

CITY OF VANCOUVER



ADMINISTRATIVE REPORT

Report Date: May 17, 2006
Author: Kathy Morgan and
Thor Kuhlmann
Phone Nos.: 604.873.7760 and
604.873.7683
RTS No.: 05872
VanRIMS No.: 11-4200-10
Meeting Date: June 15, 2006

TO: Standing Committee on Planning and Environment
FROM: Chief Building Official, in consultation with the Director of City Plans
SUBJECT: 1628 Station Street - Extension of Building Permit

RECOMMENDATION

- A. THAT City Council refuse a request for a further extension of Building Permit No. BU421214 for 1628 Station Street.

OR

CONSIDERATION

- B. THAT City Council approve another final extension of Building Permit No. BU421214 for 1628 Station Street until April 15, 2007, subject to the site being maintained in a tidy condition, the submission and approval of revised plans complying with the Vancouver Building By-law in effect prior to the commencement of construction, and the continued services of the Certified Professional for the project.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS A and offers B for Council's CONSIDERATION.

COUNCIL POLICY

Article 1A.7.5.1 of the Vancouver Building By-law addresses actions the City can take when an applicant who has received a Building Permit is not proceeding with active work under the permit. The By-law prohibits the Chief Building Official from granting more than one extension to a Building Permit. Any further extensions can only be approved by Council.

On January 28, 2000, the interim city-wide Vancouver Development Cost Levy By-law was enacted. On May 8, 2001, the False Creek Flats DCL By-law was enacted, which requires payment of a layered DCL in addition to the Vancouver DCL. On January 13, 2004, the Vancouver DCL By-law was amended to increase the rates effective February 1, 2004. On February 12, 2004, the Vancouver DCL By-law was amended to reduce the rates temporarily until June 30, 2004.

PURPOSE

The purpose of this report is to present Council with two options for consideration regarding a request to extend a Building Permit for 1628 Station Street.

BACKGROUND

Building Permit No. BU421214 was issued on June 12, 2002 for Phase I of the construction of a new five-storey laboratory/office building with grade level covered parking at 1628 Station Street. Work commenced but was discontinued at the slab-on-grade stage. The applicant applied for an extension of the Building Permit (BP) in March of 2003 and it was approved by the Chief Building Official. The owners applied to Council for, and received, a second extension until April 15, 2004, a third extension until Oct 15, 2004, and a fourth extension until April 15, 2005. Most recently, on May 12, 2005, Council approved a fifth extension until April 15, 2006. When approving the fifth extension, Council lengthened the extension period from the usual six months to twelve months, and stated that it would be the final extension.

Due to its location, 1628 Station Street is subject to the City-wide (Vancouver) DCL as well as the layered False Creek Flats DCL. Since the BP was initially issued, City-wide DCL rates have increased two times (once in February 2004 and again in July 2004).

There has been no change to the zoning for the property (I-2 - Industrial District). Related Development Permit No. DE405561 was issued July 25, 2001 for the construction of two buildings on this site. Building A, at 1618 Station Street (strata lot 1), has been completed. A minor amendment for alterations and additional floor space for Building B, 1628 Station Street (strata lot 2), was issued June 11, 2002. If the Building Permit is not extended, it would be necessary for the applicant to apply to the Director of Planning to consider renewal of the Development Permit as it pertains to Building B.

DISCUSSION

This extension request has been made by Angiotech Pharmaceuticals, Inc., the sole tenant of Building A (strata lot 1) at 1618 Station Street. They advise that they cannot proceed with construction this year and are requesting a further 24 month extension of the Building Permit.

Prior to the application of Development Cost Levies (DCLs) in Vancouver, applications for BP extensions were routinely approved. However, the presence of DCLs raises additional implications for BP extensions. When a BP is issued, the applicant is required to pay the DCL at the prevailing rate of the day. If a BP is extended and the extension spans a DCL rate increase (or introduction), the permit holder can not be required to pay the difference between the old and new rates. If a significant period of time elapses between the DCL rate increase and a project's commencement, there are impacts for the City (which receives reduced DCL revenues with which to pay for the increased costs of growth) and the project's competitors (who must pay the higher prevailing DCL rate even if they commence work within the same time frame). For these reasons, the City considers the merits of each BP extension request against the potential downsides that such an extension might engender.

In the case of 1628 Station Street, there are good reasons to refuse this application. This request for extension is being made two years after a DCL rate increase. As noted above, the amount of time elapsed has a negative financial impact on the City's ability to cover growth costs, and puts similar projects at a competitive disadvantage. Furthermore, Council has usually refused to extend a BP if the application was made *more than one year* following an applicable DCL rate change. Although last year's extension of the BP for this site was an exception to the City's usual practice, Council directed that this extension would be final.

Reasons To Consider Approval

For Council's consideration, staff offer the option of extending the BP. Angiotech Pharmaceuticals is an international company which maintains its corporate and research headquarters in Vancouver. They intend to expand their Vancouver-based research activities and related spin-off enterprises into 1628 Station Street but, due to a major corporate acquisition recently, are unable to proceed with construction of the building at this time. Angiotech hopes to commence construction within one to two years. This project will bring investment to the knowledge-based sector of the city's economy.

Angiotech has also offered to voluntarily comply with any changes made to the *Vancouver Building Bylaw* since their BP was initially issued. This would resolve staff concerns about the new structure meeting standards in effect at the time the structure is built.

For these reasons, the City could consider extending the BP for 1628 Station Street. If Council wishes to approve an extension, staff present for consideration that the extension be for a twelve month period. This is the same length as the most recent extension for this site. Furthermore, this ensures that the Council would have another opportunity to review any further extension which would span a potential City-wide DCL rate update (expected in early 2008).

FINANCIAL IMPLICATIONS

With respect to the proposed project at 1628 Station Street, Development Cost Levies in the amount of \$321,066.90 have been paid (\$80,248.08 for the Vancouver DCL area at \$1.00 per square foot and \$240,818.82 for the False Creek Flats DCL area at \$3.00 per square foot). If this permit is extended and work commences within the extension period, there will be no additional DCL payment required.

If Building Permit No. BU421214 is not extended, the City would cancel the BP and refund a portion of the Building Permit fee plus all DCL payments. As per usual practice, the City would retain interest accrued on the DCLs which total about \$11,000 to date. If the applicant were to reapply for a BP, the City would require a new application. The new application would be subject to all required permit fees plus Development Cost Levies at the rates in effect at the time of permit issuance. At the current rates, the Vancouver DCL would be \$192,490.98 (\$2.40 per square foot) and the False Creek Flats DCL would remain at \$240,818.82 (\$3.00 per square foot) for a total DCL of \$433,309.80, being an increase of \$112,242.90.

CONCLUSION

Generally, the City's practice is to limit the length of BP extensions to within one year after a DCL rate change. Two years have elapsed since the City-wide DCL rate has risen. This has negative financial implications for the City and for the marketplace competitors of the applicant. Furthermore, the May 2005 extension for 1628 Station Street was considered to be final. Accordingly, staff recommend refusal of this Building Permit extension request. However, should Council choose to extend the Building Permit, Consideration B is offered.

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