



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: November 12, 2008
Contact: Michael Flanigan
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VanRIMS No.: 08-2000-20
Meeting Date: November 25, 2008

TO: Vancouver City Council

FROM: Director of Real Estate Services

SUBJECT: Modification of the Group Leases for 910 West 6th Avenue and 917 West 7th Avenue

RECOMMENDATION

- A. THAT Council approve the modification of the two ground leases between the City of Vancouver and Johnston Allen Properties Ltd. permitting closure of the 16 parking stalls which are currently reserved for public use and to acknowledge the change of use.
- B. THAT Council approve the annual rental of the closed off stalls at an annual rental rent estimated to be approximately \$9,600; funds to be credited to the PEF.
- C. THAT no legal rights or obligations shall arise or be created until all legal documentation is fully executed on terms and conditions to the satisfaction of the Director of Legal Services.

GENERAL MANAGER'S COMMENTS

The General Manager of Business Planning and Services recommends APPROVAL of the foregoing.

COUNCIL POLICY

There is no applicable Council Policy.

PURPOSE

This report seeks Council authority to modify the two ground leases between the City of Vancouver and Johnston Allen Properties Ltd. to permit closure of the 16 parking stalls which are currently reserved for public use and to acknowledge the change of use.

BACKGROUND

In 1977 the City entered into two 60 year ground leases with H. Haebler Co. for 910 West 6th Avenue and 917 West 7th Avenue, both ground leases expire in 2037. The ground lease for 910 West 6th Avenue contains a right of renewal in favour of the lessee to renew for a further term of 20 years. The Lessee has subsequently developed 917 West 7th Avenue with an apartment building and an underground car park with a small public plaza above it. The Lessee of 910 West 6th Avenue has developed a small commercial building and an above ground 2 level, 42 space car park with part of the public plaza above it. Under the terms of the both leases the Lessee was required to develop and maintain a public plaza and to provide 16 parking spaces in the two level garage for public use. The leases also provided for the City to build and maintain the public Laurel Deck (often referred to as the "Laurel Land Bridge"). This links the above noted public plaza with Charleson Park to the north, crossing West 6th Avenue, the light railtracks and Charleson Street. The leasehold interest in both properties was assigned by the original Lessees and both leases are now held by the same company - Johnston Allen Properties Ltd.

There was no formal arrangement but it seems that the idea of requiring these 16 public parking spaces was so as they could be used by people going to Charleson Park. The majority of the public parking spots are not used regularly and it would seem that when used they are generally not used by people accessing the park. The car park has been a constant management problem for the Lessee and there has been frequent illicit use of the area which has resulted in numerous Police call outs.

The Lessee of 910 West 6th Avenue has now entered into an agreement with the operator of a Montessori to lease the entire commercial building to create a 115 space child care facility. They have applied to the City to alter the building to make it suitable for childcare facility DE 411816. In order to comply with the City's parking requirements for a daycare facility of this size it is necessary to provide a minimum of 18 car parking spaces: 12 for pick up / drop off and 6 for staff. The spaces need to be on both levels of the car park because the different programs of the daycare will be accessed on two levels and it is considered desirable to secure the parking garage in order to provide a safe and secure area for the daycare parking. Therefore it is necessary to close down the 16 spaces which the ground leases required the Lessee to provide for public use. Spaces not used for daycare will be used by the lessee who intends to use some of them to create a bicycle storage locker for the tenants of the apartment building.

DISCUSSION

The Parks Board were contacted and they have confirmed that they have no requirement for parking spaces in this location. Engineering recommended that the public be notified of the proposal to remove the public spaces and a sign was erected providing the public with four weeks to contact the City in this regard. Staff will provide a verbal report on the response received, but only 3 letters were received.

FINANCIAL IMPLICATIONS

The lessee has agreed to pay an annual rent to the City for the spaces from the date upon which they are closed. The rent payment will be calculated on the principal that the tenant will pay a rent per space which is the equivalent to the average of the rent being achieved each year for the other underground spaces in the complex which are paid for. It is estimated that this may equate to an annual rent of approximately \$9,600 in the first year of operation.

CONCLUSION

The Director of Real Estate Services recommends that the two ground leases be modified to permit removal for the 16 car parking stalls from public use and to acknowledge the change of use. Lease Modification documents must be approved by the Director of Legal Services.

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