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<b>TO:</b>	<b>CHAIR AND MEMBERS PLANNING &amp; ENVIRONMENT COMMITTEE</b>
<b>FROM:</b>	<b>JOHN M. FLEMING DIRECTOR, LAND USE PLANNING AND CITY PLANNER</b>
<b>SUBJECT:</b>	<b>DECOMMISSIONING THE SOUTH STREET HOSPITAL PUBLIC PARTICIPATION MEETING ON MONDAY, JANUARY 16, 2012</b>

<b>RECOMMENDATIONS</b>
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That, on the recommendation of the Director, Land Use Planning and City Planner, with the advice of the Heritage Planner, the following actions **BE TAKEN** regarding the five listed properties and three additional properties identified as having heritage value by a recent heritage assessment, located on the lands of the South Street campus of the London Health Sciences Centre:

- A. For the buildings located on the south side of South Street:
  - i. The London Health Sciences Centre and the Chief Building Official **BE ADVISED** that Municipal Council has no concerns regarding the demolition of the Main Hospital Building, the Pastoral Care Building, the Isolation Building and the Surgical Building on the south side of South Street.
  - ii. That prior to the demolition of the north wing of the Main Hospital Building, as well as the Surgical Building, the Isolation Building and the Pastoral Care Building, these buildings **BE DOCUMENTED**, including complete photographic documentation of the building's older features, and, where possible, with measured drawings of the original layout as can be discerned where such drawings do not exist;
  - iii. If feasible, the limestone materials of the art deco main entrance feature of the north wing of the Main Building **BE SALVAGED AND STORED** through the demolition process, to be offered for incorporation into future buildings to be constructed on the site;
  - iv. **NO ACTION** be taken regarding the demolition of the Colborne Building at this time, noting that the demolition and clearance of the lands on the south side of South Street will be undertaken through 2012 into 2013, and the retention of this building will not preclude the clearance of the remainder of the lands;
  - v. The Colborne Building **BE PROTECTED** until the feasibility of restoring the building can be adequately assessed through a request for proposal process; using a least-cost approach, this protection is to be accomplished by:
    - a. Making the building secure, including the installation of a security system;
    - b. Undertaking all necessary repairs to prevent water infiltration and to provide adequate heat and ventilation;
    - c. Retaining the original doors, door and window surrounds, and fire protection equipment,
    - d. Removing hazardous materials as part of the larger site remediation process in a manner that would not preclude the adaptive re-use of the

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building;

- B. For the buildings located on the north side of South Street:
  - i. **NO ACTION** be taken regarding the demolition of the War Memorial Children’s Hospital at this time, noting that the London Health Sciences Centre will not be vacating the remainder of the lands on the north side of South Street until after 2014;
  - ii. That, using a least-cost approach, the War Memorial Children’s Hospital **BE PROTECTED** in the interim by:
    - a. Making the building secure, including the installation of a security system;
    - b. Undertaking all necessary repairs to prevent water infiltration and to provide adequate heat and ventilation;
    - c. Retaining any original significant features, including the sunrooms;
    - d. Removing hazardous materials as part of the larger site remediation process in a manner that would not preclude the adaptive re-use of the building;
  - iii. The London Health Sciences Centre and the Chief Building Official **BE ADVISED** that Municipal Council has no objection to the demolition of the c. 1950’s addition to the War Memorial Children’s Hospital;
  - iv. That a source of financing **BE IDENTIFIED** to undertake a Heritage Building Conservation Assessment in 2012 or 2013 of the Nurse’s Residence and Medical School Buildings prior to any recommendation on the future use or retention of these buildings; it being noted that no action is required at this time for the buildings located on the north side of South Street as the London Health Sciences centre will be continuing its use of these buildings for up to two more years; and,
  - v. **NO ACTION** be taken at this time regarding the demolition of the Nurse’s Residence or Medical School Building, noting that these buildings are still occupied by LHSC, and will be vacated over the next two years.
- C. The London Health Sciences Centre **BE REQUESTED** to establish and contribute to the City an amount equal to the demolition and site remediation costs that would have otherwise been spent for the Colborne building, to be used for mothballing the building (including removing hazardous materials) and, if preservation is found to be infeasible, the subsequent demolition of the buildings.
- D. Staff **BE DIRECTED** to identify a source of financing for mothballing the Colborne Building and War Memorial Children’s Hospital Building.
- E. As part of the future redevelopment of the South Street lands, opportunities for interpretation, such as a park, interpretive signage, commemorative works of art, or landscape features such as walls or pathways **BE DEVELOPED** as a means of commemorating the history and importance of the hospital, and that, where feasible, materials salvaged from the site be incorporated into the project.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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2011 December 12: Report to Planning and Environment Committee from G. Barrett / D. Menard - *LHSC South Street Hospital Complex Heritage Issues*

2011 December 12: Report to Planning and Environment Committee from G. Belch - *LHSC South Street Campus Decommissioning*

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2011 June: *Road Map Soho-Regeneration South of Horton Street: A Community Improvement Plan for London's SoHo District*

<b>BACKGROUND</b>
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**The South Street Campus**

- The Victoria Hospital, South Street Campus Lands occupy an area of approximately 5.14 ha. as shown in bold outline on Figure 1. These lands are currently occupied by a variety of buildings and parking lots that have been used for hospital purposes for more than 100 years.
- These lands are owned by the City, but have been occupied and developed over more than 100 years by public hospital organizations, now represented by the London Health Sciences Centre (LHSC).
- The London Health Sciences Centre (LHSC) has vacated all of the buildings on the S/S of South Street and some of the buildings on the N/S of South Street.
- LHSC plans on removing all the remaining hospital operations and decommissioning the site in two phases.
- As shown in Figure 2, Phase 1 of the decommissioning deals with the lands and buildings on the south of South Street with the exception of Thameswood Lodge. Phase 2 deals with the lands and buildings on the north side of South Street.
- In all, about 20 individual buildings and several parking areas will be involved in the decommissioning activity for the full site.
- As part of transfer of the lands back to the City, the lands are to be made ready for redevelopment. A critical component of the transfer is both the disposal/demolition of the buildings on the site and the remediation of any brown field conditions on the land for future redevelopment.

**The South Street Campus Redevelopment Opportunity**

- With the movement of the Hospital from these lands, there exists a significant opportunity for redevelopment
- The benefits stemming from such a redevelopment are significant to London – both now and in the future.
- The SOHO Community Improvement Plan, adopted by Council in June of 2011, established the first stages of a plan for the City to redevelop these lands.
- The CIP calls for the development of these lands in phases, inviting private sector construction through one or more requests for proposals (explained in greater detail below).

**Heritage Resources on the South Street Campus**

- Of the more than 20 buildings on the site, five are listed on the City's *Inventory of Heritage Resources, 2005*. These five buildings are:
  1. The Colborne Building (south side of South Street)
  2. Main Building (North Wing) (south side of South Street)
  3. War Memorial Children's Hospital Building (north side of South Street)
  4. Nurses Residence (north side of South Street)
  5. Former Medical School (north side of South Street)
- Three other buildings were identified in the Tausky heritage assessment report (2011), commissioned by the City of London, as having heritage importance. These buildings are all located on the south side of South Street, and are not currently listed.
  6. Pastoral Care Building
  7. Isolation Building
  8. Surgical building
- Figure 3 identifies these 8 buildings.

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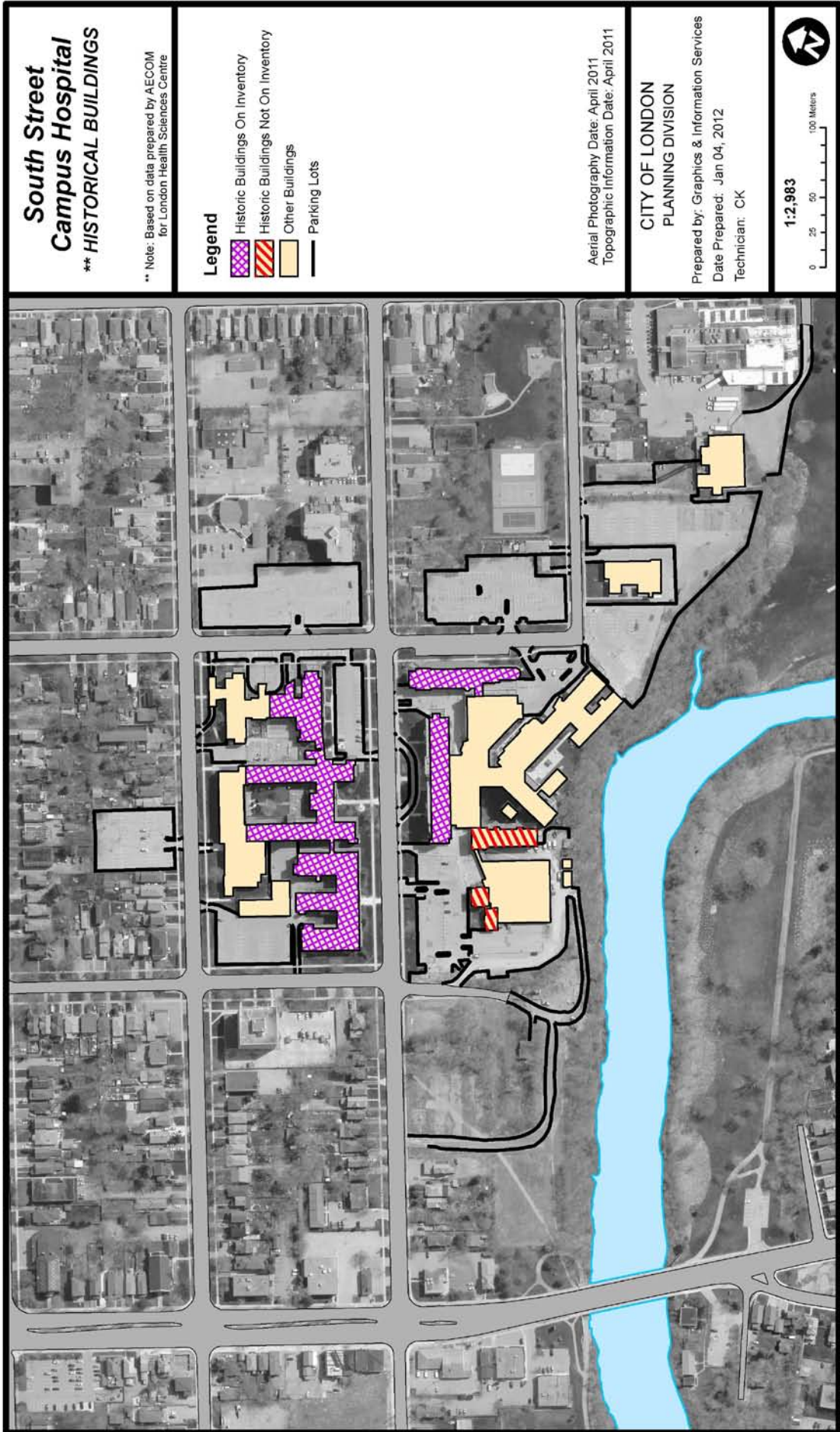


Figure 1

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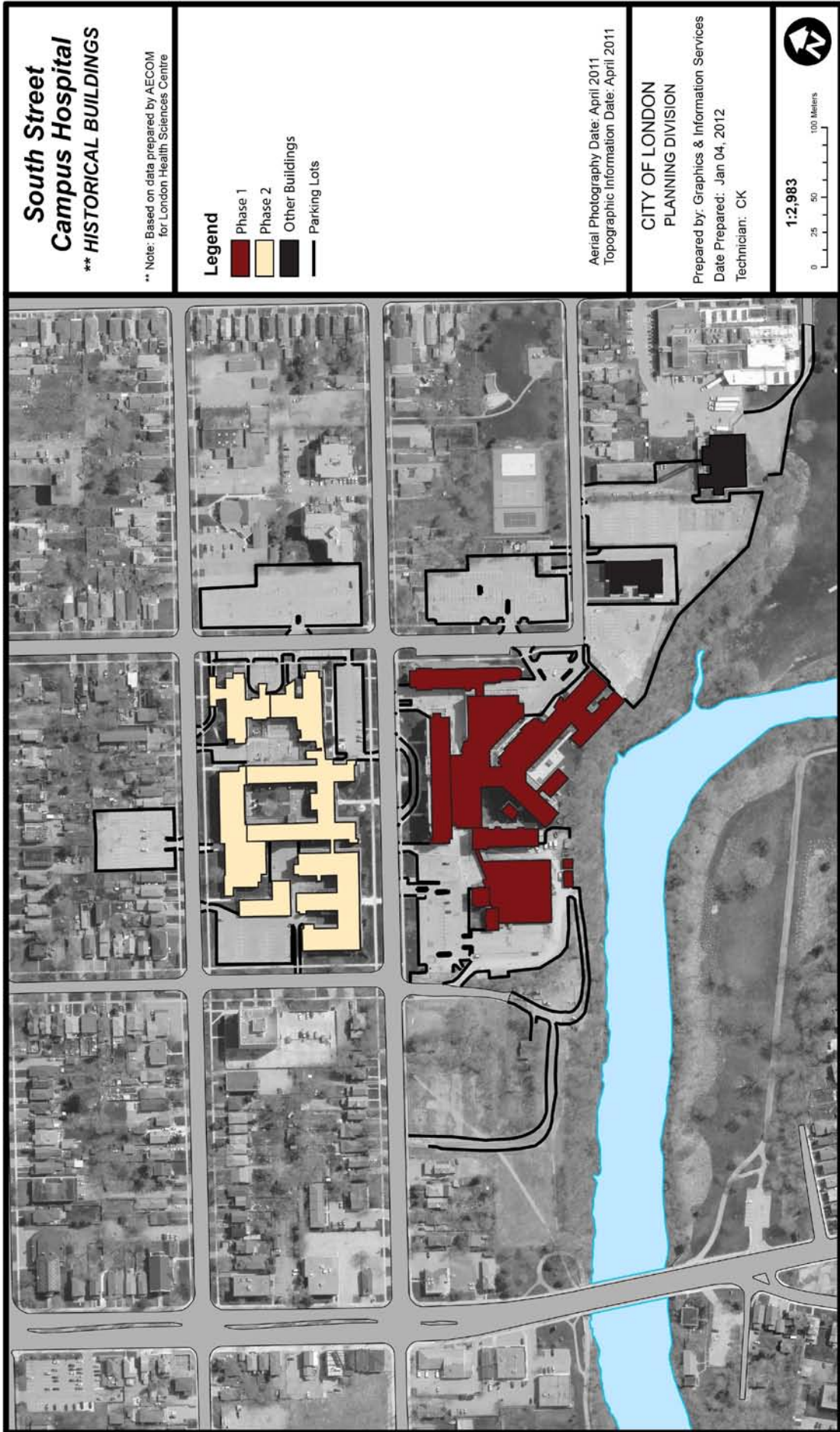
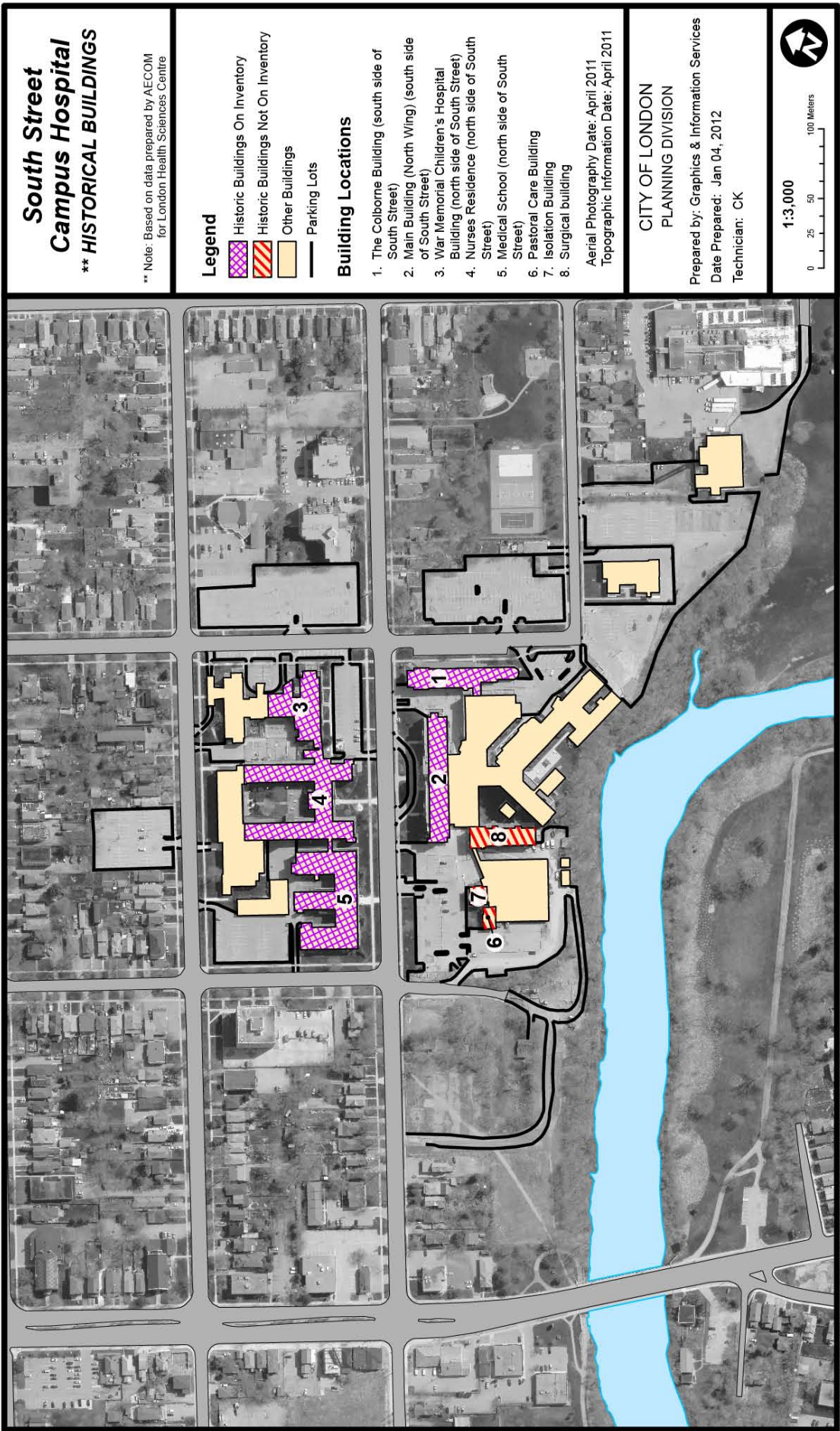


Figure 2



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Figure 3

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- It is important to understand that buildings listed on the City’s Inventory of Heritage Resources (listed buildings) are not heritage designated buildings under Part IV of the Ontario Heritage Act.
- However, London has established a By-law that requires that Council be given no less than 60 days notice of a property owner’s intent to demolish a heritage listed building. Furthermore, it is a practice of the City to hold a public participation meeting regarding the potential demolition of a heritage listed building.
- Recognizing that the City is the owner of the land and the owner of the buildings, LHSC will demolish or maintain buildings at the direction of the City as they turn over the land, so this typical process does not apply.
- However, consistent with the intent of providing an opportunity for public input on this matter, a Public meeting of the Planning and Environment Committee will be held on January 16<sup>th</sup>, when this report is submitted to Council, to consider which buildings on the South Street Campus should be demolished, “mothballed” for future consideration, or retained and potentially designated.

**The Imminent Need for a Decision**

- The need for Council to decide immediately on how to proceed with these buildings is precipitated by the desire of the LHSC and Province to move forward with decommissioning and transfer of lands relating to Phase 1.
- LHSC is planning to begin this decommissioning work, including demolition of identified buildings and remediation of any brownfield conditions on Phase 1 lands in mid-2012.
- In order to do so, the Hospital needs to know which buildings, if any, the City wishes to maintain on the south side of South Street.
- At the same time, there is a need to identify the City’s intentions with respect to the War Memorial Children’s Hospital Building, as it is now fully vacant and requires “mothballing” work to avoid deterioration if it is to be retained in the longer term.
- At this time, it is uncertain whether LHSC will pay for costs of removing asbestos and stabilizing buildings should they be identified by the City as worthy of retention.

**Structure of this Report**

- Given the above, Council requires clear information to answer the following questions, in order to make an informed decision on the way forward for the South Street Campus Lands:
  1. What is the vision, and what are the goals and objectives for developing these lands?
  2. What is the heritage value of the 8 buildings identified in the City’s heritage assessment report of 2011?
  3. What are the economic considerations associated with preservation vs. demolition of these buildings.
  4. What options exist for Council to consider in moving forward and what are their advantages and disadvantages from a heritage, redevelopment and economic perspective?
- The following report has been developed to answer these questions and provide a recommendation for moving forward.

<b>ANALYSIS</b>
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<b>1. The Opportunity – Vision, Goals and Objectives</b>
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**A Rare Opportunity for London**

- The South Street Campus lands represent a rare opportunity within the City of London as they embody the following advantages:
  - They are located adjacent to the Thames River – waterfront property along the

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Thames River Parkway system.

- They are located at the “doorstep” to Downtown London – within easy walking distance.
- They represent a large landholding, approximately 5.14 ha. In size.
- They are owned and in the control of the City of London

**Council-adopted SOHO Community Improvement Plan**

- The SOHO Community Improvement Plan (CIP), developed as a grass-roots neighbourhood plan over the period of approximately one and a half years, was adopted by Council in June of 2011.
- The SOHO Plan recognized the significant opportunity for the development of the South Street Campus lands.
- The adopted SOHO CIP is divided into four main components including one component that is entirely devoted to the redevelopment of the South Street Hospital lands.
- Through these four components, the Plan identifies key initiatives to improve SoHo including:
  - encouraging rehabilitation of the neighbourhood ‘s built heritage;
  - facilitating improvements to the area’s commercial corridor; and
  - providing connections to the Downtown and the Thames River.



Figure 4

- The Plan calls for heritage preservation, where feasible and City-initiated redevelopment of these lands in phases to create a flagship development that will spur revitalization in SOHO and Downtown London.

**Goals and Objectives for Redevelopment of the South Street Lands**

- The SOHO CIP recognizes that the redevelopment of the South Street Campus lands, together with potential rehabilitation and re-use of some buildings thereon, can serve as a tremendous catalyst for revitalization of the SOHO neighbourhood.
- The goals and objectives for developing these lands, identified in the SOHO CIP, range from short term to long term and can be summarized as follows:
  1. Creation of employment through construction jobs
  2. Escalation of assessed value on the South Street Campus lands as well as the surrounding properties, thereby increasing property tax revenue
  3. More efficient utilization of existing municipal services that are already provided in this urban location – including sewer, water, roads, transit, garbage pick-up, etc.
  4. Revitalization of the SOHO neighbourhood
  5. Revitalization of the Downtown, by boosting residential population in the Core
  6. Creation of a new urban neighbourhood that will provide a unique living experience next to the River, Downtown, and the hospital lands to the south
  7. Enhancing London’s image and attraction on a provincial and national stage.
  8. Creation of a flagship development that integrates:
    - a. Heritage preservation and adaptive re-use where feasible
    - b. sustainable/green infrastructure and construction techniques,
    - c. affordable housing
    - d. quality urban design
    - e. innovative new public open spaces and meeting places
  9. Enhancement of the Thames River corridor by providing a new public urban interface (promenade) along the top of the riverbank



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### The Vision

- Figures 5 through 8 illustrate the vision that was presented through the SOHO Community Improvement Plan and, more recently, through Council's Downtown Vision work
- The vision is conceptual in nature, but can be described as a new urban neighbourhood that:



Figure 5



Figure 6

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Figure 7



Figure 8

- Provides for a mix of high and medium density residential development and small-scale commercial and office uses;
- Integrates heritage preservation;
- Re-develops the majority of the site with new buildings;
- Establishes a new promenade along the Thames River, including look-out, and passive recreation opportunities that provide a focal point of the SOHO neighbourhood;
- Creates a positive and aesthetically pleasing built form that will be highly visible from the Wellington Gateway;
- Integrates a stepping down of height and intensity to integrate with the existing low density residential SOHO neighbourhood;

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- Extends the street network to provide connections and maintain view corridors to the Thames River;
  - Provides a diversity of housing types to allow for growing in place;
  - Creates opportunities for public spaces, allowing residents to socialize and build community connections; and
  - Establishes built form and residential intensity to be transit supportive.
- The rehabilitation and reuse of heritage buildings to serve as a catalyst for neighbourhood redevelopment has been employed successfully in many cities.
  - The redevelopment of the South Street Hospital lands shares some similarities with West Don Lands Precinct Plan in Toronto where, *“The successful redevelopment of the historic Distillery becomes a key reference point [within this new urban neighbourhood]...”* *“The re-use of the historic street pattern, wherever possible, combined with the preservation of key landmark buildings that remain, also forms a critical basis to the development of this Plan.”* [http://www.toronto.ca/waterfront/pdf/wdl\\_precinct\\_plan.pdf](http://www.toronto.ca/waterfront/pdf/wdl_precinct_plan.pdf) (P.12)
  - Similar to SoHo, the development of the West Don Lands provides a linkage between the Don River and downtown Toronto.

**The Envisioned Process for Developing These City Lands**

- The SOHO Community Improvement Plan suggests that the City develop the South Street Campus Lands as follows:

***“City of London be the developer for the construction of these lands, issuing requests for proposals to builders for construction. Developing these lands in phases would allow for the City to maximize the value of the land, including realizing the appreciated value in later phases of the project.”***

- A similar approach was taken by the City of Calgary in developing a very similar City-owned hospital property called “The Bridges”



Figure 9

- *“The Bridges, a City of Calgary-led project through its Corporate Properties and Buildings (CPB) department, is north of downtown, across the Bow River in the inner city neighbourhood of Bridgeland. Approximately 4.9 ha (12 acres) of the total 14.9 ha (36.8 acres) were made available to the City when the Province of Alberta closed and demolished the Calgary General Hospital in 1997. The Bridges was planned as a compact urban village that respects, enhances and takes cues from the surrounding neighbourhood, while creating a distinct environment on its own. CPB obtained the planning approvals built the infrastructure and is selling fully serviced sites to private sector builders in three phases. Windmill Development Ltd. was one of the builders in Phase 1. Windmill purchased two sites where it built the Acqua and Vento mixed-use buildings. Upon completion of the planning phase, the City had the option of either selling the lands to the private sector or assuming*



Figure 10

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land development responsibilities. A major consideration in this decision was mitigating public costs. Had the City sold the un-serviced, un-zoned lands to the private sector to implement the BVC Concept Plan, the proceeds would not have covered the City's outstanding debt on the property and the cost of providing a suburban hospital site. To ensure that the vision was achieved, CPB implemented a land disposition process that took a broader perspective than just selling the lands based on the highest offered price. The City of Calgary considers The Bridges very successful and profit expectations were exceeded. The responses to both Phase 1 and 2 from the private sector were very strong. To date projected revenues have been exceeded significantly while the project costs remain within the approved budget. The land disposition process and the limit on purchasing two lots per phase imposed by the City resulted in a positive environment for marketing in the neighbourhood. With two projects that came to market in two different calendar years, Windmill noticed an appreciable increase in sales and sale prices. The second project sold for much higher prices and much faster. This was attributed to the overall real estate market and market recognition that The Bridges is a great place to live.

[http://www.cmhc-schl.gc.ca/en/inpr/su/sucopl/upload/66652\\_Nov5-w.pdf](http://www.cmhc-schl.gc.ca/en/inpr/su/sucopl/upload/66652_Nov5-w.pdf)

- The City of Calgary's Office of Land Servicing & Housing business unit is the land owner and land developer of The Bridges. Office of Land Servicing & Housing sells serviced parcels to the private sector that must be built in accordance with Council-approved policies, bylaws and regulations as well as with The Bridges architectural control and design guidelines.”



Figure 11

“Construction on Phase 2 will be determined by the builders who purchased the site from The City of Calgary. Market conditions will dictate when the proposed developments will be constructed.”

<http://www.calgary.ca/CS/OLSH/Pages/The-Bridges/FAQs.aspx>

- “A triple bottom line (TBL) approach was applied to the redevelopment of The Bridges. TBL is a decision making framework that balances the merits of sustainability, social and strategic objectives, as well as a sound financial frame work . These components are incorporated into the project's mission statement.” “Traditionally, Office of Land Servicing & Housing (OLSH) sells all City owned lands by public tender. However, given the significance of these lands, it is imperative that the parcels be sold to builders who have the financial capability, expertise, experience, and willingness to construct The Bridges' vision. Rather than using the traditional method of land disposition, an Invitation to Offer was released for Phase 1 and Phase 2 lands which included an Agreement of Purchase and Sale that clearly outlined the expectation of the purchaser and allowed for no negotiation. It included a requirement for potential purchasers to submit information on the four areas which were evaluated as follows: Price (45 %), Financial Capability (20 %), Experience and Expertise (20 %), and Proposed Project Description (15 %). Submissions were evaluated by a Purchaser Selection Team who then made recommendations to Council based on a set of criteria detailed in the Invitation to Offer. A similar land disposition process will be used for Phase 3 of the Bridges.”

<http://www.calgary.ca/CS/OLSH/Pages/The-Bridges/Triple-Bottom-Line.aspx#sfp>

- In The Bridges, “...private builders sold 16 apartments to the City of Calgary at less than market value which are now managed by the Calgary Housing Company. In Phase 2, New Urban Consulting and its not-for-profit society, <[www.inhousesociety.org](http://www.inhousesociety.org)> Bridge Attainable Housing Society (BAHS) were selected to develop a site through an RFP process. The resulting mixed-market development, McPherson Place, will combine attainable home ownership units with non-market rental units. 102 of the 160 units will be sold through a shared equity program. BAHS will administer the program and market the apartments as

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*INHOUSE. They will be available for purchase at approximately 30% below average market value. The City will purchase 58 units, which will be managed by the Calgary Housing Company as rental units.”*

- <http://www.calgary.ca/CS/OLSH/Documents/Affordable-housing/Bridges-Ph2-Project-Profile.pdf>

**2. The Heritage Value of the South Street Campus Buildings**

- To assess the heritage value of the buildings on the South Street Campus lands, the City engaged Nancy Tausky, Heritage Planner, to provide a complete overview and assessment.
- The 2011 report by Nancy Tausky provides a detailed overview of the south Street Victoria Hospital over time and examines eight buildings, in particular, in that overview. Of those eight, five had previously been identified on the City's *Inventory of Heritage Resources*. The other three, fronting onto South Street, were part of the early hospital complex but had not been placed on the Inventory.
- As noted above, the buildings with identified heritage value are illustrated on Figure 3. They are numbered according to the list shown in the Background Section of this report, above.



**Figure 12: (1) Colborne building, 1899 – Priority 1**

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Figure 13: (2) North Wing Main Hospital, 1939-1941 – Priority 2



Figure 14: (3) War Memorial Children's Hospital, 1922 facade – Priority 2

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Figure 15: (4) Former Nurses' Residence (Gartshore Building) 1926-1927 – Priority 2



Figure 16: (5) Health Services Building Former Western Medical School, 1921 – Priority 3

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Figure 17: (6) Pastoral Care Building



Figure 18: (7) East Pavilion of former Isolation Hospital, 1912



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Figure 19: (8) Old Surgical Building (former TB Ward), 1899/1914

- The Tausky Report establishes that the South Street Hospital site represents a significant cultural heritage resource for the City. Individually and collectively the eight buildings identified in the study share architectural design values, historic associations to major events in the field of medical practice and technology and important social and cultural relationships in the development of the City.
- In general, Tausky has summarized the following: (p.130-132)
  - All (buildings) have important histories as part of the institution that comprised London’s main hospital campus for over 100 years and was, in addition, affiliated through its entire history with medical and nursing schools that were among the leaders in the country.
  - All were designed by major local architects and the North Wing (Main Building) inspired major works of art.
  - The very well designed Colborne Building is reminiscent of the original 1899 Victoria Hospital in style.
  - A building redesigned in 1914 to hold a tuberculosis ward still contains that ward in a well-preserved state.
  - The War Memorial Children’s Hospital was regarded as important when built because it combined the concepts of a memorial with that of a life-giving institution, and its architectural design was meant to communicate the idea of a commemorative structure; it is also the site where the Cobalt-40 Radiation Therapy was used for the first time in the world.
- To recognize the cultural heritage importance of the site, Tausky recommends
  - the identification of each of the eight buildings in the *Inventory of Heritage Resources*.
  - the conservation of the entire streetscape on the north side of South Street between Colborne and Waterloo Streets.
  - That, along the South side of South Street, the exterior walls of the Colborne Building, the Old Surgical Building, the Old Isolation Building and the Pastoral Care facility, be conserved, or alternatively, that the North Wing of the Main Building be conserved including the front vestibule and one of the sixth floor surgical rooms.
- **Tausky goes on to say that, should it be impossible to follow the first three recommendations, buildings in the complex should be considered for conservation in the order below, subject to a report on the condition and structural integrity of the structures:**

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1. **The Colborne Building (Building #1 on Figure 3)**
2. **The Old War Memorial Children’s Hospital (Building #3 on Figure 3)**
- 3/4. **The Nurses Residence (Building #4 on Figure 3)**
- 3/4. **The Old Surgical Building (Building #8 on Figure 3)**
5. **The Old Isolation Building (Building #7 on Figure 3)**
6. **The Health Services Building (formerly the Western Medical School) (Building #5 on Figure 3)**
7. **The North Wing of the Main Building (Building #2 on Figure 3)**
8. **The Pastoral Care Building (Building #6 on Figure 3)**

- Additional recommendations were made by Tausky with respect to documentation of buildings that may not be saved and, further, with the suggestion that some form of interpretation be installed to commemorate the history and importance of the site.
- The London Advisory Committee on Heritage (LACH) reviewed the Tausky Report in September, 2011 and affirmed its support for the recommendations made in the Tausky Report. Further LACH comments will be presented following its meeting on January 11, 2012.
- The Provincial Policy Statement (2005), and the City’s Official Plan (Section 2.3.3 and 2.4.1) contain policies related to the retention of significant heritage resources. The Official Plan cites the following objectives for heritage resources:
  - i) Protect, in accordance with provincial policy, those heritage resources which contribute to the identity and character of the City.
  - ii) Encourage the protection, enhancement, restoration, maintenance, and utilization of buildings, structures, areas or sites within London which are considered to be of cultural value or interest to the community.
- The Tausky and LACH recommendations regarding retaining some of the heritage elements in the future redevelopment of these lands are consistent with these policies.
- A similar approach is contained in the recently approved Secondary Plan for the former London Psychiatric Hospital Site, where the retention of four specific older buildings has been identified as important as a means of recognizing the cultural heritage significance of that site. Unlike the listed properties on the South Street Campus, the four buildings identified in the London Psychiatric Hospital Area Study had previously been designated by the City and Province under Part IV of the *Ontario Heritage Act*.

### 3. Economic Considerations

#### **Economic Opportunity of Re-development**

- The redevelopment of the South Street Campus lands represents a major opportunity for short-term and long-term economic stimulus in London
- From a short term perspective, this development project would create a substantial number of construction jobs in the London economy. Given the high unemployment rate that exists in the London market at this time, this would represent a significant stimulus opportunity that the City can create for the London economy, with the majority of investment coming from the private sector.
- Another short-term economic benefit stemming from this project would be the growth in assessment. Given that this represents an infill project, a substantial amount of infrastructure already exists to service the redevelopment, so higher assessment will help relieve pressure for tax increases.
- In addition, over the short-term to mid-term, it is expected that redevelopment of these lands will stimulate revitalization of the SOHO and Downtown areas, which will further enhance tax revenues
- In the long term, if the South Street Campus lands are developed as a flag-ship urban

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neighbourhood, the development could significantly boost London’s image as an urban municipality with unique, quality urban communities. Given the sites proximity to the Thames River, Downtown, and the employment opportunities at the new hospital site, a new neighbourhood could serve as a major attraction for young urban professionals that new businesses often seek to attract.

**The Costs of Remediating the Hospital Campus Lands**

- The City of London has come to terms with the LHSC and Province on who will pay what for the decommissioning of the South Street Campus Lands.
- The City’s contribution is to represent the value of the land once it has been cleared and remediated. This value has been set and will be fixed at \$3.2M
- The Province and LHSC are to pay the balance of these decommissioning costs.
- In order to understand fully the costs of decommissioning, however, the Province and LHSC need to know what buildings will be preserved vs. demolished.
- As mentioned above, the need to understand this in detail is most pressing for the lands on the South Side of South Street where decommissioning is to start this year.
- Furthermore, there is a need to understand what is to be done with the War Memorial Hospital Building as it is now completely vacant and is subject to deterioration that will be costly to fix if it is left unstabilized (i.e. If it is not mothballed.)

**The Costs of Mothballing**

- “Mothballing” is a colloquial term used in this report meant to mean the stabilization of a building for an interim period such that it does not deteriorate while its long-term future is being considered.
- Mothballing can be useful in a situation such as that which faces Council in that it can allow the opportunity to seek out parties that may be interested in renovating or restoring and adaptively re-using a heritage building.
- Once a heritage building is demolished, it is not replaceable, so an opportunity to thoroughly investigate opportunities for adaptive re-use can be extremely helpful.
- The cost of mothballing two buildings – the Colborne Building (#1 on Figure 3) and the Children’s War Memorial Hospital (#3 on Figure 3) have been estimated by Allan Avis – a heritage architect hired by the City of London (reports tabled with Council in December of 2011).
- Avis has estimated the mothballing costs of the Colborne Building at approximately \$610K
- Approximately \$230K of this estimate is dedicated to contractor general conditions, overhead and profits, building permits and fees, design fees and contingencies.
- Another \$150K of this amount is devoted to a new boiler, given the expectation that the district heating facility will cease operation.
- Immediate repairs to the roof and localized damaged masonry amount to \$70K – key requirements to avoid water penetration into the building.
- \$35K was suggested for “urgent hazardous material abatement.”
- Many of the costs identified by Avis would not be “throw-away” costs should the building be retained. The new boiler, roof and masonry repairs, and hazardous materials removal will all make the building more attractive for potential renovation in the future.
- If a more minimal stabilization program is put in place to mothball the building, it is likely that a much lower mothballing cost could be incurred while allowing the opportunity for the City to seek out proposals for restoration and adaptive re-use.
- Similarly, Avis has estimated the potential costs of mothballing the Children’s War Memorial Hospital at \$386K, of which \$50K is suggested for urgent hazardous materials removal.

**The Opportunity for Adaptive Re-use**

- In a report provided to the Planning and Environment Committee in December of 2011, Allan Avis provides an evaluation of the potential for adaptive re-use of the Colborne Building and Children’s War Memorial Building.
- In that report, he notes that both buildings are “robust” and would be suitable candidates for adaptive reuses if such can be identified.
- It should be recognized that both of these buildings are institutional and, thus, present some

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challenges and opportunities for adaptive re-use, such as:

- Wide hallways
  - Small room sizes
  - Load-bearing walls that make internal hallways fixed and open concept office uses not possible
- The Avis Report suggests that renovation costs for the Colborne building would be in the order of \$350-\$500K per residential condo unit. Given the small size of such units, it is difficult to conceive that this could be feasibly recovered through a private sector project. It is noted that Avis' projections were anticipating a use for both buildings as for social housing purposes.
  - Planning Staff met with Ray Stanton, a developer who has undertaken a number of London projects.
  - One of his projects, was the restoration of the Sisters' of St. Joseph's convent property ("Windermere on the Mount").
  - He toured the Colborne Building and War Memorial Hospital Building with Staff and remarked how similar the hallway and room layout appeared to be in these buildings relative to his restoration project.
  - Mr. Stanton restored the convent residence and the convent convalescing building which are now used as an upscale senior's retirement residence and a "niche hotel" respectively.
  - Figure 20 shows the similarity in hallway width and room size of these two buildings.
  - Mr. Stanton indicated that he restored the convent residence and sold it to one of North America's largest senior's retirement home operators for approximately \$220K per unit. He suggested that one could safely assume that the costs of the project were below that sale price on a per-unit basis.
  - He also indicated that, based on his tour and the Avis report, the Colborne Building and the War Memorial Children's Hospital building are similar in condition to the convent residences when he acquired them.
  - There is a large gap between the \$350K-\$500K/unit restoration cost that Allan Avis has estimated to date and the actual costs of restoring a similar building within the London context.
  - A request for proposals to restore a heritage building would be the best way to understand the feasibility for restoration.

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Figure 20: Existing corridor conditions (top left) and interior room conditions (top right) of the Colborne Building. Windermere on the Mount (bottom images) shows how the spaces could be transformed in an adaptive reuse process.

**The Value of Retained Buildings**

- The cost of restoring a heritage building is an important factor for Council to consider when evaluating the potential for adaptive re-use and restoration.
- However, it is equally important that the value and avoided construction costs of an existing building are considered.
- In other words, when a restoration project is completed, there is an asset that would otherwise need to be constructed at a substantial cost.
- In this way, Council should be more focused on the incremental cost of restoration, over new construction, as opposed to the total cost of restoration.

**The Request for Proposal Process**

- As has been noted, above, there is the opportunity for Council to develop the South Street Campus lands through an RFP process – similar to that used in Calgary’s Bridges project.
- Restoration of the Colborne Building and/or Children’s War Memorial Building could be included in this RFP process, with proponents being required to include the restoration and adaptive re-use of these buildings in their proposals.
- It is possible that this requirement could reduce the amount of money that Council is able to

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yield from the sale of this land to the successful proponent. However, it is not clear whether this would be the case and, if so, to what degree such a requirement would lessen the potential sales value.

- As noted above, restoration would result in an asset value and could also provide an iconic image and heritage character that could contribute to the success of the development project.
- Restoration of these buildings could be eligible for funding under the City's Community Improvement Program for the retention of designated heritage properties.

**4. Evaluating the Options for Moving Forward**

**Focus on South Side of South Street**

- As noted above, the focus of Council's decision is on the buildings existing on the south side of South Street. In addition, there is a need to take some action on the War Memorial Children's Hospital as it is now completely vacant.
- In all of the options below, the buildings that are included in the Phase 2 decommissioning are not considered and Staff are recommending that no action be taken regarding demolition at this time, noting that the LHSC will not be vacating these buildings until after 2014.
- Staff believe that funds should be identified to undertake a heritage building conservation assessment of the Nurse's Residence and Medical Scholl Buildings in 2012/13 so that the information needed for Council to make the decision on these buildings is available prior to LHSC vacating them.

**Three Major Options**

- There are many combinations and permutations of options that could be considered for retention and demolition on the South Street Campus lands. However, Staff believe that there are three major options that provide a framework for Council to make their decision:
  1. Demolish All Buildings on the S/S of South Street and the Children's Memorial Hospital;
  2. Demolish All Buildings Except the Colborne Building on the S/S of South Street and the War Memorial Children's Hospital building on the north Side – Mothball These Two Buildings for Future Consideration; and
  3. Retain All Heritage Listed Buildings on the S/S and N/S of South Street

**Mothballing**

- "Mothballing" is a colloquial term used in this report meant to mean the stabilization of a building for an interim period such that it does not deteriorate while its long-term future is being considered.
- Mothballing allows an opportunity to seek out proponents for restoration and adaptive re-use, without making a commitment to preservation in the interim.
- The costs of mothballing the Colborne Building and War Memorial Children's Hospital are explained above.

**Option 1 – Demolish All Buildings Under Consideration**

**Description of Option:**

- In this option, all of the buildings on the south side of South Street and the War Memorial Children's Hospital would be demolished. Figure 21 shows those buildings to be demolished as dotted shapes, with no fill.

**Advantages:**

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- Would eliminate the need for any mothballing costs
- Would take full advantage of LHSC and the Province paying for demolition and site remediation costs, with the municipal contribution remaining fixed.
- Would provide the largest cleared site for re-development.

Disadvantages:

- Would not be in keeping with the vision that Council has set through the SOHO Community Improvement Plan
- Would set a poor example of heritage stewardship.
- Would likely be of concern to private sector heritage property owners who have retained heritage buildings on the request or requirement of Council.
- Would eliminate the opportunity to explore private sector proposals for preservation and adaptive re-use of these buildings.
- Would eliminate the opportunity to establish a heritage character for the South Street Campus redevelopment project.
- Would eliminate physical ties to the history that is associated with this important site.

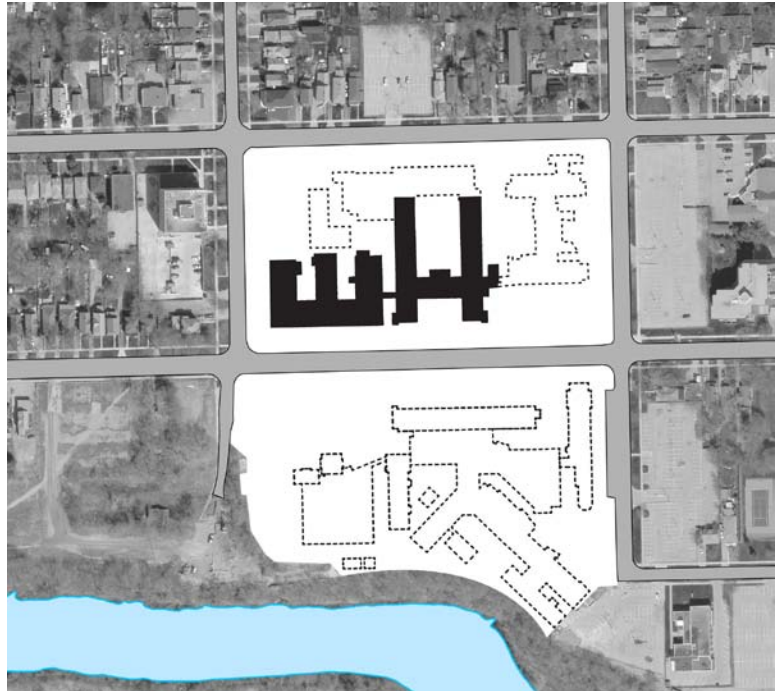


Figure 21: Option 1

Staff Recommendation:

- Planning Staff do not recommend this option. It is not consistent with the vision for the SOHO neighbourhood, would send a negative signal to the community with respect to heritage preservation, and would undermine the prospect to seek out private sector opportunities for restoration and adaptive re-use of these buildings.

Option 2 – Demolish All Except for Colborne Building and War Memorial Hospital

Description of Option:

- In this option, all of the buildings on the south side of South Street would be demolished, with the exception of the Colborne Building. The Colborne Building would be “mothballed” using a “least cost” approach, to give an opportunity for the City to release a request for proposals for redevelopment of Phase 1 of the South Street Campus lands (south side to between Waterloo and Colborne). The request for proposals would include a requirement for proposals to include an option whereby the proponent will restore the Colborne Building.

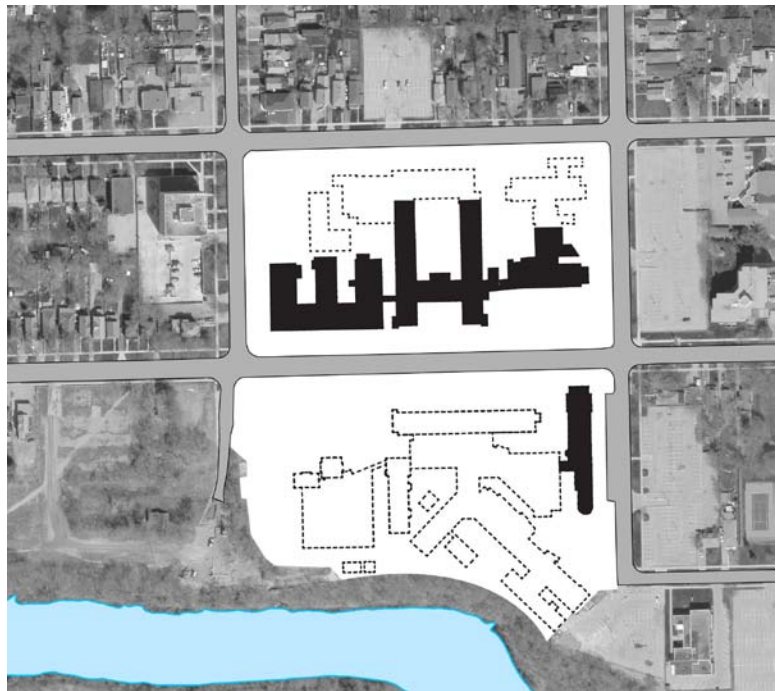


Figure 22: Option 2

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- Also in this option, the War Memorial Children’s Hospital would be mothballed pending consideration of Phase 2 decommissioning.

Advantages:

- All buildings, but one (Colborne Building), on the south side of South Street would be demolished; this would create a large development envelope on the south side of South Street for new construction as the Colborne Building is located on the extreme east side of the block.
- This option would recognize the highest priority heritage buildings identified in the Tausky report and mothball them for future consideration, pending the identification of opportunities for private sector restoration and adaptive re-use through the request for proposals process.
- This option would allow an opportunity for integrating heritage preservation with redevelopment on the site which is consistent with the visions set by Council in the SOHO Community Improvement Plan.
- Compared to Option 3, this option would take greater advantage of the LHSC and Province commitment to cover the costs of demolition and site remediation beyond the City’s fixed contribution of \$3.2M.
- This option would send a balanced message to the community and private sector that the City is “walking the talk” in terms of heritage preservation; a balanced approach would be demonstrated.
- Many of the mothballing costs will contribute to the value of the heritage buildings (e.g. Roof) and enhance their marketability to potential restoration proponents.
- Should it be found infeasible to adaptively re-use the Colborne Building and War Memorial Children’s hospital, they could be demolished in the future, with the community and Council knowing that all efforts were legitimately made to find an opportunity for re-use and restoration.

Disadvantages:

- Of the eight buildings that were evaluated as having heritage potential, those crossed out in the following list would be demolished. This represents 50% of the buildings listed as having heritage value on the site and 80% of the buildings listed as having heritage value on the south side of South Street.
  1. The Colborne Building (Building #1 on Figure 3)
  2. The Old War Memorial Children’s Hospital (Building #3 on Figure 3)
  - 3/4. The Nurses Residence (Building #4 on Figure 3)
  - ~~3/4. The Old Surgical Building (Building #8 on Figure 3)~~
  - ~~5. The Old Isolation Building (Building #7 on Figure 3)~~
  6. The Health Services Building (formerly the Western Medical School) (Building #5 on Figure 3)
  - ~~7. The North Wing of the Main Building (Building #2 on Figure 3)~~
  - ~~8. The Pastoral Care Building (Building #6 on Figure 3)~~
- The heritage buildings that are to be mothballed in this option may be demolished in the future as this option does not call for their heritage designation at this time.
- There are significant costs to mothballing and if these two buildings are ultimately found to be infeasible to adaptively reuse, and subsequently demolished, significant costs would have been expended without corresponding value.
- Relative to option #1, this option would not take full advantage of the LHSC and Province commitment to cover the costs of demolition and site remediation beyond the City’s fixed contribution of \$3.2M.

Recommendation:

- Planning Staff support this option and are recommending it.
- This option comes with some risk that significant mothballing costs will be incurred and, following the RFP process, it is determined that preservation is not feasible. Staff believe that this risk is minimal as there are many examples where similar restoration projects have been successfully completed – including the Sisters of St. Joseph’s building in London.



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Furthermore, the RFP process allows for the restoration to be tied to the re-development of one or more phases of re-development, allowing more opportunity for various economic models to succeed.

- Planning Staff believe that a least-cost approach to mothballing should be undertaken until the RFP process is completed.
- Planning Staff also recommend that Staff be directed to request that LHSC and the Province establish and contribute to the City an amount equal to the demolition and site remediation costs that would have otherwise been spent for this portion of the site to be used for mothballing the building (including removing hazardous materials) and, if preservation is found to be infeasible, the subsequent demolition of the buildings.
- Planning Staff recommend that detailed documentation occur for all buildings to be demolished.
- Finally, Staff recommend that the building materials from the limestone entrance of the North Wing of the Main Building be salvaged through the demolition process and stored, to be offered to future development proponents for inclusion in their projects

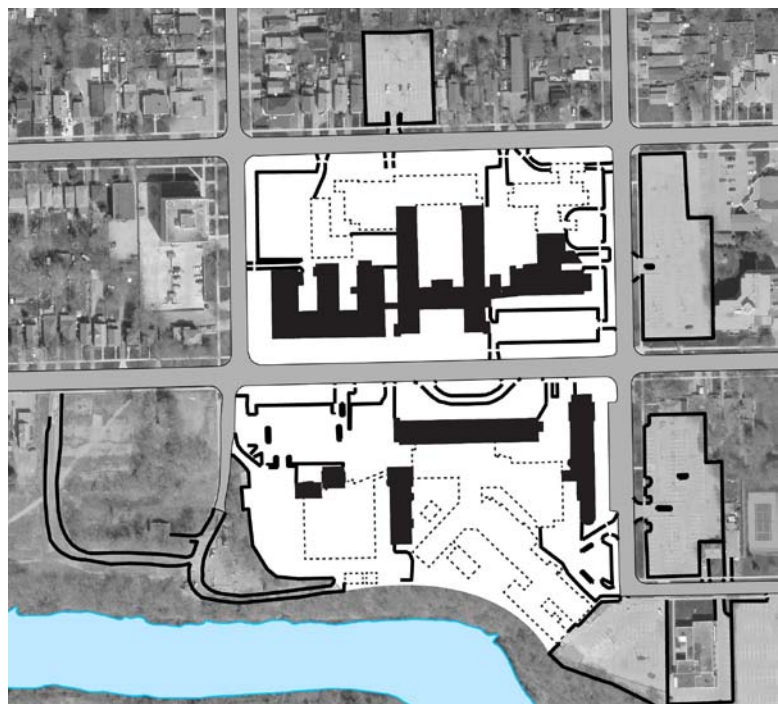
**Option 3 – Retain and Heritage Designate All 8 Buildings**

Description of Option:

- In this option all of the 8 buildings identified in the Tausky report as having heritage significance would be retained and heritage designated.

Advantages:

- This option would maximize the heritage resources retained on site.
- This option would be consistent with the SOHO CIP goals of integrating heritage buildings with new development – although it may interfere with other goals of that Plan.
- This option would allow maximum opportunity to retain the heritage character of the lands, where new development occurs around these buildings.



**Figure 23: Option 3**

- This option would represent sustainable building practices by taking advantage of the existing buildings on the site, rather than demolishing and rebuilding.

Disadvantages:

- This option would not provide for a significant development footprint opportunity on the South Street Campus Lands.
- The restoration costs of all of these buildings, in sum, would be tremendous; consider the main hospital building.
- It is questionable whether the market could absorb the adaptive re-use of this many institutional buildings, with the limitation of smaller rooms described above in this report.
- Because there would be little development opportunity on the site, given the footprint limitations identified above, there would be little opportunity to “package” heritage building restoration with site re-development to attract private sector investment.
- Because this option calls for heritage designation, rather than mothballing at this stage, there is little flexibility to move towards demolition should restoration be found to be infeasible.

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- This option would not be consistent with the vision set out in Council’s SOHO CIP, nor many of the goals identified for the development of these lands.
- This option would “squander” the LHSC and Province commitment to cover the costs of demolition and site remediation beyond the City’s fixed contribution of \$3.2M.

Recommendation:

- Planning Staff do not support this option. It is not consistent with the SOHO CIP; it unnecessarily commits Council to heritage designation, significantly impairs development opportunity on the site, does not take advantage of cost-sharing arrangements with LHSC and the Province and would likely be infeasible.

<b>SUMMARY RECOMMENDATION AND PROCESS GOING FORWARD</b>
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- As noted above, Planning Staff recommend Option #2, as follows:
  - Allow for the demolition all of the buildings on the south side of South Street, with the exception of the Colborne Building.
  - Mothball the Colborne building and the War Memorial Children’s Hospital building.
  - Take a least-cost approach to mothballing each of these buildings such that they are secure and stable while an RFP process unfolds for development of the South Street Campus lands.
  - Ask that the LHSC and the Province establish and contribute to the City an amount equal to the demolition and site remediation costs that would have otherwise been spent for this portion of the site to be used for mothballing the building (including removing hazardous materials) and, if preservation is found to be infeasible, the subsequent demolition of the buildings.
  - Document, in detail, all buildings identified in the Tausky Report, that are to be demolished.
  - Salvage building materials from the limestone entrance of the North Wing of the Main Building and store these materials, to be offered to future development proponents for inclusion in their projects.
- Undertake a Heritage Building Conservation Assessment of the Nurse’s Residence and Medical School Buildings on the north side of South Street.
- Take no action at this time on the retention of the Nurse’s Residence or Medical School Building, as they will continue to be occupied by LHSC for the next two years.
- Refer the development opportunity on the South Street Campus lands to the Investment and Economic Prosperity Committee.

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January 3, 2012  
dm / gb

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