



# False Creek South

## Framework Process for Resolution of Leasehold Strata End-of-Lease Issues

RTS 12082

July 12, 2017

To update Council on the work completed to date regarding the False Creek South (FCS) Framework Process for Negotiations, including issues to be negotiated with Strata Leasehold Tenants.

1. Background Information
2. Framework Process for Negotiations

# 1. Background Information



## **Policy Maker & Regulator**

- Neighbourhood Plan
- Affordable Options to Remain

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## **Long Term Public Asset Management**

- Land Governance
- Financial Strategy

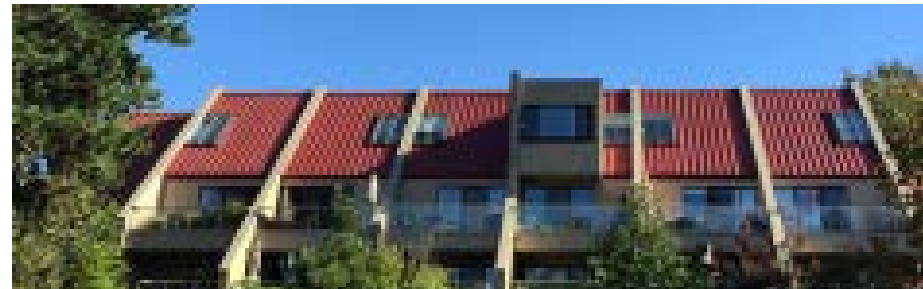
## **Lease Management**

- **Strata Leasehold Negotiation**
- Building Condition Assessments

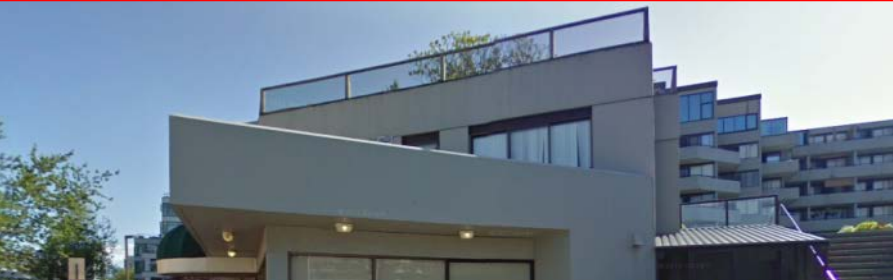
# FCS Residential Tenancy Types on City Land



Residential Leasehold strata, 669 units, 669 leases (*Commercial strata, 48 units, 717 total leases*)



Co-op, 517 units, 7 leases



Market rental, 150 units, 2 leases



Non-market housing, 319 units, 4 leases



Floating Co-op

PHOTO SOURCES:  
GOOGLE  
STREETVIEW,  
REPLAN



Community care facilities, 140 units, 2 leases

# Existing Strata Leases: The Choice is Exclusively the City's

- The first leasehold strata leases expire on September 30<sup>th</sup>, 2036. Whether or not to renew is at the sole option of the City.
- The City must notify the strata leasehold tenant whether or not it has elected to renew the lease at least 1 year before expiry.
- The City, at its sole option, can renew a strata lease for any length of time (minimum 5 years) that it chooses. Rent is to be agreed upon before the start of the renewal term, or decided by arbitration.
- The City must purchase the **“Lessee’s Interest in the Strata Lot”** at lease expiry. The leases do not contain a methodology for determining the purchase price; therefore the City and strata leasehold tenants will need to agree on a methodology. If no agreement, matter to be settled by arbitration at lease expiry.



The strata community has identified a number of key issues, including:

1. Affordability of loans for capital maintenance
2. The impact of lease uncertainty on plans for capital maintenance and potential building upgrades
3. Ability to pay for new leases/lease extensions
4. Support for affordable home ownership
5. Maintaining equity for the future



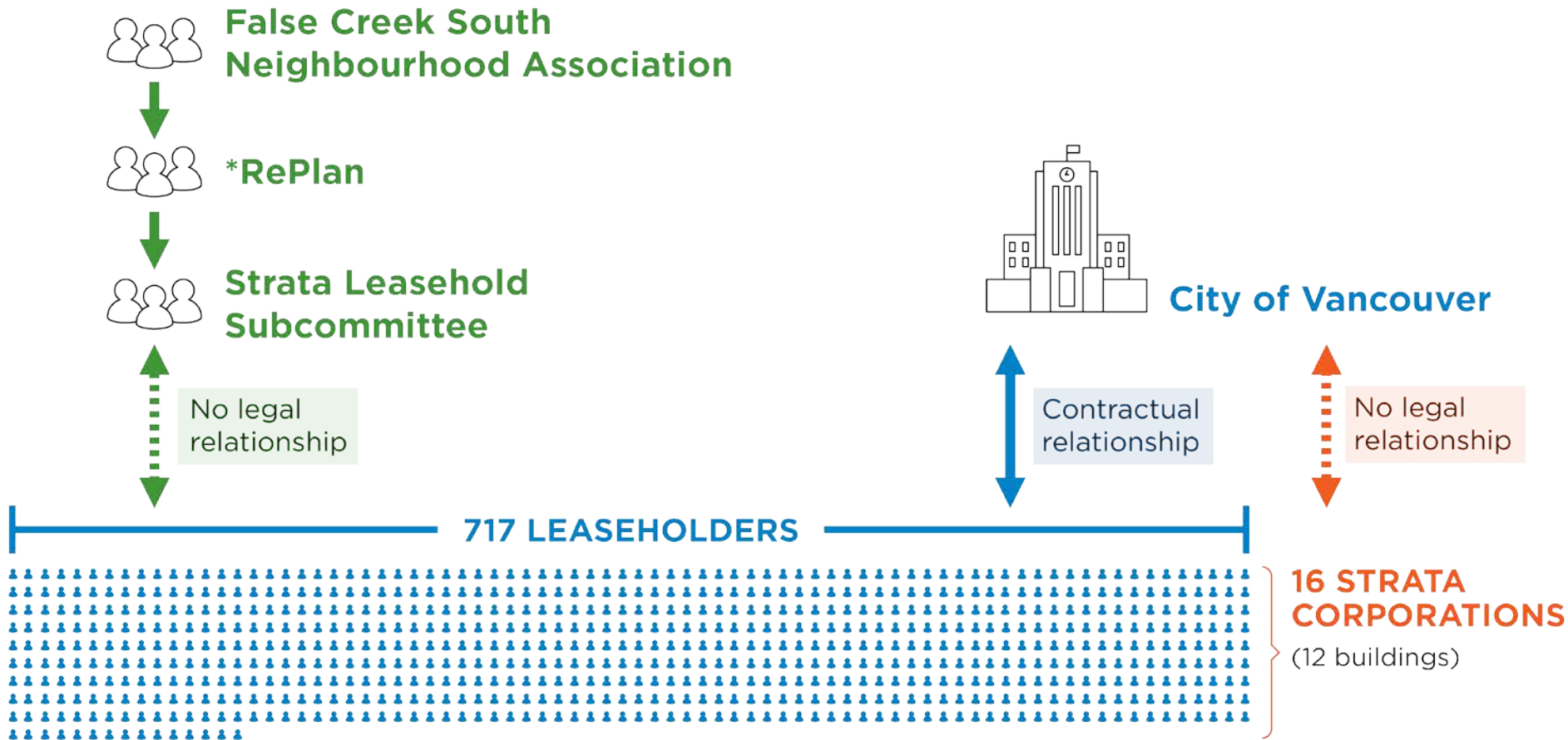
## 2. Framework Process for Negotiations



The framework process should address the following:

- Fairness
- Transparency
- Productive environment
- Efficiency

# Our Contractual and Stakeholder Relationship



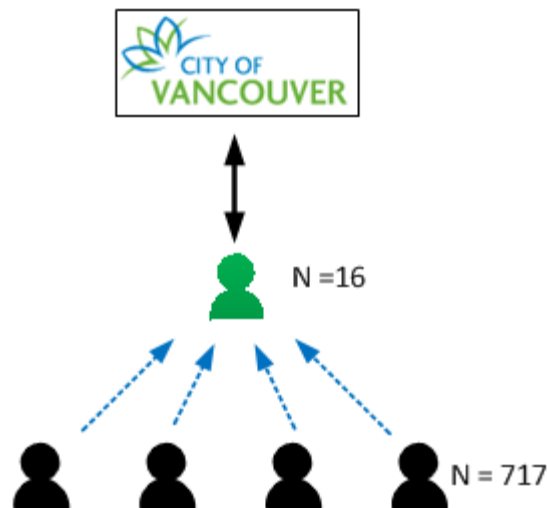
- The Community has a strong leadership group with **\*RePlan** leading efforts with the City for change in the community
- **The Strata Leasehold Subcommittee (SLS)** is made up of representatives from each enclave/strata corporation
- There is **no agency agreement between the leaseholders and their delegate to the SLS**

## Direct negotiation



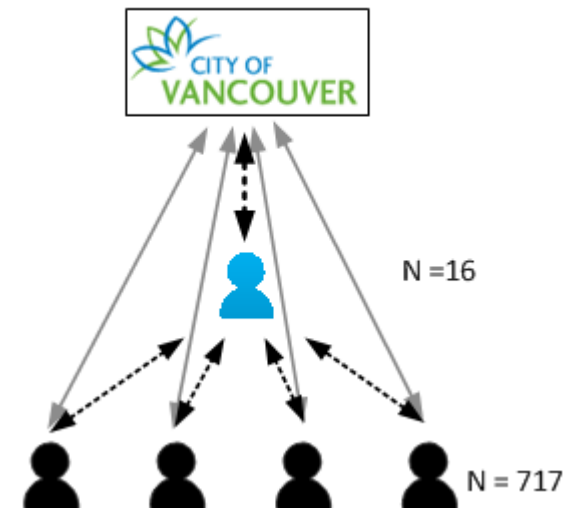
- City negotiates directly with each lessee

## Negotiating agent



- Lessees appoint agent(s) and give binding decision-making to the agent.

## Consultative discussions



- City has non-binding discussions with delegates and potentially makes offers to strata lot lessees





## 1. Neighbourhood (Consultative)

- Identification of common issues
- Discussions of community impact of common issues



## 2. Enclave / Building (Non-binding)

- Identification of enclave specific issues
- Detailed discussions about potential solutions and options creation
- Feedback from Lessees and building representatives



## 3. Lessee (Potential Offers)

- Consideration of identified solutions and options
- Acceptance / execution of potential offers

# Framework Process for Negotiations: Method of Communications



## 1. Neighbourhood

- Regular meetings with the SLS leadership and SLS enclave representatives



## 2. Enclave / Building

- Meetings with specific enclave/strata corporation delegates and Lessees



## 3. Lessee

- Direct mail communication with and without response



## 1. Issues Identification

- Continue to Identify any issues and consequences being caused by Lease agreements
- Participants: \*RePlan, SLS, City, Strata Delegate



## 2. Options Development

- Meetings with SLS and Strata corporation Delegates to develop options that address enclave/strata specific issues



## 3. Potential Offers

- Potential offers developed, subject to council approval
- Offer content may vary by Strata Corporation

In developing the following framework process, staff consulted with:

- \*RePlan;
- The Strata Leaseholder Subcommittee (SLS) of \*Replan; and
- The City invited all 717 Strata Lot Lessees to closed door meetings where staff presented the draft framework process for negotiations and sought their feedback



- 36% of Strata Lot Lessees attended the closed door meetings (260 of 717 strata lots)
- Attendance by strata varied between 62% and 12% (correlated with enclave-specific issues)
- Attendance by lease expiry date – attendance varied between 46% (2036) and 22% (2046)
- 229 individual surveys received (30.9% response rate)\*

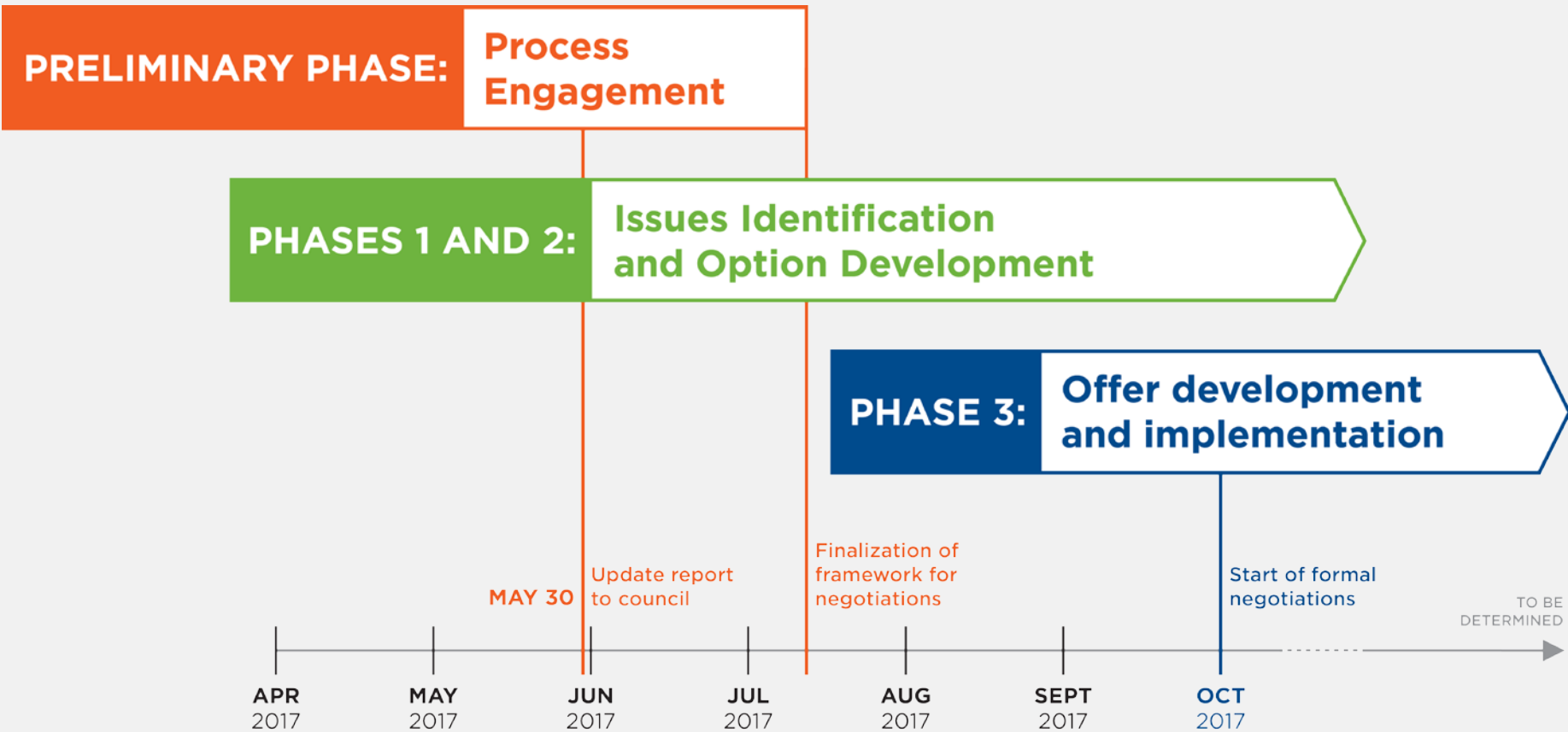
## Key Survey Results:

- **74% agreed** that they understood the framework process for negotiations
- **81% understood** how the City will communicate with Strata lot Lessees during the process

## Written Comments from Leaseholders:

- **Framework Process: Majority Accepting of the Proposed Framework**  
Understood the negotiation challenge and the need for a process, while expressing concerns over the ability to achieve a successful result
- **SLS Delegates:** Results were mixed in delegation process with some strongly in favour of utilizing established delegates and others supporting a more inclusive process whereby each lessee participates in delegate selection.
- **Timelines:** Concerns were expressed over the presented timeline to reach resolution of the substantive issues

# Proposed Timeline



# Discussion

