



CITY OF VANCOUVER

POLICY REPORT
URBAN STRUCTURE

Report Date: November 21, 2006
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TO: Standing Committee on Transportation and Traffic

FROM: Director of Planning, in consultation with the Director of the Housing Centre

SUBJECT: Rezoning Inquiry - Bay Parkade Site and Dunsmuir House - 599 West Georgia Street and 500 Dunsmuir Street (respectively)

RECOMMENDATION

THAT Council instruct staff that any rezoning to be considered for the Bay Parkade and Dunsmuir House site should reflect the Recommended Directions described in the report below, which are in summary:

- Provision of a minimum FSR 5.0 commercial floor space, including at least one major office tower;
- Retention and renovation of Dunsmuir House as Single Room Accommodation, affordable to low-income singles, with the possible transfer of the site to City ownership;
- Market residential space as a bonus to cover the cost associated with retaining and up-grading Dunsmuir House;
- Additional market residential space, as may fit into an appropriate form of development, which may or may not be density transferred from other heritage sites; and
- Provision of other appropriate public benefits, subject to project viability.

GENERAL MANAGER'S COMMENTS

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

CITY MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

COUNCIL POLICY

1. Policies Related To Commercial Capacity

For many years, Council policy has viewed this area as playing a major office and Central Business District role.

In 1975, Council adopted the Downtown District Official Development Plan (DDODP), which in Area C (where this site is located) permits a maximum density of 5.0 floor space ratio (FSR), of which 3.0 FSR can be residential.

In 1991, Council approved the Central Area Plan which identifies Area C as part of the future 'Build Out' area for the Central Business District, centred on transit (also referred to in this report as DDODP (Area C - Central).

In 1993, Council approved the policies for the Central Business District (CBD), including the Bay Parkade site calling for:

- Maintaining the economic significance of the CBD; and
- Maintaining a consolidated compact downtown office area;
- Furthermore, residential rezonings should only be considered when it can be confirmed that there is sufficient development capacity for a projected 20 year office space demand.

In 1997, Council amended its policy to clarify that throughout the CBD, residential rezonings should be only be considered where the rezoning also facilitates the retention of a heritage building.

In 2004, pending a major study of the adequacy of the commercial capacity of the Metro Core area, Council approved the "Downtown District Interim Policies for New Residential in Areas C and F.." These policies direct that in Area C Central (of the DDODP zoning) market residential should only be considered for "on site" heritage or single room accommodation (SRA) retention. A minimum 2 FSR commercial would need to continue to be provided on these sites. (See Appendix A for complete policy wording.)

2. Policies Related to Single Room Accommodation

In 2003, Council enacted the Single Room Accommodation (SRA) By-law to regulate the conversion and demolition of single room accommodation. Council policy is to secure or replace low-income housing that may be lost in the downtown and to consider the acquisition and up-grade of SRA buildings on the Heritage Register.

3. Policies related to Heritage

In 1993, Council amended its "Transfer of Density Policy and Procedure" (TDP) to allow for the transfer of heritage density from one site to another where the transfer will assist in the retention of a listed heritage building.

PURPOSE

The purpose of this report is to seek Council endorsement of directions to guide consideration of a possible rezoning of the Bay Parkade and Dunsmuir House site (see Figure One).

SUMMARY

1. Zoning and Policy

The site is located in Area C Central of the DDODP. The zoning permits consideration of up to FSR 5.0 all-commercial; or of up to FSR 3.0 residential within an FSR 5.0 total. However, because of concerns related to the diminishing commercial capacity in the downtown, in 2004 Council adopted Interim Policies for the areas needed for CBD expansion (see Figure Two). For this area the policies state that, pending the outcome of the long range Metro Core Jobs and Economy Land Use Plan, market residential should only be considered for "on-site" heritage or SRA retention, and even in these cases the minimum FSR 2.0 commercial should be provided.



Figure One - Context and Site Location

2. Inquiry on Bay Parkade Site

A rezoning inquiry has been received for the Bay Parkade and Dunsmuir House sites, proposing a primarily residential development that would retain and renovate the heritage "B" Dunsmuir House to preserve all or most of its 167 SRA units. It proposes to provide FSR 2.0 commercial.

3. Metro Core Jobs and Economy Study

The Metro Core Jobs and Economy study is now well underway, and has revealed that there will likely be a significant shortage of commercial capacity downtown in coming years. The findings of the study are now being shared with stakeholders. Next year staff will be reporting with proposed policy directions to address this issue.

Staff estimate that there remains 3.6 million square feet of development capacity for commercial development in the downtown and that 64% or 2.3 million square feet of this capacity is in Area C Central of the DDODP. If the interim policies are interpreted to only require 2.0 FSR of commercial development for sites with heritage or SRA housing, then approx. 600,000 square feet or 26% of the commercial development potential of Area C - Central is lost.

4. Implications of Rezoning Bay Parkade Site

While allowing this very large site to develop with only the FSR 2.0 commercial would be within the letter of the Interim Policies, it would contravene their intent, which was to preserve commercial capacity. The 2.0 FSR commercial for the Bay Parkade site would yield approx. 25 920 m² (279,000 sq. ft.) less than developing the site to the full permitted 5.0 FSR commercial (43 145 m² or 464,400 sq. ft.), the equivalent of some triple A office buildings in downtown Vancouver.

Beyond the quantitative aspect of commercial capacity, it is important to note that this is one of the few large site on prestigious Georgia Street that are most suitable to major "Triple A" office development.

5. Recommended Directions

Initial staff analysis indicates it would be possible to accommodate about FSR 10.0 on this site, including (for example) a major office tower, major hotel, and two residential towers, as well as Dunsmuir House itself. Thus, it appears that it is possible to negotiate a rezoning that could meet both City and the inquirer's objectives.

Considering all these factors, staff are proposing that Council endorse a set of Recommended Directions to guide any rezoning on this site, the chief among which is to require the provision of the full FSR 5.0 commercial that is permitted by the site's DDODP zoning.

BACKGROUND

1. Commercial Capacity in the Downtown

A long standing Council objective, as noted in the 1991 Central Area Plan, has been enhancing the Central Business District as the region's 'economic generator' and a focus for head offices, related professional services and tourism for the greater Vancouver area. Council has

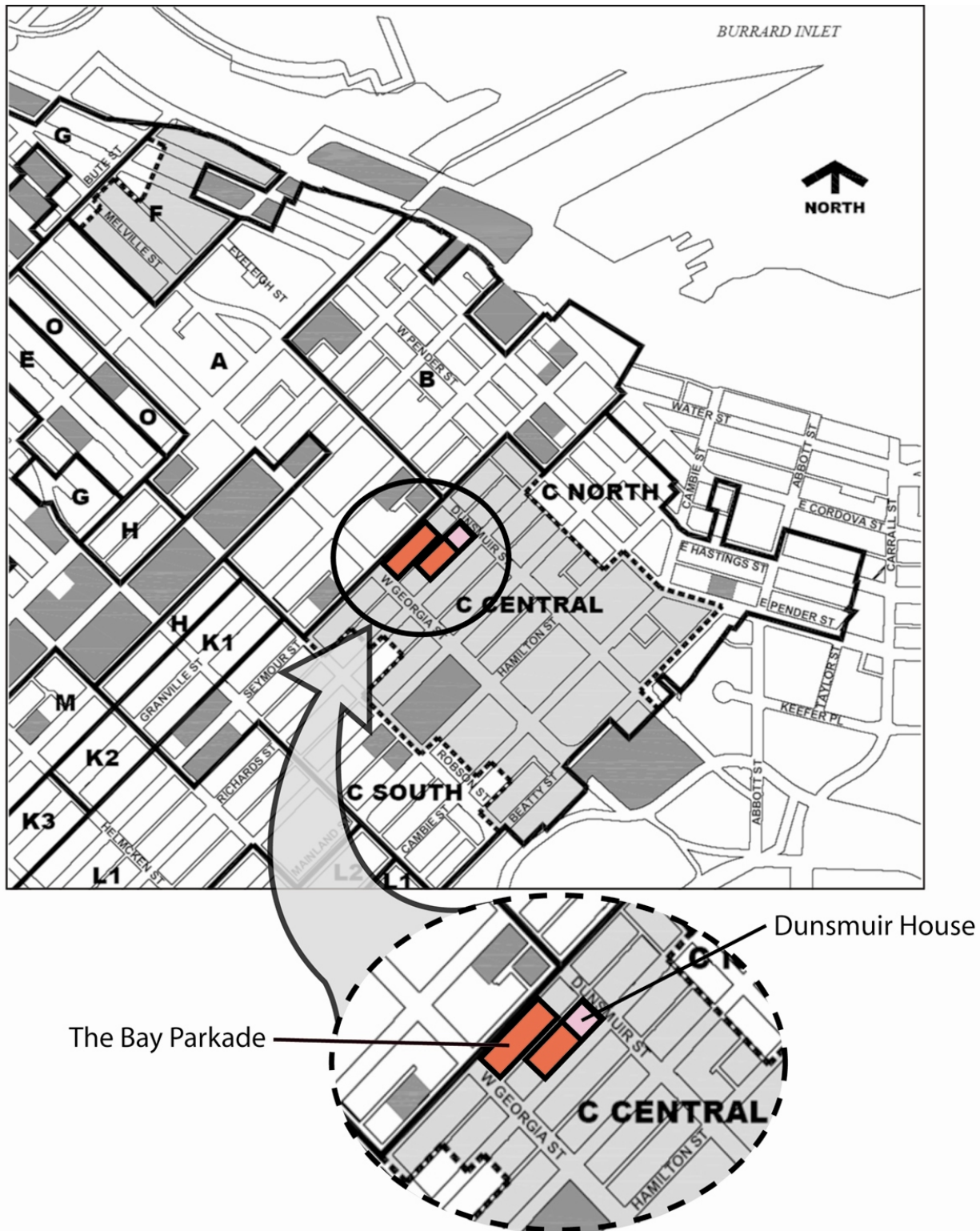


Figure Two - Boundaries of Area C Central (designated for CBD expansion) and the location of the Bay Parkade Site and Dunsmuir House

reinforced this objective through the approval of a series of policies since 1991, including a policy that any reduction of office capacity in the Central Business would only be considered if it could be shown through an independent study that a 20 year capacity remained.

In 2004, staff became concerned that a 20 year capacity may no longer remain. Noting that a large scale study of capacity for jobs and economy in the whole Metro Core was needed, staff put forward, and Council approved, Interim Policies restricting market residential in the CBD and CBD extension areas. In Area C Central, where the Bay Parkade site is located, opportunities for considering new market residential were to be limited to those developments that proposed retention of "on site" heritage-listed buildings or SRA units. The minimum 2 FSR commercial would also need to be provided.

In 2005, the Metro Core Jobs and Economy Study was approved and initiated. The scope of the Metro Core study includes the "jobs areas" (commercial and industrial areas) in the downtown peninsula, as well as the area bounded by Burrard Street, 16th Avenue, and Clark Drive.

In 2006, the Metro Core staff team completed Step 1, documenting the current and past situation related to core jobs and job space. Recently they have completed Step 2, which projects the future demand for job space to 2031, as well as the future supply that would be available under current zoning; and have begun Step 3, looking at how well demand and supply match. This information has been shared with the study's Advisory Group, and will be presented to various communities and business groups over the next few months.

2. Single Room Accommodation (SRA) By-law

In 2003, Council put in place a By-law to regulate the demolition and conversion of single room accommodation (SRA). An owner wanting to convert or demolish designated SRA rooms must apply for and obtain approval from Council of an SRA permit. Council assesses each application and may refuse the permit, approve the permit outright, or approve the permit subject to conditions such as a Housing Agreement, a Heritage Revitalization Agreement, and a \$5,000 per room conversion/demolition payment to be made towards the City's replacement housing fund. Council amended the Zoning and Development By-law to require an SRA Permit prior to the issuance of a Development Permit.

Dunsmuir House was owned and operated by the Salvation Army as housing for low-income singles until 2003 when they moved their operation to Belkin House at 555 Homer Street. Since then it has been operated as student housing serving primarily international ESL students. As long as the SRA units are rented monthly, this use is allowed under the SRA By-law. A comprehensive redevelopment of the Bay Parkade block as outlined in this report would allow the upgrading of Dunsmuir House and the SRA's to be secured. The restriction to students could be eliminated and the building operated for low-income singles, including those with mental health and addictions, as long as provincial or Vancouver Coastal Health Authority funding is available for the required staffing and support services.

3. Rezoning Inquiry for Bay Parkade Site

In September 2007, after several discussions with staff, Henriquez Partners Architects submitted a letter of inquiry about rezoning the land occupied by the Bay Parkade and Dunsmuir House, on behalf of the Holborn Group.

Site Data

Site size:	Bay Parkade	7 514 m ² (80,880 sq. ft.)
	Dunsmuir House	1 115 m ² (12,000 sq. ft.)
	Combined site	8 629 m ² (92,880 sq. ft.)
Zoning and Policy:	<u>DDODP Area C Central</u> Max FSR 5.0 commercial; but up to 3.0 FSR residential within the 5.0 FSR total may be considered, where it meets Council policy	
	<u>2004 Interim Policies:</u> market residential to be considered only for "on site" heritage or SRA retention	
Bay Parkade Site:	Currently, there are 653 parking spaces in the Bay Parkade;	
Dunsmuir House:	Vancouver Heritage Register "B" 167 units designated as SRAs under By-law, currently operating as student housing.	

In brief, the rezoning inquiry letter proposes:

- the retention of Dunsmuir House as a heritage building, with SRA housing (details to be determined);
- 2.0 FSR commercial, including commercial (presumably retail) at grade;
- 3.0 FSR market residential; plus additional market residential bonus for retention of Dunsmuir House; and
- 500 parking spaces for the Hudson's Bay department store (in addition to the normal parking and loading required for the proposed new development).

The inquirer is investigating the possibility of closing the City lane.

In subsequent conversations the inquirer has mentioned possibly going beyond the 2 FSR commercial; and also the desire to accommodate additional residential density transferred in from other heritage sites.

DISCUSSION**1. Key Issue Presented by the Bay Parkade Inquiry**

While technically within the letter of the Interim Policies, this inquiry proposal would not be consistent with their spirit or intent, which was to preserve commercial capacity pending the outcome of the Metro Core study.

While the potential to retain Dunsmuir House as an SRA would fulfill the City's heritage and housing objectives, there is a key issue presented by the proposal: the loss of a significant amount of commercial capacity and the precedent set for other sites in other areas of Area C Central (the 'build out' area for the Central Business District).

Under the Interim Policies, this proposal could be deemed to fall under the policy which allows market residential for “on site” heritage and SRA retention, and thus only be expected to provide 2 FSR commercial. However, because of the very large size of the site, this would be a significant reduction in the remaining commercial capacity in the CBD ‘extension’ area. The 2.0 FSR commercial would yield 25 920 m² (279,000 sq. ft.) less than the full 5.0 FSR commercial permitted on this site. This is the equivalent of a typical “Triple A” downtown office building in Vancouver.

In addition, the results of the Metro Core study so far indicate that the commercial potential in Area C Central under the Interim Policies is a key part of the current capacity and that there will be a commercial capacity shortfall in the downtown.

Currently capacity (i.e. additional future “supply”) in the Downtown sub-area of the study is 334 450 m² (3.6 million sq. ft.). Area C Central (see Figure 2) plays a key role in the current supply, with about 213 677 m² (2.3 million sq. ft.) (64%) of the Downtown potential. If the Interim Policies are interpreted in such a way as to allow developable sites to only deliver FSR 2.0 commercial when an adjacent assemblable parcel has heritage or SRA, 55 741 m² (600,000 sq. ft. (26%) of this capacity could be lost.

The Metro Core team has projected a range of demand for job space in the Downtown sub-area, and has found that supply under current zoning “runs out” somewhere between 2011 and 2025. The study will be developing recommended policy directions on protecting the existing commercial development potential of the metro core and strategies for creating new commercial capacity.

In addition to the question of the amount of commercial floor space, the maintenance of capacity in Area C Central is critical for location reasons. The area is very well served by transit, including the Expo, Millennium, and Canada Rapid Transit Lines, Seabus, the WestCoast Express commuter trains and many bus routes. Council policy calls for centering the growth of the Central Business District and future jobs around transit because office space generates almost 2.5 times the peak hour transit ridership on a per square foot basis as residential (and 67% more transit ridership on a daily basis).

There are areas of job growth such as head office functions and professions such as lawyers, stock brokers and accountants and the tourism sector that we expect will continue to seek locations in the CBD. Triple A office buildings will, in particular, want “prestige” addresses like Georgia Street. The supply of large sites in the area is limited, with the Bay Parkade, the former Bus Depot site, The parkade at Cambie and Pender and the Post Office being key ones.

Staff believe that a decision to allow the loss of commercial capacity on this site will signal to other development proponents that similar developments will be supported on other sites in the CBD ‘build out’ areas.

2. Alternative Courses of Action

Staff have discussed three courses of action. First would be to allow the rezoning to proceed on the basis of the inquiry. Given what we know now about the commercial capacity situation, relative to what was known when the Interim Policies were written, staff do not feel that a rezoning on this site that delivers less than the full FSR 5.0 of commercial potential would ultimately be in the public interest, and supportable.

In pursuit of a second alternative, staff have done some initial research and analysis regarding whether it is possible this site that could provide full FSR 5.0 commercial capacity, retain and rehabilitate Dunsmuir House as an SRA, and accommodate some market residential. The height limit on the site is about 291 ft. set by a view cone over most of the site (the normal height limit in the DDOPD is 300 ft.). Preliminary analysis indicates it is possible to accommodate up to about 10.0 FSR on the site, including (for example) a major office tower, a major hotel, and two residential towers, as well as Dunsmuir House itself. Thus, it appears possible to negotiate a rezoning that could meet both City and the inquirer's objectives.

Thirdly, the applicant could be advised that the only rezoning that would be considered would be for FSR 5.0 commercial plus the bonus required for retention of Dunsmuir House. This option would not optimize the site's potential.

Staff feel that pursuing the second option would best meet the public, as well as, the inquirer's objectives

3. Recommended Directions

Staff conclude that at this time any rezoning of the Bay Parkade and Dunsmuir House site should only be considered based on a number of directions, as follows.

A. Commercial Capacity

- a minimum of FSR 5.0 commercial floor space be provided, with at least one major office tower being included, fronting on West Georgia Street. In addition, a hotel, and lower level street-oriented retail could be included. Retail or similar uses are required by the zoning on the Seymour Street frontages; and
- there must be some mechanism that will ensure the delivery of the office and the commercial space.

B. Dunsmuir House

- Dunsmuir House be kept and rehabilitated for SRA accommodation, as well as receiving the seismic, mechanical and other upgrades that would ensure its ongoing survival as a heritage structure. The Director of the Housing Centre also currently recommends that it should come into City ownership, but is willing to consider other options.

C. Market Residential

Market residential density should reflect consideration of:

- the required density bonus to pay for the renovation and up-grading of Dunsmuir Housing and transferring it to City ownership; and
- additional market residential as may fit within the appropriate form of development. This may be new market residential, or may result from transfer of heritage density from other sites.

D. Regarding the consideration of additional residential density beyond the density bonuses for low income housing and heritage retention (Dunsmuir House):

- The key governing factor should be urban design considerations including, views, shadowing, livability, compatibility with adjacent land uses and adherence to the height limitation of the respective view corridors.

While these directions would guide the development of and staff consideration of, a rezoning proposal, it should be noted that Council is not bound to approve a rezoning for the site. Significant public consultation will occur, and Council will consider any rezoning at Public Hearing.

E. Public Benefits

In considering the contributions to public benefits that may be appropriate from this rezoning (beyond the retention of Dunsmuir house for which a direct bonus would be provided), staff would normally look at the rezoning proposal and compare it with the “base case” under the existing zoning. In this situation the existing zoning should be considered as allowing only FSR 5.0 commercial.

Staff note that development on this site could increase the Central Business District population in the order of 500 to 900 residents, depending on the land use mix and the permitted density. Unlike the Downtown South, Triangle West and waterfront neighborhoods, this area does not have an amenity strategy for parks, child care and other residential community facilities. If the Metro Core study determines that residential is not a significant part of the future of the area, it is unlikely that a high priority will be placed on developing such an area strategy or providing residential amenities.

FINANCIAL IMPLICATIONS

There are no financial implications to the proposed approach to considering a rezoning. Any financial implications of the rezoning itself will be reported to Council in the future referral report.

CONCLUSION

The development of the Bay Parkade and Dunsmuir House site as proposed in a recent rezoning inquiry would potentially achieve the City objectives of heritage and SRA retention. However, it would result in a significant loss of commercial capacity. The recent findings of the Metro Core Jobs and Economy Land Use Plan study indicate a shortage of commercial capacity in the downtown in the medium term, and confirm the key role of Area C Central, where this site is located. Staff analysis shows that on this site it should be possible to achieve the full FSR 5.0 commercial, as well as to have room for market residential bonus to compensate for Dunsmuir House, and to accommodate some other market residential. The report recommends Council provide instructions necessary to guide the rezoning discussions to achieve an outcome that balances City objectives for the retention of commercial capacity, heritage buildings and housing for low income residents.

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APPENDIX A

Excerpts from the "Downtown District Interim Policies for New Residential in Areas C and F; and for Conversion of existing Office Space to Residential Use" (Adopted may 20, 2004)

3.2 Area C Central "CBD Extension"

3.2.1 Development Applications:

- (a) New market residential should not be considered;
- (b) Renovation of existing residential should be considered up to the existing residential FSR.
- (c) Renovation or replacement of existing SRA, plus additional market residential (to compensate for renovation) should be considered, with the combined SRA and residential not exceeding the 3 FSR residential maximum allowable under the zoning.

3.2.2 Rezoning Applications:

Residential for beyond what is described above for Development Applications should be considered only for:

- (a) Bonuses to retain on-site heritage buildings
- 0b) Bonuses to retain and replace on-site SRA units.

The 2 FSR commercial normally provided should continue to be provided.

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