



ADMINISTRATIVE REPORT

Report Date: September 14, 2009
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RTS No.: 08334
VanRIMS No.: 08-2000-20
Meeting Date: January 19, 2010

TO: Vancouver City Council
FROM: The Director of Planning
SUBJECT: 208 East Georgia Street - London Hotel (DE 411588) - Heritage Designation and Incentives

RECOMMENDATIONS

- 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 208 East Georgia 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 208 East Georgia Street, and assigning to the lands there a transferable density bonus of 12,707 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 two facade grants of up to \$50,000 for each principal façade (for a total of up to \$100,000) for 208 East Georgia Street, with funding to be provided from the 2008 and 2009 Capital Budgets;
- 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 208 East Georgia Street to provide to it an exemption

from the payment of property taxes in an amount up to, but not to exceed, \$448,171 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, Hastings Street Corridor and Victory Square. [*The Vancouver Charter requires a resolution passed by not less than two-thirds of all Council members for recommendation "D".*]
- Heritage Façade Rehabilitation Program Policies and Procedures for Gastown, Chinatown, Hastings Street Corridor and Victory Squarer. [*The Vancouver Charter requires a resolution passed by not less than two-thirds of all Council members for recommendation "C".*]

SUMMARY AND PURPOSE

This report seeks Council's approval to designate the London Hotel, a "C" listed building in the Vancouver Heritage Register, 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 208 East Georgia 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 21 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. Four of these five projects

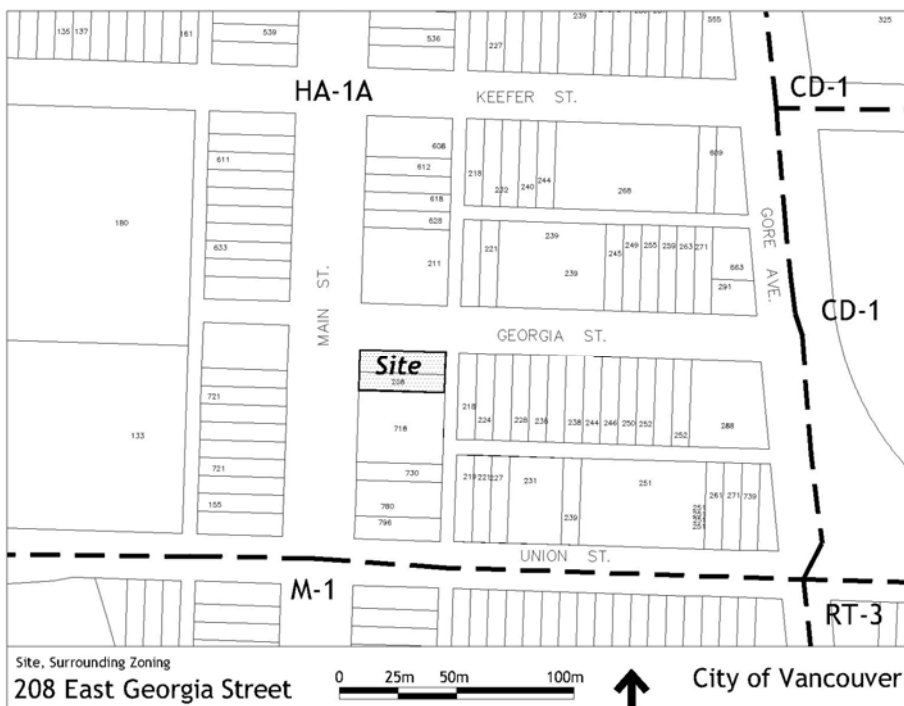
have since been approved by Council. The London Hotel is the fifth and the last application being processed under the previously given direction by Council.

On July 28, 2009 Council reaffirmed its support for the density bank rebalancing plan and instructed that the London Hotel application be brought forward for consideration at a future Public Hearing.

Heritage Façade Rehabilitation Program (HFRP): In July 2009, City Council approved continuation of the HFRP for a period of 3 years (2009-2011). This program is available to assist owners and tenants with 50% of the cost to rehabilitate heritage building façades up to a maximum of \$50,000 per principal façade.

DISCUSSION

Development Proposal: The proposal is to rehabilitate the three existing, functionally connected heritage buildings on this site retaining commercial uses at grade and renovating the existing 73 SRA units on the upper floors (see Figure 1 below). The proposed plan is a partnership between Atira Women's Resource Centre, BC Housing, Streethome Foundation and Porte Development, and includes HBRP incentives. In addition to securing the rehabilitation of this heritage resource, its long term conservation through an HRA, and continued non-market housing use, the building will be improved and municipally designated. The proposed scope of construction work evolved since the original proposal in 2007, and it has been optimized to more closely respond to current economic circumstances. This resulted in a reduction of incentives sought and reduced impact on the density bank. (See Appendix B for architectural drawings of the proposed development.)



Site Plan

Heritage Value: This historic place, known as the London Hotel, consists of three contiguous heritage buildings built between 1903 and 1910. The site is located on the south side of East Georgia Street at the south-east corner of East Georgia and Main Streets. The building accommodates a Neighbourhood Public House and Retail Store on the ground floor and residential use on the upper floors. Constructed in two stages, during Vancouver's pre-World War I building boom, the building's heritage significance is represented by its use and its architecture.

The building demonstrates a historical pattern of mixed uses typical for this part of downtown Vancouver, with the service, retail and residential uses serving primarily a population of male workers involved in seasonal resource industries. Of particular interest is the endurance of the façade of the Neighbourhood Public House, modified at ground level, with its blanked out windows and solid doors. This is reflective of prevailing social attitudes of the period from 1920s to the 1970s, which condemned drunkenness and social behaviours like gambling and prostitution, often associated with alcohol consumption.

Architecturally, the building is valued for demonstrating the progress of commercial architectural design, marking the transition from segmental-headed windows, as seen in the corner portion, to the flat lintels seen at the four-storey portion of the building. A classical dentilled cornice unites the building composition consisting of three, functionally connected, buildings.

Conservation Plan: The Conservation Plan developed for this site, proposes a rehabilitation approach with aspects of material restoration (brickwork, upper cornice, windows, fire escapes, awnings) and re-construction (lower cornice, storefront and entry). The most significant intervention is the re-construction of the Main Street storefront to a period configuration typical of Chinatown, and the restoration of the East Georgia storefront. The new lower cornice, above the storefront, will be added to complement the storefront and upper cornice. Existing wood windows on both principal facades will be retained and repaired. The upper section of fire escapes facing the lane will be conserved. Proposed conservation procedures are compliant with the Standards and Guidelines for the Conservation of Historic Places in Canada and the Chinatown design guidelines.

Rehabilitation Cost: In exchange for the rehabilitation and designation of the building, the applicant is seeking heritage incentives through the procedure established by the Heritage Building Rehabilitation Program, consisting of two facade grants, 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 \$1,374,131 is justified for distribution in the following manner:

208 East Georgia Street - Summary of Incentives			
	Category	Value (\$)	Bonus Density Equivalent (SF)
	Façade Grant (two facades)	\$100,000	n/a
	Property Tax Exemption	\$448,171	n/a
	Transferable Bonus Density	\$825,960	12,707
Shortfall Compensation		\$1,374,131	-
Total Density		-	12,707
Total Compensation		\$1,374,131	-

Impact to Density Market: On July 29, 2009 Council instructed that the London Hotel application be brought forward for consideration at Public Hearing. The applicant has presented the development proposal based on a reduced scope of work and higher levels of retention, creating a more viable development program. The new scope of work generated less need for compensation, contributing to the City's efforts to rebalance the density bank. The overall compensation package for this project was reduced from \$4.9 million in 2007 to \$1.37 million in 2009. Therefore, the transferable bonus density proposed (12,707 sq. ft.) is significantly lower than had been originally anticipated and presented to Council (90,000 sq. ft.).

Single Room Accommodation (SRA) Conversion/Demolition Permit Review: The rooms in this building are identified in Schedule A of the Single Room Accommodation By-law (SRA), as the London Hotel (also known as Pacific Hotel). The SRA By-law serves to regulate the conversion and demolition of single room accommodation in the Downtown Core as authorized in the Vancouver Charter (Section 193D). Since January 2009, Atira Women's Resource Society has held a 5-year lease for the London Hotel, with the option to renew for another 5 years. BC Housing is assisting with funds to Atira. The scope of renovations and upgrades to the building does not merit an SRA Permit as there remain 73 SRA-designated sleeping units. Should the developer decide to redevelop the site at the end of the 5-year lease, they would be required to obtain an SRA Permit. This is a Council decision, and should the permit be approved a range of conditions may be imposed, including a tenant relocation plan.

REVIEW AND NOTIFICATION

Public Consultation: Notification of the Public Hearing was undertaken in accordance with standard practices.

Comments from the Advisory Bodies: The development application, including the proposed Conservation Plan, was presented to the Chinatown Historic Area Planning Committee (CHAPC) and the Vancouver Heritage Commission (VHC) on December 11, 2007 and January 14, 2008 respectively, and received support.

FINANCIAL IMPLICATIONS

It is recommended that a property tax exemption of up to \$448,171 over a maximum period of 10 years be approved. As values of exempt properties are not factored into general

purpose tax rate calculations, to generate the same amount of tax levies for the City, any forgone taxes are shared among non-exempt properties in the normal course of balancing the annual operating budget.

With respect to façade grants, Council approved a total of \$2.5 million to fund the Heritage Façade Rehabilitation Program's five year term (2003-2008). In addition, Council recently approved a total of \$1.5 million for funding façade grants through the HFRP for the period 2009-2011.

Staff recommend an allocation of \$100,000 from the 2008 and 2009 Capital Budgets for rehabilitation of the principal façades at 208 East Georgia 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 208 East Georgia Street is consistent with the objectives of the City's Heritage Building Rehabilitation Program and the Housing Program. Once completed, this rehabilitation will restore the functionality and the historic character of the building, and the SRA designation will be continued. The proposed incentives, as described in the report, would compensate the owner for associated costs to rehabilitate and designate this "C" listed Heritage Register building. The recommended Heritage Revitalization Agreement, associated covenants and by-laws, as well as designation will secure the City's interests in ensuring the building is promptly rehabilitated and maintained in perpetuity.

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DEPARTMENTAL APPROVAL AND REPORT CONCURRENCES

General Mgr. : Report Date: September 21, 2009

Dept. Head: *Kent Munro* Author: Z. Jankovic

Date: Phone No.: 6448

This report has been prepared in consultation with the departments listed to the right, and they concur with its contents.

Concurring Departments:

Social Development - *Jill Davidson*

Real Estate Services - *Michael Flanigan*

Legal Services - *Graham Johnsen*

Financial Services - *Ken Bayne*

Budget Office - *Grace Cheng*

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.