

NO: R051

COUNCIL DATE: March 8, 2021

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **March 3, 2021**

FROM: **General Manager, Engineering** FILE: **7919-0306-00**
General Manager, Planning & Development XC: **0910-40/228**

SUBJECT: **Partnering Agreement between the City of Surrey and Peninsula Estates Housing Society and Land Exchange at 15153 – 20 Avenue**

RECOMMENDATION

The Engineering Department and Planning & Development Department recommend that Council:

1. Receive this report as information;
2. Approve the execution by the Mayor & City Clerk of a Partnering Agreement between the City of Surrey and Peninsula Estates Housing Society, subject to compliance with the notice provisions of the Community Charter, SBC 2003, C. 26, provided it is substantially the same as the draft agreement attached to this report as Appendix “I”; and
3. Approve the execution by the Mayor & City Clerk of a Land Exchange Agreement covering the transfer of the City-owned property located at 15153 – 20 Avenue (PID No. 003-527-646) to Peninsula Estates Housing Society in return for the dedication of road from the Society-owned property located at 15077 – 20 Avenue (PID No. 003-334-562) to facilitate the realignment of the Semiahmoo Trail, as generally illustrated in Appendix “II” attached to the report, subject to the execution of the Partnering Agreement and compliance with the notice provisions of the Community Charter, SBC 2003, C. 26.

INTENT

The purpose of this report is to obtain Council approval for a Partnering Agreement between the City and Peninsula Estates Housing Society (“PEHS”) that outlines the form of assistance the City may provide PEHS and a proposed Land Exchange Agreement between the City and PEHS that covers the transfer of the City-owned property at 15153 – 20 Avenue (the “City Lot”) to PEHS in return for a 731.4 m² road dedication (“Road Dedication Area”) from PEHS-owned property located at 15077 – 20 Avenue (the “PEHS Lot”).

BACKGROUND

Property Description

This project is located at the southernmost point of the Semiahmoo Trail. Within this property, the trail meanders through a townhouse complex, and as such, is offset from the Semiahmoo Trail entrance at the north end of 151A Street. As part of the development project review, there exists an opportunity for a realignment of Semiahmoo Trail at the eastern edge of the private property along 151A Street which in turn will provide a better alignment with Semiahmoo Trail to the north, providing clarity to residents wanting to enjoy the entire trail while not impacting the private development.

The proposed development will provide much needed affordable rental housing while allowing realignment of the Semiahmoo Trail for all. As the proponent is a not-for-profit society, staff are proposing to enter into a Partnering Agreement to facilitate the project, minimize the financial impacts associated with the relocation of Semiahmoo Trail, and support the delivery of affordable rental housing in Surrey.

The City Lot is a 5-metre-wide recreational trail of 884 m² (9,514 ft.²) in site area. It is improved with a paved landscaped walkway that meanders through the middle of the PEHS Lot. It is a segment of the heritage designated Semiahmoo Trail.

The PEHS Lot is a 21,491 m² (231,329 ft.²/5.31 acre) parcel, hooked across the City Lot. The PEHS Lot is improved with a 1983 constructed rental housing project comprised of 51 townhouses and an 18-unit apartment building.

The City Lot was secured in 1983 when the PEHS Lot was subdivided and developed into the existing housing project located on the PEHS Lot. *Land Purchase By-law, 1983, No. 7433* authorized the purchase of the City Lot and stipulated that it was to be set aside and used for corporate purposes.

Plan Designations, Zoning, and Land Uses

Both the City Lot and PEHS Lot are zoned Multiple Residential 30 (RM-30) Zone and are designated "Urban" in the Official Community Plan and "Low-Rise Residential (4-6 Storeys)" in the Semiahmoo Town Centre Stage 1 Plan. The City Lot is designated as a protected segment of the Semiahmoo Trail under *Surrey Semiahmoo Trail Heritage Designation Bylaw, 2004, No. 15280* (the "Semiahmoo Trail Bylaw"), which describes the Semiahmoo Trail as having "significant cultural, historical and heritage value and character".

DISCUSSION

PEHS is a 1982 incorporated South Surrey non-profit society with a history of developing and managing affordable housing. Development Application No. 7919-0306-00 is seeking approval to consolidate the City Lot with the PEHS Lot, and through a Development Permit, to allow the re-development of 17 existing townhouses located in the southeast corner of the PEHS Lot, as generally illustrated in the attached Schedule "A" to Appendix "I", into a six-storey, 91-unit, affordable rental apartment building.

A key component to Development Application No. 7919-0306-00 will be the undertaking of an amendment to the Semiahmoo Trail Bylaw for the purpose of cancelling the heritage status of the

City Lot as a segment of the Semiahmoo Trail to facilitate the transfer of the City Lot to PEHS. The Bylaw amendment will also designate the Road Dedication Area from PEHS Lot along its 151A Street frontage as a heritage segment to Semiahmoo Trail. This new alignment of Semiahmoo Trail, which will be constructed by PEHS, provides improved connectivity and public access.

Another important component to Development Application No. 7919-0306-00 is the proposal for the City and PEHS to enter into a 30-year term housing agreement to secure 75% of the units within the proposed apartment building as affordable rental housing and up to 25% of the units as supportive rental units for people with disabilities. The proposed housing agreement supports the Surrey Affordable Housing Strategy, which focuses on rental housing in Surrey and sets out a series of strategies and actions, including the following:

- Strategy 3.0: Encourage the development of new purpose-built rental housing; and
- Strategy 4.0: Increase the supply of housing affordable to renter households with low to moderate incomes.

Partnering Agreement

The Partnering Agreement as drafted, a copy of which is attached as Appendix “I” to this report, sets out terms for the City to transfer ownership in the City Lot to PEHS without compensation, PEHS to dedicate the Road Dedication Area to accommodate a new alignment to replace the City lot segment of Semiahmoo Trail, and the City and PEHS to enter into a Housing Agreement covering the proposed 91-unit apartment building. The Partnering Agreement acknowledges there may or may not be assistance from the contemplated transactions. Assistance is broadly defined in the Community Charter as “assistance within the meaning of Section 25(1)”. Section 25(1) states:

- “25(1) Unless expressly authorized by or under this or another Act, a council must not provide a grant, benefit, advantage or other form of assistance to a business, including:
- a. Any form of assistance referred to in section 24 (1) [*publication of intention to provide certain kinds of assistance*], or
 - b. An exemption from a tax or fee.”

The forms of assistance to which Section 24(1) refers are as follows:

- “24(1) A council must give notice in accordance with section 94 [public notice] of its intention to provide any of the following forms of assistance to a person or organization:
- a. Disposing of land or improvements, or any interest or right in or with respect to them, for less than market value;
 - b. Lending money;
 - c. Guaranteeing repayment of borrowing or providing security for borrowing;
 - d. Assistance under a partnering agreement.”

The proposed Partnering Agreement with PEHS includes the following potential types of assistance:

- a. Disposition of the City Lot to PEHS for less than market value;
- b. A subdivision to consolidate the City Lot and PEHS Lot to create a single lot;
- c. A heritage bylaw amendment to allow for the relocation of the segment of Semiahmoo Trail from the City Lot;
- d. Facilitation of the re-development over part of PEHS Lot; and
- e. Waiving of the cash-in-lieu contribution for the shortfall in the indoor amenity requirement, as may be approved by Council.

Land Exchange Agreement

The Land Exchange Agreement set out the terms for the transfer of the City Lot to PEHS and the dedication of the Road Dedication Area from PEHS Lot along 151A Street to facilitate the relocation of the City Lot segment of the Semiahmoo Trail. The City Lot segment of the Semiahmoo Trail is integrated into PEHS Lot and is not readily recognized as a City-owned property forming part of Semiahmoo Trail. The proposed alignment along 151 A Street is better exposed and more quickly accessible to the public.

The transactions contemplated in the land exchange agreement are proposed to be transacted without compensation from either party to the other. An accredited staff appraiser completed an appraisal for both the City Lot and the Road Dedication Area and attributed a higher appraised value to the City Lot. In consideration of the City not being compensated for the difference in the land values, the City will receive benefits in kind in the form of the proposed 30-year housing agreement that will secure the proposed 91-unit apartment building for affordable housing. There are also public benefits from having the City Lot segment of the Semiahmoo Trail relocated to the more accessible location along 151A Street. The terms for the disposition of the City Lot and the dedication of road from the PEHS Lot are considered reasonable.

If Council approves the recommendations for the City to enter into the Partnering Agreement and the Land Exchange Agreement, public notices of the City's intention to provide assistance under the Partnering Agreement and to dispose of the City Lot will be undertaken in accordance with the notice provisions of Sections 24 and 26 of the Community Charter, which will be followed by the City executing the two Agreements. The Planning & Development Department intends to present to Council the Planning Report for Development Application No. 7919-0306-00 after the Agreements are executed.

SUSTAINABILITY CONSIDERATIONS

The Agreements support the objectives of the City's Sustainability Charter 2.0. In particular, the Agreements relates to the Sustainability Charter 2.0 themes of Inclusion, and Built Environment and Neighbourhood. Specifically, the Agreements support the following Desired Outcomes ("DO") and Strategic Directions ("SD"):

- Housing DO12: Everyone in Surrey has a place to call home;
- Housing DO13: Appropriate and affordable housing is available to meet the needs of all households in Surrey;
- Housing SD10: Increase and maintain the supply of affordable and appropriate rental housing across all Surrey communities;

- Housing SD11: Ensure development of a variety of housing types to support people at all stages of life;
- Neighbourhoods and Urban Design DO6: Land is used efficiently and sensitively, and development minimizes the impacts on the natural environment, viewscales, agricultural land and urban wildlife; and
- Neighbourhoods and Urban Design DO8: The built environment enhances quality of life, happiness, and well-being.

CONCLUSION

Approval of the Partnering Agreement and the Land Exchange Agreement between the City and PEHS will facilitate the realignment of a segment of Semiahmoo Trail and secure long-term affordable housing units within the rental apartment building proposed under Development Application No. 7919-0306-00. It is recommended that Council approve the execution of the Partnering Agreement and the Land Exchange Agreement as described in this report.

Scott Neuman, P.Eng.
General Manager,
Engineering

Jean Lamontagne
General Manager,
Planning & Development

AW/rr/cc

Appendix "I" - Partnering Agreement (includes only Schedule "A")
Appendix "II" - Aerial Photo of Site

APPENDIX "I"

PENINSULA ESTATES HOUSING SOCIETY PARTNERING AGREEMENT

THIS AGREEMENT dated for reference the _____ day of _____, 2021.

BETWEEN:

CITY OF SURREY

13450 – 104 Avenue
Surrey, British Columbia
V3T 1V8

("City")

AND:

PENINSULA ESTATES HOUSING SOCIETY

15306 – 24 Avenue
Surrey, British Columbia
V4A 2J1

("PEHS")

WHEREAS:

- A. The *Community Charter S.B.C. 2003, Chapter 26* authorizes the City to enter into a partnering agreement with a person pursuant to which the person agrees to undertake or provide services, including an activity, work or facility, on behalf of the City;
- B. The City wishes to partner with PEHS who is proposing to construct and operate a building consisting of Affordable Rental Units and Supportive Rental Units at 2007 to 2075 – 151A Street and 15077 to 15147 – 20 Avenue, Surrey, BC, on the Lands for Development as shown on Schedule "A" and legally described as:

PID: 003-334-562

Legal: Lot 20 Except: Part Subdivided by Plan 65109, Section 15 Township 1 New
Westminster District Plan 63490

(the "Lands")

NOW THEREFORE in consideration of \$10.00 paid by each of the party to the other and other good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

1. In this Partnering Agreement,

- (a) **"Affordable Rental Units"** means the Dwelling Units within the Development that are to be used and occupied in accordance with the Housing Agreement;
- (b) **"Approving Officer"** means any approving officer appointed to approve subdivision plans for the City of Surrey;
- (c) **"City Lot"** means those lands and premises legally described as:
Municipal Address: 15153 – 20 Avenue
Parcel Identifier: 003-527-646
Legal Description: Lot 21 Section 15 Township 1 New Westminster District Plan 65109
- (d) **"Development"** means the development of a residential building containing a total of up to 91 Dwelling Units and associated servicing and landscaping which is to be constructed on the Development Lands in accordance with Development Permit No. 7919-0306-00;
- (e) **"Development Lands"** means the portion of the Lands as shown shaded in blue on Schedule "A" comprising approximately 4,815 square metres.
- (f) **"Dwelling Unit"** means one or more habitable rooms which constitute one self-contained unit used or intended to be used for living and sleeping purposes for which is provided cooking equipment or the facilities for the installation of cooking equipment and one or more bathrooms with a water closet, wash basin and shower or bath;
- (g) **"Heritage Bylaw"** means the Surrey Semiahmoo Trail Heritage Designation By-law, 2004, No. 15280, as amended,
- (h) **"Heritage Bylaw Amendment"** means a bylaw to amend the Heritage Bylaw, to remove the heritage designation on the City Lot, and to designate a new alignment within the road to be dedicated from the Lands along 151A Street as heritage, substantially in the form attached as Schedule "B" and forms part of this Agreement;
- (i) **"Housing Agreement"** means the Housing Agreement to be entered into between PEHS and the City, which is attached as Schedule "C" and forms part of this Agreement;
- (j) **"Housing Agreement Bylaw"** means a bylaw to authorize the City to enter into the Housing Agreement;
- (k) **"Lands"** means the same as Recital B;
- (l) **"Partnering Agreement"** means this agreement and all Schedules;
- (m) **Land Exchange Agreement"** means the Land Exchange Agreement to be entered into between PEHS and the City, substantially in the form attached as Schedule "D" and forms part of this Agreement;

- (n) **“Subdivision Plan”** means a subdivision plan prepared by a British Columbia Land Surveyor to consolidate the Lands with the City Lot and dedicate as “road” a new trail along 151A Street from the Lands;
 - (o) **“Supportive Rental Units”** mean the Dwelling Units within the Development that are to be used and occupied in accordance with the Housing Agreement; and
 - (p) **“Term”** means thirty (30) years from the effective date of the Partnering Agreement.
2. Notwithstanding that the City requested the realignment of the Semiahmoo Heritage Trail in order to provide an improved alignment, the parties acknowledge there may or may not be assistance with the transactions contemplated in this Partnering Agreement, including the transfer of the existing City Lot trail to PEHS in accordance with the Land Exchange Agreement and waiving the cash-in-lieu contribution for the shortfall in the indoor amenity space requirement. Assistance has the same meaning as in the Community Charter, S.B.C. 2003, c.26, as amended. Any assistance provided is in consideration of PEHS agreeing to realign and construct the Semiahmoo Heritage Trail and provide Affordable Rental Units and Supportive Rental Units in accordance with the Housing Agreement.
 3. This Partnering Agreement is subject to approval by the City of Surrey Council and or the City of Surrey Administration, or its authorized delegates, as required, which approval shall be evidenced by the endorsement of this Partnering Agreement with the signatures of the City’s authorized delegates. This Partnering Agreement is further subject to the City Administration satisfying the public notification requirements for the Partnering Agreement pursuant to the notice provisions of the *Community Charter S.B.C., 2003, Chapter 26*, which public notification compliance shall be evidenced by the endorsement of this Partnering Agreement with the signatures of the City’s authorized delegates.
 4. This Partnering Agreement only applies to the Development, located within the Development Lands as shown on Schedule “A”, and not to the existing buildings on the remaining Lands.
 5. The obligations and duties of the parties as contemplated in this Partnering Agreement are subject to the following conditions precedent:
 - (a) on or before April 30, 2021, the Council of the City of Surrey, representing the City in its capacity as a municipality, in its sole and absolute discretion, approves this Partnering Agreement;
 - (b) on or before April 30, 2021, the City satisfies its obligations under Sections 24 and 94 of the *Community Charter*, regarding the publication of intension to provide certain kinds of assistance;
 - (c) on or before April 30, 2021, the City Council, in its sole and absolute discretion, approves the Land Exchange Agreement;

- (d) on or before the expiration of twelve (12) months following the issuance of Preliminary Layout Approval for the Development, the City Council in its sole and absolute discretion adopts the Heritage Bylaw Amendment;
- (e) on or before the expiration of twelve (12) months following the issuance of Preliminary Layout Approval for the Development, the City Council in its sole and absolute discretion adopts the Housing Agreement Bylaw; and
- (f) on or before expiration of twelve (12) months following the issuance of Preliminary Layout Approval for the Development, the Approving Officer approves the Subdivision Plan.

The foregoing conditions are the sole benefit of the City and may be waived by written notice by the City prior to the dates for the conditions precedent. If the foregoing conditions precedent are not satisfied or waived, this Partnering Agreement shall be null and void and neither party shall have any further obligation to the other hereunder.

- 6. PEHS will execute the Land Exchange Agreement for the transfer of the City Lot to PEHS in return for the road dedication from the Lands of the new trail alignment along 151 A Street to the City before Introduction to Council of the Heritage Bylaw Amendment and the Housing Agreement Bylaw.
- 7. PEHS will execute the Housing Agreement before Introduction to Council of the Housing Agreement Bylaw.
- 8. The parties will pursue with due diligence to obtain Council approval of the Land Exchange Agreement, Final Adoption of the Heritage Bylaw Amendment, Final Adoption of the Housing Agreement Bylaw, approval of the Subdivision Plan and all other required approvals and permits associated with the Development, and shall perform such further acts and execute such further documents as may reasonably be required to obtain all such bylaw adoptions, approvals and permits.
- 9. Nothing in this Partnering Agreement is intended to fetter the discretion of the Council of the City of Surrey to approve or not approve the Land Exchange Agreement, adopt or not adopt the Heritage Bylaw Amendment and the Housing Agreement Bylaw, or the discretion of the Approving Officer to approve or not approve the Subdivision Plan.
- 10. PEHS agrees to pay all costs and assume full responsibility for:
 - (a) construction of the Development according to City standards and in a manner that complies with the City's development approval and building permitting procedures and requirements including site improvements, parking, and landscaping;
 - (b) construction, installation, and servicing of all services and utilities reasonably required for the development and/or operation of the Development;
 - (c) the operation and maintenance of the Development in a good and workman-like manner throughout the Term;
 - (d) provision of Affordable Rental Units and Supportive Rental Units in accordance with the

Housing Agreement; and

- (e) the realignment and construction of a portion of the Semiahmoo Heritage Trail from the City Lot to the west side of the Lands along 151A Street, as specified by the City, in accordance with the Heritage Bylaw Amendment, Development Permit, and Heritage Alteration Permit.
- 11. PEHS covenants and agrees to adhere to the Housing Agreement Bylaw, Heritage Bylaw Amendment, Development Permit, and Heritage Alteration Permit.
- 12. No part of this Partnership Agreement alters PEHS's ownership of the Lands or its ownership of the improvements thereon.
- 13. The City and PEHS are not joint venturers or the agent of the other.
- 14. This Partnering Agreement is effective upon execution by both parties and may not be terminated except by written consent of both parties.

AS EVIDENCE of their agreement to be bound by the terms of the Partnering Agreement, the parties have executed this Partnering Agreement as follows:

CITY OF SURREY

By its authorized signatories:

Doug McCallum
Mayor

Jennifer Ficocelli
City Clerk

AW/rr

[https://surreybc.sharepoint.com/sites/eng.rs.administration/wp centre/2021/agreements/partnering agreements/02091128-aw.docx](https://surreybc.sharepoint.com/sites/eng.rs.administration/wp%20centre/2021/agreements/partnering%20agreements/02091128-aw.docx)
RR 2/11/21 9:44 AM

PENINSULA ESTATES HOUSING SOCIETY

By its authorized signatories:

Name:
Title:

Name:
Title:

- Attachments:
- Schedule "A" – Site Plan
 - Schedule "B" – Heritage Bylaw Amendment
 - Schedule "C" – Housing Agreement Bylaw
 - Schedule "D" – Land Exchange Agreement

SCHEDULE "A"



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EXCEPT WHERE SHOWN OTHERWISE, ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED. THE INFORMATION ON THIS PLAN IS THE PROPERTY OF INTEGRATION ARCHITECTURE INC. AND SHALL BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED.



ARCHITECT SCALE

ARCHITECT SCALE

1:100

UNIT: 1:100

1:100

485 Units - Harmony

5130 20th Avenue
SURREY, BC

1:100

**Simple Site
Plan**

19485

PROJECT

1:300

PROJECT

2021-02-05

DATE

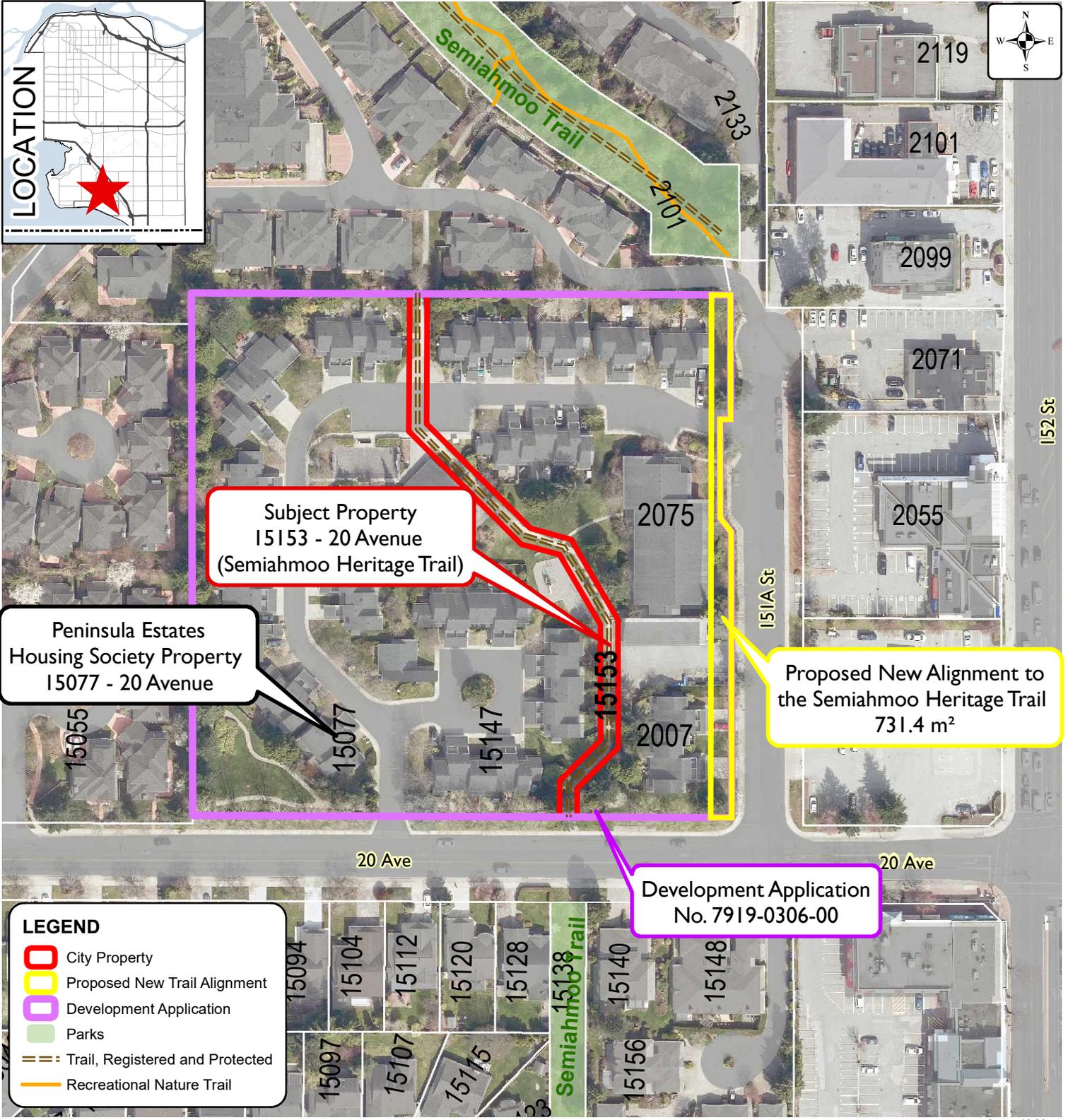
DP Resubmission

DATE

PROJECT

A-1.250

AERIAL PHOTOGRAPH OF SITE APPENDIX "II"



LEGEND

- City Property
- Proposed New Trail Alignment
- Development Application
- Parks
- Trail, Registered and Protected
- Recreational Nature Trail

Produced by GIS Section: 24-Feb-2021, JJR

Date of Aerial Photograph: April 2020

Scale: 1:1,500 0 10 M



SUBJECT CITY PROPERTY
15153 - 20 Avenue
(Semiahmoo Heritage Trail)

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.