

DATE OF MEETING July 8, 2024

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**SUBJECT LEASE DISPOSITION TO BC HOUSING – PORTION OF 1030 OLD VICTORIA ROAD**

## **OVERVIEW**

### **Purpose of Report**

To seek Council approval to issue a 3-year lease, with the option for two 2-year renewals, to the Provincial Rental Housing Corporation for a portion of City-owned land located at 1030 Old Victoria Road to facilitate BC Housing's construction and operation of a Navigation Centre.

### **Recommendation**

That Council approve the disposition of a 3-year lease, with the option for two 2-year renewals, for a portion of City-owned land located at 1030 Old Victoria Road to the Provincial Rental Housing Corporation.

## **BACKGROUND**

### **Memorandum of Understanding**

Addressing the needs of Nanaimo's unhoused population has been a key priority for the City for the last 16 years. In July 2019, the City of Nanaimo and BC Housing announced a Memorandum of Understanding (the "2019 MOU") to respond to the current homelessness and housing affordability crisis by providing new supportive and affordable (non-market) housing project within the city. City Staff have continued to work with BC Housing with the goal of delivering the housing targets in the 2019 MOU and in the City of Nanaimo's 2021 Health and Housing Action Plan.

In January 2024, the Province and City announced that they had signed a new Memorandum of Understanding for the two new provincial programs: Homeless Encampment Action Response Team (HEART) and Homeless Encampment Action Response Temporary Housing (HEARTH).

The January 2024 MOU (the "2024 HEART and HEARTH MOU") was developed to recognize the shared purpose of supporting people in encampments and other unsheltered individuals through a commitment to implement HEART and HEARTH, as a coordinated approach to preventing entrenchment, improving health and safety, preserving dignity for encampment residents, respecting the needs for culturally appropriate services for Indigenous peoples, and considering the needs of the surrounding community. One of the City's commitments within the 2024 HEART and HEARTH MOU is to identify appropriate and feasible land for HEARTH shelter and to expedite land use decisions necessary for the provision of shelter and housing.

City Staff and the Province, through BC Housing, have identified City-owned land at 1030 Old Victoria Road as a suitable location for a HEARTH funded Navigation Centre. ]

## **DISCUSSION**

### **Property Context**

1030 Old Victoria Road (the “Property”, Attachment A) is City-owned land that is 0.97ha (2.42 acres) in size and has level topography. The Property is located in the Chase River area and is a short walk to the Southgate urban node. The Property was previously used as rental storage space with lockers as well as boat and recreation vehicle storage. The house located on the Property is at the end of its physical life and is not occupied.

BC Housing is requesting to lease an area of 0.487ha (1.20 acres) of the Property (the “Lease Area”, Attachment B) for a Navigation Centre (the “Navigation Centre”).

### **Navigation Centre**

Within the Lease Area, BC Housing plans to construct and operate improvements that will include a modular building with approximately 60 private sleeping units each with a locking door, a bed, and a place to store personal belongings. There will also be communal washrooms, a commercial kitchen, laundry/utility room, amenity room and office space.

### **Lease Disposition**

#### *Key Terms of Lease:*

Address of Property:	1030 Old Victoria Road
Legal Description:	Block B, Section 1, Nanaimo District, Plan 1748, except part in Plans 35164 and VIP66021
Property Land Area:	0.97ha (2.42 acres)
Proposed Lease Area:	0.487ha (1.20 acres)
Lessee:	Provincial Rental Housing Corporation
Term:	3-years plus option for two 2-year renewals (i.e. up to 7 years)
Zoning:	I3 – High Tech Industrial / Light Industrial
Commencement Date:	2024-JUL-10
Rent:	\$1.00 for the Term

### *Lessee*

The Provincial Rental Housing Corporation, which is administered by BC Housing, has been identified as the proposed Lessee. Vancouver Island Mental Health Society will operate the Navigation Centre and Staff will be on site 24/7.

### *Term and Renewal Terms*

The request is to grant a 3-year lease, with the option for two 2-year renewals, which would total seven years of possible occupation. The renewal periods have been requested by BC Housing to accommodate possible changes to projected timelines for the completion of construction of

some of BC Housing's permanent housing projects, where the Navigation Centre's occupants could be relocated as those permanent supportive and affordable housing sites become available.

### *Zoning and Property Development*

The Property is zoned I3 (High Tech Industrial). The development of the Navigation Centre and use of the Property will be temporary. The Province, through BC Housing, intends to establish the Navigation Centre using statutory immunity, which provides for the use or development of land without requiring municipal approval.

### *City Plan*

Section C.3.2.20 of City Plan supports development of accommodation and housing options to rapidly re-house those experiencing homelessness, including the use of transitional housing. City Plan designates the Property for future land use as Light Industrial. Under the Light Industrial designation, Section D4.6.21 states that in special circumstances properties can be considered for supportive, transitional, or emergency housing in appropriate locations.

### *Rent*

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 at \$1,575,000, which equates to a market rent of \$94,500 per annum, assuming a discount rate of 6%.

### *Financial Implications*

On 2022-MAY-16, Council direction was received to commit a contribution of 50% of the costs to establish a temporary HEARTH/Navigation Centre to a maximum of \$750,000.

Staff are seeking Council's approval to grant a 3-year lease, with the option for two 2-year renewals, over a portion of 1030 Old Victoria Road to fulfil the City's commitments under the 2024 HEART and HEARTH MOU. ]

## **OPTIONS**

1. That Council approve the disposition of a 3-year lease, with the option for two 2-year renewals, for a portion of City-owned land located at 1030 Old Victoria Road to the Provincial Rental Housing Corporation.
  - The advantages of this option: The disposition of the Lease Area is consistent with the City's commitments to fulfilling the requirements of the City of Nanaimo's 2021 Health and Housing Action Plan and the 2024 HEART and HEARTH MOU between the City and the Province. BC Housing will have available property to continue to provide temporary housing for residents facing homelessness, and whom may otherwise be unsheltered.

- The disadvantages of this option: The Property will not be available for another City use during the term of the proposed lease.
  - Financial Implications: The City will contribute up to \$750,000 to BC Housing to use towards the costs to establish the Navigation Centre. The \$750,000 is included in the approved 2024 - 2028 Financial Plan and will be funded from the Housing Legacy Reserve Fund.
2. That Council deny a 3-year lease with the option for two 2-year renewals, for a portion of City-owned land located at 1030 Old Victoria Road to the Provincial Rental Housing Corporation.
- The advantages of this option: The Property will be available for other City uses.
  - The disadvantages of this option: Unhoused residents living on the streets will not be provided with the housing and support facilities of the Navigation Centre. The City will need to continue to identify other suitable properties for a Navigation Centre.
  - Financial Implications: None identified. |

### **SUMMARY POINTS**

- Addressing the needs of Nanaimo’s unhoused population has been a key priority for the City for the last 16 years.
- In January 2024, the Province and City announced that they had signed a Memorandum of Understanding (the “2024 HEART and HEARTH MOU”) for the two new Provincial Programs: Homeless Encampment Action Response Team (HEART) and Homeless Encampment Action Response Temporary Housing (HEARTH).
- One of the City’s commitments within the 2024 HEART and HEARTH MOU is to identify appropriate and feasible land for HEARTH shelter and to expedite land use decisions necessary for the provision of shelter and housing.
- City Staff and the Province, through BC Housing, have identified City-owned land at 1030 Old Victoria Road as a suitable location for a HEARTH funded Navigation Centre.
- The proposed Navigation Centre will include a modular building with approximately 60 private sleeping units.
- Staff are seeking Council’s approval to grant a 3-year lease, with the option for two 2-year renewals, over a portion of 1030 Old Victoria Road to fulfil the City’s commitments under the 2024 HEART and HEARTH MOU.

### **ATTACHMENTS:**

ATTACHMENT A: Location Plan  
ATTACHMENT B: Lease Area |

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