



BC Housing

**SRO RENEWAL INITIATIVE
PROJECT BRIEF**

October 20, 2011

TABLE OF CONTENTS

1. INTRODUCTION.....	1
1.1 Purpose of this Project Brief.....	1
2. THE PROJECT	1
2.1 Background to the Project.....	1
2.2 Project Goals.....	2
2.3 Project Site.....	3
2.4 The Opportunity.....	4
2.5 BC Housing	4
2.6 Work Completed To Date.....	5
2.7 Project Elements.....	6
2.8 Compensation of the Private Partner.....	8
3. THE COMPETITIVE SELECTION PROCESS.....	8
3.1 Transparency of the Competitive Selection Process.....	9
3.2 Partial Compensation.....	10
4. PROJECT SCHEDULE.....	10

1. INTRODUCTION

1.1 PURPOSE OF THIS PROJECT BRIEF

This Project Brief provides background information on the Single Room Occupancy (SRO) Renewal Initiative (the Project) and the British Columbia Housing Management Commission (BC Housing).

This Project Brief, and all comments included in it, is intended only as a convenient summary and reference describing the SRO Renewal Initiative, the business opportunity, BC Housing, and the anticipated procurement process. **The Project Brief is not included as part of the Request for Qualifications (RFQ) or Request for Proposals (RFP), and is not intended to be included with, or referred to in any way in interpreting the requirements of, the RFQ, the RFP, the Project Agreement, or to in any way define or describe any party's rights with respect to the project.**

2. THE PROJECT

2.1 BACKGROUND TO THE PROJECT

BC Housing's role is to assist British Columbians in greatest need of affordable and appropriate housing by providing options along the housing continuum. This continuum extends from emergency shelter and housing for the homeless through to affordable rental housing and homeownership. Where there are gaps in the housing continuum, they are addressed through the creation of new housing options or by adapting existing housing.

Homeless individuals represent a large portion of BC Housing's clientele and are in greatest need of support. In its efforts to address homelessness in Vancouver's Downtown Eastside (DTES), BC Housing provides a range of support services and accommodation for residents in SRO buildings owned by BC Housing.

The typical resident living in SRO buildings is considered hard-to-house and at risk of homelessness. By providing a safe and clean living environment, housing can become the first step to breaking the cycle of homelessness.

In its ongoing efforts to address homelessness, BC Housing began to acquire SRO buildings in 2007 and to date has invested more than \$65 million in improving the health and safety conditions for residents. However, more work is still needed as many of the buildings are of advanced age (the average age is 99 years) and in significant need of renovation to extend their useful lifespan.

To address this need, BC Housing is proceeding with the SRO Renewal Initiative to deliver the design and implementation of major renovations for 13 SRO buildings (the Buildings) that will provide a

sustainable model for social housing. The Initiative will benefit approximately 900 SRO residents with improved stability in their lives through newly renovated, safer and more supportive housing.

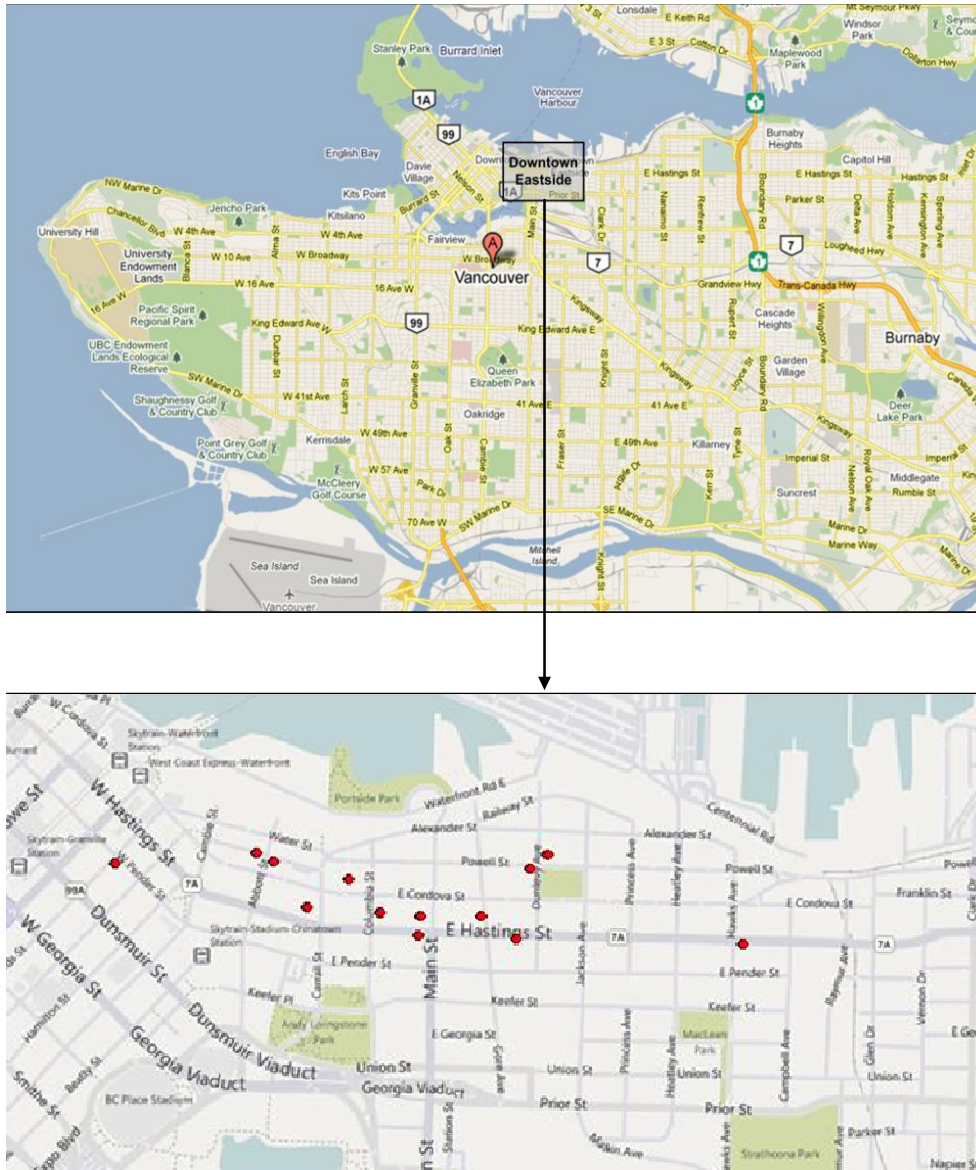
2.2 PROJECT GOALS

Meeting the goal of providing the homeless with access to stable housing with integrated support services is key priority for BC Housing. In support of this initiative, the following goals have been developed for the Project:

- Provide satisfactory accommodation for 900 people;
- Provide flexibility to meet future demand and to reduce the number of people at risk of homeless in the DTES;
- Increase the useable life of the SROs by 25+ years;
- Attain carbon neutrality, energy efficiency and reduced GHG emissions; and
- Support and facilitate revitalization of Vancouver's DTES through job creation, safer streets and improved living conditions.

2.3 PROJECT SITE

The Buildings are located in Vancouver's DTES, within a couple of blocks north and south of Hastings Street. The building locations are shown in the following figure:



In each case, renovations will occur within existing Building property lines and their intended use is not anticipated to change as a result of the Project. The Provincial Rental Housing Corporation (PRHC), which is administered by BC Housing, owns each property.

2.4 THE OPPORTUNITY

BC Housing is seeking to enter into a contract (a Project Agreement) with a qualified entity to design, build, finance and maintain (DBFM) the SRO Renewal Initiative Project (the Project). The Project will be procured using a partnership approach and will utilize a DBFM delivery model in order to optimize the potential for private sector innovation and expertise. BC Housing expects that a single private partner will provide these integrated services, according to the terms set out in the Project Agreement.

BC Housing believes that the Project is an attractive opportunity for participants to form an experienced, highly qualified, multi-disciplinary team supported by the appropriate financial and corporate commitment, and resources necessary to undertake the Project.

The Project is also an opportunity for the right partner to participate in an important social housing initiative that will improve living conditions for 900 of Vancouver's most vulnerable residents.

Features of this business opportunity include:

- (a) the design and implementation of major renovations to the Buildings;
- (b) a 15-year term following completion of all of the Buildings, with the term and structure linked to availability and performance;
- (c) hand back of the Buildings at the end of the contract term in satisfactory condition;
- (d) appropriate risk sharing and compensation;
- (e) the opportunity to address a critical infrastructure need for BC Housing;
- (f) strong Project support including provincial and federal governments and the public;
- (g) the potential for this Project to be the first of several projects for this asset class; and
- (a) an interactive procurement process in which shortlisted teams and BC Housing will have the opportunity to discuss key elements of the Project including procurement, design considerations and documentation, and provisions of the Project Agreement such as appropriate risk allocations and payment mechanism.

The capital cost of the Project is estimated to be in the range of \$80 - \$100 million.

2.5 BC HOUSING

BC Housing's mandate is to fulfill the government's commitment to the development, management and administration of subsidized housing as reflected in an Order-in-Council under the Housing Act establishing the British Columbia Housing Management Commission (BC Housing) in 1967.

BC Housing's vision is housing solutions for healthier futures, and its values are integrity, respect, commitment, service and accountability.

BC Housing has the following strategic objectives:

1. Support a strong non-profit housing sector;
2. Respond to critical housing gaps;
3. Enhance Aboriginal housing partnerships;
4. Help bring about improvements in the quality of residential construction and strengthen consumer protections;
5. Be a sustainability leader; and
6. Ensure organizational excellence.

Additional information about BC Housing is available at: www.bchousing.org.

BC Housing has engaged Partnerships British Columbia Inc. (Partnerships BC) to manage the competitive selection process for this Project. Partnerships BC was established by the Government of British Columbia to structure and implement partnership solutions which serve the public interest.

Additional information about Partnerships BC is available at www.partnershipsbc.ca.

BC Housing has also retained the following advisors to assist in implementing the Project:

- Boughton Law Corporation (COI Adjudicator);
- Joan M. Young, McMillan LLP (Fairness Advisor);
- BTY Group;
- exp Global Inc. (formerly Trow Associates Inc.) and their sub-consultants;
- PricewaterhouseCoopers LLP;
- MHPM Project Managers Inc.;
- Bull Housser & Tupper LLP; and
- Partnerships BC.

2.6 WORK COMPLETED TO DATE

The Buildings have had condition surveys and energy audits conducted as part of a broader needs assessment so that requirements and potential for each Building are understood. Further work has been completed by BC Housing and the technical team to verify Building condition reports and identify any gaps in existing information.

BC Housing anticipates including in the RFP information regarding any variances confirmed with the City of Vancouver.

The goal of this work is to have clearly defined standards in place for the competitive selection process for the Project.

BC Housing has taken steps in its project planning to address disaster mitigation requirements as part of the scope of work. Disaster mitigation measures include various forms of seismic upgrades to identified Buildings.

BC Housing is also determining decanting requirements and developing a decanting protocol to ensure that the Building residents are adequately housed during the renovation period, and to comply with the provisions of the Residential Tenancy Act (RTA). This plan includes the following objectives:

- Creating adequate swing-space for tenant relocations;
- Providing the opportunity, wherever possible, for tenants to return to their original room post-renovation; and
- Ensuring tenants feel supported and informed throughout the process.

2.7 PROJECT ELEMENTS

Working with BC Housing, the successful proponent will ultimately be responsible for delivering and maintaining a complex Project based on performing major renovations to older buildings on multiple sites in the urban core of Vancouver, within the identified schedule and budget.

In support of this work the procurement strategy will incorporate interactive, collaborative sessions during the request for proposal (RFP) process. These sessions are intended to enable refinement to aspects of the Project Agreement to ensure appropriate risk transfer is identified and understood by proponents. Such an understanding enables proposals to address the goals of the Project and be priced effectively. In addition, these sessions will address key Project considerations including:

- Building condition;
- staging and logistics;
- developing and implementing a decant plan;
- working within any seismic and other code requirements;
- long term maintenance and lifecycle; and
- meeting heritage conservation requirements.

Understanding and management of these considerations is important to ensure the Project achieves the maximum benefit from providing the private partner with the flexibility necessary to be innovative and deliver the Project on schedule.

Effective execution of the decant plan in particular is critical to ensuring that residents are adequately supported throughout the process. The private partner will work closely with BC Housing to develop a

decant plan that meets the Project schedule requirements and provides sufficient lead time for tenants to be properly supported.

BC Housing will continue to be responsible for day-to-day building management, tenant management and tenant support services. Four organizations currently provide these services for the Building tenants, under contract to BC Housing.

2.7.1 General Scope of Responsibility

Each of the Buildings will have its own scope based on the specific needs identified. At a high level, BC Housing anticipates that the general scope of responsibility under the Project Agreement will be as shown below in the table.

Project Element	Description
Delivered by Project Co	
Design	<ul style="list-style-type: none"> ▪ All aspects of design and integration of components.
Renovations	<ul style="list-style-type: none"> ▪ Obtaining permits and approvals necessary for the Project; ▪ Structural elements; ▪ Mechanical systems; ▪ Electrical systems; ▪ Heritage conservation; ▪ Building envelope renewal; ▪ Pest control (through design); ▪ Hazardous materials abatement; and ▪ Substantial Completion by January 2017.
Equipment	<p>Generally, equipment integrated in the design such as:</p> <ul style="list-style-type: none"> ▪ Building security; ▪ Control systems; and ▪ Mechanical systems.
Financing	<ul style="list-style-type: none"> ▪ Long term financing of 75% of the design and construction costs.
Maintenance	<ul style="list-style-type: none"> ▪ Major maintenance; ▪ Compliance and regulatory inspections; and ▪ Security systems.
Life Cycle Maintenance	<ul style="list-style-type: none"> ▪ Short-term and long-term capital planning; ▪ Major capital renewals; and ▪ Major capital repairs.

Project Element	Description
Provided, Managed or Owned by BC Housing	
Approvals	<ul style="list-style-type: none"> ▪ Consultation with the City regarding variances; ▪ Zoning; and ▪ Heritage conservation plans.
Equipment	<ul style="list-style-type: none"> ▪ Smaller equipment and appliances.
Tenant Interaction	<ul style="list-style-type: none"> ▪ Day to day building management; ▪ Tenant management; and ▪ Tenant support services.

2.8 COMPENSATION OF THE PRIVATE PARTNER

An amount, bid competitively, will be paid monthly to the private partner over the maintenance term of the Project Agreement, based on the availability and performance of the Buildings. BC Housing is considering using multiple streams of service payments that would start upon the achievement of substantial completion of defined Buildings during the construction phase of the Project. The service payments may only be indexed consistent with, and to the extent of, the underlying component(s) comprising the service payment. The indexation factor will be derived from a common Canadian published index. Any failure to provide services in accordance with the service specifications may constitute a service failure and may result in deductions from service payments as defined in the Project Agreement payment mechanism.

3. THE COMPETITIVE SELECTION PROCESS

BC Housing intends to use a two-stage competitive selection process consisting of a RFQ and a RFP. BC Housing intends that only teams selected through the RFQ will be eligible to be invited to submit a proposal in response to the RFP for the Project. This process is outlined in the following table.

Project Stage	Description
RFQ	<ul style="list-style-type: none"> ▪ Identify and select respondents who will be invited to respond to the RFP; ▪ The RFQ sets out the information requested from respondents, and the evaluation criteria that will be used to evaluate responses; and ▪ BC Housing intends to shortlist a maximum of three respondent teams who will then be invited to submit proposals.

Project Stage	Description
RFP	<ul style="list-style-type: none"> ▪ Proponents will be invited to submit proposals based on the performance specifications, the final draft Project Agreement, and requirements included in the RFP; ▪ The RFP will detail the business opportunity to which proponents are invited to submit proposals; and ▪ It is anticipated that the RFP will include a mandatory financial affordability ceiling and it is anticipated that proposals that exceed this threshold will be disqualified.
Collaborative Discussion Process	<ul style="list-style-type: none"> ▪ BC Housing expects the RFP process to include a series of collaborative meetings with each proponent; ▪ The purpose of such meetings is to aid proponents in submitting quality proposals that effectively address the needs of BC Housing; and ▪ Meetings will typically address key areas of the Project's implementation.
Project Agreement	<ul style="list-style-type: none"> ▪ The draft Project Agreement will be included with the RFP; ▪ Proponents will be invited to provide comments on the agreement and BC Housing will respond to these comments while the RFP is open; and ▪ Prior to the close of the RFP, BC Housing will issue a Project Agreement in final form to which the proponents will be expected to provide a proposal.

3.1 TRANSPARENCY OF THE COMPETITIVE SELECTION PROCESS

The RFQ and RFP (including addenda) will be public documents, although only proponents will be invited to respond to the RFP. The names of shortlisted teams will be made public.

At the completion of the procurement process, the Project team will prepare a project report summarizing the outcome of the procurement process and identifying the value for taxpayer dollars expected through the public private partnership. The Project Agreement will be disclosed.

The fairness advisor will issue reports documenting the procurement process from a fairness perspective and giving an unbiased opinion on the fairness of the entire competitive selection process.

Both the project report and the fairness advisor's reports will be released publicly. The entire process is subject to the *Freedom of Information and Protection of Privacy Act* (FOIPPA).

3.2 PARTIAL COMPENSATION

BC Housing will not pay any partial compensation during the RFQ stage, however, BC Housing expects to offer partial compensation to unsuccessful proponents who submit a bona fide proposal in response to the RFP.

4. PROJECT SCHEDULE

The following is BC Housing's estimated timeline for the Competitive Selection Process and the Project:

Activity	Timeline
RFQ Issue Date	October 20, 2011
Introductory Project Meeting	October 26, 2011
RFQ Submission Time	December 8, 2011
Respondent interviews/presentations (optional)	TBD
Announce Shortlisted Respondents	January 20, 2012
Issue RFP and Draft Project Agreement to Proponents	January 23, 2012
Collaborative Sessions #1	February 13 – 17, 2012
Investigations	February 20 – March 23, 2012
Collaborative Sessions #2	March 26 – 30, 2012
Collaborative Session #3 (if required)	April 23 - 26, 2012
Issue Final Draft Project Agreement	April 30, 2012
Technical Submission	May 15, 2012
Financial Submission	June 30, 2012
Selection of Preferred Proponent	July 23, 2012
Early Works Commences	August 31, 2012
Financial Close	September 27, 2012
Construction Commences	September 28, 2012
All Buildings Substantially Completed	January, 2017