



Report Date: May 10, 2024  
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Meeting Date: June 11, 2024  
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TO: Vancouver City Council

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

SUBJECT: Amendments to the Licence By-law to Implement Vacancy Control in Single Room Accommodation (SRA) Properties

### Recommendation

- A. THAT Council approve, in principle, amendments to the Licence By-law that alter the date that rent rolls are to be provided to the Chief Licence Inspector to July 31, 2024 and January 31 of each year going forward and address other minor issues related to amendments made to the Licence By-law since 2022;

FURTHER THAT the Director of Legal Services be instructed to bring forward for enactment amendments to the Licence By-law generally in accordance with Appendix A.

- B. THAT Council approve, in principle, amendments to the Ticket Offences By-law that facilitate the enforcement of the vacancy control provisions of the Licence By-law;

FURTHER THAT the Director of Legal Services be instructed to bring forward for enactment amendments to the Ticket Offences By-law generally in accordance with Appendix B.

### Purpose and Executive Summary

The City's roughly 6,500 Single Room Occupancy (SRO) rooms have historically provided housing of last resort before homelessness for the City's very low-income residents, but many privately-owned SROs are becoming increasingly unaffordable to those on income assistance. To address rapid rent increases between tenancies and prevent tenant displacement, Council adopted in 2021 a vacancy control policy for Single Room Accommodation (SRA) designated properties and approved amendments to the Licence By-Law to regulate rents between tenancies.

In January 2022, two SRO property owners filed lawsuits challenging the City's jurisdiction to enact the vacancy control amendments to the Licence By-law. In August 2022, a BC Supreme Court Justice struck down the sections of the Licence By-law that imposed vacancy control on single room accommodations (SRAs), ruling that the City lacked jurisdiction to enact them.

The City appealed that decision to the BC Court of Appeal. On February 2<sup>nd</sup>, 2024, the BC Court of Appeal released its unanimous decision upholding the BC Supreme Court ruling.

The City then sought leave to appeal that decision in the Supreme Court of Canada. That application for leave is still pending.

Given the urgent need for vacancy control, Council also sought other legislative remedies. On May 16, the Province enacted amendments to the Municipalities Enabling Validities Act, which authorize the vacancy control amendments that had been challenged in court which effectively reinstates the City's vacancy control by-laws. As a result of the Province's decision to reinstate the vacancy control by-laws, staff is proposing some minor amendments to the Licence By-law and Ticket Offences By-law.

This report seeks Council's approval to amend the Licence By-law to enable the collection of rent information prior to January 31, 2025, to effectively monitor and enforce the by-law. It also recommends other amendments that are required by the Province's decision to reinstate the vacancy control by-laws.

### **Council Authority/Previous Decisions**

September, 2003 – City Council adopted the *Single Room Accommodation (SRA) By-law* to regulate the conversion and demolition of all rooms less than 320 square feet in rooming houses and residential hotels within the downtown core boundary.

March, 2014 – City Council adopted the *Downtown Eastside Plan*, which includes direction to replace 5,000 SRO rooms with self-contained social housing over 30 years, providing new housing options for low-income singles both inside and outside the DTES. The Plan calls for improving the condition and affordability of the existing SRO stock, while also providing residents with adequate supports.

November, 2017 – City Council adopted the *Housing Vancouver Strategy*, which sets out a goal 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. The Strategy also calls for improving and protecting the remaining stock for low-income residents through regulatory tools and investment, capacity building efforts, and enhanced partnerships with senior levels of government.

November 17, 2021 – Council directed staff to implement a vacancy control policy for Single Room Accommodation (SRA) designated properties and to approve amendments to the Licence By-Law and Ticket Offences By-law to implement vacancy control.

December 8, 2021 – Council adopted the amendments to the Licence By-law to regulate rents between tenancies in privately-owned, SRA-designated buildings.

### **City Manager's Comments**

The City Manager concurs with the foregoing recommendation.

## **Context and Background**

### SROs and Loss of Affordability

Historically, SROs have provided a housing of last resort before homelessness for many of the City's very low-income residents. Located primarily in the Downtown Eastside, approximately 6,500 residents make their homes in this congregate-style housing, typically sharing bathrooms and cooking facilities. Many SRO residents are disproportionately impacted by social, health, economic and environmental inequities. Approximately 52% of the City's SRO rooms are government or non-profit owned, 48% of rooms are privately-owned, and 2% of rooms are owned by Chinese benevolent societies.

The housing affordability crisis and low vacancy rate in the city has led to increasing gentrification and rapidly escalating rents in the privately-owned SRO stock.

Since 2007, average rents in private SROs have increased by 75%, while the shelter component of income assistance has increased by just 33%, from \$375 to \$500/month. Over 900 rooms currently rent at or over \$700/ month, with some rooms renting as high as \$2,000/month. The reduction in affordability in the SRA stock has had significant impacts on those with very low incomes who have few other choices in the private rental market and presents a significant challenge for governments needing to respond to homelessness and its associated impacts. Approximately 1,300 tenants residing in SROs are currently receiving income assistance and are at risk of losing their housing if the trend of rapidly escalating rents continues.

### SRA Vacancy Control

The Single Room Accommodation (SRA) By-law, adopted in 2003, regulates the conversion and demolition of rooms but does not regulate tenancies or rents. The Provincial Residential Tenancy Act regulates rents during tenancies but is silent on rent increases at the time of vacancy.

On November 21<sup>st</sup>, 2021, Council adopted a vacancy control policy for SRA -designated properties in order to protect SRA rooms from rapid rent escalation between tenancies, discourage further displacement of low-income residents, and encourage tenancy stability. In adopting the policy, the City relied on its business regulation authority in the Vancouver Charter. On December 8<sup>th</sup>, 2021, Council adopted amendments to the Licence By-law to regulate rents between tenancies in SRA-designated buildings.

The vacancy control by-laws regulate rent increases between tenancies in SROs in the following manner:

- For rooms that rent for more than \$500/month, rent can only be increased at tenancy turnover at the rate of inflation (e.g. 6.8% as of December 2022), unless the room was already subject to an annual rent increase that year in which case no further rent increase is allowed.
- For rooms that rent between \$375 and \$500/month, rent can only be increased at tenancy turnover by the rate of inflation (e.g. 6.8% as of December 2022) plus 5% (11.8% total), unless the room was already subject to an annual rent increase that year in which case the rent can only increase by 5%.

- For rooms that rent for less than \$375/month, rent can be increased at tenancy turnover any amount up to a rent of \$375/month and then as permitted by the rules about rents between \$375 and \$500.

The by-laws also allowed for additional rent relaxations to support critical capital investments and extraordinary operating expenses. Owners of SRO buildings would be able to apply to the City for a rent relaxation for vacant rooms between tenancies, after securing approval from the Provincial Residential Tenancy Branch to increase rents on the tenanted rooms in the building.

The annual cost of implementing this set of regulations was estimated at \$500,000(2022), including hiring of three FTE staff, legal support, public engagement and education, and IT implementation support. Council approved this funding request in December 2021 as part of the 2022 Operating Budget.

## **Discussion**

### Vacancy Control Implementation

#### *Monitoring By-law Compliance*

The Licence By-law requires SRA landlords to maintain and submit the following information (called a rent roll) by January 31 each year:

1. Name and contact details of property owner;
2. Address (including unit number for each room in the designated SRO building);
3. Occupancy status for each room (e.g. occupied, empty, or permanently close);
4. Monthly rent for each room;
5. Reason for any rent increase from previous reporting period (e.g. allowable RTA increase, additional allowable rent increase for capital expenditures, etc.).

The January 31 deadline for submission of this information was appropriate when the Licence By-law was first amended in December 2021 to introduce vacancy control. While MEVA reinstates the City's vacancy control by-laws, January 31 is now considered too long to wait to obtain important information about rents and occupancy. As a result, staff is recommending amending the date that information is due from January 31 to July 31, 2024. This will allow staff to effectively administer and monitor the By-law for compliance. After the information is due on July 31, 2024, the ongoing reporting date will revert to January 31.

If Council approves the recommendation, SRO landlords will receive a mail-out in June 2024 with information on how to submit their rent rolls through a secured City website by July 31, 2024. The collection of rent rolls will enable staff to effectively begin the prompt administration and monitoring of the by-law for compliance. Remote technical assistance will be provided to SRO landlords who require assistance accessing the website for submitting their rent roll online or need non-English language interpretation. Failure to submit rent rolls by July 31, 2024, will be treated as a by-law offence subject to enforcement. Staff will also take the opportunity to engage landlords to educate and inform them of SRA Vacancy Control, as well as support and services where possible.

### *Long-Term Solutions*

Ultimately, SROs need to be replaced with self-contained social housing. The City urgently requires coordinated, senior government investment in SRO replacement with self-contained, dignified affordable housing. The City continues to work with the Province, Infrastructure Canada, and CMHC to finalize and implement a long-term SRO investment and replacement strategy.

Staff will also continue to work with the Province to encourage them to amend the Residential Tenancy Act to impose vacancy control on the Single Room Accommodation (SRA) stock in Vancouver. Ideally, the Province should administer vacancy control for the SRA stock in the future. This would eventually allow for the repeal of the City's By-laws.

### **Financial Implications**

Funding to implement the Vacancy Control By-laws is included in the 2024 Operating budget.

### **Legal Implications**

If adopted, the Recommendations in this report will result in amendments to the Licence By-law that change the date that rent information is to be provided to the City. They will also result in a few minor amendments that are required because of revisions made to the Ticket Offences By-law and Licence By-law since August 2022.

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**APPENDIX A**

**BY-LAW NO. \_\_\_\_\_**

**A By-law to amend Licence By-law No. 4450 regarding vacancy control amendments**

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. This By-law amends the indicated provisions of the Licence By-law No. 4450.
2. Council strikes from section 2, the definitions for:  
  

**“Annual Rent Increase”, “Base Rent”, “Designated Room”, “Director”, “Eligible Capital Expenditure”, “Housing Agreement”, “Inflation Rate”, “Period of Vacancy”, “Permanent Resident”, and “Single Room Accommodation operator”** in which the defined terms are set out in bold letters and were enacted on May 6, 2024, by By-law 13702.
3. Council strikes “January 31” from section 25.1A (9) of the Licence By-law and substitutes “July 31”.
4. Council strikes “July 31” from section 25.1A (9) of the Licence By-law and substitutes “January 31”.
5. Council strikes “Single Room Accommodation Operator Per annum deemed” from Schedule A, where it appears for the first time.
6. A decision by a court that any part of this by-law is illegal, void, or unenforceable severs that part from this by-law, and is not to affect the balance of this by-law.
7. This By-law is to take effect upon enactment, except for section 4, which is to take effect on December 31, 2024.

ENACTED by Council this \_\_\_\_\_ day of \_\_\_\_\_, 2024

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

**APPENDIX B**

**BY-LAW NO.**

**A By-law to amend the Ticket Offences By-law No. 9360 regarding Licence By-law vacancy control amendments**

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. This By-law amends the indicated provisions and schedules of By-law No. 9360.
2. In section 2.6, Council strikes “License By-law” and replaces it with “Licence By-law”.
3. Council strikes out Table 3 and substitutes the following Table 3:

**“Table 3  
Licence By-law**

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Chief Licence Inspector	No business licence	Section 3(1)	\$1,000.00
Chief Licence Inspector or City Engineer	Failure to distribute shopping bags correctly	Section 28.1(1)	\$500.00
	Failure to list bag fees on receipts	Section 28.1(3)	\$500.00
	Failure to report bag amounts	Section 28.1(4)	\$500.00
Chief Licence Inspector or Police Officer	Sell bear spray to a person under 19 years of age	Section 11.4(1)(a)	\$1,000.00
	Sell bear spray to a person who does not provide authorized identification	Section 11.4(1)(b)	\$1,000.00
	Fail to keep bear spray in locked area or area otherwise inaccessible to public	Section 11.4(2)(a)	\$1,000.00
	Fail to make required record of each sale of bear spray	Section 11.4(2)(b)	\$1,000.00
	Fail to keep record of sale of bear spray for 12 months	Section 11.4(2)(c)	\$1,000.00
	Fail to provide record of sale of bear spray upon request	Section 11.4(2)(d)	\$1,000.00

