



COUNCIL REPORT

Report Date: February 25, 2025
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Meeting Date: March 11, 2025
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TO: Vancouver City Council

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

SUBJECT: Amendment to Licence By-law - SRA Vacancy Control

Recommendation

THAT Council approve, in principle, an amendment to the Licence By-law that removes rental restrictions for rooms designated under the Single Room Accommodation (SRA) By-law renting for \$500 or less per month to reflect the current shelter component of income assistance;

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

Purpose and Executive Summary

This report provides an update on the implementation of vacancy control on the Single Room Accommodation housing stock, outlines plans for monitoring and reporting back, and recommends Council amend the Licence By-law to reflect the increased shelter component of income assistance rate of \$500 per month (effective August, 2023). Amending the By-law to align with the new shelter rate would allow rooms renting under \$500 to increase to \$500 between tenancies to ensure landlords are receiving the full shelter rate amount.

Council Authority/Previous Decisions

September 2003 – Council adopted the *Single Room Accommodation (SRA) By-law* to regulate the conversion and demolition of residential hotels and rooming houses in the downtown core.

March 2014 – Council adopted the *Downtown Eastside Plan*, which includes direction to replace 5,000 SRO with self-contained social housing over 30 years, while improving the condition and affordability of the existing stock.

November 2017 – Council adopted the *Housing Vancouver Strategy*, which sets out a goal to replace SROs with self-contained, shelter-rate social housing for singles, with an accelerated replacement target of 2,000 new units over 10 years.

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

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

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

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

Trends in the private SRO stock prior to the implementation of Vacancy Control

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

Driven by the housing affordability crisis and low vacancy rates citywide, the SRO stock has been gradually gentrified over the last 20 years. Rising rents¹, particularly in SROs that have been sold to new investors, have led to the displacement of low-income tenants as the demand for affordable housing among higher-income renters, including students and service workers, has intensified.

Data from the Ministry of Social Development and Poverty Reduction indicates that between 2019 and 2023, there were 500 fewer tenants on income assistance living in private SROs. In just one building, the number of tenants on income assistance went from 80 to 0 in just three years. Preliminary findings from the 2024 SRO Tenant Survey² (prior to reinstating vacancy control) indicated that in the private SRO stock, 40% of SRO tenants said that they are afraid or somewhat afraid of being unfairly evicted.

¹ From 2009 - 2023, average rents in private SROs increased by 73%, while the shelter component of income assistance increased by just 33%, from \$375 to \$500/month. The most rapid rent increase occurred in SROs recently acquired by new investors. Between 2010 and 2019, following the sale to a new owner, rents increased at an average annual rate of 6 times faster than buildings that were not sold (12% vs 2%), with average rents in some buildings increasing by up to 28% annually.

² City of Vancouver SRO Tenant Surveys have been completed in 2008, 2013 and 2024. In 2024, the City partnered with the DTES SRO-Collaborative for the survey's design and implementation. Approximately 10% of the total tenant population (in both market and non-market buildings) was surveyed, with data collected on demographics, housing experiences, as well as health and social service use. The final survey will be released publicly in the coming months.

Adoption of SRA Vacancy Control

In 2021 Council adopted SRA vacancy control by-laws, which were successfully challenged in court, but subsequently enabled in 2024 by the Province through the Municipalities Enabling and Validating (No. 5) Amendment Act (MEVA). Development of the regulations was informed by a jurisdictional scan of cities with vacancy control, stakeholder and public engagement, and financial analysis to determine the impact of vacancy control. Each of these considerations is outlined in more detail in Appendices D, E and F as part of the [SRA Vacancy Control Council report](#) that was approved in 2021.

While the Residential Tenancy Act regulates rent increases *during* a tenancy, vacancy control by-laws regulate rent increases between tenancies in SROs. The by-laws allow for additional rent relaxations to support critical capital investments and extraordinary operating expenses. Owners of SRO buildings can apply to the Provincial Residential Tenancy Branch to increase rents on the tenanted rooms and, after securing approval, can apply to the City for the same rent increase for vacant rooms at the next tenancy.

Role of Vacancy Control as a Stop-Gap Homelessness Prevention Measure

There are currently approximately 4,000 SRO rooms across 98 buildings that are subject to vacancy control. Of these, 73 are privately owned and 25 are owned by non-profits or Chinese Societies (i.e., non-market)³. According to preliminary findings from the 2024 SRO Tenant Survey, 36% of tenants living in private SROs were homeless prior to moving into their current SRO room. Furthermore, approximately 80% of respondents indicated that they would end up homeless if they lost their SRO room.

By limiting rent increases between tenancies for this housing of last resort, vacancy control is preventing tenants from being displaced into homelessness. Currently, 1,300 tenants in private SROs are on income assistance, and only 744 private rooms are rented at or under \$500/month, indicating that many SRO residents are already in core housing need. Without vacancy control, staff estimate that within ten years, average rents in private SROs would be twice as high as average rents with vacancy control (the projected average rent without vacancy control would be just over \$2,000/room – with vacancy control, it would be just over \$1,000). Given the limited increases in income assistance rates over time, these rents would have a significant impact on low-income tenants.

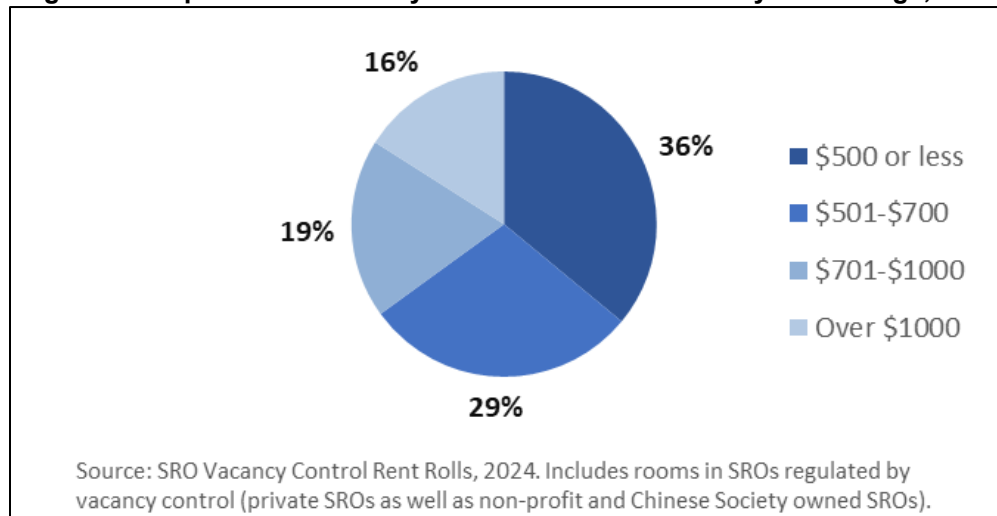
Discussion

SRA Vacancy Control to Date

In July 2024, under the vacancy control by-laws, staff requested rent roll information from all owners and received data for approximately 3,800 rooms across 93 buildings, indicating a 94% collection rate.

Analysis of the rent rolls submitted found that the average monthly rent is \$680 for all SROs, including \$740 for privately-owned buildings and \$430 for non-profit and Chinese Society-owned buildings. Figure 1 shows the proportion of SRO rooms by rent range. Sixty-five percent of rooms are still somewhat affordable to low-income residents (renting at \$700 or less), while 35% rent at \$701 or more, with some renting as high as \$2,200/month.

³ Government-owned SROs are automatically exempted from vacancy control regulations as government cannot be regulated by the City through the Licence By-Law.

Figure 1: Proportion of Vacancy-Controlled SRO Rooms by Rent Range, 2024

SRA vacancy control policies have been in effect for less than a year. While it is too soon to adequately assess the impacts of the policy, preliminary findings show that:

- There is high owner compliance, and the regulations are working to stabilize rents;
- Anecdotally, tenants have reported more stability in their housing and better protection from possible eviction;
- Anecdotally, owners have reported reduced profits due to rising operating and maintenance costs, coupled with vacancy control;
- There is no correlation thus far between the incidence of City by-law violations (tracked through the City's interdepartmental tactical team) and the implementation of vacancy control; and
- According to the Residential Tenancy Branch, to date no SRO owners have made applications for rent increases above the allowable rent increase for expenses or capital expenditures.

The 2024 rent roll data will serve as a baseline against which potential impacts of vacancy control can be measured. Staff will continue to monitor the policy and engage owners and will report back to Council in July 2025 with a comprehensive impact analysis.

Alignment of Vacancy Control By-laws with Provincial Income Assistance Rates

To ensure landlords are benefiting from the increase in the shelter component of income assistance, staff are proposing by-law amendments to change the rent increase allowance between tenancies for rooms under \$500.

Under the existing vacancy control regulations, rent increases between tenancies are regulated in the following manner:

- For rooms that rent for more than \$500/month, rent can only be increased at tenancy turnover at the rate of inflation (e.g., 2.6% as of January 2025) unless the room was already subject to an annual rent increase that year in which case no further rent increase is allowed.

- For rooms that rent between \$375 and \$500/month, rent can only be increased at tenancy turnover by the rate of inflation (e.g., 2.6% as of January 2025) plus 5% (7.6% total), unless the room was already subject to an annual rent increase that year in which case the rent can only increase by 5%.
- For rooms that rent for less than \$375/month, rent can be increased at tenancy turnover any amount up to a rent of \$375/month and then as permitted by the rules about rents between \$375 and \$500.

The \$375 threshold was selected to align with the shelter component of income assistance at the time, which had not changed since 2007. In August 2023, the Province increased the shelter component of income assistance to \$500 per month.

Without an amendment to the by-law, raising the rent between tenancies to the current shelter rate amount could put the landlord in contravention of Section 25.1A (2) and (3) of the Licence By-law, which stipulates rent increase allowances. Amending the Licence By-law to align with the current income assistance rate (\$500) would benefit all SRO owners with rooms renting below \$500 by enabling them to collect, at minimum, the shelter component of income assistance in rent.

Next Steps

The long-term goal is to replace existing SROs with safe, secure and affordable self-contained social housing. Staff continue to identify options to replace SROs through partnerships with senior government and through the development of new land use policies to engage the private sector as part of the work responding to the Uplifting the DTES motion. While we work to secure these investments, vacancy control is a critical stop-gap measure to stem speculative investment and slow down the pace of further rent increases.

Staff will continue to monitor the by-law and will report back to Council in July 2025 with a comprehensive analysis of several data points, including City by-law violations, room and building closures, SRO sales, applications to the RTB for rent increases, as well as tenant turnover rates.

In the meantime, the amendments proposed in this report will ensure landlords are benefiting from the increase in the shelter component of income assistance.

Financial Implications

The recommended amendment to the License By-law has no financial implications for the City.

Legal Implications

If adopted, the Recommendation in this report will result in an amendment to the Licence By-law that changes the tiered approach to Vacancy Control outlined in the current Licence By-law.

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APPENDIX A
BY-LAW NO. _____

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

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

1. This By-law amends the indicated provisions the Licence By-law No. 4450.
2. Council strikes subsection 25.1A (3) and replaces it as follows:

“(3) Despite subsection (2), if the base rent for a designated room is below \$500 per month at the time of a period of vacancy, the single room accommodation operator may increase the rent by 5% plus the inflation rate, or to \$500 per month, whichever is higher, but once the increased rent permitted under this subsection is equal to or exceeds \$500 per month then all future rent increases after a period of vacancy are governed by subsection (2).”.
3. A decision by a court that any part of this by-law is illegal, void, or unenforceable severs that part from this by-law, and is not to affect the balance of this by-law.
4. This by-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this ___ day of _____, 2025