



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Date: January 6, 2005  
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TO: Vancouver City Council

FROM: Director of the Housing Centre in consultation with the Directors of Current Planning, Legal Services, and the Chief Building Official

SUBJECT: Single Room Accommodation Permit for 514 Homer Street (The Victorian Hotel)

RECOMMENDATION

- A. THAT Council approve a SRA permit for 514 Homer Street (The Victorian Hotel) to demolish 9 SRA-designated rooms and convert the remaining 47 SRA-designated rooms to tourist accommodation subject to the condition that prior to the issuance of the permit, the owner:
- i. obtain all necessary City Permits required for the alterations carried out without permits in the above building, and that the alterations be inspected and approved for occupancy by the Chief Building Official; and
  - ii. submit to the City a payment in the amount of \$45,000 (\$5000 for each of the nine SRA room demolished without permit), to be deposited into the reserve fund earmarked for the provision of replacement accommodation.

OR

If Council believes the \$5000 per room fee should be levied against both the demolished and converted rooms, then Option B is presented for Council's consideration:

## CONSIDERATION

- B. THAT Council approve a SRA permit for 514 Homer Street (The Victorian Hotel) to demolish 9 SRA-designated rooms and convert the remaining 47 SRA-designated rooms to tourist accommodation subject to the condition that prior to the issuance of the permit, the owner:
- i. obtain all necessary City Permits required for the alterations carried out without permits in the above building, and that the alterations be inspected and approved for occupancy by the Chief Building Official; and
  - ii. submit to the City a payment in the amount of \$280,000 (\$5000 x 56 SRA rooms converted/demolished), to be deposited into the reserve fund earmarked for the provision of replacement accommodation.

## CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of Option A.

## COUNCIL POLICY

On October 21, 2003, Council enacted the Single Room Accommodation By-law to regulate the conversion and demolition of single room accommodation. The By-law requires Council approval for the conversion or demolition of single room accommodation. The By-law also allows Council to require the owner to fulfil certain conditions prior to issuing the permit.

## PURPOSE AND SUMMARY

This report summarizes the events leading up to the application of a SRA permit to demolish 9 SRA-designated rooms and convert the remaining 47 SRA rooms at the Victorian Hotel to tourist accommodation; and recommends that the SRA conversion permit be approved with the condition that prior to issuance, the owner obtain all necessary permits and approval for the extensive renovations being carried out without City permits, and make payment to the City in the amount of \$45,000 (\$5000 X 9 SRA rooms demolished) to be deposited into the reserve fund earmarked for the creation of replacement housing. The option of charging \$280,000 (\$5000 X 56 SRA rooms converted/demolished) is presented for Council's consideration.

## BACKGROUND

The Victorian Hotel, located in the Downtown District (DD) at the corner of Homer and West Pender, is a 3-storey plus basement building built in the early 1900's. This building is listed in the Vancouver Heritage Register as Class "B" and "C". The primary use of this building until recently has been a rooming house providing living accommodation for permanent residents in the downtown core area. Records with the BC Assessment Authority indicate that 56 rooms in the Victorian Hotel have over the years been assessed as Class 1-residential.

In mid-1997, the current owners took ownership of the property, and have since carried out renovations to the premises, at first to address Standards of Maintenance By-law infractions inherited at the time of purchase, then later to upgrade the rooms for tourist use.

In August 2000, the owners obtained a Certificate of Registration pursuant to the Hotel Room Tax Act, and began renting out a portion of the hotel to short-term visitors (tourists).

By March 2003, according to the Housing Centre's biannual "Survey of Low Income Housing", only 25 rooms were occupied as monthly rentals.

By October 23, 2003 (enactment date of the By-law), according to the owners, all except 4 rooms had been converted to living accommodation for transient guests (tourists).

On April 13, 2004, the City's Building Inspection Branch conducted an inspection of the Victorian Hotel as a result of a complaint. Upon investigation, the Building Inspector discovered that extensive renovations had been carried out throughout the building. The work included interior and exterior alterations to replace the windows of the entire building and to upgrade all framing, electrical, plumbing, sprinkler, gas and fire alarm systems. According to the owners at the time of their SRA conversion permit application, there are now 47 units in the hotel. Currently, eight out of the 47 units are still closed due to renovations.

All of the above-mentioned work was done without proper City permits or inspections, resulting in a number of unsafe conditions including the lack of any conforming exits in the building, removal of interior finishes or fire protection from some of the residential units, removal of sprinkler protection from some of the units, and lack of a verified operational fire alarm system.

The Chief Building Official (CBO) therefore ordered the owners to stop all work and to obtain the necessary permits and approvals to comply with City By-laws and regulations. During the permit process, the CBO also required the owners to provide and maintain a 24-hour fire watch at the Victorian Hotel to ensure the safety of all of its occupants.

The owners made application in October 2004 to have all rooms reclassified to Class 6-business. These rooms are designated as single room accommodation under the City's SRA By-law.

#### **FACTORS FOR CONSIDERATION IN GRANTING A SINGLE ROOM ACCOMMODATION PERMIT**

The Vancouver Charter requires that Council consider the following factors in deciding whether or not to approve a permit to demolish or convert a building with designated SRA rooms:

- the accommodation that will be available to the tenants affected by the conversion or demolition;
- the supply of low cost accommodation in the Downtown Core;
- the condition of the building; and
- the need to replace or improve, over time, single room accommodation in the city.

### **Accommodation for affected tenants**

Staff in the SRA Office conducted a site tour of the Victorian Hotel in October 2004 and noted that the hotel was primarily being operated as living accommodation for short-term visitors or tourists. Staff also examined the hotel's computerized guest register, and believe that no permanent residents have been affected as a result of this SRA conversion permit application.

### **Supply of low cost accommodation in the Downtown Core**

According to the Housing Centre's biannual "Survey of Low-Income Housing," in March 2003 (the By-law was enacted in October of that same year), the Downtown Core sub-area contained 1,217 out of a total of 10,828 low-income housing units.

Between 2003 and 2006 the number of singles or non-family, non-market stock is expected to increase by 7.5% in the Downtown Core. Whether this will be sufficient to offset future losses over this period depends on the rate at which singles housing continues to be lost. As noted in the Survey the rate of change in the SRO stock has been volatile with two peak years accounting for almost half the losses between 1991 and 2003.

### **Condition of the building**

Like many SRA buildings, the Victorian Hotel was built in the early 20<sup>th</sup> century. Until the sale of this building in 1997, the previous owner had received numerous City orders under the Standards of Maintenance By-law to repair such items as damaged floorings and wall plaster throughout the building, damaged concrete in the exterior walls, missing baseboards, non-working bathroom fixtures, water damages on walls and ceilings, broken windows adjacent to fire escapes, cracked glazing in skylights, etc. The current owners took ownership of the property in mid-1997, gradually made the necessary repairs to comply with the City's Standards of Maintenance By-law, then later to upgrade the rooms for tourist use.

The owners indicated that they have been operating the Victorian Hotel primarily as tourist accommodation since August 2000. At that time, they applied for and received the Certificate of Registration pursuant to the Hotel Room Tax Act (a copy of which is attached in Appendix A).

### **The need to replace or improve, over time, single room accommodation in the City**

Since the SRA By-law was enacted on October 23, 2003, there has been no loss of SRO units reported in the Victory Square Sub-area.

Rather, 42 (forty-two) upgraded residential units have reopened in the Cosmopolitan Hotel at 29 West Hastings since by-law enactment. Also, 89 (eighty-nine) units in the Silver/Avalon Hotel at 165 West Pender have received a face-lift as a result of a pilot project funded by the Vancouver Agreement that brought together a private sector hotel (Silver/Avalon), a non-profit tenant service provider (Lookout), and the RRAP program in order to improve living conditions of SRO tenants. In addition, Woodward's is in the Victory Square sub-area, and the 200 units of non-market housing approved for that project when completed will add to the stock of low-income housing in the neighbourhood.

### Other factors Council may consider in assessing this application

The Single Room Accommodation By-law is a tool that allows Council to manage the rate of change in the low-income housing stock by considering each conversion or demolition on a case-by-case basis.

In the case of the Victorian Hotel, the owners made application for an SRA conversion permit on the basis that the property has been operating primarily as a tourist hotel since August 2000. To that end, they submitted their Hotel Registration Certificate from August 2000, hotel rent receipts for August 2003, and a sworn affidavit which stated that as of October 23, 2003 (enactment date of the SRA By-law), except for 3 residents and one caretaker, no other permanent residents were living in the designated SRA rooms. The 3 residents and one caretaker left shortly after enactment of the By-law. Lastly, the owners also submitted their 2004 supplementary assessment notice showing the recent change in classification of their rooms from Class 1-residential to Class 6-business. (See Appendix A.)

Staff reviewed all of the supporting documents submitted by the owners and believe that despite BC Assessment Authority's classification of the Victorian's rooms as Class 1-residential, the majority of the rooms in the Victorian Hotel were converted to tourist accommodation prior to the By-law enactment date of October 23, 2003. What is evident from recent building inspection reports, however, is that the extensive renovations carried out without permits involved the removal of walls between rooms that likely resulted in the reduction in the number of rooms. It is also clear that nine SRA-designated rooms have been removed without any approval from the City.

Council has a number of options it may want to consider with respect to the Victorian Hotel's SRA permit application to convert 47 and demolish 9 SRA-designated rooms:

- It could refuse the SRA permit and require that the 56 SRA rooms be restored to living accommodation for permanent residents.
- It could approve the SRA permit on the condition that prior to issuance of the SRA Permit, the owner obtain the necessary permits, inspections and approvals for the alterations carried out without permits, and submit a payment of \$45,000 (\$5000 X 9 demolished rooms) to be deposited into the reserve fund earmarked for the creation of replacement housing.
- It could approve the SRA permit on the condition that prior to issuance of the SRA Permit, the owner obtain the necessary permits, inspections and approvals for the alterations carried out without permits, and submit a payment of \$280,000 (\$5000 x 56 converted/demolished rooms) to be deposited into the reserve fund for the creation of replacement housing.

Staff are recommending that Council approve the permit on the condition that the owner obtain the necessary permits, inspections and approvals for the alterations carried out without permits, and submit a payment of \$45,000 because:

- Despite BC Assessment Authority's classification of the Victorian's rooms as Class 1-residential, based on the supporting documents, staff believe that the majority of the rooms in the Victorian Hotel were converted to tourist accommodation prior to the SRA By-law enactment date of October 23, 2003.
- While most rooms were converted prior to enactment date, nine SRA-designated rooms have been removed without any approval from the City.

- The owners applied to the BC Assessment Authority to have all rooms reclassified from Class 1-residential to Class 6-business. The reclassification has been approved by BCAA, retroactive to October 31, 2003.

However, although not recommended by staff, the option to levy the full amount of \$280,000 (\$5000 X 56 converted/demolished rooms) is also presented to Council for consideration should Council deem it appropriate.

#### CONDITIONS OF APPROVAL

Staff are recommending Council approve the conversion of 47 SRA-designated rooms to tourist accommodation and the demolition of 9 SRA-designated rooms from the Victorian Hotel, on the condition that prior to the issuance of the SRA Permit, the owner obtain all necessary City Permits required for the alterations carried out without permits in the building, and that the alterations be inspected and approved for occupancy by the Chief Building Official; further, that the owner submit a payment of \$45,000 to be deposited into the reserve fund earmarked for the creation of replacement housing.

#### CONCLUSION

While the applicant does not meet the conditions for exemption as set out in the SRA By-law, they have been operating the Victorian Hotel as tourist accommodation and therefore staff recommend Council approve the SRA permit if they meet the conditions set out in the Council recommendation.

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