a non-market supportive housing development with street fronting commercial on the eastern portion of the site that is under a shared Federal, Provincial and City ownership agreement.

This report presents the response received from the Provincial and Federal governments and seeks Committee and Council approval to once again request Provincial and Federal support for development of non-market housing on the jointly held Urban Renewal site lands. This report advances a specific proposal for the development of a cost-shared development pro-forma to establish a concept for the development together with a capital cost estimate, and operation cost requirements for development of a viable non-market housing project on this site.

2.0 BURNABY'S NON-MARKET HOUSING CONTEXT

Council received in 2007 March, a report titled – *Affordable Housing and Homelessness – A Response to Issues and Proposals*, and in 2008 May, a report titled – *Recommended City Initiatives – Affordable Housing and Homelessness*, and advanced the recommendations therein. These reports have since provided context for the City's continuing role in addressing areas of housing affordability and homelessness. These reports:

- outlined the past, current and future City initiatives to support affordable housing, while acknowledging limitations on local government responses given core local responsibilities, mandates and available resources.
- re-emphasized the primary role and importance of the necessary funding and programs need from the Federal and Provincial governments in order to support the provision of new non-market and affordable housing.

- established a City land use and policy position with respect to meeting the spectrum of needs to address homelessness including opportunities for the development of emergency, transitional and supportive housing within an appropriate setting and with necessary supportive services.
- advanced a partnership approach for development of non-market housing on the Urban Renewal site at 3802 Hastings Street that would present senior levels of governments with the opportunity to participate in accordance with their primary housing provider role.

The 2007 February report provided an overview of affordable housing needs and resources in Burnaby, noted the diminishing contributions and limited programs from the Federal and Provincial governments for housing, and articulated the responses required by each level of government to address housing affordability and homelessness issues.

The report also noted the important contributions made by the City, within our role and mandate in supporting housing initiatives, which include:

- Leasing of City land for non-market housing projects
- Purchase of an existing non-market housing project for lease back to a co-operative
- Rental of City property for group homes
- Donation of surplus land and unopened rights of way for development projects
- City grants to assist with the cost of site improvements
- Application of a 20% affordable units policy for large publicly-owned sites such as Oaklands
- Adoption of a conversion policy in 1973 to prohibit conversion of rental buildings to condominiums
- Adoption of a group home policy to provide a framework for location planning
- Permitting in-law and caregiver suites in single and two family dwellings
- Permitting secondary suites in multiple family dwellings at SFU UniverCity
- Directly administering the Residential Rehabilitation Assistance Program in Burnaby from 1978 to 2004
- Adopting a policy in 1991 to fast-track applications for affordable housing
- Establishing a density bonus policy for community amenities including affordable housing
- Establishing a cash-in-lieu option for the density bonus policy which also allocates 20% of contributed funds to a housing fund
- Providing grants from the housing fund to offset application and off-site development requirements for affordable housing projects
- Establishing reduced parking standards for non-profit, seniors and supportive housing
- Using Comprehensive Development zoning to provide flexibility in development standards for affordable housing
- Advocating for funding and support for affordable housing
- Participating in local and regional committees which address housing issues

These initiatives demonstrate the past and current City commitment to support the development of affordable housing, which has achieved the accommodation of 6,114 units of non-market housing in the City, representing the third highest unit count in Metro Vancouver behind Vancouver and Surrey. Council also recently undertook an initiative with respect to non-market housing on Irmin Street to assume management of this project from the non-market operator that was seeking to no longer manage the project. Such actions have been taken within the resources and abilities of the City while recognizing that the City does not have the mandate, resource or responsibility to address all non-market housing needs – and must still expect this contribution to be made by senior levels of government.

The 2007 March report reiterated the appropriate roles for the Federal, Provincial, regional and local governments in addressing housing issues. The report concluded that there was a need for the Federal and Provincial governments to more aggressively assume their responsibility and role as the direct providers of programs, funding and support services to address the growing gap in affordable housing. The report recognized the continuing role that the City could play in helping facilitate the provision and protection of affordable housing and outlined several further initiatives for review.

The 2008 May report reviewed several possible new City initiatives that were identified in the earlier report. As a result, Council approved a special allocation of general density bonus funds to the housing fund. It authorized staff to develop a policy for deferral of development cost charges and application and permit fees for non-market housing projects. The report also addressed a land use strategy and policy position for emergency, transitional and supportive housing to respond to homelessness by identifying a suitable site in the City in Provincial ownership for development of a full continuum of housing to address this need with appropriate services and support. The specific recommendations adopted by Council relating to homelessness facilities included:

- That the City continue to pursue discussions with the Provincial Government in support of developing a comprehensive land use concept for the future uses of the Provincial lands at Willingdon/Canada Way that would include it as a location for the 25 units of transitional and up to 25 units of supportive units currently being proposed for the City.
- That only combined emergency shelter/transitional housing facilities, as opposed to stand alone emergency shelters, be considered for appropriate locations within the City on a case by case basis, with such centres to operate on a 24/7 basis and have a core funding formula that incorporates appropriate services/supports designed specifically for the homeless.
- That provision for a future combined emergency shelter/transitional housing facility be considered within the comprehensive land use concept for the future use of the Provincially-owned Willingdon/Canada Way lands. (No proposals for such a facility have been received to date)

Of particular importance, with reference to the 2008 report, was the focus on advancing the development of the Urban Renewal site at 3802 Hastings Street for non-market housing, possibly for seniors, persons with disabilities and families.

Ultimately, both reports emphasized that local governments have a role to play in facilitating the development of affordable housing, assisting with its implementation and taking reasonable measures to accommodate and respond to needs through sound community planning. Both reports concluded that the homelessness and affordable housing problems facing communities across Canada are significant in scope and daunting in their complexity. A renewed commitment by the Federal and Provincial governments to face the challenges that have been well documented is urgently needed.

This report continues the direction that 3802 Hastings should be developed for non-market supportive housing while acknowledging the appropriate role for the City given its mandate and resources and the support that will be required of the Federal and Provincial Governments to achieve successful development of the site. In doing so, the City continues to call for this appropriate senior government level support and involvement in a project that can be supported and facilitated by the City.

The following provides the further status update on the proposal for the Urban Renewal site.

3.0 NON-MARKET HOUSING PROPOSAL

3.1 Site Information

The Hastings Street Urban Renewal site is located at 3802 Hastings Street. The property is registered under City ownership with an Urban Renewal agreement that outlines a joint interest in the lands between the City of Burnaby, the Provincial Government, and the Federal Government. As shown on Attachment #1, the western portion, which has a net site area of 2,710.34 m² (29,174.77 sq.ft.), is 100% City-owned under the agreement. The eastern portion of the site, which has a net site area of 1,981.26 m² (21,326.83 sq.ft.), is under 25% City ownership, 25% Provincial Government ownership, and 50% Federal Government ownership under the agreement.

The overall Urban Renewal site is designated for Comprehensive Development utilizing the C8a District as guidelines, in accordance with the Council-adopted Hastings Street Area Plan. The Plan specifies mixed-use (commercial and residential) development four storeys in height, with a portion of the site to be available for social or non-market housing. The C8a District permits a maximum development density of 3.0 FAR under the mixed use street front commercial and residential development framework.

3.2 Federal and Provincial Government Response

Following the recommendations adopted by Council on 2008 May 29, the City wrote to CMHC and BC Housing advising of Council's recommendations with information on the development framework for the property and the proposal to advance development of a non-market, supportive housing project on the site. On 2008 June 3, Mayor Corrigan also wrote to the Federal Minister of Human Resources and Social Development and Minister Responsible for CMHC and the Provincial Minister of Forests and Range and Minister Responsible for Housing to present the City's proposal.

A response from the Provincial Minister of Housing and Social Development was received by the City on 2008 September 4. The response from the Minister indicated a willingness to explore the possibility of a partnership project. The response from CMHC was received by the City on 2009 September 9, however, indicating that the Federal Government would make its lands available based on its market value.

Subsequent to receipt of the above responses, staff further explored the responses, and the availability of Provincial and Federal funding programs and options for senior government contributions to development of this shared site for non-market housing.

While BC Housing staff re-confirmed that they are available to work with the City on options for the site, they did indicate that there is only limited provincial government funding for non-market housing in BC at this time. Specifically, BC Housing indicated that it does not currently have the program funding or operating subsidies that would be necessary to achieve a viable non-market housing project on the site. Funding that has been available in recent years has been increasingly targeted to core need homelessness response, which is not generally in keeping with the land use directions for the subject Urban Renewal site.

CMHC staff also re-confirmed that they would expect to receive market value for their land interest in the site. At the same time, however, they indicated a willingness to work with the City to advance a development framework for the site. It was also noted that there is not the necessary Federal funding available, at this time, for the development of a viable non-market housing project.

3.3 Implications for Development of Non-market Housing

Staff are disappointed with the response received from the Federal and Provincial governments. While the indication of a willingness to work towards advancement of a concept for this site offers an avenue for continued discussion, the current lack of sufficient and available funding sources to contribute towards the development of a viable non-market housing project is of primary concern. The level of primary Federal and Provincial interest and support necessary in order to achieve a viable non-market housing project on this site was not forthcoming from the senior levels of government.

Generally, past experience in the non-market housing sector has shown that the contribution of land alone, by Federal, Provincial and City government, is not sufficient financial support for a project of this nature. The City recently undertook to develop specific construction and operating expense estimates for City lands to test the viability of constructing a non-market housing project. The work clearly demonstrated that the contribution of the land base alone was not sufficient to generate a viable non-market housing project. Significant senior level government support is necessary to support the viability of social housing. In the subject Hastings Street site, there is also the added impediment to advancement of this project in that the Federal Government continues to indicate that it expects to receive market value for its land contribution to a non-market housing project.

From a broad social and government responsibility perspective, the provision of non-market housing remains primary with senior levels of government. Local governments generally lack the primary mandate, resources and access to the tax base to provide for the provision of non-market housing on any sustainable basis. In this specific case, there is a unique opportunity for the City to support the established partnership in the land base associated with the Urban Renewal site to facilitate a non-market housing project; however, senior level funding is necessary to achieve the City's vision for this property.

3.4 Partnership Proposal

Given, however, that both CMHC and BC Housing have declared a willingness to work with the City on advancement of a non-market housing project on this site, there remains an opportunity for the City to further define and facilitate the definition of a non-market housing project for this site. With the objective of seeking to both advance on the offer put forward by CMHC and BC Housing to pursue further joint work, and in order to clearly define the necessary land, capital and operation contributions required to support development of a viable project on this site, staff are seeking Committee and Council concurrence to advance the development concept for the property on a cost-shared basis with our Federal and Provincial land partners.

This approach would serve to once again demonstrate the City's willingness to participate in the process of providing for non-market housing in our community, while continuing to call for and expect the level of senior funding necessary to achieve a successful project. This opportunity for a unique joint project supports the current and long history of joint ownership of the subject site with both the Federal and Provincial governments.

Under this proposal, the request to the Provincial and Federal governments would be to cost-share with the City, in proportion of the respective land ownership interests in the property, the advancement of a pro-forma development concept of the joint ownership interest portion of the Urban Renewal site. The purpose of the pro-forma would be to establish a preliminary development concept, to determine an order of magnitude capital cost estimate and to establish an estimate of the necessary operating subsidy for a viable non-market housing project on this site.

To: Community Development Committee
From: Director Planning and Building
Re: Urban Renewal Site - 3802 Hasting Street - Advancement of Proposal
2011 June 22 Page 8

Staff have estimated that this scope of work could be completed at a cost in the order of \$30,000. Once complete, it would provide a clearer picture of the capital and operating costs to development and maintain non-market housing on this site, and of the necessary level of Provincial and Federal funding that would be required in addition to the City's efforts to facilitate this development proposal. This pro-forma development concept would also provide a venue for the City and the Federal and Provincial partners to reach a conceptual agreement on an overall concept, use, density and housing type mix for seniors, persons with disabilities and/or families. It would also provide a clear basis for articulating the land, capital and operation support necessary to achieve a viable non-market housing project on this site. On conclusion of this work, and receipt of the necessary senior government support for a viable project, the results of the pro-forma analysis would then provide a basis to seek expressions of interests from the non-market housing sector for the development.

4.0 CONCLUSION

The Community Development Committee has requested an update on the status of discussions with the Federal and Provincial Governments on development of the Urban Renewal site at 3802 Hastings Street. This report presents the response received from the Federal and Provincial governments, and recommends advancement of a pro-forma development concept for the site, on a cost shared basis with the Provincial and Federal property ownership interests in the Urban Renewal site, in order to establish the necessary preliminary capital and operating funding necessary to support development of a viable non-market housing project on this site.

The City has determined through past experience, and recent direct analysis, that it is not financially viable to develop non-market housing without the direct support and contribution of senior levels of government. The purpose of this report is to start the process to complete the review of the Hastings Street Urban Renewal site with a view to developing the specific funding requirements needed to support non-market housing development of the site, with the intent of bringing senior government funding forward to support the arising development concept.

On receipt of the requested Provincial and Federal cost-share contribution for the pro-forma work, staff would undertake to advance this component for development of a project concept, and would report to Committee and Council on the results and any arising recommendations for next steps.



B. Luksun, Director
PLANNING AND BUILDING

LP/SF:tn

Attachment

cc: City Manager
Director Finance

Hastings Street Urban Renewal Site - Proposed option with not-for-profit housing site 3802 Hastings Street



Proposed City-owned mixed-use (residential and commercial) development parcel.
29,174.77 square feet



Proposed Hastings Street Urban Renewal partnership not-for-profit housing site.
21,326.83 square feet

NOTE: This calculation is based on a net site area of 50,501.6 sq. ft. (minus road truncation of 508.4 sq. ft.)