

Strata Leasehold Subcommittee Meeting

Meeting Minutes

Wednesday, September 16, 2015

Contents

1) Introduce new Strata Leasehold Subcommittee (SLS) Chair Lisa May	2
2) Round table introductions	2
3) Present revised SLS Terms of Reference (Appendix 1)	2
4) Provide high level update on consultation process with the City of Vancouver and provincial government since SLS last met in late 2014	2
5) Introduce White Paper on lease renewal and governance options, land and lease end valuation (TOC in Appendix 2)	4
6) Discuss purpose of outreach strategy for communicating with FCS strata enclaves/owners.....	4
7) Present draft budget for 2016	5
8) Next SLS meeting – Wednesday, October 21, 2015	6
9) Appendices.....	6
Appendix 1: Updated SLS Terms of Reference	7
Appendix 2: Table of Contents.....	11

1) Introduce new Strata Leasehold Subcommittee (SLS) Chair Lisa May

- Lisa opened the meeting by stating that its purpose is to reconvene the Strata Leasehold Subcommittee of Re*Plan and get members re-engaged in the important lease renewal work that will affect all of us in the False Creek South (FCS) community.

2) Round table introductions

- All False Creek South leasehold stratas had representatives attend the meeting.

3) Present revised SLS Terms of Reference (Appendix 1)

- The SLS Terms of Reference (TOR) define the work of and the procedures at SLS meetings. The SLS is a subcommittee of the False Creek South Neighbourhood Association's Re*Plan Committee. The TOR define the purpose of the committee as supporting Re*Plan in developing lease renewal options to be used in negotiations with the City of Vancouver (COV).
- The main change to the 2014 version of the TOR is strengthened communications between SLS members and strata councils/owners.
- No discussion emerged.
 - If procedural questions or concerns arise at any time during the course of the work of the SLS, please send these to the SLS Chair by email.
- Also, Re*Plan developed a draft Strategic Plan in spring 2015, a work in progress that will guide SLS work as well. This plan will be shared with SLS when finalized and ratified by Re*Plan.

4) Provide high level update on consultation process with the City of Vancouver and provincial government since SLS last met in late 2014

- **Overview of Re*Plan Work:**
 - The current COV council has committed to working with Re*Plan on lease renewal negotiations; information is emerging as the process unfolds. We're participating in the process to influence outcomes on behalf of the False Creek South neighbourhood.
 - **Current state:** By the end of the year we anticipate a council motion to direct resources to the ongoing work of FCS planning and lease renewal.
 - **Political support:** Through our lobbying efforts, we attained support for Re*Plan principles from all parties in the last municipal election (see RePlan, 2014: <http://www.replanfcs.ca/wp-content/uploads/2014/08/140701-RePlan-Planning-Principles.pdf>). In May 2015, the Mayor confirmed his support in writing and convened senior staff to provide direction for further action. This support is reflected in his June 2015 letter to the community (see RePlan, 2015: http://www.replanfcs.ca/wp-content/uploads/2015/06/150618_Mayors-Ltr-and-Cover-Letter-FINAL.pdf).

- **FCS long-term governance:** To prevent a recurrence of current issues with lease renewal for future generations, Re*Plan is researching alternative land governance models, including Community Land Trusts. The motivation to lobby for a long-term community plan is to ensure the physical character of the area is essentially maintained, while simultaneously working on renewal of leases on City-owned land, as the issues are interconnected and impact each other.
- **Other tenures:** FCS co-ops have developed a similar subcommittee to the SLS, as well as quarterly meetings of board representatives from all six co-ops in the area. Co-ops are pushing the lease renewal for three co-ops with short terms (2021), while also ensuring the co-op leases will be considered as a whole.
- **Lease renewal negotiations:**
 - The **provincial government has initiated the process of updating the Strata Property Act (SPA)**. This update will be undertaken sometime in the first quarter of 2016.
 - The Province is involved because the language on lease end provisions in the Strata Property Act is not clear.
 - The Province has reached out to Re*Plan and Re*Plan is working to ensure FCS strata owners will have an informed voice in this process.
 - **The COV Real Estate Division** is in charge of renewing leases as directed by council, but also managing City assets in the interest of all municipal taxpayers.
 - The division's current focus is also on clarifying the language in the leases through the Province.
 - Division head Bill Aujla voiced his willingness to engage in a collaborative process with regards to lease renewal and the SPA update.
 - **Legal advice:** The lease renewal process requires sound legal advice on the SPA update, land valuation methods, etc. (see #7, budget, below). As a result, Re*Plan intends to hire lawyer Mike Walker of Miller Thomson to provide legal advice, pending the acquisition of necessary funding (see <http://www.millerthomson.com/en/our-people/michael-walker>).
 - Having initiated these discussions with the Province and the City, we have the opportunity to discuss differences and commonalities in interpreting the lease end wording in the SPA and to put forward our position.
 - However, we need to conduct an outreach process to gain an understanding of FCS strata owners' opinions on this topic (see #6, outreach, below).

ACTION TASKS:

- Peer-Daniel Krause to circulate Re*Plan Principles to group
- SLS Steering Group to work with Re*plan and the SLS to prepare for developing a position paper to the Province on the SPA

5) Introduce White Paper on lease renewal and governance options, land and lease end valuation (TOC in Appendix 2)

- Re*Plan members Jim and Kathryn Woodward, Peer-Daniel and Lisa worked over the summer to develop the *White Paper: Historical and Legal Context for False Creek South Strata Leases*.
- The White Paper provides the historic and legal context of leasehold developments in FCS and provides a good basis to develop our strategy, including what our options for lease renewal are.
- The paper will be sent to SLS members, with more discussion to follow at the next SLS meeting.
- The discussion added that we should be proactive in defining not only the current state of the leases, but also all lease renewal options, including their implications, detrimental or beneficial. This information will provide a good foundation for working with City staff. The paper has to be expanded to properly reflect alternative lease renewal options that are not contained in the current legislation.

ACTION TASKS:

- PD to circulate the White Paper
- All SLS representatives are asked to read the White Paper and submit any questions, particularly about the lease end language related to the Strata Property Act, to Peer-Daniel

6) Discuss purpose of outreach strategy for communicating with FCS strata enclaves/owners

- **Purpose of outreach**
 - Jay Bancroft reviewed the Re*Plan survey conducted with FCS strata owners in 2014, part of which asked about lease renewal preferences. It became evident some respondents likely answered without being fully cognizant of the implications of living on COV leasehold land. Additionally, since these implications include legal and financial consequences we will need professional legal and financial advice on, Re*plan/SLS needs to explain how contributing financially to the costs of such consultations is in the interest of all strata leaseholders.
 - Therefore, a structured outreach process is being planned to:
 1. Educate our neighbours
 2. Develop an understanding of the range of concerns and level of understanding present among our neighbours
 3. Understand the lease renewal preferences of our community
 4. Gain new insights regarding lease renewal from strata participants
 5. Get owners to tell us their lease renewal preferences and explain why
 6. Get owners prepared to donate financially (toward legal and other leasehold renewal costs)
 7. Get owners to volunteer time for the cause

- **Content**

- Anne Kaye introduced draft content for the outreach sessions, and noted that, given the disparity of knowledge levels among owners, we need to carefully develop the content for these meetings. As well, it will be important to have representatives from each development present at the engagement sessions.
- **Potential content areas:** Introductions, meeting purpose, overview of FCSNA and Re*Plan, history of our neighbourhood and the leases, understanding the leases, lease renewal goals for strata owners, work done to date, potential solutions, next steps (researching owner preferences and fundraising)

- **Discussion summary**

- SLS members discussed potential approaches to convening the outreach meetings and the SLS outreach working group agreed to integrate this input into a strategy to present at the next SLS meeting

ACTION TASKS:

- SLS outreach working group (Jay, Anne, Peer-Daniel, Lisa) to develop a strategy/process for initiating the outreach meetings for discussion at the next SLS meeting

7) Present draft budget for 2016

- Jerry Roy and Jay explained projected funding needs for the lease renewal process in the 2016 Re*Plan budget, with two different approaches: Plan A for the most basic funding needs, Plan B for more comprehensive funding capacity, as well as potential funding sources. These potential sources include BC Housing, COV, the Real Estate Foundation and others, as well as local funding needed from the different tenure groups in FCS (stratas, co-ops and non-profit housing).
- **Discussion summary**
 - Going to Strata Councils and owners with an “ask” for funding requires a clear case that explains the need and a clear understanding of the councils’ capacity in this regard.
 - While there is urgency around obtaining funding, the outreach meetings explaining the need for financial support need to precede asking stratas to commit money.
 - Obtaining revenue from stratas has to be considered in relationship to the timing of passing annual budgets. Since varying levels of knowledge exist across stratas, revenue generation could turn out to be phased in over time.
 - The FCSNA currently receives \$5/door via each strata’s annual budget. A very small portion of this funding goes to Re*Plan.
 - Several SLS members believe the draft budget numbers are quite conservative and we should ask for more funds from each strata.
 - It was clarified that there are no negative consequences if individual owners decide not to participate in the process and/or contribute funds. However, collectively, the process may fail if the required funding is not secured.

ACTION TASKS:

- All delegates will informally initiate the conversation with strata councils to get a sense of how much owners understand about and may be comfortable contributing to this process.
- SLS Steering Group to prepare a template letter for AGMs to contribute funding to Re*Plan for consideration at the next SLS meeting.

8) Next SLS meeting – Wednesday, October 21, 2015

The next meeting will take place from 7:00 – 9:00 pm on Wednesday, October 21, 2015, at Mariner Point Meeting Room, 1510 West 1st Avenue.

ACTION TASK:

- All representatives to update their strata councils on the September SLS meeting.
- All representatives to share these SLS minutes with their strata council and be available to answer questions or redirect them to Re*Plan.
- All delegates to request that SLS minutes be included with the distribution of regular strata council minutes.

9) Appendices

Appendix 1: Updated SLS Terms of Reference

Appendix 2: Table of Contents for *White Paper: Historical and Legal Context for False Creek South Strata Leases*

Appendix 1: Updated SLS Terms of Reference

Re*Plan Strata Leasehold Subcommittee

TERMS OF REFERENCE

PURPOSE

The Strata Leasehold Subcommittee (SLS) is a subcommittee of the False Creek South Neighbourhood Association's (FCSNA) Re*Plan Committee. The purpose of the SLS is to support Re*Plan in achieving its mission by:

- Gathering and sharing information with strata owners to inform the development of lease renewal options
- Working with Re*Plan to address issues and opportunities for leasehold strata developments
- Supporting Re*Plan's negotiations, representing leaseholders' views regarding lease renewal, land use and governance, with the City of Vancouver (COV)
- Engaging with FCS strata councils to share information on Strata Leasehold Subcommittee/Re*Plan work, and representing FCS strata leaseholders' needs and interests to Re*Plan
- Recommending a solution to the Re*Plan Committee for lease renewal that meets the needs of leasehold strata owners, the False Creek South community, and the City of Vancouver

Re*Plan Mission

“To create a dialogue with the City of Vancouver to establish a process to preserve and enhance the False Creek South community beyond 2036, enabling the community to evolve and diversify in a way that is sustainable for existing residents and the City of Vancouver beyond 2036.”

The SLS will consider the following topics and provide input/recommendations to Re*Plan:

- Issues, concerns and preferences regarding lease renewal specific to strata owners
- Lease renewal affordability
- Options/models for lease renewal
- Lease renewal time frame and negotiation costs
- Approaches to the negotiations with the City of Vancouver

- Working with co-op and non-profit leaseholders
- Governance models for leasehold land

COMMITTEE COMPOSITION & MEETINGS

The Strata Leasehold Subcommittee is comprised of:

- Chair Lisa May
- Delegated Strata Council and other representatives from each FCS enclave:

658 Leg-in-Boot Square	Robert Renger (SC)
666 Leg-in-Boot Square	Jan Chevarie Rosalie Hawrylko (SC) Ralph Skinner Steve Jedreicich
Market Hill Terrace	Jim Woodward (SC and Re*Plan member) Cal Towle
Creek Village	Richard Marchants (SC) Jay Bancroft (Re*Plan member) Alain Catteau
Heather Point	Mats Tholin (SC) Jerry Roy (Re*Plan member)
Marine Mews	Josef Skala (SC) Sharon Yandle (FCSNA Co-chair/Re*Plan member)
Spruce Village	Richard Creed Panos Grames (SC)
Alder Bay Place	Anne Kaye (SC and Re*Plan member) Jaki Chantler
Fountain Terrace	Dennis McCann (SC)
Harbour Terrace	Sucha and Bosso Gil Robert Boyd (SC)
The Lagoons	Paul Ham (SC) John Sanders
Mariner Point	Cory Lake (SC) Lisa May (SC)
Stamps Landing	Jim Taggart
Commercial Strata Leg in Boot Square	George Stratis (SC)

- Additional strata lot owners interested in participating in the SLS
- Commercial strata representatives – Keith Malabar, Market Hill; George Stratis, Leg-in-Boot Square
- Re*Plan Committee representatives

- Re*Plan Consultants Nathan Edelson, Peer-Daniel Krause

The Strata Leasehold Subcommittee:

- Meets as needed from 7:00 to 9:00 pm
- Strikes smaller working groups as needed to work on specific tasks
- Uses consensus decision making
- Is inclusive and respectful of everyone's needs and concerns
- Respects whoever has the floor
- SLS meetings are held in the Mariner Point meeting room at 1510 West 1st Avenue
- The SLS Chair calls the meeting to order and keeps a speaker list during discussions
- At the end of each meeting, SLS members set the agenda for the following meeting
- Peer-Daniel Krause, Re*Plan Committee, records minutes and distributes meeting agendas, minutes and any additional meeting documents

COMMUNICATIONS & REPORTING

The Strata Leasehold Subcommittee aims to ensure two-way communications with strata enclaves and leaseholders:

- SLS will have a formal reporting relationship with each Strata Council via the council member(s) sitting on the SLS
- SLS strata representatives will report to their respective strata councils on Re*Plan/SLS activities at the monthly council meeting following each SLS meeting, and request council feedback to report back to the SLS
- SLS representatives will request that these discussions be included in strata council minutes to keep strata owners informed
- SLS representatives will report back to the SLS on any feedback, comments or concerns from their strata councils
- SLS representatives will request Strata Council assistance in informing and distributing information on Re*Plan developments to strata leaseholders
- As the conduit between Re*Plan and strata owners, SLS will identify additional channels for communicating directly with strata owners
- SLS representatives will request that individual Strata Councils/property management websites post links to the Re*Plan/FCS websites as the need arises
- Additional SLS representatives will report to their respective strata councils when the formal representative is unavailable, in addition to supporting SLS activities

- The SLS Chair will share information with co-op and non-profit subcommittee chairs and the Re*Plan committee at large to identify commonalities/differences and develop a cohesive approach for how Re*Plan should negotiate with the COV

REVIEW & AMENDMENTS

- Amendments to these Terms of Reference can be recommended by SLS members at any time
- Any recommended amendments to these Terms of Reference must be approved by the Strata Leasehold Subcommittee at a duly convened meeting
- The SLS will inform the Re*Plan Committee of any changes to the SLS Terms of Reference, whenever such changes are made
- Amendments to these Terms of Reference will come into force upon approval

Appendix 2: Table of Contents

White Paper: Historical and Legal Context for False Creek South Strata Leases

- Authored by: Kathryn and Jim Woodward, Peer-Daniel Krause, Lisa May

CONTENTS

Introduction	.....
Strata Leases in False Creek South	.....
History of FCS Development	.....
Residential Strata Leases	.....
Commercial Leases	.....
Leasehold Properties	.....
Lease, Land and Improvements	.....
Stakeholders’ Legal Roles and Responsibilities	.....
FCS Lease Payments and Arbitration	.....
Arbitration in False Creek South	.....
History of Prepayment Offers to FCS Leaseholders	.....
Lease Renewal – Process and Valuation	.....
Variations to the FCS Model Strata Lot Leases	.....
Lease Termination	.....
Market Lease Renewal	.....
Exploring Alternative Lease Renewal Options	.....
Affordable Lease Renewal	.....
Land Lease Discounts to Freehold Valuation	.....
Models for Affordable Home Ownership Programs	.....
Appendix 1 – Strata Lot Model Lease Articles on Lease End, Renewal and Purchase of Lessee’s Interest in the Strata Lot	.....
Appendix 2 – Relevant Council Decisions on Leasehold in False Creek South	.....
June 2007: Rent Review and Lease Prepayment Schedule – False Creek Residential Leasehold Properties	.....
April 2009: Moving to Arbitration	.....
December 2009: Prepayment Program	.....
February 2012: George Affleck Motion	.....
Appendix 3 – Ownership Leasehold in BC, Australia and the UK	.....Error! Bookmark not defined.

Introduction

This report is intended to provide as complete a record as possible of available information and recorded history related to leasehold ownership housing in Vancouver's False Creek South (FCS) neighbourhood, including the:

- Legal framework through which the strata lots were created
- Issues that have arisen during the leasehold period, including with the City of Vancouver (COV)
- Challenges leaseholders face in opening negotiations with the City to extend or renew the leases beyond the original periods

The report is intended to inform members of the Re*Plan Committee of the False Creek South Neighbourhood Association (FCSNA) and Re*Plan's Strata Leasehold Subcommittee, representing FCS strata owners.

The Re*Plan Committee was created in 2010 to "create a dialogue with the City of Vancouver to establish a process to preserve and enhance the False Creek South community beyond 2036, enabling the community to evolve and diversify in a way that is sustainable for existing residents and the City of Vancouver beyond 2036." (FCS leasehold terms run to 2036, 2040 and 2046.)

The goals of this report are to:

- Clarify the relationships between the involved parties;
- Clarify the various pieces of legislation which, in sum, define the governance structure of strata leasehold properties in False Creek South;
- Present a history of lease payment options in FCS, including alternate governance models, and a discussion of land valuation methodology as it relates to past and future lease renewal or extension negotiations (the appendices include examples of other residential ownership leasehold arrangements in BC, Australia and the UK);
- Act as a source document for lease renewal negotiations once they begin.