



ADMINISTRATIVE REPORT

Report Date: September 6, 2016
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VanRIMS No.: 08-2000-20
Meeting Date: September 20, 2016

TO: Vancouver City Council
FROM: General Manager of Community Services
SUBJECT: SRO Upgrade Grant to Community Builders Benevolence Foundation -
25 East Hastings Street

RECOMMENDATION

- A. THAT Council approve a grant of \$355,000 to Community Builders Benevolence Foundation (2013) to be put towards renovations of the SRA-designated Dodson Rooms, located at 25 East Hastings Street; source of funding to be the 2016 Capital Budget for Housing (SRO grants), subject to:
- i. all required development and building permits having been issued by the City;
 - ii. Community Builders Benevolence Foundation entering into and registering on title to the property a Housing Agreement, for 60 years or life of the building, whichever is greater, to:
 - (a) maximize affordability of all the rooms
 - (b) target the tenant contribution of rent to not exceed an amount of \$50 above the shelter component of income assistance (currently \$375 for a single person) for two thirds (47) of the rooms and;
 - (c) such other terms and conditions as the Director of Legal Services in consultation with the General Manager of Community Services may require.

Note: The approval of grants requires eight affirmative votes.

- B. THAT, subject to the approval of Recommendation A and execution by Community Builders Benevolence Foundation (2013) and its mortgagee(s), if any, of the Housing Agreement contemplated by Recommendation A, the

Director of Legal Services be instructed to bring forward for enactment the By-law necessary to approve the Housing Agreement.

- 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 and any expenditure of funds or incurring of costs is at risk of the person making the expenditure or incurring the cost;
 - ii. THAT any approval that may be granted following the hearing of this matter by Council shall not obligate the City to enact a Housing Agreement By-law, and any costs incurred in fulfilling requirements imposed by the foregoing resolutions 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 exercise of their authority or discretion, regardless of when they are called upon to exercise such authority or discretion.

REPORT SUMMARY

This report seeks Council approval of an SRO upgrade grant of \$355,000 to Community Builders Benevolence Foundation (2013) to be put towards renovations of 71 SRA-designated rooms at the Dodson Rooms, located at 25 East Hastings Street. The grant is subject to the registration of a Housing Agreement for 60 years or life of the building, whichever is greater, to maximize affordability of all the rooms and target the tenant contribution of rent to not exceed an amount of \$50 above the shelter component of income assistance (currently \$375 for a single person) for two thirds (47) of the rooms. Enabling Community Builders to improve this building for low income residents is consistent with the goals set out in the City's Housing and Homelessness Strategy (2012-2021), as well as the Housing Directions in the DTES Plan.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In July, 2011, Council endorsed the Housing & Homelessness Strategy 2012-2021 which includes

- Strategic Direction 1: Increase the supply of affordable housing;
- Strategic Direction 2: Encourage a housing mix across all neighbourhoods that enhances quality of life, and
- Strategic Direction 3: Provide strong leadership and support partners to enhance housing stability.

In March, 2014, Council approved the Downtown Eastside (DTES) 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. To support the implementation of the SRO Strategy, the 2015-2018 Capital Plan contemplates \$2 million of capital grants to enable non-profit housing providers to improve livability and life safety conditions in rooms designated under the SRA By-law.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager and the General Manager of Community Services recommend approval of the foregoing.

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; and people struggling with mental health, substance use, and physical challenges.

The 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 would 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 or maintained to be affordable to low-income households.

Community Builders is a charitable organization founded in 1983 that provides a range of supportive and low-income housing services throughout Vancouver. As a housing provider, they create and maintain a wellness-focused and cost-effective low-income housing environment. Community Builders operates 10 buildings in Vancouver with a total of 698 units.

The Dodson Rooms was privately purchased in 2004 and offered to the Community Builders Group to operate. In 2013, the title of the Dodson was transferred to the Community Builders Benevolence Foundation (2013) in order to ensure ongoing ownership of the building by the Downtown Eastside community. The 71 rooms at the Dodson are part of Community Builders "Whole Life Housing" portfolio, meaning they house individuals who are at risk of homelessness or substandard housing and are supported by an in-house wellness program that includes community resource liaison services, advanced concurrent disorder supports, community meals and tenant leadership development. The rents currently average \$425 a month and most tenants

are on income assistance. On average, the Dodson Rooms has housed 115 people per year, providing these individuals with permanent housing and greater stability in their lives. While the Dodson Rooms is a structurally sound building, there are electrical and material improvements related to health and liveability that are now required.

Strategic Analysis

The proposed grant to Community Builders is \$355,000 (\$5,000/room). The total renovation budget is \$465,600. Community Builders will finance the remainder of the cost (\$110,600) through a mortgage on the building.

The renovations will include:

- Electrical upgrades to a 3-phase 600-amp service, which will distribute 30 amps of power to each room via new panels and wire runs.
- Installation of four additional receptacles in each room, increasing from one to five receptacles.
- Installation of kitchenettes into all 71 rooms in building, including a 12 ft fridge, an induction cooktop, a microwave, a kitchen sink, a 6 ft countertop with ample room for food preparation, and cabinets for food storage.

In a subsequent phase of work, Community Builders plans to replace the floors in the entire building, upgrade their bathroom facilities and fully patch and paint the interior of the building. This work falls outside of the purview of the current project budget, but further funding options (including through the Housing Partnership Strategy) are being explored in order to be able to complete this work in the future.

The guidelines for SRA upgrades encourage the addition of both bathrooms as well as cooking facilities in rooms; however, the size constraints of the rooms at the Dodson (at 150 sf) make the addition of a bathroom very challenging.

The renovation work at the Dodson will be completed by section in order to minimize impact on the residents. Each section will require one to two months to complete. The electrical work will be installed alongside the existing system in order to maintain daily operation of the building. During the course of the renovations, tenants will be relocated to other vacancies in the building created by room turnover, and to vacancies in the Community Builder's network. On average, each Community Builders building has a room turnover rate of 5%/month, which equates to approximately 35 vacancies a month. All tenants will be able to reoccupy their rooms upon completion of the work.

This report recommends a Housing Agreement that will maximize affordability in all of the rooms and target the tenant contribution of rent to not exceed an amount of \$50 above the shelter component of income assistance (currently \$375 for a single person) for two thirds (47) of the rooms for 60 years or life of the building, whichever is greater. Community Builders has a mandate to serve individuals on income assistance and therefore are committed to maximizing affordability for the long term on all of the rooms, the majority of which currently rent at \$425 a month. As such, an increase in shelter component of income assistance will not automatically result in a further \$50 rent increase; conversely, in keeping with their mandate Community Builders will

work to maintain rents as affordable as possible for all of their tenants. The recommendations for securing affordability reflect the building's current rent structure, while ensuring that Community Builders is operationally viable in the face of increasing operating costs and the potential absence of an increase in the shelter component of income assistance.

The recommended City grant will assist Community Builders in the timely renovation of structurally sound rooms, while viably maintaining the current rent levels. When combined with a Housing Agreement that secures affordability levels over the long term, the grant is a strategic investment in affordable rental accommodation for low income individuals.

For Housing projects both in the DTES and elsewhere in the City, Council provides funding to non-market housing providers through one of two grant streams; Housing Infrastructure grants and SRO Upgrade grants. Housing Infrastructure grants are provided to facilitate the delivery of new social housing, while SRO Upgrade grants are provided to facilitate the upgrade or renovation of existing SRO rooms. Both grant streams enable non-market housing sponsors to proceed with housing projects while ensuring that rents in these properties can be reduced or maintained as affordable to low-income households. The site is an existing SRO and, as such, meets the requirements for the SRO Upgrade grant stream.

Implications/Related Issues/Risk (if applicable)

Financial

The cost of the proposed renovations is estimated to be \$465,600. The recommended grant of \$355,000 will represent 76% of the project budget, with Community Builders financing the remainder. The source of funding for the grant will be the 2016 Capital Budget for Housing (SRO grants).

Disbursement of the grant will be subject to a Housing Agreement being registered on title, for 60 years or life of the building, whichever is greater, to:

- (a) maximize affordability of all the rooms
- (b) target the tenant contribution of rent to not exceed an amount of \$50 above the shelter component of income assistance (currently \$375 for a single person) for two thirds (47) of the rooms and;
- (c) such other terms and conditions as the Director of Legal Services in consultation with the General Manager of Community Services may require.

For the subsequent phase of work, Community Builders will work to secure additional funding.

Should Council approve this capital grant, 43% of the total 2015-2018 Capital Plan allocation for SRO grants (\$2 million) will be committed.

CONCLUSION

This report recommends approval of a grant to Community Builders Benevolence Foundation (2013) towards the renovations of 71 rooms at the Dodson Rooms, subject to the registration of a Housing Agreement for 60 years or life of the building, whichever is greater. Approval of this grant will enable Community Builders to retain and renovate an important low income/supported housing asset, while maintaining the tenant contribution of rent at affordable levels.

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