



To: General Purposes Committee **Date:** October 12, 2023
From: Kim Somerville **File:** 06-2280-20-356/Vol 01
Director, Community Social Development




Kirk Taylor
Director, Real Estate Services
Re: Potential Lease Extension Amendment Agreement for 6999 Alderbridge Way Supportive Housing

Staff Recommendation

1. That the current ground lease with the Provincial Rental Housing Corporation (“PRHC”) for the Alderbridge Supportive Housing, located on City property at 6999 Alderbridge Way, be extended for a period of approximately three and a half years from the expiry of the current ground lease until December 31, 2027, as per the terms outlined in the staff report titled “Potential Lease Extension Amendment Agreement for 6999 Alderbridge Way Supportive Housing” dated October 12, 2023 from the Director, Community Social Development and Director, Real Estate Services; and
2. That staff be authorized to take all necessary steps to negotiate an extension to the lease extension amendment agreement for the Alderbridge Supportive Housing and that the Chief Administrative Officer and the General Manager, Finance and Corporate Services be authorized to execute such amending agreement and all related documentation.

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

Kirk Taylor
Director, Real Estate Services
(604-276-4212)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Communications	<input checked="" type="checkbox"/>	
Finance Department	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS:	APPROVED BY CAO
		

Staff Report

Origin

The purpose of this report is to summarize a request from BC Housing to extend the ground lease for the Alderbridge Supportive Housing for a period of approximately three and a half years from the expiry of the current ground lease until December 31, 2027. The requested extension would allow the Alderbridge temporary supportive housing to continue to operate until the opening of the proposed permanent Supportive Housing at an alternative site which is targeted for occupancy by December 31, 2027 and will provide long-term supportive housing and support the closure of the Alderbridge building.

This report supports Council's Strategic Plan 2022-2026 Focus Area #1 Proactive in Stakeholder and Civic Engagement:

1.1 Continue fostering effective and strategic relationships with other levels of government and Indigenous communities.

This report supports Council's Strategic Plan 2022-2026 Focus Area #2 Strategic and Sustainable Community Growth:

2.2 Develop and implement innovative and proactive solutions that encourage a range of housing options and prioritize affordability.

This report supports Council's Strategic Plan 2022-2026 Focus Area #4 Responsible Financial Management and Governance:

4.4 Work with all levels of governments for grant and funding opportunities.

This report aligns with the strategic direction defined in the Affordable Housing Strategy (2017–2027), including:

Strategic Direction 2: Maximize use of City land and financial tools.

This report aligns with the direction defined in the Homelessness Strategy (2019–2029), including:

Strategic Direction 3: Provide pathways out of homelessness.

Analysis

Homelessness remains a critical concern for many individuals in Richmond despite numerous successes the City of Richmond and its partners have achieved. Since the early 2000s, the City has played a leadership role in supporting Richmond residents experiencing homelessness, including but not limited to the opening of Richmond House Emergency Shelter, Alderbridge Supportive Housing, Aster Place Supportive Housing and the advancement of a number of other homelessness initiatives. Regardless of these achievements, homelessness continues to be a

challenging social issue in the community as well as in many other communities in the Lower Mainland.

Alderbridge Supportive Housing

In April 2019, the temporary Alderbridge Supportive Housing opened on City-owned land at 6999 Alderbridge Way (previously addressed 7300 Elmbridge Way). The Alderbridge building provides 40 units of housing with 24/7 staffing, access to on-site supports, and referrals to programs delivered by Vancouver Coastal Health and other organizations. The Alderbridge Supportive Housing was developed under BC Housing's Rapid Response to Homelessness Program to respond to the growing number of individuals experiencing homelessness in the community. Without supportive housing some of Richmond's most vulnerable individuals would not have access to a safe, secure and affordable home and would remain homeless thereby impacting their own well-being and often the community with costly services being required to respond to street homelessness.

Previously, at the Closed Council meeting on July 9, 2018, City Council approved a five year lease term for the temporary Alderbridge building and directed staff to identify alternate sites that could accommodate a long-term supportive housing development. Based on the current lease terms, the building is scheduled to close in June 2024.

BC Housing Request

The City has acquired and identified an alternative location to develop a 60-unit permanent supportive housing building at the alternative relocation site. Capital and operating funding for the project has been secured from the Province to develop a 60-unit permanent supportive housing building. BC Housing has requested an approximately three and a half year extension from the expiry of the current ground lease for the Alderbridge Supportive Housing development until December 31, 2027, which would coincide with the opening of the permanent supportive housing building in December 2027.

Lease Terms

If approved by Council, the ground lease for Alderbridge Supportive Housing will be amended to extend the term for approximately three and a half years until December 31, 2027. The extension agreement contains a conditions precedent clause that stipulates the lease extension is contingent upon BC Housing entering an agreement formally committing BC Housing to the provision of capital and operating funding for the development and operation of a permanent supportive housing development on an alternative City-owned relocation site. Once the extension of the ground lease is fully executed between the City and the Provincial Rental Housing Corporation, an appropriate community awareness strategy will be put in place.

The parties under the extended lease will continue to be the City and Provincial Rental Housing Corporation. All terms and conditions of the existing lease will remain unaltered and will apply during the extension period. The terms of the lease if extended will be as follows:

Landlord	City of Richmond (City)
Tenant	Provincial Rental Housing Corporation (PRHC)
Additional Parties	BC Housing Management Commission (BC Housing) (which provides financial assistance for the operating costs of the Improvements, and the programs offered to the residents of the Building)
Premises	Civic address: 6999 Alderbridge Way, Richmond, British Columbia Legal address: PID: 018-994-962 Lot 1 Section 5 Block 4 North Range 6 West New Westminster District Plan LMP19859
Site Area	Approximately 2,536.4 square metres
Extension Term	Approximately 3.5 years
Termination Date	December 31, 2027
Basic Rent (net)	\$10.00 for the entire extension term
Additional Rent and Utilities	Tenant is responsible for all General and Property Taxes and charges for utilities and services.
Permitted Use	Providing up to 40 units of affordable rental housing with support services for persons experiencing or at risk of homelessness.
Net Lease	All Basic Rent and Additional Rent required to be paid by the Tenant.
Operator Agreement	BC Housing has an Operating Agreement with RainCity Housing and Support Society (RainCity Housing) specifying the management of the building and the support services provided to persons experiencing or at risk of homelessness.
Memorandum of Understanding	An existing Memorandum of Understanding between the City, BC Housing and the operator (RainCity Housing and Support Society) details the management of the Building and the various responsibilities of each of the parties.
Compliance with Laws	PHRC will comply, at its own expense, with all lawful requirements imposed by every Statutory Authority, or by insurers, including, without limitation, the City of Richmond's Rental Premises Standards of Maintenance Bylaw No. 8159 and the City of Richmond's Unsightly Premises Regulation Bylaw No. 7162. Also, the PHRC will not use, or permit the use of, the Lands or the Improvements for the cultivation or processing of cannabis.
Conditions	This lease extension is contingent upon BC Housing entering an agreement formally committing BC Housing to the provision of capital

Precedent	and operating funding for the development and operation of a permanent supportive housing development on an alternative City-owned relocation site.
Early Termination	Tenant has the right to terminate on 90 days notice. City has the right to terminate if material breaches of the lease are not corrected within stipulated time periods.
Indemnity	By Tenant in favour of the City.

Memorandum of Understanding

In 2018, the City, BC Housing and RainCity Housing and Support Society completed a Memorandum of Understanding, which outlined the responsibilities of each partner in the operation of Alderbridge Supportive Housing. The Memorandum of Understanding provides that it will terminate on the date the ground lease is terminated. As such, should the lease be extended, no corresponding amendment to the Memorandum of Understanding is required.

Financial Impact

None.

Conclusion

The City is committed to increasing the supply of a diverse range of affordable housing options for households of different incomes and circumstances in Richmond, including individuals who are experiencing homelessness. The proposed funding from BC Housing presents an opportunity for the City to allow for a seamless transition for tenants of Alderbridge Supportive Housing to permanent supportive housing at an alternative City-owned site.

Staff recommend that Council approve an extension of the current ground lease with the Provincial Rental Housing Corporation (BC Housing) for Alderbridge Supportive Housing, located on City property at 6999 Alderbridge Way for a period of approximately three and a half years from the expiry of the current ground lease on June 19, 2024.



Michael Allen
 Manager, Property Services
 (604-276-4005)

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