

Report Date: October 21, 2009
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VanRIMS No.: 08-2000-20
Meeting Date: November 17, 2009

TO: Vancouver City Council

FROM: Managing Director of Social Development in consultation with Directors of
Legal Services and Licenses & Inspections

SUBJECT: Single Room Accommodation (SRA) By-law Status Update and Amendments

RECOMMENDATION

THAT Council approve the amendments to the Single Room Accommodation By-law in principle, generally in accordance with Appendix A, including:

- a) Prohibiting the nightly rental of up to 10% of designated rooms, and allowing rentals of up to 10% of the designated rooms, on a less than monthly basis, only as permitted by the Chief License Inspector in case of emergency;
- b) Removing the exemption for commercial hotels from the by-law requirements;
- c) Allowing for accessory or amenity space that is not subject to conversion requirements;
- d) Allowing an owner to fulfill the conditions of approval for an SRA Conversion/Demolition Permit within the later of 12 months after receiving notice of those conditions and the date the development permit lapses;
- e) Removing certain properties from Schedule A as a result of approval of an exemption or issuance of an SRA Conversion/Demolition Permit or because the by-law does not apply to them;
- f) Recording changes in civic addresses in Schedule A to the By-law, generally in accordance with Appendix A;
- g) Improving the administration of and promoting compliance with the By-law, generally in accordance with Appendix A; and

FURTHER THAT Council authorize the Director of Legal Services to prepare a by-law amending the Single Room Accommodation By-law, generally in accordance with Appendix A, for referral to a public meeting on December 15, 2009, at 7:30 pm, following the format of a public hearing, to provide an opportunity for persons to make their views known to Council.

GENERAL MANAGER'S COMMENTS

The General Manager RECOMMENDS approval of the aforementioned.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the aforementioned.

COUNCIL POLICY

In 1997, the Provincial Government amended the Vancouver Charter to enable the City to regulate the conversion and demolition of single room accommodation in the City.

In 2002, Council endorsed the City's involvement in the Vancouver 2010 Olympic Winter Games and Paralympic Winter Games bid. The Inclusive Intent Statement (included in the Guarantees of the Bid Book) states that the goal is to ensure no evictions will occur as a result of the 2010 Winter Games.

On October 21, 2003, Council enacted the Single Room Accommodation By-law (SRA) to help manage the rate of change in the low-income housing stock.

On February 15, 2007 Council approved amendments to the SRA By-law that include:

- increasing the conditional \$5,000 per room fee to \$15,000 per room
- requiring Council to consider the recent history of an SRA hotel for any conversion or demolition application
- requiring an owner or operator to maintain a standardized "room registration form" for every unit
- requiring an owner or operator to identify on the business license specific room numbers of the maximum 10% of SRA units which are available for transient guests

PURPOSE & SUMMARY

The report includes an overview of the Single Room Accommodation By-law ("SRA By-law") process for an SRA Conversion/Demolition Permit or an exemption, a summary of conversions and exemptions since enactment of the By-law, and a discussion of issues related to implementation. This report brings forward recommendations to:

- Amend the provision for permitted nightly rentals to occur only as allowed by the Chief License Inspector for emergencies;
- Remove the exemption provisions for commercial hotels;

- Allow the provision of accessory or amenity space to not be subject to conversion requirements;
- Change the timeframe for owners to fulfill conditions of approval of an SRA Conversion/Demolition Permit;
- Remove certain properties from the By-law which have received an exemption or an SRA Conversion/Demolition Permit; and
- Make housekeeping changes to improve the administration of and compliance with the By-law.

The amendment related to nightly rentals is time-sensitive and important to be in place by January 2010 to further support the City's efforts to discourage evictions in advance of the Olympics.

BACKGROUND

1) The Nature of the SRA By-law

In 1997, the Province amended the Vancouver Charter to provide authority to regulate single room accommodations. On October 21, 2003, Council enacted the SRA By-law to regulate the conversion and demolition of single room accommodation in the Downtown Core, bounded on the north by Burrard Inlet, on the west by Burrard Street, on the south by False Creek and on the east by Clark Drive. This was in response to concerns about the loss of low-cost housing stock in the Downtown Core.

When the By-law was enacted in the fall of 2003, 198 buildings with a total of 9,418 rooms in the Downtown Core were designated and listed in the By-law. These include:

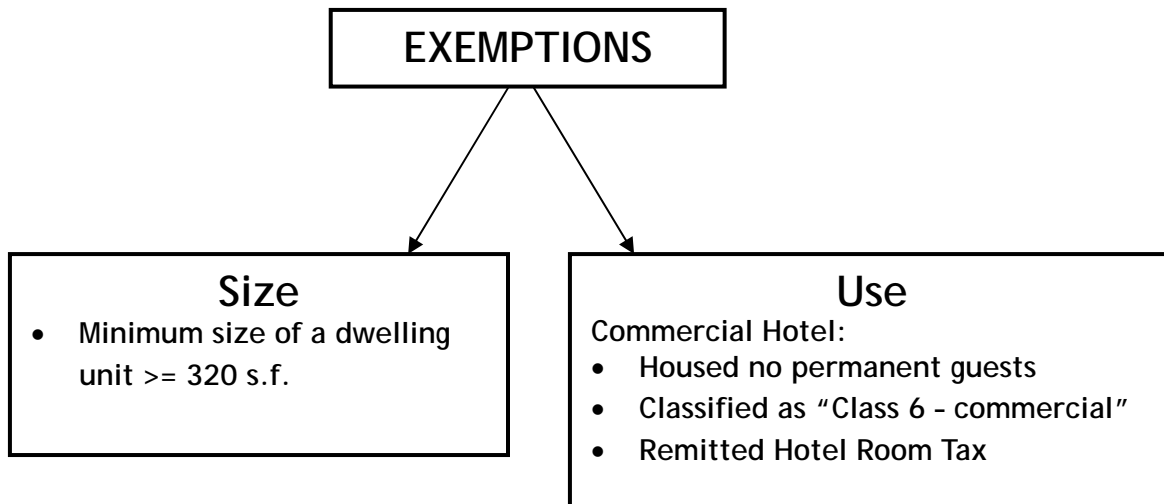
- all the rooming houses and residential hotels;
- all non-market housing which consists of, or includes rooms and one bedrooms that are less than 320 square feet; and
- all buildings and rooms that have been closed due to fire or other reasons.

Those buildings considered to be Community Care Facilities are not included within the By-law because they are not governed by the Residential Tenancy Act.

2) Exemptions from the SRA By-law

The list of buildings with designated rooms was based on the Housing Centre's *2003 Survey of Low-Income Housing in the Downtown Core*. The purpose of this bi-annual survey is to monitor the low-income housing stock and to track changes to the number of buildings and rooms, vacancy rates and rents. It does not identify which rooms in a building are greater than 320 square feet or which rooms are used for non-permanent resident purposes such as tourist use. Also, some buildings on the list had already been substantially or totally converted to transient guest or other non-residential uses prior to enactment of the SRA By-law. Those buildings remained on the list since they may have included rooms rented to permanent residents all or part of the year even if their primary business was tourist use.

The SRA By-law allows affected property owners to request that all or a portion of the SRA-designated rooms in their buildings be exempted from the SRA By-law. There are two bases for exemptions: use or size. Exemptions for use are based on whether permanent tenants are housed and the building is operated as a commercial hotel. With respect to size, a room qualifies for exemption if it is 320 square feet or greater.



To be eligible for an exemption on the basis of use, owners must complete an application form and provide evidence satisfactory to Council that from before and after the date of enactment of the SRA By-law. All three of the following conditions must be met to qualify:

- a) a permanent resident did not occupy or customarily occupy the room as living accommodation; and
- b) the room is not in a building or portion of a building classified under the Assessment Act and its Regulation as "Class 1-residential"; and
- c) the room is in a building or portion of a building in respect of which the owner has an obligation to pay or remit hotel room tax under the *Hotel Room Tax Act* and its regulations.

Alternatively, to be eligible for an exemption on the basis of size, owners must complete an application form and provide evidence satisfactory to Council that from and after the date of enactment of the SRA By-law that the designated room is 320 square feet or greater.

There is no application fee for owners seeking an exemption. If the applicant satisfies Council that all applicable requirements and conditions of exemption have been met, Council must grant the exemption.



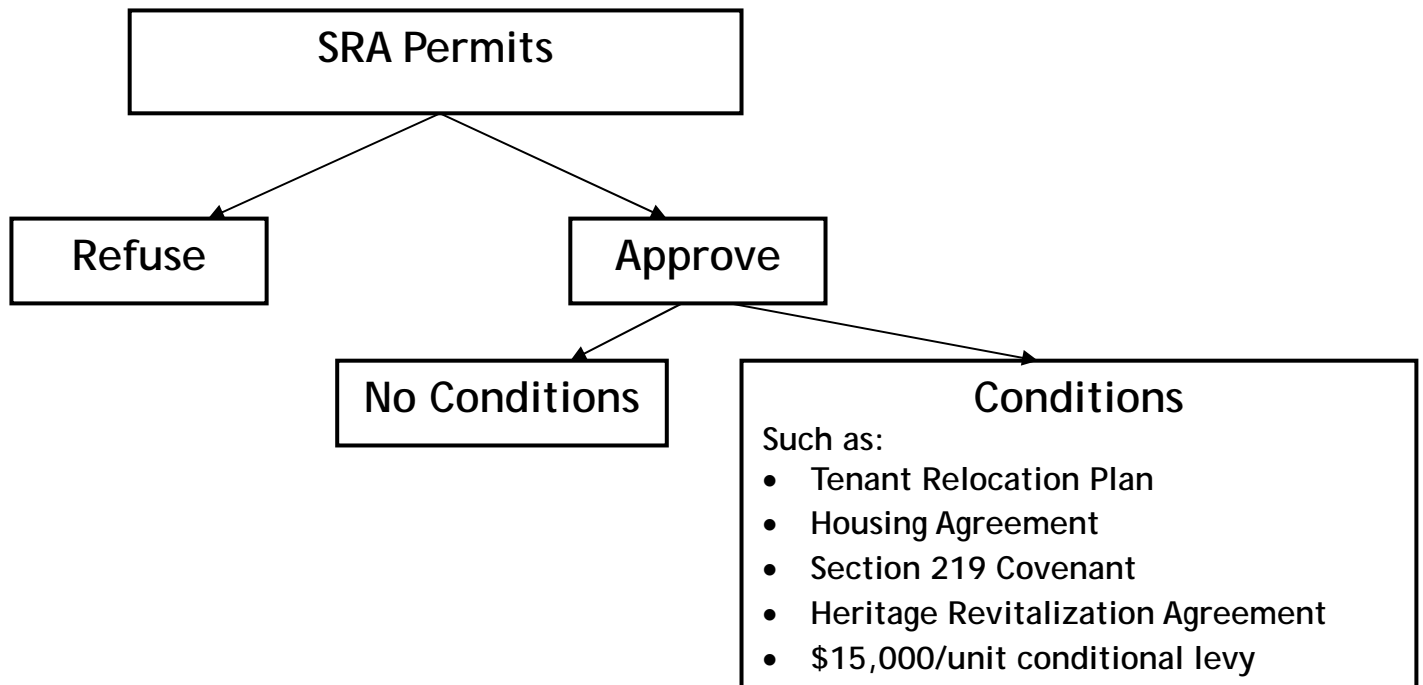
C & N BACKPACKER'S HOSTEL - 927 MAIN ST



ROYAL HOTEL - 1025 GRANVILLE ST

Examples of hostels that have been exempted

3) SRA Conversion or Demolition Permit



Under the SRA By-law, an owner wanting to convert or demolish an SRA-designated room must make an application for an SRA Conversion/Demolition Permit (“SRA Permit”) and Council decides whether to approve the application. A conversion is defined as a change in occupancy or use, a repair or alteration, any improvement, repairs or alterations that have material effect on the enjoyment by permanent residents. In other words, any physical alteration to the configuration of the room such as moving walls and any improvement such as installing bathrooms are considered to be conversions. Not every SRA Permit application for a conversion represents a permanent loss of rooms or de-designation and removal from the SRA By-law. For example, some renovations result in the configuration of the room remaining as less than 320 square feet.

General guidelines are used to determine whether an SRA Permit is required for proposed work in a building with SRA-designated rooms. A conversion or demolition permit is generally not required if:

- The work involved is of a cosmetic nature only that would not materially effect permanent residents (i.e., the applicant is updating existing fixtures only and is not demolishing walls, or installing new fixtures, drywall, etc.); and
- The number of designated SRA rooms is NOT being reduced.

For those proposed projects that require a conversion or demolition permit, the owner must pay an application fee of \$1,000 for the first 10 rooms and \$100 for each subsequent room, up to a maximum fee of \$6,000. Council considers each application on its own merits. Council can refuse the application, approve it outright, or add conditions to the approval. In making a decision on whether or not to approve an SRA Permit, Council must consider five factors:

1. Accommodation that will be available to the tenants affected by the conversion or demolition;

2. Supply of low cost accommodation in the Downtown Core;
3. Condition of the building; and,
4. Need to replace or improve, over time, SRA buildings in the city; and,
5. History of the land and building, and the use and occupancy of the building.

Council may attach one or more conditions to the approval of an SRA Permit to achieve public objectives. Council may impose any one or a combination of conditions. Examples of conditions include that the owner enter into a Housing Agreement and/or a Heritage Revitalization Agreement, pay \$15,000 per room to be deposited into a reserve fund for the creation of replacement housing, provide a tenant relocation plan or other conditions as Council deems appropriate. Since enactment, almost every approved SRA Permit was subject to conditions.

4) 2007 Amendments

In February 2007, Council approved several amendments to the SRA By-law to improve its effectiveness in regulating the stock of low-income housing in the DTES. These amendments include:

- increasing the conditional levy to be deposited into a reserve fund from \$5,000 to \$15,000 per room;
- requiring Council to consider the recent history of an SRA for any conversion or demolition application;
- requiring an owner or operator to maintain a standardized “room registration form” for every unit;
- requiring an owner or operator to identify by room number on the annual business license those SRA rooms which are available for transient guests (max 10%); and
- a provision to lapse an SRA Permit application at 12 months from notification if conditions of approval are not met.

DISCUSSION

The following describes the implementation of the SRA By-law, makes recommendations for amendments to the By-law and discusses several other implementation issues.

1) SRA APPLICATIONS TO DATE

a) Exemption Applications to Date

To date, Council has approved 15 exemptions for a total of 734 rooms (see Appendix B). Twelve applications (711 rooms) were approved for exemption from the SRA By-law on the basis that they were operating as tourist accommodation before and after the enactment of the SRA By-law in October 2003. Three exemption applications were approved (23 rooms) on the basis that some rooms were dwelling units and at least 320 square feet.

Over the past six years since enactment of the SRA By-law the number of exemption applications has been decreasing with a slight increase in 2008. This reflects the length of time it has taken to find the necessary evidence and to communicate to applicants the requirements to qualify for exemption.

Year	# Buildings	# Rooms
2003	2	226
2004	5	218
2005	1	7
2006	1	19
2007	1	10
2008	3	139
2009	2	115
Total	15	734

Table 1: Number of Exemption Applications per Year

b) SRA Permits to Date

Appendix C provides a summary of the projects which have been the subject of Council decisions. To date, there have been 23 SRA Permit applications processed and reported to Council for decision. One application resulted in a tie vote and was not approved (Patricia Hotel) and three approved applications have lapsed (Rainier, Boulder, and Columbia Hotels). Two applications are in the process of meeting the condition of approval (Cecil and Yale Hotels).

Since enactment of the SRA By-law, there have been 17 SRA Permits issued representing a net loss of 282 rooms. Generally, the conversions and demolitions which have been approved have conditions attached to provide significant heritage benefits, and/or to replace the housing units, and/or to pay a fee, and/or to secure rental of future developments.

- Not all 17 conversion or demolition permits have resulted in the loss of SRA designation for the rooms. Four of the 17 SRA Permits resulted in 175 improved SRA-designated self-contained units. Two buildings will be market rental, achieving one of the objectives of the DTES Housing Plan. The other two permits were issued to improve the existing stock and to retain the buildings as non-profit operated and low-income housing.
- Council has levied a total of \$510,000 in SRA payments and received \$60,000 in voluntary contributions towards the Replacement Housing Fund. The Vancouver Charter requires that monies collected under the SRA By-law be deducted from any development cost levies (DCL) to a maximum of the replacement housing component of the DCL By-law. Three out of the 17 projects required DCL payments - resulting in \$207,180 deducted from DCLs for the replacement housing component.
- The Passlin Hotel, although no longer SRA-designated, is a particularly interesting project. The loss of 43 low-income units was entirely replaced on site with 46 self-contained studios operated by a non-profit agency. This was possible through a significant density bonus and DCL forgiveness.



Passlin Hotel



Doug Storey Apartments

The following table shows a breakdown of the type of application and the number of rooms affected:

Table 2: Summary of SRA Permits Issued by Type

Type of Conversion/Demolition Application: 2003-2009	Rooms Lost	Rooms Replaced	TOTAL	Annual Average
Redevelopment to Strata Condos	163	-	-163	-27
Conversion to Tourist Hotel	60	-	-60	-10
Conversion to Market Rental	85	48	-37	-6
Conversion to Social or Low-cost Housing	272	250 ¹	-22	-4
NET LOSSES:	580²	298	-282	-47

¹This number includes 46 units at the Passlin which are not SRA-designated.

² This number includes 130 rooms that have been vacant and not effectively part of the low income housing stock for over 30 years.

c) Pending Applications for SRA Permits

As of the date of this report, there is one pending exemption application for one room that is greater than 320 square feet at 25 E. Hastings. There are 5 SRA Permit applications in process, as summarized below.

Table 3: Summary of Pending SRA Permit Applications

Address	Building Name	Rationale	No. of Rooms	Units to Remain SRA- Designated	Net
620 W. Pender	Picadilly Hotel	Improvement	49	43	-6
403 E. Hastings	Patricia Hotel	Tourist Acc'n	94	0	-94
577 Richards	St. Clair Hotel	Tourist Acc'n	35	0	-35
9 W. Cordova	Boulder Hotel	Demolition	22	0	-22
31 W. Pender	Pender Hotel	Renovations	40	23	-17
Total			240	66	-174

2) PROPOSED AMENDMENTS TO THE SRA BY-LAW

A number of amendments to the SRA By-law have been identified that would assist in its administration.

a) Monitoring and Enforcement of the SRA By-law

Compliance with the SRA By-law is monitored by several departments. Development Services staff, Property Use Inspectors (PUI) and SRA staff communicate information regarding any renovations or changes being carried out with or without permit to ensure that the SRA By-law requirements are being adhered to. All information is noted in PRISM (the City's permit review and inspections system) to ensure that other permit staff is aware of the history of any SRA issues related to specific properties. Where enforcement is necessary, it is initiated by the Department of Licenses & Inspections.

Since enactment of the SRA By-law, PUIs have conducted site visits of buildings with SRA-designated rooms as part of their regular Standards of Maintenance By-law inspections. Additionally, buildings are part of the coordinated inspections with members from the Ministry of Housing and Social Development (MHSD) responsible for income assistance, Vancouver Police Department, and other City of Vancouver staff including PUIs. This collaborative team finds creative ways to improve the living standards for tenants and to encourage compliance with City by-laws.

PUIs have responded to individual requests for SRA By-law related inspections based on complaints received. Some of the items the PUI checks for under the SRA By-law include:

- Notice of Designation - required under Section 2.3 of the By-law to be permanently posted in a conspicuous location;
- Guest ledgers - required under Section 5.2 of the By-law as part of record maintenance;
- The number of rooms, as identified on the business license, that are being rented on a temporary basis - Section 4.12 of the By-law restricts nightly rentals to a maximum of 10% of all SRA-designated rooms; and
- Determining if any work relating to conversions or demolitions of rooms is being carried out without prior approval from Council.

Staff is bringing forward recommendations to the Municipal Ticketing Information By-law to include certain provisions of the SRA By-law, such as being in violation of Section 4.12 related to renting on a non-monthly basis. Leading up to and during the Olympics PUIs will be conducting intermittent inspections to ensure compliance of the SRA By-law.

In 2007 Council approved an amendment to the SRA By-law that required owners to identify, by room number, on their annual business license, those rooms set aside for transient guests. This change was to facilitate records' maintenance and to improve monitoring of regulations regarding 10% of rooms being available for transient guests. In the 2009 business license year 24 building owners, operators, and managers have identified rooms available to rent by transient guests on their business license. The rooms set aside for transient guests are listed on the business license which must be posted in a conspicuous place. However, this provision continues to be problematic.

At a Council meeting regarding an SRA exemption application on May 7, 2009, Council requested an assessment of eliminating the provision to set aside 10% of designated rooms for transient guests. This issue has been considered and it is recommended to make this change. Also, it is recommended that provisions be made for rooms to be rented for less than monthly only when the Chief License Inspector allows for emergency situations. There are several reasons for the changes.

First, the 10% provision is not often requested. There are 185 buildings identified in Schedule A. Among the 144 SRA buildings that have been issued a business license for 2009, 24 have identified rooms available for nightly or weekly rental. This represents 2% of the total number of licensed rooms.

Second, enforcement of the SRA By-law provisions for monthly tenancies has proved difficult and this amendment will increase the effectiveness of the By-law. Owners, operators, and/or managers often change those rooms that are set aside for daily or nightly rentals making enforcement very challenging. It will be significantly easier to enforce that no rooms are permitted to be rented on a non-monthly basis. This is important particularly with the upcoming Olympics where the goal is to avoid tenant evictions.

Finally, there are emergency situations where there is a need for temporary accommodations such as fires where individuals need to be temporarily housed in the neighborhood. It is recommended that, subject to the approval from the Chief License Inspector, permission may be granted during these emergency situations.

It should be noted that timing of implementing this amendment is sensitive and should occur by January 2010.

b) Eliminate Exemptions for Commercial Hotels or Hostels

Since the By-law's 2003 enactment, Council has approved 15 exemption applications, for a total of 734 rooms. A room may qualify for exemption for only two reasons:

1. it has been operating commercially before and after enactment, such as the case as a hotel or hostel room; or
2. it is a small dwelling unit and at least 320 square feet.

It is recommended to delete the exemption provision for those SRA-designated rooms that were used as a commercial hotel before and after the SRA By-law's enactment. These are hotels which did not house permanent guests before and after the date of the SRA By-law enactment and are in a building or portion of a building that is not classified as Class 1 (residential). The onus is on the applicant to provide the necessary evidence to show how they meet the criteria. Guest ledgers, as in rent rolls, are used as evidence to show that a permanent guest did not occupy the room. As time passes it is increasingly more difficult for applicants to produce the necessary evidence of guest ledgers to prove that there were no permanent residents housed before and after the SRA By-law enactment in 2003. Units that are at least 320 square feet would still be eligible for exemption.

If Council approves this recommendation to remove this provision, owners would be notified of the decision and exemption applications will be accepted up to six months from the date of enactment of this amendment.

c) Accessory or Amenity Spaces

It is recommended that the SRA By-law allow for the change in use from a room to an amenity space without considering it to be a “conversion” and requiring an SRA Permit. Amenity space such as a kitchen, lounge area, dining area, and office space for private conversations or referrals is very important to the well-being of housing low income singles. An owner would still need to apply for a development permit or building permit to change the use or to construct a kitchen. Conversions to amenity spaces without requiring an SRA Permit would be allowed where the number of rooms lost does not exceed 10% of the total number of rooms in the building.

d) Extending the Time for Fulfilling SRA Permit Conditions

Section 4.13 states that if an owner does not fulfill the conditions of SRA Permit approval within 12 months after receiving notification of Council’s decision then the application lapses. The purpose of this provision is to have the applicant fulfill conditions within a reasonable timeframe once Council approved the permit and previously, 12 months was deemed sufficient. This has proven to be difficult in cases involving Heritage Revitalization Agreements or Housing Agreements or development permits with complex “Prior-to” conditions.

Once a development permit application has been approved a “Prior to” letter is issued to the applicant outlining conditions that must be satisfied before a development permit will be issued. Typically, a period of up to 6 months is provided for the applicant to submit a response to these conditions, depending on the nature of the conditions. Should the applicant require an extension to this deadline, approval must be obtained from the Director of Planning. Sometimes an extension related to the development permit will be approved beyond 12 months but by then the SRA Permit has lapsed. In these cases, it is recommended that the time allowed to satisfy the conditions for the SRA Permit be tied to the time allowed for issuance of the development permit, allowing the approvals for both permits to occur. When no development permit is required, the existing SRA By-law requirement of satisfying the conditions within 12 months would continue to apply.

It is recommended that the SRA By-law be amended to allow the owner to fulfill the conditions of approval within the later of either:

- 12 months after receiving notice of those conditions; and
- the date the development permit lapses.

e) Housekeeping Amendments

Schedule A

Periodically staff need to amend the list of designated SRA buildings to remove those that have been demolished or converted. This report recommends the removal from Schedule A of the SRA By-law of the following properties for which Council has approved exemptions, as well as those SRA conversion or demolition permits in which conditions have been met:

- 335/337 Smithe Street, collectively known as Homer Apartments
- 210 Carrall Street, Spinning Wheel

- 51 W. Hastings Street, Strathcona Hotel
- 514 Homer Street, Victorian
- 927 Main Street, C&N Backpackers Hostel
- 1025 Granville Street, Royal Hotel

The following housekeeping amendments are needed to maintain a current Schedule A:

- 301 Main: has legally changed its primary address to 172 E. Cordova; secondary addresses are 305 Main and 176 E. Cordova.
- 575 E. Hastings: has legally changed its primary address to 375 Princess Ave.; secondary addresses are 355 Princess, 573 & 577 E. Hastings.
- 333 Columbia: has legally changed its primary address to 351 Columbia; secondary addresses are 369 and 375 Columbia St.
- 175 W. Pender: Silver Hotel has amalgamated with the Avalon Hotel and its address is included as a secondary address to 165 W. Pender (Avalon Hotel)
- 581 Richards: delete this address because it is a single-family dwelling improperly captured in SRA By-law

"Director of Housing Centre" Replaced

Currently, the Housing Centre Director receives all exemption applications and has the authority to require further evidence or information regarding an application. In 2008 the Community Services Group underwent an organization re-structuring in which the Housing Centre was absorbed into the Social Development Department. Housing Policy, a group within the Department, is responsible for SRA By-law matters. It is reasonable that the purview of the SRA By-law and therefore any decision-making authority be the Managing Director of Social Development.

Schedule C

It is recommended that the collection of *Emergency Contact Information* that forms part of *Schedule C Room Registration Form* be clearly marked as "optional". This information is not required for City use and tenants are not obligated to reveal this personal information.

3) OTHER ISSUES RELATING TO IMPLEMENTATION OF THE BY-LAW

a) Closures as Conversions

The typical SRO building is nearly a hundred years old with structural, plumbing and electrical problems, and does not meet today's seismic requirements. SRO buildings that are not well-managed and maintained will often find themselves in violation of City Building, Fire and Standards of Maintenance By-laws. For a private SRA owner, the economics of properly managing and maintaining an SRA at rent levels at or over the shelter allowance of \$375 are challenging. In many hotels, particularly the smaller buildings, these are insufficient revenues to meet operating costs. Many owners either cannot afford to maintain or staff their buildings adequately or they disinvest in the property in anticipation of future redevelopment opportunities. Often this results in building or room closures either voluntarily by the owner or by orders from the City.

When considering a report on the Standards of Maintenance By-law on March 26, 2009, Council asked staff to report back on an amendment to the SRA By-Law to treat room closures as conversions. This was in the context of examining options for ensuring better building conditions. This idea has been considered but is not recommended for several reasons. First some closures occur because the business is no longer financially viable and requiring a permit to close will not result in the rooms remaining open. An owner cannot be forced to operate a business which the owner does not want to operate.

Second, it has been suggested that owners would be more likely to do repairs if the alternative was to close and have to pay a penalty. This is not considered to be an effective strategy because it requires the owner to make a permit application for which there would be little motivation, and compliance would be difficult to achieve. Were an application submitted and a fee were levied, collection would be a challenge. In short, it would be difficult to ensure a financial consequence to closures as an alternative to repairs. Recent changes involving the use of injunctions have been introduced to encourage repairs and this is proving effective as a more direct response to encouraging repairs.

The third reason for not regulating closures of individual rooms is that the nature of "closure" would be difficult to define. For example, a landlord may leave rooms vacant while exercising their right to select tenants.

Fourth, the legal authority for the City to regulate closure is not clear. Should Council wish to pursue this, a Charter change would be needed.

The SRA By-law does have relevance if an owner allows every room to become so dilapidated that the City must deem it unliveable. Any future development of the building, beyond complying with existing orders, is subject to the SRA By-law process where the history of the land and the building is considered and appropriate conditions can be applied.

b) Third Party Management

Council also asked for an assessment of mandatory third party management. This idea has been considered but is not recommended as an effective approach to improve building management because it would add substantial costs to hotel operating costs without an increase in revenues. Some Provincially owned SRAs that contract with third party management services are paying \$376,000 a year per building for these services. This includes two desk staff 24 hours a day, 7 days a week and may include additional tenant support worker(s) in larger SRAs. In a typical SRO with 40 rooms renting at \$375/month, the annual revenue would be \$180,000. The additional costs for third party management are not feasible for the privately run SRAs. Such added costs may cause a private landlord to decide to shut down their building, thereby adding to the risk of homelessness for current tenants.

Improved management of SRAs can be achieved by continuing the following initiatives:

- Coordinated Enforcement Teams involving both City staff and other government partners;
- SRO Management Training Program (described below); and
- SRO Pilot Project (described below).

c) Incentives for Well-Managed Private Sector SRA Buildings

A number of initiatives are underway under the auspices of the Vancouver Agreement. The objective of these initiatives is to work in partnership with motivated hotel owners/operators to improve living conditions in SRAs in the Downtown Eastside. City-supported Vancouver Agreement initiatives include:

- *SRO Management Training Program*: The SRO Management Training Course, developed in 2002 through the Vancouver Agreement, teaches SRO building managers skills on how to help SRO tenants. This free course, offered twice a year, provides direct training to building managers on topics such as building maintenance, security, mental illness, drug use, dealing with verbal and physical aggression, and accessing community resources;
- *Private SRO Pilot Project*: This Vancouver Agreement pilot project provides support to private owners to upgrade their hotels, enhances living conditions through a monthly supplement, provides support to tenants through partnership with a non-profit agency and provides staff training through the SRO Management Training Program. Anticipated improvements to the building, the residents, and the management will positively affect the neighbourhood.

The SRA stock is a large part of the low-income housing that is available in the Downtown Core. As such it is important that the buildings be well maintained and managed. The City and other levels of government currently provide some incentives to encourage this, recognizing the economic and other challenges in operating these buildings. These incentives will continue to be monitored and additional incentives will continue to be considered.

d) Amount of the Per Unit Conditional Levy

The SRA By-law is intended to manage the rate of change of low-cost housing in the Downtown Core. The conditional levy is not intended to pay for the full cost of replacement housing but in part, serves the purpose of influencing the number of applications and thus losses. It is difficult to determine how many potential demolitions or conversions have been or will be prevented because of the By-law. The conditional levy was increased from \$5,000 to \$15,000 in 2007. Between 2003 and 2006 the net loss of SRA rooms lost was 55 rooms per year (total of 164 rooms). In contrast, between 2003 and 2009, the net loss is 25 rooms per year (total of 152 rooms). This indicates that the \$15,000 conditional levy is set at a level that it serves its purpose to slow down the conversion or demolition of single room accommodation in the Downtown Core.

e) Limitations of the SRA By-law

The Province amended the Vancouver Charter at the City's request in 1997, giving the City the power to regulate by by-law the conversion and/or demolition of rooming houses and residential SRO hotels. The Charter does not allow the City under the SRA By-law to regulate rents or users (e.g. students) or to require SRA rooms to remain open if they are no longer economically viable. There is a concern in the community that students are

favoured as tenants because of their ability to afford higher rents. However, as long as the rooms are rented on a monthly basis, there is no contravention of the SRA By-law.

The SRA By-law also does not control situations where landlords evict tenants. Evictions are governed by the Province's Residential Tenancy Act. The SRA By-law also does not control situations where owners close buildings. An owner has the right to close an SRA building but cannot demolish or convert it to another use, such as a tourist hotel, without the City's approval.

The SRA By-law does not regulate "soft" conversions. The term soft conversion is used to describe rooms that undergo cosmetic upgrades such as painting, new furnishings, or other minor repairs or renovations that do not normally require a building permit. A soft conversion is also used to describe a room that houses students or other tenants able to pay higher rents.

4) NEXT STEPS

As required by the Vancouver Charter, before adopting amendments to the SRA By-law, Council must provide an opportunity for persons to make their views known to Council. In addition, notice of Council's intention to adopt the by-law must be published in at least 2 issues of a newspaper circulating in the City. The evening of December 15th has been reserved to hear from the public on this matter, at a Special Meeting of Council with the format being similar to a public hearing. Ads will be placed and notification letters will be circulated to owners and community groups. Upon hearing from delegates Council may amend the recommendations or adopt them as presented. The new SRA By-law can be enacted shortly thereafter, depending on the final approved amendments.

FINANCIAL IMPLICATIONS

There are no financial implications.

CONCLUSION

Staff monitor the implementation of the SRA By-law and report to Council on a periodic basis. This report includes a summary of the history and implementation of the SRA By-law. This report discusses implementation issues and brings forward a set of recommendations aimed to improve the effectiveness of the SRA By-law.

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Summary of Proposed Amendments to the SRA By-law

1. Amend Section 4.12 to allow rentals of up to 10% of the designated rooms, on a less than monthly basis, only as permitted by the Chief License Inspector in case of emergency and include a provision where the Chief License Inspector may request owners with vacant designated rooms to provide temporary accommodation in the case of emergency situations.
2. Delete Section 3.1(b), 3.1(d), 3.1(f) and 3.2 as it relates to exemptions on the basis that the room or building has been operating as a commercial property.
3. Allow accessory or amenity spaces, not subject to conversion requirements, so long as it does not impact more than 10% of designated rooms.
4. Amend Section 4.13 to allow a permit to lapse if an owner does not fulfill the conditions of an SRA Permit within the later of 12 months after receiving notification or the date of which the development permit lapses.
5. Remove the following addresses from Schedule A:
 - 335 & 337 Smithe Street, collectively known as Homer Apartments
 - 210 Carrall Street, Spinning Wheel
 - 51 W. Hastings Street, Strathcona Hotel
 - 514 Homer Street, Victorian
 - 927 Main Street, C&N Backpackers
 - 1025 Granville Street, Royal Hotel
6. Amend Schedule A to account for changes in civic addresses for the following addresses:
 - 301 Main: has legally changed its primary address to 172 E. Cordova; secondary addresses are 305 Main and 176 E. Cordova.
 - 575 E. Hastings: has legally changed its primary address to 375 Princess Ave.; secondary addresses are 355 Princess, 573 & 577 E. Hastings.
 - 333 Columbia: has legally changed its primary address to 351 Columbia; secondary addresses are 369 and 375 Columbia St.
 - 175 W. Pender: Silver Hotel has amalgamated with the Avalon Hotel and its address is included as a secondary address to 165 W. Pender (Avalon Hotel)
 - 581 Richards: delete this address because it is a single-family dwelling improperly captured in SRA By-law
7. Replace "Director of Housing Centre" with "Managing Director of Social Development".
8. Amend Schedule C to specify that providing Emergency Contact Information is "optional" to disclose.

Summary of Approved Exemptions to Date

Address	Name	# Designated Rooms Exempted	Date of Council Approval
1176 Granville St.	Howard Johnson	110	2003 Nov 18
1221 Granville St.	Ramada Inn and Suites	116	2003 Nov 18
1018 Granville St.	Global Village Backpackers	67	2004 Feb 10
310 Cambie St.	Cambie International Hostel	42	2004 Mar 23
515 Seymour St.	Seymour/Cambie Hostel	37	2004 Mar 23
1212 Granville St.	Ambassador	38	2004 Mar 23
826 W. Hastings St.	Jolly Taxpayer	34	2004 Nov 02
434 Richards St.	Empress Rooms	7	2005 Jun 30
347 W. Pender St.	New Backpackers	19	2006 Oct 03
335 & 337 Smithe	Homer Apartments	10	2007 Jul 24
1336 Granville St.	Cecil Hotel	32	2008 Sep 16
303 Columbia	Columbia Hotel	6	2008 Jun 26
403 E. Hastings	Patricia Hotel	101	2008 Oct 16
927 Main St.	C&N Backpackers	39	2009 May 7
1025 Granville	Royal Hotel	76	2009 Jun 2
	TOTAL	734	

SRA Conversion or Demolition Permit Applications to Date

	Address	Building Name	No. of Rooms	Replacement Units	Date of Council Approval	Conditions	Status
1	806 Richards	Plaza	33	0	2003 Nov 04	Fee	Issued
2	511 Union		8	0	2003 Dec 10	HRA and Voluntary Contribution	Issued
3	24 Water	Grand	44	0	2004 Mar 09	HRA	Issued
4	1212 Granville	Ambassador	4	0	2004 Mar 23	HA	Issued
5	1261 Granville	Granville Hotel	100	83 (SRA)	2004 Jun 08	HA	Issued
6	746 Richards	Passlin	43	46	2004 Sep 28	HA	Issued
7	510 Homer	Victorian	56	0	2005 Feb 01	Fee	Issued
8	309 Carrall	Rainier	48	48	2005 May 12	HA	Lapsed
9	909 Richards	Roseberry	8	0	2005 May 26	Fee and Voluntary Contribution	Issued
10	434 Richards	Empress Rooms	11	0	2005 Jun 30	Fee	Issued
11	137 E Hastings	Onsite	18	30 (SRA)	2006 Apr 04	SNRF	Issued
12	412 Carrall	Pennsylvania	70	44 (SRA)	2006 Jul 11	HA and HRA	Issued
13	210 Carrall	Spinning Wheel	27	0	2006 Jul 11	HRA and fee	Issued
14	53 W Hastings	Strathcona	56	0	2006 Sep 26	HRA	Issued
15	335 & 337 Smithe	Homer Apartments	14	0	2007 Jul 24	HRA and fee	Issued
16	71 E. Hastings	BC Collateral	19	18 (SRA)	2008 Feb 12	HA	Issued
17	9 W. Cordova	Boulder Hotel	22	0	2008 Feb 12	Fee	Lapsed
18	303 Columbia	Columbia Hotel	71	70 (SRA)	2008 Jun 26	HA	Lapsed
19	18 W. Hastings	Burns Block	28	30 (SRA)	2008 Sep 16	HA	Issued
20	1336 Granville	Cecil*	50	0	2008 Sep 16	HA	Pending
21	1330 Granville	Yale*	44	43 (SRA)	2008 Sep 16	HRA and HA	Pending
22	403 E. Hastings	Patricia Hotel	94	n/a	2008 Oct 16	n/a	Not approved
23	7 W. Hastings	Beacon (Backpackers)	41	47 (SRA)	2009 Oct 06	-	Issued
TOTAL			909	459			

HRA means Heritage Revitalization Agreement
 HA means Housing Agreement
 Fee means \$5,000/unit (pre-2007) or \$15,000/unit (post-2007)

CONVERSION OR DEMOLITION PERMIT APPLICATIONS ISSUED (IN ORDER OF DATE APPROVED)

The Plaza (806 Richards Street): The Plaza Hotel contained 33 designated SRA rooms. It was to be demolished as part of a larger redevelopment project that had been scheduled for the Development Permit Board before the SRA By-law was enacted. In response to the enactment of the SRA By-law, the applicant proposed rezoning the property. As part of the rezoning, the applicant offered a contribution to the City's Affordable Housing Fund of \$1.08 million, in addition to a cultural amenity. Because the Vancouver Charter requires that payments required under the SRA By-law are deducted from the development cost levies to a maximum of the replacement housing component of the DCL By-law, the \$165,000 fee (\$5,000 x 33 rooms) was deducted from the replacement housing component of the DCL (net contribution of \$915,000 to the City's Affordable Housing Fund).

511 Union: 511 Union contained 8 designated SRA rooms. An application for a development permit had been made before the SRA By-law was enacted. Council approved an SRA Permit to convert 8 SRA rooms to 4 self-contained dwelling units in exchange for a Heritage Revitalization Agreement and a \$20,000 contribution to the City's Affordable Housing Fund.

The Grand (24 Water Street): The Grand contained 44 designated SRA rooms that had been closed for 30 years. The owner proposed to renovate it as part of a larger redevelopment project. Council approved the SRA Permit on the condition that the owner enters into a Heritage Revitalization Agreement.

The Ambassador (1212 Granville Street): The Ambassador contained rooms that provided accommodation for tourists (38 rooms) and for permanent residents (4 rooms). The owner of the Ambassador (and the Canadian Hotel (1203 Seymour St.) submitted an application to exempt 38 rooms, as well as an application to convert the remaining 4 designated SRA rooms in the Ambassador to tourist use. Council approved the SRA Permit on the condition that the owner enter into a 5-year Housing Agreement that would require the owner to maintain monthly rent rates of all 26 SRA-rooms at the Canadian Hotel at current levels and maintain current tenant services (housekeeping and 24-hour presence at front desk for security). The value of the Housing Agreement maintaining rents is more than the equivalent of the \$20,000 (\$5,000 per four rooms) which Council could have required as a condition of the SRA conversion permit. The Housing Agreement secures rents for all 26 SRA rooms at the Canadian Hotel that are above average quality in an area that typically has higher rents than other parts of the downtown core. At the end of the 5-year Housing Agreement, all 26 rooms will remain SRA designated and the rents become unfrozen.

Granville Hotel (1261 Granville Street): The Granville contained 100 designated rooms when the City purchased the building in the spring of 2004. The City then applied for an SRA permit to demolish 17 designated rooms and to convert the remaining 83 rooms to non-market housing with the units to be rented at the shelter component of welfare and to include washrooms and cooking facilities. Council approved the SRA permit application. The renovations improved the quality of the housing, and broadened the range of low-income housing in the City's non-market housing portfolio which currently contains primarily sleeping rooms.

Passlin (746 Richards Street): This project demonstrates how the SRA By-law can leverage opportunities for the creation of replacement low-cost housing. Owners of the Passlin (746

Richards St.) applied for an SRA Demolition Permit for all 43 designated rooms so that they could redevelop this site along with adjacent land. Negotiations resulted in an agreement to bonus the new development with 99,639 sq. ft. of additional density, and an investment of \$720,000 in Downtown South Development Cost Levy funds in the project, in return for the developer giving the City 46 units of low-cost housing worth approximately \$5,765,000. In May 2008, Coast Foundation Society moved 46 tenants into the new Doug Storey Apartments.

The Victorian Hotel (514 Homer Street): Located in Victory Square, the Victorian Hotel contains 56 designated SRA rooms. The owners initially applied for an exemption from the By-law but because all of the 56 rooms in the Victorian were assessed as Class 1-residential for tax purposes, they did not meet the criteria for exemption as set out in the By-law. The owners then applied for an SRA conversion permit to convert to tourist use. Building inspection reports showed that extensive work had been carried out without permits over a period of 2-3 years prior to the enactment of the By-law, and those 9 rooms were still closed due to renovations. As a condition of approving the conversion, Council required that the applicant obtain all necessary City permits required for the alterations carried out and that the alterations be inspected and approved for occupancy by the Chief Building Official. Further, the owner was required to pay \$280,000 (\$5,000 per 56 rooms converted/demolished) to be deposited to the replacement housing fund. The owners asked Council to reconsider its decision. On October 25, 2005, Council agreed and reduced the SRA fee to \$45,000 (\$5000 for each of the 9 rooms still under renovations). In 2008, a Building Permit was issued and a Development Permit application was made. The Homer and Pender facades are to be rehabilitated in phases and to be completed within three years.

Roseberry House (909 Richards Street): City staff had extensive discussions with the owner regarding the proposed redevelopment of 909 Richards and two adjacent properties, prior to the enactment of the SRA By-law. These discussions established the parameters for the form of development on this site for a 7-storey multiple dwelling with 60 units including 10 street-oriented townhouses. The project received conditional approval by the Development Permit Board on November 8, 2004 subject to Council approval for demolition of the SRA-designated building containing 8 designated rooms. The developer applied for an SRA demolition permit and submitted a tenant relocation plan for the two affected tenants. Staff recommended the application of the \$5,000 per room demolition fee (\$40,000) for replacement housing but noted to Council that this would be deducted from the replacement housing component of the DCL. The developer had budgeted for \$40,000 in SRA fees, unaware that they would be deducted from the DCLs and therefore offered a voluntary contribution of \$40,000 to the City's affordable housing fund which would not be offset by a reduction in DCLs. Council accepted the voluntary contribution from the applicant to the City's Affordable Housing fund in addition to charging the \$40,000 SRA fee and approved the SRA Permit.

Empress Rooms (434 Richards Street): The Empress Rooms, built in the early 1900's, is a 3-storey building containing 18 designated SRA rooms which had been vacant for more than 30 years. The applicant proposed to convert these into 10 self-contained rental dwelling units. 7 of the 18 SRA-designated rooms at 434 Richards (Empress Rooms) were over 320 sq. ft. and therefore qualified for an exemption under the SRA By-law. Council approved the SRA Permit for the remaining 11 rooms with the condition that the owner enter into agreements securing the proposed heritage restoration measures, and prohibiting strata-titling of the site for a minimum of 30 years and on the condition the owner pay the \$5,000 per room demolition fee (\$5000 X 11 rooms = \$55,000) deposited to the City's Replacement Housing Fund.

Onsite Residence (137 East Hastings Street): This project is a joint-partnership between the Vancouver Coastal Health Authority and the Portland Hotel Society, who have a 10-year lease agreement with the owner to renovate the two upper floors above the Supervised Injection Site (Insite) and provide 30 SNRF (Special Needs Residential Facility) units. The facility will provide transitional housing for clients of Insite, who will receive a variety of support, such as home nursing care, home detox support, counseling, and assistance in finding longer-term housing. This project resulted in the conversion of 18 SRA-designated rooms. Rooms will revert back to SRA-designation when the lease with VCH is not renewed.

Pennsylvania Hotel (412 Carrall Street): The Pennsylvania Hotel contained 70 SRA-designated rooms. The proposed development, which is funded by all 3 levels of government, will reduce the number of rooms to allow upgrading to 44 larger self-contained units. On July 11, 2006, Council approved staff's recommendation to approve the SRA conversion/demolition permit application, on the condition that the owner enter into a Heritage Revitalization Agreement and a Housing Agreement with the City, prohibiting stratification of the site, requiring non-profit ownership and operation of the building, and limiting occupancy to households in core housing need for 60 years. The Pennsylvania Hotel remains SRA-designated because the size of the new self-contained units is less than 320 square feet.

Spinning Wheel Hotel (210 Carrall Street): Located in historic Gastown district, the Spinning Wheel is a 3-storey municipally designated, "B" listed heritage building that contained 27 SRA-designated rooms. These rooms had been ordered closed by the Health Department in October 2002 due to unsanitary conditions (lack of heat, hot water and functional washroom facilities). The applicant began discussions with staff to convert the 27 rooms to 5 live-work units in late 2004, when the market was still relatively calm (pre-Woodward's sales). Staff considered the application in the context of the proposed upgrades to preserve and revitalize this building, and recommended that Council approve the SRA permit application on the condition that the owner enter into a Heritage Revitalization Agreement with the City, and make payment of \$135,000 (\$5000 x 27 rooms to be demolished) to the City's Replacement Housing Fund. Owners met the condition of approval in January 2007, it is recommended to be removed from the By-law in this report.

Strathcona Hotel (51 West Hastings Street): This municipally-designated, "B" listed heritage building, largely gutted after fire damage in the 1990s, originally contained 56 units, which had been closed and vacant since 1973.

1st SRA application: On June 16, 2005, Council approved an SRA demolition permit application to demolish 6 units with the condition that the owner enter into a Housing Agreement securing rental accommodation for the remaining 50 units for a period of 6 years with 20 of those limited to 110% of the shelter component of income assistance (\$357.50) with any rent increase tied to an increase in the shelter component of income assistance. Because they are smaller than 320 square feet, all 50 rooms remain designated under the Single Room Accommodation By-law. The project was partly underway when it met with financial problems. In early 2006, the property was sold.

2nd SRA application: On September 26, 2006, Council approved the new owner's proposal to convert the 56 SRA-designated rooms to 29 live-work strata-title units, on the condition that the owner enter into a Heritage Revitalization Agreement with the City.

Homer Apartments (335 & 337 Smithe Street): This site consisted of two buildings, collectively known as the Homer Apartments. Among the combined 24 rooms, 10 of these qualified for exemption on the basis that they were greater than 320 square feet. Council approved the conversion and demolition of the remaining 14 rooms to allow for the construction 15 self-contained dwelling units. There were 18 permanent tenants that were relocated to comparable accommodations and compensated with two-months rent. Existing tenants are assured the first right of refusal into the new development. Approval was based on three conditions. First, that the owner enter into a Heritage Revitalization Agreement to seismically upgrade and designate the building. Second, that the owner enter into a Housing Agreement to ensure that the new 15 units will not be strata titled for the life of the building. The final condition was payment of \$70,000 (\$5,000 x 14 rooms) to be deposited into the City's reserve for replacement housing.

BC Collateral (71 E. Hastings Street): The BC Collateral building, built in the early 1900's, is a 3-storey building containing 16 SRA-designated rooms which had been vacant for more than 40 years. The applicant proposed to convert these into 19 self-contained rental units, in which 18 will remain SRA-designated because of their size. Council approved the SRA Permit with the condition that the owner enter into a Housing Agreement for 20 years to ensure that the new units are rental for permanent tenants. Heritage designation and a Heritage Revitalization Agreement were also approved by Council.

Burns Block (18 W. Hastings Street): Located in historic Gastown district, Burns Block is a 6-storey municipally designated, "B" listed heritage building that contained 28 SRA-designated rooms. These rooms had been ordered closed by the Fire Department in March 2006 due to life safety conditions. The applicant began discussions with staff to convert the 28 rooms into 30 self-contained dwelling units that are less than 320 square feet and therefore remain SRA-designated. Council approved the SRA Conversion Permit with the condition that the owner enter into a Housing Agreement that secures the rooms as rental in perpetuity and shall never be strata titled.

Beacon Hotel/Backpacker's Hotel (7 W. Hastings Street): The Beacon Hotel, located at 7 W. Hastings Street, is a 4-storey municipally designated building (category "B"), located in the historic district of Gastown (HA-2). The second through fourth floors serve as a residential hotel with 41 sleeping rooms. Council approved the SRA Permit for 6 new rooms (from 41 to 47) and 5 amenity spaces. An SRA Permit is required before the development permit, to increase the number of rooms, can be issued. This property is owned by BC Housing and is operated by a non-profit agency. All of the rooms in the building remain SRA-designated.

CONVERSION OR DEMOLITION PERMIT APPLICATIONS PENDING

Cecil Hotel (1336 Granville Street): The Cecil Hotel located in Downtown South is part a development that includes the Yale Hotel. The approved development proposal was for a mixed-use tower with a two-storey commercial podium and 21 storeys of residential. Council granted exemption to 32 of the 82 rooms at the Cecil Hotel. Council approved to convert and demolish the remaining 50 rooms at the Cecil and on the condition of the upgrade and conveyance of the Yale Hotel to the City of Vancouver. The Yale Hotel was also approved to be municipally designated as category "B" and the owner enter into a Heritage Revitalization Agreement to rehabilitate the Yale Hotel. Permit is pending.

Yale Hotel (1300 Granville Street): The Yale will be undergoing upgrades to the existing units and as a result will lose one unit. See Cecil Hotel above. Permit is pending.

CONVERSION OR DEMOLITION PERMIT APPLICATIONS NOT ISSUED

The Rainier Hotel (309 Carrall Street): The Rainier Hotel is a 3-storey "C" listed heritage building along the proposed Carrall Greenway in Historic Gastown. An SRA conversion application was submitted for the 48 designated SRA rooms to permit the owner to proceed with plans to install a washroom and cooking facilities in each of the rooms. In exchange for the owner entering into a housing agreement, securing a measure of affordability over time, Council waived the conversion fee of \$5,000 per room. The rooms remain designated under the SRA By-law because they are smaller than 320 square feet. By 2007, the Rainier was sold and the new owner did not plan to carry out the improvements proposed by the previous applicant to install private washrooms and cooking facilities in each room. Instead, the new owner has submitted application to carry out cosmetic upgrades instead and reopen the rooms as traditional SRO rooms, not requiring an SRA Conversion Permit. The original SRA Permit application was lapsed. In 2008 BC Housing bought this SRA to renovate and to be operated by a non-profit agency (to be determined).

Boulder Hotel (9 W. Cordova): The Boulder Hotel, built in the early 1900's, is a 3-storey building containing 22 SRA-designated rooms which had been vacant for more than 30 years. The applicant proposed to convert these into 23 self-contained dwelling units. Council approved the SRA Permit to convert and remove from the By-law with the condition that the owner pay \$105,000 (\$15,000 x 7 rooms) to be deposited into the City's reserve for replacement housing. The fee was based on only 7 units because originally, the fee was \$110,000 which was based on \$5,000 per unit. The owner has not met the condition of approval by the deadline and the application has lapsed. The applicant has made a new application for an SRA Permit based on rental units instead of stratified condos which will come before Council in late 2009.

Columbia Hotel (303 Columbia Hotel): The Columbia Hotel, applied to install bathrooms in nearly every unit of the hotel. The owners applied to exempt some units based on size, and to convert the remaining units. Council approved exemption of 6 units based on size. Council also approved staff's recommendation to approve a SRA Conversion Permit on the condition that the owners enter into a 5-year Housing Agreement to ensure that every unit in the hotel be rented on a monthly basis. Currently, the SRA By-law allows for 10% of the total number of units to be rented nightly or weekly. To date, the owners have not entered into a Housing Agreement and have relayed their dissatisfaction with Council's decision. The owners have indicated that they will not be complying with condition of approval of a Housing Agreement and will not be pursuing plans to install bathrooms in every unit.

Patricia Hotel (403 E. Hastings): The Patricia Hotel has a long history in the City of Vancouver as having housed permanent residents until the mid-1980's when it converted to a budget hotel for travelers. Since only half the hotel qualified for exemption because only half was assessed as commercial, staff recommended approval for a conversion permit for the other half given its history of a tourist accommodation. Staff recommended approval of the conversion subject to the condition that the owner pay \$180,000 based on \$15,000/room fee applied to 12 rooms, which was equivalent to the foregone taxes during 2003 to 2008, or date of enactment until date of the application. The recommendation resulted in a tie vote at Council and therefore was not approved. However, the exemption for half the rooms was approved.