

Committee of the Whole Report For the Meeting of August 10, 2017

To:Committee of the WholeDate:July 28, 2017From:Jonathan Tinney, Director, Sustainable Planning and Community DevelopmentSubject:409 - 411 Government Street

RECOMMENDATION

That Council approve the proposed tenant plan provided with the strata conversion application for 409 - 411 Government Street, subject to one of the existing rental units be secured for a five (5) year period.

That Council instruct staff to prepare the necessary Housing Agreement in order to secure one of the proposed strata units as rental for five (5) years.

EXECUTIVE SUMMARY

The purpose of this report is to seek Council's approval of a tenant plan, which is under a fixed term lease, submitted with an application to strata title a duplex at 409 - 411 Government Street. One half of the duplex is currently occupied by one tenant renting on a yearly lease basis and the other half is owner occupied.

The applicant, Taylor Holmes has applied to the Approving Officer to convert the existing purpose built duplex into two (2) strata units. The applicant has included a tenant plan with the strata conversion application for Council's consideration. Sustainable Planning and Community Development staff advises that the proposed use complies with the R-2 (Two Family Dwelling) Zone.

Previous strata conversion tenant plan approvals have set secured rental periods of 2-5 years, and so this project falls within the range of previously approved tenant plans. Staff evaluated the tenant plan and strata conversion application and recommend maintaining a consistent approach that secures one unit, without restrictions, as rental for the full five (5) years.

BACKGROUND

Under Section 242 of the *Strata Property Act*, "conversion of previously occupied buildings" requires approval from the Municipal Approving Authority. This authority has been delegated to the Approving Officer. In this instance the City of Victoria's current policy requires that Council is the approving authority with respect to only the approval of the tenant plan accompanying a strata conversion application where there is a rental occupancy in one or more of the units.

The applicant has submitted a basic tenant plan and has agreed to keep one of the units as rental for a period of 5 years (60 consecutive months).

The basic one-unit rental for 5 years proposal can be secured by means of a Housing Agreement registered on title of the property. This is a practice which is consistent with similar applications that have involved strata conversions. The legal costs associated with preparation and registration of the covenant is the responsibility of the applicant. The unit maybe sold as a strata however, the new

owner cannot occupy the unit and has to make the unit available for rental purposes for the duration of five consecutive years. This is the minimum term that would be incorporated within the Housing Agreement.

Issues & Analysis:

This proposal has been referred to Sustainable Planning and Community Development for evaluation and staff have no objections to securing by means of an acceptable legal agreement registered on title, one of the existing rental units.

The tenant plan for 409-411 Government Street proposes that when the current tenancy ends, the unit will be placed back into the rental pool with a new lease agreement signed, lending some assurance that this unit will continue to be operated as long-term rental. However, based on the current vacancy rate of 0.5% and the increasing cost of rental housing as indicated by CMHC's most recent Rental Market Report, it is advisable that Council consider further securing the strata unit as rental housing for a minimum period of five years. It is also advised that no rental restrictions be permitted on the Strata contract.

It should be noted that the Residential Strata Titling Policy is now twenty years old (established in 1997), and does not contain minimum standards for length of secured rental, nor considerations for more security for established tenants or affordable units, and considering today's rental market. However, previous conversion approvals have set secured rental periods of 2-5 years, and so this project falls within the range of previously approved tenant plans. Staff recommend keeping a consistent approach that secures one unit, without restrictions, as rental for the full five (5) years.

Options & Impact:

The impact of this approval is consistent with similar requests for duplex conversions of this nature. This approval ensures that one of the existing units is maintained within the rental pool for a reasonable length of time, in this case five (5) years and will be secured by a Housing Agreement. The agreement would be required to be registered on the property's title. This would take effect at time of registration of the strata plan.

Recommendation:

That Council approve the proposed tenant plan provided with the strata conversion application for 409 - 411 Government Street, subject to one of the existing rental units be secured for a five (5) year period.

That Council instruct staff to prepare the necessary Housing Agreement in order to secure one of the proposed strata units as rental for five (5) years.

Respectfully submitted,

Jonathan Tinney

Director, Sustainable Planning and Community Development

Craig Stenberg Deputy Approving Officer

Report accepted and recommended by the City Manager:

Date:

August 4, 2017

Attachments

409 & 411 Government – Tenant Plan Residential Strata Titling Policy Location Information Map

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