

Attachment 2

Applicant Submission Materials



Concept Plan
422 Sixth Street, New Westminster, BC
Date: 9 February 2023

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Executive Summary

This report examines the redevelopment potential for the subject property that would support transitional housing. The redeployment of the building, owned by Purpose Society, at 422 Sixth Street presents a strategic opportunity to address housing and homelessness issues in New Westminster and could serve as a model that could be replicated in other jurisdictions across Canada. The changes in demand and required rationalization of office space, as a result of new officing models (e.g., hybrid offices) that has accelerated in a post-Covid work environment, will have a significant impact to the overall office market space market. More and more Class C office space in urban and suburban areas is expected to become vacant and obsolete. This newly available space presents an opportunity for redeployment into residential use that could address many of the housing needs on the spectrum. The subject property is a well-built commercial property that is approaching the end of its economic life. The building has been well-maintained and is expected to have a physical life that will well exceed its current economic utilization potential and could be redeveloped for alternate viable uses. The owner, Purpose Society, is interested in pursuing a project here that could best serve the goals and vision of their organization and address pressing housing issues and needs in the City of New Westminster. They are also interested in developing a model that could be replicated in other communities with similar needs and similar buildings.

This report analyzes the potential opportunity to leverage this property to create Transitional Housing in a first phase with addition of more permanent housing on the same property that will support this program as a second phase:

- Phase 1 – Transitional Housing +/- 28 units (Current Project)
- Phase 2 – Permanent Housing +/- 20 units (Future Considerations)

The opportunity has been analyzed in this report and has been found to be physically possible. Preliminary, scope, schedule and costs are identified for Phase 1.

The particular property here also presents additional opportunity due to the size of the site and additional buildable area and will be analyzed for a future Phase 2

The proponent is recommending a Pathfinder Project here for Phase 1 to demonstrate the viability of office space conversion to a mixed-use office/residential use and is seeking financial and technical assistance to implement this project.

Approach

The concept plan is developed based on a supply model that could address demand for housing on the housing spectrum. The existing building serves as the basis of the analysis and is analyzed against well-established need. The purpose is to determine if this type of asset could be used to address specific housing needs by developing a Pathfinder model that could be replicated for use in future housing programs.

Background and Context

The demand for office space in most markets across Canada is undergoing a fundamental change that may create opportunities to generate additional housing while still protecting the overall viability of impacted communities.

The nature of the workplace was already evolving, however, the advent of COVID *and work-from-home policies* accelerated the pace of change. The Federal Government has implemented an updated office model, GCWorkplace (<https://www.tpsgc-pwgsc.gc.ca/biens-property/mt-wp/mt-wp-eng.html>). The Province of BC has also been an early adopter with its Leading Workplace Strategy (LWS) (<https://www2.gov.bc.ca/gov/content/governments/services-for-government/real-estate-space/workplace-planning-services>). Many public and private office space users are now reorganizing their organizations and office space structures to reflect a more mobile and work-from-home hybrid model. As a direct result there will be a reduced demand for certain types of office space. This will impact the whole office space market; however, it is anticipated that vacancies in Class A and B office space will be lower than Class C due to tenants taking advantages of better pricing and value in better and newer space as they proceed on a “flight to quality”.

BOMA Canada defines Class C space as”

“...the lowest grade for useable office buildings. These office buildings are generally older and may be located on less desirable streets in older sections of the city, for example. Many of these buildings usually have higher than average vacancy rates for their market. Older, less desirable architecture, limited infrastructure and antiquated technology define these buildings...”

It is anticipated that Class C space will be the most impacted with increasing vacancies and downward pressure on rental rates. Many owners are considering alternate uses for this available space including residential redevelopment options. Although conversion to moderate to higher-end quality residences is possible, challenges in design (lack of balconies); upgrades to plumbing and electrical; and location can prove problematic and overall conversion costs could approach the cost of constructing a new building. In addition, rezoning and building permits may be challenging to obtain and the impact of lower property taxation and revenues to municipalities will become an issue.

Owners and social housing providers are beginning to consider conversion to alternate residential accommodation that could address many of the challenges of affordable and social housing needs.

This report analyzes potential options to leverage this conversion opportunity for the subject building.

Current and Future Demand and Needs – Transitional Housing

The City of New Westminster published *Understanding Housing and Homelessness in New Westminster: Housing Needs Report 2021-2031* which identified very specific housing needs and challenges. This report should be read in conjunction with this report and forms the basis for this project.

Clearly identified was a gap in providing housing that would allow people to move from supportive housing to other forms of housing (see excerpt from report below). This project is designed to partially address that gap by providing exactly that form of housing.

less support. Engagement participants noted a gap in housing availability for supportive housing residents who do not need supportive housing any longer, whose lives have stabilized and who are able to 'move on' to other forms of housing. The lack of available non-market housing options means there is little movement along the housing continuum and people who might be able to leave supportive housing units cannot do so. Future demand for supportive housing for persons experiencing homelessness will depend on measures taken by all levels of government to prevent homelessness and to create 'move on' housing to free up supportive housing space.

Figure 1 Excerpt - Housing Needs Report 2021-2031

Building Information (see photographs and plans in Addenda)

The subject building is a three-storey structure plus a finished basement and is of concrete and masonry structure in good observed condition. It was built in 1962 and has been utilized most recently as a Credit Union and as IT office space. It most recently received interior upgrades for office space use by a technology company and the overall fit and finish is in good condition. Each floor is serviced by an elevator stop and has individual washrooms. There is an accessible washroom on the main floor, however, there are stairs to the front and back entrances that would need to be addressed to provide fully accessible entry to the building. This can easily be achieved. The building has forced hot air heating and cooling. There is no sprinkler system, and this would be an important addition in any upgrade.

There are four floors (including basement) at approximately 3,868 square feet per floor. The total area is approximately 15,416 square feet.

The illustration of the existing floor layouts are provided by the plans (larger illustrations provided in the addendum).

422 Sixth Street,
New Westminster, BC

BASEMENT FLOOR:	3864 SQ.FT.
MAIN FLOOR:	3816 SQ.FT.
2ND FLOOR:	3868 SQ.FT.
3RD FLOOR:	3868 SQ.FT.

TOTAL FINISHED AREA: 15416 SQ.FT.

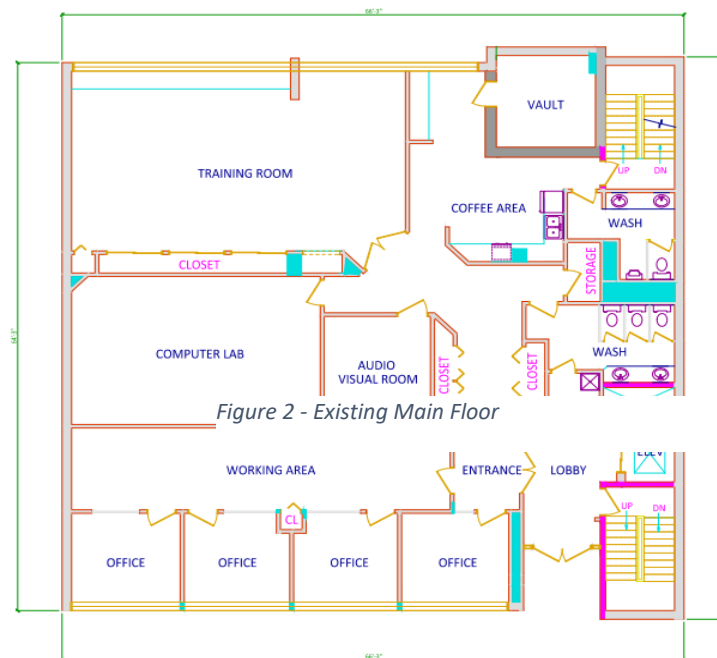
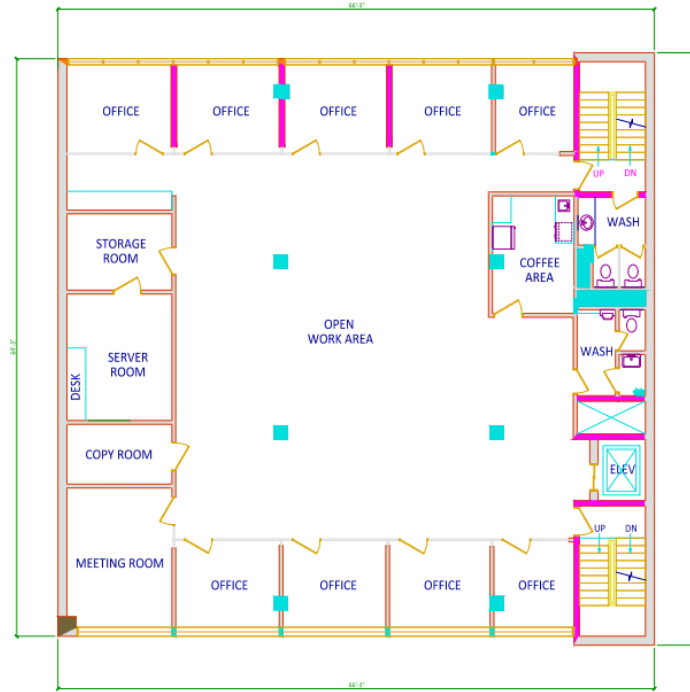


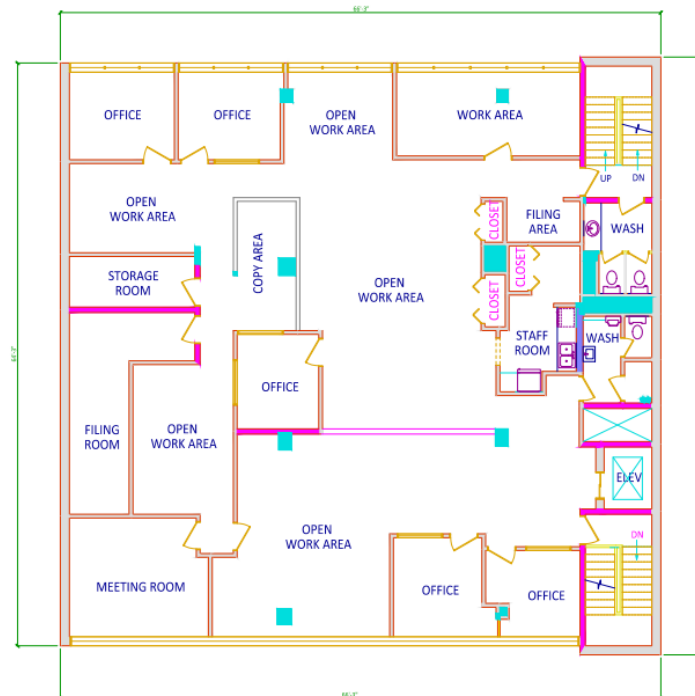
Figure 2 - Existing Main Floor

MAIN FLOOR: 3816 SQ.FT.



2ND FLOOR: 3868 SQ.FT.

Figure 3 Existing Second Floor



3RD FLOOR: 3868 SQ.FT.

Figure 4 - Existing Third Floor

Site Description and Potential

The building is located on an irregular L-shaped site (see sketch below) and has street exposure on both Sixth Street and Brantford Street. The total area of the site is approximately 13,612 square feet with the building occupying only 3,868 square feet or 28.4% of the total site area.

Due to the low level of site utilization, the property has significant redevelopment potential. Additional uses could include social and affordable housing on the housing spectrum.

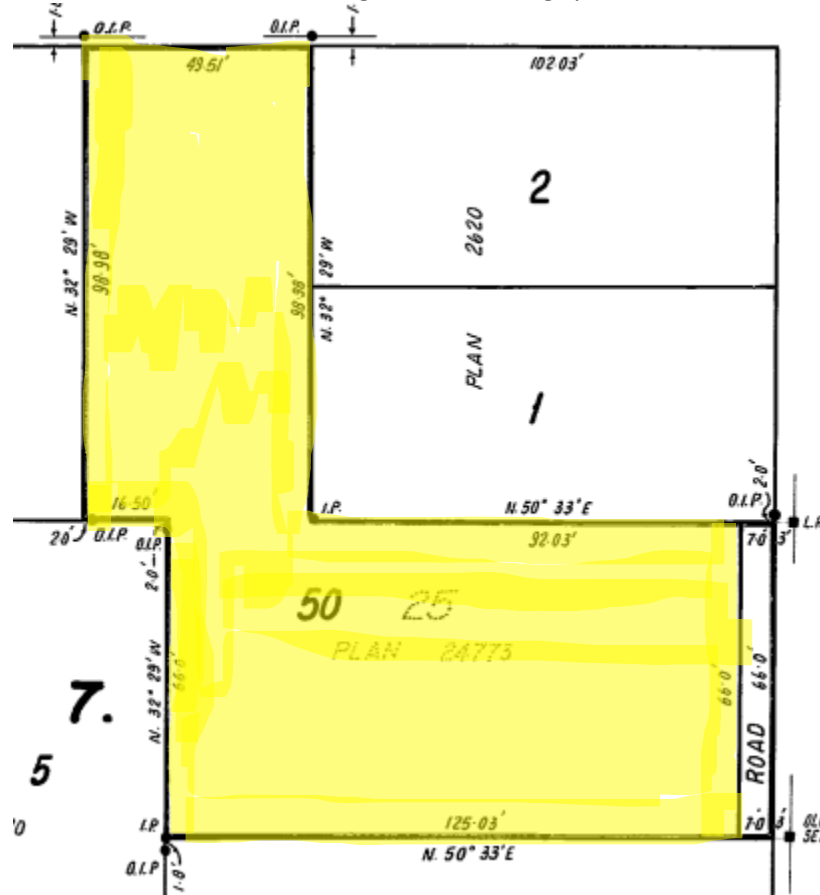


Figure 5 Site Plan

There is a requirement that residential use be above the main floor. As such, a single level parking garage could be constructed on the remainder of the site that would allow:

- Compliance with existing zoning
- Rear access to the existing structure
- Parking for building users
- Additional revenue to the owner

Modular or in-place construction of additional social or market housing would be possible up to the permitted maximum number of units for the site. The permitted units would depend on the redevelopment option selected.

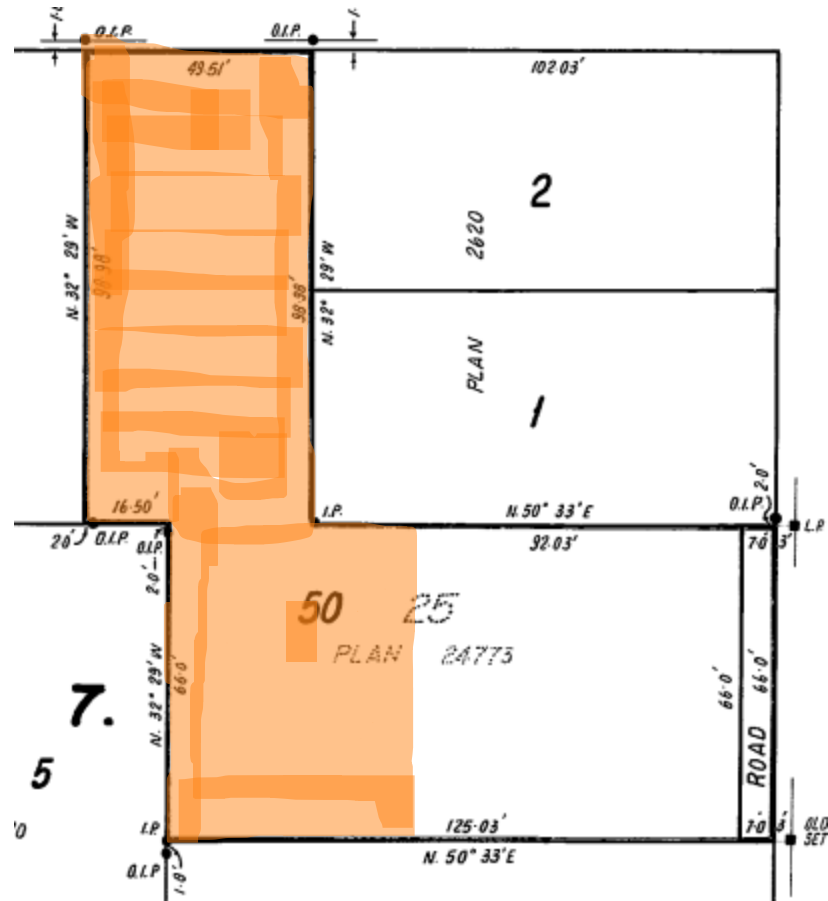


Figure 6 Additional developable area

Additional Site Area (currently used for parking)

Hazardous Materials Assessment

A hazardous building materials assessment was completed by Pinchin West in 2016. It is a well-prepared report, however, it would need to be updated prior to commencement of any works on this building. A copy of the report is included in the addendum of this report. The findings, at that time, are indicated below:

SUMMARY OF FINDINGS

Asbestos: Asbestos-containing materials (ACM) were confirmed to be present as follows:

- Vinyl floor tiles in locations 1,5,9 and 10;
- Parging cement pipe elbows in locations 1,9,10 and 32;
- Duct mastic in location 2; and
- Boiler materials in location 32.

Lead: Lead was confirmed present in select paints/surface coatings throughout the building and is present in emergency light batteries and lead flashing on rooftop drainage pipes, and pipe fittings.

Silica: Crystalline silica is present in concrete, mortar, brick, masonry, ceramics, granite, slate, stone, asphalt, etc., where present in the building.

Mercury: Mercury vapour is present in fluorescent lamps throughout the building.

Polychlorinated Biphenyls (PCBs): The building has not been comprehensively re-lamped with new energy efficient light ballasts and lamps, and as such, a percentage of light ballasts may be pre-1980 and contain PCBs .

Ozone depleting Substances: Ozone depleting substances were not found.

Mould: Mould-impacted materials were not found.

These items are typical of a building of this age and construction. The recommendations from this report are:

SUMMARY OF RECOMMENDATIONS

The following is a summary of significant recommendations; refer to the body of the report for detailed recommendations.

1. Remove asbestos-containing materials prior to demolition or if disturbed by renovation work.
2. Remove PCB ballasts and mercury-containing items prior to demolition or if disturbed by renovation work.
3. Follow appropriate safe work procedures when handling or disturbing lead and silica.

Please refer to Section 4.0 of this report for detailed recommendations regarding administrative, renovation or demolition activities.

As part of this project the report would be updated and any remaining actions would be performed.

Zoning and Planning

The property is zoned C-3 (C-3A).

Specific elements of the zoning by-law that apply to the proposed redevelopment include:

*Housing units contained in a building with and additional to any of the permitted non residential uses provided that **no portion of the first storey at street level or any storey below this level shall be used for residential purposes** except for entrances and passageways to such housing units"*

Please see the addendum for additional zoning information.

It is planned that the top two floors be developed exclusively for residential use only and capable of being operated as **a stand-alone residential facility used for transitional housing (see Transitional Housing use further in this report)**. As such, under the current zoning only the top two floors could be used for residential purposes.

"Properties on the west side of Sixth Street between Queen's Avenue and Fifth Avenue may, as an alternative to the (C-3) Community Commercial Districts (High Rise) use the (C-3A) Community Commercial Districts (High Rise) as per Supplementary Plan 2 of this Schedule"

"The intent of this district is to allow for small-site high rise commercial and mixed-use development including pedestrian-oriented commercial businesses and multi-family residential development."

It is intended to use up to 40% of the main floor area for offices and a catering kitchen to assist in transitioning users to permanent housing. The office space use would be consistent with the existing use on the main floor and used by the society itself. This permanent housing would either be off-site or as planned in a Phase 2 project on this site. Catering use is supported by the current zoning by-law (515.12).

This additional zoning option applies to this property.

*Childcare in non-residential building or portion of non-residential building is allowed
The maximum density for the first 9,000 square feet (836.10 square metres) of floor space shall be 2.40 provided that for each 100 square feet (9.29 square metres) of site in excess of 9,000 square feet
The maximum floor space ratio for the residential use shall not exceed 4.0.*

The maximum number of units per site for this lot size (13,000 – 14,000 square feet) is 48 units. The conversion of the top two floors into a residential use appears to comply with existing zoning. The Official Community Plan designates this property as MH – Mixed Use Highrise.

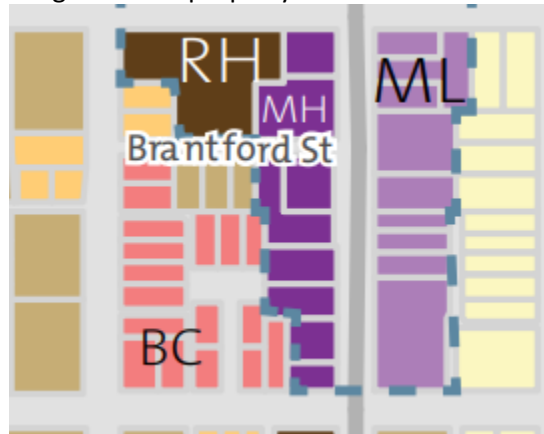


Figure 7 - Excerpt from Official Community Plan

The OCP provides the following information:

(MH) MIXED USE – HIGH RISE

Purpose: To provide low- mid- and high-rise commercial or commercial and residential mixed use buildings which create active and engaging principal streets.

Principal Forms and Uses: Low rise, mid-rise and high rise buildings which include commercial uses (e.g. retail, office) and which may also include residential uses. Active commercial uses (e.g. retail) are required on principal street frontages, except for large sites at Eighth Avenue and McBride Boulevard where a more creative approach to locating commercial retail uses may be appropriate.

Complementary Uses: Home based businesses, small scale local commercial uses (e.g. corner stores), institutional uses (e.g. child care, care facilities), utilities, transportation corridors, parks, open space, and community facilities.

Maximum Density: High density mixed use.

Heritage Assets: Development of mixed-use buildings should be sympathetic to and respectful of heritage assets on adjacent sites. A Heritage Revitalization Agreement, or similar tool, may be used when a heritage asset on the site is appropriately incorporated into a development. Through a Heritage Revitalization Agreement the development may be eligible for incentives such as an increase in density or a reduced parking requirement, which would make it viable to conserve property of heritage merit.



About the Lower Mainland Purpose Society

The property is owned by the Purpose Society (www.purposesociety.org)

The Lower Mainland Purpose Society is a non-profit agency incorporated under the Society Act in 1983.

Today, over 100 employees provide a variety of social, health and educational programs within a continuum of service to Lower Mainland communities. In April 2003, the Purpose Society became accredited, meeting the standards of the Council on Accreditation (COA).

It is the vision of The Lower Mainland Purpose Society to improve the capacity of individuals and families to lead healthy fulfilling lives, contributing to the overall well-being of the community. It is the mission of The Lower Mainland Purpose Society to deliver a continuum of social, health, educational and residential services to children, youth, and families in order to enhance personal well-being, strengthen family functioning and increase personal responsibility, confidence, and healthy decision-making. Emphasis is on a client-centred approach within a continuum of care model, which focuses on health, resiliency, and resourcefulness of individuals. Services are provided in a safe and respectful environment where diversity and connection to community is valued. *"...a community-based multi-service organization that delivers a continuum of programs to children, youth and families."*

The Vision of the society is:

Through these services the agency aims to enhance personal well-being, strengthen family functioning, and increase personal responsibility, confidence, and healthy decision-making. Emphasis is on a client-centered approach within a continuum of care model, which focuses on health, resiliency and resourcefulness of individuals. Services are provided in a safe and respectful environment where diversity and connection to community is valued.

Need for Transitional Housing¹

Transitional housing refers to a supportive – yet temporary – type of accommodation that is meant to bridge the gap from homelessness to permanent housing by offering structure, supervision, support (for addictions and mental health, for instance), life skills, and in some cases, education and training.

"Transitional housing is conceptualized as an intermediate step between emergency crisis shelter and permanent housing. It is more long-term, service-intensive and private than emergency shelters, yet remains time-limited to stays of three months to three years. It is meant to provide a safe, supportive environment where residents can overcome trauma, begin to address the issues that led to homelessness or kept them homeless, and begin to rebuild their support network." Historically, transitional housing programs were situated within dedicated, building-specific environments, where there was more common space and less private space than might be the case in permanent housing environment.

¹ <https://www.homelesshub.ca/solutions/housing-accommodation-and-supports/transitional-housing#:~:text=Transitional%20housing%20refers%20to%20a,some%20cases%2C%20education%20and%20training.>

Transitional Housing Program Requirements

There are four floors at this site and it is envisioned that the lowest floor would house a kitchen and offices for staff.

The ground floor with an entrance from 6th Street will be office spaces and a training area.

The third and fourth floors will house transitional housing for 28 residents and referred to as Purpose Transitional Housing.

Building Culture

The goal is to assist residents to learn and build skills that will encourage and enable them to live independently, engage in meaningful activities, provide opportunities to take responsibility, contribute to their residence and outside community, or become employed.

As in most homes, there are chores that need to be done if everyone is going to enjoy a clean and safe environment. Most people will cook for themselves and clean up their messes. Residents will be expected to do the same. Each resident will be expected to work in the kitchen one week at a time on a rotating basis and help the cooking staff prepare meals. Each resident will be expected to be part of a cleaning crew for one week at a time on a rotating basis. These expectations may be modified based on the physical abilities of the residents but some contribution to the cleanliness and safety of the residence, no matter how small, will be arranged.

The atmosphere and expectations will be that residents will engage in a combination of work (defined as being at work or in a program, play through social events and out trips, recreation (taking part in some recreational activity), contribute to the health and safety of the residence and take responsibility for themselves and support other residents of the building

Priority Resident Groups

Residents for the new Supportive Housing will focus on the following NHS Priority Vulnerable Groups, and will identify as:

- Homeless people or those at risk of homelessness
- Indigenous Peoples
- Black Canadians
- LGBTQ2+
- Newcomers (especially refugees)
- People with developmental disabilities
- People with mental health or addiction issues
- People with physical disabilities
- Racialized Groups
- Seniors
- Veterans
- Young adults

Criteria to Select Residents

The criteria for entering Purpose Transitional Housing will be adults who:

- Are not actively using substances

- Want to take action to improve their circumstances
- Participate in creating a service plan to lay out their future goals for education, employment, and housing
- Agree to participate in a variety of programming and activities
- Will engage in programming during the daytime hours
- Will participate in the cooking for residents and cleaning of the premises on a rotating basis
- Understand that resident in this housing will be time limited and dependent on their individual programs
- Will work cooperatively with staff and outside people to maximize their stay in this housing
- Will follow the procedures that guide the operation of this housing

Staffing Model

Daytime

There will be at least 4 staff, 2 per floor during the day. This will be supplemented by volunteers and outside groups coming to the centre to provide a variety of programs that will include life skills, job readiness, health, benefits, nutrition, arts, and crafts among other things. It is expected that all residents will be involved in some type of day program either in or outside the facility.

Early Evening and Overnight

There will be two staff during the early evening. There will be one staff during the night.

Working Relationships/Partnerships

The vision is that the following groups will contribute in some way to the programming in the residence (note that none of these groups have been contacted):

- WorkSafe: provide training, job search, job placement support
- Embers Staffing Solutions: training for those who are work ready, want to build job skills, and take on casual work
- The Legion: canvas members of the Legion for their interest in leading art, craft, cooking lesson, playing games
- New Westminster Senior Centre: welcome residents to their centre and activities
- Family Services: provide budgeting and life skills lessons
- Miscellaneous Groups: provide information on other occupations like barbers, hairdressers, animal care takers/dog walkers
- Volunteer Organizations: provide volunteer opportunities to residents
- Gyms: provide access to residents during certain hours

Redevelopment Option

This report analyzes the option to leverage this opportunity to develop Transitional Housing as part of a first phase for this site. For the purposes of this report, it is assumed that the additional lands would be developed as part of a separate but related project, dependant on the project that would proceed here. It is also assumed that the main floor would be retained for office/commercial use, some of which would be used in support of activities associated with the second and third floor uses, and that the upper floors would be redeveloped as residential. The basement area could be developed as a Child Care facility (as a later and separate project) or remain as office space.

Transitional Housing

This option would be based on the family home model most people grew up with. There would be up to 28 bedrooms (14 per floor) with shared washroom, kitchen, living room, and dining room space (see sketch below). The current fit-up would be used as much as possible. Additional fit up would be of a design and finish similar to office construction to allow for flexible future uses. The use would be to ready tenants to move into more permanent housing as soon as they are ready.

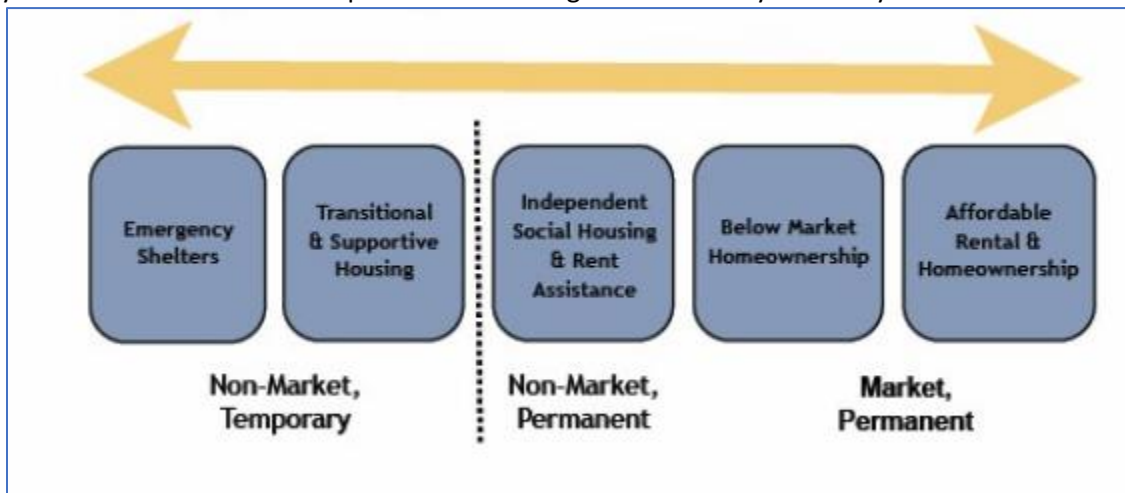


Figure 8 Excerpt from NW Housing Needs Report 2021-31

Works to convert the first, second and third floors to residential uses would include:

- Addition of sprinklers – all floors
- Upgrade of life/safety equipment – all floors
- Addition of showers – second and third floor
- Upgrade and addition to kitchen facilities – second and third floors
- Addition of catering facility – main floor only
- Upgrade of electrical
- Upgrade of heating and cooling (if required) – All floors
- Additional wood-frame and demountable partitioning that could be repositioned for flexibility – all floors
- Accessibility addressed – Rear entry

Design for Second and Third Floors

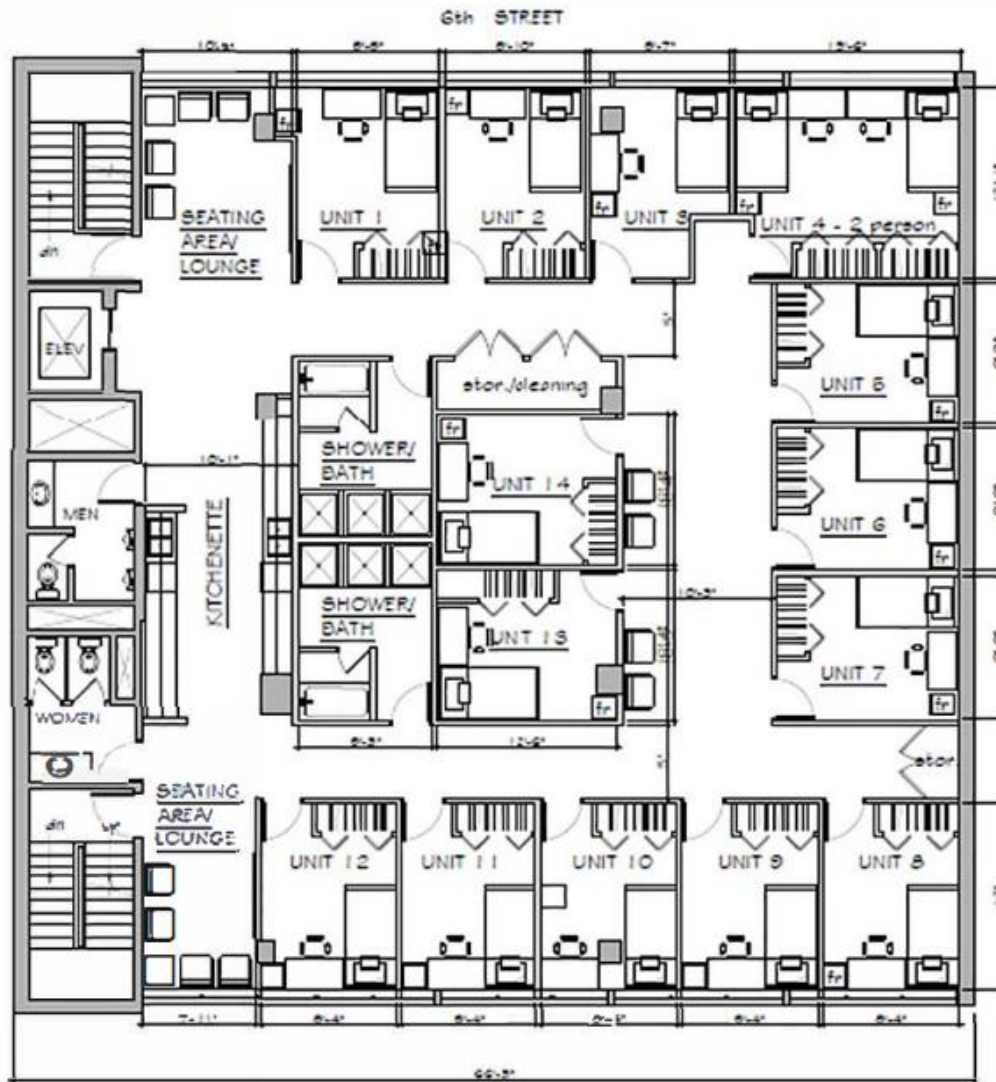
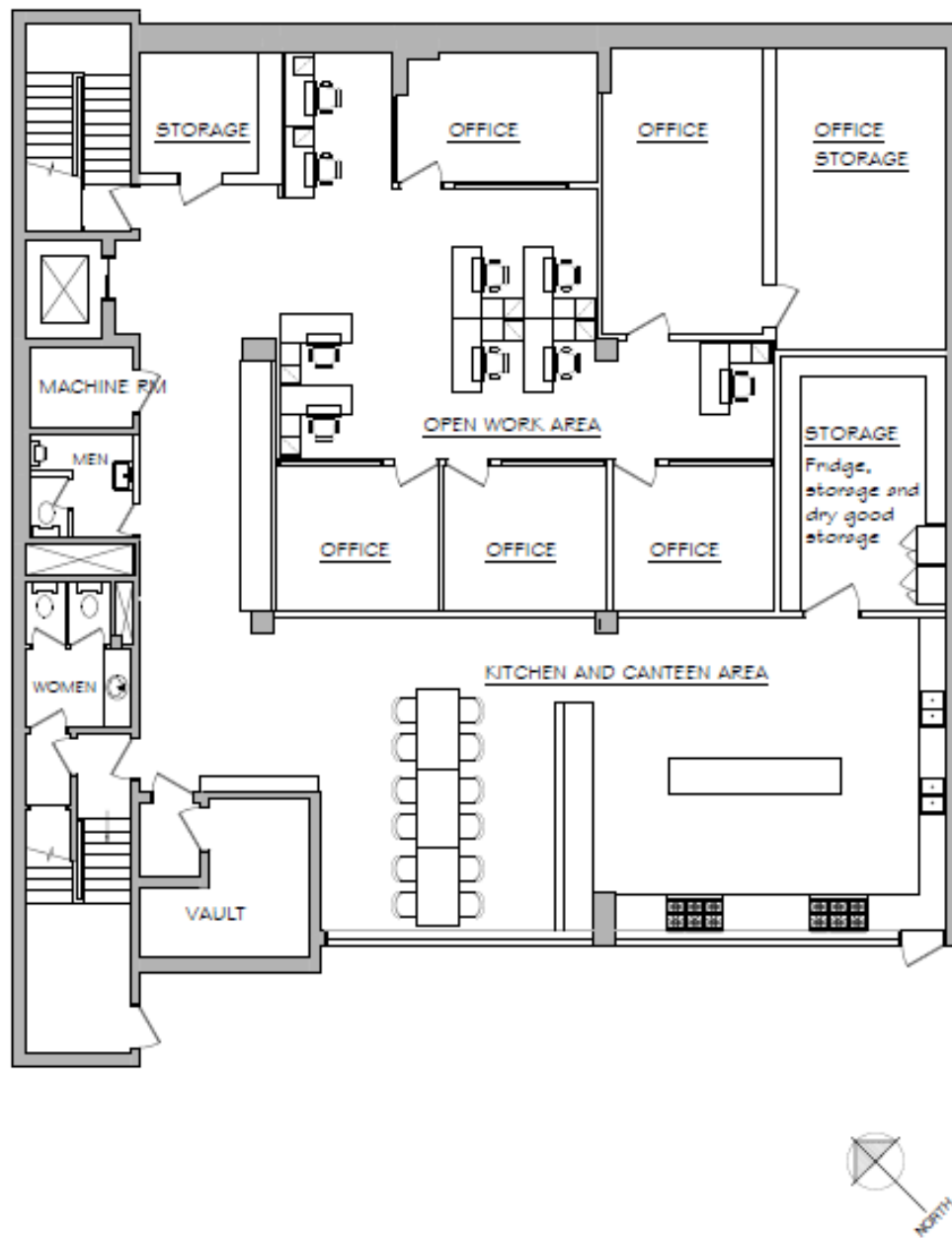


Figure 9 Epic Spaces Fit-Up Design

Lower Floor Design



Innovation

As this project is also designed as a Pathfinder Project and, as such, opportunities for new innovations are being explored. Particularly, flexible, and adaptable wall and furniture, fixture and equipment design that maximize and optimize space will be pursued. Consultations will occur with BC Housing; the Ministry of Housing; Canada Mortgage and Housing Corp; and various private and public groups focussing on innovation and opportunities.

Permitting, Design and Construction Timeline:

Based on the size it scope of works, it is estimated that the project can be completed in ~6 months after Financial Close; please see Class B Estimate for more details.

Procurement

Due to the limited expertise available within a single organization; the tight construction schedule; need to address risks; and the need to adapt the design during the construction phase, a Design-Build-Bid procurement and management model will be used with active construction oversight through regular on-site visits. The designer will be retained for the construction schedule and final “as built” drawings will be provided. Lessons learned and Best Practices will be developed and reported on project completion.

Financial Structuring and Funding

The building is owned by the Purpose Society and is assessed at \$8,133,000.

Program delivery/ Operational supports are based on funding provided by BC Housing for 20+ years.

The Capital Investment required is based on a submission to CMHC’s Rapid Housing Initiative for \$5,350,000.

Please see attached CMHC RH13 Submission for more details.

Funder	Detail	Status	Value	Percentage
Purpose Society	Building	Confirmed	\$8,133,000	60.3%
CMHC	Capital Improvements	Tbc	\$5,350,000	39.7%
City of New Westminster	In-kind	Confirmed	Tbc	N/A
		Total	\$13,683,000	100%

Pathfinder versus Pilot

Pathfinder Projects differ from Pilot Projects in that while Pilot Projects test the applicability and possibility of a particular initiative, Pathfinder Projects are designed to take a known objective, existing technology and modern models and introduce them to the organization to facilitate adaptation and acceptance.

Key reasons to initiate a Pathfinder Project are:

- Discovery – Test out what works for the organization and what doesn't.
- Communication and Change Management – Demonstrates actual models that can be seen, touched, and tried by future users
- Product Testing – A variety of products can be introduced and tested for fit and performance
- Cost Management – Costs and value can be determined based on a smaller scale before proceeding on the larger project

Recommendations & Next Steps

Submit project for approvals under CMHC's Rapid Housing Initiative 3.

About the Authors

Michael Blaschuk

Michael Blaschuk has broad experience in both modern office design and in social housing. As the Director General at Public Works and Government Services Canada he led the Innovative Workplace Solution initiative that morphed into the GC Workplace model of today. As Assistant Deputy Minister for the Real Property Division with the Province of BC he was responsible for the Leading Workplace Strategy. In his role as Vice-President of BC Housing he led the renovation of thousands of social housing units. He also originated the first Public-Private Partnership (PPP) for renovating social housing with the Single-Room Occupancy (SRO) renewal initiative. Michael is the former Chief Appraiser of Canada and fully accredited Appraiser with the Appraisal Institute of Canada (AACI designation). He is now self-employed consultant whose recent projects include:

- Post-Covid Redesign of Office Space of the BC Legislature Administrative Operations
- Rapid Construction – Province of BC – Second storey conversion of office space to drug treatment and testing facility – Court Service
- Real Estate Portfolio Strategy and Implementation Plan – Department of National Defence (DND)
- Office Accommodation Strategy and Implementation Plan – DND
- Resolution of Tent Cities – Victoria Courthouse and Parks
- Housing Development Projects – City of New Westminster
- Housing Strategy Development = Alberta Seniors and Community Housing

Don Wong, MBA

Is a seasoned and quite grizzled strategic advisor/management consulting professional with experience navigating complex approval and financing of projects. He has advised on over 150,000 units of affordable housing on and off-reserve in Canada.

For over 20+ years of executive consulting, he has the pleasure of moving high-profile, high-dollar value and/or high-risk projects which have significant operational, policy, stakeholder, intergovernmental, governance and/or financial implications projects from concept to reality. This has ranged from connecting a local Space Company with a University and Public funding to bring satellite imaging to Smart Farm research to turning a brownfield opportunity into 900+ social housing units in Vancouver's DTES to setting the local Lelum lease with the CoV to public sector investment in a private high-rise development in Victoria, BC. This has always come through the understanding the complex externalities that make up a problem to reach innovative, better outcomes for the communities and people involved.