



## ADMINISTRATIVE REPORT

Report Date: April 18, 2018  
Contact: Abi Bond  
Contact No.: 604.873.7670  
RTS No.: 12543  
VanRIMS No.: 08-2000-20  
Meeting Date: May 1, 2018

TO: Vancouver City Council  
FROM: General Manager of Arts, Culture, and Community Services  
SUBJECT: Single Room Accommodation (SRA) Permit for 36 Blood Alley Square

### **RECOMMENDATION**

THAT Council approve a Single Room Accommodation (SRA) Demolition Permit in accordance with the Single Room Accommodation By-law for the Stanley New Fountain Hotel, located at 36 Blood Alley Square, to demolish 103 SRA-designated rooms to be replaced with 80 self-contained social housing units, on the condition that, following the issuance of the permit:

- i. The 103 SRA-designated rooms are replaced on site with 80 new units of self-contained social housing; and
- ii. The owner of the property makes arrangements to the satisfaction of the Director of Legal Services and the General Manager of Arts, Culture and Community Services to enter into a Housing Agreement to secure 80 social housing units as rental for 60 years or life of the building, whichever is greater, and to secure rent levels for all of the units at the shelter component of income assistance.

### **REPORT SUMMARY**

This report seeks Council's approval to issue an SRA Demolition Permit to the owner of the property, BC Housing, for the Stanley New Fountain, located at 36 Blood Alley Square. The SRA Demolition Permit is to demolish 103 SRA-designated rooms and replace with 80 self-contained social housing units through a redevelopment at 33 W Cordova.

Since 2008, 23 of the existing SRA rooms at the Stanley New Fountain Hotel have been used as shelter rooms with double occupancy, for a total of 56 shelter beds. The remaining 80 rooms

have been used by permanent residents for single occupancy use. All of the shelter beds have been replaced with a new shelter at 356 East Hastings Street, which is now operational.

The Stanley New Fountain Hotel is currently vacant and is in a general state of disrepair, with continued deterioration of building systems and maintenance issues that significantly compromised tenant liveability. The approval of an SRA Permit will enable the demolition of the existing building and the creation of 80 replacement self-contained social housing units renting at the shelter component of income assistance, which will significantly improve liveability and condition for tenants while maintaining deep levels of affordability.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

- In 1991, Council confirmed its policy of one-for-one replacement of SRO rooms in the Downtown South and endorsed the principle of developing new social housing while retaining and upgrading the existing stock.
- In October, 2003, Council enacted the Single Room Accommodation By-law (SRA By-law) to manage the rate of change in the low-income housing stock. The SRA By-law designated rooms in residential hotels, rooming houses, and other buildings in the Downtown Core as identified in the "2003 Survey of Low-Income Housing in the Downtown Core". Under the SRA By-law, owners wanting to convert or demolish rooms designated under the SRA By-law must apply for and obtain an SRA Conversion or Demolition permit. The SRA By-law also authorized Council to impose a \$5,000 charge per room as a condition of a conversion or demolition permit to allow for the provision of replacement housing.
- In June, 2004, Council confirmed its objective of achieving a minimum of one-to-one replacement of SRAs with self-contained social housing in the Downtown South and the Downtown Eastside.
- In February, 2007, Council approved amendments to the SRA By-law that included increasing the \$5,000 charge per room to \$15,000 per room as a condition of a conversion or demolition permit to allow for the provision of replacement housing.
- In July, 2011, Council adopted Vancouver's Housing and Homelessness Strategy 2012-2021: "A Home for Everyone" which includes a goal to replace 1,000 SRA rooms with self-contained social housing.
- In March, 2014, Council adopted the DTES Plan, which identifies the need to replace 5,000 SRA rooms over the next 30 years with safe, secure and self-contained dwelling units, while also upgrading the current stock in the interim. As part of the DTES Plan, Council also amended the SRA By-Law to expedite SRA permits for non-market projects by delegating Council authority for the approval of certain SRA demolition permits to the Chief Housing Officer.
- In July, 2015, Council adopted amendments to the SRA By-law that authorized Council to impose a \$125,000 charge per room, rather than a \$15,000 charge per room, as a condition of a conversion or demolition permit to allow for the provision of replacement housing.

- In November, 2017, Council adopted the *Housing Vancouver Strategy*, which sets out an accelerated SRA replacement target to replace 2,000 SRO rooms with self-contained social housing units over 10 years.
- On February 20th, 2018, Council approved a resolution naming the General Manager of Arts, Culture and Community Services as the Chief Housing Officer for the purposes of the SRA By-Law.

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The General Manager of Arts, Culture and Community Services and the City Manager recommend approval of the foregoing.

### ***REPORT***

#### ***Background/Context***

The existing Stanley New Fountain Hotel is an SRA-designated building in the Downtown Eastside that contains 103 SRA-designated rooms with retail space at grade. The building is currently vacant. Since 2008, 23 of the existing rooms have been used as shelter rooms with double occupancy, for a total of 56 shelter beds, which have been replaced at a new location at 356 East Hastings Street. The remaining 80 rooms have been used by permanent residents for single occupancy use.

The Stanley New Fountain Hotel is designated a 'B' on the City's Heritage Register. The building is in a general state of disrepair, with continued deterioration of building systems and maintenance issues that significantly compromised tenant liveability.

#### **History:**

The Stanley and New Fountain Hotels were built in 1899 and 1907 as separate buildings and combined into one in 1970, with a total 103 SRA rooms in the combined building. In 1979, the Greater Vancouver Housing Corporation (GVHC) acquired the project and converted it to non-market housing for low-income single men. In 2001, the building was transferred to the PHS Community Services Society, who relocated the tenants and started renovations to convert the building into 53 studio units, in expectation of funding through the HOMES BC programs which were in place at the time. However, in 2002 the HOMES BC programs were cancelled and the project was put on hold.

Figure 1: Location of Stanley New Fountain Hotel



In March 2003, the City purchased the property from the Portland Hotel Society at a price of \$2 million for the purpose of accommodating the 'Woodsquatters' who had camped on the sidewalks around Woodward's the previous fall. The City entered into a 10-year operating agreement with PHS to manage the property and tenants, and BC Housing contributed \$500,000 to cover the cost of the repairs required to reopen the building. PHS re-tenanted the building in May 2003.

In the fall of 2009, a portion of the Stanley New Fountain (23 rooms) opened as one of the first HEAT shelters, along with First United Church and 201 Central. In response to significant community pressure to address the homelessness crisis, the City and Province committed to keeping it open as a shelter for a number of years, with year-round provincial funding.

In 2013, Westbank assumed a purchase option from PHS and purchased the Stanley New Fountain from the City. As part of the redevelopment of the site, Westbank transferred ownership of the property to BC Housing in 2016.

### SRA Demolition Permit

Westbank, in partnership with BC Housing, submitted a proposal, addressed at 33 West Cordova Street, to redevelop the existing Stanley New Fountain Hotel into a 10-storey mixed-use building with 80 social housing dwelling units and 62 market rental dwelling units, with retail use on the ground floor and restaurant use on the ground floor and basement. The 80 social housing units will be secured through a Housing Agreement and rented at rates no greater than the shelter component of income assistance (currently set at \$375). The application was conditionally approved by the Development Permit Board on January 8, 2018.

BC Housing submitted a formal SRA permit application on June 24, 2016, agreeing to replace 80 SRA rooms with self-contained social housing units.

## *Strategic Analysis*

Under the SRA By-law, owners wanting to convert or demolish SRA-designated rooms must apply for and obtain an SRA Conversion/Demolition permit. Council has authority to evaluate each application on its own merits and may refuse the permit, approve the permit, or approve the permit with conditions. The *Vancouver Charter* requires the consideration of a number of factors in deciding whether to grant an SRA Conversion/Demolition permit. These factors include:

### 1. Adequacy of Replacement Accommodation for Affected Tenants:

At the time of BC Housing's submission of the Tenant Relocation Plan, 77 of the SRA rooms were tenanted. The average rent in the building for a single room was \$375, with many of the tenants receiving income assistance. The average length of tenancy was 3 years. Many of the tenants required a high level of supports. BC Housing worked with the housing operator, PHS Community Services Society, to relocate all tenants into improved permanent housing at the same rent rate, with supports where needed, including into newly renovated BC Housing SRO units as well as other vacant units in buildings managed by PHS.

BC Housing has committed to allowing all eligible Stanley New Fountain tenants to come back to the new social housing at rents no greater than the shelter component of income assistance.

BC Housing has also replaced the 56 shelter beds with a new 60-bed year round, low-barrier emergency shelter, located at 356 E Hastings. This shelter is now operational and is being managed by the PHS Community Services Society.

### 2. Supply of Low-Cost Accommodation:

The stock of low-income housing, including private SROs and non-market housing, remained relatively stable in the downtown core between January 2004 (11,549), the year after the SRA By-law was enacted, and January 2016 (12,464), with the private SRA stock slowly decreasing and the non-market stock designated for singles increasing. However, all sub-areas of the Downtown Core have seen a decrease in the number of rooms renting at or below shelter rates, indicating a loss of accommodations that are affordable to very low-income individuals. In 2015, only 17% of units in the private SRA stock were renting at or below the shelter component of income assistance (currently set at \$375 per month).

The demolition of the Stanley New Fountain will result in the temporary loss of 80 low-income housing units and 23 rooms being operated as 56 shelter beds in the DTES. The shelter has already been replaced with a 60-bed shelter at 356 E Hastings. Once the 80 new social housing units are constructed at the same location, this will add to the stock of improved SRO replacement housing that is secured and renting at shelter component of income assistance, which will count towards the DTES Plan and Housing Vancouver SRO replacement targets.

### 3. Need to Improve and Replace Single Room Accommodation:

The proposed demolition of 103 SRA units is in keeping with Council's longstanding policy to replace SRA rooms with secured, improved self-contained social housing, which may result in the loss of rooms. The 80 new units of self-contained social housing will significantly increase livability for tenants, including through the addition of private washrooms and kitchens. The proposal replaces all of the rooms that were tenanted at the time of closure, and provides a right of first refusal for eligible residents to return. The affordability on the project is maximized as the 80 replacement units will be secured at the shelter component of Income Assistance, and will count towards the DTES Plan and Housing Vancouver SRO replacement targets. In addition, the 23 rooms that were operating as 56 shelter beds over the last 10 years have also been replaced with a new, year round, low-barrier emergency shelter, which is now operational.

### 4. Condition of the Building:

The Stanley New Fountain Hotel is in a general state of disrepair, with continued deterioration of building systems and maintenance issues that significantly compromised tenant liveability.

### 5. Unique Features of Building and Land:

The Stanley New Fountain was built in 1907 and is a 'B' on the City's Heritage. The proposed redevelopment at 33 West Cordova Street will include retention and conservation of the principal heritage facades.

The proposal to demolish 103 SRA designated rooms at the Stanley New Fountain and replace with 80 self-contained social housing units at the new housing project at 33 West Cordova Street will significantly improve liveability, secure tenure and quality of homes for new and returning tenants, and maintain deep levels of affordability.

Staff recommend that while 80 of the 103 SRA rooms are being replaced, the discretionary \$125,000 per room fee for the remaining 23 rooms should not be required, as the affordability on the project is being maximized by providing all 80 replacement units at the shelter component of income assistance. In keeping with the DTES Plan and Housing Vancouver goals, the 80 new social housing will add to the stock of improved SRA replacement housing, which is designated for singles and affordable to residents on limited or fixed incomes. The 23 rooms operating as 56 shelter beds have also been replaced by BC Housing with a new year round, low-barrier emergency shelter, located at 356 East Hastings Street, which is now operational and serves a critical need for the City's growing homeless population. In addition, all Stanley New Fountain residents have been provided with improved and affordable homes through tenant relocation to alternate housing.

Therefore, staff recommend that Council approve a Single Room Accommodation Demolition Permit to demolish 103 SRA designated rooms at the Stanley New Fountain Hotel at 36 Blood Alley Square, in accordance with the Single Room Accommodation By-law.

### *Implications/Related Issues/Risk*

#### *Financial*

Staff recommend not requiring the discretionary \$125,000 per room SRA fee for the loss of 23 SRA-designated rooms, as the affordability on the project is being maximized by providing all 80 replacement units at the shelter component of income assistance. All 80 replacement units will be secured through a Housing Agreement as rental for 60 years or life of the building, whichever is greater, and will secure rent levels for all of the units at the shelter component of income assistance.

### *CONCLUSION*

This report seeks Council's approval to issue an SRA Demolition Permit to BC Housing for the Stanley New Fountain, located at 36 Blood Alley Square, in order to demolish 103 SRA-designated rooms and replace with 80 self-contained social housing units at the redevelopment at 33 West Cordova Street.

Staff recommend approval of an SRA Demolition Permit, as it will enable the creation of 80 replacement self-contained social housing units renting at the shelter component of income assistance, which will significantly improve liveability and condition for tenants while maintaining deep levels of affordability. SRA Replacement projects such as the one proposed at 33 W Cordova significantly contribute to meeting the DTES Plan and Housing Vancouver targets for improving housing conditions and liveability for existing low-income SRO residents.

\* \* \* \* \*