



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: October 31, 2006
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CC File No.: 11-3500-10
Meeting Date: November 16, 2006

TO: Standing Committee on City Services and Budgets
FROM: Director of Current Planning
SUBJECT: **RM-5- Multiple Dwelling Development - Rate of Change**
1325 Barclay Street - DE410198

RECOMMENDATION

THAT Council confirm a 12-month Rate of Change of 0.096 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 40 feet (60 feet in RM-5).

PURPOSE

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

BACKGROUND

As previously reported to Council, there is little guidance available to determine what is considered a reasonable Rate of Change.

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.

PROPOSED DEVELOPMENT

The new residential development proposed on this site would consist of a four-storey building containing a total of 15 residential units.

The site currently consists of two separate legal lots each containing an existing building and there are a total of 11 units. The site at 1323 Barclay Street contains a Multiple Conversion Dwelling and City records indicate the building had two Dwelling units and four Housekeeping units. The second site at 1325-29 Barclay Street contains a Multiple Dwelling having a total of five dwelling units. Neither of these buildings are on the City's Heritage Register.

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 a development permit.

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 0.096 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-5 area would not be in compliance to the zero percent limit that was imposed on the area 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", most of the tenants vacated the premises voluntarily on or before December 31, 2005. Currently there are 2 tenants remaining in the building at 1325 Barclay Street, both of whom are on a month-to-month rental basis. The applicant's submission, which is attached as Appendix 'C', describes the arrangements that have been made with these tenants and the offers of assistance that have been made by the 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 4 rooms and 7 self-contained units in buildings at 1323 and 1325 Barclay Street averaged \$770.00/month. The 1325 Barclay Street project is one of 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 11 units. Council also considered a separate report recently for a site at 1550 Harwood Street which dealt with the loss of 9 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.

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 1325 Barclay Street would result in 15 new units, 4 more than the current total, though none are rental, or moderate or low cost. It therefore satisfies only one of the Rate of Change guidelines. However, given the constraints on the project from existing neighbouring developments, the fact that 4 of the existing units were rooms, which would be replaced by larger self-contained units, and the relatively small size of the site (66 ft. by 131 ft. or 8,643 sq. ft.) it would be difficult for any proposed project to satisfy all of these guidelines.

The Rate of Change guidelines do not contemplate payment-in-lieu for projects that do not or cannot satisfy all of the guidelines, however, the proponent is offering to make a cash contribution of \$90,000 to the Affordable Housing Fund for the loss of the existing rental units.

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 1325 Barclay Street, the density proposed is 1.5 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 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 DE410198, subject to a number of outstanding conditions, and noting that this proposal represents a small rate of change in the RM-5 area. The applicant has made reasonable efforts to assist in compensating the existing tenants and is prepared to make a contribution to the Affordable Housing Fund. Staff do not believe the guidelines regarding "Rate of Change" should be applicable to this particular proposal.

* * * * *

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 (Separate report to Council)	DE410198 1325 Barclay Street Unapproved
Total Rental units	20, 946	(-9) 20, 937	(-11) 20, 926
% rate of change	-	-0.043 %	-0.096%

DE = Development Applications

AD = Approval date

() = Numbers 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. These figures also assume the development applications approved have or will proceed to permit issuance and redevelopment

KALLISTA PROPERTIES LTD.

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#1300-777 Dunsmuir St.
Vancouver, BC
V7Y 1K2

October 31, 2006

Bill Boons
Manager
Processing Centre-Development
Development Services
453 W. 12th Ave.
Vancouver, BC
V5Y 1V4

Dear Mr. Boons:

Re: Development Permit Application Number DE 410198
1323-1329 Barclay Street, Vancouver, BC

In support of the above development permit application, I wish to outline the history and our proposed resolution to the rate of change issue that directly affects all involved in this project.

The decision to proceed with the purchase of this site much preceded the December 2004 completion date.

It was after considerable thought and consultation with professionals and City of Vancouver Development Planning Staff, that Kallista, proceeded with the property purchase.

The subject properties consisted of two separate buildings. One building having a Civic Address of 1323 Barclay and the other building having a Civic Address of 1325-1329 Barclay St.. Between the two buildings, they consisted of a total of seven (7) dwelling units, and four (4) sleeping rooms.

The preparation of the Development Permit began in the spring of 2005. We determined that a condominium project would best be suited for the site from a marketing and absorption point of view.

Our Architect, Matthew Cheung of Matthew Cheung and Associates, met with City Planning staff and determined that 15 or 16 units could be achieved.

At this junction there was an issue with the design panel.

After many plan revisions, modifications and building of two scale models, a workable and acceptable design for a 15 unit condominium building was achieved.

In the meantime, existing tenants had realized that these properties were to be redeveloped and voluntarily vacated their suites and took up residency elsewhere.

Of the original 11 tenants, two tenants currently remain. They live in units 3 and 4 of 1329 Barclay St. In May 2006, notice was given to Lesley Phee occupying the unit at #3-1329 Barclay St. and Alla Serebrova occupying the unit at #4-1329 Barclay St. to voluntarily vacate their dwelling units for a cash settlement by June 30, 2006.

This offer seemed to drag on and was never accepted by the two tenants. An offer to voluntarily vacate their respected units could still be available.

Up until July 28, 2006, at the time of my husband's sudden passing, their rental situation had not been sorted out.

Since my husband's untimely death, I am having to deal with the financial impact of this project on our family as well as tenants who are taking advantage of the situation.

The properties are currently in foreclosure. The mortgagee appointed Caroline Hong, of Sutton Group-West Coast Realty Ltd., to market the property for sale. The mortgagee also appointed, Michael Metcalfe, of Westhall properties Ltd, to collect the rents under the assignment of rents security of their mortgage.

Both of these individuals and myself have seen the building's state of affairs.

The buildings are in disrepair. Squatters are making this their place of residence. There were hazardous conditions that existed. Existing access to rooms had to be boarded up. I am advised by Caroline that Alla Serebrova, has turned this situation into a business and has on previous occasion(s) rented out suites to foreign students, collecting and keeping their rent and portraying herself as the landlord.

Another tenant, James Adolf, has showed up and is claiming tenancy of the whole building at 1323 Barclay St.. He's occupying the whole house, he has taken down walls and partitions to open the floor area and pays rent of \$700. There is nothing to show that there is any legal contract between him and the legal property owner. He claims that he rented the property and paid the rent to someone representing himself as the owner.

City of Vancouver Police have frequented the buildings on many occasions to deal with squatters, unruly tenants and potential unlawful activity.

The situation goes from bad to worse.

The realtor advises that any potential offer to purchase the property are economically not acceptable, mainly due to the “zero” rate of change issue affecting the development permit.

The decision by Kallista to purchase the subject properties was made with the redevelopment potential of the site in mind. That is what made this project economically feasible.

We have tried to address all the tenant concerns in a timely and fair manner. We are willing to work with the existing tenants but resent their opportunistic view of the situation.

In order to proceed with the fifteen (15) units as applied, I am proposing a payment of \$90,000 to the City of Vancouver, Affordable Housing Fund as a condition of the Development Permit.

I trust that an acceptable solution can be reached to resolve the issues surrounding the fate of these properties and this fifteen (15) unit condominium project.

If you have any questions, please don't hesitate to contact our architect Matthew Cheung at (604) 731-3012.

Sincerely,

Executor of the Estate of Peter G. Clironomos
Maureen Clironomos
Kallista Properties Ltd.