



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** August 18, 2015
From: Cathryn Volkering Carlile **File:** 08-4057-01/2015-Vol
 General Manager, Community Services 01
Re: **Kiwanis Towers – Third Disbursement from the Affordable Housing Reserve Fund to 7378 Gollner Avenue**

Staff Recommendation

1. That, subject to Part 2 below, \$3,961,556 be paid to Richmond Kiwanis Senior Citizens Housing Society (the “Society”) towards construction costs associated with 296 subsidized senior housing units at 7378 Gollner Avenue (formerly 6251 Minoru Boulevard) to be used by the Society.
2. That, pursuant to the Contribution Agreement, dated November 9, 2012 and amended March 24, 2015, between the City and the Society, no payment be made by the City until:
 - a. substantial completion of all 148 Seniors Housing Units in the second tower as determined by a quantity surveyor retained by and reporting to BC Housing; and
 - b. the City grants a final building inspection permitting occupancy of all 148 units.
3. That the Chief Administrative Officer and the General Manager of Community Services be authorized to disburse the amount as stated in Part 1 above.
4. That the Five-Year Financial Plan (2015-2019) Bylaw be amended to include an additional \$3,961,556 (from the Affordable Housing Reserve Fund) for the City’s contribution.

Cathryn Volkering Carlile
 General Manager, Community Services
 Att.1

REPORT CONCURRENCE		
ROUTED TO: Finance Department Law Development Applications	CONCURRENCE <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO (DEPUTY)

Staff Report

Origin

The purpose of this report is to recommend that Council approve a payment of \$3,961,556 to Richmond Kiwanis Senior Citizens Housing Society (“Society”) towards construction costs associated with 296 seniors’ subsidized rental housing units to be owned by the Society at 7378 Gollner Avenue (formerly 6251 Minoru Boulevard) (“Kiwanis Towers”).

Kiwanis Towers represents an innovative multi-stakeholder funding approach to leverage non-profit, private and public sector resources and expertise with senior government financing and technical support to achieve subsidized rental housing with tenant amenity spaces to meet the needs of Richmond’s low income seniors.

The project originated when Kiwanis proposed the replacement of an aging seniors housing complex on its nearly 5 acre site with two concrete towers, financed partially through the selling of a portion of the site to Polygon. Polygon has contracted with Kiwanis to build the seniors units as well as three market condominium towers on its parcel. City capital contributions are being provided to the project from the capital Affordable Housing Reserve Fund utilizing funds generated through developer contributions from other Polygon sites. BC Housing is providing low-interest construction financing and facilitating the take-out mortgage.

This report supports Council’s 2014-2018 Term Goal #2 A Vibrant, Active and Connected City:

Continue the development and implementation of an excellent and accessible system of programs, services, and public spaces that reflect Richmond’s demographics, rich heritage, diverse needs, and unique opportunities, and that facilitate active, caring, and connected communities.

This report also supports Council’s 2014-2018 Term Goal #3 A Well-Planned Community:

Adhere to effective planning and growth management practices to maintain and enhance the livability, sustainability and desirability of our City and its neighbourhoods, and to ensure the results match the intentions of our policies and bylaws.

This report is also consistent with the Richmond Affordable Housing Strategy, adopted on May 28, 2007, which specifies the creation of subsidized rental units as a key housing priority for the City.

Background

Affordable Housing Special Development Circumstance Provisions

On April 10, 2012, Council endorsed amendments (subsequently adopted) to the Affordable Housing Statutory Reserve Fund Policy 5008, Zoning Bylaw 8500 and Affordable Housing Operating Reserve Fund Establishment Bylaw No. 8206.

The amendments provide Council with authority to direct:

1. Different proportions of contributions to the two capital and operating Affordable Housing Reserve Funds, from time to time, to support affordable housing special development circumstances (“AHSDCs”); and
2. Capital financial support for specific affordable housing developments for affordable housing project eligible costs that include:
 - a. Municipal fiscal relief (i.e., development cost charges, costs related to the construction of infrastructure required to service the land, and development application and permit fees); and
 - b. The construction of infrastructure required to service the land on which the affordable housing is being constructed; and
 - c. Other costs normally associated with construction of the affordable housing units (e.g. design costs, soft costs).

At the discretion of Council, 100% of contributions can be allocated to projects that meet the AHSDC requirements set out in Policy 5008.

Kiwanis Towers Financial Contributions

On June 25, 2012 Council approved recommendations in a staff report, dated May 30, 2012, from the General Manager of Community Services titled “Project Specific Financial and Policy Considerations for the Proposed Kiwanis Towers Affordable Housing Development at 6251 Minoru Boulevard.” These recommendations included provision of financial support toward the development of seniors housing units up to a maximum of \$20,837,610 for the costs of construction, and up to a maximum of \$3,305,468 for development cost charges, permit fees, and service cost charges. The entirety of these latter costs and part of the construction costs are to be funded with capital Affordable Housing Reserve Funds; the balance of construction costs are to be funded through new Affordable Housing Value Transfers to be received from several contributor sites owned by Polygon (Attachment 1).

A rezoning application (RZ 11-591685) was adopted and a development permit (DP 12-609958) was issued for Kiwanis Towers on March 11, 2013.

The rezoning considerations divided the City’s contributions towards Kiwanis Towers into:

- Four payments toward construction costs;
- Payments for development cost charges and permit fees; and
- One payment for service cost charges.

The project’s contribution schedule, as well as the Council-approved pre-conditions for the contributions set out in the rezoning considerations, was included in a subsequently executed Contribution Agreement, dated November 9, 2012 and amended March 24, 2015, between the

City and the Society (“Contribution Agreement”). The Contribution Agreement provides that, subject to Council’s approval, the second payment for construction costs are due upon:

- a. substantial completion, as determined by a quantity surveyor retained by and reporting to BC Housing, of the first tower containing 148 Seniors Housing Units; and
- b. the City granting a final building inspection permitting occupancy of all 148 Seniors Housing Units within the first tower.

On September 4, 2013, the Kiwanis Towers project received its building permit. The issuance of this permit was the first funding milestone in the Contribution Agreement, which triggered the release of the first disbursement of the City’s financial contributions of \$9,166,870 towards construction costs and \$2,603,630 to cover development cost charges and permit fees. The remainder of the budgeted amount to cover development cost charges and permit fees will be allocated towards covering service costs and any additional development cost charges in a future disbursement.

On February 13, 2015, the Kiwanis Towers project received its final building permit issuing occupancy for the first tower. The issuance of this permit was the second funding milestone in the Contribution Agreement, which triggered the release of the second disbursement of the City’s financial contributions of \$5,848,406 towards construction costs.

The Kiwanis Towers project is anticipated to receive its final building permit issuing occupancy for the second tower in early September 2015. The issuance of this permit is the third funding milestone in the Contribution Agreement, which triggers the release of the third disbursement of the City’s financial contributions of \$3,961,556 towards construction costs.

Analysis

Payment Toward Costs of Construction (\$3,961,556)

On June 25, 2012, Council approved a maximum of \$20,837,610 towards the costs of constructing Kiwanis Towers, and approved the allocation of \$2,147,204 towards construction costs from existing capital Affordable Housing Reserve Funds. The remaining funding is to be provided through Affordable Housing Value Transfers from several Polygon contributor sites, which are being made in phases from 2012 to 2017 subject to Council’s approval of the rezoning of those contributor sites.

The Contribution Agreement between the City and the Society provides that the City’s third payment of \$3,961,556 towards the cost of constructing the Kiwanis Towers be contributed upon:

- a. the substantial completion of the second tower, as determined by a third-party independent Quantity Survey retained by and reporting to BC Housing; and
- b. the City granting final building inspection permitting occupancy of all 148 units.

The following tables reflect the targeted and actual disbursed amounts disbursed to Kiwanis and the remaining balance to be distributed in Disbursement 4.

Figure 1: Disbursement 1 (May 2, 2014) – Towards Construction Costs

Source	Description	Disbursement #1 Total	Remaining Disbursement Balance
Capital Affordable Housing Reserve Fund	Previously approved AH Capital Projects from Cash-in-Lieu projects	\$2,147,204	
Capital Affordable Housing Reserve Fund	Developer Contributions from Polygon Sites (AHVTs)	\$7,019,666	
	Totals	\$9,166,870	\$11,670,740

*\$1,745,803 from the Polygon Mueller project didn't advance in time for the first disbursement and is included in the second disbursement request.

Figure 2: Disbursement 2 (June 2, 2015) – Towards Construction Costs

Source	Description	Disbursement #2 Total	Remaining Disbursement Balance
Capital Affordable Housing Reserve Fund (Developer Contributions from Polygon Sites (AHVTs))	Carrera	\$1,355,344	
	Alexandra Road West	\$719,362	
	Mueller (Avanti)	\$1,886,850	
	Total	\$3,961,556	
Capital Affordable Housing Reserve Fund	Developer Contribution from Mueller site (AHVT) – carried from Project Disbursement #1	\$1,886,850	
	Totals	\$5,848,406	\$5,822,334

Figure 3: Request for Third Disbursement (Target – Fall 2015) – Towards Construction Costs

Source	Description	Disbursement #3 Total (Subject to Council Approval)	Remaining Disbursement Balance
Capital Affordable Housing Reserve Fund (Developer Contributions from Polygon Sites (AHVTs))	Carrera	\$1,355,344	
	Alexandra Road West	\$719,362	
	Mueller (Avanti)	\$1,886,850	
	Total	\$3,961,556	
	Totals	\$3,961,556	\$1,860,778

Staff recommend that Council approve the third scheduled payment of \$3,961,556 towards the construction costs of Kiwanis Towers.

The fourth and final scheduled payment (anticipated to be \$1,860,778) towards construction costs of Kiwanis Towers will be due, subject to Council's approval, when a quantity surveyor retained by and reporting to BC Housing certifies that the seniors housing units are complete in their entirety and all deficiencies are corrected, provided that Kiwanis is in compliance with the terms of the Contribution Agreement, Housing Agreement and Housing Covenant, and other agreements between Kiwanis and the City relating to Kiwanis Towers.

Financial Impact

The payment being recommended at this time is \$3,961,556 received by the City as AHVT contributions.

An amendment to the Five-Year Financial Plan (2015-2019) Bylaw is required for the third disbursement (\$3,916,556) to be funded by the Affordable Housing Reserve Fund.

Conclusion

Kiwanis Towers exemplifies an innovative multi-stakeholder approach to combine non-profit, private, and public sector funding and expertise with senior government financing and technical support to achieve subsidized rental housing to meet the needs of Richmond's low income seniors.

In receiving its final building permit issuing occupancy, Kiwanis Towers has reached a milestone triggering the third of the City's financial contributions.



Joyce Rautenberg
Affordable Housing Planner
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Att. 1: Kiwanis Project Total Contribution Schedule

Kiwanis Project Total Contribution Schedule

Source	Affordable Housing Contribution Amount
Affordable Housing Capital Reserve Fund	\$2,147,204
Polygon Contributor Sites	
Mayfair Place (RZ 10-537689) 9399 Odlin Rd	\$2,223,360
Cambridge Park (RZ 08-408104) 9500 Odlin Rd	\$2,721,600
Carrera (RZ 11-591685) 6251 Minoru Blvd	\$4,066,032
Alexandra Road West (RZ 12-598503) 9311,9331,9393,9431,9451,9471 Alexandra Rd	\$2,871,264
Mueller (Avanti) (RZ 11-591985) 8331,8351,8371 Cambie Rd and 3651 Sexsmith Rd	\$5,237,409
Alexandra Road East (RZ 12-598506) 9491,9511,9531,9591 Alexandra Rd	\$892,634 *
Jayden Mews (RZ 13-649641) 9700 and 9740 Alexandra Rd	\$678,107
TOTAL	\$20,837,610

*Amount was decreased from the original contribution agreement amount of \$1,570,741 in lieu of Jayden Mews contribution and securing built units on site. This contribution is subject to Council, in its discretion, approving the proposed rezoning of these properties.