
TO: CITY MANAGER **DATE:** 2020 September 03

FROM: DIRECTOR PLANNING AND BUILDING **FILE:** 16000 20

SUBJECT: REQUEST FOR PROPOSALS (RFP) FOR NON-MARKET HOUSING PARTNERSHIP SITE – PORTION OF BEVAN LANDS

PURPOSE: To seek Council authorization to issue a Request for Proposals (RFP) to identify a non-profit housing operator for a new non-market housing development on a portion of the Bevan Lands.

RECOMMENDATIONS:

1. **THAT** Council authorize staff to issue a Request for Proposals (RFP) to identify a non-profit housing provider to operate non-market rental housing on a City-owned portion of the Bevan Lands, as outlined in Section 4.0 of this report.
2. **THAT** copies of this report be sent, for information purposes, to Ms. Armin Amrolia, Associate Vice President, Development & Asset Strategies, BC Housing; Mr. Andrew Middleton, Affordable Housing Specialist, Canada Mortgage and Housing Corporation (CMHC); and Mr. Luciano Zago, Senior Vice President, Development, Mosaic Homes.

REPORT**1.0 BACKGROUND**

On 2019 July 29, Council unanimously adopted the *Mayor's Task Force on Community Housing Final Report*, which outlines 18 recommendations and 10 "Quick Starts" to increase the supply, diversity, and affordability of housing in Burnaby.

On 2019 October 7, in line with actions recommended in the *Final Report*, Council authorized staff to develop a Memorandum of Understanding (MOU) with BC Housing to establish terms for a housing partnership. At the time, Council also approved the following seven sites in the City to be brought forward for the development of non-market housing, in partnership with other levels of government:

- **Site #1** - 6857-6875 Royal Oak Avenue;
- **Site #2** - 5912-5988 Sunset Street and 5907-5989 Kincaid Street;
- **Site #3** - 6488 Byrnespark Drive;
- **Site #4** – 7510-7536 Kingsway, 7390-7398 16th Avenue, and 7411 15th Avenue;
- **Site #5** – 7285 Kitchener Street;

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- Site #6 – 6365 Stride Avenue, and portions of 6370, 6380, 6428, 6448 Stride Avenue, and 7514 Bevan Street; and
- Site #7 – 6025 Sussex Avenue.

On 2019 December 10, rezoning applications to pre-zone Sites #1 to #6 to the Comprehensive Development District and to establish development guidelines for permitted land uses, density, general building height and form, and approximate residential unit counts received Public Hearing. The aim of pre-zoning the sites in an expedited timeframe is to demonstrate the City’s commitment to the projects, provide clarity on the development potential and expectations for the sites, and place the City and its non-profit development partners in a strong position to obtain funding from BC Housing’s *Building BC: Community Housing Fund (CHF)* and CMHC’s *National Housing Co-Investment Fund*. Site #7, a federally-owned property, is still in early discussions and anticipated to be developed through a separate partnership at a later date.

For each site, the City has committed to provide a 99-year lease at a nominal rate, as well as expedited processing. In addition, Council has approved, in principal, the use of the Community Benefit Bonus Affordable Housing Reserve (“Housing Fund”) to offset permitting and servicing costs. Further requests for Housing Fund grants in support of the projects will also be considered, subject to Council approval. As per the MOU with BC Housing, both the City and BC Housing will participate in the selection of the non-profit housing providers through a competitive process run by the City.

On 2019 December 16, Council authorized staff to issue a Request for Proposals (RFP) to identify non-profit development and operating partners for Sites #1 to #5. Due to environmental considerations, the Rezoning Bylaw to pre-zone Site #5 (Kitchener Street) for non-market housing was abandoned by Council and removed from the RFP. On 2020 July 6, Council approved the non-profit housing partners, selected through the RFP process, to develop and operate non-market housing on Sites #1 to #4.

The development partner for Site #6 is Mosaic Homes, as indicated in the 2019 October 7 Council report. The purpose of this report is to seek Council authorization to issue a RFP for a non-profit housing operator for the future housing that will be developed by Mosaic Homes on Site #6. The selected non-profit partner would be responsible for applying for CHF funding in January 2021, and if successful, manage the newly constructed non-market housing units on behalf of the City. This report outlines recommendations for a competitive RFP process consistent with the proposed terms of the MOU.

2.0 POLICY CONTEXT

The *Mayor’s Task Force on Community Housing Final Report* recommends that the City “pursue partnerships that leverage the contributions of the City, BC Housing, non-profit societies, and private developers to provide more non-market and below-market rental housing” (Quick Start #5). The recommendations of the *Final Report* are grouped into four themes, one of which is to “invest in housing partnerships” (Theme 2).

A partnership approach to developing affordable housing is also supported by a number of other City policies, including the *Official Community Plan (OCP)*, *Burnaby Economic Development Strategy*,

and *Burnaby Social Sustainability Strategy*, as well as the following goals and sub-goals of the *Corporate Strategic Plan*:

- ***A Connected Community***
 - Social connection – Enhance social connections throughout Burnaby
 - Partnership – Work collaboratively with businesses, educational institutions, associations, other communities and governments
- ***An Inclusive Community***
 - Create a sense of community – Provide opportunities that encourage and welcome all community members and create a sense of belonging
- ***A Healthy Community***
 - Healthy life – Encourage opportunities for healthy living and well-being
 - Community involvement – Encourage residents and businesses to give back to and invest in the community
- ***A Dynamic Community***
 - Community development – Manage change by balancing economic development with environmental protection and maintaining a sense of belonging

3.0 BEVAN LANDS

The Bevan Lands, located within the Edmonds Town Centre at the southeast corner of Southridge Drive and Byrnespark Drive, is comprised of 20 properties measuring a total of approximately 5.19 hectares (12.83 acres). Site #6 is the northwesterly portion of the overall Bevan lands and measures approximately 0.80 hectares (1.98 acres). The City owns 17 of 20 properties, with the remaining three properties owned by Mosaic Homes. The overall Bevan Lands is designated for multiple-family development and is considered a key site for plan implementation of the Edmonds Town Centre Plan. A map of the Bevan Lands is *attached* for reference as *Appendix A*.

Due to the significant grades on the overall Bevan Lands, the resultant limited locations for vehicular access, and the split ownership structure, development of Site #6 relies on concurrent development of the balance of the Bevan Lands to the southeast. The 2019 October 7 Council report authorized Mosaic Homes as the development partner for Site #6, on the proviso that site specific rezoning applications by Mosaic Homes for both Site #6 and the balance of the Bevan Lands be pursued concurrently. Through this partnership, Mosaic Homes would: (a) plan, design, and construct 108 units of non-market rental housing for a general client group on Site #6 (subject to securing capital funding from other orders of government) and turn over the completed buildings to a non-profit operating partner of the City's choice; and (b) construct market and below-market rental townhouses on the remainder of the Bevan Lands, which would be leased from the City on a 99-year, pre-paid basis.

The initial site specific rezoning report for the city non-market site – Site #6 (Rezoning Reference #20-17) will be forwarded to an upcoming meeting of Council. The site specific rezoning application for the balance of the Bevan Lands is expected to be advanced to Council in 2021.

Staff will work closely with Mosaic Homes and the selected non-profit housing operator to develop the project in compliance with *CHF* and *National Housing Co-Investment Fund* requirements, including level of accessibility, energy efficiency, and general livability factors.

4.0 REQUEST FOR PROPOSALS (RFP)

As per the MOU, the City and BC Housing have agreed to select non-profit housing partners for the MOU partnership sites through a competitive process run by the City. For Site #6, the City had anticipated applying for *CHF* and *National Housing Co-Investment Fund* grants directly, and if successful, seek a non-profit organization to operate the non-market units. However, upon review of the new BC Housing RFP for *CHF*, it states that funding proponents must be a non-profit organization, Indigenous organization, First Nations, non-profit housing co-operative or municipal housing provider that is wholly government-owned and controlled. Based on this information, the City is not eligible to apply for *CHF*. As such, the issuance of a RFP is required to find a suitable non-profit housing operator to apply for *CHF*.

4.1 RFP Guidelines

The following sections provide recommended guidelines for RFP submissions to select a proven non-profit organization with the experience and capacity to operate approximately 108 non-market rental units. With Mosaic Homes selected as the development partner, the RFP is not seeking a non-profit housing partner with housing development experience.

These guidelines are intended to ensure that the project meet the City's identified objectives, are sustainable over time, and prioritize the non-market housing needs of the community. The guidelines further reflect both City and BC Housing requirements, as well as the guidelines for current funding available through *CHF* and the *National Housing Co-Investment Fund*.

4.1.1 Eligibility Criteria

In order to ensure that respondents have the appropriate qualifications, it is recommended the RFP include the following eligibility criteria:

- *Lessee/operator* must be:
 - a not-for-profit corporation incorporated and in good standing under the *BC Societies Act* or the *Canada Not-for-profit Corporations Act*; or
 - a federal, provincial, or regional government housing entity.

4.1.2 Operational Model and Financial Capacity

It is further recommended that all RFP submissions address the following operational and financial capacity criteria:

- *Financing*: Respondents shall demonstrate a secured funding model and strong financial capability to ensure housing affordability is protected over the life of the project, by providing the following:
 - proposed rent structure (on a per unit and aggregate basis) and information on the income levels of residents served by the project, consistent with the mix of incomes and rents required by the *Building BC: Community Housing Fund*, specifically:

- 30% of units must be affordable to those with low and moderate incomes, as determined by BC Housing;
 - 50% of units must have Rent Geared to Income (RGI), for households with incomes below BC Housing Income Limits (HILs); and
 - 20% must be offered at a deep subsidy affordable to those receiving income assistance, or with very low RGI.
 - operating funding model (typical repairs and maintenance, capital replacement reserve, etc.);
 - all potential operating funding sources; and
 - current financial statements and other relevant financial information.
- **Experience:** Respondents shall demonstrate a record of success in the management of non-market rental housing, as demonstrated by examples of current projects in operation, preferably in partnership with local government and/or other public sector agencies.
 - **Operational Model:** Respondents shall outline the proposed operational model and note any potential partners involved. If partners are involved, information on the anticipated roles of responsibilities of all partners is required, including rationale as to why the partners were chosen, the partnership arrangement, and how the Proponent intends to manage this partnership going forward.

4.2 RFP Process and Timeline

A preliminary timeline for the RFP and associated funding and development processes is shown below:

	Milestone	Target Dates
Step 1	RFP posted on BC Bid	2020 September 21
Step 2	RFP closes	2020 October 12
Step 3	Evaluation of proposals with BC Housing participation	2020 October 13 to 2020 October 23
Step 4	Council approval of selected development partners	2020 November 9
Step 5	Submission of funding applications to BC Housing and CMHC	2021 January 15
Step 6	BC Housing and/or CMHC Funding Decisions Announced	2021 Spring
Step 7	Work with City and Mosaic Homes to refine development concept	Ongoing

Under the proposed process, staff will develop an RFP package and issue it electronically through the provincial procurement website, BC Bid, where any interested party may download the RFP documents directly. An evaluation team consisting of City and BC Housing staff will review and

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shortlist proposals based on the established criteria and, if necessary, may conduct interviews with the proponents and/or consult references to clarify and confirm components of their submissions. As part of the evaluation process, the City would reserve the right to negotiate directly with a shortlisted proponent.

Following the evaluation process, a report will be advanced to Council with a summary of the submissions, the recommended non-profit housing operator, and details of the proposed operational model. Upon Council approval, the successful non-profit partner will pursue funding through the *Building BC: Community Housing Fund (CHF)* in January 2021, in addition to the *National Housing Co-Investment Fund*. Should funding be awarded, the non-profit partner will work with the City and Mosaic Homes to refine the non-market housing project to best meet community housing needs. The lease of the non-market portion of the Bevan Lands is subject to the successful completion of City-initiated pre-zoning application, in addition to the successful application for CHF funding. The affordability of the units will be secured through the lease and through agreements with senior government funders.

5.0 CONCLUSION

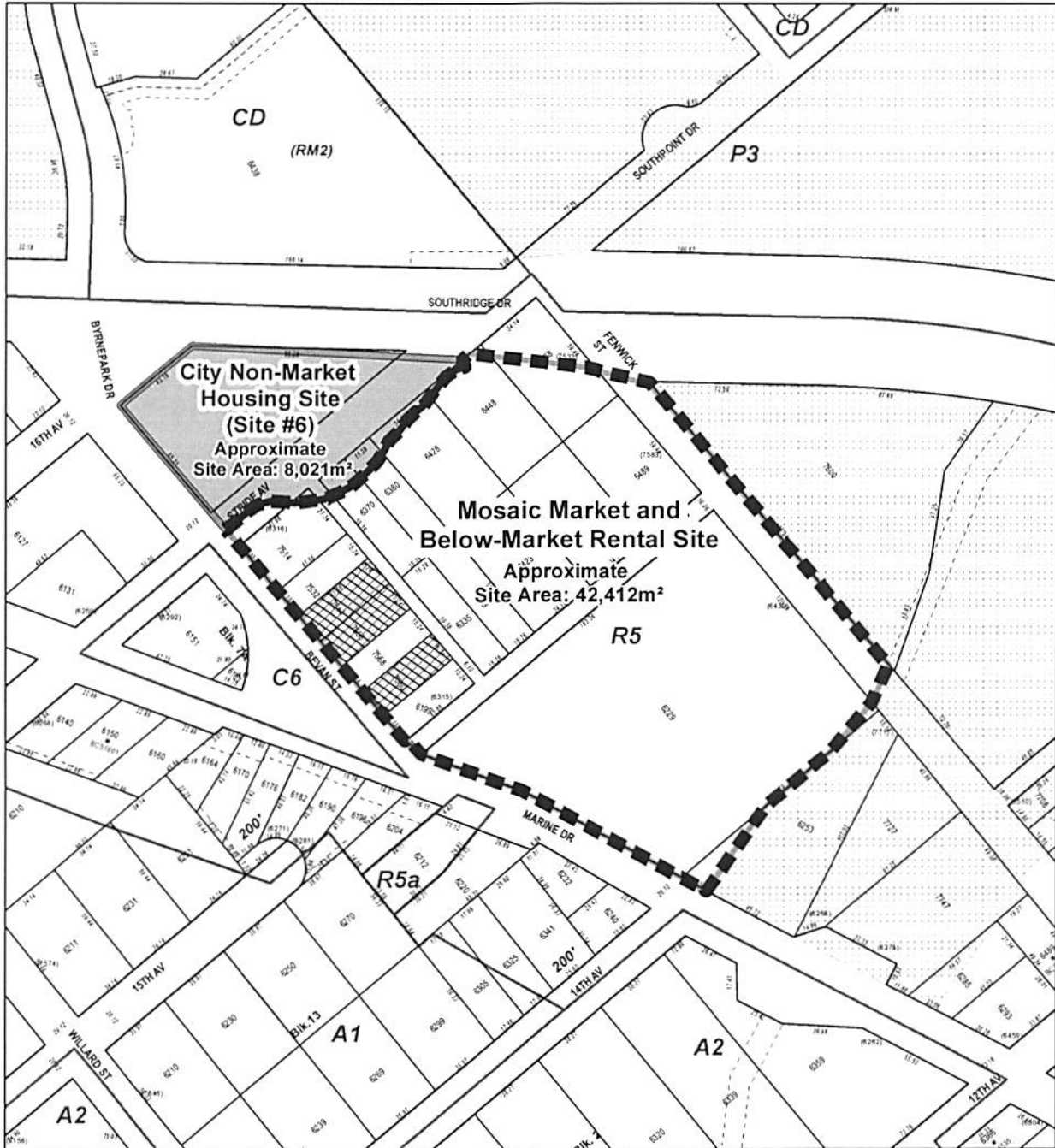
This report outlines a Request for Proposals (RFP) process to identify a non-profit housing operator to apply for CHF funding, in partnership with the City, and if successful, operate approximately 108 units of non-market housing on a portion of the Bevan Lands. This report provides recommendations on guidelines, process and timeline for the RFP, and recommends that Council authorize staff to conduct the RFP process as described in Section 4.0 herein. It also recommends that a copy of this report be sent to representatives of BC Housing, CMHC, and Mosaic Homes for information purposes.





E.W. Kozak, Director
PLANNING AND BUILDING

WT:sa
Attachment

cc: Director Engineering
Director Finance
Director Corporate Services
Director Public Safety and Community Services
City Solicitor
Acting City Clerk



	<p>PLANNING & BUILDING DEPARTMENT</p> 								
<p>Date: SEPT 3 2020</p>	<p>THE BEVANS LANDS 7514, 7532, 7544, 7556, 7568 & 7580 BEVAN STREET, 6199 MARINE DRIVE, 6335, 6375, 6423, 6453 & 6489 FIFTEENTH AVENUE, 6365, 6370, 6380, 6428, 6448 & 6488 STRIDE AVENUE AND 6229 & 6253 MARINE DRIVE</p>								
<p>scale: 1:3,000</p>									
<p>Drawn By: RW</p>	<table border="0"> <tr> <td data-bbox="548 1797 602 1835"></td> <td data-bbox="602 1797 1040 1835">Mosaic Market and Below-Market Rental Site</td> <td data-bbox="1084 1797 1138 1835"></td> <td data-bbox="1138 1797 1300 1835">Privately Owned</td> </tr> <tr> <td data-bbox="548 1835 602 1873"></td> <td data-bbox="602 1835 976 1873">City Non-Market Housing Site (Site #6)</td> <td data-bbox="1084 1835 1138 1873"></td> <td data-bbox="1138 1835 1382 1873">Overall Bevan Lands Site</td> </tr> </table>		Mosaic Market and Below-Market Rental Site		Privately Owned		City Non-Market Housing Site (Site #6)		Overall Bevan Lands Site
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