From:	"Singh, Sandra" < Sandra.Singh@vancouver.ca>
To:	"Direct to Mayor and Council - DL"
Date:	4/17/2025 3:30:57 PM
Subject:	Update to Council - Uplifting the DTES Housing Implementation Progress Update
Attachments:	Council Memo on Uplifting the DTES Housing Implementation Progre ss Update - April 17 2025.pdf

Hello Mayor and Council,

Please find attached a memo that provides an update to the housing portions of the *Uplifting the Downtown Eastside and Building Inclusive Communities that Work for All Residents motion*, including work related to the single room occupancy stock and changes to land-use and housing policy. The memo includes an update on engagement activities to inform draft policy options, before being brought to Council for consideration in Q4 2025.

## In summary:

- There are several key land-use and housing and SRO policies being proposed for change as a result of the Council motion, financial testing, and analysis.
- Staff are bringing these proposals out to public engagement from April 23<sup>rd</sup> to May 16<sup>th</sup>, including a number of in-person and online engagement opportunities.
- After engagement concludes, staff will analyze the feedback and refine the proposed changes as appropriate.

If you have any further questions, please feel free to contact Josh White and/or Margaret Wittgens directly and they will work with their teams to respond through the weekly Q&A.

Thank you,

Sandra

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The City of Vancouver acknowledges the unceded homelands of the x m k y m (Musqueam), S wxwú7mesh (Squamish), and Selílwitulh (Tsleil-Waututh) Nations.



# MEMORANDUM

April 17, 2025

- TO: Mayor and Council
- CC: Paul Mochrie, City Manager Armin Amrolia, Deputy City Manager Karen Levitt, Deputy City Manager Sandra Singh, Deputy City Manager Katrina Leckovic, City Clerk Maria Pontikis, Chief Communications Officer, CEC Teresa Jong, Administration Services Manager, City Manager's Office Mellisa Morphy, Director of Policy, Mayor's Office Trevor Ford, Chief of Staff, Mayor's Office Templar Tsang-Trinaistich, Director of Rezoning Grace Cheng, Director, Finance & Supply Chain Management Jeff Greenberg, Director, Legal Services Dan Garrison, Director, Housing Policy & Regulation Celine Mauboules, Managing Director, Housing & Homelessness Services Josh White FROM: General Manager, Planning, Urban Design and Sustainability Margaret Wittgens General Manager, Arts, Culture and Community Services SUBJECT: Uplifting the DTES Housing Implementation - Progress Update RTS #: N/A

This memo is an update to the housing portions of the *Uplifting the Downtown Eastside and Building Inclusive Communities that Work for All Residents* motion, including:

- work related to the single room occupancy stock (Resolution A) and
- changes to land-use and housing policy (Resolutions C and E).

The memo also provides an update on engagement activities to inform draft policy options that will be brought to Council for consideration.

## **Background**

In November 2023 Council approved the *Uplifting the Downtown Eastside and Building Inclusive Communities that Work for All Residents* motion (see Appendix A), which consists of directions



across multiple policy areas and departmental work programs. The motion directed staff to explore policies and actions to improve housing and wellness outcomes in the DTES. Specific to housing, the motion directed staff to explore:

- How to accelerate the full replacement of existing SROs.
- Aligning the City's definition of social housing with Provincial funding program requirements.
- Options to update the DTES Plan with the goal to deliver more social housing in the DEOD to meet the needs of residents and prioritizing any opportunities for private investment on rental tenure, in order to limit land speculation.

Staff started scoping this work in Q2 2024 and have undertaken technical analysis to support the proposed policy and zoning amendments outlined below. These proposed changes are now being brought to the public for feedback, before being finalized and brought to City Council for consideration in Q4 2025.

#### **Overview of Proposed Changes**

The proposed housing related changes are largely focused in the Downtown Eastside Oppenheimer District (DEOD) and Thornton Park sub-areas, and include:

- 1. Updating the definition of social housing within the DTES to better align with current government funding programs to improve project viability. The proposal is to update the definition to a minimum of 30% of units at or below the Provincial Housing Income Limits, with a minimum of 20% of those secured at the shelter rate of income assistance to align with the Community Housing Fund affordability requirements. This change represents a reduction in the shelter component from the current definition, which requires a minimum of 33% of units to rent at shelter rates.
- 2. Leveraging private development to create more low-income and market rental housing in the DEOD and Thornton Park by introducing below-market rental (BMR) and amending the inclusionary housing policy to accelerate replacement of SROs. For the inclusionary housing policy, the proposal is to update the 60% social housing and 40% rental housing requirement to a more viable option, with 80% rental housing and 20% social housing. The proposed BMR policy would introduce an entirely private rental option with a minimum of 10% of units secured at a 50% discount to CMHC average area rents, similar to existing private SRO rents.
- 3. Enhancing tenant protections to ensure low-income residents can remain in the community or access affordable housing options elsewhere in the city according to their preference. This means requiring a permanent affordable option for existing tenants and the right of first refusal at their existing rent or a 50% discount to CMHC average area rents, whichever is less.
- 4. **Streamlining development to accelerate SRO replacement** through City-initiated rezoning (i.e. "pre-zoning"), new heritage processes, and new strategies to support SRO replacement. This includes leveraging the BMR and inclusionary program to create deeply discounted BMR units for SRO replacement, as well as increased flexibility in one-for-one replacement policy.

5. **Increasing allowable heights and densities** to enable the financial viability of the above inclusionary and BMR developments as well as greater opportunities for non-market housing. These changes include amending some protected public views. The proposed changes would enable developments from 19 to 32 storeys in height depending on the location, protected public views and solar access requirements for Oppenheimer Park.

### **Financial Testing**

The above proposals were developed with and are supported by early economic testing. Key findings of the testing to date have shown that:

- Significant increases to allowable heights and densities are needed in the DEOD and Thornton Park areas (up to 11 FSR) to enable project viability for privately initiated housing options.
- Some private SRO replacement can be achieved through BMR housing, where no more than 10% of the units are secured at below-market rents at a 50% discount to CMHC citywide average rents (approximately \$800 per month for a studio unit).
- Project viability will remain a challenge for inclusionary housing. Additional government partnerships are required to fill the equity gap to deliver inclusionary social housing.
- Non-market housing continues to be challenged financially, even with the proposed definition change and existing funding streams. However, the proposed new definition of social housing significantly reduces the funding gap for non-profit led housing projects.
- The proposed policy changes are not expected to result in a significant upward pressure on property values due to the embedded affordability levels and SRO replacement requirements.

### Upcoming Public Engagement

Public engagement is launching on April 23<sup>rd</sup> and will remain open until May 16<sup>th</sup> for the work program titled *Downtown Eastside Housing Implementation: Actions to Accelerate SRO Replacement and Increase Social and Below-market Rental Housing.* Details on the public engagement, including where to provide feedback, will be available after the launch date at www.shapeyourcity.ca/dtes-housing.

Engagement opportunities include:

- A series of in-person and virtual stakeholder engagement workshops with non-profit housing providers, service organizations, community groups, businesses, and developers working in the DTES.
- In-person engagement sessions for SRO residents, in collaboration with the SRO-Collaborative, and another session for urban Indigenous residents.
- A public information session on May 12<sup>th</sup> from 4:00 pm to 6:00 pm at the Japanese Hall (487 Alexander St) targeted to residents.
- "Office hours" sessions for landowners with properties in the study area to ask questions and provide feedback.
- An online public survey, which will also be made available in a paper format at the public information session, and a survey of landowners distributed by mail.

## Next Steps

After engagement concludes, staff will analyze the feedback and refine the proposed changes as appropriate. The final proposed changes will be brought to City Council for consideration in Q4 2025.

If you have any questions or require further information, please contact us.

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#### Appendix A: Uplifting the Downtown Eastside and Building Inclusive Communities that Work for All Residents Motion

Standing Committee of Council on Policy and Strategic Priorities Minutes, Wednesday, November 29, 2023

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The amendments having carried, the motion as amended was put and CARRIED UNANIMOUSLY (Vote No. 09683).

#### FINAL MOTION AS APPROVED

THAT the Committee recommend to Council

#### WHEREAS

- The Housing Vancouver Strategy was adopted by Council in 2017 to address the city's housing crisis by targeting 72,000 new homes over 10 years (2018-2027), including policies to enable a shift to a greater supply of social, supportive, and rental housing;
- 2. Despite many efforts to date, we continue to have people living on the margins of life and death in our city – people who are in desperate need of better support, those who are homeless or precariously housed, some struggling with personal trauma, untreated mental illness, addiction, and chronic health issues. Health experts and police alike continue to advocate that addiction issues are best handled through the healthcare system, not the criminal justice system;
- 3. Many observers have cited the need for governments at all levels to rethink how we deliver social services across the spectrum. Many see the current approaches as fragmentary and incomplete and are calling for significant change, particularly with respect to our city's – and our country's – persistent and increasingly complex struggle with mental health and addiction issues, including the related struggle to provide affordable, safe housing across the housing spectrum in our city;
- 4. Supportive housing particularly in the context of complex care and for those struggling with mental health, addictions, and homelessness is commonly differentiated from social housing. In addition to providing shelter, supportive housing provides a range of on-site supports to residents, such as life-skills training and connections to off-site services such as primary health care, mental health, or substance use services that help individuals maintain housing stability. These supports help tenants stabilize their lives, enhance their independent living skills, and reconnect with their communities;<sup>12</sup>
- Vancouver has over 75 per cent of the Metro Vancouver region's operating shelter spaces, over 77 per cent of the region's supportive housing units, and 50 per cent of the region's social housing, while making up 25 per cent of the region's overall population;

<sup>&</sup>lt;sup>12</sup> Within the Vancouver Plan, social housing is used as a general term that also includes supportive housing and non-profit co-op housing. Social housing is rental housing where at least 30% of the dwelling units are occupied by households with incomes below housing income limits, as set out in the "Housing Income Limits" table published by BC Housing, is owned by a non-profit corporation, a non-profit co-operative association, or by or on behalf of the City, the Province of British Columbia, or Canada, and secured by a housing agreement or other legal commitment (as defined in City of Vancouver Zoning & Development Bylaw). These types of housing also meet the definition of social housing within the City's Zoning & Development Bylaw. <a href="https://vancouverplan.ca/wp-content/uploads/Vancouver-Plan-2022-09-23-1.pdf">https://vancouverplan.ca/wp-content/uploads/Vancouver-Plan-2022-09-23-1.pdf</a>

- 6. Connecting people to the care they need is often the crucial first step on the long road to greater mental and physical health and well-being, and housing is at the core of any successful social and supportive housing plan. Vancouver's Healthy City Strategy promotes an integrated approach to human services to ensure that all Vancouverites can have access to the services they need to thrive;
- 7. The Vancouver Plan is the City's long-range land use plan. It builds on the Housing Vancouver Strategy and is intended to guide growth and change in the city over the next 30 years. Its purpose is to establish a unified vision for future land use, with policies to help Vancouver become a more liveable, affordable, sustainable city with a strong economy - "A city that is inclusive, diverse, and works for everyone.":
- As the Vancouver Plan states: 8.

"Adequate housing is a fundamental human right. Everyone from lowincome residents and newcomers, to seniors, young people, and growing families, should have access to housing that is adequate, secure, and affordable. The existing housing system is not meeting the needs of Vancouver's current or growing population .... To address this disparity, new rental and social housing will be enabled in all neighbourhoods. Policies contained in the section also address preserving affordability in areas with existing rental and social housing ... Collectively these policies will result in more inclusive and affordable neighbourhoods across the city.":

- 9. Direction 1.4 of the Vancouver Plan (i.e., Community Housing - Part 5 section 1) speaks directly to the question of social and supportive housing and seeks to "Significantly increase the supply of social and supportive housing" and support the growth of the community housing sector through land use policy and zoning approaches (including pre-zoning), financial incentives, streamlined approval processes, and by creating stronger partnerships between the City and the community housing sector to support the sector in capacity building; 13
- 10. The community housing sector is made up of non-profit housing providers that own, develop, or manage social, co-op, or supportive housing. Many community housing non-profits provide affordable, stable homes for households earning low to moderate-incomes, and are able to serve specific, and oftentimes highly specific, needs;14
- 11. Social housing has become increasingly important in the city due to rising rental prices, yet it makes up less than 10 per cent of Vancouver's overall housing stock. As noted in the Vancouver Plan, "The existing housing system is not meeting the needs of Vancouver's current or growing population," and "housing opportunities are not evenly distributed across the city.";

<sup>13</sup> Direction 1.3: (Homelessness) seeks to "Address homelessness by ensuring every person has access to permanent secure housing with a range of diverse supports."
<sup>14</sup> i Since 2019, approximately 1,500 social and supportive homes have opened in Vancouver. There are approximately 1,700 units

currently under construction. https://vancouver.ca/people-programs/supportivehousing.aspx

- 12. As of January 2023, there are 146 open Single Room Occupancy (SRO) buildings in the City of Vancouver containing 6,500 units. Assuming that a conservative target is to see the replacement of one SRO building per year, it will take almost 150 years to transition the City's SRO stock to a renewed supply of self-contained, dignified units that achieve the minimum standards of liveability;
- Only two projects, 288 East Hastings Street and Olivia Skye at 41 E Hastings, have been built in the Downtown Eastside Oppenheimer District (DEOD) since the Downtown Eastside Plan was approved by Council in 2014, which requires a 60/40 housing mix;
- 14. Homelessness is a regional issue, as are the issues of mental health and addiction and the need for supportive housing. In order to successfully address homelessness and precarious housing, these issues must be addressed more broadly across the region and the province and with more partners at the table;
- 15. Championing the role of non-profits in the delivery of housing and strengthening protections and supports for existing market and non-market housing rental stock are essential policy levers and tools available to the City and the region. This will require the protection and renewal of existing affordable housing stock in some neighbourhoods of the City while providing new rental options, social housing opportunities, and Missing Middle housing in others;<sup>15</sup>
- 16. A healthy city and region require diverse social infrastructure and spaces that work together to create a social infrastructure ecosystem that meets diverse community needs. It requires a range of publicly and privately owned and operated spaces, programs, and services that (directly or indirectly) support relationships and interactions between community members and community connectedness and belonging (Spaces to Thrive: Vancouver Social Infrastructure Strategy – RTS 14727);
- A world class city begins with its neighbourhoods, which must be designed with intention in order to be inclusive, diverse places where all people can live, shop, and work, for a city that thrives and serves as a beacon to others;
- 18. Social procurement is a tool that leverages purchasing power. It creates and supports a range of positive social, economic, cultural, and environmental impacts, including low-barrier economic opportunities that directly and/or indirectly contribute to a person's material security, such as money for basic needs, food, access to housing, and to pay bills;
- Homes with supports help to create safe, inclusive communities for everyone. Bringing people inside means there are fewer people outside struggling to survive. Supportive housing that is comprehensive offers:
  - a warm, safe place to call home

<sup>&</sup>lt;sup>15</sup> Section 1 of Part 5 of the Vancouver Plan outlines eleven policy areas that underpin the overall Land Use Strategy. Each of these eleven policy sections includes a Vision Statement that reflects the optimal desired state to be achieved <a href="https://wancouverplan.ca/wp-content/uploads/Vancouver-Plan-2022-09-23-1.pdf">https://wancouverplan.ca/wp-content/uploads/Vancouver-Plan-2022-09-23-1.pdf</a>. In order to achieve the "optimal desired state" it will require partnerships from all levels of government, community, and the private sector to address needs and improve our housing system.

- · access the necessities of life such as food, washrooms, and laundry
- begins the process to heal from the damage caused by living outside
- Strengthened community connections
- · fundamental supports that are accessible and inclusive
- culturally appropriate services
- unique supports for seniors that cater to their needs
- Indigenous wellness and healing services
- · health supports for those living with substance use disorder
- access to mental wellness

THEREFORE BE IT RESOLVED THAT Council affirm its support for the City's social and supportive housing strategies, which aim to deliver an increased supply of affordable social housing units, as well as a greater supply of quality, liveable supportive housing units with a robust continuum of care resources; and

FURTHER THAT Council direct staff to report back on opportunities and recommendations to enact the following policy directions, in pursuit of a greater supply of high quality social and supportive housing across the City of Vancouver:

A. Explore mechanisms and strategies to accelerate the full replacement of existing SROs in the City of Vancouver, including exploration of a pilot funding program to support the interim repair and renovation of the existing publicly and privately owned SROs on an urgent basis, in partnership with BC Housing and CMHC;

FURTHER THAT Council request that the Mayor write a letter to BC Housing and CMHC and the Provincial and Federal Ministers responsible for Housing requesting a partnership to enact this pilot program;

AND FURTHER THAT Council request that the Mayor write a letter to FCM asking for their assistance in advocating to the federal government to reinstate an SRO specific funding stream as a part of the Residential Rehabilitation Assistance Program (RRAP).

- B. Review the City's and Province's SRO strategies to determine whether culturally appropriate health services provided via pop-up on-site clinics, such as the Vancouver Urban Health Centre model, enhances housing outcomes, with consideration to endorse, advocate for, and/or pilot such health services.
- C. Report back on the impacts of aligning the City's definition of social housing and supportive housing with Provincial definitions and funding program requirements to establish clear definitions for all housing providers and operators to utilize.
- D. Explore opportunities for an improved regional approach to address the Metro Vancouver region's homelessness and housing issues.
- E. Explore options to update the DTES Area Plan, with the goal to deliver a greater number of social and supportive housing units in the DEOD to meet the needs of residents, including updated economic testing in consultation

with a range of non-profit organizations, including the Province, area residents, and community-led and Indigenous-led stakeholder groups, and prioritizing any opportunities for private investment in housing on rental tenure in order to limit land value increases and speculative investment in the area;

FURTHER THAT In exploring options to update the DTES Local Area Plan, report back with consideration for resourcing a new Social Impact Assessment (SIA) specifically addressing (but not limited to) new indicators since the ratification of the DTES LAP and last partial SIA in 2019, such as construction of the new St Paul's Hospital campus, overdose crisis, increased homelessness, global economic fluctuations, and pandemic related impacts including rise in anti-Asian hate and retail vacancies.

F. Accelerate Council's previous direction to explore a Pre-emptive Right by-law (aka Right of First Refusal By-law), which would give the City the priority to purchase buildings or lands for sale to provide housing choices that are equitably distributed throughout the city, and report back to Council with recommendations by Q2 2024;

FURTHER THAT this shall also include recommendations on how the City can leverage a Pre-emptive Right by-law to the benefit of the VAHEF and PEF in accordance with the mandate of the City's new Housing Development Office.

G. Explore opportunities for the City of Vancouver to partner with non-profit organizations to support low-income economic development within jurisdictional powers, such as jobs, employment, and life skills development as an intersectional approach to social policy, including advocating for a review of the "income continuum" to better stabilize people's lives and enable employment while embedding social procurement as a core consideration to enabling low-threshold economic engagement opportunities, job training, and skills development into the design of local initiatives that include, but are not limited to, renovations of SRO stock, affordable housing stock, and the like;

FURTHER THAT Council recognize and acknowledge the important role senior government plays in the wider social infrastructure ecosystem, while also recognizing the specific and unique roles the City can play on the local level where the City is best positioned to provide those initiatives.

- H. Direct staff to work with non-profit organizations to explore potential policy options and social benefit strategies that enable below-market commercial spaces (in the DTES and elsewhere in the city) to help create a diversity of spaces, programs, and services that meet community needs and enable a thriving social infrastructure ecosystem and a healthy city.
- I. Council request that the Mayor write an advocacy letter to the Province of British Columbia, on behalf of Council, seeking a greater supply of shelter spaces and supportive housing units across the Metro Vancouver region to stabilize and better support people in their home communities, including an increase in complex care housing and harm reduction and mental health

services to support individuals with severe mental illness and addiction issues;

FURTHER THAT Council direct staff to report back before the end of Q3 2024, with a 20-year needs assessment for social housing and supportive housing in the City of Vancouver, and opportunities to incorporate this assessment into updated long-term targets for the *Housing Vancouver Strategy*.