

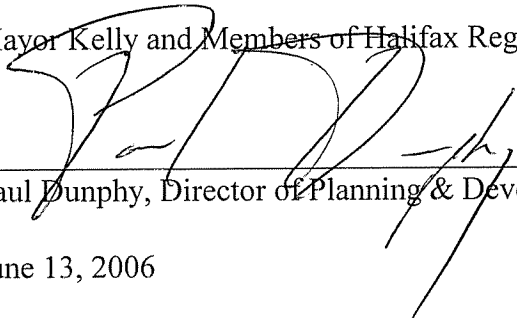
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Halifax Regional Council
June 20, 2006

To: Mayor Kelly and Members of Halifax Regional Council

Submitted by: 
Paul Dunphy, Director of Planning & Development Services

Date: June 13, 2006

Subject: **H00108 - Demolition Permit - Kelly Building, 1790 Granville Street, a Registered Heritage Property.**

INFORMATION REPORT

ORIGIN

Notification by the owners of the Kelly Building that they have decided to proceed with demolition of the Kelly Building under the authority of their valid demolition permit #67858.

BACKGROUND

The owners of the Kelly Building, TDB Halifax Holdings Ltd, represented by Compass Commercial Realty and Property Management, applied for demolition three years ago on 17 April 2003. Council refused the application, triggering a one-year demolition delay which expired on 17 April 17, 2004. Following this, the applicants had one year to carry out the demolition.

NSCAD University subsequently expressed interest in a student residence on the site, incorporating the Kelly facade, thus averting demolition. The owners began exploring this with NSCAD but needed more time, beyond the demolition deadline of 17 April 2005 to do a feasibility study. In order to facilitate these discussions, Council approved a new, six-month demolition permit expiring on 17 October 2005. Two further extensions to the demolition permit were approved. The demolition permit will now expire on 17 October, 2006.

DISCUSSION

On 6 June, 2006 staff were notified by telephone by Compass Realty that the owners have decided not to proceed with the development due to other investment priorities and to proceed instead with the approved demolition. They declined to provide written reasons for their decision.

It is regrettable that this opportunity to save the Kelly building from demolition has not proven successful. Council and staff have done all they can to facilitate a positive outcome. Compass Realty have been co-operative in the negotiation process. NSCAD has also been co-operative and forthcoming in providing staff with information on their side of the negotiations. However, at this point, negotiations have failed and the owner has made a final decision.

The history of possible demolition of the Kelly Building goes back more than twenty years to the early 1980s when the building first became vacant. A development agreement for a new building incorporating the old facade was approved in 1983 but was never carried out. After several changes of ownership, an application was made in 1994 to de-register so as to enable demolition. This led to a structural survey confirming the building's poor structural condition and a staff report recommending that Council approve the de-registration and demolition. Council denied the application, however, and the owner of the day (Standard Life) took no further action. The building was stabilized at the owners expense and remained vacant for more than ten years until 2003 when it was purchased by the current owners.

At this point, with negotiations to find an appropriate and economic use for the building having failed and the owner having a valid demolition permit, HRM must be prepared to accept the demolition, subject to normal requirements being met for insurance, encroachment and safety during the demolition process. At the same time, however, Policy 6.2 of the Halifax Municipal Planning Strategy states "The City shall continue to make every effort to preserve or restore those conditions resulting from the physical and economic development patterns of Halifax which impart of Halifax a sense of its history." Although it is very late in the day, there are two further options to consider but both would require clear direction from Council.

Option 1: Heritage Agreement

Enter into an agreement with the owner similar to the 1995 agreement negotiated for the NFB building on Barrington Street. In that case the municipality paid for the facade stabilization and the owner agreed not to demolish. This preserved the facade for incorporation into future development. The stabilization of the NFB facade cost \$180,000 in 1995 and does not have an estimate of the current costs to stabilize the Kelly building facade. Should Council be interested in this possibility staff would need direction to request the owners to cease demolition and negotiate an agreement. The cost and budget source would be submitted to Council for consideration.

Option 2: Purchase the Building

This would require a significantly larger investment as well as the willingness of the owner to sell. The property is presently assessed at \$103,300 but its market value as a redevelopment site in the heart of the downtown is probably significantly higher. This option is not recommended due to the predictably high cost of purchase, which is hard to justify given current budgetary constraints, on top of the additional costs necessary for stabilization, maintenance, and security. HRM would be faced with finding alternative use for the building and a developer interested in negotiating a development agreement. There is no guarantee that HRM would be more successful than the current owner.

Option 3: Land Swap

HRM could offer to swap land of equivalent value. However, staff advise against this for similar reasons as in Option 2.

ALTERNATIVES

1. Council could allow the demolition to proceed without further intervention.
2. Council could direct staff to request the owners to defer demolition pending negotiation of an agreement regarding facade retention.
3. Council could direct staff to request the owners to defer demolition pending either purchase or land swap. For the reasons outlined in this report this is not recommended.

BUDGET IMPLICATIONS

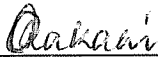
Allowing the demolition to proceed has no budget implications. There are no funds budgeted for alternatives two and three. If Council directs staff to pursue options two and three staff will identify potential funding sources. This will likely require the deletion of another project from the capital budget.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

A copy of this report can be obtained online at
<http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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