

FINANCIAL MANAGEMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: 4878 BRENTWOOD DRIVE - NEW LEASE AGREEMENT

RECOMMENDATIONS:

1. THAT Council authorize the City to enter into a new lease agreement with Metro Vancouver Housing Corporation to operate six affordable housing units at 4878 Brentwood Drive for a five-year term, with an option to renew for an additional five years.
2. THAT a copy of this report be sent to the Metro Vancouver Housing Corporation, 4730 Kingsway, Burnaby, B.C. V5H 0C6, for information.

REPORT

The Financial Management Committee, at its meeting held on 2019 September 19, received and adopted the attached report seeking Council authorization to enter into a new lease agreement with Metro Vancouver Housing Corporation for the operation of six affordable housing units at 4878 Brentwood Drive.

Respectfully submitted,

Mayor M. Hurley
Chair

Councillor S. Dhaliwal
Vice Chair

Copied to:	City Manager Director Finance Director Planning and Building Director Public Safety and Community Services City Solicitor
------------	---

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2019 September 09

FROM: DIRECTOR PLANNING AND BUILDING

FILE: 12000 10

SUBJECT: 4878 BRENTWOOD DRIVE - NEW LEASE AGREEMENT

PURPOSE: To request authorization to enter into a new lease agreement with Metro Vancouver Housing Corporation for the operation of six affordable housing units at 4878 Brentwood Drive.

RECOMMENDATIONS:

1. **THAT** the Committee request that Council authorize the City to enter into a new Lease Agreement with Metro Vancouver Housing Corporation to operate six affordable housing units at 4878 Brentwood Drive for a five-year term, with an option to renew for an additional five years.
2. **THAT** a copy of this report be sent to the Metro Vancouver Housing Corporation, 4730 Kingsway, Burnaby, BC V5H 0C6, for information.

REPORT**1.0 INTRODUCTION**

In 2009, the City of Burnaby acquired six residential units at 4878 Brentwood Drive as an in-kind bonus density contribution for the Brentwood Gate development (Rezoning Reference 03-69). The units are all two-bedroom units, 820 square feet in size, and are operated as non-market rental housing.

In 2008, Metro Vancouver Housing Corporation (MVHC) was selected through an RFP process to manage these six units on behalf of the City. The City entered into a five-year lease agreement with MVHC, beginning in 2009, with an option to renew for an additional five years under the same terms. On 2014 November 03, following a review to ensure that MVHC were meeting the terms of the lease, Council unanimously approved a renewal of their lease agreement. This lease expired on 30 June 2019 and is currently being overhauled pending Council approval and execution of a new agreement.

This report reviews the existing lease agreement and recommends entering into a new 5-year lease agreement with MVHC, with the same key terms, including an option to renew for an additional five years.

2.0 POLICY CONTEXT

The provision of affordable housing, in partnership with non-profit associations, is aligned within the City of Burnaby's Corporate Strategic Plan by supporting the following goals and sub-goals of the plan:

- *A Connected Community*
 - Social connection – Enhance social connections throughout Burnaby
 - Partnership – Work collaboratively with businesses, educational institutions, other communities and governments
- *An Inclusive Community*
 - Serve a diverse community – Ensure City services fully meet the needs of our dynamic community
 - Create a sense of community – Provide opportunities that encourage and welcome all community members and create a sense of belonging

3.0 EXISTING LEASE AGREEMENT

The existing lease contains the following key terms:

- MVHC pay a nominal rent to the City of \$1 per year;
- MVHC will pay all taxes, rates, charges and assessments and utility services;
- Units will be used to provide affordable housing to persons in need on a not-for-profit basis;
- Rents will be set below market in accordance with CMHC's Core Need Income Threshold for the Vancouver area;
- Tenants will be selected based on income, household type and individual need, with priority given to Burnaby residents;
- Any rental income above operational costs must be held in a reserve fund and used to maintain the units to a professional standard; and
- MVHC will provide annual financial statements to the City.

A copy of the existing lease agreement is *attached as Appendix A.**

**Attachment is available on the electronic copy of the agenda accessible at burnaby.ca.*

Staff have reviewed MVHC's compliance with these terms, including insurance certificates, maintenance reports and financial statements for the five year period from January 2015 – June 2019. Key findings include:

1. The lease agreement specifies that the units must provide affordable housing to persons in core housing need on a not-for-profit basis. Metro Vancouver indicates that current tenants are low-income households in core housing need. For the six units, average monthly rent is \$813.
2. MVHC has maintained the properties in good condition and has kept the City informed of any significant maintenance issues. Over the past five years there have been two notable issues, both of which have been satisfactorily resolved. These include:
 - In 2015 a cracked sprinkler pipe resulted in flooding and water damage to three units, requiring temporary relocation of the tenants from one of the units. The affected sprinkler

To: Financial Management Committee
From: Director Planning and Building
Re: 4878 Brentwood Drive - New Lease Agreement
2019 September 9 Page 3

was replaced, emergency restoration work was undertaken, and the fire alarm system was repaired.

- In 2017 mould was observed in five of the six units. The units were cleaned and disinfected and an engineering investigation recommended that tenants increase heat in certain locations and use fans to reduce interior humidity.

MVHC's most recent financial report indicates that their maintenance team will be scheduling unit inspections and will inform the City if any further building maintenance issues arise.

3. Revenues have yielded a positive net income and allowed for the accumulation of a surplus of \$257,559 (to June 2019). These funds have been set aside for any significant repair work and are being held in trust on behalf of the City of Burnaby.

Planning, License and Facilities Management staff are satisfied that the units are being well maintained and are fully occupied in accordance with the terms of the existing lease agreement.

4.0 RECOMMENDED LEASE AGREEMENT

Staff are satisfied that Metro Vancouver Housing Corporation has fulfilled the requirements of their lease agreement and is acting as a conscientious non-profit housing operator for the six affordable housing units located at 4878 Brentwood Drive.

As such, it is recommended that the Committee request that Council authorize the execution of a new lease agreement with MVHC for a five-year term, with a renewal option for an additional five years. It is recommended that the new lease agreement incorporate the key terms of the existing agreement, outlined in Section 3.0 above, as well as the City's standard lease terms and conditions.

5.0 CONCLUSION

This report reviews MVHC's fulfillment of a 10-year lease agreement to operate six non-market housing units at 4878 Brentwood Drive. It recommends that the Committee request Council authorization to enter into a new five-year lease agreement with MVHC, with the option to renew for an additional five years. The recommended lease agreement would incorporate the key terms of the existing agreement, outlined in Section 3.0 above, as well as the City's standard lease terms and conditions. This report further recommends that a copy of this report be sent to Metro Vancouver Housing Corporation for information.


E.W. Kozak, Director
PLANNING AND BUILDING

SC:sa
Attachment

Copied to: City Manager
Director Public Safety and Community Services
City Clerk

City Solicitor
Director Finance