

NO: **R235**

COUNCIL DATE: **December 16, 2019**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **December 12, 2019**

FROM: **General Manager, Engineering
General Manager, Parks, Recreation & Culture
General Manager, Planning & Development**

FILE: **7918-0210-00**

XC: **7914-0059-00**

SUBJECT: **Proposed Lease of City Properties Located at 9671, 9677 and 9687 – 137 Street to the Provincial Rental Housing Corporation**

RECOMMENDATION

The Engineering Department, the Parks, Recreation & Culture Department, and the Planning & Development Department recommend that Council approve the execution by the Mayor and Clerk of a lease of the City properties located at 9671, 9677 and 9687 – 137 Street, as generally illustrated in Appendix “I” attached to this report, to the Provincial Rental Housing Corporation for a term of 60 years to allow for the consolidation, rezoning, construction and operation of a supportive housing facility, subject to compliance with the notice provisions of the Community Charter, SBC 2003, C. 26.

INTENT

The intent of this report is to seek Council’s approval to lease 9671, 9677 and 9687 – 137 Street (the “Properties”) to the Provincial Rental Housing Corporation (“PRHC”) for a term of 60 years to allow for the development of a supportive housing facility for women, women with children and Indigenous youth.

BACKGROUND

Property Description

The Properties are a combined 2,000.11 m² (21,529 ft.²/0.50 acres) of vacant land located north of Surrey Memorial Hospital and west of the Health and Technology District development. The Properties were originally acquired by the City for parkland purposes. However, subsequent to the acquisitions by the City, an alternative future park location has been identified at 97A Avenue and 137 Street. BC Housing and The Elizabeth Fry Society of Greater Vancouver (the “E Fry Society”) are proposing to build and operate a five-storey supportive housing facility (the “Rosewood Housing Facility”) on the Properties as part of Development Application No. 7918-0210.00. E Fry Society’s development proposal on the Properties was endorsed by Council on March 11, 2019, as attached in Appendix “II”. The proposed supportive housing facility is generally consistent with the proposed CD Bylaw No. 18233, which received Third Reading on December 15, 2014 as part of Development Application No. 7914-0059-00.

Plan Designations, Zoning, and Land Uses

The Property is zoned Single Family Residential (RF) Zone and is designated “Central Business District” in the Official Community Plan.

DISCUSSION

On September 14, 2015, Council endorsed Corporate Report No. R183; 2015 (attached as Appendix “II”) authorizing staff to enter into a Memorandum of Understanding (“MOU”) (attached as Appendix “III”) that sets out a partnership between the City and BC Housing in the development of housing sites to support the priorities identified in the Master Plan for Housing the Homeless in Surrey. Those priorities are Shelters, Transitional or Second Stage Housing, Supportive Housing and Low-Barrier Housing. The MOU applies only to those housing projects that are developed on City-owned sites.

Rosewood Housing Facility

The proposed five-storey housing facility will be operated by the E Fry Society. It will consist of:

- 42 apartments for women and women with children;
- 20 emergency shelter beds for single women;
- 20 emergency shelter beds for women and their children;
- 15 apartments for Indigenous female youth which will be operated by Fraser Region Aboriginal Friendship Centre Association; and
- Community service space that is to include a dental clinic, health clinic and child related programing space.

The E Fry Society is a charitable organization that supports some of Surrey’s most vulnerable populations – women, girls and children at risk. Their programs work to break the cycle of poverty, addiction, mental illness, homelessness and crime. For over a decade, the E Fry Society has been operating two shelters in Surrey: a shelter for homeless women and a shelter for homeless women with children. In addition, the E Fry Society operates a substance use treatment facility for women and women with babies that is a Provincially licensed community care facility and funded by Fraser Health, as well as a number of homeless outreach and other services for vulnerable women and their children.

Surrey Homelessness

The Metro Vancouver Homeless Count takes place every three years. The 2017 Homeless Count found that Surrey had 602 homeless; of those, 399 (or 66%, compared to 71% across Metro Vancouver) were in shelters, including 44 in Extreme Weather Response shelters and the remaining 203 people were on the street. Of the homeless counted in Surrey, 30% were female and 10% were youth. While 3% of Surrey’s overall population is Indigenous, 29% of the homeless people counted identified as Indigenous. The homeless count numbers are conservative estimates and it is estimated that a large portion of the total homeless population is not enumerated during the “visible” homeless count; women, children and youth are considered to be groups that are overly represented among the “hidden homeless”.

The Master Plan for Housing the Homeless in Surrey identifies population groups that are in particular need of supportive housing. These are women and women with children, youth, Indigenous peoples, and individuals with mental health and/or substance abuse issues. The Master Plan specifically identifies E Fry Society's development of a new building that combines its existing shelters (that are in houses) into one facility that has shelter beds, along with housing units for single women and women with children, as a means of addressing the urgent need among this vulnerable population.

Proposed Tenure of the Property

City staff and BC Housing representatives have agreed on the terms on which the Properties will be made available for the development and operation of the Rosewood Housing Facility. The lease will be with PRHC, which is the holding company that administers all of BC Housing's real estate property transactions. PRHC will then sub-lease the Properties to the E Fry Society. The City will provide the Properties by way of a 60-year lease tenure. The 60-year lease term is consistent with the MOU with BC Housing and the existing leases in place between the City and the PRHC covering City lands made available for social housing projects, such as Timber Grove Apartments at 13922 – 101 Avenue, YWCA Alders Gardens at 13788 – 71 Avenue, Quibble Creek Health & Phoenix Transition Housing Centre at 13670 – 94A Avenue, Bill Reid Memorial Shelter at 17752 Colebrook, and Green Timber Way Housing Facility at 9810 Foxglove Drive.

If Council approves the proposed lease, it is anticipated that the on-site development will commence in early 2020 and the facility will be open for use in the Summer of 2021.

SUSTAINABILITY CONSIDERATIONS

The leasing of the Properties to the PRHC supports the objectives of the City's Sustainability Charter 2.0. In particular, the Lease of the Properties for the construction and operation of the Rosewood Housing Facility relates to the Sustainability Charter 2.0 themes of Inclusion, Public Safety, and Health and Wellness. Specifically, this project supports the following Desired Outcomes ("DO") and Strategic Directions ("SD"):

- Housing DO12: Everyone in Surrey has a place to call home;
- Housing DO14: Supports are available to enable all people to live as independently as possible in the community;
- Housing SD9: Facilitate the development of shelter facilities and supportive housing as outlined in the Master Plan for Housing and Homeless in Surrey;
- Community Safety and Emergency Services SD4: Enhance intergovernmental relations, and ensure broad partnerships and collaboration to address multijurisdictional social issues (e.g., homelessness, mental health and addictions, etc.); and
- Health Services and Programs SD1: Connect, facilitate and support people and organizations in innovative alliances for delivery of social, health and wellness programs.

CONCLUSION

Based on the above discussion, it is recommended that Council approve the execution by the appropriate City officials of a lease agreement for the Properties between the City and the PRHC to allow the PRHC and its operator to use the Properties for the construction and operation of a supportive housing facility, as generally described in this report.

Scott Neuman, P.Eng.
General Manager,
Engineering

Laurie Cavan
General Manager,
Parks, Recreation & Culture

Jean Lamontagne
General Manager,
Planning & Development

KSW/amg/cc

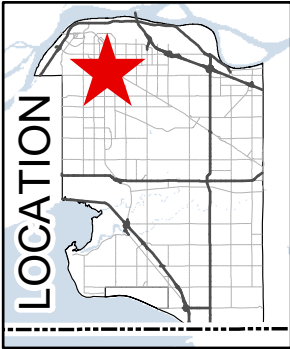
Appendix "I" - Aerial Photo of Site

Appendix "II" - Planning & Development Report for 7918-0210-00 - March 11, 2019

Appendix "III" - Corporate Report No. R183: 2015

Appendix "IV" - Copy of Memorandum of Understanding

AERIAL PHOTOGRAPH OF SITE APPENDIX "I"



LEGEND

- Subject Properties
- Alternative Future Park
- Parks

Produced by GIS Section: 05-Dec-2019, JJR

Date of Aerial Photograph: March 2019

Scale: 1:2,500



Proposed Lease of City Properties 9671, 9677 and 9687 - 137 Street

ENGINEERING
DEPARTMENT

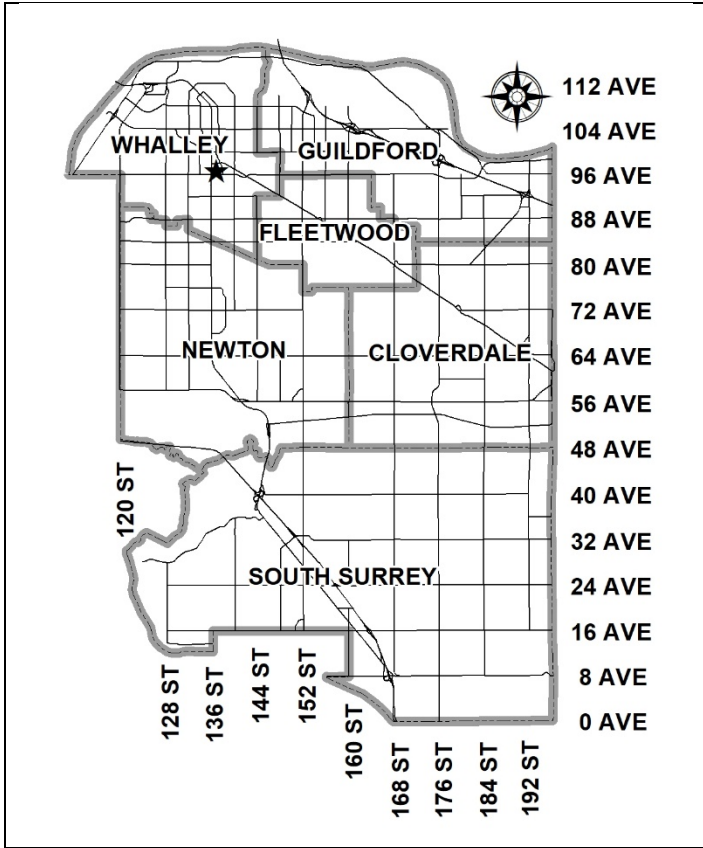
The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey. This information is provided for information and convenience purposes only. Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.

APPENDIX "II"

City of Surrey
PLANNING & DEVELOPMENT REPORT

File: 7918-0210-00

Planning Report Date: March 11, 2019



PROPOSAL:

- Development Permit
- Development Variance Permit

to permit the development of a five-storey transitional housing building in City Centre.

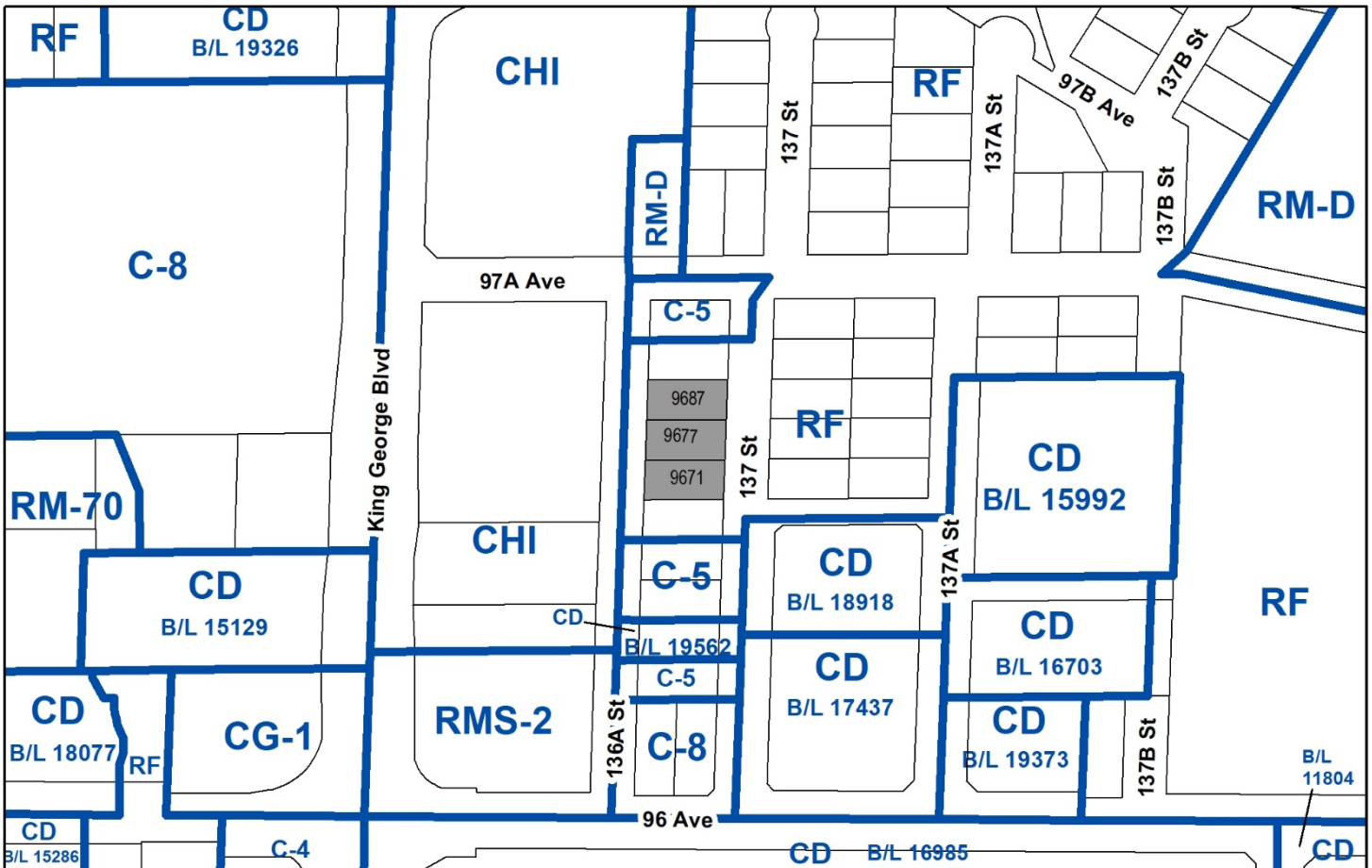
LOCATION: 9687 - 137 Street
 9677 - 137 Street
 9671 - 137 Street

ZONING: RF

OCP DESIGNATION: Central Business District

NCP DESIGNATION: Mixed-Use 3.5 FAR

DESIGNATION:





CORPORATE REPORT

NO: R183

COUNCIL DATE: September 14, 2015

REGULAR COUNCIL

TO: Mayor & Council DATE: September 14, 2015

FROM: General Manager, Planning and Development FILE: 4815-01

SUBJECT: Memorandum of Understanding between the City of Surrey and
BC Housing Management Commission – Low Barrier Shelter and Transitional
Housing Facility

RECOMMENDATION

The Planning and Development Department recommends that Council:

1. Receive this report as information; and
2. Approve the terms and conditions of the Memorandum of Understanding (the "MOU"), attached as Appendix I to this report, between the BC Housing Management Commission ("BC Housing") and the City of Surrey; and
3. Authorize the Mayor to sign the MOU on behalf of the City of Surrey.

INTENT

The purpose of this report is to seek Council approval:

- for a partnership between the City and BC Housing that will lead to the delivery of a new purpose-built low barrier shelter and transitional housing facility in Surrey City Centre; and
- to sign an MOU between the City and BC Housing that documents the terms and conditions of the partnership.

BACKGROUND

On May 26, 2014, Council granted first and second readings to rezoning Application No. 7914-0059-00 for properties located at 9687, 9677 and 9671 – 137 Street, allowing for the design, construction and operation of a new low barrier shelter and transitional housing facility. This project is the highest priority of the approved Master Plan for Housing the Homeless in Surrey and is slated to replace the substandard Gateway Shelter located on 135A Street.

In 2008, the City executed a Memorandum of Understanding with BC Housing (the "2008 MOU") leading toward the development of important supportive housing projects for people who are homeless or at-risk of homelessness. To date, three projects (Timber Grove Apartments, the YWCA's Alder Gardens, and Creekside) have been developed.

Under the terms of the 2008 MOU, the City has committed to a long-term lease of City property at a nominal rate and to waive all municipal fees and charges. These projects have all been successfully completed and are fully occupied. These three housing projects combined, provided an additional 156 new housing units for people who were homeless or at-risk of homelessness in Surrey.

DISCUSSION

With the process started to replace the Gateway Shelter a new MOU, attached as Appendix I, has been drafted, which sets out a partnership agreement between BC Housing and the City. The proposed MOU reaffirms the collaboration commitment between the City and BC Housing in continuing to deliver much needed facilities as per the Master Plan for Housing the Homeless (the "Plan") that was developed jointly with BC Housing and approved by Council on July 8, 2013.

The approved Plan lists the replacement of the Gateway Shelter as one of the top priority project as a properly designed facility will help to support people requiring services that will ultimately lead them to a permanent form of housing and wellbeing.

To that extent, Council approved acquisition and zoning for properties that will be home to this new facility.

Once the MOU has been executed by both parties, planning for the facility will continue as BC Housing has indicated they have funding available to proceed with hiring of the consultants that will finalize the design and will be working on the required permits that will ultimately lead to the construction and delivery of the new facility.

This new facility will be operated by a non-profit society and BC Housing will be proceeding with a Request For Proposal to select the facility operator which then will be part of the design process of the new facility, along with the consulting team and City staff.

The consulting team, with the assistance of City staff, will be working on finalizing the rezoning and development permit process and subsequent building permit, leading to the delivery of the new facility.

Legal Services Review

Legal Services has reviewed the MOU and this report and its recommendations and has no concerns.

SUSTAINABILITY CONSIDERATIONS

Managing the delivery of the Master Plan for Housing the Homeless is consistent with the Sustainability Charter. Specifically, scope elements *SC5: Plan for the Social Well Being of Surrey Residents*, *SC6: Accessible and Appropriately Located Services within the City*, *SC9: Adequate, Appropriate and Affordable Housing*,

CONCLUSION

Based on the above discussion it is recommended that Council:

- Approve the terms and conditions of the MOU, attached as Appendix I to this report, between Housing and the City of Surrey; and
- Authorize the Mayor to sign the MOU on behalf of the City of Surrey.



Jean Lamontagne
General Manager,
Planning and Development

JLL:saw

Attachment:

Appendix I Proposed Memorandum of Understanding

Note: Appendix available upon request

MEMORANDUM OF UNDERSTANDING
 between
 BC Housing Management Commission ("BC Housing") and
 the City of Surrey (the "City")
 regarding the development of housing for the homeless in Surrey
 September 2015

1. **Introduction**

This Memorandum of Understanding ("MOU") sets out the proposed partnership between BC Housing and the City in the development of housing sites to support the priorities identified in the *Master Plan for Housing the Homeless in Surrey* (the "Homeless Plan").

The MOU applies only to those housing projects that are developed on City-owned sites. One project, a purpose-built low-barrier shelter and transitional housing facility, has been included as part of this MOU. Subsequent projects may be identified to support the Homeless Plan and added to the MOU.

2. **Housing Priorities**

The Homeless Plan identifies the following housing gaps:

- **Shelters** — a better alignment of emergency services to the homeless population is needed, including a centrally-located low barrier shelter in Whalley that provides longer-term accommodation with support service linkages for users, and enhanced shelter services for women, youth and Aboriginal people.
- **Transitional or Second-Stage Housing** — temporary housing (for a few months or years) that helps individuals to transition to greater independence and permanent housing.
- **Supportive Housing** — Housing with integrated support services, a vital piece of the housing continuum.
- **Low-Barrier Housing** - Housing for individuals with a mental illness, drug and alcohol addictions and those leaving correctional facilities who face the greatest difficulties with securing housing.

The Homeless Plan identifies the following population groups to be in particular need of supportive housing: individuals with mental health and/or substance use issues; women and women with children; youth; and Aboriginal people.

3. **Objectives**

This MOU forms the basis of understanding of the partnership between BC Housing and the City to fulfill the City's Homeless Plan. The specific objectives that will be met through the partnership are:

- The replacement of the Gateway emergency shelter facility in Whalley with a new purpose built facility that also incorporates transitional housing units; and
- The creation of additional units of transitional and supportive housing for people who are homeless or at-risk of homelessness to support the City's target of 450 units.

4. **The Project – Shelter and Transitional Housing Facility**

The City will make available a City-owned site at 9671/9677/9687 – 137 Street for a new purpose-built shelter and transitional housing facility. This site is located in the Surrey Memorial Hospital precinct in the City Centre area of Whalley.

The project will be a low-barrier facility that will accommodate men and women who are homeless or at-risk of homelessness and may have active addictions and/or mental illness. The number of shelter beds and housing units will be determined through the planning process but is estimated to be approximately 40-50 beds and 40-50 housing units. The shelter beds will be designed in a way to allow for maximum flexibility for future use.

The proposed shelter and transitional housing project will be designed and constructed to meet BC Housing's Design and Construction Guidelines and meet BC Housing's safety requirements for co-ed shelter design.

Surrey's Homeless Plan highlights some of the key considerations related to the development of the shelter and transitional housing facility. These include an appropriate design and operational/ funding model that will enable the project to co-exist with its neighbours. Examples of appropriate design and programming space include interior/private outdoor courtyards and balconies, storage for carts and physical separation between the street and on-site activities.

For shelter users, features and space configurations that will support individuals to stabilize, and connect with services include single/double rooms, storage space, and flex rooms for couples or trans-gendered individuals. Other key features are flexible meeting spaces for on-site counselling, life skills training, and other health-related services, and space to prepare and serve daily meals.

BC Housing will issue a Request for Proposal ("RFP") for a non-profit housing Society (the "Society") to design, construct and operate the shelter and transitional housing project.

A Community Advisory Committee will be established to proactively address any neighbourhood concerns that may arise with respect to the development and operation of the new shelter and transitional housing facility. The Committee will provide a forum for representatives from the City, BC Housing, RCMP, Downtown Surrey BIA, Fraser Health Authority and area residents to exchange information, discuss any concerns that may arise and constructive solutions to these concerns. The City will convene the Committee. Once a Society is selected as the operator of the project, the Society will assume the role of convener.

5. Eligible Tenants

Each project developed under the terms and conditions of this MOU will target a specific homeless or at-risk population group or groups. Priority will be given to people living in Surrey or who consider Surrey their home. Any further agreements will incorporate provisions that this housing is for people living in Surrey who meet the other eligibility criteria.

Eligible tenants for transitional housing units at 9671/9677/9687 – 137 Street will be low-income men and women who are homeless or at-risk of homelessness. There will be no or minimal barriers for people with addictions and/or mental illness.

6. Programming and Support Services

Tenants of the projects will be connected and referred by government or non-profit providers of social and health services. Programming and support services will be in place at the time of occupancy for each project. Support services are intended to be integrated and client-centred consistent with BC Housing's Emergency Shelter Program.

7. Building Program

New construction projects providing transitional or supportive housing for individuals will generally consist of self-contained studio units complete with a bathroom and basic kitchen. Units for families with children will contain separate bedrooms. The buildings will include common amenity and administration spaces to support the provision of services to residents. Where existing buildings are to remain for use, they will be upgraded to ensure that they meet the requirements of the BC Building Code and are safe, secure and energy efficient.

8. Sustainability

The City and BC Housing are committed to achieving high environmental standards and minimizing green house gas emissions in the development of projects. The Shelter and Transitional Housing Project will be required to be built to BC Housing's sustainability standards.

9. Parking

Relaxation of parking requirements will be determined for each specific project and will be based on the parking needs of the residents to be housed in the project, number of support staff, and location of the site relative to transit services, all subject to Council approval. Parking for any other uses included in the projects will be provided in addition to the requirements for the supportive housing components.

10. Design, Program Development and Approvals Funding

BC Housing will pay all costs to design the projects through to the issuance of Development and Building Permits for the project. These costs will include all consultant fees and related disbursements.

11. **Capital and Operating Funding**

During the predevelopment stage, BC Housing will review the additional capital and operating cost requirements of the project. Contributors of funding to cover operating costs may include BC Housing and/or other funding partners. BC Housing will inform the City of its findings prior to issuance of the Building Permit.

12. **Leases**

As the owner of the site at 9671/9677/9687 - 137 Street, the City will lease the site to the Provincial Rental Housing Corporation, for a period of 60 years, for a consideration of \$10. The successful Society will operate the facility through an Operator Agreement with BC Housing. In the case of a default, BC Housing, will assign the operations to another non-profit sponsor subject to the City being satisfied as to credibility of the non-profit sponsor, acting reasonably.

The lease will commence once the Building Permit has been issued, the construction financing is in place, and the contract to build the building has been executed. The lease will require the lessee to maintain and repair the housing; and pay all utilities, insurance, fees and applicable taxes. The form of lease will be similar to recent leases granted by the City where BC Housing has provided financing.

13. **Development Cost Charges and Municipal Permits and Fees**

The City will waive or otherwise meet the following municipal fees and charges for the projects:

- Development Application Fee;
- Engineering Processing Fee - Servicing Agreement;
- Engineering Rates - Building Permit Review;
- Balance of Building Permit Fee;
- Surrey Development Cost Charges;
- Damage Deposit; and
- NCP Amenity Contributions.

14. **Municipal Approvals**

All approvals are subject to City Council approval and are at the absolute discretion of City Council.

The City will appoint a City employee to ensure that the approval process for the projects through all City departments is expedited in a timely fashion. The individual will be responsible for facilitating the resolution of any issues that arise during the City's review and approval of the projects. All parties recognize that good communication, prompt responses, and complete documentation will be essential to achieve this schedule.

The City will permit BC Housing, the Society and consultants to access the site in advance of the commencement of the lease for the purpose of due diligence and surveys, on condition that the sites are returned to the condition they were in prior to the due diligence and surveys, and provided licenses are obtained of any existing tenancies. Demolition (if applicable) and construction mobilization will require an agreement with the City that complies with the *Community Charter* and *Local Government Act*.

The Society will be responsible for off-site services as determined by the development process for the City-owned site.

Projects may require a number of agreements with neighbouring property owners to allow for the construction cranes to circle over property lines and allow for any underpinning of shoring required for excavation. Access to the site for the purposes of constructing the project across property lines may also be required. The City will assume the responsibility for ensuring these reciprocal agreements are in place (or will be granted) for any adjacent lands they own and over other municipal lands (i.e. roads, sidewalks, etc.). Any legal agreements will require the approval of the City's solicitors.

15. Soils and Hazardous Materials

The City will provide copies of any environmental reports and the approved Certificate of Compliance for the site acquired for the Shelter and Transitional Housing Project. Any costs associated with the contamination or remediation of the City-owned site during the development, construction or operating phase of the project are the sole responsibility of the City.

16. Consultants and Legal Counsel

BC Housing will contract with and pay for a team of consultants to undertake all necessary design, project management, construction review and administration and legal work for each project.

17. Public Consultation

Public consultation will occur for the projects consistent with the City of Surrey's established policies and practices in relation to applications for rezoning and development permit approval.

18. Communication

All major communications activities and materials will be approved by the B.C. government, through BC Housing, and the City concerning the approval and execution of this MOU, the issuance of the RFP and during the development of the housing.

19. Execution of the MOU

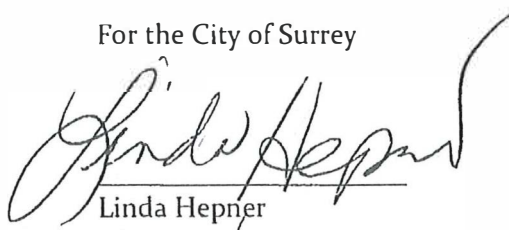
Once this MOU has been finalized by staff, it will be presented to City Council, BC Housing Executive Committee and PRHC Board of Directors. No legal rights or obligation shall be created or arise until City Council, BC Housing's Executive Committee and Provincial Rental Housing Corporation's Board of Directors have approved this MOU and this MOU has been fully executed on terms and conditions satisfactory to the solicitors for the City, BC Housing and PRHC.

For BC Housing


Michael Flanigan
VP Development Asset Strategies

Date: November 19, 2015

For the City of Surrey


Linda Hepner
Mayor

Date: November 16/2015