

HOUSING CRISIS

Long-term leaseholders in B.C. urgently need help from our government.

A photograph of a stone wall with a wooden sign that reads "SUN CREEK". The wall is constructed from irregular, light-colored stones. The sign is dark wood with white lettering. The wall is surrounded by green foliage and some fallen leaves at the base.

SUN CREEK

HISTORY

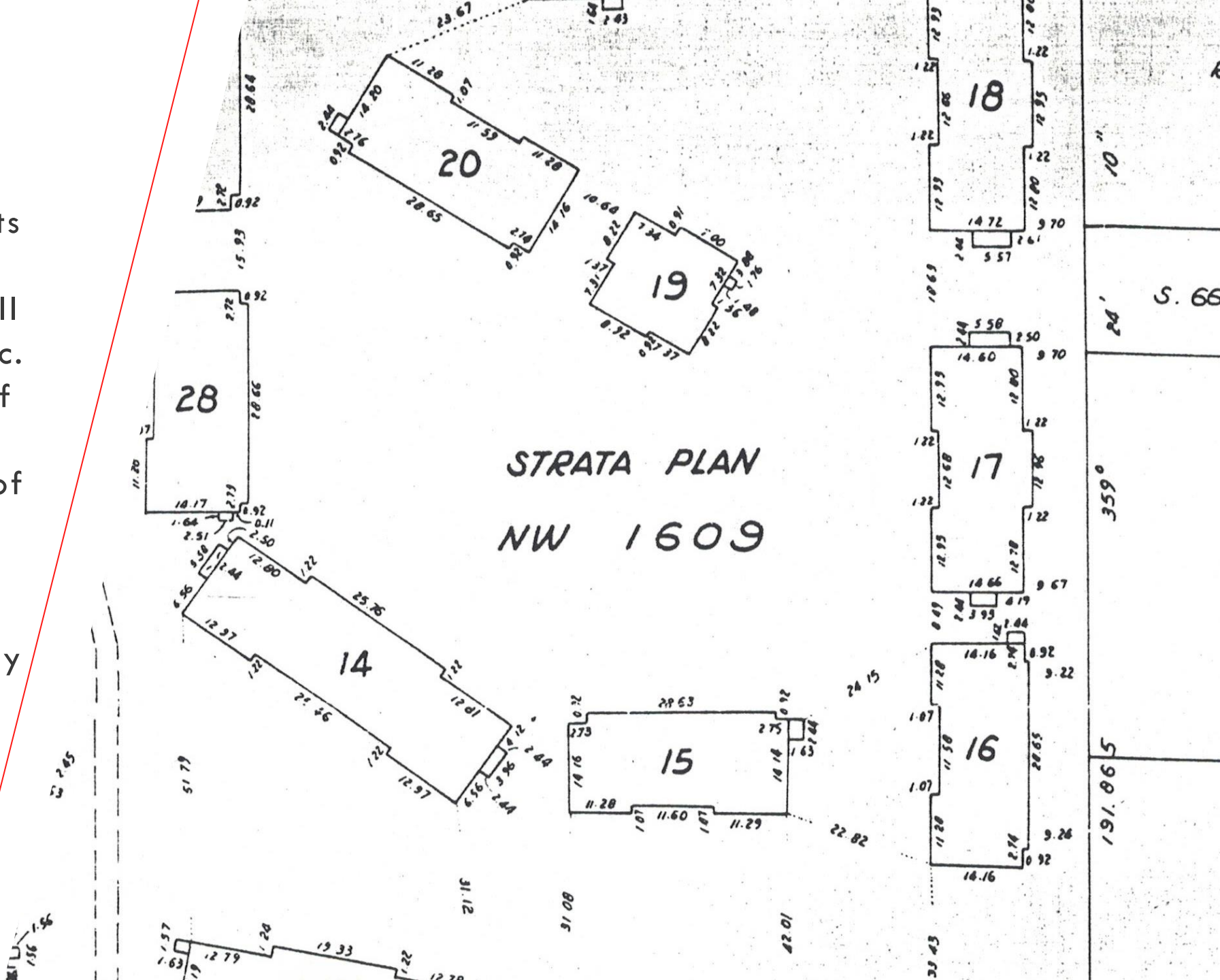
Sun Creek Estates is a housing complex in Newton, Surrey consisting of 301 suites spread out over 29* residential buildings of various sizes built in 1983 by Westsea Construction Ltd.



* A 30th building also exists that is used as a rental office & club-house.

In 1992, all 301 suites in the complex were converted from rental units to 99-year leases*, and Westsea proceeded to sell these leases* to the public. After selling about half of them, Westsea made the decision to stop the sale of the leases* and to retain lease assignments of the remaining half, which it continues to operate today as rental suites.

* Leases are Land Titles-registered assignments that give holders use/access to their suite(s) until December 31, 2092.



Current Ownership of Leases* at Sun Creek Estates

160 Private-Held Suite Assignments

141 Westsea-Held Rental Suites



BUSINESS HOURS!

Mon.	9:00 to 4:00
Tues.	8:00 to 4:00
Wed.	8:00 to 4:00
Thur.	8:00 to 4:00
Fri.	8:00 to 4:00
Sat.	9:00 to 5:00
Sun.	9:00 to 5:00

24 HOUR PHONE COVERAGE FOR EMERGENCIES
CALL 604-596-0916

**SUNCREEK
RENTAL
OFFICE**

THIS IS A SMOKE FREE
ENVIRONMENT
NO SMOKING
MAXIMUM FINE \$5,000.00

CLOSED WILL RETURN
Please Call Again

**NO
VAPING**

**SUNCREEK ESTATES
FOR
RENT**
2-3 BEDROOM SUITES
ON SITE OFFICE
7121 133B ST.
604-596-0916

**Tennis Courts
Closed**
Until Further Notice
Due To Maintenance

* Leases are Land Titles-registered assignments that give holders use/access to their suite(s) until December 31, 2092.

The buildings are of wood frame construction on a concrete perimeter with tar and gravel and/or shingle roofing. In 2016, they began to exhibit signs of their age (more than 40 years), and a **Building Remediation Project** was announced by the owner.

The latest information provided by Westsea describes **9 phases to complete 235 suites (78%) by the end of 2027**. The remaining 66 suites (Phase “U”) are not yet scheduled, but it is estimated that they will be included in 3 additional phases to be completed by 2031.



THE PROJECT

Includes the following replacements:

- Stucco cladding, wood siding
- Windows, patio doors, and guardrails
- Vinyl waterproofing membranes
- Existing bathroom exhaust fans
- Roof assembly of upper and garden level, plus balcony and roof soffit

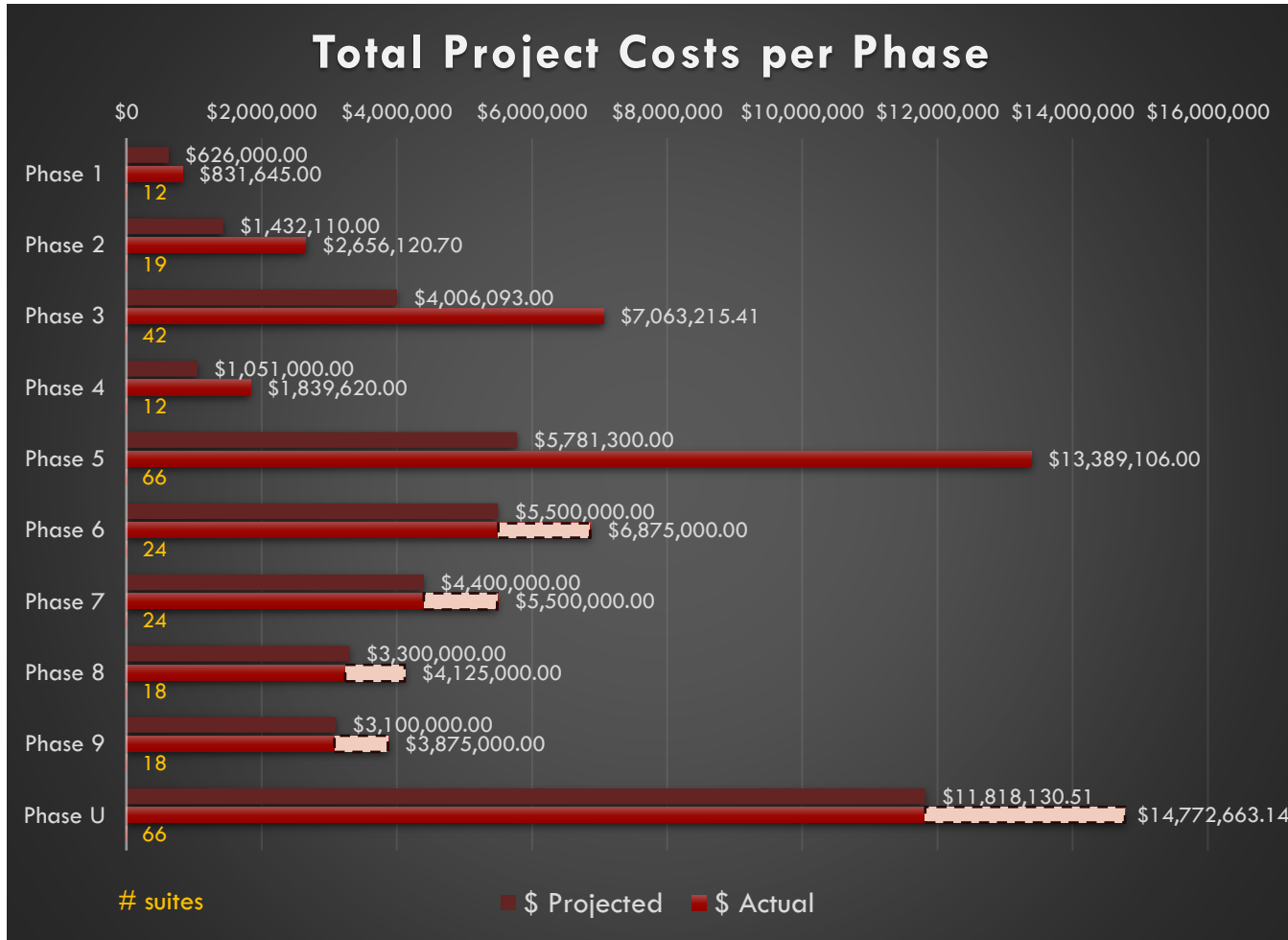


CURRENT: We are now in Phase 5 of the project, and when this phase is finished (estimated by Westsea to be March 2024) about half of the project (151 suites) will have been completed.

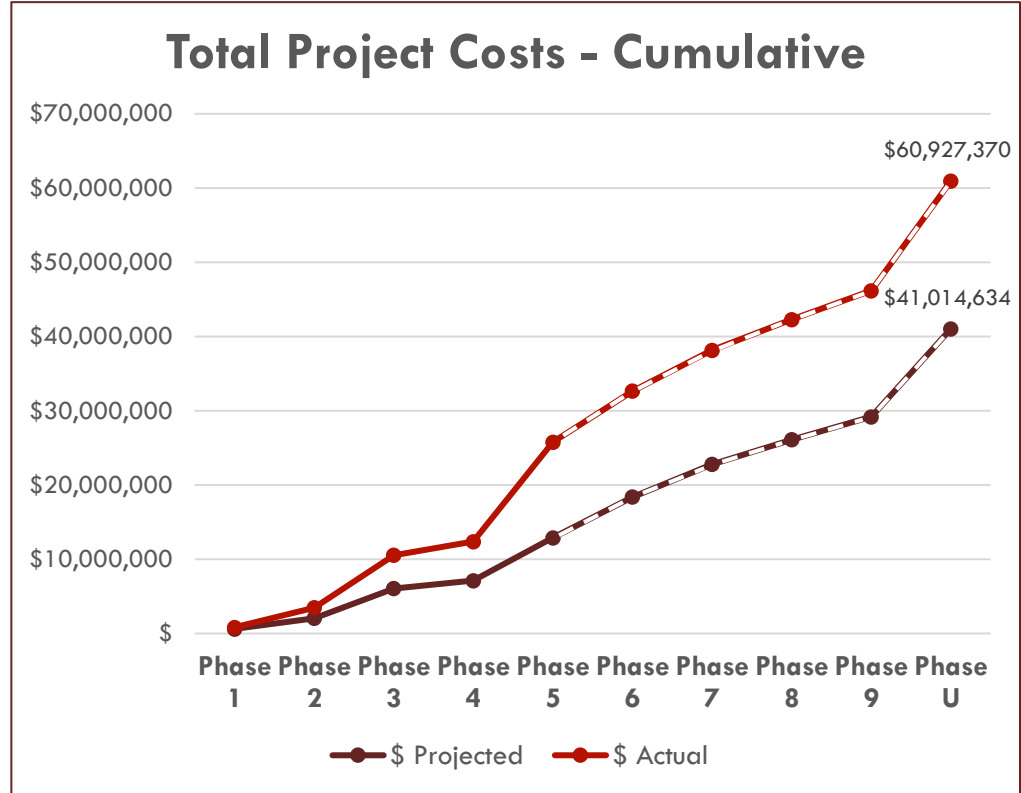
FUTURE: Four more phases (6 to 9) have been projected to run from Feb. 2024 to the end of 2027 bringing the total # of suites completed to 235 (78%). The schedule for the remaining 66 suites (Phase “U”) has not yet been disclosed by Westsea.



Project Update – Total Actual vs Projected \$ Costs



Phases 1 to 5 are actual amounts (see **Note**); Phases 6 to 9 are projected amounts that include an estimate of 25% over the projected costs (which in Phase 5 are **currently running at more than 100% over projected costs**).



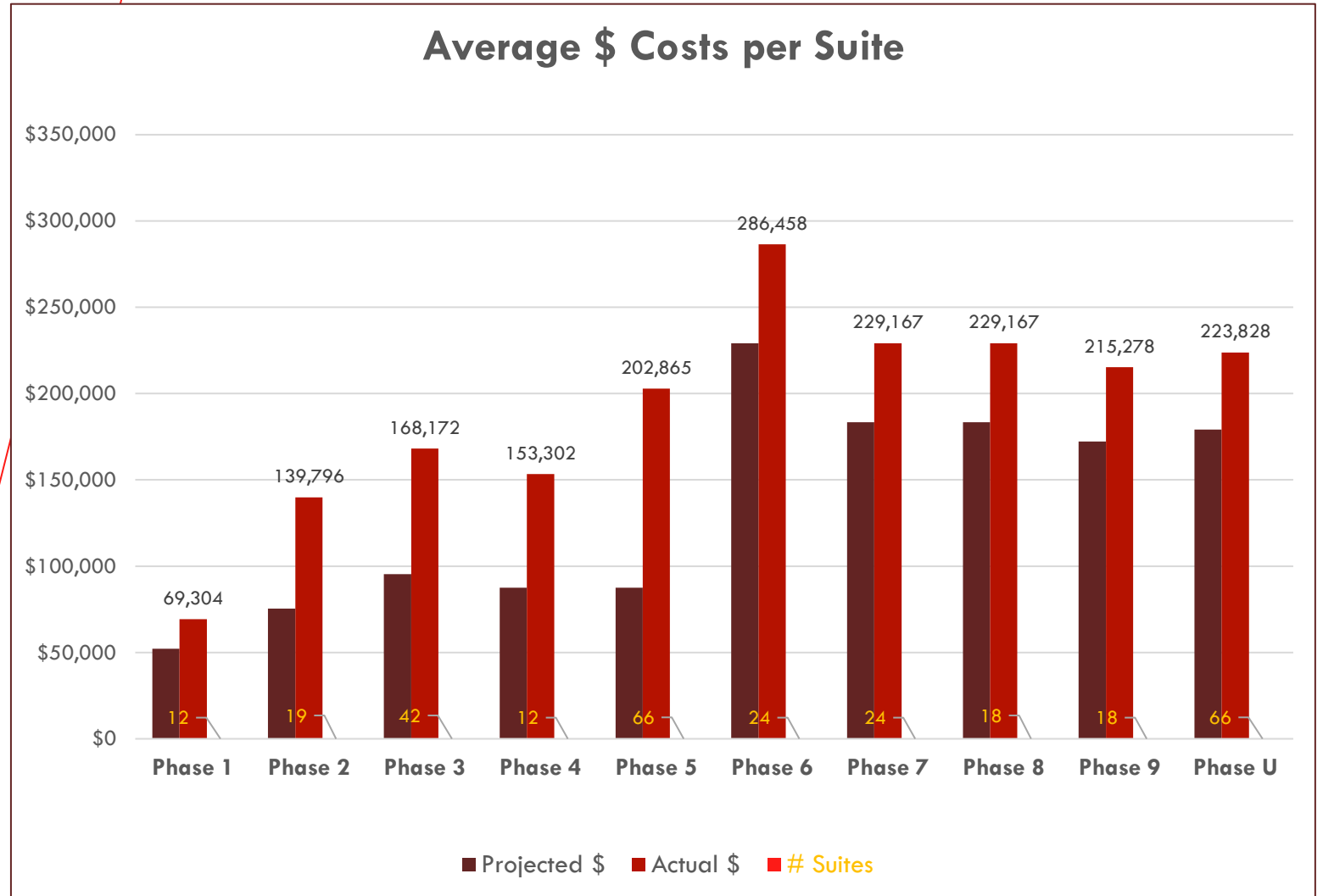
Note: Phase 5 is currently in process, so costs may still change; \$ amount shown for Phase 5 only reflects the actual assessments to date.

Phase U contains 66 suites in 7 buildings that have not yet been assigned to a phase/schedule by Westsea.

This chart shows the average renovation \$ amount per suite that it is costing in each phase of the Project. With the **current costs for Phase 5 running over \$200,000 per suite, and Phase 6 estimates of \$286,458 per suite** it seems hard to believe that leaseholders are getting fair value for the money being spent.

Phases 1 to 5 are actual amounts (see **Note**); Phases 6 to 9 are projected amounts that include an estimate of 25% over the projected costs (which in Phase 5 are **currently running at more than 100% over projected costs**).

Note: Phase 5 is currently in process, so costs may still change; \$ amount shown for Phase 5 only reflects the actual assessments to date.



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SUMMARY

Leaseholders do not object to having their residences maintained and are grateful that Westsea is taking initiative to make sure the buildings remain livable and safe. But there are strong objections to the way this process is being carried out.

Many people who invested in suites at Sun Creek because they were an affordable option will likely be left homeless and destitute because the owner is financing this renovation project in a way that is unrealistic and unsustainable.

There are currently no laws to protect long-term leaseholders in B.C.



PROBLEM #1

Excessive, Unrealistic, and Unmanageable Fees

The fees that Westsea is demanding from leaseholders are increasing at an alarming rate. Currently they consist of multiple simultaneous assessment fees plus a monthly maintenance fee of \$780*. The annual \$ amount demanded by Westsea for 2024 presently totals about **\$36,000* per leaseholder**.

However, Phase 6 of the Project is also scheduled to begin in February 2024 (immediately) and if a third assessment for this phase is demanded shortly, the projected cost of **\$5.5 million** will likely result in an additional third assessment of approximately **\$19,000*** per leaseholder bringing the 2024 total to **\$55,000***. Note: this does NOT include the \$ amounts that leaseholders are also obligated to pay the bank for mortgages held on their property.

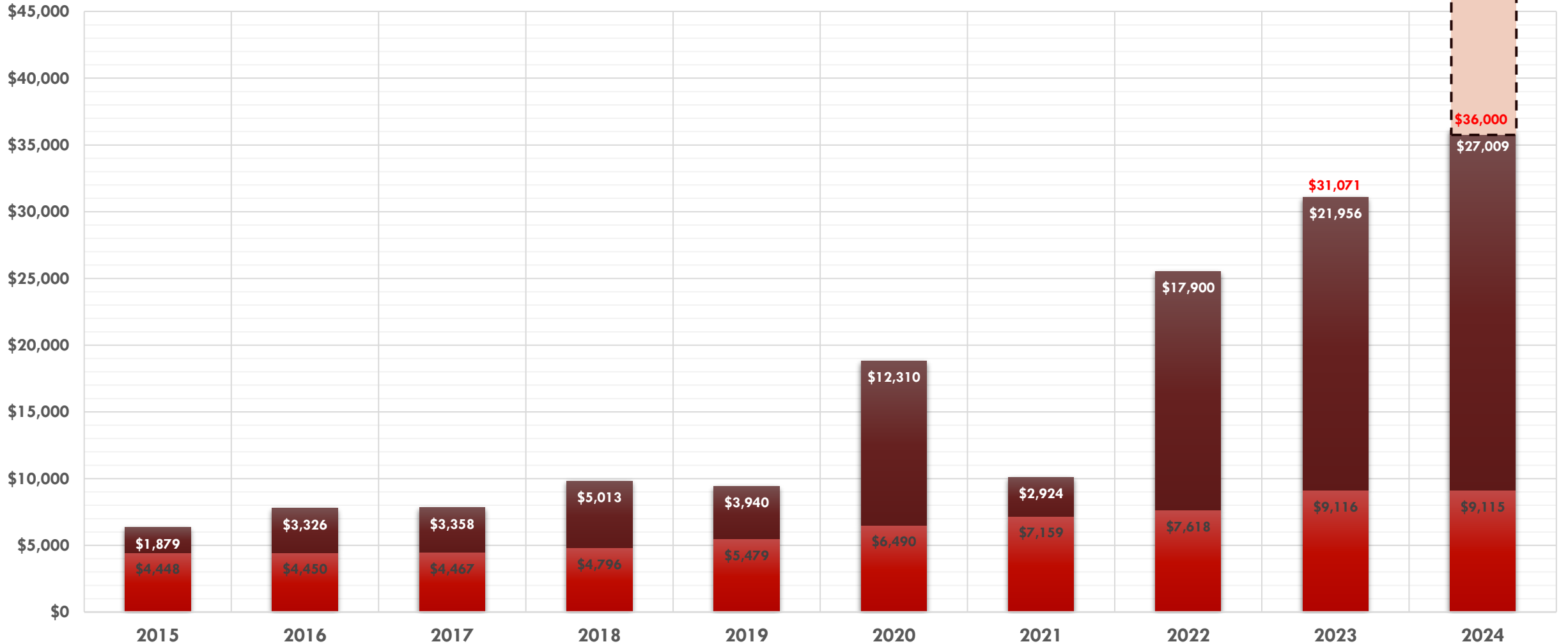
The fees being demanded of leaseholders are excessive, unrealistic, and unmanageable and many Sun Creek leaseholders are in danger of losing their homes if they do not receive immediate help.

* This amount will vary (marginally) depending on the square footage of the suite.

Leaseholder Fees at Sun Creek Estates

Estimate, if Westsea adds a third assessment for Phase 6
→→→

■ Total Maintenance \$ per Year * ■ Total Assessment \$ per Year *

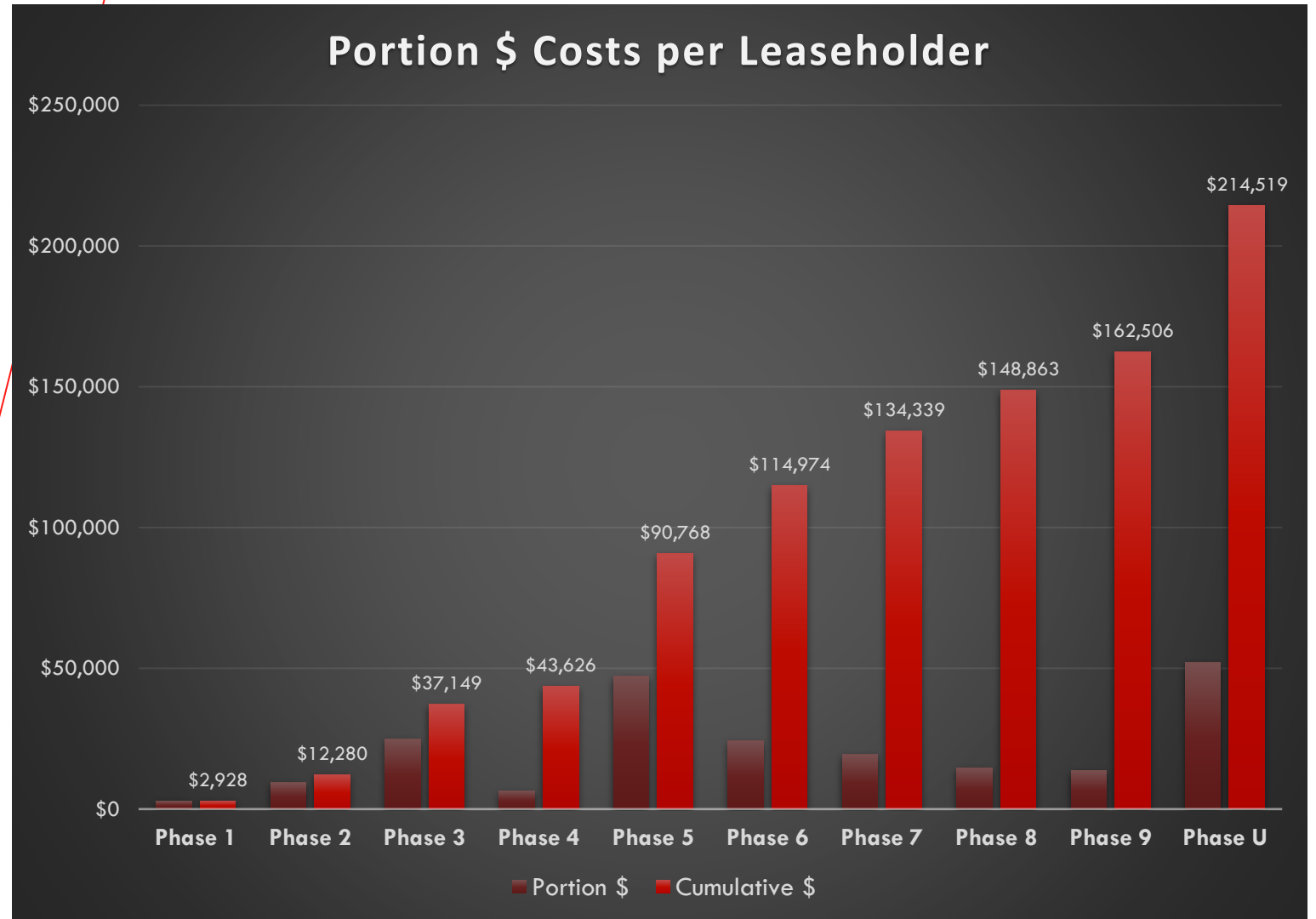


This chart shows the Portion \$ costs that each leaseholder is required to pay* for each phase of the Project, plus the Cumulative \$ amount they have already paid and will be required to eventually pay to complete the entire project.

Phases 1 to 5 are actual amounts (see **Note**); Phases 6 to 9 are projected amounts that include an estimate of 25% over the projected costs (which in Phase 5 are **currently running at more than 100% over projected costs**).

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PROBLEM #2

Inadequate Time to Pay

In the most recent notice of assessment dated **August 3, 2023**, a total amount owing of **\$3.86 million** was announced with a proportionate share for each leaseholder of **\$13,858** * being due, with payments expected to begin in less than 2 months (**Oct 1, 2023**) to be spread out over the next 12 months. **Leaseholders simply cannot produce funds of this magnitude at such short notice. The time notice to pay needs to be proportional to the amount requested.**

* This amount will vary (marginally) depending on the square footage of the suite.

WESTSEA CONSTRUCTION LTD.

Suite #2108 – 1330 Harwood Street, Vancouver, BC V6E 1S8
Telephone (604) 681 – 2727 Facsimile (604) 684 – 8075

August 3, 2023

The net amount owing by the leaseholders for 2022 is **\$(3,863,218.00)**.

Please find enclosed your portion of the total deficit as noted and defined in your lease with Westsea Construction Ltd.(the "Lease"). The individual suite amounts shown will be charged to your account. You may verify your share of the deficit by multiplying by your unit entitlement found in the schedule to the Lease.

For the leaseholder deficit, please provide 12 postdated cheques for **October 1 – December 1, 2023** and **January 1 – September 1, 2024**

*Your share of the deficit according to your unit entitlement is **\$ 13,858.91***

*Please provide 12 postdated cheque payable to Westsea Construction Ltd. starting **October 1, 2023**, for **\$ 1,154.91** per payment. Please include your File number (8-digits) on all cheques #*

Each leaseholder is reminded that applicable prescribed interest charges as per your Lease will be charged on all overdue balances.

PROBLEM #3

No Clarity or Transparency to Ensure Fairness

The current lack of clarity and transparency means that leaseholders have no assurance that Westsea is paying its fair portion of expenses for the 140 suites for which they retain lease assignments, nor do they know if the owner is passing on the costs incurred to generate rental income. * They are repeatedly told that **there is no provision in the lease to ask details of how money being demanded is calculated and/or spent** and they are also held in the dark about the process of how/why the contracts to perform the remedial work are awarded.

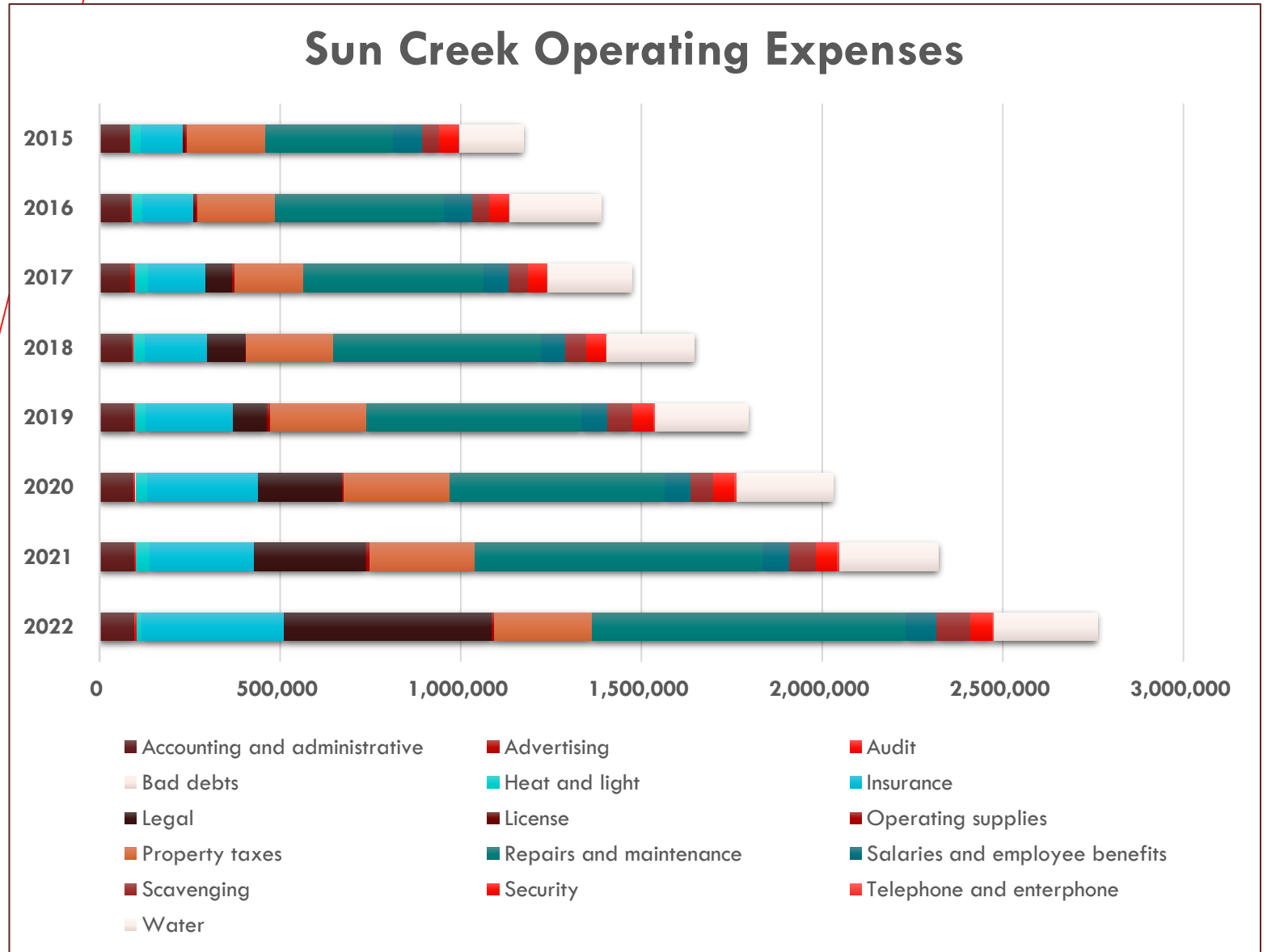
* Example: Why was \$10,633 for “Advertising” included in the Annual Operating Costs for 2017?

SUGGESTION: If Westsea insists on keeping its books closed to leaseholders, there needs to be a competent court-appointed neutral party that has access to the official records so that everyone can be assured that the financial statements are accurate and that everyone is being treated fairly.

This chart illustrates how Yearly Operating Expenses have escalated over the past eight years.

For example, **\$869,373** was spent for “**Repairs and Maintenance**” in 2022, a 146 percent increase from \$352,759 spent in 2015.

Questions from leaseholders seeking clarity and transparency regarding expenses are consistently met with a blunt refusal by Westsea to provide any further information.



This is a copy of the **standard response** that leaseholders receive from Westsea when they ask questions or seek further clarification of Operating Costs that are reported in the annual *Audited Year End Report*.

No Access to Details Relating to Operating Costs

WESTSEA CONSTRUCTION LTD.

#2108 – 1330 Harwood St., Vancouver, BC V6E 1S8 Tel: (604) 681-2727 Fax: (604) 684-8075

October 21, 2022

Westsea provides information to leaseholders about operating expense costs for Sun Creek pursuant to our obligations under the Lease. We regularly inform leaseholders in correspondence about budgets, as well as send copies of audited statements regarding the operating expenses incurred under the Lease. This is a cost effective way to inform leaseholders about matters relating to Sun Creek. Responding to specific questions from leaseholders is neither required under the Lease nor would it be a cost-effective use of Westsea's administrative resources.

There is no obligation under the Lease for Westsea to do more than inform leaseholders about actual operating expenses for the previous year and estimated operating expenses for the following year. There is no provision in the Lease for leaseholders to approve of, question the costs of or to obtain detailed disclosure about any specific category of operating expenses.

Yours very truly,

WESTSEA CONSTRUCTION LTD.

Per: Brian Slater

The amounts being spent on *Legal charges* are especially **troubling** considering that there were **\$0** *Legal expenses* reported in most years prior to 2017 but they have now escalated to **\$574,173** in 2022.

Westsea insists that leaseholders must pay fees for which no information can be disclosed even though there is no way to confirm that these charges are legitimate or if lessees even should be the ones responsible for paying them.

No Disclosure of Information Relating to Legal Charges

WESTSEA CONSTRUCTION LTD.

#2108 – 1330 Harwood St., Vancouver, BC V6E 1S8 Tel: (604) 681-2727 Fax: (604) 684-8075

December 19, 2022

Regarding legal charges, we cannot for reasons of privilege and to protect the privacy of leaseholders and residents at Sun Creek, disclose any information about legal charges in the Schedule of Operating Costs. However, we can inform you that legal charges are necessary expenses relating to managing, maintaining and repairing a large residential apartment complex such as Sun Creek, especially when there are a number of ongoing and future remediation projects to various buildings and components.

Yours very truly,

WESTSEA CONSTRUCTION LTD.

Per: Brian Slater

PROBLEM #4

The only dispute resolution mechanism available to long-term leaseholders is through initiating a legal case through the B.C. Supreme Court which is cost prohibitive and cumbersome for most residents in Sun Creek. To compound the problem, Westsea charges leaseholders for their legal costs by including them in the in the annual Schedule of Operating Costs. So, by going to the B.C. Supreme Court, leaseholders end up paying the costs incurred by both parties. It becomes a “no-win” situation for lessees and a “win-win” situation for Westsea. **This is a situation that denies access to justice.**

No Dispute Resolution Mechanism Available



CONCLUSION

Three Observations

1

THE GOOD

Sun Creek is a great place to live. The suites are spacious, well-located, and affordable. Long-term lease housing could be part of the solution for the current housing crisis.

2

THE BAD

Leaseholders have no protection against owners who charge excessive fees with no clarity or transparency. There is also no reasonable pathway for conflict resolution.

3

THE REMEDY

The B.C. government needs to act quickly to ensure that long-term leaseholders have the same protections in place that all other tenants currently enjoy.

LEGISLATION IS NEEDED

... to provide the following four protections, which would help resolve the current crisis at Sun Creek Estates, and would ultimately benefit all long-term leaseholders in B.C.

1. The **amounts** that owners require leaseholders to pay should be reasonable and affordable.
2. The **timelines** to pay fees must be sufficient and manageable for people having a modest income, and proportional to the amounts demanded.
3. All financial statements must be **clear, transparent, and open to scrutiny**, so fairness is ensured, and an atmosphere of trust is maintained.
4. A **mechanism for resolving disputes** must be available that is fair and reasonable to all parties.

THE FUTURE

Your help is vital in not only helping to save the homes of so many leaseholders in Sun Creek, but also in *walking together on a pathway* to make B.C. a better place to live for everyone.

**We desperately
need your help
today.**

