

DATE OF MEETING December 21, 2020

AUTHORED BY BILL CORSAN, DIRECTOR, COMMUNITY DEVELOPMENT

SUBJECT 285 PRIDEAUX STREET – LEASE TO BC HOUSING

OVERVIEW

Purpose of Report

To seek Council approval to issue a 60-year lease to BC Housing on City-owned land located at 285 Prideaux Street to facilitate the construction of a 51-unit supportive housing project.

Recommendation:

That Council approve:

1. the disposition of a 60-year lease of City-owned lands at 285 Prideaux Street to BC Housing, effective 2021-JUL-01; and
2. the extension of the licence agreement to BC Housing for the Emergency Response Centre at 285 Prideaux Street until 2021-JUN-30.

BACKGROUND

In July 2020, the City of Nanaimo and BC Housing announced a Memorandum of Understanding (MOU) to respond to the current homelessness and housing affordability crisis by providing new supportive and affordable housing projects within the city.

The goal of the MOU is to cooperatively develop housing that includes:

- 140-160 units of permanent supportive housing in three to four locations
- 80 units of affordable family rental housing in two locations
- 40 units of affordable rental housing in one to two locations

To accomplish these goals, the City has offered to lease two City-owned properties at 285 Prideaux Street for supportive housing, and 1425 Cranberry Avenue for affordable housing.

DISCUSSION

285 Prideaux Street (the “Property”) is a City-owned property and currently home to the Community Services Building (CSB). The CSB has supported various community service groups since acquired by the City in the 1950s.

On 2020-APR-23, BC Housing contacted the City requesting that a portion of the Property be repurposed for an Emergency Response Centre (ERC) as part of the Province’s pandemic response.

Council granted BC Housing's request to use the existing building for an ERC, resulting in the majority of the existing CSB tenants vacating from the building by 2020-MAY-31. Two of the original tenants remain. If the 60-year lease is approved, the BC Housing licence agreement for the ERC needs to be amended to expire 2021-JUN-30.

Currently BC Housing is in the design phase for a new building to be constructed on the Property. The new facility will be constructed using modular building construction.

Demolition is expected to start shortly after the registration of the lease in the summer or fall of 2021, with construction complete in January 2022.

BC Housing has contracted the John Howard Society (JHS) to be the operator of the new supportive housing project.

Staff recommend Council grant a 60-year lease to BC Housing, effective 2021-JUL-01, to fulfil obligations under the MOU and Council's commitment to providing housing for the City's most vulnerable citizens.

Key Terms of Lease:

Address of Property: 285 Prideaux Street (Attachment A and B)

Legal Description of Property: Lot B, Section 1, Nanaimo District, Plan EPP95349

Lessee: BC Housing

Commencement Date: 2021-JUL-01

Term: 60 years

Rent: \$10.00 for the term

Staff placed a Notice of Disposition in the paper as per Section 26 of the *Community Charter* for two consecutive weeks. Section 24 of the *Community Charter* requires the Notice of Disposition to include the market value of the land and the nominal rent associated with the property. Staff have valued the land at \$560,000, which equates to a market rent of \$28,000.00 per annum, assuming a discount rate of 5%.

OPTIONS

1. That Council approve:
 1. the disposition of a 60-year lease of City-owned lands at 285 Prideaux Street to BC Housing, effective 2021-JUL-01; and
 2. the extension of the licence agreement to BC Housing for the Emergency Response Centre at 285 Prideaux Street until 2021-JUN-30.
 - Advantages: The disposition of this property is identified in the BC Housing MOU as one of the properties suitable for supportive housing. It is consistent with the Housing Strategy and Action Plan to End Homelessness and the new Health and Housing Action Plan.
 - Disadvantages: Two current community groups (7-10 Club and Options for Sexual Health) will need to vacate by 2021-JUN-30.
 - Financial Implications: The City has budgeted operating costs for the building until 2021-JUN-30. The City will not be responsible for any operating costs of

the existing building once the lease is registered. BC Housing is responsible for demolition costs.

2. That Council deny the disposition of a 60-year lease of City-owned lands at 285 Prideaux Street to BC Housing.
 - Advantages: The City maintains management of the building for use by community groups or other City priorities.
 - Disadvantages: Contradicts the MOU outlining 285 Prideaux Street as a property suitable for supportive housing and would be inconsistent with the Housing Strategy and Action Plan to End Homelessness. The City would be obligated to identify another site for supportive housing.
 - Financial Implications: The City will need to budget for continued maintenance and upkeep on this asset and identify new tenants.

SUMMARY POINTS

- A City-owned property at 285 Prideaux was identified as a supportive housing location through an MOU with BC Housing.
- The project provides 51 units and will be operated by the John Howard Society.
- The lease to BC Housing supports the Housing Strategy, Plan to End Homelessness, and the Health and Housing Action Plan.
- The lease term to BC Housing would be for 60 years, effective 2021-JUL-01.
- The existing license to BC Housing for an ERC should be extended to 2021-JUN-30 to align with the lease disposition.

ATTACHMENTS:

ATTACHMENT A: Location Plan
ATTACHMENT B: Aerial Photo

Submitted by:

Bill Corsan
Director, Community Development

Concurrence by:

Dale Lindsay
General Manager, Development Services