



ADMINISTRATIVE REPORT

Report Date: February 4, 2010
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VanRIMS No.: 08-2000-20
Meeting Date: March 25, 2010

TO: Standing Committee on Planning and Environment
FROM: General Manager of Community Services Group
SUBJECT: 1380 Hornby Street
Request for extension of Building Permit No. BU442857

RECOMMENDATION

THAT City Council approve an extension of Building Permit No. BU442857 for 1380 Hornby Street until May 27, 2010.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

COUNCIL POLICY

Article 1A.7.5.1 of the Vancouver Building By-law addresses actions the City can take when an applicant, who has received a Building Permit, is not proceeding with active work under the permit. The By-law prohibits the Chief Building Official from granting more than one extension to a Building Permit. Any further extensions can only be approved by Council.

On January 7, 1992, the Downtown South Development Cost Levy By-law (No. 6924) was enacted. On February 1, 2007, the By-law was repealed and replaced by a consolidated and modernized Area Specific Development Cost Levy By-law (No. 9418). On May 29, 2007, the By-law was amended to increase the Downtown South rates effective November 29, 2008.

PURPOSE

This report seeks Council approval for an extension of a Building Permit for 1380 Hornby Street. The extension request has implications for the City's revenues from Development Cost Levies (DCLs).

BACKGROUND

Building Permit No. BU442857 was issued November 27, 2008 to retain a municipally designated heritage building and construct a major horizontal addition for a restaurant with office for a single tenant at 1380 Hornby Street. As work had not commenced, the applicant applied for an extension of the permit and it was approved by the Chief Building Official for a six month period, expiring November 27, 2009.

The property is located in a Comprehensive Development District (CD-1 No. 0435). The Manager of the Processing Centre - Development Services has no objection to this extension request.

DISCUSSION

The restaurant owner is now requesting a second extension as they were waiting for the economy to recover and stabilize. Also, due to the Olympics, the time frame to start and complete the project was not enough.

Prior to the wide application of Development Cost Levies (DCLs) in Vancouver, applications for Building Permit (BP) extensions were usually approved. However, the presence of DCLs raises additional implications for BP extensions. When a BP is issued, the applicant is required to pay the DCL at the prevailing rate of the day. If a BP is extended and the extension spans a DCL introduction or rate increase, the permit holder can not be required to pay the new or additional DCL. If a significant period of time elapses between the DCL introduction or rate increase and a project's commencement, there are impacts for the City (which received reduced DCL revenues with which to pay for the increased costs of growth) and the project's competitors (who must pay the prevailing DCL even if they commence work within the same time frame). For these reasons, the City considers the merit of each BP extension request against the potential downsides that such an extension might engender.

In previous cases where a BP extension allowed an applicant to avoid paying an increased DCL rate, staff recommended approval of extensions provided the application is made within one year of the DCL rate increase. In this case, slightly more than one year has elapsed between the increase to the Downtown South DCL rates and the expiry date of the last extension approval. However, the DCL amount was relatively small, and a second BP extension would not result in significant negative impacts for City revenues or project competitors. For these reasons, staff recommend approval of the extension request for 1380 Hornby Street.

FINANCIAL IMPLICATIONS

With respect to the project at 1380 Hornby Street, a Development Cost Levy in the amount of \$25,051.50 was paid November 20, 2008 (2,637 square feet @ \$9.50 per square foot).

If the permit is extended and work commences within the extension period, there will be no additional DCL payment required.

If Building Permit No. BU442857 is not extended, the applicant would be required to submit a new application for a Building Permit. The new application would be subject to all required permit fees plus the Development Cost Levy at the rate in effect at the time of permit issuance. At the current rate (\$13.00 per square foot), the DCL would be \$34,281.00, being an increase of \$9,229.50. The previous DCL payment could be refunded.

It should be noted that an annual inflationary DCL rate adjustment system will begin in September 2010.

CONCLUSION

It is recommended that Council extend Building Permit No. BU442857 for 1380 Hornby Street until May 27, 2010, the standard six month extension period.

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