

DATE OF MEETING April 8, 2024

AUTHORED BY WARREN MANN, PROPERTY AGENT, REAL ESTATE

**SUBJECT LEASE TO BC HOUSING – 1435 CRANBERRY AVENUE**

## **OVERVIEW**

### **Purpose of Report**

To seek Council approval to issue a 60-year lease to the Provincial Rental Housing Corporation on City-owned land located at 1435 Cranberry Avenue to facilitate BC Housing's construction of a non-market rental housing project.

### **Recommendation**

That Council approve the disposition of a 60-year lease of City-owned land located at 1435 Cranberry Avenue to the Provincial Rental Housing Corporation.

## **BACKGROUND**

In July 2019, 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 (non-market) housing projects within the City.

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

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

To help accomplish these goals, the City has offered to lease two City-owned properties, one for supportive housing at 285 Prideaux Street with construction nearing completion, and the other designated for non-market rental housing at 1435 Cranberry Avenue.

1425 Cranberry Avenue is a 2.74ha (6.76 acre) parcel of land upon which includes Nanaimo Fire Station #4. Through subdivision, a 0.357ha (0.882 acre) lot, now addressed as 1435 Cranberry Avenue (the "Lease Area", Attachments A and B) has been created to accommodate the proposed BC Housing rental housing building (the "Building").

## **DISCUSSION**

The Building proposed to be located at 1435 Cranberry Avenue would help the City move towards the goal of increasing non-market rental housing units by providing approximately 46 rental homes for Snuneymuxw First Nation ("SFN") individuals and families. The Provincial

Rental Housing Corporation (“PRHC”), which is administered by BC Housing, has been identified as the proposed lessee. BC Housing has selected SFN as the proposed operator of the Building and will be executing an operator agreement with SFN.

The proposed disposition of a long-term lease by the City, with BC Housing and SFN executing an operator agreement, aligns with Action 2.3 of Nanaimo’s Health and Housing Action Plan which supports “local capacity for Indigenous-led housing and social support services in partnership with Snuneymuxw First Nation”.

Staff are seeking Council’s approval to grant a 60-year lease to the PRHC, to fulfil the City’s obligations under the MOU.

**Key Terms of Lease:**

Address of Property:	1435 Cranberry Avenue
Legal Description:	Lot 1, Section 19, Range 4, Cranberry District, Plan EPP119118, shown as “Lease Area” in Attachments A and B
Land Area:	0.357ha (0.882 acres)
Lessee:	Provincial Rental Housing Corporation
Commencement Date:	Date the Lease is registered at the Land Title Office
Term:	60 years
Rent:	\$10.00 for the term

As per Section 26 of the *Community Charter*, Staff published a Notice of Disposition in the local newspaper and online for two consecutive weeks. Section 24 of the *Community Charter* requires the Notice to include the market value of the Lease Area and the nominal rent associated with the Lease Area. Staff have valued the Lease Area at \$895,000, which equates to a market rent of \$53,700 per annum, assuming a discount rate of 6%.

**Next Steps:**

Should Council provide approval to issue a 60-year lease to the PRHC on City-owned land located at 1435 Cranberry Avenue, the City and BC Housing are anticipated to take the following next steps:

1. City Staff to confirm with BC Housing a timeline for the items below.
2. Execute the new 60-year lease. City Solicitor to register on title.
3. City Staff to provide an Appointment of Agent in support of development approval applications.
4. BC Housing to apply for a Development Permit (DP), expected in 2024.
5. BC Housing to complete a public consultation/community outreach process, expected in 2024.
6. Upon receiving a DP, BC Housing to apply for a Building Permit (BP), expected in 2025.
7. Upon receiving a BP, BC Housing to begin construction, expected in 2025.
8. After construction is complete, BC Housing to apply for occupancy permit, expected in 2026.
9. The City and BC Housing to provide a joint news release to announce the completion of the project and opening of the facility.

## **OPTIONS**

1. That Council approve the disposition of a 60-year lease of City-owned land located at 1435 Cranberry Avenue to the Provincial Rental Housing Corporation.
  - The advantages of this option: The disposition of the Lease Area is a part of a property which is identified in the City of Nanaimo and the BC Housing MOU as suitable for non-market rental housing. It is consistent with Nanaimo's Health and Housing Action Plan.
  - The disadvantages of this option: None identified.
  - Financial Implications: Land survey costs of approximately \$12,500 have been incurred and allocated from the Real Estate Section's cost centre. In addition, an estimated \$10,000 in legal fees will be paid from the City's legal fund. The City will not be responsible for any construction or operating costs of the Building.
  
2. That Council deny the disposition of a 60-year lease of City-owned land located at 1435 Cranberry Avenue to the Provincial Rental Housing Corporation.
  - The advantages of this option: The City would retain the Lease Area for another use, or for other City priorities.
  - The disadvantages of this option: Denying the lease disposition would contradict the MOU with BC Housing that outlines 1435 Cranberry Avenue as a property suitable for non-market rental housing, and it would be inconsistent with Nanaimo's Health and Housing Action Plan. The City would be obligated to identify another site for non-market rental housing.
  - Financial Implications: Surveying and legal costs have been incurred. No further costs are anticipated to be incurred by the City, aside from those for which work has already completed.

## **SUMMARY POINTS**

- A City-owned property at 1425 Cranberry Avenue was identified as a non-market rental housing site through a Memorandum of Understanding with BC Housing.
- A subdivision of 1425 Cranberry Avenue created a new lot, now addressed as 1435 Cranberry Avenue, which is sufficient in size to accommodate a 46-unit non-market rental housing project.
- Staff are seeking Council approval to issue a 60-year lease to Provincial Rental Housing Corporation at 1435 Cranberry Avenue, to fulfil the City's obligations under the MOU.
- Snuneymuxw First Nation has been selected as the proposed operator of the building.
- The proposed lease is consistent with policy direction in Nanaimo's Health and Housing Action Plan.

**ATTACHMENTS:**

ATTACHMENT A: Location Plan

ATTACHMENT B: Aerial Location Plan |

**Submitted by:**

Bill Corsan  
**Director, Corporate and Business  
Development** |

**Concurrence by:**

Lisa Brinkman  
**Manager, Community Planning**

Jeremy Holm  
**Director, Planning and Development**

Laura Mercer  
**General Manager, Corporate Services** |