



ADMINISTRATIVE REPORT

Report Date: July 10, 2018
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Meeting Date: July 24, 2018

TO: Vancouver City Council

FROM: General Manager of Arts, Culture and Community Services

SUBJECT: Capital Contribution for 235 and 237 Main Street (Jubilee Rooms) for Social/Supportive Housing

RECOMMENDATION

THAT Council authorize the General Manager of Arts, Culture and Community Services to enter into an agreement (the "Contribution Agreement") with British Columbia Housing Management Commission ("BC Housing") on terms and conditions satisfactory to the General Manager of Arts, Culture and Community Services and the Director of Legal Services, and subject to reaching this agreement, approve a \$200,000 capital contribution towards securing these Single Room Accommodation (SRA) rooms as social/supportive housing and renovations to improve liveability of the Jubilee Rooms at 235 and 237 Main Street (Lots 7 and 8, both of Block 6, District Lot 196, Plan 184; PIDs: 015-697-266 and 006-934-161, respectively); source of funding to be the 2018 Capital Budget for SRO Renewal.

REPORT SUMMARY

This report seeks Council approval of a capital contribution of \$200,000 to BC Housing towards the purchase and renovations the Jubilee Rooms (235 and 237 Main St), a hotel with 80 rooms designated under the Single Room Accommodation By-law. BC Housing purchased, re-opened and tenanted these rooms with residents displaced from the Regent Hotel when it was closed on June 28, 2018 by Order of the City. Long-term neglect and lack of maintenance by the private owners of the Regent Hotel led to its closure. The proactive purchase by the BC Government of this building was critical to the success of the coordinated provincial and municipal response to the emergency evacuation of the Regent and the prevention of homelessness. The BC Government contracted a non-profit operator (Raincity Housing) to operate the building as supportive housing, are renting all 80 rooms at the shelter component of Income Assistance, and are undertaking additional improvements to amenity spaces. This investment by the

provincial government supports the housing objectives of the Housing Vancouver Strategy, Single Room Occupancy (SRO) Revitalization Strategy and Downtown Eastside Plan. The City of Vancouver's capital contribution to this project supports the continued and growing partnership with the Provincial Government to improve liveability, safety, affordability and security of tenure for SRO residents in the Downtown Eastside.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Housing Vancouver Strategy - In November 2017, Council approved the Housing Vancouver Strategy (2018–2027) and 3-Year Action Plan (2018-2020). The strategy seeks to shift the supply of new homes toward the right supply, with targets for new units along a continuum of housing types and tenures. The Action Plan identifies key goals in relation to SRO Revitalization, including accelerating replacement of SROs with self-contained social housing with a goal of replacing 50 percent of the remaining SROs in the next 10 years. As well as implementing proactive enforcement and regulatory approach to preserve the SRO stock and improve livability, and work with government partners to establish an SRO Revitalization Fund. The strategy also includes actions to ensure appropriate long-term housing for vulnerable tenants currently living in SROs by prioritizing the delivery of social and supportive housing identified in the 10-year Housing Vancouver targets. Overall, 72,000 new homes are targeted for the next 10 years, including 12,000 social, supportive and non-profit co-operative units and 20,000 purpose-built rental units.

Downtown Eastside Plan - In March, 2014, Council adopted the DTES Plan with the goal to improve the diversity of housing types, including much needed social housing and secured market rental, as well as improved building conditions, secured affordability, and supports to vulnerable tenants. The DTES Plan identifies the need to replace 4,500 SRO rooms over the next 30 years with safe, secure and self-contained dwelling units, while also upgrading the current stock in the interim.

Capital Contributions for Social/supportive Housing - Council has approved previous capital contributions to support and partner with BC Housing in the provision of social/supportive housing. Past capital contributions supported the delivery of non-market housing units at 288 E Hastings, 211 Gore St, 3595 Kingsway, 288 East Hastings Street and 33 W Cordova.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager of Arts, Culture and Community Services and the City Manager approve of the City's capital contribution to this project to support the substantial Provincial investment necessary to address the emergency re-housing needs and prevent homelessness for residents of the Regent Hotel, and to advance Council approved policies and plans to improve livability, safety, affordability and security of tenure for SRO residents in the DTES.

REPORT

Background/Context

The Jubilee Rooms

Located at 235 and 237 Main Street, the SRA designated Jubilee Rooms is comprised of two non-conforming buildings with a total of 80-rooms, located in subarea 1 of the DEOD. The three-storey building includes commercial at grade. The building was purchased by BC Housing from a private owner who had purchased the building from the non-profit Community Builders Group (CBG) who had previously operated the building in 2000. When CBG closed the building in 2017, all tenants were provided relocation assistance.

To support emergency evacuation of residents from the Regent, partners required a move-in ready building that could enable rapid re-housing and prevention of homelessness. The provincial government allocated \$14.8 million in funding for this project through the Provincial Homelessness Initiative (PHI) program, operated by BC Housing. The purchase price of the building reflects the substantial interior upgrades and renovations (included but not limited to new flooring, bathrooms, cabinets, millwork, camera, intercom, façade restoration, sink/faucet replacement) undertaken by the private owner and needed for this project.

Life safety and operational upgrades on the residential floors were undertaken by BC Housing upon handover of the building (June 1, 2018), from the private owner, to ensure that the site was operationally equipped for Raincity's intended residential use. Residential operational upgrades and renovations are still currently ongoing with an anticipated completion date of August 2018. Planning and design for the storefront (233 Main Street) tenant improvement project to better serve the onsite Raincity staff's operational and programming needs is underway, this will further improve operations, livability, and workability for both staff and residents.

BC Housing contracted Raincity Housing as the operator for the Jubilee Rooms. The building was tenanted between June 25 and 29, 2018, with tenants from the Regent, many of whom require substantial support to maintain their health, well-being and tenancy. All rooms are rented at the singles shelter portion of social assistance (\$375/month), which includes one meal per day, cable, wifi and laundry. Raincity staff connect residents with required services and provide 24/7 on-site staffing support.

SRO Revitalization & DTES Plan

The typical SRO building is a hundred years old, has structural, plumbing and electrical problems, and does not meet today's seismic code. SRO buildings that are not well-managed and maintained are often in violation of the City's health and safety By-laws (www.vancouver.ca/saferental). Tenancy in an SRO building often represents a choice of last resort for those at risk of homelessness. Residents of these buildings are among the most marginalized and socially excluded residents in the City, and they can also be some of the hardest on housing due to concurrent health challenges. Maintaining tenancy in this context can be a significant challenge for these residents.

Approved in 2014, the DTES Plan sets out a 30-year time frame, with 10-year targets, to protect critical community assets, support marginalized and socially excluded residents, stabilize affordable rental housing and create positive opportunities for all through community-based development. The Plan included an SRO strategy and SRA By-law amendments to:

- improve housing conditions,
- ensure tenants have needed supports, and;
- maintain affordability in the stock

While the DTES Plan called for the upgrade of 1,500 SRO rooms through renewal or redevelopment to self-contained units (individual kitchens and bathrooms) over the first 10 years. Developing new, self-contained replacement social housing requires significant senior government funding. In 2017, Housing Vancouver and the SRO Revitalization Strategy set the goal at replacing 50 percent of the remaining SRO stock with self-contained social housing. Through all these plans and strategies, the City highlights how essential inter-governmental partnership is to creating affordable housing for the existing low-income community. City efforts and contributions aim to leverage other levels of government as well as private, non-profit and community stakeholders to assist in developing an affordable housing supply that can meet local need.

While working towards the overarching goal of new social housing units and self-contained SRO units via renovations, the SRO strategies and SRA By-law also prioritizes immediate interventions to improve conditions in SRO rooms for existing tenants, by improving existing rooms and transitioning privately-owned buildings to public or non-profit management. To that end the 2015-2018 Capital Plan includes \$2 million to assist in upgrading 400 private SROs rooms (up to \$5,000 per room). The objective is to transition privately-owned SRO units to either public or non-profit ownership, or non-profit management through long-term secured leases by incentivizing private owners via capital contributions or grants. Note: the City is unable to provide grants to a private owner and must direct them to a non-profit.

Housing Capital Contributions

City capital contributions to affordable housing are intended to improve project viability, increase affordability, address street homelessness, address the needs of low income and core-need households, or leverage significant contributions from other levels of government or non-profit partners. Council has approved capital contributions to BC Housing to advance housing projects, and/or to deepen affordability to ensure rents in these properties are affordable to persons on income assistance or low or moderate income households.

Strategic Analysis

This project supports the Housing Vancouver strategy, SRO Revitalization Strategy, and DTES Plan goals to improve housing liveability and affordability in SROs by leveraging senior government partnership to invest in renewal or redevelopment of SRA units. If this capital contribution is approved, it provides support to the re-opening of these units as social/supportive housing under public ownership and the renovations to improve the liveability of the Jubilee Rooms.

Table 1: Progress Towards 10 Year Housing Vancouver Targets for Non-Market Housing as of June 30, 2018

Housing Type	10-YEAR TARGETS	Units Approved Towards Targets
Social, Supportive, and Co-op Housing Units	12,000	2,015

**Note that tracking progress towards 10-year Housing Vancouver targets began in 2017*

Table 2: Downtown Eastside Housing Targets Progress Update– as of March 31, 2018

	10-Year Target	30-Year Target	Achieved	Gap (10-Year)	Gap (30-Year)
Social Housing (inside DTES)	1,400	4,400	1,527	127 (over target)	2,873

**Note that tracking progress towards DTES housing targets began in 2014*

Contribution Agreement and Operations

This project achieves deep levels of affordability by offering all 80 housing units at approximately \$375 per month, the shelter component of Income Assistance. BC Housing’s Operations Agreement stipulates that all residents must be experiencing homelessness or are at risk of homelessness. The Contribution Agreement will stipulate that BC Housing operate the building as supportive/social housing.

Under City by-laws, social housing units must be owned by a non-profit organization, or on behalf of the City, the Province of British Columbia, or Canada. Consistent with Council policy, non-market housing projects are expected to be self-sustaining over the long term and require no further contributions and subsidies from the City. The building will be assessed at nominal value for property tax purposes should the project qualify for Class 3 Supportive Housing designation from the Province. In this case, BC Housing intends to operate this building as supportive housing (with health programs, food and supports), and may apply to the Province for Class 3 designation.

BC Housing has contracted Raincity as the operator of the building, and they will offer programming, one meal per day, clinical supports on site to meet the needs of those housed. Services would include:

- Proposed Clinical supports
- Services for Medication Support, Addictions Support and Mental Health support
- Social Support – Groups, vocational opportunities, programming
- Individual case management
- Cultural indigenous services
- Peer services including overdose response
- Amenity space for residents
- One meal daily
- Staff on site 24/7

Implications/Related Issues/Risk

Financial

One-time Capital

The overall capital cost of this project was \$14.8 M, including property transfer tax, legal fees, appraisals, and a capital improvement allowance as the building was not ready for Raincity's intended operational use. The recommended capital contribution of \$200,000 represents an approximate \$2,500 per door contribution to the costs of purchasing and renovating rooms, opening these rooms as supportive/social housing, and future capital upgrades to the amenity space. The source of funding for the capital contribution is the 2018 Capital Budget for SRO Renewal. The City's contribution is conditional on sign off on the Contribution Agreement as outlined in this report.

Ongoing Operating

The building is owned by the Provincial Rental Housing Corporation on behalf of BC Housing. BC Housing has contracted Raincity Housing for a three-year term with a renewal option to operate the rooms and building as supportive housing. BC Housing is providing all ongoing operating subsidies to ensure the long-term sustainability and capital maintenance of the project, as well as the level of support services to be provided. No further contributions or subsidies are required from the City.

Should the project qualify for Class 3 Supportive Housing designation, the building will be assessed at a nominal value, resulting in forgone City property taxes of \$12,220 (2018\$) annually.

CONCLUSION

The General Manager of Arts, Culture and Community Services recommends Council approve a capital contribution to BC Housing toward the purchase and renovation of 235 and 237 Main Street which provides supportive housing for those most in need. This capital contribution supports the on-going partnership with the BC Government to improve liveability, safety, affordability and security of tenure for residents in the DTES.

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