



ADMINISTRATIVE REPORT

Report Date: April 30, 2009
Contact: Annetta Guichon
Contact No.: 604.871.6627
RTS No.: 07968
VanRIMS No.: 08-2000-20
Meeting Date: May 21, 2009

TO: Standing Committee on Planning and Environment
FROM: Subdivision Approving Officer
SUBJECT: Proposed Strata Conversion at 5487 Cecil Street

RECOMMENDATION

THAT the application to convert the previously occupied building at 5487 Cecil Street (Parcel A, Block 30, D.L. 37, Plan LMP33497) to strata title ownership be refused.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

COUNCIL POLICY

Council policy is reflected in the City's Strata Title and Cooperative Conversion Guidelines, which outline factors which Council will consider in reviewing applications for converting previously occupied buildings to strata title or cooperative ownership. Council approval is required specifically for all residential buildings containing six dwelling units or more.

BACKGROUND

This is an existing C-2 zoned, mixed-use building comprised of 4 commercial units on the main floor, and 19 residential units on the 2nd through 4th floors, all over shared underground parking.

The provisions of the *Strata Property Act* pertaining to conversion of previously occupied buildings enables Council to approve the strata conversion, approve the conversion subject to conditions, or refuse the conversion. A strata title conversion application must not be approved unless the building substantially complies with applicable City by-laws and in particular, the Building By-law.

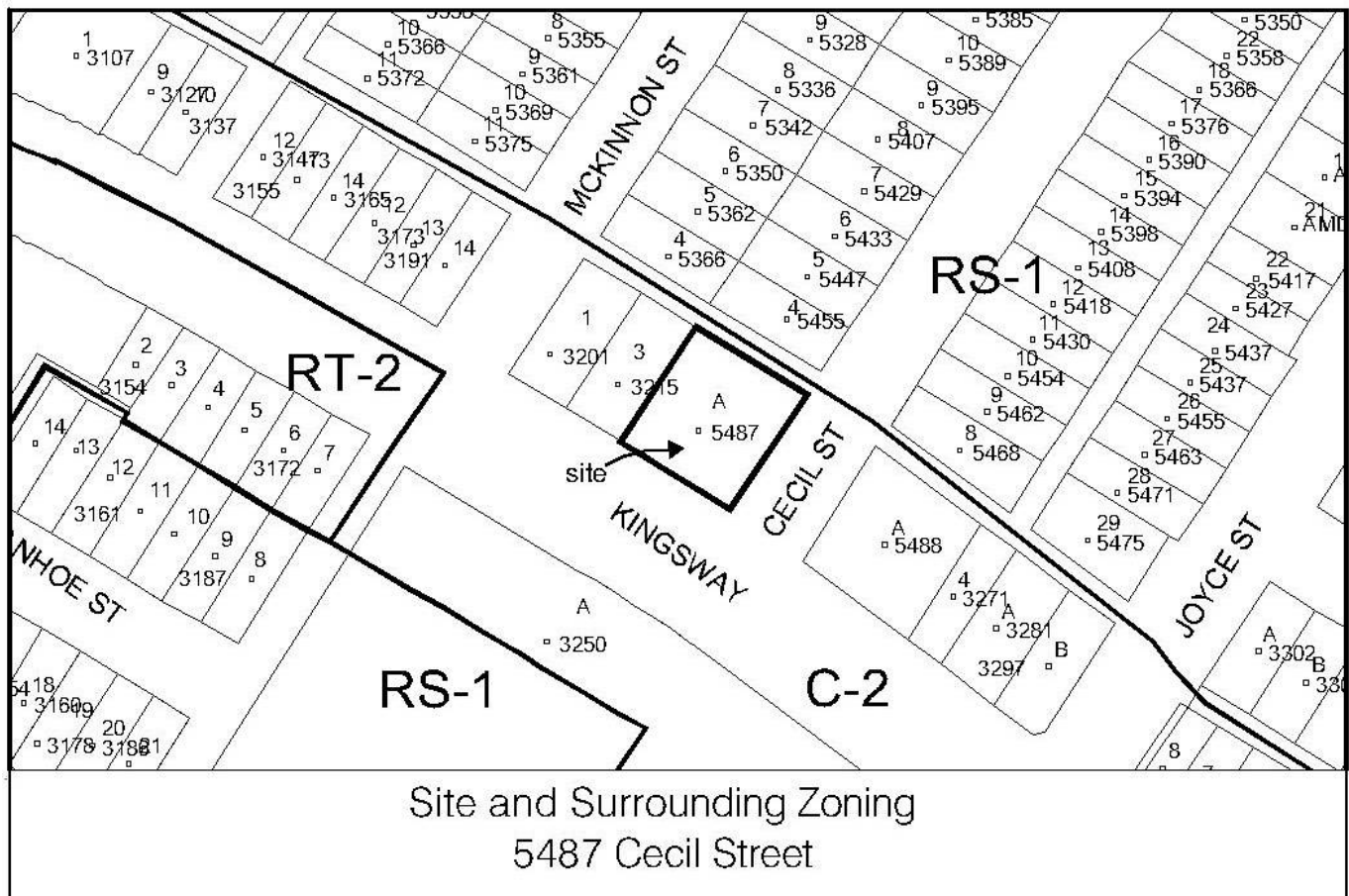
In addition, the *Act* states that before making its decision the approving authority must consider:

- the priority of rental accommodation over privately owned housing in the area;
- any proposals for the relocation of persons occupying a residential building;
- the life expectancy of the building;
- projected major increases in maintenance costs due to the condition of the building; and
- any other matters that, in its opinion, are relevant.

Applications for strata title conversion of buildings containing six or more previously occupied residential units are relatively rare. The infrequency of these applications is largely a consequence of the cost of significant building upgrading that older buildings would have to achieve in order to substantially comply with current Building By-law requirements, and the difficulty in achieving the support of at least two-thirds of the households occupying the building, as specified in the City's Strata Title and Cooperative Conversion Guidelines.

Pursuant to Section 49 of the *Residential Tenancy Act (2002)*, which pertains to a landlord's use of property, a two-month notice period is required to end tenancy if the landlord intends, in good faith, to convert a residential property to strata lots under the *Strata Property Act*.

The location of the site is shown below.



DISCUSSION

The building was constructed in 1997 and was occupied by residential tenants until June 2005, when a marijuana grow-operation was discovered. Electrical power was disconnected, causing all tenants to be evicted. Repairs were completed, and the building was fully tenanted with 19 residential tenants and 4 commercial tenants at the time of the strata conversion application submission on December 10, 2008.

An agent for the owner of the building has applied to convert this building to strata title ownership. At the time of application, form letters were submitted by the applicant to the City, indicating that the majority of residential tenants were in support of the application. The City's Strata Title and Cooperative Conversion Guidelines require that notices be posted in the building stating the intent to convert the building to strata title ownership, and that City staff notify the residential tenants. In response to the staff notification, 19 responses were received; 18 tenants supported the application and one stated that he did not know if he supported the proposal. The response exceeded the requirement for 2/3 tenant support.

The owners of the building have offered various options to the tenants should this strata conversion application be approved. Each tenant could make individual arrangements to continue renting once their units have been sold, should the new owner not wish to occupy the suite. Should the purchasers wish to occupy individual units, three month's notice will be given to the tenants, and one month's rent will be excused. The tenants are also being offered first opportunity to purchase their suites with discounts varying between 1% and 3% of the purchase price, based on the length of rental tenure. Prospective purchase prices submitted with this application range from \$101,210.00 for a studio unit to \$265,930.00 for a two-bedroom and den unit, with the average price being approximately \$215,870.00.

On May 24, 2007, Council approved new policies preserving rental housing stock in certain zones, including the RM, FM-1 and CD-1 zones. The Strata Title and Cooperative Conversion Guidelines were also amended to reflect the new policies, which do not apply to lands zoned C-2.

In addition to Development Services staff, the City Engineer, the Chief Building Official and the Managing Director of Social Development have reviewed this application.

The City Engineer has no requirements for this application. The Chief Building Official reports that there are a number of upgrades required in order for this building to substantially comply with all relevant City By-laws. A number of both building and electrical upgrades will be required, regardless of whether this application for strata conversion is approved.

MANAGING DIRECTOR OF SOCIAL DEVELOPMENT COMMENTS:

The project is a four-storey, mixed use residential/commercial building with 19 residential units and four commercial units. The building was built in 1997 and was renovated in 2005. The current owners purchased the property as a market-rental property in March 2008.

According to CMHC's October 2008 Survey, the market rental vacancy rate in Southeast Vancouver has dropped from 1.1% in 2007 to 0.5% in 2008. The rents for the units at 5487 Cecil Street are higher than the average rents in the area, but most units (2 bedrooms) have lower rents than the average city rents for projects built in the 1990s.

Unit Types	5487 Cecil Street		CMHC Survey - SE Vancouver			CMHC Average City Rent - 1990s Buildings
	Number of Units	Average Rent	2008 Average Rent	2008 Vacancy Rate	2007 Vacancy Rate	
Bachelor	1	\$ 900	\$ 681	0	1.6	\$864
1 Bedroom	2	\$1200	\$ 821	0.6	1.5	\$980
2 Bedroom	15	\$1236	\$1120	0.4	0.3	1,261
3 Bedroom	1	\$1700	\$1141	0	1.2	**
TOTAL	19	\$1259	\$ 926	0.5	1.1	\$1,061

**Too few units.

Between 2000 and 2007, approximately 320 residential units were converted to strata title ownership in the city.

The demand for rental accommodation has been strong in the City of Vancouver due to the high cost of home ownership, the low unemployment rate and the recent climate of economic uncertainty. In terms of supply, the southeast Vancouver area had 400 condo units and no market rental projects under construction and/or in the development stream at the end of last year.

Based on the current housing situation, the Managing Director of Social Development recommends that the strata title conversion application for 5487 Cecil Street be refused.

FINANCIAL IMPLICATIONS

There are no financial implications.

CONCLUSION

The Subdivision Approving Officer concurs with the Managing Director of Social Development and recommends refusal of this application following Council's policy regarding the preservation of existing rental housing, noting the lack of rental accommodation in southeast Vancouver and the detrimental effect the removal of the subject 19 residential units from that stock would have.

* * * * *