

NO: R101

COUNCIL DATE: June 19, 2023

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **June 13, 2023**

FROM: **General Manager, Engineering** FILE: **0930-30/505**
General Manager, Planning & Development
General Manager, Community Services

SUBJECT: **Proposed Partnering and Lease Agreement for the Lease of City Properties located at 13561 and 13569 Bentley Road to the Provincial Rental Housing Corporation**

RECOMMENDATION

The Engineering, Planning & Development, and Community Services Departments recommend that Council:

1. Receive this report for information;
2. Approve the execution by the General Manager, Engineering of a Partnering Agreement between the City and the Provincial Rental Housing Corporation, subject to compliance with the public notice provisions of the *Community Charter*, all as generally described in this report; and
3. Approve the execution by the General Manager, Engineering a Lease Agreement for the City properties located at 13561 and 13569 Bentley Road, as illustrated in Appendix "I", to the Provincial Rental Housing Corporation for a term of 60-years, subject to execution of the Partnering Agreement, compliance with the public notice provisions of the *Community Charter* all as generally described in this report.

INTENT

The purpose of this report is to obtain Council's approval to enter into Partnering and Lease Agreements with Provincial Rental Housing Corporation ("PRHC") to allow for the construction and operation of a modular supportive housing project (the "Project") on the City-owned properties located at 13561 and 13569 Bentley Road (the "Properties") to rapidly house vulnerable people who are experiencing homelessness or who are at risk of homelessness in the City.

BACKGROUND

Property Description

The Properties are located at 13561 and 13569 Bentley Road, are zoned Community Commercial (C-8) Zone and identified as Low to Mid-Rise Residential in the City Centre Land Use Plan, and have a combined land area of 1,394 m². The immediate neighbourhood is comprised of a mix of

residential and commercial lands, many of which are currently undergoing redevelopment to higher density uses.

DISCUSSION

On March 15, 2023, Canada Mortgage Housing Corporation (“CMHC”) publicly announced a third round of funding for the City in the amount of \$11.3 million to develop a minimum of 23 units of supportive housing as part of the Federal Government’s Rapid Housing Initiative (“RHI”). With additional capital funding of \$17.5 million being provided to the project from PRHC, the City plans to deliver 57 units of supportive housing. To enable this process, the City requires Council approval to enter into a Partnering Agreement and a Lease Agreement with PRHC. Appendix “II” attached provides an outline of the various components identified within this report.

Legal Service Review

This report has been reviewed by Legal Services.

CONCLUSION

Approval of the Partnering and Lease Agreements with PRHC will allow for the development of a long-term supportive housing project that will provide 57 units of safe, supportive, and affordable housing in the City Centre area for individuals who are homeless or at risk of homelessness in accordance with the Master Plan for Housing the Homeless in Surrey.

Scott Neuman, P.Eng.
General Manager,
Engineering

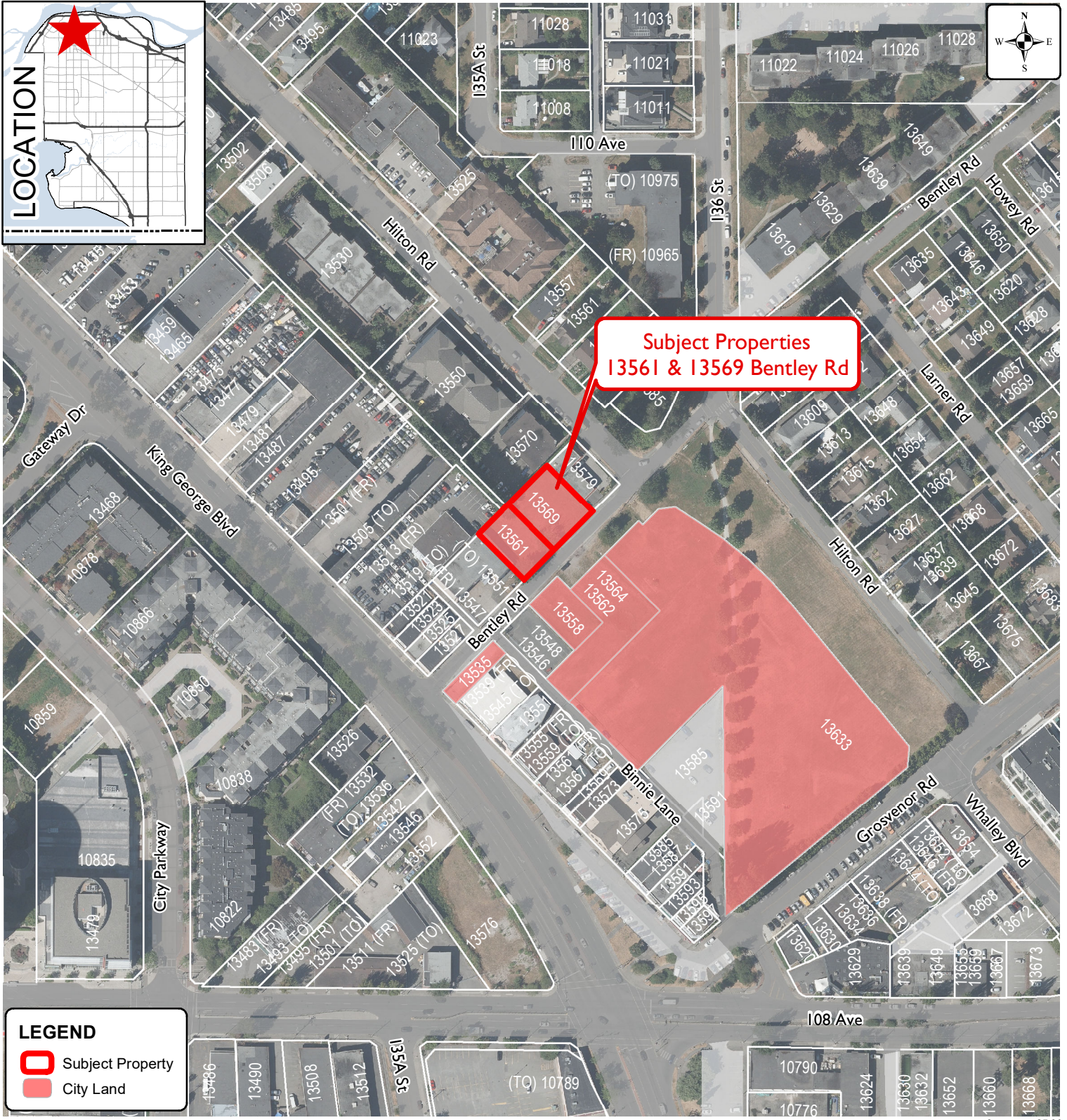
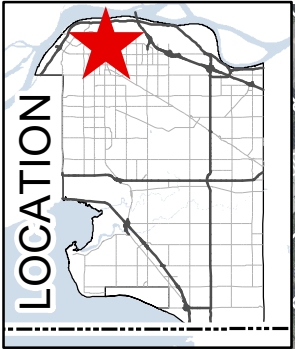
Don Luymes
General Manager,
Planning & Development

Terry Waterhouse
General Manager,
Community Services

PK/kd/cc/bn

Appendix “I” – Aerial Photo of Properties
Appendix “II” – Outline of the RHI Components

AERIAL PHOTOGRAPH OF SITE



LEGEND

- Subject Property
- City Land

Produced by GIS Section: 29-May-2023

Date of Aerial Photograph: 2022

Scale: 1:2,500



Subject Properties 13561 and 13569 Bentley Road

ENGINEERING
DEPARTMENT

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey.
This information is provided for information and convenience purposes only.
Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.

Outline of the Rapid Housing Initiative Components

Federal Government Rapid Housing Initiative

The Rapid Housing Initiative (“RHI”) program was launched by the Federal Government in 2020 to create new housing units for vulnerable populations. In November 2020, Canada Mortgage and Housing Corporation (“CMHC”), through its RHI program awarded the City \$16.4 million to develop a 44-unit modular supportive housing project in Newton (the Little’s Too) for women experiencing homelessness, which completed in July 2022. On October 29, 2021, CMHC further awarded the City a second round of RHI funding of \$13.8 million to develop a 30-unit modular supportive housing project (the Pacific Community Resource Society Youth Modular Project) for youth. These RHI projects responded to two of the four priority population groups (youth and women) identified as priority groups needing supportive housing in the Master Plan for Housing the Homeless in Surrey.

On November 10, 2022, a third round of RHI funding (“RHI 3”) was announced and the City of Surrey was allocated \$11.3 million to develop a minimum of 23 units of new permanent affordable housing. Subsequently, BC Housing confirmed capital funding of \$17.5 million, which, when combined with the \$11.3 million received from CMHC, will cover the costs of building a six storey, modular supportive housing project.

Supportive Housing Project

This RHI 3 Project will provide a minimum of 57 units of safe, supportive, and affordable housing in the City Centre area for people experiencing or at risk of homelessness. A minimum of 25% of the units will target women, with several other vulnerable populations anticipated to be served by the project, such as Indigenous people, seniors, young adults, newcomers, racialized groups, and individuals with physical disabilities. The building will include a commercial kitchen, dining room, communal laundry rooms, tenant support/counselling rooms, staff offices, and resident lounges.

The RHI 3 housing project will replace the temporary, 60-unit Safe Sleep housing project located at 13425 107A Avenue on privately leased land awaiting redevelopment. BC Housing has committed to covering the operating costs of the new project. BC Housing will contract with Surrey Urban Mission Society (“SUMS”) to operate the new Bentley Road supportive housing project.

If the Partnering and Lease Agreements are approved by City Council, PRHC will submit their development application and concurrently engage with the Downtown Surrey Business Improvement Association and property owners in the vicinity. An initial public notification will be required as part of the rezoning process. As some preliminary design work has been completed, it is anticipated that construction would begin in early 2024 with the modular development being completed by November 2024, in keeping with CHMC’s RHI requirements.

Partnering Agreement

The Partnering Agreement authorizes the City to provide assistance to PRHC for the Project. The proposed Partnering Agreement with PRHC identifies the contribution by the City of the Properties for use by PRHC for the development and operation of the Project throughout the term of a Lease Agreement.

If the Partnering Agreement is approved by Council, public notice of the City's intention to provide assistance under the Partnering Agreement and of the proposed lease must be provided in accordance with the *Community Charter*.

Lease Agreement

The proposed 60-year lease of the Properties to PRHC will be a net lease to the City, whereby PRHC will be responsible for all costs associated with the Properties for the 60-year term of the agreement. The estimated value being contributed by the City for this lease was determined by an accredited appraiser. The value for the prepaid leasehold interest was developed using a ground rent yield and discounted cashflow analysis. The value of the 60-year prepaid lease amount is estimated at \$2,963,000, which is the estimated value in-kind being contributed by the City to the Project.