



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: September 26, 2008
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Meeting Date: October 14, 2008

TO: Vancouver City Council

FROM: Director of Public Art, Planning and Facility Development in consultation with the Directors of Facilities Design and Management, Real Estate Services and Legal Services, and the Managing Director of Social Development.

SUBJECT: Artist Studio Award Program

RECOMMENDATION

- A. THAT Council approve the 2008 Artist Studio Award Program that awards City-owned or controlled live/work studios to Vancouver-based professional artists according to the process, terms and conditions as outlined in this report;
- B. THAT Council approve a lease to the City of the artist live/work studio at #367 - 485 West 8th Avenue, together with the exclusive use of one parking stall, from Grosvenor Canada Ltd., for a term of fifteen years for a nominal fee subject to the terms and conditions outlined in this report; this unit to be added to the City's Non Profit Capital Asset Portfolio;
- C. THAT Council approve the transfer of the artist live/work studio at #106 - 1202 East Pender from the Property Endowment Fund to the Non Profit Capital Asset Portfolio;
- D. THAT Council approve the leasing of the four artist live/work studios as follows, subject to the terms and conditions outlined in this report and to the satisfaction of the Managing Directors of Cultural Services and Social Development and Director of Legal Services:

1. **Award Studio 1** - #303 - 272 East 4th Ave: for a lease term of three years less two weeks, awarded free of rent, excluding all utilities;
 2. **Subsidized Studio 2** - #223 - 428 West 8th Ave: for a sub-lease term of three years less two weeks, at a monthly rent equal to the maximum GAIN shelter allowance for single persons (currently \$375 per month), excluding all utilities;
 3. **Subsidized Studio 3** - #367 - 485 West 8th Ave: for a sub-lease term of three years less two weeks, at a monthly rent equal to the maximum GAIN shelter allowance for single persons (currently \$375 per month), excluding all utilities; this sub-lease subject to Council's approval of Recommendation B.
 4. **Subsidized Studio 4** - #106 - 1202 East Pender: for a lease term of three years less two weeks, at a monthly rent equal to the maximum GAIN shelter allowance for single persons (currently \$375 per month), excluding all utilities; this lease subject to Council's approval of Recommendation C.
- E. THAT Council approve Recommendations A, B, C and D on the basis that no legal rights or obligations are hereby created and none shall arise hereafter except upon execution of all necessary legal documents by all parties.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of A through E.

COUNCIL POLICY

In 1993, City Council approved the Vancouver Arts Initiative (VAI) recommendations, including a recommendation that the City seek non-market solutions through zoning and building code provisions to address the need for affordable artists live/work spaces, and establish awards to honour Vancouver artists.

In 1995, Council approved the City Plan Directions for Vancouver that included, in part, direction for the City to find ways to encourage the private sector to provide lower cost housing, or to require a percentage of units within new developments to be more affordable.

In June 1993, Council directed that City-owned or controlled properties occupied for non profit purposes be held as Non Profit Assets in the Capital Fund and tenant organizations, where applicable, be charged a nominal rental rate.

In December 2003, Council created the first Vancouver Arts Awards, now known as the Mayor's Arts Awards. Section 204 of the Vancouver Charter enables City Council to provide for the expenditure of money for the recognition of "guests or persons of importance whom Council deems worthy thereof."

In January 2008, Council adopted a new Culture Plan 2008 - 2018 and in June 2008 a new Cultural Facilities Priorities Plan 2008 - 2023 that articulates goals and strategies for cultural space development including community support for artist studio and live/work space.

PURPOSE

This report seeks Council approval to expand the City's Artist Studio Award Program from two to four studios through the addition of a new artist studio (485 West 8th Avenue), and the transfer of a vacant PEF property into the Non Profit Capital Assets Portfolio. In so doing the City will add to the two existing award studios—one owned by the City and the second leased to the City. This report also seeks Council's approval for the awarding process and the lease terms for the four studios.

BACKGROUND

The City of Vancouver is known for its creative community and artists of every discipline who have earned local, national and international reputations for their innovative leadership in artistic practice. The City's high concentration of artists—the Vancouver Census Metropolitan Area accounts for 12% of the nation's artists compared to 7% of the country's overall labour force—face a challenging and rapidly changing real estate market, low vacancy rates and high rental costs. The Artist Studio Award Program provides an opportunity for the City to support professional artists through work and living spaces—enabling them to further their expertise and practice.

The Artist Studio Award Program is recognized annually as part of the Mayor's Arts Awards. While the Studio award process is distinct from the Mayor's Awards, it follows a similar structure of submission and peer review, and recognizes the achievements of Vancouver artists.

The first City of Vancouver Artist Studio Award was established in 1995 with **Studio 1** at 272 East 4th Ave, created as an amenity bonus through a rezoning development process (Policy Report March 12, 1996). This studio is a strata unit owned by the City of Vancouver. Past recipients of the Studio 1 Award have included: Teresa Marshall 1996, Steven Shearer 1999, Myfanwy MacLeod 2002 and Kevin Schmidt 2005.

Since then, two additional studios have been created through conditions of development: **Studio 2** at 428 West 8th Ave (1999, RTS 0430) and a new unit, **Studio 3** at 485 West 8th (2004, DE 407357) are both owned by a developer and leased to the City (for a nominal fee of \$1/yr). The City then sub-leases the units to selected artists. Past recipients of Studio 2 have included: Alison MacTaggart 1999, Alex Morrison 2002 and Rhonda Wepler 2005.

Studio 4 at 1202 East Pender was created in 2001 as a condition of rezoning (RTS 2261). It is a strata unit owned by the City that was originally leased to the Strathcona Area Safety Society but vacated in 2005. As one of the largest potential artist/live work studios available, Real Estate Services have proposed to transfer the property from the PEF to Non Profit Capital Assets where its use could more effectively benefit non profit cultural activities.

All of the units save one (Studio #3 at 485 West 8th) are Class B studios which support artistic practice involving the use of toxic materials and/or amplified sound. While there is a shortage of all types of artist studio space in Vancouver, Class B spaces are particularly limited; inclusion of Class B units in the Non Profit Capital Assets and the Studio Award Program is an important aspect of the Program. Please see Appendix A for description of Class A and Class B definitions and permitted uses. It should be noted that Class B artists cannot undertake their practice within non / market housing or other residential environments. As such, it is critical

that we continue to seek appropriate Class B spaces for industrial art practices within the City's industrial lands.

All of the award studios accommodate two persons maximum (either an artist and partner or artist and child); however, the Class A studio at 485 West 8th is the first addition to the City's Artist Studio Award Program of a one-bedroom unit. This addition dramatically improves the livability of the work/live studio for an artist with a child.

Please see Appendix B for a detailed description of the four artist live/work studios.

DISCUSSION

The purpose of the City's Artist Studio Award Program is to award occupancy of live/work studio spaces to low income, Vancouver-based professional artists. The term of the occupancy is for three years less two weeks. One studio is awarded rent-free and the three others are awarded at reduced rental rates. This program is a critical part of the City's work in cultural infrastructure development and provides a valuable service to Vancouver artists, particularly emerging professional artists.

A) AWARD SELECTION PROCESS

Subject to Council approval, all four artist live/work studios would be awarded through an open call with applicants pre-qualified based on financial needs and then assessed for artistic merit through a peer review selection process. This process will be co-managed by the Cultural Services Department and the Contemporary Art Gallery.

Information on the four award studios will be posted on the City's website including specifications of size, suitability, and rental rates. In addition, City staff will hold an open house so that interested parties may view the various studios.

Interested artists would be invited to submit an application and supporting documentation including demonstration of financial need, examples of artistic practice, professional references, and a statement of intent indicating how the work produced during the residency term would benefit the artist and the community.

Artists will be asked to indicate their studio preference as follows:

- preference for the one bedroom unit (priority will be given to an artist with a child); and/or
- qualification for a Class B studio (occupancy will be awarded to an artist whose practice meets the definitions of Class B artist in Appendix A attached); or
- qualification for a Class A studio (occupancy will be granted to an artist whose practice meets the definitions of Class A artist in Appendix A attached).

The City's Housing staff will assist Cultural Services staff in pre-qualifying candidates with respect to financial need using the core-need housing criteria (\$29,000 maximum gross annual household income for a studio residency and \$32,500 for a one-bedroom residency). Once candidates are deemed to meet the financial means test, a jury of peers will be asked to assess applications on the basis of artistic merit. The rental rates for the four units are based on the GAIN Shelter value, which is currently \$375/month for a single employable adult (as per City Housing staff).

Professional artists currently living and working in the City of Vancouver are eligible to apply for any of the artist live/work units offered through the Award Program. While the award recognizes artistic excellence, it is directed to artists who demonstrate financial need.

The timeline for the award of the studios shall be:

- Mid October - distribution of information on the Program and the four studios
- Late November - deadline for artist applications
- Early December - selection process
- February 1, 2009 - occupancy of Award Studios

B) RECEIPT OF NEW STUDIOS

In addition to the two existing award studios, this report seeks Council's approval for a lease to the City of a new artist live/work unit (one bedroom) at #367 - 485 West 8th Avenue, together with the exclusive use of one parking stall, from Grosvenor Canada Ltd. The terms of this lease begin upon or within 30 days of issuance of the occupancy permit (late Fall '08) and continue for fifteen years. The lease agreement between the City and Rise BT Holdings Limited, a subsidiary of Grosvenor Canada Ltd., for #367 - 485 West 8th Avenue is attached in Appendix C.

This report also seeks Council's approval for the transfer of a second studio from the Property Endowment Fund to the Non Profit Capital Assets Portfolio. This live/work studio at #106 - 1202 East Pender is owned by the City. Since its creation in 2001, it has been held in the PEF although it was understood to have been intended for non-profit use. The unit was occupied until 2005 and has since been vacant, with Real Estate Services covering the annual strata fees. The estimated value of this unit is \$350,000 (Sept 17, 2008). There are no costs involved in the transfer of the unit to the Non Profit Capital Assets and in so doing it will be utilized according to its original intent.

C) LEASE, SUBLEASE OF ARTIST STUDIOS

Two of the artist live/work studios are owned by the City and two are owned by developers who have leased the studios to the City for the purposes of sub-leasing to artists selected through the process outlined above. Selected artists will be required to sign a lease agreement with the City (for units #1 and #4) and a sub-lease agreement with the City (for unit #2 and #3) that outlines the terms and conditions of their occupancy of the artist studios.

SUMMARY OF LEASE, SUBLEASE TERMS

- **Term** - the lease or award term is three years less two weeks (the two-week reduction is in order for the studios to be suitably prepared for the next award recipients).
- **Award Studio Rental Rates** - Studio 1 is an award studio and as such is fully subsidized.
- **Reduced Rent Studios** - Studio 2 rents at the shelter portion of GAIN (currently \$375 per month) payable directly to Intergulf; Studio 3 rents at the shelter portion of GAIN (currently \$375 per month) payable directly to Rise BT Holdings, and Studio 4 rents at the shelter portion of GAIN (currently \$375 per month) payable to

- the City (the monthly rental to the City for unit #4 covers its associated strata fees).
- **Other Expenses/Utilities** - all artist tenants are responsible for any and all other expenses related to their occupancy including utilities, heat, hydro, gas, water, garbage collection, cable, phone and any other user (artist) related costs.
 - **"As Is"** - while the City endeavors to provide the studios in as good a condition as possible, the studios are leased as is. Should the artist tenant wish to make any changes, additions, renovations or improvements to the space (at their cost), such work would be subject to the prior approval of the Director of Facilities Design and Management and the Managing Director of Cultural Services.
 - **Vacancies During Term** - while the City wishes to provide flexibility to artists within the Artist Studio Program, it also wishes to see the four units fully utilized during the lease terms. As such, any artist who is to be absent from the studio for six months or longer will be requested to discuss the vacancy with the City and determine options for another artist using the studio during the vacancy period (as may be permitted under the terms of the head lease in the case of Units #2 and #3).
 - **Use:** the premises are to be used for both live and work; use for either residential only or work only is not permitted;
 - **Taxes:** the artist tenant is not required to pay property taxes;
 - **Sub-Letting or Assignment:** the artist tenant may not assign the lease, sub-lease the premises, or provide any third party occupation other than one family member that may reside with the artist. There may be no more than two family members in the space; this applies to all four artist live/work studios;
 - **Damage/Renovations:** the artist tenant shall pay a damage deposit to the unit owner (varies per unit);
 - **Repair/Maintenance:** the artist tenant is responsible for minor maintenance and repairs;
 - **Insurance:** the artist tenant must, at all times during the term, maintain contents insurance as well as comprehensive general liability insurance, for a limit not less than two million dollars (\$2,000,000), and cannot provide for a limit of deductibility greater than two thousand dollars (\$2,000);
 - **Compliance With Laws:** the artist tenant must abide by all of the strata corporation by-laws and any other laws, by-laws and lawful orders;
 - **Acknowledgement:** the artist tenant gives permission to the City to use his or her name, photograph and photograph of artistic work in publicizing the City of Vancouver Artist Studio Award Program;

FINANCIAL IMPLICATIONS

The City of Vancouver Artist Studio Award Program is structured to minimize cost to the City while maximizing benefit to the arts community. For the two City owned studios (#1 and #4) there may be minor costs associated with the tenant changeover every three years. These may include some wear and tear as may be required after a tenant leaves the space (tenants

are responsible for leaving the space clean and in good condition and their damage deposit can be withheld to pay for any damages or cleaning required). These expenses are expected to be minor and will be absorbed using the existing funding in the capital plan for "Social and Cultural Facilities Upgrading."

The addition of Studio #4 (#106-1202 E. Pender) to the Artist Studio Program will not only increase the number of units available for Vancouver artists, but because this unit has been sitting vacant in the PEF since 2005, and will now be rented at the GAIN Shelter rate of \$375 per month, it will enable the City to recover the strata fees costs attributable to this unit. The unit rent of \$375/month or \$4,500/yr will cover the strata fees, which in 2007 were approximately \$3,200 and are projected to increase by approximately 2% per year; this revenue and expense is tracked in the Facility Design and Management Department, Cultural Facility Portfolio (order no. 760001312). The unit is considered of nominal value to the PEF and there is no cost involved in its transfer to the Non Profit Capital Asset Portfolio. Future maintenance costs for the unit will be funded as above.

The strata fees for Unit #1, the Award Studio, are currently paid by the City from the Sundry Rentals account. In 1996 when the unit was created, a fund was set up with residual funds secured from the developer. These funds (\$2,861) were intended to cover the strata fees of \$59/month and were anticipated to last approximately four years. Thereafter the responsibility for the strata fees reverted to the City. Strata fees for this unit are now estimated at \$115/month or \$1,380 annually. With the addition of Studio #4 and its surplus rent over expenses of \$1,200 annually, the net cost to the City will be approximately \$180/year increasing at an annual rate of approximately 2% per year. Source of funds - Sundry Rentals.

CONCLUSION

The City of Vancouver Artist Studio Award Program (Studios 1 and 2) has now completed three successful terms. The addition of Studios 3 and 4 doubles the impact and support to the arts community in Vancouver. By providing one rent-free award studio and three reduced rent award studios, the program enables four professional artists to explore and advance their practice within a context of knowing their living and working spaces are secure for a three-year term. The Studio Award Program contributes to the City's objectives to address affordable artists' accommodation through non-market solutions and also enables the City to recognize, through the award, the contribution of Vancouver artists to the City.

Being able to work cooperatively with developers to secure artist live/work studios for deserving artists is one of the strategies identified in the new Culture Plan for Vancouver 2008 - 2018: "The City of Vancouver will collaborate with our partners in the community to take actions which foster innovation in all aspects of our cultural policies, programs and services that support the incubation of cultural ideas and expression."

The Studio Award Program also addresses some of the significant challenges identified in the Cultural Facilities Priorities Plan, specifically the loss of affordable facilities to redevelopment, the difficulties associated with the permitting and approval processes for incubator spaces, and low average incomes compounded by higher than average real estate costs. The Studio Program is an important aspect of the City's activities to enable artists to work and live within Vancouver and for the City and its citizens to realize their creative potential.

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APPENDIX A

DEFINITIONS - CLASS A & CLASS B ARTIST STUDIOS

City of Vancouver
Zoning and Development By-Law
Section 2 - Definitions

Cultural and Recreational Uses means and includes all of the following uses, and any one of them, but no other:

Arcade, which means the use of premises for four or more machines on which games are played for amusement or entertainment and for which a coin or token must be inserted or a fee is charged for use;

Artist Studio, which means where used without a qualifier both an **Artist Studio - Class A** and an **Artist Studio - Class B**;

Artist Studio - Class A, which means the use of premises for the production of dance, live music, creative writing, painting, drawings, pottery or sculpture, video, moving or still photography, none of which involves amplified sound or one or more of the materials or processes specified under **Artist Studio - Class B**;

Artist Studio - Class B, which means the use of premises for the production of (a) dance or live music involving electronically amplified sound, (b) moving or still photography (excluding video) involving on-site film processing, (c) paintings, drawings, pottery or sculpture involving the use of fibreglass, epoxy and other toxic or hazardous materials or one or more of the following processes: welding, woodworking, spray painting, silk screening or fired ceramics;

APPENDIX B

ARTIST AWARD STUDIO DETAILS

- 1) Artist Live/Work Studio 1
Address: #303 - 272 East 4th Avenue
Legal Description: Block 18, District Lot 302, Plan 12682 except part in Exp Plan 17834
Owner: City of Vancouver
Lease Agreement: with City of Vancouver
Zoning: IC-3
Class: B

This studio is a 528 square foot single-level, strata unit. The third-floor studio has a large northeast-facing window and concrete floors. The studio is equipped with a fridge, stove and washer/dryer. There is no associated parking stall in the building. There is a common roof deck area and amenity room. To date three artists have been recipients of this award studio.

- 2) Artist Live/Work Studio 2
Address: #223 - 428 West 8th Avenue
Legal Description: Lot D, Block 23, District Lot 302, Plan LMP34716
Owner: Intergulf Development (NYC) Corp.
Sub Lease Agreement: with City of Vancouver
Zoning: IC-3A
Class: B

This unit is a single-level studio space of 400 square feet plus approximately 60 square feet of patio space. The studio is on the upper ground floor of the building and faces the lane. It is equipped with a fridge and stove and there is access to one parking stall and a common workshop within the building. There have been three artist recipients of this studio to date.

- 3) Artist Live/Work Studio 3
Address: #367 - 485 West 8th Avenue
Legal Description: Lot A, Block 18, District Lot 302, Plan BCP11873 (will be registered as a strata once strata sub-division is registered)
Owner: 654570 British Columbia Ltd. (Grosvenor Canada Limited)
Sub Lease Agreement: with City of Vancouver
Zoning: IC-3A
Class: A

The premises offered for lease to the City by the developer are located on the fifth floor. It is a 960 square foot split-level, one bedroom unit with approximately 140 square feet of deck and balcony space as well as the use of one parking stall. It is equipped with a fridge, stove and washer/dryer. Amenities include an exercise room, green roof and common gallery space.

- 4) Artist Live/Work Studio 4
Address: #106 - 1202 East Pender Street
Legal Description: Strata Lot 6, Strata Plan LMS3800, Parcel D, Block 13, District Lot 182, Plan MP35982
Owner: City of Vancouver
Lease Agreement: with City of Vancouver
Zoning: CD-1(411)
Class: B

The unit is a 1,075 square foot strata unit owned by the City of Vancouver. The split-level studio includes the use of one parking stall and is the largest of the four studios. It is equipped with a fridge, stove and security alarm.