



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: June 25, 2007
Author: Cameron Gray
Phone No.: 604.873.7207
RTS No.: 06822
VanRIMS No.: 11-3400-30
Meeting Date: July 12, 2007

TO: Standing Committee on Planning and Environment

FROM: The Director of the Housing Centre in consultation with the Subdivision Approving Officer

SUBJECT: Strata Title Conversion - 2665 West Broadway: 'The Maguire Building'

RECOMMENDATION

THAT the application to convert the occupied building at 2665 West Broadway (Lot A, Block 19, District Lot 192, Group 1 NWD, Plan BC5860) to strata title ownership be approved subject to:

A) A contribution of \$540,000 to the City's Affordable Housing Fund;

OR

B) A contribution of \$300,000 to the City's Affordable Housing Fund and a no separate sale covenant for 6 units with a 5-year term;

OR

C) A no separate sale for all 36 units with a 2-year term;

all as offered by the applicant, noting that no legal rights or obligations will arise or be created until all the necessary legal documents have been fully executed on terms and conditions to the satisfaction of the Director of Legal Services.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing and presents A, B or C for Council's CONSIDERATION.

COUNCIL POLICY

Under the *Strata Property Act*, City Council is the approving authority for any application seeking to convert a previously-occupied building to strata title ownership.

Council policy is reflected in the City's Strata Title and Cooperative Conversion Guidelines, which outline factors which Council will consider in reviewing applications for converting previously-occupied buildings to strata title or cooperative ownership. Council approval is required specifically for all residential buildings containing six dwelling units or more. Council's authority for dealing with proposed conversion of smaller residential projects and all non-residential projects has been delegated to the Subdivision Approving Officer.

PURPOSE

This report presents mitigation options that Council may consider in return for approval of the conversion of 2665 West Broadway from unstratified rental to strata title ownership.

BACKGROUND

The provisions of the *Strata Property Act* pertaining to conversion of previously occupied buildings enables Council to approve the strata conversion, approve the conversion subject to conditions, or to refuse the conversion. A strata conversion application must not be approved unless the building substantially complies with applicable City by-laws and in particular the Building By-law.

In addition, the *Act* states that before making its decision the approving authority must consider:

- a) the priority of rental accommodation over privately owned housing in the area;
- b) any proposals for the relocation of person occupying a residential building;
- c) the life expectancy of the building;
- d) projected major increases in maintenance costs due to the condition of the building;
and
- e) any matters that, in its opinion, are relevant.

On May 17, 2007 Council considered a report from the Subdivision Approving Officer and the Director of the Housing Centre, recommending that the application to stratify 2665 West Broadway be refused because of very low vacancy rates in the City and in Kitsilano. Council did not approve Staff's recommendation and instead approved:

THAT Council indicate a willingness to support the application to convert the occupied building at 2665 West Broadway (Lot A, Block 19, District Lot 192,

Group 1 NWD, PlanBCP5860) to strata title ownership, subject to further negotiations between the City and the applicant.

In recognition of the very low vacancy rates in the City and in Kitsilano, the direction from Council was to explore mitigation options that could include a contribution to the City's Affordable Housing Fund, or a covenant securing rental for some period of time.

DISCUSSION

Staff discussed mitigation options with the applicant and the applicant's agent. These included all cash options, a rental restriction for a limited number of years for all the units, or various combinations. The applicant has provided three options for Council's consideration. The applicant's letter is attached as Appendix A. The applicant is offering:

- a contribution of \$15,000/unit to the City's Affordable Housing Fund for a total of \$540,000 payable as a lump sum;
- a 2-year rental restriction (no separate sales covenant) on all 36 units; or
- a contribution of \$10,000/unit to the City's Affordable Housing Fund for 30 units for a total of \$300,000 payable as a lump sum, plus a 5-year rental restriction (no separate sales covenant) on 6 of the 36 units;

all to be secured prior to approval of the strata plans by the Subdivision Approving Officer. The applicant will accept any of these options, but prefers the all cash (\$540,000) option.

In the report considered by Council on May 17th, Staff expressed the opinion that if a rental restriction was to be sought, the minimum term should be ten years. As the applicant is unwilling to accept a 10-year rental restriction, Staff would tend to favour the all cash option, but present all 3 options for Council's consideration.

It is important to note that council should accept a cash contribution only if Council is satisfied that such a contribution is sufficient to mitigate a consideration of Council as required under the Strata Property Act.

FINANCIAL IMPLICATIONS

Any funds received by the City as mitigation for the loss of the 36 rental units will be credited to the Affordable Housing Fund for investment in rental housing affordable to low-and modest-income households.

SOCIAL IMPLICATIONS

The loss of the rental housing is of some concern to Staff, though the rental units in the Maquire Building are at the high end of market rental housing in Vancouver and are comparable to rented condominiums in terms of quality, age, and rents. A percentage of condominiums, estimated by CMHC at 27% in 2006, are rented by investors and a percentage of the units in the Maquire Building will likely be rented as well.

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May 25, 2007

Mr. Cameron Gray, Director - Housing Centre
City of Vancouver
City Square - #310, East Tower,
555 W. 12th Ave.
Vancouver, B.C.
V5Y 1V4

Dear Cameron:

RE: **PROPOSED STRATA CONVERSION : 2665 WEST BROADWAY**

Thank you for meeting with Les Sallay and me this morning.

Further to the direction of Standing Committee of Council on Planning and Environment at its meeting on Thursday, May 17, 2007 we offer the following options for the City's consideration:

Option	Description
1. All Cash	\$ 15,000 per unit = \$ 540,000
2. Hybrid – Cash and Time	\$ 10,000 per unit on 30 units = \$ 300,000 plus 6 units under rental covenant for 5 years
3. All Time	2-year rental covenant on all units

Our preference is the All Cash Option, and it also represents the most direct contribution to needed affordable housing.

Yours very truly,
BROOK + ASSOCIATES INC.



Charles I. Brook

Cc: Les Sallay