

SRO Renewal Initiative Project



“The SRO renewal will improve living conditions for the residents and restore the heritage value of these century old buildings. With about 900 residents, these buildings have an important role in our efforts to help those who are homeless or at risk of homelessness find stability and a safe, clean, affordable home.”

– Rich Coleman, Minister of Energy and Mines and Minister Responsible for Housing

Project Overview

Providing at-risk residents of Vancouver’s Downtown Eastside with access to stable housing and integrated support services is a key priority for BC Housing. The \$143.3 million Single Room Occupancy (SRO) Renewal Initiative Project (SRI Project) will renew and restore 13 SRO hotels that are currently home to more than 900 residents. Many of the residents living in SROs face complex challenges, such as mental illness, alcohol and drug addictions and physical disabilities. The SRI project will provide a healthy, sustainable living environment that will help residents live with stability, autonomy and dignity.

All of the buildings in the SRI project are approximately 100 years old and urgently require renewal to create safe, reliable homes for residents. Rooms, amenity and programming space, bathrooms, commercial spaces and building exteriors will be renewed to ensure the long-term sustainability and reliability of this important housing stock for the next several decades. The SROs are historic buildings that form part of the heritage landscape of Vancouver. This work will ensure the heritage status of the buildings is maintained while enhancing local community streetscapes. Renovations for each of the 13 buildings will also result in significant energy efficiencies, helping BC Housing achieve its legislated mandate to be carbon neutral.

As part of the final agreement, the private partner will provide 60 person years of skills development training and employment opportunities for residents.

Construction began in fall 2012, and the project will be completed by spring 2016.

Partnership Highlights

The 18-year partnership agreement includes an estimated construction period of three years. Under the agreement, the Habitat Housing Initiative (HHI) will design, build, finance and maintain the major renovations of 13 SROs encompassing approximately 40,000 m². For each SRO, the scope of work will include:

- Design completion and approval by BC Housing;
- Obtaining permits (demolition, building, heritage, SRO hotel bylaw);
- Scheduling and coordination with BC Housing for relocation and return of tenants;
- Structural building safety and envelope renovations;
- Inspections and acceptance by authorities;
- Orientation and training of new building systems for non-profit agencies that will provide building management services and;
- Facility management and life cycle services in collaboration with BC Housing and the non-profit organizations.

The Government of Canada will contribute \$29.1 million towards eligible costs for the renovation of the buildings through PPP Canada Inc., manager of the P3 Canada Fund.

HHI is incented to perform through a monthly payment mechanism that is based on the principles of performance, facility availability and service quality. If HHI does not meet the high-quality performance standards specified in the project agreement, service payments can be reduced.

Expected Benefits

The final partnership agreement between BC Housing and the HHI is expected to achieve value for taxpayer’s dollars of \$5.2 million when compared to the traditional procurement delivery method. Additional benefits from the partnership delivery method include:

- Competition and innovation: The competitive nature of the bidding process encouraged the bidding teams to develop innovative solutions in all aspects of the project from design and construction through to operations.
- Schedule certainty: The private partner receives a significant portion of their payment through monthly availability payments once the facilities are available for use, incentivizing them to complete the project on time.
- Cost certainty: The Project Agreement is a fixed price contract, so responsibility for cost overruns rests with the private partner.
- Integration: The private partner is responsible for the design and construction, long-term operations, maintenance and rehabilitation of the assets. This creates opportunities and incentives to optimize the integration of these functions.
- Life cycle maintenance: The private partner is responsible for ensuring the facilities are maintained and rehabilitated over the duration of the Project Agreement otherwise the Annual Service Payment may be reduced.

Public Sector Partners

- BC Housing
- The Government of Canada, PPP Canada Inc.
- Ministry of Natural Gas Development and Responsible for Housing

Private Sector Partner

Habitat Housing Initiative:

- Equity Providers: Forum Equity Partners Inc. and the Ontario Pension Board
- Lenders: Canada Life Company
- Design: Merrick Architecture -Borowski Sakumoto Fligg Ltd.
- Construction: Ameresco Canada Inc.
- Facility Management Services: Ameresco Canada Inc.

Partnerships BC’s Role

Partnerships BC managed the competitive selection process for this project.