

TO: CHAIR AND MEMBERS
PLANNING AND DEVELOPMENT COMMITTEE

DATE: 2017 October 11

FROM: DIRECTOR PLANNING AND BUILDING

FILE: 49500 20
Reference: Rez. Ref. #16-42

SUBJECT: REQUEST FOR COMMUNITY BENEFIT BONUS HOUSING FUNDS
NEW VISTA SOCIETY
6525, 6559 AND 6585 SUSSEX AVENUE
REZONING REFERENCE#16-42
METROTOWN DOWNTOWN PLAN

PURPOSE: To seek the Committee's consideration of an application for Community Benefit Bonus Housing Funds to support the New Vista Society Non-Market Housing Project.

RECOMMENDATION:

1. **THAT** the Committee give consideration to recommend that Council approve the use of Community Benefit Bonus Housing Funds.

REPORT

1.0 BACKGROUND

The New Vista Society and their partner, BC Housing is proposing to construct a 125-unit, 14 storey non-market rental apartment building, as part of Rezoning Reference #16-42, for a mixed-use project at 6525, 6559 and 6585 Sussex Avenue (See *attached* Sketches #1 and #2). The overall proposed development includes a 47-storey, mixed-use tower oriented towards Beresford Street (north portion of the site) consisting of at-grade retail, followed by ten storeys of office-commercial and residential above, and a three storey townhouse form oriented along Sussex Avenue. The south portion of the site, on Sussex Avenue, would accommodate the non-market rental housing component of the project. Both buildings would be advanced through the rezoning process as a single development. The resulting development would be on two parcels – a market residential mixed-use apartment tower site, and a non-market housing site.

The proposed non-market housing component has a project value estimated at \$35.0 million. The development is being proposed as a Community Partnership Initiative (CPI) between BC Housing, New Vista Society (non-profit housing provider), and the applicant (Thind Properties Ltd.).

New Vista Society, as the proponent, is seeking to advance the development of the non-market rental housing component of the project. The Society is also seeking to be the housing provider/operator of the future development.

To: *Planning and Development Committee*
From: *Director Planning and Building*
Re: *Request for Community Benefit Bonus Housing
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BC Housing has advised that it is prepared to commit up to \$9.1 million to the project through direct contribution, and under a CPI financing program, and has committed to supporting the Society by financing the non-market rental housing component of the project by:

- providing funds to secure a low interest loan for New Vista Society over a 30-year period, as well as make available up to \$1.0 million in pre-development financing to assist with the development application;
- contributing to an additional \$500,000 savings under the CMHC insured loan cost (underwritten by BC Housing); and,
- BC Housing estimates that the total interest cost savings to New Vista Society under the CPI financing program is approximately \$1.2 million.

Thind Properties Ltd., as the rezoning applicant, has agreed to make the site available for the non-market housing component, and to undertake the construction and completion of the development, including the non-market housing component, as part of the overall rezoning process (Rezoning Reference #16-42). As a condition of rezoning, the applicant has also made available to the tenants of the existing rental apartment buildings within the development site a tenant assistance package, including first right of refusal, based on their length of tenancy and housing needs/preferences, for new units in the development, subject to BC Housing and New Vista Society criteria for the non-market housing component. A financial contribution to the non-market housing is not being made by Thind Properties Ltd.

On 2007 December 18, Council adopted recommendations from the then Community Development Committee regarding the use of funds obtained for housing purposes through the Community Benefit Bonus Program. The adopted approach is to allow both City Initiated and Community Sponsored Projects to be considered for support through the allocation of Community Benefit Bonus Housing Funds. A report received by Council on 2008 May 05 provided further discussion and guidance on the use of Community Benefit Bonus Housing Funds to offset costs for non-market housing projects. With respect to Community Sponsored initiatives, such as the one being advanced by the New Vista Society, bonus funds are intended to augment any aspect of the development budget and enhance the overall viability of the project.

On 2017 May 17, the New Vista Society submitted a request for grant funding to offset specific development costs under Council's Community Benefit Bonus Program. Under the approach adopted by Council, the Committee receives request for consideration to determine recommended grant amounts for approval of Council. This report presents the funding request received from the New Vista Society.

2.0 FUNDING REQUEST

The New Vista Society has submitted the *attached* letter to the Planning and Building Department, dated 2017 May 17. The letter outlines the Society's request for a Community Benefit Housing Fund allocation. The proposed non-market housing development being advanced under Rezoning Reference #16-42 meets the criteria for consideration by the Committee and Council for an allocation of Community Benefit Bonus Funds.

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The New Vista Society has requested the following:

- 1) The Society has requested a grant in the amount of \$1.4 million to off-set City servicing and permit fees for the non-market housing component of the development, including but not limited to applicable Development Cost Charges (DCCs) for Metrotown, rezoning application fees, subdivision application fees, and Preliminary Plan Approval (PPA)/building permit fees.

Staff Comment: The Committee and Council are able to take into consideration the use of Community Benefit Bonus Funds to off-set City servicing and permit fees, which will total an estimated \$1.4 million (maximum based on preliminary estimates). The grant amount would be based on final fees and servicing estimates, not to exceed \$1.4 million.

- 2) The Society has requested a grant in the amount of \$5.6 million to create the fee simple parcel that will accommodate the non-market housing. The parcel would be transferred to City ownership and leased for a period of 60 years at a nominal rate for the proposed non-market housing project.

Staff Comment: The Committee and Council are able to take into consideration the use of Community Benefit Bonus Funds to create the fee simple parcel that will accommodate the non-market housing, totalling \$5.6 million.

- 3) Other direct costs attributable to the New Vista Society development, which are not part of the Society's request include:
 - Pre-development costs, including but not limited to architect and consultant fees;
 - Construction costs to construct the non-market housing component, which has an estimated project value of \$35.0 million;
 - Debt servicing of the mortgage over the long term (estimated interest rates between 2.4% and 4.5%); and,
 - Operation costs of the non-market housing project, in which rent levels are intended to range from core need rents to low-end of market rents.

The New Vista Society has specifically requested funding in the amount of \$7.0 million. The amount related to creation of the parcel represents the cost to 'create the site area' for the non-market development that arises from the additional structure and building components necessary to accommodate the market development on a smaller land base – costs are incurred for the additional structure, elevators, and depth of underground parking related to a larger building on a reduced footprint. The City contribution would be capped at \$7.0 million, with the applicant demonstrating the cost components in greater detail as the project advances.

It is noted that the requested funding is in advance of the pertinent rezoning application (Rezoning Reference #16-42) advancing to a Public Hearing, to assure the New Vista Society and BC Housing, as well as the rezoning applicant (Thind Properties Ltd.), of the project's viability. To secure the

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City's contributions, the Society has agreed to the prerequisite requirement of a Housing Agreement, as part of the rezoning process. This agreement would address the following:

- Affordability levels – Rent levels for the units will range from core need rents to low-end of market rents. BC Housing indicates that while the operating and tenant mix has not be finalized, the non-market units will target at least 51% of BC Housing's affordability criteria with the remaining 49% at a range of Household Income Limits (HIL's) to Low End of Market (LEM) rent levels.
- Non-profit nature of the housing project with provision of 125 non-market units.
- The City would receive fee simple ownership of the future parcel of land that would accommodate the non-market housing component.
- The lands would be, however, subject to a nominal cost (\$10), 60-year land lease to BC Housing.

The created City-owned parcel, as well as the Housing Agreement and Section 219 Covenant outlining the terms of the City's contribution, would be registered on Land Title prior to Final Adoption.

3.0 COMMUNITY BENEFIT BONUS HOUSING FUND

The New Vista Society proposal is generally consistent with the objectives established for use of the Community Benefit Bonus Housing Funds. The current unallocated balance of available funds on deposit in the account for non-market affordable housing purposes is estimated \$69.3 million.

In summary, the Committee may give consideration to recommend that Council approve the use of Community Benefit Bonus Housing Funds for the above referenced item, as outlined in Section 2.0 of this report for the development of a 125-unit non-market housing project.

4.0 DISBURSEMENT AND CONDITIONS OF FUNDING

With Committee and Council approval of a specific allocation, the funds would be released to the applicant on issuance of the Building Permit for the project. Should a Building Permit not be issued within the two year period of approval of Council for the rezoning, the applicant would need to seek Committee and Council approval to have the funding commitment extended for a further period; otherwise the reservation of the approved allocation of funds would be cancelled.

To secure the City's investment of Community Benefit Bonus Funds in the project, the applicant would also be required to execute the applicable Housing Agreement and Section 219 Covenant which would indicate that:

- a) the project is in receipt of the Community Benefit Housing Funds from the City;
- b) the property is intended to be used for affordable housing purposes in accordance with its adopted plan of development; and,
- c) if the project fails to advance to completion within a five year period, or if the project reverts to a use other than non-market affordable housing at a future date, the City would be repaid the funds received with applicable interest.

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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 to other projects. They also ensure that the public benefit is secured with regard to the use of the funds.

5.0 CONCLUSION

The New Vista Society has requested funding through the Community Benefit Bonus Housing Fund to assist in off-setting the cost of constructing a 125-unit, 14 storey non-market rental apartment building, as part of Rezoning Reference #16-42, for a mixed-use project at 6525, 6559 and 6585 Sussex Avenue. This report has summarized the Society's request and assessed its concurrence in relation to funding considerations established by Council in the adopted approach for the use of Community Benefit Bonus Funds and a subsequent housing report received by Council on 2008 May 05.

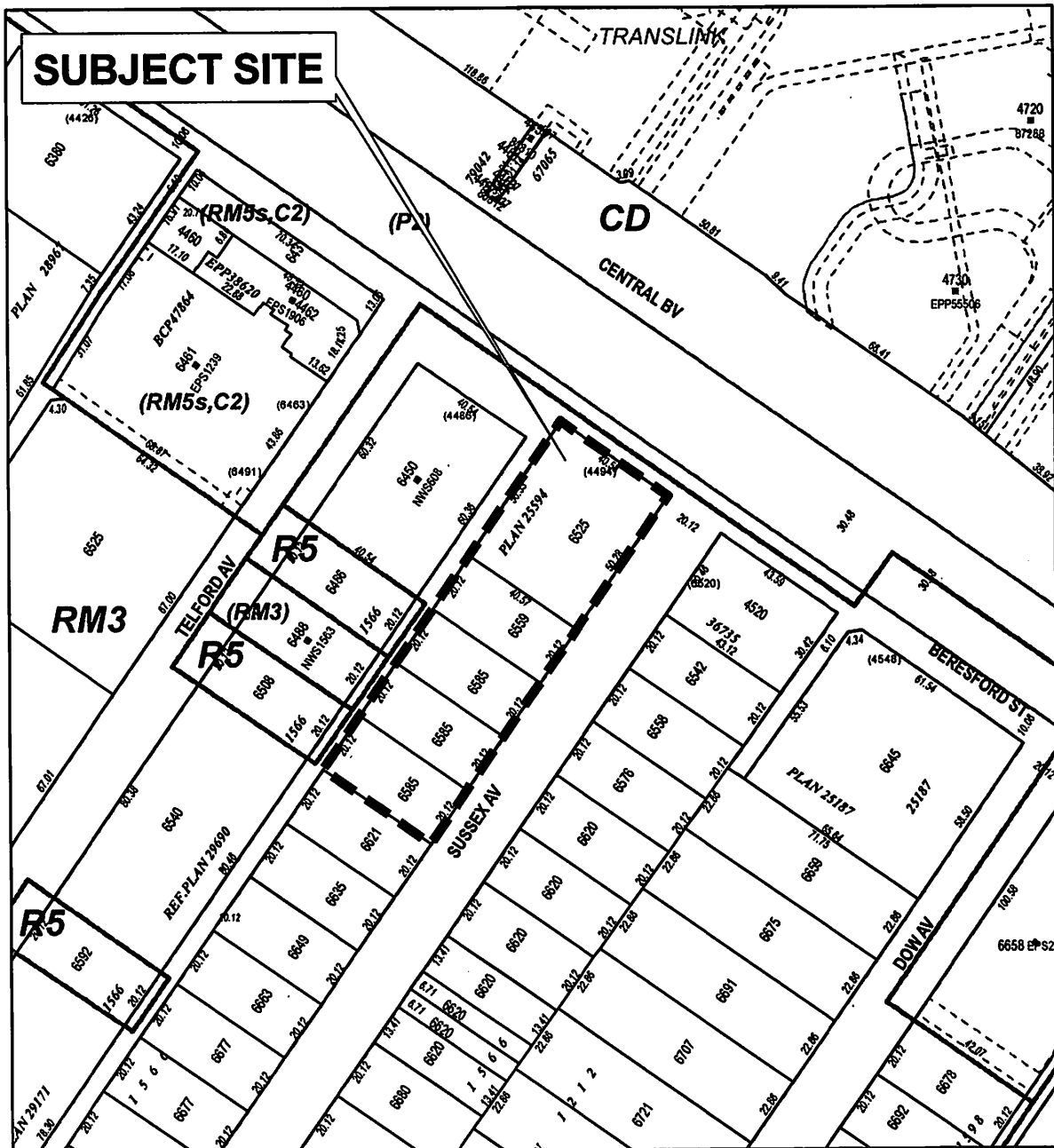
It is concluded that the New Vista Society's request generally meets the Council-adopted criteria for Community Sponsored projects under the Community Benefit Housing Fund. As outlined in this report, the funding amount consistent with Council's general directions for use of amenity bonus funds totals \$7.0 million. This information is presented for the Committee's consideration in order to recommend a grant amount for Council consideration.


Lou Pelletier, Director
PLANNING AND BUILDING

ZT:eb

Attachments

cc: City Manager
Director Finance
City Solicitor



PLANNING & BUILDING DEPARTMENT



DATE:

SEP 19 2016

SCALE:

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DRAWN BY:

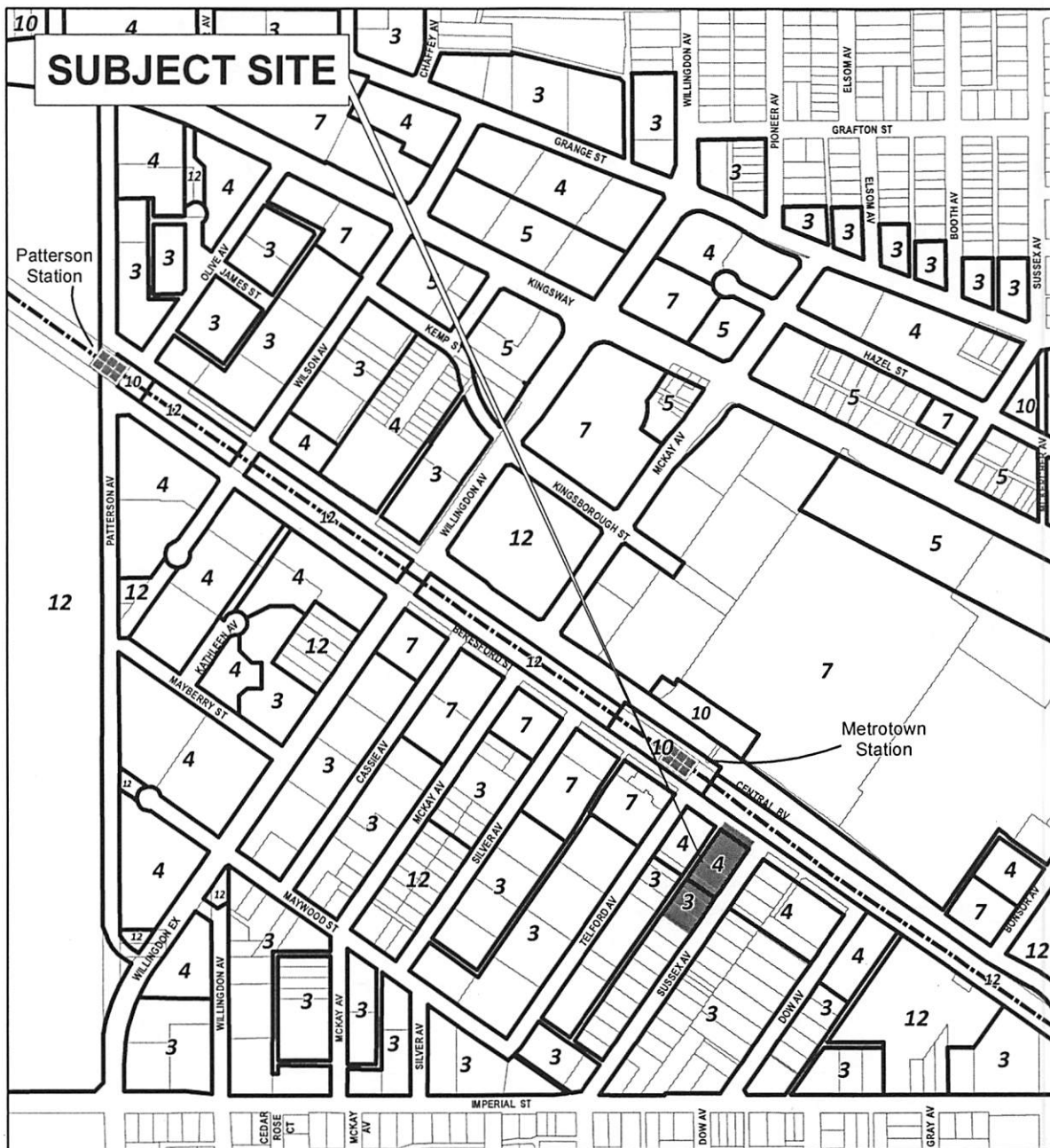
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Subject Site

Sketch #1

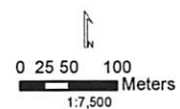


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|--|--------------------------------------|
| 2 Low Density Multiple Family Residential | 7 High Density Mixed Use |
| 3 Medium Density Multiple Family Residential | 10 Institutional |
| 4 High Density Multiple Family Residential | 12 Park and Public Use/Public School |
| 5 Commercial | |
| 6 Medium Density Mixed Use | |



Planning and Building Dept

Metrotown Plan





7550 Rosewood Street, Burnaby, B.C. V5E 3Z3
Telephone (604) 521-7764 Fax (604) 527-6001
www.newvista.bc.ca

May 17, 2017

Ed Kozak
Deputy Director of Planning and Building
City of Burnaby
4949 Canada Way
Burnaby, BC V5G 1M2

Dear Ed:

I'm writing to you today about an exciting partnership The New Vista Society has formed with Thind Developments to build 125 units of affordable rental housing on Sussex Avenue in Burnaby. New Vista has provided affordable housing options for seniors and families in the City of Burnaby, since 1945. Our organization currently owns and operates 540 units of independent living apartments and a 236 bed licensed residential care facility. We were very pleased to have been recently approached by Thind Properties with an opportunity to secure land at a nominal amount for the development of an affordable rental housing project. The proposed partnership would result in the development of 125 units of affordable rental housing at a time when there is a critical need for new rental housing stock in our community.

The proposed development site at 6525, 6559, and 6585 Sussex Avenue in Burnaby is currently occupied by three market rental apartment buildings with a total of 64 units. New Vista will assist with the relocation of existing tenants and offer the opportunity for tenants to return to the new rental building should they require affordable housing. This process will involve a high degree of communication, outreach and partnership building and we are confident that our expertise as a non-profit housing provider will be a great asset for managing this transitional phase.

New Vista has been working in partnership with BC Housing and Thind Properties and to date, we can confirm that BC Housing has provided a conditional commitment of financing and funding for the project. This funding commitment remains subject to Executive and Board approval at BC Housing. To ensure that the project is viable and that we achieve a level of affordability commensurate with the rental units which will be lost through the redevelopment, we are requesting a funding contribution of \$7 million from the City of Burnaby's Community Benefit Bonus Housing Funds. This request is comprised of the following project costs:

- \$5.6 million for construction related costs
- \$1.4 million as a grant in lieu for City of Burnaby development and permit costs

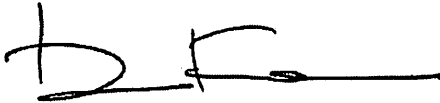
In addition to this funding request, we would request that the City of Burnaby support an expedited rezoning process for development at the site. The objective would be to achieve 4th Reading by

April 2018 which would support a construction start date in May 2018. With the City of Burnaby's support, the affordable housing project would have occupancy by May 2021.

As part of the development we will form partnerships with other local non-profits to look at opportunities for some of the units in the proposed building to house adults with development disabilities, refugee families, and seniors who are at risk of homelessness.

This large-scale project has come to fruition through a unique and timely partnership across the private sector, government and the non-profit sector to respond to an urgent housing crisis in Metro Vancouver. The costs of development in Metro Vancouver due to the current market conditions present a considerable challenge to achieving affordability and it is on this basis that we request the City of Burnaby's financial contribution towards this project. Thank you for your consideration of our request, should you wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Froese', with a long horizontal line extending to the right.

Darin Froese
Chief Executive Officer
The New Vista Society