

COMMUNITY DEVELOPMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

**SUBJECT: REQUEST FOR COMMUNITY BENEFIT BONUS HOUSING FUNDS –
VANCOUVER RESOURCE SOCIETY – 4555 HASTINGS STREET**

RECOMMENDATION:

1. **THAT** Council approve a grant to the Vancouver Resource Society in the amount of \$95,157 from the City's Community Benefit Bonus Housing Fund to support the development of 11 units of accessible rental housing at 4555 Hastings Street.

REPORT

The Community Development Committee, at its meeting held on 2013 February 26, received and adopted the *attached* report outlining a request for Community Benefit Bonus Housing Funds in support of the development of 11 units of accessible rental housing by the Vancouver Resource Society at 4555 Hastings Street.

Arising from consideration of the report, the Committee recommends that Council approve a grant to the Vancouver Resource Society in an amount of \$95,157 from the City's Community Benefit Bonus Housing Fund for the proposed 11 units of accessible rental housing.

Respectfully submitted,

Councillor C. Jordan
Chair

Councillor D. Johnston
Vice Chair

Councillor P. Calendino
Member

Copied to: City Manager Director Finance City Solicitor Director Planning & Building

TO: CHAIR AND MEMBERS
COMMUNITY DEVELOPMENT COMMITTEE

DATE: 2013 February 12

FROM: DIRECTOR PLANNING AND BUILDING

FILE: 71000 01
Reference: Community Benefit Bonus
Housing Funds
X-Ref: REZ #12-12

SUBJECT: REQUEST FOR COMMUNITY BENEFIT BONUS HOUSING FUNDS –
VANCOUVER RESOURCE SOCIETY – 4555 HASTINGS STREET –
REZONING REFERENCE #12-12 (HEIGHTS COMMUNITY PLAN)

PURPOSE: To seek the Committee’s consideration of an application for Community Benefit Bonus Housing Funds to support the Vancouver Resource Society’s Accessible Housing Project.

RECOMMENDATION:

1. **THAT** the Committee receive this report for information.

REPORT**1.0 BACKGROUND**

Vancouver Resource Society has made a written submission dated 2013 January 24 requesting a grant from the City’s Community Benefit Bonus Housing Funds to support the development of 11 units of accessible rental housing at 4555 Hastings Street, which is being redeveloped with a four-storey mixed-use building in connection with Rezoning Reference #12-12. The purpose of this report is to provide the Committee with information on the request.

The subject site at 4555 Hastings Street is located on the north side of Hastings Street to the east of Willingdon Avenue (see *Attachment #1*). The site is currently occupied by the Dolphin Theatre and owned by the rezoning applicant “Heights Entertainment.” As noted in the initial rezoning report, the site is designated for four-storey mixed-use development using the CD (RM3, C2) District. The developer is proposing to provide 11 accessible rental units within the 2nd storey, which would typically otherwise accommodate commercial uses, such as offices. The proposed accessible rental units would be *in addition* to market residential units proposed for the 3rd and 4th floors, and they would result in the residential density for the site to be in excess of that permitted by the RM3 District. As such, as indicated in the initial rezoning report received on the subject site by Council on 2012 May 28, the use of the CD(C8a) District as the applicable zoning guideline would allow for additional residential density to be developed on the 2nd floor of the building.

To: Community Development Committee
From: Director Planning and Building
Re: Request For Community Benefit Bonus Housing Funds –
Vancouver Resource Society – 4555 Hastings Street
2013 February 12..... Page 2

The 11 accessible rental units are proposed to be developed for purchase by the Vancouver Resource Society (VRS). VRS is a non-profit organization that provides accessible rental housing for people with disabilities. It was established in 1972, serves over 150 clients, and currently operates two group homes in Burnaby. A requirement of the rezoning is that a Section 219 Covenant be registered on title to secure the units as accessible rental housing to be held in common ownership by a non-profit housing organization. The units will be held in an air space parcel or a single strata lot.

VRS has advised that the units will be rented to persons with disabilities and seniors, and has provided a letter of intent (see *Attachment #2*) confirming this arrangement. Depending on the Housing Funds received, the rents are projected to be offered at either \$1.85 per sq.ft. (if City-related costs are offset) or \$1.73 per sq.ft. (if City-related costs and additional capital costs are offset in response to the request for an allocation of density bonus housing funds). For a 600 sq.ft. one-bedroom unit, this represents a monthly rent of \$1,038 to \$1,100, which is considered within the range of market rents in this area.

VRS has provided the following information on the units, residents, operations, and financing in support of the application:

- The City Housing Funds contribution will allow VRS to purchase the units to create permanent rental apartments for their clients.
- The community benefit is 11 wheelchair accessible apartments that will offer security of rental tenure and be held for the long-term by a non-profit society.
- Subsidies for new rental housing are not currently available from senior governments. As a non-profit housing provider, the rents will need to be initially set at an amount close to market rates as noted above to allow VRS to break-even on costs. Rent revenue will cover the mortgage payment, property taxes, strata/shared fees, insurance, maintenance and management. It is the long-term objective of VRS to offer housing to lower income residents; unfortunately, this objective cannot be achieved immediately due to the financing costs for the project. The residents will pay close to market rents; however, the society expects that rents could be maintained over time, so that the units would be able to become more affordable as the mortgage is paid off.
- Residents will be selected based on need. The units will be wheelchair accessible so people with disabilities will be given preference.¹ Burnaby residents will be given priority. When VRS has housing options available, they utilize their network of government agencies, hospital discharge co-ordinators and other community organizations to identify qualified candidates for occupation of the units. In order to also help identify Burnaby residents who would be suitable candidates to rent the units, VRS intends to also work with local seniors centres.

¹ It is noted that the S.219 Covenant for the rezoning will identify the units as accessible.

- VRS will be meeting with the Fraser Health Authority to discuss possible funding for support services for the tenants. VRS has the capacity to coordinate the provision of 24 hour home support services to residents and will begin to pursue this once they have certainty the project is moving forward.

2.0 COMMUNITY BENEFIT BONUS HOUSING FUNDS

Under the City’s community benefit bonus program, funds received in-lieu of on or off-site community amenities are deposited to the Community Benefit Bonus Fund with 20% allocated to the Housing Fund. The Housing Funds are then available for allocation by Council for affordable housing initiatives on a City-wide basis. In 2008 January, Council adopted policy guidelines for the use of the Housing Fund to support the delivery of affordable housing units in partnership with non-market/profit housing providers.

The policy provides objectives and guidelines for considering projects. Generally, requests for an allocation of funds are considered in relation to City-related development fees, servicing costs and development cost charges. Other aspects considered include the community need to be addressed, capabilities and experience of the non-profit applicant, commitment from other funders, benefit to be derived from City support, and the current availability of Housing Funds.

With regard to the Housing Fund, an allocation is generally supported for affordable and special needs housing projects that include units developed under senior government non-profit housing programs, price controlled limited equity market units, units controlled or managed or owned by non-profit housing groups providing affordable housing, guaranteed rental units, and housing for people with special needs such as those with physical or mental disabilities or victims of violence, as referenced within the Burnaby Zoning Bylaw.

The Community Development Committee has the mandate to consider applications and make recommendations to Council on the allocation of funds. Projects approved to receive a grant of bonus funds are eligible to receive the funds at the time of issuance of the Building Permit for the subject development. The City requires registration of a Section 219 Covenant to secure repayment of Community Benefit Bonus Housing Funds in the event that a project does not proceed within the specified timeframe.

Following receipt of the grant funds, the project is expected to achieve occupancy of the development within a five year period; otherwise funds must be repaid. Council has the discretion to extend this term should a project be in progress. If a project operates for a period of ten years for the approved purpose, the grant is forgiven. If a project reverts from the approved use within the first ten years, the grant repayment amount is reduced by 1/10th for each year that the project has operated.

To: Community Development Committee
From: Director Planning and Building
Re: Request For Community Benefit Bonus Housing Funds –
Vancouver Resource Society – 4555 Hastings Street

2013 February 12..... Page 4

The purpose of these guidelines is to ensure that projects receiving funds are substantially viable, and advance to completion within a timely manner to avoid the unnecessary reservation of limited density bonus funds that could otherwise be made available for other projects. They also ensure that the public benefit is secured with regard to the use of the funds.

The Community Benefit Bonus Housing Fund currently has on deposit a balance of \$8.6 million (including investment income) in available funds as of 2012 December 31.

3.0 FUNDING REQUEST

Vancouver Resource Society has made application for Housing Funds to offset City-related costs that would apply to the 11 accessible rental units, which would be finished to Building Code and VRS accessibility specifications, and to supplement the overall capital cost of the units (see *Attachment #3*). The proponents of the application have indicated that a grant for City-related costs will enable the units to be sold to VRS at rental residential rates of \$395 per sq.ft., below strata residential value in the area, which the developer estimates are currently around \$490 per sq.ft. In addition, VRS is requesting a further grant amount of \$10,000 per unit to offset non-City related costs, which would support purchase of the units by VRS, and would result in more affordable rents. The Society also proposes to use \$300,000 of its own funds towards the purchase costs of the units. The total purchase value of 11 units and the supportive staff room and storage areas are reported to be \$3,466,520, based on the net floor area of 8,776 sq.ft. at \$395/sq.ft.

As the accessible units represent a portion of the overall floor space of the development (encompassing the entire second floor), the request for City-related costs is for a proportionate amount of the costs. It is estimated that the 11 accessible units would comprise 9,922 sq.ft. of gross floor area which represents 31.2% of the total floor area of the development. Based on the above, any grant for City-related costs would be calculated on 31.2% of eligible costs. An estimate of City-related costs is provided below:

1. **Application and Permit Fees:** To date, the proposal has incurred or will incur the following application and permit fees:

Rezoning	\$ 780	(\$2,500 x 31.2%)
Preliminary Plan Approval	\$ 3,732	(\$11,960 x 31.2% on \$5.2M construction value)
Subdivision	\$ 803	(\$2,575 x 31.2%)
Building Permit	\$15,716	(\$50,371 x 31.2% on \$5.2M construction value)
Total	\$21,031	

Staff Comment: The Committee and Council are able to take into consideration the use of Housing Funds to offset the City application and permit fees.

2. **Off-Site Servicing:** City staff have estimated that the share of off-site servicing costs for the development will total **\$36,026**. It is noted that the site servicing costs are an estimate and are not finalized until after Third Reading of the rezoning bylaw.

Staff Comment: The Committee and Council are able to take into consideration the use of Housing Funds to offset the City off-site servicing costs.

3. **City Parkland Acquisition Levy:** City staff have estimated that the Development Cost Charge related to the Parkland Acquisition Levy will total **\$37,996** (9,922 sq.ft. x \$3.84 per sq.ft.)

Staff Comment: The Committee and Council are able to take into consideration the use of Housing Funds to offset the Parkland Acquisition Levy.

The City-related costs that are considered to be eligible for Housing Funds are estimated at:

Application and Permit Fees	\$21,031
Off-Site Servicing	\$36,026
<u>Parkland Acquisition Levy</u>	<u>\$38,100</u>
Total	\$95,157

4. **Additional Capital Request:** VRS is also requesting a general capital amount of \$10,000 per unit (total \$110,000) to assist with the overall cost of the units. This grant amount will be directly applied to off-set the purchase cost of the units.

Staff Comment: The Committee and Council are able to take into consideration the use of Housing Funds to offset the total amount of the additional capital request. The request for an additional capital amount is permitted under the Housing Funds policy which states that they can be used to support any component of a project's development costs with the aim of enhancing the viability or overall value of the project. It is noted that Council has not previously approved such a request. The previously approved projects have received grants for City-related costs only. It is further noted that the proponents have advised that the rental viability of the proposed project is not contingent on the VRS receiving this portion of the Housing Funds.

In summary, the total request is \$205,157 based on City-related costs of \$95,157 and an additional capital request of \$110,000. The units would be accessible for those with disabilities, targeted to eligible Burnaby residents, and would be held by a non-profit society as either an air space parcel or strata with the objective to achieve affordability over time. The units would provide security of tenure for residents and contribute to the City's non-profit housing inventory. Based on the above, staff consider that the proposed project is eligible to be considered for receiving Housing Funds.

It is further noted that this project is unique in that it is the first Housing Funds request relating to units in a market project. It is also the first project that is not receiving any Federal or Provincial housing funding to assist with development costs. The three previous projects that have been approved for City Housing Funds were all developed by non-profit housing societies and all received some senior government assistance through funding or financing.


To: Community Development Committee
From: Director Planning and Building
Re: Request For Community Benefit Bonus Housing Funds –
Vancouver Resource Society – 4555 Hastings Street
2013 February 12..... Page 6

In accordance with Council adopted policy for use of Community Benefit Bonus Housing Funds, a Section 219 Covenant will be required to ensure the funds are used for the proposed accessible rental housing units as noted in this report. With Council approval of a grant amount, the funds would be released upon issuance of the Building Permit and execution of the required covenant.

4.0 CONCLUSION

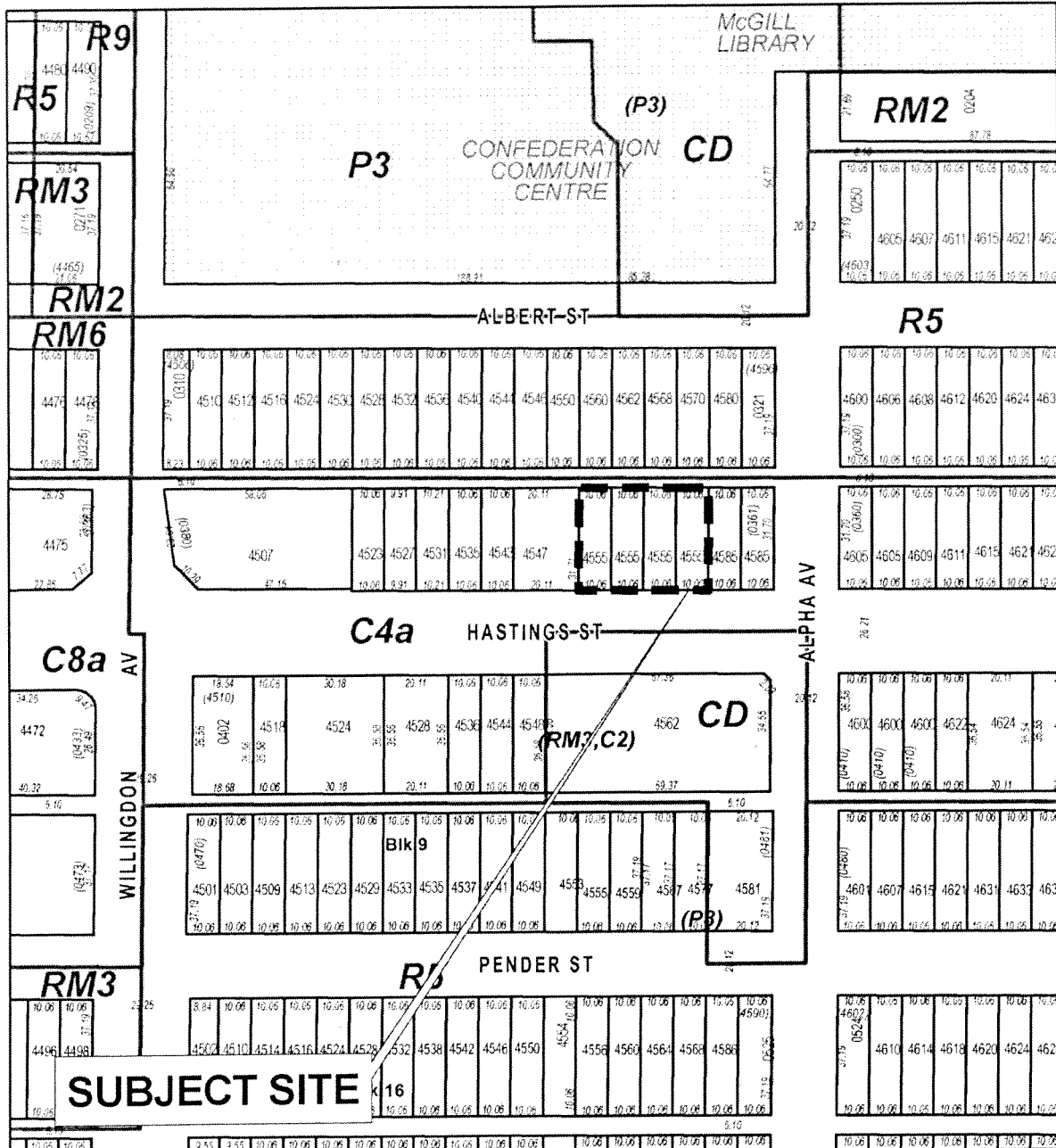
Vancouver Resource Society has requested funding through the Community Benefit Bonus Housing Fund to assist in their purchase and securing the option for accessible rental housing units to be included in a proposed mixed use commercial residential development at 4555 Hastings Street. This report has summarized the request in relation to the objectives and guidelines for the Housing Fund. In summary, the total request is \$205,157 based on City-related costs of \$95,157 and an additional capital request of \$110,000. The rental units would be accessible for those with disabilities, targeted to eligible Burnaby residents, and would be held by a non-profit society with the objective to achieve affordability over time. The units would provide security of tenure for residents and contribute to the City's non-profit housing inventory. Any funds approved will be released upon issuance of the Building Permit and the registration of a Section 219 Covenant, in accordance with the policy adopted by Council.




This is for the information of the Committee.


Lou Pelletier, Director
PLANNING AND BUILDING

SF/KH:sajc
Attachments (3)

cc: City Manager
Director Finance
City Solicitor



 <p>City of Burnaby</p>	<p>PLANNING & BUILDING DEPARTMENT</p>	
<p>DATE: MAY 15 2012</p>	 Subject Site	
<p>SCALE: 1:2,000</p>	<p>REZONING REFERENCE #12-12 4555 HASTINGS ST</p>	
<p>DRAWN BY: DJ</p>		



ACCESSIBLE HOUSING SOLUTIONS

January 24, 2013

City of Burnaby
4949 Canada Way, Burnaby BC V5G 1M2
T: 604-294-7414 F: 604-294-7220
E: karing.hung@burnaby.ca

Attention:
Sharon Folkes, Housing Planner
Karin Hung, Community Planner

RE: VRS' Intent to Purchase Eleven Units from Heights Entertainment in the proposed development at 4555 Hastings Street

Dear Sharon and Karin,

Established forty years ago, Vancouver Resource Society (VRS) is a charitable and not-for-profit society with a mandate to provide housing and programs for persons with physical and developmental disabilities. VRS currently owns approximately 260 apartment units, and 30 properties in Metro Vancouver and Victoria and provides independent living opportunities, care and programs to hundreds of persons with disabilities.

VRS enables people with disabilities to maximize their independence in the community. Our independent living shared-care model usually includes an entire floor of a residential development (usually 6-12 units) and a smaller unit to be used for 24 hour onsite staff. This model allows persons living with complex medical needs to live independently in their own condominium, instead of in an institution or hospital setting. Having this independence enables our clients to pursue educational and career opportunities.

VRS is very excited about the project proposed by Heights Entertainment at 4555 Hastings Street in Burnaby. We have expressed our formal interest and intent to Heights Entertainment to purchase eleven units, an entire floor, in this proposed development.

If and when the proposed development is approved by council, Vancouver Resource Society will move forward and purchase the aforementioned units from Heights Entertainment at \$395 per sq.ft. Once VRS has purchased the units, we will then be able to move forward with a proposal to the Simon Fraser Health Authority and request funding for care in the eleven units in this project.

Please contact me with any further questions.

Thank you.

Best Regards,

Ken Fraser
Executive Director
Vancouver Resource Society



Heights Entertainment
600 North Boundary RD
BBY BC
604-657-4014

Karin Hung,
Community Planner

City of Burnaby Planning Department
4949 Canada Way, Burnaby BC V5G 1M2
T: 604-294-7414 F: 604-294-7220
E: karing.hung@burnaby.ca

Karin,

With this letter we are applying for Community Benefit Bonus Housing funds to offset City related development costs for the VRS units in our submitted rezoning for 4555 Hastings Street. As we are providing secured accessible rental housing at well below market rates to VRS it is essential that we receive any grants available to help off set or reduce our costs. In doing so we will be able to provide housing to VRS at a price level that works for their model, without it the financial numbers simply do not make sense for either party.

I understand that prior to advancing the suitable plan of development for the application to Public Hearing, staff would forward a report to the Community Development Committee outlining details of the proposed development and assessing its merits for funding. The Committee, in turn, would provide a recommendation to Council on whether the development should receive Community Benefit Bonus funds and if so the recommended amount. Council's decision regarding the allocation would be noted in the Public Hearing report for the proposed development.

City Related fees that we require to be waived include:

- Portion of rezoning fee (\$2500.00)
- Portion of PPA fee (TBD)
- Portion of subdivision fee (TBD)
- Portion of building permit fees (RBD)
- Portion of off-site servicing costs (City Water/storm/ sani upgrades, road works, etc.) (TBD)
- Parkland Acquisition Levy for VRS units (\$3.84 per sq. ft)

We understand that fees waived would likely be based on floor area of VRS units as a percentage of total floor area of the project.

We also understand, by Section 219 Covenant, that the 2nd storey units be held in common ownership by a non-profit housing agency and used as accessible rental units.


Further to the Heights grant application to recover development costs, VRS would like to apply to the Community Development Committee for a grant of \$110,000- a grant of \$10,000 per unit to be used towards capital costs. This would directly result in VRS' ability to offer more affordable rents in the eleven VRS units in this project. The clients VRS anticipate to house in these units will be current and former citizens of Burnaby, who rely on affordable housing and in some cases a care component, to remain living independently in the city of Burnaby.

VRS has not and does not expect to receive any provincial funding for this project. VRS is investing \$300,000 into the capital cost of this project. As a not for profit, every dollar VRS is able to secure through housing grants-directly translates into lower rents and greater affordability for vulnerable citizens living on low incomes. This grant of \$110,000 will give VRS the ability to immediately offer lower rents of \$1.73 per sq.ft. in these eleven units.

As a not for profit, VRS has a mandate to provide housing at the lowest rates possible and to provide independent living opportunities to vulnerable individuals, including persons with disabilities. As VRS reduces this mortgage overtime, rents will continually become lower. This grant would assist VRS in offering below market rents and the lowest rents possible to citizens of Burnaby who will benefit from VRS housing and care in this new development.

Thank you in advance for your consideration of this request.

Regards,



NW 6/12

Michael Bosa
Heights Entertainment



Ken Fraser
Executive Director, Vancouver Resource Society