

**CORPORATION OF THE CITY OF COURTENAY  
COUNCIL MEETING AGENDA**

**DATE:** August 17, 2015  
**PLACE:** City Hall Council Chambers  
**TIME:** 4:00 p.m.

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**1.00 ADOPTION OF MINUTES**

1. Adopt August 4, 2015 Regular Council meeting minutes

**2.00 INTRODUCTION OF LATE ITEMS**

**3.00 DELEGATIONS**

**4.00 STAFF REPORTS/PRESENTATIONS**

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**(a) CAO and Legislative Services**

- 1 1. Braidwood Housing Project Proposal Evaluation

**(b) Community Services**

**(c) Development Services**

**(d) Engineering and Operations**

**(e) Financial Services**

**5.00 EXTERNAL REPORTS AND CORRESPONDENCE FOR INFORMATION**

- 15 1. Letter from Green Communities Committee (GCC)

**6.00 INTERNAL REPORTS AND CORRESPONDENCE FOR INFORMATION**

- 19 1. Staff Memo: Sewage Commission Resolution Feb. 17, 2015-South Sewer Connection

**7.00 REPORTS/UPDATES FROM COUNCIL MEMBERS INCLUDING REPORTS FROM COMMITTEES**

**8.00 RESOLUTIONS OF COUNCIL**

1. Councillor Lennox – Food Trucks

Proposed resolution: *That staff provide a report to Council regarding the options and implications of amending the City of Courtenay Business Licence Bylaw to relax the current limitations on mobile restaurants (food trucks).*

**9.00 UNFINISHED BUSINESS**

**10.00 NOTICE OF MOTION**

**11.00 NEW BUSINESS**

**12.00 BYLAWS**

**13.00 ADJOURNMENT**

**Note:** there is a public hearing at 5:00 p.m. in relation to Zoning Amendment Bylaw No. 2824 (4746 Oakridge Drive secondary suite).

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THE CORPORATION OF THE CITY OF COURTENAY

## STAFF REPORT

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**To:** Council  
**From:** Chief Administrative Officer  
**Subject:** Braidwood Housing Project Proposal Evaluation

**File No.:** 5040-20  
**Date:** August 17, 2015

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### PURPOSE:

The purpose of this report is to present an evaluation of the submission received through the Braidwood Housing Project Request for Proposals (RFP), recommend the next steps in advancing the project, and obtain Council direction to appoint a project sponsor.

### POLICY ANALYSIS:

The selection of a qualified proponent to build and operate the Braidwood Housing Project has been identified as Council's number one priority in the City's 2015 Strategic Priorities Report.

### RECOMMENDATION:

THAT based on the August 17, 2015 staff report "Braidwood Housing Project Proposal Evaluation", Council proceed with OPTION 1, to appoint the M'akola Group of Societies and the Wachiay Friendship Centre as the joint project sponsors for a 5-year term; to direct staff to proceed with the due diligence tasks outlined in the Social Planning Consultant's report; to appoint the CAO as the City Project Manager; and that the City Project Manager report back to Council quarterly.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM  
Chief Administrative Officer

### BACKGROUND:

At the Regular Open Council Meeting on March 2, 2015, Council passed the following resolution.

*That based on the March 2, 2015 staff report "Braidwood Housing Project Revised RFP" Council Approve in Principle the revised RFP, and direct staff to proceed with OPTION 1, and invite qualified non-profit societies or groups to submit a proposal to develop and operate an affordable or supportive housing project at 810 Braidwood Road for persons and/or households in need of adequate and affordable housing in the Comox Valley;*

*That staff incorporate the suggested minor amendments submitted by the Comox Valley Network of the Association of Registered Nurses of B.C.; and*

*That the Braidwood Housing Project Working Group review the qualified proposals, and recommend a preferred proponent to Council as soon as possible after the RFP closing date of April 28, 2015.*

Only one proposal was received to the RFP and the analysis of this proposal by the Braidwood Housing Project Working Group is summarized in the attached report by Mr. John Jessup, Social Housing Consultant.

#### **DISCUSSION:**

Initially focused on a Supportive Housing Model, the terms of reference for the Braidwood Housing Project were broadened by Council to an “Affordable” housing model when it became clear that annual operating subsidies through earlier BC Housing were no longer available.

As Council may recall the Social Planning consultant has previously recommended that the City undertake environmental assessments including a hazmat survey of the existing housing on the site; a Phase 1 Environmental Site Assessment (ESA) to determine whether the soils are contaminated; a geotechnical survey of soils condition and capacity; and, a civil engineering assessment of the capacity of existing water main, storm drains and sanitary sewer services to the site. To date staff has been reluctant to undertake these works, concerned that the costs may be wasted if the project did not proceed. That only one proposal was submitted is evidence of this concern. Should Council appoint the M’akola group as project sponsor staff will undertake this analysis and report any unforeseen issues to Council.

Mr. Jessup points out that with only one proposal the question is not about the best project, but instead Council needs to determine if it is an adequate proposal to accept and move forward with. In summary, notwithstanding some challenges with the proposal, the M’akola group has a long history and strong track record in providing affordable housing options across the province. Accordingly, it is recommended that the City appoint M’akola as project sponsor to move forward with further design and funding discussions.

#### **FINANCIAL IMPLICATIONS:**

In July 2013, BC Housing confirmed that they made \$50,000 available to the City, in a proposal development loan, to assist in the planning and development of a supportive housing proposal for this site. A portion of the funds committed by BC Housing can be used towards the development of the RFP and the process of selection of the non-profit operator. To date \$7,890 has been spent of the \$10,000 approved in the Social Housing Consultant contract. The remaining funds will be available to the project sponsor for project design.

As outlined in the attached report the City will also fund approximately \$700,000 in project costs. These costs include the value of the land, the development cost charges, permit fees, connection costs and environmental assessment. The majority of these costs are the land (already paid for with CVRD funds that were transferred to the City to purchase the Braidwood property through the sale of 865, 877 and 889 Cliffe Ave) and the development cost charges. As Mr. Jessup notes, should the project reduce unit sizes to under 312 square feet, the project will be exempt from development cost charges reducing the City contribution by \$12,205 for each unit under 312 square feet.

Pursuant to the agreement entered into with the CVRD at the time the Cliffe Avenue properties were transferred to the City, any proceeds from the sale of the land are to be used for an affordable housing project. Following the purchase of the Braidwood property the City has \$83,012 remaining in the Land Sales Reserve. Additionally \$100,000 was transferred to the City from the CVRD for affordable housing. These funds have been placed in the Affordable Housing Amenity Reserve Fund which has a current balance of \$312,291.

It is important to note that at this early stage building design has not yet been contemplated. Accordingly, the estimated City contributions related to DCCs, and permit costs may change based on final unit counts, size and overall construction cost.

**ADMINISTRATIVE IMPLICATIONS:**

The CAO is the project lead, and works directly with the consultant. Additional support is received from Development Services staff and was included in the 2015 corporate work plan. Approximately 12 hours of staff time have been spent so far this year.

**STRATEGIC PLAN REFERENCE:**

The selection of a qualified proponent for the Braidwood Housing Project is Council's number one strategic priority for 2015.

**OFFICIAL COMMUNITY PLAN REFERENCE:**

- ✓ The provision of non-profit housing as a means of increasing the supply of rental housing is strongly encouraged. Preference is for affordable and social housing to be dispersed throughout the City and not concentrated in one area.
- ✓ Ensure the provision and integration of special needs and affordable housing.
- ✓ Encourage housing opportunities and convenient community services for individuals having special housing requirements.

**REGIONAL GROWTH STRATEGY REFERENCE:**

- ✓ Ensure a diversity of housing options to meet evolving demographics and needs.
- ✓ Encourage residential multi-unit or multi-lot developments to contribute to affordable housing options including, but not limited to a range of unit sizes and types, lot sizes, multifamily or attached-unit buildings, rental units and secondary suites. These contributions

could take the form of land, cash, buildings or other such items as supported by the local governments.

**PUBLIC ENGAGEMENT:**

Two Braidwood neighbourhood Open Houses were held on April 23 and 24, 2014. Additional public engagement will be required to be undertaken by the selected proponent.

**OPTIONS:**

OPTION 1 –

THAT Council appoint the M’akola Group of Societies and the Wachiay Friendship Centre as the joint sponsors of the Braidwood housing project for a 5-year term beginning on the date of approval of this recommendation and THAT no legal rights or obligations are hereby created and none shall arise hereafter except upon execution of all of the documents by all of the parties related to development of the City-owned 810 Braidwood Road site.

THAT Council proceed forthwith to undertake the due diligence tasks identified in this report at the City’s cost at the earliest possible date.

THAT Council appoint a City project manager for the Braidwood project to ensure that development planning for the project proceeds expeditiously, including discussions with BC Housing on funding and on-going liaison with the joint project sponsors to ensure that the City is providing adequate and appropriate assistance to the project sponsors in addressing municipal issues such as zoning, development permit variances and building permit applications, as well as good neighbor agreements and housing agreements both of which require municipal initiative.

THAT the City Braidwood Project Manager report back to Council quarterly on the status of the project, including challenges and constraints, and recommend Council action which may be necessary and appropriate from time to time to ensure that project planning and development is proceeding as it should be.

OPTION 2 –

THAT Council not appoint a project sponsor and direct staff to report back with alternative options for the Braidwood project.

Prepared by,



David Allen, BES, CLGEM, SCLGM  
Chief Administrative Officer

*Attachments: 1. Social Housing Consultant’s August 4, 2015 RFP Evaluation Report*

**INTRODUCTION**

This is the report of the Social Planning Consultant hired by the City to undertake the EOI process for the City-owned 810 Braidwood Road site. The Consultant:

1. Notes the background leading up to issuance of the RFP;
2. Reviews the RFP process and the scoring results for the one proposal received;
3. Highlights the major components of the proposal and comments on aspects of the components which raise concerns;
4. Identifies issues which the development team will have to address in moving forward with this proposal;
5. Summarizes next steps; and
6. Recommends Council action to move the project forward.

**BACKGROUND**

In March, 2015, Council reviewed a revised RFP document and approved it for release to qualified non-profit housing providers in the Province.

Council report and Minutes on revised RFP are on file in the Legislative Services Department.

**RFP EVALUATION**

Housing affordability and society capacity scoring matrices are Appendix 1.

A Working Group was struck to review the proposals submitted. This included the City Director of Development Services, Mr. Ian Buck; the Manager of Mental Health and Substance Use for the Comox Valley, Ms. Lisa Murphy; a Director of the BC Housing Non-Profit Housing Association, Mr. Jim Spinelli; and, the Consultant.

An 8 week response time was allowed. RFP's were placed on BC Bid by the City's purchasing agent and advertised in the BC Non-Profit Housing Association's bi-monthly newsletter.

Only one proposal was received by the RFP deadline of May 19<sup>th</sup> which met all of the mandatory criteria. A letter from the Salvation Army was also received declining to submit a proposal without confirmation of necessary operating subsidies from BC Housing.

After review by the Working Group, the following scores were recorded for the M'akola/Wachiay proposal:

Category	Score (1)	Score (2)	Score (3)	Score (4)	Average Score
Affordability	14	10	16	16	14
Capacity	90	95	92	90	92
Total	104	105	108	106	106

The average score was 106 out of a total possible 117 or 91%. The identity of the scorers is not revealed for security purposes.

### **HIGHLIGHTS OF M’AKOLA / WACHIAY PROPOSAL**

The RFP received was a joint submission from the M’akola Group of Societies and the Wachiay Friendship Centre.

Their objective is to develop an affordable housing development for co-ed homeless, or at-risk-of-homelessness singles, mental health and substance use clients, Aboriginal people, and people with physical disabilities.

#### Housing Targeting Profile

The primary target tenant group “will include” co-ed singles who are homeless or at risk of homelessness. The secondary target group “will include” Aboriginal people, mental health and substance use clients, and people with physical impairments. “[T]he primary and secondary target tenant groups may shift in order to align with partner mandates and the collective community vision”. “[W]e anticipate some flexibility when assessing the potential population of this building”.

“We propose a fully rental building with a mix of rental rates based on shelter allowances and low-end-of-market (LEM) [rents]”. The maximum shelter allowance for single persons on welfare is \$375 per month. Low-end-of-market rent is defined by BC Housing and CMHC as equal to 90% of average market rent for a similar type and size of unit in the same market area.

Number	Unit Type	Net Floor Area	Net Monthly Rent
12	Studio	350	\$375
12	Studio	350	\$508
3	One-Bedroom	585	\$570
3	One-Bedroom	585	\$617
30	Total		

“Our official partner, Wachiay Friendship Centre, also has a rent supplement program through Aboriginal Housing Management Association (AHMA), where they are able to supplement rent...for eligible Aboriginal clients, which would allow low income or homeless individuals to even access the LEM units”.

“The Wachiay Friendship Centre is also prepared to provide in-kind support services, including but not limited to: rent supplements and life skills support through the Homeless Prevention Program [HPP] and Homeless Outreach Program [HOP]”. These are programs funded by the Aboriginal Housing Management Association and BC Housing.

“First Choice of Support Delivery...will be a collaborative, integrated approach...[whereby] service providers and organizations from across the continuum will work together, so that services are complementary and coordinated”.



“Our second choice for the delivery of supports will be a housing first model with minimal or no supports available to tenants beyond attainable rents and a sympathetic landlord (M’akola)”.

“Potential local community partnerships include: Comox Bay Care Society; Lush Valley; Comox Valley Association of Registered Nurses of BC; Vancouver Island Health Authority, and AIDS Vancouver Island.”

### Society Competence and Capacity

**Vision.** A vision which City staff and Council share, but... “This will be achieved by developing a mixed-use building which combines affordable housing and commercial/office space. The leased space will directly impact residents positively by locating offices of community support agencies within the same building and also indirectly by rental income from these leases cross-subsidizing low rents in the building”.

You will note that the vision includes “affordable housing” and “commercial/office space”. I suggest that “affordable housing” is Low-End-of-Market (LEM) rental housing. Not necessarily housing that low income single homeless people can afford. Yes, with the help of rent supplements this might be possible. But, BC Housing questions the use of rent supplements on a long-term basis for units in a non-market housing project. With regards “commercial/office space”, the R-4 permitted use “(5) Facility for adults with a disability” is interpreted as including offices for “counselling, teaching and job training services for adults with disabilities”. However, any other form of commercial/office use is not permitted without rezoning which has been discouraged.

**Building Specifications.** All reasonably acceptable. Except the R-4 Zoning allows for a FAR of 1.2. With a site area of 17,424 square feet, this yields a gross building floor area of 20,909 square feet. The proposal asks for a gross building floor area of 25,416 square feet or 4,507 square feet more than that permitted under the zoning. As pointed out by the proponent, this would be equivalent to an FAR of 1.46.

As a multiple residential building, Built Green does not apply. If anything, a LEED certification would be required. But BC Housing would not require this unless they were willing to provide a capital grant to cover the extra cost of LEED certification. For a building of this size and cost, LEED Gold certification would cost an extra \$1.0 million over the cost of meeting the municipal building code. It is therefore recommended that LEED certification not be a municipal requirement of the project.

**Corporate Background.** M’akola has over 100 employees across the Province. They work in a range of capacities from development, property management, finance, administration, and maintenance. In 2013, the last year for which financial statements are available, M’akola had an annual operating budget of over \$5.1 million with over \$21 million in assets under ownership. In that year, M’akola added \$265,416 to its surplus.

**Contributions and Partnerships.** M’akola is prepared to provide \$250,000 in sponsor equity towards the capital cost of the project. Wachiay Friendship Centre is prepared to provide an additional \$30,000 to \$40,000 in sponsor equity. This totals, averaging Wachiay’s contribution at \$35,000, \$285,000 in

sponsor equity. Island Health and BC Housing may also be persuaded to provide additional capital equity in the project.

Wachiay would be prepared to provide in-kind services to the Braidwood Project. These services would include managing operations (collecting rents, supervising maintenance), coordinating support services, providing Homeless Prevention Program (HPP) subsidies to eligible tenants (clients), and operating a satellite advocacy office there. Homeless Outreach Worker and Homeless Programs Coordinator will likely be part of the Braidwood project operation. The HOP and HPP programs at Wachiay are funded jointly by the Aboriginal Housing Management Association (AHMA) and BC Housing. Please see BC Housing's comments on this aspect of the proposal below.

**Capital Budget and Assumptions.** Assuming a total capital cost of \$7.2 million, with sponsor equity of \$285,000, and City capital subsidies estimated at \$705,150, this yields a net capital cost (to be mortgaged) of roughly \$6.2 million. The proponent estimates the City capital subsidies to include the following:

1. 60-year lease of land at nominal rent:	\$ 289,500.00
2. Development Cost Charges (DCC's) forgiveness:	\$ 366,150.00
3. Development Permit Fee forgiveness:	\$ 4,500.00
4. Building Permit Fee forgiveness:	\$ 30,000.00
5. City water, storm and sanitary upgrades forgiveness	\$ 3,000.00
6. Environmental Assessments	\$ <u>12,000.00</u>
Total	\$ 705,150.00

To achieve a 1.1 Debt Coverage Ratio, the (Per Unit Per Month) PUPM mortgage principal and interest payment must be no more than \$240.00. At a net capital cost of \$6,237,675.19 (M'akola's number), actual mortgage principal and interest payment would be a total of \$32,254.65 per month or \$1,075 PUPM.

This would require either a one-time up-front capital contribution of \$4.96 million, in addition to sponsor equity and City capital subsidies already committed, or an annual on-going operating subsidy of (\$1,075 - \$240) \$835 PUPM or (\$835 x 30 units x 12 months) \$300,600 per year. Or, a combination of one-time capital contributions and on-going operating subsidies equivalent to the same overall financial result.

#### Comments on the Capital Budget

The gross capital budget included in the proposal puts the total cost (without sponsor equity and City capital subsidy included) at about \$7.2 million. The Consultant believes that in addition to the Alternative Scenarios presented in the proposal, the following capital costs should be reconsidered:

**1.2 Environmental Study: \$93,502.** The Consultant believes that these costs are greatly exaggerated and in fact include costs that BC Housing will require the City to pay directly, shortly after the project sponsor has been appointed. These costs probably include the due diligence work that the Consultant has previously on several occasions recommended the City to proceed with. They include: a hazmat

survey of the existing housing on the site (\$3,500); a Phase 1 Environmental Site Assessment (ESA) to determine whether the soils are contaminated (\$2,500); a geotechnical survey of soils condition and capacity (\$3,000); and, a civil engineering assessment of the capacity of existing water main, storm drains and sanitary sewer services to the site (\$3,000). These would total about \$12,000 and if undertaken at the City's cost, would be deducted as part of the City's capital contribution to the project and therefore have a zero impact on the capital cost of the project.

**3.6 Project Manager: \$233,759.** In the Consultant's experience, development consultant or project management expenses for a project of this size and cost allowed by BC Housing would not exceed \$80,000. A realistic adjustment of this cost would save (\$233,759 – \$80,000) approximately \$150,000.

**5.1 Construction Base Cost: \$4,675,145.** Assuming construction of a 25,416 square foot building, this calculates at \$183.95 per square foot. If BC Housing provides a large capital grant to the project, BC Housing may require that the building achieve LEED Silver and meet BC Housing's Design and Construction Standards. If a major capital grant is not forthcoming from BC Housing, LEED Silver and BCH Design and Construction Standards could be negotiated out of the capital financing arrangement. This would mean that construction would only have to meet the City building code and that cost per square foot could be reduced accordingly. For example, if construction costs were reduced through these means to \$165 per square foot, construction base cost for a 25,416 square foot building would be \$4,193,640 or a saving of about (\$4,675,145 - \$4,193,640) \$481,505.

All of these reductions taken into consideration would reduce the gross capital cost by approximately (\$93,500 + \$150,000 + \$480,000) \$723,500 to about \$6,476,500. Given the deductions noted in M'akola's capital budget, this would reduce net capital cost (to be mortgaged) to approximately (\$6,476,500 - \$983,150) \$5.5 million.

#### Comments on Assumptions and Alternate Scenarios

M'akola is to be commended on anticipating challenges and looking forward to alternate scenarios which would attempt to improve the business plan for the project. The Consultant has the following comments on the development assumptions:

**Affordability.** The final assumption ultimately may be 100% Low-End-of-Market (LEM) units. This would provide unit rents at about 90% of market rental rates for a similar type and size of unit in the Comox Valley market area, thereby maximizing the residential revenue for the project.

The challenge will be in reducing rents for 50% of the units from LEM (\$508 PUPM) to the maximum shelter allowance for single persons on welfare (\$375 PUPM). This difference would in theory be made up for by the HOP/HPP rent supplements administered by Wachiay, calculated as follows:

1. Maximum Shelter Allowance for Single Persons on Welfare: \$375 Per Unit Per Month
2. Plus HOP/HPP Rent Supplement available from Wachiay: \$133 Per Unit Per Month
3. Equals Low-End-of-Market Rent: \$508 Per Unit Per Month

But BC Housing points out that diverting 15 rent supplements from private market rental units to the project does not result in a net increase in affordable units in the Comox Valley market area. Further, BC Housing is concerned that rent supplements which were made available to help out needy tenants in the short term, would be permanently committed to the project and not available for reallocation as recipients gained their footings and moved forward on their own steam.

**Sustainability.** Not going LEED or Built Green would probably save a project of this size about \$1.0 million in extra capital costs. BC Housing would not require LEED or Built Green unless BC Housing provided a major capital grant to the project. However, the sponsor may wish to pursue what we in the industry have come to call, “shadow” LEED. In this approach, only cost effective LEED components which have a short payback period given the resulting reductions in operating costs, are included. And, no certification is attempted through the Canadian Green Building Council (CaGBC). This significantly reduces consultant and construction costs as LEED documentation to support the CaGBC application for certification is thereby avoided.

**Commercial Space and FAR Variance.** The site is 0.4 acres or about 17,424 square feet in area. The existing FAR in the R-4 Zone is 1.2 which allows a building with a maximum gross floor area of approximately 20,909 square feet to be constructed there. It is the addition of the proposed 4,500 square feet of commercial space in the building which forces the request to increase the FAR from 1.2 to 1.46. A couple points here. We have discussed the matter of rezoning the site on several occasions and decided, both staff and Council, not to consider this. While side yard, outside (usable) amenity area, and parking could be relaxed at the development permit stage, a change in land use or density would require a rezoning. Further, the \$4,875 monthly rent that the commercial space would generate is gross rent, not net income. BC Housing would require any commercial space pay its pro rata share of monthly mortgage payments and operating expenses (heat, light, utilities, insurance, etc.) which would have to be deducted from gross monthly rent to determine net income. As a result, in the early years there may be no net income available to cross-subsidize the lower income residential units.

**Size and Number of Units.** Three hundred and fifty (350) square feet for a studio unit is generous. In some other projects with which the Consultant is familiar, the studio units were limited to 275 square feet. This would mean a reduction in development costs per unit and the possibility of increasing the number of units in the project above 30 without exceeding the existing FAR of 1.2. It would also have the effect of eliminating the City’s capital subsidy to the project arising from Development Cost Charges (\$366,150), because DCC’s are not payable on units below 29 square meters (312 square feet) in net area.

It should be noted to the proponent’s credit that some of these suggestions have been incorporated into M’akola’s alternate scenarios.

## **ISSUES**

As the M’akola/Wachiay proposal is the only submission received which met all of the mandatory criteria, the question becomes not whether this is the best proposal, but rather, whether it is an adequate proposal for Council to accept and thereby appoint the proponent, project sponsor.

The major short-coming in the business plan presented in this proposal, as explained clearly by the proponent, is the need for an upfront, one-time capital contribution of about \$5.0 million. Whether or not this can be justified to other potential funders, public or private, is doubtful. Considering that the project may only deliver 30 affordable housing units for moderate income market renters.

Supportive Housing for Low Income Homeless vs. Affordable Housing for Moderate Income Singles. Whether a 50/50 mix of low income homeless people and low end of market moderate income singles can be achieved in reality is the second major issue. Use of rent supplements to allow low income homeless singles to afford a low-end-of-market rental unit on a long-term basis may not be feasible. See BC Housing comments below.

Also, whether outreach resources currently available in the Valley can be stretched sufficiently to provide adequate support to low income homeless singles living in the project is a question. The possibility that a recently funded ACT (Assertive Community Treatment) team for the Comox Valley could locate in an office in the project and provide emergency support to mental health and addictions clients in the building is hopeful but not a certainty. The housing first model is more likely. However, if the economic rent of the project cannot be sufficiently reduced to allow some low income homeless singles to live in the project, the issue of support provided through whatever means is a moot point.

#### **COMMENTS FROM BC HOUSING, CITY STAFF AND RFP WORKING GROUP**

In a recent conference call with BC Housing development services and operations staff had the following comments:

- Use of HOP and HPP rent supplements in the Braidwood project would not increase the overall supply of affordable housing in the Comox Valley, as these rent supplements would no longer be available to subsidize rents in private market rental housing;
- Use of Wachiy HOP staff for some property management functions, such as collecting rents and providing a degree of tenant support, would not be appropriate from that BC Housing funding source.
- No due diligence yet conducted by City on the site is a concern: hazmat survey of existing house, environmental survey of soils conditions, geotechnical survey of soils conditions, and civil engineering assessment of service capacity of water mains, storm drains and sanitary sewer systems to site. BC Housing is adamant that the City must pay for these due diligence costs and not charge them against the remaining \$40,000 PDF loan set aside for project development planning.

#### City comments:

- While the City is willing to consider variances at the development permit stage, for example, side yard setbacks, outdoor useable amenity area and parking, the City is reluctant to consider land use changes and increases in density beyond what is currently specified in the R-4 zoning bylaw for the site.
- Use of floor area in the building for commercial space not directly related to providing on-site support to building residents would not be permitted under the current zoning.

### Evaluation Team comments:

- Both the BC Non-Profit Housing Association representative and the Consultant believe that, given the lack of availability of on-going operating subsidies for non-market projects and the scarcity of rent supplements for low income tenants, the ability of any project sponsor to house a substantial number of homeless people in the project is a major challenge.

### **DISCUSSION**

Given the obvious challenges of developing and operating the project, M'akola and Wachiay should be commended on submitting a proposal at all.

A few points must be acknowledged here which set this proposal over and above others which might have been received but were not.

First, M'akola is a non-profit housing provider that has a development arm. This allows an invaluable flow of information between development planning and operating experience which will prove particularly useful in developing a feasible business plan for the Braidwood project.

Second, M'akola is a major non-profit housing provider with 100 employees and \$22 million in owned assets operating throughout the Province. Only such a major player could propose to offer \$250,000 in sponsor equity.

Third, M'akola has chosen to align itself with a major local service agency, Wachiay Friendship Centre, to strengthen its ties to the local community. M'akola has further reached out to other local service providers – Comox Bay Care Society, Lush Valley, Comox Valley Association of Registered Nurses of BC and AIDS Vancouver Island – which have been providing support to homeless people in the Comox Valley and would be important allies in providing support services to any homeless people that the Braidwood project could manage to house.

In reviewing an earlier draft of this report, BC Housing provided the following comments:

- Recognition of the societies' capacity is important as they will play a critical role in the development; however the feasibility of the project needs also to work.
- Use of rent supplements will not increase the number of units within the Comox Valley and may in fact breach the operating agreement between Wachiay Friendship Centre and the Aboriginal Housing Management Association which are funded by BC Housing. The rent supplements are to be used to secure units in the private market. AHMA in agreement with BC Housing may be flexible in using a minimal number of rent supplements to support persons living in non-market or low end of market units in this proposed building. We would prefer to create units to serve more people rather than a net zero gain.
- For a non-profit society, BC Housing CPI program only allows 20% of the capital budget and square footage for commercial space.

Given the results of this evaluation and the comments from all of the parties, the Consultant concludes that although there are development and funding challenges, the City should welcome the experience of M'akola and Wachiay as the joint sponsors of the Braidwood project.

### **NEXT STEPS**

The City should appoint the sponsors, undertake due diligence tasks related to the Braidwood site and appoint a City project manager to monitor progress on a regular basis and liaise with the joint sponsors and regional and provincial funders.

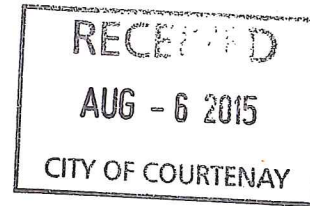
### **RECOMMENDATIONS**

The Consultant recommends as follows:

- A. THAT Council appoint the M'akola Group of Societies and the Wachiay Friendship Centre as the joint sponsors of the Braidwood housing project for a 5-year term beginning on the date of approval of this recommendation and THAT no legal rights or obligations are hereby created and none shall arise hereafter except upon execution of all of the documents by all of the parties related to development of the City-owned 810 Braidwood Road site.
- B. THAT Council proceed forthwith to undertake the due diligence tasks identified in this report at the City's cost at the earliest possible date.
- C. THAT Council appoint the CAO as the City project manager for the Braidwood project to ensure that development planning for the project proceeds expeditiously, including discussions with BC Housing on funding and on-going liaison with the joint project sponsors to ensure that the City is providing adequate and appropriate assistance to the project sponsors in addressing municipal issues such as zoning, development permit variances and building permit applications, as well as good neighbor agreements and housing agreements both of which require municipal initiative.
- D. THAT the City Braidwood Project Manager report back to Council quarterly on the status of the project, including challenges and constraints, and recommend Council action which may be necessary and appropriate from time to time to ensure that project planning and development is proceeding as it should be.







Ref: 158952

July 29, 2015

His Worship Mayor Larry Jangula  
and Members of Council  
City of Courtenay  
830 Cliffe Ave  
Courtenay, BC V9N 2J7

Dear Mayor Jangula and Councillors:

On behalf of the joint Provincial-Union of British Columbia Municipalities (UBCM) Green Communities Committee (GCC), we would like to extend our congratulations for your successful efforts to measure and reduce your corporate greenhouse gas emissions for the 2014 reporting year.

As a signatory to the Climate Action Charter (Charter), you have demonstrated your commitment to work with the Province and UBCM to take action on climate change and to reduce greenhouse gas emissions in your community and corporate operations.

The work that your local government has undertaken to measure and reduce its corporate emissions demonstrates strong climate leadership and sets the stage for broader climate action in your community. As British Columbia begins developing a new climate action plan, your leadership and commitment continues to be essential to ensuring the achievement of our collective climate action goals. For more information about BC's Climate Leadership Plan, go to <http://www.newsroom.gov.bc.ca/2015/05/bc-names-climate-leadership-team.html>.

The GCC was established under the Charter to support local governments in achieving their climate goals. In acknowledgement of the efforts of local leaders, the GCC is again recognizing the progress and achievements of local governments such as yours through the multi-level Climate Action Recognition Program. A description of this program is enclosed for your reference.

As a Charter signatory who has completed a corporate carbon inventory for the 2014 reporting year and has demonstrated familiarity with the Community Energy and Emissions Inventory, you have been awarded Level 2 recognition – 'Measurement.'

.../2

Mayor Larry Jangula  
and Members of Council  
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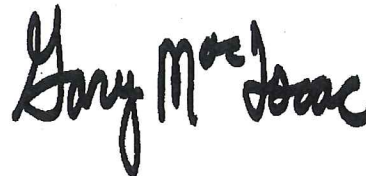
In recognition of your achievements, the GCC is very pleased to provide you with climate action community branding for use on official websites and letter heads. An electronic file with the 2014 logo will be provided to your Chief Administrative Officer. Also enclosed is a 2014 Climate Action Community window decal, for use on public buildings.

Congratulations again on establishing your corporate emissions inventory and your overall progress. We wish you continued success in your ongoing commitment to the goal of corporate carbon neutrality and your efforts to reduce emissions in the broader community.

Sincerely,



Gary Paget  
Acting Assistant Deputy Minister  
Local Government Division  
Ministry of Community, Sport and  
Cultural Development



Gary MacIsaac  
Executive Director  
Union of British Columbia Municipalities

Enclosures



## GCC Communiqué on the Climate Action Recognition Program

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In acknowledgment of the ongoing efforts of local leaders, the joint Provincial-UBCM Green Communities Committee (GCC) is pleased to be continuing the **Climate Action Recognition Program** for BC local governments for the 2014 reporting year. This is a multi-level program that provides the GCC with an opportunity to review and publicly recognize the progress and achievements of each Climate Action Charter (*Charter*) signatory.

Recognition is provided on an annual basis to local governments who demonstrate progress on their *Charter* commitments, according to the following:

*Level 1: Progress on Charter Commitments*

All local governments who demonstrate progress on fulfilling one or more of their *Charter* commitments will receive a letter from the GCC acknowledging their accomplishments.

*Level 2: Measurement*

Local governments who have completed a corporate carbon inventory for the reporting year and demonstrate that they are familiar with the Community Energy and Emissions Inventory (CEEI) will receive a 'Climate Action Community 2014' logo, for use on websites, letter head and similar.

*Level 3: Achievement of Carbon Neutrality*

Local governments who achieve carbon neutrality in the reporting year will receive a 'Climate Action Community – Carbon Neutral 2014' logo, for use on websites, letter head and similar.

To be eligible for this program, local governments will need to complete a Climate Action Revenue Incentive Program (CARIP)/ Carbon Neutral Progress Survey and submit it online to the Province in accordance with the program guidelines. Determination of the level of recognition that each community will receive will be based on the information included in each community's annual CARIP report. Additional information on CARIP reporting is available online at:

[www.cscd.gov.bc.ca/lgd/greencommunities/carip.htm](http://www.cscd.gov.bc.ca/lgd/greencommunities/carip.htm) .





THE CORPORATION OF THE CITY OF COURTENAY

## MEMORANDUM

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**To:** Council **File No.:** 5340-00  
**From:** Chief Administrative Officer **Date:** July 31, 2015  
**Subject:** Sewage Commission Resolution Feb. 17, 2015 – South Sewer Connection

### ISSUE:

On February 17, 2015 the Comox Valley Sewage Commission (CVSC) adopted the following Resolution:

“THAT a staff report be prepared to consider the concept of hooking up parts of south Courtenay to a new treatment plant to relieve pressure on the current system, share costs with the south region, and incorporate advanced secondary treatment.”

### BACKGROUND:

- The South Sewer Project (SSP) is a partnership amongst CVRD (on behalf of Electoral Area A), the K’ómoks First Nation (KFN) re Sage Hills future development, and the Village of Cumberland (VoC).
- All aspects of the SSP – statutory responsibility, governance, finance, planning and servicing – are future service matters separate and apart from the existing service presently delivered by the Comox Valley Sewage Commission.
- To date, there has been no proposal from the SSP partners to the CVSC to consider a future partnership in a region-wide centralized system or some blending of such a concept.
- The Comox Valley Sewage Commission Terms of Reference grants it the following authorities:
  - a) determine the budget for operations at the Comox Valley water pollution control centre;
  - b) determine rates to be charged for handling septic tank effluent in conjunction with the Comox Valley water pollution control centre;
  - c) determine rates to be charged for any compost material produced by the Comox Valley water pollution control centre;
  - d) select and procure operating and maintenance equipment used in conjunction with Comox Valley water pollution control centre; and
  - e) Administer the regulations [and] bylaws of the Comox Valley water pollution control centre.
- In response to the Resolution above, the CVSC Technical Committee considered various options and determined none to be in the best interests of the existing partnership and a Staff Report essentially to that effect will be provided to the next meeting of the CVSC.

Respectfully submitted,

David Allen, BES, CLGEM, SCLGM  
Chief Administrative Officer