

# PUSHED OUT

Escalating rents in the Downtown Eastside



September 2010

By Wendy Pedersen and Jean Swanson



**CCAP acknowledges that our neighbourhood lies  
within unceded Traditional Territory of the Coast Salish People**

The Carnegie Community Action Project (CCAP) is a project of the Carnegie Community Centre Association, which has about 6000 members, most of whom live in the Downtown Eastside (DTES) of Vancouver. CCAP does community based research and organizing on social housing, income and gentrification issues. We organize residents to have a voice in planning for the future of the area. Our overall goal is to create a DTES that is **safe, healthy and affordable to the low-income residents who live here now.**

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Support for this project does not necessarily imply  
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# Contents

<b>Introduction.....</b>	<b>Page 2</b>
<b>Hotel survey results .....</b>	<b>Page 3</b>
<b>New construction .....</b>	<b>Page 3</b>
<b>Analysis .....</b>	<b>Page 4</b>
<b>Recommendations .....</b>	<b>Page 5</b>
<b>Appendices .....</b>	<b>Page 6</b>
Appendix 1: Hotels Surveyed	
Appendix 2: How CCAP did the hotel survey	
Appendix 3: How CCAP got rent information	
Appendix 4: Why it's important for rents to be lower than \$375 per month	
Appendix 5: Vacancy information	
Appendix 6: Daily/weekly rentals	
Appendix 7: Students	
Appendix 8: Guest fees	
Appendix 9: SRO hotel rooms are not healthy or adequate accommodation	
Appendix 10: SROs must be retained as an affordable last resort	
Appendix 11: What DTES residents can afford to pay for rent	
Appendix 12: Provincially owned hotels that opened rooms in 2010	
Appendix 13: List of hotels where the lowest rent is \$425 or more	
<b>Thanks for your help .....</b>	<b>Page 9</b>
<b>Sources .....</b>	<b>Page 9</b>

# Introduction



Low income residents of the Burns Block Hotel at 18 West Hastings were evicted with one-hour's notice. Now the rooms are being converted into "micro-lofts" and much higher rents will be charged when it reopens.

Low-income Downtown Eastside (DTES) residents can afford to live in only 12% of the 3,500 privately owned hotel rooms in their community. That's the conclusion of this Carnegie Community Action Project third annual report on the housing situation for low-income people in the DTES.

Escalating rents in DTES hotels are undermining efforts to reduce homelessness and prevent displacement of low-income people. Because the DTES has about 10,000 residents who can afford no more than \$375 a month for rent, as well as about 700 homeless people, it is crucial that Single Room Occupancy (SRO) hotel rooms, the last stop before homelessness, stay open and affordable until replacement housing is built.

In 2010, however, CCAP found that 67 affordable rooms closed and the number of rooms in hotels that rent all their rooms for \$375 or less fell by 415. Only 12% of the privately owned rooms surveyed by CCAP are now affordable to DTES residents on income assistance, disability and basic pension. Even though 2010 was a really good year for newly built units and provincially owned hotel rooms opening up, the number of newly affordable units was 112 less than the number of closed hotels plus hotel rooms lost to rent increases above \$375.

It's not surprising that the City found a 12% increase in homelessness from 2008 when it counted homeless people in March 2010. And it's not surprising that many DTES residents have to do survival work like binning, selling things on the street, panhandling and sex work to get by each month because rent takes a huge part of their total income.

## Hotel Survey

Between April and June, 2010 CCAP surveyed 90 privately owned and run residential hotels in the DTES. CCAP got information from 80% of the hotels with 93% of the rooms. CCAP found:

- The number of hotels that rent all their rooms for \$375 or less fell from 19 hotels with 777 rooms in 2009 to 12 hotels with 362 rooms in 2010, a loss of seven hotels with 415 rooms;
- This means DTES residents who depend on welfare, disability and basic pensions can only afford 12% of the privately owned rooms in the DTES. This is down from 29% last year;
- The *lowest* rent in over half (56%) of the hotels that CCAP got rent information from is \$425 a month or more. In other words, 28 hotels with 1689 rooms rent at \$425 or more;
- Rents in 17 of these 28 hotels with 1159 rooms start at \$450 or more;
- Between 2009 and 2010 the number of hotels where the lowest rent is \$500 or more increased by over 200% from 3 hotels with 272 rooms to 11 hotels with 634 rooms;
- There were only two vacancies in hotels with rents at or under \$375. Last year there were four;
- Fifteen hotels charging higher rents had vacancies;
- Only one hotel claimed to be renting rooms on a daily/weekly basis and was reported to the city by CCAP as this is now illegal under the Single Room Accommodation bylaw;

- Two hotels with 67 rooms have closed since CCAP's 2009 report. These are the Argyle (43 rms) and Lucky Rooms (24 rms);
- Two SROs re-opened this year, the Persepolis (27 rms) at \$400/month and Pender Place (23 rms) at \$600- \$700/month.

## New Construction

Since CCAP's last report:

The low-income units for singles (125) and families (about 25) have opened at Woodwards.

These new affordable housing buildings are under construction in the DTES:

- Station Street, 80 units, to be run by the Portland Hotel Society;
- Hastings Street, 39 permanent housing units, to be run by Union Gospel Mission;
- Abbott and Pender, 108 units, to be run by ATIRA;
- 339 W. Pender, 96 units, to be run by Coast Mental Health.

New units under construction now total 323. They should be ready for occupants by 2012 if not sooner.

In addition, two DTES sites have recently been approved for construction to start later this year:

- 590 Alexander St., 139 units, to be run by the Portland Hotel Society;
- and 606 Powell St., 146 units, to be run by Rain City.

## Hotel Survey findings at a glance

	2009	2010
Percentage of hotel rooms where all rooms rent for \$375 or less	29%	12%
Hotel rooms where all rooms are \$375 or less	777	362
Hotel rooms where lowest rent is \$500 or more	272	634
Hotel rooms where the lowest rent is \$425 or more	1416	1689
Vacant hotel rooms renting for \$375 or less	4	2

These 285 newly approved units may be ready for occupants by about 2013. In addition, tenants have moved into about 220 rooms in provincially owned SROs that were empty last year.

## Analysis

### ***New housing is desperately needed***

The DTES has about 700 homeless residents, 3500 residents in privately-owned hotels that need replacing, and 1500 residents in government owned or non-profit operated hotels that are a slightly lower priority for replacement, for a total of 5700 low-income people who need decent housing. Ninety-five percent of 655 DTES residents surveyed by CCAP said they would like to continue to live in the DTES if they had safe, secure housing.

### ***No new housing is planned after 2013***

Last year CCAP calculated that it would take 53 years to achieve the city's goal of replacing the SROs with new self-contained units if construction continued at the 2005-2012 rate. This year, two more buildings with 285 units have been funded and should be finished by 2013. It will take 42 years to replace the SROs at the 2005-2013 rate. But this is already 2010 and no land has even been acquired for social housing beyond 2013, even though it takes six or seven years from buying the site to moving in day. While homelessness is increasing and SRO's must be replaced, exactly zero new low-income housing units are being planned for after 2013.

### ***Closures and rent increases mean more homelessness***

Between 2009 and 2010, 370 new non-profit apartments or rooms renting at the welfare shelter rate opened up in the DTES. But 67 affordable rooms closed, and rent increases pushed hundreds of units over the \$375 mark, and hundreds more over \$450 and \$500. It's not surprising, then, that homelessness still increased 12% over 2008, according to the City's 2010 count.

### ***Gentrification pushes rents up***

Gentrification of the DTES, spurred by Woodward's and market housing development, is a major cause of the rent increases, which will also help to push low-income residents out of their DTES community. This is contrary to what residents want and contrary to city policy which asserts "no displacement" as a goal.

### ***Effective rent control is needed***

The lack of effective rent control is also a major cause of rent increases. Rent control is based on the person, not the unit. As a result, when a person moves out of a room, it is legal for landlords to raise rents as high as they like. In addition, rent control is enforced on a complaint basis and many residents don't know what their rights are and have a hard time going through the complicated procedure required when their rents are illegally increased.

<b>Changes to affordable accommodation in the DTES 2009-10</b>	<b>Gains</b>	<b>Losses</b>
<b>Provincially-owned rooms opened</b>	<b>220</b>	
<b>Privately-owned rooms opened at \$375 or less</b>	<b>0</b>	
<b>Newly-built social housing opened at welfare shelter rate</b>	<b>150</b>	
<b>Privately-owned rooms closed</b>		<b>67</b>
<b>Number of rooms lost in hotels renting for \$375 and under</b>		<b>415</b>
<b>Totals</b>	<b>370</b>	<b>482</b>

### ***City needs more accurate accounting methods***

Unfortunately the City seems to be classifying hotel rooms as low cost accommodation even though they are gradually converting to higher rents and residents with very low-incomes are being displaced as a result.

Another problem is the City's classification of provincially owned hotel rooms, which are not self-contained or earthquake proofed, as secure units of social housing. Although the hotels are newly government owned they are not "new" or adequate social housing and still need to be replaced with social housing that includes adequate space and private kitchens and bathrooms. The City's argument that the one for one policy is being met cannot be considered accurate because it includes as replacement units hotel rooms that are not self contained or additional.

### ***Some social housing not covered by Tenancy Act***

Some DTES residents tell CCAP that provincially run hotel rooms are not secure housing because residents do not have rights under the Residential Tenancy Act (RTA). They say non-profit housing providers have an extraordinary amount of power over residents and that, occasionally, this has caused homelessness. Residents need the law to protect them from arbitrary and unfair management decisions in provincially owned rooms and all social housing in general.

Unless governments act now stop rent increases, slow gentrification, increase incomes and build social housing governed under the RTA, more low-income DTES residents will become homeless and more will be pushed out of their community.

## **Recommendations**

**If Downtown Eastside residents are to gain their basic human right to decent housing, governments at all levels must:**

- Enact effective rent control (province);
- Define low-income housing to mean affordable by people with welfare level incomes (city);
- Raise welfare (province), disability (province), and pension incomes (federal) and minimum wage (province);
- Buy 5 sites a year for each of the next 10 years for social housing in the DTES (city);
- Stop condo development for 10 years until new social housing is in place (city);
- Enact a national housing program (federal);
- Enforce maintenance standards in hotels (city);
- Spend the Housing Endowment Fund on housing now (province);
- Allocate funds now for low-income housing (city, province, federal);
- Ensure that residents of all non-profit social housing, including hotel rooms, have full tenant rights under the Residential Tenancy Act (province).

# Appendices

## Appendix 1

### Hotels surveyed

For 2010 CCAP worked from the city's 2009 list of 100 hotels in the Downtown Eastside (DTES). CCAP added the Golden Crown Hotel and subtracted 11 hotels from this list that are run by non profit groups for a total of 90 hotels with 3452 rooms that we investigated. CCAP excluded hotels owned by the province and/or run by non-profits. While non-profit run buildings may not be perfect, and many tenants in non-profit buildings are not covered under the Residential Tenancy Act, at least they are not in imminent danger from closure, conversion or high rents. From the 90 hotels CCAP collected at least some information from 72 hotels with 3221 rooms. This represents 80% of the hotels in the Downtown Eastside with 93% of the rooms. Not all hotels provided information in every category.

## Appendix 2

### How CCAP did the hotel survey

For the hotel survey part of this study CCAP went door to door to 90 privately owned and run hotels within the DTES boundaries listed in the city's 2009 hotel list. CCAP approached each hotel like a prospective tenant looking for a room. The CCAP surveyor usually spoke to the desk clerk or manager and asked about vacancies, rent levels, daily/weekly rentals, and student only rentals. The surveyor looked to see if there was a sign asking guests to pay fees to visit residents and asked if there were any vacant rooms not being rented.

The survey was done by Wendy Pedersen with help from Tony Snakeskin, Fraser Stuart, Ping Chan and Kaleb Zentner. CCAP does not have the resources or the authority like the City does, to go in and actually inspect buildings, so this survey does not include maintenance aspects of the hotels. This information is as good as what was told to CCAP surveyors by desk clerks, managers, and in a few cases, tenants, as CCAP has no way of looking at hotel records.

CCAP also analyzed city and provincial statistics about new housing being built and provincially owned hotels.

## Appendix 3

### How CCAP got rent information

Most hotels have rooms that rent at different rates. Because CCAP cannot look at a hotel's books, it is not able to find out how many rooms rent at which rate. So CCAP's surveyors asked what the rent range was in each hotel. They gathered rent range information from 65 hotels with 3016 rooms. CCAP also had rent range data from 2009 for 46 of these same hotels with 2670 rooms. For this report CCAP has conservatively grouped rents by the lowest rent in the rent range. This means that many people actually pay higher rents than it appears by looking at our data. From looking at the data in this and last year's reports, it appears that rents within most buildings that have different rents are transitioning from lower to higher. The lowest rents in hotels with 54% of the rooms went up between 2009 and 2010. They stayed the same in 36% and went down in 10%.

## Appendix 4

### Why it's important for rents to be lower than \$375 a month

About 7000 DTES residents rely on welfare and disability income. Since 2007, \$375 a month is all single people have to pay for their rent, utilities and phone. If people on income assistance have to pay more than \$375, this money must come out of their support allowance of \$235, leaving them with not enough money to eat and pay for other necessities. The DTES also has about 3000 seniors. Many of them rely on a basic pension of only about \$1100 a month. For these seniors, rents at or below \$330 a month (30% of their income) are considered affordable.

## Appendix 5

### Vacancy information

In 2009 CCAP found vacancies in 4 hotels with rents at or under \$375. This year, after gathering vacancy information from 62 hotels,

CCAP found only 2 vacancies at these rents. Hotels charging higher rents have more vacancies. CCAP found 15 buildings with vacancies distributed as follows:

- Where the lowest rent was \$400 a month:  
4 hotels had vacancies
- Where the lowest rent was \$425 a month:  
2 hotels had vacancies
- Where the lowest rent was \$450 a month:  
2 hotels had vacancies
- Where the lowest rent was \$475 a month:  
2 hotels had vacancies
- Where the lowest rent was \$500 or more a month:  
5 hotels had vacancies

## Appendix 6

### Daily/weekly rentals

Last year CCAP found seven hotels that admitted to renting on a daily or weekly basis. In January, at CCAP's instigation, the city implemented a new bylaw eliminating the rule that allowed hotels to rent ten percent of their rooms on a daily or weekly basis. This year CCAP found only one hotel where the desk clerk said they rented to daily or weekly tenants. CCAP reported this to the city to see if the new bylaw needs to be enforced at that hotel.

## Appendix 7

### Students

CCAP only found one hotel that rents exclusively to students (the Creekside). But CCAP also found that the Columbia is advertising a \$599 student special on Craig's List and the newly opened Pender Place also advertises for students. With several hundred new students expected in September at the Arts school in Woodward's, more students could occupy rooms that current low-income and homeless DTES residents need. Students deserve housing they can afford. But this issue needs to be monitored to ensure that homelessness does not increase because of an influx of students into the DTES.

## Appendix 8

### Guest fees

Guest fees in residential hotels are illegal. CCAP found two hotels with managers saying they had a guest fee of \$20 a night.

## Appendix 9

### Residential hotel rooms are not healthy or adequate

The city's DTES Housing Plan (p. 5) recognizes that the SROs are not good quality housing and calls for them to be replaced "with new self-contained social housing for singles," with supports for some residents. CCAP believes that DTES hotel rooms are not proper housing because they are tiny, about 10 by 10 feet. Residents usually have to share bathrooms with everyone on their floor and people don't have kitchens. How can low-income people eat cheaply without the means to cook? In addition, the buildings are old and don't meet current earthquake standards. Many are poorly managed, filthy, and pest-ridden. Although not all DTES residents have health issues, many have told CCAP that living in a decent self-contained apartment is part of feeling respected and can be an important part of managing health issues.

## Appendix 10

### SROs must be retained as an affordable last resort

While hotel rooms are not proper places to live, they are the housing of last resort for low-income people. Even though CCAP wants all the rooms replaced, it is crucial that they remain open and available at \$375 per month until replacement housing is available and until the homeless people in the DTES have homes. If the hotel rooms don't stay open and available to low-income residents, homelessness will increase as it has been increasing since 2002.

## Appendix 11

### What DTES residents can afford to pay for rent

The vast majority of current DTES residents are low-income people according to the Statistics Canada definition of the Low Income Cut Off (2006) line where a single person is considered low income if they have less than \$21,199 a year. Of course, many people who have less

Income Source	Rent low-income people can afford *
Welfare	\$375/month allocated by the province
Disability	\$375/month allocated by the province
Basic OAP and GIS	\$330/month
Minimum wage	\$416/month
Poverty-line earnings	\$530/month
*based on 30% of net income	
<b>Average rent for 1 bedroom apartment in Vancouver = \$943/month</b>	

than \$21,199 a year, really do have *a lot* less. A person on welfare would get only about \$7300 a year; on disability, \$10,800; on old age pension and guaranteed income supplement, about \$14,000, on minimum wage of \$8 an hour, \$16,640. A \$10 an hour job would pay \$20,800, leaving the worker still below the low-income line. Shelter costs are not supposed to take up more than 30% of income, according to federal and provincial governments. This means that the amounts people in these categories have for rent are as shown in the chart above.

While not everyone in the DTES is on welfare or disability, it is crucial for the city and province to recognize that people working at minimum wage and pensioners cannot afford average rents for even bachelor apartments. Even someone making \$10 an hour could only afford rent at \$520 a month, which hundreds of single DTES rooms are renting for.

## Appendix 12

### Provincially owned hotels that opened rooms in 2010

Beacon, 40 rooms  
 Carl Rooms, 44 rooms  
 Dominion Hotel, 63 rooms  
 Savoy Hotel, 25 rooms  
 Walton Hotel, 48 rooms

## Appendix 13

### Hotels where the lowest rent is \$425 or more

York Rooms	Travellers Hotel
Lion Hotel	Palace Hotel
Harbour Rooms	Balmoral Hotel
Golden Crown	Regent Hotel
Metropole Hotel	Belmont Student Residence
Lotus Hotel	Patrick Anthony Residence
Ross House	Astoria Hotel
Alexander Court	BC Rooms
Laurel Apartments	Ivanhoe Hotel
Star Beach Haven	Vets Rooms
Triple Six	Cobalt Hotel
Danny's Inn Rooms	Pender Lodge
West Hotel	
New Columbia Hotel	
Hildon Hotel	
Pender Place	

## Thanks for your help!

Thanks to Andrea Gillman and the City of Vancouver Housing Centre for providing us with their hotel list.

## Sources

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### The Survey Team

The survey was carried out by Wendy Pedersen with the help of four volunteers, three of whom are pictured here (left to right on this page and Page 10): Fraser Stuart, Ping Chan and Tony Snakeskin.



