



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: March 24, 2006
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Phone No.: 6448
RTS No.: 05787
VanRIMS No.: 08-2000-51
Meeting Date: April 18, 2006

TO: Vancouver City Council

FROM: The Director of Current Planning

SUBJECT: Heritage Building Rehabilitation Program - 40 Powell Street
DE 409700

RECOMMENDATION

- A. THAT Council authorize the City to enter into a Heritage Revitalization Agreement (HRA) for the site at 40 Powell Street, to rehabilitate and restore the "B" listed heritage building and to grant a density bonus of 76,595 sq.ft. available for transfer off-site. The HRA will 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 40 Powell Street for a property tax exemption which is not to exceed a value of \$741,805 or a period of ten (10) years, which ever comes first.

(A two-thirds majority of votes cast 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 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 409700 occurs before October 31st, the tax exemption period for 40 Powell 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 409700 occurs after October 31st, the tax exemption period for 40 Powell 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 one façade grant for a total of \$50,000 with funding to be provided from the 2005 Capital Budget.

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

- F. THAT the agreements covenants and by-laws shall 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

Transfer of Density Policy and Procedure

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

SUMMARY AND PURPOSE

This report seeks Council's approval to enter into a Heritage Revitalization Agreement (HRA) which will allow for a façade grant, property tax exemption, transferable bonus density, and residual density to secure the rehabilitation and long-term conservation of the VHR "B" listed, municipally designated heritage building at 40 Powell Street. If Council approves the HRA, it would concurrently authorize the Director of Legal Services to prepare a property tax exemption by-law and all other agreements in connection with the above.

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 include the Hastings Corridor and Victory Square. The program has a fixed term of five years (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
- 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 Gastown, 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 after the work is completed. As the owner of 40 Powell Street is a commercial company, this project is eligible for the federal grant.

The Heritage Building Rehabilitation Program has been successful to date with 11 projects approved since implementation in mid-2003, 10 applications currently in process and another 12 proposals under development.

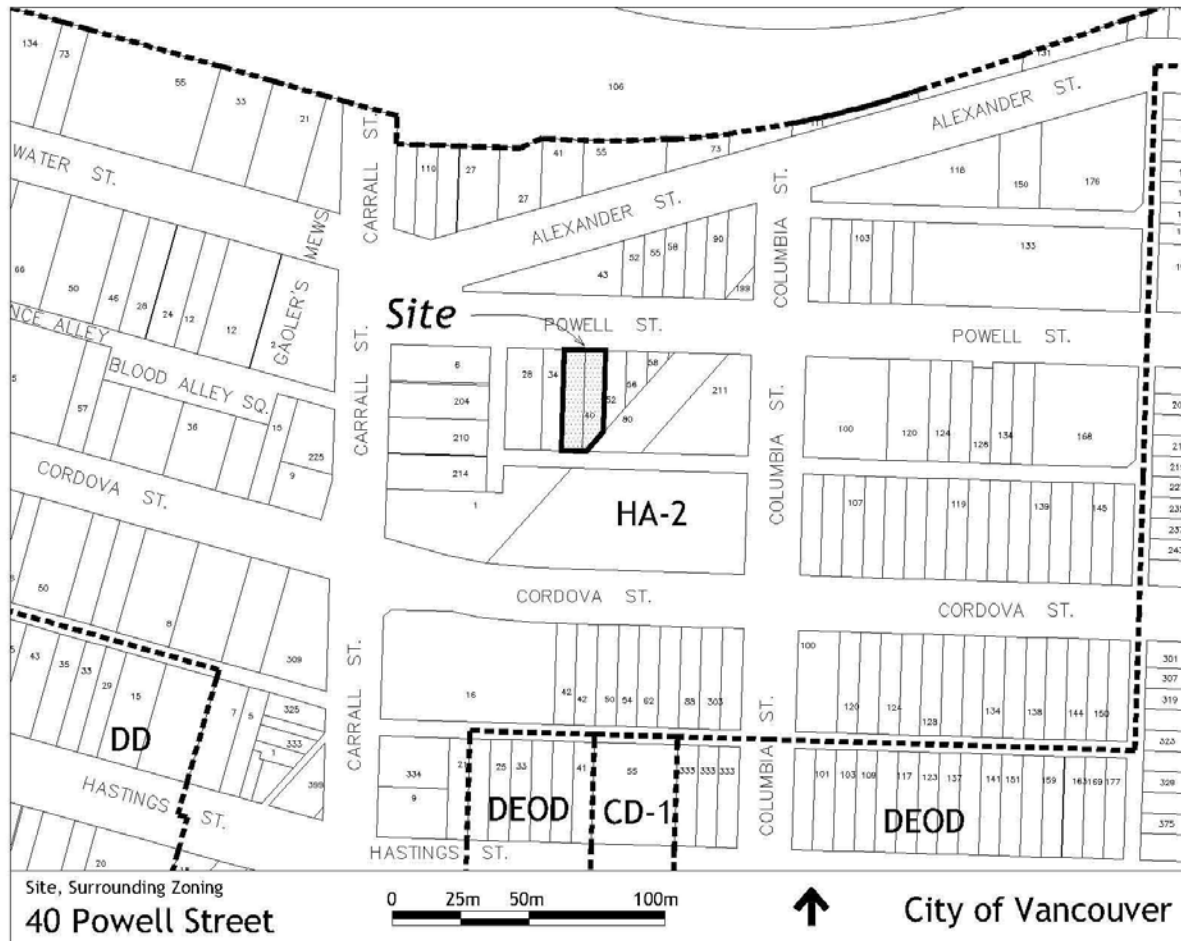
DISCUSSION

Development Proposal: The historic place at 40 Powell Street comprises a five-storey, heavy timber-frame warehouse in the Edwardian Commercial architectural style in Vancouver's Gastown, close to rail and sea transport corridors. It is now used for offices and storage. The applicant proposes to adaptively re-use and restore the existing heritage building by:

- Changing the use in the ground floor and basement from office and storage to commercial including retail and restaurant (Class 1)
- Changing the use of 2nd to 5th floors from office to 32 residential rental units.

Site and Surrounding Zoning:

Figure 1: Site and Surrounding Zoning



Housing Value: The applicant has offered to ensure that the 32 stratified units in the project will remain as rental tenure for a period of 40 years from the occupancy permit. This is to be secured by either a 219 restrictive covenant or a Housing Agreement the details of which are to be to the satisfaction of the Director of Legal Services in consultation with the Director of the Housing Centre.

Heritage Value: The heritage value of 40 Powell Street is rooted in both its architecture and its contribution to the streetscape of the historic Gastown district. It is also of interest as the former west coast warehouse of a large, wholesale grocer, a business activity typical of Vancouver's original commercial district.

The building at 40 Powell Street is an accomplished architectural edifice in the developing Edwardian Commercial style. It was built in 1898 for the Winnipeg-based wholesale grocery firm of A. Macdonald and Company as its west coast depot. The original design of the first

three storeys with an arcaded top floor by William Blackmore, was changed by the introduction of a successful extension, to a six storey building in 1912, designed by his son Edward 'Ted' Evans Blackmore. The significance of the building is further confirmed by the survival of the building envelope in virtually unaltered condition.

In common with many other warehouses adjacent to the right of way, the building was provisioned directly from the Canadian Pacific Railroad (CPR) tracks via an elevated platform beneath a suspended canopy. In 1907, A. Macdonald and Company had the distinction of being the only firm in Canada to sell wholesale provisions solely by catalogue.

Conservation Plan: The application to rehabilitate this "B" listed, municipally designated building, proposes a combination of preservation and restoration strategies. A comprehensive Conservation Plan developed for this property outlines following conservation procedures: cleaning and repointing of the main façade stonework; repairing, restoring and rebuilding of the original wood windows, trims and frames; restoring of the storefront to its original condition by replacing existing aluminium frame with wood frame and resetting "deep"; replacing-in-kind east and west entries with wood glazing frames; cleaning and repointing of the lane façade brickwork; replacing the rear façade windows and adding 12 new windows of equal proportions to serve new residential units; replacing -in-kind the rear loading dock and canopy.

The applicant is proposing to maintain the main floor and basement with non-residential uses (either commercial, retail, or restaurant uses), and 32 residential units on the 4 floors above. The building will be seismically upgraded and a new communication core added to further structurally and seismically consolidate the building. The building systems will be upgraded to meet programmatic and Code requirements. All floors will receive a concrete diaphragm that will also serve as additional fire protection and acoustic separation. Wherever possible vertical interior structural elements will be restored and exposed.

Rehabilitation Cost: In order to make the project viable, the owner is seeking compensation through the Heritage Building Rehabilitation Program, consisting of a façade grant, ten year property tax relief, and transferable bonus density. In accordance with Council's Heritage Building Rehabilitation Program Policies and Procedures, staff reviewed the applicant's cost calculation and undertook an independent analysis. Staff conclude that a total cost of \$4,621,530 is justified for compensation in the following manner:

40 Powell Street -Summary of Incentives			10-Mar-06
	Category	Value (\$)	Bonus Density Equivalent (SF)
Heritage Building Rehabilitation Program (HBRP) Incentives	Façade Grant	\$50,000	
	Property Tax	\$741,805	
	Bonus Density (to meet Shortfall Cost)	\$3,591,675	71,834
	Shortfall Cost Compensation	\$4,383,480	
Additional Incentive	Notional Residual Density	\$238,050	4,761
Total Compensation:		\$4,621,530	76,595
*If full Federal Grant awarded:		-1,000,000	20,000
		\$3,621,530	56,595

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

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 \$741,805 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 31, the exemption will be effective in the taxation year immediately following. If the Occupancy Permit is issued after October 31, 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:

Based on approved and recently advanced HRA's the current balance is approximately 380,000 sq.ft. In the next six months staff anticipate approximately 243,000 additional sq. ft. of heritage density from donor sites, including 40 Powell Street (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.

If Council were to approve the recommended HRA for 40 Powell Street, the amount of 56,595 sq. ft. (76,595 sq. ft. reduced by up to 20,000 sq. ft. with a Federal Grant offset) will be added to the inventory of available heritage density. Staff support the resulting balance in 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, 715 surrounding property owners were notified and invited to comment on the proposal. Staff received three responses. All responses were in support of the project with one respondent expressing general interest and concern about pedestrian friendly lane environments.

Comments from the Advisory Bodies: This application was presented to Gastown Historic Area Planning Committee (GHAPC) on July 20, 2005, and to Vancouver Heritage Commission (VHC) on October 03, 2006, and received support. Both GHAPC and VHC encouraged applicant to improve the livability of units, to consider adding bicycle storage, and to accommodate garbage collection facilities in a manner appropriate to the heritage building.

FINANCIAL IMPLICATIONS

The 2003-2005 Capital Plan provides \$1.5 million for the facade grants program. Over the last two years, \$735,000 (which includes the latest approval in February, 2006) in grants were approved for facade rehabilitation projects. Staff recommend approval of the total grant of \$50,000 with funding to be provided from the 2005 Capital Budget for facade grants.

CONCLUSION

Rehabilitating the historic building at 40 Powell Street is consistent with the City's Heritage Building Rehabilitation Program policies and procedures. The proposed facade grant, tax exemption, transferable density bonus and residual density would compensate the owner for the cost involved in rehabilitating this designated, "B" Heritage Register 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. The associated Housing Agreement will ensure that the housing tenure remains rental for 40 years.

* * * * *

PROPOSED RENOVATION AND RESTORATION
 40/50 POWELL STREET, VANCOUVER, B.C.

PROPOSED RENOVATION AND RESTORATION
 40/50 POWELL STREET, VANCOUVER, B.C.

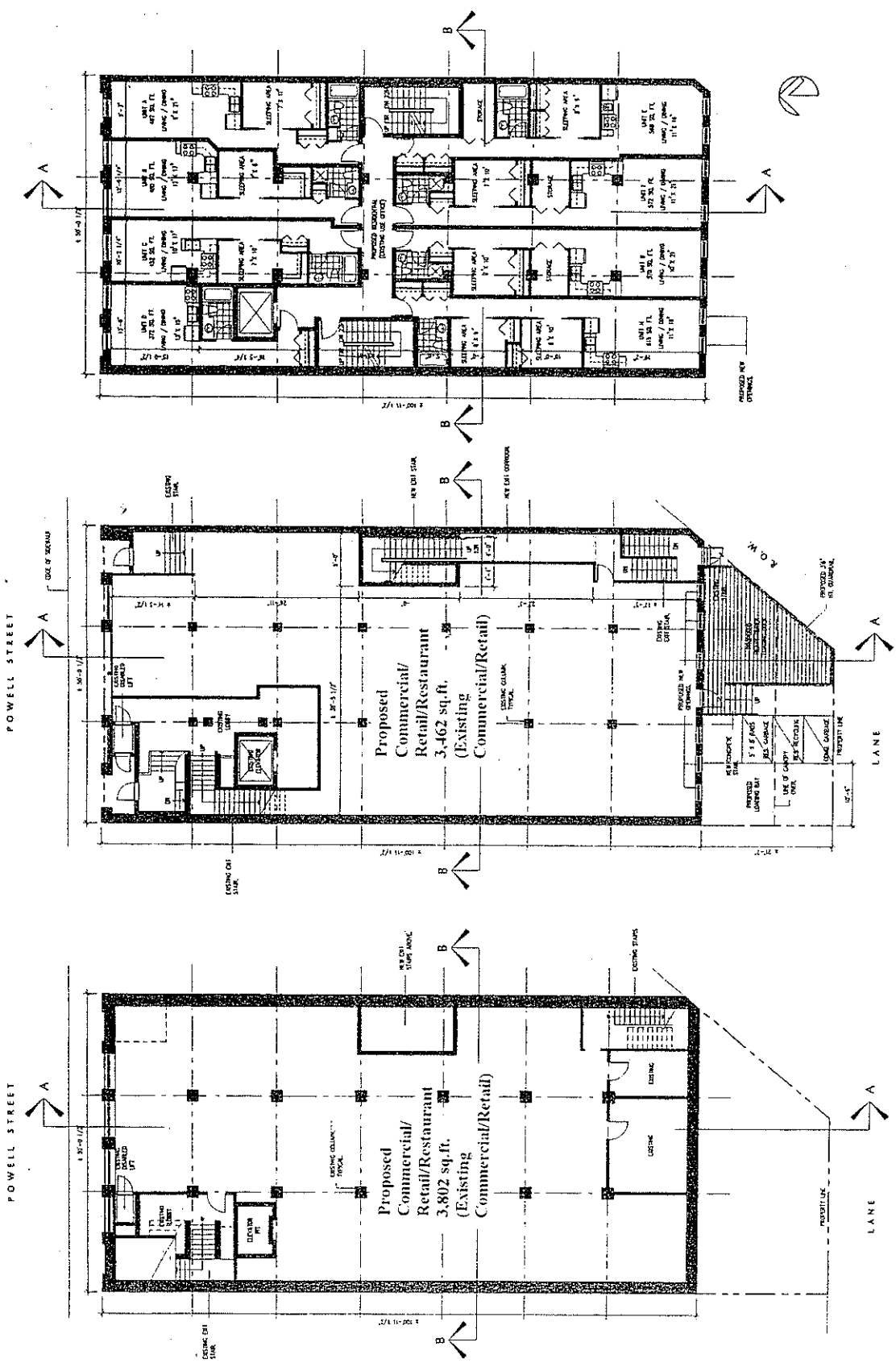
BASEMENT FLOOR PLAN
 MAIN FLOOR PLAN
 TYPICAL FLOOR PLAN

HYMEL JONES ARCHITECT

2005 HANCOCK STREET
 VANCOUVER, BRITISH COLUMBIA
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 FAX: 604.681.1112
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A2

REVISED: JULY 28, 2005



TYPICAL FLOOR PLAN
 300, 300, 300, 300, 300, 300

MAIN FLOOR PLAN
 COMMERCIAL/RETAIL

BASEMENT FLOOR PLAN
 COMMERCIAL/RETAIL

PROPOSED RENOVATION AND RESTORATION
 40/50 POWELL STREET, VANCOUVER, B.C.

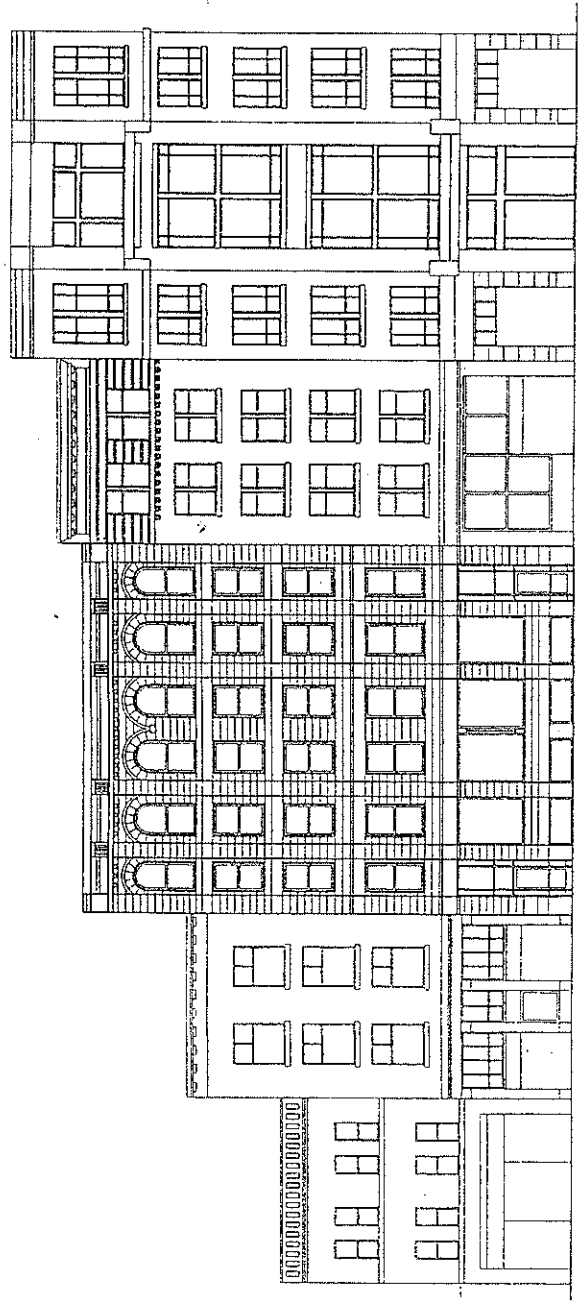
STREETSCAPES FRONT & REAR

HYWEL JONES
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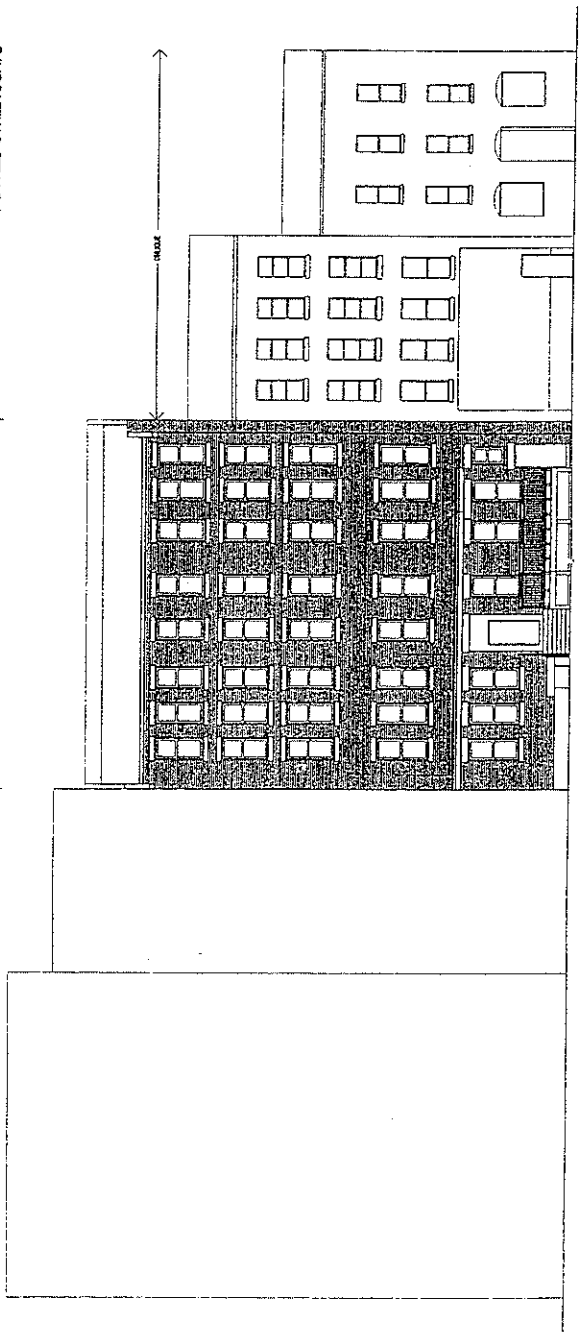
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POWELL STREETSCAPE

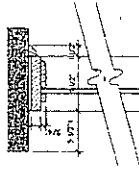
REMOVED BUILDING



LANE STREETSCAPE

REMOVED BUILDING

JAMB @ STORE FRONT.
HEAD SIMILAR.
SCALE: 1/8" = 1'-0"



HEAD/TRANSOM @ STOREFRONT DOOR.
SCALE: 1/8" = 1'-0"

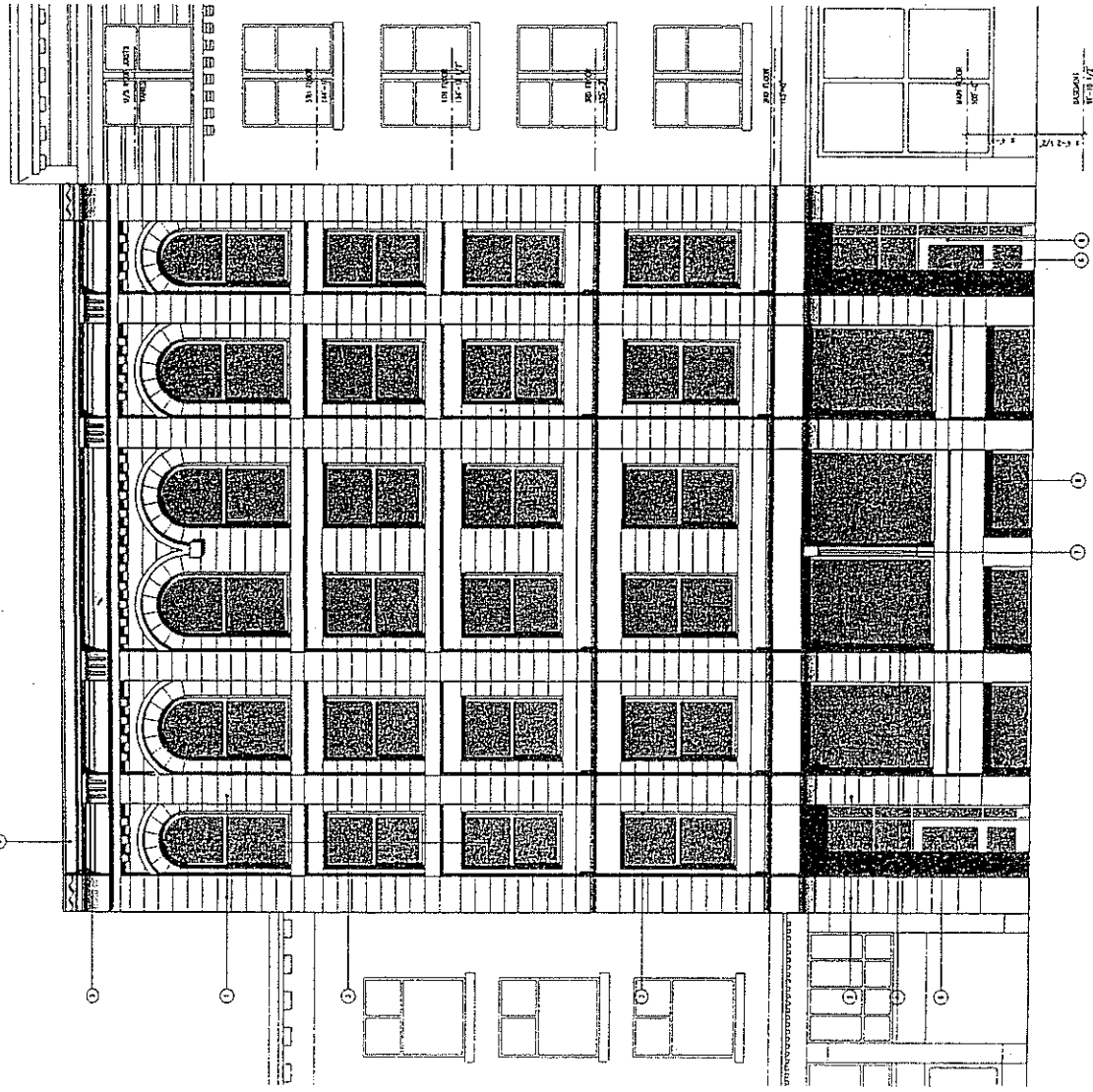


SILL @ STORE FRONT.
SCALE: 1/8" = 1'-0"



- 1) FLOOR LAMINATION FRAMES - CLEANED & CONSOLIDATED
- 2) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED
- 3) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED
- 4) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED
- 5) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED
- 6) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED
- 7) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED
- 8) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED
- 9) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED
- 10) EXISTING EXTERIOR FINISH - REMOVED & RECONSTRUCTED

ALL WORK SHALL BE IN ACCORDANCE WITH THE "UNIFORM CONSTRUCTION CODE" AND THE "UNIFORM BUILDING CODE" AS ADOPTED BY THE CITY OF VANCOUVER. ALL WORK SHALL BE IN ACCORDANCE WITH THE "UNIFORM CONSTRUCTION CODE" AND THE "UNIFORM BUILDING CODE" AS ADOPTED BY THE CITY OF VANCOUVER.



PROPOSED NORTH ELEVATION
SCALE: 1/8" = 1'-0"

REVISED: JULY 28, 2005

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PROPOSED RENOVATION AND RESTORATION
40/50 POWELL STREET, VANCOUVER, B.C.

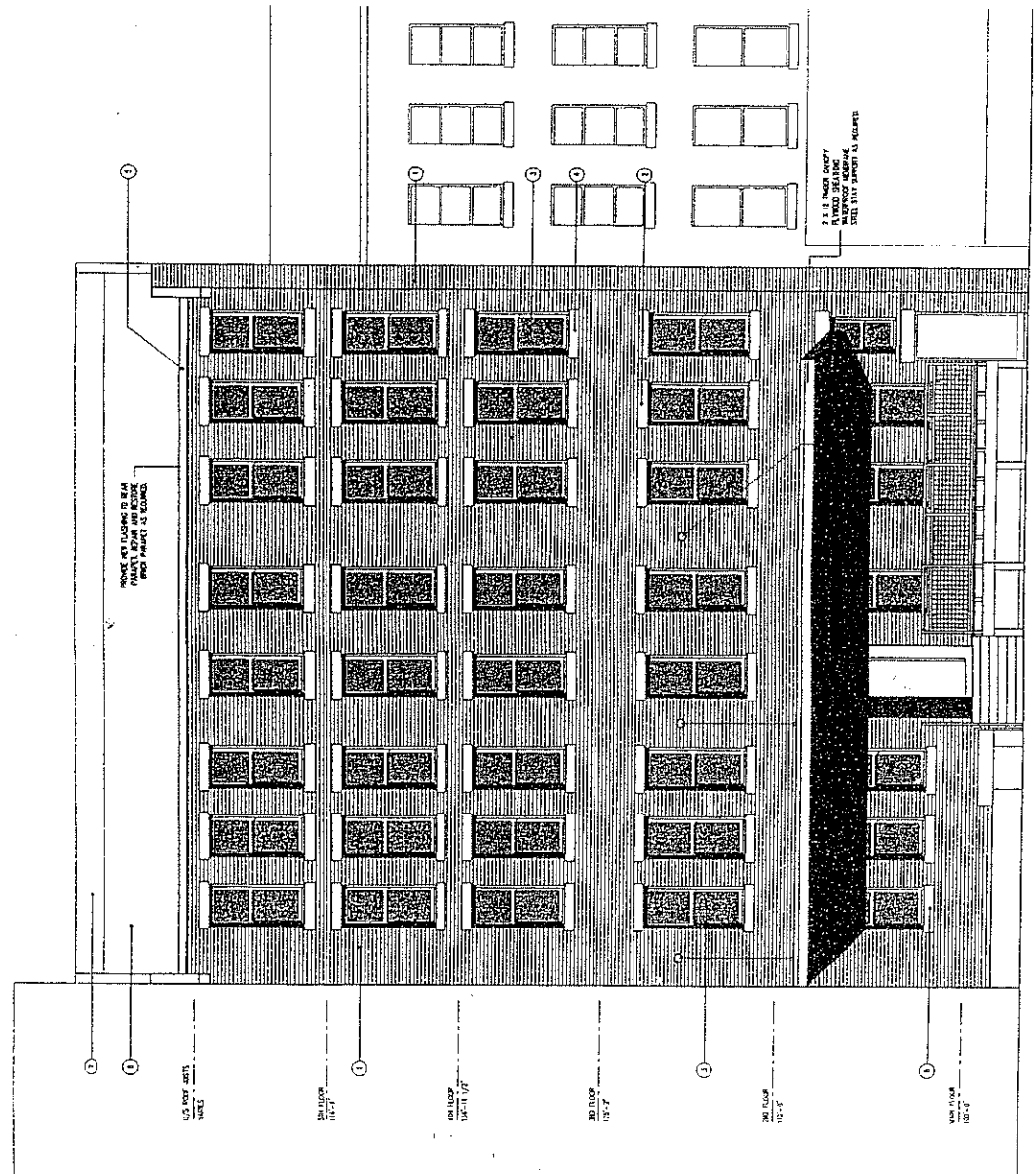
NORTH ELEVATION
STOREFRONT WINDOW AND
DOOR DETAIL

HYWEL JONES
ARCHITECT

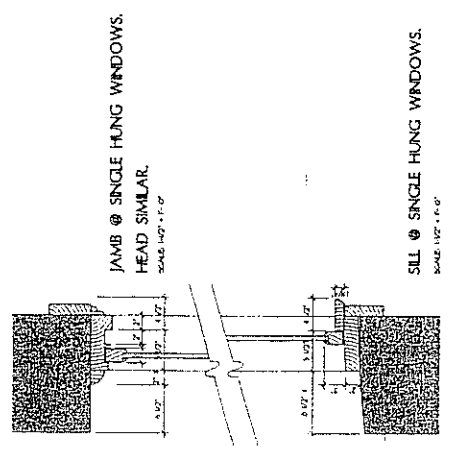
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3	2005.07.28	REVISED: JULY 28, 2005
4	2005.07.28	REVISED: JULY 28, 2005
5	2005.07.28	REVISED: JULY 28, 2005
6	2005.07.28	REVISED: JULY 28, 2005
7	2005.07.28	REVISED: JULY 28, 2005
8	2005.07.28	REVISED: JULY 28, 2005
9	2005.07.28	REVISED: JULY 28, 2005
10	2005.07.28	REVISED: JULY 28, 2005

NOT TO SCALE
FOR INFORMATION ONLY
THIS DRAWING IS NOT TO BE USED FOR CONSTRUCTION WITHOUT THE WRITTEN PERMISSION OF HYWEL JONES ARCHITECT

REVISED: JULY 28, 2005



PROPOSED SOUTH ELEVATION
 SCALE: 1/4" = 1'-0"



JAMB @ SINGLE HUNG WINDOWS.
 HEAD SIMILAR.
 SCALE: 1/4" = 1'-0"

SILL @ SINGLE HUNG WINDOWS.
 SCALE: 1/4" = 1'-0"

- 1. EXISTING WINDOW HEAD TO BE REPAIRED AND CLEANED
- 2. EXISTING WINDOW SILL TO BE REPAIRED, CLEANED AND REFINISHED-AS-FINISH IS REQUIRED
- 3. WINDOW HEAD, WINDOW SILL, AND SASHES: ALL EXISTING WINDOWS TO BE REFINISHED-AS-FINISH IS REQUIRED. ALL EXISTING WINDOWS TO BE REFINISHED-AS-FINISH IS REQUIRED. ALL EXISTING WINDOWS TO BE REFINISHED-AS-FINISH IS REQUIRED. ALL EXISTING WINDOWS TO BE REFINISHED-AS-FINISH IS REQUIRED.
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- 10. WINDOW HEADINGS AND SILL TO BE REPAIRED AND REFINISHED-AS-FINISH IS REQUIRED.

ALL IN ACCORDANCE WITH THE 'STANDARD SPECIFICATION OF THE BRITISH COLUMBIA' AND THE 'CODE OF PRACTICE FOR THE CONSTRUCTION OF BUILDINGS'. ALL WORK TO BE DONE IN ACCORDANCE WITH THE 'STANDARD SPECIFICATION OF THE BRITISH COLUMBIA' AND THE 'CODE OF PRACTICE FOR THE CONSTRUCTION OF BUILDINGS'.

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 WWW.HYWELJONES.COM
 PROJECT NO. 10010000
 DATE: JULY 28, 2005

PROPOSED RENOVATION AND RESTORATION
 40/50 POWELL STREET, VANCOUVER, B.C.

BUILDING SECTIONS
 TIMBER FRAMED CANOPY DETAIL

HYWEL JONES
 ARCHITECT

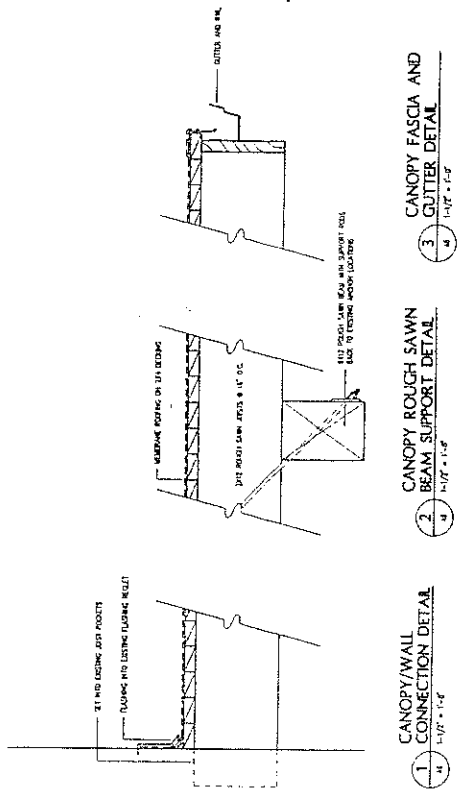
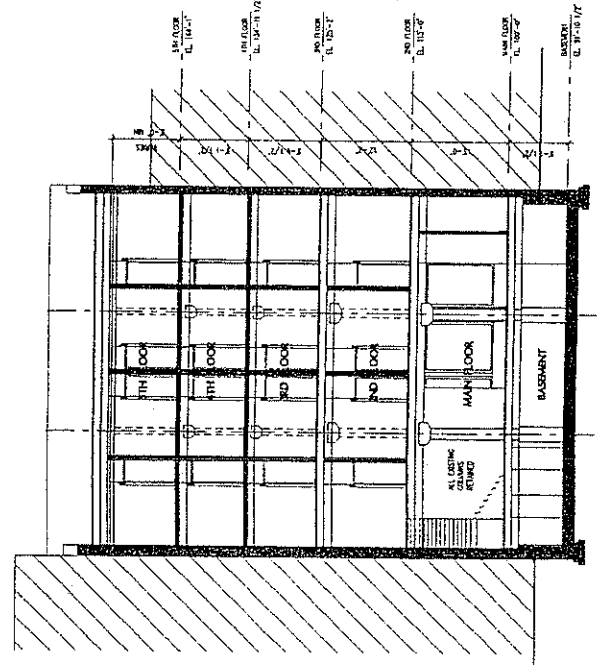
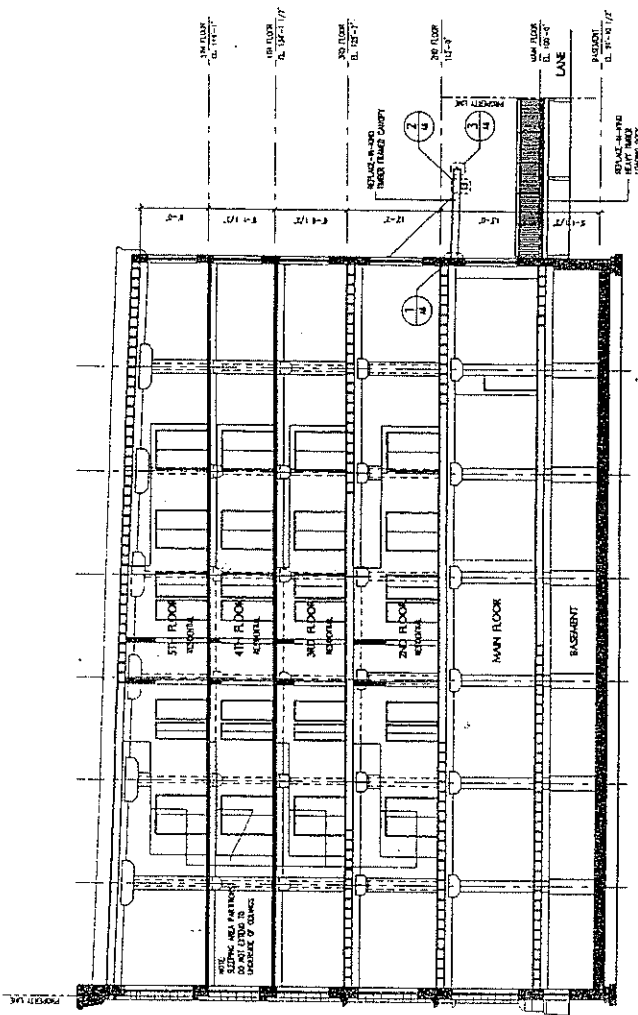
205 HAYDOCK STREET
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SECTION A-A (EXISTING)
 SCALE 1/4" = 1'-0"

SECTION B-B (EXISTING)
 SCALE 1/4" = 1'-0"



CANOPY FASCIA AND
 GUTTER DETAIL
 3 1/4" = 1'-0"

CANOPY ROUGH SAWN
 BEAM SUPPORT DETAIL
 2 1/4" = 1'-0"

CANOPY/WALL
 CONNECTION DETAIL
 1 1/4" = 1'-0"

PROPOSED RENOVATION AND RESTORATION
40/50 POWER STREET, VANCOUVER, B.C.

PROPOSED RENOVATION AND RESTORATION
40/50 POWER STREET, VANCOUVER, B.C.

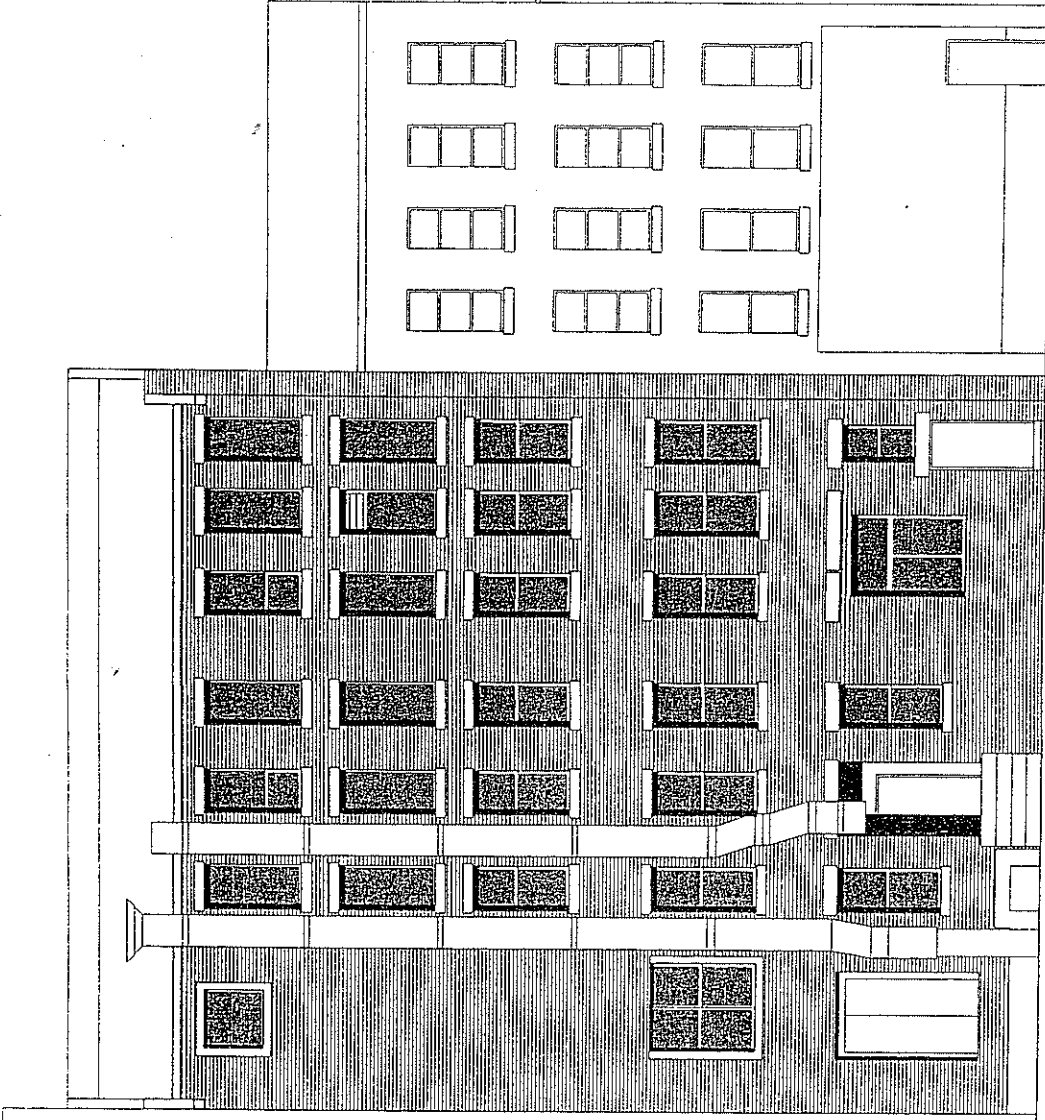
EXISTING SOUTH ELEVATION

HYWEL JONES ARCHITECT
7301 HANCOCK ST
VANCOUVER, BC
CANADA
VAN/23-096 REV23

DATE	BY	DESCRIPTION
11/17/05	HYWEL JONES	REVISED
07/28/05	HYWEL JONES	REVISED
07/28/05	HYWEL JONES	REVISED

A7

REVISED: JULY 28, 2005



EXISTING SOUTH ELEVATION

Appendix F
Architectural Drawings
Hywel Jones Architect
(Existing Building)

1/8 ROOF BRACKETS
VARIES

3RD FLOOR
114'-1"

4TH FLOOR
131'-11 1/2"

5TH FLOOR
135'-2"

2ND FLOOR
115'-0"

MAIN FLOOR
100'-0"

BASELINE
91'-10 1/2"

