

# The London Free Press

## NEWS LOCAL

---

### 'This is one step to bring downtown back'

Sat, September 27, 2008

By JONATHAN SHER

A premium that city hall would pay to lease office space at the Capitol Theatre building would be well spent if the city can create and adopt a broader plan to improve the core, some business leaders say.

Among the most optimistic is Bob Usher, chairperson of the London Downtown Business Association.

"This is one step to bring downtown back," he said yesterday.

The proposed Capitol deal, which will be considered Monday by city council, would have the city pay \$5.6 million over 20 years. That works out to \$34.19 per square foot, or \$9 more than what a standard office building would charge.

There's broad political consensus on city council that heritage properties downtown are vital to making the core distinct and lively.

But saving heritage costs money, not only to preserve but also to make properties usable for offices or retail. And money is in short supply:

- At city hall, council has imposed a \$30-million debt cap on borrowing for public works as it slowly removes itself from debt brought on by mega- projects such as the John Labatt Centre.
- Owners of downtown heritage properties need more money to rehabilitate their buildings than they could collect from tenants.

If the private sector is to invest in downtown heritage, it must be able to charge rents higher than the going rate of \$25 a square foot for office space, said Gerry Macartney of the London Chamber of Commerce.

Investing in the Capitol and the adjoining Bowles Building won't, by itself, bring those changes, he said.

City hall must harness efforts in a co-ordinated way, so that over time, rental rates rise. "I've yet to hear that direction -- that's my concern," Macartney said.

It won't work to protect heritage piecemeal as properties come under threat.

"What happens next week when another property comes along (seeking help)? Are we going to keep on subsidizing them?" he asked.

London's board of control backs the proposed deal with Capitol landlord Shmuel Farhi, who once said he'd bulldoze the core landmark unless the city leased space there.

Farhi defended the deal yesterday as good for taxpayers.

While the rent is higher than that of a standard office, it's less than what Farhi charges the federal and Ontario governments to rent other heritage properties downtown.

"It's the fair market value for a heritage building," he said.

The premium rent for heritage is deserved, said Farhi, who claims he'll spend \$1 million more to rehabilitate the Capitol building than he will get back in rent.