



Item.....
Meeting..... 2014 Aug 25

COUNCIL REPORT

TO: CITY MANAGER **DATE:** 2014 August 19
FROM: DIRECTOR PLANNING AND BUILDING **FILE:** 71000 01
Reference: Community Benefit Bonus
Housing Funds
X-Ref: REZ #13-37

**SUBJECT: REQUEST FOR COMMUNITY BENEFIT BONUS HOUSING FUNDS –
GEORGE DERBY CARE SOCIETY – 7550 CUMBERLAND STREET –
REZONING REFERENCE #13-37**

PURPOSE: That Council receive this report for information.

RECOMMENDATION:

1. THAT Council receive this report for information.

REPORT

1.0 BACKGROUND

The George Derby Care Society has made a written submission dated 2014 June 30 requesting a grant from the City’s Community Benefit Bonus Housing Funds to support the development of 121 units of seniors’ supportive housing at 7550 Cumberland Street under Rezoning Reference #13-37. At the Closed meeting on 2014 July 21, Council approved a grant of \$1,018,492, and approved advancement of this report on the matter to Council’s open agenda for information purposes.

The subject site at 7550 Cumberland Street is located on the northeast corner of Sixteenth Avenue and Cumberland Street (see *Attachment #1*). The site is 117,000 m² in area with the western portion currently occupied by the George Derby Centre residential care facility. The remainder of the site to the north and east is undeveloped. The proposed supportive housing building is intended for the eastern portion of the site. The site is designated under the George Derby Community Plan as Institutional and is zoned P5 Community Institutional District. The P5 District permits a maximum building height of 12.0 m (39.37 ft.) or two storeys. The proposal is for a five storey building using the CD (P5) District. While the proposed building exceeds the maximum height permitted under the P5 District, the initial zoning report notes that the five storey form will result in a smaller building footprint, thus allowing for more of the overall site to remain undisturbed.

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The supportive housing project will be owned and managed by the George Derby Care Society, which operates the existing licensed residential care facility. A requirement of the rezoning application is that a Section 219 Covenant be registered on title to ensure that the use of the project is for seniors' non-profit supportive housing under the operation of a non-profit organization in perpetuity.

The Society has advised that the units will be available to persons aged 55 and over who wish to live independently but also wish to access meals, housekeeping services, and recreational activities.

The Society has provided the following information on the project and its financing in support of the application:

- This project is to provide 121 units of non-profit seniors' supportive rental housing that will offer security of tenure and be held for the long-term by a non-profit society, secured by a Section 219 Covenant. The supportive housing units will complement the existing residential care facility and create a "campus of care" and housing for residents so that the residents would be able to transition from supportive housing to the care facility, as needed.
- A range of unit sizes are proposed including 94 one bedroom units; 14 one bedroom and den; and 13 two bedroom units. The one and two bedroom units are proposed to have both smaller and larger sized units.
- The Society is seeking to rent the units at rates that reflect the non-profit nature of the project. A "cross-subsidization" approach will be used to provide extra affordability for smaller units. Over the long term, the Society hopes to increase the number of units that can be rented at lower rates, contingent on annual operating costs.
- The project meets the BC Housing requirements for assistance under the Community Partnership Initiatives program (CPI). BC Housing is assisting with the financial viability of the project by leasing the land at a nominal rate, and by coordinating a lower interest rate construction loan and assisting with the mortgage loan from a conventional lender.
- The society is also seeking a waiver from the Greater Vancouver Sewerage and Drainage District for Regional Development Cost Charges based on the non-profit nature of the project.
- Subsidies for new affordable housing developments are not currently available from senior governments. In the absence of long term sustainable housing funding from seniors governments, the Society is seeking to achieve the lowest rents possible in relation to overall operating costs by lowering development and land costs as much as possible.

2.0 FUNDING REQUEST

To support the objectives noted above, the George Derby Care Society has made an application for Housing Funds to offset City-related costs that would apply to the seniors' supportive housing project. The funding request is for \$1,343,492. The costs are outlined below:

1. Application and Permit Fees:

The applicant has requested funding for the application and permit fees outlined below. City staff estimate the application and permit fees as follows:

Rezoning	\$ 21,621
Preliminary Plan Approval	\$ 45,355
Site Servicing Agreement	\$ 1,031
<u>Building Permit</u>	<u>\$190,569</u>
Total	\$258,576

The request by George Derby Care Society is consistent with the City's estimate of applicable permit fees.

2. Off-Site Servicing:

City staff undertook a review of the proposed development and the required off-site servicing. It is noted that the site has extensive frontages of approximately 540m (1,772 ft.) along Sixteenth Avenue and 109m (358 ft.) along Cumberland Street. A relatively minor 122m (400 ft.) portion of the site fronting on Sixteenth Avenue is proposed for development at this time. As such, staff have determined that the off-site servicing for the proposed project will be limited to the 122m (400 ft.) Sixteenth Avenue frontage immediately adjacent to the proposed development and will include construction of a 4m wide urban trail, and works related to the existing bus curbs.

The applicant indicates that the George Derby Care Society anticipates future development on the site, including redevelopment of the existing George Derby Care Centre, to be phased over the long term. Should future development be proposed on the site, additional off-site servicing necessary to serve that portion of the site proposed for development will be identified as part of the standard rezoning process. The applicant has provided correspondence indicating that the George Derby Care Society and BC Housing understand and agree with the proposed approach.

The applicant has requested grant support for off-site servicing costs of \$632,733 composed of:

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Urban Trail	\$128,908
Bus Curb Works	\$ 22,137
Storm, Sewer, Water	\$156,688
Telus and Fortis	\$ 75,000
<u>BC Hydro</u>	<u>\$250,000</u>
Total	\$632,733

City staff have estimated that the City related off-site servicing costs for the development will total **\$307,733** which includes the urban trail, bus curb works, and storm water, sanitary and water services. It is noted that the Society has estimated and requested offsite servicing costs of \$632,733, however, this figure includes Telus, Fortis and BC Hydro costs. The Telus, Fortis and BC Hydro costs are not considered to be eligible costs under the City’s approach for allocation of grants. Under the City’s approach, the City estimate of \$307,733 would typically be used to calculate the Housing Fund allocation for off-site servicing costs, if supported. It is further noted that the off-site servicing costs are an estimate and are not finalized until after Third reading of the rezoning bylaw, however, the current estimate would be used for the purposes of this report.

3. City Parkland Acquisition Levy:

The Society has requested \$452,183 for the Parkland Acquisition Levy. City staff concur with this estimate.

In summary, the Society’s total funding request is \$1,343,492 as follows:

Application and Permit Fees	\$258,576
Off-Site Servicing	\$632,733
<u>Parkland Acquisition Levy</u>	<u>\$452,183</u>
Total	\$1,343,492

The City supported estimates are as follows, and, under the City’s approach, these figures would form the basis for an allocation, if supported:

Application and Permit Fees	\$258,576
Off-Site Servicing	\$307,733
<u>Parkland Acquisition Levy</u>	<u>\$452,183</u>
Total	\$1,018,492

It is noted that Council may recommend and approve an allocation of housing funds to this project at a reduced amount, at the level noted above, or for another amount, in support of the project. If Council approves the allocation of Housing Funds, these funds will be disbursed upon the completion of the rezoning and at the time of issuance of the Building Permit.

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3.0 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. In 2008 January, Council adopted a policy framework for the use of the Housing Fund to support the delivery of affordable housing units in partnership with non-market or for-profit housing providers.

The Community Benefit Bonus Housing Fund currently has on deposit a balance of \$22.4 million (including investment income) as of 2014 June 17.

With regard to the Housing Fund, an allocation can be supported for affordable and special needs housing projects. This proposal is considered to be eligible for consideration for Housing Funds given that the Society will provide seniors housing in guaranteed rental units on a non-profit basis.

The framework supports the use of Housing Funds to offset City-related development fees, servicing costs and development cost charges. The City-related fees and charges are eligible to be considered Housing Funds under the City’s approach.

Under the framework, 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. Projects approved to receive a grant of Housing Funds are eligible to receive the funds at the time of issuance of the Building Permit for the subject development. 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.

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 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.

4.0 CONCLUSION

The George Derby Care Society has requested funding through the Community Benefit Bonus Housing Fund to assist in the proposed seniors’ supportive rental housing project at 7550 Cumberland Street. This report has summarized the request and has concluded that it is consistent with the objectives and guidelines for the Housing Fund. The units would provide security of tenure for residents and contribute to the City’s non-profit housing inventory for seniors housing. In summary, a grant amount of \$1,018,492 is supported based on City estimates

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for application and permit fees, Parkland Acquisition Levy, and City-related off-site servicing costs. 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.

On this basis, Council give consideration to an allocation of funds in support of the George Derby Care Society’s Seniors’ Supportive Housing Project. At the Closed meeting on 2014 July 21, Council approved a grant amount of \$1,018,492. Council also passed a motion that this report appear for information purposes on the 2014 August 25 open Council agenda.

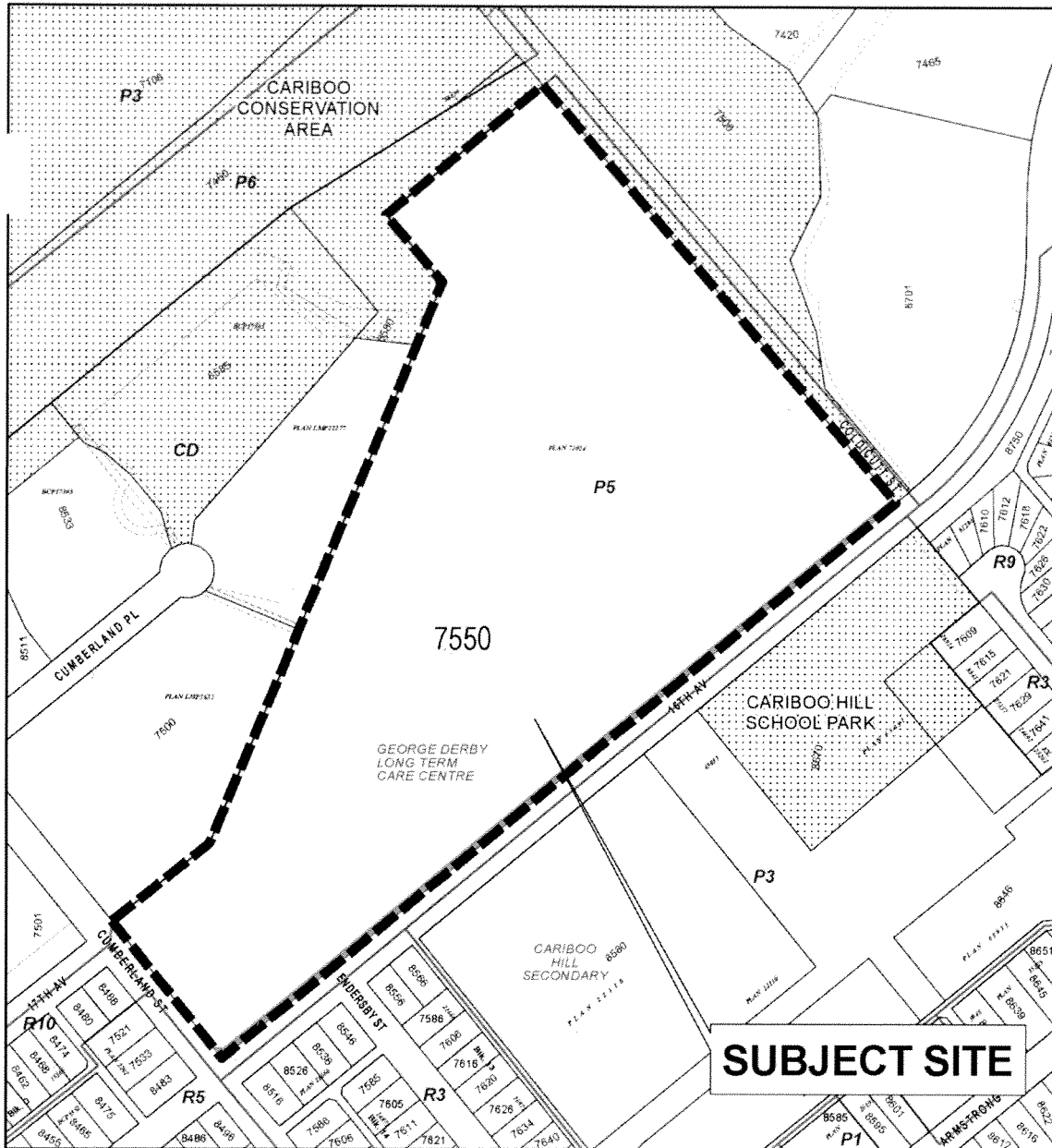


Lou Pelletier, Director
PLANNING AND BUILDING

SF/SMN/sa
Attachments

cc: Director Finance
City Solicitor

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SUBJECT SITE



PLANNING AND BUILDING DEPARTMENT



DATE:	JUN 24 2014
SCALE:	1:4,000
DRAWN BY:	AY

 Subject Site
REZONING REFERENCE #13 -- 37
7550 CUMBERLAND STREET

 ETHERSTONE DEVELOPMENTS LIMITED

2014/06/30
 Mr. L. Pelletier
 Director, Planning and Building Department
 City of Burnaby
 4949 Canada Way
 Burnaby, V5G 1M2

Dear Mr. Pelletier

**Re: Rezoning Application #13-37/Derby Manor/ Non-profit Seniors' Affordable Housing Project
 Application for Grant under City of Burnaby Community Benefit Bonus Program**

The purpose of this correspondence is to request that City Council provide a grant to the project to offset the costs of off-site requirements, and other municipal fees and charges, so that rents can be affordable to low and moderate-income seniors in this community.

In the minutes of its' meeting on 25th November 2013, City Council authorized that the Planning and Building Department work with the Applicant toward the preparation of a suitable plan of development for the proposed site for presentation to a Public Hearing. On 17th April 2014, DYS Architecture sent the proposed plan of development to the Community Planner charged with this file. At the request of the Assistant Director, Current Planning, the Applicant also provided a review of the potential costs of off-site requirements identified in the report to City Council mentioned above. It also provided a cost impact analysis of COB requirements, plus municipal fees and charges, related to the affordability of units in this development.

A. MUNICIPAL FEES AND OFF-SITE COSTS

A summary of the anticipated costs associated with this application are as follows:

1. <u>Municipal Fees and Charges</u>		
i.	Park Acquisition Fund	\$452,183
ii.	Rezoning Application	\$ 21,621
iii.	PPA Approval	\$ 45,355
iv.	Site Servicing Agreement	\$ 1,031
v.	Building Permit	\$ <u>190,569</u>
	Sub-Total Other:	\$ <u>710,759</u>

2. Off-Site Requirements

1.	Urban Trail – 16 th Avenue – Derby Manor Frontage Only	128,908
2.	Bus Bulges – 16 th Avenue	22,137
3.	Storm and Sanitary Sewers and Water	156,688
4.	Telus and Fortis	75,000
5.	Power from Coldicutt [BC Hydro]	250,000
	Total off-Site Costs	632,733

Total Municipal Fees and Off-site Servicing Costs = \$1,343,492

ETHERSTANE DEVELOPMENTS LIMITED

B. GRANT REQUEST

The Society is requesting that the City of Burnaby assist in defraying costs to protect affordability and accessibility to units by low to moderate income earners. Specifically, the Society is requesting that the City of Burnaby provide a grant of \$1,343,492 to defray the estimated municipal fees and off-site servicing costs associated with this proposal.

Sincerely



Richard Peddie, Etherstane Developments
For
President
George Derby Care Society