



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: April 12, 2005  
Author: Daniel Naundorf/  
Catherine Wong  
Phone No.: 604.871.6198/  
604.873.7975  
RTS No.: 04984  
CC File No.: 4657  
Meeting Date: May 12, 2005

TO: Standing Committee on Planning and Environment

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

SUBJECT: Single Room Accommodation Permit for 309 Carrall Street (The Rainier Hotel)

#### RECOMMENDATION

- A. THAT Council approve a Single Room Accommodation conversion permit for all 48 designated rooms at 309 Carrall Street (The Rainier Hotel) to include washrooms and cooking facilities, with the condition that the owner enter into a 15-year Housing Agreement to be registered on the title of the Rainier Hotel securing:
- rents between \$385 to \$450, for a period of 5 years;
  - rent increases for remaining 10 years to be no more than the Vancouver Consumer Price Index; and
- with the condition that all 48 rooms remain designated in the Single Room Accommodation By-law.

OR instead of A,

#### CONSIDERATION

- B THAT Council approve a Single Room Accommodation conversion permit for all 48 designated rooms at 309 Carrall Street (The Rainier Hotel) to include washrooms and cooking facilities, with the condition that the owner enter into a 15-year Housing Agreement to be registered on the title of the Rainier Hotel securing:
- rents between \$385 to \$450, for a period of 5 years with rent increases tied to increases in property taxes;
  - rent increases for remaining 10 years to be no more than the Vancouver Consumer Price Index and Canadian Housing and Mortgage Corporation (CHMC) Expense formula; and
- with the condition that all 48 rooms remain designated in the Single Room Accommodation By-law.

## CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of A.

## COUNCIL POLICY

On October 1, 1998, Council approved "A Program of Strategic Actions for the Downtown Eastside", with key recommendations to include the improvement of existing single room accommodation properties, and maintaining and upgrading housing for existing residents.

On October 21, 2003, Council enacted the Single Room Accommodation By-law to regulate the conversion and demolition of single room accommodation. Owners wanting to convert or demolish designated SRA rooms must apply for and obtain a conversion or demolition permit. Council decides each application and may refuse the permit, approve the permit outright or approve the permit with conditions attached.

## PURPOSE AND SUMMARY

This report provides an overview of the Single Room Accommodation conversion permit application with respect to the Rainier Hotel (309 Carrall Street) and provides a rationale for staff's recommendation that the SRA conversion permit be approved on the condition that the owner enter into a Housing Agreement (see Appendix A for terms). The report also provides a discussion of the owner's objections to Staff's recommendation and presents options presented by the owner for Council consideration. (see Appendix B - Letter from Applicant)

## BACKGROUND

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.

The Rainier Hotel is a 3-storey "C" listed heritage building located at 309 Carrall Street in Historic Gastown (HA-2) area. The site is located along the proposed Carrall Greenway in Gastown just west of the Historic CPR right-of-way. (see Figure 1) It has 48 designated SRA rooms which are currently vacant. The owner is proposing to install a washroom and cooking facilities in each of these 48 rooms. As this type of renovation constitutes a conversion under the Single Room Accommodation By-law, the owner is seeking Council approval for an SRA conversion permit



Figure 1

The owner has also made application to Canada Mortgage and Housing Corporation (CMHC) for a Residential Rehabilitation Assistance Program (RRAP) grant, which has been conditionally approved for an amount up to \$752,000. The grant will be tied to an Operating Agreement that allows CMHC to restrict the rate of rent the owner can charge for each upgraded room. The term of the operating agreement ranges between a minimum of 8 years and a maximum of 15 years, depending on the actual amount of the grant approved. However, the CMHC grant is in the form of a forgivable loan, so the owner can decide at any time to repay the loan and no longer be subject to any rent restrictions under CHMC rules.

Staff therefore believe that a 15-year term Housing Agreement as a condition for approval of the SRA conversion permit is needed to ensure that rents at the Rainier Hotel will be maintained at an affordable level for the entire term. In exchange for the owner entering into this housing agreement and in lieu of charging the conversion fee of \$5,000 per room, Staff further propose that the designation of all rooms in the SRA by-law be retained beyond the term of the agreement, thereby assisting in the retention of 309 Carrall Street as an affordable housing resource into the future.

## DISCUSSION

As outlined in the Vancouver Charter, Council is required to consider a number of factors in deciding whether or not to grant an SRA conversion or demolition permit. These factors include:

- 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 replacement of single room accommodation in the city.

**Accommodation for affected tenants:** When the current owner took over the Rainier Hotel in May 2003, the hotel was in deplorable condition. Staff reports indicate that minimum maintenance has been done on the building and the 48 SRA designated rooms. At the time of purchase, roughly 20 rooms were occupied. Most of the rooms were uninhabitable according to the Vancouver Fire Department during a joint inspection with the Fire Commissioner, who believed that the building was at risk of fire. In September 2003, the Fire Commissioner's Office ordered the closure of the Rainier Hotel. By December 2003, with the help of the Housing Centre's Tenant Assistance Program (TAP), all the tenants were relocated. The hotel has been vacant since.

**Supply of low cost accommodation in the Downtown Core:** According to the "2003 Survey of Low-Income Housing in the Downtown core", between January 1991 and March 2003, the creation of replacement housing geared to low-income singles in the Downtown Eastside, Chinatown, Strathcona and Gastown (sub-area in which the Rainier is located) has kept pace with the loss of SRA rooms. However, with the end of the HOMES BC program in 2002, keeping pace with losses may not be possible without controls over conversion and demolition. The SRA replacement issue involves not only the total number of units, but also their quality and their cost. There is concern that increases in rents in SRA stock, often associated with renovations that have significantly improved the quality and safety of the units, can price the stock beyond the reach of their former occupants.

**Condition of the Building and Proposed Renovations:** Like many rooming houses built in the early 20<sup>th</sup> century, the rooms at the Rainier require upgrading. The average size of a room at the Rainier is approximately 191 square feet, which is larger than most rooms in other

rooming houses from that era. If the Single Room Accommodation conversion permit is approved with the recommended housing agreement, it would permit the proposed renovations, including private bathroom and cooking facilities in all rooms, as well as up-to-code mechanical ventilation, drainage system, fire stopping and separations, and conforming exit stairways in the building. These improvements will result in significant improvements to the quality of the housing stock which is consistent with Council's objective for better living conditions for low-income tenants in the area but will result in a market rent for the units greater than the shelter component of welfare.

**Replacement of lost SRA units:** There will be no net loss of SRA stock as a result of this SRA permit application. If the permit is approved with the proposed Housing Agreement, it will result in the reopening of 48 improved SRA rooms at relatively affordable rates. Furthermore, these rooms will remain SRA-designated as they are less than 320 square feet.

**Heritage Rehabilitation:** The Rainier Hotel building at 309 Carrall Street is listed in the "C" category of the Vancouver Heritage Register. A Heritage Revitalization Agreement (HRA) has not been negotiated as a condition for approval of the Single Room Accommodation conversion permit. The owner has not decided at this point whether or not he will seek heritage incentives. He has met with Heritage Planning staff and has enlisted the services of a consultant to help determine whether the building would be eligible under the Heritage Building and Façade Rehabilitation Incentive Program, and if so, what would be involved architecturally, structurally and financially.

The owner has submitted a notarized statement to the City (included in Appendix C), acknowledging that he is fully aware of the implications of subsequent zoning and building code requirements that may cause additional alterations, interior and exterior, if heritage incentives were available and pursued.

It should be noted that irrespective of a later decision by the owner to pursue heritage incentives by entering into a Heritage Revitalization Agreement with the City, the general scope of this project would remain the same, (ie. to upgrade the 48 designated SRA rooms by including a washroom and cooking facilities in each room and to maintain these rooms as SRA units.)

**Rental Rates and Proposed Housing Agreement:** At the time the owner purchased the Rainier in mid-2003, roughly 20 out of the 48 SRA rooms were occupied, and according to the manager at the time, the average rent was around \$325 per month. CMHC has recently indicated to the owner that his proposed monthly rental rates (post-renovation) - ranging between \$385 and \$495 per room - are within CMHC criteria. This level of monthly rents is high relative to the shelter component of income assistance which is \$325. However, Staff believe that improved condition of the rooms would justify moderately higher rents if stabilized and secured through a Housing Agreement.

## CONDITIONS OF APPROVAL

Staff recommend the following terms for a Housing Agreement:

- the owner lowers the maximum rent rate from \$495 to \$450;
- the owner enters into a 15-year Housing Agreement to maintain the rate of rents between \$385 to \$450, for a period of 5 years
- any rent increases after 5 years will be no more than the Vancouver Consumer Price Index; and
- All 48 upgraded rooms will remain designated as SRA during and after the 15-year term of the Housing Agreement.

**Applicant's Response:** The applicant did not agree with staff's terms for a Housing Agreement, stating that it would provide no option for recovering increased expenses associated with the proposed improvements. The owner had proposed a 15 year agreement which would hold rents at the staff recommended levels for 5 years but which would permit adjustments for property taxes during those 5 years. Rent increases in the remaining 10 years of the agreement would be generally tied to the Consumer Price Index (CPI) with flexibility for increases above CPI under a CMHC expense claims process. (Consideration Item B)

Staff believe that this proposed agreement would not provide sufficient guarantees to maintain affordability over the 15 year term.

Alternatively, the owner proposes that they may do minimal improvements and rent the rooms on a monthly basis, in which case no SRA conversion permit is required and which would result in rents in the range of \$360, the average for SRA in the area.

**Public Benefits:** Staff believe that if rents are secured at an affordable level for 15 years and SRA designation is maintained, the upgrading and re-opening of the SRA rooms in the heritage listed Rainier Hotel, along the proposed Carrall Street Greenway, would be a positive step towards revitalization of this area without displacement.

## FINANCIAL IMPLICATIONS

There are no financial implications.

## CONCLUSION

Staff recommend the approval of a Single Room Accommodation conversion permit for all 48 designated SRA rooms in the Rainier Hotel, thereby permitting the installation of washrooms and cooking facilities, but that this permit be approved on the condition that the owner enter into a Housing Agreement comprised of the staff proposed terms, to be registered on the title of the property, and that all 48 rooms remain designated within the SRA by-law.

\* \* \* \* \*

APPENDIX A

Page 1 of 1

PROPOSED TERMS OF HOUSING AGREEMENT FOR 309 CARRALL STREET (RAINIER HOTEL)

- maximum room rental rate at \$450;
- 15-year term for agreement
- maintain rents between \$385 to \$450, for a period of 5 years
- rent increases for remaining 10 years will be no more than the Vancouver Consumer Price Index

APPENDIX B

Page 1 of 2

LETTER FROM APPLICANT AND PROPOSED ROOM RENTS

05-2005 12:45 From:SGS

6048526251

To:16048716488

P.2/3

April 5, 2005

City of Vancouver  
Housing Centre  
310 East Tower  
555 West 12<sup>th</sup> Avenue  
Vancouver, BC  
V5Z 3X7

Attention: Cameron Gray, Director

Re: Rainier Hotel proposed conversion

This letter is to confirm that we are proposing to renovate the existing 48 designated SRA rooms to include bathrooms and cooking facilities and as a result we have submitted an application for an SRA Conversion Permit.

As you are aware, we have made repeated attempts to negotiate a Housing Agreement with your department, but in every case the owner was being asked to agree to terms that would see him going backwards on a yearly basis with no option for recovering increased expenses.

We did make what I thought was a very generous offer to hold rents for the first five years with the only increases tied to any increases in property taxes and for the final 10 years to be tied to the CPI and Expense formula that we are obligated under the CMHC Agreement. However, this offer was deemed unacceptable by your staff.

As a result, we are left with only two options now, the first being to apply a new coat of paint and clean up the rooms and rent them on a monthly basis as previously done or submit our application for conversion under the terms and conditions of the CMHC Agreement. Attached is the agreed rent schedule with CMHC. The agreement with CMHC allows for yearly rent increases that do not exceed the national all-item CPI and increases based on eligible expenses that exceed the CPI.

Please attach this information to your presentation to Council for their April 10<sup>th</sup> meeting. We will be available to appear at the Committee meeting should you need us.

Yours truly,



Steve Azyan  
565543 BC Ltd.

**Rainier Hotel**  
Newly renovated rental forecast

| Sq. Ft. | Room # | Bathroom | Kitchenette | Bedroom | Cable | Rent Cost |
|---------|--------|----------|-------------|---------|-------|-----------|
| 135     | 215    | YES      | YES         | NO      | YES   | \$380.00  |
| 135     | 315    | YES      | YES         | NO      | YES   | \$380.00  |
| 138     | 225    | YES      | YES         | NO      | YES   | \$390.00  |
| 138     | 325    | YES      | YES         | NO      | YES   | \$390.00  |
| 148     | 216    | YES      | YES         | NO      | YES   | \$390.00  |
| 148     | 316    | YES      | YES         | NO      | YES   | \$390.00  |
| 150     | 202    | YES      | YES         | NO      | YES   | \$395.00  |
| 150     | 220    | YES      | YES         | NO      | YES   | \$395.00  |
| 150     | 302    | YES      | YES         | NO      | YES   | \$395.00  |
| 150     | 322    | YES      | YES         | NO      | YES   | \$395.00  |
| 153     | 214    | YES      | YES         | NO      | YES   | \$395.00  |
| 153     | 223    | YES      | YES         | NO      | YES   | \$390.00  |
| 153     | 314    | YES      | YES         | NO      | YES   | \$395.00  |
| 153     | 323    | YES      | YES         | NO      | YES   | \$390.00  |
| 165     | 211    | YES      | YES         | NO      | YES   | \$415.00  |
| 165     | 311    | YES      | YES         | NO      | YES   | \$415.00  |
| 173     | 212    | YES      | YES         | NO      | YES   | \$420.00  |
| 173     | 213    | YES      | YES         | NO      | YES   | \$420.00  |
| 173     | 312    | YES      | YES         | NO      | YES   | \$420.00  |
| 173     | 313    | YES      | YES         | NO      | YES   | \$420.00  |
| 174     | 217    | YES      | YES         | NO      | YES   | \$395.00  |
| 174     | 317    | YES      | YES         | NO      | YES   | \$395.00  |
| 175     | 320    | YES      | YES         | NO      | YES   | \$385.00  |
| 184     | 222    | YES      | YES         | NO      | YES   | \$385.00  |
| 185     | 206    | YES      | YES         | NO      | YES   | \$425.00  |
| 185     | 306    | YES      | YES         | NO      | YES   | \$425.00  |
| 196     | 318    | YES      | YES         | NO      | YES   | \$395.00  |
| 201     | 208    | YES      | YES         | NO      | YES   | \$445.00  |
| 201     | 209    | YES      | YES         | NO      | YES   | \$445.00  |
| 201     | 308    | YES      | YES         | NO      | YES   | \$445.00  |
| 201     | 309    | YES      | YES         | NO      | YES   | \$445.00  |
| 206     | 201    | YES      | YES         | NO      | YES   | \$445.00  |
| 206     | 203    | YES      | YES         | NO      | YES   | \$445.00  |
| 206     | 204    | YES      | YES         | NO      | YES   | \$445.00  |
| 206     | 205    | YES      | YES         | NO      | YES   | \$445.00  |
| 206     | 301    | YES      | YES         | NO      | YES   | \$445.00  |
| 206     | 303    | YES      | YES         | NO      | YES   | \$445.00  |
| 206     | 304    | YES      | YES         | NO      | YES   | \$445.00  |
| 206     | 305    | YES      | YES         | NO      | YES   | \$445.00  |
| 214     | 224    | YES      | YES         | NO      | YES   | \$445.00  |
| 218     | 219    | YES      | YES         | NO      | YES   | \$400.00  |
| 218     | 319    | YES      | YES         | NO      | YES   | \$400.00  |
| 222     | 218    | YES      | YES         | NO      | YES   | \$395.00  |
| 230     | 207    | YES      | YES         | NO      | YES   | \$475.00  |
| 230     | 307    | YES      | YES         | NO      | YES   | \$475.00  |
| 243     | 210    | YES      | YES         | NO      | YES   | \$495.00  |
| 243     | 310    | YES      | YES         | NO      | YES   | \$495.00  |
| 249     | 221    | YES      | YES         | NO      | YES   | \$425.00  |
| 249     | 321    | YES      | YES         | NO      | YES   | \$425.00  |
| 332     | 324    | YES      | YES         | YES     | YES   | \$525.00  |

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Director of the Housing centre in consultation with the Directors of Current Planning and Legal Services - Single Room Accommodation Permit for 309 Carrall Street (The Ranier Hotel)

APPENDIX C  
SRA APPLICATION AND AFFADAVIT



CITY OF VANCOUVER  
COMMUNITY SERVICES  
Planning Department  
Current Planning

SINGLE ROOM ACCOMMODATION  
CONVERSION\* or DEMOLITION\*  
PERMIT APPLICATION

SR No. 400008

Civic Address: 309 CARRALL ST  
Legal Description: Lot 1 Subdivision EPY Block 3 District Lot 06T Plan 108  
Building Name: RAINIER HOTEL

This area must be completed by the person signing this application.

Your Name: PETER OUEL You are the:

Mailing Address: 6354 194 ST 01  Property Owner

City: SURREY 02  Agent for Property Owner

Postal Code: V3S 8B9

Phone Number: (604) 576-6698

Company Name: LGT-DEV.

Note: If the applicant is NOT the property owner, a letter of consent signed by the owner must also be submitted.

Owner's Information (If owner is a corporation, provide Incorporation Certificate and names and addresses of all directors & associates):

|   |  |
|---|--|
| Property Owner's Name<br><u>5655 43 B.C. LTD.</u> | <u>ASCK BOBIERE OWNER DIR.</u>         |
| Address:<br><u>2890 PANORAMA DR.</u>              | City:<br><u>NORTH VANCOUVER B.C.</u>   |
| Postal Code:<br><u>V7C 1V6</u>                    | Phone Number:<br><u>(604) 986-7344</u> |
| Property Owner's Name                             |  |
| Address:  | City:                                  |
| Postal Code:                                      | Phone Number:                          |
| Property Owner's Name                             |  |
| Address:  | City:                                  |
| Postal Code:                                      | Phone Number:                          |

|   |   |
|---|---|
| This application is to: (Check applicable box)  | Total # of storeys in this building: <u>3</u>       |
| 001 <input type="checkbox"/> Convert* occupancy of designated room(s)                               | Total # of SRA rooms in this building: <u>50</u>    |
| 002 <input type="checkbox"/> Change term or nature of tenancy of designated room(s)                 | Total # of non-SRA rooms in this building: <u>3</u> |
| 003 <input type="checkbox"/> Change frequency of rent payments for designated room(s)               |   |
| 004 <input type="checkbox"/> Convert* vacant designated room(s)                                     |   |
| 005 <input type="checkbox"/> Repair or alter designated room(s)                                     |   |
| 006 <input type="checkbox"/> Demolish* designated room(s)   |   |
| *see definitions of "conversion" and "demolition" on reverse side of form under "Explanatory Notes" |   |

Describe nature of the proposed conversion or demolition:  
RENOVATE REMOVE EXISTING WASH ROOMS & ADD 3  
NEW SLEEPING ROOMS, INSTALL WASH ROOMS IN EACH  
UNIT, SLEEPING ROOMS.

APPENDIX C

CITY OF VANCOUVER Single Room Accommodation Conversion or Demolition Permit Application - continued

|   | OFFICE USE |
|---|------------|
| Are there any permanent residents needing to relocate as a result of this proposed conversion?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   |            |
| If Yes, you must provide the following information:   |            |
| 1. The number of permanent residents that will be affected? _____   |            |
| 2. A list of names of the residents needing relocation, their room nos. and length of residency   |            |
| 3. Proposed relocation strategy for existing tenants  |            |
| You must also include with this application the following required supporting documents:  |            |
| 1. <del>TWO</del> sets of existing floor plans and proposed floor plans as detailed below*  | ✓          |
| 2. An affidavit, sworn by the owner or, if the owner is a corporation, by a director of the corporation, setting out why the owner wants to convert or demolish the designated room   |            |
| 3. Records required under the Hotel Guest Registration Act or Hotel Room Tax Act, tax assessment records, guest ledgers, and daily rent receipts, for the current calendar year and for the three immediately preceding calendar years, in respect of the designated room | /          |
| 4. Tentative schedule for construction (if applicable) <i>complete by early 2005</i>  |            |

\* Explanatory Notes:

- Definition of "conversion" or "convert" means the following under the Single Room Accommodation By-law:
  - (a) a change in the form of occupancy, intended form of occupancy, or customary form of occupancy of a designated room from living accommodation for a permanent resident to living accommodation for a transient guest or to another purpose,
  - (b) a change in the term or nature of the tenancy to which a permanent resident has the right in respect of a designated room,
  - (c) a change in the frequency of the rent payments a permanent resident must make in respect of a designated room,
  - (d) an occupancy or use, or the suffering or allowing of an occupancy or use, of a vacant designated room for a purpose other than living accommodation for a permanent resident,
  - (e) a repair or alteration to a designated room or any improvement or fixture in it or a replacement of any such improvement or fixture, except for repairs or alterations that are minor in nature and have no material effect on the enjoyment by permanent residents of their living accommodation,
  - (f) a reclassification of a building or any portion of a building from Class 1-residential to any other class referred to in the Assessment Act and its regulations, or
  - (g) a loss of exemption in respect of a designated room from an obligation to pay or remit hotel room tax under the Hotel Room Tax Act and its regulations;
- Definition of "demolition" or "demolish" means the following under the Single Room Accommodation By-law: "to pull, knock, or tear down or to raze, wholly or partially, a designated room"
- Floor plans must be professionally drawn, to a scale NOT less than 1/8" to 1", and must:
  - (a) include dimensions and layout of all floor levels including basement and underground parking;
  - (b) identify on each floor:
    - rooms that provide accommodation for permanent residents;
    - rooms that provide accommodation for transient guests (tourists);
    - rooms that provide other non-residential accommodation uses (e.g., lounge, storage rooms, etc.);
  - (c) indicate on each floor the square footage of all rooms and common areas;

| Office Use Only |
|-----------------|
|                 |
|                 |
|                 |
|                 |

As owner or owner's agent, I have verified that the information contained within this document and associated applications and plans is correct, and describes a use, a building or a work which complies with all relevant by-laws and statutes. I acknowledge that responsibility for by-law compliance rests with the owner and the owner's employees, agents and contractors. I will indemnify and save harmless the City of Vancouver, its officials, employees and agents against all claims, liabilities and expenses of every kind, in respect of anything done or not done pursuant to this application or fact sheet or ensuing permit, including negligence and/or the failure to observe all by-laws, acts or regulations.

SIGNED AT VANCOUVER, BC THIS 21 DAY OF SEPT. 20 04 *[Signature]*  
Signature of Applicant

APPENDIX C

PAGE 3 of 3

OCT-05-2004 TUE 09:10 AM KUHN & COMPANY

FAX NO. 604 684 2887

P. 02

(2)

Canada

Province of British Columbia

In the Matter of the City of Vancouver  
Single Room Accommodation By-law (the "By-law")

AFFIDAVIT

I, RICK BARBIERI, of 2882 PANORAMA DR  
NORTH Vancouver, British Columbia, make oath and say as follows:

1. I am a director of 565543 BCLTD, the registered owner  
of real property in Vancouver, British Columbia bearing the legal description PARCEL  
IDENTIFIER: 007-885-610 THE EAST PART OF LOT 1 (REFERENCE PLAN 132) BLOCK  
3 OLD GRANVILLE TOWNSITE PLAN 168, and civic address 309 Carrall Street, and  
as such have personal knowledge of the matters to which I depose in this affidavit.

2. I wish to convert or demolish the following rooms in the building on the property for  
the following purpose:

Rooms Nos. 1-50

Purpose: INSTALL BATHROOMS

Sworn before me at Vancouver,  
British Columbia this 08 day of  
September, 2004

[Signature]  
A Commissioner for taking Affidavits  
for British Columbia

R Barbieri

Martha J. Konig  
Barrister and Solicitor  
320 - 900 Howe Street  
Vancouver, B.C. V6Z 2M4  
(604) 684-8668