



City of Richmond

Report to Committee

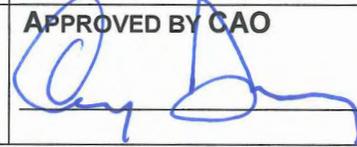
To: General Purposes Committee **Date:** November 23, 2015
From: Cathryn Volkering Carlile **File:** 08-4057-01/2015-Vol
General Manager, Community Services 01
Re: **Kiwanis Towers – Amendment to Contribution Agreement, dated November 9, 2012, and amended March 24, 2015, between the City and Richmond Kiwanis Senior Citizens Housing Society (the “Society”) regarding the 296 subsidized senior housing units at 7378 Gollner Avenue (formerly 6251 Minoru Boulevard)**

Staff Recommendation

1. That the Affordable Housing Contribution Agreement dated November 9, 2012 amended March 24, 2015, between the City and Richmond Kiwanis Senior Citizens Housing Society (the “Society”) regarding the 296 subsidized senior housing units at 7378 Gollner Avenue (formerly 6251 Minoru Boulevard) (the “Contribution Agreement”) be amended as follows:
 - a. the fourth disbursement of \$1,860,778 be reduced to \$1,397,469;
 - b. insertion of a fifth disbursement in the amount of \$463,309;
 - c. increase in the City’s maximum contribution to the cost incurred to construct or install City infrastructure services associated with the Seniors Housing Units from a maximum of \$454,350 to a maximum of \$701,839; and
 - d. a reduction in the City’s maximum contributions to the costs relating to development cost charges and building permit fees to offset the increase referred to in Recommendation 1c.
2. That the Chief Administrative Officer and the General Manager, Community Services, be authorized on behalf of the City 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; and
 - b. disburse the amounts as stated in Resolution 1 above once the conditions precedent to their payment in accordance with the Contribution Agreement have been met.

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 an amendment to the Contribution Agreement, dated November 9, 2012, and amended March 24, 2015, (the "Contribution Agreement") to: reduce the fourth disbursement of \$1,860,778 to \$1,397,469; add a fifth disbursement in the amount of \$463,309; to increase the City's maximum contribution to the cost of servicing from a maximum of \$454,350 to a maximum of \$701,839; and to reduce the City's maximum contributions to the costs relating to development cost charges and building permit fees to offset the increase in the servicing costs associated with 296 seniors' subsidized rental housing units owned by Richmond Kiwanis Senior Citizens Housing Society (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.

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.

The report is also consistent with the Richmond Affordable Housing Strategy, adopted by Council 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);
 - 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 per cent 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, Community Services, titled "Project Specific Financial and Policy Considerations for the Proposed Kiwanis Towers Affordable Housing Development at 6251 Minoru Boulevard." These recommendations included a 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 (AHVT) 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 the Contribution Agreement. The Contribution Agreement provides that the City's fourth payment of \$1,860,778 towards the cost of constructing the Kiwanis Towers be contributed, 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 have been 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.

Analysis

Payment Toward Costs of Construction (\$1,397,469)

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 request for the fourth disbursement is \$1,397,469 towards construction costs at this time. This is less than the fourth disbursement contemplated by the Contribution Agreement (\$1,860,778). The shortfall (\$463,309) is from Polygon's Alexandra East Rezoning. While it was anticipated that Polygon's Alexandra East rezoning would already have been advanced, Polygon has delayed the project. Accordingly, the \$463,309 contribution is not available at this time. Therefore, this amount will be presented to Council as a fifth disbursement request, subject to Council's consideration of the rezoning application. This is anticipated to take place in 2016.

Kiwanis will be finalizing the take-out mortgage with BC Housing in early to mid-February 2016, which requires the City contribution of to be paid at that time (as per the Contribution Agreement). In the meantime, Polygon will loan the shortfall of \$463,309 to Kiwanis so the Society's financing arrangement with BC Housing will not be affected. Despite the additional disbursement request, the City's maximum total contribution to the Kiwanis project remains capped at \$20,837,610.

The following table reflects the targeted and actual disbursed amounts disbursed to Kiwanis and the remaining balance to be distributed in disbursements 4 and 5.

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

Source	Description	Amounts Disbursed
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
	Total Disbursement #1	\$9,166,870
	Remaining Disbursement Balance	\$11,670,740
	Total Contribution	\$20,837,610

*\$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) – Toward Construction Costs

Source	Description	Disbursement #2 Total (Subject to Council Approval)
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
	Total Disbursement #2	\$5,848,406
	Remaining Disbursement Balance	\$5,822,334
	Total Contribution	\$20,837,610

Figure 3: Disbursement 3 (September 29, 2015) – Toward Construction Costs

Source	Description	Disbursement #2 Total (Subject to Council Approval)
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
	Total Disbursement #3	\$3,961,556
	Remaining Disbursement Balance	\$1,860,778
	Total Contribution	\$20,837,610

Figure 4: Request for Fourth Disbursement (Targeted for Q1 2016) – Toward Construction Costs

Source	Description	Disbursement #2 Total (Subject to Council Approval)
Capital Affordable Housing Reserve Fund (Developer Contributions from Polygon Sites (AHVTs))	Alexandra Road West	\$719,362
	Jayden Mews	\$678,107
	Total	\$1,397,469
	Total Disbursement #4	\$1,397,469
	Remaining Disbursement Balance	\$463,309
	Total Contribution	\$20,837,610

The fifth and final scheduled payment (anticipated to be \$463,309) towards construction costs of Kiwanis Towers will be due subject to Council's consideration of the rezoning application for the Alexandra East site (anticipated 2016).

Payment Towards Servicing Costs (Up to a Maximum of \$701,839)

At its open meeting on June 25, 2012, Council approved a City contribution of up to a maximum of \$3,305,468 toward the development cost charges; development application and/or building permit fees and service cost charges associated with Kiwanis Towers.

The City's payment toward development cost charges and permit fees was due, subject to Council's approval, upon issuance of a building permit for Kiwanis Towers. Development cost charges and permit fees amounted to \$2,603,629.51 (which is less than the expected \$2,851,118 contemplated by the Contribution Agreement). That amount was invoiced by Kiwanis to the City and has been paid. This leaves \$701,839 for servicing costs that will be finalized at a later date.

At its December 9, 2013, meeting, Council approved a City contribution of up to a maximum of \$454,350 toward the servicing costs for off-site works (i.e., road, sidewalk, and utilities works) associated with Kiwanis Towers. Council approved that amount as an estimate. The report titled "Kiwanis Towers – First Disbursement from the Affordable Housing Reserve Fund to 6251 Minoru Blvd" dated November 26, 2013, from the General Manager, Community Services, states that actual servicing costs will not be finalized until the works have been completed to the City's satisfaction and have been granted final engineering approvals. The City's approved contribution for servicing costs is due at that time. Should the actual values exceed \$454,350, the Society may request additional City contributions; such requests must be in writing from the Society, must include confirmed values and are subject to the City's determination and approval requirements.

Staff have received a request from the Society, indicating the servicing costs have amounted to \$863,624. As the maximum contribution is \$701,839, staff recommend that Council approves the payment of \$701,839 towards the servicing cost charges associated with Kiwanis Towers, to be funded from the allocation of Capital Affordable Housing Reserve Fund monies approved June 25, 2012.

Changes to Legal Agreements

In order to implement the revised disbursement amounts and revised payment schedule, staff recommend the Chief Administrative Officer and the General Manager, Community Services, be authorized to negotiate and execute all required amendments to the Contribution Agreement and related agreements.

Financial Impact

The amount of the payments being recommended at this time is \$1,397,469 towards construction costs (received by the City as AHVT contributions) and \$701,839 towards servicing cost charges. The amount of \$1,397,469 is part of the \$1,860,778 approved for disbursement through the Five Year Financial Plan (2015-2019) Amendment Bylaw; the balance of the approved amount (\$463,309) will now form part of a separate fifth disbursement in the future. The amount of \$701,839 in connection with the cost incurred to construct or install City infrastructure services associated with the Seniors Housing Units will be funded through the Affordable Housing Reserve Fund monies approved on June 25, 2012.

Conclusion

Staff recommend that Council approve an amendment to the Contribution Agreement to: reduce the fourth disbursement of \$1,860,778 to \$1,397,469; add a fifth disbursement in the amount of \$463,309 (subject to Council approval of the contributor site rezoning); increase the City's maximum contribution to the cost of servicing from a maximum of \$454,350 to a maximum of \$701,839; and reduce the City's maximum contributions to the costs relating to development cost charges and building permit fees to offset the increase in the servicing costs.

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.



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.