

Vancouver's Little Mountain: The money and the sad history behind a long-stalled project

Once a home to 224 low-income families, Vancouver's 15-acre Little Mountain site is mostly a fenced-off field full of weeds. We reveal new details about the financial structure of this long-delayed deal and some hope for the future.

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The park where Jeannine Silvestrone played as a girl is cordoned off by a chain-link fence, and the spot where her childhood home stood is now thick with 10-year-old weeds.

“The site was beautiful. ... There was lots of outdoor space. The community was very involved with each other, they helped each other and supported each other because we were all in financial need,” Silvestrone says as she stands outside the once-vibrant Little Mountain housing project near 37th and Main Street.

“I cannot believe that this very valuable piece of land that was supposed to have social housing for 224 families is still empty.”

She, her mother, stepfather and two brothers were among the families who once lived in the federal government-run project that offered 224 affordable, multi-bedroom apartments and row houses to low-income parents for more than five decades.

But when the land was sold to a private developer in 2008, the families were asked to leave, most of the homes were torn down, and a decade later a majority of the replacement social housing has not been built — despite escalating housing costs that have chased many families out of the city.

“The way I see it, the whole thing was a terrible mess and no one wants to take responsibility for it,” said Silvestrone, a retired teacher who now lives in Coquitlam.

Silvestrone and others outraged by the lack of activity on the valuable site have demanded answers for years.

The project is slated to have 17 residential and mixed-use buildings that will include 282 social housing units (25 per cent of them with two or more bedrooms for families), a 69-space child care, a new neighbourhood house, a public park, and 1,400 market-rate units.

A Sun investigation has uncovered new information about the never-released \$334 million sales agreement between the province and Holborn, signed in 2008 when the 15-acre (six-hectare) property was assessed at \$77 million. It turns out that Holborn didn't pay a cent to the province until 2013, when it made a \$40-million deposit.

Holborn has paid a bit more since then, but still owes the province about \$240 million for the land and has only built 53 of the promised 282 social housing units, and none of the market condos. Meanwhile, the value of the land has ballooned to \$368 million.

Although this is just one property, experts say this practice of developers sitting on empty parcels of prime land for extended periods must be discouraged, potentially with a new tax that reflects the increased value of the land.

Holborn won't discuss the terms of sale or allegations that the delays were caused, in part, by disagreements with the city over how much density could go on the land nestled inside a residential neighbourhood.

However, Holborn, a B.C.-based company owned by one of Malaysia's wealthiest families, does promise people will see shovels in the ground as soon as city hall approves its latest development application — the first in three years and only the second in a decade.

"Everybody wants to see construction on the site, believe me, and no one more than us and the city," said Holborn's chief operating officer, Jonathan Cooper. "Big sites are complicated, and there's a lot of details and agreements and designs on servicing to work through with the city."

Little Mountain's timeline is a series of postponements.

The original residents were told the new social housing would be completed by 2010. Then Holborn's president said in 2011 it expected construction to begin in 2012. One 53-unit social housing building was finally opened in 2015 to placate a handful of tenants who fought eviction notices. This June, the city said construction on a second social housing building would begin later this year, but now that has been pushed to 2019.

Rich Coleman, who oversaw the Little Mountain sale as the Liberal housing minister, insisted he got a great deal for the land, one that allowed the province to invest in social housing elsewhere. But he admits the delays are disheartening.

"I thought they would have had that thing done by now . . . (But) it was a very good commercial deal for the land at the time," he said.

Not everyone agrees B.C. residents have benefited from this deal.

“When it comes to re-thinking public housing sites ... Little Mountain has become a ‘What not to do,’” said Brent Toderian, who was Vancouver’s chief planner between 2006 and 2012. “A big part of that is how to treat and work with the existing community.”



Children play at the Little Mountain housing project in January 1971. Neighbours were packed into apartments and row houses close together on a large property with lots of green space for kids to play. BRIAN KENT / PNG

While Toderian and other former planners at city hall were kept in the dark when Holborn and the province made their deal, some critics say the city should have fought the province's 2009 request for the demolition permits.

In part because of Little Mountain, city policies have since changed: The city now looks for a phased approach to tenant relocation on major projects to allow residents to remain in the community during redevelopment, and no eviction notices can be issued until developers have all their building permits in hand.

New Vancouver Coun. Christine Boyle plans to propose even more changes.

"It feels sad to me, and it feels like a giant failure that we should certainly learn from," said Boyle.

NDP Housing Minister Selina Robinson said in a statement that Coleman's Liberals bungled this deal and her government would have done it differently. But she offered little hope the NDP could or would try to ensure housing gets built in a more timely manner.

"Because the homes were demolished and the land was simply sold to the developer, this land has sat empty, while land-use negotiations have happened between the developer and the local government," Robinson said. "There is no role for the provincial government in those negotiations."

Little Mountain's early days

In 1954, the federal government built Vancouver's first large-scale social housing project beside Queen Elizabeth Park.

Three years later, a social service agency offered the Steenhuisen family a one-bedroom apartment at the site, after mother Toni gave birth to triplets and father Johann was quoted in a Vancouver Sun story that there was no room in their basement apartment for the suddenly large family.

The Steenhuisens would have five more children while living at Little Mountain, where neighbours were packed into apartments and row houses close together on a large property with lots of green space for kids to play. The residents supported each other and formed a community.

Ingrid Steenhuisen, one of the triplets, still lived at Little Mountain with her aging mother in 2007 when everything changed. Ottawa, keen to get out of the social housing business, transferred ownership of the land to the province, which a short time later announced the sale to Holborn.

Outraged, Steenhuisen met then-mayor Sam Sullivan and her then-MP David Emerson in an effort to convince them that governments must hold on to social housing so vulnerable citizens know they can afford the rent. "These days, you don't have that peace of mind," she said recently.

In the fall of 2008, when Gregor Robertson ran in his first campaign for mayor of Vancouver, he proposed creating temporary housing on the Little Mountain site.

It would take a decade for Robertson's vision to come to pass. A 46-unit temporary housing building opened at the site in the final days of his third term and 10th year as mayor.

The next battle Steenhuisen would fight was in 2009 when the tenants received eviction notices so all the units could be torn down to make way for construction. Most of the residents moved to other affordable rental homes scattered across the city, with the understanding they could return when the new units were built.

But she and her mother were among a handful of families who refused to budge. "It would have been tearing her away from the only neighbourhood we knew."

Protest groups were formed and in 2012 officials relented by allowing the last four holdout families to stay in one corner of the site while a new 53-unit building for seniors was built and opened in 2015.

What went wrong?

City hall documents note a development permit for replacement buildings is typically required before social housing is torn down, but the 2007 Little Mountain agreement between the city and the province allowed for demolition "to reduce the risk of vacant units being subject to fire and vandalism."

Several city insiders, though, said the province held most of the power, and the city wasn't even shown the sales agreement with Holborn. The province and Holborn also declined to provide a copy to The Sun.

"In all of the negotiations we had with the developer, the elephant under the table was always the land deal between the developer and the province," Toderian said.

"It was pressuring the situation in terms of how much density (Holborn) felt they needed, whether or not they can and should provide community amenities and benefits, and whether they should try to keep the residents on site or just clear the site. All of those pressures had to do with the land deal, which the city was not either privy to or a party to."

Added Cameron Gray, the city's former director of housing: "Basically the city was sidelined and had to wait until Holborn and B.C. Housing proceeded, which apparently they haven't done — proceeded very far, as far as I can tell."

Shortly after Holborn agreed to pay four times the land value for Little Mountain, the 2008 economic downtown hit and then the developer was focused on completing the glitzy downtown Trump tower. It wasn't until July 2013 that

Holborn actually bought the property, a sale that B.C. Housing said was contingent upon the developer getting zoning approval from the city.

What followed was years of protracted negotiations with the city over public benefits on the site and an increase in social housing from the original 224 to 282 units.

The land was transferred to Holborn in 2013, but it only made a \$40-million down payment, according to B.C. Housing annual reports. The remaining \$294 million was to be paid in portions when a development permit was received from the city for each new building.

Because of the uncertainty of when the development permits would be issued, the 2013 deal also allowed Holborn to discount the amount of each dollar paid by 3.25 per cent per year. This means that a dollar paid by Holborn one year after the contract was signed would be discounted to 97 cents and a dollar paid 10 years later would be discounted to 73 cents, UBC accounting professor Kin Lo explained when shown details of the sale.

Today, Holborn still owes \$240 million to the province, documents show, after subtracting the \$40 million deposit, \$20 million payment in 2015, a \$14-million adjustment for the discounted dollars, and interest payments.

When asked whether the development delays mean the government will collect less money over time, Lo responded: "Almost. I would say that the longer the development drags on, the less value the government receives, because the nominal dollars are worth less over time."

He added, though, that it would be unfair to judge the purchase price and sale based on today's soaring land values, since the property assessment could instead have gone down over this time.

Coleman said Holborn's price for the Little Mountain site was \$40 million or \$60 million higher than the next bid. At the time the sale was announced in 2008, Coleman said he would use the proceeds to build social housing in other locations.

Coleman went to the Treasury Board to borrow money against the anticipated proceeds of the Holborn sale, and used that cash to invest in 14 social housing sites in Vancouver plus upgrades to multiple SRO buildings before the 2010 Olympics. He said he was able to leverage the borrowed money to build 2,100 new social housing units across B.C. When Holborn eventually pays for the land, the province will have that money to pay down the debt or to re-invest in housing, he said.

"Financially it will still work out remarkably well," Coleman said.

He agrees, though, the deal hasn't worked out well for former tenants forced to move, and said that might have been handled better.

In 2016, city hall finally approved rezoning the site, which suggested a construction schedule of five to 10 years. But it took another two years for council to enact the bylaw, this past July, and development permits have yet to be issued — which presumably throws that schedule into further doubt.

After the rezoning approval in 2016, the land's assessed value more than tripled to \$362 million last year, from \$101 million in 2016. Industry experts say such huge surges in value are not uncommon for major real estate developments that have obtained rezoning approval.

Boyle hopes to capture more of that “windfall” for the public good.

She and her OneCity party campaigned on the idea of a “land value capture tax,” intended to tax some of the “windfall” acquired through zoning changes and other enhancements, which she says would both capture more of that value for the public benefit, and also help dampen speculation.

Mayor Kennedy Stewart, an independent who was endorsed by OneCity, has also publicly said he supports the land-value capture tax proposal.

Stewart said he did not know many details of the Little Mountain situation. But he said he has previously been able to bring parties together to discuss and move forward on projects, and said he wasn't against trying that in this case.

“In the city, we can try to shake things loose, and I have been informed through the election and since that there are a number of projects that are kind of stuck,” he said.

The new provincial housing minister, Robinson, says there is little she can do to intervene.

She promised the NDP would do things differently in the future. “We would do the planning work and get necessary development approvals before requiring people to leave their homes,” she said in a statement.

Robinson, who refused to speak with The Sun for this story, also said in her email that the NDP has brought together stakeholders to work on improvements to the development approval process.

What's happening now?

Holborn hopes 2019 will be the year they finally break ground on a second permanent building.

The developer is waiting for a development permit for an eight-storey, 63-unit social housing building, and hopes to apply for a development permit for another 48-unit non-market building in the new year.

It is permitted to build one market building before building two more social housing buildings to reach its commitment of 282 affordable units — but the final completion dates are unclear.

The waiting seems staggering to Steenhuisen, who spreads the blame far and wide.

The federal Conservatives, she argues, should never have given the property to the province in 2007. “If we can’t meet the public housing needs with the lands we already own, then how are we going to meet them by selling off the land?”

Her anger extends to the provincial government for selling the land to a private developer, the city for issuing the demolition permits, and Holborn for delaying the construction.

She maintains hope, though, that her community will thrive again. “I’m cautiously optimistic and hopeful because I want my neighbours back. Because we were all like a family,” Steenhuisen said, wiping away tears.

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