



REPORT

Report Date: June 8, 2021
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Meeting Date: June 23, 2021
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TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of Arts, Culture, and Community Services

SUBJECT: SRO Upgrade Grant to Atira Women's Resource Society – 1119 Hornby St (Murray Hotel)

RECOMMENDATION

- A. THAT Council approve a grant of \$350,000 to the charitable institution, Atira Women's Resource Society, under section 206(1)(a) of the Vancouver Charter, to be spent on building upgrades to the SRA-designated Murray Hotel, located at 1119 Hornby Street; with the source of funding to be the 2021 Capital Budget for the SRO Upgrade granting program (SRO grants), subject to:
- i. Atira Women's Resource Society extending the existing lease with the owner of the Murray Hotel, Kenstone Properties, for an additional 10 years (until 2042);
 - ii. all required development and building permits having been issued by the City;
 - iii. Atira Women's Resource Society executing and delivering to the City of Vancouver a grant agreement on terms satisfactory to the Director of Legal Services;
 - iv. Atira Women's Resource Society, and the owner of the Murray Hotel, entering into and registering on title to the property an amended Housing Agreement to:
 - (a) extend the term for an additional 10 years, to 2042
 - (b) secure 103 rooms at rents no greater than the shelter component of income assistance (currently \$375 for a single person) and;

(c) such other terms and conditions as the Director of Legal Services in consultation with the General Manager of Arts, Culture and Community Services may require.

Note: The approval of grants requires that not less than two thirds of the members of Council vote in the affirmative.

- B. THAT, subject to the approval of Recommendation A and execution 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 Upgrading Grant to Atira Women's Resource Society to be put towards building improvements at the Murray Hotel, an SRA-designated building located at 1119 Hornby St. The requested grant amount is \$350,000 (\$3,402 per unit). As a condition of grant approval, Atira and the owner of the Murray Hotel will enter into a Housing Agreement with the City that secures 103 units at shelter rates until the year 2042. The grant will support vital building upgrades to ensure the Murray Hotel remains a safe and affordable place to live for low income residents.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- **SRO Upgrading Grant – Murray Hotel (2015):** On July 21st, 2015, Council approved an SRO Upgrade grant of \$530,000 to Atira Women's Resource Society to be put towards renovations of common areas and washrooms at the Murray Hotel, on the condition that Atira first enter into a lease and housing agreement with the City, BC Housing, and Kenstone Properties. The Housing Agreement was enacted for a 15-year term in 2017 and included the following terms:
 - o Secure 103 residential rooms in the Building as rental for the term of the lease (15 years);

- o Maximize affordability of rooms;
 - o Target the tenant contribution of rent at the shelter component of income assistance (currently \$375 for a single person) for not less than one-third (35) of the rooms.
- **SRO Revitalization Action Plan (2017)** was developed by an interdisciplinary SRO Task Force made up of key stakeholders from the City of Vancouver, BC Housing, community partners, as well as SRO owners, building managers, and tenants. From this 6-month process, a set of strategies was developed to accelerate SRO replacement, while in the interim securing and improving the existing stock to meet the housing, healing and community needs of very low-income and marginalized residents. Critical to the implementation of this action plan was the full engagement and participation of senior government partners in both investment and regulatory changes.
 - **Housing Vancouver Strategy (2017)** embedded the SRO revitalization actions into a citywide framework to address housing affordability. The current Council approved goal is to replace SROs with self-contained, shelter-rate social housing for singles, with an accelerated replacement target of 2,000 new units over 10 years. Recognizing the important role of existing SRO housing in combatting homelessness, the Strategy also calls for improving and protecting the remaining stock for low-income residents through regulatory tools and investment, and enhanced partnerships with senior levels of government.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

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

REPORT

Background/Context

SRO Upgrading Grant Program

The SRO Upgrading Grant Program was first approved as part of the Downtown Eastside (DTES) Local Area Plan implementation in 2014. The grant program provides funding to non-profit housing operators to improve livability and life safety conditions in rooms designated under the SRA By-Law. Grant applicants can receive up to \$10,000 per door to be put towards building and room upgrades. As reflected in table 1, the total SRO Upgrading Grant Program 2019 to 2022 Capital Plan is \$6 million.

Table 1: Upgrading Grant Program 2019-2022 Budget

Total Capital Plan (2019-2022)	2021 Budget	YTD spent (2021)	2021 Balance
\$6,000,000	\$1,500,000	\$75,000	\$1,425,000

The Murray Hotel

The Murray Hotel, located at 1119 Hornby Street, is a 5-storey heritage SRA-designated building located in the Downtown South district, it is one of the largest SRA designated buildings

in Vancouver.¹ The property has been owned by Kenstone Properties, a private company, since 2006, and has been managed by Atira Women's Resource Society since 2013. Like other aging SROs, the Murray Hotel requires significant investment and upkeep to remain operational and safe for residents.

Atira Women's Resource Society

Atira Women's Resource Society (Atira) is a non-profit organization established in 1983 that provides a wide range of housing and services in its portfolio, including transition houses, shelters, long-term supportive housing, low market rental housing, childcare, and many supports programs aimed primarily at supporting women and children affected by violence. With the Atira Development Society and Atira Property Management, which provides housing across genders and age groups, Atira currently manages over 3,600 housing units, with an additional 426 units under development.

As the Murray Hotel houses a mixed-gender population, Atira Women's Resource Society contracts Atira Property Management (APM) to manage the building.

Supportive Housing Program – 2019

On November 1, 2019, Atira Women's Resource Society partnered with BC Housing to transition the Murray Hotel to a Supportive Housing program, securing all rents at the shelter component of income assistance as part of the Operating Agreement with BCH (currently 3-year term). The supportive housing program includes:

- Two staff, 24/7 staffing model, which means more staff on site to offer support and maintain security.
- Assistant manager who is on site from Thursday-Monday.
- All tenants offered a daily lunch prepared by Save-On Meats.
- Upgraded video camera security surveillance system installed to monitor all common areas, increase everyone's sense of safety and security.
- Supports available to tenants in the building are tailored to meet the direct needs of tenants living in the building.

SRO Upgrade Grant Application – 2020

On November 18th 2020, Atira Women's Resource Society submitted another SRO Upgrading Grant application to ACCS staff. The requested amount of the SRO Upgrading Grant is \$350,000 (\$3,400 per unit) and will leverage approximately \$900,000 in additional investment by Kenstone, BC Housing and CMHC. The City's grant will be put towards additional building upgrades, some of which have already been completed, as outlined in the table below. For further information regarding Atira Women's Resource Society's scope of work, please see the attached SRO Upgrading Grant application and corresponding detailed budget. Staff have confirmed that the scope of work does not constitute the definition of "conversion" under the SRA By-Law and therefore an SRA Permit will not be required. Atira has submitted an affidavit stating that no permanent residents will be displaced as a result of the renovations.

¹ The SRA By-law currently designates 106 rooms in the Murray Hotel. Three rooms are utilized by the operator as building manager's office (formerly live-in caretaker), storage and mechanical room.

Table 2: Scope of Work and Progress

Scope of Work	Work Status
1. Building Rot (Including Roof) Investigation and Remediation	Completed
2. Lightwell Repair	Underway
3. Building Structure Reinforcement	Underway
4. Hot Water, Heating System, and Boiler Replacement	Not yet started
5. Vinyl Flooring Installation	Not yet started
6. Asbestos Abatement	Not yet started

SRO buildings are often cited for building and maintenance violations due to the natural wear on the buildings systems and structure over the years. Vital repairs to the Murray Hotel have already been completed or partially completed (as outlined in table 2 - work items 1, 2 and 3) and staff can confirm that all necessary permits were obtained to undertake the required work. Both ACCS and DBL staff are aware of the existing building violations in the Murray Hotel and support the recommendation that a portion of the requested grant funds be put towards addressing the current building violations.

Strategic Analysis

The Murray Hotel provides a critical source of low-income housing, particularly for residents who wish to reside outside of the Downtown Eastside. Improving the condition of the Murray Hotel has been a key focus for ACCS, DBL, Vancouver Fire and Rescue Services, and the Vancouver Police Department, who have been working collaboratively for many years to ensure that the Murray Hotel stays operational and provides a safe environment for tenants.

Atira Women's Resource Society and Kenstone Properties have been responsive to city orders and have addressed building violations in a timely manner. A recent building violation summary provided by DBL showed that, since 2018, only 1 building violation had been referred to prosecution and was subsequently dismissed because of Atira's actions to correct the violation. Both ACCS and DBL staff agree that Atira Women's Resource Society has had a positive impact on the building and its tenants since formally taking over operations in 2017. The proposed grant to Atira Women's Resource Society, valued at \$350,000, leverages partner funding to improve the condition of the Murray Hotel. The total renovation budget is \$1,314,024. Atira has secured funding from BC Housing, the Canadian Mortgage and Housing Corporation (CMHC), and Kenstone Properties to finance the remainder of the renovation cost (\$964,024).

Grant Conditions and Revised Housing Agreement:

A condition of grant approval will be an extension of the lease between Kenstone and Atira for an additional 10 years (until 2042), as well as an amendment to the 2017 Housing Agreement that:

- Extends the term of the Housing Agreement for an additional 10 years (until 2042)
- Secures an additional 78 units at shelter rates, for a total of 103 units.

Atira Women's Resource Society has agreed to these conditions. Table 3 outlines the difference between the terms of the existing Housing Agreement and the proposed amended Housing Agreement.

Table 3: Existing Housing Agreement vs. Proposed Amended Housing Agreement

Agreement	# Units Secured at Shelter Rate	Term
Existing Housing Agreement (registered 2017)	35	15 years: 2017- 2032
Proposed Amended Housing Agreement (contingent on Council approval)	103	25 years: 2017-2042

The recommended City grant will assist Atira Women's Resource Society in the timely renovation of the Murray Hotel's structure and building systems while increasing the number of units renting at the shelter component of income assistance. When combined with an amended Housing Agreement that secures affordability levels over the long term, the grant is a strategic investment in affordable rental accommodation for low income individuals.

Implications/Related Issues/Risk

Financial

The cost of the proposed renovations is estimated to be \$1,314,024. The recommended grant of \$350,000 will represent 26% of the project budget, with BC Housing, Canadian Mortgage Housing Corporation and Kenstone Properties funding the remainder. Table 4 below shows the funding commitment from each of the project partners. The source of funding for the City grant will be the 2021 Capital Budget for Housing (SRO grants).

Table 4: Partner Funding

Funding Source	Amount
City of Vancouver – SRO Upgrade Grant	\$350,000 (pending Council approval)
BC Housing – Capital Funding	\$350,000
Canadian Mortgage and Housing Corporation	\$239,702
Kenstone Properties	\$374,324
TOTAL PROJECT COST	\$1,314,024

Disbursement of the grant will be subject to a Housing Agreement being amended and registered on title, for 20 years or life of the building, whichever is greater, to:

- (a) rent 103 rooms at no greater than the shelter component of income assistance (currently \$375 for a single person) and;
- (b) such other terms and conditions as the Director of Legal Services in consultation with the General Manager of Community Services may require.

The 2019 – 2022 Capital Plan includes \$6,000,000 for SRO Grants. \$75,000 was previously approved by council, upon approval of the grant recommended in this report there will be a balance of \$5,575,000 available for future allocation.

Legal

Section 206(1)(a) of the Vancouver Charter authorizes Council to make money grants to charitable institutions with a 2/3 vote of all Council members.

CONCLUSION

ACCS staff recommend approval of an SRO Upgrading Grant of \$350,000 to Atira Women's Resource Society's to fund building repairs and upgrades to the Murray Hotel. Many of the work items Atira Women's Resource Society has included in their scope of work are providing long-term building solutions for the building rather than piecemeal fixes. In addition, the proposal will secure 103 units at the shelter rate component of income assistance for an additional 10 years. By approving this grant the City will benefit by securing critical shelter rate units for the next 25 years and ensuring that the Murray Hotel remains safe and operational for the foreseeable future.

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