



REPORT

Report Date: March 1, 2021
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Meeting Date: April 14, 2021
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TO: Vancouver City Council

FROM: General Manager, Planning, Urban Design and Sustainability

SUBJECT: Seismic Assessments of Existing Rental Buildings

RECOMMENDATION

- A. THAT pursuant to section 206(1)(j) of the *Vancouver Charter*, Council approve a money grant of up to \$500,000 (the "Grant") from the Multi-Year Capital Budget for the Deep Emission Building Retrofits Program to LandlordBC to expand the scope of the previously approved Energy Retrofit PLUS Reinvestment Pilot to conduct seismic assessments and retrofit costing as part of the program.
- B. THAT, pursuant to and for the purposes of section 206(1)(j) of the *Vancouver Charter*, Council deems LandlordBC to be contributing to the welfare of Vancouver.
- C. THAT the Grant made to LandlordBC be subject to LandlordBC executing and delivering to the City of Vancouver a grant letter agreement received from the City of Vancouver.
- D. THAT the grant letter agreement executed by LandlordBC be on the terms generally outlined in this Report and otherwise satisfactory to the City of Vancouver's General Manager of Planning, Urban Design and Sustainability and the Director of Legal Services.
- E. THAT, on behalf of the City of Vancouver, the General Manager of Planning, Urban Design and Sustainability be authorized to execute any grant letter agreement governing the terms of the Grant.
- F. THAT no legal rights or obligations are created by the approval of Recommendations A and B above unless and until an actual grant letter agreement is executed and delivered by the City and LandlordBC.

- G. Approval of Recommendations A and B constitutes a money grant and therefore requires a resolution passed by not less than two-thirds of all Council members pursuant to section 206(1)(j) of the *Vancouver Charter*.

REPORT SUMMARY

In November 2019, Council approved a \$1.5 million grant to LandlordBC to implement the Energy Retrofit PLUS Reinvestment Pilot in partnership with a matching contribution from the Province's CleanBC program.

Staff is requesting Council's approval for an additional \$500,000 from the approved capital budget Deep Emission Building Retrofits Program to fund seismic building assessments on all participating buildings within the pilot program.

This work will provide building owners with a critical understanding of the seismic deficiencies in their buildings, the level of upgrade needed, and a high-level understanding of the capital costs required to undertake such upgrades. These seismic assessments, along with the building condition assessments and deep emissions reduction planning included in the original pilot, will provide the City with valuable data about the overall scale of investment required in existing rental buildings in Vancouver and therefore inform the development of future carbon pollution and seismic policy. Understanding seismic retrofit needs is necessary to catalyze voluntary investment in the market rental sector and enable future regulation of GHG emission reduction retrofits. The integration of seismic and energy retrofits is also central to pursuing the City's *resilient buildings* approach to policy making, which will be necessary to ensure the existing stock of affordable rental is preserved and renewed.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- April 12, 2019 – Building Retrofits for Deep Carbon Reductions Report, in which Council approved the initial \$1.5M of a multi-year \$5M capital plan for deep emission building retrofit programs. This included funding for the market rental sector.
- April 23, 2019 – Resilient Vancouver Strategy. Council approves a framework for strategic objectives and actions to build resilience to major shocks, stresses and trends impacting the city, including seismic resilience and adopting a *resilient building* framework that informs all buildings policy work.
- November 26, 2019 – Rental Incentives Review Phase II Report includes several recommendations for creating new rental housing and protecting the existing rental supply, including Council approval of a \$1.5M grant to LandlordBC with matching funding from the Province's CleanBC program for the Energy Retrofit PLUS Reinvestment pilot.
- November 2020 – Climate Emergency Action Plan and the Zero Emission Buildings Retrofit Strategy - The City charts a path for reducing carbon pollution from existing buildings 50% by 2030. For market rental buildings, the approved approach is to build capacity of owners and support voluntary heat pump retrofits, while identifying cost-effective measures that could be the focus of future regulations.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Acting City Manager recommends approval of the foregoing.

REPORT

Background/Context

Reinvestment Needs in Vancouver Existing Rental Stock

Over eighty percent of Vancouver's rental apartment stock was constructed prior to 1980. Many of these buildings rent at or below CMHC average rents for the area, making them a critical source of affordable housing for Vancouver's renter households. However, the age of these buildings means that most were constructed prior to modern energy, safety, and seismic requirements and are facing significant renewal and retrofit needs.

While many landlords plan for and undertake maintenance and repairs on a regular basis with existing tenants in place, some landlords may not be prepared for the cost and complexity of major upgrades and retrofits while maintaining existing tenancies. There may also be capacity issues among existing rental owners, especially smaller landlords who may have less experience with long term capital and renewal planning and carrying out major retrofit projects. This is a particular concern when it comes to potential seismic retrofits, as there is currently limited specific data on the type, scale, and cost of seismic retrofits needed in Vancouver's rental buildings. To date, only a small number of existing rental buildings in Vancouver have undertaken seismic retrofits.

We have also heard from many landlords that there are significant challenges funding the cost of certain types of major, high cost upgrades and retrofits through reserves and rent revenues from existing tenants. There are currently limited government financial supports for private landlords looking to undertake long-term capital improvement projects. Unlike other North American cities like Los Angeles and San Francisco, BC's Residential Tenancy Act (RTA) does not include provisions to enable landlords to incrementally increase existing rents to reflect the cost of needed structural, safety, or energy upgrades. This means some landlords looking to maintain existing tenancies may be deferring renovation projects that are critical to the long-term performance and resilience of their buildings.

A key priority of Council and City Staff is to support reinvestment and renewal of the existing rental stock while ensuring security of tenure and affordability for existing renters. In addition to working with the Province on stronger protections for renters from evictions due to renovations, City staff are also working to understand the types of upgrades and retrofits needed in existing rental and best practice for supporting major renewal projects while maintaining secure tenancies.

As a part of the Resilient Vancouver Strategy¹, City staff convened a seismic policy advisory committee and conducted a seismic risk assessment for buildings city wide. As part of this process, staff modelled a 7.3 magnitude earthquake centred in the Strait of Georgia. This modelling provided the City with a high-level understanding seismic risk, including the

¹ Resilient Vancouver Strategy, <https://council.vancouver.ca/20190423/documents/rr1.pdf>

vulnerability of our existing rental buildings. This modelling is part of the City's ongoing and upcoming effort to develop seismic risk reduction policies in partnership with the Province.

Energy Retrofit PLUS Reinvestment Pilot Program

The Energy Retrofit PLUS pilot, approved by Council in 2019, is a joint demonstration and learning project of the Government of BC's CleanBC Program and the City of Vancouver, and is administered by Landlord BC. The goal of the pilot is to support landlords in existing rental apartments with building retrofits utilizing low carbon electrification technologies that will significantly reduce their GHG emissions, while ensuring no displacement and minimal impact on existing tenants. The findings from the project will inform future work and partnerships to further support reinvestment in the existing rental stock and lowering of its carbon pollution while protecting affordability and security of tenure for existing tenants.

The program as approved by Council includes four key phases of work:

- **Phase 1:** Deliver up to 20 energy studies and capital assessments to be focused on identifying and evaluating energy conservation measures and opportunities for low-carbon electrification of mechanical systems. A subset of studies will also identify opportunities for envelope rehabilitations in addition to mechanical opportunities.
- **Phase 2:** Provide capital funding and implementation support for a subset of the buildings that participated in the first phase of work. Participating buildings will be required to maintain all existing tenancies during the project and take proactive measures to minimize tenant impacts of the work
- **Phase 3:** Conduct Measurement and Verification (M&V) of energy and emissions savings. This will ensure that measures taken are properly installed and provide important information to the Project's partners about the performance of the installed measures.
- **Phase 4:** Develop case studies for a subset of retrofits, including lessons learned during planning for an implementation of energy studies and retrofits, as well as opportunities and best practices for minimizing tenant impacts and preventing tenant displacement.

Strategic Analysis

Staff are proposing an additional scope of work be added to the Energy Retrofit PLUS pilot program to include high level seismic performance assessments and capital planning support for participating apartments.

The goal of adding a seismic resilience component to the Energy Retrofit Plus pilot program is to provide rental building owners with funding to obtain seismic building assessments and high-level retrofit schemes. While these reports are not actionable for renovation, they offer the building owner a high-level understanding of the key seismic performance deficiencies of their buildings as well as the capital costs required to undertake such upgrades at a level sufficient to support capital planning decision-making. These reports will also provide the City with valuable information on the typical costs and retrofit needs within these buildings. This information is also a useful first step to help landlords to consider how they can best minimize tenant impacts during a potential retrofit project. It is also useful to consider the possibilities combining energy and seismic improvement.

The findings from this additional scope will provide the City with valuable data to inform future seismic policy development and to determine partnerships to support seismic upgrades in the existing rental building stock. Understanding seismic retrofit needs is necessary to enable future regulation of GHG emission reductions in rental buildings. This analysis will also inform the high-level actions and land use planning directions in current and future planning programs, including the Broadway Plan and Vancouver Plan. Energy and seismic retrofit planning need to be considered in tandem for the City to advance policies that address the needs of the aging rental building stock and assist building owners make informed decisions regarding building upgrades.

The request is for \$500,000 to fund seismic assessments and retrofit reports. These assessments widely vary in cost, depending on the complexity and size of the buildings. For the assessment, the cost will range between \$4,000 and \$12,000 for smaller, walk-up buildings and between \$7,500 and \$25,000 for larger, more complex buildings. The cost is generally the same for the additional retrofit report. The specific number of assessment to be conducted will depend on the number of participants and types of participating buildings.

Financial Implications

Source of funding is from the Multi-Year Capital Project Budget for the Deep Emission Building Retrofits Program. The \$500,000 in funding will result in an understanding of the seismic vulnerabilities and retrofit needs of 20 market rental buildings. When combined with the capital renewal assessments and deep energy retrofit needs, the seismic retrofit assessments will facilitate future equitable regulation of GHG emission reductions in this sector through providing a holistic picture of necessary investments and renewals. The integration of seismic and energy retrofits is also central to pursuing the City's *resilient buildings* approach to policy making, which will be necessary to ensure the existing stock of affordable rental is preserved and renewed.

CONCLUSION

Understanding seismic retrofit needs is necessary to enable future equitable regulation of GHG emission reductions in rental buildings. Adding seismic assessments to the pilot project will build valuable data related to the City's ongoing efforts to reduce seismic risk in existing rental buildings. This will provide the City improved, real-world information on what seismic vulnerabilities are present in common rental buildings, what seismic retrofitting costs generally, and what building upgrade efforts will mean for occupants and owners. Equally, the expanded scope will allow building owners to understand the deficiencies in their building and the level of upgrade needed, such that capital planning decisions can be made.

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