

July 19, 2019

Dear Mayor and Council,

Please find attached our written submission for Project 11-33-0131 regarding the proposed removal of the permanently derelict buildings within downtown Fort Langley.

To provide the local community and the Township of Langley an interim solution to the current challenges facing the commercial area of Fort Langley, the Foundation desires this Development Permit for the purposes of building removal, streetscape restoration and the creation of interim amenities for public use until redevelopment.

We have outlined the basics of the proposal, the current state of the properties in question, the Foundation's incorporation, and our philanthropic and economic rationale, all for your consideration. We feel that the proposal confirms the Foundation's sincere desire to move forward for the good of Fort Langley and Greater Langley as a whole.

We sincerely appreciate you taking the time to review and consider our input herein and your ongoing service to the community, whatever you ultimately decide.

Respectfully,

Tom Kirstein

Chair

Gareth Abreo

Director

Frank Cox

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Rationale for Derelict Building Removals in Fort Langley

July 19th · 2019

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1.0 SUMMARY OF KEY FACTS

The Eric Woodward Foundation (The "Foundation") via Statewood Properties Ltd ("Statewood") has applied to remove its permanently derelict buildings within the downtown core of Fort Langley, Project 11-33-0131, as outlined within the Report to Council dated July 22nd, 2019.

Core Rationale:

- Fort Langley needs an interim solution to the current state of the permanently derelict buildings.
- The Foundation has presented such a solution for the wider benefit of residents, businesses, and visitors.
- There is no financial benefit to the Foundation to proceed with these demolitions.
- As confirmed with staff earlier this year, many unresolved technical challenges remain for redevelopment to proceed.
- There is ongoing risk of liability to the Foundation because of the properties that this application resolves.
- All properties in question are private property. Only the Foundation is subject to the maintenance, property taxes and other ongoing costs of these properties.
- Given challenging economics and the possibility of redevelopment, none of these structures will be renovated for further use.

Two Redevelopment Sites:

- There are two redevelopment sites (the "Sites") that are the subject of the requested Development Permit for the purposes of demolition: Glover Mary Church ("GMC") and Glover Road West ("GRW").
- There are seven derelict locations, three residential and four commercial. Some properties have accessory buildings and garages.
- GMC has four locations: 9148 Glover Road, 9150 Glover Road, 9123 Church Street, and 23272 Mary Avenue.





 On the west side of Glover Road, GRW has three locations: 9213 Glover Road, and 9217 Glover Road, and one very small structure on the south side of 9205 Glover Road.

Current Conditions:

- With high renovation costs, rents that do not justify the required investment, and the possibility of redevelopment to highest and best use, none of the subject buildings proposed for removal are economically viable going forward.
- There have been multiple previous and ongoing attempts by homeless persons to gain entry and illegally reside within these buildings, or within their enclosed exteriors.



 All buildings on GMC have been (almost) completely environmentally abated and are ready for removal. Given the large quantity of environmental contaminants from previous construction practices, very extensive environmental abatement will be required for all buildings on GRW as well.
 This process will damage them further as it has for GMC, increasing potential renovation costs.

Redevelopment Applications:

- Both sites were the subject of development applications that failed in 2015-2018. Statewood attempted redevelopment starting four years ago to prevent the current situation. The potential timeline for attempting redevelopment again is currently unknown.
- If redevelopment is eventually approved and proceeds, construction of GRW would not commence until the completion of GMC. The Foundation has multiple tenants that will need to relocate from GRW to new locations, requiring sequential construction of these sites. Therefore, if this application for removal of the structures on GRW is denied, the structures will remain as they are for a minimum period of 4-5 years, regardless of redevelopment efforts.

The Required Approval Process:

- Because the development sites are within the Fort Langley Heritage Conservation Area, the Foundation requires Council approval of a Development Permit even for the purposes of demolition.
- None of the buildings in question are heritage buildings. None are listed on the Consolidated List of Heritage Sites with a formal registration or heritage interest worthy of conservation, as determined by Township staff.
- The application for demolition and interim amenity areas has been unanimously recommended for Council approval by the Heritage Advisory Committee. They identified two considerations the Foundation has already committed to: (1) proper maintenance, also now governed by the new Community Standards Bylaw 2019 No. 5448; and (2) the long-term preservation of an English Walnut tree on 9217 Glover Road, subject to potential financial and design considerations during the redevelopment approval process.

Typically, building permits for the purposes of demolition do not require Council approval. There are
many sites within the Township of Langley with legitimate heritage value that are currently not
protected from demolition. In fact, multiple buildings with actual, identified heritage value within
the Fort Langley Heritage Conservation Area have been removed in recent years without any
tangible opposition whatsoever.

Bottom Line:

- The Foundation would like to replace these structures with green amenity recreation and play areas for public use until redevelopment.
- Given the challenging real estate economics, high renovation costs, and the potential of redevelopment to the highest and best use in the near or medium term, none of these structures will be renovated for further use. If not removed, these structures will remain as they are for an unknown period.

1.1 ECONOMIC REALITY

Key Points

 The subject properties have entered a permanent economic and political limbo since redevelopment may proceed in the near or medium term, yet simultaneously may also not be allowed to proceed given current circumstances.



- When redevelopment is proposed, tenants very often assume approval and relocate their businesses
 to new locations. This was the case with RE/MAX Little Oak Realty and Jim's Pizzeria. New,
 replacement tenants typically require long-term leases of 10 years or more, and significant
 renovations the Foundation cannot justify given current market rents with such small rental floor
 areas, and high property values. This creates permanent vacancy prior to redevelopment.
- The year-after-year delay of the downtown Fort Langley utilities conversion project forced decisions
 to confirm the long-term plan for some of the subject properties. Based on financial determinations,
 some buildings were connected to the new underground wiring infrastructure, and some were not.

More Information

For example, the building at 9213 Glover Road (aka the "Lampliter") is in extremely poor condition, as it was when Statewood Properties Ltd acquired it in 2005. The tenant retired and closed in January 2018. This building requires environmental abatement due to extensive contamination, which will substantially damage it further. Due to its age and obsolete "face seal" envelope design which does not adequately prevent long-term moisture ingress, much of its exterior walls have fully rotted beyond repair, and would need to be entirely replaced.

It will cost an unknown amount of money to renovate this building, likely upwards of \$750K to \$1M, possibly more. This creates a 15+ year or longer payback timeline for the renovation alone, not accounting for opportunity loss, increasing land values and the economics of municipal taxation. Municipal taxation is based on highest and best use, not current conditions.

Renovation is not a viable long-term option compared to the economic life and value to charitable purposes of new buildings that will last for 75+ years. Eventual redevelopment for charitable purposes is rational, economic, and, in our opinion, in the greater interest of Fort Langley's residential and commercial community, and Greater Langley as a whole.



1.2 UNKNOWN REDEVELOPMENT TIMELINES

Key Points

- If the Foundation can eventually proceed with redevelopment of these two subject sites, it will still do so sequentially, with GMC redeveloped before GRW.
- Prior the redevelopment of GRW, we need to complete the redevelopment of GMC to provide existing tenants relocation options prior to redevelopment of that site.
- For GMC, a redevelopment application is currently under consideration, but with an unknown timeline given ongoing technical and political complications.
- If Council rejects the Development Permit application to demolish the selected buildings on GRW, such as the Lampliter on 9213 Glover Road, then these buildings will remain derelict for at least 4-5 years, perhaps longer, until redevelopment, which may not be permitted to proceed.

More Information

As confirmed with staff earlier this year, many technical challenges remain for redevelopment. Given this, and the ongoing political situation, the Foundation is reconsidering the prudence of the ongoing investment of significant, additional financial resources needed to pursue redevelopment. Given these difficulties, a potential timeline for redevelopment of either site is still unknown, and could remain so for some time.

1.3 HERITAGE STATUS

Key Points

- As confirmed by Township staff, none of the subject structures are "heritage buildings". None are buildings of interest, on the Heritage Inventory or the Heritage Register, nor heritage assets worthy of long-term investment and protection.
- As in the Staff Report to Council dated July 22nd, 2019:
 - "Staff note that the eleven (11) structures to be removed have been reviewed with respect to their heritage status, potential value and condition. None have heritage status, nor were any deemed to have adequate value in themselves to meet the Township's evaluation criteria for heritage buildings."



Reid's Garage in 2012, listed on the Heritage Inventory, with recognized heritage value, removed without objection.

In fact, other buildings within the Heritage Conversation
 Area with actual heritage value and status have been removed within the last few years. Reid's Garage and a small cottage on 9181 Church Street were both removed without opposition.

More Information

The Foundation / Statewood owns only one legitimate heritage building, the Simpson Bros building located at 9181 Glover Road, one of the few remaining "boomtown" commercial buildings within the Fraser Valley.

The Simpson Bros building is currently occupied by Country Lane Antiques. Despite previous staff requirements to relocate it for an expanded intersection, it has now been confirmed with staff in multiple meetings over the past year or so to instead redevelop around it, with it remaining in its current location.

At significant financial and opportunity cost, the Foundation will eventually restore the Simpson Bros. heritage building. Financial resources from redevelopment, if eventually approved, will be directed towards preserving this valuable, legitimate heritage



Building of Interest on 9181 Church Street, removed without objection.

asset. The Foundation is committed to preserving the one and only legitimate heritage asset it owns.

1.4 DERELICT BUILDING SUMMARY

Building closures occurred over a two year period, not all at once. Some possibility of redevelopment to highest and best use, tenant relocations, and high renovation costs resulted in no economic return in investing in these structures any further.

DERELICT BUILDING SUMMARY	
23272 Mary Avenue GMC Closed October 2016	There were ongoing serious problems with numerous complaints from nearby residents, alleged drug-use and distribution, and rotating tenancies of multiple occupants residing on the property without permission, unknown to Statewood. This was finally resolved voluntarily in September 2016. The building has numerous systemic and structural problems. To maintain the possibility of redevelopment for this consolidated redevelopment site, and due to excessive renovation costs that can not be justified, it was determined not to invest in this structure further since there is no economic return in doing so. This structure has been environmentally abated, disconnected from BC Hydro, and is awaiting removal.
9148 Glover Road GMC Closed May 2017	This structure was the prior location of RE/MAX Little Oak Realty. RE/MAX relocated to the new Coulter Berry Building. To maintain the possibility of redevelopment for this consolidated redevelopment site, and due to renovation costs that can not be justified for such a small square footage area, poor retail entry, and low ceilings, it was determined not to grant a new tenant a long-term lease nor invest in this structure further since there is no economic return in doing so. This structure has been environmentally abated, disconnected from BC Hydro, and is awaiting removal.

9217 Glover Road

Closed July 2017 The structure was the prior location of Into Chocolate at the rear of the property, a corporate office, and a stain glass studio and residential tenancy. The chocolate store relocated to the Coulter Berry Building in August 2016.

There was numerous considerations determining the economic future of this property. The tenancies were month-to-month gross leases with utilities included that did not cover the operating costs of the property, nor could justify the required conversion cost to the new underground wiring infrastructure.

The two existing tenants were offered the opportunity to remain for a total gross rental of the entire property in aggregate of approximately \$2,800 per month, for an additional three (3) years. This offer was refused.

Therefore, it was determined not to connect this property to the new underground wiring project and invest in it further since there is no economic return in doing so.

This structure has been disconnected from BC Hydro awaiting environmental abatement and removal.

9123 Church Street

GMC Closed August 2017 This structure required significant remediation from excessive mold, plumbing and electrical failure, a new roof, and persistent basement water ingress. The residential tenancy was resolved voluntarily with a period of free rent before permanent vacancy in 2017.

To maintain the possibility of redevelopment for this consolidated redevelopment site, and due to excessive renovation costs that can not be justified for such small square footage, it was determined not to invest in this structure further since there is no economic return in doing so.

This structure has been environmentally abated, disconnected from BC Hydro, and is awaiting removal.

9213 Glover Road

GRW Closed December 2017 This structure was the prior location of the Lampliter Restaurant. The tenants chose to retire at the end of 2018. Statewood agreed to a voluntary lease termination, without penalty.

The residential suite in behind was in a constant state of disrepair, with a significant ongoing flea, bed bug and rodent infestation that repeated attempts to correct could not remedy. The residential tenancy was voluntarily concluded to coincide with the closure of the Lampliter Restaurant.

To maintain the possibility of redevelopment for this consolidated redevelopment site, and due to excessive renovation costs that can not be justified for this structure given its extremely decrepit state, it was determined not to grant existing or new tenant(s) additional long-term lease interests, nor invest in it further since there is no economic return in doing so.

This structure has been disconnected from BC Hydro awaiting environmental abatement and removal.

9150 Glover Road

GMC Closed January 2018 This structure was the prior location of Jim's Pizzeria, Asa Sushi and a single residential suite above.

One of the proprietor's of Asa Sushi became terminally ill in the summer of 2016. They requested to be let out their lease. Statewood agreed to a voluntary conclusion to the tenancy, without penalty.

The residential tenant voluntarily concluded their tenancy at the end of the 2017 university school year due to the uncontrollable, ongoing rodent infestation within the entire building, including the residential suite, that multiple attempts to remedy could not resolve.

After attempting to work with Jim's Pizzeria for approximately five years on a new location within Fort Langley by offering multiple alternatives within 9110 Glover Road and 9140 Glover Road, this tenant relocated to Walnut Grove at the end of 2017 after numerous lease extensions were requested and granted.

To maintain the possibility of redevelopment for this consolidated redevelopment site, and due to excessive renovation costs that can not be justified for this structure given its extremely decrepit state, it was determined not to grant existing or new tenant(s) additional long-term lease interests nor invest in it further since there is no economic return in doing so.

This structure has been mostly environmentally abated with one outstanding abatement item pending because of additional contamination detected during the initial abatement contract, disconnected from BC Hydro, and is awaiting removal.

9199 Glover Road

GRW Closed February 2018 This structure was the prior location of a small food service location. After multiple months of tenancy viability issues since the opening of the new Subway location on 96th Avenue, the tenancy was terminated at the conclusion of the Christmas season in January 2018.

This structure has significant outstanding maintenance, and no ability to provide an H/C washroom. It is very small, at approximately less than 200 square feet. Given its small size and minimal rental income, it was determined not to connect this property to the new underground wiring project and invest in it further since there is no economic return in doing so.

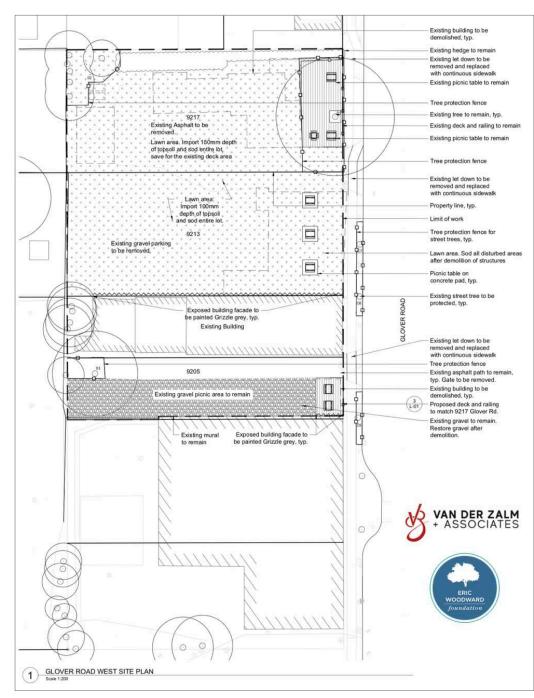
Its removal will serve to open up the entry to the other commercial tenants on this property. This structure has been disconnected from BC Hydro and is awaiting environmental abatement and removal.

1.5 PROPOSED AMENITIES

Key Points

• For the GMC site, the Foundation has proposed to restore the building footprints to turfed areas similar to what was completed previously in 2018 in and around the buildings. This area can then become a more open, useable space for a wider range of possible uses in the interim.

- For the GRW site, the
 Foundation has proposed to
 create an outdoor amenity
 and family play area similar in
 concept to what the
 Foundation / Statewood
 previously created at the
 corner of Glover Road and
 Mary Avenue.
- The Foundation would like
 this area to serve as an
 amenity while potential
 development of GMC
 proceeds, or not. The
 Foundation would provide
 this amenity to the
 community throughout
 potential construction of the
 GMC site, and improve it over
 time as part of a long-term
 capital plan.
- At 9205 Glover Road, we propose to replace the small structure only on the south side of that property a very small, distinct structure only about 200 square feet in total size with a deck and concrete picnic table area to create a more open and inviting entry for the businesses located on the north side of this property, current located away from the sidewalk.



1.6 ON-STREET PARKING AND WALKABILITY IMPROVEMENTS

Key Points

- To improve the pedestrian realm and walkability, and to increase Fort Langley's on-street parking supply, the Foundation has also proposed to remove vehicle access to 9150 Glover Road, 9205 Glover Road, 9213 Glover Road and 9217 Glover Road.
- These vehicle access removals will add an estimated 6-7 additional on-street parking stalls to Fort Langley's on-street parking supply. For an improved pedestrian realm and safety, these improvements also permanently prevent vehicles from crossing the sidewalk at two additional

- locations. The Foundation would especially like to remove the 90° "blind corner" at the vehicle access letdown to 9213 Glover Road. Vehicles exiting onto Glover Road are unable to see pedestrians approaching from the south until the last instant.
- Later this year in any event, the parking lot on 9213 Glover Road will be closed with construction fencing after the summer season concludes. This area has become a destination for smoking, cannabis consumption by youth, homeless encampment and occupancy (within the rear sheds), suspicious loitering, and vehicle-to-vehicle drug dealing.
- The tenant parking on 9213 Glover Road will be provided on a different site, 9181 Glover Road, with improved parking management. 9213 Glover Road currently has 4 parking stalls available for public use which will now be available on-street due to the removal of the vehicle accesses outlined above.

1.7 HERITAGE REVIEW PANEL AND HERITAGE ADVISORY COMMITTEE

Key Points

- The The Heritage Advisory Committee's Heritage Review Panel fully reviewed the Foundation's proposal with Township staff and Van der Zalm + Associates and recommended it for approval. The Heritage Advisory Committee unanimously endorsed the recommendation of the Heritage Review Panel, that Council approve the Development Permit for the proposed building removals, subject to two considerations:
 - The Foundation has already committed to maintain the amenity areas to a similar standard as that of the other location at Glover Road and Mary Avenue, as per discussions with staff.
 - As for the mature Walnut Tree at 9217 Glover Road, the Foundation has already invested in its long-term health and protection, and will continue to do so, in anticipation of preserving it.

1.8 PROPERTY TAXES

Key Points

- There is no financial benefit to the Foundation to proceeding with these demolitions, especially in terms of annual property taxes.
- Three of the commercial buildings have some residential assessment component, a property class taxed at a much lower rate than commercial uses per \$1,000 of assessed value. This residential assessment portion would be lost upon demolition. This will result in higher property taxes on three properties.
- Two of the properties are currently assessed as residential uses on commercially zoned property, currently taxed at the residential rate. After removal they would then become vacant, commerciallyzoned property. This reassessment to commercial assessment would roughly triple the annual property taxes for three legal lots on Mary Avenue and Church Street.
- 7 of the 8 buildings are assessed by BC Assessment at a value \$10,000 each, the minimum value BC Assessment assesses for an existing structure. One was assessed at \$28,000. Removal will not materially decrease the assessed values used for the purpose of municipal taxation. The vast majority of the taxed property value is solely within the land itself.

Therefore, in fact, when all building removals are complete (if approved), the municipal annual
property tax bill would actually increase by a significant amount per year, indefinitely. At 2019
mill rates, these removals will cost the Foundation an estimated \$42,500 per year in additional
municipal taxation.

1.9 FOUNDATION INCORPORATION

Key Points

- The intention to transition Statewood Properties Ltd to a Foundation for charitable purposes for Fort Langley and Greater Langley was announced in August 2018. The timeline for completion of this transition was very clearly stated at that time to be up to 10+ years, starting sometime within 2019.
- All profits from future development of these properties will accrue to Fort Langley Properties
 Ltd and the Foundation for charitable causes within Greater Langley.
- Two entities have been incorporated since the application was submitted in January 2019:
 - The Eric Woodward Foundation, a new charitable society duly incorporated under the BC Societies Act; and
 - Fort Langley Properties Ltd, a new corporate holding company irrevocably bound to donate its profits to the Foundation, or other specifically designated charitable or non-profit entities within Greater Langley, such as the Township of Langley, Langley School District Foundation, or the Langley Memorial Hospital Foundation, as just a few examples.
- The Foundation Board began approving all major property decisions in September 2018.
- The Foundation Board approved moving forward with this development permit for the purposes of demolition before the Foundation's incorporation was complete. This legally necessitated the application be filed in the name of Statewood.
- There are many complexities to consider when reorganizing a company such as Statewood
 Properties Ltd., including but not limited to valuation, irrevocability, and numerous tax complexities.
 Given the many legal options available to accomplish the overall goal of the Foundation to
 maximize its long-term donation potential the Board required time to confirm this structure as its
 preferred direction. There are significant Property Transfer Tax payments and other complex tax
 implications that require long-term planning, careful consideration, and time.
- The Foundation's application for charitable status has been submitted to the Canada Revenue
 Agency. This process can take up to 6-12 months to complete. The Foundation not yet appearing as
 a registered charitable entity on the Canada Revenue Agency's website has no meaning whatsoever.
- The Foundation Board comprises of nine people, seven of whom reside within Fort Langley. Bylaws of Fort Langley Properties Ltd. and the Eric Woodward Foundation require that all Directors serve as volunteers without remuneration.
- The proposal was submitted in January, within months of the Foundation's initial announcement, in an attempt to be responsive to requests within the community to propose some kind of interim solution to the boarded derelict buildings as soon as possible.

All of the subject properties for demolition are owned by Statewood Properties Ltd. GMC would be
the first set of properties transferred to the Foundation and redeveloped, if possible. All other
properties will be transferred for charitable purposes as well, as part of a long-term transition plan to
charitable purposes and the benefit of Fort Langley, subject to costly, legitimate Property Transfer
Tax and corporate tax considerations.

2.0 STAFF REPORT TO COUNCIL

Key Points:

- In their Report to Council dated July 22, 2019, Staff support the Foundation's application and have recommended Council approve the Development Permit required for these derelict building demolitions, as per the Heritage Advisory Committee's recommendation.
- Staff outlined that there are eleven (11) distinct structures, but this apparently have also included accessory buildings, small sheds and garages. There are only seven (7) primary structures as outlined above.
- Staff note on Page 8 that none of the buildings proposed to be removed have any heritage status whatsoever:

"Staff note that the eleven (11) structures to be removed have been reviewed with respect to their heritage status, potential value and condition.

None have heritage status, nor were any deemed to have adequate value in themselves to meet the Township's evaluation criteria for heritage buildings."

- The Fort Langley BIA (the "BIA") had not reviewed this written submission from the Foundation prior to its request for confirmation of the Foundation's "non-binding proposed schedule" for redevelopment. In fact, the BIA refused a request by the Foundation to present to its Board prior to its response to the Township of Langley. The BIA's questions regarding potential development times could have been answered directly, as they now have been herein.
- In response to the correspondence from the Fort Langley Community Association (the "FLCA"), the Foundation sees no need for, or community benefit of, further delay. As the Township of Langley Staff and Heritage Advisory Committee have conclusively determined, these buildings have no heritage value. The Foundation will not be restoring them for further use. They will eventually be removed and replaced. It is expected that the FLCA will provide extensive feedback regarding future development of these sites. However, for the reasons outlined herein, any additional feedback from the FLCA on this application will not impact the Foundation's decision not to invest further in derelict buildings, as determined by the Foundation as its sole discretion.
- The Foundation did not hold a Developer-led Public Information Meeting because the Foundation
 does not believe that anyone's interest in property could possibly be negatively affected by replacing
 permanently derelict buildings without heritage value with amenity areas for public use until
 redevelopment versus the indefinite status quo alternative.
- As confirmed by Township Staff, there is no requirement for the Foundation to apply for redevelopment as a condition of this approval for the purposes of demolitions and interim amenity areas. For the reasons outlined above, and with the political outcome uncertain, a timeline to attempt redevelopment again is unknown, requiring an interim solution.

2.1 SUMMARY

The Foundation would like to remove the permanently derelict structures and replace them with an outcome that is positive, useful and beneficial to the village of Fort Langley as a whole.

The Foundation would like to improve the village of Fort Langley with an interim solution that has significant cost in terms of capital expenditure and higher property taxes. It is for the benefit of the community as a whole, and a departure from the status quo situation for which no other viable solution is available.

The Foundation's long-term goal is to eventually continue redevelopment that considers the needs and growth of the Township of Langley and Fort Langley for the upcoming 75-100 years. The Foundation wants to redevelop these sites, but recognizes that redevelopment will likely not be permitted to occur for many years due to ongoing technical and political challenges that remain unresolved.

An interim solution to the ongoing situation is required, and the Foundation has proposed one for Council's consideration and final determination for the betterment of Fort Langley.