



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: September 11, 2006
Authors: Kathy Morgan
Thor Kuhlmann
Phone Nos.: 604.873.7760
604.873.7683
RTS No.: 06223
VanRIMS No.: 11-4200-10
Meeting Date: October 5, 2006

TO: Standing Committee on Planning and Environment

FROM: Chief Building Official, in consultation with the Director of City Plans

SUBJECT: 1241 Homer Street
Request for Extension of Building Permit No. BU433151

RECOMMENDATION

THAT City Council approve an extension of Building Permit No. BU433151 for 1241 Homer Street until March 14, 2007, subject to the site being maintained in a tidy condition.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

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 7, 1992, the Downtown South Development Cost Levy By-law was enacted. On January 5, 1993, the By-law was amended to increase the rate from \$6.00 to \$6.18 per square foot. On September 15, 2005, the By-law was amended to increase the rate to \$9.50 per square foot.

PURPOSE

This report seeks Council's approval for an extension of a Building Permit for 1241 Homer Street. The extension request has implications for the City's revenues from Development Cost Levies (DCLs).

BACKGROUND

Building Permit No. BU433151 was issued on September 14, 2005 for the construction of a six storey residential building containing 12 dwelling units over two levels of underground parking. As work had not commenced, the applicant applied for an extension of the Building Permit in March of 2006 and it was approved by the Chief Building Official until September 14, 2006.

Related Development Permit No. DE408811 was also issued on September 14, 2005. There has been no change to the zoning for the property (DD - Downtown District).

DISCUSSION

The site owners are now requesting a second extension as they have been unable to finalize a construction encroachment agreement with a neighbour; the owners note that they require additional time to examine alternative options and resolve this issue.

Prior to the wide application of Development Cost Levies (DCLs) in Vancouver, applications for Building Permit (BP) extensions were usually 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.

Approximately one year has elapsed since the September 2005 increase to the Downtown South DCL rate (applicable to the application at hand). Given that this is a fairly short period of time, a second BP extension would not be likely to result in significant negative impacts for City revenues or for project competitors. Furthermore, the applicant has been making concerted efforts to commence the project in a timely manner. The extension request for 1241 Homer Street warrants approval.

If the extension is approved, this BP would expire in March 2007. It should be noted that the Vancouver Building By-law is currently being revised. After the effective date of the new By-law (estimated for February 2007), another extension will not be recommended unless revised plans are submitted and accepted in accordance with the new By-law provisions.

FINANCIAL IMPLICATIONS

With respect to the proposed project at 1241 Homer Street, Development Cost Levies in the amount of \$111,240.00 have been paid (at \$6.18 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. BU433151 is not extended, the applicant would be required to submit a new application for a Building Permit. The previous DCL payment could be refunded and the new application would be subject to all required permit fees plus the Development Cost Levy at the rate in effect at the time of permit issuance. At the current rate, the Downtown South DCL would be \$171,000.00 (\$9.50 per square foot), being an increase of \$59,760.00.

CONCLUSION

It is recommended that Council extend Building Permit No. BU433151 for 1241 Homer Street until March 14, 2007.

* * * * *