

## 138 Pears – 96 units

138 Pears was built as an apartment-hotel in 1975, exploiting a loophole in the zoning by-law which allowed hotels to be built in residential/commercial areas. But in fact it was always intended to be an apartment building, which simplified converting it into affordable housing.

The apartments were small – only 200 square feet with a 50 square foot balcony. But they were an ideal size for transitional housing for people living in shelters or on the street.

The building had a 5,000 square foot commercial area half a floor below grade with a commercial kitchen and a restaurant. The previous owner, an off-shore investor, had let the property deteriorate which presented St Clare's with both an opportunity and a challenge. When we made the offer to purchase in 2004, the building was half-occupied with many of the tenants working in the sex trade or dealing drugs. The commercial space was abandoned, and water was leaking from the roof deck above.



The building wasn't even up for sale when we offered to buy it; however our real estate agent knew the owners were interested in selling. The sale price was \$6.5 million. The offer was made on commercial terms – requiring a 5% deposit, which became non-refundable when the financing conditions were waived. The offer was signed back on March 4, 2004. City Council approved the funding at the end of July and we purchased the building on September 30, 2004; less than seven months from the time the offer was signed back!

**Conventional wisdom is that it usually takes several years to develop affordable housing, but at 138 Pears it took less than seven months from the time we signed the offer to the time the first tenant moved in.**

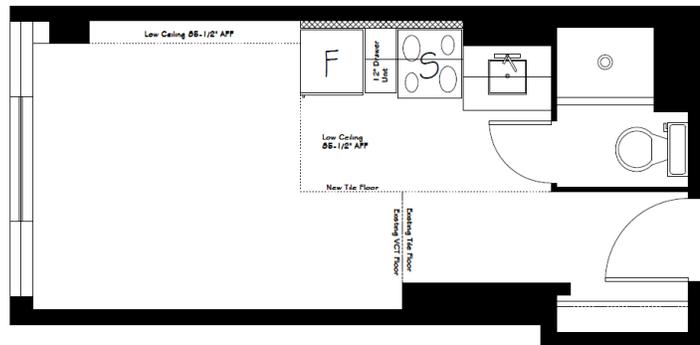
Because the zoning permitted 138 Pears to be used for housing, there was no need to rezone or seek Committee of Adjustment approval. Converting the building into affordable housing was as of right. Nor was there a need for a community consultation, so the community didn't find out until after Council had approved the funding. There was an enormous political flurry, largely driven by one person who was interested in running for councillor. NIMBY often turns out to be driven by political opportunism. There was a silver lining: to appease the community, the City gave us a grant to pay for overnight staff and tenant support for the first year of operations. The grant allowed us to kick-start our management model.

138 Pears was in rough shape when we bought it. If we had converted the building in the days of direct government funding for social housing, the funding would also have included the capital improvements. Although we didn't have up-front funding for the capital repairs, we developed a comprehensive capital improvement plan; St. Clare's has spent over \$4 million for improvements during the first ten years when we owned the building.



St. Clare's has spent an amount equal to 30% or more of the building's rental income on capital improvements annually. The funding has come from a variety of sources: increasing the mortgage, reserves, operating surplus and grants. We even got the Restaurant Makeover TV show to renovate the commercial kitchen and restaurant so it could be used as an amenity space for tenants.

Most of the capital improvements addressed building problems. We replaced the roof and waterproofed the exterior deck. We brought the fire/life safety system up to the current code. We replaced the



emergency generator. We added a property management office to the building. We repaired the exterior balconies and then enclosed the balconies, increasing the area of each apartment with energy efficient windows and cladding. (Tower Renewal). We replaced the risers for heating and water supply and installed a chiller to provide central air.

Despite our focus being on maintaining the physical structure, we also improved the quality of life for our tenants. Enclosing the balconies increased the amount of livable floor area in the apartments, and made the heating more reliable. The original apartments had a small kitchenette; we are gradually upgrading the apartments so they have a proper kitchen with a stove and full-size two door refrigerator.