

## MEMORANDUM

July 9, 2018

TO: Mayor and Council

**Refers to Unfinished Business 4  
Regular Council Agenda  
July 10, 2018**

CC: Sadhu Johnston, City Manager  
Paul Mochrie, Deputy City Manager  
Katrina Leckovic, City Clerk  
Rena Kendall-Craden, Director, Communications  
Lynda Graves, Manager, Administration Services, City Manager's Office  
Kevin Quinlan, Chief of Staff, Mayor's Office  
Naveen Girm, Director, Community Relations, Mayor's Office  
Sandra Singh, General Manager, ACCS

FROM: Gil Kelley, General Manager, Planning, Urban Design & Sustainability

SUBJECT: Information requested on July 4, 2018 by Mayor and Council related to proposed development policy changes in Chinatown

This yellow memo provides responses to questions sent to staff by Mayor and Council on July 4, 2018 related to the policy report titled Amendments to the Chinatown HA-1 and HA-1A Districts Schedule, Design Guidelines and Policies (RTS11646). Council referred discussion and decision on this item to the Regular Council meeting on Tuesday, July 10, 2018.

The questions were edited and grouped by topic below for ease of reading.

### **Zoning, Building Height, Lot Width and Land Use**

#### **1. What are the pros and cons of changing the maximum outright height to the height of existing buildings and changing the maximum conditional height to 50' in HA-1?**

Having a regulation that prevents a historical building (i.e. on the Heritage Registry but not yet Designated) from adding more building height would preserve the historic physical profile of that building. What it may also do is make the site less valued than those sites on the same block that are not encumbered by a historical building.

In order for some parity to be achieved, other tools would need to be made available for those sites that are encumbered by a historic building that is significantly smaller than what the zoning permits, such as the awarding of façade grants. It should be noted that designation of the building will be required as a condition of receiving City grants.

**2. What are the pros and cons of making increased height conditional on retention of existing historic buildings?**

Making increased height conditional will make the retention of existing historic buildings more of an obligation for a development site. For sites that have buildings on the Vancouver Heritage Register, the retention of the original historical building is an enforced condition for redevelopment.

If the increased height remained an outright allowance, then there is less ability for the Director of Planning or the Development Permit Board to require retention of the historical building. Applicants will then correctly perceive that the extra height is an entitlement instead of something that is earned through sensitive design.

**3. What are the pros and cons of only allowing conditional height increase if the proposal is for 100% social housing?**

Developments that include 100% social housing would be allowed more density and height in this scenario than market housing. However, it should be noted that funding from senior levels of government or non-profit partners would be required to achieve social housing.

For developments that only include market housing, they would be limited to outright heights, and development interest would be less.

Further, if market housing development is permitted at a shorter building height than what is recommended, then a lesser amount of density that is commensurate to these shorter buildings should also be specified for market housing developments.

**4. Did staff propose changing dwelling use from an outright to a conditional use in March? Was this later changed because of pressure from developers?**

Staff proposed dwelling use as a conditional use in March 2018. We consulted with the community on this idea. Concerns about making dwelling use as a conditional use were first raised by the Vancouver Chinatown Revitalization Committee on March 19, 2018. The VCBIA and VCMA board of directors also expressed their concerns when staff met with them on March 28, 2018. Attendees, many of them were property owners, property managers, developers and businesses, at the April 19, 2018 information session also echoed this concern.

Staff took these comments and subsequently removed the proposal of changing dwelling use from an outright to a conditional use and informed stakeholders of this change in an email dated April 20.

**5. Are all the HA-1A and HA-1B to HA-1D areas shown in 2016 display materials in the core area for the Chinatown UNESCO World Heritage Site application?**

The current Chinatown zoning boundaries include HA-1 (Historic Pender Street), and HA-1A (Chinatown South). One of the concepts taken out for public consultation in 2016 was to divide the current HA-1A area further into smaller sub-areas: HA-1A, HA-1B, HA-1C and HA-1D. The four sub-areas concept was not supported by public feedback and was not included in staff's recommendation to Council.

To answer the question, the current concept for the UNESCO World Heritage Site is an emphasis on living communities, rather than physical monuments. Therefore, the entire area within the current Chinatown zoning boundaries (including both the current HA-1 and HA-1A) will be included in the preparation of the application.

**6. What are the pros and cons of making all of Chinatown one zone – HA-1?**

Advantages would include a slower pace of redevelopment due to the lower height and density proposed for HA-1, and an overall smaller scale of building character in the area currently zoned HA-1A. Advantages would also include the perception that Chinatown is a "unified" zone and that the intangible heritage in HA-1A is valued.

Disadvantages would include a slower pace of redevelopment in an area that has less historic buildings than HA-1 (Pender Street).

Staff's recommendations attempt to balance the need for some redevelopment with a scale of redevelopment that is too quick or large in scale. Embedded in the recommendations is a value recognition that the HA-1A area is less historically precious, and therefore should be subject to a reasonable rate of redevelopment.

**7. What are the pros and cons of limiting development to 25' width or existing property width?**

Limiting development sites to 25' wide or existing site widths would discourage redevelopment interest. Such developments, while achievable, suffer from the greatest increment of economic inefficiencies. Nevertheless, four of the seven developments permitted in Chinatown in the last seven years have been on 25-foot lots.

If 25' wide lot was the limitation, then new development would indeed maintain the finest urban grain possible within the City, allowing for small businesses to operate. Medium-sized businesses and those intending to expand would have to operate in existing wider storefronts in Chinatown. Such a limitation would also not allow site consolidation, and there likely would be less pressure on current property owners to sell their buildings, which might mean there will be less pressure for current business tenants to close or move.

Further, 25' wide lot development does not necessarily mean the development would default to non-luxury condo development due to a lack of underground parking garages. New technologies have developed that would permit automated parking structures to be possible within a 25' lot development.

## **Traditional Businesses**

### **8. What tools does the City have to require or support “traditional” or “culturally appropriate” retail in Chinatown?**

The City of Vancouver operates within the powers described in the Vancouver Charter. Initial research on the Charter by staff indicates that it is not possible to distinguish uses by operators.

Through the Legacy Business Study, staff are exploring tools used in other cities, including San Francisco, to support traditional businesses in Chinatown, such as: business development and capacity building, removing competitions from corporate or chain stores, recognition and special promotion, support with relocation, and succession planning.

The work to develop a Living Heritage and Cultural Assets Management Plan for Chinatown in preparation for an application for UNESCO World Heritage Site designation will further explore tools to support traditional businesses.

### **9. Is it possible to create a “special economic zone” in Chinatown that encourages culturally appropriate businesses?**

The dedicated Chinatown Team intend commencing with the Living Heritage and Cultural Assets Management plan next year and it should incorporate provisions for the concept of a “special economic zone” linked to culturally appropriate businesses, legacy businesses and community serving enterprises in the area. We also need to consider the special economic needs of the DTES adjacent to Chinatown, since the future of both areas are interlinked. The special economic zone could well extend beyond Chinatown as a result, but this future conversation will need to include all interested and affected people and organisations in both areas.

### **10. Are we pursuing the ability to differentiate business property taxes to decrease tax for cultural/historic/local serving businesses? How will the City of Vancouver protect the traditional Chinese and culturally appropriate business in Vancouver?**

Please see the answer to question 11 below.

### **11. Many speakers have suggested lowering property taxes for businesses in Chinatown- is this a recommendation of staff? Also, would this set precedence for lowering taxes for other cultural areas recognized by the City of Vancouver- including Little Italy, the Punjabi Market and Little Saigon?**

Questions 10 and 11 are both related to property taxes and small businesses. The responses to both questions are included below.

Staff is currently not pursuing the legislative ability to differentiate property tax rates for cultural/historic/local service businesses, or for businesses in different neighborhoods/areas.

As per Council direction, staff, in partnership with Metro Vancouver, is in discussion with the Province to:

- Clarify and address assessment and classification issues relating to development potential, and;
- Identify viable policy options (e.g. split tax bill, tax deferral) to support small businesses. Council submitted a written request to the Province in February 2018 and Metro Vancouver has recently submitted a letter of support to the Province on this matter.

To ensure property tax in Vancouver remains competitive and affordable, through continuous business transformation and innovation, the City has consistently had one of the lowest average tax increases in Metro Vancouver in recent years while achieving Council and community priorities. However, rampant real estate speculation in Vancouver in recent years continues to drive up land values, resulting in significant volatility in property assessment and taxes year-over-year and causing hardship for small businesses.

In British Columbia, real estate properties are assessed at their highest and best use, and taxes are allocated to individual properties based on such value. In the case where a property is under-developed, its assessed value could substantially increase to reflect additional development potential.

The City does not necessarily generate higher tax revenue as a result of rising property values as the required tax levy to be collected is determined by Council as part of annual budget. To achieve "revenue neutrality", tax rates are lowered to reflect assessment increases. However, differential assessment increases for individual properties could shift tax burden from one property to another in any given year.

While there are a number of Provincial mitigations available for eligible residential properties, those measures do not apply to commercial properties. The challenge is more prevalent for small business tenants as most landlords pass on all property taxes, on both rented space and development potential, to tenants through leases. As tenants do not benefit from increases in property values in the same way an owner would, upon redevelopment or sale, the practice could cause significant financial distress for small business tenants who have a very limited ability to absorb and/or finance such an unanticipated surge in expenses during their lease term (typically five years or longer).

Land assessment averaging is an optional tool available to Council under the Vancouver Charter. To date, Vancouver is the only municipality in British Columbia that uses land assessment averaging to phase in significant property tax increases arising from assessment volatility at a city-wide level.

The affordability challenge arising from rampant real estate speculation, on both residential and commercial properties, is a regional issue impacting most Metro Vancouver municipalities, not just Vancouver. Given the very limited authority and policy tools available for municipalities to address property assessment and taxation issues, in June 2017, Council adopted a motion of “Supporting Small Businesses in Vancouver through Provincial Tax Reform” and directed staff to:

- i) Request the Province to make necessary legislative amendments to allow the City to transition to 5-year averaging in 2018 (one year ahead of the original target transition in 2019 pursuant to the Vancouver Charter), and;
- ii) Report back on the outcome of their work with the Province, BC Assessment and key stakeholders, with associated policy recommendations that specifically address the impact of triple net leases on property tax payments for small business tenants.

The request for i) was denied by the Province in January 2018 (the city will transition to 5-yr averaging in 2019 – this is within Council authority).

For ii) in February 2018, Council submitted a written request to the Province in February 2018 to initiate an inter-governmental work group that involves BC Assessment, City of Vancouver and other interested Metro Vancouver municipalities, to clarify and address assessment and classification issues relating to development potential, and identify viable policy options (e.g. split tax bill, tax deferral) to support small businesses.

Metro Vancouver has recently submitted a letter of support to the Province with regards to the policy tools put forward by City of Vancouver. Staff is awaiting the Province to respond to the requests from City Council and Metro Vancouver. Once the workgroup is struck, City staff will provide updates to Council as soon as practical.

## **Housing, Seniors Housing and Affordable Housing**

### **12. What measures will encourage retention of existing affordable housing?**

The Chinese Society Legacy Building Program aims to help Societies raise funds to rehabilitate their heritage buildings. Some of these buildings have affordable housing units, typically serving low-income Chinese seniors. For example, the May Wah hotel has 110 SRO rooms. The City has committed \$3.6 million into this Program and is working with Societies to lobby senior governments for support and to fundraise from other sources.

In addition, Single Room Occupancy (SRO) upgrade grants are available to social housing providers at \$5,000 per door. These grants are intended to upgrade existing SRO's into self-contained units thus increasing their livability while maintaining their affordable rates through a housing agreement. Benevolent Societies are eligible for these SRO grants. Housing capital grants are also available for social housing providers for new social housing development – this grant is application based and funding varies based on a project per project basis.

BC Housing has recently announced a new Community Housing Fund that includes Indigenous Housing and Women's Transition Housing. The City of Vancouver and BC

Housing continue to explore opportunities to provide affordable and social housing across the City of Vancouver, recent examples of this include the partnership to deliver Temporary Modular Housing in neighborhoods across Vancouver.

Lastly, the Federal government has also recently announced a new funding stream - the National Housing Co-Investment Fund.

- 13. The money earmarked for Chinatown that BC Housing spoke to and committed for 105 Keefer, is it still committed to the neighbourhood? If so, when will it be committed/applied to a project in Chinatown? When did staff last speak with BC Housing staff about this money that was earmarked? Has SUCCESS found a new partnership for the floor and several units of seniors housing they were to have at 105 Keefer?**

BC Housing commits money to a project rather than a neighbourhood, and they are looking to support projects with strong partners that meet their required affordability. The City is working with them on a number of projects across Vancouver and hoping to secure one or more opportunities near Chinatown.

- 14. How many units of seniors housing run by non-profits are in Chinatown? Are there any current applications to build more?**

There are 389 social housing units within Chinatown boundaries, of which 168 units are for seniors. There are also seniors social housing units immediately adjacent to Chinatown in Strathcona, such as Maclean Park at Keefer St. and Gore Ave. Many of these seniors in nearby Strathcona shop and socialize in Chinatown.

- 15. In the proposed zoning, height restrictions and recommendations outlined in this plan- what is the maximum amount of seniors housing that Planning and Development would project to be built at:**
- a) Welfare & Pension Rate**
  - b) At or below HILs limits**

The current or the proposed zoning does not have requirements for new development to provide social housing. However, the Main Street blocks within the Northeast False Creek Plan will include 300 units of social housing, including for seniors.

A social housing project, must at a minimum, include a third of the units where rents are no more than the BC Housing Income Limits (HILs), and in the DTES (apart from Chinatown), they must have a minimum of a third of the units renting at no more than the shelter welfare rate. Beyond these minimums, City staff work with applicants to find the right housing mix (affordability, unit type, target demographic/population) on a project per project basis.

Both the minimum and the right mix of affordability in any given project would typically be secured through a housing agreement. The City is also able to support affordable housing

projects with its capital and SRO upgrade grants program which can further deepens affordability within a project.

### **Heritage Conservation and UNESCO World Heritage Site Process**

**16. How many staff members are dedicated to working on this application for UNESCO status? Are they full time on the project?**

There are 7 full-time staff on the Chinatown Transformation team (including but not limited to UNESCO related work), to be co-led by Planning, Urban Design and Sustainability and Arts, Culture and Community Services. The team includes 3 planners from Planning, 3 planners from ACCS and a support clerk. This team is responsible for implementing Council's directions from the HDC report, which includes studying feasibility of a UNESCO application in consultation with the community, as well as other projects, including re-design of Memorial Square, preparation of a Living Heritage and Cultural Asset Management Plan, community capacity building, and city-wide initiatives on anti-racism education and advocacy.

**17. Is there any sense of whether or not the previous rezonings and new development in Chinatown over the past decade will affect the chance of the City of Vancouver led effort to secure UNESCO status.**

We do not have a sense from the Federal and Provincial Governments that these policies could affect the chances of the application succeeding, however we are concerned that continued large scale development and rapid change could place the neighbourhood and UNESCO application at risk. It is likely to make it more difficult to succeed due to the erosion of assets and displacement of residents over time.

All efforts by the City to advance toward a management plan will be seen by the evaluation team through the lens of how well they worked for the goal of managing the conservation for the area. These policy changes—intended to prevent the erosion of assets, character, and legacy businesses—will be considered both for their intention and the effectiveness of their implementation.

**18. Was there ever a suggestion that the City of Vancouver's application for UNESCO would be influenced by passing Amendments to the Chinatown HA-1 and HA-1A Districts Schedule Design Guidelines and Projects?**

In conversations with the public it has been suggested the amendments could improve the chances of success by establishing a stable policy platform for managing future development as a better fit with the character of Chinatown. It will also create an opportunity to set up a community based/government management partnership arrangement to better manage the unique living heritage and cultural assets.

The proposed amendments are in line with Council's direction to staff to prepare a Living Heritage and Cultural Asset Management Plan to protect and grow these assets.



**19. If the City of Vancouver was to be denied world heritage status by UNESCO, would this plan still be desirable?**

Attaining an empowered and committed community working together with government to achieve a sustainable and well managed, unique heritage neighbourhood is the ultimate outcome. Achieving UNESCO designation would be a wonderful additional achievement.

**Public Consultation and Translation**

**20. What was the consultation on this final report with Individual Chinatown Businesses and the Chinatown BIA? How many businesses are in Chinatown? How many provided input into the recommendations both before and after July 5<sup>th</sup> ?**

According to business license data, there are 450 businesses in Chinatown.

The Chinatown Vancouver Business Improvement Association and the Vancouver Merchants Association are the representing organizations of businesses in Chinatown. Representatives of these organizations attended workshops organized by staff in 2015 as well as open houses in 2016 and 2017. In addition, staff met with the boards of directors of these organizations in 2017 and 2018. As a result, they sent comment letters to staff in 2017 and 2018 which were considered in developing the policy.

Further, many attendees of the April 19, 2018 information session were business owners. 53 people attended this information session. Lastly, staff also attended a meeting organized by the VCBIA, VCMA and Chinatown Voices on May 24, 2018. 36 people attended this meeting.

**21. Is this report translated anywhere in Cantonese? If so, is it available on the City Website?**

Yes. The staff report is translated into Chinese. It is available on the public hearing meeting agenda on the City of Vancouver's website.

**22. Was this report distributed to businesses, in both English and in Cantonese?**

Yes. The weblink to the staff report, in both English and Chinese, is included in the bilingual public hearing date notifications, advertisements in English and Chinese newspapers, and email notifications.

**23. Was consultation on this plan posted in the local Chinese media in Cantonese and Mandarin?**

Yes. Staff were interviewed by both Chinese and English media throughout this process. Advertisements of the public hearing were also placed in Chinese and English newspapers.

**Other**

**24. What are the levels of support from senior levels of government? Has staff had discussions with senior levels of government to discuss if the zoning changes, including the down zoning in certain areas?**

No. City staff do not typically discuss zoning matters, which is a municipal responsibility, with other levels of government.

Should you have any questions, please contact Helen Ma, Senior Planner, Chinatown Transformation Team, by phone at 604.873.7919 or by email at [helen.ma@vancouver.ca](mailto:helen.ma@vancouver.ca).

Yours truly,

A handwritten signature in dark ink, consisting of a large, stylized 'G' followed by a long horizontal line extending to the right.

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