



## ADMINISTRATIVE REPORT

Report Date: July 31, 2014  
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Meeting Date: September 16, 2014

TO: Vancouver City Council  
FROM: General Manager of Planning and Development Services  
SUBJECT: Heritage Property Taxation Exemption By-law - 71-77 East Hastings Street

### ***RECOMMENDATION***

THAT Council instruct the Director of Legal Services to prepare a heritage property taxation exemption by-law for protected heritage property at 71-77 East Hastings Street (PID: 029-066-468; Lot 1, Block 8, District Lot 196, Group 1, New Westminster District, Plan EPP26724,) (the "Property") exempting the Property from real property taxation to a maximum amount of \$173,670 or for a period of (10) years, whichever first occurs;

FURTHER THAT, subject to the assent of the electors to the heritage property taxation exemption by-law or to their deemed approval, generally on the terms set out in Appendix A, and in accordance with the requirements of Section 396A of the Vancouver Charter, the Director of Legal Services be instructed to bring forward the by-law for consideration by Council.

### ***REPORT SUMMARY***

The purpose of this report is to seek Council approval of a new heritage property taxation exemption by-law for 71-77 East Hastings Street as the previous by-law has expired. The maximum amount of exemption remains unchanged at \$173,670.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

Relevant Council policies that apply:

- Heritage Building Rehabilitation Program Policies and Procedures for Gastown, Chinatown, Hastings Street Corridor and Victory Square
- Heritage Façade Rehabilitation Program Policies and Procedures for Gastown, Chinatown, Hastings Street Corridor and Victory Square
- The Downtown Eastside (DTES) Local Area Plan (2014)

On February 12, 2008, Council approved the designation of the Property as protected heritage property and authorized the City to enter into a Heritage Revitalization Agreement (the "HRA") for the Property which granted a transferable density bonus of 37,685 square feet. Council further approved a façade grant of \$50,000 and a property tax exemption of up to \$173,670. Finally, Council approved a Single Room Accommodation ("SRA") conversion permit to allow alterations to make each of the 19 SRA-designated units in the Property self-contained on the condition that the owner enter into a 20-year housing agreement (the "Housing Agreement") requiring monthly rental to permanent residents only. This permit later expired before any conversion was undertaken.

On April 15, 2008 Council enacted Heritage Property Taxation Exemption By-law No. 9628, Heritage Designation By-Law No. 9627 and Heritage Revitalization Agreement By-law No. 9626 for 71 East Hastings Street.

On April 10, 2013, Council again approved an SRA conversion permit for the Property to make each of the 19 units in the Property self-contained and to further allow 17 of the 19 dwelling units to be less than 29.7m<sup>2</sup> (320 square feet). Council also authorized an amendment to the Housing Agreement to include the obligation to make five units available to tenants who are eligible for the provincial Shelter Aid for Elderly Renters ("SAFER").

The Heritage Action Plan approved by Council on December 4, 2013 included an extension of the Heritage Building Rehabilitation Program and Heritage Façade Rehabilitation Program in the DTES to the end of 2015.

Section 396A of the *Vancouver Charter* allows Council to exempt all or part of eligible heritage property from real property taxation for the purposes of supporting the conservation of an eligible heritage property (see Appendix A).

### ***GENERAL MANAGER'S COMMENTS***

The General Manager of Planning and Development Services recommends approval of the foregoing.

## **REPORT**

### ***Background/Context***

In February 2008, Council approved the HRA for the Property (which granted a transferable density bonus of 37,685 square feet), a façade grant of \$50,000 and the property tax exemption of \$173,670 to the owner of the Property as compensation for its heritage designation and rehabilitation. In addition, Council approved the SRA conversion permit to allow for installation of private bathrooms and cooking facilities in each of 19 SRA-designated units on the condition the owner enters into 20-year term Housing Agreement with the City. The then-owner applied for a development permit for this work pursuant to Development Permit Application DE410058 (the "DP Application"). The SRA conversion/demolition permit later expired because work under the DP Application did not proceed expeditiously. Ownership of the Property changed in 2013 and the new owner commenced with satisfying the City's conditions required prior to the issuance of permits in accordance with the DP Application. On April 10, 2013, Council approved a new SRA conversion permit for the Property to make each of the 19 units in the Property self-contained and to further allow 17 of the 19 dwelling units to be less than 29.7m<sup>2</sup> (320 square feet). Council also authorized an amendment to the existing Housing Agreement to secure five SAFER units.

The heritage restoration and rehabilitation of the Property has now been substantially completed and an occupancy permit has been issued for the Property enabling the reopening of 19 units for monthly rental pursuant to the Housing Agreement, 17 of which are SRA-designated. The owner of the Property is seeking the property tax exemption that was originally authorized by Council in 2008 and expired in 2013.

### ***Strategic Analysis***

The heritage property taxation exemption of \$173,670 was approved by Council in 2008 as part of the heritage rehabilitation incentive package. The Property has been designated as protected heritage property and is subject to the HRA. Under section 396A of the Vancouver Charter, Heritage Property Taxation Exemption By-law No. 9628 was enacted by Council on April 15, 2008, including a condition that if the applicant did not fulfill all requirements necessary to obtain the issuance of an occupancy permit for the work authorized by the DP Application within 60 months of enactment, the by-law would expire. Due to the delay by the former owner in commencing of the work, this condition was not met and the by-law expired. Should Council wish to provide a heritage property taxation exemption for the Property, it is necessary for Council to adopt a new heritage taxation exemption by-law in accordance with the terms of the Vancouver Charter, as described in Appendix A.

While it is not typically the City's standard practice to extend the conditions set by Council in heritage taxation exemption by-laws, staff recommend that Council adopt the recommendation in this report in this particular case to allow the owner of the Property to receive the heritage incentive which was previously approved by Council. The current owner of the property has diligently restored the Property pursuant to the HRA and has accepted the heritage designation of the Property and carried out this work promptly upon purchasing the Property.

*Financial*

The original heritage incentive package approved by Council in 2008 included a property tax exemption of \$173,670 (Heritage Property Taxation Exemption By-law No. 9628 - expired in 2013). Staff recommend that Council adopt a new heritage taxation exemption by-law with the same maximum amount of exemption.

*CONCLUSION*

The heritage conservation and rehabilitation the Property is complete. In addition to housing goals which have been secured by the Housing Agreement registered on title to the Property, heritage conservation goals were achieved pursuant HRA and the owner is eligible for heritage incentives that were previously approved by Council. Staff therefore recommend that Council approve a heritage property taxation exemption by-law for the Property in order to authorize the property tax exemption for the Property.

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## Property Tax Exemption Process

Section 396A of the *Vancouver Charter* sets out the requirements for enacting a heritage taxation exemption by-law for eligible heritage property and the 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 *Vancouver 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 *Vancouver Charter* deems that the electors have approved the tax exemption, and Council may proceed to enact the by-law. A 2/3 majority of votes cast is required 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 Heritage Property Taxation 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 an Occupancy Permit for the Property 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.