



CITY OF VANCOUVER

COMMUNITY SERVICES
Planning Department
Current Planning

MEMORANDUM

June 9, 2004

TO: Mayor Campbell and Councillors

COPY TO: J. Rogers, City Manager
B. MacGregor, Deputy City Manager
J. Forbes-Roberts, General Manager of Community Services
C. Gray, Director of the Housing Centre
F. Connell, Director of Legal Services
S. Baxter, City Clerk

FROM: L. Beasley, Director of Current Planning

SUBJECT: CD-1 Rezoning of 33 West Pender Street

The purpose of this memorandum is to provide an update on the appropriate approval condition for a heritage density transfer, recognizing changing market conditions for this density; AND to respond to the Chinatown Historic Area Planning Committee (CHAPC) resolution of May 11, 2004, recommending consideration of inclusion of affordable housing as an alternative public benefit of this proposed rezoning. The memo presents relevant background information and discussion, leading to the following:

- a revised approval condition regarding heritage density transfer, to replace the condition recommended in the report and in Council's agenda package;
- an alternative condition, responding to CHAPC's resolution recommending consideration of affordable housing as an alternative public benefit; and
- a further alternative condition, which includes both affordable housing and heritage density transfer as possible public benefits of this rezoning.

BACKGROUND

On May 18, 2004, City Council considered the report CD-1 Rezoning - 33 West Pender Street. Council also received correspondence from CHAPC (see attached), stating that at its meeting on May 11, 2004, it resolved:

THAT the Chinatown Historic Area Planning Committee supports the proposed rezoning and form of development for 33 West Pender Street, as presented by Planning staff and Mark Ostry Architects Inc., but also feels that as an alternative public benefit, consideration should be given to the inclusion of affordable housing into this proposed rezoning.

The Director of Current Planning recommended that CHAPC's resolution be referred by City Council to the Public Hearing for consideration, and noted that staff would prepare a memorandum presenting the relevant information and options for Council action related to this. City Council referred the matter to Public Hearing on June 22, 2004.

HERITAGE DENSITY TRANSFER

DISCUSSION

To address the requirement for Community Amenity Contribution (CAC) for this rezoning application, the applicant proposed to purchase and transfer heritage density to this site to facilitate the increase in residential density from 3.00 FSR to 5.64 FSR, resulting in the importation of 2 257 m² (24,293 sq. ft.) of heritage density. Staff concurred with this, consistent with the City's Transfer of Heritage Density Policy and Procedures. Real Estate Services' subsequent financial analysis of the developer's *pro forma* calculations concluded that the resulting value of transferable heritage density (i.e., \$607,332) would not result in a lift in land value at this location. (NB: This value is based on 24,293 sq. ft. of heritage density purchased at \$25 per sq. ft.).

There is recent anecdotal evidence that heritage density is selling at values higher than \$25 per sq. ft. The developer has subsequently expressed concern regarding this possible increased cost of heritage density. While staff cannot definitively confirm if there is generally an increased sale price for heritage density (above \$25 per sq. ft.), the evidence is cogent enough to cause a suggested rewording of this condition to allow confirmation to be done in due course.

RECOMMENDATION

The report supports a proposed public benefit of heritage density transfer in the amount of 2 257 m² (24,293 sq. ft.) and recommends the following condition of rezoning approval:

“(c) That, prior to enactment of the CD-1 By-law, the registered owner shall at no cost to the City:

Heritage Density Transfer:

(2) Submit typical Letters A and B (available from the Project Coordinator), to be completed by both the owner of the ‘Donor’ site and the owner of the ‘Receive’ site.”

This condition requires formal confirmation that an agreement has been reached between the owner of a donor site and the owner of the receiver site for the purchase and transfer of the required heritage density.

As discussed above, if the market price of heritage density has increased since submission of this rezoning, the resulting cost of heritage density would exceed the land lift on this site (e.g., 24,293 sq. ft. purchased at \$35 per sq. ft. would result in a cost of \$850,255, an increase of \$242,923). This increase in the cost of heritage density could have significant implications for the developer's project costs.

Given the possibility of increased costs for heritage density and implications of this for the project's viability, and to be consistent with heritage policy and to be fair, staff recommend a new condition of rezoning approval as an alternative to condition (c)(2). The new condition would require the purchase and transfer of heritage density in the value of \$607,332, which would be sufficient to compensate for the land lift resulting from the rezoning.

Recommended Revised Condition for Heritage Density Transfer:

- (c) *That, prior to enactment of the CD-1 By-law, the registered owner shall at no cost to the City:*
- (2) *Make arrangements to the satisfaction of the Director of Current Planning and Director of Legal Services for the purchase and transfer of heritage density to 33 West Pender Street in the value of \$607,332. Letters in the City's standard format (i.e., Letters A and B) are to be completed by both the owner of the "donor" site and the owner of the "receiver" site and submitted to the City, and receipt(s) of heritage density purchase, including the amount, sale price, and total cost of the heritage density, are to be submitted to the City.*

AFFORDABLE HOUSING - AN ALTERNATIVE TO HERITAGE

DISCUSSION

1. Incorporation of Affordable Housing Within the Proposed Development: The May 11th CHAPC resolution recommends consideration of inclusion of affordable housing within the proposed development as an alternative CAC to heritage density transfer. Housing Centre staff have advised that incorporating an affordable housing component into a small project such as this one would likely be limited to the City taking ownership of 2 or 3 units, or a covenant on some of the units for some period of time restricting them to market rental. In either case, the units would not be appropriate replacement housing similar to the Single Room Occupancy (SRO) hotels and rooming housing in the area. Providing appropriate, safe and secure housing for SRO residents is Council's affordable housing priority in the Downtown Eastside. The developer has also expressed concern regarding integrating rental units within the proposed strata building. However, they are prepared to contribute funds, equal to the value of the transferable heritage density (i.e., \$607,332), to the City's Affordable Housing Fund.

The proposed development of the site for market housing is consistent with the draft Housing Plan for the Downtown Eastside and the draft Victory Square Plan. It is also one of the first market residential developments in almost 10 years in the Victory Square area. Given the likely risks involved in developing market housing in this Downtown Eastside area (notwithstanding Vancouver's robust residential market), staff believe that it would not be advisable to add complexity or increased risk to the proposal by requiring incorporation of secured rental units or non-market units. A more strategic alternative would be to accept a contribution to the Affordable Housing Fund.

2. Contribution to the Affordable Housing Fund: In September 2003, City Council reconfirmed interim Downtown Eastside housing policies, including objectives to maintain and upgrade housing for existing residents, and to improve existing SRO housing and build replacement low-income housing. Staff advise that opportunities for generating affordable housing in the Downtown Eastside should focus on replacing SROs with appropriate housing and securing the stock of housing affordable to SRO residents.

Should City Council wish to consider affordable housing as an alternative CAC, staff recommend that it take the form of a contribution to the Affordable Housing Fund, which could be invested within the community for SRO housing replacement and/or upgrade. Since new development could generally result in upward pressure on land values, this rezoning could potentially affect future affordable housing opportunity in this neighbourhood. It would, therefore, be defensible for Council to address this possibility through acceptance of a contribution to the Affordable Housing Fund.

CONSIDERATION

The following conditions of rezoning approval are presented for Council consideration as alternatives to those previously discussed regarding heritage density transfer. The first condition would enable a contribution, equalling the value of the transferable heritage density (i.e., \$607,332), to the City's Affordable Housing Fund, and the second condition would split this contribution amount equally (i.e., \$303,666) between the Affordable Housing Fund and the purchase and transfer of heritage density.

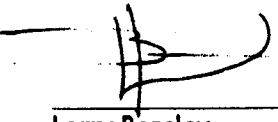
Option 1 (c) That, prior to enactment of the CD-1 By-law, the registered owner shall at no cost to the City:

- (2) Make arrangements to the satisfaction of the Director of the Housing Centre and Director of Legal Services for a Community Amenity Contribution (CAC) to be provided to the City in the amount of \$607,332 to be invested in SRO housing replacement and/or upgrade in the Downtown Eastside (including Gastown and Chinatown).**

OR

Option 2 (c) That, prior to enactment of the CD-1 By-law, the registered owner shall at no cost to the City:

- (2) Make arrangements to the satisfaction of the Director of Housing Centre, Director of Current Planning, and Director of Legal Services for:**
- (i) a Community Amenity Contribution (CAC) to be provided to the City in the amount of \$303,666 to be invested in SRO housing replacement and/or upgrade in the Downtown Eastside (including Gastown and Chinatown); and**
 - (ii) the purchase and transfer of heritage density to 33 West Pender Street in the value of \$303,666. Letters in the City's standard format (i.e., Letters A and B) are to be completed by both the owner of the "donor" site and the owner of the "receiver" site and submitted to the City, and receipt(s) of heritage density purchase, including the amount, sale price, and total cost of the heritage density, are to be submitted to the City.**


Larry Beasley

AR/ss

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Attachment

REPORT TO COUNCIL

Date: May 13, 2004
Author: Laura Kazakoff
Phone No.: 604.871.6353
RTS No.: 4235
CC File No.: 5307
Meeting Date: May 18, 2004

TO: Vancouver City Council

FROM: Chinatown Historic Area Planning Committee

SUBJECT: CD-1 Rezoning - 33 West Pender Street
Resolution of the Chinatown Historic Area Planning Committee

RECOMMENDATION

THAT the Chinatown Historic Area Planning Committee supports the proposed rezoning and form of development for 33 West Pender Street, as presented by Planning staff and Mark Ostry of Acton Ostry Architects Ltd., but also feels that as an alternative public benefit, consideration should be given to the inclusion of affordable housing into this proposed rezoning.

CITY MANAGER'S COMMENTS

The City Manager submits the foregoing for INFORMATION.

The City Manager also notes that the Director of Current Planning recommends that the resolution of the Chinatown Historic Area Planning Committee regarding the proposed rezoning at 33 West Pender Street be referred by City Council to Public Hearing for consideration at the Hearing. Staff will prepare a memorandum for Public Hearing, which will present the relevant information, and an appropriate motion(s) for Council consideration as an alternative to the report recommendation on heritage density transfer.

DISCUSSION

The Chinatown Historic Area Planning Committee, at its meeting on Tuesday, May 11, 2004, received a presentation from Planning staff and Acton Ostry Architects Inc. on the rezoning application for 33 West Pender Street.

The Committee subsequently passed a resolution in support of the application; however, also noted that the inclusion of some affordable housing into this proposed rezoning should be considered.

It was also agreed that if this application gets referred to Public Hearing, a representative of the Chinatown Historic Area Planning Committee would attend and speak on behalf of the Committee.
