vaha vancouver affordable housing agency

September 19, 2017

REQUEST FOR PROPOSALS NO. PSVAHA2017-04 (the "RFP") DEVELOPMENT PARTNER SELECTION FOR 1001 KINGSWAY AND 3279-3297 VANNESS AVENUE

QUESTIONS AND ANSWERS No. 1

Q1	Given that many tenants of these potential projects will be paying below-market rents, what is the expected process like (if any) upon their lease expiry and/or their departure? Would we, or the operator, be required to renegotiate the market rent rates with the City? If not, would there be a way in which this market rate would be determined (thus, providing operators a benchmark for their budgeting and projections)?
A1	**Rents should be agreed to for the initial occupancy at below market rates and then any rent escalations should be specified in the operating agreement. The projected rate for rent escalations should take into account CPI and available data for previous years for HILs and market rents. The rate applied for budgeting purposes should be determined by the operator as part of their Proposal, based on their experience and projected rental rates.**
Q2	At the end of the land lease term (as agreed upon between the developer and Housing Agency), is there any potential for the lessor to assume ownership of the land parcels? Implied in this would be the effective end of the developer's leasehold interest. With or without such potential, is the lease assignable in any way?
A2	**There is no ability for the lessor to assume ownership of any of the land parcels. The Housing Agency will consider any Proposal to assign contracts and suggests that all Proponents review Article 15.1 of the Lease Agreement that addresses assignments and transfers.**
Q3	There is a requirement for three years of audited statements. If the entity is a new entity, it will not have three year audited statements. Is this an absolute requirement or are there other acceptable means of demonstrating net worth or

	creditworthiness or financial means?
A3	**VAHA will consider financial information that includes a statement from the Proponent's auditor stating a net worth that is sufficient for the proposed investment.**
Q4	What costs has VAHA incurred to date across all 7 sites that it expects to recover?
A4	**The estimated costs incurred as of the date of the publication of this QA 1, is as follows:** **Parcels 3 and 5A - approximately $870,000, and** **177 W Pender St - approximately $342,000.** **For the remaining sites (1190 Burrard & 937 Davie Street, 1210 Seymour Street & 560 Davie Street, 3279-3297 Vanness Avenue, 1001 Kingsway and EFL Parcel 13), some works have been completed or are in progress relating to site investigation, site survey, environmental assessment and site consolidation. Based on current estimates, these costs are approximately $15,000 on average for each site.** **The estimated total costs for work carried out towards obtaining Rezoning (where necessary), Development Permit and Building Permit for Parcels 3 & 5A is approximately $2.2 million and for 177 W Pender Street is approximately $1.8 million.** **The Housing Agency expects to recover all such costs, subject to finalization of these costs, from the selected Proponent.**
Q5	Could you please clarify which affordable household income levels we should use? The income levels in the VAHA RFP conflict with those in the City of Vancouver's Housing Reset. Could you please clarify the difference between 90% of market versus HILs?
A5	**The RFPs outline both the minimum affordability requirements for each project and target affordability levels in order that the Proposals may be evaluated based on the range of affordability levels proposed – i.e. the deeper the affordability proposed, the higher a Proposal will score for the affordability element of the evaluation. The target affordability levels have been developed in conjunction with the City of Vancouver (COV) Housing department. Please refer to BC Housing's website for the definitions of 'Housing Income Limits' ("HILs") and 'Low and Moderate Income Limits' https://www.bchousing.org/glossary**

Q6	After the RFPs are submitted, what is the process and timeline for reviewing the submissions, discussing submissions with proponents and notifying proponents of any decisions?
A6	**VAHA anticipates a period of eight weeks for the evaluation, during which time the Proposals will be reviewed and discussions held with Proponents. After that there would be approval from Vancouver City Council to move forward with the shortlisted Proponent and they would be contacted.**
Q7	Is QMUNITY already working with an architect? If so, who is it and are there any plans or designs that can be shared?
A7	**The City are working with QMUNITY to finalise a programming study for a 10,000 square foot net space; should this be agreed prior to the closing of the RFP, the study will be shared with proponents via the FTP site. The successful proponent will be expected to work with the City directly on the detailed design of the space.**
Q8	Where does the $7mm for the QMUNITY space construction costs and tenant improvements come from? Are there any plans, specs and/or proformas we may review?
A8	**Seven million dollars of Community Amenity Contribution (CAC) funds have been allocated to QMUNITY for the development of their new facility. This is documented under the Council report for the CD-1 Rezoning at a) 1262-1290 Burrard Street and b) 1229-1281 Hornby Street, see: http://council.vancouver.ca/20131119/regu20131119ag.htm** **For the purpose of preparing the Proposals Proponents should assume that the QMUNITY space is revenue and expenses neutral from a capital and operating perspective.**
Q9	Is there a property tax exemption for QMUNITY?
A9	**Any tax exemption questions will be determined by BC Assessment. For the purpose of preparing the Proposals, Proponents should assume that the QMUNITY element does not need to be factored into a proforma.**
Q10	The Household Median Income rent level is $1,901, should this be scaled to factor in unit sizes?

A10	**The amount of $1,901 relates to a measure used by CMHC to evaluate applications under its Rental Construction Financing Initiative and is based on 30% of the latest available median annual household income for the city as provided by Statistics Canada (http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil107a-eng.htm).** **Previously, the median annual household income was $76,040 so 30% of this amount is $1,901 per month. Statistics Canada has since updated the median annual household income information and the latest is $79,930 so 30% of this amount now corresponds to $1,998 per month.** **CMHC compares the initial proposed rental rate per unit per month for the project against this $1,998 amount. For example, if the project has 100 units in total then 20 of them cannot initially be rented in excess of $1,998 per month, regardless of the size of the units, in order for CMHC to consider this project for the aforementioned Initiative. As such, it is not necessary to scale to unit sizes.** **Proponents are encouraged to find out more CMHC's criteria for this Initiative by visiting its website at https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/mupr/rental-construction-financing.cfm?utm_source=twitter-main&utm_medium=link&utm_campaign=rcf.**