



MEMORANDUM

May 24, 2005

TO: Mayor and Council

CC: Judy Rogers, City Manager
Syd Baxter, City Clerk
Jacquie Forbes-Roberts, General Manager of Community Services
Larry Beasley, Director of Current Planning

FROM: Cameron Gray, Director of the Housing Centre

SUBJECT: SRA Demolition Application - 909 Richards St.

This memo responds to questions raised by Council when they considered the application for an SRA Permit to demolish 8 units of single room accommodation at 909 Richards St. On May 10, Council deferred consideration of the report to Committee so they could hear from the applicant. The applicant seeks to demolish 909 Richards so that a 60 unit condominium/townhouse project can be built on the 125 ft. by 120 ft. site. The SRA By-law allows Council to refuse the SRA application to demolish, or impose conditions, including a \$5,000/unit fee.

Heritage: One of the questions raised by Council was the potential heritage merit of the house. Records show that the house was built around 1889 and that Albert and Andrew Lees were its first occupants. The Lees operated A.K. Lees Clothing Store. The Lees died in the late 30s and early 40s but the business survived at Pender and Howe until the 1980s. The Lees moved in 1907 and a small store was built in the front yard soon after, probably around the time a street car line was put down Richards in 1913. Photos of the house are attached.

909 Richards is one of the 18 or so houses left from the original development of the area. It is not on the heritage register and never was; it was not an 'isolated C' which Council removed from the Register in 1988. The house occupies a 25 ft. by 120 ft. lot with new townhouses abutting on the southwest. While it could be saved as part of a new development on the consolidated site, from a heritage perspective all that would be visible would be the façade of the house behind the store as any new development would abut the house on the northeast as the townhouses do on the southwest. The City's policy is to encourage developers to acquire 'orphan' sites that would not be developable on their own, and in this case the developer was asked to acquire the site and include it in their development proposal.

The developer (and applicant for the SRA demolition permit) is prepared to retain consultants to properly document the house (exterior and interior) so that its history is preserved. In addition, the developer is prepared to provide \$10,000 to the City so that it can undertake a survey and evaluation of the remaining houses of similar vintage in Downtown South. It is recommended that the developer's offer be accepted as an appropriate response to the heritage value of the house.

SRA Fees and Development Cost Levies: A concern raised by Council was the fact that the Vancouver Charter requires that any SRA fees be deducted from the component of the Development Cost Levies allocated to replacement housing. The \$40,000 SRA fee that staff recommended be charged the applicant would be deducted from the \$144,542 in replacement housing DCLs. The result is that the SRA By-law fees would not impact the viability of demolishing SRAs. (NOTE: the fee does have an impact on potential SRA conversions as conversions generally do not generate DCLs). The developer did, in fact, budget for \$40,000 in SRA fees and was not aware they would be deducted from the DCLs. He is prepared to make a voluntary contribution of \$40,000 to the City's affordable housing fund which would not be offset by a reduction in DCLs. It is recommended that Council accept the applicant's voluntary contribution of \$40,000 in addition to the \$40,000 SRA fee.

While the applicant's offer may address the particular issue raised by the demolition of 909 Richards St., the larger issue of the SRA fee being deducted from the DCLs designated to replacement housing remains. It may be appropriate for Council to consider seeking a charter amendment to eliminate the requirement that SRA fees be deducted from DCLs for replacement housing. The intent of the Charter provision is to forestall the City from making developers pay double what it would cost to replace single room accommodation. However, as the SRA fee and replacement housing DCLs combined represent less than 10% of the replacement cost of single room accommodation, the fact is developers would not be paying more than the cost to replace even one SRA unit if they were charged both the SRA fee and the full DCL. Consequently, it is reasonable for Council to ask that the Charter be amended to eliminate the off-set requirement.

Redesign: We met with the applicant for the SRA demolition permit for 909 Richards St., and discussed two other options. One was to redesign his project to leave 909 Richards intact. This would be difficult and expensive to do. The parking garage excavation would require that 909 Richards be moved or suspended during construction. In addition, the house would have to be renovated if it is to be preserved. The project would have to be redesigned which would be costly, considering the building permit drawings have been submitted to the City. Costs for delay would be incurred as well, as the sales office is about to be set up and staff are in place for marketing the units.

Staff discussed the redesign option, and while it is technically feasible, it is not recommended because of the stage at which the project has now reached. The costs incurred by the developer would have to be recovered by additional density on the site which previous planning work has indicated can not be accommodated. As well, an 8 unit SRA would be an inefficient operation as a non-profit operator would be needed if the heritage renovation was to be properly maintained. The most obvious renovation option for the house would be as a market unit to be sold with the result that the SRA units would still be lost.

Sale to City: The possibility of the City buying the site for its Downtown South replacement housing program was discussed with the applicant. The applicant paid \$4.2 million for the site 18 months ago, which is still its market value, and has invested \$1,000,000 in it in fees, holding and design costs. The developer's primary motivation is the profit made from the sale of the completed units. Even if the City paid all the developers costs to date, the developer would still be forgoing his profit which is required to maintain his business operation, as it would take another year and a half to buy a site, design the project and take it to start of construction and marketing. Consequently, the developer is not interested in selling the site.

Conclusion: It is recommended that Council approve the report that went to Council on May 10 with the following conditions:

- That the applicant agree to document 909 Richards in accordance with heritage practices;
- That the applicant's offer to provide \$10,000 to the City to undertake a heritage evaluation of the remaining houses in Downtown South of similar vintage to 909 Richards be accepted; and
- That the applicant's offer of an additional payment of \$40,000 be accepted, noting that this payment would not be deducted from the Development Cost Levies designated for replacement housing.

In addition Council may wish to consider a motion to:

- Request the Province to amend the Vancouver Charter to delete the requirement that fees charged for SRA demolition permits be deducted from Development Cost Levies designated for replacement housing.

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