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**Red Antiquities Building
M. Tomazincic**

TO:	CHAIR AND MEMBERS BUILT AND NATURAL ENVIRONMENT COMMITTEE
FROM:	JOHN M. FLEMING, MCIP, RPP DIRECTOR OF LAND USE PLANNING & CITY PLANNER
SUBJECT:	129 WELLINGTON STREET GRANT TOWARDS THE REVITALIZATION OF THE RED ANTIQUITIES BUILDING MEETING ON SEPTEMBER 12, 2011

RECOMMENDATION

That, on the recommendation of the Director of Land Use Planning and City Planner, regarding the provision of a grant in the amount of \$50,000 towards the revitalization initiative of the Red Antiquities Building which is consistent with the SoHo Community Improvement Plan and the associated incentive programs that were approved by Municipal Council and coming into force and effect on July 26th, 2011, the following actions **BE TAKEN**:

- (a) a By-law **BE INTRODUCED** to authorize the Mayor and the City Clerk to execute the Agreement, attached hereto as Appendix "A"; and
- (b) the financing for this municipal allocation **BE APPROVED** as set out in the Source Financing Report, attached hereto as Appendix "B".

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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September 8, 2008 Report to Planning Committee – This report recommended the Notice of Intent to Designate under Section 29 of the *Ontario Heritage Act* be given for the property at 129-131 Wellington Street.

March 2, 2009 Report to Planning Committee – This report was to provide information about the heritage character of the structure and its structural and physical integrity, including an assessment with respect to approximate costs for needed repairs, renovations, and restorations. The report suggested that a minimum of \$128,000 was needed to undertake a "Mandatory minimum restoration"; an additional \$428,000 was required to bring the building to a level of "Basic restoration"; and, that the total cost of a "Full restoration" would be approximately \$800,000, while the current assessed value of the structure as given as \$120,250.

April 6, 2009 Report to Planning Committee – This report recommended that the Notice of Intent to Designate the property at 129-131 Wellington Street be withdrawn and that the Chief Building Official be advised that the Corporation of the City of London has no objection to approval of the application for a permit to demolish the building. The recommendation to withdraw the Notice of Intent to Designate and consideration of the demolition permit was deferred by Council for a period of 90-days.

June 22, 2009 Report to Planning Committee – This report recommended that a further 3-month extension be provided with respect to the consideration of the demolition/designation of the building at 129-131 Wellington Street.

June 13, 2011 Report to Built and Natural Environment Committee – This report recommended that the Official Plan be amended to add the SoHo Commercial Areas to the list of commercial areas eligible for community improvement; that the SoHo Area be designated a Community Improvement Project Area; and, that the SoHo Community Improvement Plan be adopted in which a recommendation was made to provide a grant toward the revitalization initiative of the Red Antiquities Building in the amount of \$50,000 or half of the value of the restoration work, whichever is less.

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PURPOSE AND EFFECT OF RECOMMENDED ACTION

The purpose and effect of this recommendation is to implement the recommendation of the SoHo Community Improvement Plan and associated incentive programs to assist with the revitalization initiative of this iconic structure located within the SoHo Community Improvement Project Area.

RATIONALE

1. The recommendation is consistent with Provincial legislation which permits municipalities to provide assistance to commercial enterprises where a municipal council is exercising its authority in the implementation a Community Improvement Plan.
2. The recommendation is consistent with the policies of the Official Plan which include a series of objectives that community improvement plans are intended to fulfil including enhancing the visual quality of designated areas through the recognition and protection of heritage buildings and supporting the retention of heritage properties.
3. The recommendation implements the SoHo Community Improvement Plan which states that a sum of \$50,000 or half of the value of the restoration work, whichever is less, is to be provided to assist with the restoration of the Red Antiquities Building.
4. Previous municipal investments in designated Community Improvement Project Areas in the Downtown and Old East Village have stimulated revitalization efforts and increased property value assessment in these areas.
5. Similar to the role played by Aeolian Hall in the Old East Village, the Red Antiquities Building is an iconic structure in SoHo in which the entire revitalisation initiative will benefit from its restoration.

PLANNING HISTORY

In June, 2008, an application for a permit to demolish the building at 129 Wellington Street (The Red Antiquities Building) was submitted by the property owner. This application was accompanied by an engineer's assessment and a report from a City of London Building Inspector which both identified concerns with the structural integrity of the foundation of the building. Given that the building was identified as a Priority 1 structure in the *City of London Inventory of Heritage Resources*, Planning Staff had recommended in September, 2008 that a Notice of Intent to Designate the building be given to defer the demolition to allow Staff time to gain further information about the heritage value of the property, the physical condition of the building, the potential costs for renovations and restorations, and to explore alternatives to demolition.

At its meeting on September 16, 2008, Municipal Council approved a Notice of Intent to Designate the building and an architectural consulting firm was subsequently retained by the City to provide better data about the heritage character of the building and its structural and physical integrity, including an assessment with respect to approximate costs for needed repairs, renovations, and restorations. Although the report submitted by the architectural consulting firm revealed that the building retains its historical integrity and had been minimally altered since its construction in 1872, the report also identified significant structural concerns with the building and estimated costs for its repair. The report suggested that a minimum of \$128,000 was needed to undertake a "Mandatory minimum restoration"; an additional \$428,000 was required to bring the building to a level of "Basic restoration"; and, that the total cost of a "Full restoration" would be approximately \$800,000, while the assessed value of the structure as given as \$120,250.

The building was listed for sale to ascertain if there were private interests who were willing to acquire the building and undertake its renovation. The provision of Municipal incentives to assist with the revitalization effort was discussed as an enticement for a potential purchaser. However, the Heritage Community Improvement Plan developed in 2007 for the purpose of retaining heritage buildings threatened by redevelopment, would not have provided a significant source of revenue relative to the magnitude of the rehabilitation costs.

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Given the significant costs for rehabilitation and the decreasing likelihood for a potential purchase of the building by a private interest, Planning Staff became increasingly concerned that the approval of a Heritage Designation would not prevent further deterioration of the building since Designation does not require an owner to protect or conserve a property beyond the normal provisions of the *Property Standards Act* and would not require the owner to stabilize the property. Designation of the property may have created potential liability concerns in the event of a fire or building collapse. As a result of these concerns, Planning Staff recommended in April 2009, that the Notice of Intent to Designate be withdrawn and that the Chief Building Official be advised that the Corporation of the City of London has no objection to the approval of the application for a permit to demolish the building. Notwithstanding the recommendation of Planning Staff, in April 2009 Council deferred the Notice of Intent to Designate and further consideration of the demolition permit for a period of 90-days.

In May 2009, Council directed Planning Staff to undertake a Community Improvement Plan for SoHo plan for, and promote the long-term sustainability of the SoHo area while stimulating re-investment, community improvement, and neighbourhood capacity building. Community Improvement Plans have successfully assisted in the revitalization efforts and heritage preservation in the Downtown and Old East Village through the provision of Municipal incentives.

In a June 2009 report to Planning Committee, Planning Staff reported that a small working group, consisting of members from the Architectural Conservancy of Ontario, London Region Branch, the Heritage London Foundation, and a representative from the SoHo Community, had been established to coordinate a strategy for the building's preservation. The working group outlined a strategy intended to raise sufficient funds to make a conditional offer to purchase the building in order to allow for the rehabilitation of the building's foundation. Additional funding would be allocated toward a building upgrade to make the building more attractive to a potential buyer. The working group had requested another 90-day extension of the deferral of the Notice of Intent to Designate and further consideration of the demolition permit.

In March 2010, Council resolved that, "...the Civic Administration **BE REQUESTED** to report back on options for assisting the Heritage London Foundation with the purchase, restoration and resale of the property located at 169-171 [sic] Wellington Street".

In June, 2010 Pathways Skill Development and Placement Centre (Pathways), a local Skill Development & Placement Centre, purchased the building with the intent of creating a practical classroom for participants of Pathways programs. Pathways participants assisted in the renovation and revitalization of the Red Antiquities Building and began to reverse its deterioration.

BACKGROUND

In March 2011, Planning Staff presented the Built and Natural Environment Committee with a Draft SoHo Community Improvement Plan. In the cover report accompanying the Community Improvement Plan, Staff identified the accomplishments achieved in the SoHo neighbourhood since the initiation of the Community Improvement Planning process. Among the accomplishments, Staff noted that the improvements to the Red Antiquities Building that had been initiated and stated the long-term goal for the building is to find retail/office tenants to occupy the building as part of a vibrant commercial corridor along this portion of Wellington Street.

In June 2011, Council adopted the SoHo Community Improvement Plan which included the following action plan, "Provide a grant towards the revitalization initiative of the Red Antiquities Building to supplement the fundraising campaign that is above and beyond the other incentives offered in the SoHo Community Improvement Area." The Community Improvement Plan recommended that a sum of \$50,000 or half of the value of the restoration work, whichever is less be provided to assist with the restoration of the building. The Community Improvement Plan also noted that, "Similar to the role played by Aeolian Hall in the Old East Village, the Red Antiquities Building is an iconic structure in SoHo. The entire revitalisation initiative will benefit

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from its restoration.” The SoHo Community Improvement Plan came into force and effect on July 26th, 2011.

The cost incurred just to stabilize the building foundation was in excess of \$101,000, which alone qualifies Pathways for the \$50,000 grant. Pathways has also demonstrated additional costs of \$50,000 for other restoration work to this iconic building. It should be noted that these do not represent the final restoration costs.

ANALYSIS

Provincial Legislation

The *Municipal Act, 2001* outlines the powers and duties of municipalities with respect to matters within their jurisdiction. As it relates to this application, Part III of the *Municipal Act, 2001* delegates specific powers to municipalities in which Section 106 (Economic Development Services) explicitly prohibits municipalities from providing assistance to business enterprises. Subsection 106(1) states:

Despite any Act, a municipality shall not assist directly or indirectly any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for that purpose.

Subsection 106(2) further describes the type of assistance that is prohibited including:

- giving or lending any property of the municipality, including money;
- guaranteeing borrowing;
- leasing or selling any property of the municipality at below fair market value; or
- giving a total or partial exemption from any levy, charge or fee

However, subsection 106(3) exempts municipalities from these restrictions where a municipal council is exercising its authority under subsection 28(6) or (7) of the *Planning Act, 1990*. Section 28 of the *Planning Act, 1990* provides the legislative framework for the designation of community improvement project areas and the preparation of community improvement plans. Subsection 28(6) prescribes council’s authority with regard to land and subsection 28(7) prescribes council’s authority with regard to grants or loans.

Therefore, notwithstanding the restrictions listed in the *Municipal Act*, the *Planning Act* allows municipalities to issue grants and loans providing that it be done for the purposes of carrying out a community improvement plan that has come into effect.

Official Plan Policies

As previously mentioned, the *Planning Act* permits municipalities to adopt Community Improvement Plans under the proviso that an official plan is in effect that contains provisions relating to community improvement in the municipality.

Consistent with this requirement, the City of London has an Official Plan which contains policies and a framework for the selection and designation of "Community Improvement Project Areas", and for the preparation and implementation of community improvement plans.

The policies of the Official Plan include a series of objectives which the adopted community improvement plans are intended to fulfil including:

- promoting the long term stability and viability of designated "Community Improvement Project Areas";
- encouraging the co-ordination of municipal expenditures and planning and development activity;
- stimulating private property maintenance and reinvestment activity
- enhancing the visual quality of designated areas through the recognition and protection of heritage buildings;
- upgrading physical services and social and recreational facilities in designated Community Improvement Project areas; and,
- supporting the retention of heritage properties or areas.

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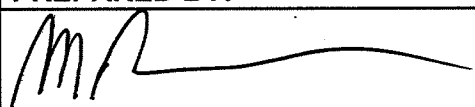


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In order to implement the proposed community improvement plan, the policies of the Official Plan list several implementation measures including the provision of, *"grants and loans...by the City to registered owners, assessed owners, and tenants of lands and buildings within a community improvement project area, and their assigns, for the purpose of implementing the community improvement measures under this plan."*

The Staff recommended is consistent with Provincial legislation, Official Plan policy, and implements the SoHo Community Improvement Plan.

CONCLUSION

The recommendation to provide a grant to assist with the restoration effort of the Red Antiquities Building is consistent with Council resolution and implements a key recommendation of the SoHo Community Improvement Plan. The recommendation is also consistent with Official Plan policy that seeks to retain heritage properties located within community improvement project areas. The entire SoHo revitalisation initiative will benefit from its restoration.

PREPARED BY:	SUBMITTED BY:
	
MICHAEL TOMAZINCIC, MCIP, RPP PLANNER II, COMMUNITY PLANNING AND URBAN DESIGN	JIM YANCHULA, MCIP, RPP MANAGER – COMMUNITY PLANNING AND URBAN DESIGN
RECOMMENDED BY:	
	
JOHN M. FLEMING, MCIP, RPP DIRECTOR OF LAND USE PLANNING & CITY PLANNER	

September 2, 2011

MT/mt

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APPENDIX "A"

Bill No.
2011

By-law No. A.-

A By-law to authorize and approve an agreement between Pathways Skill Development & Placement Centre and The Corporation of the City of London to grant the sum of \$50,000 and to authorize the Mayor and City Clerk to execute the agreement

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 10 of the *Municipal Act, 2001* provides that the City may provide any service or thing that the City considers necessary or desirable for the public, and may pass by-laws respecting same, and respecting economic, social and environmental well-being of the City, and the health, safety and well-being of persons;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The agreement attached as Schedule "A" to this by-law between Pathways Skill Development & Placement Centre and The Corporation of the City of London for a payment of part of the rehabilitation of the property, is hereby authorized and approved.
2. The Mayor and City Clerk are authorized to execute the agreement authorized and approved under Section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on September 19, 2011.

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading – September 19, 2011
Second Reading – September 19, 2011
Third Reading – September 19, 2011

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Schedule "A"

THIS AGREEMENT made in duplicate this day of September, 2011

B E T W E E N:

Pathways Skill Development & Placement Centre
hereinafter called "Pathways"

-and-

THE CORPORATION OF THE CITY OF LONDON
hereinafter called the "City"

WHEREAS subsection 10(1) of the *Municipal Act, 2001*, as amended, authorizes the City to provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001*, as amended, provides that the City may pass by-laws respecting matters that are for the economic, social and environmental well-being of the municipality;

AND WHEREAS section 28 of the *Planning Act*, R.S.O. 1990, c. P.13, as amended, authorizes that, where an official plan is in effect, a municipal council may pass a by-law that designated in whole or any part of an area covered by such an official plan as a community improvement project area;

AND WHEREAS pursuant to subsection 28(7) of the *Planning Act*, R.S.O. 1990, c. P. 13, as amended, for the purpose of carrying out a community improvement plan that has come into effect, authorizes the City to make grants or loans in conformity with the community improvement plan to, amongst others, registered owners within the community improvement project area, to pay for the whole or any part of the eligible costs of the community improvement plan;

AND WHEREAS subsection 28(8) of the *Planning Act*, R.S.O. 1990, c. P. 13, as amended, provides that eligible costs may include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities;

AND WHEREAS Pathways is the registered owner of lands legally identified in Schedule "A" attached and municipally known as 129 Wellington Street in the City of London (hereinafter the "Property");

AND WHEREAS on June 20, 2011, Municipal Council adopted By-law No. C.P.-1479-174, a by-law to designate the SoHo Community Improvement Project Area;

AND WHEREAS on June 20, 2011, Municipal Council adopted By-law No. C.P.1480-175, a by-law to adopt the SoHo Community Improvement Plan;

AND WHEREAS on June 20, 2011, Municipal Council adopted By-law No. C.P.- 1481-176, a by-law to establish financial incentives for the SoHo Community Improvement Project Area;

AND WHEREAS By-law No. C.P.-1479-174, By-law No. C.P.-1480-175, and By-law No. C.P.-1481-176 are in effect;

AND WHEREAS the Property is located within the SoHo Community Improvement Project Area;

AND WHEREAS Pathways has requested a grant from the City in the sum of \$50,000.00 as a payment of part of the rehabilitation of the Property;

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Schedule "A"

AND WHEREAS the City desires that it is desirable for the public and in the public interest that the City grant the sum of \$50,000 to Pathways for the purpose of payment of part of the rehabilitation of the Property;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the mutual promises, covenants and agreements hereinafter, the parties agree as follows:

1. The parties agree that the Property is located in the SoHo Community Improvement Area as described in By-law No. CP-1479-174, and the location being more particularly described in Schedule "A" attached hereto.

2. Pathways covenants that it is the registered owner of the Property.

3. Pathways covenants that it has incurred costs in excess of \$150,200 in connection with the restoration of the building located on the Property.

4. The parties agree that part of the costs of the restoration of the building located on the Property to the maximum sum of \$50,000 is an eligible cost as defined by By-law No. C.P.-1480-175

5. Pathways requests and the City agrees that the City shall pay to Pathways the total sum of \$50,000 as a grant to pay part of the costs of the restoration of the building on the Property.

6. Pathways shall not assign this agreement without the consent, in writing, of the City, which consent may be unreasonably withheld.

7. Any notice required hereby to be given may be given:

(1) to Pathways by mailing the same, prepaid registered mail to the following address:

Pathways Skill Development & Placement Centre
210 Dundas Street
London, Ontario
N6A 5J3
Attention: Chair of the Board of Directors

(2) to the City by mailing the same, prepaid registered mail to the following address:

The Corporation of the City of London
300 Dufferin Avenue, P. O. Box 5035
London, Ontario
N6A 4L9
Attention: City Clerk

7. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective administrators, successors and assigns.

8. This Agreement shall be read with such changes in number and gender as the circumstances require.

Agenda Item # Page #

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Schedule "A"

IN WITNESS WHEREOF the City has hereunto affixed its corporate seal under the hands of its Mayor and Clerk and Pathways has hereunto affixed its corporate seal under the hands of Chair of the Board of Directors.

DATED this day of , 2011.

THE CORPORATION OF THE CITY OF LONDON

Joe Fontana, Mayor

Catharine Saunders, City Clerk

Pathways Skill Development & Placement Centre

_____ c/s

Name:
Position: Chair of the Board of Directors
I/we have authority to bind the Corporation

DESCRIPTION OF SCHEDULES
Schedule "A"

PT LT 1 , N/W HILL STREET , AS IN LC152349; CITY OF LONDON, COUNTY OF MIDDLESEX

APPENDIX "B"

Chair and Members
 Built and Natural Environment Committee

#11141
 August 26, 2011
 (Award Grant)

RE: Grant Towards the Revitalization of Red Antiquities Building
129-131 Wellington Street
New Capital Project PD2164 - Grant for Red Antiquities Building

FINANCE DEPARTMENT REPORT ON THE SOURCES OF FINANCING:

Finance Department confirms that the cost of this grant can not be accommodated with the financing available for it in the Capital Works Budget. The funding requirement is available as a transfer from the Operating Budget Contingency Reserve and that subject to the adoption of the recommendation of the Director of Land Use Planning & City Planner, the detailed source of financing for this request is:

<u>ESTIMATED EXPENDITURES</u>	<u>Approved Budget</u>	<u>This Submission</u>	<u>Revised Budget</u>
Construction	\$0.00	\$50,000	\$50,000
NET ESTIMATED EXPENDITURES	<u>\$0.00</u>	<u>\$50,000</u>	<u>\$50,000</u>
 <u>SOURCE OF FINANCING</u>			
Contingency Reserve	\$0.00	\$50,000	\$50,000
TOTAL FINANCING	<u>\$0.00</u>	<u>\$50,000</u>	<u>\$50,000</u> 2)

NOTES:

- 1) The purpose of this grant is to implement the recommendation of the SoHo Community Improvement plan and assist with the revitalization initiative of this structure located within the SoHo Community Improvement Project area.
- 2) The required funding of \$50,000 is available as a transfer from the operating budget contingency reserve.

EH



Larry Palarchio
 Director of Financial Planning & Policy