



City of Richmond

Report to Committee

To: General Purposes **Date:** September 29, 2020
From: Kim Somerville **File:** 07-3000-01/2020-Vol 01
 Director, Community Social Development
Re: **Non-Profit Social Service Agency Space Needs - Policy Options**

Staff Recommendations

1. That Council Policy 5051 "Non-Profit Organization Replacement and Accommodation Policy", as outlined in the staff report titled, "Non-Profit Social Service Agency Space Needs – Policy Options" dated September 29, 2020 from the Director, Community Social Development be adopted;
2. That density bonus provisions in the Zoning Bylaw for Community Amenity Space be used to secure non-profit organization space;
3. That OCP Policy be reviewed and economic analysis of further policy options to increase the supply of non-profit space be conducted; and
4. That, following the proposed economic analysis, staff bring forward a policy framework, staff review process and criteria for securing community amenity options through the rezoning process for new developments for Council consideration.

Kim Somerville
 Director, Community Social Development
 (604-247-4671)

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Finance Department	<input checked="" type="checkbox"/>	
Real Estate Services	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Policy Planning	<input checked="" type="checkbox"/>	
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	
Recreation Services	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

On October 15, 2019, City Council considered the staff report titled “Non-Profit Social Service Agency Current and Future Space Needs” and resolved:

That the City and key stakeholders seek immediate opportunities to prevent the loss of at-risk, high priority social service agencies in Richmond as described in the staff report titled “Non-Profit Social Service Agency Current and Future Space Needs”, dated September 20, 2019 from the Director, Community Social Development; and

That options to increase the supply of affordable non-profit social service agency space in the City Centre and other appropriate locations be identified.

The above-noted staff report presented the results of a survey of non-profit social service agencies, conducted to gain a better understanding of agency-specific space needs. This report responds to the above staff referral, resulting from discussion of both immediate and long-term agency-specific space needs.

This report supports Council’s Strategic Plan 2018-2022 Strategy #4 An Active and Thriving Richmond:

An active and thriving community characterized by diverse social and wellness programs, services and spaces that foster health and well-being for all.

4.1 Robust, affordable, and accessible sport, recreation, wellness and social programs for people of all ages and abilities.

4.2 Ensure infrastructure meets changing community needs, current trends and best practices.

This report supports Council’s Strategic Plan 2018-2022 Strategy #6 Strategic and Well-Planned Growth:

Leadership in effective and sustainable growth that supports Richmond's physical and social needs.

6.6 Growth includes supports and/or services for Richmond's vulnerable populations, including youth, seniors, individuals with health concerns, and residents experiencing homelessness.

This report also supports the advancement of the following Council-adopted Social Development Strategy Actions:

Action 29 – Prepare an enhanced policy framework for securing community amenities (e.g. space for City services, space for lease to community agencies) through the rezoning process for new developments.

29.1 Developing an administrative structure (e.g. senior staff review team) and criteria for assessing community amenity options for recommendations to Council on specific rezoning applications.

Findings of Fact

In the October 15, 2019 City Council referral regarding the current and future space needs of non-profit social service agencies (hereafter referred to as NPOs or agencies), staff were requested to (1) seek immediate opportunities to address the loss of at-risk, high priority NPO space, and (2) to identify options to increase the supply of affordable non-profit social service agency space in the City Centre and other appropriate locations.

Staff are proposing a two-phased approach to addressing this referral. The first phase, addressed in this report, proposes the adoption of a Replacement and Accommodation Policy to meet immediate NPO space replacement needs as well as the use of existing policy tools to secure additional NPO space.

The second phase proposed would consist of exploring new or increased density bonus policies to support NPO space needs and related factors. However, economic analysis is required to ensure that further proposals are viable and effective, which staff propose to initiate in Q2 of 2021. Based on the results of the economic analysis and stakeholder consultation, staff would then propose a policy framework, staff review process and criteria for securing community amenity options through the rezoning process for new developments, as outlined in Social Development Strategy Actions 29 and 29.1.

In addition to economic analysis based on land use and development factors, the long-term impacts of COVID-19 on NPO space needs must also be considered prior to further policy changes. While space needs may decrease if agency staff continue working remotely, space needs may also increase due to greater demand stemming from COVID-19 impacts (e.g. income loss, increased mental health challenges). Space needs may also increase due to the need for physical distancing when in-person services are provided. However, other trends resulting from the pandemic (e.g. businesses closures, working remotely) may increase space availability and affordability.

The Social Purpose Real Estate Collaborative (SPREC), of which the City is a member, is a roundtable of social purpose funders and investors, including several municipalities around the province. SPREC is conducting a survey of social purpose real estate needs in the 4th Quarter of 2020. This survey includes questions pertaining to the impact of COVID-19 on both NPO space needs and availability. Results will be reported to Council in the 2nd Quarter of 2021 and will be incorporated into the proposed economic analysis.

An overview of how the City currently supports NPO space needs is provided below, followed by an outline of Richmond NPO space needs surveys recently presented to City Council. A brief space needs update is also provided.

Current City Supports for Social Service Agency Space

The City has provided a range of supports for non-profit social service agency space needs over the years as opportunities have become available. City-owned premises have been leased (e.g. Richmond Family Place, Richmond Centre for Disability, Turning Point Recovery Society), City land has been provided (e.g. Richmond Caring Place, Nova Transition House) and meeting space has been made available. Permissive tax exemptions have also been approved by Council on a case-by-case basis for organizations occupying City premises (e.g. Richmond Society for Community Living, Girl Guides of Canada and Developmental Disabilities Association).

City policies have also supported the development of affordable housing and child care centres operated by non-profit societies in Richmond, including Storeys, Kiwanis Towers, The Salvation Army Emergency Shelter and two Early Childhood Development hubs. While primarily providing affordable supportive housing, the Storeys development also houses Pathways Clubhouse, Richmond Addiction Services and the United Chinese Community Enrichment Services Society (SUCCESS) settlement and employment programs. In addition to child care programs that will be offered, the Capstan Village Early Childhood Development Hub may include sublease opportunities for agencies providing child and family strengthening services, and the Brighthouse Village Early Childhood Development Hub may have program space available for occasional community use.

Staff continue to seek opportunities to help accommodate non-profit agencies in City-owned properties. However, as these are often strategic land holdings designated for future parks, roadways or other City uses, usually long-term occupancy is not an option. These premises may be unsuitable for other reasons as well (e.g. inaccessible by those with mobility challenges). Staff continue to keep the Richmond Community Services Advisory Committee (RCSAC) informed about suitable City-owned space opportunities that may arise, as has been done to date with other City properties available for lease.

Non-Profit Space Needs Surveys

The RCSAC has completed a two-phase review of NPO space needs. The first phase, consisting of a report to demonstrate the need for and anticipated benefits of a proposed NPO Space Needs Survey, was funded by a 2017 seed grant from the Richmond Community Foundation (RCF). A subsequent RCF grant of \$10,000 was awarded to support the survey development and analysis ("Phase Two"), which the City supplemented with a 2018 Council Community Initiatives One-Time Expenditures grant of \$13,000 to complete the project. The City provided further support by hosting the survey on Let's Talk Richmond.

The RCSAC Phase Two report, the "Richmond Non-Profit Social Purpose Space Needs Review", was considered at the May 22, 2019 Planning Committee meeting. This report provided comprehensive information about the overall need for space by the non-profit social service sector in Richmond. Agencies emphasized that the primary need is for dedicated, long-term agency space that is not met by off-site programming opportunities.

As a result of the Planning Committee discussion, the need for agency-specific information was identified to better understand NPO space needs. Staff were requested to work with the RCSAC

to provide information about members' current and future space needs and report back. As City policies and strategies to support child care and affordable housing are already in place, these uses were not surveyed and are not addressed in this report.

At the October 8, 2019 Planning Committee meeting, the agency-specific information was considered. Survey results indicated that, due to the lack of affordable, appropriate space for rent or lease, (1) three agencies lacked premises for programs, even though two programs had secured funding; (2) seven agencies had insecure tenure as they were renting on a monthly basis or had a temporary lease only; and (3) thirteen agencies indicated needing larger premises to incorporate new programs and to meet the demands of a growing population. Respondents indicated that a total of approximately 55,000 square feet of usable space is needed in the next five years, with an additional 45,000 needed within 10 to 15 years.

On October 15, 2019, City Council considered the report and requested that (1) the City and stakeholders seek immediate opportunities to prevent the loss of at-risk, high priority social service agencies space and (2) options to increase the supply of non-profit social service agency space be identified.

Space Needs Update

Since the agency-specific space needs data was collected in the 2nd Quarter of 2019, some progress in securing NPO space has been made:

- Two agencies (Community Mental Wellness Association of Canada seeking 1,500 square feet and Richmond Society for Community Living Quantum Program seeking 3,082 square feet) were facing displacement due to the proposed redevelopment (RZ 18-807640) of the property where they were located. Through the rezoning process, at City Council's discretion, the applicant worked with these agencies to provide relocation assistance. The rezoning application includes the requirement for the developer to provide affordable replacement space at a 1:1 ratio as part of the proposed redevelopment. The agencies that were located on the site will be provided with first right of refusal to occupy this space. In the event that these agencies do not wish to occupy the replacement space, the space may only be rented to a NPO acceptable to the City;
- Vancouver Coastal Health has been assisting Richmond Addiction Services Society (RASS) to secure a location for the Foundry Youth Services Centre and is reporting progress; once confirmed, this would address the need for 8,500 – 12,000 square feet; and
- Staff are in preliminary discussions regarding possible NPO amenity space through redevelopment.

Staff will continue to advise Council regarding the progress of these opportunities to secure NPO space.

Analysis

The following analysis responds to the October 15, 2019 Council referral requesting that immediate opportunities to prevent the loss of NPO space be sought and options to increase the supply be identified. The analysis is divided into four sections: (1) Immediate Opportunities to

Prevent the Loss of NPO Space, (2) Existing Policy Options to Increase Supply, (3) Further Policy Options Requiring Economic Analysis, and (4) Development of a Policy Framework. A table outlining proposed actions to address the above referrals is included in Attachment 1.

1. Immediate Opportunities to Prevent the Loss of NPO Space

In response to the first part of the October 15, 2019 referral, *“that the City and key stakeholders seek immediate opportunities to prevent the loss of at-risk, high priority social service agencies in Richmond”*, staff surveyed City, Richmond School District and faith premises for available space for rent or lease for dedicated NPO use. No opportunities emerged from this survey, either now or in the foreseeable future. However, staff will repeat the survey intermittently to monitor space availability in the community.

Also, in response to Council’s direction to seek immediate opportunities, staff negotiated replacement space for two NPOs displaced by the proposed RZ 18-807640 development on Minoru Boulevard. To ensure that such opportunities continue to be pursued, staff propose that a Replacement and Accommodation Policy be adopted to ensure that at-risk NPO space will be secured. Such a policy would be specific to OCP amendment or rezoning applications for redevelopment sites with existing NPOs that would be displaced should the property be redeveloped. Further rationale regarding this policy is provided below.

1.1 Replacement and Accommodation Policy

The need for a replacement and accommodation strategy for NPOs at risk of displacement due to redevelopment is apparent in the results of NPO space needs assessments. Results of the agency-specific space needs survey presented to Council on October 15, 2019, indicated that, in addition to the two agencies that a developer is proposing to accommodate on Minoru Boulevard (RZ 18-807640), four other City Centre agencies remain at risk of displacement due to redevelopment. Together, they reported needing from approximately 20,000 square feet of usable space in the next five years to as much as 40,000 square feet in the next 15 years.

To mitigate the impact of redevelopment on Richmond agencies, staff recommend that a NPO Replacement and Accommodation Policy (Attachment 2) be adopted. The proposed policy reflects the approach taken with RZ 18-807640, whereby the resident NPOs would be provided with replacement space at 50% of market rent, assistance with securing a temporary location and related moving costs, and the right of first refusal to return as a tenant in the new development. The agreement would secure the space for non-profit use at 50% of market rent in perpetuity, with the developer retaining ownership of the units.

In addition, due to the significant NPO costs incurred by displacement, this policy proposes three months free rent for NPO tenants that have been at that location for longer than one year. This requirement reflects a similar clause in the City’s Market Rental Housing Policy, whereby relocation assistance plus three months of free rent, for tenants who have resided in the applicable rental units for longer than one year, is provided in redevelopments of existing market rental housing.

The proposed policy would be applicable to NPOs providing services to primarily Richmond residents at that location. To ensure that uses can be easily accommodated within new developments, eligible uses are limited to those compatible with office-type settings, including multi-purpose rooms for group activities.

In addition to social services, the policy would apply to other non-profit sectors (e.g. arts, recreation) that provide services within this type of setting. As City policies and strategies to support child care and affordable housing already exist, these uses would not be addressed by this policy. Community Social Development and the Community Services Division will advise Planning and Development as to which eligible organizations are at risk of displacement based on information provided through space needs surveys and community contacts.

The following table provides some factors to consider regarding this option.

Table 1

Option	Considerations	Next Steps	Time Frame	Financial Implications
<p>Adopt a Council Replacement and Accommodation Policy for NPO tenants at risk of losing space, at sites undergoing OCP amendment or rezoning, requiring developers to offer:</p> <ul style="list-style-type: none"> • 1:1 minimum replacement space in the form of developer-owned community amenity space to be secured for NPO use in perpetuity; • Permanent replacement space secured at 50% of market rates in perpetuity; • Assistance with securing a temporary location with rates affordable to the agency and related moving costs to and from the temporary space; • Three months free rent for tenants who have been at that location for longer than one year; and • Right of first refusal to occupy the permanent space. 	<p>Pros: Ensures NPO replacement space; Ensures long-term availability and affordability; Provides predictability for developers; Provides direction for staff.</p> <p>Cons: Costs, including long-term rent relief, may be disincentive to development; NPOs may be evicted prior to rezoning being pursued.</p>	<p>Adopt Policy (Att. 2)</p>	<p>2020</p>	<p>None, as space would be developer owned and managed.</p>

The proposed policy presents measures required to address agency displacement. Most terms have already been accepted by one developer, in the RZ 18-807640 example provided. Staff recommend that moving costs, as well as three months free rent for long-term tenants also be included in future negotiations as significant NPO costs are incurred by redevelopment.

2. Existing Policy Options to Increase Supply

In response to the second referral, *“that options to increase the supply of affordable non-profit social service agency space in the City Centre and other appropriate locations be identified”*, existing density bonus policies in the City Centre Area Plan (CCAP) and Zoning Bylaw may be used to secure NPO space. These opportunities are described below.

2.1 CCAP Density Bonus Policies

As proposed in the Social Development Strategy, built space or cash-in-lieu secured through private rezoning as an amenity contribution is one possible avenue through which the City might secure space for use by NPOs. For example, the CCAP embodies a “development-led approach” whereby development pays for amenities needed to support the growing population. To achieve this, the CCAP Village Centre Bonus (VCB) allows for the negotiation of community amenities, as determined by the City, in each of the six transit-oriented urban Village Centres in exchange for increased density or as part of the development approval process. The VCB enables developers within specifically identified areas to achieve an additional 1.0 non-residential FAR provided that:

- a) 5% of this area is provided to the City in the form of a turnkey civic facility (community centre, ECD, childcare); or
- b) the developer provides an equivalent cash-in-lieu payment should the City not wish to pursue physical space in the development. Cash-in-lieu contributions are intended to fund future civic facilities.

Although intended for civic facilities (e.g., community centres, libraries) identified by the Community Services Department, existing CCAP density bonus strategies allow NPO space to be an identified use. However, the primary intention of these strategies is to ensure that the increased demand for civic facilities created by population growth is paid for through development. If another use such as NPO space was introduced, less space and funding would be available for civic facilities. This would result in underserved high density areas, while overburdening existing facilities in neighbouring communities or alternatively, increased capital requests to support the development of required civic facilities. Therefore, to ensure that civic facilities are prioritized, this approach is not recommended for NPO space.

2.2 Zoning Bylaw Density Bonus Policies

In addition to the CCAP, the City’s Zoning Bylaw provides opportunities for the negotiation of NPO space. Developments in certain commercial zones may receive a modest density bonus for the provision of “Community Amenity Space”, meaning “space provided for the active or passive recreation, cultural and social enjoyment of the community at large”. This density bonus, not intended for civic facilities, can be used for the provision of NPO space. However, minimal additional density is offered to incentivise the provision of this space.

The following table provides some factors to consider regarding this option.

Table 2

Option	Considerations	Next Steps	Time Frame	Financial Implications
<p>Use existing Zoning Bylaw provisions to secure City-owned space for lease to NPOs.</p>	<p>Pros: Policy change not required; Ensures affordability for NPO; City retains asset; Does not impact contributions to civic facilities.</p> <p>Cons: May not result in significant contributions for NPO space.</p>	<p>Secure NPO space using this approach.</p>	<p>Immediate</p>	<p>City may lose revenue if tax exemption approved.</p>

While opportunities to implement Zoning Bylaw provisions are being explored, there has been no explicit policy direction for staff to use these tools to secure NPO space to date. Therefore, it is recommended that staff seek opportunities to implement these provisions to secure NPO space. Prior to the development of a Policy Framework for securing community amenity space (see #4 below), Community Social Development staff will oversee a Request for Proposals process to identify suitable NPO tenants.

3. Further Policy Options Requiring Economic Analysis

To assist NPOs to secure needed space, a number of City policy options merit exploration but require economic analysis and further consultation with internal City departments to clarify any potential financial implications. As the economic impacts of COVID-19 on NPO space needs, as well as commercial space availability and affordability, will clarify in the months ahead, staff recommend that this analysis be initiated in the 2nd quarter of 2021.

The analysis would address such factors as (1) the feasibility of increased or new density bonus incentives; (2) the need to secure tenant improvements; (3) the viability of achieving a NPO hub; (4) the merit of establishing a NPO Capital Statutory Reserve Fund; and (5) the financial implications of ownership models. A brief overview of these considerations follows.

3.1 Increased or New Density Bonus Incentives

With respect to the Zoning Bylaw CDT3 zone and similar sub-zones, a factor that may be limiting developers from pursuing amenity options is that a minor density bonus increase (e.g. 0.1 or 0.2 FAR) does not provide sufficient incentive. Therefore, it is worth exploring if a larger increase is viable. Likewise, CCAP density bonus policies to secure NPO space, similar to those provided for child care and affordable housing, may be possible but require economic analysis to determine if such policies would be both viable and effective. As indicated, the impact of COVID-19 on these space needs would be taken into consideration.

3.2 Tenant Improvements

Given the high cost of tenant improvements and the lack of sufficient capital funds typically available to NPOs, staff recommend exploring the viability of including tenant improvements in negotiated NPO facilities, such as the City currently provides for child care and affordable housing amenities. NPOs often lack the significant capital funds required to render new spaces, or retrofitting existing space, suitable to meeting client needs. As agency fundraising capacity is limited and capital grants are rarely available, most NGOs are unable to finance such expenditures.

Economic analysis would help to determine if there are effective ways to secure sufficient funds for tenant improvements through development negotiations without being a disincentive. This will help to ensure that adequate policy tools are in place to obtain suitable agency premises that will be affordable for agencies to occupy and finished to best serve the community.

3.3 Aggregating Contributions to Create a NPO Hub

The benefits of achieving a second NPO community services hub, similar to the Richmond Caring Place, would be many. RCSAC survey results have indicated consistent respondent support for agency co-location as a way to improve service delivery, client outcomes and partnerships as well as to achieve spatial, operational and economic efficiencies. As co-location provides greater value than a number of smaller, disparately located spaces, staff recommend that viable means of achieving compatible co-locations and ideally, a social services hub, be explored.

To achieve a social services hub based on developer contributions would require a cash-in-lieu or value transfer policy. The proposed economic analysis would explore possible approaches and assess their viability.

3.4 Establish a NPO Capital Statutory Reserve Fund

The creation of a designated NPO Capital Statutory Reserve Fund to hold cash-in-lieu contributions would allow for the accrual of funds to create larger spaces. The establishment of a Reserve Fund would also enable the transfer of funds to more suitable locations than may be provided by on-site built space. Economic analysis would assist in determining if such a fund is viable and advantageous.

3.5 Financial Implications of Amenity Ownership Models

The City may secure City-owned or developer-owned space for lease to NPOs. An example of developer ownership is that proposed for the Richmond Society for Community Living & Community Mental Wellness Association of Canada replacement space at the RZ 18-807640 development on Minoru Boulevard. This model is advantageous to the City and NPOs in that space is secured at below-market rates in perpetuity, while lifecycle facility costs are born by the developer, who retains the asset. However, even at 50% below market rent, when variable triple-net operational costs (includes property tax, building insurance and maintenance, in addition to

rent and utilities) are passed on to the tenant, the monthly fees become onerous for some agencies. It is also unclear if there is any benefit to the developer by retaining the asset.

A third option, in place of developer ownership, would be the transfer of title to a third party non-profit operator such as the Richmond Caring Place Society (RCPS). This would benefit NPOs by ensuring below-market rates while relieving the City and developers of life-cycle maintenance and repair. This model would also provide significant assets to the community for NPO use in perpetuity and help to meet RCPS and other social service expansion needs. As ownership models have varying cost implications for all parties involved, staff recommend that such financial implications be included in the economic analysis.

The following table provides some factors to consider regarding undertaking this analysis.

Table 3

Option	Considerations	Next Steps	Time Frame	Financial Implications
<p>Conduct an economic analysis of further policy considerations, including:</p> <ul style="list-style-type: none"> • Increasing or adding new density bonus incentives; • Securing tenant improvements to ensure functional space; • Aggregating contributions toward a NPO hub (e.g. 50,000 sf); • Establishing a NPO Capital Statutory Reserve Fund; and • Exploring the implications of ownership models (e.g. developer, City, third party NPO). 	<p>Pros: Economic analysis would help to determine appropriate policy approaches and viable incentives to optimize NPO space.</p> <p>Cons: COVID-19 impacts on supply and demand may not be fully known for some time.</p>	<p>Conduct the analysis.</p> <p>Propose options based on results of economic analysis.</p>	<p>Q2 2021</p> <p>Q4 2021</p>	<p>Existing budgets will be used to conduct the analysis.</p>

Additional policy requirements or incentives may be needed to generate sufficient resources to meet current and future NPO space needs, including tenant improvements, prioritizing of hub space and other considerations. Economic analysis is required to ensure that any new policy approaches would effectively secure contributions while not deterring developers' use of such tools. Achieving a balance between increasing benefits for NPO space while ensuring that development remains viable would be sought. As indicated, the impacts of COVID-19 to date on NPO space supply and demand would be included in the analysis.

4. Development of a Policy Framework

To guide the process of recommending uses of community amenity space secured through Zoning Bylaw provisions, staff recommend that the following Social Development Strategy Action be implemented:

Action 29 – Prepare an enhanced policy framework for securing community amenities (e.g. space for City services, space for lease to community agencies) through the rezoning process for new developments including:

29.1 Developing an administrative structure (e.g. senior staff review team) and criteria for assessing community amenity options for recommendations to Council on specific rezoning applications.

As the proposed economic analysis of policy considerations pertaining to NPO space would provide information relevant to an enhanced policy framework and assessment criteria, staff propose that the policy framework, structure and criteria be prepared once the financial analysis is complete and results have been considered by Council. In developing the framework, results of consultation with key stakeholders, including the RCSAC, Richmond Caring Place Society, the Urban Development Institute, senior governments and public partners would also be considered.

The following table provides some factors to consider regarding this option.

Table 4

Option	Considerations	Next Steps	Time Frame	Financial Implications
<p>Propose a policy framework, staff review process and criteria for securing community amenity options through the rezoning process for new developments.</p>	<p>Pros: Will provide a policy framework, including a staff process and criteria, for making amenity use recommendations; Will address results of economic analysis and stakeholder consultation; Will provide greater clarity for staff, developers, NPOs and Council. Cons: May involve longer decision-making process.</p>	<p>Propose options</p>	<p>Q4 2021</p>	<p>Will incorporate the results of proposed economic analysis.</p>

A policy framework, including an administrative structure and criteria, will help to ensure that recommendations for amenity use are based on a transparent process reflecting City Council-approved priorities.

Summary

This report describes actions taken to date and proposes additional actions to address the following October 15, 2019 City Council referral:

That the City and key stakeholders seek immediate opportunities to prevent the loss of at-risk, high priority social service agencies in Richmond as described in the staff report titled “Non-Profit Social Service Agency Current and Future Space Needs”, dated September 20, 2019 from the Director, Community Social Development; and

That options to increase the supply of affordable non-profit social service agency space in the City Centre and other appropriate locations be identified.

With respect to the first part of the referral, that “*immediate opportunities to prevent the loss of at risk, high priority social service agencies in Richmond*” be pursued, two actions have been implemented: (1) staff have surveyed City, Richmond School District (RSD) and faith premises for opportunities; and (2) replacement space for two NPOs displaced by development has been negotiated in the proposed RZ 18-807640 development on Minoru Boulevard. To ensure that these opportunities continue to be pursued, staff recommend (1) repeating the survey of City, RSD and faith premises intermittently and (2) adopting a NPO Replacement and Accommodation Policy (Attachment 2).

In response to the second part of the referral, “*that options to increase the supply of affordable non-profit social service agency space in the City Centre and other appropriate locations be identified*”, staff recommend a two-stage approach: (1) use existing Zoning Bylaw provisions to secure NPO space; and (2) conduct an economic analysis of additional policy options to increase the supply and maximize the benefit of NPO space. Following consideration of the results, as well as stakeholder consultations, a policy framework, staff review process and criteria for community amenity use would be proposed.

5. Next Steps

As indicated, staff will continue to implement existing policy options as opportunities arise and will advise Council regarding progress in securing NPO space. To determine additional policy avenues to pursue, staff will conduct an economic analysis in the 2nd Quarter of 2021.

In the meantime, the province-wide Social Purpose Real Estate Collaborative survey of social purpose real estate needs will be conducted in the 4th Quarter of 2020 with analysis, including COVID-19 impacts, to be completed in the 1st Quarter of 2021. Survey results will be presented to Council in the 2nd Quarter of 2021 and taken into consideration in the proposed economic analysis.

Following Council’s review of the economic analysis results, staff propose to consult with key stakeholders, including the RCSAC, Richmond Caring Place Society, the Urban Development Institute, senior governments and public partners prior to reporting back with recommendations. At that time, staff would propose a policy framework, staff review process and criteria for securing community amenity options through the rezoning process for new developments.

Financial Impact

None.

Conclusion

Non-profit social service agencies are facing numerous threats to their stability, including the lack of affordable, appropriate and accessible space. Impacts include the risk of displacement due to redevelopment; the loss of funding for vital community services when suitable facilities

September 29, 2020

- 14 -

cannot be found; and the inability to adequately serve a growing population. Proposed actions will help to ensure that essential social services, particularly needed given the social and economic consequences of COVID-19, continue to be available to Richmond residents.



Lesley Sherlock
Social Planner
(604-276-4220)

- Att. 1: Table of Policy Options to Support NPO Space
- 2: Draft Replacement and Accommodation Policy

Policy Options to Support NPO Space

Option	Considerations	Next Steps	Time Frame	Financial Implications
1. Immediate Opportunities to Prevent the Loss of NPO Space				
<p>Adopt a Council Replacement and Accommodation Policy for NPO tenants at risk of losing space, at sites undergoing OCP amendment or rezoning, requiring developers to offer:</p> <ul style="list-style-type: none"> • 1:1 minimum replacement space in the form of developer-owned community amenity space to be secured for NPO use in perpetuity; • Permanent replacement space secured at 50% of market rates in perpetuity; • Assistance with securing a temporary location with rates affordable to the agency and related moving costs to and from the temporary space; • Three months free rent for tenants who have been at that location for longer than one year; and • Right of first refusal to occupy the permanent space. 	<p>Pros: Ensures NPO replacement space; Ensures long-term availability and affordability; Provides predictability for developers; Provides direction for staff.</p> <p>Cons: Costs, including long-term rent relief, may be disincentive to development; NPOs may be evicted prior to rezoning being pursued.</p>	Adopt Policy (Att. 2)	2020	None, as space would be developer owned and managed.
2. Existing Policy Options to Increase Supply				
<p>Use existing density bonus policies in the Zoning Bylaw to secure City-owned space for lease to NPOs.</p>	<p>Pros: Policy change not required; Ensures affordability for NPO; City retains asset; Does not impact contributions to civic facilities.</p> <p>Cons: May not result in significant</p>	<p>Secure NPO space using these approaches;</p> <p>Develop policy framework and criteria regarding amenity use.</p>	<p>Immediate</p> <p>Q3 2021</p>	City may lose revenue if tax exemption approved.

	contributions for NPO space.			
3. Further Policy Considerations Requiring Economic Analysis				
<p>Conduct an economic analysis of further policy considerations, including:</p> <ul style="list-style-type: none"> Increasing or adding new density bonus incentives; Securing tenant improvements to ensure functional space; Aggregating contributions toward a NPO hub (e.g. 50,000 sf); Establishing a NPO Capital Statutory Reserve Fund; and Exploring the implications of ownership models (e.g. developer, City, third party NPO). 	<p>Pros: Economic analysis will help to determine appropriate policy approaches and viable incentives to secure NPO space.</p> <p>Cons: COVID-19 impacts on supply and demand may not be fully known for some time.</p>	<p>Conduct the analysis.</p> <p>Propose options based on results of economic analysis.</p>	<p>Q2 2021</p> <p>Q4 2021</p>	<p>Existing budgets will be used to conduct the analysis.</p>
4. Develop a Policy Framework				
<p>Propose a policy framework, staff review process and criteria for securing community amenity options through the rezoning process for new developments.</p>	<p>Pros: Will provide a policy framework, including a staff process and criteria, for making amenity use recommendations; Will address results of economic analysis and stakeholder consultation; Will provide greater clarity for staff, developers, NPOs and Council.</p> <p>Cons: May involve longer decision-making process.</p>	<p>Propose options.</p>	<p>Q4 2021</p>	<p>Will incorporate the results of proposed economic analysis.</p>



Page 1 of 2	Non-Profit Organization Replacement and Accommodation Policy	Policy 5051
Adopted by Council: <date>		

POLICY 5051

Objective: To support existing non-profit organization (NPO) tenants by ensuring that community social service needs are maintained when NPO displacement would result from redevelopment.

It is Council policy that:

- a) As part of the development application review process (Rezoning and OCP Amendment), the owner is to provide staff with a summary of existing on-site non-profit organizations (NPO) and provide confirmation of the following:
 - i. The NPO tenants have been provided with a minimum 6 months notice;
 - ii. The owner has offered to secure NPO permanent replacement space of an equivalent area in the new development;
 - iii. The owner has offered the replacement space at 50% of market rent in perpetuity;
 - iv. The owner has offered three months free rent for NPO tenants who have been at that location for longer than one year;
 - v. The owner has offered to provide the tenant with assistance (e.g. services of a realtor) in finding new and/or temporary space at a lease rate affordable to the agency and cover moving costs to and from the temporary space.

- b) In the new development, the owner is to provide:
 - i. A permanent replacement space comprised of at least an equivalent area to shell level finish.

Shell space is defined as space enclosed by the exterior building envelop which includes suitable washroom facilities; heating and cooling; infrastructure for electrical, mechanical and IT services connected to base building systems and distributed to ceiling level; and stud level of wall and ceiling finishes to allow for future connections;
 - ii. Rent of the NPO replacement space at 50% of market rates in perpetuity;



Page 2 of 2	Non-Profit Organization Replacement and Accommodation Policy	Policy 5051
Adopted by Council: <date>		

- iii. The NPO tenant with the first right of refusal to occupy the permanent replacement space in the new development;
 - iv. If the NPO tenant who originally occupied the site declines their first right of refusal to occupy or later vacates the premise, the space may only be occupied by a NPO acceptable to the City.
- c) The above will be secured with legal agreements registered on title prior to rezoning bylaw adoption or Development Permit issuance.

Non-profit Tenant Eligibility:

- The proposed policy would be applicable to non-profit organizations providing services to primarily Richmond residents at that location, as determined by the City. Eligible uses are limited to those compatible with office-type settings, including multi-purpose rooms for group activities, which would be easily accommodated within a new development.
- In addition to social services, this policy would apply to other non-profit sectors (e.g. arts, recreation) that provide services within an office-type setting. As City policies and strategies to support child care and affordable housing already exist, these uses would not be addressed by this policy.
- Community Social Development and Community Services Divisions will advise Planning and Development as to which eligible organizations are at risk of displacement based on information provided through space needs surveys and community contacts.