



## ADMINISTRATIVE REPORT

Report Date: December 2, 2008  
Contact: Cameron Gray  
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VanRIMS No.: 08-2000-20  
Meeting Date: December 16, 2008

TO: Vancouver City Council  
FROM: The Managing Director of Social Development  
SUBJECT: Stanley/New Fountain Hotel Roof and Fencing Repairs

### **RECOMMENDATION**

THAT Council approve payment of \$157,504 to the PHS Community Housing Society for the roof repairs to the Stanley/New Fountain Hotel completed this summer, and approve a budget of \$80,000 to enclose the arcades and to cover the eastern light well of the Stanley/New Fountain Hotel, with funding to be provided by the SRA Reserve, and payment upon the submission of invoices by PHS Community Housing Society following completion of the work.

### **GENERAL MANAGER'S COMMENTS**

The General Manager of Community Services recommends approval of the foregoing.

### **COUNCIL POLICY**

*Council's social housing policy is to maintain and expand housing opportunities in Vancouver for low and modest income households with priority being given to families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled, and others at risk of homelessness.*

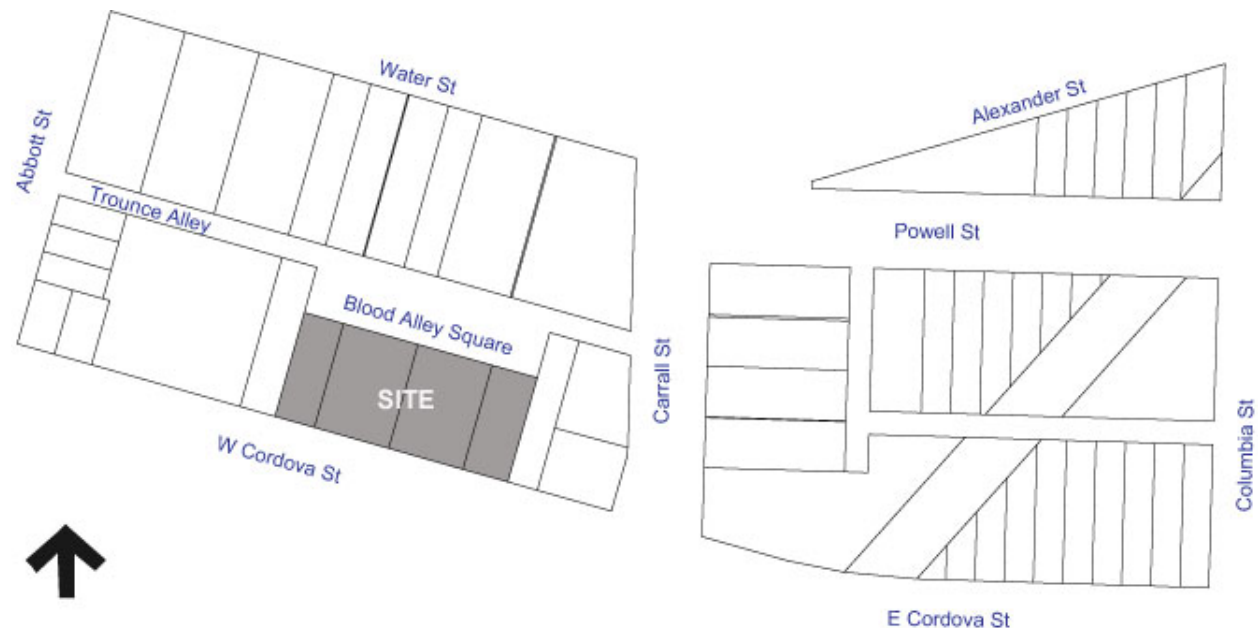
*The Housing Plan for the Downtown Eastside seeks to maintain a total of 10,000 units of housing affordable to low-income singles in the area, and to replace SROs that may be lost to redevelopment or conversion, with self-contained non-market housing.*

### **PURPOSE**

This report seeks approval of funding to cover the cost of roof repairs and of fencing for the arcades at the Stanley/New Fountain Hotel which is owned by the City, operated by PHS

Community Services Society, and located in Gastown at 36 Blood Alley/35 W. Cordova St. as shown on Figure 1 below.

Figure 1



### **BACKGROUND**

The Stanley and New Fountain Hotels were built in 1907 as separate buildings and combined into one in 1970 with a total of 103 SRO rooms. It is a 'B' on the City's Heritage Register. In 1979 the Greater Vancouver Housing Corporation (GVHC) acquired the project and converted it to non-market housing for low-income single men. In 2001 the building was transferred to the PHS Community Services Society who relocated the tenants and started renovations to convert the building to 53 studio units in expectation of funding through the HOMES BC programs in place at the time. However, in 2002 the HOMES BC programs were cancelled and the project was put on hold.

In March 2003 the City purchased the property from PHS at a price of \$2,000,000 for the purpose of accommodating the 'Woodsquatters' who had camped on the sidewalks around Woodward's the previous fall. The City entered into a 10-year operating agreement with PHS to manage the property and tenants, and BC Housing contributed \$500,000 to cover the cost of the repairs required to reopen the building as a 103 room SRO. PHS retented the building in May 2003.

### **DISCUSSION**

The Operating Agreement with PHS Community Services Society requires that the Stanley/New Fountain Hotel be operated on a breakeven basis with all costs to be covered from the SRO rents and from the ground floor commercial space. PHS is responsible for maintaining the building with the City responsible for the repair and replacement of major building elements such as the roof, exterior, structure, and mechanical systems.

The Stanley/New Fountain has been operating close to breakeven but PHS has incurred some annual operating deficits. One reason has been the need for additional staffing to manage tenants many of whom are younger multi-challenged with mental illness, substance abuse issues, in particular to crystal meth and crack cocaine, and/or HIV/AIDs or Hep C. BC Housing is now funding a second 24/7 staff position and the project is now operating on a break even basis.

The other reason for the operating deficits was the on-going maintenance cost due to the age of the building. There have been no major renovations done to the building since the 1970s, and in particular the roof of the New Fountain portion of the building had fallen into serious disrepair and needed to be replaced. Every winter that portion of the roof sprung numerous leaks which required staff to spend time on maintenance which would have been better spent managing the tenants.

This past summer, BC Housing made available the roofer they had retained to repair the roofs of the SRO hotels that they had acquired. PHS, with the approval of City staff, contracted with the roofer to have roof of the New Fountain replaced. The new roof was completed in September at a cost of \$103,629. The roof is performing well and has an estimated life span of 10 years. One of the two light wells also needs to be covered as it is leaking badly and cannot be repaired outside of a complete reconstruction. The estimated cost of covering the light well is \$20,000. In addition, PHS has asked to be reimbursed for the \$53,875 in repairs they had to make to the roof while waiting for it to be replaced. Reimbursing PHS for these costs is appropriate and it is recommended that Council, in accordance with the Operating Agreement for the Stanley/New Fountain, repay PHS for the cost of the roof repair to date and provide the funding to cover the light well for a total of \$177,504.

In addition, the arcades along the Cordova St. and Blood Alley frontages of the building have become a security concern for the commercial tenants occupying the ground floor of the Stanley/New Fountain whose rent covers some of the operating costs for the building. Most mornings PHS and its commercial tenants have to clean out the arcades of refuse left over from the previous night's activities which can include partying, drug dealing and using, and camping. PHS believes that ornamental wrought iron fencing appropriate to Gastown is required to properly secure the arcades. The cost to fence the arcades is estimated at \$60,000, and it is recommended that funding be approved for this work.

The Stanley/New Fountain Hotel needs to be fully renovated before long. The repairs to the roof, light well and arcades are not intended to be permanent and will add only a few years to the building's life. The 10-year operating agreement with the PHS ends in 2013, and it was intended that within that term funding to renovate the building and replace its SRO rooms would be in place. With the Province recently buying a dozen SROs in the area for conversion to social and supportive housing, and several new social and supportive housing to be completed in the next couple of years, it is hoped that the tenants in the Stanley/New Fountain can be relocated and the building renovated either as social housing, market rental housing, or sold with the proceeds used to build new supportive housing elsewhere in the area. The City, PHS and BC Housing will be exploring the opportunities for the building over the next couple of years for report back to Council following the 2010 Winter Games and before the 2013 end of the Operating Agreement with PHS.

***FINANCIAL IMPLICATIONS***

The total cost of the repairs to the roof and exterior of the Stanley/New Fountain Hotels is:

New Roof (completed)	\$103,629
Roof Repairs (completed)	53,875
Light Well (estimate)	20,000
Fencing (estimate)	60,000
<b>TOTAL</b>	<b>\$237,504</b>

It is recommended that the funding be provided from the SRA Reserve, the fund for fees collected from the conversion or demolition of Single Room Accommodation (SRA). Funding for the work still to be done (light well and fencing) would be paid out on completion of the work and the submission of invoices from PHS Community Services Society.

***SOCIAL IMPLICATIONS***

There are few vacant rooms in the SRO hotels and rooming houses in Gastown or elsewhere in the DTES. It is important that the current SRO stock such as the Stanley/New Fountain be maintained until the Province completes the renovations for the SROs it purchased over the past year and until the new social and supportive housing projects funded in the past year are completed later in 2010.

***CONCLUSION***

The Stanley/New Fountain is a City owned SRO that is operated by PHS Community Housing Society. It needed a new roof on half the building, a leaking light well needs to be covered, and fencing needs to be installed in the arcades. The operating agreement with PHS requires that the City fund major repairs to the building and it is recommended that Council approve funding from the Affordable Housing Fund for this work.

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