



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: December 13, 2007
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Meeting Date: February 12, 2008

TO: Vancouver City Council

FROM: The Directors of Planning and the Housing Centre

SUBJECT: 265 Carrall Street (DE 410844) - Heritage Incentives and SRA
Conversion/Demolition Permit Application

RECOMMENDATION

- A. THAT Council authorize the City to enter into a Heritage Revitalization Agreement for 265 Carrall Street and grant a density bonus of 61,825 sq.ft. available for transfer off site. The Heritage Revitalization Agreement will be registered on title as a legal notation;
- B. THAT, subject to approval of RECOMMENDATION A, Council approve a Single Room Accommodation Conversion/Demolition permit for 265 Carrall Street to convert and remove 22 designated rooms from the SRA inventory, on the condition that prior to the issuance of the SRA permit, the owner (a) enter into an Heritage Revitalization Agreement with the City for the rehabilitation of the building as proposed in Development Application DE410844, AND (b) pay \$5,000 per room (\$110,000), based on 2006 SRA room demolition fee rates, to be deposited into the City's reserve fund for the creation of replacement housing;
- C. THAT, subject to the approval of RECOMMENDATION A Council authorize two facade grants for a total of \$100,000 with funding to be provided from the 2006 Capital Budget. The Vancouver Charter requires that a minimum of 2/3 of votes cast be affirmative for this resolution to pass;
- D. THAT Council instruct the Director of Legal Services to bring forward for enactment a by-law to authorize the Heritage Revitalization Agreement;

- E. AND THAT the agreement and related by-law shall be prepared, registered and given priority to the satisfaction of the Director of Legal Services in consultation with the Director of Planning.

GENERAL MANAGER'S COMMENTS

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

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 to secure the rehabilitation and long term conservation of the Boulder Hotel, a "B" listed heritage building located at 265 Carrall Street. An SRA Conversion/Demolition Permit to convert and remove 22 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 to foster economic activity in the historic areas of Gastown, Chinatown, Hastings Street and Victory Square. Property owners are encouraged to rehabilitate their heritage buildings with incentives which are determined through site-specific analysis and provided through various tools.

HBRP has been successful to date with 22 projects approved since implementation in mid-2003. In acknowledgement of this success and that the program is entering its final year; Council endorsed the undertaking of the *Heritage Building Rehabilitation Program and Transfer of Density Program Review* at their meeting on July 26, 2007. At the same time they instructed staff to continue processing 5 current applications and enquiries during the Review, and to put other enquiries on hold until the report back. This report addresses one of the applications identified for processing while the Review is underway.

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, which must be issued prior to the issuance of a Development 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 payment of a fee towards the City's replacement housing fund. An SRA Conversion/Demolition permit application for the Boulder Hotel was made in 2006, and identified in the 2006 SRA By-law Status Report as pending (listed as 9 West Cordova).

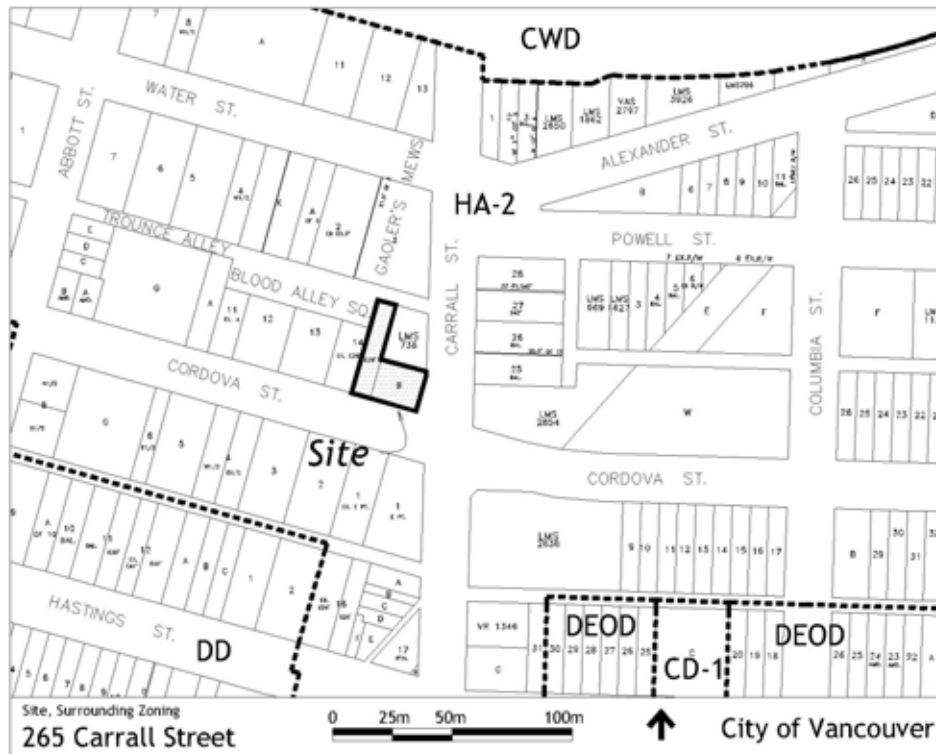
Downtown Eastside Housing Plan: The Housing Plan for the Downtown Eastside (2005) emphasizes the one-for-one replacement of SRA with new social housing for low-income singles, and also supports market housing development to encourage economic revitalization, heritage restoration and to broaden the social mix.

DISCUSSION

Development Proposal: A development application (DE410844) has been submitted by Merrick Architecture - Borowski Lintott Sakumoto Fligg Ltd. to redevelop the heritage "B" building at 1-9 W Cordova Street (Boulder Hotel) and the adjacent site at 15-17 W Cordova Street, collectively referred to as 265 Carrall Street (see map below). Both sites are municipally designated. The Boulder Hotel is "B" listed on the Vancouver Heritage Register and the existing building at 15-17 W Cordova Street (former Pig & Whistle Pub) is non-heritage.

The proposed mixed-use development provides 23 dwelling units over the two sites with 3 retail units at grade. It will include the seismic upgrading and rehabilitation of the two principal façades of the Boulder Hotel, and a two storey addition for a total height of 59 ft. Based on feedback received from the public, advisory groups, and staff, the applicant has revised the design of the addition so that it is further set back and more compatible with the heritage building.

A new seven storey building is proposed for the former Pig & Whistle site with a height of 78 ft. (HA-2 District guideline height is 75 ft.). This building is set-back from the rear property line, in order to minimize shadowing and liveability impacts to neighbouring buildings and to Blood Alley Square. In addition, one level of underground parking is also proposed to serve both buildings, with access from Trounce Alley. See Appendix A for elevations of the proposed development. An SRA Conversion/Demolition Permit is required to remove the existing 22 Single Room Accommodation (SRA) rooms at the Boulder Hotel from the SRA By-law.



Heritage Value:

Boulder Hotel (1-9 W. Cordova) is a three-storey stone-faced commercial building located in the historic district of Gastown. Its first two storeys were constructed in 1890, with the third story being added prior to 1910. The building is municipally designated and “B” listed on Vancouver Heritage Register (VHR). It is recognized as one of several buildings built by Arthur G. Ferguson in Gastown, one of the city’s pioneer landowners and developers. The Boulder Hotel is also valued for its association with Robert Mackay Fripp, a leading architect of the time and an outspoken proponent of the Arts and Crafts Movement. This building is architecturally simple and understated, reflecting the Arts and Crafts tradition of using natural materials in an honest manner. The subsequent addition of the third floor indicates the growth and expansion of the city during the pre-First World War era. This was one of the earliest buildings in Vancouver to have plain rectangular sash windows set into a rough-dressed masonry walls.

Pig & Whistle (15-19 W. Cordova) is a one storey, non-heritage building that is considered suitable for redevelopment. Due to the site’s municipal designation, as noted in the VHR, it is required that any new development on the site is compatible with the historic character of the area.

Conservation Plan: The Conservation Plan for the Boulder Hotel proposes the rehabilitation and restoration of the two principal heritage façades with new construction behind. These façades will be seismically upgraded, and the wood windows and storefronts will be rehabilitated and restored to their documented 1938 appearance. Some interior finishes, such as newel posts, stair balusters, door trims and coronets, wainscoting, shutters and hardware will be reused within the new development as possible. While the rehabilitation and restoration of the two principal façades is supported, it is noted that this is not a full conservation of the building.

A two storey addition to the Boulder Hotel is also proposed, as a means to make the project more economically viable without increasing the amount of transferable density. The two-storeys will be a contemporary addition to the heritage building, distinctively articulated from the adjacent new construction on the Pig & Whistle site. The addition also serves to bring in balance the scale of the new building to the Boulder Hotel.

Significant to the development proposal and Conservation Plan is the reanimation of the Boulder Hotel and the adjacent Pig & Whistle site. By intensifying commercial uses at the ground level and residential uses on the floors above, the development will return two long-term vacant properties to the local economy. This will bring positive activity to the neighbourhood and will contribute to the animation of the Carrall Street Greenway.

Single Room Accommodation (SRA) Conversion/Demolition Permit Review:

The SRA 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. The Boulder Hotel is designated under the SRA By-law, however the building has been closed since 1978 and has not been part of the available SRA stock for almost 30 years.

The Downtown Eastside Housing Plan supports market housing development in this area, as it will encourage economic revitalization, heritage restoration and will broaden the social mix. After detailed analysis, staff conclude that the Boulder Hotel is a suitable site where the market housing objectives of the Housing Plan could be achieved without compromising the availability of useable SRA units.

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 on an SRA Conversion/Demolition permit, specifically:

Accommodation for Affected Tenants: The Boulder Hotel has been vacant since 1978, therefore no tenants will be affected as a result of removing the SRA designation.

Condition of the Building: Like many buildings constructed in the late 19th and early 20th centuries, the building at 265 Carrall Street requires major seismic and building systems upgrades. It is not habitable in its current condition, and the degree of upgrading required is reflected in the number of years the upper floors have remained vacant.

Supply and Future Availability of Low-Cost Accommodation in the Downtown Core: According to the "2007 Survey of Low-Income Housing in the Downtown Core", there was a loss of 40 low-income housing units in the Downtown Eastside. From 1991, the base year for the City's 1-for-1 replacement policy for housing for low-income singles, there has been a net gain of 391 units, and there are currently 11,131 units in the Downtown Eastside (including SRA, non-market housing and Special Needs Residential Facilities (SNRFs)), a 3% increase from 1991. Vacancy rates in single room accommodation is down to 2%, the lowest vacancy rates on record, so while the stock has increased marginally, the demand has increased substantially. Rents have increased but so have welfare rates, so that more units are available to persons on welfare now than was the case in the recent past. Funding for housing for low-income singles has been erratic but has been increasing, and currently there are 260 social housing units for low income singles in the Downtown Eastside under construction and 330 that are funded and in the design approval process.

Replacement of Lost SRA Units: While the proposed project at 265 Carrall would mean the loss of 22 SRA-designated rooms, as noted in the report these rooms have been vacant since 1978 and not effectively part of the stock for the past 30 years. Staff also note that the 125 units for low-income singles in Woodward's are under construction a block and a half to the west and the 92 units in the Triage on Hastings project are under construction a block and a half to the east.

Conditions for Approval of an SRA Permit: Staff recommend 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 and pay the conversion fee of \$5,000 per room (\$110,000). This fee is based on 2006 rates, as the application was made in 2006 and was identified in the 2006 SRA By-law Status Report at pending (listed as 9 West Cordova).

Proposed Incentives: At their meeting on July 26, 2007, Council advised on the approach to incentives for 265 Carrall Street. The approved approach is to consider identified costs to restore and seismically upgrade the heritage façades of the Boulder Hotel, and a general contribution towards other project costs in acknowledgement of its contribution to economic revitalization of the area. This approach results in an incentive of \$3 million, plus a residual density bonus on the Boulder Hotel only. The total amount of compensation is therefore \$3,191,250 as outlined in the table below.

265 Carrall Street - Summary of HBRP Incentives			
	Category	Value (\$)	Bonus Density Equivalent (SF)
Hardship Cost Compensation	Façade Grant	100,000	n/a
	Property Tax	n/a	n/a
	Bonus Density	\$2,900,000	58,000
	Sub total	\$3,000,000	-
Additional Incentive	Notional Residual Density	\$191,250	3,825
Total Value of Compensation:		\$3,191,250	-
Total Density:		-	61,825

Impact to Density Market: On July 26, 2007, Council endorsed the undertaking of the Heritage Building Rehabilitation Program (HBPR) and Transfer of Density Program Review. This Review will explore the stated goals and achievements of the HBRP, as it enters the final year of its five-year mandate. In addition, the Review will examine the health of the density market, to ensure the viability of this incentive tool. While the Review is underway, Council instructed staff to limit the processing of heritage incentive requests to five identified projects, in order to limit the amount of additional transferable density created during the Review. This report addresses one of the five projects identified to move forward while the Review is underway. A total density bonus of 61,825 sq.ft. is recommended for 265 Carrall Street.

REVIEW AND NOTIFICATION

Public Consultation: Two separate notification letters were sent to surrounding neighbours and community groups regarding this application, each asking for comment on a different form of development for the addition to the Boulder. Summarized below is the response to the most recent notification, which relates to the form of development described in this report.

In May 2007, following standard notification procedures, 851 surrounding property owners and 65 community groups were notified and invited to comment on the proposal. Staff received 25 responses: 9 supported the revised form of development and 16 were opposed.

Comments received from the 9 supportive respondents (1 being a community organization) related to support for: the two-storey addition to the Boulder, the additional 3 ft. above guideline height on the Pig & Whistle site, removal of the SRA rooms, rehabilitation of the façades, and the project's contribution to revitalization of the area.

Of the 16 respondents who expressed non-support, 11 expressed concern over the removal of the SRA-designated rooms and the revenue the project will make from additional on-site density (2 being community organizations). These respondents felt that additional density should not be granted without replacement of the 22 SRA-designated units, and also requested that the matter be taken to Public Hearing.

Another concern, as raised by 5 of the non-support respondents, relates to shadowing and liveability impacts of the proposed development to Blood Alley Square and the neighbouring building (Bodega Suites). Some of these respondents requested that consultation be undertaken to minimize these impacts. In addition to shadowing concerns, several of these respondents also expressed dislike for the contemporary design of the addition to the Boulder and questioned its compatibility with the heritage character of the area.

With respect to this issue, staff note that additional design development has been undertaken, and will continue through the development application review process, to address concerns related to the addition and other impacts raised by the neighbourhood.

Comments from the Advisory Bodies: Staff presented this development proposal twice to both the Gastown Historic Area Planning Committee (GHAPC) and the Vancouver Heritage Commission (VHC). Summarized below is the response of these committees to the May 2007 presentation, which relates to the form of development described in this report.

GHAPC: The revised form of development was presented to GHAPC on May 16, 2007. The Committee supported the proposed massing and height of the Pig & Whistle and the two-storey addition to the Boulder, however it recommended that there be further design development to achieve a distinct massing break between the Boulder Hotel and the contemporary two storey addition above. The Committee also requested that the rooftop addition be more compatible with the existing heritage facades.

VHC: The revised form of development was presented to the VHC on May 28, 2007. They supported the two storey addition and additional 3 ft. to the new building on the Pig & Whistle site, and recommended that consideration be given to lightening the visual affect of the addition to the Boulder Hotel.

Both GHAPC and VHC took into consideration the unique nature of proposed development and its contribution to economic revitalization of the area. Both committees expressed support for a built form that improves the project's economic efficiency without further heritage incentives.

Based on the feedback of the advisory bodies and staff, and the comments raised at the Council meeting of July 26, 2007, the applicant has revised the design of the addition so that it is more compatible with the heritage building. The revised development proposal, as presented in Appendix A, responds to concerns raised and is supported by staff. It will be presented for information at the December 19, 2007 meeting of GHAPC and staff will report to Council on any further comments at the Public Hearing.

FINANCIAL IMPLICATIONS

Council approved a total of \$2.5 million for the funding of façade grants over the Heritage Façade Rehabilitation Program's five year term (2003-2008). To date, \$1.685 million has been approved as grants for 22 façade rehabilitation projects, with most projects involving full building upgrades and other incentives.

Currently, there is a total of \$0.465 million available for this term of the Program. Staff recommend an allocation of \$100,000 from the 2006 Capital Budget for rehabilitation of the two principal façades at 265 Carrall Street. The grant funds will be available to the applicant in accordance with the Heritage Façade Rehabilitation Program Policies and Procedures.

CONCLUSION

Rehabilitating the building at 265 Carrall Street is consistent with the objectives of the City's Heritage Building Rehabilitation Program. The proposed incentives, as described in the report, would compensate the owner for rehabilitating the façades of this municipally-designated, "B" listed Heritage Register building and would assist in the consolidated development with the adjacent site. The recommended Heritage Revitalization Agreement and by-laws will secure the City's interests in ensuring the heritage building façades are promptly rehabilitated and maintained in perpetuity.

Staff recommend the approval of a Single Room Accommodation Conversion/Demolition permit for the 22 designated SRA rooms at 265 Carrall Street on the condition that the owner enter into a Heritage Revitalization Agreement with the City. The Boulder Hotel has been vacant for almost 30 years and if approved, this project will serve to redevelop this important building along the Carrall Street Greenway, significantly contributing to the City's revitalization goals for the area.

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HRA DESIGN REVISIONS DECEMBER 12, 2007

CORDOVA STREET ELEVATION
265 - CARRALL STREET

MERRICK
ARCHITECTURE



HRA DESIGN REVISIONS DECEMBER 12, 2007

CARRALL STREET ELEVATION
265 - CARRALL STREET

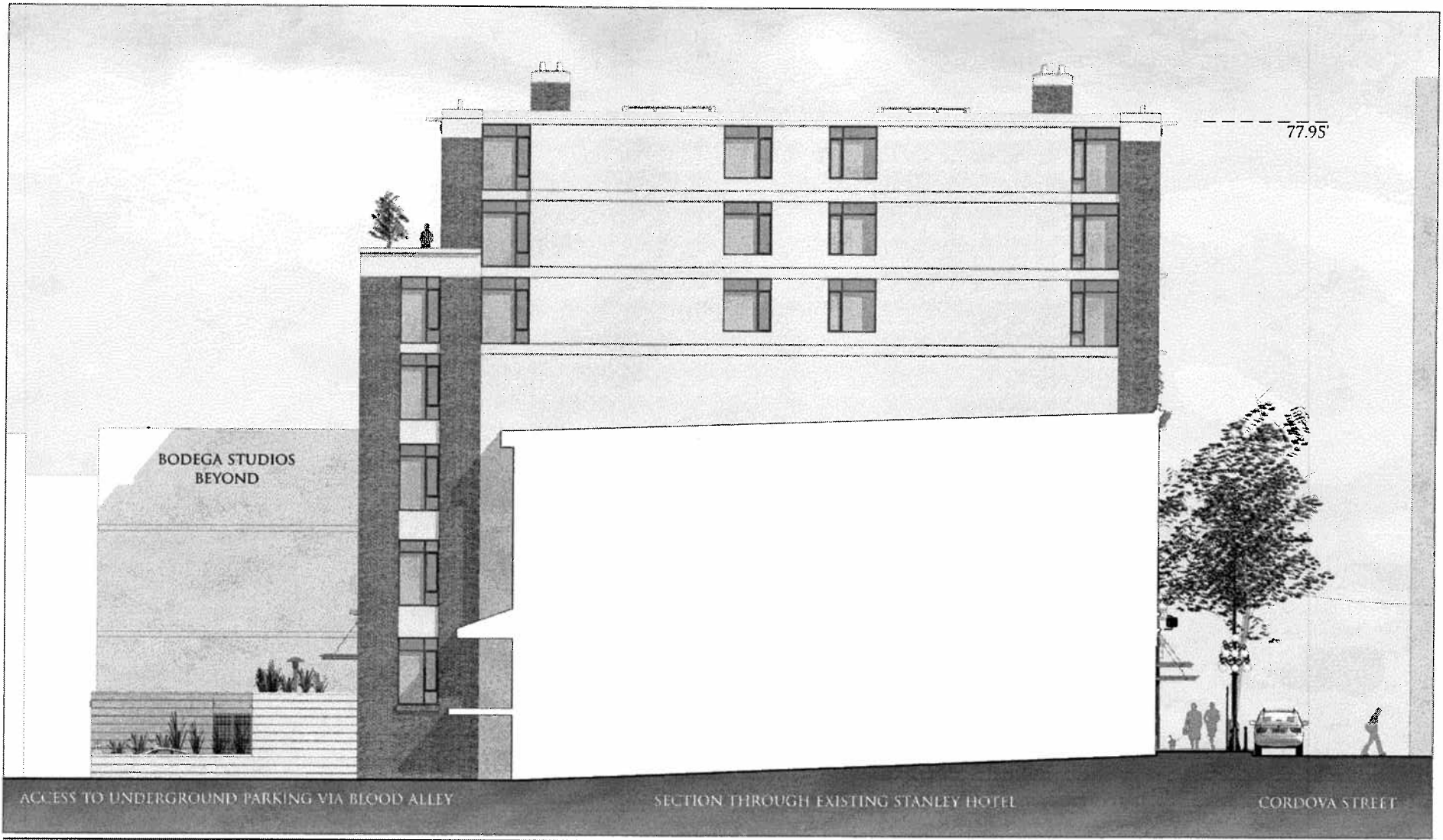
MERRICK
ARCHITECTURE



HRA DESIGN REVISIONS DECEMBER 12, 2007

BLOOD ALLEY SQUARE ELEVATION
265 - CARRALL STREET

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HRA DESIGN REVISIONS DECEMBER 12, 2007

WEST ELEVATION
265 - CARRALL STREET

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