

TO: MAYOR & COUNCILLORS
FROM: GENERAL MANAGER PLANNING AND DEVELOPMENT
SUBJECT: **REQUEST FOR A CBAHR GRANT FOR A NON-MARKET HOUSING DEVELOPMENT AT 7730 SIXTH STREET**
PURPOSE: To seek Council approval of a \$3.6 million grant to Metro Vancouver Housing to develop non-market housing at 7730 Sixth Street.

REFERENCES

Address: 7730 Sixth Street
Legal: District Lot 28 Plan NWP66008
Applicant: Metro Vancouver Housing, Metrotower III, 4515 Central Boulevard, Burnaby, BC, V5H 0C6
Attention: Julia Dugaro

RECOMMENDATION

THAT Council approve a grant from the Community Benefit Bonus Affordable Housing Reserve in the amount of \$3,600,000 to Metro Vancouver Housing to offset capital costs for the development of new non-market housing at 7730 Sixth Street.

1.0 POLICY SECTION

The proposed grant request outlined in this report to support the development of non-market housing, aligns with the following City policies:

- *HOME: Burnaby's Housing and Homelessness Strategy (2021)*;
- *Burnaby's Housing Needs Report (2021)*; and
- *The Mayor's Task Force on Community Housing Final Report (2019)*.

2.0 BACKGROUND

At its Closed meeting on March 15, 2021, Council received a proposal from Metro Vancouver Housing (MVH) to pursue two non-market housing developments at specified affordability levels: one on a City-owned property at 7388 Southwynde and the other on its property at 7730 Sixth Street, with contributions from the City's CBAHR. The requested contribution from the CBAHR would be in addition to an MVH equity contribution. Council authorized staff to continue working with MVH to advance the projects. MVH applied to BCH's Community Housing Fund (CHF) in 2021 but was not successful.

On December 13, 2021, Council approved a grant in the amount of \$8,457,000 to support the specified levels of affordability at the Sixth Street site and \$3,600,000 was approved-in-principle to help offset capital development costs for this project.

On April 12, 2023, MVH entered into a Memorandum of Understanding (MOU) with BCH to develop approximately 2,000 homes over the next 10 years. A proportion of this funding will be allocated to the Sixth Street development.

This report seeks Council approval of the grant amount that was previously approved-in-principle to help offset capital costs of this project.

3.0 GENERAL INFORMATION

3.1 Proposed Project

The proposed development at the MVH-owned Sixth Street site (REZ #22-03) includes a six-storey non-market rental building with 174 units. The development will include childcare spaces, as well as indoor and outdoor amenities that will support the social well-being of residents.

This non-market housing development will contribute towards achieving Burnaby’s housing needs as outlined in the *Burnaby Housing Needs Report*, specifically deeply affordable family-oriented housing. While Burnaby is anticipated to see a significant increase in the number of non-market rental units available at “Burnaby Affordable” rates (i.e. 20% below CMHC median rents) delivered through the Rental Use Zoning Policy (RUZP), there remains a gap for deeply affordable units for households with very low incomes, which require significant subsidies to achieve. MVH’s proposed project will include 20% deeply affordable units, as outlined in Table 1.

Table 1: Affordability

Affordability Level	7730 Sixth Street Unit breakdown
Deep Subsidy*	25 (20%)
Rent Geared to Income (RGI)**	25 (20%)
Affordable Market***	124 (60%)
Total Units	174

*Deep Subsidy Eligibility: Households with a gross annual income that does not exceed the maximum applicable income assistance amount as established in the *Employment and Assistance Act*.

**RGI Eligibility: Households with a gross annual income that does not exceed the BC Housing Income Limits (HILs) for the applicable unit type.

***Affordable Market Eligibility: Households with a gross annual income that does not exceed the moderate-income limit as set out by BC Housing (For 2023, this figure is \$82,310 for units with less than two bedrooms, and \$128,810 for units with two or more bedrooms).

3.2 Grant Request

The Sixth Street project will be developed in partnership with other orders of government as reflected in Table 2 below. MVH has secured funding from CMHC’s Seed Funding program and will be pursuing additional financing and grants from CMHC. Additionally, they have secured BCH funding of approximately \$41.8 million for this development to cover a portion of the capital costs of the project. The Ministry of Children and Family Development is also contributing capital funding for the child care spaces through the ChildCareBC New Spaces funding program.

Table 2: Capital Funding*

Approved City Grant for Affordability	Approved-in-principle (Requested) City Grant for Capital Costs	BC Housing Funding	MVH Contribution (Tentative)	CMHC Financing (Tentative)
\$8,457,000	\$3,600,000	\$41,760,000	\$17,000,000	\$43,536,054

*Contribute land value is not included in the table

The development presents an opportunity to support delivery of 20% of the non-market units at deeply affordable rates for households with very low incomes to meet the housing needs identified in Burnaby. To support the proposed affordability, Council previously approved a grant in the amount of \$8,325,000 for this development.

Staff are now seeking final approval of the previously approved-in-principle \$3,600,000 grant from the CBBAHR to help offset capital costs. MVH has seen continued year over year construction price escalations at 24%, which has required that its grant request remain at the same level as that previously approved-in-principle despite having secured funding from other orders of government.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

Not applicable.

5.0 FINANCIAL CONSIDERATIONS

If Council gives final approval to the previously approved-in-principle \$3.6 million grant, a total City contribution of \$12,057,000 would be granted to MVH towards this development. This grant, if approved, will be included in the 2024 – 2028 Financial Plan. There are sufficient funds in the CBBAHR to support the grant amount proposed.

With Council approval of the additional grant, staff will continue working with MVH to advance the project through rezoning, and to prepare the applicable agreement. Disbursement of the funds to MVH will be subject to terms outlined in a Housing Grant Agreement.

Respectfully submitted,

E.W. Kozak, General Manager Planning and Development

REPORT CONTRIBUTORS

This report was prepared by Diana Jerop, Planner 2, and reviewed by Carla Schuk, Planner 3, Richard Mester, Manager Business Process and Reporting, Wendy Tse, Director

Community Planning, and Lee-Ann Garnett, Deputy General Manager Planning and Development.