

**TO: CITY MANAGER**

**1999 October 12**

**FROM: DIRECTOR PLANNING AND BUILDING**

**SUBJECT: REQUEST FROM ACTION LINE HOUSING FOR A TAX EXEMPTION FOR OVERLYNN MANSION/DELEGATION BY MR. V. STUSIAK TO COUNCIL ON OCTOBER 04.**

**PURPOSE:** To provide a staff response to the delegation's request for Council's consideration of a \$4,000 annual tax exemption for a designated heritage building.

**RECOMMENDATIONS:**

1. **THAT** Council forward a copy of this report to the Board of Directors of Action Line Housing Society, Seton Villa, 3755 McGill Street. V5C 1M2
2. **THAT** a copy of this report be forwarded to the Community Heritage Commission for their information.

**R E P O R T**

**1.0 BACKGROUND:**

On 1999 September 13 and on October 04, Council received a delegation from Mr. V. Stusiak, of Action Line Housing Society, regarding a request from the Society to obtain a property tax exemption for Overlynn Mansion, a designated heritage building which is situated on a portion of the Seton Villa seniors' residential development site. The delegation also made comment upon a report from the Community Heritage Commission on September 13. Council instructed staff to bring forward a further report on the points raised by the delegation.

Action Line Housing Society received approval from the City in 1971 to construct a 19 storey seniors residential tower on the site of Seton Academy, formerly a private school. The site also contained the Overlynn mansion that was constructed in 1909. An integral part of the 1971 Comprehensive Development rezoning proposal was the retention and re-use of the mansion for seniors or staff accommodation and the CD Plans presented to a Public Hearing clearly depicted the mansion and its grounds remaining. The mansion is included in the adopted Comprehensive Development Plan initially approved in 1971 and continues to be part of the adopted zoning to this day, albeit with provisions for alternative uses of the

mansion as requested in more recent years by the property owners. Currently the mansion is rented out to two tenants, one a school and the other, an office for a non-profit society. The apartment tower is operated as a seniors residence.

**2.0 CONCERNS OF ACTION LINE HOUSING SOCIETY (Mr. V. Stusiak):**

The delegation expressed concerns regarding a number of items including the loss of the option to demolish a heritage building without the approval of Council; the process of heritage designation; the lack of tax support for owners of designated heritage buildings; and the cost of maintenance, repairs and upgrading required to keep this particular building current to suit the needs of the tenants. The delegation is requesting a tax exemption in the amount of the property tax the Society attributes to the building (currently approximately \$4,000 per year) to reduce the operating cost to the Society. The delegation also expressed concern that if the current tenants were to leave when the leases expire in 2000 August and 2001 March, that the Society could face a considerable burden if the building were to become vacant and the rental income were to stop. The Society is a seniors' housing provider and the rental of a heritage building is not one of the Society objectives.

**3.0 DISCUSSION OF ISSUES RAISED:**

**3.1 Heritage Designation and the original plan for the site:**

In 1971 when the site was rezoned the Society anticipated that Overlynn mansion would be utilized for staff or accommodation for up to 20 seniors. It seems that the value of the heritage building was not questioned at that time. While the building has always housed a site caretaker, the mansion over the years has had a variety of uses that have included residential, the Children's Hospital Clinic and currently, a small language school and the offices the McCreary Centre, a non-profit behavioral research group concerned with youth. While the Children's Hospital use was exempt from taxes, the current uses are not exempt.

In 1995 the mansion and grounds were designated with the prior consent of the Society in conjunction with the amendment rezoning at that time.

The heritage designation does not in itself affect the use of the building, except for the need to obtain City approval to any alterations to the building or designated portion of the landscaped grounds.

It would appear that in the 27 years since the site was developed by Action Line Housing that the income from the seniors 19 storey tower has effectively been reduced with the loss of government support for the lighter levels of seniors' care while the income from Overlynn

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mansion has been insufficient to cover maintenance and upgrading costs required to keep the mansion attractive to tenants.

3.2 Staff and Council involvement in heritage matters:

Currently, when an application for rezoning involving a heritage building or site is made a report is submitted to Council and may be referred to the Community Heritage Commission before the application proceeds to public hearing. In the case of subdivisions, Council and the Heritage Commission would be involved only at the time that heritage designation is proposed by staff. The delegation has suggested that it would be desirable for Council to have a policy to direct staff to inform Council at an early stage, when development proposals involving heritage are submitted.

Staff will develop a policy proposal and report on this matter in the heritage resource management plan which is in preparation.

3.3 Current Economic Situation:

Action Line Housing have, as noted, two concerns with the cost of the mansion. The first is the annual maintenance cost while the second is the periodic upgrading costs required to attract tenants or meet current regulations such as fire codes or additional requirements that may result from having two tenants in the mansion. A third issue is the business risk if one or both of the tenants were to leave when their leases expire in the next year or two and that the rental income would stop unless other suitable and compatible tenants could be found.

In terms of use, the current zoning provides for a wide variety of uses to try to accommodate the needs of the Society to keep the mansion rented. The current Comprehensive Development zoning is based up the RM 4, P5, C1 and R5 zones. This zoning permits a fairly wide variety of residential, institutional or non-commercial office uses that would generally be compatible with the surrounding neighbourhood.

3.4 Future Economic Options:

*Rental uses:*

At present Overlynn mansion is leased and the present income supports the yearly maintenance of the building but does not pay back the periodic upgrading costs that have been done to the building. It would clearly be desirable to see the Society maintain the rental income from the building. If possible, a tenant who qualifies for property tax exemption (such as a hospital use) would reduce the tax burden to the Society. Some of the alternative

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uses that could be considered would be accommodation or an activity centre for seniors, a conventional residential rental or other society-related use. This unique house has a commercial kitchen and has over 8,000 square feet of floor area over the two occupied floors, not counting the basement or the unoccupied third floor.

Given that the demand for seniors facilities is expected to increase significantly in the future, a further option of a seniors related use, as originally envisioned, is considered to be quite compatible. The replacement cost of a new house this size, but not to this level of finish would approach \$1 million. A group for example such as the Abbeyfield Seniors Society could potentially utilize the building for seniors housing and still be able to pay the owners a realistic market lease rate.

*Subdivision of the Mansion from the Seton Villa site:*

In response to a query, staff have looked into the possibility of a future rezoning and subdivision process to separate the mansion and a portion of the landscaped area from the rest of the Seton Villa site in order to sell the mansion as a separate parcel to be used for residential purposes. There would be a loss of garden space for the seniors of Seton Villa and there would be some minor parking and circulation issues, and such a proposal would necessitate a CD amendment to base the Seton Villa tower zoning on the RM5 District Density, rather than the current RM4, due to the reduction in site area for the tower. This option would therefore entail a zoning Public Hearing.

*Financial Support from the City:*

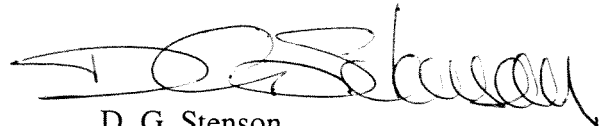
The specific current request is for a tax exemption for the value of the Mansion which pays approximately \$4,000 property taxes per year, but which under existing City policy does not qualify for exemption.

As reported by the Community Heritage Commission, the City's current policy is to not offer tax exemptions in return for Heritage Designation. This is a matter that is within Council's scope to reconsider and embark on a different policy approach if it chooses.

An option that could potentially be utilized in the future would be to provide some form of grant to the Society. An application would have to meet established requirements for grants and would be considered by the Executive Committee and Council. While the Community Heritage Commission has in the past, expressed an interest in seeking a source of funding to allow for nominal grants to support heritage conservation and restoration efforts that are undertaken by owners, that is not the request here and, in any event there is no policy or funding in place for this option at this time.

4.0 CONCLUSIONS:

The maintenance and use of Overlynn Mansion as part of the Action Line Housing's facility is a concern to the economic well-being of the Society. This concern is partly related to the size and maintenance costs of the building and the uncertainty of the current rental income. The CD Plan has since 1971 shown the heritage building retained and the 1995 heritage designation simply recognizes that fact. The City has continued to assist the Society to allow flexibility in the permitted uses of the mansion and will assist the Society wherever possible with permits and regulations as has been done in the past. While Overlynn mansion does not qualify for tax exemption or other financial support at this time, this situation should be monitored in the future and the lines of communication should be kept open between the Society, the City and the neighbourhood in which the facility is located to ensure that the most important heritage building in the City is maintained and can be put to use in a manner which is compatible with the heritage value of the building and the surrounding lands uses.



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Director Planning and Building

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cc: Director Finance

