

## ADMINISTRATIVE REPORT

Report Date:July 14, 2015Contact:Mukhtar LatifContact No.:604.871.6939RTS No.:10992VanRIMS No.:08-2000-20Meeting Date:July 21, 2015

TO:	Vancouver City Council
FROM:	Chief Housing Officer
SUBJECT:	Single Room Accommodation Permit for Low Young Court (406 Union Street)

## RECOMMENDATION

- A. THAT Council approve a SRA Conversion Permit for Low Young Court, located at 406 Union Street [Parcel Identifier: 011-151-811 Lot A of Lots 1 and 2 Block 103 District Lot 196 Plan 775], to renovate 15 SRA-designated rooms including six rooms on the third floor, 6 rooms on the second floor and the conversion of three rooms on the ground floor to three self-contained dwelling units. Approval is subject to an issuable development permit consistent with the plans provided for this SRA permit application and on the condition that priorto the issuance of the Permit, the owner of the property enters into and registers on title a Housing Agreement which will include the following terms and conditions:
  - i. for not less than 30 years:
    - (a) two rooms (room numbers 203 and 204) be rented at a monthly rent no greater than the shelter component of Income Assistance (currently \$375) and,
    - (b) six rooms be made available to tenants who are on income assistance and eligible for rent supplements subject to funding for the Provincial rent subsidy program. Potential eligible tenants will be referred for consideration and the applicant, as landlord, will make the final selection.
  - ii. for 60 years or the life of the building, whichever is greater, all 15 units must be legally and beneficially owned by a single legal entity at all times and used only to provide rental housing;

iii. such other terms and conditions as the Director of Legal Services in consultation with the Chief Housing Officer may require.

Note to Applicant: this Housing Agreement will be entered into pursuant to section 565.2 of the *Vancouver Charter*.

B. THAT, subject to the approval of recommendation A and execution by the owner and its mortgagees of the Housing Agreement contemplated by recommendation A, the Director of Legal Services be instructed to prepare a Housing Agreement in consultation with the Managing Director of Social Development and to bring forward the by-law necessary to approve the Housing Agreement.

## **REPORT SUMMARY**

This report seeks Council's approval to issue an SRA Conversion Permit to 1874584 AB LTD. on behalf of Union Suites LP for Low Young Court, to renovate 15 SRA designated rooms comprised of six rooms on the third floor, 6 rooms on the second floor and the conversion of three rooms on the ground floor into three self-contained dwelling units. The 12 rooms on the second and third floors will remain designated under the SRA By-law since they are smaller than 320 square feet (29.7m<sup>2</sup>) while the three ground floor dwelling units will be removed from the SRA By-law as they will be larger than 320 square feet (29.7m<sup>2</sup>). Those three ground floor units will be secured as rental housing through a section 219 covenant. This permit is conditional on the enactment of a housing agreement (for 30 years) to secure two of the sleeping rooms (room 203 and 204) at the shelter component of income assistance and six of the remaining rooms being made available to tenants on income assistance and eligible for a rent supplement (subject to availability of funding for rent supplements), in addition to an issuable development permit consistent with the plans provided for this SRA permit application. (See Appendix A for proposed floor plans, the permit application and affidavit).

This building is old and in need of significant repair and has been the target of the Integrated Enforcement Team's work for a number of years. The recommendations in this report will allow the owner to obtain the required development, building and trades permits to bring the building into compliance with City By-laws, will improve condition and livability throughout the building and will secure affordability for the term of the Housing Agreement.

## COUNCIL AUTHORITY/PREVIOUS DECISIONS

Relevant Council Policies for this site include:

- 1. On October 21, 2003, Council enacted the SRA By-law to regulate the conversion and demolition of SRAs in the Downtown Core.
- 2. On October 23, 2003, Council amended the Zoning and Development By-law to require an SRA Permit prior to the issuance of a Development Permit.

- 3. On June 22, 2004, Council confirmed its objective of achieving a minimum of one-to-one replacement of Single Room Accommodation with self-contained social housing in the Downtown South and the Downtown Eastside.
- 4. On September 15, 2005, Council adopted the Downtown Eastside Housing Plan.
- 5. On July 28, 2011 Council endorsed the Housing & Homelessness Strategy 2012-2021 which includes Strategic Direction 1: Increase the supply of affordable housing and Strategic Direction 2: Encourage a housing mix across all neighbourhoods that enhances quality of life. The 3-Year Action Plan 2012-2014 identifies priority actions to achieve some of the Strategy's goals.
- 6. On March 15, 2014, Council adopted the Downtown Eastside Plan. The Plan sets out a vision for the future of the DTES to improve the lives of all those who currently live in the area, including low-income and middle-income residents, the homeless, seniors, women, children and families. The plan will also "enhance and accelerate a strategy to implement the Council's 2005 DTES Housing Plan" thereby improving the diversity of affordable market and non-market options in the neighborhood.
- 7. On March 15, 2014, Council adopted Policies and Guidelines for the Upgrade of Rooms Designated under the Single Room Accommodation (SRA) Bylaw (No. 8733), as part of the DTES Plan. The intent of the Guidelines is to provide flexibility to improve livability in rooms designated under the SRA Bylaw, while minimizing room loss and maintaining affordability. The Guidelines delineate a set of principles for livability which include light and ventilation, privacy, amenity space as well as affordability.
- 8. On July 7, 2015, Council considered amendments to the SRA By-law that include:
  - authorizing Council to impose a \$125,000 charge per room, rather than a \$15,000 charge per room as a condition of a conversion or demolition permit to allow for the provision of replacement housing;
  - approval in principle to allocate up to \$2 million from the 2015-2018 Capital Plan for a partnership program that will leverage additional external funding to support upgrading of private SROs, and the purchase & lease of buildings to maintain affordability and support SRO tenants subject to report back on program details and funding partners; and,
  - amending the definition of "conversion" or "convert" to clarify that any repair that involves the relocation of a permanent resident during the repairs is not a minor repair and will require a conversion permit

Prior to a decision on the proposed amendments, Council has referred the proposed amendments to a public meeting on July 22, 2015, to provide an opportunity for persons to make their views known to Council,

# CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

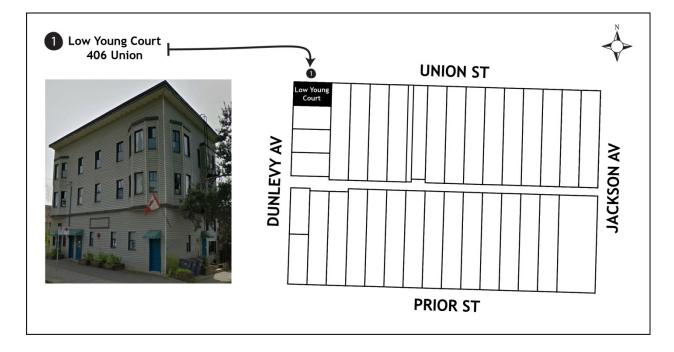
The Chief Housing Officer RECOMMENDS approval of the foregoing.

## REPORT

#### Background/Context

#### Low Young Court

Low Young Court is a rooming house located at 406 Union Street and owned by 1874584 AB LTD. Of the 15 SRA-designated rooms on the ground, second and third floors, five were occupied when the current owners purchased the property in foreclosure on February 23<sup>rd</sup> 2015. The owners were of the understanding that they had purchased the building with vacant possession. While the new owners did not have any tenancy agreements or collect rent from the remaining five tenants, they reached an agreement with these tenants to leave the building and it has been vacant since April 30, 2015. Since taking possession, the owners have undertaken significant unpermitted construction work on all floors and there are now stop work orders posted on the building. The work without permit throughout the building triggered the need for SRA permit. The owner cannot proceed with obtaining a development permit until an SRA permit has been approved. Therefore, this report recommends approving an SRA permit to allow the owners to proceed with securing the required Development, Building and trades permits to bring them into compliance with the Zoning and Development By-law, Building By-law, Electrical By-law, Standards of Maintenance By-law and the SRA By-law.



## Single Room Accommodation (SRA) By-law

On October 21, 2003, Council enacted the SRA By-law to regulate the conversion and demolition of SRAs in the Downtown Core. The SRA By-law designated all rooms in residential hotels, rooming houses, and other buildings in the Downtown Core as identified in the "2003 Survey of Low-Income Housing in the Downtown Core".

Under the SRA By-law, owners wanting to convert or demolish SRA-designated rooms must apply for and obtain an SRA Conversion/Demolition Permit. Council evaluates each application on its own merits and may refuse the permit, approve the permit, or approve the permit with conditions.

Currently, the SRA By-law also allows Council to require conditions such as a levy of \$15,000/room to deposit into a reserve fund for replacement housing. Discussions with the owners to reach the recommendations outlined in this report were initiated in April 2015, in the context of the current provisions of the SRA by-law. The owners submitted a formal SRA permit application on April 29, 2015, agreeing to embed significant affordability for two units for 30 years at shelter rates (currently at \$375 per month) and provide access for low income individuals in the rooms in the renovated building.

On July 7, 2015, two months after the owners of 406 Union submitted their SRA Permit Application, staff brought forward proposed amendments to the SRA By-law that increased the amount Council from \$15k/room to \$125k charge per room to be deposited into a reserve fund for replacement social housing. Council has referred the report to a public meeting on July 22, 2015 to provide an opportunity for persons to make their views known prior to a decision being made.

Staff are not recommending imposing the SRA permit levy (currently \$15,000/room) in this case as the application supports the improvement in condition and livability throughout the building, secures three new self-contained dwelling units as rental, ensures affordability in a portion of the rooms and allows the owners to bring the building fully into compliance with City By-laws.

## Strategic Analysis

## SRA Conversion/Demolition Permit

When the owner purchased Low Young Court on February 23, 2015, five of the 15 rooms were occupied. The owners were of the understanding that they had purchased the building with vacant possession. The new owners did not have any tenancy agreements or collect rent from the remaining 5 tenants, but the owners negotiated a relocation package with these occupants as outlined in the following section and the building has been vacant since April 30, 2015. All floors of the building are currently under a stop work order due to extensive work without permit and violations of City By-laws. In order to obtain the required Building, Development and Trades permits to address violations of City By-laws, the owner must first secure an SRA Permit. This permit will allow three of 15 rooms to be converted from rooms with access only to shared shower, bathroom and kitchen facilities to fully self-contained dwelling units with private kitchen, shower and bathroom facilities. The permit secures two of the remaining 12 renovated rooms at the shelter component of income assistance (currently \$375) and all 12 remaining rooms will remain designated under the SRA By-law. In addition the applicant will make six of the renovated rooms available to tenants who are on income assistance and are supported with Provincial rent supplements at no cost to the City of Vancouver. These conditions, as broken down in Table 1, will be secured by a Housing Agreement with a term of 30 years.

	# Rooms	Floor
Rooms converted to self-contained suites SRA By-law designation removed Housing agreement secures for 60 years as rental only	3	1 <sup>st</sup> Floor
Rooms 203 and 204 renovated and secured at the shelter component of income assistance for 30 years. SRA By-law designation maintained Secured by Housing Agreement - 30 years at income assistance and for 60 years as rental	2	2 <sup>nd</sup> Floor
Rooms renovated and made available to tenants on income assistance and are supported with Provincial rent supplements SRA By-law designation maintained Secured by Housing Agreement - 30 years for the rent arrangement and for 60 years as rental	6	2 <sup>nd</sup> and 3 <sup>rd</sup> Floors
Other Rooms - renovated SRA By-law designation maintained Secured by Housing Agreement for 60 years as rental	4	2 <sup>nd</sup> and 3 <sup>rd</sup> Floors
TOTAL Stock	15	1st, 2 <sup>nd</sup> and 3 <sup>rd</sup> Floors

Table 1: SRA Permit Condit	ions, Breakdown by Room
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The Vancouver Charter requires Council to consider a number of factors in deciding whether to grant an SRA conversion or demolition permit. These factors include:

1. Adequacy of Replacement Accommodation for Affected Tenants: Low Young Court has been vacant since April 30, 2015. However, when the current owner purchased the property in foreclosure on February 23, 2015 there were five occupants. At that time, the property was in significant violation of a number of City Bylaws, including the Building, Electrical and Standards of Maintenance By-laws. Counsel for the owner has asserted that the prior owner had entered into tenancy agreements with four of these occupants after the commencement of foreclosure by her lender and approximately two months before the court ordered sale (there was no tenancy agreement for the fifth occupant). As a result, they have asserted, the tenancy agreements which the prior owner entered into were no longer binding after the court order. Rather than pursuing a Writ of Possession and having a bailiff remove occupants' possessions from the property the owner offered four occupants one month's free rent and the choice of a moving assistance payment of \$400 or a further month of free rent. The fifth occupant, who did not have a tenancy agreement with the prior owner, left of their own accord.

2. Supply of Low-Cost Accommodation: The low-income stock remained relatively stable in the downtown area between January 2004 (11,549), the year after the SRA By-law was enacted, and January 2014 (12,230). However, all sub-areas of the Downtown Core have seen a decrease in the number of rooms renting at or below shelter rates, indicating a loss of low-income accommodations and additionally, all the stock which is at the end of its asset life is in poor condition. In 2013, only 24% of the Downtown Core and 26% of the Downtown Eastside private market SRO stock was renting at or below the shelter component of welfare (currently set at \$375 per month) and all private SRO rooms will require upgrade or replacement in the next 30 years.

The following table shows the net changes of SRO (private market) and social housing units (non-market for singles) between 2004 and 2014 by sub-area. The reduction of private market SROs and increase in Social Housing in the DTES over this period was largely due to the purchase of over 900 rooms in 13 SROs by BC housing. Other non-market housing for singles that opened in the DTES in the last ten years include Woodwards (125 units), Pacific Coast Apartments (96 units), the Lux (92 units), 111 Princess (139 units) and 220 Princess (147 units).

If this SRA permit is approved, there would be a decrease of three rooms of SRO (private market). While there is an overall reduction of three rooms in the stock, the conversion of the three rooms units to self-contained dwelling units and the renovation of the remaining 12 SRA-designated rooms will provide improved livability, two rooms will be secured through a Housing Agreement at shelter rates for 30 years, all units in the building will be secured as rental for the life of the building and the owners will be able to bring the building fully into compliance with City By-laws.

	Change from 2004 to 2014						
Sub-Area	SRO (private market)			Social Housing *includes supportive housing			
	2004 2014 Change			(non-market for singles) 2004 2014 Change			TOTAL
	2004	2014	change	2004	2014	change	
Downtown Eastside	5,206	4,046	-1,160	4,223	5,806	1,583	423
Downtown South	692	452	-240	808	1,367	559	319
Rest of Downtown Core	433	81	-352	187	478	291	-61
TOTAL	6,331	4,579	-1,752	5,218	7,651	2,433	681
TOTAL if SRA Permit Approved Loss of 3 SRO (private market)	6,331	4,576	-1,755	5,218	7,651	2,433	678

Table 2: SRO (private market) and Social Housing (non-market for singles), Change from 2004 to 2014

- 3. Need to Improve and Replace Single Room Accommodation: The proposed renovation is in keeping with Council's policy to improve existing SRA rooms and maintain/upgrade housing in the Downtown Eastside. Once renovations are complete, 12 upgraded SRA designated units and three self-contained dwelling units will be become available and will provide much needed rental housing.
- 4. Condition of the Building: 406 Union Street is a three storey, residential building on a 30.5 ft. by 50 ft lot. The building requires significant upgrades on all floors to bring it into compliance with City by-laws. Due to the extent of the work required, an SRA permit must precede Development and Building permits necessary to address current violations of the Building By-law, Electrical By-law and Standards of Maintenance by-law throughout the building.
- 5. Unique Features of Building and Land: Built in 1910, 406 Union Street has undergone several configuration changes over the last 100 years. Initially the ground floor was used as a grocery store and there has been significant amount of work without permit undertaken in the last two years.

In summary, this application upgrades a building and all the rooms contained – all of which are in need of significant repair. Furthermore three units on the ground floor will be converted to self-contained and secured as rental. These significant renovations, required to bring the Building into compliance with City By-laws, can only proceed with an approved SRA permit. A 30 year Housing Agreement is recommended to secure two of the upgraded rooms at the shelter component of income assistance, as well as making six rooms available to tenants on income assistance who are eligible for rent supplements subject to provincial funding.

## Financial Implications

Staff recommend not requiring the payment of the per room SRA charge (under the current bylaw \$15,000 per room) for the conversion of the three ground floor units given the upgrades to all rooms proposed by the property owner are much needed and will be subject to the following conditions to be secured through a Housing Agreement:

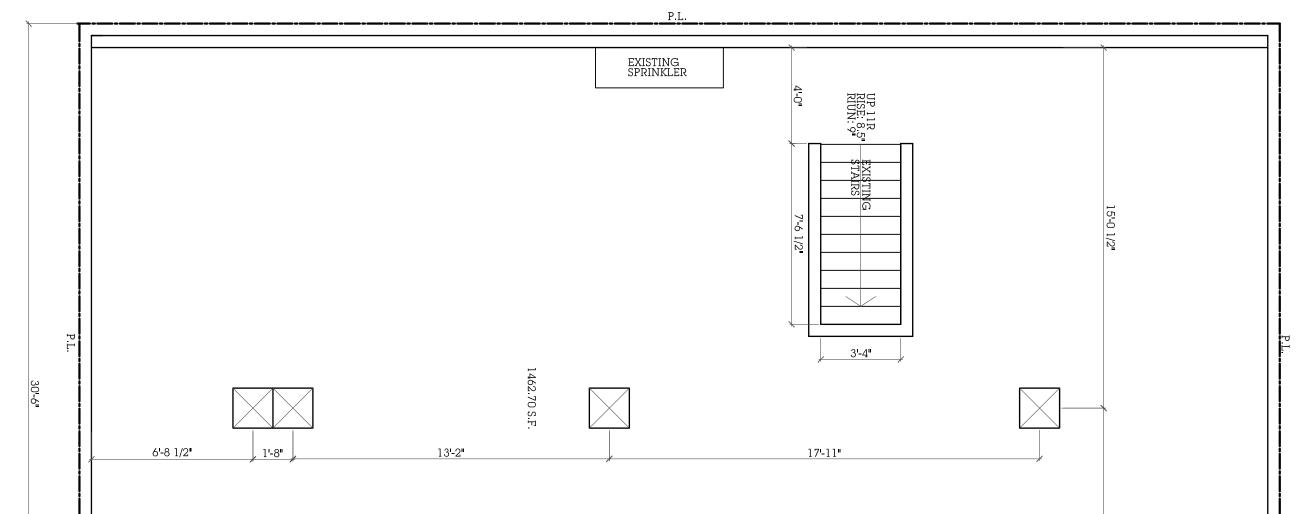
- All 15 units to be secured as rental for the life of the building or 60 years, whichever is longer, with 12 units remaining designated under the SRA By-law;
- Two units of the 12 designated units to be secured for 30 years at shelter rates (currently at \$375/month); and
- Six units of the 12 designated units to be made available for tenants on income assistance and eligible for rent supplements. Potential eligible tenants will be referred for consideration and the landlord will make the final selection.

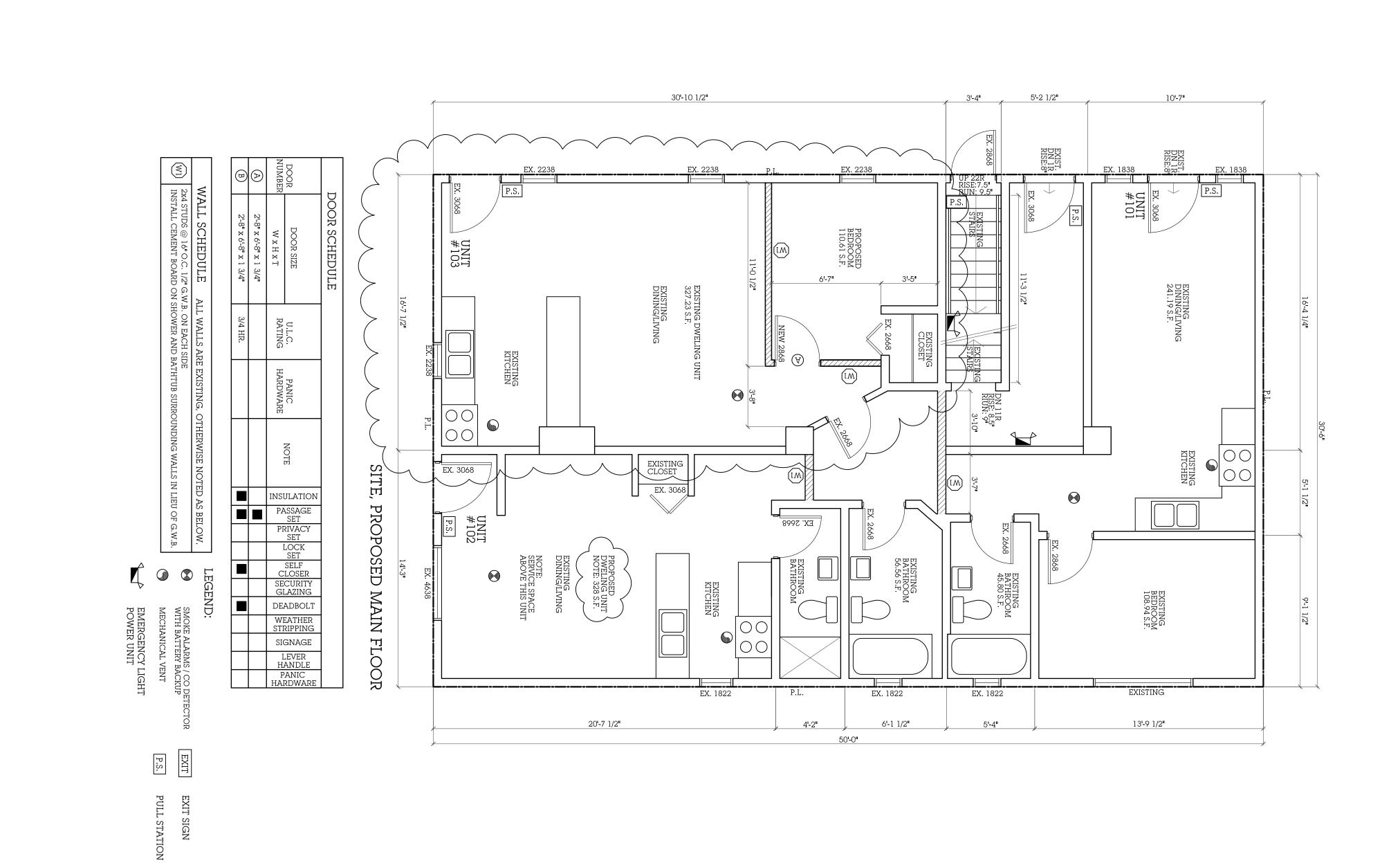
#### CONCLUSION

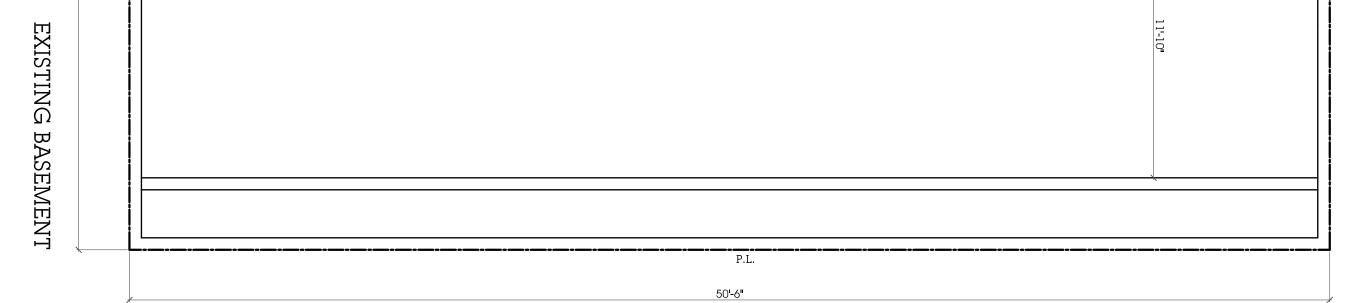
This report seeks Council's approval to issue an SRA Conversion Permit to 1874584 AB LTD. on behalf of Union Suites LP for Low Young Court, to renovate 15 existing rooms including 6 rooms on the third floor, six rooms on the second floor and the conversion of three rooms on the ground floor to three self-contained dwelling units. The building currently contains 15 designated rooms. If staff's proposal is accepted, then three of those rooms will be converted into self-contained suites; they will no longer be designated under the SRA By-law. However, these three self-contained suites will be secured as rental through a section 219 covenant. The 12 remaining rooms will be renovated and remain designated under the SRA By-law. Two of those 12 rooms will be secured for tenants at shelter rates (currently at \$375/month) and six of those 12 rooms will be made secured for tenants on income assistance and eligible for rent supplements all for 30 years under a proposed housing agreement. Since taking possession, the owners have undertaken significant unpermitted construction work on all floors and there are now stop work orders posted on the building. The work without permit throughout the building triggered the need for SRA permit. The owner cannot proceed with obtaining a development permit until an SRA permit has been approved. Therefore, this report recommends approving an SRA permit to allow the owners to proceed with securing the required Development, Building and trades permits to bring them into compliance with the Zoning and Development By-law, Building By-law, Electrical By-law, Standards of Maintenance By-law and the SRA By-law.

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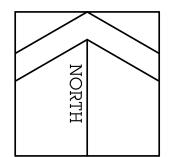
Appendix A



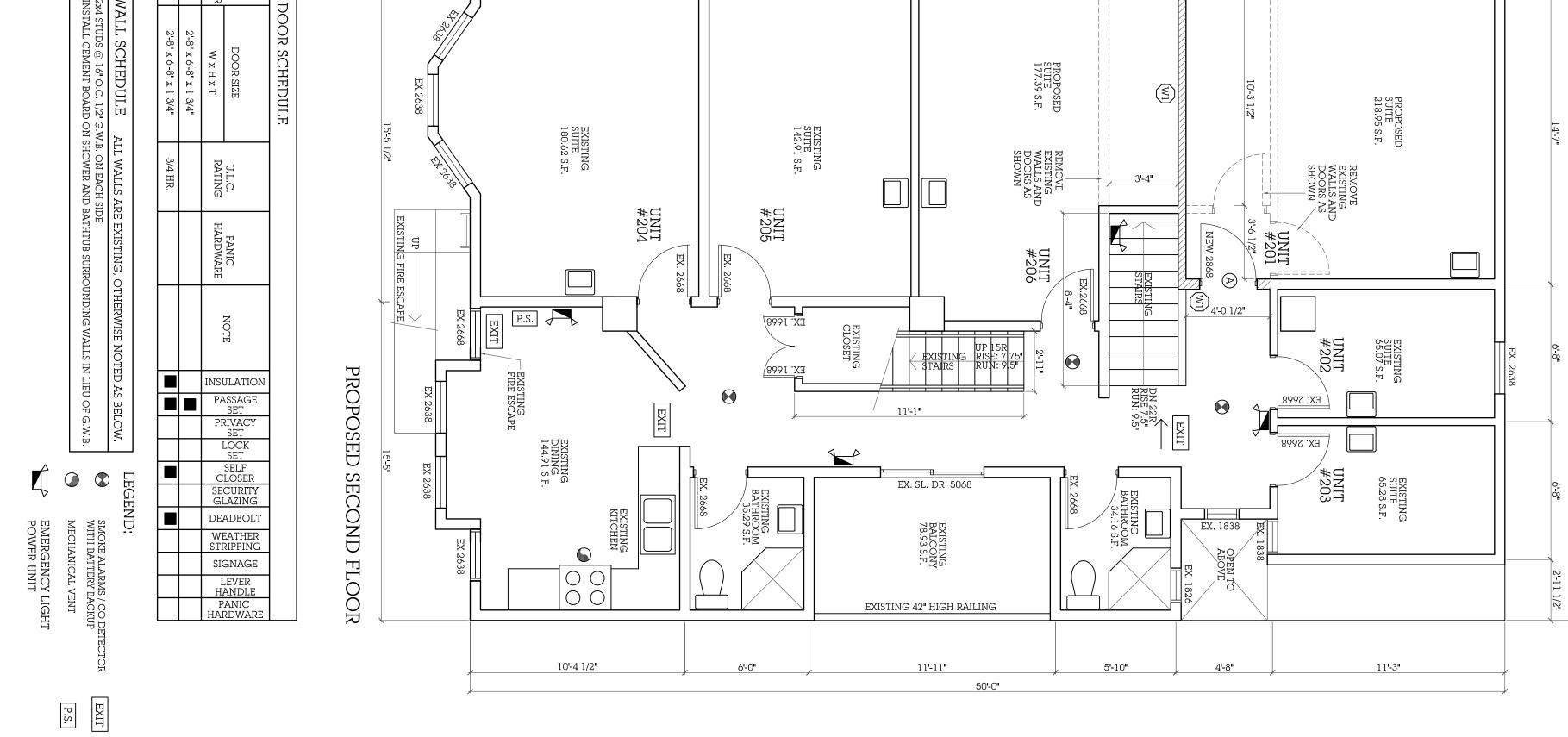


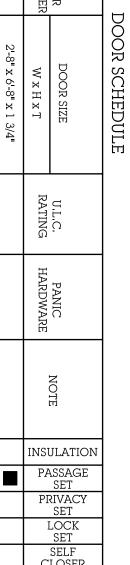






CIVIC ADDRESS: 406 UNION STREET LEGAL DESCRIPTION:





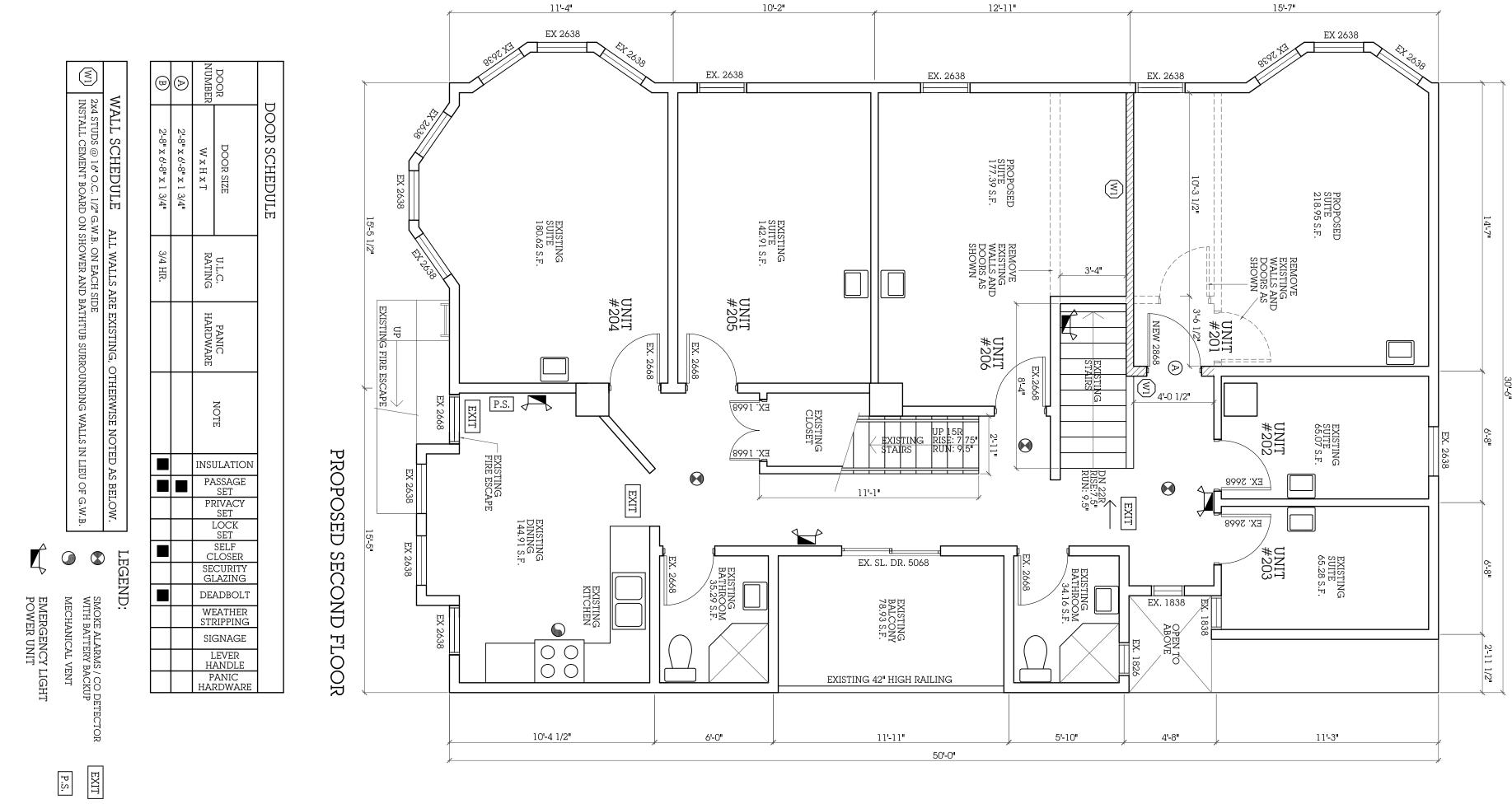
EXIT SIGN

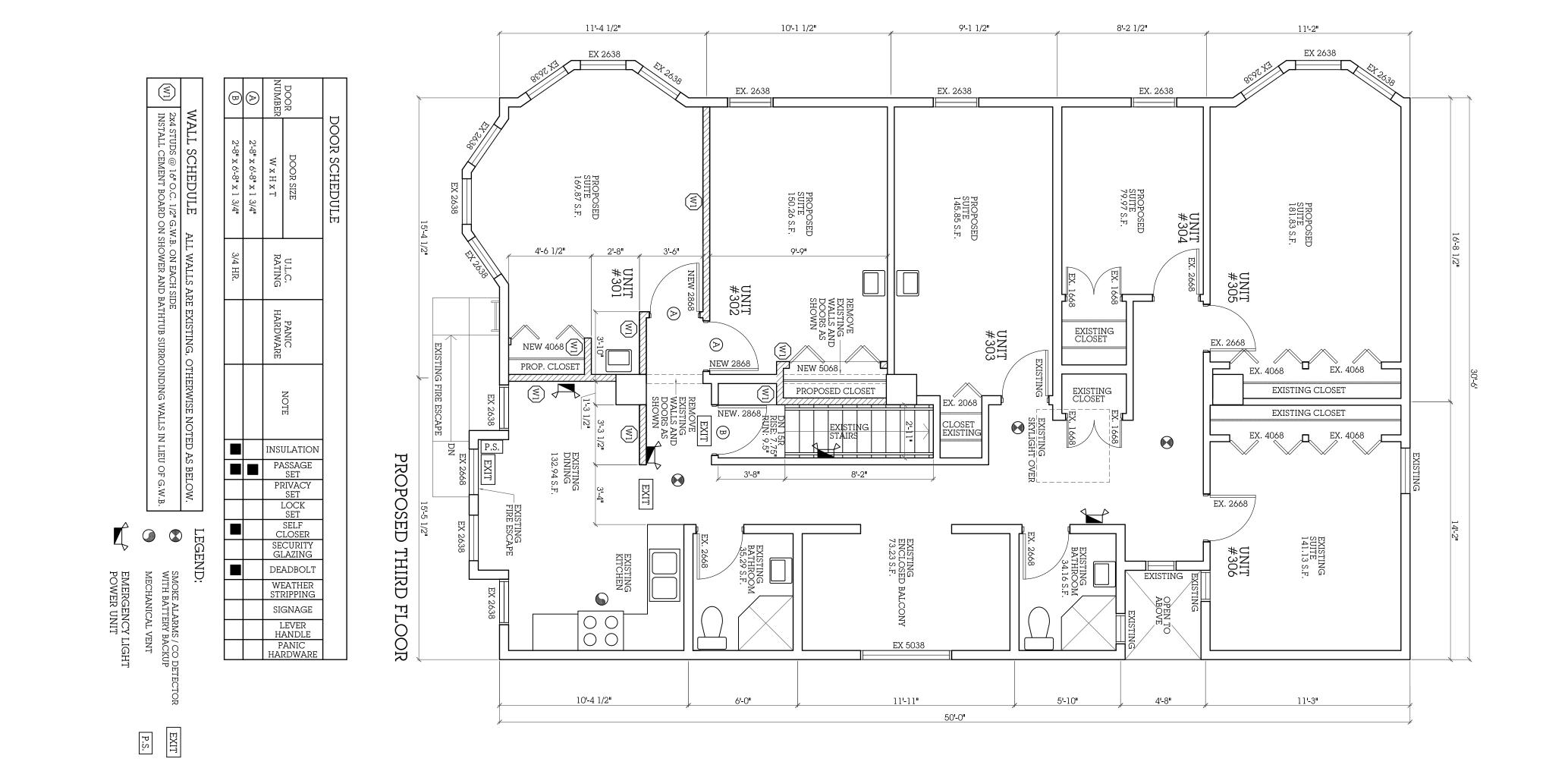
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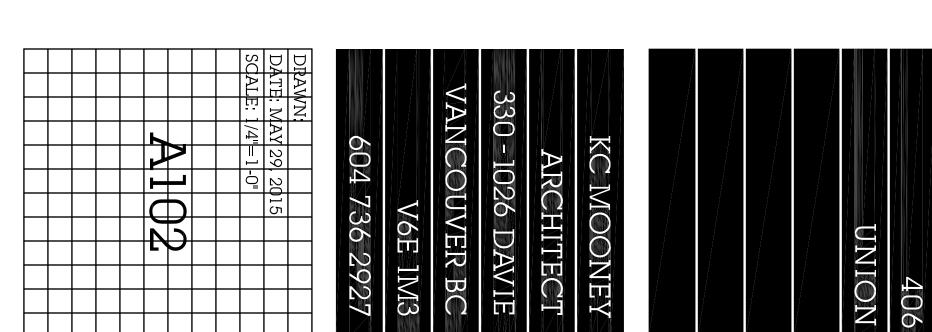
PULL STATION

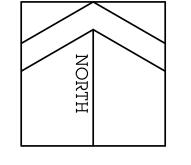
PULL STATION











CONVE	E ROOM ACCOMMODATION ERSION* or DEMOLITION* T APPLICATION
Address: 406 UNION ST al Description: Lot A Subdivision 132 Block ding Name: UNION 406 MANOR	REET 103 District Lot 196 Dian 775
Is area must be completed by the person signing this application ur Name: MARK FITTON Illing Address: 11717 78 STREET Sy: EDMONTON Istal Code: T5B 252 Hone Number: 780 983 9050 Sompany Name: VNTON SUITES Solate: If the applicant is NOT the property owner, a letter of consent signed	You are the: 01 □ Property Owner 02 X Agent for Property Owner ∠P
wner's information (if owner is a corporation, provide incorporation Ce	
1874387 10 210 Address: 11717 78 STREET Postal Code: T5B 252 Property Owner's Name JON SHARUN ( Address: 11717 78 STREET Postal Code: T5B 252	on behalf of UNION SUITES City: EDMONTON Phone Number: 780 479 0306 DIRECTOR City: EDMONTON Phone Number: 780 479 0306
Property Owner's Name	City:
Address: Postal Code:	Phone Number:
This application is to: (Check applicable box)    001 Convert* occupancy of designated room(s)   002 Change term or nature of tenancy of designated room(s)   003 Change frequency of rent payments for designated room(s)   004 Repair or alter designated room(s)   005 Repair or alter designated room(s)   006 Demolish* designated room(s)   *see definitions of "conversion" and "demolition" on reverse side of form under "Explanatory Notes"	Total # of storeys in this building: $3$ Total # of SRA rooms in this building: $15$ Total # of non-SRA rooms in this building: $0$
Describe nature of the proposed conversion or demolition:	
	Please continue application on reverse

City of Vancouver Single Room Accommodation Conversion or Demolition Permit Application - continued

IS SECTION MUST BE COMPLETED:	OFFICE USE
re there any permanent residents needing to relocate as a result of this proposed conversion?	
Ves XNO	
Yes, you must provide the following information:	
. The number of permanent residents that will be affected?	
. A list of names of the residents needing relocation, their room nos. and length of residency	
. Proposed relocation strategy for existing tenants	
ou must also include with this application the following required supporting documents:	
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	1
<ol><li>One set of floor plans of the existing and proposed floor layout as described below*</li></ol>	
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,
  - a change in the term or nature of the tenancy to which a permanent resident has the right in respect of a designated room, (b)
  - a change in the frequency of the rent payments a permanent resident must make in respect of a designated room, (c) an occupancy or use, or the suffering or allowing of an occupancy or use, of a vacant designated room for a purpose other (d)
  - than living accommodation for a permanent resident, a repair or alteration to a designated room or any improvement or fixture in it or a replacement of any such improvement or (e) 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, a reclassification of a building or any portion of a building from Class 1-residential to any other class referred to in the (f) Assessment Act and its regulations, or
  - a loss of exemption in respect of a designated room from an obligation to pay or remit hotel room tax under the Hotel Room (g) 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:
- Include dimensions and layout of all floor levels including basement and underground parking; (a)
- Identify on each floor: (b)
  - 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 agplication will be attached to the report to Council and as such, be made available to the public.

DAY OF APRIL

SIGNED AT VANCOUVER, BC THIS

20/5 Signature of Applicant

#### Canada

## Province of British Columbia

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

#### AFFIDAVIT

1, Jonathar (Print Name)

\_\_\_\_, of 11717 76st, Edmonton, AB, (Print Address)

make oath and say as follows:

1. I am a director of 0950327B.C. (+), the registered owner

(Print Name of Company)

of real property in Vancouver, British Columbia bearing the legal description:

PARCEL IDENTIFIER: 011-151-811 LOT A OF LOTS 1 AND 2 BLOCK 103 DISTRICT LOT 196 PLAN 775 and civic address 406 UNION, 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:

ROUTH NUS.	to a son third floor Currently
Addition of	two rooms on third toor currently
	Space, Have three family dwellings on
Conmon area	Space, Have three furning crucing
flech Darr	Total of Six, Six, three per thoor
TIVOT TIUDI	10491

Purpose: readinity of this consent Vacan reate three units for family charel

Sworn before me at Vancouver, British Columbia this 12th day of Han ) 2015 ) ) ) ) Owner's signature A Commissioner for taking Affidavits for British Columbia

STEPHANIE M. REDDING Barrister & Solicitor 1600 - 925 WEST GEORGIA ST. (Commission Colling Fred Frust Defro 31-2) (604) 685-3456