

Balmoral and Regent Hotels

The Downtown Eastside



- Context
 - Neighbourhood
 - Housing and Homelessness
- Expropriation
 - Steps and Purpose
 - Valuation Methodology
- Summary

Context: The DTES

Demographics

19,960 residents in the DTES (2016 Census)

53% low-income

Low median household income (\$23,359 vs. \$47,299 citywide)

High percentage of unemployed (12% vs. 6% citywide)

Over 6,339 people on social assistance*

High proportion of urban Aboriginals (10%)

History and Culture

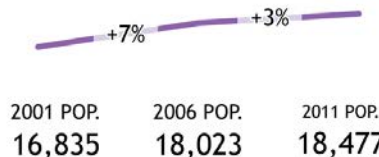
Unceded Coast Salish territories

Historic heart of the city (Chinatown, Japantown, Gastown, Strathcona)

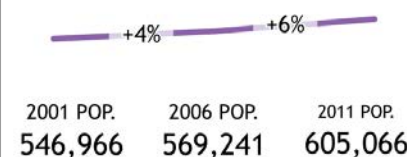
Rich local arts community

Mixed and diverse local, regional and globally-linked economies

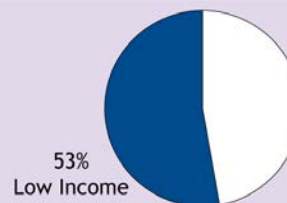
DOWNTOWN EASTSIDE



CITY OF VANCOUVER

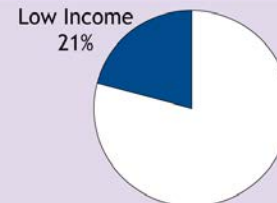


DOWNTOWN EASTSIDE OVERALL



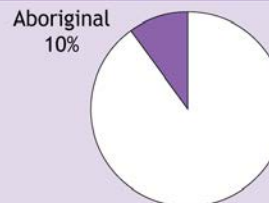
n=16,215 persons

CITY OF VANCOUVER OVERALL



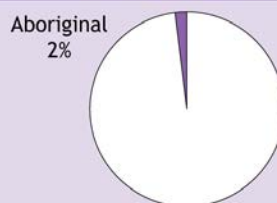
n=568,930 persons

DOWNTOWN EASTSIDE OVERALL



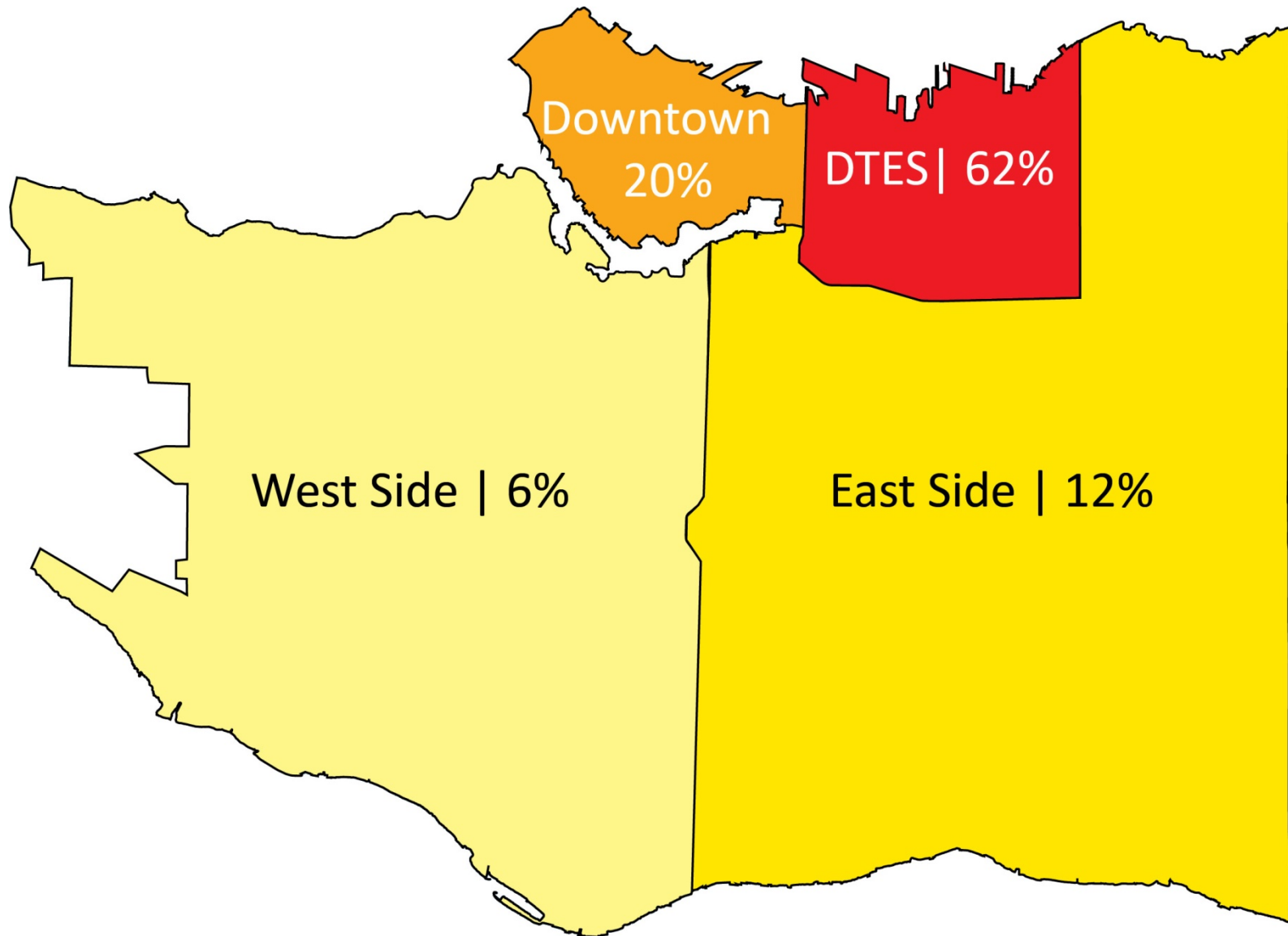
n=16,995 persons

CITY OF VANCOUVER OVERALL



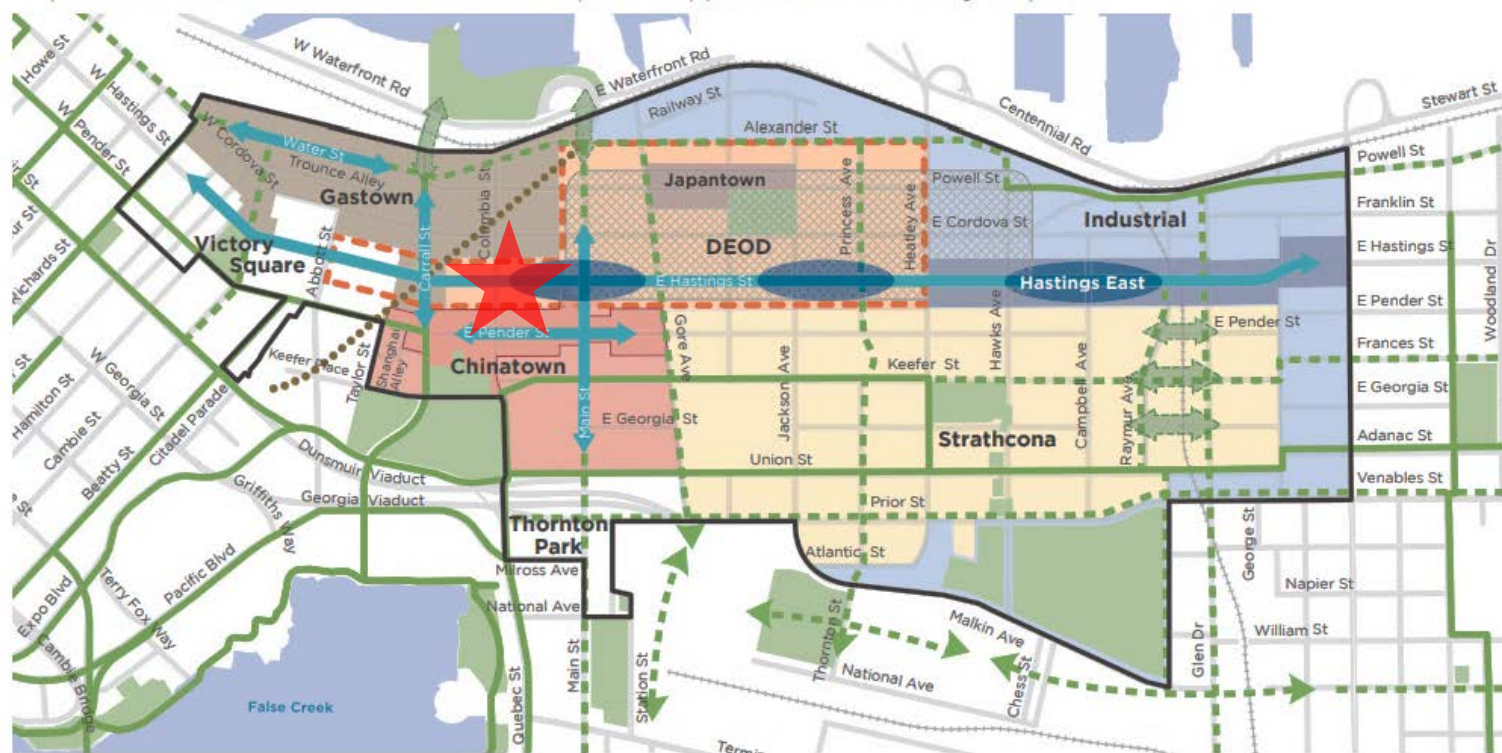
n=571,600 persons

Unsheltered Individuals by Homeless Count Areas



Context: Downtown Eastside Plan

Map 5.1: Downtown Eastside Potential Development Opportunities and Policy Proposals



LEGEND

- | | | |
|--|----------------------------------|--|
| — Area Boundary | Establish Economic Centre | Other Economic Action |
| — Streets | Enhancement | Emphasize Pedestrian-oriented active uses at-grade |
| — Railway | Revitalization | Facilitate Local-serving Retail/Services |
| — Existing Greenway/Bikeway | New Economic Centre | Strengthen Industrial Economy and Job Creation Opportunities |
| — Parks and Open Space | Mixed use/Retail Service Area | Primary Retail/Service Corridor |
| — New/Improved Walking/Cycling Route | | Community-based Development Area |
| ... Potential Walking Connection | | |
| → Potential Access over Rail Improvement | | |
| □ Proposed Pedestrian Improvement Focus Area | | |
| □ Chinatown National Historic Site | | |



Location of lots under expropriation

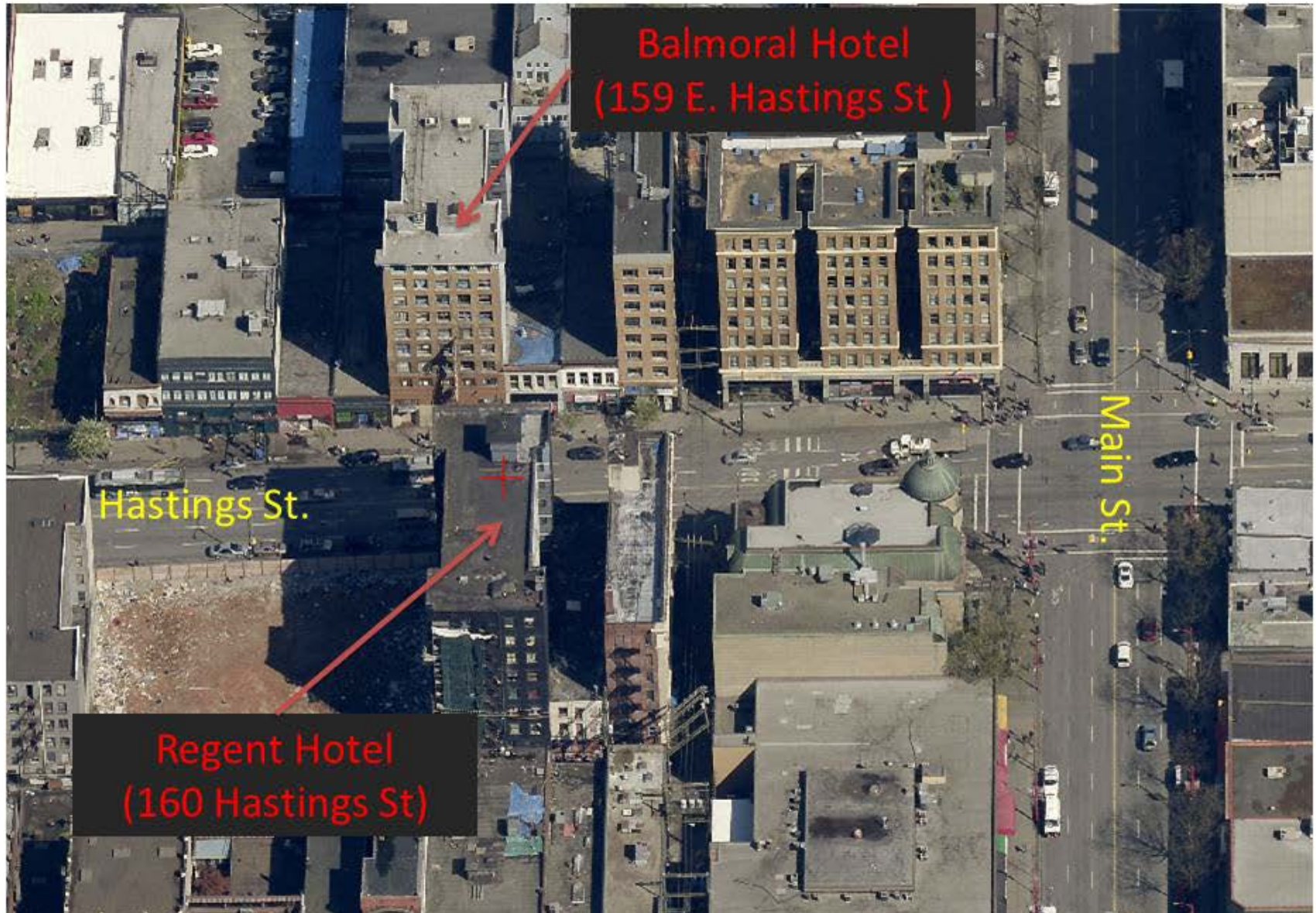
DTES Plan Housing Strategies

- More housing diversity and improved social sustainability
- Prioritized delivery of shelter rate units in the early years
- Increased affordable housing options in DTES and city-wide
- Improved conditions for people living in Single Room Occupancy hotels
- Improved housing for people with mental health and addictions issues

DTES Housing Targets Achieved (2015-2019)

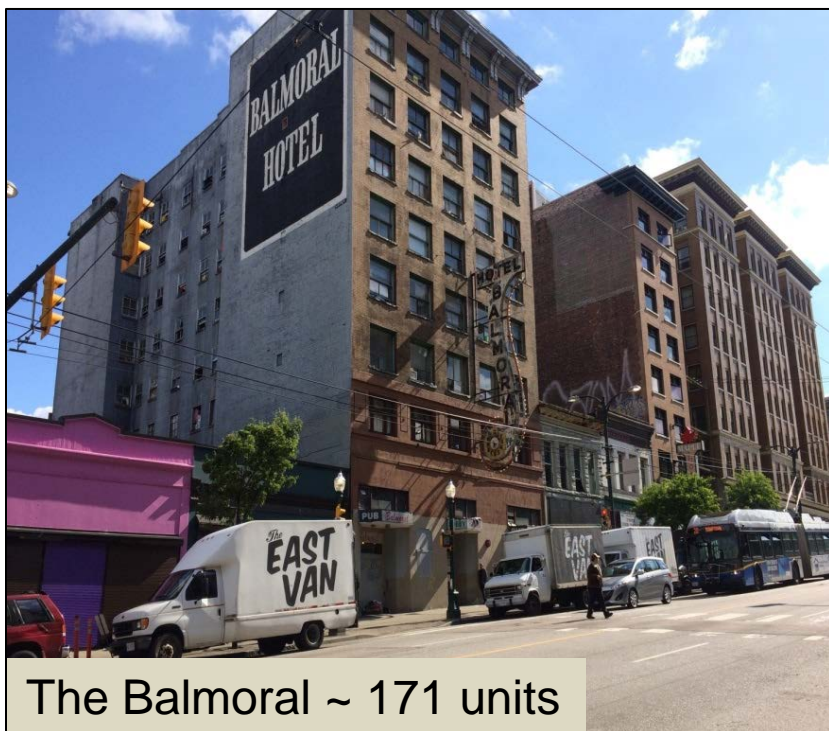
- 814 units of social housing achieved within the DTES (approved, completed or under construction)
- 576 units at shelter rate rates (approved, completed or under construction)
- 130 TMH units within the DTES
- 4,568 units of social housing city wide (approved, completed or under construction)
- 1,254 units at shelter rate city wide (approved, completed or under construction)

Context: 100 Block of E. Hastings St



Context: Balmoral and Regent Closures

- Decades of underinvestment in the buildings: resulted in the structural and life-safety conditions of the buildings to be deemed as unsafe living conditions for residents.
- Chief building official posted orders to cease occupancy in June 2017 (Balmoral) and June 2018 (Regent), respectively due to building violations.
- The City, BC Housing, and non-profit partners worked together to rehouse over 300 residents into safer conditions.



Privately owned SROs under pressure

Potential for disrepair/closure or gentrification/loss of affordability without on-going and significant public investment.

Features of private SRO stock :

- Closure of rooms & buildings due to dis-repair
- Deteriorating building conditions
- Loss of affordability
- Lack of supports for vulnerable & marginalized Tenants

Municipal Tools to manage SRO stock:

- Property use inspections
- Non-profit grant program (\$5K/door)
- SRA Conversion and Demolition permit
- Partnerships
- Advocacy
- Land-use
- Acquisition



Expropriation Steps and Purpose

Expropriation Steps

JUNE 29, 2018 -
Staff Met with the
Owners to express
the City's interest in
acquiring the
properties

JULY 24, 2018 -
Council authorize
the City as
expropriating
authority for the
intended purposes
of providing
housing
accommodation
(Vancouver Charter,
s. 193, 193B, 532)

JULY 6, 2018 - City
offers on Balmoral
and Regent
unsuccessful in
attempts to
negotiate an
outright purchase.

JULY 25, 2018 -
Expropriation
Notices filed at
Land Titles Office
and served

Expropriation Steps cont'd

SEPTEMBER 2018 -
Owners request Inquiry
(entitled to under
Expropriation Act)

OCTOBER 2019 -
Received final appraisals
for both hotel properties

APRIL 2019 - Owners
withdrew Inquiry request

- *Third-party appraisal of
Balmoral and Regent
determine market value
for making Advance
Payment (Expropriation
Act)*

- June 29, 2018 – City Staff met with Owners to express interest in purchasing
- July 6, 2018 - City made written Offers to Purchase both the Balmoral and Regent at approximately BC Assessment Land Value
 - Offers couriered to both Home and Business addresses, and were signed-for/received.
 - Despite repeated follow-up by phone and email, no response our counter-offer was received
- Spring-Late Summer 2019 – City Staff met on several occasions with the Owner's representatives
 - Staff made verbal Offers to Purchase both properties
 - The respective positions of each party did not allow for a successful negotiated purchase.

Valuation Methodology

- The City has received final appraisals effective October 1, 2019 for both hotel properties. The valuation has not changed materially since the original versions earlier in 2019.
- The appraisals considered two approaches:
 1. Land Value Less Demolition Costs;

	BALMORAL - 159 E Hastings St	REGENCY - 160 E Hastings St
Land Value Less Demo Costs		
Land Value as if Vacant	\$3,080,000	\$3,050,000
Demolition Cost (incl. Haz Mat)	(\$3,320,000)	(\$3,150,000)
LAND VALUE AFTER DEMOLITION COSTS	(\$240,000)	(\$100,000)

2. Value as if Renovated Less Renovation Costs

	BALMORAL - 159 E Hastings St	REGENCY - 160 E Hastings St
Value as if Renovated LESS Renovation Costs		
Reconciled Market Value - Renovated	\$23,300,000	\$21,800,000
Cost to Renovate (Hard + Soft, incl. contingency & profit)	(\$46,260,000)	(\$39,640,000)
NET VALUE OF SUBJECT PROPERTY	(\$22,960,000)	(\$17,840,000)

- Both methodologies resulted in negative market value; therefore the recommended advance payment is \$1.00 for each hotel property.
- Advance Payment for Regent Pub Lease valued at \$1,000.

- Staff are recommending:
 - Expropriation of the two hotel properties as outlined in the staff report; and
 - Allocation of funding to secure the buildings from re-entry.
- Should Council approve expropriation as recommended, staff will:
 - Proceed to next steps in the expropriation process;
 - Continue discussions with senior levels of government;
 - And develop a plan for initial community engagement.