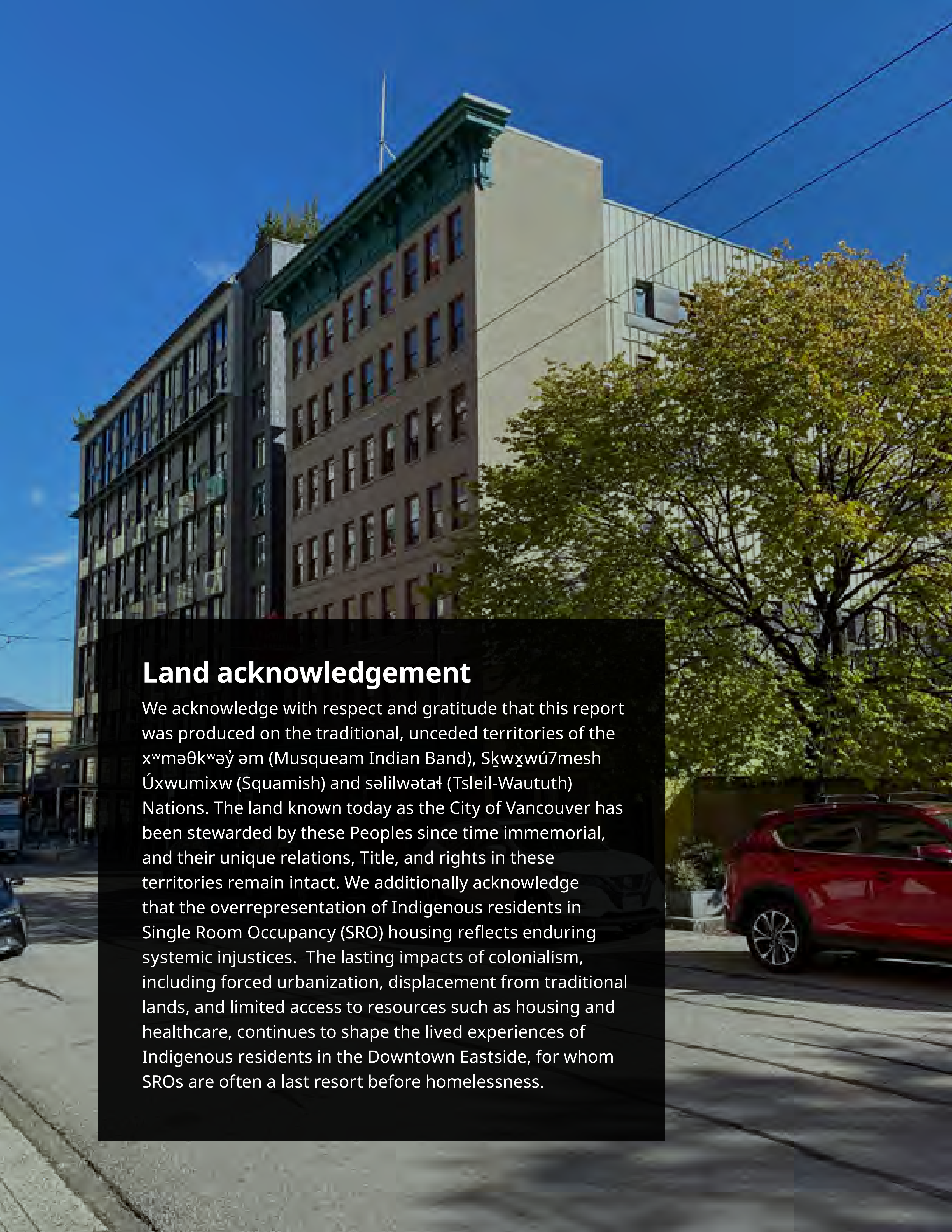
CITY OF VANCOUVER

NOVEMBER 2025

SRO Revitalization Framework



Land acknowledgement

We acknowledge with respect and gratitude that this report was produced on the traditional, unceded territories of the xʷməθkʷəy̓ əm (Musqueam Indian Band), Sḵwx̱wú7mesh Úxwumixw (Squamish) and səlilwətaɬ (Tsleil-Waututh) Nations. The land known today as the City of Vancouver has been stewarded by these Peoples since time immemorial, and their unique relations, Title, and rights in these territories remain intact. We additionally acknowledge that the overrepresentation of Indigenous residents in Single Room Occupancy (SRO) housing reflects enduring systemic injustices. The lasting impacts of colonialism, including forced urbanization, displacement from traditional lands, and limited access to resources such as housing and healthcare, continues to shape the lived experiences of Indigenous residents in the Downtown Eastside, for whom SROs are often a last resort before homelessness.

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The Ivanhoe, privately owned SRO

Executive Summary

Over 6,200 residents in Vancouver make their homes in Single Room Occupancy (SRO) buildings, which include rooming houses and residential hotels located primarily in the Downtown Eastside. Originally built in the early 1900s, SROs play an important role on the housing continuum as a last resort before homelessness for many of the City's lowest-income and equity-denied residents. Today, many SRO buildings are at risk, with deteriorating conditions, fire, heat and seismic exposure, as well as loss of affordability putting tenants at increased risk of displacement into homelessness.

The City, Province and Federal government have a longstanding history of partnering on efforts to improve and replace SRO housing, but the scale of the challenge has meant that significant gaps continue to exist. In 2023, an Intergovernmental Working Group on SROs was formed in response to a recognition across all three levels of government that a greater level of coordination and investment was needed to address the urgent and growing housing needs of low-income residents. Based on this collaboration, the City has developed an SRO Revitalization Framework, with includes the following components:

- Overview of SRO buildings and residents
- Ongoing risks in SROs
- Evaluation of SRO Buildings
- Research on existing funding programs
- Engagement with key interest holders

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Informed by these findings, the Framework calls for each level of government to leverage their unique roles to coordinate regulatory and investment efforts to advance dual goals:

- **Replace** SROs with self-contained social housing over the longer term.
- **Stabilize** the stock in the interim to ensure SROs can remain safe, habitable and affordable for existing residents until buildings can be replaced.

The Framework identifies priority intergovernmental actions, including:

- Proposed changes to City land use, policy and SRA by-law regulations (being brought forward for Council approval in the fall 2025) to increase flexibility and remove barriers for private owners, governments and non-profit partners to deliver social housing in the DTES and enable additional opportunities for SRO buildings to be replaced.
- Advancing eight SRO replacement projects (~500 rooms) with $277M in committed funding and advocating for ~$800 M to replace an additional 1,500 SRO rooms identified as priorities for replacement.
- Supporting community ownership of SROs, including the DTES Community Land Trust's tenant-led ownership model, through the development of a provincial and/or federal funding stream for non-profit acquisition of SROs.
- Expansion of provincial and federal rent supplements and development of a federal renovation fund for privately-owned SROs.

The successful implementation of the Framework will rely not only on adaptable land use regulations, supporting policies, and significant investments from senior levels of government, but also on partnerships with non-profit housing providers, building owners, community organizations and SRO residents themselves, many of whom seek to be active and empowered participants in decision-making and stewardship of their housing.

Aoki Ross House, City of Vancouver owned SRO

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1. SROs in Vancouver

Single Room Occupancy (SRO) buildings play an important role in the City of Vancouver's low-income housing stock. Many SRO residents are disproportionately impacted by social, economic and environmental inequities, with the Covid-19 pandemic and recent extreme climate events further highlighting the challenges of this outdated housing form. The impacts of colonization and systemic racism are visible across the SRO tenant population where racialized residents, particularly Indigenous peoples, are over-represented.

1.1 SRO Building Typology

Vancouver's SRO buildings include residential hotels, rooming houses, and non-market housing buildings that are designated under the City's Single Room Accommodation (SRA) By-law. Built primarily in the early 1900s, SROs historically provided temporary accommodation for seasonal workers, new immigrants, labourers, and tourists, but over time began to serve as permanent accommodation for residents on limited or fixed incomes who could not afford housing in the broader rental market.

SROs constitute a congregate style of housing, containing small 10 by 10 ft. rooms for singles, typically with shared bathrooms and limited or shared cooking facilities. Buildings range in size from small rooming housings with only a handful of rooms, to large residential hotels with over 100 rooms. Today, SROs are considered an outdated building typology, with the construction of new SROs not permitted under the City's current zoning regulations.

Del Mar, privately owned SRO

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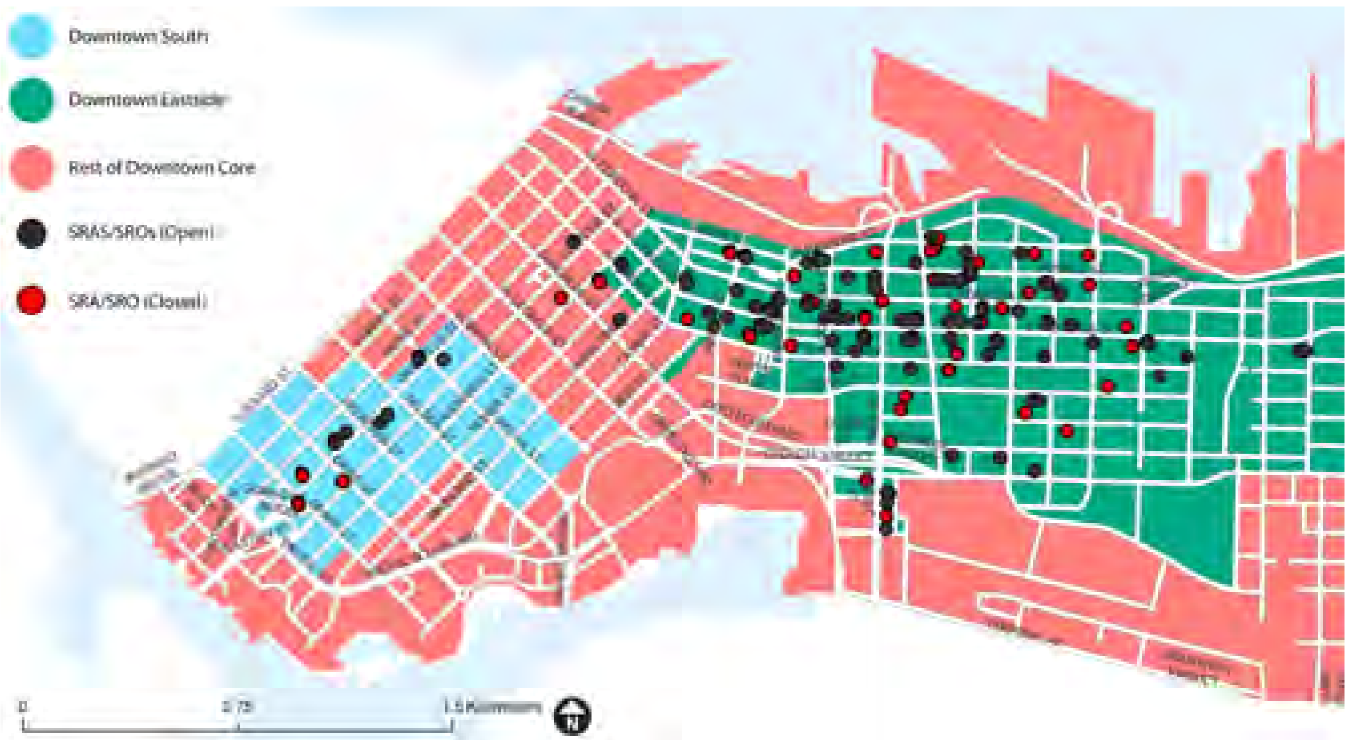
1.2 Location and Historical Significance

The majority of SROs are located in the Downtown Eastside (DTES), an area of overlapping neighbourhoods situated on the traditional unceded territories of the xʷməθkʷəy̓ əm (Musqueam), Sḵwx̱ wú7mesh (Squamish) and səlilwətaɬ (Tsleil-Waututh) Nations. As the city's original civic centre and hub for natural resource industries, the DTES served as a crucial point of entry for many immigrant communities, including those of Japanese and Chinese descent.

Despite currently having some of Canada's highest rates of poverty, homelessness, and mental health and substance use challenges, the DTES is also known for its community activism, resilience, and diversity. As some of Vancouver's oldest buildings, SROs form a strong visible representation of Vancouver's rich history and fabric while also serving as a reflection of present-day inequities stemming from colonialism, racism, and the commodification of housing.

FIGURE 1: MAP OF SRA-DESIGNATED BUILDINGS



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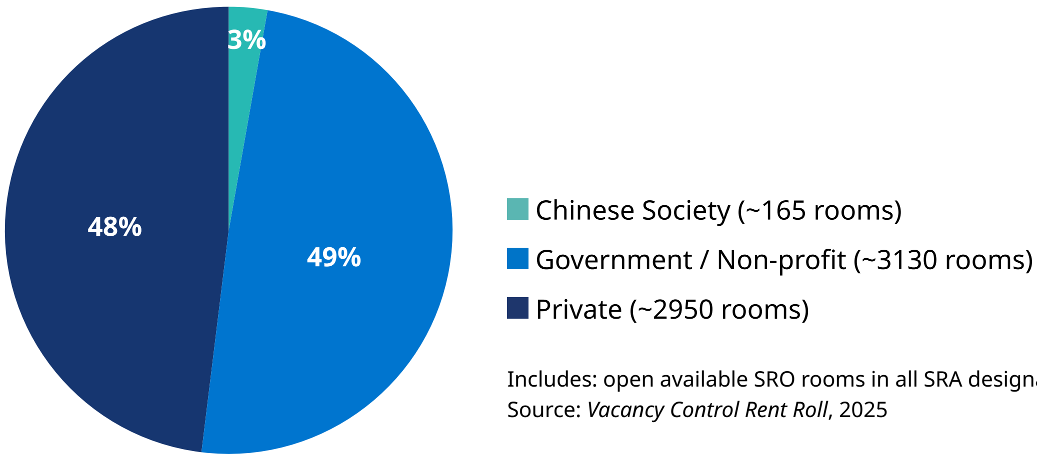
1.3 Ownership

Historically, SROs were primarily owned privately, with a small portion owned by Chinese Benevolent Associations. As SROs began to transition from temporary accommodation to permanent housing for low-income residents, governments and non-profits took on a greater role in the ownership and operations of SROs. Today, there are 6,250 open rooms across 137 open SROs in the Downtown Core, half of which are owned by governments or non-profits.

FIGURE 2: OPEN SROS BY OWNERSHIP, 2025



Includes: open available SRO rooms in all SRA designated buildings
Source: *Vacancy Control Rent Roll*, 2025

1.4 Diversity of SRO Buildings

Non-Market SROs

Across government and non-profit owned SROs, rents are typically at the shelter component of income assistance, enabled through ongoing operating subsidies funded by the Province. The majority of non-market SROs operate as supportive housing, serving residents with complex needs through the provision of wraparound social and health supports. A small subset of buildings house tenants that live independently but are on limited or fixed incomes and require shelter rate housing.

Chinese Benevolent Associations, also known as Chinese Societies, provide some of the lowest rents in the city for low-income residents, many of whom are Chinese seniors. In the absence of government subsidies, the Societies face mounting financial pressure to adequately maintain and improve their ageing buildings while keeping rents low.

TABLE 1: BREAKDOWN OF OWNERSHIP IN OPEN NON-MARKET SROS

Ownership type	# buildings	# rooms	% rooms
Chinese Society	8	164	5%
City of Vancouver	9	569	17%
Province of BC	31	1799	55%
Non-Profit	19	764	23%
Total	**67**	**3296**	**100%**

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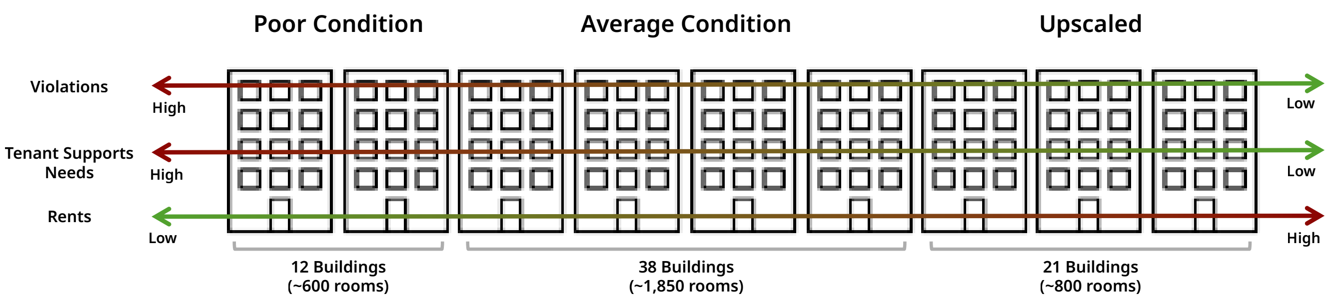
Privately-Owned SROs

SROs under private ownership vary significantly with regards to building condition, tenant mix, and operating models. Without subsidies to offset increasing operating costs, upgrading buildings while keeping rents affordable to low-income tenants has become increasingly challenging for private owners. As shown in Figure 3, private buildings can generally be grouped into three categories: poor condition, average condition, and upscaled.

FIGURE 3: PRIVATELY-OWNED SROS BY CATEGORY



Typically, buildings in poor condition have lower rents and house a higher proportion of low-income tenants with higher needs. A handful of privately-owned buildings are operated by non-profit operators through a lease or time-limited agreement with the owner and receive some government operating subsidies.

Buildings in average condition have a wide range of rents and house a mix of tenants, including those with high supports needs alongside those who live independently. In the upscaled buildings, rents are typically high and rooms are rented by students and professionals studying or working in the area. These buildings also tend to have upscale retail on the ground floor, providing an additional source of revenue for building owners.

The Alma (formerly Lotus), privately owned SRO

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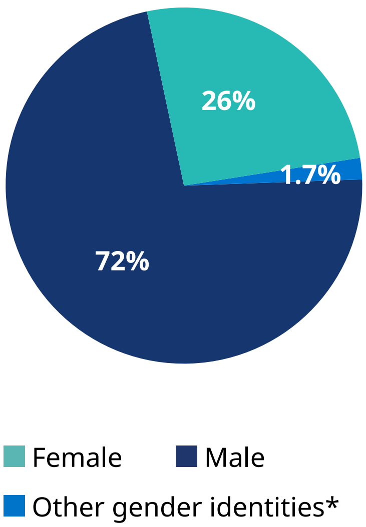
1.5 SRO Residents

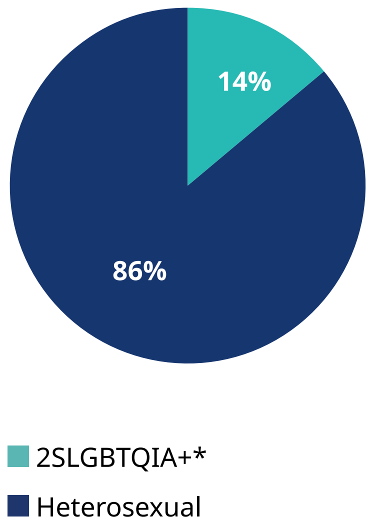
SRO residents across the private and non-market housing stock in Vancouver are predominantly single males over the age of 45. Nearly one-third of residents identify as Indigenous, reflecting the ongoing impacts of systemic inequities and colonial displacement. A majority of tenants rely on income assistance as their primary source of income, and many experience multiple health conditions. Despite these commonalities, SRO tenants represent a wide range of ethnic backgrounds, contributing to the cultural diversity of the DTES.

GENDER



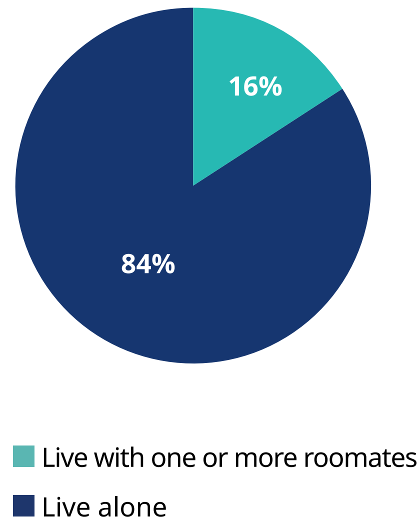
*includes those identifying as transgender, non-binary, Two-Spirit, intersex, and androgynous.

SEXUAL ORIENTATION

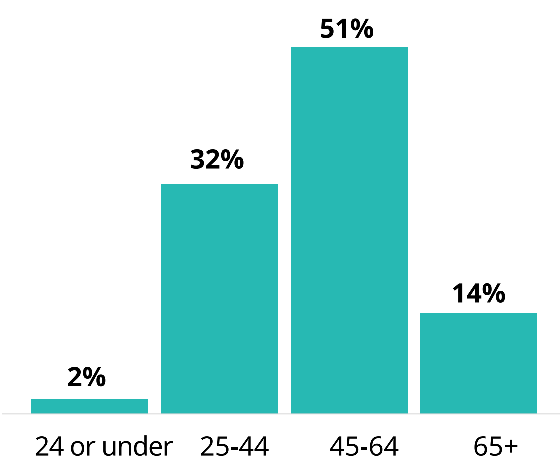


*includes those identifying as gay, bisexual, pansexual, queer, asexual, lesbian, Two-Spirit.

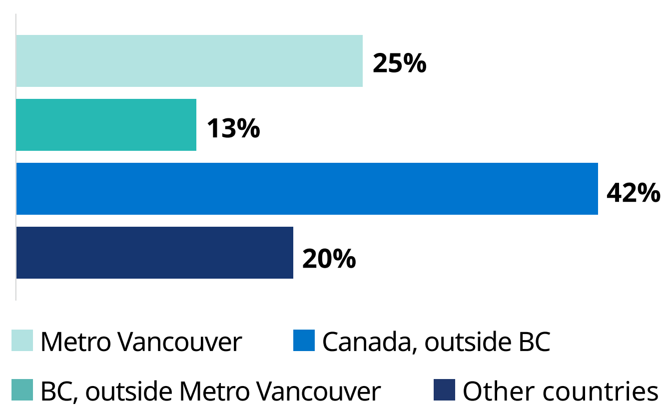
HOUSEHOLD SIZE



AGE



PLACE OF BIRTH



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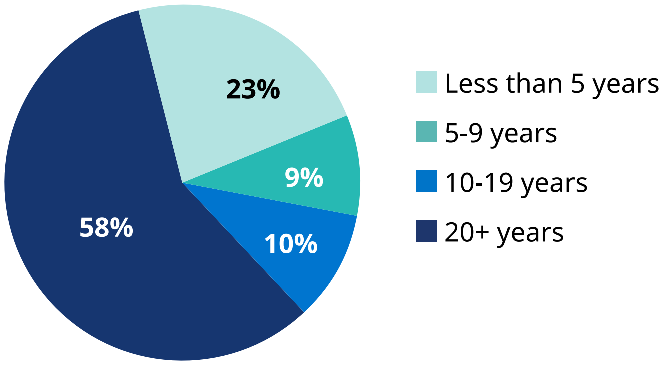
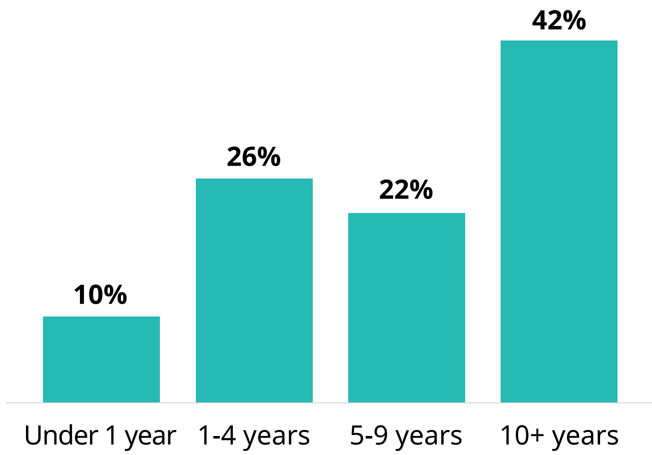
LENGTH OF TIME IN CANADA



*Amongst those born outside of Canada

LENGTH OF TIME IN NEIGHBOURHOOD



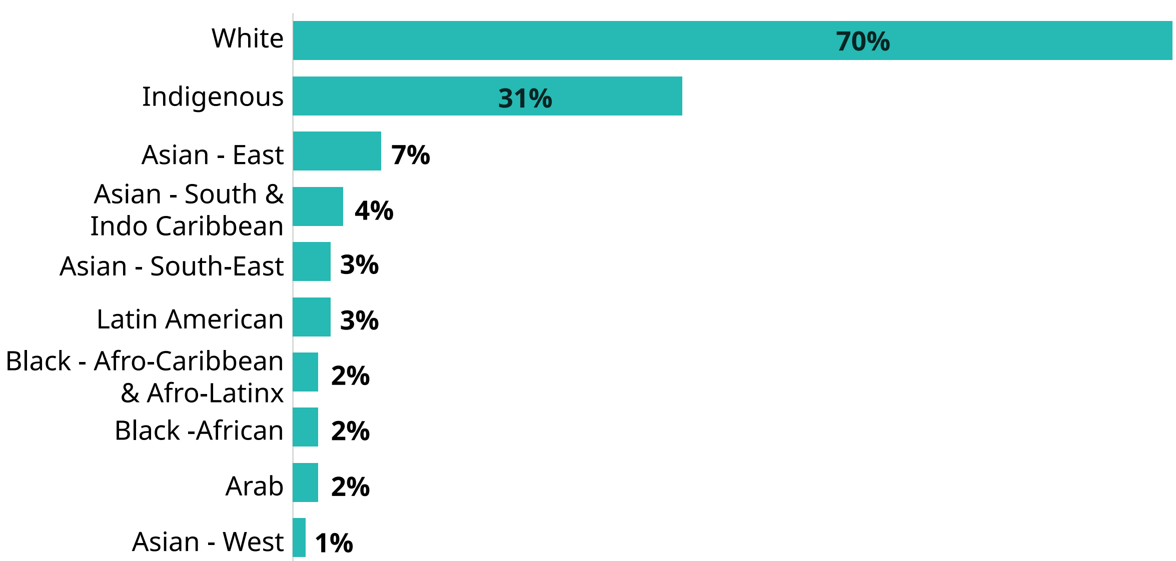
64%

Have lived in their neighbourhood for over 5 years

42%

Have lived in their neighbourhood for over 10 years

ETHNIC IDENTITIES - TOP 10



*Participants had the option to select one or more ethnicities.

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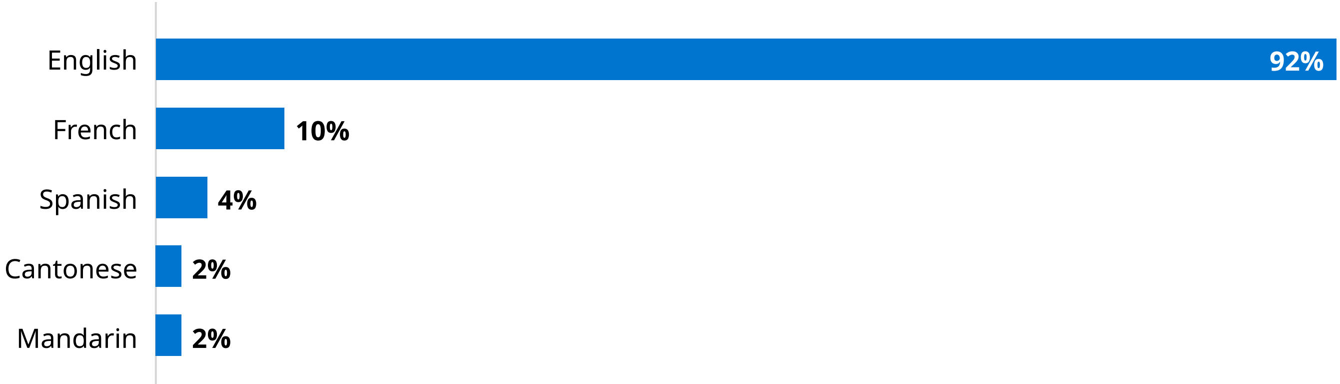
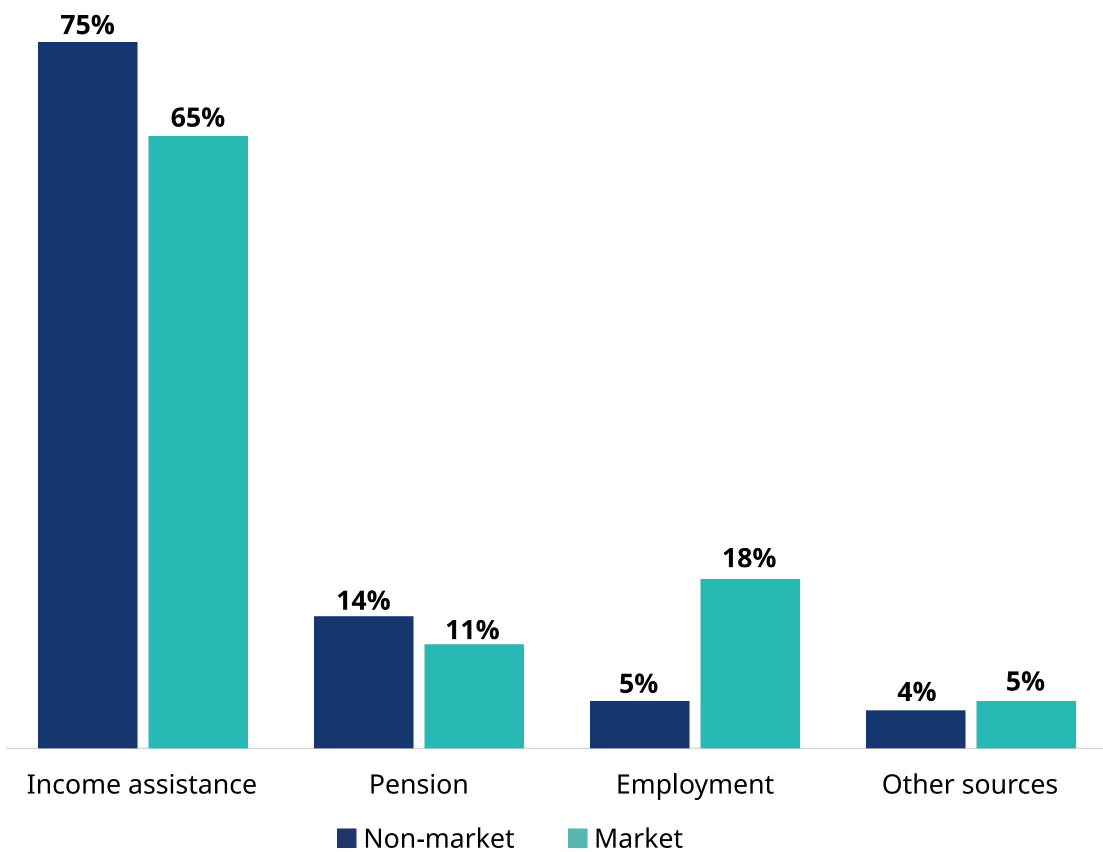
PRIMARY LANGUAGES - TOP FIVE



HEALTH CONDITIONS

***Physical limitations** describe physical experiences that limit tenants' capability but may not be seen as a **disability**. For example, chronic pain or mobility challenges.

PRIMARY SOURCE OF INCOME



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1.6 Ongoing Risks in SROs: Deteriorating Building Conditions

Given the age of the stock, many SROs are facing deteriorating building conditions and compromised habitability, with widespread challenges ranging from non-operational elevators and failing electric and mechanical systems to pervasive pests; these issues require ongoing and, increasingly, significant investments to address.

Currently, 1,280 SRO rooms are closed or have been recently demolished, with 830 rooms closed due to City orders, fires, or owners' inability to continue operations, as shown in Table 2.

TABLE 2: SROS CURRENTLY CLOSED AND REASON FOR CLOSURE, 1975 - 2025

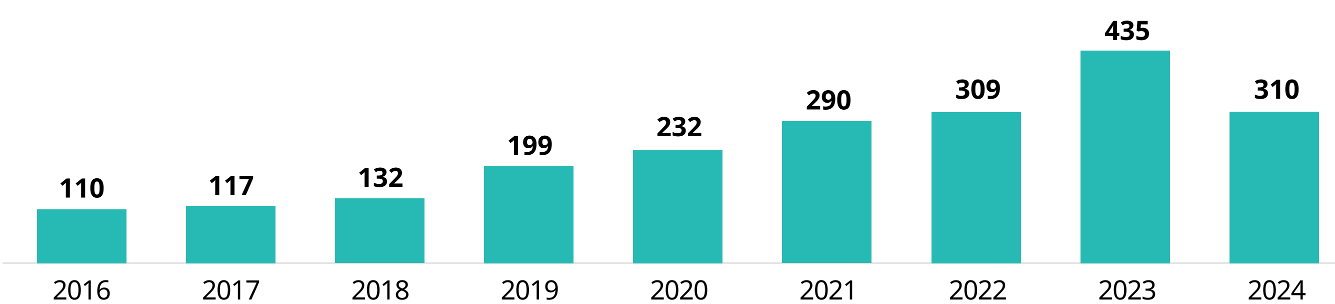
Reason for Closure	# Buildings	# Rooms
City Order	9	697
Fire	3	108
Closed by Owner	4	138
Renovations	6	327
Redevelopment	1	12
	23	**1,282**

Fire Risk

SRO buildings are at increased fire risk due to ageing systems, older alarm systems, poor heating, and more recently, the use of lithium-ion batteries and lockable butane lighters by tenants. Further, SRO residents are at increased risk of fire-related harm due to complex health challenges combined with a lack of supports and inaccessible buildings/rooms.

Fires have been a persistent and increasingly growing concern in SROs. In 2022, a devastating fire at the Winters Hotel took the lives of Mary Ann Garlow and Dennis Guay. Since then, four buildings experienced fires that resulted in large scale destruction of over 150 rooms and the long-term displacement of residents. As evidenced in Figure 4, the occurrence of fires has recently begun to decrease, likely attributed to efforts by the City and Vancouver Fire Rescue Services to increase fire safety through education and new safety measures, including support for the SRO Collaborative's tenant-led fire safety initiative, as well as a partnership with BC Housing to proactively address building issues.

FIGURE 4: NUMBER OF ANNUAL FIRES WITH DAMAGE, 2016-2024



Graph shows the total number of fires with damage each year in SRA-designated SROs between 2016 and 2024. Source: VFRS.

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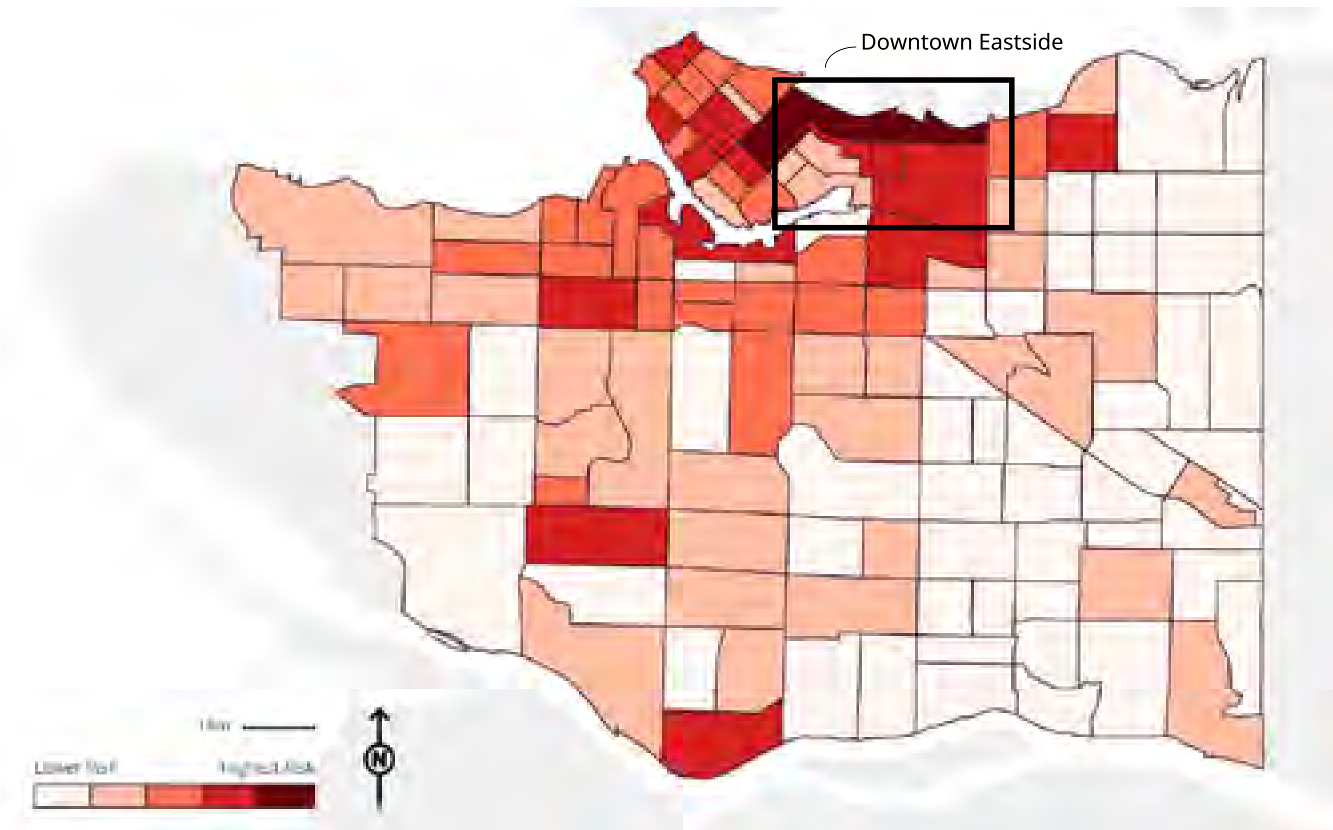
Seismic Risk

Most SROs are categorized as unreinforced masonry (URM) multi-unit residential buildings, putting them at increased seismic risk. A recent [City report] found that URM buildings are prone to extensive damage and collapse in large earthquakes, impacting both residents and on-street occupants. Should a strong earthquake occur, URM buildings would account for nearly 30% of all the City's residential casualties, and approximately 10% of the citywide three-month residential disruption and displacement. This means that the City's current stock of SROs is highly unlikely to be habitable after a very strong earthquake. In fact, even a moderate earthquake could result in significant structural failure, posing serious risks of injury or fatality to residents.

FIGURE 5: RELATIVE SEISMIC RISK BY CENSUS TRACT, MAGNITUDE 7.2 GEORGIA STRAIT EARTHQUAKE



Heat Risk

SROs residents are disproportionately vulnerable to extreme and prolonged heat exposure, with preliminary findings by the DTES SRO Collaborative and UBC Centre for Climate Justice indicating that SRO tenants experience prolonged elevated temperatures in their homes that often exceed City of Vancouver guidance around safe indoor temperatures. Compounding this risk is the fact that most SRO tenants have limited access to cooling resources and trusted water sources. While the City has funded community-based initiatives aimed at mitigating climate risks in SROs, longer-term solutions are required. Read the full heat study here.

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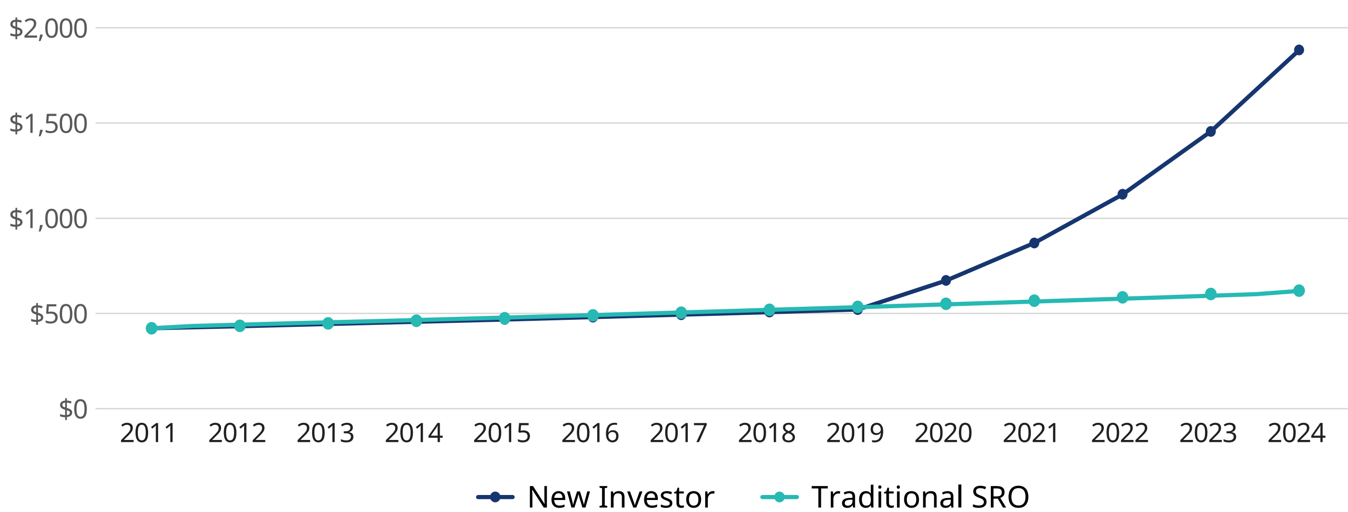
1.7 Ongoing Risks in SROs: Loss of Affordability and Displacement of Low-Income Tenants

Rising Rents

In the privately-owned SRO stock, rents have increased rapidly in the past 10 years, driven by overall rent increases and low vacancy rates in the broader rental market, as well as market conditions that have drawn new investors to acquire and operate SROs under a more profitable business model.

While long-term SRO owners typically rent to tenants on limited or fixed incomes, new investors undertake cosmetic renovations that do not trigger the SRA By-law and are able to attract a new tenant base, including students and single professionals working in the area who are able to pay much higher rents for a room. The transition to a higher-earning tenant base can result in the displacement of long-term, lower-income tenants, including through pressure tactics such as buyouts that persuade tenants to sign mutual agreements to end tenancies. Figure 6 illustrates historical rent increase patterns for two case study buildings: a long-term owner and a new investor.

FIGURE 6: RENTAL RATE INCREASE COMPARISON OF TRADITIONAL SRO AND SRO PURCHASED BY NEW INVESTOR 2014 - 2024



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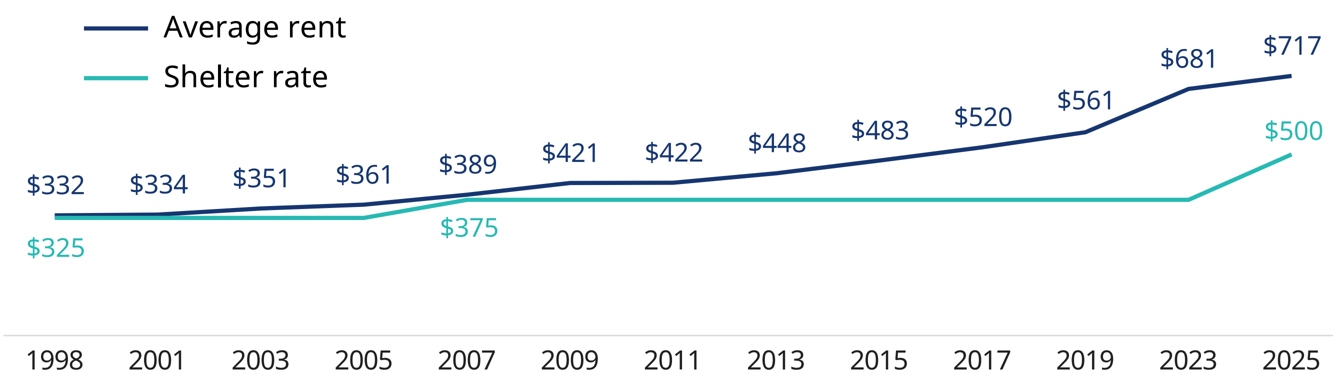
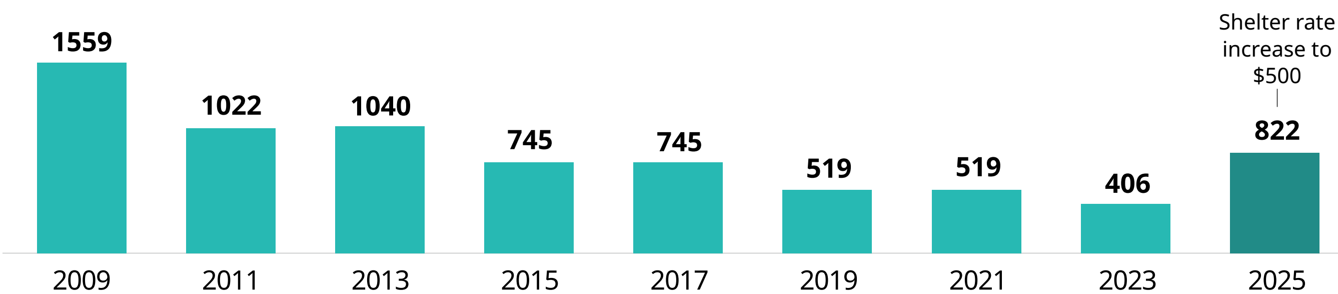
The shift that has occurred in the private SRO market is also reflected in the overall rent increases across the private SRO stock and the decreasing availability of rooms renting at the shelter component of income assistance, as illustrated in Figures 7 and 8. While these trends highlight growing affordability challenges, recent data suggests that rents have begun to stabilize following the implementation of SRA Vacancy Control.

FIGURE 7: AVERAGE RENTS IN PRIVATE SROS, 1998 – 2025



Shows average monthly rents in private SROs from 1998 to 2025 compared to the shelter component of income assistance.
Data sources: *Low Income Housing Surveys 1998-2023, Vacancy Control Rent Roll 2024-2025.*

FIGURE 8: CHANGE IN NUMBER OF PRIVATE SRO ROOMS RENTING AT OR BELOW SHELTER RATE



Includes SRA-designated SROs owned by both private owners (including non-profit operated) and Chinese Societies.
Data sources: *Low-income Housing Surveys 2009-2023, and SRO Vacancy Control rent roll,* 2025.

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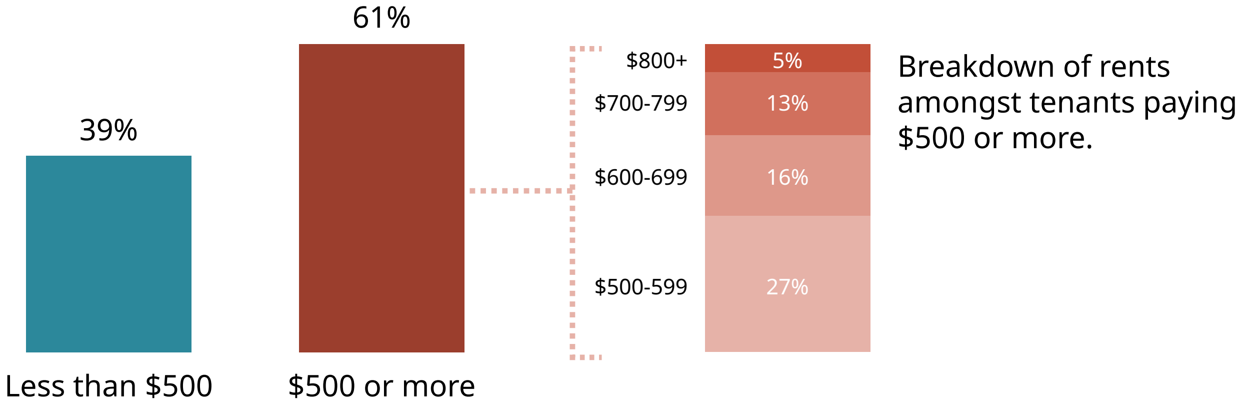
Tenants in Core Housing Need

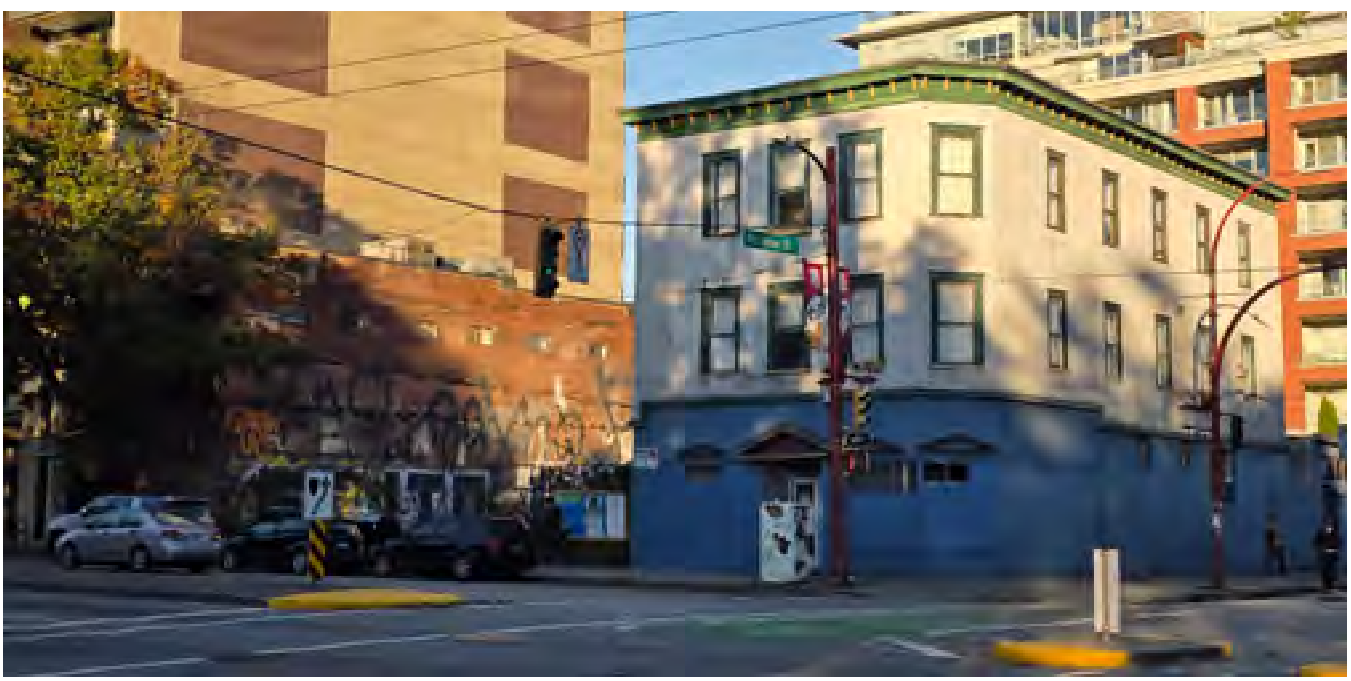
The adoption of SRA vacancy control has stabilized rents and dampened speculation by limiting rent increases between tenancies, but the historical increase in rents has meant that many low-income tenants continue to be in core housing need. Across the privately-owned stock, over 1,300 residents (or over 40% of residents in privately-owned buildings) are on income assistance. Despite the increase in the shelter component of income assistance from $375 to $500 in 2024, over 61% of residents who are on income assistance pay rents that exceed this amount, as illustrated in Figure 9.

Individuals on income assistance typically receive a total monthly amount between $1,060 and $1,400, depending on their age and presence depending on their age, health considerations, and presence of additional barriers. As a result, many tenants are paying at least 50% of their income on housing, leaving limited funds remaining to meet other essential needs.

FIGURE 9: RENTS PAID BY TENANTS ON INCOME ASSISTANCE IN PRIVATELY-OWNED SROS



Left graph: shows rental rates for SRO Tenant Survey respondents who indicated that they live in private SROs & receive provincial income assistance. Right graph: further breaks down these rental rates amongst those tenants paying $500 or more. Source: SRO Tenant Survey, 2024



Creekside Residence, non-profit owned SRO

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2. INTERGOVERNMENTAL WORKING GROUP ON SROS

The City, Province and Federal government have a longstanding history of partnering on efforts to address the needs and improve living conditions for low-income and equity-denied residents, including those living in SROs. Since the 1990s, all three levels of government have implemented policies, regulations and investments to advance the shared long-term goal of delivering self-contained social housing to replace existing SROs, while improving the conditions and affordability of existing SROs in the interim until full replacement can be achieved.

Building on these partnerships, the Intergovernmental Working Group on SROs was formed in 2023 in response to a recognition that a greater level of coordination and investment was needed to address the urgent and growing housing needs of low-income residents. The Working Group aimed to develop an SRO Investment Strategy which would be supported by targeted federal and provincial treasury board submissions to enable implementation. However, due to fiscal constraints arising from rising inflation, anticipated tariff impacts, and broader financial pressures, funding commitments from all levels of government have been limited to existing programs and projects already underway.

In response to this shifting context, the City used the learnings and work undertaken through the Intergovernmental Working Group, as outlined below, to shift to an SRO Revitalization Framework, which outlines both regulatory levers and investments needed to make meaningful progress on addressing the challenges in this stock.

2.1 Evaluation of Government and Non-Profit-Owned SROs

As part of the work undertaken by the Intergovernmental Working Group, BC Housing procured a range of consultants to evaluate 45 government and non-profit owned SROs through building condition assessments, energy efficiency reviews, feasibility studies for redevelopment and conversion, and environmental and hazardous materials reports. In parallel, the City undertook a review of its own SRO assets to better understand each building's condition, development potential, ongoing capital needs, and cost effectiveness of replacement. The findings from the evaluations were used to identify pathways for replacement and prioritize sequencing of buildings should funding become available.

2.2 Research on Existing Funding Programs

Staff undertook an analysis of existing provincial and federal funding programs to understand the limitations and potential opportunities to advance the dual goals of replacement and stabilization of the existing stock (see Appendix B). The analysis found that many of the existing Provincial and Federal programs that support the delivery of social housing do not support the deep levels of affordability required by SRO residents, and many are significantly oversubscribed. However, the Affordable Housing Fund – Rapid Housing sub-stream and Build Canada Homes programs may offer new opportunities for increased viability and deeper levels of affordability for SRO redevelopment projects that meet the requirements of these programs.

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Additionally, there are no current senior government programs that support the renovation or acquisition of private SROs in Vancouver. CMHC's Residential Rehabilitation Assistance Program (RRAP), which provided funding for landlords of rooming houses to undertake capital upgrades in exchange for securing affordability, ended in the early 2000s and has not been replaced with a new program. The BC Rental Protection Fund and the Canada Rental Protection Fund provide funding to non-profits to acquire rental buildings, but these programs either exclude SROs or are not structured in a way that supports deep levels of affordability.

Across other jurisdictions, there are a number of programs that support non-profits with grants or loans to acquire low-income housing, including rooming houses and other congregate style buildings, with the goal of securing housing affordability and preventing displacement of low-income residents. In 2021, the City of Toronto's[1] Multi-Unit Residential Acquisition (MURA) program launched with funds from the federal Housing Accelerator Fund (HAF). MURA has awarded $165 M to non-profit housing providers to support the acquisition, renovation and refinancing of rental homes that are at risk of displacing low-income residents, preserving over 1,000 homes in 34 projects to date. Similarly, the City of San Francisco's Small Sites Program, initiated in 2014, supports non-profits with acquisition and preservation loans to stabilize at-risk communities by converting privately-owned properties, the majority of which are SROs, to permanently affordable housing. To date, the program has preserved over 400 units across approximately 50 buildings. See Appendix C for a detailed jurisdictional scan.

2.3 Engagement with Key Interest Holders

Through the Working Group, Staff undertook engagement with key interest holders to understand challenges and opportunities across the SRO stock that could help inform investment priorities. The engagement built on the City's long history of working with the DTES community, including on issues related to SROs, and acknowledged that members of the community have been raising many of the same issues and proposed solutions for decades. A conscious effort was made to undertake engagement that was both targeted and transparent so as to collect meaningful feedback while managing expectations, particularly given the uncertainty of funding realities in the context of changing political leadership and economic uncertainty.

KEY ENGAGEMENT ACTIVITIES INCLUDED:

- Interviews with 8 private landlords and 6 non-profit housing providers who own or operate SROs
- An online survey completed by 16 private SRO landlords
- Regular meetings with the DTES SRO Collaborative and DTES Community Land Trust
- Referrals sent to all Host Nations

The City also engaged with many of the same interest holders on distinct but related City-led policies and plans that occurred in parallel with the intergovernmental work, including engagement on the proposed housing changes in the DTES, the Chinatown Housing Partnership Grants Program, as well as ongoing consultation related to SRA Vacancy Control. For more details on the engagement process and findings, see Appendix A.

1 Toronto operates its own Housing Authority which is funded by the Province of Ontario; whereas in BC the provincial government, through BC Housing is responsible for housing delivery.

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SRO TENANT SURVEY

In parallel with engagement with key interest holders, the City partnered with the DTES SRO-Collaborative (SRO-C) to develop and implement a survey of SRO tenants, through funding provided by the Intergovernmental Working Group on SROs. The survey draws from a representative sample of SRO tenants across the private and non-market SRO stock to provide statistically significant and up-to-date findings that inform an understanding of the demographics and experiences of SRO tenants.

The survey was developed with over 70 questions designed to ensure comparability between past surveys, including both tenant demographic questions (age, gender identity, ethnicity, etc.) as well as questions related to housing situation, health and use of community services / supports. Between January and April of 2024, over 900 tenants were interviewed across 133 private and non-market SROs, representing approximately 15% of all tenants in the surveyed buildings. The full SRO Tenant Survey is available here.

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SRO Tenants

The SRO Tenant Survey revealed key insights into the experiences and housing needs of tenants across both the private and non-market stock, as outlined below.

- For many tenants, SROs are a last resort before homelessness and a critical first step after homelessness, with 36% of tenants reporting they were homeless prior to moving into their current SRO room and 70% saying they would end up homeless if they lost their SRO room.
- Many tenants, particularly in the private SRO stock, are afraid of being unfairly evicted.
- A portion of tenants (16%) share their rooms with a partner, spouse or roommate.
- Many tenants report poor living conditions, including a lack of clean bathrooms, loss of access to elevators, electricity, heating, and hot water, and frequent encounters with cockroaches, mice, bedbugs and rats.
- If offered affordable self-contained housing, most tenants would prefer independent living over supportive housing.
- Tenants have diverse neighborhood preferences, with one third of tenants preferring to live in their current neighborhood, and two thirds preferring to live elsewhere in Vancouver or BC.
- Most tenants have social connections in their buildings, with 38% of tenants reporting they speak to 10 or more people a week, and most tenants saying there was a neighbour in their building they could trust to help them when needed.

Non-Profit housing providers

Staff interviewed non-profits with various levels of involvement in SROs, including owning SRO assets, operating government-owned SROs through operating agreements, and/or experience in operating privately-owned SROs through a lease, property management contract, or agreement in which the non-profit provides supports to all or a portion of tenants in the building.

Non-profit SROs house tenants with a range of needs, from those with very complex needs to those who can live independently and require minimal supports. Some of the non-profit SROs focus on a specific tenant population, such as women fleeing violence, individuals coming out of corrections, or seniors. The key findings from the engagement are grouped by themes below.

HIGH COSTS AND INADEQUATE FUNDING:

- Non-profits with limited or no provincial funding reported facing increasing operating and capital costs and inadequate funding to address ongoing maintenance needs and critical capital upgrades such as plumbing, elevators, and fire safety upgrades. Furthermore, it was reported that upgrading costs can be unpredictable and often escalate as additional deficiencies are discovered throughout the renovation process.
- Non-profits reported that trades are often not willing to undertake repairs in SROs and securing contractors is becoming increasingly challenging.
- Non-profits who own their SROs also reported that costs are further exacerbated by increased City by-law enforcement that results in high fines (i.e. charges for false alarms, bikes in hallways).
- In cases where non-profits have a lease or contract with a private owner, non-profits reported that responsibility for repairs can be fraught with challenges and result in delayed maintenance. Furthermore, some non-profits reported that landlords have periodically raised the lease amount, putting further strain on non-profits' already limited resources.

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BARRIERS TO REDEVELOPMENT:

- Most non-profits who owned SROs reported an interest in redevelopment of their SROs but were frustrated by the lack of funding available to support their plans. They felt that Provincial funding programs are over-subscribed and federal programs do not support the deep levels of affordability required to meet the existing needs of tenants.
- Non-profits also reported that heritage restrictions, zoning regulations and permit processes can further complicate redevelopment and contribute to additional costs and delayed timelines.
- Finally, non-profits noted that tenant relocation was a key challenge and serves as a barrier to planning for redevelopment.

TENANT MIX:

- Non-profits reported that buildings with a smaller number of rooms (i.e. up to 50 rooms) were easier to manage and were more conducive to building community amongst tenants. Due to the congregate style of living in SROs, larger buildings were reported as more difficult to manage; particularly if the majority of tenants have higher support needs. Non-profits reported that buildings are most cohesive where there are a core group of diverse tenants that have lived in the building for a long time.
- Non-profits also reported that some tenants living in supportive housing SROs no longer need supports but remain in supportive housing as they cannot secure independent housing at affordable rents.

OPPORTUNITIES:

- Some non-profits, for example PHS, Lookout, and Atira, reported being interested in acquiring private SROs under the right conditions: smaller buildings, a primarily stable tenant base that does not require high levels of support, ensuring the appropriate staffing levels are in place, appropriate level of staffing can be in place, and access to capital funding to enable renovations alongside acquisition. The presence of commercial units was identified as an added benefit to cross subsidize operating costs. Additionally, non-profits reported a preference to acquire buildings from long-time SRO owners who were willing to sell at assessed value in order to maintain affordability.
- Some non-profits reported that access to rent supplements that were administered to tenants in privately-owned buildings provided a mutually beneficial model that has had significant success. Under this model, a non-profit has a holding agreement with a private landlord where they secure a block of rooms for tenant referrals and provide light supports. The landlord is guaranteed rent, and the non-profit can access rooms for low-income tenants. This model was reported as working best in well managed buildings with stable tenancies.
- A number of non-profits that own SROs reported being interested in long term redevelopment by contributing their assets and expertise to leverage partnership funding. Given the limited funding available, non-profits expressed the need for a carve-out within existing programs, such as the Affordable Housing Fund, that would prioritize SRO redevelopment.

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DTES SRO Collaborative and DTES Community Land Trust

Staff met regularly with the DTES SRO Collaborative, a non-profit organization that works with tenants to support improved living conditions in privately-owned SROs, as well as the DTES Community Land Trust (DTES CLT), a non-profit formed in 2022 with a mandate to acquire and preserve low-income SROs. The purpose of engagement was to learn about the organizations' emerging strategies and priorities around SRO acquisition and repair, and to gain insights into the needs of the SRO tenant population with whom they closely engage. The key findings from the engagement are grouped by themes below, and more information on the DTES CLT can be found in Section 3.4.

TENANTS' ROLE IN GOVERNANCE

- Many tenants are active members in their buildings, as demonstrated through their involvement in a number of SRO-C tenant-led initiatives, and wish to play a role in decisions about their buildings.
- Many tenants wish to remain in their homes, where they have built a sense of community, but do not always feel secure in their housing under private ownership.
- The majority of shelter rate housing in the City is supportive housing, but many SRO tenants would prefer to live independently, leaving a gap in the housing continuum for independent but low-income tenants.

OPPORTUNITIES

- Building on the SRO-C's tenant-led initiatives in private SROs, the DTES CLT has developed a proposal for a new model of ownership based on land security, peer-based programming, and a decolonized and tenant-centered governance structure.
- Bringing private SROs into community ownership would secure housing for existing SRO residents who are low-income but do not require the level of supports offered in traditional non-profit operated supportive housing.
- A number of private SRO owners have expressed interest in selling their assets to the DTES CLT.
- As a non-profit, the DTES CLT requires external funding to support their ownership model. They are currently fundraising and engaging all levels of government to be able to acquire one SRO and demonstrate the success of the model.

Union Gospel Mission, non-profit owned SRO replacement

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Private SRO Owners:

Staff interviewed eight landlords representing a cross-section of newer and longtime owners of both small and large SRO buildings, with primarily a low-income tenant base. The key findings from the engagement with private owners are grouped by themes below.

RISING FINANCIAL PRESSURES:

- Owners identified that the gap between income and costs presents a barrier to undertaking building improvements, as well as meeting ongoing operating costs, particularly in buildings where rents are low and there is no commercial unit to cross subsidize costs.
- Owners reported rising operating costs due to higher property taxes, hydro, insurance and the cost of labour and materials, with concurrent increases in fires and floods requiring costly remediation. Some owners also reported facing difficulties in obtaining and renewing insurance due to increased risk/liability of SRO buildings.
- Some owners reported that they were struggling to renew mortgages with traditional lenders, leading them to use third party "mezzanine lenders" with very high interest rates (up to 20%) and resulting in some buildings facing foreclosure proceedings.
- Owners also reported further pressure on the viability of their operations due to additional costs related to City life safety by-law requirements (i.e. the Fire By-law), as well as costs related to increased fines and prosecution.
- Other financial pressures included lengthy Residential Tenancy Branch (RTB) or legal proceedings with tenants who dispute evictions.
- Owners reported that they are responding to rising costs by raising rents on existing tenants, not undertaking repairs, renting only to students, or taking a loss over the short-term with the anticipation of selling the building in the future.

LACK OF SUPPORTS OR PATHWAY OUT OF SRO OPERATIONS:

- Many owners reported feeling they do not have the expertise to support tenants with complex needs but end up housing tenants without any government support or subsidies. They reported that tenants with unmet needs engage in behaviors that add costs for owners, including damage to doors, locks, plumbing and drywall, setting off fire alarms, and hoarding that increases the presence of pests. Owners reported that they are labeled as "slumlords" and blamed for the conditions in the DTES despite essentially providing a social service.
- Some owners also reported that existing government policies are putting further strain on their ability to operate safely. For example, the use of lockable butane lighters to inhale drugs is leading to increased fires, while the lack of adequate supports and protections for SRO residents is contributing to victimization of SRO residents, including by violent gangs that infiltrate into buildings.
- Many owners reported feeling stuck – they no longer want to operate SROs but feel they have limited options to transition out of the business. Owners that want to sell face limited interest from prospective buyers. Redevelopment is not viable in most cases without partnership funding.
- Owners expressed concern that with profit margins slim to non-existent, some owners indicated there is not a significant incentive to further invest in their buildings or take on additional debt.
- Owners reported not accessing government funding programs as the requirements are challenging to meet and the process is onerous/complicated. Some owners have limited or no experience in working with government and/or applying for funding, may not be proficient in English, or may lack computer skills. Processes that require owners to bring in consultants require additional time and money, posing yet another barrier.

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OPPORTUNITIES:

- The majority of private SRO owners indicated that they would be interested in selling their buildings to government or a non-profit and are in support of an acquisition fund that could bring more buildings under non-profit or government ownership.
- Other owners indicated they would prefer to retain ownership of their buildings but need access to government funds and services to sustainably house low-income residents. Owners suggested a number of government interventions, including financial incentives (i.e. property tax breaks), provision of rent supplements for tenants to enable higher rents, and supports for mental health and substance use within private buildings.
- Some owners reported an interest in accessing a renovation and repair fund if there was a higher contribution component or a loan with very low interest rates and/or long amortization periods, reasonable conditions (for example, no energy or efficiency requirements) and support for tenant relocation for renovations that require temporary tenant displacement.

Main Rooms, privately owned SRO

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3. SRO REVITALIZATION FRAMEWORK

All three levels of government continue to share the long-term vision to replace SRO rooms with self-contained social housing that is dignified, safe, and affordable to low-income residents, and to gradually phase out SROs as a permanent housing form over time. Until all buildings can be replaced, investments in the existing stock are equally necessary to prevent the further decline of building conditions and ensure that SROs are safe, operational, and affordable to existing residents in the near term.

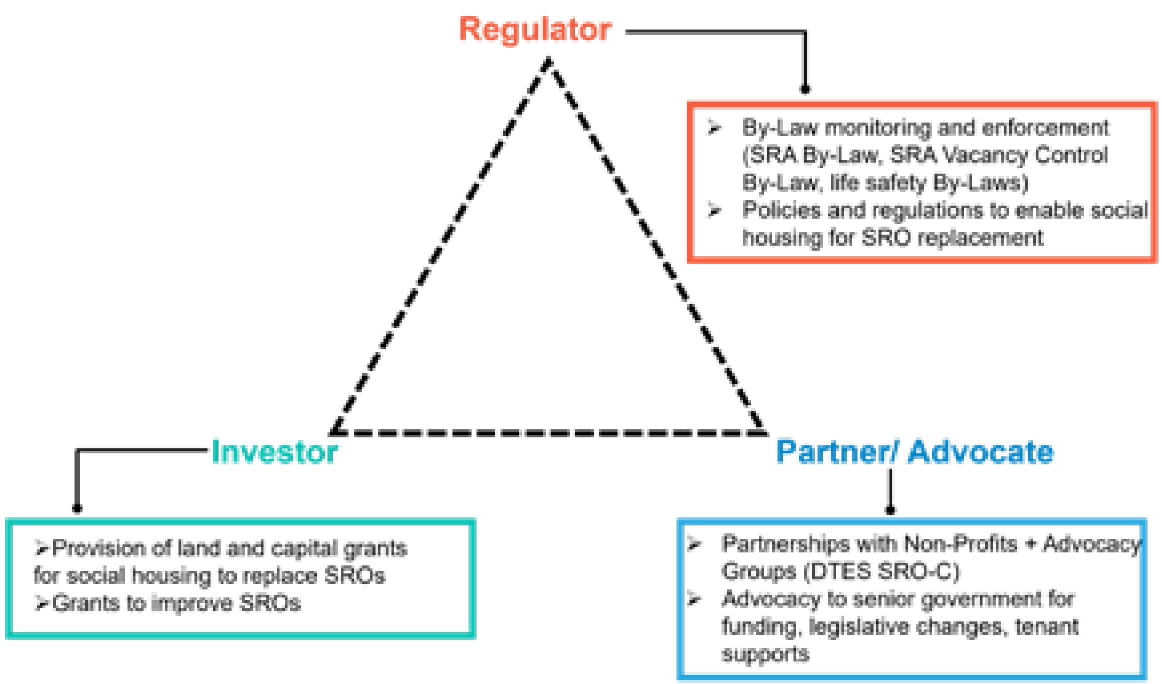
Advancing the dual goals of SRO replacement and stabilization will require each level of government to leverage its unique role to coordinate regulatory and investment efforts.

3.1 Government Roles

City of Vancouver

The City's primary role is in developing and overseeing policies and regulations related to protecting, improving and replacing SROs. Although the City is able to provide some capital contributions through grants and the provision of land, senior government investment is required. To create deeply affordable housing, the City relies on investments from both the provincial and federal governments, whose mandates include developing and allocating funding to increase housing supply, improve affordability, and support the non-market sector.

FIGURE 10: CITY OF VANCOUVER ROLE IN SRO REVITALIZATION FRAMEWORK



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Government of British Columbia

The Ministry of Housing and Municipal Affairs oversees funding for provincially-owned SROs and new housing developments and is responsible for developing and implementing policies across the broader housing stock for low-income populations. In addition, the Ministry creates and enforces legislation related to housing affordability and supply, and oversees the Residential Tenancy Act, which governs the rights and responsibilities of landlords and tenants.

BC Housing oversees a large portfolio of SROs and holds operating agreements with non-profit housing operators. BC Housing is also responsible for developing and managing new affordable housing projects across the province, as well as administering operating subsidies and rent supplements to achieve deeper levels of affordability.

Government of Canada

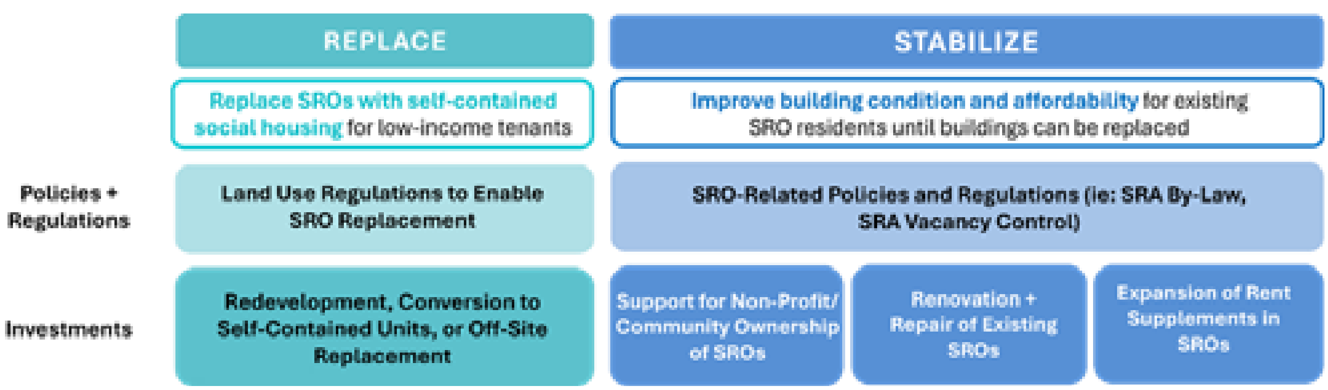
Housing, Infrastructure and Communities Canada is responsible for the development of federal housing policy, programs and funding to increase housing supply, improve affordability and support the non-market housing sector.

The Canada Mortgage and Housing Corporation is the key delivery agent of federal programs, providing financing, mortgage insurance and capital contributions to support the delivery of affordable housing.

3.2 Regulatory Tools and Investment

The SRO Revitalization Framework sets out the ongoing and additional interventions needed to advance both SRO replacement and stabilization through coordinating regulatory and investment efforts, as illustrated in Figure 11.

FIGURE 11: SUMMARY OF SRO REVITALIZATION FRAMEWORK



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3.3 Goal 1: SRO Building Replacement

Overview of SRO Replacement

Despite the steady delivery of social and supportive housing across the city in the last 20 years to address the needs of SRO residents, the rise of homelessness and demand for low-income housing citywide has meant that there is a continued reliance on SROs to house low-income singles. Furthermore, on-site redevelopment of SROs has been challenging due to factors such as small lot sizes, heritage requirements, and zoning and development regulations that limit the heights and densities needed to achieve full replacement. Opportunities for replacement of privately-owned SROs have been further limited in the absence of partnership funding or land assemblies that can enable large mixed-income redevelopments. Since the enactment of the SRA By-law in 2003, only eight new social housing projects have involved the redevelopment of an existing SRO.

In today's context, where many SRO buildings are nearing the end of their useful life cycles and are becoming increasingly compromised from a life safety and liveability standpoint, it is more critical to shift to a building-focused approach that ties the delivery of SRO replacement housing with specific SROs through an SRA Permit so that SROs can be gradually phased out as permanent housing.

Replacement of SRO buildings can be achieved through one of three pathways.

- Replacement on-site through redevelopment of an existing SRO, which can involve land assemblies with adjacent properties. SRO redevelopments typically result in larger mixed-income projects, a portion of which replace the existing SRO rooms.
- Replacement on-site through combining existing SRO rooms and converting to self-contained units within the existing building envelope. Typically, converting them results in smaller rooms, higher room loss and a high cost per door, but may be preferred in cases where redevelopment potential is limited.
- Replacement off-site through the development of housing at an alternate site, and subsequent removal of the existing SRO from the SRA By-law along with its requirement to serve as residential accommodation. Off-site replacement can be more cost-effective on a per door basis than on-site redevelopment or conversion to self-contained units, but it involves securing an alternate site for replacement.

Ashtrey Alley, DTES

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Government Actions to Support SRO Replacement

Proposed Land Use Changes

In response to a Council motion in 2023 to explore mechanisms to deliver a greater number of social and supportive housing units in the DTES and accelerate the full replacement of SROs, the staff are proposing a number of land use, policy and SRA by-law changes that are being brought forward for Council approval in fall 2025. If approved, the proposed changes will increase flexibility and remove barriers for private owners, governments and non-profit partners to deliver social housing in the DTES and enable additional opportunities for SRO buildings to be replaced.

Investments Underway

Currently, eight social and supportive housing projects are underway that will replace ~500 existing government-owned SRO rooms, all of which will rent at the shelter component of income assistance (currently $500 per month). The projects, which are in various stages of development, are being delivered through various pathways including redevelopment, conversion, and off-site replacement, and will result in the creation of ~270 net new units of social housing in addition to the replacement units.

To enable the delivery of these projects, an estimated $277 M has been committed across the three levels of government, as outlined in Table 3. Contributions include the provision of City and Provincial land, City DCC/DCL waivers and grants, as well as capital contributions through a number of existing senior government funding programs including BC Housing’s Community Housing Fund, the Indigenous Housing Fund, the Supportive Housing Fund, BC Builds, the Capital Renewal Fund, and CMHC’s Affordable Housing Fund. The funding outlined below excludes financing.

TABLE 3: FUNDING CONTRIBUTIONS TO SRO REPLACEMENT PROJECTS UNDERWAY

Total Housing Units	# SRO Replacement Units	City	Province	Federal Government
767	500	$70,583,311	$135,586,115	$70,326,247

In addition, the City and Province have committed to replacing ~280 Provincially-owned SRO rooms in the Granville Entertainment District at alternate sites through the provision of land and capital funding.

London Hotel, privately owned non-profit operated SRO

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Meeting Long-Term Replacement Objectives

An additional 1,500 SRO rooms owned by governments, non-profits and the private sector have been identified as priorities for replacement over the next decade based on a number of factors including building condition and redevelopment potential. Replacing these rooms with self-contained social housing units will require a substantial investment estimated at $800 million from senior levels of government. The federal government recently announced $1B for the new Build Canada Homes Initiative, which focuses on housing for individuals who are homeless or at risk of homelessness. The City and Province are committed to joint advocacy efforts to ensure that the replacement of SROs remains a key priority under the new program, with the following considerations:

- Allow for SRO replacement units to be considered towards net new housing targets
- Allow 100% contribution/forgivable loan
- Offer flexibility with energy efficiency and accessibility standards to align with local standards
- Offer flexibility with construction/completion timelines
- Offer a portfolio approach funding envelope to non-profit/government developers to speed up approvals and allow for economics of scale.
- Provide funding envelope for Tenant Relocation

Regal Hotel, privately owned SRO

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3.4 Goal 2: Stabilization of Existing SROs

Government Actions to Support SRO Stabilization

Policies and Regulations

The City has several regulatory policy levers including the Single Room Accommodation (SRA) By-law (2003) which manages the rate of change in the SRO stock, and SRO Vacancy Control, (2021) which limits rent increase between tenancies to curb speculation, maintain affordability and prevent displacement of low-income residents from privately owned SROs.

The City also enforces a number of By-laws related to the maintenance and safety of buildings, including the Building By-law, the Standards of Maintenance By-law and the Fire By-law. SROs are proactively inspected by a cross-departmental team to ensure life safety issues are addressed.

Investments Underway

Investments to support stabilization are currently focused on the government and non-profit owned SRO stock. The City's SRO Upgrading Grant Program, which includes a stream targeted specifically to Chinese Society-owned buildings, enables critical capital upgrades in non-profit-operated SRO buildings. Both the City and Province also invest on an ongoing basis to renew and improve their own SRO assets to ensure buildings are safe and habitable while remaining affordable to low-income tenants. Additionally, both the Provincial and Federal governments administer rent supplement programs, some of which support tenants living in SROs.

Additional Interventions

While continuing to invest in existing non-market SROs, further interventions are needed to support privately-owned SRO owners who are housing a low-income tenant population but have limited access to government funding programs. Stabilizing the private SRO stock in the interim will require a suite of interventions, as described below:

- **Support non-profit/community ownership of SROs:** Supporting the non-profit sector to acquire privately owned SROs helps secure long-term housing affordability, enhances health and social outcomes for residents, and addresses a critical gap for low-income tenants who do not require traditional supportive housing. Acquisition also serves as a critical stepping stone for the eventual non-profit-led redevelopment of buildings into social housing. This model has proven to be effective in other cities, including Toronto, as a tool to protect a similar ageing stock with a low-income tenant population.

  The DTES Community Land Trust (see page 31) has proposed an innovative, tenant-centered model of community ownership. Staff will continue to advocate to senior levels of government to tailor existing Rental Protection programs to support non-profit and community ownership of SROs.
- **Support upgrades in private SROs:** Supporting private owners committed to providing housing to low-income tenants to invest in their buildings is critical to ensuring privately-owned SROs can be safe, liveable and affordable for low-income tenants. Staff will continue to advocate for a federal renovation and repair fund for private SRO owners, modeled on the former Residential Rehabilitation Assistance Program (RRAP), alongside other tools to support upgrades in privately owned SROs.
- **Expand senior government rent supplements:** Rent supplements provide financial assistance to eligible individuals to secure housing in the private market. To address the ongoing affordability challenges of SRO residents in the privately-owned SRO stock, the City will continue to advocate to senior levels of government for the expansion of a rent supplement program in private SROs.

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THE DOWNTOWN EASTSIDE COMMUNITY LAND TRUST

The Downtown Eastside Community Land Trust is a non-profit organization formed in 2022 with a mandate to transition SRO properties from the private market into community ownership through a focus on land security, peer-based holistic programming, and decolonized and tenant-centered governance structure. The DTES is co-led by Indigenous and Japanese Canadian organizations and works in close partnership with the DTES SRO Collaborative Society. Their proposed housing model addresses a critical gap by focusing on low-income tenants who do not require traditional supportive housing.

The transition of privately-owned SROs into community ownership would secure affordability for existing tenants over the long-term and prevent displacement into homelessness. The initiatives envisioned for the tenants, which build on the success of the SRO-Collaborative's existing programming, would improve health and social outcomes through food supports, harm reduction, and community building.

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Conclusion

Replacing SROs with self-contained social housing and stabilizing the stock with interim measures to ensure the existing SROs are safe, operational and affordable will require a suite of interventions as outlined above. The City will continue to monitor and evaluate City policies and regulations to assess their effectiveness and guide potential updates, as well as advocate for the necessary investments by both Federal and Provincial government to make meaningful progress on addressing the challenges in this stock.

Europe Hotel, non-profit owned SRO

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APPENDIX:
SRO REVITALIZATION FRAMEWORK

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Appendix A: SRO Strategy Development - Summary of Engagement

The SRO Working Group project team undertook extensive engagement with key interest holders to understand challenges and opportunities across the SRO stock that could help inform investment priorities.

KEY ENGAGEMENT ACTIVITIES INCLUDED:

- Interviews with eight private landlords and six non-profit housing providers who own or operate SROs
- Online surveys sent to 20 private SRO landlords with 16 responses received
- Regular meetings with the DTES SRO Collaborative and DTES Community Land Trust
- Referrals sent to all Host Nations; three meetings held with Squamish Nation

This appendix provides a more detailed analysis of the methods, results and findings of this engagement.

A.1 Survey of Private Owners

Overview and Methodology

City staff engaged private SRO owners through an online survey to hear their perspectives and interest on the potential creation of a government funding program to support owners to improve their SRO buildings while preserving affordability. Several questions were asked pertaining to the CMHC's National Housing Co-Investment Fund[2], as this was the only fund available to private owners for renovations and repairs at the time of the survey.

SRO owners were emailed directly by staff in January 2024 and invited to complete the survey. Sixteen of these owners filled out the survey, representing a cross-section of private SRO ownership.

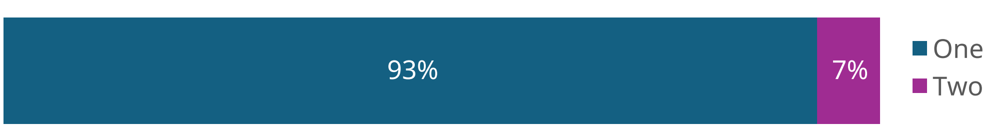
Results and Findings

The following provides the summarized findings from the survey and the results of each question.

ABOUT THE RESPONDENTS

A total of 14 owners responded to the survey. All but one respondent owned just one SRO building. Nearly half of the respondents owned 0-19 SRO rooms, while the other half owned 20 rooms or more. Overall, this is a somewhat higher representation of owners with smaller and fewer buildings compared to the broader SRO owner population.

- How many total SRA buildings do you own? (n=14)



- Approximately how many total SRA units do you own? (n=14)

2 The CMHC's National Housing Co-Investment Fund was renamed to the Affordable Housing Fund in 2023, with moderate changes to the program's requirements.

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FUNDING SRO REPAIRS

The vast majority (79%) of owners indicated that a lack of access to funds is a “moderate” or “extreme” barrier to renovating or repairing their SRO buildings. One third of owners indicated that they had previously turned to a commercial lender to conduct renovations or repairs.

- Lack of access to funds is a barrier for me to undertake renovations and repairs to the SRO building(s) that I own. (n=14)

- Have you at any time received a loan from a commercial lender to conduct renovations or repairs on an SRO building / units in an SRO building? (n=14)

CMHC RENOVATION AND REPAIR FUNDING

Nearly all owners (92%) reported that they had never applied to or received funding from CMHC to conduct renovations or repairs on their SRO(s). In identifying the barriers to accessing this CMHC funding (with the option to select more than one), 40% of owners indicated that they did not know about the CMHC’s available funding program (the National Housing Co-Investment Fund or NHCF); 40% indicated a lack of experience and knowledge in accessing government funds; and 20% said the listed conditions of the NHCF were a barrier.

Specifically, regarding the CMHC National Housing Co-Investment Fund for renovations and repairs, owners were asked what conditions of this program they consider to be barriers and could select one or more. The top barriers reported were the 20-year term that affordable rents must be maintained (50% of respondents selected this); the required reduction in energy use and Greenhouse Gas emissions (50%), and the minimum repayable loan amount of $250,000 (38%).

- Have you at any time applied to or received funding, including a low-cost or forgivable loan, from Canada Mortgage and Housing Corporation (CMHC) to conduct renovations or repairs on an SRO building / units in an SRO building? (n=13)

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- In your opinion, what are the barriers for yourself or other private SRO owners in accessing this [CMHC] funding? (Check all that apply) (n=10)

Barrier	Responses	% of respondents
I didn't know about the CMHC National Housing Co-Investment Fund	4	40%
I lack experience and knowledge in accessing government funds	4	40%
Conditions of the loan (listed in the next question)	2	20%
The application is too complicated and time-consuming	1	10%
Other: prefer to use own money	1	10%

- In your opinion, what are the barriers for yourself or other private SRO owners in accessing this [CMHC] funding? (Check all that apply) (n=10)

Condition	Responses	% of respondents
Projects must achieve a 25% reduction in energy use and Greenhouse Gas emissions	4	50%
Affordable rents must be maintained for a minimum of 20 years.	4	50%
The minimum investment from CMHC is $250,000 for repayable loans.	3	38%
Rents for at least 30% of units must be 80% of median market rent	2	25%
Maximum forgivable loans up to 15% of eligible costs	2	25%
Applicants must have support from another level of government…	2	25%
20% of units must meet or exceed the accessibility standards, and common areas must be barrier-free.	2	25%
Up to a 20-year loan with a 10-year initial term, renewed for another 10 years.	2	25%
Applicants must have additional sources of funding…	2	25%
I do not see any barriers	2	25%
Below market rates. Fixed rate locked in at beginning of term; interest rate reset at end of initial term…	1	13%
Maximum repayable loans 75-85% of eligible costs	1	13%
Other: prefer to use own money	1	13%

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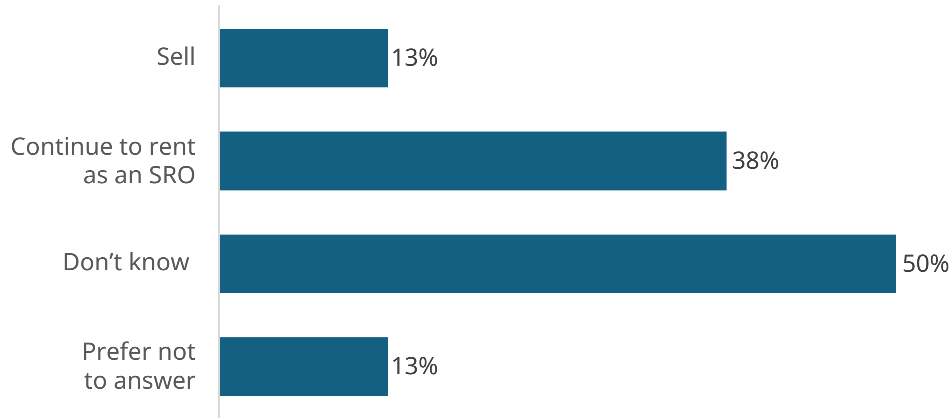
FUTURE PLANS FOR SROS

When asked about their plans for their SRO(s) over the next 10-15 years (with the option to select one or more), 13% of owners reported planning to sell, 38% planned to continue renting their SRO(s), and 50% said they didn't know.

- What are your plans for your building(s) in the next 10-15 years? (n=9)



A.2 Interviews with Private and Non-Profit SRO Owners

Overview

To undertake more in-depth engagement with key interest holders, City staff conducted interviews with private landlords and non-profit housing providers who own or operate SROs, and engaged in regular meetings with the SRO-Collaborative and DTES Land Trust. Table 4 provides more information about the goals and methods of the consultations.

TABLE 4

	Goals	Completed
Private owners	• Understand the barriers that private owners face to conducting SRO building improvements. • Ascertain the level of need for a funding program supporting private SRO renovation and repair, as well as potential approaches and options for such a program.	8 interviews
Non-profit owners and operators	• Understand the level of interest among non-profit owners and operators in acquiring SROs for community ownership. • Learn the possibilities, challenges, and priorities related to acquisitions.	6 interviews
DTES Land Trust and SCO-Collaborative	• Understand the emerging plans and strategy of the DTES Land Trust related to SRO acquisition. • Learn about the housing challenges and needs of SRO tenants as communicated by the SRO-Collaborative. • Understand possibilities, challenges, and priorities related to SRO acquisition for community ownership.	Regular meetings

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A.2.2 Findings

Non-Profit Housing Providers

Staff interviewed non-profits with various levels of involvement in SROs, including owning SRO assets, operating government-owned SROs through operating agreements, and/or experience in operating privately-owned SROs through a lease, property management contract, or agreement in which the non-profit provides supports to all or a portion of tenants in the building.

Non-profit SROs house tenants with a range of needs, from those with very complex needs to those who live independently and require only minimal supports. Some of the non-profit SROs focus on a specific tenant population, such as women fleeing violence, individuals coming out of corrections, or seniors. The key findings from the engagement are grouped by themes below.

HIGH COSTS AND INADEQUATE FUNDING:

- Non-profits with limited or no provincial funding reported facing increasing operating and capital costs and inadequate funding to address ongoing maintenance needs and critical capital upgrades such as plumbing, elevators, and fire safety upgrades. Furthermore, it was reported that upgrading costs can be unpredictable and often escalate as additional deficiencies are discovered throughout the renovation process.
- Non-profits reported that trades are often not willing to undertake repairs in SROs and securing contractors is becoming increasingly challenging.
- Non-profits who own their SROs also reported that costs are further exacerbated by increased City by-law enforcement that results in high fines (i.e. charges for false alarms, bikes in hallways).
- In cases where non-profits have a lease or contract with a private owner, non-profits reported that responsibility for repairs can be fraught with challenges and result in delayed maintenance. Furthermore, some non-profits reported that landlords have periodically raised the lease amount, putting further strain on non-profits' already limited resources.

BARRIERS TO REDEVELOPMENT:

- Most non-profits who owned SROs reported an interest in redevelopment of their SROs but were frustrated by the lack of funding available to support their plans. They felt that Provincial funding programs are over-subscribed and federal programs do not support the deep levels of affordability required to meet the existing needs of tenants.
- Non-profits also reported that heritage restrictions, zoning regulations and permit processes can further complicate redevelopment and contribute to additional costs and delayed timelines.
- Finally, non-profits noted that tenant relocation was a key challenge and serves as a barrier to planning for redevelopment.

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TENANT MIX:

- Non-profits reported that buildings with a smaller number of rooms (i.e. up to 50 rooms) were easier to manage and were more conducive to building community amongst tenants. Due to the congregate style of living in SROs, larger buildings were reported as more difficult to manage; particularly if the majority of tenants have higher support needs. Non-profits reported that buildings are most cohesive where there are a core group of diverse tenants that have lived in the building for a long time.
- Non-profits also reported that some tenants living in supportive housing SROs no longer need supports but remain in supportive housing as they cannot secure independent housing at affordable rents.

OPPORTUNITIES:

- Some non-profits, for example PHS, Lookout, and Atira, reported being interested in acquiring private SROs under the right conditions: smaller buildings, a primarily stable tenant base that does not require high levels of support, being able to ensure the appropriate level of staffing can be in place, and access to capital funding to enable renovations alongside acquisition. The presence of commercial units was identified as an added benefit to cross subsidize operating costs. Additionally, non-profits reported a preference to acquire buildings from long-time SRO owners who were willing to sell at assessed value in order to maintain affordability.
- Some non-profits reported that access to rent supplements that were administered to tenants in privately-owned buildings provided a mutually beneficial model that has had significant success. Under this model, a non-profit has a holding agreement with a private landlord where they secure a block of rooms for tenant referrals and provide light supports. The landlord is guaranteed rent, and the non-profit can access rooms for low-income tenants. This model was reported as working best in well managed buildings with stable tenancies.
- A number of non-profits that own SROs reported being interested in long term redevelopment by contributing their assets and expertise to leverage partnership funding. Given the limited funding available, non-profits expressed the need for a carve-out within existing programs that would prioritize SRO redevelopment.

DTES SRO Collaborative and DTES Community Land Trust

Staff met regularly with the DTES SRO Collaborative, a non-profit organization that works with tenants to support improved living conditions in privately-owned SROs, as well as the DTES Community Land Trust (DTES CLT), a non-profit formed in 2022 with a mandate to acquire and preserve low-income SROs. The purpose of engagement was to learn about the organizations' emerging strategies and priorities around SRO acquisition and repair, and to gain insights into the needs of the SRO tenant population with whom they closely engage. The SRO-C and DTES Community Land Trust highlight their key findings and recommendations as follows:

TENANTS' ROLE IN GOVERNANCE:

- Many tenants are active members in their buildings, as demonstrated through their involvement in a number of SRO-C tenant-led initiatives, and wish to play a role in decisions about their buildings.
- Many tenants wish to remain in their homes, where they have built a sense of community, but do not always feel secure in their housing under private ownership.

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- The majority of shelter rate housing in the City is supportive housing, but many SRO tenants would prefer to live independently, leaving a gap in the housing continuum for independent but low-income tenants.

OPPORTUNITIES:

- Building on the SRO-C's tenant-led initiatives in private SROs, the DTES CLT has developed a proposal for a new model of ownership based on land security, peer-based programming, and a decolonized and tenant-centered governance structure.
- Bringing private SROs into community ownership would secure housing for existing SRO residents who are low-income but do not require the level of supports offered in traditional non-profit operated supportive housing.
- A number of private SRO owners have expressed interest in selling their assets to the DTES CLT.
- As a non-profit, the DTES CLT requires external funding to support their ownership model. They are currently fundraising and engaging all levels of government to be able to acquire one SRO and demonstrate the success of the model.

Private SRO Owners

Staff interviewed eight landlords representing a cross-section of newer and longtime owners of both small and large SRO buildings, with primarily a low-income tenant base. The key findings from the engagement with private owners are grouped by themes below.

RISING FINANCIAL PRESSURES:

- Owners identified that the gap between income and costs presents a barrier to undertaking building improvements, as well as meeting ongoing operating costs, particularly in buildings where rents are low and there is no commercial unit to cross subsidize costs.
- Owners reported rising operating costs due to higher property taxes, hydro, insurance and the cost of labour and materials, with concurrent increases in fires and floods requiring costly remediation. Some owners also reported facing difficulties in obtaining and renewing insurance due to increased risk/liability of SRO buildings.
- Some owners reported that they were struggling to renew mortgages with traditional lenders, leading them to use third party "mezzanine lenders" with very high interest rates (up to 20%) and resulting in some buildings facing foreclosure proceedings.
- Owners also reported further pressure on the viability of their operations due to additional costs related to City life safety by-law requirements (i.e. the Fire By-law), as well as costs related to increased fines and prosecution.
- Other financial pressures included lengthy Residential Tenancy Branch (RTB) or legal proceedings with tenants who dispute evictions.
- Owners reported that they are responding to rising costs by raising rents on existing tenants, not undertaking repairs, renting only to students, or taking a loss over the short-term with the anticipation of selling the building in the future.

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LACK OF SUPPORTS OR PATHWAY OUT OF SRO OPERATIONS:

- Many owners reported feeling they do not have the expertise to support tenants with complex needs but end up housing tenants without any government support or subsidies. They reported that tenants with unmet needs engage in behaviors that add costs for owners, including damage to doors, locks, plumbing and drywall, setting off fire alarms, and hoarding that increases the presence of pests. Owners reported that they are labeled as "slumlords" and blamed for the conditions in the DTES despite essentially providing a social service.
- Some owners also reported that existing government policies are putting further strain on their ability to operate safely. For example, the use of lockable butane lighters to inhale drugs is leading to increased fires, while the lack of adequate supports and protections for SRO residents is contributing to victimization of SRO residents, including by violent gangs that infiltrate into buildings.
- Many owners reported feeling stuck – they no longer want to operate SROs but feel they have limited options to transition out of the business. Owners that want to sell face limited interest from prospective buyers. Redevelopment is not viable in most cases without partnership funding.
- Owners expressed concern that with profit margins slim to non-existent, some owners indicated there is not a significant incentive to further invest in their buildings or take on additional debt.
- Owners reported not accessing government funding programs as the requirements are challenging to meet and the process is onerous/complicated. Some owners have limited or no experience in working with government and/or applying for funding, may not be proficient in English, or may lack computer skills. Processes that require owners to bring in consultants require additional time and money, posing an additional barrier.

OPPORTUNITIES:

- The majority of private SRO owners indicated that they would be interested in selling their buildings to government or a non-profit and are in support of an acquisition fund that could bring more buildings under non-profit or government ownership.
- Other owners indicated they would prefer to retain ownership of their buildings but need access to government funds and services to sustainably house low-income residents. Owners suggested a number of government interventions, including financial incentives (i.e. property tax breaks), provision of rent supplements for tenants to enable higher rents, and supports for mental health and substance use within private buildings.
- Some owners reported an interest in accessing a renovation and repair fund if there was a higher contribution component or a loan with very low interest rates and/or long amortization periods, reasonable conditions (for example, no energy or efficiency requirements) and support for tenant relocation for renovations that require temporary tenant displacement.

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Appendix B: Analysis of Existing Senior Government Funding Programs

B.1 Overview

Staff undertook an analysis of existing provincial and federal funding programs to understand the limitations and potential opportunities for investments in the existing SRO stock to advance the following dual goals:

- Replacement of non-market (government and non-profit owned) SROs with self-contained social housing for low-income residents through on-site redevelopment or conversion of existing SROs.
- Interim stabilization of SROs to improve affordability, housing stability, and building conditions for existing residents until buildings can be replaced. Stabilization streams include:
    - Supporting the community sector to acquire and renovate SROs
    - Renovation and repair funding for private SROs.

Summary of Analysis

Overall, the analysis found that although there are a number of existing Provincial and Federal programs that support the delivery of social housing, the funding structures of the majority of these programs do not support the deep levels of affordability required in SROs, and those that do are significantly oversubscribed. However, the Affordable Housing Fund-Rapid Housing sub-stream and Build Canada Homes programs may offer new opportunities for increased viability and deeper levels of affordability for SRO redevelopment projects that meet the requirements of these programs.

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	Goals	Completed
SRO Replacement: Redevelopment of non-market SROs	Federal: Affordable Housing Fund (AHF) - Community Housing & Rapid Housing Sub-Streams; Build Canada Homes Provincial: Community Housing Fund (CHF), Indigenous Housing Fund (IHF)	• The funding structures of the CHF, IHF and AHF-Community Housing Fund do not support replacement of existing rooms at shelter rates, requiring trade-offs (ex. decreased affordability, fewer projects funded, etc.). • The CHF and IHF are consistently oversubscribed. • Both the AHF-Rapid Housing sub-stream and Build Canada Homes may offer new opportunities for increased viability and deeper levels of affordability for SRO redevelopment projects that meet the requirements of these programs.
Renovation of SROs	Federal: AHF - Renovation & Repair Stream	Non-market SROs: • The small forgivable loan or contribution amounts provided by CMHC may not justify the time and resource costs needed for application and reporting. • The funding structure negatively impacts the financial viability of SRO renovation & renewal projects that are replacing existing shelter-rate rooms, requiring trade-offs (ex. decreased affordability, fewer projects funded, etc.). Market SROs: • The recent removal of requirements for accessibility and energy efficiency is positive. • The low proportion of repayable versus non-repayable loans for private owners negatively impacts the financial viability of renovation & repair projects, particularly for buildings with more affordable rents. • The complexity and resources needed for applying and reporting is also a barrier.
Acquisition of private SROs by community sector	Federal: Canada Rental Protection Fund (CRPF) Provincial: BC Rental protection Fund (BCRPF)	• SROs are not eligible for the BCRPF. • Both the CRPF and BCRPF require applicants to take on debt, which is challenging for SROs with deeply affordable rents. • For the CRPF, the proportion of loans to contributions provided is unclear. A higher proportion of contribution versus low-cost loans is needed for acquisition of SROs with deeply affordable rents.

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B.3 Detailed Analysis

SRO Replacement: Redevelopment of Non-market SROs to Self-Contained Social Housing

Federal		
Funding Program	**Description**	**Analysis of Compatibility**
CMHC Affordable Housing Fund (AHF) - Rapid Housing Sub-stream	• Stream with a focus on new units for those in greatest need (shelters, transitional & supportive housing), including projects typically generating limited to no rent revenues. • Financial support can include 100% contribution-only funding for construction & development (although projects with partnership funding are prioritized). • Analysis of previously funded social & supportive housing projects in Vancouver through the AHF shows an average of approximately $94K/unit.	• May provide a viable funding source for SRO redevelopment projects with supportive housing, with potential for 100% contribution funding.
CMHC Affordable Housing Fund (AHF) - Community Housing Sub-stream	• Focus is on new mixed-income and mixed-use developments that integrate supports and services. • Maximum forgivable loans of up to 30% of costs. • Analysis of previously funded social & supportive housing projects in Vancouver through the AHF shows an average of approximately $94K/unit.	• Offers a smaller proportion of forgivable loans/ contributions, which will have a negative impact on the financial viability and/or ability to deliver shelter rate housing, and will require trade-offs (ex. decreased affordability, fewer projects funded, etc.).
Build Canada Homes – Supportive & Transitional Housing component	• Launched in the fall of 2025, this federal fund will deploy $1 billion in capital funding, including loans and contributions, specifically to build supportive and transitional housing. It seeks to collaborate with governments, private sector developers, for-profit and or non-profit organizations and financial institutions. • Project expectations include: leveraging factory-built housing solutions; providing residents with supportive services; and ensuring long-term operating and maintenance costs are funded through partnerships with provinces, territories or other funders. • Projects submitted through AHF are also considered for Build Canada Homes funding.	• May provide a viable funding source for SRO redevelopment projects with supportive housing, with 100% contribution funding for construction. • However, access to capital funding is reliant on commitment to operating subsidies from Provincial government or other non-federal entity.

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SRO Replacement: Redevelopment of Non-market SROs to Self-Contained Social Housing (continued)

Provincial		
Funding Program	**Description**	**Analysis of Compatibility**
BC Housing Community Housing Fund (CHF)	• Provides funding to non-profit organizations for construction of affordable rental homes for people with moderate and low incomes. • Capital Grants of up to $171,000 per unit (2025). • Construction/ takeout financing up to 100% of residential construction cost. • Some operating subsidies available.	• Small proportion of capital grants will have a negative impact on financial viability and/ or ability to deliver shelter rate housing and will require trade-offs. • Program is known to be consistently oversubscribed. • The 2026 Provincial budget resulted in significant changes to housing investments, including a pause on new funding for the Community Housing Fund (CHF). While previous commitments are being honored, the budget reallocates approximately $1.4 billion in housing investments over the fiscal plan to manage a $11.2 billion deficit.
BC Housing Indigenous Housing Fund (IHF)	• Funds Indigenous organizations to construct 100% rent-geared-to-income units for low-income tenants. • Capital Grants of up to $383,000 per unit (2024). • Construction/ takeout financing up to 100% of residential construction cost • Operating subsidies available.	• Moderate proportion of capital grants will have some impacts on viability, depending on the project. Focus on Indigenous organizations means that fewer projects will be eligible. • Program is known to be consistently oversubscribed. • The 2026 budget does not include new investments in the IHF program.

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SRO Renovation

<table>
<tr><th colspan="3">Federal</th></tr>
<tr><th>Funding Program</th><th>Description</th><th>Analysis of Compatibility</th></tr>
<tr>
<td>AHF: Renovation & Repair Stream</td>
<td>Program stream provides low-interest repayable loans, forgivable loans and contributions to renovate and repair affordable and community housing.

There are minimum project requirements for affordability & financial viability. A criteria-based scoring grid determines the proportion of forgivable loan, and which projects are prioritized.

Recent changes to this stream include adjustments from a minimum requirement approach for accessibility and energy efficiency, to an incentive-based approach.

Non-market: non-market proponents are eligible for a potential combination of:
1. Repayable loans (low-interest):
• Non-profits: the lesser of 95% loan-to-cost for residential space or 85% loan-to-value
• Government: 75% loan-to-cost for residential space
2. Forgivable loans:
• Lesser of (1) Scoring Grid calculation; (2) $10K/unit; or (3) 30% of costs
3. Contribution only funding:
• Up to $30K/unit (intended for organizations that have already partnered and secured funding but require a top-up to close funding gaps).

Market: Private sector proponents are eligible for loans but not contribution-only funding.
• Repayable loans: up to 75% of costs or 85% loan-to-value.
• Forgivable loans: lesser of (1) Scoring Grid calculation; (2) $10K/unit; or (3) 15% of costs.</td>
<td>Non-market:
• Prioritizes repayable loans.
• Allowable maximums for forgivable loans/contributions represent only a small proportion of total project costs. For example:
  ◦ The maximum contribution of $30K/unit represents an estimated 5.5% of average per unit costs for SRO conversion projects (roughly $550K/unit).
  ◦ The maximum forgivable loan of $10K/unit represents an estimated 1.8% of average per unit costs for SRO conversion.
• The complexity of the application & reporting for CMHC funding programs requires a significant resource / time investment.

Market:
• Private SRO owners note that they have constrained ability to carry debt.
• Most SRO projects will score strongly on AHF requirements related to affordability and priority groups, as well as most/some of the requirements related to community orientation & social inclusion.
• Removal of energy efficiency and accessibility as requirements will likely reduce barriers for private owners.
• The contribution portion of the funding is too low to support financially viable projects and/or incentivize owner uptake, particularly in buildings with deeply affordable rents.
• Private owners have indicated that the complexity and resources needed to prepare applications and report on funded projects are significant barriers.</td>
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Acquisition of Private SROs by Community Sector

Federal		
Funding Program	**Description**	**Analysis of Compatibility**
Canada Rental Protection Fund (CRPF)	• Program provides loans and contributions to community housing sector for acquisition projects that leverage federal funding to attract other sources of capital. • Projects must redeploy funding to support more acquisitions. • Focus on privately-owned, multi-unit residential buildings. • Properties should be financially viable without ongoing operating agreements or subsidies. • Units must be attainable to middle and lower-income people. • Will provide $470M in contributions and $1B in low-interest loans over five years. In 2025-2026, it will provide $94 million in contributions and $200M in loans.	• No projects have yet been awarded CRPF funding, so there is no indication of the proportion of contributions versus loans being provided, nor maximum funding amounts. It is clear that projects will have to take on debt from both the CRPF and additional sources of capital. This will be challenging for SROs, which typically have deep levels of affordability.
BC Rental Protection Fund (BCRPF)	• Provides capital contributions to non-profit organizations to help them acquire and renovate existing affordable, occupied, rental buildings, and retain affordability over time. • Applicants must obtain first-mortgage financing to the greatest extent possible. BCRPF provides contributions to fill the equity gap. • Targets middle-income buildings at-risk of significant rent increase or redevelopment. • SROs (non-self-contained units) are not eligible.	• SROs are not eligible. • Eligibility aside, deeply affordable rents in SROs make it very difficult to support mortgage financing for acquisition. A significant contribution amount would be required.

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Appendix C: Rental Housing Acquisition Programs – Jurisdictional Scan

Across other jurisdictions, there are many examples of funding programs that support non-profit acquisition of low-income housing in order to address rising rents and prevent displacement of low-income residents.

Staff completed case studies on three existing acquisition programs across Canada and the USA. The research was completed through a review of available literature as well as interviews with representatives from each jurisdiction. Four online interviews took place between November 2023 and February 2024.

C.1 Acquisition Program Models – Summary

All of the models reviewed provide non-profit organizations (NPOs) with funding for the acquisition and rehabilitation of low-income housing, including rooming houses and other congregate style buildings, to stabilize rents and prevent tenant displacement. The below table provides an overview of the three programs examined:

Government funding programs for non-profit acquisition		
Multi-Unit Rental Acquisition Program Toronto The City provides grant funding and incentives to pre-qualified NPOs for the purchase and renovation of at-risk multi-unit market rental properties, to ensure long-term affordability.	*Rental Protection Fund* British Columbia The Provincial government provides grants to help pre-approved NPOs acquire and upgrade older, middle-income rental buildings and preserve as low-cost rental housing.	*Small Sites Program* San Francisco The City provides loans and subsidies to pre-qualified NPOs for acquisition, rehabilitation, reserves and soft costs to secure rents in small buildings occupied by low-income tenants.

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C.2 Multi-Unit Rental Acquisition Program - Toronto

Under the Multi-Unit Rental Acquisition Program (MURA), the City of Toronto provides grant funding and incentives to non-profits and Indigenous housing groups for the purchase and renovation of at-risk, multi-unit market rental properties.

Eligible applicants	NPOs and Indigenous housing groups.
Eligible buildings	• Apartment buildings or multi-tenant houses (rooming houses) at-risk of loss due to conversion • Condominium units (new or soon to be completed) • Tenanted or vacant
Budget and sources	Pilot - 2018-2019: $3.1 million • City of Toronto (Section 37 - Community Benefits); Provincial-Federal funding (Ontario Priorities Housing Initiative & Canada-ON Community Housing Initiative) Year 1 - 2021: $10 million • City of Toronto (Development Charges Reserve Fund, General Revenue) Years 2,3 - 2022-2023: $55-$64 million • City of Toronto (Vacant Homes Tax); Province (Ontario Priorities Housing Initiative) Years 4,5,6 - 2024-2026: $121 million • City of Toronto (CreateTO Dividend, Vacant Homes Tax); Province (Building Faster Fund); Federal (Housing Accelerator Fund)
Outcomes to date	• 2022-2024: supported acquisition of 34 properties and over 1000 units
Funding details	• Type: Grant funding (forgivable loans) and city fee relief incentives (permit fees, property taxes). • Amount: Up to $150,000 per unit for multi-tenant houses (maximum $12M per building)
Affordability conditions	• 99-year affordability term • Maximum rents limited to 100% of City's definition of affordable rental housing

Building upon a successful 2020 pilot project in Toronto's gentrifying Parkdale neighbourhood, the MURA program was created in 2021 to preserve at-risk small apartment buildings and multi-tenant houses (i.e. rooming houses) across Toronto. Implemented through an open annual proposal call process, the City establishes a list of qualified and experienced housing providers who are pre-approved for grant funding to pursue sale properties of their choosing. NPOs may stack funding to fill any funding gaps and also take advantage of city-fee relief incentives.

After its first three years, MURA has been enthusiastically embraced in the city, with demand exceeding funding levels. This success led to the 2024 announcement of increased program funding: $100 million over 2024 to 2026. To date, over 960 units have been acquired, most of which have been within small, reasonable condition apartment buildings in the City's periphery, where property values are lower. Most proponents have also sought additional financing to fill funding gaps. Of the properties acquired, few have been rooming houses as they are mainly concentrated closer to the downtown core and typically have higher costs.

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Lessons learned:

- Launching the program as a pilot proved to be an effective approach, allowing for initial testing and demonstrated success prior to full-scale implementation.
- Successful program elements are cited as the pre-approval process, provision of direct grants, and long timelines for secured affordability
- The program delivers quick wins on short timelines, which are highly motivating to the sector. Non-profits can move from proposal submission to building operations within just one year.
- While funding levels are well calibrated to acquisitions costs, non-profits are requiring additional funding to cover renovations.

C.3 Rental Protection Fund – British Columbia

The BC provincial government, through the BC Rental Protection Fund (BCRPF), provides one-time capital grants to help pre-approved non-profits acquire and upgrade older, middle-income rental buildings and preserve them as low-cost housing.

Eligible applicants	Non-profit organizations (First Nations, co-operatives, land trusts, and other non-profit groups).
Eligible buildings	• Buildings at-risk of significant rent increase or redevelopment • Self-contained units only (no SROs) • Privately held and available for sale • Tenants cannot be displaced
Budget & source	• $500M over 2023-2025 • Source: provincial government
Outcomes to date	• Nearly 1,600 rental units acquired between 2023 and June 2025
Funding amounts and details	• Type: capital grants • Details: applicants must obtain long-term, first-mortgage financing to support acquisition and/or renewal costs to greatest extent possible
Affordability conditions	• Must produce maximum viable level of affordability while still being financially viable to own and operate. • Maximum 25% of units can rent at market rates

Announced in 2023, the BC Rental Protection Fund was created to stem the rapid loss of middle-income rental stock from British Columbia's private rental housing market. It does so by providing capital grants to non-profit housing groups across BC to support their acquisition and renewal of older affordable housing at risk of rent increase or redevelopment. This is achieved by providing one-time capital grants that supplement additional first-mortgage financing, filling equity gaps and allowing organizations to undertake acquisitions quickly and competitively. The program follows a three-stage applicant-led process: applicants first pass through organizational pre-qualification, then bring an acquisition opportunity to the Fund, and finally present a formal proposal. Successful projects must show that tenants will not be displaced as a result of upgrades, and that the resulting project will secure the maximum feasible level of affordability for tenants.

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Managed by a non-profit society created by the Aboriginal Housing Management Association, BC Non-Profit Housing Association, and Co-operative Housing Federation of BC, the fund will distribute $500 million over three years, aiming to secure more than 2,000 units of housing. Since its start in July 2023, it has drawn strong interest from the non-profit housing sector and is on track to exceed its goal. Drawing from this success, in 2024, the federal government launched the Canada Rental Protection Fund, which will provide $1.5 million over five years to support the community sector in acquiring and preserving affordable rental homes; it will work in compliment to the BCRPF.

Lessons Learned:

- Seizing a political moment was key to the fund's creation. Momentum around acquisitions emerged approaching the 2021 provincial election. Continued advocacy, including engagement with political leadership and civil servants, helped build the case for the fund.
- Interest in acquisitions emerged once the opportunity was created. At first, non-profits showed little interest in acquiring older rental buildings, but once they recognized the opportunities made possible through the program, there was significant interest and uptake.
- This provincial innovation led to the development of a federal acquisitions program. The BCRPF demonstrated the strong interest and uptake around non-profit acquisition of middle-income housing. This led to the creation of a similar program on the federal level.

C.4 Small Sites Program – San Francisco

San Francisco's Small Sites Program provides pre-qualified non-profits with loans and subsidies for the acquisition and rehabilitation of small buildings with low to moderate-income tenants, securing permanently affordable housing for tenants at-risk of displacement.

Eligible applicants	Non-profit organizations
Eligible buildings	At-risk buildings of 5-25 units where average tenant income does not exceed 80% of area median income (AMI) (a minority of tenants can earn as much as 120% of AMI)
Budget and sources	• $30M annually • Sources: patchwork of municipal and state funding (includes housing trust fund, in lieu fees from City's inclusionary zoning program, fees for expedited condo conversions, etc.)
Outcomes to date	• Has preserved 402 rental units in over 49 buildings (2014-2022). • Most SRO buildings acquired house very low-income tenants (between 30-55% of AMI)
Funding amounts and details	• Loans: offers a second mortgage at a very low interest rate (4-5%) • Loans can be soft debt (non-repayable) if operating expenses exceed rental revenue. • Amount: up to $275,000 per unit for SROs
Affordability conditions	• Must permanently maintain a building-wide average income of 80% of AMI

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Created in 2014, the Small Sites program provides non-profit groups with funding for the acquisition and rehabilitation of 5 to 25-unit low to moderate income buildings in San Francisco. Acting as a gap lender, the program provides organizations with low-interest (4-5%) second mortgages as well as 20-year operating subsidies. For buildings that cannot take on debt, including most SROs, loans are offered as soft debt, meaning they do not require repayment. In exchange for financing, applicants must permanently maintain a building-wide average income of 80% the area median, mixing rents as needed to achieve this.

The program is implemented through an open annual proposal call, prioritizing projects where tenants are very low-income, are at-risk of displacement, and/or experience intersecting vulnerabilities. With an annual budget of $30 million, the program can support the acquisition of about 80 units each year. Between 2014 and 2022, it preserved 402 rental units, many of which were acquired by community land trusts.

According to City staff, organizations are drawn to acquisition for the freedoms of property ownership and to uphold their mandates, which often involve supporting a specific marginalized population. Acquisition allows them to quickly stabilize rents and remove the threat of tenant displacement. A complimentary tool is the Community Opportunity to Purchase Act (COPA), which gives non-profits the right-of-first-offer and right-of-first-refusal on properties for sale in the city.

Lessons learned:

- Many non-profits are finding that building operations are more economically efficient when scaled up and, thus, are shifting focus to the acquisition of larger portfolios (HART, 2023).
- Non-profits appreciate the program's quick timelines and low barriers, as well as the guidance it offers through acquisition and rehabilitation process, which can be overwhelming for organizations new to ownership.
- Providing soft debt loans, rather than grants, is advantageous to the City because it can place conditions on the loan, incorporate more monitoring, and process loans through a loan committee, which analyzes risk as a lender would.

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NOVEMBER 2025

SRO Revitalization Framework

CITY OF VANCOUVER