CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: February 13, 2006

Author: Z. Jankovic

Phone No.: 6448 RTS No.: 05614

VanRIMS No.: 08-2000-51

Meeting Date: February 28, 2006

TO: Vancouver City Council

FROM: The Director of Current Planning

SUBJECT: Heritage Building Rehabilitation Program - 51 East Pender Street

DE 409639

RECOMMENDATION

- A. THAT Council authorize the City to enter into a Heritage Revitalization Agreement for the site at 51 East Pender Street, to rehabilitate and adaptively re-use the "B" listed heritage building, to vary the provisions of the HA-1 District Schedule as they apply to site frontage and to grant a density bonus of 159,162 sq. ft. available for transfer off-site, to be registered on title as a legal notation;
- B. THAT Council require a covenant providing that the density bonus not be available for transfer until the rehabilitation is complete, unless the owner secures completion of the rehabilitation by a separate agreement, which must be registered on title;
- C. THAT, subject to approval of RECOMMENDATION A, Council instruct the Director of Legal Services to prepare a Tax Exemption Bylaw for 51 East Pender Street for a property tax exemption which is not to exceed a value of \$500,395 or a period of ten (10) years, which ever comes first;

(A two-thirds majority of votes casts is required for this recommendation to pass.)

D. THAT, if the Tax Exemption By-law receives the assent of electors, or is deemed approved by the electors under Section 396(A) of the Vancouver

Charter, the Director of Legal Services bring forth a Tax Exemption By-law providing that:

- If issuance of an Occupancy Permit for the heritage rehabilitation work authorized under Development Application Number DE 409639 occurs before October 31st, the tax exemption period for 51 East Pender Street will begin on January 1st of the next calendar year;
- If issuance of an Occupancy Permit for the heritage rehabilitation work authorized under Development Application Number DE 409639 occurs after October 31st, the tax exemption period for 51 East Pender Street will begin on January 1st of the calendar year after the next calendar year; and
- If the owner of the property does not fulfill all requirements necessary to obtain an Occupancy Permit within sixty (60) months after the enactment date of the Tax Exemption By-law, it will have no further force or effect.
- E. THAT, subject to the approval of RECOMMENDATION A, Council authorize a façade grant totalling \$50,000, with funding to be provided from the 2005 Capital Budget;

(Approval of this recommendation requires support of two-thirds of the votes cast, pursuant to Section 206(2) (a) of the Charter.)

- F. THAT all the agreements, covenants and bylaws in respect to the above be prepared, registered and given priority to the satisfaction of the Director of Legal Services in consultation with the Director of Planning;
- G. AND THAT Council instruct the Director of Legal Services to bring forward for enactment a by-law to authorize the Heritage Revitalization Agreement.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the A, B, C, D, E, F and G.

COUNCIL POLICY

Heritage Building Rehabilitation Program Policies and Procedures for Gastown, Chinatown and Hastings Street Corridor

Transfer of Density Policy and Procedure

Chinatown Vision

PURPOSE

This report seeks Council's approval to enter into a Heritage Revitalization Agreement (HRA) which will allow for transferable bonus density, and residual density to secure the rehabilitation and long-term conservation of the municipally-designated and "B" listed (Vancouver Heritage Register - VHR) building at 51 East Pender Street. It also seeks Council's approval of a façade grant and seeks instruction to the Director of Legal Services to prepare a property tax exemption by-law and all other agreements in connection with the above.

The building is known as the "Wing Sang Building", said to be the oldest building in Chinatown.

BACKGROUND

In November 2002, City Council approved the Gastown, Chinatown Heritage Management Plan. The Heritage Building Rehabilitation Program (HBRP), a key component of the Plan, was implemented in July 2003, and was later extended to include the Hastings Corridor and Victory Square areas. The program is available for a five-year period (2003 - 2008) to initiate economic activity in these historic areas. The objective is to encourage owners to rehabilitate their heritage buildings by compensating them for "shortfall costs". These costs are defined as the amount required to make a project viable when a major building upgrade is completed. The City determines the amount of each incentive through site-specific analysis and compensation is given to the owner through various tools in the following order:

- Historic Places Initiative (HPI) grants;
- Façade Grant;
- Property Tax Exemption; and
- Transferable Bonus Density

As an added incentive for preserving buildings that contribute to the distinctive character of historic Chinatown, the HBRP allows the City to authorize transfer of notional residual density off-site, as part of the bonus density allocation. It is referred to as notional density as there are no FSR regulations in Chinatown, therefore the main factor in regulating development potential is the height limit. Based on this, Council established as part of the HBRP that "residual" density is the difference between 5.5 and the on-site FSR.

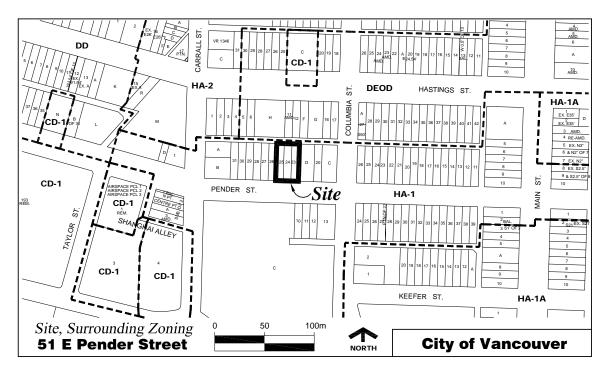
Historic Places Initiative (HPI) is a Federal Government heritage building incentive program that awards commercial building owners 20% of the total rehabilitation costs, up to a \$1,000,000 maximum, in the form of a cash grant given after the work is completed. As the owner of 51 East Pender Street is a commercial company, this project is eligible for the federal grant.

The HBRP has been successful to date with ten projects approved since implementation in mid-2003, 13 applications currently in process and another 12 proposals under development.

DISCUSSION

Development Proposal: A development application has been submitted by Walter Francl Architect to renovate, rehabilitate by adaptive re-use, and seismically upgrade the existing heritage building (consisting of two connected buildings), to provide offices and an art gallery.

Site and Surrounding Zoning:



Heritage Value: The heritage value of the Wing Sang Building lies in its reflecting a number of central aspects of Chinatown's history and development. It is significant in expressing the socio-economic power of a leading Chinatown merchant; for accommodating the well-to-do Sang family and its large households, rather than single male labourers; for the inclusion of educational, religious, and social uses side-by-side with commercial and residential uses; for the contribution of the Sang family to the local community through the generations; and for maintaining the community's connections with China.

The Wing Sang Building consists of two structures: a three-storey brick building on Pender Street with commercial space on the ground level and residential accommodation above; and a six-storey warehouse and tenement building facing the rear lane. A portion of the three-storey building was constructed in 1889 (the original two-storey portion of the Wing Sang Building), and added-to in 1901. This extension of the building to the east was designed by T.E. Julian. The six-storey residence and warehouse addition to the back of the building was built in 1912.

Rehabilitation Plan: The proposal is to rehabilitate and adaptively re-use the existing "B"-listed, municipally designated building (consisting of a three-storey portion facing Pender Street and a six-storey warehouse/tenement at the rear) incorporating structural and seismic upgrades. The buildings will receive upgrade to all building systems.

Substantial conservation and restoration of the three-storey building is proposed with selective demolition and new construction to satisfy life-safety, seismic, and programmatic requirements. The proposed use for the ground and second floor is commercial/office and a private art gallery. The exterior form of the building, including the main façade, will be retained, with the western storefront preserved and the remainder restored to its 1907

appearance. The three-storey building will receive a new roof structure, a new concrete elevator core and a structural brace in the centre of the west elevation, as well as an addition (north-west corner), to accommodate elevator access to a rooftop terrace. This addition will not be visible from street level.

The exterior of the six-storey tenement building will be retained and structurally reinforced, however, all floors and partitions will be removed to accommodate the proposed use as a private art gallery and parking.

Rehabilitation Cost: In order to make the project viable, the owner is seeking compensation through the HBRP, consisting of a façade grant, property tax relief for ten years, transferable bonus density and notional residual density. In accordance with Council's HBRP Policies and Procedures, staff have reviewed the applicant's cost calculation and have undertaken an independent analysis. The fact that there are actually two buildings on this site has also been taken into consideration. Staff conclude that a total cost of \$8,508,488 is justified for compensation in the following manner:

	eet -Summary of Incentive			19-Jan-06
	Category	Value	(\$)	Bonus Density Implication (SF)
	Shortfall Cost		\$7,791,088	
Federal Government Incentive*	Federal Historic Places Initiative (FHPI)	\$1,000,000		20,000
	Shortfall Cost after FHPI (To be matched by COV)		\$6,791,088	
Heritage Building	Façade Grants	\$50,000		
Rehabilitation	Property Tax	\$500,395		
Program (HBRP) Incentives	Bonus Density (to meet the Shortfall Cost)	\$6,240,693		124,814
	Shortfall Cost Compensation	\$7,791,088		
Additional Incentive	Notional Residual Density	\$717,400		14,348
	Transferable Bonus Density			159,162
	Total Compensation \$ (Shortfall Cost Compensation \$ + Notional Residual Density \$)	\$8,508,488		

^{*} if the Federal Grant awarded, the Total Compensation amount will be accordingly adjusted (reduced).

Note: \$4.85 million (97,000 sq. ft.) is the value of the bonus density that will be transferred to the 830 West Hastings site, which is owned by the same developer. The transfer of heritage density to 830 West Hastings, as the receiver site, was approved at Public Hearing in July, 2005.

Proposed Zoning Variances: The proposed HRA would vary the provisions of the HA-1 District Schedule which state that the maximum frontage for any use shall be 7.6 m (25.0 ft.). The site at 51 East Pender Street has a frontage of 9.09 m.

Tax Exemption By-law Process: The Vancouver Charter lays out the requirements for an enabling tax exemption by-law and notification process for the public. If Council approves the recommendation to provide a property tax exemption, staff will advertise notice of the proposed by-law as required by the Charter, and state that Council may adopt the by-law after 30 days unless more than 1/20th of electors petition Council. If 1/20th or fewer electors petition Council within the 30 day period, the Charter deems that the electors have approved the tax exemption, and Council can proceed to enact the by-law. If more than 1/20th of electors petition Council, then a further report will recommend to Council whether or not to seek the assent of electors and the process required to do so.

The Property Tax Exemption By-law will stipulate the terms under which the recommended property tax exemption will be provided. The By-law will provide a complete property tax exemption to the property for the period necessary to achieve the stipulated tax exemption of \$500,395 after which the property will be fully taxable. Should the entire amount not be achieved in a ten (10) year period, the exemption will expire and the property will become fully taxable. If the Occupancy Permit is issued before October 31st of a given year, the exemption will be effective in the taxation year immediately following. If the Occupancy Permit is issued after October 31st of a given year, the exemption will be effective in the second following taxation year. Staff will provide an annual report to Council on the status of this and other exemptions approved under the program.

Inventory of Unsold Density: Due to recent and anticipated fluctuations in the balance of unsold density in the 'bank', staff will provide a complete picture, including describing the impact of the current HRA applications scheduled for public hearing (51 East Pender, 1285 W. Pender and 101 West Hastings - Woodward's). As of February 7, considering applications approved or submitted for both donor and receiver sites there was 348,000 sq. ft. generated from donor sites and 353,000 sq. ft. earmarked on receiver sites, resulting in no floor area in the bank. Approximately 132,000 sq. ft. is currently being held out of the bank by owners of density wishing to retain the density for their own future purposes.

The three HRA donor sites scheduled for public hearing will add 388,000 sq. ft. resulting in a net balance of 383,000 sq. ft. in the bank. If these three HRAs were to be approved the net result of 383,000 sq. ft. in the density bank would represent a healthy balance, consistent with the balance reported to Council over the last two years. Staff support this balance. It is noted that an additional 87,000 sq. ft. heritage density from Woodward's will effectively be held out of the bank by agreement that the value of it will be set at \$85.00 per square foot, significantly higher than the currently trading rate of approximately \$50.00 a sq. ft.

In the next six months staff anticipate approximately 243, 000 additional sq. ft. of heritage density from donor sites (based on applications in process and application enquiries) and anticipate absorption of approximately 120,000 sq. ft. on receiver sites. In the 18 months following it is anticipated approximately 420,000 more sq. ft. of heritage density could be generated and approximately 355,000 sq. ft. absorbed. If the uptake proceeds as estimated this could result in a balance of unsold density of approximately 570,000 sq. ft. in two years time. The balance in the bank has been this high before - through that period heritage projects continued and were not adversely affected by the balance in the bank.

It is noted that at the public hearing for the Woodward's HRA, a companion CD-1 rezoning will also be presented. This CD-1 will recommend additional bonus density (to be vested on the site and transferable at a later date) be considered for the Woodward's project to offset the cost of meeting key public objectives, including provision of public open space to complete this important project. The bonus amount, anticipated to be approximately 176,000 sq. ft., will also have it's value set at \$85.00 a sq. ft., thereby effectively keeping it out the bank.

Staff will continue to explore strategies to maintain a healthy balance of unsold density including, for example, negotiating the trading value with applicants and other means to manage the release of density from donor sites, and pursuing new policy initiatives including expanding receiver site density potential. Staff will be reporting back to Council on this matter later in the year.

REVIEW AND NOTIFICATION

Public Consultation: Following standard notification procedures, 899 surrounding property owners were notified and invited to comment on the proposal. Three responses were received. All were in support of the project, with one respondent expressing general interest and concern for creating more pedestrian-friendly lane environments. Staff were encouraged to take advantage of passageways (a network of small lanes between Pender St. and the Market Alley lane) that exist between some buildings in the historic area of Chinatown.

Comments from the Advisory Bodies: This application was presented to Chinatown Historic Area Planning Committee (CHAPC) on March 8, 2005 at the pre-application stage, and on September 13, 2005, as a development permit application, and received support. The CHAPC encouraged higher level of retention of the third floor interiors and finishes and welcomed any further contribution to enhancement of the lane environment (known as "Market Alley").

The Vancouver Heritage Commission (VHC) was presented with the project at the preapplication stage, on March 14, 2005, and later, when the development permit application was received, on September 12, 2005. VHC supported the application noting that the window conservation procedure and the storefront period restoration procedure were still being developed at the time. In addition, the VHC welcomed consideration of the possible future "Market Alley" public function and encouraged commemoration of the rich history and Sang family contributions.

The applicant has responded positively to staff and public encouragement to make "Market Alley" more pedestrian friendly and safe. This application proposes an attractive lane façade, brings in more active users to the lane, more exterior lighting, and an interesting wall and pavement finishes.

In addition, where possible staff are attempting to retain existing passageways (small alleys) and develop new ones that are accessible to the public. However, in each instance this objective has to be balanced with other priorities including heritage rehabilitation and attraction of new housing and commercial uses. In this instance the developer has concluded, and staff agrees, that a portion of the former passageway needs to be enclosed and covered to best enable proposed heritage rehabilitation and commercial revitalization of this building to be completed. Although not retained in its original appearance, the historic function and a

memory of the passageway as a communication/traffic corridor was preserved through contemporary architectural re-interpretation.

Chinatown Revitalization Program: This is an important initiative in the Chinatown Revitalization Program and the Vancouver Agreement's Downtown Eastside Economic Revitalization Plan. It is consistent with the Chinatown Vision which Council approved in July 2002 and is supported in principle by the Vancouver Chinatown Revitalization Committee which is made up of representatives of most of the business and cultural organizations within that community.

The site is strategically located across from the Chinese Cultural Centre and near the emerging Carrall Greenway. Rehabilitation of 51 East Pender Street - the oldest building in Chinatown - and the companion development of the long vacant adjacent site at 75 East Pender Street will do a great deal to help restore the vitality of the commercial and cultural core of historic Chinatown. The fact that Rennie Marketing Systems will occupy much of this building will attract many new customers who would otherwise not likely visit Chinatown and help interest others to invest in the area. The market housing on the companion site will bring additional customers for local shops and help encourage others to invest in housing.

FINANCIAL IMPLICATIONS

The 2003-2005 Capital Plan provides \$1.5 million for the façade grants program. Over the last two years, \$685,000 (which includes the latest approval in January, 2006) in grants were approved for façade rehabilitation projects. Staff recommend approval of the total grant of \$50,000 with funding to be provided from the 2005 Capital Budget for Façade Grants.

CONCLUSION

Rehabilitating the historic building at 51 East Pender Street is consistent with the City's Heritage Building Rehabilitation Program Policies and Procedures and the Chinatown Vision. The proposed façade grants, tax exemption, transferable density bonus and residual density would compensate the owner for the cost involved in rehabilitating this municipally-designated, "B" VHR listed building. The recommended Heritage Revitalization Agreement and associated covenant will secure the City's interest of ensuring the buildings are promptly rehabilitated and maintained in perpetuity. Completion of this development will contribute in a significant way to the revitalization of the cultural and commercial core of historic Chinatown.

* * * * *



RENOVATION AND RESTORATION TO

SITE PLAN, LOCATION PLAN & AS BUILT - GRND FLR PLAN AS BUILT - SCND FLR PLAN AS BUILT - THRD FLR PLAN AS BUILT - SECTION A-A, B-B AS BUILT - ELEVATIONS DEMOLITION FLOOR PLANS PROJECT INFORMATION BASEMENT FLOOR PLAN SECOND FLOOR PLAN THIRD FLOOR PLAN FOURTH FLOOR PLAN GROUND FLOOR PLAN SERVICE PLENUM PLAN NORTH ELEVATION WEST ELEVATION SOUTH ELEVATION EAST ELEVATION SECTION A-A SECTION B-B **Drawing Index** A-100 A-202 A-203 A-204 A-210 A-212 A-211 A-201 A-301

ROOF LANDSCAPE PLAN

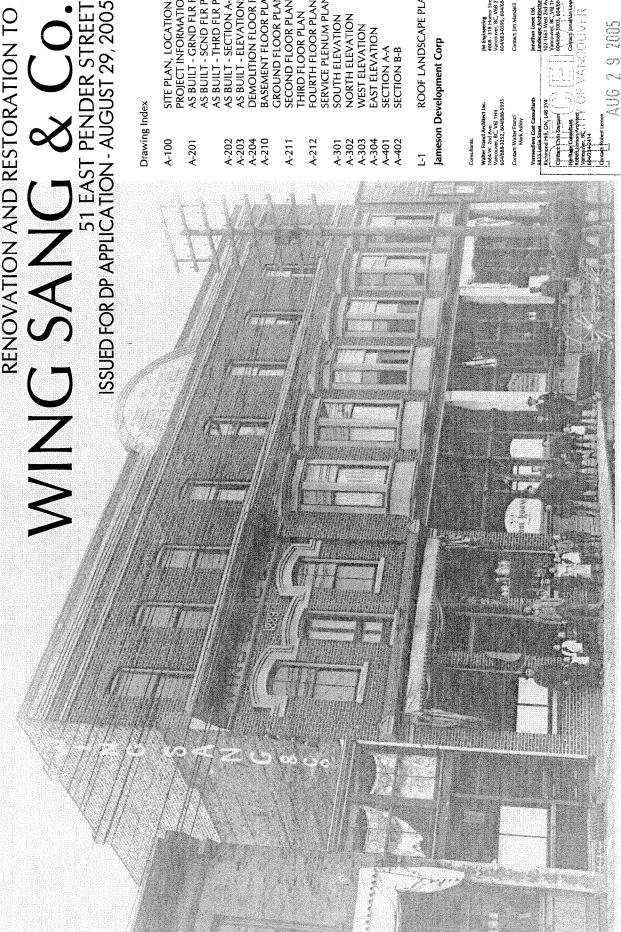
Jameson Development Corp

JM Engineering #608 - 318 Homer Street Vancouver, BC, V6B 2V2 604/683-0595, 604/684-05

Contact: Jim Mandelli

DEVELOPMENT SERVICES COMMUNITY SERVICES

> 629607 W



51 East Pender Street

Civic Address. 51-69 E. Pender St. Legal Description: Lots 23, 24 & 25, Block 13, D.S. 196 Plan 184 (PID:015-669-599)

Zone: HA-1 Applicable Documents: HA-1 District Schedule (December, 2003) Chinatown HA-1 Guidelines for Designates (November, 2003) Data Summary

*SEE FSR-210 FOR AREA CALCULATIONS SEE SUMMARY BELOW No outright limit Proposed: 1.0 Site Coverage Permitted: 1.0 Site Area: FSR Permitted:

Building Height: Permitted: 15.3m (50.2 ft) (with discretionary relaxation to 20.0m (65.6 ft) Proposed: 12.27m (40'-3") (to top of existing comice) 20.52m (67'-7 7/8") (to top of existing parapet) 0.0m 0.0m 0.0m Front 0.0m Side 0.0m Rear (Commercial) 0.0m Rear (Residential) 0.0m Required Setbacks:

Occupancy: Commerical office and art gallery Gross Area: 2747,1 sm (29,570 st) Project Scope:

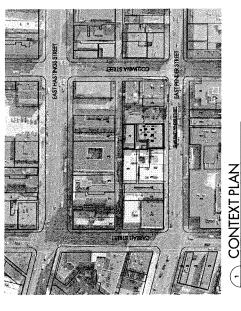
849.0 sm (9138 sf)

Building Data:

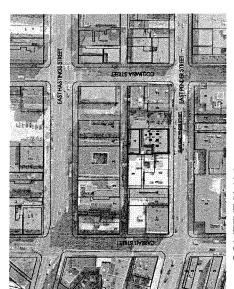
Renovation and restoration of the existing building at 51-69 East Pender St. to form the office suites to single commercial inents and a reduced private and legislery. The equivity of the existing building is proposed to be relatived with sheriche demolition and addition an enquired to estify occupant safety, a structural seismic upgrade and the new program as described above.

Parking Summary:

Per HA-1 District Guideline, no additional parking is required to be provided in existing building.



ш SITEPLAN 1:200 (6)



Walter Franci Architect Inc.

51 East Pender Street

Drawing Title Site Plan, Location Plan & Building Info.

OOF-A 5406

BASEMENT: 200.6 GROUND FLOOR: 170.8 SECOND FLOOR: 0.0 THIRD FLOOR: 0.0 FOURTH FLOOR: 0.0 SERVICE PLENUM: 248.2

BASEMENT: 229.1 GROUND FLOOR: 380.8 SECOND FLOOR: 835.1 THIRD FLOOR: 179.0 FOURTH FLOOR: 179.0 SERVICE PLENUM: 0.0

BASEMENT: 443.5 GROUND FLOOR: 567.2 SECOND FLOOR: 842.0 THIRD FLOOR: 185.9 FOURTH FLOOR: 185.9 SERVICE PLENUM: 258.5

619.6

TOTAL

2067.1

ALL AREAS IN METERS

EXCLUDES AREA OPEN TO BELOW INCLUDES OCCUPIABLE SPACE WITHIN BUILDING ENVELOPE

ALL AREAS IN METERS

2747.1

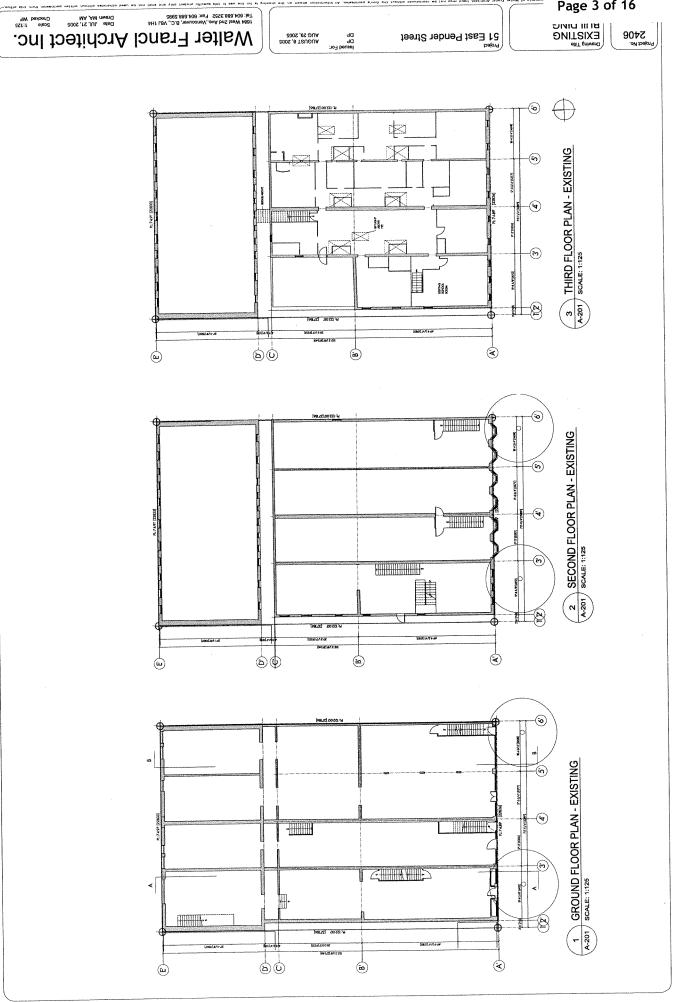
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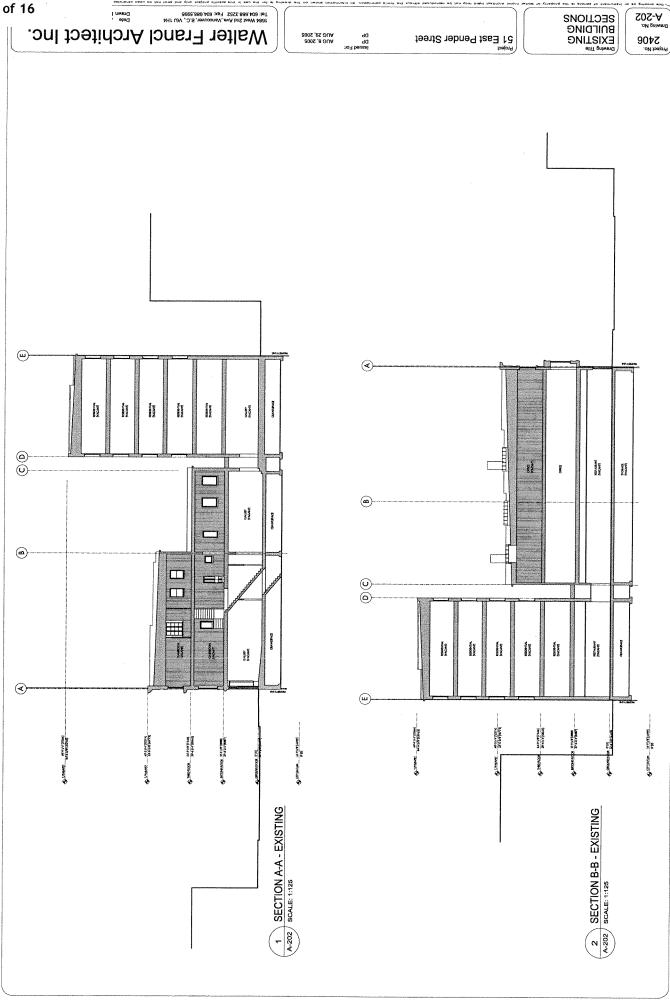
SERVICE/STORAGE SPACE:

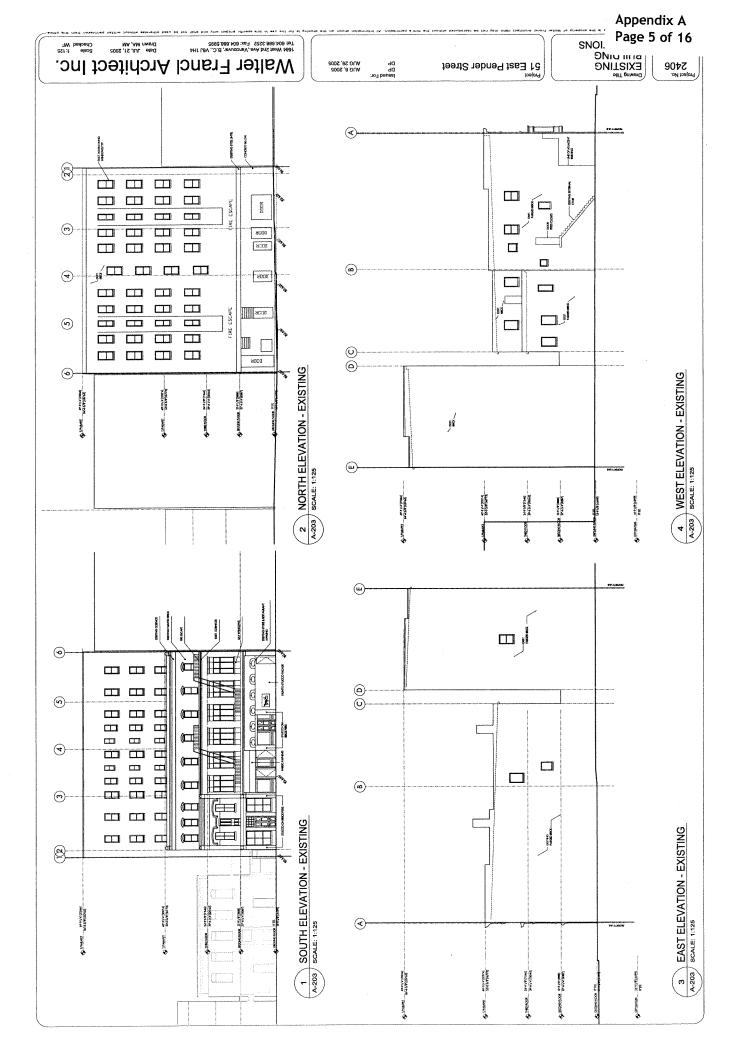
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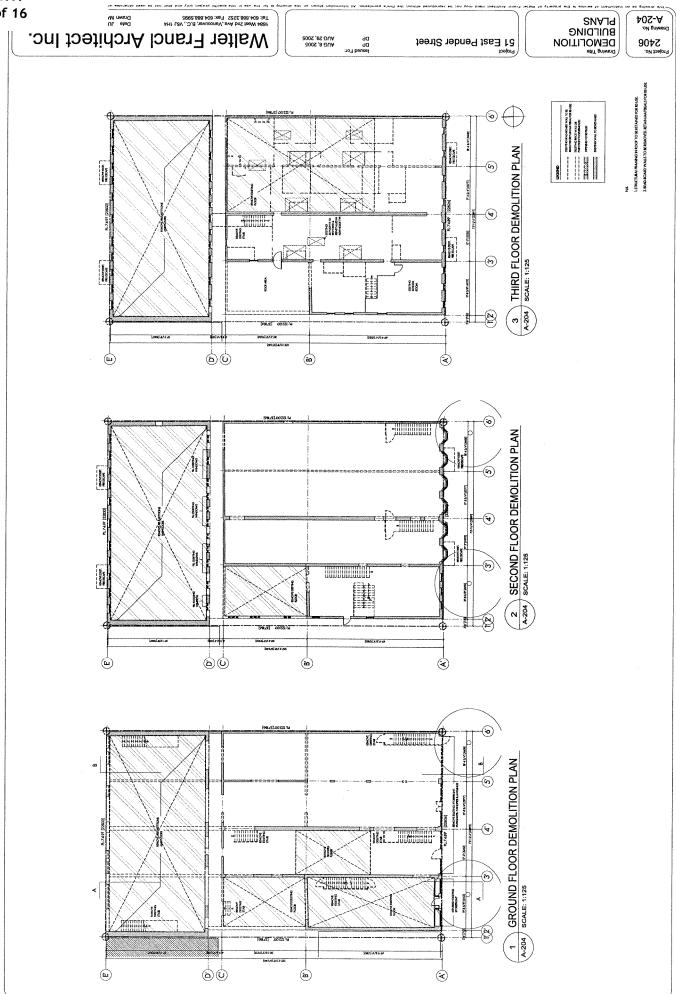
SROSS AREA:

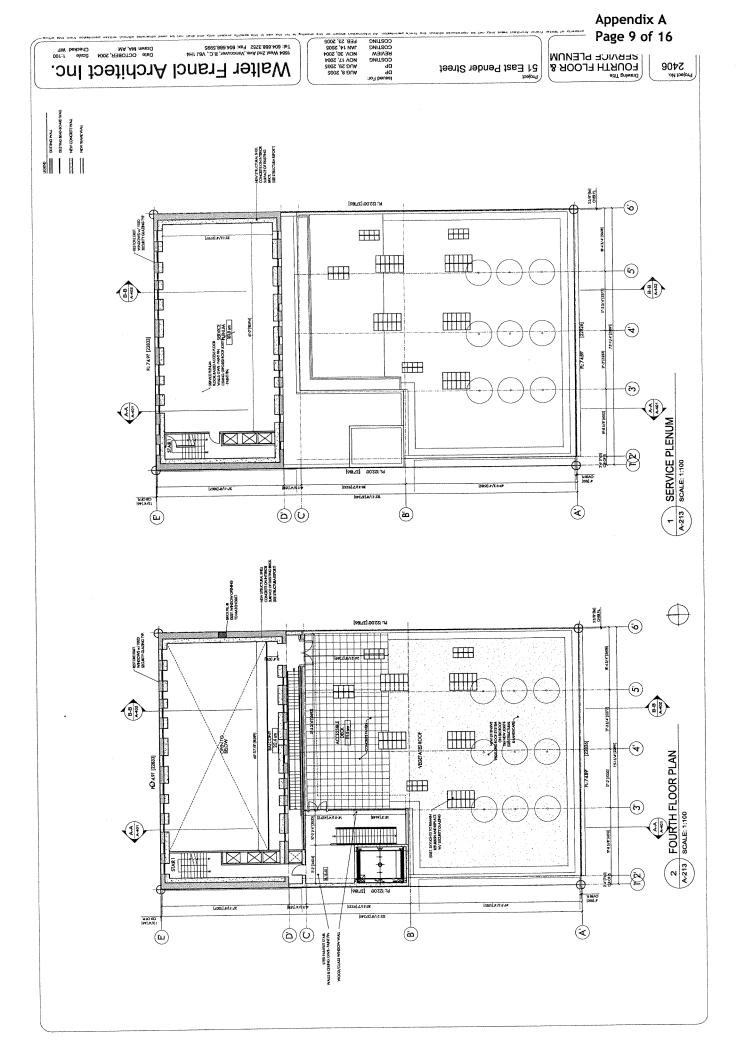
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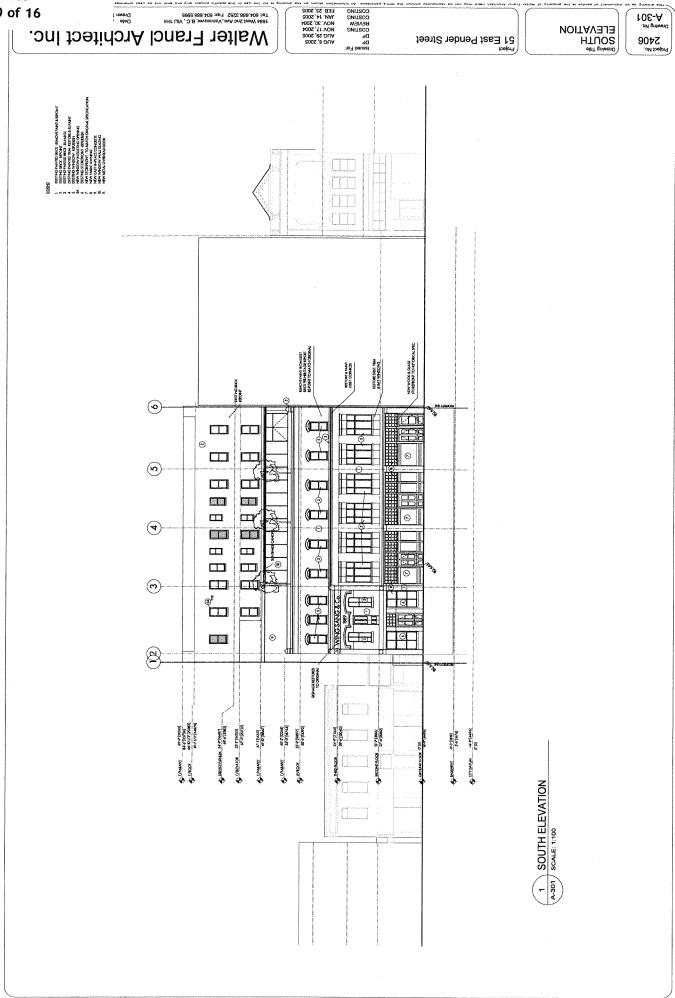










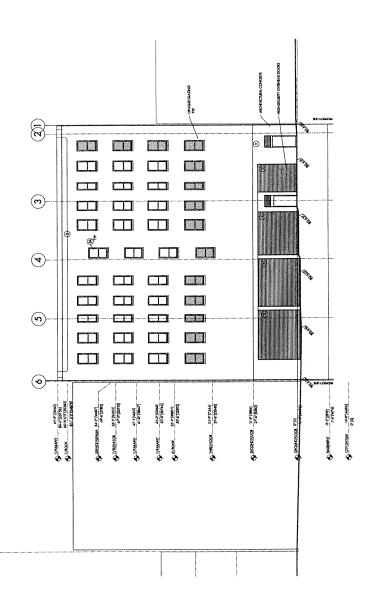


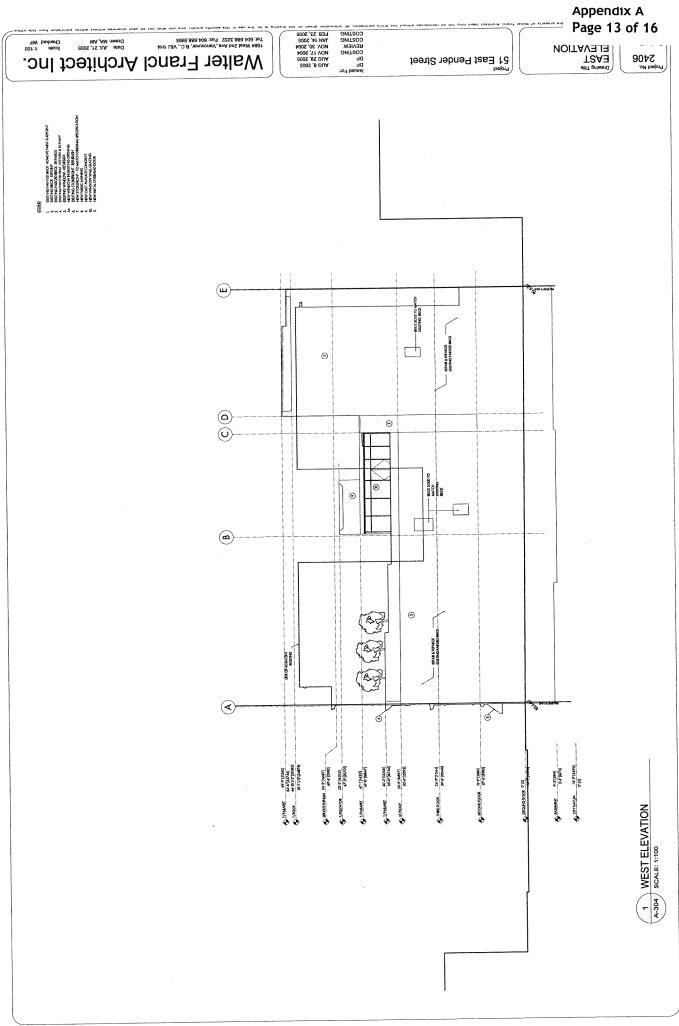
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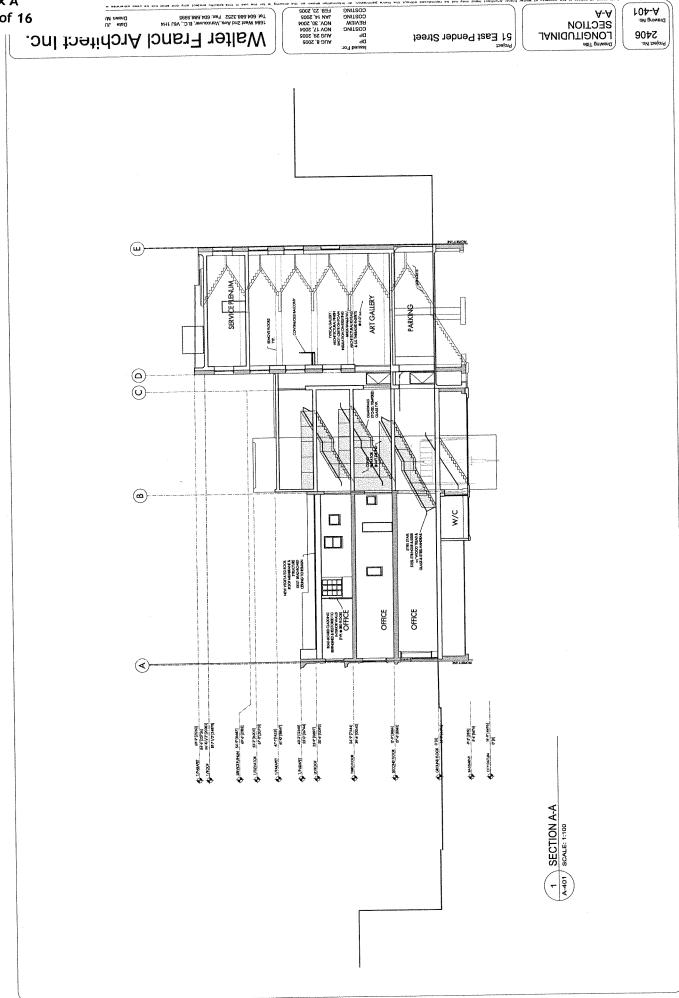
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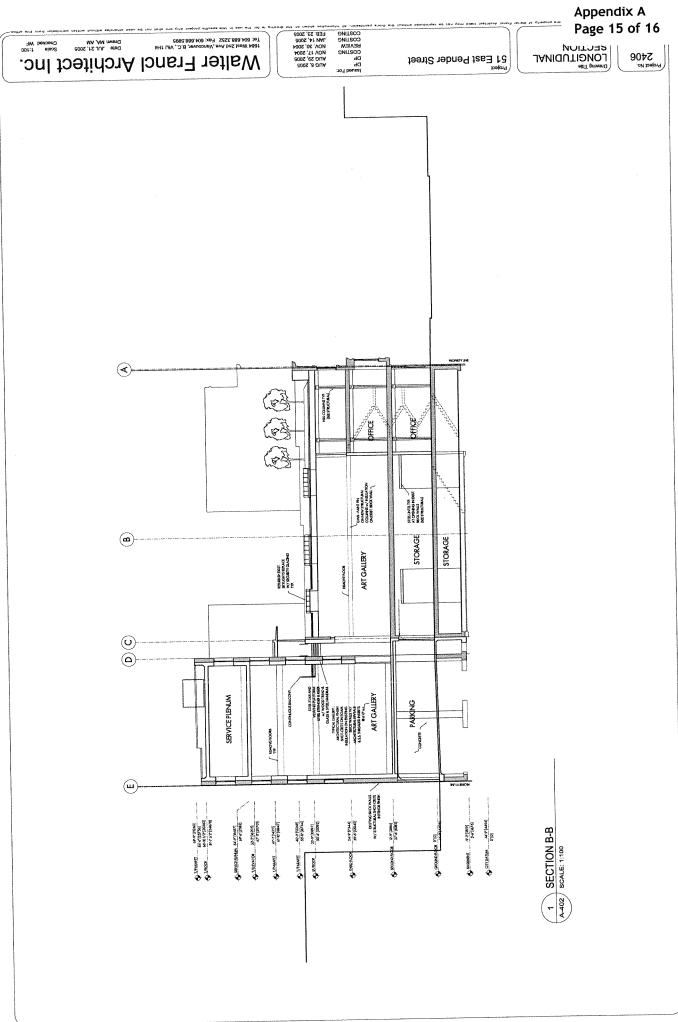
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51 East Pender Street











			Losee Ltd.	102-1601 W 2nd Ave. Waccouver, B.C. V6J1H3 003 Fax 604-609-0400 E-mail Assee@tobys.net			e Plan		1-1	
)	OBIOGRAD Base for DF	OBCGGGGG Issue for review	Howards Jons (han	1 V2X2V V2X2	51 East Pender	Vancouver, BC	Street Tibe Road Landscane Plan	3	Scalo: 1: 100 Date: July 20/ 05	Decined No.

QUAN CODE	E C	BOTANICAL NAME	COMMONNAME	SIZEICAL	A007
TREES 10 AP		Acer pelmetum	Green Japanese Maple	3.0 m M.S'-6' standard8&B	andard9&B
GROUND COVERS + VINES	HS+VA	Nes			
162	11000	Delosperma nubigenum	Yellow Hardy Ice Plant	6" pot	
		Festuca glauca "Azurit"	Blue Fescue	e" pot	
264		Sedum divergens	Old Man's Bones	4" pot	Cont.
	Transfer of	Sedum acre 'Aureum'	Golden Sedum	4" pot	Cont.
	00000000	Sedum oreganum	Oregon Sedum	4* pot	Cont.
	Contract of	Sedum sourum (Elizabeth)	Deep Red Sedum	4° pot	Conf.
	******	Coclum spectable "Brilliant"	Upright Sedum	4° poi	Cont
15.0		Thymus precox "Pseudolanugingus"	Woolly Thyme	toot.	Cont.
WOTES:					
All plant maten	ial is to	All plant material is to be inspected and approved at the nursery by the Landscape Architect,	rsery by the Landscape Arr	chitect,	
prior to shipping.	ģ.		Section of the section of		
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LANDSCAFE NOTES 1. Sust on the particing part about the considered innorms is easy. 1. Sust on the particing part about the considered innorms is easy. 2. Such table to be sufficient to controlled the considered innorms and the considered to the controlled to t

