



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: August 31, 2006  
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Phone No.: 6077/6448/7975  
RTS No.: 06172  
CC File No.: 08-2000-51  
Meeting Date: September 26, 2006

TO: Vancouver City Council

FROM: The Directors of Current Planning and the Housing Centre

SUBJECT: Heritage Rehabilitation and SRA Conversion/Demolition Permit for 53 West Hastings Street (DE410397)

#### RECOMMENDATION

- A. THAT Council authorize the City to enter into a Heritage Revitalization Agreement (HRA) for the site at 53 West Hastings Street, to rehabilitate and protect in perpetuity the municipally-designated, "B" listed Heritage Register building, and to vary the DD District Schedule of the Zoning and Development Bylaw to:
- Grant a density bonus of 99,061sq.ft. available for transfer off site;
  - Limit the development of the site to the built form proposed in Development Application DE410397;
  - Vary the maximum FSR of 5.0 (with up to 3.0 for residential) to allow for an FSR of 6.3 (with 0.32 commercial and 5.98 residential), noting that the existing building is non-conforming with an FSR of 6.7;

FURTHER 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;

- B. 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 eight (8) affirmative votes;

- C. THAT, subject to approval of RECOMMENDATION A, to assent of the electors or deemed approval by the electors, and to section 396A of the Vancouver Charter, Council exempt 53 West Hastings Street from real property taxation to a value no greater than \$59,260 or for ten (10) years, whichever is first, for the commercial units, and a value no greater than \$125,339 or for three (3) years, whichever is first, for the strata residential units.

FURTHER THAT, subject to assent of the electors to the real property tax exemption by-law or their deemed approval, the Director of Legal Services bring forward the by-law, generally on the terms set out in Appendix A, for enactment which requires 2/3 of votes cast.

- D. 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;
- E. AND THAT Council instruct the Director of Legal Services to bring forward for enactment a by-law to authorize the Heritage Revitalization Agreement.
- F. THAT, subject to approval of RECOMMENDATION A, Council approve a Single Room Accommodation conversion and demolition permit for 53 West Hastings Street to convert and remove 56 designated rooms from the SRA inventory, on the condition that prior to the issuance of the SRA permit, the owner enter into an HRA agreement with the City for the rehabilitation of the building as proposed in Development Application DE410397;

FURTHER THAT, subject to the approval of a Single Room Accommodation conversion and demolition permit for this project, the Director of Legal Services be instructed to remove from title the Housing Agreement currently in place between the City and the previous owner of 53 West Hastings

OR instead of F,

#### CONSIDERATION

- G. THAT, subject to approval of RECOMMENDATION A, Council approve a Single Room Accommodation conversion and demolition permit for 53 West Hastings Street to convert and remove 56 designated rooms from the SRA inventory, on the condition that prior to the issuance of the SRA permit, the owner (a) enter into an HRA agreement with the City for the rehabilitation of the building as proposed in Development Application DE410397, AND (b) pay the \$5,000 per room SRA demolition fee (\$280,000) to be deposited into the City's reserve fund for the creation of replacement housing;

FURTHER THAT, subject to the approval of a Single Room Accommodation conversion and demolition permit for this project, the Director of Legal Services be instructed to remove from title the Housing Agreement currently in place between the City and the previous owner of 53 West Hastings.

## GENERAL MANAGER'S COMMENTS

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

## COUNCIL POLICY

- *Transfer of Density Policy and Procedure*
- *Heritage Building Rehabilitation Program Policies and Procedures for Gastown, Chinatown and Hastings Street Corridor*
- *Heritage Façade Rehabilitation Program Policies and Procedures for Gastown, Chinatown and Hastings Street Corridor*
- *Single Room Accommodation By-law*
- *Downtown Eastside Housing Plan*

## SUMMARY AND PURPOSE

This report seeks Council's approval to enter into a Heritage Revitalization Agreement (HRA) which will allow for one façade grant, a property tax exemption, and transferable bonus density to secure the rehabilitation and long term conservation of the "B" listed heritage buildings located at 53 West Hastings Street. An SRA Conversion/Demolition Permit to convert and remove 56 designated rooms from the Single Room Accommodation By-law is also recommended.

## BACKGROUND

**Heritage Building Rehabilitation Program (HBRP):** The HBRP was established in June 2003 for a five-year period (2003 - 2008) to encourage rehabilitation of heritage buildings and foster economic activity in the historic areas of Gastown, Chinatown, Hastings Street and Victory Square. Property owners are encouraged to rehabilitate their heritage buildings by incentives that compensate for "shortfall costs", which are the funds required in order to make a major upgrade to a heritage building economically viable. The City determines the amount of each incentive through site-specific analysis and compensation is provided through various tools in the following order: federal grants, façade grants, property tax exemption, and transferable bonus density. An additional bonus of "notional" residual density is also allocated through the HBRP where applicable.

The *Heritage Building Rehabilitation Program* has been successful to date with 17 projects approved since implementation in mid-2003, (including two Façade Grant only applications). There are currently 4 applications in process (including this one) and another 6 proposals under development.

**Single Room Accommodation (SRA) By-law:** In October 2003, Council enacted the Single Room Accommodation (SRA) By-law to regulate the conversion and demolition of single room accommodation. An owner wanting to convert or demolish designated SRA rooms must apply for and obtain approval from Council of an SRA permit. Council assesses each application and may refuse the permit, approve the permit outright, or approve the permit subject to conditions such as a Housing Agreement, a Heritage Revitalization Agreement, and a \$5,000 per room conversion/demolition payment to be made towards the City's replacement housing fund. On October 23, 2003, Council amended the Zoning and Development By-law to require an SRA Permit prior to the issuance of a Development Permit.

## DISCUSSION

**Development Proposal:** A development application has been submitted by Gair Williamson Architects to renovate, rehabilitate and adaptively re-use the existing heritage building located at 53 West Hastings Street (see map below) to provide 1 retail unit on the ground floor and 29 live-work strata title units on the ground and upper floors, in accordance with the DD District Schedule.



**Heritage Value:** The building at 51-53 West Hastings Street (known during various periods as the Eastern Building, Deeks Block, Strathcona Hotel and Paris Block) is of heritage value for its contribution to the historic character of the area, and particularly to West Hastings Street. Designed by well-known architect Thomas Hooper of Hooper and Watkins, the structure was built in 1909 as an apartment block with commercial frontage at the street level. Originally known as the Eastern Building, the building became the Strathcona Hotel in 1910, with Pierre Paris, a retail footwear outlet, located at street level for sixty years. Its design and construction are significant as they reflect the transition from Victorian style to the cleaner more restrained and functional Edwardian style with solid masonry and steel construction. Of interest is the still visible painted sign advertising Pierre Paris Shoes on the east façade.

**Conservation Plan:** The Conservation Plan proposed is a combination of preservation (height, massing), restoration (masonry, windows) and reconstruction (the storefront). The building will be structurally and seismically upgraded, and all building systems will be improved and upgraded to meet Building By-law requirements. When the façades have been restored, the building will contribute to the Hastings Street streetscape as well as to the overall economic revitalization of the area.

**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 on the commercial use and three years on strata residential use, and transferable bonus density. Due to the proposed tenure, this project is not eligible for federal funding through the Historic Places Initiative. In accordance with Council’s HBRP Policies and Procedures, staff reviewed the applicant’s shortfall cost calculation and undertook an independent analysis. Staff conclude that a total amount of \$5,187,673 is justified for compensation in the following manner:

<b>53 W. Hastings-Summary of Incentives</b>			29-Aug-06
	<b>Category</b>	<b>Value (\$)</b>	<b>Bonus Density Equivalent (SF)</b>
	<b>Shortfall Cost</b>		
	<b>Shortfall Cost after FHPI (To be matched by COV)</b>		
Heritage Building Rehabilitation Program (HBRP) Incentives	Façade Grant	\$50,000	
	Property Tax – Commercial	\$59,260	
	Property Tax – Residential	\$125,339	
	Bonus Density (to meet Shortfall Cost)	\$4,953,074	99,061
	<b>Shortfall Cost Compensation</b>	<b>\$5,187,673</b>	
Additional Incentive	Notional Residual Density	\$0	0
<b>Total Compensation:</b>		<b>\$5,187,673</b>	<b>99,061</b>

**Inventory of Unsold Density:** If Council approves a bonus of 99,061 sq.ft. of transferable density as recommended in this report, the balance of density bank will be approximately 1,200,000 sq.ft. (including 12 Water St. being presented concurrently). It is anticipated that receiver sites will absorb approximately 200,000 sq.ft. of this density by the end of 2006. This would reduce the balance to 1,000,000 sq.ft. by year end, leaving a 2.75 year supply based on the average creation and absorption rates over the past four years. This is a reasonable balance and absorption rate.

Staff will be reporting to Council this Fall on the analysis of past trends and forecasts for the future of the transfer of density market prepared by staff and consultants. Along with the analysis, staff will provide recommendations to help manage a healthy market. Analysis to date shows that the current density bank balance is supportable and manageable. Furthermore, the value of transferable density during the last year has remained stable (\$50 to \$65/sq.ft.), which indicates confidence in the market.

**Variances and Relaxations:** In reviewing the development application, the Director of Planning supports variance to the allowable FSR of the Downtown District Official Development Plan. The DD ODP permits an FSR of 5.0, of which 3.0 can be residential and live/work, as outlined in Section 3, 1(C2) and Section 3, 5. However, it is noted that the

existing heritage building is non-conforming with an FSR of 6.7. The proposed variance is to allow an FSR of 6.3 (of which 0.32 would be commercial and 5.98 would be live-work), to better reflect the existing conditions of the existing heritage building and the optimal use for the upper floors.

**Housing:** While the Housing Plan for the Downtown Eastside (2005) emphasizes the one-for-one replacement of SRA with new social housing for low-income singles, the Plan also supports market housing development to encourage economic revitalization, heritage restoration and to broaden the social mix. In the Victory Square sub-area, the Plan encourages the development of live-work units, the use of heritage incentives to facilitate residential development, and the replacement of the existing 620 SRA rooms with low-income singles housing.

**Single Room Accommodation (SRA) By-law:** The Single Room Accommodation By-law allows Council to manage the rate of change in the low-income housing stock by considering each conversion or demolition on a case-by-case basis. 53 West Hastings (The Strathcona Hotel) is included in Schedule A of the SRA By-law as the building has provided accommodation to permanent residents. However, the building has been closed since May 1974 and therefore these rooms have not effectively been part of the SRA stock available to low-income tenants for over 30 years.

**Previous Projects:** In 2001, the previous owner obtained City permits to upgrade and reopen 30 residential rental units. The construction, along with seismic upgrading, was partially done when the project fell into financial difficulties. In 2004, another owner took over the property and also made application to the City proposing interior and exterior alterations to this heritage "B" building. The proposal included rehabilitation of the ground floor and part of the basement, façade reconstruction, heritage designation and completion of 50 SRA units above. As the SRA By-law has been enacted by that time, the owner also required an SRA Permit. On June 16, 2005, Council approved the SRA Permit on the condition that the owner enter into a Housing Agreement with the City, protecting rents for 20 of the 50 units at 110% of shelter component of income assistance (\$357.50) for a period of six years. This Housing Agreement was completed and filed with the Land Title Office on November 3, 2005, and SRA Permit No. SR400005 was subsequently issued November 10, 2005. Deconstruction work went underway and all of the interior rooms framed in by the first applicant were completely stripped. However, in early 2006, it was brought to the City's attention that this project had also met with financial problems and was abandoned as a result.

In March 2006, Salient Developments (Paris) Ltd. took over ownership of the property and began negotiations with the City to redevelop 53 West Hastings Street to 29 strata live-work units with 1 retail unit at grade. As the terms of the 2005 Housing Agreement between the City and the previous owner would render this latest proposal infeasible, the current owner requested that the City rescind the Agreement from title. If Council approves this proposal, staff recommend that the afore-mentioned Agreement be removed from the title of 53 West Hastings.

**Factors for Consideration in Granting an SRA Permit:** As outlined in the Vancouver Charter, Council is required to consider a number of factors in deciding whether or not to grant an SRA conversion or demolition permit, specifically:

- The accommodation that will be available to the tenants affected by the conversion or demolition;
- The condition of the building;

- The supply and future availability of low-cost accommodation in the Downtown Core; and
- The replacement of single room accommodation in the City.

*Accommodation for Affected Tenants:* The Strathcona Hotel has been vacant since May 1974; as such, no tenants will be affected as a result of this SRA conversion/demolition approval.

*Condition of the Building:* Like many SRA built in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, the building at 53 West Hastings Street requires major upgrading. As noted, the Strathcona has sat vacant for a number of years. In a 1976 joint inspection by the Fire, Health and Permits and Licenses Departments, this building was described as “damaged by extraneous moisture requiring extensive wall, floor and ceiling replacement.” The deconstruction work started by the previous applicant in 2005 resulted in the removal of all interior walls. The building as it stands currently is not habitable as all interior finishes have been removed. If approved, the applicant intends to complete a full building upgrade.

*Supply and Future Availability of Low-Cost Accommodation in the Downtown Core:* According to the “2005 Survey of Low-Income Housing in the Downtown core”, between January 1991 and June 2005, the creation of replacement housing geared to low-income singles in the Downtown Eastside, Chinatown, Strathcona and Gastown has kept pace with the loss of SRA rooms. However, staff is cognizant that with the cancellation of the HOMES BC program in 2002, keeping pace with losses may not be possible without controls over conversion and demolition. As market conditions are changing in the area, staff will continue to monitor the development climate and will report to Council on a case-by-case basis with regard to HRA/SRA applications.

*Replacement of Lost SRA Units:* While the proposed project at 53 West Hastings would mean the loss of 56 SRA-designated rooms, as noted in the report, these rooms have been vacant since 1974 and therefore have not effectively been part of the SRA stock for over 30 years. Staff further notes that the Woodward’s project, when completed, will provide 125 units of non-market housing geared towards low-income singles and the replacement of SRA.

*Conditions for Approval of an SRA Permit:* Under the SRA By-law, Council may attach conditions to the approval of an SRA conversion/demolition permit. These conditions may include a Housing Agreement, a Heritage Revitalization Agreement, and/or a \$5,000 per room conversion/demolition payment to be made towards the City’s replacement housing fund.

Staff is recommending that Council approve the SRA conversion/demolition permit for this project on the condition that the owner enter into a Heritage Revitalization Agreement with the City. Typically, heritage projects involving the demolition of SRA-designated rooms would also be required to make payment of the \$5,000 per room fee towards the City’s replacement housing fund. However, given the unique history surrounding this project, staff is not recommending that the \$5,000 per room fee be charged because:

- The Strathcona Hotel has been vacant for over 30 years and is a blight on the neighbourhood; and
- The previous two attempts to rehabilitate and redevelop this building as rental accommodation both proved to be financially unviable.

However, staff is also aware that waiving of the \$5,000 per room SRA demolition fee could create the false expectation that conversion of heritage SRA buildings will be allowed to proceed without payment of this fee, simply by entering into an HRA. As the By-law allows Council final authority to set conditions for approval of an SRA conversion/demolition permit

and these conditions can include requiring both an HRA and payment of the \$5,000/room fee, CONSIDERATION G is therefore presented for Council's deliberation.

## REVIEW AND NOTIFICATION

**Public Consultation:** Following standard notification procedures, 43 surrounding property owners and 55 community groups were notified and invited to comment on the proposal. Staff received two responses: 1 writer supported the project and 1 was opposed. The opposing respondent, writing on behalf of the Carnegie Community Action Project, expressed concern about the loss of the SRA units.

With respect to this concern, staff note that the building has not effectively been part of the SRA stock providing low-cost accommodation for over 30 years. Further staff believe that the rehabilitation of this historic building is consistent with the City's revitalization objectives for this DD-zoned site located in the Victory Square sub-area.

**Comments from the Advisory Bodies:** This application was presented to Vancouver Heritage Commission (VHC) on June 26, 2006, and received support.

## FINANCIAL IMPLICATIONS

The 2003-2005 Capital Plan provides \$1.5 million for the Heritage Façade Rehabilitation Program. Over the last two years, \$1,450,000 (which includes the latest approvals in July, as well as 12 Water Street being presented concurrently) 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.

An additional \$1.0 million remains of Council approved funds for the Heritage Façade Rehabilitation Program. Of this remaining amount, \$500,000 has been budgeted for in the 2006 Capital Plan for use in future façade rehabilitation projects through the program.

## CONCLUSION

Rehabilitating the historic building at 53 West Hastings Street is consistent with the City's *Heritage Building Rehabilitation Program Policies and Procedures*. The proposed façade grant, property tax exemption, and transferable density bonus would compensate the owner for the cost involved in rehabilitating this municipally-designated, "B" listed Heritage Register building.

Staff recommend the approval of a Single Room Accommodation conversion/demolition permit for the 56 designated SRA rooms at 53 West Hastings Street on the condition that the owner enter into a Heritage Revitalization Agreement with the City. The Strathcona Hotel has been vacant for over 30 years and if approved, this project will serve to redevelop a key building in Victory Square and will significantly contribute to the City's goals to revitalize the area.

The recommended Heritage Revitalization Agreement and associated covenants will secure the City's interest of ensuring the buildings are promptly rehabilitated and maintained in perpetuity.



## 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 1/20<sup>th</sup> of electors petition Council. If 1/20<sup>th</sup> 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 1/20<sup>th</sup> 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 \$59,260 for the commercial units, and \$125,339 for the residential units, after which the property will be fully taxable.

Should the entire amount not be achieved in a ten (10) year period for commercial units and a three (3) year period for strata residential units, 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.

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DATE:

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DEVELOPMENT PERMIT	2008-05-28
SUBMISSION	DATE
REVISION	DATE

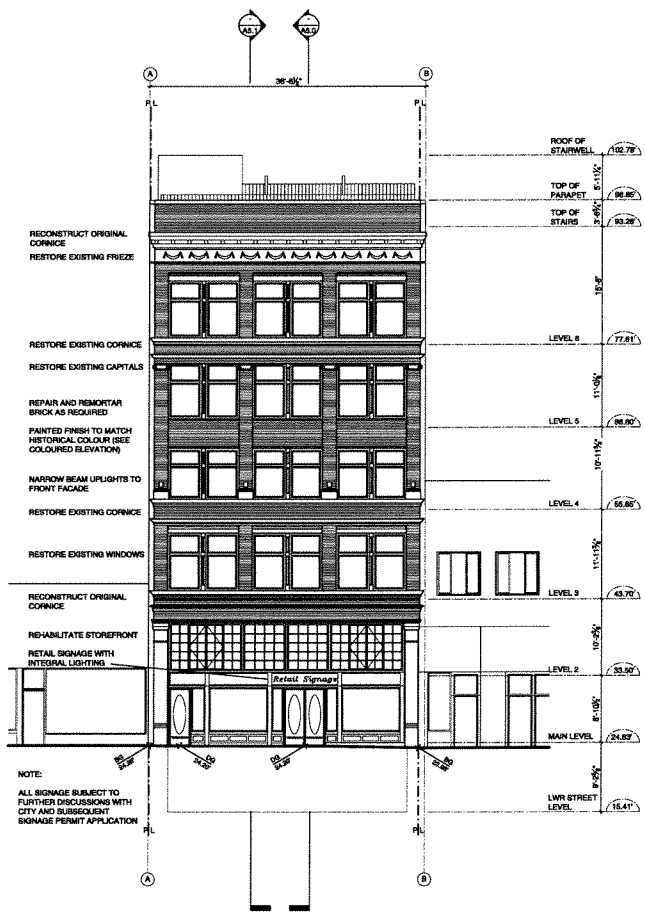
ISSUED FOR DP SUBMISSION  
MAY 29, 2008  
GAIR WILLIAMSON ARCHITECTS  
400 1st Street, NW  
Washington, DC 20004  
202 462 2000  
www.gairwilliamson.com

PROJECT:  
**THE PARIS BLOCK**  
12 West Hastings Street  
Vancouver, BC

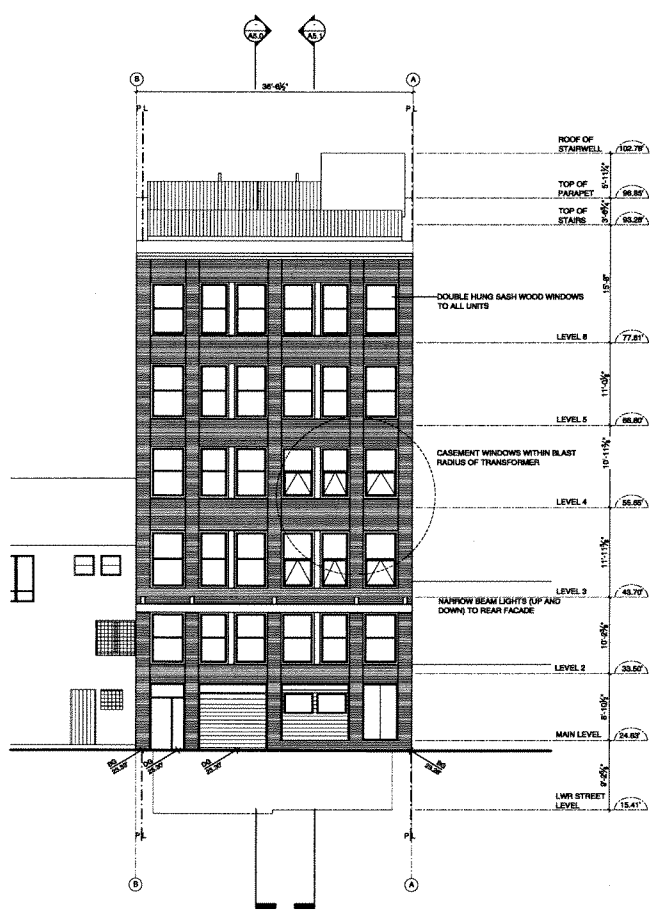
DATE:  
JANUARY 28, 2008

SCALE:  
AS NOTED / 3/4 X 3/8 SHEET

PROJECT NO.:  
REVISION:



1 SOUTH ELEVATION  
SCALE: 1/8" = 1'



2 NORTH ELEVATION  
SCALE: 1/8" = 1'

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REVISED

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DEVELOPMENT PERMIT NUMBER	2006-06-09 DATE
REVISION	DATE

ISSUED FOR DP SUBMISSION  
 MAY 20, 2006

**GAIR WILLIAMSON ARCHITECTS**  
 116 WEST HASTINGS STREET  
 VANCOUVER, BC V6B 0P7  
 TEL: 604 681 2222  
 WWW.GAIRWILLIAMSON.COM



**PROJECT**  
 THE PARIS BLOCK

33 West Hastings Street  
 Vancouver, BC

**PROJECT TITLE**  
 FLOOR PLAN  
 GROUND LEVEL

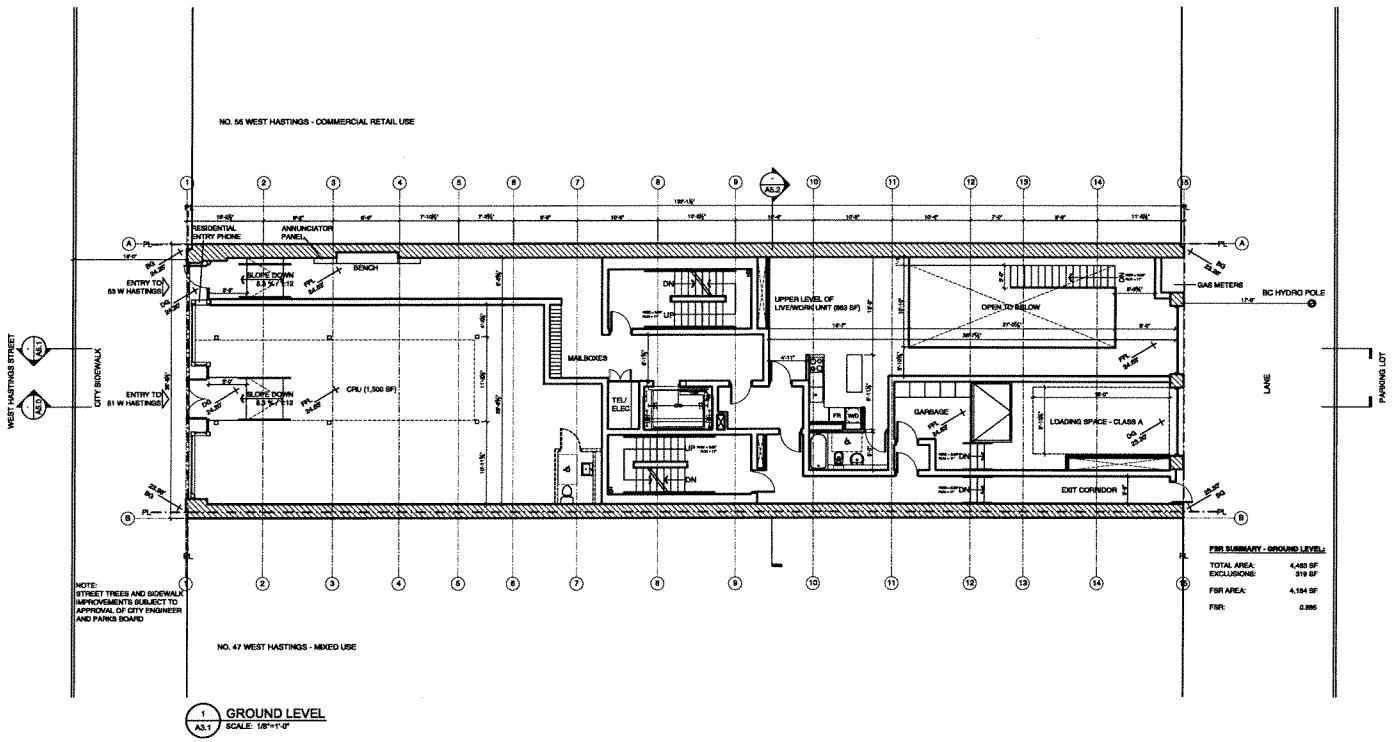
**WORK NUMBER**  
 - GW

**DATE**  
 JANUARY 26, 2006

**SCALE**  
 AS NOTED ON 24 X 36 SHEET

**PROJECT NO.** 10000000

**DRAWING NO.**



**FIR SUMMARY - GROUND LEVEL**

TOTAL AREA:	4,483 SF
EXCLUSIONS:	219 SF
FIR AREA:	4,164 SF
FIR:	0.886

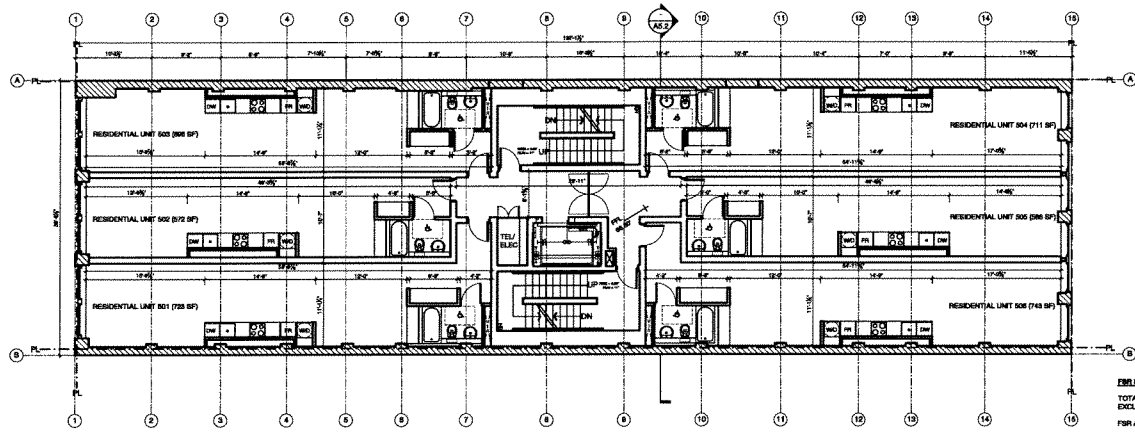
**A3.1**

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REVISION

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NO.	DESCRIPTION	DATE



FBI SUMMARY - LEVEL 5:  
TOTAL AREA: 4,858 SF  
EXCLUSION: 0 SF  
FSR AREA: 4,858 SF  
FSR: 1.028

1 LEVEL 05  
A3.5 SCALE: 1/8"=1'-0"

ISSUED FOR DP SUBMISSION  
MAY 26, 2008  
GWR WILLIAMSON ARCHITECTS  
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THE PARIS BLOCK  
52 West Hargett Street  
Raleigh, NC  
DATE: JANUARY 26, 2008  
SCALE: AS NOTED ON 24 X 36 SHEET  
PROJECT NO.: 08-001

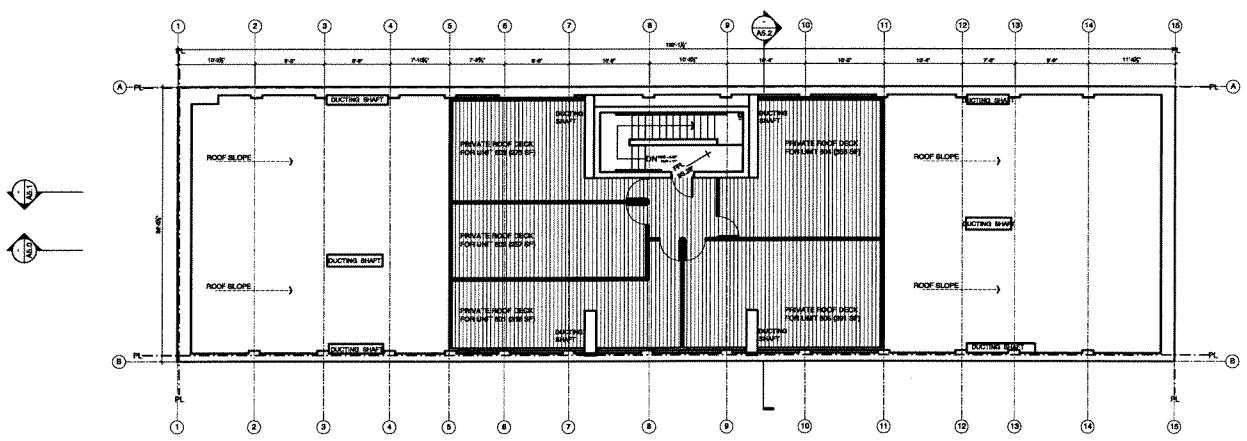
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REVISIONS

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NO.	DATE	DESCRIPTION



1 LEVEL 06  
 A3.8 SCALE: 1/8"=1'-0"

ISSUED FOR DP SUBMISSION  
 MAY 26, 2009  
**GAIR WILLIAMSON ARCHITECTS**  
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**PROJECT:**  
 THE PARIS BLOCK  
 32 West Hastings Street  
 Vincennes, IN

**DESIGNER:**  
 ROOF PLAN  
 GAIR WILLIAMSON ARCHITECTS  
 GW

**DATE:**  
 JANUARY 28, 2009

**SCALE:**  
 AS NOTED ON 24 X 36 SHEET

A4