

Date: Monday, November 2, 1998  
Time: N/A  
Place: N/A

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**PRESENT:**

**65 Water Street - DE403392**  
Minutes  
Motion  
Other Business

**Board**

F.A. Scobie, Director of Development Services (Chair)  
B. Taylor, Director - Office of Cultural Affairs  
B. MacGregor, Deputy City Engineer

**Advisory Panel**

J. Hancock, Representative of the Design Professions (Urban Design Panel)  
A. Gjernes, Representative of the Development Industry (present #1 and #2 only)  
P. Kavanagh, Representative of Development Industry  
R. Mingay, Representative of General Public  
D. Chung, Representative of General Public  
D. Roodenburg, Representative of General Public

**Regrets**

B. Parton, Representative of General Public

**ALSO PRESENT:**

**City Staff:**

M. Kemble, Development Planner  
G. McGeough, Heritage Planner  
N. Peters, City Surveyor

**Item 3 - 65 Water Street - DE403392**

P. Merrick, Paul Merrick Architects Ltd.  
R. Bailey, Paul Merrick Architects Ltd.  
J. Stovell, Reliance Holdings Ltd..

**CLERK TO THE BOARD:** Georgia Dahle

**1. MINUTES**

It was moved by Mr. MacGregor, seconded by Mr. Taylor, and was the decision of the Board:

THAT the Minutes of the Development Permit Board and Advisory Panel Meeting of October 5, 1998 be approved

**2. BUSINESS ARISING FROM THE MINUTES**

None.

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**3. 65 Water Street - DE403392 - Zone HA-2  
(Complete Application)**

Applicant: Paul Merrick Architects Ltd.

Request: To redevelop the existing Malkin Warehouse (Provincially-designated Heritage 'B') building and adjoining lots for mixed-use development, including 90 units of market residential as follows:

- on the westerly 33 ft. lot, a glazed atrium space 53 ft. high with two levels of commercial use;
- on the middle Malkin Building site, 2 -3 storeys of residential use added on top of the 6-storey heritage building; and
- on the easterly 66 ft. lot, a 9 - 11-storey residential building with retail commercial on the ground and second floor levels.

Underground parking is provided for 166 cars, with access from the private right-of-way on the north side.

**Development Planner's Opening Comments**

The Development Planner, Mike Kemble, presented this complete application. The proposal is for the renovation of the Malkin Warehouse, a provincially designated 'B' building, located on this large 231' frontage site along the north side of Water Street. Surrounding the site is Maple Tree Square to the east; the current proposal for the expansion of the convention centre, the Eastlands redevelopment proposal, and the major public open space C.R.A.B. park to the north. This project is seen by City staff as architecturally exciting, yet provocative and challenging. An increase in both commercial and residential activity in the area will be achieved by a development such as this. Along with the housing and commercial benefits, key public benefits include additional parking for the area, a potential link through the site to the Burrard waterfront, and a future connector to the convention center.

Mr. Kemble reviewed the surrounding sites, their current height and massing configurations, along with the HA-2 heritage zoning. One unique aspect of this zoning is that it does not impose a maximum FSR, although it does have a maximum height of 75 ft. The maximum height however, can be relaxed by the Board, subject to certain criteria and conditions. The Van Horne development at Cordova and Carrall Streets is the only precedent in the Gastown area that was approved with a height of 120 ft., above the maximum allowable 75 ft. Prior to considering the height relaxation, the Board referred it to Council for advice, and subsequently approved the project. The project before the Board today is proposing a mixed-use development with retail commercial on the ground and second floors of the Malkin Warehouse and 66 ft. lot building. Office use will be located up to the 5th floors, with residential use on the top floors of the warehouse. Three-storeys of residential are proposed on the north side, and two-storeys on the south side of the Malkin Building. Nine-storeys of residential are proposed on the south side of the 66' lot, with an additional two-storeys on the north side, totalling 11-storeys. The glass atrium located on the 33' lot will include retail use at grade level and provide a lobby area for the elevators. Two significant elevator cores have been added on either side of the Malkin Warehouse, providing seismic upgrading, stabilizing the heritage building, and providing access through the three sites. Although there is no maximum allowable FSR in Gastown, the overall FSR is close to 7.0. The total floor space is about 216,000 sq. ft. Along Water Street the 66' lot treatment includes sod, with glazing and metal filigree and railings. The building is very transparent, allowing the two newer buildings to frame the older heritage building.

The basic issue raised by this proposal is how much new development can be added to this important heritage building, and adjacent lots, without compromising its heritage value and the integrity of the Gastown Historic District. The main areas of concern as indicated from the staff committee report include:

height relaxations and massing;  
streetwall character of additions and new buildings;  
vehicular access from private right-of-way (unsecured);  
public use of and future access through westerly atrium space; and  
appropriateness of Complete DE vs. Preliminary.

Concerning notification, 439 letters were sent out to neighbouring property owners; of the 21 responses received, 19 were letters of non-support, with two letters of support. The applicant has also held a number of public open houses to help answer questions and concerns over the project. To date, staff have received 41 letters and two petitions expressing strong support.

In summary, staff support this project, but recommend that significant alterations be done to accommodate staff's concerns over height and bulk. Options for making up the loss in pro-forma value include, possible in-filling of four-storeys to the atrium, making that area more marketable. Lowering the height of the atrium is also possible, thereby freeing up the lightwell to increase light and views. Staff are looking to reduce by one-storey the additions on both the north side and the south sides of the Malkin building.

Mr. McGeough, Heritage Planner, outlined the views of the Heritage Group and quoted the Vancouver Heritage Commission with regard to its new motion supporting the Gastown Committee's position concerning this development proposal. This project was seen to be both a benefit and an adversity to the area. The reuse of the Malkin Warehouse and the seismic upgrading of the building were seen to be benefits to this historic street. The principal adverse impacts are the scale and the character of the development. As the Malkin Warehouse is a 'B' building, heritage staff believe that this site is not the most appropriate location for a major departure of established heritage scale. It is noted that staff feel that an overheight building to the east can be supported, along with the addition to the warehouse, as the increase in height would not be visible to the streets of Gastown.

In response to a question regarding the status of the CPR R.O.W. access, Mr. Peters indicated that it is a private, short-term agreement with the City, whereby it can be cancelled with 60 days notice. The right-of-way agreement is multi-partied, making the securing of this lane more difficult.

In response to a question from the Chair regarding the position of the Director of Planning in terms of approval of the project on behalf of the Minister pursuant to the Heritage Conservation Act, Mr. Kemble indicated he did not know the extent to which the Director of Planning had considered this project.

#### **Applicant's Comments**

Mr. Bayley, Design Consultant, briefly explained the ownership history of the site, as well as the site context, while noting that this has been one of their most challenging and exciting projects. Reliance Holdings is the largest single owner of buildings in Gastown and plans to renovate both the external and the internal portions of the building to their original heritage aspects. The total project cost is estimated at \$30 million. The bulk of the existing floor area is to remain commercial. Sufficient underground parking is proposed to sustain the site along with additional parking for surrounding developments that are currently deficient in their

requirements. An "event courtyard" is to be built in the atrium, as a means of creating a major tourist and public function area at the east end of Gastown. In-filling the 33' lot is not desired, as it would alter the look of the atrium and lessen its impact and potential success as a public open space. Therefore, the addition to the Malkin Warehouse and the new building on the 66 ft. lot is sought to provide the necessary density for the project and to sustain its financial viability.

Mr. Bayley addressed the concerns set out by staff in the report dated October 21, 1998, and how the conditions would be addressed by the applicant. He noted that should the 66' lot be limited in its height to 96 ft., the loss of financial profits from this area could seriously disable the project, as the upper floor units are the financial backbone. The mechanical shaft concerns could be alleviated. It was felt that in regards to the glazing of the two new buildings, an aesthetic judgement was made to frame the heritage building as opposed to locking it in with more traditional buildings.

Mr. Bayley expressed concern over the Board's ability to approve the project in its present state. He suggested that if it could not be approved, that it be referred to Council, thereby allowing Council to possibly give some direction to the Board.

Mr. Stovell, Property Manager, explained that a great deal of time has been spent on public meetings to help inform area residents and businesses of the proposal. He went on to explain the current vacancy levels of the building and some of the other safety issues that the area is facing. The mass and scale of the project have been reduced from the initial proposal, as well as changing the materials to enhance the heritage merits of the project. Alternate massing schemes were considered, but it was felt that altering the scheme would reduce the project's financial feasibility and severely jeopardize the overall success and marketability of the site. Mr. Stovell continued to explain that steps were taken to work with the city, the Board and with GHAPC in finding amicable solutions to this development.

Mr. Bayley explained that the City had requested that an alternative access plan to the site be created. They have prepared an alternate scheme in the event the right-of-way cannot be secured for vehicular access off the lane. Because the current by-law forbids access off Water Street, the by-law would need to be amended for the scheme to be approved by staff.

(Board and Panel members took a few minutes to review the drawings).

#### **Comments from Other Speakers**

Sue Bennett, Chairperson GHAPC, explained that GHAPC strongly supported this proposal because of the positive benefits that it will have on Gastown. It was felt that the staff committee's report failed to emphasize both aspects of GHAPC's motion; the support and need for heritage incentives to be given to this project and the HA-2 District. GHAPC understood the concerns the applicant had voiced over the financial constraints of the project and felt the rationales were justified. It was also expressed that a reevaluation of the by-law was needed, as it could have serious detrimental effects on the project otherwise.

Don Luxton, Chairperson, GHAPC Design Sub-committee, explained that GHAPC viewed its mandate extremely seriously as well as the project's economic viability, its heritage authenticity, and its relationship to one another. As GHAPC was not in a position to offer advice for this project, it was noted in their minutes that other meaningful incentives should have been offered to the applicant. Potential long-term redevelopment in the area could diminish if the approval of this project is not granted, as the difficulties of obtaining staff support continues to increase and losing potential development interest is jeopardized. It is

felt that parking and height relaxations are not adequate relaxations for the area; others are urgently needed. The project was supported in-principle by GHAPC, with concerns of how the project will impact the community, while acknowledging its economic viability.

The Chairman clarified the Board's mandate and explained what incentives are currently available in HA-2 for staff to offer potential developers.

Mr. Luxton further explained that the parking component of the project was important. As the applicant is providing more spaces than technically needed, they are able to provide additional spots for other deficient sites in the area.

James K-M, Area Resident, expressed concern over the increasing crime in the area and hopes city staff would encourage safe, clean, and enjoyable living conditions for the area. Both social and market housing are seen to be positive aspects for the neighbourhood. Mr. K-M also indicated that he favoured this project as it preserves the status-quo of the area and also builds on Gastown heritage in an imaginative way.

Grant Longhurst, Granville Business Improvement Society, represent approximately 500 retail and commercial properties, as well as the property owners in the neighbourhood. They are strongly in favour of the Reliance redevelopment for the area. The preservation is not about the architectural design style of the building, it is about preserving the neighbourhood.

Hans Gust, Neighbouring Property Owner, explained that as the property owner directly to the west of the proposed atrium, he too finds it extremely difficult to lease out units in his building and suffers the similar financial constraints as Reliance. Parking is constantly a concern for leasing out units in the building and welcomes Reliance in providing extra spaces. The atrium would allow his building to be opened to the east, and provide a common walk-thru to each building. If this project were to be approved, the possibilities of having the two buildings work together and possibly even act as one increases. Providing greater incentives to work together with neighbouring property is encouraged.

Niels Bengston, Neighbouring Property Owner, explained that as a business owner in the area for 28 years, he is concerned over the deterioration of future heritage buildings in the area. As it is difficult being a landlord in a historical area, he fully supports the project. It is felt that the applicant should be encouraged to make the neighbourhood more viable.

Lyn Bryson, Area Resident, believes that the balance and objectives of this project are distinct. As several recommendations to the Board have been made, she encourages the project to be approved as submitted or referred to Council for advice.

Michael McCoy, is a resident of Gastown and an executive member of the Gastown Homeowner's Association. He explained that there are varying levels of concern for this project and that these issues need to be addressed if approval of this project is to take place. Innovative and creativity initially made Gastown, and a creative force is needed to bring Gastown back to that status. Staff have been negligent in not bringing creative heritage incentives forward for HA-2. Buildings must adapt to the changing design.

Paulo Pela, explained that Gastown should improve to attract more people, and become a better tourist destination. The economic viability of the area is marginal and Water Street requires a large focal point that will anchor the street to the area. As this site is the only large one available, to achieve such a focal point the project should be approved. Approving the project with strings attached is insufficient and detrimental to the overall success, and

reducing the economic viability of this project would be disastrous. Gastown business owners want this project to be highly visible and spectacular, contrary to the city's position. Rules and by-laws were created to protect people from mediocre projects, this is not the case with the project as submitted. Exceptions must be made. Gastown's policies on materials for buildings is in direct contradiction to the Heritage Commission's intent of material facades. The general consensus is that imitation buildings are not desired, unique and favourable buildings are truly desired.

Wendy Moody, President Trillium Real Estate and property manager for businesses in Gastown. She too explained that it is extremely difficult maintaining healthy tenancy in the area. Height and density is not a concern to other business owners. Beauty and vitality is more of a concern, and she strongly supports the proposal as is.

John Teddy, Owner 'Sonar' Business, supports this project because it is a good development. As a business owner, he does have some grave concerns for this development. As Vice-President of 'Bar Watch' he is concerned over the problems of compatibility with residential use and the entertainment district. There is a high level of concern regarding the noise in the area, between party-goers and residents. As there are eight clubs within a one-block radius of this development, noise attenuation measures should be demanded for the project.

Mr. Bayley responding to a question regarding noise mitigation, indicated that the internal courtyard will allow residents to have a quiet zone. One of the characteristics of the units is the notion that the front portion of each suite is to have the living area pushed back, thereby increasing the reduction of outside noise.

Mary Davies, Area Resident, supports this project. As the increase of market housing will make the area more liveable, the additional parking spaces will mitigate some of the parking deficiencies.

Joe Mulder, Area Resident, finds this project very supportable, as it attractively mixes old with new. He values the diversity with the neighbourhood, including the nightclubs. More people are needed in the neighbourhood as residents, and not solely as a tourist destination.

Paul Ardagh, Property Owner, encourages the approval of this project, as it should be a catalyst for redevelopment in the area.

George Lee, Property Owner, has been a business owner in Gastown for 29 years and views the area as historic. A dangerous precedent will be set for potential future buyers and developers if this project is not approved. He supports this project, and agrees that it does not comply with the guidelines, but believes that this project should go ahead nonetheless. If it is not economically viable, the project will fail.

Dave Swani, Area Merchant, has been in the area as a retail merchant for 20 years, and also supports this project. Although the area is quite problematic and the levels of crime continue to increase, this project is a positive addition to the area.

Cirus Pegan, Owner of '212', both a business owner and a resident of the area. As the previous club owner indicated, he too is concerned over the combining of both uses in the area. Although he supports the project, he believes that prospective home buyers should be notified of the surrounding entertainment uses.

Ken Frail, Sergeant, Vancouver Police Department, assigned the area of Chinatown, Gastown and the Downtown Eastside and is speaking on behalf of his experience in the area with the department. The project is supported because of the health of Gastown. The survival depends on a large development at the foot of Gastown, something this project does. Many historic buildings are sitting empty and deteriorating and some may not be salvageable in the long-term. From a health and safety standpoint, a middle ground needs to be found, not only with bars, but the balance between the merchants and the residents.

Leanore Sali, Manager, GBIS, voiced the sentiment of many area business owners in the area. She supports the project and is excited over its potential. A study was completed in 1989 suggesting the vacancy rate in the area at approximately 75%. That figure has not changed today. Establishing a 'Bar Watch' is sought for the area, as many neighbouring business owners and residents feel that it would be a positive addition.

Graham MacKenzie, Director, Army & Navy, also supports the proposal, and would encourage the project be sent to Council if the Board cannot approve it.

The Chairman clarified that the Board has the right to seek advice from Council on a matter related to the Board's jurisdiction. Any advice that Council wishes to provide is simply that, advice to the Board. Council does not have the ability to approve or refuse this application. Council delegated that role and authority to the Board, and Council itself, is simply in an advisory position to the Board.

Frankie Lefleur, Area Resident, representing several members of the Strata Council at 41 Alexander Street, the 'Captain French' building. There is a great deal of ambivalence felt by other members of her strata council towards this project. The building in which she resides fits in with the area as required by the HA-2 zone. Gastown is losing a little bit of its heritage with the current proposal. Although the current heritage building is beautiful and the proposal is aesthetically pleasing, there are still concerns regarding the finishes of the proposed easterly building on its south facade. The use of glass is not supportable, masonry should be encouraged to help enhance the existing industrial heritage of sites in the area. There are not enough incentives given to developers and more should be encouraged. Security is also a major concern, both vehicular and property crime. Therefore, underground secured parking must be ensured.

Neil Uchida, Owner 'Purple Onion', wanted to reiterate the concerns previously voiced by the other club owners. Due to the limited parking in Gastown, parking is a concern, as is traffic and the potential noise surrounding the new building. He too encourages a covenant or legal clause that would notify perspective strata title owners of the potential for noise in the area. The GBIS provides security until 8 p.m. every evening, but after 8 p.m., panhandlers and thieves harass potential customers for money. Measures should be taken to ensure more safety procedures are occurring and reduce the panhandlers in the area. Otherwise, the project is fully supported.

#### **Panel Opinion**

Mr. Hancock, representing the UDP, stated that the project was strongly supported by the Panel, with the recognition of the issues faced by the project. Significant discussions arose at the Panel in regards to the character of the building, and whether it reflects the goals of the heritage zoning of Gastown, but, in the end, it was felt that the existing structure would be benefitted by not seeing an imitation heritage structure added to the side. The approach of glass and iron was sensitively handled, and very complementary to the character of the buildings adjacent. In addition, the Panel supported the density and the FSR, the height, and

the concept of modulating the height. In reality, the height of the general massing of the proposal was quite appropriate, and the Panel was particularly excited with the potential public benefit of the atrium space, as it has the potential to ultimately connect through to the convention centre site, creating a circulation loop. The consideration of the atrium also contributing to the neighbouring building to the west and the vitality of that building was also noted and seen as a benefit. Given the right negotiations, the atrium could be a true benefit to the area. The Panel discussed quite thoroughly the project, as it was a lengthy meeting, and found the project to be very complementary. The Panel was also satisfied that the project could be considered as a complete, and treated it as such.

Mr. Hancock, representing the design industry, stated that the project was very supportable as submitted. No public benefit would be had by lowering the height and therefore, should be left as is. Aesthetically, the massing is appropriate and stands on its own merits. It was felt that Gastown should continue to be built 'bravely' and not 'timidly'.

Mr. Gjernes, recommended approval of the project, with the deletion of prior-to conditions 1.1, 1.2, and 1.4. He too agreed with a previous speaker that suggested that the project was too frail to expect that it could survive further modifications. The extra density and height are the only incentives that are available to the applicant for developing this site and should be given. Concern was voiced over the access to the back of the site, and would encourage that the City assist the applicant in discussions with CP. Disclosure of the noise concerns should be addressed to the potential home buyers. Ensuring the appropriate acoustical consultants be involved in the project was also suggested.

Mr. Chung, commended the applicant on the persistence and work done on the project. The height was seen to be positive, and felt that it should not be reduced and also supported the deletion of conditions 1.1, 1.2, and 1.4. Both the south and north facades of the building are supportable, leaving the glass treatment to the front of the building, where the heritage character of the Malkin Warehouse would be enhanced.

Ms. Mingay, concurs with many of the Urban Design Panel's comments and would encourage support of the project. She too felt excited about such a potentially successful design, as the atrium could become a very lovely addition for the community. She also supported the deletion of conditions 1.1, 1.2, and 1.4.

Mr. Roodenberg, supports the design and hopes that the project goes ahead as planned.

#### **Board Discussion**

Mr. MacGregor questioned as to whether or not any public views were going to be affected with this development. Mr. Kemble indicated that the only Council-approved public view corridor extending through Gastown is from South False Creek, which affected the placement of the tower for the new convention centre, but not this block. Street end views do not affect this site. The upper portion of the 66 ft. lot building would be visible from easterly sidewalk areas in Gastown.

Mr. MacGregor commended the project applicant and the proposal before the Board. The setback of the upper levels was seen as a positive measure to mitigate noise. The views are not seen as a concern or an issue for the project. A major development should anchor this part of Water Street and the Malkin Warehouse is just that. The atrium's ability to facilitate development to the adjacent site is also seen as a truly positive aspect of the development.



Mr. Taylor complimented both the applicant for taking such bold steps in changing the neighbourhood and the architect for the creative approaches to this difficult goal. There are some reservations he has with the proposal, partly due to the relaxations being sought, but the fact that this project will be a good precedent for other areas and buildings within the city, it must go ahead as proposed.

**Motion**

It was moved by Mr. McGregor and seconded by Mr. Taylor, and was the decision of the Board:

THAT the Board APPROVE Development Application No. DE403392, in accordance with the Development Permit Staff Committee Report dated October 21, 1998 with the following amendments:

Deletion of conditions:

- 1.1
- 1.2
- 1.4

Amendments:

Condition 1.8 Note to Applicant: The obligation to construct and maintain the access including provision for permanent support of an overpass and permission to connect to the site is to be included in the agreement. Notice shall be registered on title advising all potential purchasers of this agreement.

Condition A.1.14 Note to Applicant: In the event that a secured access cannot be agreed to and obtained from the adjacent owner under a covenant, then an alternative plan for access must be approved and an agreement entered into obligating the construction and indemnifying the City and approving officials.

Add: Note to Applicant: The owner/developer is encouraged to work with the neighbour to the west to facilitate opening of windows above and in the atrium.

Add: Condition 1.10: Clarification of future public use programming opportunities for the atrium space on the 33' lot, in consultation with Cultural Affairs staff of the City.

In announcing the Board's decision, the Chair reminded the applicant that notwithstanding the Board's approval of the development application, approval by the Director of Planning must also be obtained, on behalf of the Minister, pursuant to the Heritage Conservation Act.

CARRIED UNANIMOUSLY

**4. OTHER BUSINESS**

The Chairman circulated copies of Council's resolution approving various changes to the composition of the Development Permit Board. These include an additional voting position for the Board. The Chairman's position will no longer be one of a voting nature, and Larry Beasley, Director of Central Area Planning will be included as the third voting member. Jacquie Forbes-Roberts, Director of Community Planning, has been appointed

as his alternate. The Deputy City Manager will replace the Director of Social Planning position on the Board, with the General Manager of Corporate Services as alternate.

There being no further business, the meeting adjourned at 8:50 p.m.