



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: September 6, 2005
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TO: Vancouver City Council

FROM: The Woodward's Steering Committee

SUBJECT: Woodward's - 101 West Hastings Street: Design Development Update

RECOMMENDATIONS

- A. THAT Council endorse in-principle the Westbank Projects Corp./The Peterson Investment Group Inc. (the "Developer") Project as described in this report, particularly with regard to the proposed Urban Design, Public Space Concept, Size and Location of Programmatic Elements, and Conceptual Site Density and Massing, on the understanding that the Developer must still adhere to the City's regulatory framework and process through the application for the Development and other Permits required for the Project;
- B. THAT Council authorize the Director of Legal Services, in consultation with the Director of Real Estate Services, to execute a Contract of Purchase and Sale for the sale of the Woodward's site legally described as Parcel Identifier 024-317-560, Lot E Block 4 Old Granville Townsite New Westminster District Plan LMP40092 to the Developer for the purchase price of \$6,335,000 (the "Sale Contract") pursuant to the Developer's RFP submission accepted by Council on September 29, 2004, and further THAT Council approve a no-interest take-back mortgage in favour of the City for the amount of the purchase price (the "Mortgage") provided the terms of such Mortgage provide for its discharge by the Developer by the fee simple conveyance to the City of the 31,500 square foot City Parcel for \$1.00 by January 1, 2010.
- C. THAT Council approve in principle the concept that any exchange of existing City-lane in the Woodward's block be for a new lane outlet of similar size and utility; THAT the land value attributable to any portion of City-lane to be closed and consolidated into the development site be deemed as an equivalent "land value for land value"

transaction; all subject to a report back from the General Manager of Engineering Services on the terms and conditions of any closing, stopping-up and conveyance of portions of the City-lane;

- D. THAT Council authorize the City Manager, in consultation with the Director of Legal Services and the Director of Real Estate Services, to finalize the terms and conditions of the development agreements (the "Development Agreements") with the Developer and with BC Housing and other third parties and THAT the Director of Legal Services be authorized to then execute such Development Agreements for the development of the Project substantially in accordance with the revised development proposal as set out herein;
- E. THAT Council approve in principle the investment of City Wide Development Cost Levies ("DCL's") in the Project for public uses consistent with other major projects in accordance with the City's DCL Bylaw with a report back to Council for approval of specific uses;
- F. THAT Council authorize the Director of Legal Services, in consultation with the Director of the Housing Centre, to execute an agreement with the Developer to pay to the Developer the City's portion of the non-market housing construction shortfall of up to \$7,000,000 for the Project, provided the expenditure of such shortfall funds is at least matched by both the Federal and Provincial Governments. The source of funding to be from City Wide DCL's for Replacement Housing (\$4,000,000), Property Endowment Fund (\$2,000,000), and Community Amenity Contributions (CAC's) (\$1,000,000);
- G. THAT Council authorize the Woodward's Steering Committee to finalize the terms and conditions of a 37 space childcare centre agreement with the Developer for the Project for a price estimated at \$1,665,000; source of funding to be City wide DCL's for Childcare;
- H. THAT Council allocate a 2005/2006 Project Management Budget of \$400,000 for City expenses, source of funds to be from the Capital Facilities Reserve; and

That Council receive Items I, J, K and L for CONSIDERATION

- I. THAT Council authorize the General Manager of Engineering Services to undertake the City's responsibility, as the current property owner, to complete the off-site relocation of the City's sewer main onto Cordova Street and infilling of required tunnel works to be paid from the Sewer Capital Budget with a report back to Council authorizing a defined scope of work and final cost;
- J. THAT Council authorize the Director of Legal Services, in consultation with the Director of Real Estate Services, to acquire a statutory right-of-way from the Developer over the approximate half acre Urban Park and Public Plaza for public uses for a price estimated to be \$1,800,000; source of funding to be City wide DCL's for Parks;

- K. THAT Council authorize the City to pay to the Developer: (i) the upset price of \$500,000 to fill the underground Areaways around Woodward's; (ii) the upset price of \$300,000 for soils and asbestos remediation; and (iii) the upset price of \$250,000 for the removal of the existing Underground Storage Tanks under Cordova Street; source of funding to be \$150,000 from the Asbestos Program Capital Budget and \$900,000 from the Capital Facilities Reserve;
- L. THAT Council authorize the cancellation of the Woodward's site obligation to pay for work completed on the City owned Gastown Parkade Development funded by the Parking Sites Reserve estimated at \$1,000,000;

and Further, THAT irrespective of which RECOMMENDATIONS and/or CONSIDERATION items Council authorizes,

- M. THAT no legal rights or obligations shall arise or be created until each legal agreement is fully executed between the City and a third party on the terms and conditions to the satisfaction of the Director of Legal Services.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of Items A, B, C, D, E, F, G, H and M and provides Items I, J, K, and L for Council's CONSIDERATION.

The Woodward's Project has been identified as one of Council's top priorities, thus the preliminary development work and negotiations occurring over the past 10 months have been conducted by staff on an expedited basis. The staff Recommendations set out herein are critical to the successful delivery of the development. Approval of the Consideration items will further reinforce Council's commitment to the Woodward's Redevelopment and will lend confidence to the Developer that the City is committed to work with the Developer to achieve this Council priority.

In order to deliver the many objectives of the City, local community, business owners, and residents of the area, as expressed through the inclusive public consultation that has occurred over the past two years and as further enshrined in Council's Woodward's Guiding Principles, the Project has grown in size to approximately \$280,000,000. The Project Design is evolving in a direction that meets with both City and Community Advisory Committee goals, but the Woodward's Development remains a complicated challenge in an environment of consistent and unprecedented construction cost escalation. The Woodward's Project will be a major development of over 1.1 million square feet that has the potential to be part of the revitalization catalyst the City has sought for so many years for the Downtown Eastside. The combination of 500 market condos, provision of 200 units of Non-Market Housing, SFU's 120,000 square foot School for Contemporary Arts, retail anchors, shops and services, public spaces, 60,000 square foot office precinct, and 31,500 square foot City Parcel will collectively serve to create a critical mass of investment, housing, employment, job training, culture, education, and opportunity for the DTES community and City at large. In order to bring this plan to fruition, all the partners in the Project must together address the funding challenges evident in the proforma.

On the basis of staff review of the Developer's proforma, Project funding shortfalls totalling over \$32,500,000 need to be addressed. The most significant shortfall components making up this amount are the \$20,500,000 required for the Non-Market Housing Program and the \$1,665,000 required for the Childcare Program. The Project team has identified another \$4,850,000 in costs that are being brought forward to Council for Consideration and these costs represent unallocated expenses pertaining to delivery of the off-site sewer work, tunnel and areaway infilling, site remediation, Urban Park and Public Plaza statutory right of way, and Gastown Parkade overhead connection. With the exception of the remediation, all of these items were set out in the RFP documentation, but were either expressly rejected, or not anticipated or accounted for in any of the proformas included in the RFP submissions. Staff's position has been to have the Project proforma pay for as much of the shortfall costs as possible, but it is the Woodward's Steering Committee conclusion that the proforma challenges are all of the Project partners' problems to solve collectively in order to move forward and achieve the public benefits Council has envisioned.

Accordingly, this report identifies several options for addressing these proforma challenges and a number of solutions are proposed that involve all the Project partners. The City's total contribution towards the \$32,500,000 shortfall, as set out in both the Recommendation and Consideration items, and as further summarized in this report, is approximately \$13,500,000. It is also important to note that as a Council priority project, that further DCL's not already authorized by Council in this report, may have to be invested into the Project to secure eligible public amenities, but the recommendation for the use of such DCL's would be brought back to Council for approval.

Clearly, the additional ongoing financial support and commitment from our Provincial and Federal partners to fund the requested \$14,000,000 for the Non-Market Housing will be key to making this Project a success. The Developer's agreement to bear the remaining \$5,000,000 shortfall costs will suffice to move the Project forward into the Development Permit process stage. Much work has been done to bring the Project to the point it is today and the City is on track to see construction start on the Woodward's Redevelopment in 2006, provided the Project team can keep the forward momentum moving in line with the current Project milestone schedule.

The City Manager notes that Council's in-principle endorsement of the Developer's revised Project design will help inform, but shall not otherwise restrict or limit the decision making authority of the Development Permit Board or the authority and responsibilities of the Director of Planning, Subdivision Approving Officer or any other civic official with delegated responsibility with respect to the Developer making Development Permit, Subdivision/Strata Title submissions and other applications to the City under the City's regulatory framework.

Further, Council's endorsement of the Developer's revised Project design shall not fetter Council's review or approval of the Woodward's Heritage Revitalization Agreement and Public Hearing scheduled to be brought back before Council later this fall.

COUNCIL POLICY

On July 28, 1998, Council confirmed principles to provide general guidance to actions and planning in the Downtown Eastside, Chinatown, Victory Square, Gastown and Strathcona areas which included encouraging legitimate commercial activity, improving conditions at the street

level, improving or replacing existing Single Room Occupancy ("SROs"), reducing crime, and helping community people to find allies and seek a common future.

The Heritage Policies and Guidelines (reaffirmed by Council in April 1991) outline a procedure to be followed in applying the heritage bonus provisions as permitted in the Downtown Official Development Plan. The Transfer of Density Policy and Procedure (amended by Council in August 2002) provide that heritage density from a "donor" site may be transferred to a "receiver" site(s). On August 1, 2002, Council approved, in principle, a property tax exemption program for upgraded buildings in the Gastown (HA-2) area.

Council's social housing objectives are to maintain and expand housing opportunities in Vancouver for low and modest income households with priority being given to families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled, and others at risk of homelessness.

The City's Childcare Protocol, approved in March, 2004, calls for maintaining existing child care facilities and expanding child care services by 5% over the following two years. In October, 1990, Council approved The Civic Childcare Strategy, and agreed that "the City of Vancouver is committed to being an active partner with senior levels of government, parents, the private sector and the community, in the development and maintenance of a comprehensive child care system in Vancouver.

BACKGROUND

On September 29, 2004, Vancouver City Council selected Westbank Projects Corp./The Peterson Investment Group Inc. (collectively "Westbank") to be the developer (the "Developer") for the Woodward's site (the "Project"), to carry out the Project substantially in accordance with its RFP Proposal (the "Proposal") as further evolved through the normal development review and approval process.

Council directed staff to address a number of development conditions applicable to the Westbank Proposal for a report back to Council in 2005. Specifically, staff were requested to revise:

- "1. the Project design development to improve the project scale and proportional relationships of the tower and street-walls to the historic precinct, especially consideration of lowering the tower height, and consideration of off-site transfer of density possibilities;
2. the Project design development to improve heritage conservation; and
3. the Project design development to improve general accessibility and clarity of public and semi-public access to the public open space, both open-air and covered, especially acknowledging the upper-floor open spaces might not be useful for the general public but will be attractive for on-site residents, and that ground space must be designed for general public use.

Council further authorized the Director of Real Estate Services, in consultation with the Directors of the Housing Centre and Social Planning, to negotiate the terms and conditions of

the following agreements with the Developer, with the view to minimizing the City's financial risk and exposure:

- (i) a contract of purchase and sale (the "Sale Contract") for the sale of the Woodward's site to the Developer; and
- (ii) a development agreement (the "Development Agreement") for the development of the Project substantially in accordance with the Developer's Proposal and other conditions as set out by Council;

which agreements were to be to the satisfaction of the Director of Legal Services, provided that the Woodward's Steering Committee would report back to Council for approval of the final terms and conditions of each such agreements prior to execution of same".

Finally, Council instructed the Directors of Cultural Affairs and Social Planning, in conjunction with the Director of Facility Design and Management, to report back to Council in 2005 with recommendations for the users in the Non-Profit Premises Category which the City wishes to consider as potential owners/tenants of space in the portion of the Project to be owned by the City (the "City Parcel").

Recent Project Developments

Since the Council meeting of September 29th, 2004, a number of developments have occurred that have influenced the design development and expected financial performance of the Woodward's Project:

- The Heritage philosophy is evolving to include not only physical attributes of the original Woodward's store, but also the cultural and sentimental memories this important City icon has evoked in its residents.
- As Council is aware, the number of Non-Market Housing units in the Project has now increased from 100 units to 200 units, with the ongoing negotiation with Vancouver Resource Society to possibly increase this number to 236 units.
- The two adjoining properties to the west of the Woodward's site (the "Holborn Lands") have been placed under conditional contract by the Developer for inclusion into the Project footprint, and the design development of the public open spaces has evolved into a better and more optimal configuration and use.
- The programme development for Simon Fraser University's School for Contemporary Arts has been schematically refined to approximately 120,000 square feet of space.
- The retail layout has been revised to address Council's concern about direct retail competition with neighbouring communities, including deletion of the Day and Night Market concept; and
- The Project's commitment to social, economic and environmental sustainability is on track to meet the Developer's goal of being LEED Silver certifiable.

This report serves to update Council on each aspect of the Project development as outlined above. A companion report to be presented to Council in October by Social Planning and Cultural Affairs will outline the process staff is recommending to Council for the selection of the child care operator and location of non-profit tenants to be included in the City Parcel in the Redevelopment.

I) Urban Design Development

The original Woodward's site as set out in the RFP competition limited the development options for the Woodward's Department Store complex which occupies the eastern half of the city block bounded by West Hastings Street, Abbott Street and West Cordova. The current development plans as attached as Appendix "A", have expanded the site west on both Hastings and Cordova including the lots previously referred as the Holborn Lands.

After Council awarded the Project to Westbank in September, 2004, the Developer and the Holborn Group met to discuss how Holborn could still participate in the development. A conditional agreement was reached between the Developer and Holborn where Holborn would sell their westerly lands to the Developer in exchange for the Developer conveying to Holborn some of the heritage density (approximately 100,000 square feet) that was to be created through the heritage restoration work to be completed by the Developer on Woodward's. The Developer and Holborn Group met with City staff to review this transaction and the City was not opposed to the parties entering into this agreement as the use of this heritage density was not "linked" to any particular site. Accordingly, one of the problematic issues that was raised at Council in September 2004 regarding the Concert/Holborn requirement for the City to tie Woodward's and 1133 West Georgia Street projects together (and the corresponding Public Hearing process and Council decisions), was no longer an issue or problem. Given that the issue of including adjacent properties was also addressed in the City's RFP, City staff concluded that the Developer/Holborn proposal could proceed through design revisions and then to Council for consideration. The larger site has been instrumental in allowing the Project program to incorporate all the proposed uses as well as the creation of an enlarged public realm as evidenced through the delivery of an Urban Park and Public Plaza.

The updated design was jointly developed by the Developer, the City of Vancouver planning staff, the Woodward's Steering Committee and the Community Advisory Committee. The Woodward's Urban Design Guidelines approved by Council in April 2004, have been used to test the design alternatives produced against established planning and design principles. Careful attention has been given to the neighbourhood morphology surrounding the Project as well as the specific design elements, which define this heritage compound.

The Woodward's site is strategically positioned where the Downtown Eastside, Gastown, Victory Square and the Hastings Corridor converge. The most significant required design development conditions, as requested by Council on September 29, 2004, sought improvement to the project scale, including better proportional relationships of the tower and street-walls to the historic precincts and to create a more permeable perimeter site edge to allow greater visibility into, and movement through, the site as a strategy for better integration with the surrounding neighbourhoods. The creation of more accessible public open space at grade was also a strong recommendation by Council. Resolution of these design challenges, and the more specific massing response to programmatic requirements, has produced a distinguished scheme that is characterised by four components which are expressed as individual buildings and unified by a strong open space/site circulation concept. These four components, that collectively respond to Council's advice, as identified in Appendix "A" are:

1. **The Original 1903/08 Building:** the corner of West Hastings and Abbott with "W" Tower containing the City Parcel for Community Non-Profits organizations, proposed Childcare Development Centre and Office uses;

2. **The West Hastings Street Building:** consisting of Retail, SFU and the Singles Non-Market Housing above;
3. **The Abbott Street Mixed Use Building:** Retail, Offices and Family Non-Market and Market Residential rising from the corner of Abbott and Cordova Streets; and
4. **The Flatiron Building:** 40 floors high with ground floor retail and condominiums above with the potential for 36 VRS accessible units located at the terminus of the Cordova axis, defining the north side of the Public Plaza.

Program Overview

Since the RFP competition was awarded, the scope of the Project has increased so as to include 200 non-market residential units instead of the original 100, approximately 500 market residential units, as well as additional office space and an expanded series of public and semi public spaces.

The additional residential density responds to the need to ensure that both a critical mass of residents are established on site, as well as assist in creating an economic proforma that is financially viable and self-sustaining. Accordingly, the objective of possibly reducing tower height could not be met. Although staff did review alternatives that required lowering the tower height, the project economics did not work and an alternative accord was reached with the Developer and the City Planning Department that saw the creation of a junior tower on the Abbot/Cordova corner on a larger consolidated site. The revised design herein presented to Council accommodates the market density displacement required to accommodate the extra 100 units of non-market housing while balancing the urban design requirements of the City. The revised design has been presented to the Community Advisory Committee and has been met with full support.

Program Breakdown	Gross Area SF +/-
City Parcel for Non-Profit Community Space	31,500
125 Single Non-Market Housing	75,081
75 Family Non-Market Housing	97,234
SFU - School for Contemporary Arts	120,000
37 Space Child Development Centre	TBD
Retail Space	54,000
+/- 500 Market Housing Units	465,534
General Office Space	40,064
Potential Federal/City Department Office Space	19,265
Indoor Atrium and Garden Area	10,215
Pedestrian Bridge to Cordova Parkade	1,539
Outdoor Public Open Space	23,110
Underground Parking and Loading Area	149,063
Roof Gardens	50,000

II) Heritage

The design team's goal was to contribute in a meaningful way to the conservation of the heritage character and fabric of the Woodward's precinct. The intent was not to design a "theme park" of historical styles but instead to develop an architectural vocabulary which is modern, yet sympathetic to and inspired by the heritage context of the neighbourhood and the original Woodward's morphology.

Specific inspiration is drawn from three sources:

1. Archival photographs which reveal the construction techniques of the existing building;
2. The shape and flatiron construction methods of the neighbouring Dominion Building and Sun Tower; and
3. The scale and massing of the original Flatiron Building in New York constructed at the same time as the original Woodward's Store.

The revised design will restore the 1903/08 original building as well as the "W" sign and tower structure. The Project team is excited about this important element of the Project, yet much consulting and research has yet to be undertaken with the heritage community and Community Advisory Committee to respect this component of the Project design. Accordingly, staff will be reporting back to Council on this element of the Project, and will be seeking Council approval of a Heritage Revitalization Agreement for referral to Public Hearing later this year. The details involving the Heritage Program for Woodward's will be further set out and explored at that time.

III) Program Descriptions

Public Space

There has been significant development of the design to allow for increased public open space. With the inclusion of the westerly Holborn Lands, the Project now includes a total of five public spaces on the ground floor level which create a series of small, medium and large gathering opportunities, both indoor and outdoor for the use of the entire neighbourhood (see Appendix A). Public art will be commissioned from local artists to be used in the exterior and interior public spaces. The art will tell the story of Woodward's and the neighbourhood and will add interest to the following public areas:

1. Hastings Entry Plaza/Forecourt

West of the 1903/08 Heritage building off West Hastings Street is a 3,000 SF triangular shaped forecourt, which acts as the front porch of the Hastings approach. The plaza will include water features and shade trees to create a welcoming entry to the retail and non-profit community spaces on either side framing the Atrium entry.

2. Indoor Atrium and Garden Oasis

The centre of the project is anchored by a light filled urban room. This glazed atrium is the retail and community heart of the project. Within the Atrium is a large urban garden which will be an oasis for the year round enjoyment of the community and residents. The intention

is to create a public realm which is enlivened by retail kiosks, community festivals, performances and concerts.

3. Outdoor Urban Park and Public Plaza

The westerly Holborn Lands and City Lane have been used to open up the project and create a large public outdoor area of nearly half an acre at the northwest corner of the site. This Urban Park and Public Plaza is an extension of the Cordova Street axis, which penetrates the site and terminates at the Flatiron Tower above the entrance to the 1903/08 Building. This area is large enough to incorporate an outdoor stage for events, markets, a water feature, bosque of trees and café seating and will become the central focus of outdoor activities in the site.

4. Abbott and Cordova Street Mews Entries

Entries mid-block on both Abbott and Cordova provide clear and easy pedestrian access into and through the site. These two twenty foot wide laneways will enhance access to the Cordova Parkade and generate more pedestrian retail activity at street level.

Non-Market Family Housing

The non-market family housing is located within the building on the corner of Abbott and Cordova, with their main entry on Cordova between the two market housing entries. This space is located on 7 floors starting on the 5th floor (above the retail and three levels of potential Federal office space). The 75 units are divided into 55 two bedroom and 20 three bedroom units which range in area from 750 to 1,200 SF. Their indoor amenity space is 2,000 SF and there will also be a secured outdoor play area dedicated for the children of these units.

Non-Market Singles Housing

The design of the singles non-market housing includes 120 studio apartments and 5 accessible apartments with a size ranging from 341 SF to 558 SF. The entry is off mid block Hastings Street and is located above SFU in concrete on six floors with significant amenity space on the top floor. The amenity space includes both indoor and outdoor space with a water feature and an area allocated for services most of which will be provided from off-site service agencies. The units have good light, views and privacy.

SFU - School for Contemporary Arts

The SFU School for Contemporary Arts design includes approximately 120,000 SF of space dedicated to the teaching of the contemporary arts. Included in the program are many public performance spaces, which will become a new cultural hub of activity for the neighbourhood. The program of spaces include: A large "black box" experimental theatre, cinemas, dance performance space, traditional theatre space as well as public lobbies, faculty offices and student teaching spaces. SFU would have two main entrances, one formal entry off Hastings Street and a student entry off the Urban Park and Public Plaza. This daily activity of thousands of students, teachers and visitors adds an important dimension to the residential housing and commercial anchors.

This past April, the President and Chancellor of SFU joined the Mayor and members of Council in announcing SFU's receipt of a property donation by the Developer and the Holborn Group that served to pave the way for the inclusion of the School for Contemporary Arts in Woodward's. Although SFU publicly affirmed its commitment to participate in the Woodward's Redevelopment, SFU's commitment was conditional on final detailed design and costing. SFU has since hired a project management team and development consultant for this phase of the Project and SFU's Quantity Surveyors are analyzing each cost element in their design. Construction cost escalation has affected every component of the Project, including SFU, and SFU has had to rationalize its program specifications and space requirements accordingly to fit within the Board of Governors approved budget of \$46,500,000 and this has been a challenge for SFU who have been working diligently with their consultant team to meet this target. SFU expects to take the Project to its Board of Governors meeting on September 29, 2005 for approval of the final budget and design.

As part of the overall Project Development Agreements, Westbank and SFU would enter into a contract for this component of the Project and the terms of the draft contract are being presently negotiated. The City will also pursue execution of a community use agreement with SFU to secure community access to some of the SFU facilities. In the unlikely event that SFU does not receive approval at the September 29, 2005 Board of Governors meeting to cover the construction cost escalations, the Developer and staff will report back to Council with a further revised design. The Developer has been working very closely with SFU's senior management over the past eight months and at this point in time, the Project team is very optimistic about receiving the final approvals from the SFU Board of Governors for the 120,000 square foot design. Notwithstanding, until the SFU Board officially ratifies this decision, SFU does still pose some risks to the Project that staff will continue to monitor very closely.

City Parcel - Community Space

The project contains 31,500 SF of Community Space, which is currently located in both 1903/08 original Heritage structure and possibly also on the second floor of the Abbott Block at the bridge link to the parkade. Staff are currently going through an exhaustive review of the requests from the non-profit applicants and the current design is being tested to ensure the appropriate flexibility is designed into the complex. Some of the proposed Council approved uses include Art Galleries, Performance Spaces, Childcare and Family Programs, Retail Spaces, Social Services Centre and an Employment Training Centre.

A companion report to be presented to Council in October by Social Planning and Cultural Affairs will outline the process staff is recommending to Council for the selection of the child care operator and location of non-profit tenants to be included in the City Parcel in the Redevelopment.

Market Housing

The project now includes approximately 500 market housing units which are located in two structures. The Flatiron Building is a 40 storey flatiron tower which is directly in line with the Cordova axis. The floor plate sizes on the market residential are approximately 9,550 square feet, and can accommodate 36 units for the Vancouver Resource Society, housing persons with physical challenges. The Flatiron Building is inspired by the shape of the historical flatiron structure of the neighbouring Dominion Building but is a contemporary

reinterpretation of the theme incorporating leading edge environmental aspects into both the exterior and interior of the building. The tower will have hot water radiant heat, utilizing the Beatty Steam Plant lines running below the streets of Gastown. Also the exterior skin of the Flatiron Building will be defined by an exoskeleton of miscellaneous metal which will support green walls covered with plants. The plants include clematis, climbing hydrangea and ivy which act as a larger vertical garden changing with the seasons. The remainder of the market units will be in the upper floors of the mixed use Abbott Block at the corner of Abbott and Cordova. The floor plate sizes of this tower are approximately 7,100 square feet. This truly mixed-use structure will house small starter units for first time home buyers seeking affordability.

Retail Space

The Retail configuration proposed in the Developer's original RFP submission has been amended to address Council's concerns as raised on September 29, 2004. The Day and Night Market concept has been deleted and the ground plane of all buildings on the site will include continuous retail activity. Currently, the Project accommodates two large retail anchors, an 18,000 SF drug store to be located on Hastings and a 15,000 SF food store to be at the corner of Abbott and Cordova. The remainder of the commercial retail units will be smaller local establishments such as cafes, galleries, and other needed uses which will enliven the perimeter of the site. The total amount of retail space has been reduced to approximately 54,000 square feet.

Office Uses

The Project currently allows for 50,000 to 60,000 SF of generic office space which could be used for Federal Government offices, City of Vancouver offices or market rate rental by the developer. The City currently leases several large spaces outside of City Hall for several major City departments and a recent study prepared by Facilities Design and Management estimates that City needs will grow by 45,000 square feet by the end of the year. The leases the City has entered outside of City Hall expire concurrently in 2009 and several City departments could be relocated into Woodward's at that time if the Council of the day so desired.

It is the Developer's belief that the office uses are an important addition to the Project as it extends the range of uses and activities beyond the retail, residential or institutional. The '9 to 5' patrons will also help ensure the success of the retail component.

Parking

The Project's parking will be located in two locations. The majority of both residents and visitors will use the purpose built Gastown Parkades immediately to the north of the site. Currently it is anticipated that SFU, retail, non-market housing, office and some of the market parking will all be in the Cordova parkade. The design of the parkade anticipated this development, and has the ability to be adapted to suit the various uses. An eight foot wide pedestrian bridge will link directly across Cordova to the Abbott Street Mixed Use Building and the Central Atrium. The on-site parking will be dedicated to SFU, commercial loading and daycare drop-off as well as one level for the market units in the Flatiron Building.

IV) Sustainability

Sustainability, conservation, and environmentally friendly building systems and materials are an integral component of a comprehensive design process. The Project design incorporates a number of sustainable design initiatives with the goal of meeting the requirements of a LEED Silver Certification. One meaningful sustainable initiative is the use of the Beatty Steam Plant to heat the entire project. The steam will be converted into hot water radiant heat.

The greening of the walls of the Flatiron Building and all roof decks is one of the major design elements of the overall architectural composition based on important sustainable principles. The benefit to the public will accrue to the building's iconic value as an outstanding example of green design expressed in a real and poetic way. The whole building, not just the over-height section of the roof, will be covered in plants when seen from the view points taken in the view corridors. These plants will be visible from inside as well as outside the building and will enhance the living environment by letting the light pass through them in the winter and by shading the windows in the summer.

FINANCIAL IMPLICATIONS TO THE CITY AND MITIGATING OPTIONS

The Project has grown in size and scope since Council awarded the Project in September 2004. The increased Project scope has resulted from the Developer's acquisition of the westerly Holborn Lands to better the Urban Design and Public Realm aspects of the Project, the evolution of Simon Fraser's School for Contemporary Arts (120,000 sq.ft.), and a requirement to remediate contaminated soils and asbestos problems previously unknown. Accordingly, the Project scope has increased to an estimated \$280,000,000 and a total Project shortfall of approximately \$32,500,000 needs to be covered.

The Project's funding shortfalls primarily result from construction cost escalation that has increased the cost of delivering the doubled Non-Market Housing Program (200 units) and cost to the Developer to deliver the 31,500 square foot City Parcel for non-profit uses. Other expenses pertaining to the cost of site servicing, utilities relocation and other civil works pertaining to tunnel and areaway infilling, site demolition, Gastown Parkade chargebacks, and the addition of the added 37 space Childcare Centre have also contributed to the Project shortfall challenge as follows:

Shortfall Distribution:

200 Units Non-Market Housing:	(\$20,500,000)
City Childcare Option:	(\$1,665,000)
City Lane Work:	(\$500,000)
Unknown Soils and Asbestos Remediation:	(\$300,000)
Removal of Cordova Underground Storage Tanks:	(\$250,000)
Off-site Sewer Relocation and Tunnel Infill:	(\$1,000,000)
Areaway Infill Requirement:	(\$500,000)
LEED Demolition Cost Increase:	(\$1,300,000)
City Parcel Cost Increase:	(\$5,500,000)
Reimbursement for Gastown Parkade Works:	(\$1,000,000)
Total:	(\$32,515,000)

This Report provides various opportunities for addressing some of these shortfall costs so as to make a financially viable Project possible. It is important to note that the City is not being requested to pay for all of these shortfall costs, but that each partner in the Project contribute accordingly.

The City's financial commitment for these Project concessions totals an estimated \$13,515,000, as summarized below. City staff have reviewed the Project proforma and the City will look to the Developer to cover the balance of the remaining \$5,000,000 shortfall costs as staff believe they can be dealt with fairly in the Project proforma. It is anticipated that the City's Provincial and Federal Partners pay an additional \$14,000,000 of the shortfall amount for the Non-Market Housing with the balance to be covered through a combination of other sources. Given Council's direction that Woodward's is a City priority project, funding sources could include:

- i) the injection of other available City Wide DCL's and CAC's to cover the City's \$7,000,000 share of the Non-Market Housing, including the PEF's normal 25% contribution;
- ii) having City Engineering undertake the property owners responsibilities for the off-site sewer relocation and tunnel infilling work;
- iii) acquisition of a statutory right-of-way over the Urban Park and Project Plaza for approximately \$1,800,000;
- iv) payment by the City of approximately \$500,000 to cover the cost of the Woodward's Areaways infilling;
- v) payment by the City of approximately \$550,000 to cover the unexpected cost of the Woodward's soils and asbestos remediation, and removal of Underground Storage Tanks (UST's) on Cordova Street;
- vi) cancellation of the City's \$1,000,000 chargeback to the Woodward's site for work performed on the Gastown Parkade to accommodate a future overhead connection and purpose built parking flexibility; and
- vii) agreement of Council for the payment of \$1,665,000 for the City's Childcare requirements.

There are several mitigating strategies that Council may wish to explore to help offset some of the Project shortfall costs to the City including the following options:

1. Reduce the amount of Non-Market Housing:

A significant component of the Project Shortfall (\$20.5 Million) has resulted from the doubling of the Non-Market Housing component. There are several reasons for this component increase. Firstly, the original budget approved by the City, Province, and Federal Government was for 100 units and funds have to be secured for the second 100 units now contemplated in the Project Design. Secondly, the original budget was priced in 2002 dollars and significant construction cost escalation has occurred in the marketplace that has driven up the budget by almost 30%. The City could decide to scale back the amount of Non-Market Housing in the interest of reducing this component shortfall by up to \$3.5 million dollars, but it is noted that matching valuable dollars from the Province and Federal Government would also be foregone. Further issues would also arise from having to redesign the Project in that both the Family Housing and Singles Housing are intricately entwined in the development and severing these components is not an easy undertaking given the current construction cost allocations for

common areas that are being shared. Notwithstanding, reducing the size of the Non-Market Housing in the Project is an option that could be pursued to reduce shortfall costs.

2. Reduce the amount of Commercial Space:

Both the office and retail components negatively affect the Project proforma. This issue was specifically addressed in the Developer's RFP submission in September 2004 and the Developer requested the City to pay the Developer \$5.7 million at that time to account for this challenge. The City declined to pay this amount and deferred the issue for resolution as part of the Project's revised Urban Design Development.

This dilemma results from the retail and office market rates that are currently achievable in the Downtown Eastside (\$10 - \$12 net). It costs more to physically build these components than the market value they are worth to the Developer when completed. For example, the retail space will cost in excess of \$280.00 per square foot to build, but the lease rates that are achievable will result in a capitalized value (at 7%) of only \$160.00 per square foot. Accordingly, the profitable side of the development ledger, being the sale of market condos, is required to subsidize this component of the Project for at least the initial five (5), ten (10), and twenty (20) year terms of the first commercial tenancies. One of the most important Guiding Principles set out by Council was for Woodward's to serve as a "revitalization catalyst" and a key factor in revitalizing Gastown, Chinatown, and the DTES is to create a critical mass of commercial space that serves as the catalyst for improving the business climate in the area. In order to accomplish this important goal, both the Developer and City staff agree that the commercial component must serve as a "loss leader" in the proforma for the next few years until lease rates increase to the point that it becomes economically attractive to build this type of product in this marketplace. It is the Project's goal to eventually see new businesses enter the DTES whose future success will lead to higher lease returns that in hindsight, justify the Developer's decision today to take the risk to build retail and office space in the development.

Given that the commercial space in the development hinders the financial return, one option is to minimize the commercial component to minimize the shortfall created. The Project team strongly believes that the critical mass of people living, working, and shopping in the Project is fundamental to achieving the Guiding Principles set out for the Project as the long term benefit to the City derived from the economic multiplier is a smart long term solution; but that said, there are immediate savings of several million dollars that could be realized by reducing the amount of office and retail space in the Project.

3. Capitalize a portion of the City Parcel Space:

Although Council still has yet to approve the process for selecting the location and make-up of the non-profit tenancies to be located in the 31,500 square foot City Parcel, it has been a working proposition that the City Parcel, as a City Capital Asset, will be used to accommodate non-profit tenants, cultural organizations and social groups.

As part of the Developer's RFP proposal selected by Council in September 2004, the Developer offered the City a 31,500 square foot built out air space parcel, together with a \$787,000 tenant improvement package, in exchange for the Woodward's site. One of the dilemmas facing the Developer is that the \$6,335,000 value the Developer placed on the Woodward's property in arriving at the 31,500 square foot City Parcel offer, is now costing the Developer

over \$12,500,000 to provide. The City's decision to act as a "Participating Investor" effectively shifted the construction risk onto the Developer to bear this type of cost increase, and the Developer has no way to recover the unexpected construction cost escalation on the City Parcel in that the City is under no obligation to increase the price it has agreed to pay for it. The Developer has not requested the City to renegotiate this component of the deal as they acknowledge that it was accepted at their risk, but regrettably the proforma has no margin to absorb some of the other City infrastructure costs now being sought, that might otherwise have been requested of the Developer. It is important for the City to recognize the construction value increase inherent in the delivery of the City Parcel, but this value is locked up as a City Capital Asset and cannot be used as currency to fund any of the Project shortfalls. Notwithstanding, the City does acknowledge the increased benefit the City will be receiving.

A mitigating option to help offset some of the Project shortfall created by the City Parcel cost overrun could involve the City deciding to charge more than the City's typical nominal fee of \$1.00 per year to tenants who could pay higher market rents and capitalize the revenue. The City could create several million dollars in value, but the trade-off is that much needed community space would no longer be available for nominal rent use. Notwithstanding, Council could decide to require that some of the City Parcel be set aside for profitable uses and the capitalized value therein created could off-set the City's contribution towards the Project shortfalls. Another option not being recommended at this time, would be to either increase the price the City is prepared to pay for the City Parcel or simply reduce the size of the City Parcel space in order to address discrepancy between the cost of what the Developer must provide to the City vs. the value the Developer receives for it.

RATIONALE FOR REPORT RECOMMENDATIONS

Recommendation A: Approval In-Principle of Revised Design

One of the main purposes of this report is to update Council on the progress of the Project development and seek Council approval for the general direction the Project is heading. The Developer has proceeded to make the revisions to its RFP submission on a good faith basis with the City and is looking for direction that the revisions will meet with Council and the community's support. Although this direction from Council will be very helpful in informing and expediting the balance of the Project's detailed design work, the Developer understands that a formal regulatory process must still be followed. Completing the detailed design work, legal agreements, environmental remediation, site preparation, early on/off-site servicing and seeking the concurrent regulatory approvals will be an expensive undertaking for the Developer and it is important that the Project receive Council's continued endorsement, or make any required course adjustments now before the Project advances too far along. The revised design has been presented to the Community Advisory Committee and has been met with full support and the revised project will be presented to the Urban Design Panel and Vancouver Heritage Commission as part of the Development Permit approval process.

Recommendation B: Sale Contract

Pursuant to Council direction of September 29, 2004, staff were to report back to Council regarding the Design Development prior to executing the Sale Contract with the Developer. With Council approval in principle of the design direction, staff are now prepared to

recommend execution of the Sale Contract. In accordance with the Developer's RFP submission, the sale price established in exchange for the Developer providing the City the City Space Parcel is \$6,335,000. The cost to the Developer to provide the City Parcel is now estimated to be \$12,500,000. As set out by Council on February 24, 2004, this additional construction value of approximately \$6,200,000 will remain with the City. By agreement with the Developer, the City would be agreeable to securing payment of the purchase price by way of a no-interest take back mortgage to be discharged upon conveyance by the Developer to the City of the City Parcel by January 1, 2010. Normally, the City would charge interest on such a mortgage, but the RFP intended that the Developer not be penalized during the interim 2-year period it would take the Developer to construct the City Parcel. The foregone interest (at 5%) would represent approximately \$650,000. Given the land lift value created for the City inherent in the City Parcel, staff do not deem the no-interest Mortgage term to be a grant.

Recommendation C: Lane Exchange

The current proposed Project footprint includes not only the westerly Holborn Lands, but portions of two City lanes in the Woodward's block. The General Manager of Engineering Services (GMES) is currently reviewing a request to close, stop-up, and convey the subject lanes for possible inclusion in the Project footprint and the GMES will be reporting back to Council in the near future with recommendations supporting this concept. A number of terms and conditions are anticipated to be recommended to Council for the closure, including, but not limited to, dedication and construction of a replacement north-south lane outlet of similar size and utility. Recommendation C seeks to achieve, at this time, confirmation from Council that the lane closure and new lane dedication will be considered as an exchange of land based on an "equal land value for equal land value" basis. Specifically, Recommendation C sets out that equivalent value will be attributed to any portion of the subject City lanes to be closed and exchanged.

The Director of Real Estate Services supports the concept of an exchange of lands on a "land value for land value" basis. The report on the lane closure is expected as soon as the new north-south lane outlet is designed to a level acceptable to the GMES. The Developer is hopeful of finalizing the lane closure as soon as possible to facilitate early on/off-site servicing work to meet with the anticipated Project schedule.

Recommendation D: Development Agreements

The Development Agreements are a complex set of contracts between the City and the Developer wherein all the respective obligations of each party are set out. The Development Agreements also will serve to govern the relationships of third parties, including BC Housing, the Non-Market Housing Sponsors, Simon Fraser University, Holborn Group, and the Childcare Operator (if approved by Council). It is proposed that the Development Agreements be structured to address the milestone events in the project's timeline. The major issues governing the City and Developer, the Developer and SFU, the City and BC Housing, BC Housing and the Non-Market Housing Sponsors, and the Developer and Holborn Group will be finalized shortly; whereas issues pertaining to the Heritage Revitalization Agreement (the "HRA"), the Community Use Agreement between the City and SFU, the Management Agreement for the entire complex, the "W" Sign Maintenance Agreement, and Gastown Parkade Agreement would be finalized later. City staff are currently framing these documents now and the City Manager seeks delegated Council authority to finalize these agreements

once the documentation is completed to the satisfaction and of the City's Director of Legal Services. Once the City Manager is satisfied with the final agreements, they would be executed by the Director of Legal Services.

One of the major components of the Development Agreements is the HRA which will create bonus density, property tax exemptions, and façade grants in favour of the Developer under the City's Gastown and Chinatown Heritage Building Rehabilitation Program, as extended to the Hastings Street corridor. Staff will bring the HRA back to Council for approval and referral to a Public Hearing later this year. Although the amount of bonus density to be created is still under negotiation pending completion of detailed design and finalization of the Heritage Program, staff expect the Developer to qualify for maximum incentives, including 10 year property tax exemptions (for both the residential and commercial components) as well as the City's façade grant program.

Recommendation E: Use of City DCL's at Woodward's

As Woodward's is considered a Council priority project, it is recommended that City-wide Development Cost Levies be invested into the Project to further secure eligible public amenities that are justified by the investment of such resources. City Wide DCL funds can be used to help offset some of the Project infrastructure and component costs attributable to site servicing, funding the non-market housing shortfall, and managing childcare requirements, all of which are allowable uses of DCL's. Any proposed expenditure of DCL's not authorized by Council in this report would be brought back to Council for further approval.

Recommendation F: Funding the Non-Market Housing Shortfall

On December 3, 2004, the Federal and Provincial governments signed the second phase of the Canada/British Columbia Affordable Housing Initiative and announced that an initial four projects would be funded. Two of the four projects to be developed were in the City of Vancouver, including a second 100 units for the Woodward's redevelopment. The agreement allocated another \$13,500,000 to fund the second 100 units in Woodward's, with the expectation that the mix of unit types and incomes in the second 100 units would be similar to the first 100 units.

With 200 instead of 100 units of non-market housing allocated to Woodward's, it was recommended to Council in March 2005 that two separate non-market housing projects be included in the Woodward's' redevelopment. BC Housing and City staff believed that a single 200 unit project would be less able to respond to the needs in the community than two separate projects, and also believed that separating the family and singles components was preferable to mixing singles and families in each of the two projects. Consequently, it was recommended to Council in March 2005 that a 75 unit project for low and modest income families be developed and a 125 unit project for low income singles be developed.

Council approved the Affordable Housing Society and PHS Community Services Society as the two sponsors for the family and singles projects, respectively, and the sponsors began working with the Developer, BC Housing and the City to address design and other issues in revising the redevelopment concept with an expectation that staff and the Developer were committed to reporting back to Council and the community in late 2005 on the progress of this component of the Project. One major issue left for the Project team to resolve was the inclusive design

and costing of the non-market housing. The \$27,000,000 previously committed by the Federal Government and the Province for the non-market housing in Woodward's was based on 2002 construction prices and the cost for the 200 units of non-market housing was expected to exceed that budget. BC Housing was aware of the issue and committed to working with the Developer and the City to ensure that a realistic budget was established once the schematic design had been completed. Council was advised in March 2005 that the City would likely have to supplement the Federal and Provincial funding available for the Project, but to what degree was not yet determined. Staff was to keep Council informed of the progress of these discussions and was to report back to Council for direction as required.

Staff have now revised the non-market housing budgets to reflect the revised non-market housing designs and 2006/2007 construction cost estimates. In short, construction prices throughout the Province have increased at over 1% per month since the Federal/Provincial/City Housing Partnership was announced and increased funding to account for these increases must now be sought. Construction cost escalation is an issue facing the entire development community and the non-market housing program has not been insulated from facing these same cost increases. BC Housing has reviewed the construction estimates and confirms the price increases are consistent with other non-market housing projects BC Housing is currently developing around the Province.

The cost for the non-market housing component is now estimated to be just over \$48,000,000. It is proposed that the City, Provincial and Federal share the increase in costs equally with each paying one third. The City's share of the construction shortfall is estimated to be \$7,000,000. The Federal Government and Province of BC remain committed to Woodward's and will be making similar funding requests of their boards shortly. Staff recommend proceeding with the Woodward's non-market housing program provided the Federal and Provincial funding is approved.

If approved by Council, the City's share would be funded from City Wide DCL's, 32% of which are allocated to replacement housing (\$4,000,000), CAC's (\$1,000,000), and the PEF which routinely covers 25% of the value of the site (\$2,000,000). The involvement of the PEF would be consistent with Council policy and practice involving payment of 25% of the market value of the site in return for ownership and the associated reversionary interest.

Recommendation G: Childcare at Woodward's

Building on the 1990 Civic Childcare Strategy, in 2002 Council approved the strategic childcare plan, "Moving Forward." The strategic plan makes a shift from isolating childcare from other child development services (e.g. family place, drop ins) to work with other funding partners in the planning, funding and delivery of service, within a hub model. The hub model proposes a more holistic and integrated approach and utilizes the facilities and expertise in the existing childcare system to deliver a continuum of services for families and children from birth to age 12 years. The plan is based on the understanding that quality childhood experiences maximize success in later childhood and adulthood, and that these experiences are relevant to parental and non-parental care situations (e.g. childcare). It is also based on the knowledge that families and children need a range of supports during the developing years. Childcare is key to women's equality and economic security, particularly for low-income single mothers. Women's labour force participation is crucial for the revitalization of the Downtown Eastside and childcare is an important factor in achieving this objective.

During the Community Visions and Ideas Fair, participants identified family services, including childcare as one of the most sought after uses in the Woodward's Project. In determining the most optimal and financially viable solution for Woodward's, staff have analyzed a continuum of childcare options for Woodward's ranging from after school care through to a 37 space program, a 49 space program, and a 69 space child development centre. The recommendation from staff is to include the 37 space model in Woodward's and the location identified for childcare would be the top floor of the 1903/1908 building with a large outdoor play area. The 37 space model provides 37 toddler and 3-5 spaces of quality, licensed childcare in an underserved area of Vancouver and will complement the 717 Princess Street facility, Crabtree Corner facility, and International Village programs well. Staff will secure additional opportunities with the Developer to allow the childcare program to expand over time, and will work with BC Housing to explore opportunities for creating additional family daycare spaces in the Non-Market Family component of the Project.

It is expected that the process for selecting the childcare operator will be reported back to Council in October by Social Planning and Cultural Affairs. It is expected that the Woodward's childcare program will be funded from the 2006-2008 Capital Plan.

Recommendation H: Project Management Budget for 2005/2006

The initial Project Management Budget of \$300,000 and Woodward's Holding Cost Account of \$500,000 approved in 2003 were scheduled to cover project costs up to the Request for Proposal (RFP) stage only and staff have stretched these resources well past this period in the Project. The Project Manager requires a source of funding to close out an operating deficit carryover from 2004 year end as well as to fund holding costs throughout 2005/2006. Staff expect to turnover project management to the Developer sometime in 2006, but a source of funding is required to pay for ongoing building maintenance, equipment servicing, on-site security, property management, community consultation, and staff resourcing estimated as follows:

2004 Carry-forward Account Deficit	(\$144,282.98)
Utilities - Electricity	\$20,000
Utilities - Water	\$1,574
Security Services	\$183,960
Building Management - Labour	\$5,000
Community Consultation Expense	\$10,000
Salaries	\$35,000
Total:	<u>\$399,816</u>
	(round to \$400,000)

Consideration I: Relocation of City Sewer Utility and Infilling of Tunnel

Council authority is required for City Engineering to undertake the off-site works pertaining to the relocation of the City's sewer main that has to be relocated out of Woodward's.

Currently, a sewer main is suspended through the sub-basement of the site, and it has been the City's desire for some time to relocate this utility out to Cordova Street.

It is currently the registered property owner's responsibility to undertake the sewer relocation work, and normally the cost and risk of this work would be passed on to the Developer and accounted for in the sale price. It is opportune for the service crew to commensurately address the infilling of the tunnel that runs across Cordova to the new Gastown Parkade while the off-site work is underway. City Engineering is prepared to construct the new sewer on the portions of the alignment that are on public property. Engineering staff resources will be assigned to undertake this work and the timing of other Council approved projects may be re-prioritized if necessary. The north-south section of the new alignment can only be completed once the site is consolidated with the replacement lane dedication, or alternatively, once a statutory right-of-way is secured in the City's favour over the Holborn Lands. The tunnel infilling is not particularly difficult work, but a detailed design remains to be finalized. Although the initial scope of work is estimated to cost \$1,000,000, the General Manager of Engineering Services will report back to Council with a final cost and recommended source of funding once a detailed estimate has been completed.

Consideration J: Urban Park and Public Plaza Statutory Right-of-Way

Pursuant to Council's direction, the Public Space Concept for Woodward's has been revised as previously outlined in this report to create a better and more useable Urban Park and Public Plaza area. A major concern that remains with City staff is the control and programming of the Public Space, particularly the Urban Park and Public Plaza area to be located on the northwest corner of the site. This approximate half acre outdoor area has been designed as a community neighbourhood space that can accommodate outdoor performances, specialty kiosks, community stage for events, outdoor markets, and café and patio seating which will become the central focus of outdoor activities in the site. The Urban Park and Public Plaza area will be framed by SFU on the south, the Flatiron Tower on the north, and the lane on the west and the indoor Galleria on the east. It is proposed that the space be finished with brick pavers and contain a water feature, surrounded by a bosque of trees and other landscaping. In order to secure free public access to this component of the Project, it is imperative that the City either take outright ownership of the Urban Park and Public Plaza area, or secure a statutory right-of-way over the property. In order to assist in covering some of the construction cost of this public space and fairly compensate the developer for granting this legal interest, it is proposed that the City acquire the requisite statutory right of way for approximately \$1,800,000, roughly half the cost to the Developer to build out this component of the Project. Ongoing responsibility for maintenance of this public space will remain with the Developer, with costs to be paid proportionately by each air space component in the Project. The City's legal interest over this public space will ensure that security, community event programming, access, and film production, will remain under the direct control and jurisdiction of the City.

Consideration K: Areaway Infilling, Soils Remediation, and
Removal of Cordova UST's

The requirements for filling the Woodward's Areaways and remediating unknown soils contamination on site and removing asbestos from the Woodward's building were costs that were never factored into the proforma submitted by the Developer as part of their RFP submission. The matter regarding the Areaways infilling has been a longstanding issue and was resolved earlier this year after it was ascertained that the Areaways were of no significant heritage value as no sidewalk prisms existed that warranted retention. Engineering services has desired that the Areaways be infilled as they pose life safety issues to the City.

The issue regarding soils remediation and asbestos removal were only recently uncovered as part of the Developer's on-site environmental testing. The requirement to remove four known underground storage tanks from under Cordova Street was only recently disclosed to the Developer and it is timely that this work be addressed at the same time the sewer and soils remediation work occur. The City has set funds aside in the Capital Facilities Reserve to address soils remediation problems on City property and these funds are available for this purpose. One way or another, these environmental problems are responsibilities that have been assigned to the Project to correct and these issues have been brought forward for consideration by Council that the Developer be reimbursed for the estimated cost of these works, as the Developer's position is that these are ownership costs that should be paid by the City.

Consideration L: Gastown Parkade Development

The Gastown Parkade redevelopment completed by the City earlier this year was designed to accommodate an overhead connection to the Woodward's site. The design of the Parkade incorporated a knock-out panel on the south side of the Cordova structure and was engineered to accommodate a hanging pedestrian bridge as well as future parking and elevator requirements of the Woodward's site. The cost to the Gastown Parkade project for incorporating this design flexibility was approximately \$1,000,000 and it was the City's expectation that these costs could one day be recovered from the Woodward's Redevelopment. Although the RFP documentation specifically provided for the reimbursement to the City of these design costs, this RFP requirement was expressly rejected in the Developer's proposal accepted in September 2004. The installation of the overhead bridge structure is expected to benefit the Woodward's Development as well as the Gastown Parkades as the City's parking revenues are expected to be higher with the afforded convenience of direct access to the Woodward's Project services and amenities. The cost of the overhead bridge connection is currently estimated to be \$440,000, and this cost will remain the Developer's cost to bear. The Project will also be responsible for the ongoing bridge maintenance and repair.

NEXT STEPS

With Council approval of the Recommendations and Considerations set out in this report, the Project team will be in a position to finalize schematic design and initiate a Development Permit application by the end of 2005.

Over the next few months, site servicing will continue as the required utilities and site services are put in place. The Developer will also remediate the environmental contamination of the Holborn Lands (former Woodward's gas station site) and Woodward's site and remove a number of underground storage tanks left over from the Gastown Parkade redevelopment across the street.

The Sale Contract and Lane Exchange will be finalized which will pave the way for the consolidation of the fractured site ownership. Staff will bring a report back to Council formally requesting the stop-up and closure of the City Lane later this fall.

The Development Agreements will be finalized and the HRA will be brought to Council as soon as possible for referral to Public Hearing in late fall. The Developer will then apply for airspace parcel subdivision and will commence demolition and excavation of the property in early 2006. Detailed Design will continue through the Spring and early Summer of 2006, and construction will commence in the fall of 2006. It is expected that construction will run for approximately 30 to 36 months, leading to Project completion and occupancy in advance of the Olympics in 2010.

CONCLUSION

The redevelopment of the Woodward's site is an expensive and risky undertaking, however Woodward's is crucial to the revitalization of the Hastings Street corridor west of Main and to the nearby communities of Gastown, Chinatown, Victory Square and the Downtown Eastside. The Woodward's Steering Committee recommends Council approval of the Recommendations set out in this report. Approval of the Consideration items will also further reinforce Council's commitment to the Woodward's Redevelopment and will lend confidence to the Developer that the proforma challenges set out in this report are not the Developer's problem to solve alone.

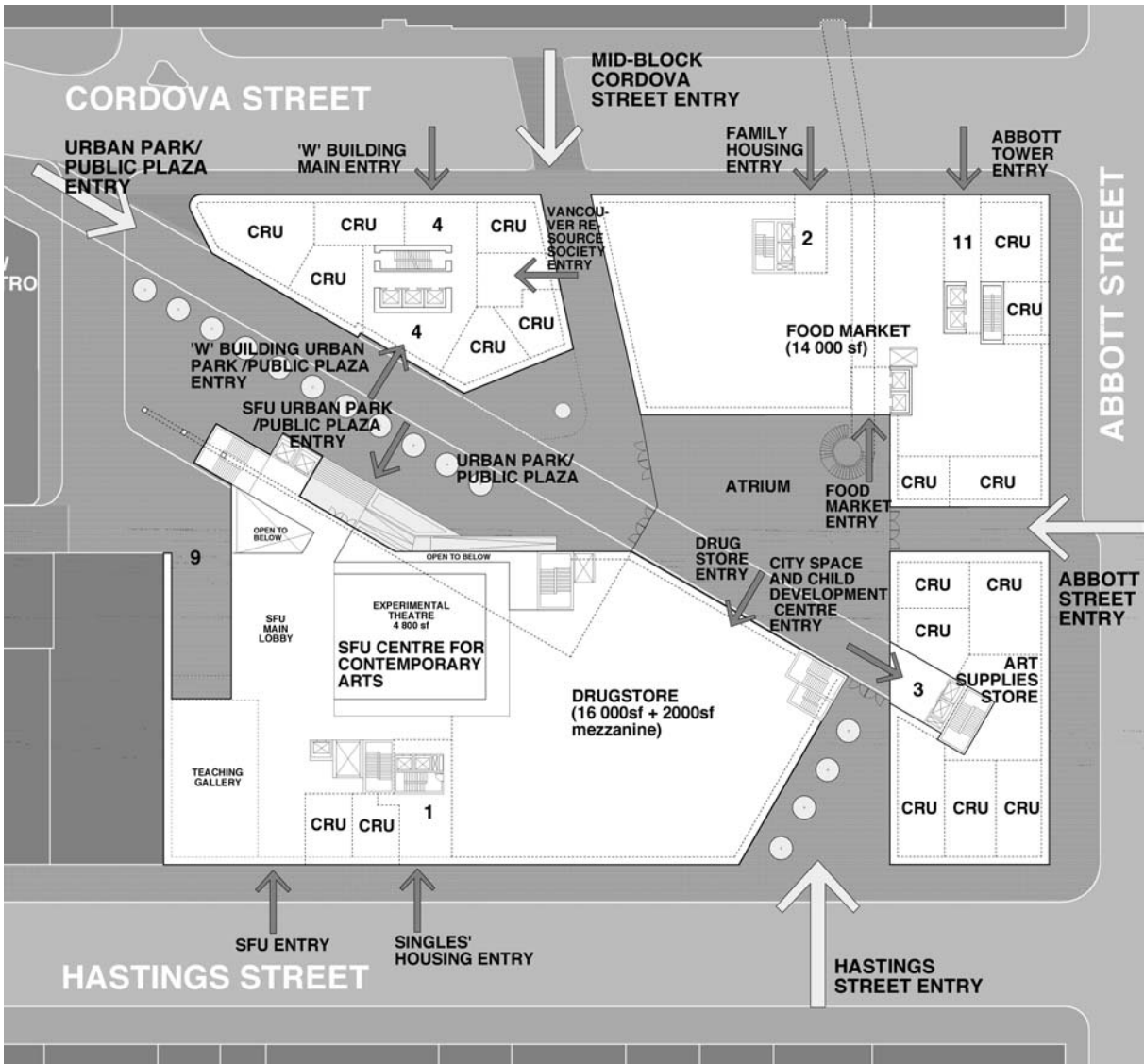
The renovation and reuse of Woodward's has been identified as a top priority of the Vancouver Agreement. The City is well on its way of achieving its objectives of revitalization of the neighbourhood, encouraging heritage conservation, securing a mix of community uses, providing non-market housing, ensuring street-front retail continuity and accommodating a mix of incomes and the City is ready to bring the Woodward's redevelopment to fruition.

* * * * *



Program Breakdown	Gross Area SF +/-
City Non-Profit Community Space	31,500
125 Single Non-Market Housing	75,081
75 Family Non-Market Housing	97,234
SFU – Centre for Contemporary Arts	120,000
37 Space Child Development Centre	TBD
Retail Space	50,000
+/- 500 Market Housing Units	465,000
General Office Space	40,064
Proposed City Department Office Space	19,265
Indoor Atrium and Garden Oasis	10,215
Pedestrian Bridge to Cordova Parkade	1,539
Outdoor Public Open Space	23,110
Underground Parking and Loading Area	149,063
Roof Gardens + Green Roofs	60,000

- FAMILY NON-MARKET HOUSING
- SINGLES NON-MARKET HOUSING
- GENERAL OFFICE SPACE
- 37 SPACE CHILD DEVELOPMENT CENTRE
- INDOOR ATRIUM AND GARDEN OASIS
- CITY NON-PROFIT COMMUNITY SPACE
- RETAIL SPACE
- SFU CENTRE FOR CONTEMPORARY ARTS



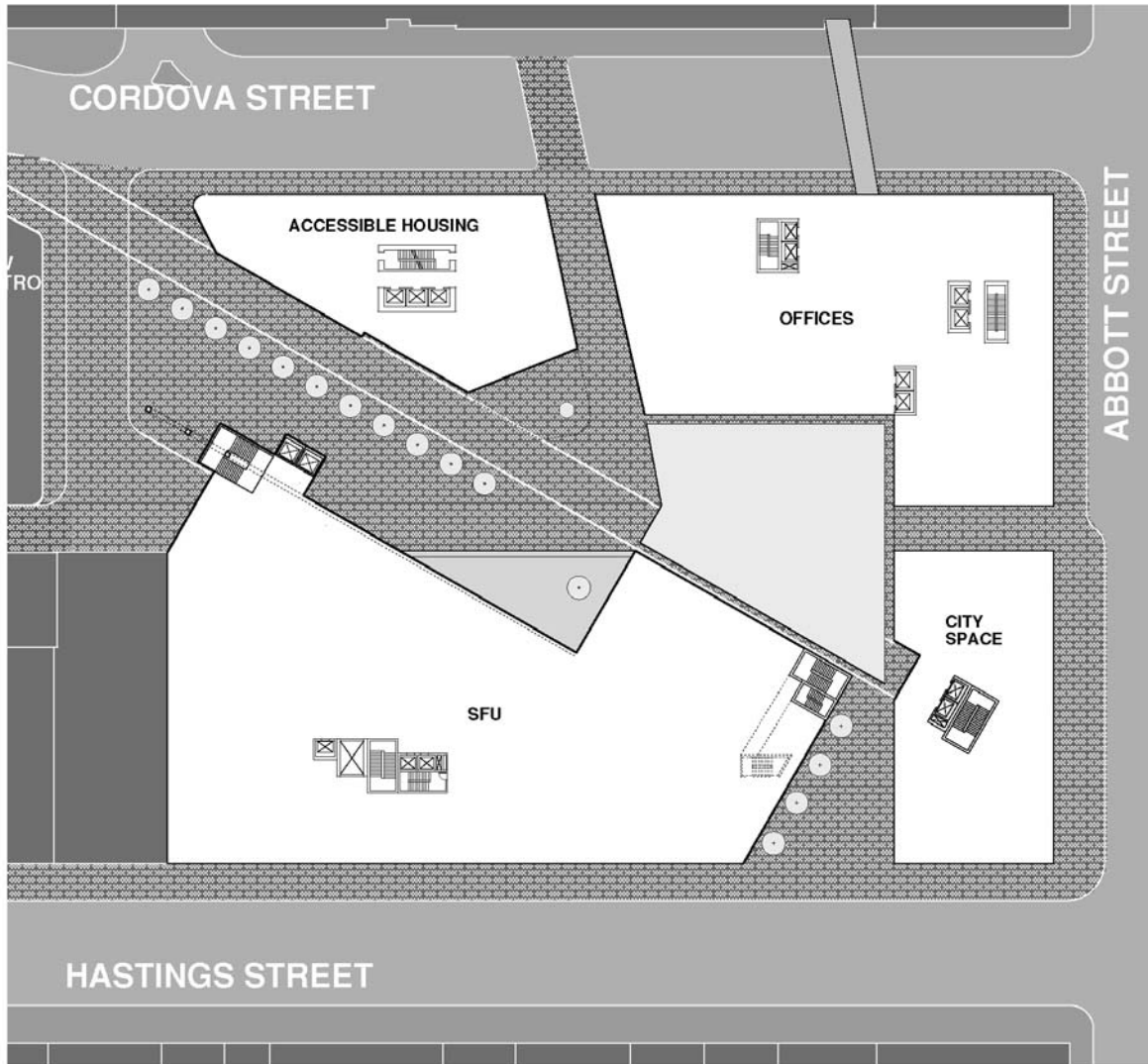
LEGEND

- 1 SINGLES' NON-MARKET HOUSING LOBBY AND/OR CORE
- 2 FAMILY NON-MARKET HOUSING LOBBY AND/OR CORE
- 3 CITY COMMUNITY SPACE AND OFFICE LOBBY AND/OR CORE
- 4 FLATIRON MARKET TOWER LOBBY AND/OR CORE
- 5 OUTDOOR PLAZA
- 6 INDOOR ATRIUM
- 7 BRIDGE FROM CORDOVA PARKADE TO GARDEN ABOVE RETAIL
- 8 ELEVATOR AND STAIR CONNECTING PUBLIC GARDEN TO GROUND LEVEL GALLERY
- 9 PARKING AND LOADING RAMPDOWN
- 10 PAVILION
- 11 MARKET TOWER LOBBY AND/OR CORE



WOODWARDS REDEVELOPMENT PROJECT

GROUND FLOOR PLAN



LEGEND

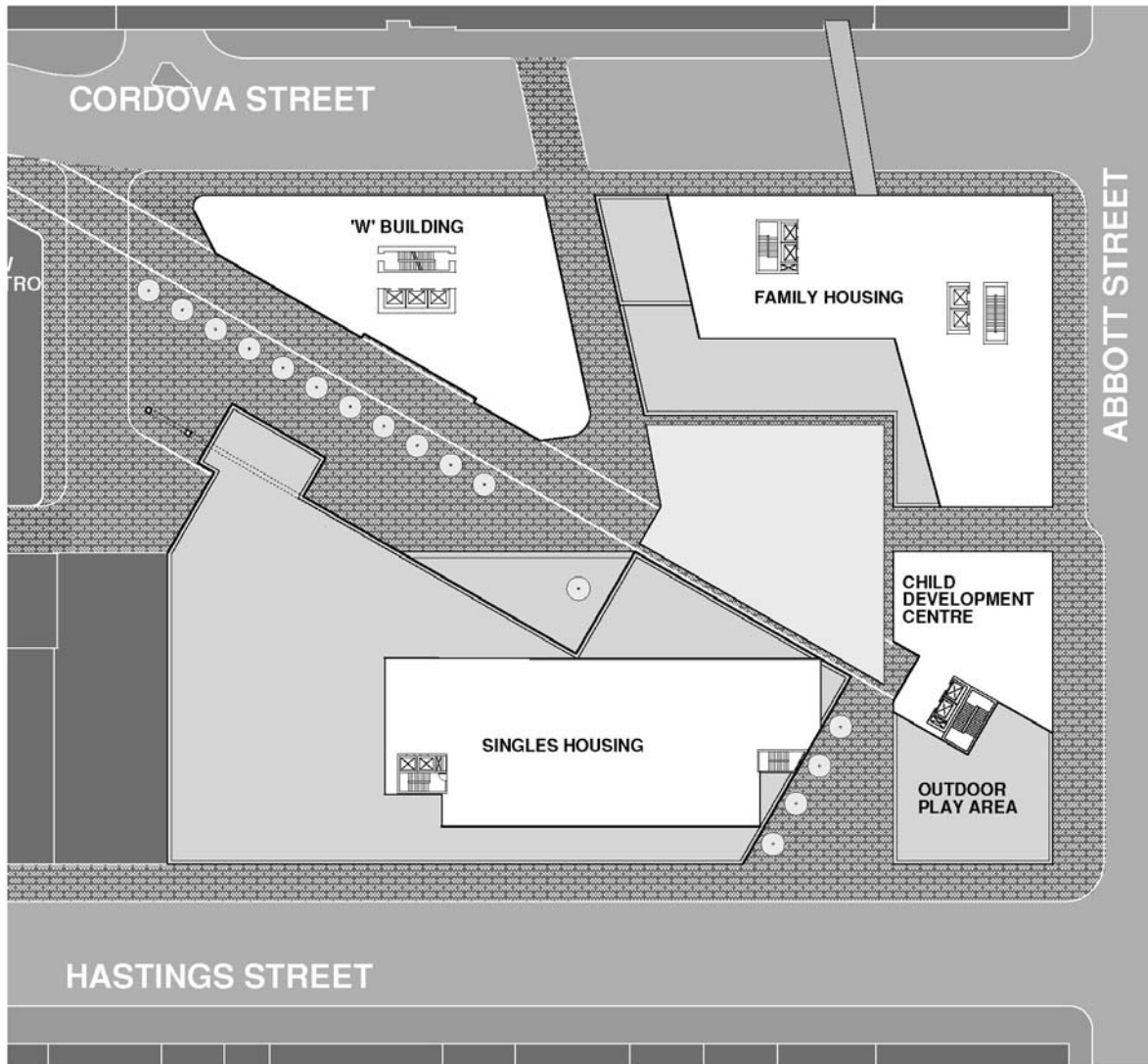
- 1 SINGLE'S NON-MARKET HOUSING LOBBY AND/OR CORE
- 2 FAMILY NON-MARKET HOUSING LOBBY AND/OR CORE
- 3 CITY COMMUNITY SPACE AND OFFICE LOBBY AND/OR CORE
- 4 PLATON MARKET TOWER LOBBY AND/OR CORE
- 5 OUTDOOR PLAZA
- 6 INDOOR ATRIUM
- 7 BRIDGE FROM CORDOVA PARKADE TO GARDEN ABOVE RETAIL
- 8 ELEVATOR AND STAIR CONNECTING PUBLIC GARDEN TO GROUND LEVEL GALLERY
- 9 PARKING AND LOADING RAMPOWN
- 10 PAVILION
- 11 MARKET TOWER LOBBY AND/OR CORE



WOODWARDS REDEVELOPMENT PROJECT
101 WEST HASTING STREET, VANCOUVER B.C.

THIRD FLOOR PLAN

DATE	BY	CHECKED	DATE
AUG 25, 2020	MS	MS	



- LEGEND**
- 1 SINGLES NON-MARKET HOUSING LOBBY AND/OR CORE
 - 2 FAMILY NON-MARKET HOUSING LOBBY AND/OR CORE
 - 3 CITY COMMUNITY SPACE AND OFFICE LOBBY AND/OR CORE
 - 4 FLATIRON MARKET TOWER LOBBY AND/OR CORE
 - 5 OUTDOOR PLAZA
 - 6 INDOOR ATRIUM
 - 7 BRIDGE FROM CORDOVA PARADE TO GARDEN ABOVE RETAIL
 - 8 ELEVATOR AND STAIR CONNECTING PUBLIC GARDEN TO GROUND LEVEL GALLERIA
 - 9 PARKING AND LOADING RAMPDOWN
 - 10 PAVILION
 - 11 MARKET TOWER LOBBY AND/OR CORE



028 8712
WOODWARDS REDEVELOPMENT PROJECT
101 WEST HASTINGS STREET, VANCOUVER, B.C.

SIXTH FLOOR PLAN

DATE	APPROVED	DESIGNER	REV
SCALE	YES	CHECKED	OR. FILE
ISSUED	2008		

