

**Memorandum of Understanding
between
BC Housing Management Commission (BC Housing) and
the City of Nanaimo
regarding the development of sites for supportive housing.**

1. Introduction

This Memorandum of Understanding sets out the proposed partnership between BC Housing and the City of Nanaimo for the design, approvals, and preconstruction work required on five sites located within the City. The sites are owned by the municipality (3), Tillicum Lelum Aboriginal Friendship Centre (1) and the Provincial Rental Housing Corporation (PRHC) (1), with the intent that construction of the supportive housing (the Buildings) will proceed in 2009.

The Municipality is the owner of three of the sites and also responsible for regulating development in the Municipality, including development of the Buildings. The Municipality's ownership and regulatory roles are separate and independent, and, where relevant to this Memorandum of Understanding, are specifically identified. This MOU will form the basis of understanding related to the partnership between BC Housing and the Municipality in developing the Buildings.

This MOU forms the basis of understanding related to the partnership between BC Housing and the Municipality in developing supportive housing. The Municipality will provide three serviced sites and support to the non-municipally owned sites. The municipally owned sites subject to this MOU are listed in Appendix A as may be amended by the agreement of both parties.

The supportive housing developed under this MOU will accommodate the homeless and those at risk of homelessness.

2. Policy Context

In September 2004 the Premier's Task Force on Homelessness, Mental Illness and Addictions was created "to develop innovative strategies to help people with addictions and mental illness move from temporary shelters to long-term, stable housing where their needs can be better met".

In October 2006, the Province of BC announced its comprehensive housing strategy, Housing Matters BC, which has as two of its six priorities that:

- "the homeless have access to stable housing with integrated support services, and
- BC's most vulnerable citizens receive priority for assistance".

In July 2008, the City of Nanaimo adopted a five-year plan to tackle homelessness. This plan, "Nanaimo's Response to Homelessness: Action Plan," was the result of an analysis of Nanaimo's unique issues and existing resources and provided strategies for action that included partnering with other levels of government and the community.

3. Housing Priorities

According to the 2007 Homeless Count there are an estimated 302 homeless individuals living on the street or in shelters on any given night in the City of Nanaimo. Many of the homeless and those at risk of homelessness suffer from mental illness and/or substance abuse issues, and need safe, secure and affordable housing plus support services.

The homeless population in Nanaimo have varied needs and as a result require a range of resources. Priorities for housing include responding to the needs of the chronically homeless and improving the stability and independence of the population at risk.

4. Building Program

The Buildings will generally consist of a unit mix consistent with the requirements of the non-profit service providers, complete with a kitchen and bathroom. They will include amenity spaces and administration offices. Residential and/or non-residential uses (commercial, retail and social services) may occupy the ground floors.

The total number of units in a supportive housing project as noted in Appendix A is approximate and is likely to change through the design development process. It is expected that some of the units will be occupied by tenants supported by providers of services to persons possibly with a mental illness, addiction problem, street youth, or others in need of support. One third to one half of the units may be occupied by Supported Tenants. The project may be developed as a low barrier model in which most or all of the tenants are supported by Service Providers.

5. Sustainability

The Province is committed to achieving higher environmental standards, and BC Housing intends that all the apartment buildings be designed to minimize Green House Gases and to achieve LEED® Gold certification or equivalent, as BC Housing may determine. BC Housing's commitment to minimize Green House Gas emissions and to achieve LEED® Gold certification or equivalent is their initiative and is not a requirement of the municipality as regulator of development. The municipality's Development Services staff will work with BC Housing and the consultant teams to optimize the Buildings' sustainability as BC Housing may consider financially justifiable.

6. Commercial, Including Non-Accessory Parking, and Retail Uses

Commercial and/or retail uses may be required on the ground floor of some of the Buildings because of their location in a shopping district or on a major arterial route. If so imposed by the Municipality, the Municipality as owner of the Sites will then be required to pay the cost of building the commercial and/or retail space including a proportionate share of the base building cost and the cost of the parking required for the commercial and/or retail space. (The commercial and retail space will be sub-leased to the Municipality for the term of the lease for a nominal prepaid rent, and the Municipality will operate the commercial and retail space as a financial investment.) The Municipality will pay its portion of any shared expenses for operating the Projects that include commercial and/or retail space, but otherwise the

residential and unrelated non-residential uses and spaces will be operated independently.

The Municipality will assign a project manager to work with the development team for the projects that include commercial space on the design and specifications for the space. The Municipality's approval, of the design and specifications for the commercial space in a supportive housing project will be required prior to commencement of construction.

7. Parking

Parking will be provided at the rate of 1 space per 10 units. Recognising the parking requirements for supportive housing are fewer than for a standard multi-family housing zone, variances may be necessary. Shared public and accessory parking may be considered to serve both the needs of the Buildings and public parking spaces.

8. Eligible Tenants

Only households or individuals in core-need (having to pay more than 30% of their gross household income to rent a unit in the private market) will be eligible to move into the Buildings. Priority is to be given to households living in the Municipality who are homeless, at risk of homelessness, or living in a shelter.

9. Rents

Tenants on income assistance will pay a rent equal to the shelter allowance of income assistance. All other tenants will pay 30% of their gross household income for rent or the market rent of the unit whichever is less.

10. Building Operation

The supportive housing will be operated by a non-profit housing society (the Society) who will manage the building and the tenants (selection, tenant agreements, rent collection, eviction, etc.). One or more non-profit providers of social or health services (the Service Provider) will be selected to support tenants who are living with a mental illness, substance abuse, other illness or disability or any other problem that puts them at risk of homelessness. Only persons referred by and supported by the Service Provider will be eligible to move into a Supported Unit. The Society and the Service Provider for a building may or may not be the same non-profit organization.

11. Selection of Non-Profit Housing Societies

BC Housing or the Municipality may pre-select a non-profit housing society to develop and operate on the municipal site. Alternatively, BC Housing or the Municipality may undertake a Request for Expressions of Interest process to select the Society. The Society may be requested to make a submission proposing a complete development team and a complete operation/management team. Once a Society is selected they may take on the role of developers of the supportive housing including providing direction on building designs and programs, as well as assuming responsibility for the

on-going management of the development team, including development consultant, architects and contractor. The contractor will provide management services through the design development process, including costing advice and recommendations regarding construction efficiencies ('value engineering'), and will assist in ensuring that construction of the building can commence as soon as possible. BC Housing reserves the right to choose a general contractor from their pre-qualification list.

12. Sponsor and Service Provider Co-ordination

BC Housing is developing a collaborative process and structure which will involve all providers of supportive housing in the Province in the development and co-ordination of client centred and community based supportive housing and associated services. The intent is to ensure the effective use of resources; a collective approach to wait lists, tenant selection and case management; the sharing of information, research, education and training; and a sector capacity to address common issues and concerns.

The Sponsors and Service Providers selected for the buildings will work collaboratively with BC Housing to develop and define the building and operational programs for all the Buildings with the intent to develop a co-ordinated and collaborative response to the needs of the homeless and those at risk of homelessness that the Buildings will serve.

13. Operational Staffing

Funding will be provided to the Sponsors for 24 hours a day and 7 days a week staffing for each of the buildings. These positions will be employees of the Sponsor and they will manage the buildings and the residents in their capacity as tenants and not as clients of services. Their role will include connecting the tenants to services but they will not provide services to the tenants themselves.

14. Support Services

Most of the services the tenants need, including the Supported Tenants, will be provided by community based non-profit service providers, including the Service Providers. These services will include education, training, job placement and other social services. The tenants will access these services either by going to the locations where the services are delivered or through outreach to the tenants in their homes.

The services provided on site will support the tenants to maximize their independence and their social integration, and may include assistance with basic life skills (budgeting, banking and housekeeping); help with personal crises; medication management; assistance with appointments; links to social, vocational and health services; training and education planning; and community participation.

15. Design and Program Development Funding

BC Housing will provide funding for the pre-development costs to design the building through to issuance of the Development Permits and Building Permits for the building.

These costs include the fees for the architects and their sub-consultants, permit fees, legal costs, survey and building related engineering costs, quantity surveying, etc.

16. Funding for Construction, Operations and Services

BC Housing, the Municipality, and supportive housing partners assume that the Province and its other partners (the Federal Government, corporate and private donors, non-profit housing and service providers) will provide funding to build and operate the Buildings in 2009/2010. The funding will cover the cost to build the Buildings, and for the subsidies to operate the buildings and provide the non-clinical support services for the homeless and those at risk of homelessness e.g. the mentally ill and those suffering from addiction.

17. Leases

The Municipality as owner of the Sites will lease the Sites to the Sponsors for 60 years for a nominal prepaid rent. The lease for a Building will commence once the Building Permit has been issued, the construction financing is in place, and the contract to build the Building has been executed. The leases will require the Sponsors to maintain and repair the Buildings; pay all utilities, insurance, fees and taxes with the exception of Municipal property taxes. As part of the lease the Municipality will include an affordable housing covenant.

18. Property Taxes

The Municipality as owner of the Sites will, as a term of the lease, exempt each Building from Municipality property taxes for the term of the lease as long as the Building continues to provide supportive housing, operated on a not-for-profit basis, for the homeless and those at risk of homelessness, and as long as BC Housing continues to provide operating subsidies to the Building.

19. Access to the Sites

Subject to the existing tenancies, the Municipality and Society as owner of the Sites will grant licenses to BC Housing and to the Sponsors, once the Sponsors have been selected, that will allow BC Housing and the Sponsors to have access to the Sites in advance of the commencement of the lease for the purpose of surveys, demolition, and construction mobilization.

20. Hazardous Materials

If any buildings or structures exist on the land the Municipality and Society will undertake environmental assessments of the buildings on the Sites to determine if there are any hazardous materials e.g. asbestos that need to be removed. The Owner will pay the costs to remove any hazardous materials. The environmental assessment reports will be provided to the Sponsor and the recommendations incorporated into the demolition contracts which will be subject to the review and approval of the Municipality as owner of the Sites. The Municipality may decide to identify an alternative site if there are substantial costs associated with remediation.

21. Demolition

The Sponsor will be responsible for demolishing and removing any existing improvements or structures including any hazardous materials in the buildings and any foundations located on the Sites. BC Housing will pay all costs for the demolition of any improvements located on the Sites and the removal of all debris, with the exception of any costs to remove hazardous materials.

22. Soils

The Owner of the Sites will be responsible for the costs of remediation any soil contamination on the Sites as required by the approving authorities for the development of the Buildings. In event of soil contamination, the Owner will pay all reasonable costs to remediate the site.

Environmental Site Assessments (ESA) reports, if applicable, will be provided to the Sponsor and the recommendations incorporated into the excavation contracts. The contracts for excavation of the Sites will be subject to the review and approval of the Owner of the Sites. BC Housing and the Sponsor will work with the owner to minimize the cost of remediation any soil contamination, including allowing for on-site remediation. The Municipality may decide to identify an alternative site if the costs of remediation are excessive.

23. Crane Overswing and Underpinning Agreements

The development of the supportive housing may require agreements with neighbouring property owners to allow construction cranes to swing across property lines and allow underpinning of shoring required for excavation. The contractors and consultants selected will determine the extent of the overswing and shoring requirements. The consultant team will be responsible for negotiating the agreements with the neighbouring property owners and will have the required agreements in place by the time the Building Permit is issued. BC Housing will pay all costs associated with securing the agreements. Any legal agreements will require the approval of the Municipality's solicitors.

24. Development Permit Process

BC Housing, the Municipality as owner and regulator, the Sponsors and the consultant teams will work co-operatively to identify and address issues with the intent that the OCP and Rezoning requirements, Development and Building Permit applications can be expeditiously processed. The intention is for Development and Building Permits to be approved and issued for the Buildings so that the Buildings can be under construction by 2009. All parties recognize that good communication, prompt responses, and complete documentation will be essential to achieve this schedule.

25. Municipal Approvals

BC Housing, the Municipality as owner and regulator, the Society and their development teams will work co-operatively to identify and address issues with the intent that the Development and Building Permit applications can be expeditiously processed. The intention is for Development and Building Permits to be approved and issued for the Buildings so that the Buildings can be under construction in 2009/2010. All parties recognize that good communication, prompt responses, and complete documentation will be essential to achieve this schedule.

The Municipality will designate a municipal employee to ensure that the approval process through all Municipality departments is expedited on a fast track basis. The individual will be responsible for facilitating the resolution of any issues within the Municipality with regard to the approval process.

26. Public Consultation

BC Housing and the Municipality will work together jointly in delivery of any and all media releases and public information.

Upon approval of the Memorandum of Understanding and the Municipal/Province partnership by Council, the development of the supportive housing will be processed in accordance with the Municipality's Development and Building Permit processes.

Where required by regular development approval processes, the Society will present the proposed Building for consideration at a public information meeting where the public will be able to speak to any issues or concerns they may have.

Neighbourhood and community responses as a result of the Public Information meeting will be received by the Municipality and forwarded, with recommendations, to the Sponsor and BC Housing for consideration in development of the Buildings.

BC Housing's website will provide information regarding the Buildings (design, program, etc.), and questions and answers which will be updated throughout the process.

27. Schedule

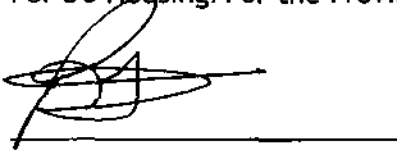
	ESTIMATED DATE
Site recommendations & MOU to Council	Summer 2008
MOU to Municipality & BC Housing for signature	October 2008
RFPs issued for Sponsors, Service Providers and contractors on website	December 2008
RFP closes	January 2009
RFP evaluation meeting	January 2009
Selection of Sponsors, Service Providers and contractors for the Sites	February 2009
OCP , Rezoning and Development Permit Application Submissions	January 2009
Public Hearing	April 2009
Approval of Funding to build and operate the Buildings	Summer 2009

Council approval of Building lease terms, etc.	August 2009
Issuance of Building Permits	September 2009
Commencement of Construction for Buildings	September 2009
Completion of Buildings	November 2010

28. Execution of the Memorandum

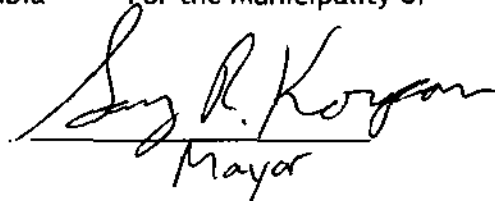
Once this Memorandum of Understanding has been approved by the Municipality, it will be presented to BC Housing and to the Municipality for signature. No legal rights or obligation shall be created or arise until BC Housing's Executive Committee and Municipal Council have approved this Memorandum of Understanding and all legal documentation and financial obligations required to implement this Memorandum of Understanding and which will replace this Memorandum of Understanding has been fully executed on terms and conditions satisfactory to the solicitors for BC Housing and the Municipality.

For BC Housing/For the Province of British Columbia



Nov 12/ 2008
date

For the Municipality of



Nov 12, 2008
date

Schedule A

The Sites

- 1.) *437, 441, 445 Wesley Road and 421 Franklyn Street: Owned by the City of Nanaimo and located downtown, this approximately 2,036 sq.m. (0.5 acre) site would support approximately 40 units. The site is zoned C-30 (Quennell Square Zone), supports residential and compatible service and institutional uses and would not require a rezoning. Given the proximity to a range of services and resources, this site may be conducive to bachelor suites for homeless singles and those in need of higher supports.*
- 2.) *1402-1590 Bowen Road: Owned by the City of Nanaimo and located northwest of downtown, these properties are the remnant parcels from a road realignment. With its frontage on Bowen Road, this site could accommodate commercial or service uses on the ground and residential units above with the required rezoning. Bowen Road provides multiple transportation opportunities and could serve more independent tenants in approximately 30 bachelor or one bedroom units.*
- 3.) *1598 Townsite Road: Owned by the City and located immediately adjacent to the Nanaimo Regional General Hospital, this site shares a legal parcel with the Chinese Cemetery. To facilitate an approximately 70 unit housing development, a subdivision would be required but the current RM-5 (Medium Density Multiple Family Residential) zone is appropriate. Given the proximity to the hospital and associated services, this site may be suitable for tenants with mental health and addictions issues.*
- 4.) *3515 Hillside Avenue: Owned by PRHC, this site is occupied by an active group home. Zoned appropriately and able to accommodate additional density, the group home is to be replaced with a new facility and the additional property developed with five units with secondary suites.*
- 5.) *477 10th Street: Owned by the Tillicum Lelum Aboriginal Friendship Centre, this property is to be developed for an innovative 10 unit youth and elders housing project.*