

CITY OF BURNABY  
EXECUTIVE COMMITTEE OF COUNCIL

HIS WORSHIP, THE MAYOR  
AND COUNCILLORS

RE: OVERLYNN MANSION, 3755 MCGILL STREET

RECOMMENDATION:

1. THAT this report be received for information purposes.

REPORT

Council, at its meeting held on 1997 September 29, received a presentation (ATTACHMENT 1) from Mr. Victor Stusiak, on behalf of Action Line Housing Society, requesting tax exempt status for Overlynn Mansion. At that time Council also received a staff report (ATTACHMENT 2) prepared in response to this request. Upon consideration of the delegation's comments and staff report, Council referred both items to the Executive Committee for review.

The Executive Committee, at its meeting held on 1998 February 16, completed its review of this matter. The Committee notes that the City of Burnaby currently does not grant permissive exemptions from taxation for designated heritage properties. At this time, the Committee does not recommend a change to this practice.

Respectfully submitted,

Councillor D.R. Corrigan,  
CHAIR

Councillor D.G. Evans,  
Member

Councillor D.N. Johnston,  
Member

: COPY - CITY MANAGER  
- DIR. PLNG. & BLDG.  
- DIRECTOR FINANCE  
- CHIEF LICENCE INSP.

ACTION LINE HOUSING SOCIETY  
3755 McGill Street  
Burnaby, B.C. V5C 1M2

September 29, 1997

Mayor & Council  
City of Burnaby  
4949 Canada Way  
Burnaby, B.C.

Mayor and Council,

Subject: Overlynn Mansion, 3755 McGill Street

My name is Victor Stusiak and I appear as a director of Action Line Housing Society who are the owners of Overlynn Mansion.

The purpose of our submission is to request Council to exempt Overlynn Mansion, an eligible heritage property, from taxation as provided for under Section 342 of the Municipal Act.

The property qualifies under Section 342 (1) A Protected Heritage property, enacted by Burnaby Bylaw No 12011 September 18, 1995. We note that Council has a Staff Report on pages 101 - 102 of tonight's Council Agenda. We wish to advise that the Report is in error in first para page 102: first two words, first line, should read "IN 1997". Last sentence in para 1 should read "this includes office for non profit organization and school uses."

Our request is for Council to grant a tax exemption based on criteria used for previous tax exemptions granted under Section 341 of the Municipal Act, i.e.,

1997	Assessment	Taxes Paid	Est Value
total	12556.000	NA	
less exemption	<u>557,000</u>	exempt	\$ 3673.00
taxable value	11999,000	\$79135.00	

## BACKGROUND

3755 McGill has two buildings situated on this property.

1. Overlynn Mansion was constructed in 1909 for Charles J Peter. Sold in 1936 to Sisters of Charity of Halifax. A two storey addition was built which housed a Chappel and bedrooms. The mansion becomes a Convent and new girls school known as Seton Academy. The building on site today is as modified in 1936. In 1970 the property was purchased by Action Line Housing Society.
2. Seton Villa. Action Line Housing Society, after purchasing the property, added a 19 storey high rise that provides multi purpose housing for seniors. It contains in 1997-

Self Contained	77 Suites	
Room & Board	96 rooms	
Care Units	<u>72</u> beds	
Total	245 Units	260 - 270 tenants

All units are marketed to the private sector and paid entirely by each individual tenant.

Over the years the Society and Staff have tried to find ways to utilize the Mansion as a part of the Seniors' program in Seton Villa. Because of the building limitations, i.e., no elevator or handicap capabilities and cost of staffing this concept was not viable.

Efforts were made to rent the Mansion to recover some of the costs. Various things were tried. Rental as a residence, day uses for groups, etc. Minimal revenues were achieved. Previous Boards and Chairmen had a commitment to retain the historic building.

The expenses of operating the Mansion on the Seton Villa property up through 1994 were absorbed in the ordinary expenses for the total site. Commencing in 1995/96 Mansion expenses are in a separate account.

#### WHAT CHANGED

Seton Villa had been participating over the years in the B.C. Government Ministry of Health Long Term Care (LTC). 80 - 90 seniors in the facility were on the program. The program was available for seniors defined as Personal Care and who needed income assistance. 1997 numbers for this program would be:

Occupant	24.00 per day
Government assistance	<u>36.00</u> per day
To provide	\$60.00 per day to Seton Villa

In the late 1980s the Provincial Government quit funding new applications to this program, but people previously on the program continued to be funded. As a result, government supported occupants declined as death or movement to extended care reduced the numbers in Seton Villa. By 1992 Action Line Society were experiencing lower revenues because of the loss of government supported tenants. Attempts to replace these occupants in the private care market were not successful at the same daily rate. Annual operating results were moving from positive to negative numbers. The Board was anxious to find relief from operating costs, and this was particularly true of the costs of the Mansion.

B.C. Childrens Hospital expressed an interest in the Mansion. The rental revenue would be approximately equal to the costs of the Mansion. A rezoning was necessary and Burnaby agreed to provide a zoning for limited hospital use. The City support for the rezoning was subject to Action Line Housing agreeing to a Heritage Designation of the Mansion. Action Line Housing agreed. In doing so Action Line Housing lost freedom to alter or demolish the Mansion. Childrens Hospital occupied the Mansion from October 1993 - 1996.

Action Line Housing looked for someone to rent the Mansion to replace Childrens Hospital. During the summer of 1996 there was a prospective new tenant for a private school. When we checked with the City to determine if this was a permitted use, the following is what transpired:

- we were told that a rezoning was required

(1) the building department would have to verify that a private school would be permitted

- the building department approved the private school as a permitted use, subject to certain conditions
- the most important condition was from the fire department to require a major upgrade of the sprinkler system
- a rezoning was initiated in January 1997 asking for expanded use to allow a wider range of marketing of the Mansion
- rezoning was finalized last week in May 1997
- prospective school was asked to enter into a lease agreement. Prospect declined and stated that the lengthy process had lost a backer and interested students. They wanted a review for the rental of the lower floor.
- the first floor is presently vacant and we need a new tenant.
- we invited bids for correction to the sprinkler system. The work was completed in August 1997 for a cost of \$24000.00
- other work required by the building department completed. Cost \$6000.00
- we entered into a 3 year lease for the second floor with the existing tenant as of August 01, 1997.

The Mansion is an unusual building comprising an original house, which had an addition of a Chappel and dormitory. This addition occupies about 1/3 of two floors. The first and second floor interior are subject to Schedule A of the Heritage designation and a total of 8100 square feet. With the basement and attic added, over 12000 square feet of heated area, difficult to use as a residence, awkward lay out for office or institutional use, with no elevators or handicap access. Common access creates serious control and security problems with multi tenant occupancy.

It is a difficult facility to market. It is a costly building to maintain and support. If the Heritage designation did not apply Action Line Housing could

- seek to market the Mansion to a zoning permitted by Burnaby
- ask the tenants to continue to carry the cost of the Mansion
- demolish the building to relieve the ongoing costs of maintaining the building.

RELATIVE DATA

Mansion expenses 1995/96	\$68949	source audited statements
Mansion Expenses 1996/97	\$60263	" " "
Mansion Expenses 1997/98	\$60000	forecast budget

City property taxes are not included in the numbers.

City mandated expenses

sprinkler system	\$24000.00	1997
required structural	<u>6000.00</u>	1997
	\$30000.00	

Revenues

Actual Oct 01, 1996 - Sept 30, 1997	\$15800
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Funds provided by Seton Villa for 1997

Operating Loss	\$45000.00
Capital Contribution	<u>30000.00</u>
total	\$ 75000.00

The Mansion is not now and is not going to be part of our program to provide housing and health care to senior citizens.

The only reason for the continued existence of Overlynn Mansion is the City interest as a Heritage Building. We at Action Line Housing have agreed to a Heritage designation of the building. We are making a determined effort to market the Mansion.

Our senior citizens, as tenants are making sacrifices to support the Mansion.

The City by way of Heritage designation has indicated a public interest.

page 6  
city of burnaby  
09/29/97

We submit that the City should pick up part of the load by way of exemption of property taxes on the Mansion. We are talking about approx \$4000.00 per year of relief.

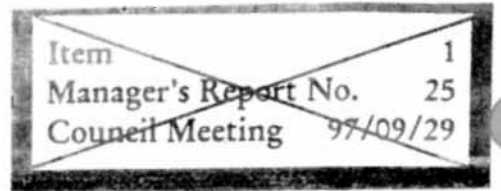
The capital cost mandated by the City to the building was \$30000.00 which is equal to over 7 years of tax exemption. It is noted that the exemption is for one year at a time.

Your favorable consideration is requested.

yours truly,



Victor V. Stusiak  
Director, Action Line Housing



ATTACHMENT 2

TO: CITY MANAGER 1997 SEPTEMBER 24

FROM: DIRECTOR FINANCE

SUBJECT: OVERLYNN MANSION, 3755 MCGILL STREET

PURPOSE: To provide information to Council.

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**RECOMMENDATION:**

1. THAT a copy of this report be sent to:

Hean Wylie & Company, Solicitors  
1501 - 4330 Kingsway  
Burnaby, B.C. V5H 4H9

**REPORT**

Council, on 1997 September 22, received a letter from solicitors acting for Action Line Housing Society requesting to make delegation to Council on 1997 September 29. This report provides background information for Council.

Action Line Housing Society owns and operates Seton Villa, a seniors' housing complex at 3755 McGill Street. The property includes a heritage mansion known as Overlynn Mansion. This house was included in the original Comprehensive Development plan for Seton Villa in 1970.

Since that time, Action Line Housing Society has successfully sought rezoning to amend the CD plan in order to broaden the scope of uses permitted in this heritage building. Such was the case in 1992 September, when Council adopted a report providing for a limited hospital use as part of an Amended CD Plan.

Action Line Housing Society then leased a significant portion of the Overlynn Mansion to British Columbia's Children's Hospital in 1993 September for the purpose of operating an eating disorder clinic.

61 In 1994 March, Action Line, on behalf of its tenant, made application for permissive property tax exemption. British Columbia's Children's Hospital, in that it was leasing space for hospital purposes, qualified for permissive property tax exemption under the Municipal Act. Council adopted the staff recommendation to grant the permissive property tax exemption. The basement of the mansion, which is used as a residence for a caretaker, remained taxable.



In 1995, a Comprehensive Development rezoning was approved by Council which incorporated a formal Heritage designation as part of a plan that included a further broadening of the uses allowed in the Mansion. This includes office and school uses.

Children's Hospital vacated its leased space in Overlynn Mansion in late 1996. The mansion is now partially tenanted by the Overlynn Centre for Youth Health. This organization researches youth health on a grant basis for the Ministry of Health. Staff understand that the organization occupies a small upstairs portion of the mansion. Under the Municipal Act and Burnaby's guidelines, this group is not eligible for permissive property tax exemption relating to not-for-profit organizations.

The Municipal Act does permit the granting of permissive property tax exemptions for Heritage Buildings, however Burnaby has no established guidelines for such exemption and questions on this matter would arise from other heritage property owners in the community if this type of exemption were to be considered.

  
to Rick Earle  
DIRECTOR FINANCE

BP:sa

cc: Director Planning & Building

