

## CITY OF VANCOUVER

### POLICY REPORT URBAN STRUCTURE

Report Date: July 5, 2005  
Author: S. Harvey  
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RTS No.: 5384  
CC File No.: 2608  
Meeting Date: July 21, 2005

TO: Standing Committee on Planning and Environment

FROM: Managing Director, Cultural Services in consultation with the Directors of Current Planning, Legal Services, Real Estate Services and Facilities Design & Management

SUBJECT: Cultural Amenity Bonus - 819 Seymour Street

#### **CONSIDERATION**

- A. *THAT City Council approve in principle the request for a cultural amenity bonus at 819 Seymour Street to include stage expansion of the Orpheum, a rehearsal room/150-seat studio theatre and music school as outlined in this report, subject to approval by the Development Permit Board and the signing and registration in the Land Title Office, prior to issuance of the development permit, of an Option to Lease, as set out in Appendix "A", and a Section 219 Covenant providing for:*
- (i) *the design and construction by the property owner of 4,327 m<sup>2</sup> (46,572 sq. ft.) of amenity space in the development as generally outlined in this report and described in the Building Program dated July 4, 2005,*
  - (ii) *an operating cost allowance contribution in the amount for \$1,885,918 to be held by the City in an interest-bearing account and used to offset the operating costs of the amenity space for a period of approximately twenty years; and*

- (iii) *the registration of the lease of the amenity space to the City for nominal rent for the life of the development, on the terms contained in this report.*
- B. *THAT, subject to approval of A, City Council approves a sublease for the music school portion of the amenity space to the Vancouver Symphony Society for nominal rent on the terms set out in Appendix "B". The agreements herein approved shall be on the terms discussed in this report and such other terms as deemed advisable by the Director of Legal Services, in consultation with the Directors of the Office of Cultural Affairs, Civic Theatres, Real Estate Services and Facilities Design & Management, it being understood that no legal rights or obligations shall arise except upon the signing and registration of the Option to Lease and Section 219 Covenant and issuance of development permit for 819 Seymour Street. Recommendation B provides the Vancouver Symphony Orchestra with a long-term sublease at nominal rent and therefore requires eight affirmative votes of Council.*
- C. *THAT, in respect to the Higher Building Policy, the Development Permit Board be advised that Council has no objection to the proposed absolute height of 413.2 feet (inclusive of mechanical penthouse and architectural appurtenances) for the proposed mixed-use tower at 819 Seymour Street.*

#### GENERAL MANAGER'S COMMENTS

*The General Manager of Community Services puts forward A through C for Council's CONSIDERATION noting that B represents a grant, requiring eight affirmative votes.*

*COUNCIL POLICY Section 6 (II) of the Downtown District (DD) Official Development Plan (ODP) provides for an increase in the permitted floor space ratio or density of a building, in exchange for public, social or recreational facilities which have a demonstrated need, subject to Council approval. Bonused amenity spaces are leased by the City and subleased to Vancouver-based, non-profit social service or cultural organizations at a nominal rent for a term of up to 20 years and include a series of requirements including the obligation to provide community services and benefits accessible to the public, to undertake a fund raising campaign sufficient to pay future operating costs, and to assume all of the City's obligations under the head lease.*

*The DDODP identifies a range of permitted heights from 70 feet to 450 feet.*

*In 1997 Council approved a General Policy for Higher Buildings which supported significant height increases for buildings up to 600 feet in the 450 foot height zone and up to 400 feet in the 300 foot height zone (in a small area generally northwest of the Central Business District) on the condition that the buildings exhibited the highest order of architectural excellence and a variety of significant public benefits were achieved.*

## PURPOSE

The purpose of this report is to seek Council's approval of an amenity bonus facility proposed within a mixed-use development at 819 Seymour Street including the proposed building height increase from the permitted 300 feet to 413.2 feet or 42 storeys (inclusive of mechanical penthouse and architectural appurtenances).

The proposed amenity facility incorporates three worthy elements: (1) the expansion of the adjacent stage and backstage of the City-owned Orpheum Theatre, (2) a rehearsal room/150-seat studio theatre with excellent acoustics and (3) a music school proposed by the Vancouver Symphony Orchestra. This full complement of amenities realizes additional density of 248,192 sq.ft. and achieved in a development of 413.2 ft. high (42 storeys) on the site.

In addition, should Council support the amenity bonus, the report seeks Council direction to implement the necessary legal agreements and approval processes for 819 Seymour Street.

## BACKGROUND

This proposal is to increase the density of a mixed-use development mid block on the west side of Seymour Street adjacent to the Orpheum Theatre in exchange for the expansion of the Orpheum stage and backstage areas and the inclusion of a music school and a rehearsal hall including ancillary spaces within the proposed development. The applicant, MacDonald Development Corporation, has made an inquiry to construct a mixed use tower on a 7-storey podium containing residential, public amenity and retail uses for a total building height of 42 storeys or 413.2 feet (inclusive of mechanical penthouse and architectural appurtenances). The MacDonald Development Corporation proposes to increase the building density from the 5.0 FSR permitted (3.0 FSR residential plus 2.0 FSR commercial) to 18.79 FSR for a total building area of 338,192 sq.ft. as generally illustrated in Appendix "C" - Schematic Plans and Sections.

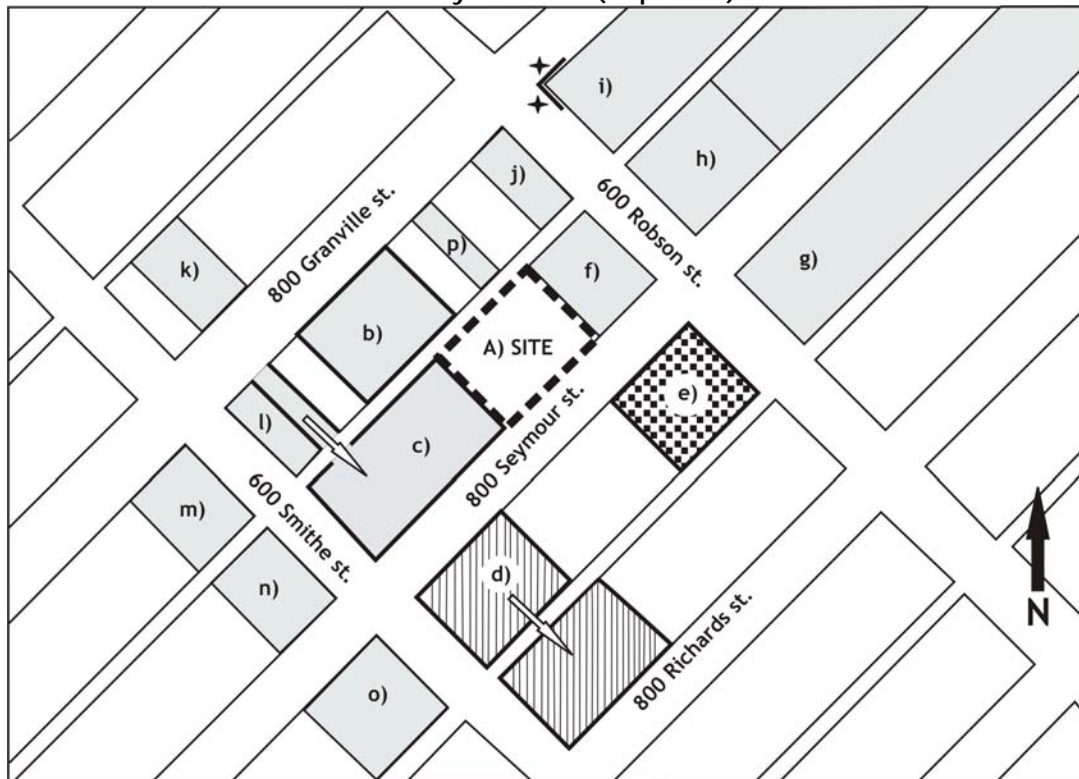
The proposal has not yet been formalized in a Development Application. This report seeks Council's direction as it relates to the extent of the bonus density proposed, the nature of the amenity package and the proposed operational implications.

**Site and Context:** The site for the proposed tower is located mid-block on the west side of Seymour Street between Smithe and Robson Streets. It is presently occupied by the vacant Famous Players 'Capital 6' multiplex cinemas on a 150 ft. (45.72m) X 120 ft. (36.58m) lot. A portion of the vacant 'Capital 6' site fronts on Granville although it is not presently part of this development proposal. It is also adjacent to the City-owned Orpheum Theatre to the south and a two-storey retail/commercial building to the north. (See Figure 1).

The site is also adjacent to the Granville Entertainment District. Within one-half block there are three cabarets, including the Commodore, two 'after hour' dance clubs, and two pubs - the Lennox and the Dufferin Hotel. An additional pub has been approved for the 800 block of Granville Street and has yet to be developed. Council has approved the installation of two large video screens (15 ft. [4.6m] by 20 ft. [6.1m] on the Future Shop building at the northeast corner of Robson and Granville Streets.

A 13 story mixed-use residential tower was recently completed at the southeast corner of Robson and Seymour. A rezoning application, which has been referred to public hearing by Council for July 14, 2005, has been made to construct two mixed-use residential towers at 898 Seymour Street (two sites at corners of Smithe, Seymour and Robson Streets) incorporating additional parking to serve both daytime shoppers and evening patrons for the nearby entertainment and cultural facilities, particularly the Orpheum Theatre.

Fig. 1: Site and Surrounding Land Uses  
819 Seymour St. (Capital 6)



- a) 819 Seymour St. - Site
- b) 884 Granville St. - Commodore Ballroom
- c) 865 Seymour St. - Orpheum Concert Hall
- d) 898 Seymour St. - Rezoning application for two 30 & 34 storey towers (*referred to public hearing*)
- e) 822 Seymour St. - 21 story residential/commercial use tower (*approved DE211305*)
- f) 600 Robson St. - Retail/Restaurant
- g) 555 Robson St. - Telus Communications Inc.
- h) 605 Robson St. - Office
- i) 798 Granville St. - Future Shop (*\* exterior mounted video screens*)
- j) 800 Robson St. - Lennox Pub
- k) 881 Granville St. - The Plaza Nightclub
- l) 695 Smithe St. - Gorg-o-Mish late night non-alcoholic after hours cabaret
- m) 670 Smithe St. - Skybar nightclub
- n) 901 Seymour St. - Staples
- o) 900 Seymour St. - Dufferin Hotel
- p) 822 Granville St. - The World late night after hours cabaret

### **Land Use**

The site is zoned Area 'C' in the Downtown District Official Development Plan (DDODP) which permits mixed use developments including residential and commercial uses. Area 'C' permits developments up to 5.0 floor space ratio (FSR), with residential limited to 3.0 FSR.

### **Height**

The zoning of the site identifies a height limit of 300 feet (91.4m). The DODP also has provisions allowing for the Development Permit Board to relax this height limit up to 450 feet (137m). In all cases, the Council-approved view protection guidelines are consulted to ensure a development does not intrude into a view corridor.

In 1997, the Downtown Vancouver Skyline Study recommended that the Vancouver skyline would benefit from the addition of a handful of buildings exceeding current height limits to add visual interest to Vancouver's skyline, while at the same time respecting the Council-approved view corridors. Council resolved that an array of higher buildings should be permitted to create a 'modified dome' skyline where the highest buildings (575 feet [175m] to 600 feet [183]) are located in the central business district, generally north of Robson Street between Howe and Bute Streets, on the widest streets (i.e. Burrard, Georgia and Granville Streets).

The absolute building height for 819 Seymour Street is proposed at 413.2 feet (125.9m) so as to respect the Queen Elizabeth Park view corridor. Staff have analysed the 'fit' of the proposed building in the emerging family of buildings in the centre of the downtown and concluded that it contributes to the desired 'modified dome' shaped skyline (see Urban Design below).

### **Urban Design**

The redevelopment of the Capital 6 site on Seymour Street under zoned density (5 FSR) could have comprised a 3-4 storey commercial podium with a modest, 10-12 storey slim residential tower above. The proposed bonus density (248,192 sq. ft.) generated by the amenity facilities (46,572 sq. ft. which is not counted in FSR) translates into approximately 32 floors in the proposed residential tower in addition to the 90,000 sq.ft. permitted density. While these statistics appear quite daunting, Staff have tested the proposal's urban design performance in terms of views, shadowing, streetscape, overall massing fit and neighbouring impacts and are satisfied, given the unique aspects of this block, that the resulting form of development is acceptable. It should be noted that the build out of this block, taking into account the broad, low massing of the Orpheum, would result in only one tall tower (the proposal), that the site is less than a half block away from the 450 ft. height zone north of Robson Street and that the proposed absolute height of 413 .2 ft. will not intrude into any Council-approved view corridors. Other issues such as architectural design and liveability (the proposal being adjacent to the Granville Street Entertainment District thereby demanding that the residential tower be air conditioned) will be further reviewed through the Development Permit process.

### **Amenity Bonusing Program**

Under the City's Amenity Bonusing Program, the developer builds a fully finished amenity space, to the specification of the City in exchange for additional density of equal value on-site. The City secures the amenity through legal agreements including a lease of the amenity space for the life of the building. The City has generally provided the amenity space to a non-profit society through a sub-lease for a nominal rent with a condition that the society secures

and maintains a reserve fund held in trust sufficient that the interest covers the operating cost of the amenity after the initial prepaid operating cost allowance has been depleted thereby ensuring the ongoing public benefit of the amenity for the life of the building.

Bonuses are only considered for non-profit organizations which provide significant public benefit and propose public use of the amenity space. The organization must also have a demonstrated track record of public service, have managed a public facility and, in the City's judgment, have the capacity to raise sufficient funds to meet the future obligations of the amenity space.

Subject to Council's approval of the bonus and the proposed non-profit tenant, the City secures the public's interests by executing a lease agreement with the owner for the amenity space for the life of the building and sub-leasing the amenity space to a non-profit organization on terms and conditions as are generally outlined in Appendix "A" & "B" respectively.

### **Proposed Amenity**

The proposed amenity at 819 Seymour Street, as generally illustrated in Appendix "C" - Schematic Plans and Sections, has three components:

- Expansion of the Orpheum stage, backstage and basement area (7,131 sq. ft.);
- New rehearsal hall/150-seat studio theatre and ancillary spaces (14,873 sq. ft.); and
- Music school (24,568 sq. ft.).

#### *Stage expansion:*

Originally opened on November 7, 1927 as a vaudeville house, the Orpheum use evolved from Vaudeville to movie palace and in 1974 was purchased by the City of Vancouver and re-opened on April 2, 1977 as the permanent home of the Vancouver Symphony Orchestra (VSO) and a restored concert hall that hosts a variety of pop/rock, classical, choral and chamber recitals. The Orpheum Theatre is owned and operated by the City through the Vancouver Civic Theatres.

Like many vaudeville houses, the stage area of the Orpheum is shallow and the backstage support area is extremely limited. The "crossover" behind the stage is so small that performers and equipment must be moved over or under the stage to get from one side to the other. Consequently the need to expand the stage and backstage has long been a high priority in the Civic Theatre's Facilities Master Plan awaiting the day that the adjacent property would become available enabling the possibility of expansion.

The Orpheum stage expansion is proposed to be constructed as "shell" space to be finished in a subsequent phase of Vancouver Civic Theatres capital upgrading. The stage expansion area would be operated as an integral part of the Orpheum by the Vancouver Civic Theatres.

#### *Rehearsal room/studio theatre:*

The Master Plan also includes the addition of a rehearsal room/studio theatre of appropriate size, location and acoustics for a major symphony orchestra and other users of the Orpheum (e.g. the 200-voice Vancouver Bach Choir). Such a rehearsal room is of a size which could also serve as a 150-seat (approx.) studio theatre for use by the arts community.

Currently the VSO, through the City's Grants Equal to Theatre Rent program rehearses on the stage of the Orpheum. Adequate rehearsal on the performance stage is critical to the

artistic success of any orchestra providing the best acoustical environment. However rehearsing on stage also limits access for other performances and reduces the revenue potential of the theatre. It is therefore essential to balance the artistic needs of the orchestra with the needs of other users and their public.

Many arts complexes provide their resident orchestras, choirs etc. with a separate rehearsal hall of a size to easily accommodate very large ensembles. Such a rehearsal hall must have appropriate heating and ventilating systems and lighting to create an environment that supports the large number of artists. Most importantly, the acoustics must be designed and regulated to replicate the environment found on stage.

The number of rehearsals scheduled in the rehearsal hall versus on stage varies from jurisdiction to jurisdiction. Some orchestras always rehearse on stage while others may only be assured of getting on stage for the final rehearsal. A successful arrangement assures both the needs of the orchestra or choir and preserves the maximum possible accessibility of the theatre for other events and other audiences.

Should Council approve the proposed amenity bonus including a rehearsal room/studio theatre, staff will conclude lease and sub-lease and ensure that mutually beneficial operating protocols are in place governing when and how the orchestra would use the rehearsal room/studio theatre, and ensuring the creation of an acoustically excellent rehearsal environment for the orchestra.

*Music School:*

The VSO has proposed a music school in conjunction with their occupancy at the Orpheum. They believe there is a growing market in the downtown for high-calibre musical instruction. Further, they believe that the provision of suitable facilities adjacent to the Orpheum would enhance the musicians' earning capability and make the most efficient use of their time between rehearsals and performances.

The VSO have developed a detailed Business Plan for the school which Cultural Affairs staff have reviewed and believe provides both a good match to the VSO's on-going work in the community and provides an opportunity for music education in the downtown core.

Should Council approve the proposed amenity bonus including the music school, staff will conclude a sub-lease agreement with the Vancouver Symphony Orchestra under the terms and conditions generally outlined in Appendix "B" to the satisfaction of the City Manager.

**Bonus Calculation**

Real Estate Services staff has reviewed the proposed amenity bonus for the three components of the project as follows:

	STAGE EXPANSION	REHEARSAL ROOM	MUSIC SCHOOL	TOTAL
Amenity Area	7,131 sq. ft.	14,873 sq. ft.	24,568 sq. ft.	46,572 sq. ft.
Bonus Density				248,192 sq. ft.
Proposed FSR				18.79

The methodology in determining an amenity bonus is to quantify and ensure that the value of the proposed amenity is of equal to or greater than the value of the additional bonus density to be built on the site. The bonus density calculation is calculated using current land values and takes into account any extraordinary construction techniques and costs associated with the construction of this facility.

Real Estate Services and the applicant have mutually agreed on the land value and construction cost estimates as well as the operating endowment. It is the conclusion of the Director of Real Estate Services that the costs and endowment are greater than the value of the additional density which Planning staff advice can be realized on the site. Unlike heritage bonus density, additional density arising from a public or cultural amenity must be realized on the same site as the amenity. The developer acknowledges and accepts this discrepancy (see Appendix "E" - letter of July 4, 2005 from MacDonald Development Corporation).

A chart comparing the proposed project to recent amenity bonusing projects using current land values is attached as Appendix "D" - Amenity Bonus Comparison Chart. It shows that the ratio of the bonus floor area to the amenity floor area for the full proposed amenity package at 819 Seymour is in the high range of ratios noting that purpose-built space with specialized technical requirements are more expensive than generic space and the ratio of amenity to additional bonused density is therefore higher.

Subject to Council approval, a legal agreement between the City and developer would be executed to secure the amenity space fully finished and fit-up, generally as described in the Building Program (July 4, 2005), and including but not limited to:

- 7,131 sq.ft. Orpheum stage expansion, back of house and basement - shell only;
- 5,109 sq.ft. rehearsal room/150-seat studio theatre including a viewing gallery on 2 floors with a main floor dimension of 47 ft. x 73 ft. x 39 ft. and including all acoustic treatment to ensure excellent natural acoustics and sound separation;
- Rehearsal hall front of house and back of house support areas and technical equipment including lobby, circulation, storage, washrooms, green/change rooms, galleries, catwalk, control room, service and mechanical areas;
- Music school, training and meeting rooms;
- Lobby and reception areas;
- Wheelchair accessibility;
- Offices and storage;
- Mechanical and electrical systems;
- Signage; and
- 23 dedicated "rent free" parking stalls including accessible parking stalls as required by the Parking By-law', 5 shared visitor parking spaces and non-exclusive use of one loading bay.

Staff note that the costs to build a stand alone rehearsal/music school facility downtown would be in the order of \$15.8 million (39,441 sq. ft. X \$400/sq. ft.) plus land.



## ALTERNATIVE OPTIONS

The proposal outlined in this report seeks to secure three component parts of the amenity space:

- Orpheum stage expansion;
- Rehearsal Room/150-seat studio theatre; and
- Music School.

Staff did review options to reduce the size of the additional bonus density by reducing various amenity components. Staff looked at the options of stage expansion only, stage expansion and rehearsal room only, stage expansion and school only, and school only. Staff do not support alternative options which do not include both the Orpheum stage expansion and the rehearsal room. These much-needed improvements must be adjacent to the Orpheum stage and could only be realized concurrently with the development of the adjoining parcel. The school while desirable to the applicant's proposal and convenient as a neighbouring use, could be remotely located.

## FINANCIAL IMPLICATIONS

The proposed amenity bonus would create additional area and therefore additional operating costs. There would be nominal cost associated with the stage expansion. Costs associated with the rehearsal room would be offset by the ability to rent the Orpheum with some limited VSO rehearsal uses moved from the stage to the new rehearsal room.

Operating costs associated with the school would be the responsibility of the sub-tenants (the VSO) and the obligations would be set out and secured through a sublease agreement.

The VSO has developed a detailed business plan for the operation of the school and while ambitious, staff believe that the project is financially viable, without undue strain on the orchestra.

There are additional capital costs associated with this proposal that go beyond the cost of constructing a new facility. Both the VSO and Civic Theatres will need to identify funding for items such as furnishings and equipment.

## CONCLUSION

Staff have reviewed the amenity bonus proposal and believe that the land use and urban design impacts of the additional floor space are acceptable and that the public benefit is balanced with the increased density to the applicant. The benefit to the public is an expanded Orpheum stage, new rehearsal hall and a music school.

\* \* \* \* \*

**KEY TERMS OF OPTION TO LEASE AND LEASE BETWEEN THE APPLICANT AND THE CITY****Term**

Until demolition of the development.

**Area**

An approximately 4,327 m<sup>2</sup> (46,572 sq. ft.) amenity space on Seymour Street located on common property, plus access at no charge to 23 designated parking stalls, including one disability parking stall in the underground parking area of the building, 5 shared visitor parking spaces and non-exclusive use of one loading bay.

**Use**

No restrictions on use.

**Subletting, assignment, or mortgaging**

City reserves the right to sublet, assign, mortgage or grant licenses of the premises.

**Rent**

Nominal rent of \$1 per annum.

**Property Taxes, if any**

The City will not contribute to property taxes in a situation where facilities become taxable.

**Utilities**

The City will be responsible for all the utilities to the amenity area.

**Finishing and Fixturing**

The Owner to construct and finish the 4,327 m<sup>2</sup> (46,572 sq. ft.) amenity space to the satisfaction of the City's Director of Facilities Design & Management and Managing Director of Cultural Services at an average quality as detailed in the society Building Program dated July 4, 2005.

**Termination**

Upon demolition or destruction of the building.

All other terms and conditions as required by the Director of Legal Services.

**KEY TERMS OF SUBLEASE BETWEEN THE CITY AND  
VANCOUVER SYMPHONY ORCHESTRA SOCIETY**

**Term**

Twenty years.

**Rent**

Nominal rent of \$1 per annum.

**Taxes, if any**

Payable by the Subtenant.

**Utilities**

For the sub leased area all costs assumed by City are passed on to the Subtenant.

**Operating expenses**

All costs and obligations related to the heat, light and electrical power usage for the sub leased area will be the responsibility of the Subtenant.

Subtenant to undertake a fund raising drive commencing on signing of the agreement and contributing monthly to a reserve fund the proceeds of which will be sufficient to pay the utilities, common expenses and capital replacement costs at the end of the first twenty year term.

**Third party use**

No right to assign, sublet, grant mortgages or licences.

**Sponsorship, and Naming Rights**

No right to name the Premises (including any portion of the Premises) or the building in which the Premises are situated without the Landlord's prior written approval or approved in accordance with any policy the Landlord's Council may adopt from time to time in connection with such subject matter.

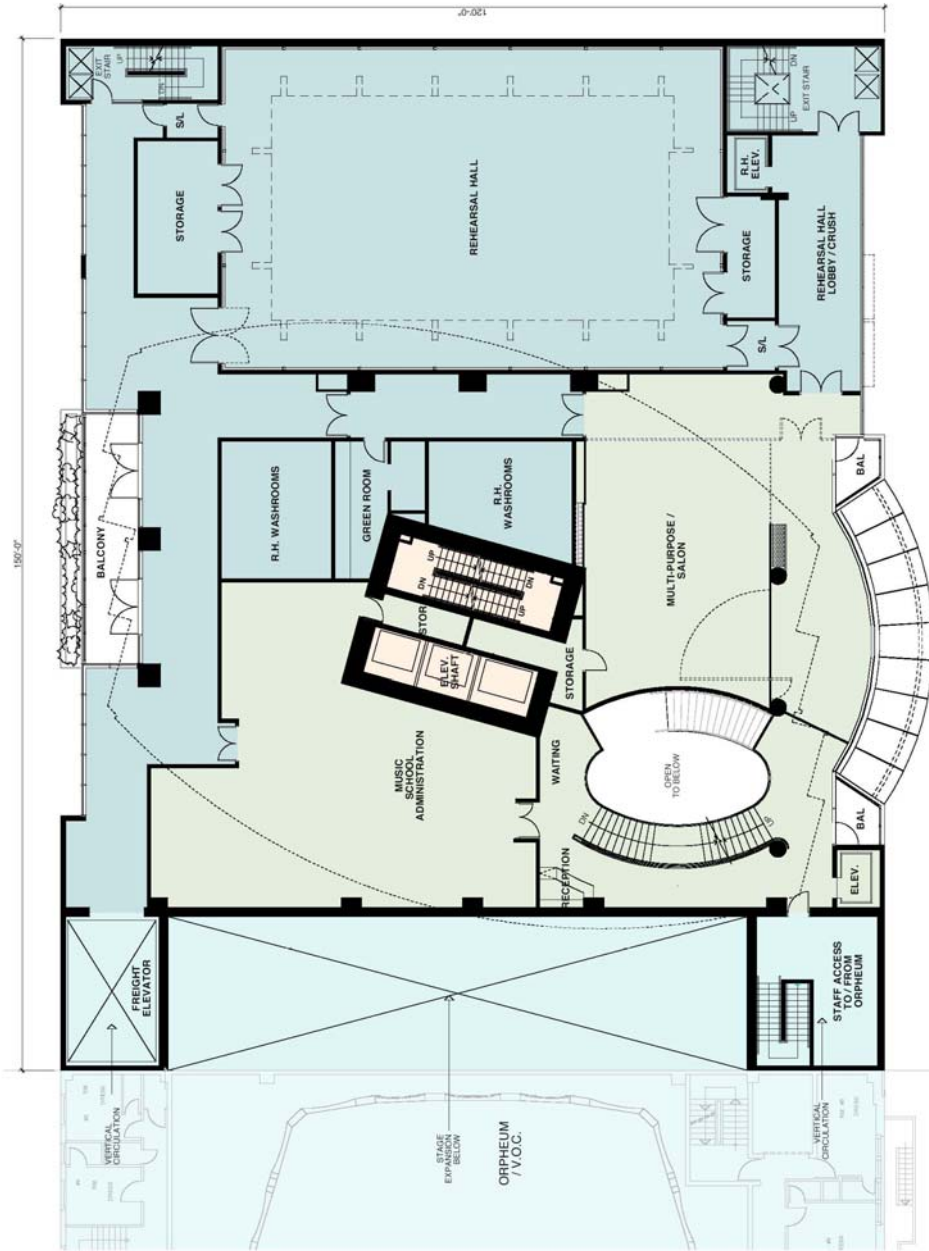
**Covenants of the Subtenant re: Operation**

To operate a non-profit music education centre for the benefit of the citizens of Vancouver which is open to the public, to the satisfaction of the City.

All other terms and conditions as required by the Director of Legal Services in consultation with the Managing Director of Cultural Affairs.

## SCHEMATIC BUILDING PLANS AND SECTIONS

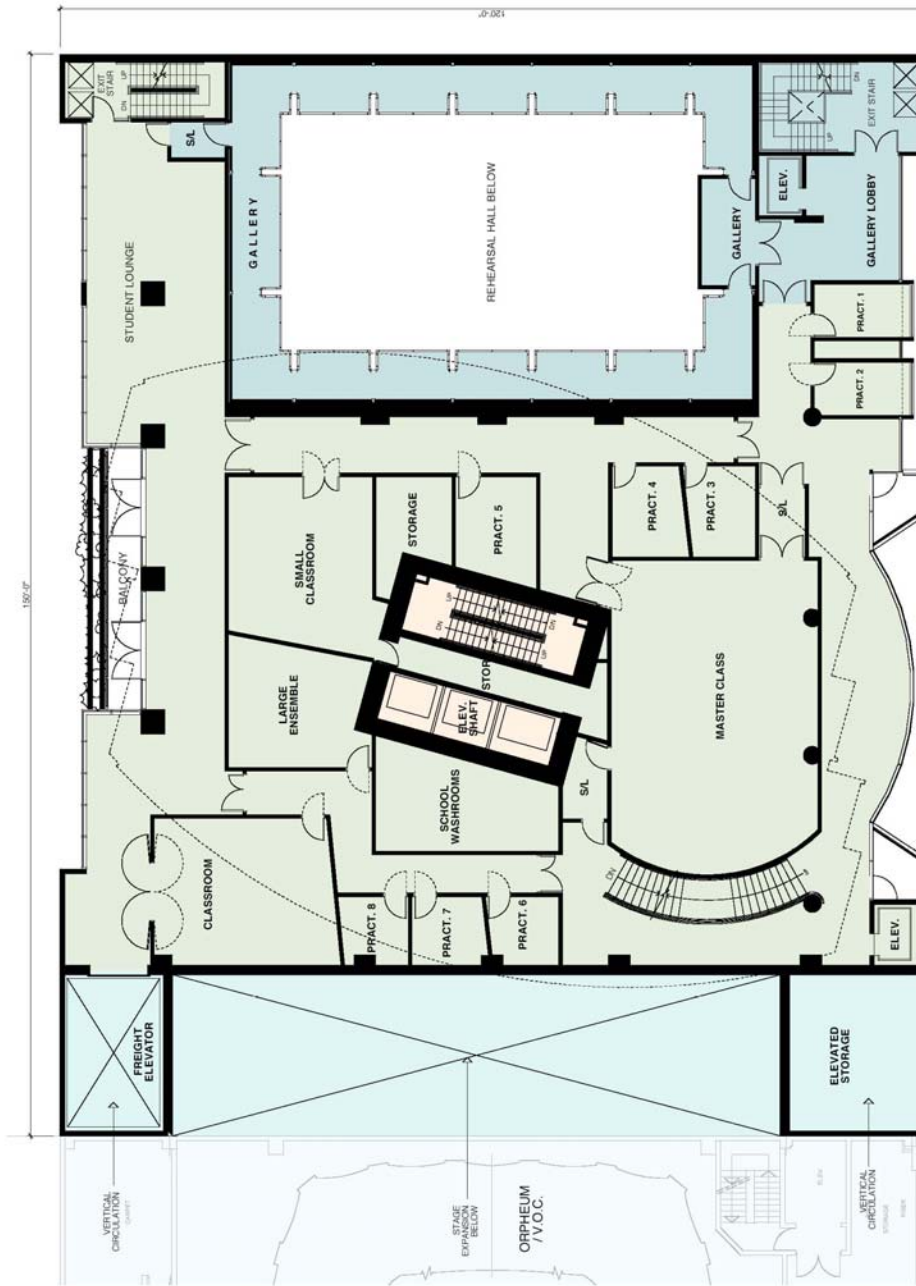




Level 2

819 Seymour

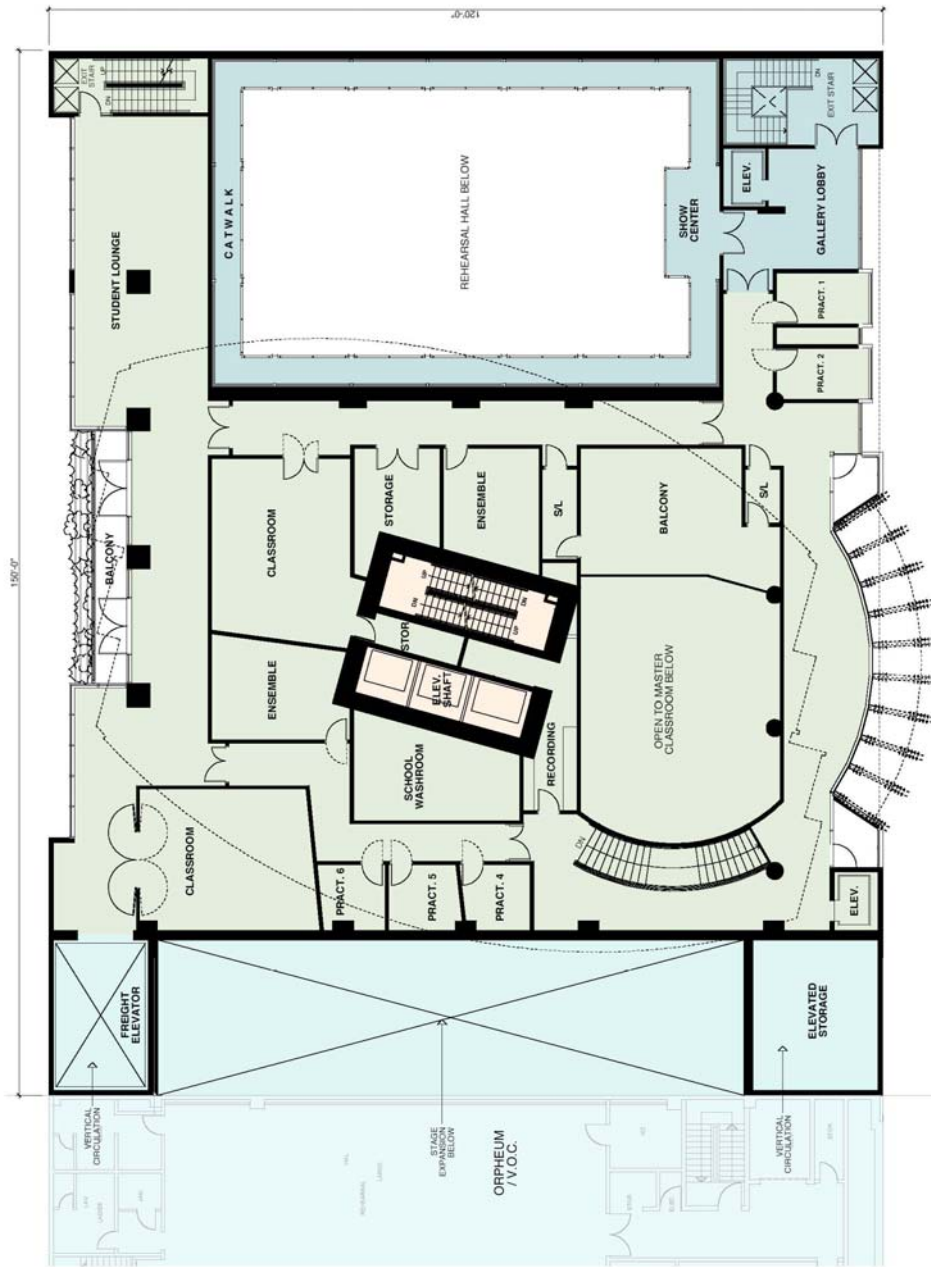
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Level 3

819 Seymour

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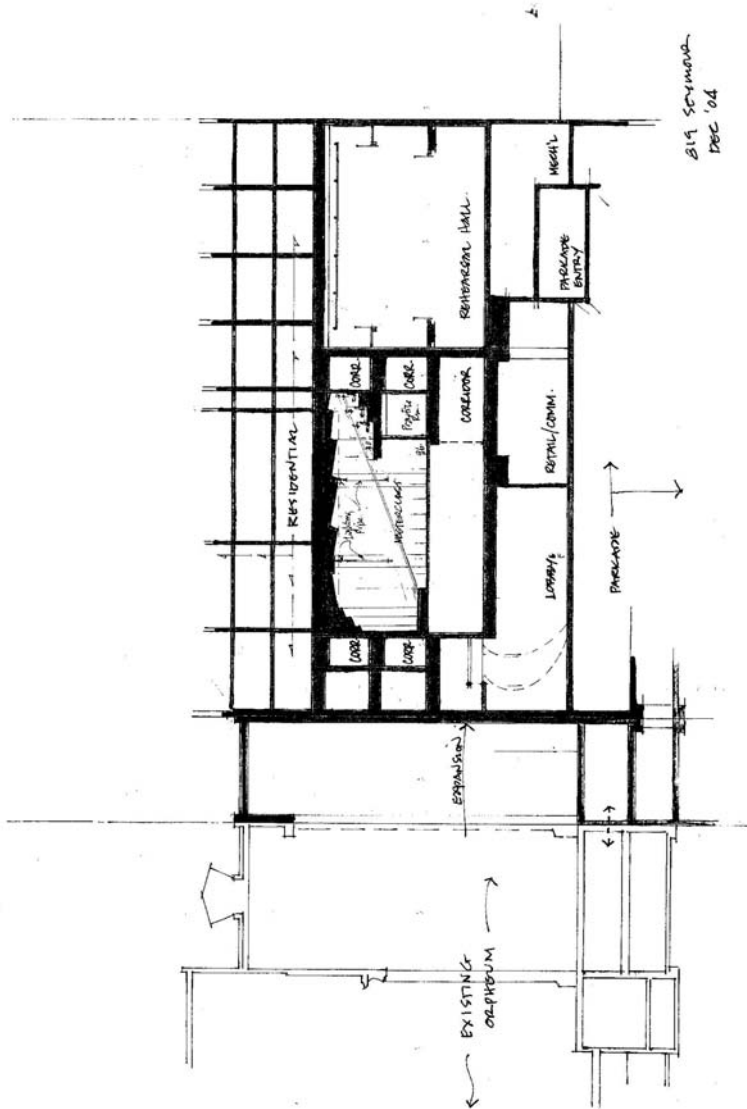


Level 4

819 Seymour

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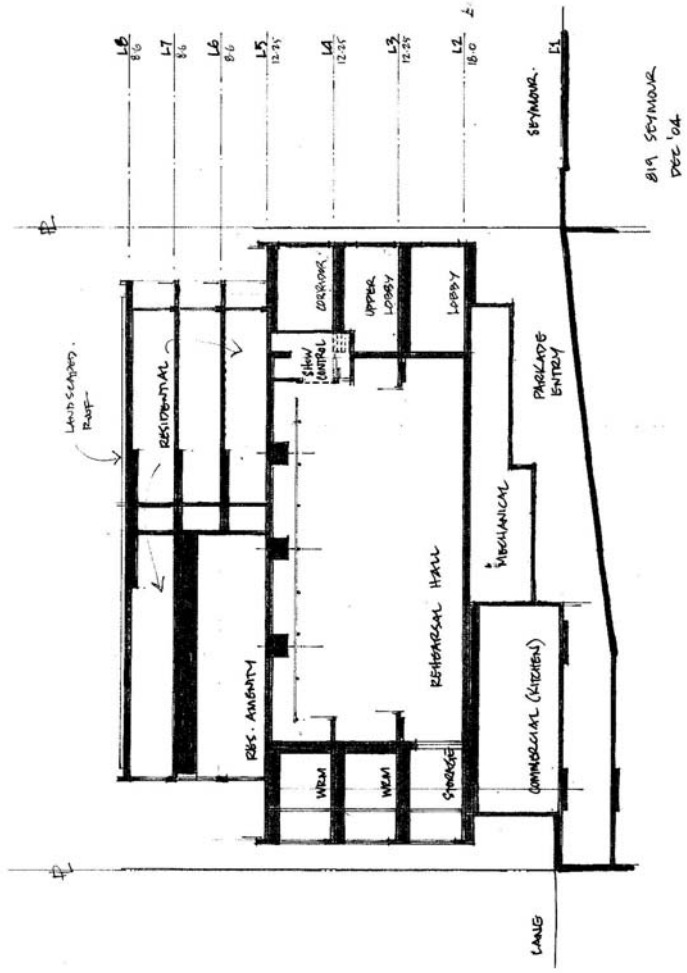




Longitudinal Section

819 Seymour

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Telephone (604) 681-8254  
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Cross Section thru Rehearsal Hall

819 Seymour

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## Amenity Bonus Comparison Chart

Address	Date	Name	Amenity Sq.Ft.	Bonus Density	Land Value	Current Land Value	Current Bonus Density	Current Ratio	Notes
555 Nelson	1999	Contemporary Art Gallery	5,496	48,713	\$35	\$70	24,357	4.43	20 Yr. Operating Cost Allowance; Incl. Transfer Beam
1133 Seymour	2001	Vcr. Intl. Film Centre	13,700	120,000	\$30	\$70	51,428	3.75	20 Yr. Op. Cost Allowance; High Specialty Const. Costs; Limited by Urban Design
1133 Seymour	2001	Vcr. Intl. Film Centre	13,700	151,000	\$30	\$70	64,714	4.72	20 Yr. Op. Cost Allowance; High Specialty Const. Costs; With full bonus
550 Bute	2003	Volunteer Vancouver	6,000	29,250	\$55	\$70	22,982	3.83	20 Yr. Op. Cost Allowance
488 Robson	2003	ArtStarts In Schools	6,040	34,000	\$55	\$70	26,714	4.42	20 Yr. Op. Cost Allowance
819 Seymour	2004	VCT/VSO	46,572	248,192	\$70	\$70	248,192	5.33	20 Yr. Op. Allowance; High Specialty Const. Costs

## Letter from Macdonald Development Corporation

**MACDONALD**  
DEVELOPMENT CORPORATION

July 4, 2005

City of Vancouver  
Cultural Services  
555 West 12<sup>th</sup> Avenue  
Suite 310 East Tower  
Vancouver, BC

Attention: Ms. Sue Harvey, Managing Director

Dear Ms. Harvey:


**RE: 819 Seymour Street  
Orpheum Expansion Project**

We acknowledge and support your report to City Council regarding the Orpheum Expansion project.

We acknowledge that all the cultural bonus density available to support the cost of the amenities cannot be accommodated on this site, which we accept.

We look forward to moving forward with the project.

Yours truly,  
MACDONALD DEVELOPMENT CORPORATION



Robert J. Macdonald