



CITY OF VANCOUVER

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POLICY REPORT DEVELOPMENT AND BUILDING

Report Date: January 30, 2008
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Meeting Date: February 12, 2008

TO: Vancouver City Council

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

SUBJECT: CD-1 Text Amendment for 651 Expo Boulevard; and
Text Amendment of the False Creek North Official Development Plan:
Conversion of an Affordable Housing Site to a Market Housing Site

RECOMMENDATION

- A. THAT the Director of Planning be instructed to make application to amend CD-1 By-law No. 8587 (CD-1 #415) for 651 Expo Boulevard to remove the requirement for Affordable Housing and increase the maximum allowable number of dwelling units from 1,116 to 1,140 generally in accordance with Appendix A, and also to make application to amend the False Creek North Official Development Plan (FCN ODP) By-law No. 6650, generally in accordance with Appendix B, and that the applications be referred to the same Public Hearing; and

FURTHER THAT the Director of Legal Services be instructed to prepare the necessary by-laws generally in accordance with Appendix A and Appendix B for consideration at Public Hearing.

- B. THAT, pursuant to the City's Option to Purchase for the Affordable Housing site in Area 7B, FCN ODP, and subject to approval of the rezoning application proposed in Recommendation A, Council confirm the payment-in-lieu from Concord Pacific Group Inc. for the conversion of the Affordable Housing site to Market Housing, in the amount of \$5,116,320. The payment-in-lieu is to be paid to the City prior to enactment of the amendments to the CD-1 for 651 Expo Boulevard, on terms and conditions to the satisfaction of the City's Director of Legal Services, with the funds to be credited to the City's Affordable Housing Fund.

- C. THAT, prior to enactment, Concord Pacific Group Inc. shall enter into agreements with the City, drawn to the satisfaction of the Director of Legal Services, in which Concord Pacific Group Inc. agrees that until January 31, 2010, the purchase price by the City for sites 1F and 1T in the Beach neighbourhood and Site 4J in the Quayside neighbourhood, shall be calculated at \$42.64/buildable sq. ft., reflecting the February 2005 price.
- D. THAT, subject to approval of the rezoning application proposed in Recommendation A and B, and to the Province confirming the funding to build and operate the social and supportive housing proposed for 1050 Expo Boulevard, that the Director of Legal Services be authorized to exercise the City's Option to Purchase 1050 Expo Boulevard legally described as Lot 232, PL LMP 13010, New Westminster, DL False Creek, (identified as Site 4J in the CD-1 By-law for 800-1100 Pacific Boulevard [CD-1 #324]), at a price of \$2,670,202, on terms and conditions to the satisfaction of the Director of Legal Services, with the source of funds to be the Affordable Housing Fund.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of A, B, and C.

COUNCIL POLICY

Council's social housing priorities are low and modest income families with children, seniors on fixed incomes or in need of support, SRO residents; and the mentally ill, physically disabled, and others at risk of homelessness.

Council policy is to require that at least 20% of the units in new neighbourhoods be developed as Affordable Housing with a priority on households in core-housing need, with alternatives to be considered if senior government funding to build the projects is not available when the projects are ready to proceed, including conversion to Market Housing with a payment-in-lieu.

The False Creek North Official Development Plan (FCN ODP) requires that 15.3% (1,500 dwelling units) of the total 9,818 units be developed for Affordable Housing with at least 7.9% (776 units) to be designed for families. The CD-1 By-law for 651 Expo Boulevard (Area 7B within the FCN ODP) requires that 216 out of the 1,116 maximum allowable number of dwelling units be developed for Affordable Housing, of which 111 units must be designed for families.

PURPOSE AND SUMMARY

This report recommends that City Council instruct the Director of Planning to make applications to amend the CD-1 By-law (#415) for 651 Expo Boulevard and the False Creek North Official Development Plan to remove the requirement for Non-Market Housing in Area 7B, FCN ODP, and to increase by the maximum allowable number of dwelling units from 1,116 to 1,140. The report also recommends that Council confirm a payment-in-lieu of \$5,116,320, as determined in accordance with the City's Option to Purchase as regards the conversion of the Affordable Housing site to Market Housing.

The conversion of Lot D, Area 7B, from Affordable Housing to Market Housing is appropriate as senior government funding to develop affordable housing, especially family housing, is uncertain and limited. Lot D, at 216 units of which 111 units are for families, is particularly challenging because of its size. The conversion of Lot D will generate funds that can be used to purchase one or more of the remaining affordable housing sites in Concord Pacific Place, and it is a recommendation of the report that one of the remaining affordable housing sites in Concord Pacific Place, 1050 Expo Boulevard, be purchased for the development of a supportive and social housing project pursuant to the City/Province Social and Supportive Housing Partnership approved by Council on December 19, 2007.

Conversions of some or all of the remaining six Affordable Housing sites in Concord Pacific Place may be appropriate in the future, if senior government funding continues to be unavailable, but no further conversions are recommended at this time. With very low vacancy rates in the rental housing market, and especially a lack of larger units affordable to low- and modest-income families with children, it is important to retain the remaining Options to Purchase for the immediate future and to continue to advocate with Federal Government and the Province for funding to build affordable housing on them, with a priority for core-need households.

BACKGROUND

In 1990 Council approved the False Creek North Official Development Plan (FCN ODP) which required that 20% of the units be developed as Non-Market Housing, of which at least 50% were to be designed for families, with priority to be given to core-need households.

In 1993 Council amended the policy to allow Council to consider alternatives to Non-Market Housing if Federal or Provincial funding were not available to develop affordable housing sites when they were ready for development.

Following the July 25, 2002 Public Hearing, Council approved a CD-1 zoning for 651 Expo Boulevard, Area 7B, FCN ODP (By-law No. 8575, CD-1 No. 415).

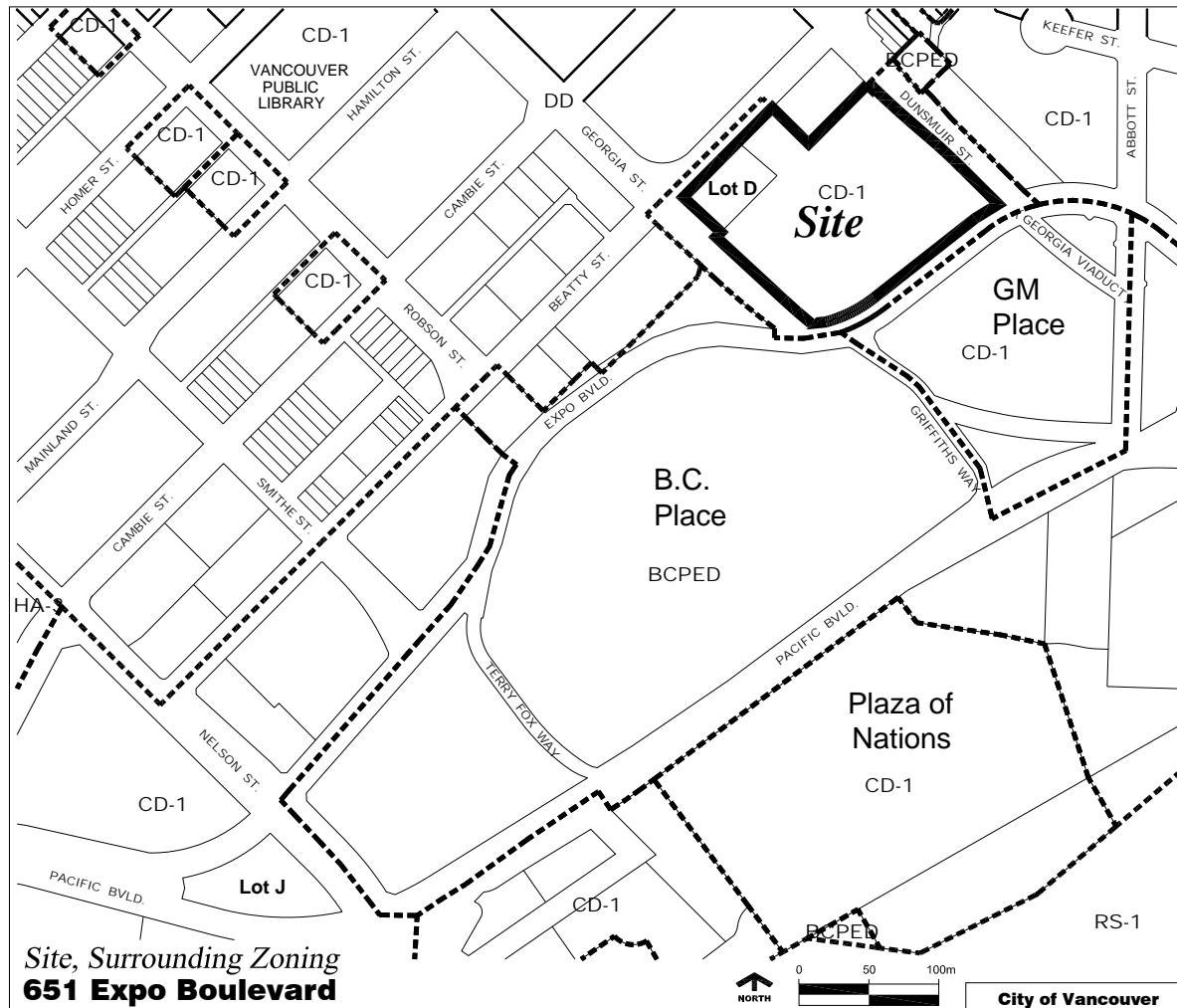
Following the February 27, 2003 Public Hearing, Council approved replacing the term "Non-Market Housing" with "Affordable Housing" in those Official Development Plans and the Comprehensive Development Districts (CD-1s) which required the provision of Non-Market Housing.

On December 19, 2007, Council approved a Social and Supportive Housing Partnership with the Province to develop 12 City-owned or optioned sites, one of which is 1050 Expo Boulevard located in the Quayside Neighbourhood of Concord Pacific Place.

AREA 7B, FCN ODP (651 Expo Boulevard)

Area 7B, FCN ODP, is located on the east edge of the downtown between the Georgia and Dunsmuir Viaducts as shown on Figure 1 and Page 1 of Appendix C. The CD-1 By-law allows up to 1,116 dwelling units (83 331 m²) of which at least 216 units (19.3%) must be developed for Affordable Housing (typically non-profit rental or co-operative housing). At least 291 units must be designed for families (111 Affordable units and 180 Market units). The CD-1 also allows up to 13 619 m² for commercial uses. The total maximum floor space permitted is 96 960 m².

Figure 1



With the exception of the Affordable Housing component, the development of 651 Expo Boulevard is now complete. Four towers of 27-30 storeys (marketed as “The Spectrum”) consisting of 899 condominium units including the required family units, have been built above a parking garage and a Costco store. In addition, parking has been provided for the Beatty Street Armouries, a designated heritage building.

LOT D, AREA 7B, CONCORD PACIFIC PLACE

Lot D, Area 7B, is located at the north/east corner of Beatty and Georgia Streets as noted on Figure 1, and is designated for Affordable Housing. As a condition of enactment of the CD-1 for 651 Expo Boulevard, the City secured an Option to Purchase the site when senior government funding is available to construct and operate the Affordable Housing. The option price, established at the time the FCN ODP was approved in 1991, is \$30/buildable square feet escalated by the Consumer Price Index (CPI) for Vancouver.

The Option to Purchase allocates 187,000 sq. ft. (17 373 m²) of floor space to Lot D. The site can accommodate all 216 units of the Affordable Housing required in Area 7B with 111 units designed for families (dwelling units with 2 or more bedrooms).

CONCORD PACIFIC PLACE AFFORDABLE HOUSING

The FCN ODP area encompasses the north shore of False Creek from Granville to Quebec Streets. Most of it is occupied by Concord Pacific Place, a comprehensive development being undertaken by Concord Pacific Group Inc. (Concord). The FCN ODP allocates a maximum 8,242 dwelling units to Concord Pacific Place and requires that 1,224 of these dwelling units be developed for affordable housing, of which 701 units must be suitable for families.

Through the course of implementing the FCN ODP through CD-1 rezonings of the Concord Pacific Place neighbourhoods (see Appendix C), twelve sites have been allocated for affordable housing in Concord Pacific Place (see Appendix D), of which five have been developed (436 units, of which 302 are family units, with a buildable area of 410,193 sq. ft.). The last project to be developed was funded by the Province in 1998 and completed in 2000. Seven affordable housing sites remain to be developed and available to fulfill the requirement that 788 more affordable units be built in Concord Pacific Place, of which 423 must be designed for families. The seven sites set out in Table 1 would accommodate a little over 700,000 buildable square feet.

Table 1: Undeveloped Affordable Housing Sites in Concord Pacific Place

Site	Neighbourhood	Non-Family Units	Family Units	Total Units	Buildable Area
1C	Beach	-	110	110	109,795 sq. ft.
1F	Beach	80	0	80	49,451 sq. ft.
1T	Beach	-	90	90	92,712 sq. ft.
4J	Quayside	100	0	100	62,622 sq. ft.
5E	Quayside	52	52	104	87,191 sq. ft.
6E	Cooper's Park	-	114	114	114,324 sq. ft.
7	Stadium	105	111	216	187,000 sq. ft.
Total		337	477	814	703,095 sq. ft.

Note: The capacity exceeds the zoning requirement by 26 units to provide flexibility as the neighbourhoods develop and individual projects are designed. Concord is allowed to use any square footage not required for Affordable Housing for Market Housing.

To acquire all seven Affordable Housing sites in Concord Pacific Place would cost the City approximately \$31,750,000 at today's option price (adjusted in accordance with changes to Vancouver's Consumer Price Index) of \$45.15/buildable square feet, assuming senior government funding were available to build and operate the Affordable Housing.

CONVERSION OF AFFORDABLE HOUSING SITES

In 1988, Council adopted a policy requiring that 20% of the units in new neighbourhoods be developed for Non-Market (now Affordable) Housing. The purpose was to ensure that low- and modest-income households, especially families with children, could live in the new neighbourhoods. The City secured Options to Purchase the Affordable Housing sites in the new neighbourhoods at a favourable price with the intent of making the sites available for development under Federal and, more recently, Provincial affordable housing programs.

In 1993, the Federal Government ceased funding new Affordable (Social and Non-Market) Housing. At that time the City amended its policy of requiring that 20% of the units in new neighbourhoods be developed for Affordable Housing to allow for the conversion of an Affordable Housing site to Market Housing in return for a payment-in-lieu. The Affordable Housing sites are part of comprehensive developments and many are integrated physically with Market Housing, e.g., airspace parcels, and a conversion may be appropriate where an Affordable Housing site is at risk of not being developed for the foreseeable future, or where a market component within a development cannot proceed unless the Affordable Housing site is developed at the same time.

The payment-in-lieu for conversions of Affordable Housing sites is defined in the Options to Purchase as the difference in value between the market value of the site, without the Affordable Housing obligation, and the price the City would have to pay for it under its Option to Purchase. Rezoning is required for conversions of Affordable Housing sites to Market Housing as the Affordable Housing obligations are embedded in the ODPs for new neighbourhoods.

There have been a limited number of conversions of Affordable Housing sites. Council's strong preference has been for the Affordable Housing sites to be developed for non-profit rental or co-operative housing to create the social inclusion intended by the 20% Affordable Housing Policy. Two sites were converted in Concord Pacific Place with the payment-in-lieu used to subsidize a large family Affordable Housing project in the neighbourhood. Two sites have been converted in International Village with the payment-in-lieu used to buy a site immediately adjacent to International Village, that has since been developed for Affordable Housing, and to acquire the remaining Affordable Housing site in International Village. One site was converted in Bayshore Gardens with the payment-in-lieu used to subsidize development of the remaining Affordable Housing site in the neighbourhood. In the case of Concord Pacific Place, the conversions have resulted in a requirement that 15.3% of the total number of units to be developed for Affordable Housing instead of the original 20%.

In 2002, the Province cancelled its HOMES BC Affordable Housing Program. Most of the Affordable Housing sites in the city's new neighbourhoods were developed under this Program. The Province introduced a new housing program targeted to frail seniors which would not achieve the City's social inclusion objectives, especially as related to families with children, for the new neighbourhoods. Only one Affordable Housing project has been developed in a new neighbourhood since HOMES BC was cancelled, and the City provided 90% of the subsidy required for that project to be viable.

THE FUTURE OF AFFORDABLE HOUSING SITES IN CONCORD PACIFIC PLACE

In 2002, Concord approached the City with a proposal to convert commercial (office and retail) floor space to residential floor space and to increase the overall residential floor space by a comprehensive rezoning of their undeveloped lands east of the Cambie Bridge. The future of the undeveloped affordable housing sites in Concord Pacific Place, including Lot D, Area 7B, was one of the topics discussed. It was clear by 2002 that the Affordable Housing sites would need to be offered to the Province for free, if they had any chance to be funded, and that the conversion of one or more of the remaining sites with the payment-in-lieu used to purchase others might be appropriate.

Since 2005 the discussions between Concord and the City regarding the future of Concord's lands east of the Cambie Bridge have been on hold because of larger issues that need to be resolved. These include the need to determine the importance of the 800,000 sq. ft. of commercial space that Concord proposed be converted to residential use; the need to evaluate the future use of Concord's lands in the context of the other large holdings in north east False Creek (BC Place, GM Place, and the Plaza of Nations); and the need to determine the public amenities required to serve the uses proposed. These larger questions are being addressed through the North East False Creek High Level Review, and the Metro Core Jobs and Economy Study, which is looking at the future of commercial development and employment downtown.

At the present time the Province's priorities for the development of new affordable housing, as set out in its 2007 "Housing Matters BC" strategy, are the vulnerable populations which need supports in addition to housing, e.g., the frail elderly, the mentally ill, physically disabled, persons with a substance abuse problem, the homeless and those at risk of homelessness. Low-income families are being assisted through a rent supplement program, which subsidizes units in the private rental market, rather than by the development of new affordable housing.

While the development of new affordable housing for low and modest income families is not a priority for the Province at this time, it continues to be a long-term priority for the City. Most of the sites in Concord Pacific Place are designated for families, or include a family component, and most are intended for a mix of core-need households and households who can afford a 'low end of market' rent. Vacancy rates in the rental market remain below 1% in the city, and there is a severe lack of larger units suitable for families with children.

Consequently it is not recommended that other Affordable Housing sites in Concord Pacific Place be converted to Market Housing, at least not at this time. However, it is appropriate to consider conversions on a case-by-case basis where it is particularly unlikely that senior government funding will be forthcoming and where the payment-in-lieu can be used to purchase one or more of the Affordable Housing sites in Concord Pacific Place for which funding from the Province or Federal Government would be available if the site could be offered for a long-term lease at no cost.

CONVERSION OF LOT D TO MARKET HOUSING

Concord Pacific Group Inc. has requested that the City consider the conversion of Lot D to market housing, and amend the CD-1 zoning for 651 Expo Boulevard to delete the Affordable Housing requirement and to add 24 units to the maximum number of units allowed in Area 7B.

They propose that Lot D be converted to Market Housing with a payment-in-lieu of \$5,116,320 based on the option price in February 2005 when the conversion of Lot D was first proposed during the larger discussions related to Concord's lands east of Cambie. In addition, Concord has agreed to freeze until January 2010 the Option Price for three Affordable Housing sites at the February 2005 price.

Staff recommend that Concord's proposal be accepted. It is appropriate that the payment-in-lieu for converting Lot D to Market Housing be based on the 2005 prices and costs; if it were not for the larger issues, the conversion of Lot D would have been brought forward to Council on its own in early 2005. The decision on Lot D did not depend on the resolution of the larger issues, but was included in the discussions regarding Concord's lands east of Cambie in expectation that the larger issues would be easier to resolve than ultimately proved to be the case.

If senior government funding was available or likely to be available to build out Lot D as Affordable Housing, it would be a good project given its proximity to the downtown and to transit. Unfortunately funding for such a large project (216 units, including 111 family units) is not available or likely to be available in the foreseeable future. Lot D would also be a good market rental project; however, the City would have to buy the site and would have to make it available at no cost, plus provide additional equity, for a market rental project to be viable in today's market.

If Lot D is converted to Market Housing, there will be no Affordable Housing in Area 7B, and the Affordable Housing capacity in the FCN ODP would be reduced from 15.3% to 13.0%. Six Affordable Housing sites with a capacity for 598 units (366 family units) will remain to be developed elsewhere in Concord Pacific Place.

The City's Options to Purchase include provisions for determining the payment-in-lieu amounts for a conversion from Affordable Housing to Market Housing. The payment-in-lieu amount is to be the difference between the market value of the site post-conversion and the option price. In 2005, the Director of Real Estate Services and Concord agreed to a post-conversion market value for Lot D of \$70/buildable sq. ft. The 2005 price to exercise the City's option to buy Lot D was \$42.64/ buildable square feet. Based on the 2005 prices and costs, the payment-in-lieu would be:

2005 Value (187,000 sq. ft x \$70/sq. ft.) =	\$13,090,000
Option Price (187,000 sq. ft. x \$42.64/sq. ft.) =	<u>\$ 7,973,680</u>
Payment-in-Lieu	\$ 5,116,320

It is recommended that the payment-in-lieu funds be credited to the City's Affordable Housing Fund and designated for the acquisition of sites for Affordable Housing, preferably for the purchase of Affordable Housing sites in Concord Pacific Place.

The three Affordable Housing sites for which the option prices have been frozen at \$42.64/buildable square feet until January 2010, are Sites 1F and 1T in the Beach neighbourhood and Site 4J in the Quayside neighbourhood. It is hoped that funding to develop these three sites for Affordable Housing will be available within the next 3 years.

PURCHASE OF 1050 EXPO BOULEVARD

One of the 12 sites to be developed under the City/Province Social and Supportive Housing Partnership approved by Council on December 19, 2007, is 1050 Expo Boulevard, one of the sites the City has optioned for Affordable Housing. It is located in the Quayside neighbourhood of Concord Pacific Place just west of the Cambie Bridge and noted as Site 4J on Appendix D. The Quayside CD-1 allocates 100 units and 5 818 m² (62,626 sq. ft.) of residential floor space to the site.

Staff recommend that the option to purchase for Site 4J be exercised when the Province confirms funding to build and operate the social and supportive housing proposed for the site, expected in 2008. The cost to buy the site, based on the 2005 option price, is \$2,670,202, which is approximately \$180,000 less than what the cost would be at today's option price.

INCREASE IN MAXIMUM ALLOWABLE NUMBER OF DWELLING UNITS

The FCN ODP requires that 25% of all the units in Concord Pacific Place be designed for families, as compared to 50% of the Affordable Housing units. Concord has already provided the number of family units that would be required in Area 7B (25% of 1,140 units). Concord proposes to develop 66 additional family units on Lot D. This will reduce the average unit size on Lot D, and as a result the floor space allocated to Lot D can accommodate 240 dwelling units instead of the 216 units currently allowed. Concord is asking for an increase of 24 in the maximum number of dwelling units allowed in Area 7B so that the full potential of Lot D can be realized. It is recommended that Concord's request for an increase in the maximum number of units be supported, as the family requirements for Area 7B will be exceeded.

CONCLUSION

Concord Pacific Group Inc. has asked the City to consider the conversion of the Affordable Housing site in Area 7B of Concord Pacific Place to Market Housing. They have also asked for a 24-unit increase in the maximum number of dwelling units allowed. Staff support Concord's requests and recommend a CD-1 text amendment to delete the Affordable Housing requirement in Area 7B (651 Expo Boulevard) and increase the maximum allowable number of dwelling units. It is recommended that the Director of Planning make application to amend the CD-1 By-law for Area 7B (651 Expo Boulevard) and the FCN ODP, and that the applications be referred to a Public Hearing.

A payment-in-lieu of \$5,116,320 for the conversion, calculated in accordance with the Option to Purchase, has been agreed to by Concord. The report also recommends that \$2,670,202 from the payment-in-lieu be used to acquire an Affordable Housing site in Concord Pacific Place which will be developed through the City/Province Social and Supportive Housing Partnership approved by Council on December 19, 2007.

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651 Expo Boulevard
AMENDMENTS TO CD-1 BY-LAW No. 8587 (#415)

Note: A by-law will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to posting.

2 Definitions

~~2.1 Core need Household means a household which would have to spend more than 30 percent of its annual gross income on shelter (including utilities) in order to live in an average rental unit which is adequate and suitable for its basic needs; and~~

3 Uses and Conditions of Use

a) Dwelling Units in multiple dwellings, not exceeding ~~1,116~~ 1,140 dwelling units provided that:

(i) a minimum of ~~180~~ 285 dwelling units, ~~in addition to the units referred to in sections 3(a)(i) and (iii),~~ must be for family housing, and their design must be in accordance with Council's "High-Density Housing for Families With Children Guidelines";

~~(ii) a minimum of 111 dwelling units, in addition to the units referred to in section 3(a)(iii), must be provided through government funded programs targeted for core need households or for such affordable housing programs or initiatives as Council may generally define or specifically approve from time to time, which housing programs or initiatives may include subsidized and market rental units or subsidized and market co-operative units and their design must for family housing consistent with Council's "High Density Housing for Families With Children Guidelines"; and~~

~~(iii) a minimum of 105 dwelling units must be provided through government funded programs targeted for core need households or for such affordable housing programs or initiatives as Council may generally define or specifically approve from time to time, which housing programs or initiatives may include subsidized and market rental units or subsidized and market co-operative units.~~

6 Parking, Loading, and Bicycle Parking

a) ~~dwelling units, not including units designated for core need subsidized seniors housing or non market housing,~~ must provide:

~~b) dwelling units designated for core need subsidized seniors housing or non-market housing must provide a minimum of 0.5 spaces per dwelling unit, except that the Director of Planning may relax this requirement if the dwelling units are less than 50 square meters gross floor area and intended for single occupants and if the occupants submit to income testing;~~

And re-letter subsections c) through e) as b) through d).

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AMENDMENTS TO FALSE CREEK NORTH OFFICIAL DEVELOPMENT PLAN
(Adopted by By-law No. 6650, April 10, 1990)

Note: A by-law will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to posting.

3.2 Land Use

3.2.1 Residential

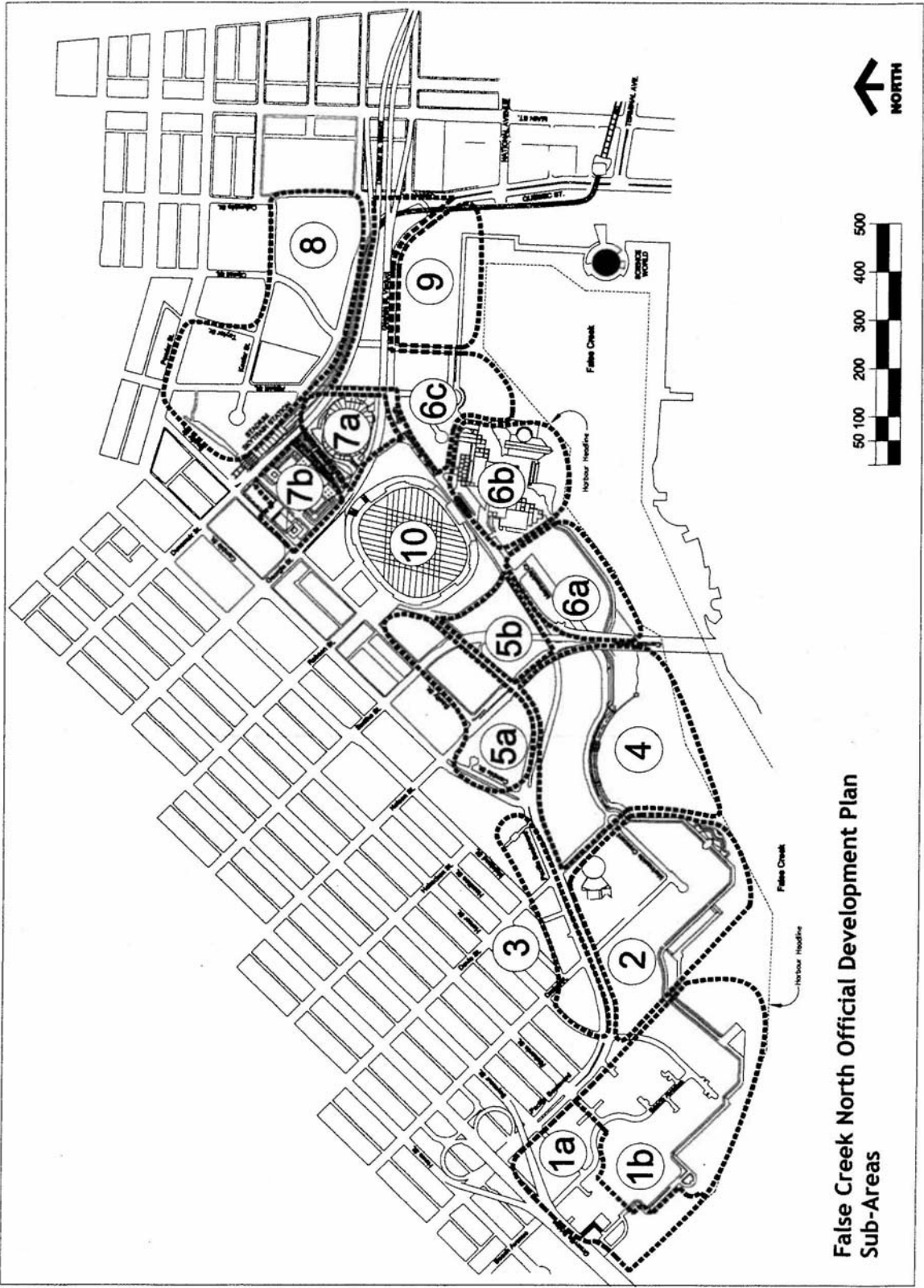
Up to a maximum of ~~9,818~~ 9,842 dwelling units, having a total floor area up to a maximum of 918 248 m² are permitted.

~~15.5%~~ 13 percent of the total number of dwelling units shall be designated for affordable housing, with priority on housing for core-need households, with fifty percent of the affordable units to be suitable for households with children.

Figure #4 - Residential Units

Area Neighbourhood		Affordable				Market				Total Units	
		Non-Family		Family		Non-Family		Family			
7B Viaducts	Units	105	0	111	0	720	855	180	285	1,116	1,140
	%	9.4	0	9.9	0	64.52	75.0	16.13	25.0		
Total										9,818	9,842

		Affordable				Market					
		Non-Family		Family		Non-Family		Family			
Sub-total	Units	724	619	776	665	6,815	6,950	1,503	1,608		
	%	7.3	6.3	7.9	6.7	69.4	70.6	15.3	16.4		
Total	Units	1,500 1,284				8,318 8,558					
	%	15.3 13				84.7 87					
Grand total	Units	9,818 9,842									
	%	100									



Affordable Housing Sites - Concord Pacific Place

