



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: April 25, 2008
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Meeting Date: July 8, 2008

TO: Vancouver City Council
FROM: The Director of Planning
SUBJECT: 133 Keefer Street (DE 411880) - Heritage Designation and Incentives

RECOMMENDATION

- A. THAT Council instruct the Director of Legal Services to bring forward for enactment a Heritage Designation By-law for the designation of the building at 133 Keefer Street (formerly 135 Keefer Street) as a Protected Heritage Property;
- B. THAT Council instruct the Director of Legal Services to prepare to her satisfaction, on the City's behalf, a Heritage Revitalization Agreement for the rehabilitation of the 133 Keefer Street heritage building, and assigning to the lands there a transferable density bonus of 62,853 sq. ft., and instruct the Director of Legal Services to bring forward for enactment a by-law to authorize the Heritage Revitalization Agreement;
- C. THAT, subject to the approval of RECOMMENDATIONS A and B, and the carrying out of the matters so approved, Council authorize one facade grant of up to \$50,000 for the 133 Keefer Street heritage building, with funding to be provided from the 2006 Capital Budget;
- D. THAT, subject to approval of RECOMMENDATIONS A and B, the carrying out of the matters so approved and the assent of the electors or their deemed approval, Council instruct the Director of Legal Services to prepare and bring forward for enactment, generally on terms set out in Appendix A hereto, a Tax Exemption By-law for 133 Keefer Street to provide to it an exemption from the

payment of property taxes in an amount up to, but not to exceed, \$421,353 in total or for a period of (10) years, whichever is reached first; and

- E. THAT the agreements covenants and by-laws described above 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 the foregoing.

COUNCIL POLICY

- *Transfer of Density Policy and Procedure*
- *Heritage Building Rehabilitation Program Policies and Procedures for Gastown, Chinatown and Hastings Street.* [A two-thirds majority of votes cast is required for Recommendation D to pass]
- *Heritage Façade Rehabilitation Program Policies and Procedures for Gastown, Chinatown and Hastings Street Corridor.* [A two-thirds majority of votes cast is required for Recommendation C to pass]

SUMMARY AND PURPOSE

This report seeks Council's approval to designate this "C" listed building as Protected Heritage Property, and to enter into a Heritage Revitalization Agreement (HRA) to secure the rehabilitation and long term conservation of the building at 133 Keefer Street, by providing the incentives described in the Recommendations above.

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 determined through site-specific analysis and provided through various tools.

The HBRP has been successful to date with 25 projects approved since implementation in mid-2003. In acknowledgement of this success, and noting that the program is in 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 five current applications and enquiries during the Review, and to put other enquiries on hold until the report back. At this time, two of these five applications have been approved by Council, and this report addresses one of the remaining three applications identified for processing while the Review is underway.

DISCUSSION

Development Proposal: A development application has been submitted by Gair Williamson Architects to retain and rehabilitate this historic building at 133 Keefer Street (see figure 1. below). The application proposes rehabilitation by adaptive re-use of the heritage warehouse building, and the construction of a one storey rooftop addition that will be set back. The proposed uses are retail on the ground floor and residential on four upper floors (floors two to five). The storefront will be reconstructed in a contemporary yet compatible design approach, thus emphasising the existing heritage character of the upper principal façade. There will be four off-street parking spaces accessed by the lane. The car lift technology will be utilized.

See Appendix B for architectural drawings of the proposed development.

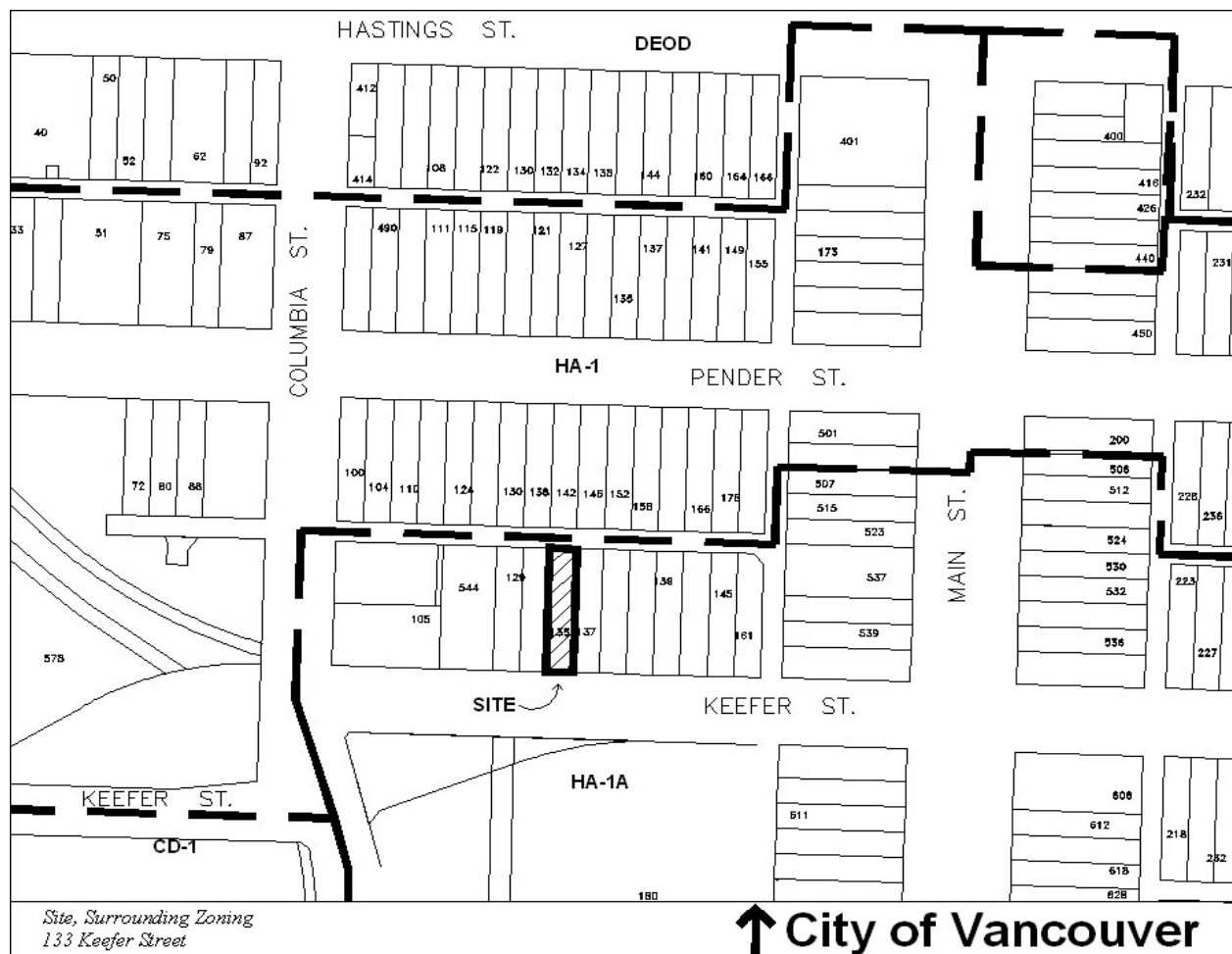


Figure 1. Site Map

Heritage Value: The heritage value of this building is in its historical association with a Vancouver Gas Company (later becoming part of BC Electric Co.), and for its architectural value as an industrial building designed by leading architects Sharp and Thompson. Although designed as an industrial building, the facades were “dressed up” to make it appear more like an office building. The large expanse of the façade windows, and the unornamented red brick

walls on other elevations, reveal the warehouse function which satisfied the owner’s request for a “functionally flexible building”. It also has heritage value for contributing to our understanding of the evolving historical geography and demographics of Vancouver, and more specifically of Chinatown. After BC Electric Co. sold the building, it was used for commercial purposes by partnerships made up of both the European and Chinese-Canadian communities. This business integration of Vancouver’s community groups has value for representing an often overlooked aspect of Chinatown’s demographics.

Conservation Plan: The Conservation Plan is based on preservation and restoration of the front façade and rehabilitation of the other elevations and the interior. The conservation procedures proposed include: preservation of the brickwork, preservation and restoration of the metalwork (including replication of the lost intermediate cornice), preservation and restoration of existing windows with wood replicas where necessary, and installation of a sympathetic contemporary storefront to replace the now lost original storefront. The interior will be conserved by exposing the timber beams and preserving the floors and un-plastered brick walls. The building will be structurally and seismically upgraded, as will all building systems.

Rehabilitation Cost: In exchange for the rehabilitation and designation of the building, the applicant is seeking heritage incentives through the Heritage Building Rehabilitation Program consisting of a facade grant, ten year property tax relief and transferable bonus density. A Heritage Revitalization Agreement will secure implementation of the proposed Conservation Plan as well as the long term conservation of this heritage resource.

In accordance with Council’s HBRP Policies and Procedures, staff reviewed the applicant’s shortfall cost calculation and undertook an independent analysis. Staff have concluded that a total compensation of \$3,614,011 is justified for distribution in the following manner:

133 Keefer Street - Summary of HBRP Incentives			
	Category	Value (\$)	Bonus Density Equivalent (SF)
	Façade Grant	\$50,000	n/a
	Property Tax	\$421,353	n/a
	Shortfall	\$3,142,658	62,853
	Total Shortfall Compensation	\$3,614,011	-
Additional Incentive	Notional Residual Density	-	-
Total Density		-	62,853
Total Value of Compensation		\$3,614,011	-

Impact to Density Market: On July 26, 2007, Council endorsed the undertaking of the *Heritage Building Rehabilitation Program (HBRP) 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. Staff will report back to Council shortly on the Review. While the Review is underway, Council instructed staff to continue processing

heritage incentive requests for five projects which best responded to City policy objectives, and this report addresses one of these five projects. A total density bonus of 62,853 sq.ft. is recommended for 133 Keefer Street, which is consistent with the density projected for this project when staff reported on these five projects to Council in July 2007.

REVIEW AND NOTIFICATION

Public Consultation: A sign was erected on the site advising of this development application. In addition, 47 surrounding property owners and 31 separate community groups received a written notification of this application and were invited to comment on the proposal. Staff received no response to the notification.

Comments from the Advisory Bodies: The development application, including the proposed Conservation Plan, was presented to Chinatown Historic Area Planning Committee (CHAPC) and the Vancouver Heritage Commission (VHC) on March 11, 2008 and March 17, 2008 respectively, and received unanimous support.

FINANCIAL IMPLICATIONS

With respect to façade grants, Council approved a total of \$2.5 million for the funding over the Heritage Façade Rehabilitation Program's five year term (2003-2008). To date, \$1.885 million has been approved as grants for 25 heritage rehabilitation projects, with most projects involving full building upgrades and other incentives.

Currently, there is a total of \$615,000 available for this term of the Program (\$265,000 from previously approved capital budgets and \$350,000 as approved by the 2008 Capital Budget). Staff recommend an allocation of \$50,000 from the 2006 Capital Budget for rehabilitation of the principal façade at 133 Keefer 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 133 Keefer Street is consistent with the objectives of the City's Heritage Building Rehabilitation Program. Once completed, this rehabilitation will not only restore the functionality and the historic character of the building, but will also be an important step in restoring the heritage character of an important street block in Chinatown. The proposed incentives, as described in the report, would compensate the associated costs for rehabilitating this "C" listed Heritage Register building. The recommended Heritage Revitalization Agreement, associated covenants and by-laws will secure the City's interests in ensuring the building is designated, promptly rehabilitated and maintained in perpetuity.

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Tax Exemption 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 of electors petition Council. If 1/20 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 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 value.

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.