

False Creek South Leasehold Strata Issues
Meeting 1
Wednesday, August 2nd, 2017, 1900 to 2100
Main Floor, Town Hall Room, City Hall

Present:

Strata Leasehold Delegates: Jaki Chantler (Alder Bay Place), Marie-Claude Collins, Wayne Sutherland (Harbour Terrace), Tom Gibbons, Linda Lytle (Fountain Terrace), Rosalie Hawrylko, Ralph Skinner (666 Leg in Boot Square), Trevor Katz, Jim Taggart (commercial and residential Stamps Landing), Cory Lake (Mariner Point), Richard Marchant (Creek Village, Vice-Chair of Strata Leasehold Subcommittee (SLS) of *RePlan)HC), Doug Ramsey (Market Hill), Robert Renger 658 Leg in Boot Sq), Jerry Roy, Mats Tholin (Heather Point), Josef Skala (Marine Mews), George Stratis (commercial Leg In Boot Square) Hans Vanderslagt (Lagoons, for John Sanders), Monty Wood (Spruce Village)

*RePlan: Richard Evans (Chair), Nathan Edelson, Norma Jean McLaren, Daniel Ward

City of Vancouver Staff: Bill Aujla (Chair, General Manager, Real Estate and Facilities Management), Greg Hamilton (Manager, Property Endowment Fund), Mario Ramos (Manager, Strategic Business Advisor)

Meeting Minutes

1. Introductions

Bill Aujla, the Chair communicated to all attending that these meetings are informal and without prejudice. Here to find solutions. City staff introduced themselves, and delegates introduced themselves and stated the name of their respective strata. Richard Marchant thanked the City Staff and the delegates for coming.

There were no additions to the agenda. ([see decisions log](#))

2. Recap of Council Report

Greg Hamilton has spoken previously at public meetings about the process, which is outlined in the council report from July 2017 and is available online. The framework process is very similar to what was presented to all Strata Lot Lessees able to attend meetings held in May 2017, with some clarity added.

He then provided an overview of the three phases to get to resolution, the first two of which are the subject of a series of five meetings with delegates, this being the first meeting.

1. Identify issues and impacts - discussion to fully understand concerns
2. Options development - considering ideas from all stakeholders
3. Potential offers - intent to issue offers to all stratas, may vary by strata

RePlan has been clear in their desire to move forward. Public engagement is now complete, and discussions will continue with and between different levels in the community.

The City's PowerPoint presentation will be made available digitally to delegates ([see action items](#)).

A process to handle documentation will be part of the discussion.

3. Role of the Delegate

Draft Terms of Reference were circulated in advance.

The document was developed in collaboration with the SLS leadership with a goal to have a common understanding of the roles and responsibilities of the delegates that form the Delegates Committee, per Council approval with respect to the negotiations process. It was clarified that the role does not include making decisions on behalf of the strata leaseholders, as these are non-binding discussions and any decision regarding a lease is that of the individual leaseholder

The SLS have provided the City with a comprehensive list of issues. The City called on delegates to communicate with leaseholders to seek to identify any other issues. This is an important role, as delegates are the conduits to support communication with leaseholders.

It was recognized that this communication role may be stressful for Delegates, and the City and SLS leadership can provide support for delegates.

It was noted that communication with owners can be difficult, as they have a broad set of interests - from, for example, those who bought early and are now living on a fixed income, to those who are able to invest in significant renovations. It was felt that until more financial information is available, there may not be much engagement from some groups. In efforts to have a robust conversation, it was suggested that a small group of City and delegate representatives should convene to discuss how best to communicate to the entire strata leaseholder group ([see action items](#)).

The time commitment for delegates includes four hours of meetings per month (5 meetings total before the end of October), plus preparatory reading and communication with neighbours.

The draft Terms of Reference (ToR) for Delegates were presented and discussed. There was general agreement amongst the Delegates Committee that the terms are acceptable, and so the draft ToR were approved unanimously by the delegates([see decisions log](#)). The ToR document will be posted on the City website online ([see action items](#)).

It was clarified that the intention is to have options developed by the end of October, and that timing beyond that will depend on approvals from Council.

A request was made to move to the meetings to a smaller venue in False Creek South, as it would be more convenient for the Delegate Committee. The City agreed to explore options ([see action items](#)).

4. Principles of Discussion

This section sets the ground rules for communication.

- Chair - It was proposed that Bill act as Chair, to keep the meetings on time, with the most appropriate person facilitating different conversations.
- Meeting participation – give full participation, encouraging other points, respecting confidence
- Recording minutes – minutes will be shared as the official collective record ([see decisions log](#)); no independent blogs or reports should be made. The minutes will record any different views and will be put forward for approval at the next meeting. If there are revisions or questions about the minutes, delegates were asked to contact Greg Hamilton or Mario Ramos via the FCSstrataleases@vancouver.ca email, copying Richard Marchant or Anne Kaye for transparency. Related documents will be distributed with the minutes, as appropriate.

It was noted that as a citywide and community issue, it may draw media attention. It was requested that if media contacts members of the Delegates Committee or the City, that they inform others so an appropriate spokesperson can be identified to present a unified response, following the suggested communications media protocol. There needs to be a balance between being transparent with

neighbours and respecting confidentiality. Delegates were reminded to emphasize with neighbours that the discussions have implications, and that decisions are ultimately up to City Council and individual leaseholders. The focus now is on understanding issues and developing options. Any negotiations between the City and individual leaseholders will happen after October. It was noted that support and advice from *RePlan and SLS is available for the community to facilitate two-way communication with neighbours.

The City Real Estate staff have limited authority and need to liaise with several City departments to ensure the City's interests are accurately represented. The process is to gather information, examine options, conduct analyses, present to the City's senior steering committee, and if the recommendations are approved, submit the report to Council. Real estate issues are discussed at in-camera Council meetings, and the City is limited on what can be disclosed from those meetings. [Section 165.2](#) of the Vancouver Charter stipulates the types of meetings that may be closed to the public.

Feedback from delegates will be presented to Council, and as the recommendations are developed by the group, there will not be a large variation in what is presented to Council. If there are multiple positions, these can be articulated, including the reasoning behind them. The City will share any info that is not deemed confidential. Robert Renger raised a concern that delegates and strata leaseholders will not know if their views, aspirations and position regarding changes to the leases are being fully articulated by staff during In Camera meetings to Council.

It was clarified that the City's legal relationship is with individual leaseholders who will decide on changes to their leases, not the strata corporations or other groups, which are stakeholders. The [engagement principles](#) will also guide the discussion, with the City remaining the landowner for the long-term.

The City stated that it is preferable to have a limited number of types of lease agreements. There are currently 16 major groups of leases (commercial and residential) for the 717 individual leases.

5. List of Issues

The City has a legal arrangement with 717 leaseholders and can continue with those agreements. The first lease expires in 2036; end dates cannot be changed without mutual agreement (except in the case of building destruction). The City has a duty to notify leaseholders of its intention at least 12 months before the end of the lease; otherwise, the leases are automatically renewed for five years. This is not as the optimal solution; in the event of an extension, the City would set the rent, going to arbitration if disputed.

If the City terminates the lease, the City must purchase the Lessee's Interest in the Strata Lot (referred to as LISL), but this section in the agreements does not specify a methodology used to determine the value of LISL. The City will create a fact sheet to share with residents that summarizes information on existing leases and the City's responsibilities, so all have a common understanding ([see action items](#)).

The City has consulted with appraisers on LISL and has been working with legal counsel and a lawyer hired by *RePlan. The original leases were based on the strata legislation in force at the time the lease commenced (now called the Strata Property Act). The SPA states that the value of LISL is to be determined pursuant to the regulations to the Act, however the Province has not yet enacted any regulations. When the City approached the Province to ask that the Regulations be enacted, it was told that prior to any amendments to the Act or its accompanying regulations being made, that the City should first seek to negotiate with Lessees. This is the first group in the province to tackle this issue. *RePlan asked again that the City not approach the Province unilaterally regarding any lease issues.

The City also has a focus to deliver more affordable housing, and there is a legal requirement for the Lessee's to maintain buildings until the end of the lease term.

False Creek South (FCS) backgrounder of interests and issues - document has been distributed to leaseholders and the City. The three issues raised by the City are included on the list - end of lease payments, maintenance, and affordable housing - there is support from leaseholders to increase the stock of affordable housing, raising the possibility of converting existing units.

The City asked for clarification of the term "Renewal" and were advised it refers to the lease renewal mechanism for future renewals. The City asked that Maintenance be separated from Development/Redevelopment and that was agreed too. Delegates were asked to work to ensure all issues are included. There was agreement that this is a comprehensive list of issues. SLS will work to set an order for discussion of issues.

It was noted by Richard Marchant that most topics align with City policy objectives and that only a handful of topics should need more substantive discussion. The lease mechanism can be designed to achieve some of the goals and enable aspirations.

The buildings' end of service life will be addressed under Development and Redevelopment, including standards of renewal and triggers for the end of life.

Staff were asked if there were any issues they feel are missing from the list. It is important for transparency to understand what topics are agreed on and which are not to properly assess trade-offs. Internally, the City operates under the principle that any offers it makes must be transparent and fair, and that values cannot differ. After the meeting in September with the lawyers, a common statement could be developed and presented along with appraisal information to all leaseholders, so they can provide informed feedback to Lessees.

It was reiterated by the City that the City has lease agreements that function well for the City; however, certain elements are creating challenges for the Leaseholders (i.e. approaching end of lease and leaseholders' ability to finance). The City wants to help leaseholders, but will also want clarity on the end of lease payments and also look for ways to increase the amount of affordable housing. The Vancouver Charter limits what the City can invest in, and what grants can be provided and to whom those grants can be provided. All offers must be defensible, as those below market value may be perceived as awarding grants and can be challenged. In 2011, an arbitrator used objective criteria to determine the rent for a 10-year period of the lease term. A different process may be used this time, if needed.

There was a question about how planning will fit in with broader City plans to mitigate sea level rise. Recently, renovations at Stamps Landing were approved by the City on the condition that a waiver was signed absolving the City of liability for damages due to flooding. There is an overall strategy in the City, including elevation data used for new buildings and plans to increase the height of the seawall. Other options may be possible; information can be requested of the City engineers.

6. Schedule of next meetings

- September 13, 2017
- September 27, 2017
- October 11, 2017
- October 25, 2017

7. Next Steps

Several issues were identified that need further discussion:

- Form small groups to discuss specific topics in-depth.
- Explore effective ways to communicate with neighbours
- Include climate change / sea level rise in discussion
- Consider shared equity as an option

Next meeting will include appraisal information and a presentation from lawyers working with the City and strata leaseholders.

Meeting ended at 9:17pm

Action Items

ACTION ITEMS		RESPONSIBLE
1	The City will make available relevant content from the meetings to delegates as appendices to approved meeting minutes.	COV
2	A small group of City staff and delegates will convene to discuss the communication channels available and how/when to leverage those channels for the purpose of reporting out updates to the entire strata leaseholder group	
3	The approved Strata Leaseholder Delegate Committee Terms of Reference will be posted online	COV
4	The City will work Delegate Committee representatives to find meeting space in False Creek South for future meetings	COV / Daniel Ward
5	The City will create a fact sheet to share with residents that summarizes information on existing leases and the City's responsibilities	COV

Decisions Log

DECISIONS LOG	
1	The Strata Leaseholder Terms of Reference was approved.
2	The official collective record of the meetings between the strata leasehold delegates (Delegate Committee) and the City will be in the form of approved meeting minutes.