

TO: CHAIR AND MEMBER
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2016 March 17

FROM: DIRECTOR FINANCE

FILE: 4500-30

SUBJECT: LEASE AGREEMENT FOR 2088 MADISON AVENUE

PURPOSE: To secure Council authority to enter into a five year agreement with the Burnaby Association for Community Inclusion (BACI) for their continued operation of nine City owned strata units.

RECOMMENDATION:

1. **THAT** The Finance Management Committee recommend Council authorize staff to enter into a \$1.00 per year, five-year Lease Agreement from 2015 July 01 to 2020 June 30 with the Burnaby Association of Community Inclusion for the continued operation of nine City owned strata units at 2088 Madison Avenue as outlined in this report. The terms of agreement will include provision for two five year renewal options.

REPORT

In 2005 June the Burnaby Association for Community Inclusion (BACI) was given a Lease by the City to operate and manage Strata Lots 4, 5, 6, 7, 8, 9, 10, 11 and 12, District Lot 119, Group 1, NSD, Plan BCS 1299. Please see Attachment 1.

These Strata Lots were acquired as part of a bonus density for the Renaissance Towers located at Lougheed Highway and Madison Avenue. There are three one bedroom units and six two bedroom units at ground level designed and built to universal design criteria that can be used by persons with mobility difficulties. BACI submitted a proposal to operate the units as affordable housing for persons in core housing need on a not-for-profit basis. Their lease agreement stated that:

“Provided that the Lessee is not in default hereunder, it shall have the right to renew this lease for an additional term of five (5) years on the same terms and conditions (except that there shall be no further right to renew) until June 30, 2015 subject always to clause 17.01”.

The lessee was not in default of its agreement and exercised its two five year options and has been in an “over-hold” position since the beginning of 2015 July. The organization has continued to operate the facility with due diligence and professionalism during this period and has expressed its desire to continue in a new lease agreement with the City.

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Under the terms of its agreement, BACI is in a \$1.00/year arrangement, with no monthly or annual rent coming to the City. All expenses, costs, payments and outgoings incurred in respect of the units or for any other matter or thing affecting the units, shall be borne by the Lessee. The Lessee shall pay all taxes, rates, charges, assessments, including school taxes, local improvement rates and other charges which now are or shall or may be levied, rated, charged, or assessed against the units by any municipal, parliamentary, regional, school or other authority. The Lessee is responsible for payment of utilities and any strata related fees that may be assessed as its proportionate share by the adjoining Residential Tower.

As part of the agreement BACI is responsible for all operating expenses, including a provision for administration, accounting and overhead program costs for the property. In addition a Replacement Fund is established to accumulate funds provided from the BACI for any significant building replacement. The fund balance as at 2015 December 31 is \$82,937 (the finances for the past five years have been summarized in Attachment 2).

Site inspections by Licence and Facilities Management staff have confirmed that the units appear to be well maintained with a high occupancy level, thereby meeting the needs of individuals and families with affordable, accessible and inclusive housing.

The Planning Department has expressed its support for a new Lease Agreement with the Burnaby Association of Community Inclusion.

RECOMMENDATION

Staff recommend the Financial Management Committee to recommend Council authorize staff to enter into a \$1.00 per year, five-year Lease Agreement from 2015 July 01 to 2020 June 30 with the Burnaby Association of Community Inclusion for the for the continued operation of nine City owned strata units at 2088 Madison Avenue as outlined in this report. The terms of agreement will include provision for two five year renewal options.



Denise Jorgenson
DIRECTOR FINANCE

DJ:sb /ew

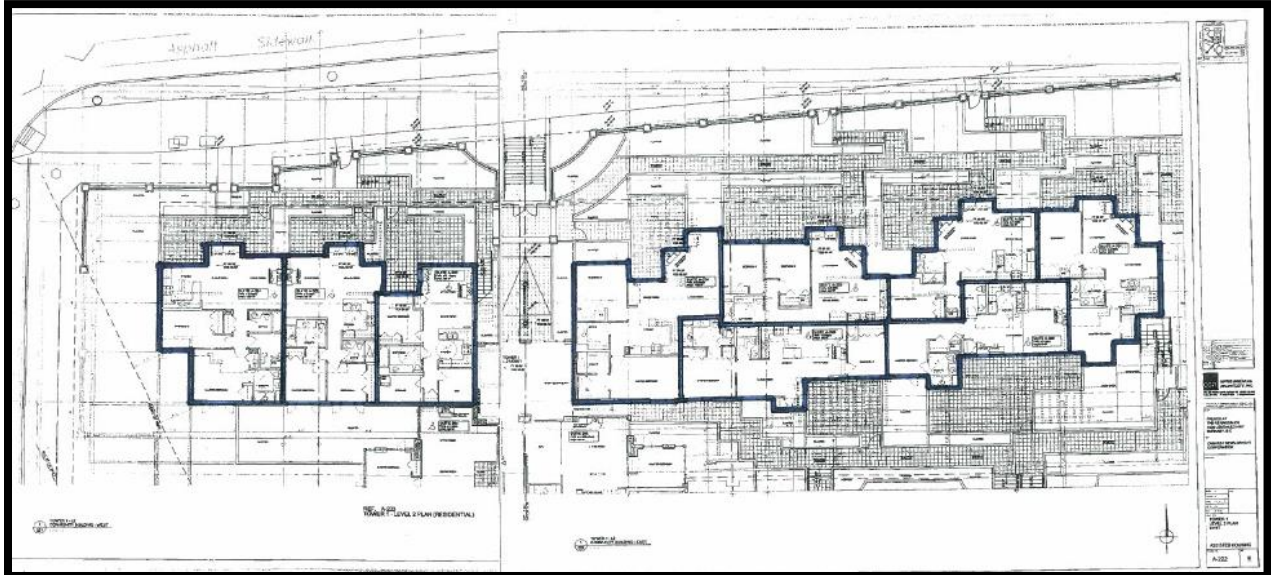
Attachments: 1 – Maps and Aerial Photo showing the Subject Property and the Nine City
Owned Units
2 – Financial Summary (2010 July 01 – 2015 June 30)

cc: City Manager
Director Planning and Building
City Solicitor

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ATTACHMENT 1

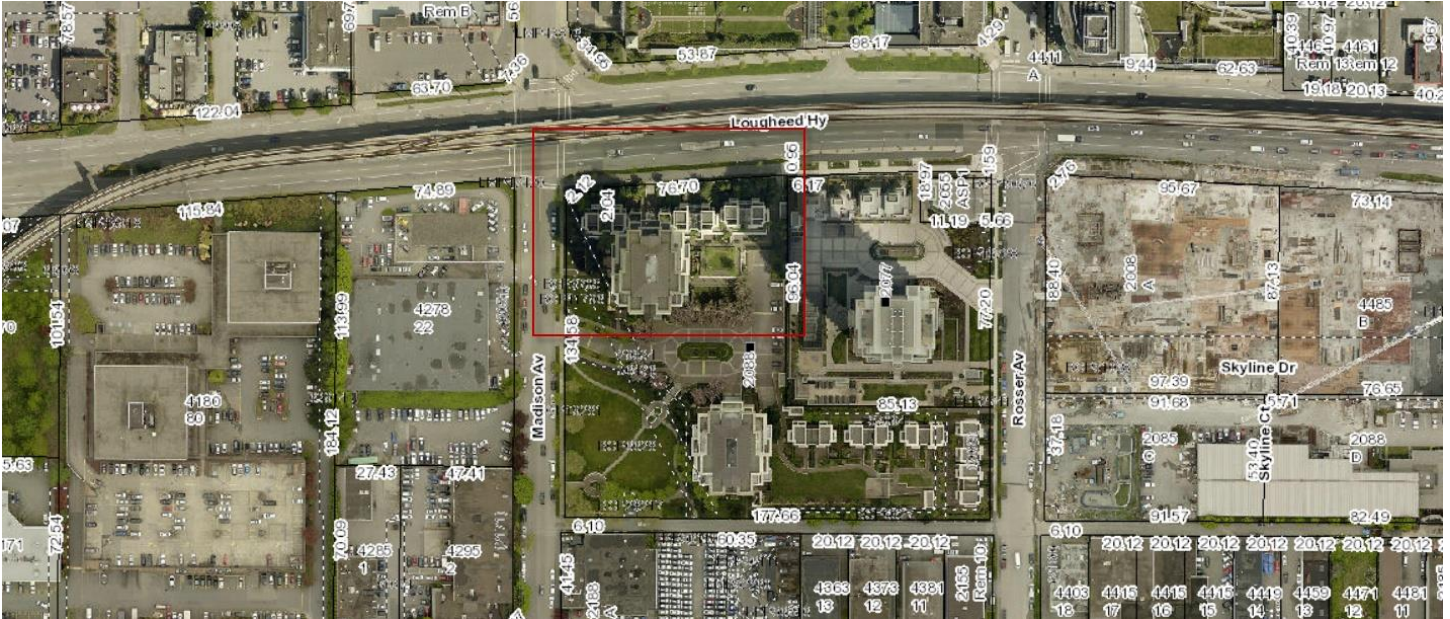
Map and Aerial photo showing the Subject Property and the Nine City Owned Units



2088 MADISON AVENUE – NINE TOWNHOUSE UNITS



ATTACHMENT 1



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ATTACHMENT 2

Financial Summary (2010 July 01 – 2015 June 30)

BURNABY ASSOCIATION FOR COMMUNITY INCLUSION – 2088 MADISON AVENUE					
Financial Summary – 2010 July 01 to 2015 June 30					
	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015
<u>Revenue</u>					
Rental Fees	69,526	70,084	68,914	67,771	68,593
Total Revenue	69,526	70,084	68,914	67,771	68,593
<u>Expenditures</u>					
Salaries	8,185	8,182	8,505	8,496	8,500
Strata Fees	26,517	26,517	26,717	26,320	27,517
Property Taxes	14,159	15,230	15,368	15,367	16,737
Utilities - Water	4,342	4,583	4,819	4,821	5,403
Repairs & Maintenance	3,931	6,482	7,810	8,362	7,822
Insurance	550	589	604	108	629
Replacement Reserve	4,100	3,300	-	-	-
Program Costs	6,845	5,080	5,120	5,124	5,120
Total Expenditures	68,629	69,963	68,943	68,598	71,728
Income / (Loss)	897	121	(29)	(827)	(3,135)