



City of Richmond

Report to Committee

To: General Purposes Committee
From: Cathryn Volkering Carlile
General Manager, Community Services
Date: February 25, 2015
File: 08-4057-01/2015-Vol
01
Re: **Kiwanis Towers - Second Disbursement from the Affordable Housing
Reserve Fund to 7378 Gollner Avenue**

Staff Recommendation

1. That, subject to Resolution 2 below, \$5,848,406 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, 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 first tower is confirmed by a quantity surveyor retained by and reporting to BC Housing; and
 - b. the City grants its 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:
 - a. Negotiate and execute all amendments to the Contribution Agreement and other agreements and documents in relation to the disbursements and revised payment schedule.
 - b. Disburse the amount as stated in Resolution 1 above.

Cathryn Volkering Carlile
General Manager, Community Services
(604-276-4068)

Att.1

REPORT CONCURRENCE		
ROUTED TO: Finance Division 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

Staff Report

Origin

The purpose of this report is to recommend that Council approve a payment of \$5,848,406 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 Term Goal #2 Community Social Services:

To develop and implement an updated social services strategy that clearly articulates and communicates the City’s roles, priorities and limitations with respect to social services issues and needs.

2.5. Development of a clearer definition of affordable housing priorities and subsequent utilization of affordable housing funding.

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);
- 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 (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, 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. The issuance of this permit is the second funding milestone in the Contribution Agreement, which triggers the release of the second disbursement of the City's financial contributions of \$5,848,406 towards construction costs.

Analysis

Payment Toward Costs of Construction (\$5,848,406)

On June 25, 2012, Council approved a maximum of \$20,837,610 towards the costs of constructing Kiwanis Towers, including 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 second payment of \$3,818,963 towards the cost of constructing the Kiwanis Towers be contributed upon a) the substantial completion of the first tower and, b) the City granting final building inspection permitting occupancy of all 148 units, and the development meeting all project construction and funding requirements as determined by a third-party independent Quantity Survey retained by and reporting to BC Housing.

A contribution of \$1,886,850 from Polygon's Mueller project didn't advance in time for the first disbursement to Kiwanis. Therefore, this amount has been added to the second disbursement request. In addition, a voluntary AHVT cash-in-lieu contribution of \$2,877,448.32 to the City's Capital Affordable Housing Reserve was approved by Council through the adoption of the subject rezoning for Polygon's Alexandra West project to be provided in four equal disbursements of \$719,362 towards the Kiwanis project. Both projects are providing a slightly higher contribution amounts than what was initially contemplated when the Kiwanis rezoning report was adopted. Therefore, the Mueller project disbursement will provide \$141,047 more and the Alexandra West will provide \$1,546 more than initially anticipated. Despite these higher contributions, the City's maximum total contribution to the Kiwanis project remains at \$20,837,610. The Contribution Agreement will need to be revised to address the changes in the amounts of each disbursement.

The following table reflects the targeted and actual disbursed amounts disbursed to Kiwanis and the remaining balance to be distributed in disbursements 2, 3 and 4.

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

Source	Description	City Approved Contributions to the Kiwanis project	Amounts Disbursed	Remaining Disbursement Balance
Capital Affordable Housing Reserve Fund	Previously approved AH Capital Projects from Cash-in-Lieu projects	\$2,147,204	\$2,147,204	
Capital Affordable Housing Reserve Fund	Developer Contributions from Polygon Sites (AHVTs)	\$18,690,406	\$7,019,666	
	Totals	\$20,837,610	\$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: Request for Second Disbursement (Target – Spring 2015)¹ – Towards Construction Costs

Source	Description	City Approved Contributions to the Kiwanis project (in 2012)	Disbursement #2 Total (Subject to Council Approval)	Remaining Disbursement Balance
Capital Affordable Housing Reserve Fund (Developer Contributions from Polygon Sites (AHVTs))	Carrera	\$1,355,344	\$1,355,344	
	Alexandra Road West	\$717,816	\$719,362	
	Mueller (Avanti)	\$1,745,803	\$1,886,850	
	Total	\$3,818,963	\$3,961,556	
Capital Affordable Housing Reserve Fund	Developer Contribution from Mueller site (AHVT) – carried from Project Disbursement #1	\$1,745,803	\$1,886,850	
	Totals	\$5,564,766	\$5,848,406	\$5,822,334

Staff recommend that Council approve the second scheduled payment of \$5,848,406 (AHVT funds) comprised of \$1,886,850 (carried from Project Disbursement #1) and \$3,961,556 towards the construction costs of Kiwanis Towers.

¹ Release of funds is subject to Final Building Permit Issuing Occupancy and confirmed final Quantity Survey report.

The upcoming third scheduled payment (anticipated to be \$3,961,556.08) toward construction costs of Kiwanis Tower 2 will be due, subject to Council's approval, when a quantity surveyor retained by and reporting to BC Housing determines that the second tower containing 148 seniors housing units has achieved substantial completion and when the City grants a final building inspection permitting occupancy of those units. Occupancy for Tower 2 is targeted for Summer 2015.

The fourth and final scheduled payment (anticipated to be \$1,860,777.92) 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.

Changes to Legal Agreements

In order to implement the revised disbursement amounts, staff recommend the Chief Administrative Officer (or designate) and the General Manager of Community Services be authorized to negotiate and execute all amendments to the Contribution Agreement and related agreements with respect to the disbursements and revised payment schedule. Further changes are proposed to secure the use of insurance proceeds for affordable housing, in the event of damage and/or destruction of the Kiwanis Towers.

Financial Impact

The combined amount of payments being recommended at this time is \$5,848,406 received by the City as AHVT contributions. \$5,564,766 was approved for disbursement through the Five Year Financial Plan (2014-2018) and the additional \$283,640 is included in the approved 2015 Capital Budget.

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 second of the City's financial contributions.



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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.