



ADMINISTRATIVE REPORT

Report Date: June 11, 2014
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VanRIMS No.: 08-2000-20
Meeting Date: June 24, 2014

TO: Vancouver City Council

FROM: General Manager of Community Services

SUBJECT: Housing Agreement and Grant to Lookout Emergency Aid Society for
376 Powell Street (Sakura So Residence)

RECOMMENDATION

- A. THAT Council approve in principle a Housing Agreement with the owner of 376 Powell Street (the Lookout Emergency Aid Society), pursuant to section 565.2 of the Vancouver Charter securing the 38 single room occupancy (SRO) units:
- a. as rental for the life of the building or 60 years, whichever is longer;
 - b. including no separate sales and no stratification covenants;
 - c. requiring those units to be offered for rent only to people on income assistance;
 - d. restricting tenant contributions to rent to no more than the shelter component of income assistance; and
 - e. on such other terms and conditions as the Director of Legal Services and the and Managing Director of Social Development may require;

FURTHER THAT, upon execution of such a Housing Agreement by Lookout Emergency Aid Society and any other parties that the Director of Legal Services may require, the Director of Legal Services be instructed to bring forward a by-law to authorize such Housing Agreement, and after by-law enactment, to execute and register the Housing Agreement.

- B. THAT Council approve a grant of \$190,000 to Lookout Emergency Aid Society for renovation and material improvements to the 38 unit SRO at 376 Powell Street as more particularly described in the body of this Administrative Report, source of funds to be the 2014 Capital Budget for Housing for Non-market Rental Housing - Incentive Grants (SRO).

- C. THAT Recommendations A and B be adopted on the following conditions:
- (i) THAT the passage of the above resolutions creates no legal rights for the applicant or any other person, or obligation on the part of the City; any expenditure of funds or incurring of costs is at the risk of the person making the expenditure or incurring the cost;
 - (ii) THAT any approval that may be granted shall not obligate the City to enact a housing agreement by-law, and any costs incurred in fulfilling requirements imposed as a condition of entering into a Housing Agreement are at the risk of the property owner; and
 - (iii) THAT the City and all its officials shall not in any way be limited or directed in the exercise of their authority or discretion, regardless of when they are called upon to exercise such authority or discretion.

Note: The approval of grants requires that not less than two thirds of the members of Council vote in the affirmative.

REPORT SUMMARY

This report seeks approval to enter into a Housing Agreement securing all 38 rooms designated under the Single Room Accommodation (SRA) By-law as social housing, at 376 Powell Street, with the following provisions: ownership restricted to a not-for-profit society or government; for a term of 60 years or the life of the building; with at least one-third of the rooms renting at welfare, one-third average SRO rents and the remaining one-third at above SRO rent targets, recognizing that Lookout has a mandate to serve individuals on income assistance and will strive to rent the maximum number of rooms at the shelter component of welfare. The report also recommends approval of a capital grant of \$190,000 (\$5,000 per room) towards the renovation and material improvements, improving life safety, health and liveability of 376 Powell Street (Sakura So Residence).

Sakura So Residence provides rental housing with support services that help keep the tenants housed. All of the tenants have come from the street or shelters, and have a chronic history of homelessness. The securing of low income rental housing as social housing (non-profit or government ownership) and the retention and improvement of supportive housing for low income residents in the Downtown Eastside is consistent with Council's Affordable Housing and Homelessness Strategy, as well as the Housing Directions in the DTES Local Area Plan.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

On July 28, 2011 Council endorsed the Housing & Homelessness Strategy 2012-2021 which includes three strategic directions:

1. Increase the supply of affordable housing;
2. Encourage a housing mix across all neighbourhoods that enhances quality of life; and,

3. Provide strong leadership and support partners to enhance housing stability.

The 3-Year Action Plan 2012-2014 identifies priority actions to achieve some of the Strategy's goals. The priority actions that relate to this grant request are to optimize the City's use of capital grants to lever and support housing partnerships; and to focus our efforts with partners on preventing and eliminating homelessness.

On March 15, 2014 Council approved the Downtown Eastside Local Area Plan. The goal of the Plan is to improve the lives of low-income DTES residents and community members. The Plan supports the creation of new social housing, encourages upgrades of the existing stock and encourages new forms of market housing while maintaining the existing neighbourhood character and revitalizing the area without displacement of residents, particularly low-income residents.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of A, B and C.

REPORT

Background/Context

Council policy is to preserve and maintain a stock of market rental housing, and to maintain and increase the stock of affordable and social housing in the city. The City's social housing priorities are the homeless, those at risk of homelessness, low and moderate income families with children; seniors on fixed incomes or in need of support; SRO residents; the mentally ill and physically disabled. The recently adopted DTES Local Area Plan noted the importance of Single Room Occupancy Hotels and while the long term goal is to replace them with self-contained social housing, the plan recognizes the importance of improving the quality of the existing stock, minimizing loss of the stock, maintaining affordability and ensuring tenants have adequate supports to remain housed.

In situations where the development or renovation of social housing projects is not viable, or where the financing of such work would affect affordability, and where a City contribution will assist in meeting the needs of low income households, Council has provided capital grants to social housing sponsors. Such contributions help ensure the projects can proceed in a timely manner, and help ensure that rents in these properties can be reduced/maintained to be affordable to low-income households.

Lookout Emergency Aid Society (Lookout) is a charitable organization established in 1971 that provides social housing and a range of support services throughout Metro Vancouver to adults with very low incomes who have few, if any, housing or support options. Lookout operates 22 buildings in Vancouver, New Westminster and the North Shore including shelters, residences, a drop-in centre and administration offices. Through supportive and permanent housing, Lookout provides homes to a total of 591

people across Metro Vancouver, including 129 units of supportive housing at 188 East 1st Avenue (one of the City / Provincial Homelessness Initiative 14 sites.) Lookout also provides transitional housing to an additional 166 people.

The 38 rooms at 376 Powell Street (Sakura So) have housed individuals who have come from the street or shelters and are supported by on site tenant support workers paid for through income from tenant rents, retail rents, and an annualized grant from Vancouver Coastal Health. Sakura So offers “supported transitional units” and aims to move residents to better and more permanent housing over time. On average, Sakura So has housed 52 people per year reflecting that 13 people per year move out of homelessness into permanent housing and greater stability. While Sakura So has been maintained as one of the best structural residential buildings in the DTES, there are mechanical, life safety, and other material improvements related to health and liveability that are now urgently needed.

Strategic Analysis

The proposed grant is \$190,000 (\$5,000/room). The total renovation budget is \$3.22 million. Lookout has raised \$2.8 million for the needed renovations. With financing, there remains a \$0.42 million gap. Approval of this grant will help Lookout lever funds from other governments and partners to bridge the gap, and will help retain and renovate an important low income/supported housing asset, while maintaining the tenant contribution for rents at the shelter component of income assistance rates (currently \$375/month).

Critical envelope repairs have already been undertaken but the building requires electrical/ mechanical and elevator repair, as well as basic liveability upgrades. Further renovations will include:

- addition of private washrooms to eight of the 38 rooms.
- removal of asbestos containing materials from all rooms and shared washrooms and corridors.
- all life safety devices will be upgraded, including emergency lighting, and smoke detectors. The fire alarm system will be upgraded as necessary. The domestic piping is being replaced and the fire sprinklers upgraded.
- new wall, ceiling, and floor finishes and replacement of electrical, lighting, plumbing fixtures and kitchenettes.

Renovation work is ongoing in a manner which minimizes tenant disruption. Tenants of 376 Powell Street have already been relocated, as it was necessary to begin some of the renovation work. Three quarters of the residents have moved two doors down the street to another SRO called Tamura House at 396 Powell Street, itself having vacancies due to renovations under the current BC Housing public-private-partnership to renovate and restore 13 Provincially owned SROs. The remainder of the tenants are living at a Lookout operated supported housing building at 188 East First Avenue. One resident requested being relocated to the Lookout North Shore Transitional Housing project in North Vancouver. The schedule is to return all interested residents to Sakura So during summer 2014, with residents being able to reoccupy the rooms they had before the renovations.

Sakura So is 100% owned by Lookout, with no mortgage. Lookout is therefore committed to continue charging tenants \$375/month rent (shelter component of income assistance). This report recommends a Housing Agreement that will secure rents ranging from the shelter component of income assistance to above average SRO rents in order to ensure that Lookout will be able to continue being operationally viable in the face of increasing costs operating costs (taxes, utilities, etc.) but without the necessary associated increases in the shelter component of income assistance. The recommended City grant will assist Lookout in the timely renovation of structurally sound rooms, while viably maintaining the current rent levels. When combined with a Housing Agreement, which restricts ownership to a government or non-profit society, the grant is a strategic investment in affordable rental accommodation for low income individuals. The grant will enable Lookout to free up units in other transitional and supportive housing buildings, currently occupied by former tenants, more quickly than without such financial assistance which will assist in the City's goal of eliminating homelessness by 2015.

Implications/Related Issues/Risk (if applicable)

Financial

Below is the project capital budget and funding strategy for the Lookout social/supportive housing renovation project:

Project Capital Costs:	
Hard & Soft Costs	<u>\$3.22M</u>
Funding Sources:	
Lookout Capital Fundraising	\$0.79M
Recommended City of Vancouver Grant	\$0.19M
Other (Lookout Reserves, Various Donors)	\$2.01M
Funding Gap	<u>\$0.23M</u>
	<u>\$3.22M</u>

Staff recommend a capital grant of \$190,000 to Lookout to assist in the preservation and upgrades of 38 units of social/supportive housing at 376 Powell Street at \$5,000 per unit. The source of funding for the Capital Grant is the 2014 Capital Budget for Non-market Rental Housing - Incentive Grants(SRO).

If approved, total City contribution would represent approximately 6% of the project capital cost.

Disbursement of capital grants to social/supportive housing are subject to the following conditions:

- funding commitment from other sources being secured; and
- registration of a Housing Agreement for not less than 60 years.

CONCLUSION

Staff recommend that the City provide a grant to Lookout Emergency Aid Society in order to assist with necessary renovations, and material improvements to the 38 rooms at 376 Powell Street (Sakura So). Staff also recommend that Council approve entering into a Housing Agreement with the owner of 376 Powell Street (Lookout). The purpose of this agreement is to secure the use on this site as social housing for 60 years or the life of the building, whichever is greater, and to secure rents, thereby preserving affordability once the renovations are complete.

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