



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: January 2, 2007  
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Meeting Date: January 16, 2007

TO: Vancouver City Council

FROM: Director of Social Planning in Consultation with Directors of Real Estate Services, Planning and Facilities Design and Management

SUBJECT: Child Care Amenity Density Bonus at 833 Homer Street

#### RECOMMENDATION

THAT Council approve, in principle, the applicant's request for a Childcare Amenity Bonus at 833 Homer Street pursuant to DE 410566, as outlined in this report, subject to the signing and registration in the Land Title Office, prior to issuance of the development permit, of the necessary legal Agreement providing for:

- A. The design, construction, fit, finish, and equipping by the Owner, at its cost, of a licensed 37 space childcare facility, on the 3rd floor, of approximately 13,900 square feet, including contiguous outdoor area, plus shared use of lobby, elevators and stairs, and dedicated parking, as per the City of Vancouver Childcare Design Guidelines, and acceptable to the Directors of Social Planning, Facilities Design and Management, Community Care Facilities Licensing (CCFL), and Director of Legal Services, and;
- B. The creation of an airspace parcel containing the childcare facility, which airspace parcel the applicant will sell and transfer to the City for a nominal \$10.00 purchase price, on the terms contained in this report, and;
- C. A cash contribution no less than \$1.1m to the City Childcare Endowment Fund to ensure ongoing maintenance and affordability of the proposed child care facility as established by Council policy.

## **GENERAL MANAGER'S COMMENTS**

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

## **COUNCIL POLICY**

### **Downtown Official Development Plan (DODP)**

The Downtown Official Development Plan under Section 6.11 allows for an increase in the permitted floor space ratio or density of a building, in exchange for public, social or recreation facilities which have a demonstrated need, subject to Council approval.

The City of Vancouver has made use of the Amenity Bonusing Program to secure affordable public facilities since 1975. The Downtown Development Plan allows for developers to increase their on-site density in new construction in exchange for providing a public amenity of a social, recreational or cultural nature, subject to approval by the City's Development Permit Board and City Council.

### **City Childcare Protocol**

Council approved the creation of the City Childcare Protocol in March, 2004. The protocol called for expanding child care services by 5% over the following two years. On October 5, 2006, Council directed staff to renew the goal of increasing childcare spaces by a further 5% in the next two years.

### **Civic Childcare Strategy**

In the Civic Childcare Strategy, approved October, 1990, Council agreed that "the City of Vancouver is committed to being an active partner with senior levels of government, parents, the private sector and the community, in the development and maintenance of a comprehensive child care system in Vancouver".

### **City Childcare Endowment Fund**

On December 15, 1994, Council approved the terms and conditions of the Childcare Endowment Reserve, including eligibility criteria and the process of accessing these funds. Council approved "that the City Childcare Endowment Fund monies be used for child care facilities created as a result of rezoning negotiations or as a result of City projects in new or emerging high density developments/neighbourhoods".

## **PURPOSE AND SUMMARY**

The purpose of this report is to seek Council approval for a density bonus in consideration of a child care facility within a mixed-use development at 833 Homer Street (DE 410566). The property owner has agreed to provide an amenity package worth \$8.52m in the form of a fully fit, furnished and equipped child care amenity of 13,900 sq. ft. of indoor and outdoor space, and a cash contribution of \$1.1 million to the City Childcare Endowment Fund to ensure ongoing affordability of the infant/toddler spaces and operation expenses of the facility in exchange for 68,841 sq. ft. of additional residential density.

The report also seeks Council's approval of a legal agreement to secure the amenity space for the life of the development, on the terms contained in this report. A report seeking Council's approval of a lease to a non-profit operator of the childcare facility will be submitted at a later date.

## **BACKGROUND**

Ensuring provision of quality, affordable child care facilities is a challenge in Vancouver's real estate market. In order to ensure that quality, affordable child care is available downtown, the City actively seeks opportunities to acquire spaces through Development Cost Levies, Community Amenity Contributions, and bonusing arrangements. Through these contributions of private developers, the City promotes the creation of affordable facilities at no cost to taxpayers.

In this case, the developer is proposing to provide a fully finished, furnished and equipped 37 space childcare facility, and make a cash contribution to the City Childcare Endowment Fund in exchange for additional on-site density of equal value.

The City secures such amenities through appropriate legal instruments including Air Space Parcel acquisition. The City then leases the amenity space to a non-profit society for a nominal rent.

If the site can accommodate a proposed facility, and the developer is willing to pursue the opportunity, bonuses will be considered only where the resultant additional density on the site meets the City's planning guidelines and by-laws. The value of the bonus density is calculated by the City's Real Estate Services staff using consistent pro forma analysis.

Recent density bonuses include the Orpheum expansion, music school, rehearsal space at the Capitol 6 site 833 Seymour street, another 37 space childcare at 1188 West Pender Street, and the Playhouse rehearsal/theatre facility in Southeast False Creek.

## **DISCUSSION**

### **Amenity Bonusing Program**

Under the City's Amenity Bonusing Program, the developer builds an on-site amenity space to the specification of the City, in exchange for additional density of equal value on-site. The City secures the amenity through legal agreements to the satisfaction of the Director of Legal Services, including Air Space Parcel subdivision agreements.

Bonuses are only considered for non-profit purposes and organizations that provide significant public benefit to Vancouver residents. The organization must also have a demonstrated track record, have managed a public facility and, in the City's judgment, have the capacity to raise sufficient funds to meet the obligations of operating the amenity space. Staff will report back closer to completion of this project with a recommendation on operator and lease terms for the childcare.

Subject to Council's approval of the bonus, the City secures the public's interest by taking title to an Air Space Parcel for the amenity. The City leases the amenity space to a non-profit organization as required by the Vancouver Charter.

### Proposed Amenity at 833 Homer Street

On behalf of the property owner, the architect has applied to construct a 29-storey mixed-use building containing retail at grade, offices on the 2nd and 3rd floors, 37-space childcare totalling of approximately 13,900 sq. ft. of indoor and outdoor space on level 3 of the podium; and 200 residential dwelling units on the 4th through 29th floors. This proposal includes a 10% heritage density transfer and additional density bonus for the childcare.

If approved, the application will add 68,841 sq. ft. of residential floor area on condition of giving the City:

1. A fully fit, finished and equipped childcare facility of approximately 13,900 square feet of indoor and outdoor area on the 3rd floor, in accordance with the City's Childcare Design Guidelines, and acceptable to the Directors of Social Planning, Facilities Design and Management, and CCFL, and;
2. A cash contribution \$1.1m to the City Childcare Endowment Fund to ensure ongoing operation and affordability of the proposed child care facility. The childcare would be accessed by elevator and stairwell to grade and designated underground parking.

The proposed group child care facility will be located on the third level of the podium structure in the proposed development. The preliminary plans have been developed in consultation with the City's Child Development Coordinator, and staff from Facilities Design and Management as well as CCFL, and demonstrate a workable footprint for a child care facility. Further design development will be completed as normal through regulatory review and permitting processes.

Several discussions occurred between the developer and City staff from the stakeholder departments regarding this proposed amenity and how to deliver it. In the end, all parties have agreed with the approach recommended in this report for an in-kind social amenity in the form of a 37-space childcare built at the sole expense of the developer.

An additional outcome of the negotiation process for this childcare amenity density bonus was the creation of draft technical guidelines for City-owned childcare spaces. The draft technical guidelines were shared with the developer and used to reach agreement on the amenity.

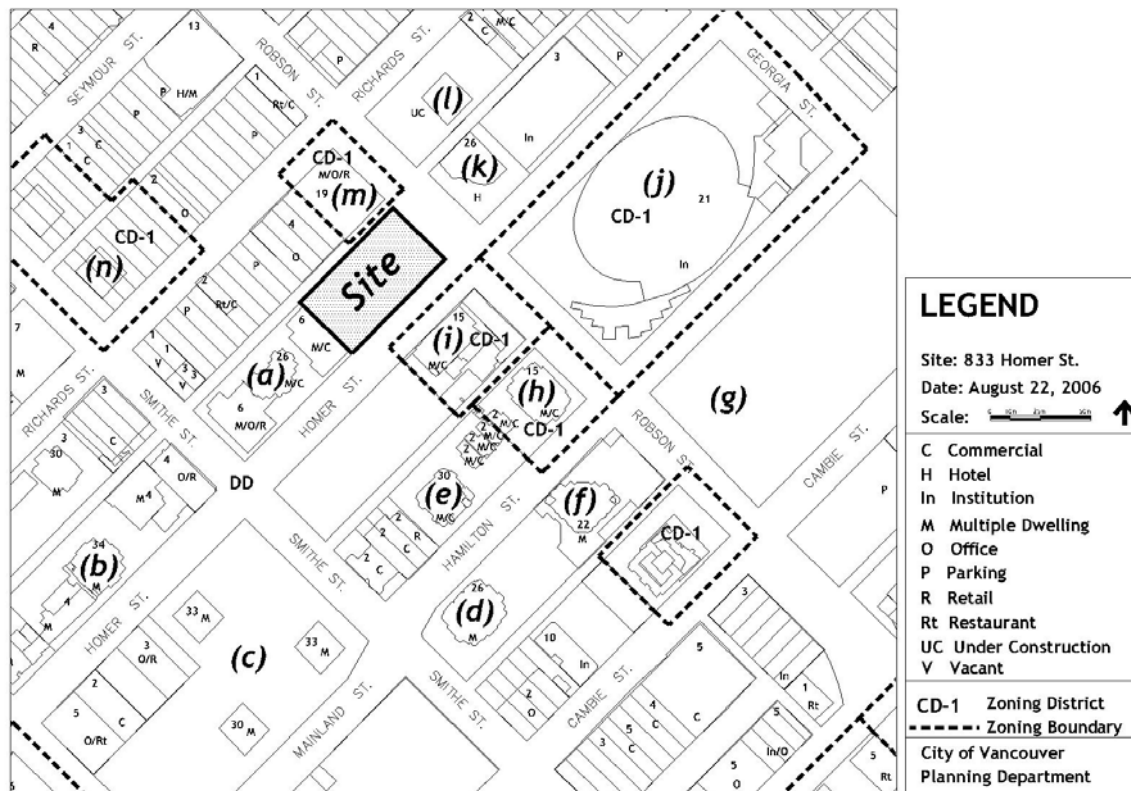
The technical guidelines are intended to clarify the minimum standard required by the City for materials, finishes, equipment and other items, and to be used as a tool:

- for facility cost estimates early in the design process.
- by consultants in developing their specifications.
- at facility occupancy stage to gauge whether these minimum standards have been met.

## Site

The site of approximately 26,146 square feet, is located on the southwest corner of Robson and Homer Streets. The main branch of the Vancouver Public Library, including the 37-space Library Square childcare, is on the northeast corner. Having 2 childcare facilities of this size in close proximity enhances the economic viability of each by encouraging shared staff and other resources.

Figure 1: Map illustrating location of site at 833 Homer Street and surrounding development activity.



Significant adjacent development includes:

- (a) 855 Homer St. - Existing 26 storey residential building with a 6 storey mixed use podium
- (b) 939 Homer St. - Existing 24 storey residential building with a 4 storey podium
- (c) 901 Mainland St. - Existing 33, 31, and 29 storey residential buildings
- (d) 888 Hamilton St. - Existing 26 storey residential building
- (e) 863 Hamilton St. - Existing 30 storey residential building with commercial use at base
- (f) 838 Hamilton St. - Existing 22 storey residential building
- (g) 700 Hamilton St. - Approved 17 and 29 storey residential buildings with retail/residential podium
- (h) 819 Hamilton St. - Existing 15 storey residential building with commercial use at base
- (i) 939 Homer St. - Existing 15 storey residential building with commercial use at base
- (j) 300 W Georgia St. - Vancouver Public Library - 21 storey building
- (k) 433 Robson St. - The Westin - Existing 26 storey hotel
- (l) 788 Richards St. - Approved 29 storey mixed use building (residential/hotel/commercial)

- (m) 480 Robson St. - Existing 19 storey mixed use building (residential/office/retail)  
(n) 535-565 Smithe St. - Approved 31 and 28 storey residential/commercial buildings

The maximum building density permitted is 5.0 FSR with a possible 10% heritage density transfer subject to approval by the DPB for a total of 5.5 FSR. The proposed density including the amenity bonus would be 8.13, including a 10% heritage density transfer.

### Land Use

This is a proposed mixed-use development, to consist of residential and commercial uses, including retail at grade, as was envisioned for the area. If approved, the proposed child care amenity will be located at the base of the residential tower with the outdoor play area on top of level three of the podium. Staff worked extensively with the design team to ensure that the proposed location can provide a quality environment for children that is compatible with the neighbourhood and the rest of the proposed development.

### Urban Design

The permitted tower height for this site is 300 ft. The proposal does not exceed this maximum height and will be reviewed by the Development Permit Board before permit issuance.

This proposed development was supported by the Urban Design Panel on November 22, 2006. This proposal is scheduled to be reviewed by the Development Permit Board on February 12, 2007. Evaluation of the proposal by the Development Permit Board will include impacts on neighbours' views and shadow impacts.

### Bonus Calculation

Real Estate Services staff have reviewed the proposed amenity bonus and their analysis supports a bonus density of 68,841 sq. ft. in return for an amenity package valued at \$8.52m to include the following:

- 1) approximately 13,900 sq. ft. of indoor and outdoor area designated for a Childcare facility located at the base of the residential tower and including shared access to elevators and stairs, and dedicated, rent-free parking and drop-off spaces, consistent with City bylaw, guidelines and regulations, and
- 2) a \$1.1 million contribution to the City Childcare Endowment Fund.

The methodology for determining the amenity bonus was consistent with Section 6.11 of the Downtown Official Development Plan: "In determining the increase in floor area or density that may be authorized, the Development Permit Board shall consider: the construction cost of the facility; any costs to the developer of continuing maintenance required for the facility; the rental value of the increased floor area; the value of any authorized relaxation of other restrictions". Accordingly, the value of the residential bonus density is equal to the value of the amenity package.

The value of the required amenity was reviewed by staff from the City's Department of Facilities Design & Management and Real Estate Services to ensure consistency with Council

policy and previous amenity density bonus agreements. The applicant agrees with the cost of the amenity package.

The purpose of the endowment is to cover costs associated with on-going operating/utilities, program start-up costs, and operating subsidy for the toddler program for the life of the amenity.

There is a shortage of child care spaces across the City but especially in the downtown. At present, there are in excess of 1,500 families on the waiting list for child care in Vancouver Society of Childcare Centres (VSOCC). VSOCC operates seven child care centres in the downtown area. The Downtown South sub-area currently has no childcare facilities (the Library Square facility is not within the Downtown South sub-area).

The amenity bonus program delivers public amenities otherwise not affordable. Staff note that the cost to build a stand-alone 37-space child care in the downtown core would be in the order of \$4.25m plus land costs.

### Agreements

Subject to Council's approval, the City will secure its interest in the childcare facility through an agreement (the "Agreement") that will secure the construction of the childcare facility, the creation of the airspace parcel and transfer of the airspace parcel from the applicant to the City for a nominal price.

Additionally, the Agreement shall include such other terms and conditions as shall be required by the Directors of Social Planning, Facilities Design & Management, Real Estate Services, and Legal Services and shall be registered in the Land Title Office in priority over all charges which might defeat or delay their enforcement and prior to issuance of DE410566.

The Childcare Endowment Fund contribution shall be paid to the City prior to issuance of the Occupancy Permit. The construction costs and Childcare Endowment Fund contribution shall be secured by:

- i. letters of credit lodged with the City prior to the issuance of a Building permit for the project; and;
- ii. a no occupancy covenant in a form and content acceptable to the Director of Legal Services.

The Director of Facilities Design and Management shall set the amount for the letter of credit securing construction and the Director of Legal Services shall set the terms and conditions for all letters of credit.

### FINANCIAL IMPLICATIONS

There are no financial implications.

## SOCIAL IMPLICATIONS

Council policy and practice has been to seek non-profit uses for amenities which encourage a diversity of cultural, social and recreational uses in the downtown. The demand for childcare far exceeds supply, including in the downtown core, with long wait lists for existing spaces.

The new facility will provide 37 additional licensed child care spaces. This is in keeping with Council's commitment of March, 2004, renewed in October 2006, to "increase licensed child care spaces by 5% in the next two years".

## CONCLUSION

Staff have reviewed the amenity bonus proposal and believe that the land use and urban design impacts of the additional floor space are acceptable and that the public benefit is balanced with the increased density to the applicant. The benefit to the public is:

- 1) a fully fit, finished and equipped childcare facility of approximately 13,900 square feet on the 3rd floor, including contiguous outdoor area, in accordance with the City's Childcare Design Guidelines, and acceptable to the Director of Social Planning, CCFL, and the Director of Legal Services, and
- 2) a cash contribution of \$1.1 million to the City Childcare Endowment Fund to ensure ongoing operation and affordability of the proposed child care facility.

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