



ADMINISTRATIVE REPORT

Report Date: June 20, 2014
Contact: Nick Kassam
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RTS No.: 10589
VanRIMS No.: 08-2000-20
Meeting Date: July 8, 2014

TO: Vancouver City Council

FROM: General Manager of Planning and Development Services, and
Chief Purchasing Official

SUBJECT: Purchase of Heritage Density

RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B, C and D, Council authorize the Director of Legal Services, the Director of Finance and the Chief Purchasing Official to enter into Purchase Agreements with the following proponents to purchase 90,566 sq. ft. of heritage density at \$53.00 per sq.ft. for a total of \$4.8 million:
- i. Salient Properties (Alhambra) Ltd - 78,992 sq ft. for \$4,186,576
 - ii. Two By Four Developments Ltd - 11,574 sq. ft. for \$613,422
- Source of funding to be the 2014 Capital Budget - Heritage Density Transfer.
- B. THAT all legal documentation is to be in a form which is satisfactory to the General Manager, Planning & Development Services, Director of Legal Services, Director of Finance and Chief Purchasing Official.
- C. THAT upon approval of the legal documentation, the Director of Legal Services, the Director of Finance and the Chief Purchasing Official be authorized to execute and deliver the necessary agreement on behalf of City Council.
- D. THAT no legal rights or obligations shall arise hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.

REPORT SUMMARY

Pursuant to Council's direction in September 2013 (RTS# 10130), on a one-time basis, \$4.8 million of unallocated Community Amenity Contributions was set aside for the immediate reduction of the Heritage Amenity Bank balance. The purpose of this report is to seek Council approval to enter into purchase agreements with two proponents from a competitive bid process to purchase 90,566 sq. ft. of heritage density at \$53.00 per sq. ft. for a total of \$4.8 million.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council Report - RTS No. 10130, dated September 11, 2013.

The City's Procurement Policy requires that contracts with values over \$2 million must be approved by Council.

CITY MANAGER/GENERAL MANAGER COMMENTS

The City Manager, Director of Finance and General Manager of Planning have considered and approve of the purchase of Heritage Density as directed by City Council in RTS No. 10130 dated September 11, 2013.

STRATEGIC ANALYSIS

The conservation of heritage resources is a City-wide amenity that is enjoyed by all citizens and visitors to Vancouver. In addition to the obvious improvements to the physical environment, heritage preservation results in other benefits to the public through cultural, economic and social rejuvenation. Since 1993, 50 heritage buildings throughout Vancouver have been conserved, rehabilitated and protected by availing themselves of the City's heritage programs and the transfer of density tool. Some of the more notable examples of projects that were facilitated by the City's transfer of density tool include the Stanley Theatre on South Granville, Simon Fraser University Segal Graduate School of Business at Granville and West Pender, the new YMCA on Burrard Street, an entire block of six buildings on the south side of Water Street at Maple Tree Square in Gastown, the Woodward's redevelopment on West Hastings and Christ Church Cathedral at Burrard and Georgia Streets.

Since its establishment in 1993, the Heritage Amenity Bank's balance has remained relatively stable, with fluctuations up and down but never exceeding 500,000 square feet until 2006. At that time, a record thirteen projects gained approval resulting in 1.3 million square feet being added to the balance in a short period of time (see Figure 2). Actions were immediately taken to slow the creation of additional density and to facilitate absorption, and the outstanding balance has declined somewhat since that time. Nevertheless, the balance remains high and the relatively slow pace at which the balance is declining continues to be of concern for both the City and for buyers and sellers of density. For the tool to be available for use in future applications

that seek to pursue heritage preservation, it is essential for the historically high balance of the Heritage Amenity Bank to be significantly reduced.

In order to address this issue, on September 25, 2013, Council authorized the Director of Planning to purchase Heritage Bank Density using unallocated CACs up to a maximum of \$4.8M

In order to provide an equal opportunity to all current holders of density in the Heritage Amenity Bank who have it available for sale, and to achieve the best value for the City a competitive bid process (PS20140130) was conducted whereby holders of density were invited to submit their best offer to have density purchased and thereby removed from the Heritage Density Bank. Supply Chain Management conducted a Request for Offers in March 2014 and at close two proponents submitted 5 offers for a total of 172,944 sq. ft. Offers ranged from \$53/sq.ft. to \$64.99/sq.ft. As the lowest offer received was \$53.00 per square foot proponents were provided the opportunity to sell density at that value, up to 90,566 square feet, in accordance with Council's direction. Two proponents, Salient Properties and Two by Four Developments, agreed to sell their density at the lowest offer price.

FINANCIAL

Pursuant to Council's direction on September 25, 2013, (RTS# 10130), on a one-time basis, \$4.8 million of unallocated Community Amenity Contributions was set aside for the immediate reduction of the Heritage Amenity Bank balance.

The purchase of 90,566 sq.ft. of heritage density from the two successful proponents for a total of \$4.8 million (\$53 per sq.ft.) will be funded from the 2014 Capital Budget - Heritage Density Transfer.

This will reduce the balance of the Heritage Density Bank to 1,008,456 sq feet.

CONCLUSION

Staff recommends the purchase of 90,566 square feet of Heritage Density for \$4.8 million to reduce the amount in the Heritage Density Bank.

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