



ADMINISTRATIVE REPORT

Report Date: November 3, 2009  
Contact: Liza Jimenez  
Contact No.: 604.873.7975  
RTS No.: 8220  
VanRIMS No.: 08-2000-20  
Meeting Date: November 19, 2009

TO: Standing Committee on Planning and Environment

FROM: Managing Director of Social Development in consultation with the Director of Planning

SUBJECT: Single Room Accommodation Conversion Permit for Boulder Hotel (1-9 W. Cordova St.)

**RECOMMENDATION**

- A. THAT Council approve an SRA Conversion Permit in accordance with the Single Room Accommodation By-law to allow the conversion of the 22 designated rooms at the Boulder Hotel (1-9 West Cordova Street) by the rehabilitation of the building and a building on an adjoining property to 38 rental housing units subject to:
- o the development permit (DE410844) being issuable; and
  - o the owner entering into a Housing Agreement with the City, to the satisfaction of Director of Legal Services in consultation with the Managing Director of Social Development, that:
    1. restricts the tenure of such housing to rental housing only for the longer of the life of the building in which it is situated and 60 years; and
    2. prohibits stratification of the residential portion of the property.
- B. THAT, subject to the approval of RECOMMENDATION A, Council instructs the Director of Legal Services, in consultation with the Managing Director of Social Development, to prepare and bring forward for enactment the by-law authorizing the City to enter into a Housing Agreement, referred to in Recommendation A.

***GENERAL MANAGER'S COMMENTS***

The General Manager of Community Services RECOMMENDS approval of A and B.

***CITY MANAGER'S COMMENTS***

The City Manager RECOMMENDS approval of A and B.

***COUNCIL POLICY***

In 2003 Council enacted the Single Room Accommodation By-law ("SRA By-law") to regulate the conversion and demolition of single room accommodation.

On June 18, 2009 Council approved the Short Term Incentives for Rental Housing (STIR) program to encourage the development industry to increase the supply of market rental housing.

***SUMMARY & PURPOSE***

This report seeks Council's approval to issue a conversion permit in accordance with the Single Room Accommodation By-law to allow the conversion of the 22 SRA-designated rooms at the Boulder Hotel (1-9 W. Cordova St.) to create 38 self-contained market rental units. Approval is subject to the development permit (DE410844) being issuable and the owner entering into a Housing Agreement to secure the residential units as rental housing for 60 years or the life of the building, whichever is greater, and to prohibit stratification of the housing portion of the property. This development application is part of the STIR program which provides incentives to promote the development of market rental housing. The development permit is under review following the usual approval process and this report seeks Council approval of the SRA Permit only.

***BACKGROUND***

Owners wanting to convert or demolish SRA-designated rooms must obtain an SRA Conversion/Demolition Permit ("SRA Permit"). Council decides each application on its own merits and may refuse the permit, approve the permit, or approve the permit with conditions.

**Initial Development Permit Application**

The applicant first approached City staff to discuss the heritage and SRA components of the Boulder Hotel in 2005. The SRA Permit application for the Boulder Hotel was submitted by the applicant in 2006. The details of the development application and heritage implications took time to finalize because of the complexities of the project which included:

- combining the site with the neighbouring "Pig & Whistle" site (combined address being 265 Carrall Street),
- revitalization of a City-designated heritage building (category "B"),
- the form of development, and
- parking challenges.

An SRA Permit, a Heritage Revitalization Agreement (HRA), and two façade grants totaling \$100,000 for the Boulder Hotel were approved by Council on February 12, 2008 as part of a project to construct 23 stratified market condo units. The HRA by-law was enacted on

October 28, 2008 and the HRA is registered on title with transferable density of 61,825 square feet.

The condition of approval for the issuance of the SRA Permit included the owner making a payment to the replacement housing reserve fund. This payment was never made and subsequently the SRA Permit application lapsed. The applicant could not proceed with the project as planned because of the general market downturn and the impact on the development industry.

### Modified Development Permit Application

At this time, the applicant wants to proceed with the development of 38 rental housing units as part of the STIR program, instead of 23 market condos as originally proposed. The STIR program responds to the shortage for rental housing by encouraging the development of market rental housing. The size of the proposed housing units ranges from 500 to 960 square feet.

Real Estate Services have reviewed the new pro forma documentation for this modified development permit application and concluded that it produced similar results as the original pro forma. Staff are satisfied that the transferable heritage bonus density provided for in the HRA registered on title remains appropriate for this revised project.

### DISCUSSION

The Boulder Hotel, located at 1-9 W. Cordova, is a 3-storey stone-faced commercial building located in the historic district of Gastown (HA-2) on the north west corner of West Cordova and Carrall Street, see Figure 1 below. The first two stories of this municipally designated building (category "B") were constructed in 1890 with the third story being added prior to 1910. It served as a residential hotel with 22 sleeping units until it was closed in 1978. On the ground floor is an existing restaurant with a 180-seat liquor license. The applicant, King Tiger Investments Ltd., purchased the building in 2005.

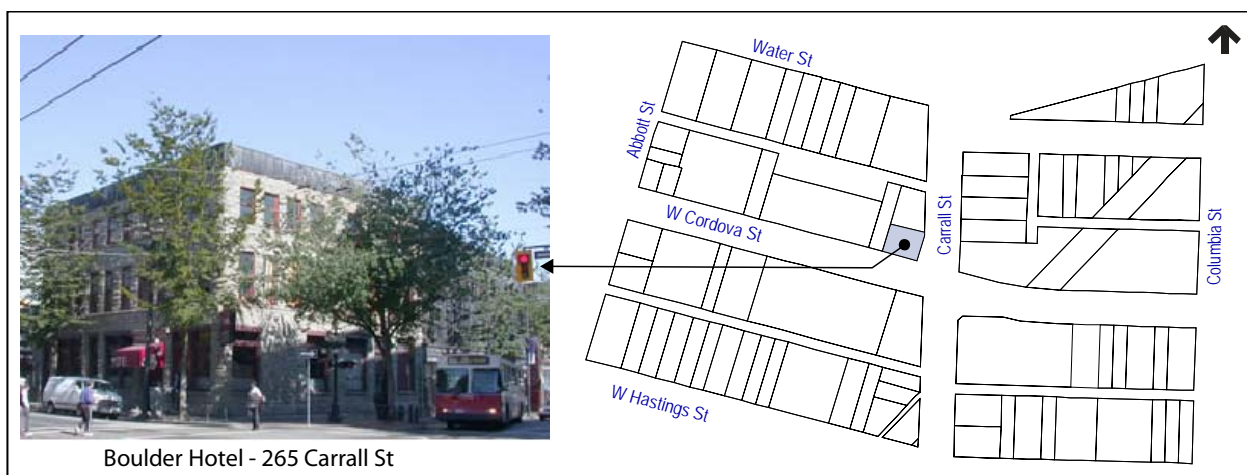


Figure 1

The approved development application (DE410844) for this site includes:

- two properties - the former Pig & Whistle Pub and the Boulder Hotel,
- 61,825 square feet of heritage bonus density,
- two façade grants for a total of \$100,000,
- 3 retail units at grade,
- 23 stratified market condos over the two sites (combined address of 265 Carrall St.), and
- underground parking.

The modified development proposal, under the STIR program, is similar to the former development proposal in terms of properties included, amount of heritage bonus density and façade grants. It differs in terms of:

- 4 retail units at grade,
- 38 rental housing units over the two sites, and
- no parking spaces.

The heritage conservation plan proposed and approved in 2008 for this heritage building remains the same. The initial heritage density transfer is still appropriate and no additional density or heritage density transfer is requested.

This project has undergone rigorous review by staff from Planning, Heritage, Engineering Services, Real Estate Services and Social Development. Over the past 18 months there have been several attempts to revive this project as a viable development. There are several public objectives that can be achieved including:

- rehabilitating the heritage building and fostering economic activity in the historic area,
- re-animating the site with the renovation of the Boulder Hotel,
- intensifying commercial uses at the ground level in the historic area,
- renewing non-functional residential uses,
- increasing the supply of market rental housing in DTES, and
- supporting the Carrall Street Greenway.

### **Short Term Incentive for Rental (STIR) program**

The current proposal for 265 Carrall Street was made under the Simple Stream of the STIR program for 38 rental housing units which would be secured by a Housing Agreement with the City. The Housing Agreement will restrict the tenure of the housing to rental for 60 years or the life of the building, whichever is greater, and will prohibit stratification of the residential portion of the property.

The applicant has requested, and the STIR program permits as part of the development permit process, that:

1. DCLs for the residential portion of the building be waived; and
2. the parking requirements be relaxed in order for the project to be economically viable. The Director of Planning will exercise his authority under Section 3.2.1 (c) of the Parking By-law to relax the parking requirement for this project to zero and without a payment-in-lieu. The rationale for relaxing the parking requirements is related to the challenging economics of this constrained site where heritage rehabilitation and the provision of rental housing are secured.

Approval of DCL waiver and parking relaxations will be done through the development application. A single Housing Agreement will secure the housing units as rental, as the recommended condition of issuance of the SRA Permit, and as required under the STIR program.

## SRA Permit

As outlined in the Vancouver Charter, Council is required to consider a number of factors in deciding whether or not to grant an SRA Permit.

1. **Accommodation for Affected Tenants:** There are no affected tenants as the Boulder Hotel has been vacant for over 30 years.
2. **Supply of Low-Cost Accommodation:** The low-income housing stock in the DTES is estimated to have declined by just over 1% between January 2003 when the SRA By-law was enacted, and the end of April 2009. The low-income housing stock was approximately 10,000 units in 2003 and 9,890 by April 2009; a 110-unit decrease. By the end of 2009, with new non-market housing coming on stream the low-income housing stock will increase to over 10,500 units.

Recent social housing in the DTES includes:

- Woodward's (131 West Hastings): 125 self-contained rooms for low-income singles currently under construction.
- The Lux (65 East Hastings): 92 self-contained rooms recently opened and operated by Raincity Housing and Support Society for people who are homeless or at-risk of becoming homeless. This project is on City-owned land, funded by the Provincial Homeless Initiative with BC Housing providing the capital and operating funding and Vancouver Coastal Health funding support services.

3. **Condition of the Building:** Like many buildings constructed in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, the Boulder Hotel requires major seismic and building systems upgrades. It is not habitable in its current condition and the degree of upgrading required is reflected in the number of years the SRA-designated rooms on the upper floors have remained vacant.
4. **Need to Improve and Replace Single Room Accommodation:** Since the enactment of the SRA By-law in 2003, there have been 9 SRA Permits issued in the DTES, which resulted in a net loss of 142 SRA-designated rooms. Of the 142 rooms lost, 119 had been vacant for over 30 years like the Boulder Hotel.

It should also be noted that the Province and the City have purchased and/or secured leases for 25 SRO buildings in the DTES over the past few years. These recent purchases serve to improve and secure the existing stock from potential closures, unnecessary vacancies, and re-development, while providing safe, supported, and guaranteed low-income housing.

5. **History of Building and Land:** Since the building has been vacant for a number of years, there is little history on enforcement and compliance with City by-laws.

### Condition of Approval for the SRA Permit

The recommended conditions of approval of this SRA Permit are that:

1. the development permit (DE410844) is issuable; and
2. the owner enter into a Housing Agreement which will restrict the tenure of the housing to rental for 60 years or the life of the building, whichever is greater, and will prohibit stratification of the residential portion of the property.

These conditions secure a housing benefit which offsets the lost SRA units.

Consideration was given to applying the conditional levy in addition to securing 38 rental units and it is not recommended for the following reasons:

- these units have not been an available source of low-income housing for over 30 years, and therefore the project does not involve a loss of current housing nor displacement of any tenants,
- typically the conditional levy is applied when a permanent loss of low-income housing occurs such as a conversion to market strata units, and
- applying the conditional levy, today at \$330,000, would create a financially non-viable project and other public objectives would not be achieved.

Real Estate Services has reviewed the applicant's pro forma documentation and supports the recommendation that a levy of \$330,000 not be required given the development economics of this project.

### *CONCLUSION*

It is recommended that an SRA Permit be approved to allow the conversion of all 22 rooms at the Boulder Hotel by the rehabilitation of the building and a building on an adjoining property, subject to the development permit (DE410844) being issuable and the owner entering into a Housing Agreement ensuring that the housing units will be rental for 60 years or the life of the building, whichever is greater, and prohibiting stratification of the residential portion of the property. The rooms at the Boulder Hotel have not been a source of housing for over 30 years and will not result in the displacement of any tenants. The proposed development will yield 38 market rental units which is a housing objective identified in the DTES Housing Plan.

\* \* \* \* \*



CITY OF VANCOUVER  
COMMUNITY SERVICES  
Housing Centre

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

SR No. \_\_\_\_\_

Civic Address: 1-9 WEST CORDOVA STREET  
 Legal Description: Lot B Subdivision \_\_\_\_\_ Block 2 District Lot CGF Plan 10753  
 Building Name: BOULDER HOTEL

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

Your Name: CRAIG DOMERTY You are the:  
 Mailing Address: 5316 MARINE DRIVE 01  Property Owner  
 City: WEST VANCOUVER 02  Agent for Property Owner  
 Postal Code: V7W 2P8  
 Phone Number: 604 417 6071  
 Company Name: KING TIGER INVESTMENTS LTD

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 <u>KING TIGER INVESTMENTS LTD</u>	
Address: <u>5316 MARINE DRIVE</u>	City: <u>WEST VANCOUVER</u>
Postal Code: <u>V7W 2P8</u>	Phone Number: <u>604 417 6071</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) 001 <input type="checkbox"/> Convert* occupancy of designated room(s) 002 <input type="checkbox"/> Change term or nature of tenancy of designated room(s) 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 checked="" type="checkbox"/> Demolish* designated room(s) *see definitions of "conversion" and "demolition" on reverse side of form under "Explanatory Notes"	Total # of storeys in this building: <u>3</u> Total # of SRA rooms in this building: <u>22</u> Total # of non-SRA rooms in this building: <u>1</u>
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Describe nature of the proposed conversion or demolition:

REPLACING 22 SRO UNITS WHICH HAVE NOT BEEN OCCUPIED SINCE 1978 (AND ARE UNOCCUPIABLE) WITH APPROXIMATELY 40 RESIDENTIAL UNITS PURSUANT TO THE STR PROGRAM.

THIS SECTION MUST BE COMPLETED:	OFFICE USE
Are there any permanent residents needing to relocate as a result of this proposed conversion? <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? <u>NIL</u>	
2. A list of names of the residents needing relocation, their room nos. and length of residency	
3. Proposed relocation strategy for existing tenants <u>NOT APPLICABLE</u>	
You must also include with this application the following required supporting documents:	
1. 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	
2. 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	
3. One set of floor plans of the existing and proposed floor layout as described below*	
4. Tentative schedule for construction (if applicable)	

\* 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 legible, 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.

Further, I acknowledge that any information and documents provided with this SRA conversion/demolition permit application will be attached to the report to Council and as such, be made available to the public.

SIGNED AT VANCOUVER, BC THIS 10<sup>TH</sup> DAY OF SEPTEMBER 2009

  
Signature of Applicant  
FOR KING TOWER AVENUE (THE ISLTD)



COV-REGISTRATION CENTER  
RECEIVED

SEP 24 2009

Canada

Province of British Columbia

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

Referred to: 27

File No: 61 COLLIER

AFFIDAVIT

I, MARK STANTON (Print Name), of 6051 GLENEVALES DRIVE (Print Address) WEST VANCOUVER BC  
Vancouver, British Columbia, make oath and say as follows:

1. I am a director of KING TIKER INVESTMENTS LTD (Print Name of Company) the registered owner of real property in Vancouver, British Columbia bearing the legal description LOT B BLOCK 2 PLAN 10753 DISTRICT LOT OGT NEW WESTMINSTER and civic address 9 WEST CORDOVA 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:

Room Nos:

22

Purpose:

REPLACING 22 SEC UNITS WHICH HAVE NOT BEEN OCCUPIED FOR MORE THAN 50 YEARS (1978) WITH APPROXIMATELY 40 RESIDENTIAL UNITS PURSUANT TO THE STIE PROGRAM

Sworn before me at Vancouver, British Columbia this <u>10</u> day of <u>SEPTEMBER</u> , 200 <u>9</u> .	) ) ) ) ) ) )	 Owner's signature KING TIKER INVESTMENTS LTD
 A Commissioner for taking Affidavits for British Columbia		

(Commissioner's Stamp or Seal must be provided)