



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: October 19, 2006  
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Meeting Date: November 2, 2006

TO: Standing Committee on Planning and Environment  
FROM: Director of Current Planning  
SUBJECT: RM-5A - Multiple Dwelling Development - Rate of Change  
1550 Harwood Street - DE410015

#### RECOMMENDATION

THAT Council confirm a 12-month Rate of Change of 0.043 percent is acceptable for this West End neighbourhood, and that the guidelines regarding "Rate of Change" are not applicable.

#### GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

#### COUNCIL POLICY

On October 26, 1989, Council adopted the RM-3, RM-5, RM-5A, RM-5B, RM-5C and RM-6 Multiple Dwelling Guidelines for any proposed multiple dwelling with a floor space ratio in excess of 1.0 or a height of greater than 12.2 metres (18.3 metres in RM-5A).

#### PURPOSE

This report seeks Council's advice on a conditional approval use Multiple Dwelling development application located in the RM-5A Zoning District.

## BACKGROUND

As previously reported to Council, there is little guidance available to determine what is considered a reasonable Rate of Change. However, in reporting on March 8, 1990, Council agreed that a two percent Rate of Change was reasonable and that a ratio in excess of two percent should initiate incremental application of the mitigating criteria contained in the guidelines.

On April 4, 1995, Council approved amendments to the Zoning and Development By-law whereby individual applications need not be reported to Council unless approval would result in a cumulative loss of residential rental units, during the 12 months prior to development application submission, exceeding two percent in the West End RM Districts.

On November 5, 1996, when considering a report regarding a development at 1000 Broughton Street where 16 residential units were to be demolished, Council resolved that "pending Council consideration of a report from staff on how occupancy rates are measured and on options for a "no net loss" policy with respect to rental housing stock, the Rate of Change in the West End be amended to zero percent", and all applications involving the loss of residential rental units be reported to Council.

On February 15, 2000, when considering the last development application that involved demolition of rental units in the West End (1930 Haro Street), Council confirmed a Rate of Change of 0.0005 percent was acceptable and that the guidelines regarding Rate of Change were not applicable.

Staff in the Housing Centre are currently preparing a report to Council on City-wide Rate of Change issues and it is expected that report will be ready for submission to Council later this fall.

For additional background relating to "Rate of Change", see Appendix "A"

## PROPOSED DEVELOPMENT

The new residential development proposed on this site would consist of a five-storey building containing a total of five residential units and would involve the demolition of an existing Heritage "B" Multiple Conversion Dwelling. The existing building, according to City records was constructed as a single-family dwelling but was converted over time and at one point contained a total of 9 residential units (5 housekeeping units, 3 sleeping units, and one self-contained dwelling unit).

The applicant's original proposal was to retain the existing building and to provide a four-storey addition at the rear. The building was to have three residential units in the retained portion and four new dwelling units in the addition. This proposal was reviewed by staff and discussed in the community through a public open house. The conclusion on this proposal was that any attempts to retain the building and add on to it to make it economically feasible to retain would have significant view and massing impacts on the neighbouring properties.

As a result, the Director of Planning, with support from Heritage staff agreed that a proposal for a new building, that would better respond to the view impacts on the adjacent properties, would be a more supportable proposal.

As a result, the applicant abandoned the original scheme and re-submitted the current proposal. The Director of Planning is generally supportive of the new proposal, however a number of Design Conditions would need to be met prior to the issuance of the development permit. The two partners involved in the development intend to occupy two of the proposed units so it is important to them that the impact of the new building will not have negative impacts on the neighbouring properties .

Appendix B details the statistical "Rate of Change" in the West End area .

If approved, this proposal will result in the decrease of rental units by 0.043 percent of that which existed as of January of 2005, being approximately one year prior to the time this application was submitted. The "Rate of Change" in this RM-5A area would not be in compliance to the zero percent limit that was imposed by Council back in 1995, but would represent a very small percentage of change from the overall number of rental units in this area.

With respect to the "opinion of tenants" issue, when the applicant took possession of the existing building in June of 2005, there were 7 tenants in the building. Several tenants have left voluntarily and currently there are 3 tenants remaining in the building, all of whom are on a monthly rental basis. The applicant's submission, which is attached as Appendix "C", describes the arrangements and offers of assistance that have been made to the tenants by the property owners.

## HOUSING CENTRE COMMENTS

The development potential in the new downtown neighbourhoods such as Downtown South, False Creek and Coal Harbour will soon be built out. Few development sites remain and developers are starting to look for opportunities elsewhere in downtown. Until recently there was very little interest in the West End. Much of the housing in the West End districts is rental and the value of rental housing as an investment has generally exceeded the redevelopment value of the sites. Development interest in the West End is starting to increase, with most of the interest in redeveloping the few remaining rooming houses in the neighbourhood. The redevelopment of the rooming houses result in the loss of a limited numbers of units but the units, mainly rooms, are the most affordable in the West End. The rents in the 8 rooms and 1 self-contained unit in 1550 Harwood averaged \$440.00/month. The 1550 Harwood Street project is the first of these proposals to come forward, and only 8 rental units have been lost (due to a fire) in the West End since 2000. The other proposals currently under review would result in the loss of up to a further 22 units.

The West End rooming houses are not designated as Single Room Accommodation (SRA) as the SRA By-law only covers the Downtown South, Central Business District and the Downtown Eastside where most of the single room occupancy stock is located, and the Rate of Change regulation is the City's primary tool for controlling the loss of rental in the West End. The Rate of Change is set at zero in the West End and any loss of rental housing requires that mitigation be considered and the proposal reported to Council for advice.

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Where the Rate of Change is exceeded, the Development Permit Board is to consider positively those proposals that:

1. attempt to provide accommodation for present residents in the neighbourhood;
2. result in a net increase in the number of units; and
3. provide some moderate or low cost housing.

The proposed redevelopment of 1550 Harwood would result in 5 new units, none of which are rental, or moderate or low cost. It, therefore, fails to satisfy any of the Rate of Change guidelines. However, given the constraints on the project from existing neighbouring developments, the fact that 8 of the existing units were rooms, which would be replaced by larger self-contained units, and the small size of the site (44 ft. by 131 ft. or 5,765 sq. ft.) it would be difficult for any proposed project to satisfy these guidelines. The Rate of Change guidelines do not contemplate payment-in-lieu for projects that do not or cannot satisfy the guidelines and the proponent has not offered to make a cash contribution to the Affordable Housing Fund.

It is important to note that the Rate of Change guidelines only apply if a density above the outright is sought. In the case of 1550 Harwood, the density proposed is 1.4 FSR compared to an outright of 1.0 FSR. If the project is rejected because it cannot satisfy the Rate of Change guidelines, an outright project may be pursued which would result in the loss of the existing rental units and their replacement by even fewer condominiums.

The Rate of Change regulations and guidelines are currently under review and will be reported to Council in the next couple of months.

## CONCLUSION

The Director of Planning is prepared to support approval of Development Application Number DE410015, subject to a number of conditions which would reduce the visual impacts on adjacent neighbours, and also, as current quantitative measures indicate the "rate of change" is reasonable in this RM-5A area, staff believe that the guidelines should not apply to this particular proposal.

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### Additional Background Relating to “Rate of Change”

On October 26, 1989, Council approved guidelines for the RM-3 and West End zoning districts (now RM-5, RM-5A, RM-5B, RM-5C and RM-6), which established the criteria to be met in considering “conditional” use Multiple Dwelling development applications in neighbourhoods with high rates of change. Specifically, the guidelines provide direction as to the development attributes that might mitigate the “rate of change”, and tenant opinion issues.

The guidelines note that where rate of change is high, the Development Permit Board should give positive consideration to developments which:

1. attempt to provide accommodation for present residents in the neighbourhood;
2. result in a net increase in the number of units; and
3. provide some moderate or low cost housing.

NOTE: Most of these applications are dealt with by the Director of Planning, on behalf of the Development Permit Board, in accordance with By-law provisions.

In addition, the opinions of tenants who would be displaced by the development are to be considered.

In assessing these types of development applications, it must first be determined whether or not a neighbourhood is undergoing an acceptable “rate of change”. If the rate of change in the neighbourhood is acceptable, then the development is approvable and the guidelines need not be considered. If, however, the “rate of change” in the neighbourhood is considered to be unacceptable, then the proposal must meet the above-noted guidelines with respect to: attempting to provide accommodation for present residents of the neighbourhood; providing a net increase in the number of units; and providing some moderate or low cost housing.

“Rate of Change” has been defined as the ratio of the number of residential dwelling units in a neighbourhood which have been demolished during the twelve months preceding the application for a development permit, to the total number of residential dwelling units (including demolished units) in the neighbourhood.

WEST END INCREASE OR DECREASE IN RENTAL DWELLING UNITS

West End Rate of Change	No. of Units existing on January 1, 2005	DE410015 1550 Harwood Street Unapproved
Total Rental Units	20, 946	(-9) 20, 937
% Rate of Change	-	-0.043 %

DE - Development Applications

( ) - Number of rental units lost or gained in the individual development applications.

% - Cumulative change, as a percentage, based on the units existing as of January 1, 2005.

OWNER'S BRIEF TO VANCOUVER CITY COUNCIL  
RATE OF CHANGE – 1550 HARWOOD STREET

1550 Harwood Development Ltd., purchased the property at 1550 Harwood St. Vancouver in March, 2005. The two principals wish to redevelop the property within the current zoning and land use parameters. A primary goal of the owners is to occupy two of the five proposed strata units.

Heritage designation for the property and building constraints inherent in the site led to early and ongoing consultation between the owners, their architect, the City planning department and various neighbors and interested parties. During the past 18 months three design options were fully explored. Although lacking the heritage retention, a conditional 1.5 FSR density and the proposed building design reflects the “best case scenario” whereby view corridors for the neighbouring properties are maximized. An improved and equivalent number of housing units will replace the existing structure.

The present building was purpose built in 1910 as a single family residence and the structure remains almost identical but sorely requires mechanical and energy conservation measures even if retained as a single family home. Although city records indicate a “9 unit boarding house”, there were 7 rented units on record at the time of purchase. The former owner considered the house fully occupied at 7 units citing difficulties with maintenance and stress on the mechanical infrastructure, overcrowding in the common washrooms and the requirement for owner's storage in unit #7. Of the 7 tenants; 1 tenant (owners of a home in Vancouver's west side which they rented out) occupied 3 units, another original tenant used #6 1550 Harwood as a second address, the primary address being Victoria. The same tenant, (giving 9 days notice to terminate tenancy on October 9, 2006), reported to city staff she has “purchased in the area”. Another tenant uses his unit for storage.

Tenants were notified of the intent to develop the property immediately after change in ownership (June 2005). Tenants were told there was no rush to find alternative accommodations since the development permit process was expected to take “almost a year”. Alternate, below market, self contained rental housing was offered to all original tenants. Two of the original tenants moved out in the fall of 2005, one original tenant occupying 3 adjoining rooms terminated their tenancy in the spring of 2006. Another original tenant moved in Oct.2006. None of the original tenants were given rent increases. None of the long term tenants had received a rent increase during their tenancy according to the former owner.

New tenancies over the past year were renewed monthly versus month to month. Additionally, new tenants were informed at the outset of their tenancies that there was a building permit application in process ultimately requiring the house be vacated for renovation or demolition.

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1550 Harwood St.  
Rate of Change

The remaining 3 tenants have been offered alternative rental housing although not in the immediate area. The offer has been declined repeatedly from the outset in summer of 2005 to as late as the second week in October 2006. Two of the three tenants have not indicated hardship in obtaining alternate housing. The third will require additional resources and assistance. The owners will cooperate with the Vancouver Housing Centre to assist in relocating the sole tenant that we anticipate will have difficulty.

To summarize, the owners have undergone an exhaustive process to arrive at a “subject to” development permit approval with the City of Vancouver planning department and support from the neighborhood. We believe we have collectively achieved a proposal that accommodates the greatest number of neighbors. The current proposal also is successful in addressing a “0 rate of change” policy with respect to number of units. The City of Vancouver Real Estate office was provided with proforma data that indicates rental housing is not economically feasible given the density allowable on the site. We therefore request council they endorse the City planning department’s draft “subject to” development permit for 1550 Harwood St.

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1550 Harwood Developments