



CITY OF VANCOUVER
ADMINISTRATIVE REPORT

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TO: Vancouver City Council
FROM: Director of Housing Centre
SUBJECT: 2005 Survey of Low-Income Housing in the Downtown Core

INFORMATION

The General Manager submits this report for INFORMATION

COUNCIL POLICY

Council policy is to maintain, upgrade, and increase the stock of low-income housing in the Downtown Core. Council has instructed the Housing Centre to monitor the low-income stock in the area on a regular basis.

PURPOSE

The purpose of this report is to inform Council of the results of the 2005 survey of low-income housing in the Downtown Core, detailed in the report attached as Appendix A (limited distribution - on file at the City Clerk's Office).*

BACKGROUND

In October 1989, Council resolved that the City adopt the objective of "... maintaining, upgrading, and increasing the existing stock of core-need housing in the Downtown." In May 1991, when dealing with housing strategies for Downtown South, Council instructed the Housing Centre to monitor low-income housing in the Downtown South on a periodic basis. Council also confirmed their policy of one-to-one replacement of single-room occupancy (SRO) units in Downtown South. In October 2001, Council confirmed the housing objective to "maintain and expand housing opportunities ... with priority being given to families with children, SRO residents, and the mentally ill, physically disabled, and others at risk of homelessness." In October 2003, Council enacted the Single Room Accommodation (SRA) By-law to control the conversion and demolition of SRO housing. In June 2005, Council approved the Homeless Action Plan, including the recommendation "to continue to monitor rent increases in SROs every two years and report back to Council."

The attached report is the seventh Housing Centre report monitoring change in the stock of low-income housing in the Downtown Core; an area extending from Burrard Street to Clark Drive and from the waterfront south to Terminal Avenue and False Creek. Since 1992, the Housing Centre has been surveying the SRO stock and reporting on change on a two-year basis. This report presents the results of the 2005 survey of SRO housing and brings together information from other sources on special needs residential facilities (SNRFs) and non-market housing.

SRO housing is the cheapest form of rental housing provided by the market, for people who have few other choices. Typically, a SRO unit consists of one room about ten by ten feet, with shared bathrooms and minimal, if any, cooking facilities. Even though rents are relatively low, most SRO occupants pay substantially more than half their income for housing. Although SRO units are small and rarely achieve more than basic physical quality standards, the City's policy is to retain SRO stock until more adequate housing is available.

While most SRO units are low-income housing by default, non-market units are low-income housing by design. Non-market housing is usually subsidized by senior governments to accommodate core-need households, at rents fixed at either 30 percent of income or the shelter component of BC Employment and Assistance.

Special needs residential facilities (SNRFs) provide housing combined with services to those with special needs - the frail elderly, those with physical, psychological, or substance abuse problems, and those needing emergency shelter. These groups often have low incomes as well.

DISCUSSION

2005 Low-Income Stock

As of June 2005, there were 14,122 low-income units in the Downtown Core. Seventy-nine percent of the units are in the Downtown Eastside area. Forty-three percent of the units are SROs, forty-seven percent are non-market, and SNRFs account for the remaining ten percent.

Recent Change in the Low-Income Stock

Between March 2003 and June 2005, the overall stock of low-income housing in the Downtown Core increased by 371 units (3 percent). Only one of the three sub-areas experienced net decrease in stock over the period, with the Downtown South stock falling by 7 percent.

The increase in the overall stock was the result of increases in the SNRF and non-market stock that offset SRO losses over the period. The SRO stock in the Downtown Core fell by 246 units (4 percent), with 593 units lost and 347 units gained. The SRO gains were mainly from the re-opening of SROs that had been closed. Twenty-five percent of the SRO losses were associated with conversions to budget hotel rooms. Closures by the City for the owners' failure to maintain buildings to standard were the second largest source of loss. The SNRF stock increased by 272 units (23 percent), with the re-opening of one project and the completion of Belkin House. The net increase in non-market housing was 345 units (6 percent), with the completion of three new projects and the re-opening of two older projects.

However, not all non-market projects can be considered to be SRO replacement units. If SNRF units and non-market units targeted for families are excluded, the total **singles** stock in the Downtown Core increased by 99 units between March 2003 and June 2005. Looking over a longer period, non-market additions since 1991 have been sufficient to offset the 23 percent reduction in the SRO stock and to increase the total singles stock by 118 units (1 percent).

Change in the Low-Income Stock, Downtown Core, 1991-2005

Period	SROs	SNRFs	Non-Market Total	Total Low- Income Stock	Non-Market Singles	Total Singles Stock (SROs & Non-Market Singles)-
2003*- 2005*	-246	+272	+345	+371	+345	+99
1991 - 2005*	-1,846	+421	+2,556	+1,131	+1,964	+118

* March 2003 & June 2005

SRO Vacancy Rates and Rents

The overall SRO vacancy rate in June 2005 was 10 percent - unchanged from March 2003 and down from 12 percent in 2001. Vacancy rates ranged from 3 percent in the Victory Square area to 20 percent in the rest of the Downtown Core.

The average monthly rent for SRO units in the Downtown Core was \$361, ranging from \$355 in the Downtown Eastside (excluding Victory Square) to \$384 in Downtown South. The fixed shelter component of BC Employment and Assistance (\$325) has restrained rent increases in the SRO stock, but there have been considerable cost pressures over the last few years. Between March 2003 and June 2005, average SRO rents increased by 3.1 percent, compared to 5.4 percent in the previous survey period. By June 2005, only 19 percent of SRO units rented for \$325 a month or less, compared to 27 percent in 2003, 54 percent in 1998 and 72 percent in 1992. Rents in the conventional market-rental sector have increased faster than SRO rents, with the average rent of a West End studio apartment, for example, increasing by 8.9 percent between 2002 and 2004.

Future Non-Market Completions and SRO Replacement

The question of whether the non-market gains will continue to offset future SRO losses depends on both the production of non-market housing and the rate of SRO loss. The rate of change in the SRO stock has been volatile over the last fourteen years, with two peak loss years in 1996 and 1997 accounting for almost half of the loss over the period.

In response to SRO losses in the 1990s, the Province and the City stepped up the production of non-market housing in the Downtown Core, but the "bulge" created by these projects was largely completed by the end of 2003. As of June 2005, there were six non-market projects under construction or in the approval pipeline, five of which are on land leased from or provided by the City. These projects will increase the singles non-market stock in the Downtown Core by 446 units (7 percent) by 2008.

If the rate of SRO loss in the Downtown Core continues at the average rate since 1991 (127 units a year), the scheduled singles non-market projects would be sufficient to make up for the SRO losses - the stock of SRO and SRO replacement housing in December 2008 would remain the same as in June 2005 (at 118 units more than in 1991). There would be some shifts between areas though, as two-thirds of the singles non-market completions will be in the Downtown Eastside area, increasing that area's stock by 75 units over June 2005 levels. In Downtown South, the singles non-market projects would more than offset the net loss of 104 SRO units between 1991 and 2005, but further SRO losses would bring the stock below 1991 levels. In the rest of the Downtown Core, there are no non-market projects in process, and any further SRO losses will add to the net loss of 198 units that occurred between 1991 and June 2005.

CONCLUSION

This year's survey findings do have housing policy implications, and these are addressed in the City's Homeless Action Plan (HAP) and the draft Downtown Eastside Housing Plan (DEHP). Firstly, the erosion of the "affordable" stock through increasing rent levels is becoming an increasing concern. Rents are rising because of cost pressures for the operators and because price pressures in the conventional rental stock are pushing more students and others toward the SRO market. The HAP and DEHP recommend several actions to address these rent pressures, including an increase in the shelter component of income assistance (unchanged since 1991).

Secondly, although non-market housing completions will probably off-set SRO losses over the next three years, beyond 2008, achieving the one-for-one replacement objective is unlikely - unless a new senior government housing program is announced very soon (the Province's current replacement for the HOMES BC program, Independent Living BC, is targeted for frail seniors). As identified in the HAP and DEHP, the City does have land available and projects ready to proceed. However, as non-market projects typically take two or three years to complete, funding commitments are needed immediately.

FINANCIAL IMPLICATIONS

There are no financial implications.

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