

AMENDED

AGENDA FOR THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING TO BE HELD IN THE BOARD ROOM, CITY HALL, ON MONDAY, 2008-MAR-17, COMMENCING AT 4:30 P.M.

1. **CALL THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING TO ORDER:**
2. **INTRODUCTION OF LATE ITEMS:**
 - Add Page 13.1 – Item 9 (b) - Staff Report – 2008 LocalMotion Grant Application.
3. **ADOPTION OF AGENDA:**
4. **ADOPTION OF MINUTES:**
 - (a) Minutes of the Regular Finance / Policy Committee of the Whole Meeting held in the Board Room, City Hall, on Monday, 2008-MAR-03 at 4:30 p.m. Pg. 3-5
5. **PRESENTATIONS:**
6. **DELEGATIONS PERTAINING TO AGENDA ITEMS: (10 MINUTES)**
 - (a) Delegations pertaining to the 2008 – 2012 Financial Plan.
 - (b) Mr. Keith Brown, Keith Brown Associates Ltd., 5102 Somerset Drive, Nanaimo, BC, V9T 2K6, regarding a proposed apartment strata conversion at 1 Chapel Street. *[This appears as Item (a) under Staff Reports.]* Pg. 6
7. **COMMISSION REPORTS:**
8. **COMMITTEE REPORTS:**

9. **STAFF REPORTS:** *(blue)*

DEVELOPMENT SERVICES:

- (a) **1 Chapel Street – Proposed Apartment Strata Conversion – Seacrest Apartments** Pg. 7-13

Staff's Recommendation: That Council not support a strata conversion of 1 Chapel Street.

COMMUNITY SERVICES:

- (b) **2008 LocalMotion Grant Application** *(Supplemental)* Pg. 13.1

Staff's Recommendation: That Council authorize the grant application to the Provincial LocalMotion Program for the Frank Crane elevator.

10. **INFORMATION ONLY ITEMS:**

11. **CORRESPONDENCE:**

12. **NOTICE OF MOTION:**

13. **OTHER BUSINESS:**

14. **DELEGATIONS PERTAINING TO ITEMS NOT ON THE AGENDA:**
(10 MINUTES)

15. **QUESTION PERIOD:** *(Agenda Items Only)*

16. **ADJOURNMENT:**

MINUTES OF THE REGULAR FINANCE / POLICY COMMITTEE OF THE WHOLE MEETING
HELD IN THE BOARD ROOM, CITY HALL,
ON MONDAY, 2008-MAR-03 COMMENCING AT 4:30 P.M.

PRESENT: Councillor L. D. McNabb, Chair

Members: Councillor W. L. Bestwick (Arrived 4:34 p.m.)
Councillor M. D. Brennan
Councillor J. D. Cameron
Councillor W. J. Holdom
Councillor C. S. Manhas
Councillor L. J. Sherry
Councillor M. W. Unger

Absent: His Worship Mayor G. R. Korpan

Staff: G. D. Berry, City Manager
A. C. Kenning, Deputy City Manager
D. W. Holmes, General Manager of Corporate Services
E. C. Swabey, General Manager of Development Services
B. E. Clemens, Director of Finance
T. P. Seward, Director of Permits and Properties
D. Lindsay, Manager of Planning Division, DSD
J. Kinch, Manager of Building Inspections
C. Scott, E-Government/Communications Officer
J. E. Harrison, Manager of Legislative Services
T. Wilkinson, Recording Secretary

1. CALL THE OPEN MEETING TO ORDER:

The Regular Finance / Policy Committee of the Whole Meeting was called to order at 4:30 p.m.

2. INTRODUCTION OF LATE ITEMS:

- (a) Replace Pages 25 and 26 under Staff Reports – Item 9 (b) – Seismic Upgrading of Buildings for Change of Use to Assembly Occupancy.

3. ADOPTION OF AGENDA:

It was moved and seconded that the Agenda, as amended, be adopted. The motion carried unanimously.

4. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Regular Finance / Policy Committee of the Whole Meeting held in the Board Room, City Hall, on Monday, 2008-FEB-18 at 4:30 p.m. be adopted as circulated. The motion carried unanimously.

5. PRESENTATIONS:

- (a) Mr. Franc D'Ambrosio, Architect, D'Ambrosio Architecture & Urbanism, 2960 Jutland Road, Victoria, BC, V8T 5K2, provided a PowerPoint Presentation regarding the draft Downtown Urban Design Plan and Guidelines.

6. DELEGATIONS PERTAINING TO AGENDA ITEMS:

It was moved and seconded that the Delegations be permitted to address Council. The motion carried unanimously.

- (a) There were no delegations pertaining to the 2008 – 2012 Financial Plan.
- (b) Ms. Stephanie Tipple, Vancouver Island North Film Commission, #203 – 871 Island Highway, Campbell River, BC, V9W 2C3, provided a PowerPoint presentation updating Council on the film industry on Vancouver Island.
- (c) Mr. Blair Thorburn, Devlin Electric Sign Co. Ltd., 221 Terminal Avenue, Nanaimo, BC, V9R 5C7, provided a PowerPoint presentation regarding the Light Emitting Diode (LED) Display and Electronic Message Centre (EMC) and how it will affect the City and retail sectors.

7. STAFF REPORTS:

DEVELOPMENT SERVICES:

(a) LED Signs

It was moved and seconded that Council:

- 1. refer the issue of LED signs in the downtown to the Downtown Nanaimo Partnership Society (DNPS) to seek its input regarding LED signs in the downtown;
- 2. once DNPS input has been received, Staff prepare a report to Council which addresses Sign Bylaw regulations for LED signs for the whole City; and,
- 3. advise applicants for all LED signs that no approval will be granted for LED signs until the matter is considered by Council, after input from DNPS.

The motion carried unanimously.

(b) Seismic Upgrading of Buildings for Change of Use to Assembly Occupancy

It was moved and seconded that Council adopt the following policy for seismic upgrading, as it relates to changes of use:

"for a change of use to an Assembly occupancy, as defined by the BC Building Code, having an occupant load of less than 50 persons, seismic upgrading need only be provided for potential nonstructural falling hazards within the suite and its egress route [providing the use is not a liquor primary and the total floor area used for Assembly occupancy does not exceed 93 square metres (1,000 square feet)]".

The motion carried unanimously.

8. ADJOURNMENT:

It was moved and seconded at 6:01 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

DIRECTOR,
LEGISLATIVE SERVICES

March 10, 2008

File No. 846.07

City of Nanaimo
455 Wallace Street
Nanaimo, BC V9R 5J6

**ATTN: City Clerk,
Administration Department**

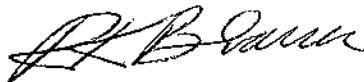
**SUBJECT: PROPOSED APARTMENT STRATA CONVERSION - SEACREST
APARTMENTS, 1 CHAPEL STREET, NANAIMO, BC**

Please consider this letter as a formal request to appear as a delegation before City Councils' Finance/Policy Committee of the Whole.

The purpose of our presentation is to provide background to City Council in support of the owner's request for conversion of Seacrest Apartments to a building strata.

We thank you for your consideration and look forward to your confirmation of the foregoing.

Yours truly,



R.K. Brown,
Consultant Planner

Enc.

p.c. Mr. Marcus Kurschat, Principal
New Look Capital No. 3 Corporation

☐ Council
☒ Committee of the Whole
☒ Open Meeting
☐ In-Camera Meeting
Meeting Date: 2008-MAR-17

STAFF REPORT

REPORT TO: COUNCIL

FROM: TED SWABEY, GENERAL MANAGER, DEVELOPMENT SERVICES

RE: 1 CHAPEL STREET – PROPOSED APARTMENT STRATA CONVERSION -
SEACREST APARTMENTS

STAFF'S RECOMMENDATION:

That Council not support a strata conversion of 1 Chapel Street.

EXECUTIVE SUMMARY:

Application has been made by Keith Brown Associates Ltd. on behalf of Newlook Capital No.3 Corp. to strata convert "Seacrest apartments" located at 1 Chapel Street. Seacrest is a 125-unit rental residential tower built in 1964 in the city's downtown core.

Council has delegated the authority to the City's Approving Officer to approve or reject strata conversion applications. As part of the delegation, Council has also provided a strata conversion policy to trigger when they would be permitted. This policy (Sec.1.6.2 of the Official Community Plan) states that strata conversions of existing rental buildings are not permitted when the vacancy rate is below 3%. Strata conversion is the raising of individual titles for each residential unit within a rental building. The current Canadian Mortgage and Housing Corporation (CMHC) vacancy rate survey for October, 2007, is 1.1% in Nanaimo. Therefore, prior to the Approving Officer's consideration of the Seacrest application, Council must first waive its 3% vacancy policy

Staff does not recommend waiving the strata conversion policy, primarily from the point of view of protecting rental housing stock within Nanaimo, but also from the point of view of maintaining a mix of housing affordability and mix within our downtown/community. The implications of waiving the strata policy, go beyond the 125 units of Seacrest as it would open the door for a large number of existing rental buildings to request a similar conversion. There are currently approximately 3,387 rental units in Nanaimo, however, this number includes stratified multi-family units currently being rented. The actual number of rental apartments (i.e. not strata units being rented) is very low. The last "purpose-built" rental multi-family building was constructed behind the RBC commercial development at the corner of Turner Road and Uplands Drive, as a condition of the rezoning to permit the commercial portion of the development. This is the only purpose-built rental multi-family development constructed in the last 20 years in Nanaimo. It would take many years to replace the rental units lost if Seacrest is stratified.

☐ Council
☒ Committee of the Whole
☒ Open Meeting
☐ In-Camera Meeting
Meeting Date: 2008-MAR-17

BACKGROUND:

The owner of the subject property (New Look Capital No. 3 Corp.) is a BC based company which purchased Seacrest apartments in January of 2004. Given the age of the construction of the tower, one of the biggest challenges of stratifying these units is bringing it into substantial compliance with the current Building Code. Compliance with today's Building Code is a requirement of strata conversions. The Code improvements required include, but are not limited to:

- seismic upgrades
- spacing of patio railings
- fire suppression
- fire egress
- elevators
- upgrade of heating system

The most significant in these upgrades is the seismic improvements. The costs associated with the seismic upgrading alone are substantial (i.e. estimated at over \$5 Million).

The applicant has identified the following benefits to the strata conversion:

- the current rental mix pays higher than average rents (currently renting at \$1,000 per month; CMHC average rent is \$700 for a two-bedroom unit). Conversely, a building strata conversion will provide affordable home ownership in an otherwise unaffordable area (projected sales averaging \$270,000);
- proposed property tax base will generate \$350,000 annually;
- home purchase plan for current tenants include down payment assistance and no sales commissions;
- program for retaining current tenants;
- 100% of the units after strata conversion will be protected for rental pool flexibility; and
- existing building will comply with 2006 Building Code.

Community Contribution

The applicant has committed a community contribution of \$1 Million payable to the City of Nanaimo in support of downtown social program initiatives, as part of the strata conversion application. If Council proceeds with approving the application, Staff would return with a report outlining options for using the \$1 Million. The \$1 Million amenity contribution would be paid at the time of building permit issuance for a strata conversion of the building. The owner also proposes to protect rental flexibility of future strata owners by registering on title a restrictive covenant that would not permit a future Strata Council from restricting rentals.

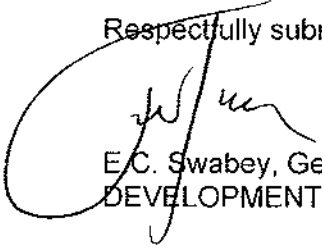
Summary

The loss of 125 units of rental stock in Nanaimo is significant. There are currently 3,387 rental units in the city, of which this building represents 3.8% of all rentals in the city. Seacrest is a large rental project within the heart of the city's downtown core, which adds to the diversity of housing form and affordability within our most significant commercial node. There is no doubt that the units once stratified would be affordable in terms of home ownership when compared to brand new units, such as those being produced by Insight Towers across the street or by Cape down the road, however, once taken out of the rental pool, these units are lost forever as guaranteed rentals.

Should Council approve the stratification of Seacrest, Staff anticipates a large number of similar applications from owners of other rental buildings in the community, whether it be duplexes or multi-unit apartment buildings.

Staff does not support amending the current Council policy and believes it is important to protect the existing rental housing stock. The current rate for rental building units (aside from secondary suites) is low and it would take years to replace the lost rental units from Seacrest if they are converted. There has only been one other purpose-built rental apartment building constructed in Nanaimo in the last 20 years at the corner of Turner Road and Uplands Drive. Protecting what we have is essential to maintaining affordability and a mix of housing in Nanaimo.

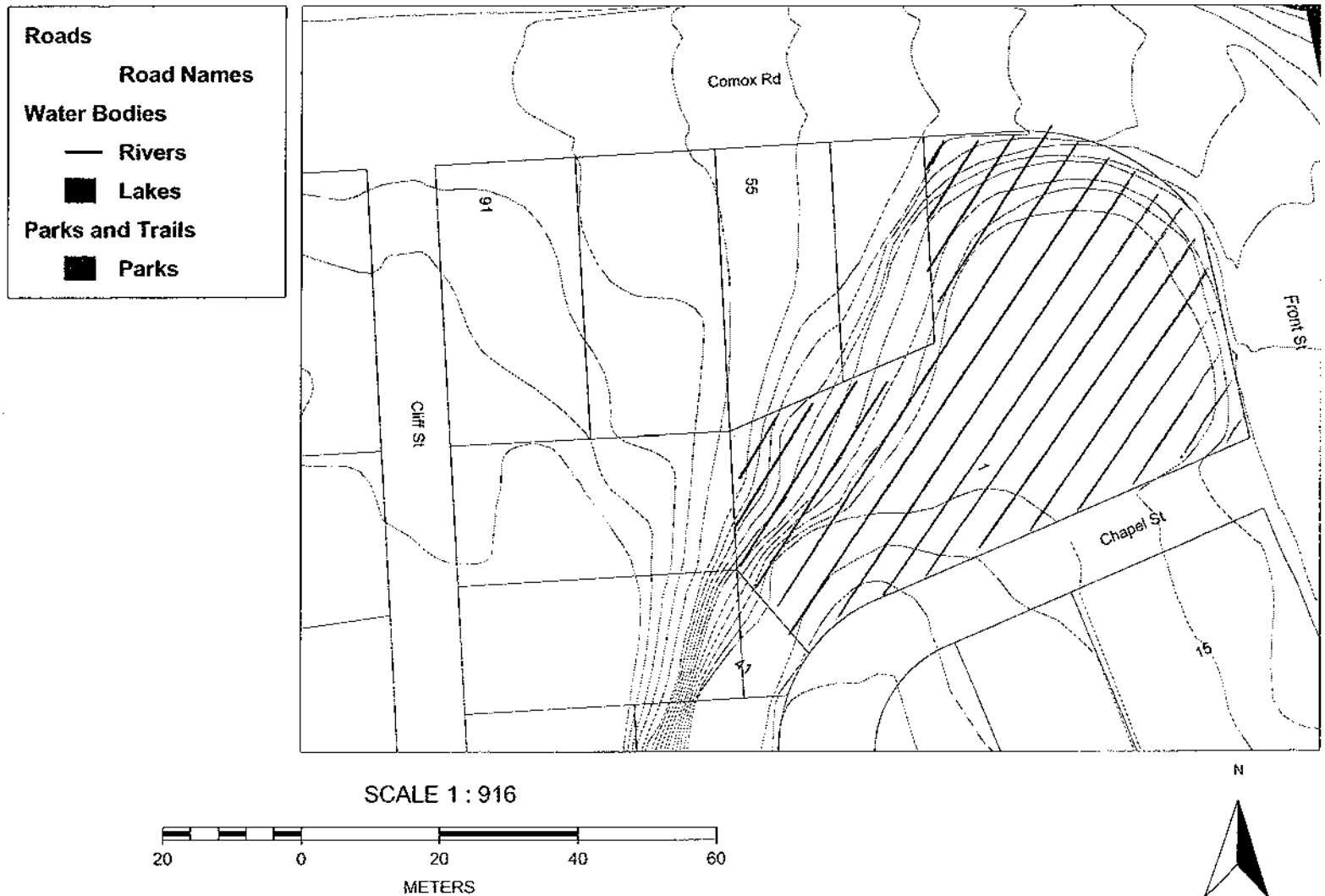
Respectfully submitted,



E.C. Swabey, General Manager
DEVELOPMENT SERVICES

ECS/hp
Prospero: CIS391
F/P CoW: 2008-Mar-17

City of Nanaimo



March 17, 2008

File No. 846.07

City of Nanaimo
455 Wallace Street
Nanaimo, BC V9R 5J6

ATTN: Mayor Korpan & City Councillors
Finance/Policy Committee of the Whole

SUBJECT: PROPOSED APARTMENT STRATA CONVERSION - SEACREST
APARTMENTS, 1 CHAPEL STREET, NANAIMO, BC

Applicant:

The owner of the property is Newlook Capital No. 3 Corp. is a BC based company comprised of a range of investors (not a MIC) that seeks sound investments. Newlook Capital has purchased a range of properties in the last 12 years. Newlook Capital has completed a large condominium conversion on the mid island.

The company has conducted business in Nanaimo since 2001, and specializes in multi family developments. Newlook Capital has purchased approximately 400 units in the last 12 years.

Subject Property:

Seacrest Apartments (constructed in 1964) was purchased by Newlook Capital, January 2004 (see key map enclosed). A review of the existing building structure was completed with the following upgrades taking place:

- Individual unit improvements as vacancies occur.
- Exterior building envelope recaulking of all joints, window sealings and complete building exterior recoated with elastomeric paint.
- Clean up and removal of abandoned rooftop cellular site.
- Currently researching green sources of energy (geo thermal).

Existing Zoning and Building Code Compliance:

The existing building structure is 25% in compliance with the seismic regulations of the 2006 Building Code. The building is also void of building sprinklers.

Existing zoning and building regulations permit a wide range of commercial uses. However the best use to recover costs for the required upgrading improvements is to retain the existing multi family use by converting to building strata.

2006 Building Code compliance deficiencies identified for the purpose of evaluating the proposal for conversion to a building strata:

- Seismic upgrade (see geotechnical and structural letters enclosed).
- Spacing of patio railings (see architectural letter enclosed).
- Fire suppression.
- Fire egress.
- Elevators.
- Upgrading heating system.

The code compliance review has determines the cost and thereby the approach for upgrading and the need to advance the proposal for a building strata conversion.

Building Strata Conversion Policy:

The City of Nanaimo Council Policy states that building strata conversions are precluded below 3%. Current CMHC vacancy rate survey for October 2007 is 1.1%.

Benefits of Building Strata Conversion:

- Mixed range demographic pays higher than average rents (currently renting at \$1000 per month, CMHC average rent is \$705 for two bedroom unit). Conversely, a building strata conversion will provide affordable homeownership in an otherwise unaffordable area (projected sales average \$270,000.).
- Proposed property tax base will generate \pm \$350,000. Annually.
- Home purchase plan for current tenants includes down payment assistance and no sales commissions.
- Program for retaining current tenants.
- 100% of units can be rented.
- Existing building will comply with 2006 Building Code.

Community Contribution:

Newlook Capital commits to a community contribution of \$1,000,000. payable to the City of Nanaimo in support of downtown social program initiatives.

Preconditions:

- Amenity to be paid at the time of building permit issuance.
- Registration of a covenant on title ensuring that 100% of all units may be rented.

Request/Recommendation:

Given consideration to the large expenditures and rising costs for improvements to comply with the Building Code standards, the owner requests the following:

1. An amendment to City Council's rental policy to permit the conversion of Seacrest Apartments to a building strata.
2. Approval includes community contribution as noted above.
3. Register rental covenant on Title as noted above.

We thank you for your consideration and would be please to respond to questions.

Respectfully Submitted,



R.K. Brown,
Consultant Planner

Enclosures

p.c. Mr. Marcus Kurschat, Principal
New Look Capital No. 3 Corporation

STAFF REPORT

REPORT TO: ANDY LAIDLAW, GENERAL MANAGER COMMUNITY SERVICES

FROM: RICHARD HARDING, DIRECTOR PARKS, RECREATION AND CULTURE

AUTHORED BY: KAREN LINDSAY, GRANTS AND MARKETING COORDINATOR

RE: 2008 LOCALMOTION GRANT APPLICATION

STAFF'S RECOMMENDATION:

That Council authorizes the grant application to the Provincial LocalMotion Program for the Frank Crane Elevator.

EXECUTIVE SUMMARY:

At the 2006 UBCM Convention, Premier Campbell announced new funding programs for Local Government to access. The LocalMotion program is a \$40 million fund that will provide \$10 million over a four year time frame. The program funds capital projects in a 50:50 cost sharing arrangement based on the total cost of the project.

The program supports applications for capital projects that encourage improved physical fitness, reduced risk of traffic crashes, reduced air pollutants and meets the diverse needs of seniors, young families and all British Columbians. Construction projects such as bike paths, walkways, greenways and improved access for people with disabilities qualify.

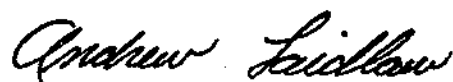
BACKGROUND:

The City of Nanaimo continues to be proactive in securing funds from a variety of sources for capital projects. The Frank Crane Elevator Capital Work Project has been identified as capital project that supports the criteria of accessibility for the disabled and seniors and qualifies for submission under the LocalMotion grant program. The project is currently funded in the 2008 budget.

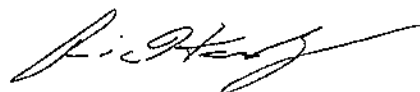
Frank Crane Arena is a multi-purpose facility situated in central Nanaimo and hosts a variety of community events and programs including but not limited to ice hockey, conferences, and lacrosse. The facility has the ability to formally seat approximately 2,600 individuals. Currently, patrons attending events at the facility are required to access seating and amenities in the upper levels by climbing stairs. Seating for those with limited mobility or special needs is currently limited to a small section at ground level making viewing and attendance difficult. Through the installation of an elevator at Frank Crane, access will be improved to the upper levels of the facility and will provide additional viewing areas and amenities for seniors and those with limited mobility. Additional seating for the disabled will be provided in the upper portion as well.

The estimated total project cost for the Frank Crane Elevator is \$220,000. Should our grant application be approved, the LocalMotion program will fund up to 50% of the project costs.

Respectfully submitted,



Andy Laidlaw
General Manager Community Services



Richard Harding
Director Parks, Recreation and Culture