

TO: MAYOR & COUNCIL

FROM: GENERAL MANAGER PLANNING AND DEVELOPMENT

**SUBJECT: BURNABY HOUSING AUTHORITY – APPROVAL TO REQUEST
CREATION OF A MUNICIPAL CORPORATION**

PURPOSE: To seek Council approval to submit a request to the Inspector of Municipalities to create the Burnaby Housing Authority as a municipal corporation.

RECOMMENDATIONS

THAT the formation of the Burnaby Housing Authority as a municipal corporation be approved.

THAT staff be authorized to submit a request to obtain the approval of the Inspector of Municipalities to form the Burnaby Housing Authority as a municipal corporation with the following documents as part of the submission:

- a) the draft Burnaby Housing Authority Corporation Articles of Incorporation as set out in Attachment 1 to the report titled “Burnaby Housing Authority – Approval to Request Creation of a Municipal Corporation” dated October 16, 2023; and
- b) the Burnaby Housing Authority Business Plan as set out in Attachment 2 of the same report.

THAT the General Manager Planning and Development be authorized to represent the City on the submission to the Inspector of Municipalities, including signing the cover letter for the submission package and corresponding with the Inspector of Municipalities regarding the submission.

THAT staff be directed to include the following items in the draft 2024-2028 Financial Plan, for the purpose of launching and operationalizing the Burnaby Housing Authority:

- a) Planned contribution of \$2.0 million per year in years 2024 to 2028, funded from the Operating Housing Reserve for Burnaby Housing Authority operating expenses;
- b) Planned contribution of \$475,000 in 2024, funded from the Community Benefit Bonus Affordable Housing Reserve for Burnaby Housing Authority capital expenditures; and

- c) Planned financing of \$100 million over the years from 2024 to 2028, funded from the Community Benefit Bonus Affordable Housing reserve for Burnaby Housing Authority affordable housing projects.

CHIEF ADMINISTRATIVE OFFICER’S COMMENTS

I concur with the recommendations of the General Manager Planning and Development.

EXECUTIVE SUMMARY

This report advances the establishment of a Burnaby Housing Authority (BHA) and seeks Council approval to submit a request to the Inspector of Municipalities (Inspector) to create the BHA as a municipal corporation. The submission to the Inspector is required to include the draft BHA Articles of Incorporation (Articles) and BHA Business Plan (Business Plan), which are set out in Attachments 1 and 2, respectively.

1.0 POLICY SECTION

Establishing the BHA to facilitate the development of non-market housing in Burnaby aligns with several City policies, including:

- *Corporate Strategic Plan (2022);*
- *HOME: Housing and Homelessness Strategy (2021);*
- *Burnaby Housing Needs Report (2021);*
- *Mayor’s Task Force on Community Housing Final Report (2019);*
- *Burnaby Social Sustainability Strategy (2011);*
- *Burnaby Economic Development Strategy (2007);* and
- *Official Community Plan (1998).*

2.0 BACKGROUND

Non-market housing in Burnaby is currently delivered through a variety of channels, often involving multiple partners, including the City, other orders of government, non-profit organizations (NPOs) and the private development sector. The City has been successful in facilitating new non-market housing in recent years, particularly through its housing-friendly policies, expedited approvals of non-market development applications, advocacy for funding from other orders of government and provision of municipal lands and financial supports to directly support non-market housing developments. As of April 2023, 11,721 rental units were in the development process, of which 6,997 units were non-market rental units. Of the 6,997 non-market rental units under development, 1,359 units were on City-owned lands.

While many new non-market housing units are in progress, these projects often take years to come to fruition. Recognizing the significant and immediate housing needs in the community, *HOME: Burnaby’s Housing and Homelessness Strategy (HOME)* calls on the City to “develop a coordinated program for non-market housing partnerships, with dedicated staff resources, to provide an efficient, consistent and streamlined process for the development of partnership projects.” In response, Council has asked staff to explore the

creation of the BHA as a “one-stop shop” for the development, management and administration of non-market housing.

Efforts to define elements of the BHA have been underway since early 2023. On June 19, 2023, Council directed staff to engage with interested parties and the general public to obtain feedback on proposed elements of the BHA, including its organizational structure, governance, affordability mandate, scope of work and potential assistance from the City. Engagement activities took place in August 2023. Staff have considered the feedback received through the engagement activities in the draft Articles and Business Plan and are presenting both documents for Council approval.

3.0 GENERAL INFORMATION

3.1 Submission to the Inspector

Based on Council’s direction to establish the BHA as a wholly owned municipal corporation, the City is required under section 185 of the *Community Charter* to seek approval from the Inspector to create a municipal corporation. The Inspector’s review of the City’s submission is a key part of the approval process, set out in legislation, that aims to safeguard the public interest.

The submission to the Inspector must include the following:

- **Cover Letter**
The cover letter is required to demonstrate the consideration and rationale for the proposed direction in the following areas: municipal objectives of creating a corporation, municipal control, financial exposure of the municipal shareholder, conflict of interest guidelines and duty of directors. The cover letter must also include a description of the process taken by the City to inform and involve the public on the creation of the BHA, and an explanation of how input received has been used to shape the design of the proposed corporation and its draft Articles. The cover letter must be signed by an authorized representative of the municipality.
- **Certified Copy of Council’s Resolution**
This is the resolution from Council that approves the formation of the municipal corporation and authorizes staff to request the Inspector’s approval. Council’s resolution should also indicate who has been authorized to represent Council in discussions regarding the submission.
- **Background Reports**
This should include the Business Plan, feasibility studies and any staff reports that were prepared in evaluating the decision to create the corporation.
- **Articles of Incorporation**
A complete set of Articles in final draft form is required, which is a legal document filed in the corporate registry in connection with the incorporation of the BHA as a separate legal entity. The Articles set out the basic information about the BHA, including, among other things, the name, purpose, share structure and directors. A complete set of Articles in final draft form is required in the submission to the

Inspector. The finalized Articles will form part of the BHA’s formal records once incorporated.

This report seeks Council resolution to create the BHA as a municipal corporation and to authorize staff to submit a request to the Inspector to obtain approval to formally create the BHA as a municipal corporation.

3.2 Relationship of Key Documents

All corporations created in British Columbia are required to have articles of incorporation to set out the rules of conduct for the corporation and its shareholders, directors and officers. The draft BHA Articles, provided as Attachment 1, establish the purposes of the BHA and define the relationship between the BHA and the City in its capacity as the sole shareholder of the BHA.

The BHA Business Plan, provided as Attachment 2, establishes the feasibility of the BHA, defines its corporate objectives and outlines a roadmap for how the BHA intends to achieve its goals once operational. The Business Plan aligns with the draft Articles and is based on market research, feedback from interested parties and the general public, as well as Council’s direction to date. The Business Plan is intentionally broad and high-level in order to not limit the Inspector’s assessment of the full potential of the BHA as a municipal corporation.

Once the BHA is incorporated, Council will need to approve a Partnering Agreement, between the City and the BHA. The Partnering Agreement is required, pursuant to section 21 of the *Community Charter*, to permit the City to provide assistance to the BHA in exchange for the BHA’s provision of services on behalf of the City, as outlined in the Business Plan. The Partnering Agreement will set out, among other things, the types of assistance the City will and/or may provide to the BHA, along with the means the City will use to provide the assistance, and the services the BHA will and/or may provide on behalf of the City in exchange for such assistance. A draft Partnering Agreement will be presented to Council in a forthcoming report.

Refinement of the BHA’s focus and initial scope of work, once incorporated, will be determined through a strategic planning process, which will be led by the BHA board of directors (BHA Board) and guided by the purpose and mandate of the BHA as outlined in the Articles. Undertaking this strategic planning process will enable the BHA to formulate its mission, vision and values, and create both a strategic plan and financial plan. The BHA strategic plan will be approved by Council, pursuant to the Partnering Agreement between the City and the BHA. Table 1 shows the timing of these key documents in the overall process to establish the BHA.

Table 1: BHA Stages of Growth and Associated Activities

Stage	Define Key Elements/ Approvals	Creation/ Launch	Start-Up	Growth
Timeline	Jan – Aug 2023	Sept – Dec 2023	Early 2024	Late 2024+
Led By	City	City	BHA	BHA
Tasks	<ul style="list-style-type: none"> • Prepare submission to the Inspector of Municipalities <ul style="list-style-type: none"> ○ Develop Business Plan ○ Draft Articles ○ Consult interested parties and general public • Draft Partnering Agreement <ul style="list-style-type: none"> ○ Determine assistance City may provide to BHA (funding, lands, etc.) and services BHA will provide on behalf of City 	<ul style="list-style-type: none"> • Submit application to Inspector of Municipalities for approval • Following receipt of approval of Inspector of Municipalities: <ul style="list-style-type: none"> ○ Finalize Articles ○ Incorporate BHA • Appoint Board of Directors • Enter into Partnering Agreement • Approve initial capital and operating budgets 	<ul style="list-style-type: none"> • Find office space • Hire CEO and staff • Create Strategic Plan and Financial Plan <ul style="list-style-type: none"> ○ Mission, vision and values ○ Land and capital development funding ○ Unit and affordability targets ○ Success metrics • Submit Strategic Plan and Financial Plan to Council for approval 	<ul style="list-style-type: none"> • Acquire sites • Develop projects • Operate units • Administer portfolio • Report back to Council on progress • Report to public on progress through annual public information meeting

3.3 Main Elements of the Proposed BHA

This section summarizes the keys elements of the BHA, as set out in the draft Articles and BHA Business Plan.

3.3.1 Municipal Control

The submission to the Inspector requires the City to indicate the degree of control that Council will exercise over the BHA through share ownership, representation on the BHA Board and other restrictions or requirements in the Articles. As per guidance from the Ministry of Municipal Affairs, the appropriate degree of control will depend on several factors, such as the corporate objectives, nature and scope of the corporation’s undertaking, the risk associated with the municipality’s investment in the corporation or the need to involve community interests.

The draft Articles and the forthcoming Partnering Agreement between the City and the BHA establish the controls that the City will have over the BHA. These controls are summarized in Attachment 3. While ensuring sufficient municipal control is an important

consideration in establishing the BHA, it is important that the level of control is balanced with the high degree of autonomy necessary for the BHA to successfully deliver on the mandate Council has set out, mainly, to develop new non-market housing units to meet community housing needs.

3.3.2 Share Structure

Ownership of a corporation is represented by the issuance of one or more shares by the corporation to its shareholders. Shares can be structured in a variety of ways, including using different classes of shares and series of shares. The share structure, including the rights, privileges, restrictions and conditions for each class or series of shares, is required to be indicated in the BHA's Notice of Articles, which is filed together with the Articles at the time the BHA is incorporated.

The draft Articles outline the share structure for the BHA, which will comprise one class of common shares with voting rights. The City will acquire a single share from the BHA, at a nominal cost, to become the sole shareholder of the BHA.

The draft Articles permit the BHA, with the City's approval as the sole shareholder, to alter the authorized share structure, including to create additional classes or series of shares and to dispose of shares on the terms and conditions and for the issue price that the shareholder may determine. To ensure that the City's ownership of the BHA is not diluted in the future, the draft Articles not only require the shareholder's approval to create or issue additional shares, but also prohibits any shares in the BHA from being issued to any person or entity other than the shareholder. As a municipal corporation, any alteration to the share structure previously approved by the Inspector will require subsequent Inspector approval.

3.3.3 Company Purposes

The draft Articles outline the purposes of the BHA, which align with the following four functions as directed by Council:

1. Acquisition

The BHA will acquire lands to maximize the development potential of its land portfolio while targeting sites in neighbourhoods currently lacking non-market housing. The BHA may also acquire existing housing units or housing units under construction to create more attainable housing options, including in partnership with the development community.

2. Development

The BHA will develop new housing units, with dedicated staff hired as development managers to oversee design, approvals and construction. Alternatively, the BHA could partner with the development sector, NPOs, or other government entities to accomplish these outcomes. Housing development, which is not currently a function of the City, is anticipated to expand capacity in non-market housing delivery for Burnaby residents.

3. Operations

Recognizing the experience and capabilities of existing non-market housing operators that operate within Burnaby, the BHA will partner with NPOs, government agencies and other qualified entities to operate non-market housing units, and in particular for those units for tenants that require additional supports. The BHA may explore operating units that are at or close to market rents to help financially sustain the BHA's overall non-market housing portfolio over time.

4. Administration

The BHA will be responsible for overseeing its housing portfolio, for receiving and reviewing documents to confirm on-going compliance with any agreements with its operating partners and for preparing and submitting documents and reports as may be required under agreements with its funding, operating, or development partners. The BHA could further explore administering all other non-market housing units currently administered by the City in order to create a “one-stop shop” for non-market housing administration and inquiries in Burnaby.

The draft Articles further outline the affordability and tenure mandates of the BHA, which include non-market rental housing and non-market ownership housing, as well as market rental units to the extent necessary to support non-market housing through cross-subsidization. To clarify, non-market rental housing and non-market ownership housing includes co-operative housing.

3.3.4 BHA Board

3.3.4.1 Board Composition

As a municipal corporation, the BHA will be governed by the BHA Board. Early Council direction was to structure the BHA Board with a majority of Council/City staff directors and a minority of external directors. However, Council/City majority on the BHA Board was a major topic of discussion at engagement events with many participants expressing the belief that the BHA Board should be comprised primarily of individuals with experience and expertise in housing and real estate development, with some additional representation from the non-profit sector. Participants further noted the importance of diversity, autonomy from City Council and the need to select directors in a way that mitigates bias or potential conflicts of interest.

Based on feedback received through engagement events, the draft Articles now reflect a BHA Board with a minority of Council/City staff directors and a majority of external directors. The BHA Board will have a total of 10 directors, of which four are Council/City staff and six are external directors. For the initial BHA Board, the composition of the ten-person BHA Board is anticipated to be as follows:

- Burnaby Council Member (3);
- Burnaby Senior Exempt Staff (1);
- Individuals with expertise and experience in the development or operations of private or non-profit housing (4);
- Individual with expertise or experience in the financial sector (1); and
- Individual with expertise or experience in the legal sector (1).

The proposed BHA Board composition prioritizes direct experience and expertise in the four functions of the BHA – acquisitions, development, operations and administration. Under the draft Articles, an external BHA Board director will be elected Chair to preside over BHA Board meetings, along with other duties. The Chair, as the head of the BHA’s governing body and the spokesperson for the BHA, will be an external member to reinforce the autonomy of the BHA. The Articles also permit the BHA Board to, from time to time, invite other professional advisors and consultants, as well as City staff members, to attend BHA Board meetings where the expertise or advice of such persons may be desirable.

3.3.4.2 Board Selection Process

The BHA Board selection process emerged as an area of interest during engagement activities, with feedback focused on the importance of the City determining and following a fair process in selecting directors to the BHA Board.

To minimize any perceived or potential conflicts of interest in the making of appointments of BHA Board directors and to maximize transparency, the City has engaged a third-party recruitment firm to identify qualified candidates for the inaugural BHA Board. Criteria aimed to reflect the BHA’s strategic needs has been shared with the selected recruitment firm to help identify qualified BHA Board candidates for Council selection. The recruitment firm has also been asked to note whether any qualified individuals are actively involved in housing developments in Burnaby in order to further minimize the potential for perceived or real conflicts of interest. The list of criteria for BHA Board candidates is provided in Attachment 5.

To ensure a wide array of BHA Board candidates, the BHA webpage will be updated to invite individuals who are interested in being on the BHA Board to send along their information. Other parties who want to suggest potential BHA Board candidates for consideration may also reach out to the City via the BHA webpage. Candidate information received through the BHA webpage will be provided to the recruitment firm to compile a full list of potential BHA Board candidates for Council consideration.

Under the draft Articles, Council will appoint individuals to the BHA Board, including the Council/City staff directors. Subsequent BHA Board appointments will continue to be made at the discretion of Council. It is expected, however, that the BHA Board, through its own Governance and Nominating Committee, will identify and present candidates for Council consideration.

3.3.4.3 Board Term

To ensure the entire BHA Board does not turnover at the same time, the draft Articles stagger the term of BHA Board directors to ensure continuity. The 10 members of the BHA Board appointed at the first annual general meeting of the BHA will be divided into two groups, with five of the external directors serving an initial two-year term and the four Council/City staff directors and one external director serving an initial three-year term. At every succeeding annual general meeting, those directors whose term in office is set to expire will be re-appointed or replaced for subsequent three-year terms.

The draft Articles limit any director from serving more than two consecutive terms or a maximum of six consecutive years overall to ensure a diversity of perspectives on the BHA Board. The draft Articles do, however, permit past directors to be eligible for reappointment after an absence of at least one year.

3.3.4.4 Board Committees

To ensure a diversity of perspectives and access to additional expertise to help shape the work of the BHA, the draft Articles permit the BHA Board to form one or more committees, as it considers appropriate, and to appoint members who have knowledge and expertise for the specific committee that may not yet be represented on the BHA Board. The draft Articles do not mandate the creation of any specific committee, but do contemplate the creation of an Executive Committee, which will have the delegated powers of the full BHA Board during the intervals between BHA Board meetings. Under the draft Articles, if an Executive Committee is established, one Council/City staff director must be on the Executive Committee.

3.3.4.5 Board Compensation

In order to attract and retain qualified individuals and in recognition of their service and time commitment to the BHA, the draft Articles establish the following compensation structure for external BHA Board directors and committee members:

Meeting	Compensation
Board Meetings, Board Committee Meeting, Special Meetings and Workshops (4 hours or less)	\$275 per Director or Committee Member
Board Meetings, Board Committee Meeting, Special Meetings and Workshops (4+ hours)	\$550 per Director or Committee Member
Formal Training and Meeting with External Parties	\$150 per Director or Committee Member
Other Meetings and Activities	\$50 per Director or Committee Member
Conferences	\$100 per day per Director or Committee Member

Compensation is not available to Council/City staff directors on the BHA Board.

3.3.5 Funding the BHA

3.3.5.1 Funding Method

The BHA Business Plan describes how the BHA will be funded upon creation and any ongoing funding to be provided by the City through a Partnering Agreement. A Partnering Agreement between the City and the BHA enables the City to require the BHA to use the funding to deliver services mandated by the City in accordance with the service standards set out in the agreement. Furthermore, under a Partnering Agreement, the City may also impose terms and conditions on the provision of assistance through further legal agreements, such as loan agreements, contribution

agreements and land disposition agreements. The initial Partnering Agreement between the City and the BHA is envisioned for a term of five years.

An overall objective in establishing the BHA is for the BHA to be operationally self-sustaining. In order to be self-sustaining, the BHA will be tasked to be financially prudent and limit its need for ongoing operating subsidies or operating grants from the City.

3.3.5.2 Funding Amount

To create the BHA as an arms-length municipal corporation of the City, there will be start-up and operating costs required to launch and sustain the BHA, including:

- **Start-up capital costs**
One-time expenses that are incurred during the creation of a new corporation, such as the costs to furnish an office, purchase technology, implement financial systems and create a company website.
- **Operating costs**
Ongoing expenses required to operate a corporation, including staff wages and benefits, office and equipment leases, insurance, office supplies and consultant and legal costs.
- **Capital development costs**
Ongoing capital costs required to deliver on the scope of work outlined by Council for the BHA to acquire lands and existing housing units and to develop new housing units. Capital development costs includes the cost to acquire land and existing housing units, costs related to design, site preparation and construction of new housing units, as well as consultant fees and other soft costs related to the acquisition of land and development of housing.

Based on market research, the Business Plan estimates the cost to start-up and commence operations of the BHA to be approximately \$10.5 million over the first five years of operations. This cost is generally broken down as follows:

- **Start-up capital costs:** \$475,000; and
- **Operating costs:** \$2.0 million per year for five years.

To allow the BHA to launch quickly, the Partnering Agreement will authorize the City to fund the BHA's start-up costs and annual operating costs upon the City and the BHA entering into the Partnering Agreement.

In addition to start-up and operating funding, a significant amount of capital development funding will be required to enable the BHA to acquire and develop new housing. The Partnering Agreement will set out the terms and conditions upon which the City may provide financing from the Community Benefit Bonus Affordable Housing Reserve (CBBAHR) of up to a maximum of \$100 million to the BHA for the development of new affordable housing, along with the related service deliverables

and performance standards. The Partnering Agreement may also require the City and the BHA to enter into further legal agreements outlining the terms and conditions pursuant to which this financing will be provided. The provision of this financing will be contingent on Council's approval of the BHA strategic plan, annual business plan, budget estimate or such other information as the City may require to evaluate the BHA's financing request.

3.3.5.3 Additional City Assistance to BHA

The Business Plan outlines the assistance that the City could provide to the BHA in order to maximize the success of the BHA in delivering new housing in Burnaby. Upon the City and BHA entering into the Partnering Agreement, the City will provide funding to cover the start-up capital costs and one year of operating costs to the BHA, with the remaining four years of operating costs provided in subsequent years on an annual basis.

In addition to the assistance noted above, the Partnering Agreement will outline additional forms of assistance that the City may consider providing upon request from the BHA, and subject to the BHA's provision to the City of a strategic plan, business plan, feasibility study or such other information as the City may require to evaluate the BHA's request. Additional forms of assistance from the City to the BHA may include:

- expedited permit issuances and approvals;
- dedicated City staff to lead BHA projects through approvals processes;
- provision of capital funding for development projects;
- providing City-owned sites at less than fair market value;
- pre-zoning City-owned sites approved for use by the BHA;
- providing servicing for City-owned sites approved for use by the BHA;
- guaranteeing debts or other obligations assumed or incurred by the BHA;
- and
- loaning money to the BHA.

The details of the Partnering Agreement will be brought forward for Council consideration and approval at a future meeting.

3.3.5.4 Borrowing Powers

Recognizing the significant financial cost of non-market housing development, borrowing will be an essential tool for the BHA to meet community housing needs and will allow the BHA to use the assistance provided by the City to leverage third party lenders, including other orders of government, to facilitate the development of non-market housing.

To ensure that the BHA is autonomous and nimble in its pursuit of non-market housing delivery, the draft Articles give significant latitude to the BHA to borrow. The amount of debt the BHA can assume will ultimately be limited by the financial market, which will assess the financial strength of the projects for which, and assets against which, the BHA is seeking to borrow. To mitigate risk to the City, however, the draft

Articles require the BHA to obtain Council approval to borrow on the security of the City (e.g. use City assets as collateral) or have the City guarantee any borrowing. The draft Articles do not restrict the BHA from borrowing on the security of its own assets and business, nor do the draft Articles impose maximum borrowing limits.

3.3.6 Disposal of Corporate Assets

As the City will be providing significant assets to the BHA, the draft Articles outline when the BHA will require the City's approval to dispose of corporate assets. To balance shareholder oversight with the nimbleness required for the BHA to develop non-market housing, which may include transacting lands and/or units owned by the BHA to further the BHA's mandate as established by Council, the BHA will be required to obtain shareholder approval to dispose of any corporate assets or undertakings that exceed \$20 million (in 2023 dollars) adjusted annually for the Consumer Price Index (CPI), unless previously approved by Council in the annual budget or strategic plan. This threshold will apply to a single transaction that exceeds \$20 million or series of related transactions that exceed \$20 million. This approach will enable the BHA to have significant autonomy to dispose of its own assets.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

On June 19, 2023, Council approved an engagement framework to seek feedback from interested parties and the general public about the creation of a BHA. With the assistance of an external consulting firm, multiple engagement events to consult on the creation of the BHA took place in August 2023, along with a new BHA webpage with information for the public. A What We Heard Report summarizing the feedback received from the various engagement activities is provided as Attachment 4.

The What We Heard Report identifies the following key insights:

- **Work collaboratively, not in competition**
The BHA should work with and support existing initiatives and development that is already underway, rather than push service providers and other stakeholders out of Burnaby into other Metro Vancouver communities.
- **Reduce red tape and streamline funding**
Many participants expressed frustration with the existing processes for funding, development approvals, and Request for Proposals (RFPs) and were concerned that the BHA will add further layers of bureaucracy in building and operating new developments. Many participants felt that this could be an opportunity for the BHA to reduce red tape and serve as a bridge to expedite new developments.
- **Address needs along the housing continuum**
Service providers and stakeholders emphasized the growing need across the housing spectrum, and the necessity to tailor developments to meet the unique needs of a broad range of groups in need of affordable housing.

- **Ensure the board includes diverse representation from the housing sector**
The governance of the BHA was a major topic of discussion for all groups, with all groups identifying that the BHA Board should have diverse representation, independence from City Council, and be selected in a way that mitigates bias or potential conflicts of interest.

As required by the Inspector, a description of the process taken by the City to inform and involve the public on the creation of the BHA, as well as an explanation of how input received has been used to shape the design of the proposed corporation and its draft Articles, will be included in the City’s submission. A copy of the What We Heard report will further be provided to the BHA, once incorporated, to ensure it is fully informed of this feedback as part of its strategic planning process.

5.0 FINANCIAL CONSIDERATIONS

The successful creation and operation of the BHA is anticipated to require significant financial and non-financial resources. Over the years, the City has been allocating monies received through Community Benefit Bonus payments to the Community Benefit Bonus Affordable Housing Reserve (CBBAHR) and Operating Housing Reserve (OHR) for the purposes of funding non-market housing developments and associated operating requirements. The balances in the housing reserves are sufficient to establish the BHA based on the funding needs identified in the Business Plan.

However, given the current cost of delivering housing, this funding alone from the City will not be sufficient to effectively address the community housing needs identified in Burnaby’s Housing Needs Report. To accomplish this, financial support from all orders of government is required, in addition to the BHA utilizing long-term borrowing (e.g. mortgage) to finance the cost of construction over the life of its housing projects. As a wholly owned corporation of the City, the BHA’s long-term debt will be reported as the City’s long-term debt as long as the BHA is not financially self-sufficient and is dependent on revenue from the City to maintain its operations and meet its liabilities. Careful financial planning and risk assessment will be necessary to ensure the debt burden is manageable and sustainable in the long run. Currently, it is common practice for organizations constructing non-market housing to leverage debt provided by the Canada Mortgage and Housing Corporation (CMHC) to provide affordable housing.

Achieving self-sufficiency will be a key objective for the BHA. A self-sufficient BHA that can effectively address the affordable housing needs in Burnaby will require adeptly mobilizing both funding and capacity, including:

- leveraging internal and external financing;
- strategic partnerships with other orders of government;
- a cross-subsidization strategy to create a sustainable mix of affordability levels;
- partnerships with private organizations to develop housing;
- leveraging industry expertise;
- a debt financing strategy; and
- a land contribution strategy.

By carefully considering these key financial factors, the BHA will be well-equipped to address affordable housing challenges and promote inclusive and sustainable communities within Burnaby.

To ensure adequate funding is available to launch and sustain the BHA for the first five years of operations, staff recommend that Council direct staff to include the following contributions in the draft 2024-2028 Financial Plan:

- 1. Planned contribution of \$2.0 million per year in years 2024 to 2028, funded from the OHR for operating expenditures by the BHA; and
- 2. Planned contribution of \$475,000 in 2024, funded from the CBBAHR for capital expenditures by the BHA.

Both the OHR and the CBBAHR currently have sufficient funding available for these planned contributions.

As for the \$100 million in financing which may be made available from the CBBAHR for the BHA to acquire, construct and develop housing, the provision of this financing will be subject to future Council approval of the BHA strategic plan, with financing allocations transferred to the BHA upon meeting the prerequisites outlined in the Partnering Agreement. To this end, staff recommend that Council direct staff to include the financing of \$100 million in the draft 2024-2028 Financial Plan, all funded from the CBBAHR. The CBBAHR has sufficient funds available for this planned financing.

Respectfully submitted,

Edward Kozak, General Manager Planning and Development

ATTACHMENTS

- Attachment 1 – BHA Draft Articles of Incorporation
- Attachment 2 – BHA Business Plan
- Attachment 3 – Municipal Controls over the BHA
- Attachment 4 – BHA Engagement What We Heard Report
- Attachment 5 – Selection Criteria for BHA Board of Director Candidates

REPORT CONTRIBUTORS

This report was prepared by Wendy Tse, Director Community Planning, and reviewed by David Clutton, Planner 2, Richard Mester, Manager Business Process and Reporting, Jennifer Wong, Assistant City Solicitor, Bob Klimek, Deputy General Manager Finance, Karin Hung, Director Strategic Initiatives and Lee-Ann Garnett, Deputy General Manager Planning and Development.