



ADMINISTRATIVE REPORT

Report Date: June 15, 2010
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VanRIMS No.: 08-2000-20
Meeting Date: July 22, 2010

TO: Standing Committee on Planning and Environment
FROM: Chief Building Official
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 November 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 On February 1, 2007, the By-law was repealed and replaced by a consolidated and modernized Area Specific Development Cost Levy By-law (No. 9418).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.

On June 24, 2010, Council approved new inflation adjusted DCL rates to be effective September 30, 2010.

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 addition for a restaurant and office space 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. A second extension was granted by Council until May 27, 2010.

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 permit applicant is now requesting a third extension. The request states that the permit was issued at a time that coincided with a downturn in the world economy and the proposed project went from being very viable to being unviable. Their intention is to downsize and simplify the project by reusing/renovating existing structures rather than replacing them. The applicant wants to commence the construction of the project as soon as they can secure revised Development and Building Permits and hope to have the new renovated premises open for business for the Christmas 2010 season.

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 (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.

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, one and one half years have elapsed between the last increase to the Downtown South DCL rates and the expiry date of the last extension approval. However, the DCL amount was relatively small, the project is proposed to be revised and downsized, and a third 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 Building Permit No. BU442857 is extended and work commences within the extension period, there will be no additional DCL payment required.

If the permit 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. The previous DCL payment could be refunded.

At the current rate (\$13.00 per square foot), the DCL would be \$34,281.00, being an increase of \$9,229.50. At the new approved rate (\$14.48 per square foot) to be effective September 30, 2010, the DCL would be \$38,183.76, being an increase of \$13,132.26.

Based on a preliminary review of revised plans, Development Services advise that the floor area of the project may be decreasing. This would likely result in a decrease of the DCL amounts noted above.

Because of our concerns related to the progress of this project, our office has indicated to the applicant that it is unlikely that we will support future extensions.

CONCLUSION

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

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