



POLICY REPORT
DEVELOPMENT AND BUILDING

Report Date: November 1, 2016
Contact: Karen Hoes
Contact No.: 604 871 6403
RTS No.: 11724
VanRIMS No.: 08-2000-20
Meeting Date: November 15, 2016

TO: Vancouver City Council
FROM: General Manager of Planning, Urban Design and Sustainability
SUBJECT: CD-1 Text Amendment: 1030 Denman Street (Coast Plaza Hotel)

RECOMMENDATION

- A. THAT the application by DA Architects and Planners, on behalf of 0792203 B.C. Ltd. (Siddoo Properties Ltd.), to amend Comprehensive Development (CD-1) District (537) By-law No. 10566, for 1030 Denman Street [*PID: 002-982-455, Lot D, Block 59, District Lot 185, Plan 17575*], to change the limitation on Hotel use, allowing for the conversion of Levels 2 and 3 of the existing building to a 68-room boutique hotel, be referred to public hearing, together with:
- (i) plans prepared by DA Architects and Planners, received June 21, 2016;
 - (ii) draft by-law amendments generally as presented in Appendix A; and
 - (iii) the recommendation of the General Manager of Planning, Urban Design and Sustainability to approve the application, subject to conditions contained in Appendix B.

FURTHER THAT the Director of Legal Services be instructed to prepare the necessary amending by-law generally in accordance with Appendix A for consideration at public hearing.

- B. THAT Recommendation A be adopted on the following conditions:
- (i) THAT the passage of the above resolutions creates no legal rights for the applicant or any other person, or obligation on the part of the City and any expenditure of funds or incurring of costs is at the risk of the person making the expenditure or incurring the cost;

- (ii) THAT any approval that may be granted following the Public Hearing shall not obligate the City to enact a bylaw rezoning the property, and any costs incurred in fulfilling requirements imposed as a condition of rezoning are at the risk of the property owner; and
- (iii) THAT the City and all its officials, including the Approving Officer, shall not in any way be limited or directed in the exercise of their authority or discretion, regardless of when they are called upon to exercise such authority or discretion.

REPORT SUMMARY

This report assesses a rezoning application to amend the by-law for (CD-1) District (537) for 1030 Denman Street (Coast Plaza Hotel). The proposed amendment would change a limitation on Hotel use, allowing for a new 68-room boutique hotel on the second and third floors of the existing building. Further by-law amendments are also proposed to update the floor area provisions for balconies and amenity space. Staff recommend that the application be referred to a public hearing, with the recommendation of the General Manager of Planning, Urban Design and Sustainability to approve it, subject to the public hearing.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- CD-1 (537) By-law No. 10566, enacted October 16, 2012
- C-5 District Schedule
- West End Community Plan (2013)
- Rezoning Policy for the West End (2013)
- Public Art Policy and Procedures for Rezoned Developments (2014)
- Community Amenity Contributions - Through Rezoning (1999)

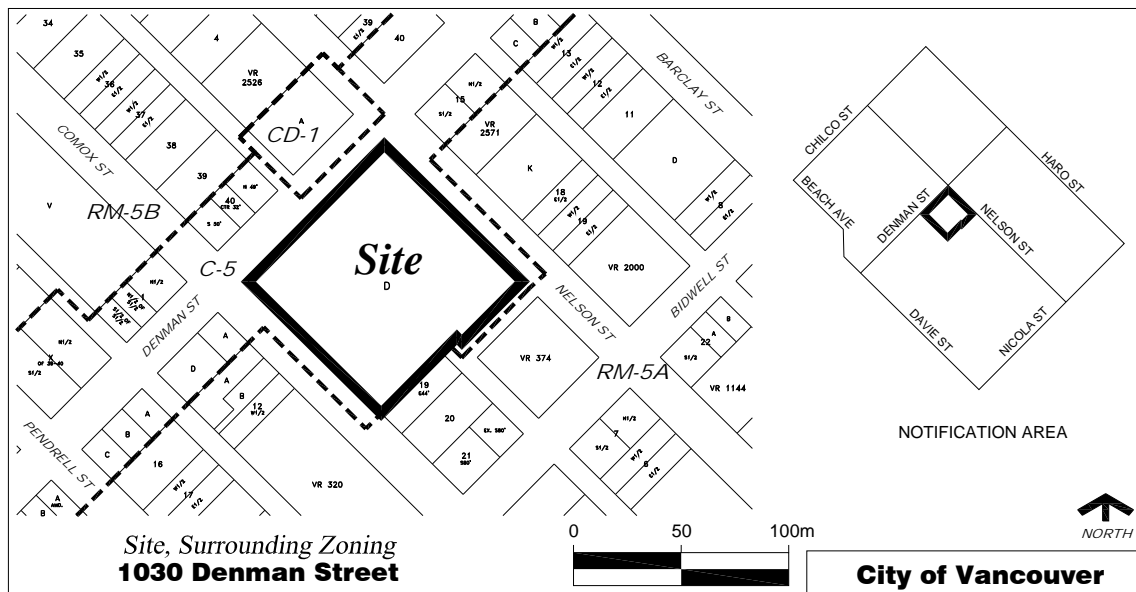
REPORT

Background and Context

The subject site (Coast Plaza Hotel) is located on Denman Street between Comox and Nelson streets in the West End. The site is occupied by an existing 31-storey commercial building tenanted by the Coast Plaza Hotel and Suites on Levels 2 to 31 and by numerous locally-serving businesses and community organizations in the Denman Place Mall, a single-level indoor mall located on the ground floor of the building. The commercial uses are oriented towards Denman Street while the hotel is accessed off Comox Street with a porte-cochere and lobby on Level 2.

The streetscape on Denman Street in this area is predominantly small scale, with a variety of locally-serving businesses, including restaurants, shops and personal services. Multiple dwellings are predominant in the RM-5A and RM-5B-zoned lands to the east and west of the subject site.

Figure 1: Site and Surrounding Zoning



Rezoning Application History and Rationale

A rezoning of the site from C-5 (Commercial) to CD-1 (Comprehensive Development) to enable conversion of the space occupied by the existing hotel to residential and office uses was approved in 2012. At that time, the proposal included:

- Conversion of the hotel rooms, lobby and portions of hotel back-of-house facilities to 314 secured market rental residential units and ancillary residential uses;
- Conversion of the majority of the hotel's conference centre on Level 3 to office space, with the outdoor terrace area split between office and residential uses;
- Retention of the fitness centre located on Levels 3 and 4 on the north east side of the building;
- Retention of the hotel's restaurant and lounge located on Level 2 as standalone uses, accessed through a separate commercial entry point.
- Retention of the the Denman Place Mall located on the ground floor.

While the CD-1 By-law was enacted in 2012, the proposed conversion was not intended to occur until the end of the hotel's lease in 2017. As such, no conversion has yet occurred and the Coast Hotel continues to operate in the building.

After conducting an office market analysis for the proposed conversion, the owner concluded that leasing the existing conference space as office space would be challenging under current market conditions. In addition, the two existing restaurants located on Level 2 (Comox Street Bar and Brasserie Restaurant) as well as the existing Fitness Centre on Level 3 are tied to the lease and the business of the hotel. When the hotel closes in 2017, their lease agreement will have expired, so the tenants have advised that they will vacate the space.

As of result, the owner is now proposing to convert Levels 2 and 3 of the building into a new 68-room purpose-built boutique hotel and to make improvements to incorporate additional amenities for the residential component of the building. Details of the proposed works are as follows:

Level 2

- Conversion of the existing pub and retail mall access into hotel lobby and guest rooms.
- Conversion of the existing restaurant space into residential storage space for the secure market rental units.
- Conversion of the existing laundry and bike storage spaces into residential storage and a manager's suite.

Level 3:

- Removal of the access stair from Comox Street and conversion of the fitness centre into hotel guest rooms.
- Conversion of the existing terrace and garden podium rooftop area into a new residential outdoor amenity space.

The architectural drawings illustrating the current configuration of Levels 2 and 3 and proposed changes are shown in Appendix D.

While the CD-1 By-law allows for the hotel use on site in its current configuration, this use is limited to that existing as of October 16, 2012. The proposed amendment to the by-law is needed to allow for the new boutique hotel at this site.

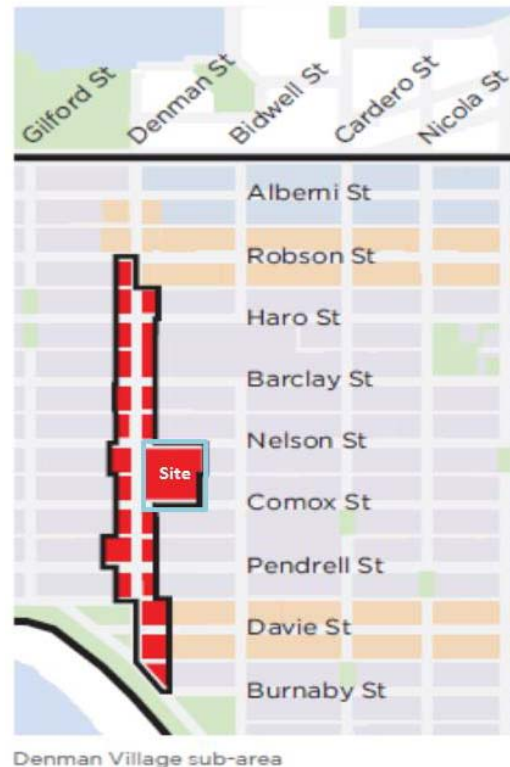
Strategic Analysis

Hotel use – The text amendment proposes to remove the condition that limits hotel use to hotel floor area existing as of October 2012, thereby allowing for conversion of existing floor space into new boutique hotel rooms on Levels 2 and 3. The amendment also restricts hotel uses above level 3, as levels 4 to 31 in the existing tower are approved for conversion to market rental housing, as secured through a 2012 housing agreement. The proposed changes will have no implications on the existing height and density provisions of the CD-1 By-law. This text amendment application is being processed concurrently with development permit application No. DP-2016-00193.

Before rezoning to CD-1 in 2012, the subject site was zoned C-5 (Commercial), with the form of development and land use regulated by the West End Commercial Areas Policy Plan (1986). Hotel use was non-conforming at the time of the rezoning in 2012, which is why a limitation was added in the CD-1 By-law to allow the existing hotel use to continue on the site. Hotel would cease to be a permitted use on the site once the tower was converted to residential use after the end of the lease in 2017.

The West End Community Plan was adopted in 2013. The subject site lies in the Denman Village area of the plan. The plan supports reintroducing hotel use into this area to encourage new boutique hotels which would ensure vibrancy at all times of the day and maintain employment in the area. The plan is also supportive of commercial spaces above the first floor level in Denman Village. Amendments to the adjacent C-5 District were undertaken in 2014 to implement these land use objectives.

Figure 2: West End Community Plan - Denman Village Sub-Area (excerpt)



The proposed amendments to land use in CD-1 (537) are consistent with these policy directives of the West End Community Plan. The change of Levels 2 and 3 in the building from the initially proposed office use to hotel use will maintain employment in the West End and help preserve accommodation options in the Denman Village, a key tourism destination within the Downtown peninsula. The proposed by-law provision for hotel use restricts that use to Levels 1, 2 and 3 of the building. This restriction is included to ensure that the floors located above Level 3 of the building are maintained as market rental housing, as secured through the 2012 CD-1 approval.

Floor area exclusions – As part of the CD-1 amendments, changes to the floor area exclusion provisions are recommended to ensure that the CD-1 By-law is up-to-date to current City regulations and standards. The proposed changes to the exclusion provisions are as follows:

- To increase the total exclusion for open residential balconies or sundecks from a maximum of 8% to a maximum of 12% of the residential floor area, and to maintain open residential balconies for the life of the building.
- To limit the amenity area exclusion to the lesser of a maximum of 929 m² (10,000 sq. ft) or 10% of the total permitted floor area of the building.
- To update references to floor “area” rather than floor “space”.
- To remove the wall thickness exclusion provisions, allowing the more up-to-date section 10.33 of the Zoning and Development By-law to apply to the CD-1.

The General Manager of Planning, Urban Design and Sustainability recommends referral of the application to public hearing together with by-law amendments as contained in Appendix A.

Approval of this text amendment does not have any implications for the approved building height, floor area or form of development for the subject site.

Public Input

A total of 6,782 notifications were distributed within the notification area on or about June 27, 2016. Two rezoning information signs were installed at the subject property on July 6, 2016. Information about the application, including an online comment form, was provided on the City of Vancouver Rezoning Applications webpage.

A community Open House was hosted by the City from 5 to 8 pm on July 26, 2016 at the West End Community Centre. The event was attended by City staff, the applicant team and 99 members of the public, including local residents, community organization representatives and business and property owners. A total of 21 comment sheets and one online feedback form were received regarding the project.

Public comments about the proposal included:

- *General Support:* There was general support for the zoning amendment, with respondents indicating that they liked the project and felt the proposal was positive.
- *Hotel Use:* Respondents expressed support for the boutique hotel, suggesting that this location was appropriate for a hotel and that the hotel use would benefit the area.
- *Loss of Local Services:* The loss of amenities and businesses on the floors to be converted into a boutique hotel was a concern for some respondents. In particular, respondents enjoyed using the fitness centre, the Comox Bar and the conference spaces.
- *Parking:* Some respondents were concerned about the provision of an adequate number of parking spaces for the hotel and residential units in the tower, suggesting the area needs more parking.
- *Built Form:* Some respondents liked that no significant changes are proposed to the exterior and overall form of the building.
- *Green Space:* Some respondents expressed support for the creation of a new green space on the third floor of the building.
- *Mall Upgrades:* The condition of the ground-floor mall was raised by some respondents as needing upgrades. They suggested that the mall be refurbished as part of the current application.

The Open House Public Consultation Summary is available in Appendix C.

PUBLIC BENEFITS

Development Cost Levies (DCLs) – Development Cost Levies (DCLs) are a growth-related charge on development of new floor area which help pay for facilities made necessary by growth, including parks, childcare facilities, replacement housing (social/non-profit housing) and various engineering infrastructure.

DCLs are paid at the building permit issuance. As this application proposes a change to the permitted uses for an existing building, with no addition of floor area, there is no additional DCL payable.

Public Art Program – The *Public Art Policy for Rezoning Development* requires that rezonings involving newly constructed floor area of 9,290.0 m² (100,000 sq. ft.) or greater allocate a portion of their construction budgets to public art as a condition of rezoning. As the development proposal for this site entails changes to land use for an existing building, both with the initial CD-1 application and with this current text amendment application, no public art contribution is required.

Community Amenity Contribution (CAC) – Within the context of the City's *Financing Growth Policy*, an offer of a Community Amenity Contribution to address the impacts of rezoning can be anticipated from the owner of a rezoning site. CACs typically include either the provision of on-site amenities or a cash contribution toward other public benefits and they take into consideration community needs, area deficiencies and the impact of the proposed development on City services. For the 1030 Denman Street site, a CAC of \$1,622,000 was achieved as part of the original rezoning from C-5 to CD-1. With no changes proposed to the approved height or density, and no new residential uses proposed for the site at 1030 Denman Street, no Community Amenity Contribution is offered.

Implications/Related Issues/Risk (if applicable)

Financial

As noted in the Public Benefits section above, this application proposes a change to the conditions of use for the 1030 Denman Street site, with no change in height and density. As such, there are no additional Community Amenity Contributions, Development Cost Levies or public art contributions associated with this CD-1 text amendment.

CONCLUSION

Staff have reviewed the application to amend the permitted uses in CD-1 (537) for 1030 Denman Street (Coast Hotel and Suites site) and support a change to the limitation on hotel use. By-law updates to the floor area provisions for balconies and amenity areas are also included. The General Manager of Planning, Urban Design and Sustainability recommends that the application be referred to a public hearing, together with the draft by-law provisions generally as set out in Appendix A and, subject to the public hearing, that it be approved.

* * * * *

1030 Denman Street
DRAFT AMENDMENTS TO CD-1 (537) BY-LAW NO.10566

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

1. In section 2.2 (f), after "Hotel", strike out "existing as of October 16, 2012".
2. Strike out section 2.3 and substitute:

"2.3 Hotel uses must not be located above Level 3."
3. In Section 3 Floor Area and Density:
 - (a) in section 3.3, strike out "floor space ratio" and substitute "floor area";
 - (b) in section 3.4:
 - (i) strike out "floor space ratio" and substitute "floor area";
 - (ii) strike out subsection (a) and substitute:

"(a) open residential balconies or sun decks and any other appurtenances which, in the opinion of the Director of Planning, are similar to the foregoing, except that:
 - (i) the total area of all such exclusions must not exceed 12% of the residential floor area; and
 - (ii) the balconies must not be enclosed for the life of the building;"
 - (iii) strike out subsection (c) and substitute:

"(c) amenity areas, including child day care facilities, recreation facilities and meeting rooms accessory to a residential use, to a maximum floor area of the lesser of 10% of the total permitted floor area or 929 m², except that, in the case of a child day care facility, the Director of Planning must be satisfied, on the advice of the Managing Director of Social Development, that there is a need for a child day care facility in the immediate neighbourhood;"
 - (iv) at the end of subsection (d), add "and";
 - (v) in subsection (e), strike out "space" wherever it appears and substitute "area" and, at the end of subsection (e), strike out ";" and substitute "."; and
 - (vi) strike out subsections (f) and (g).

4. Strike out section 3.5 and substitute:

“3.5 The use of floor area excluded under section 3.4 must not include any use other than that which justified the exclusion.”

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1030 Denman Street
DRAFT CONDITIONS OF APPROVAL

Note: Recommended approval conditions will be prepared generally in accordance with the draft conditions listed below, subject to change and refinement prior to finalization of the agenda for the Public Hearing.

CONDITIONS OF APPROVAL OF FORM OF DEVELOPMENT

- (a) That the proposed form of development, with amendments described in this report and presented in the drawings submitted for development permit no. DP-2016-00193, be approved by Council in principle, generally as prepared by DA Architects and Planners, on behalf of 0792203 B.C. Ltd. (Siddoo Properties Ltd.), and stamped "Received Community Services Development Services, June 21, 2016", provided that the Director of Planning may allow minor alterations to this form of development when approving the detailed scheme of development as outlined in (b) below.
- (b) That, prior to approval by Council of the form of development, the applicant shall obtain approval of a development application by the Director of Planning, who shall have particular regard to the following:

Engineering

1. Approval of the detailed design drawings for the "hub works" on Comox Street is required.
2. Provision of a letter of credit to secure the obligations set out in the services agreement for the 2012 rezoning.
3. Provision of automatic door openers providing access to the bicycle room(s) and note on plans.
4. Clarification of all existing canopies and confirmation that they meet the Vancouver Building By-law (VBBL) for demountability and drainage. If they are not compliant, improvements to the canopies are required to meet the VBBL or alternatively the provision of a standard form encroachment agreement for those canopies that do not meet the VBBL is required.
5. Provision of a canopy application for all proposed canopies that extend over the property lines.
6. Provision of an updated landscape plan that reflects the extent of work on public property intended by the current rezoning and the 2012 rezoning.
7. The ETS room for the Neighbourhood Energy Utility system is to be provided below grade.
8. Compliance with the Parking and Loading Design Supplement to the satisfaction of the General Manager of Engineering Services.

Note to Applicant: The following items are required to meet provisions of the parking by-law and the parking and loading design supplement:

- (i) Confirmation that 2.3 m of vertical clearance is being provided for access and maneuvering to all disability spaces. This information should be clearly noted on the plans.
- (ii) Provision of the minimum vertical clearance for the Class B loading spaces in the porte-cochere on Comox Street. This information should be clearly noted on the plans.

Note to applicant: A section drawing is required to show elevations and vertical clearances. A 3.8 m vertical clearance is required to allow for Class B loading spaces and maneuvering.

- (iii) Provision of consistent parking plans and layout.

Note to Applicant: Drawing A2.46 and the Level 2 Landscape plan show different parking layouts for the same level.

- (iv) Provision of an improved Landscape L1 plan to show the PBS station on Nelson Street.

Note to Applicant: This drawing is not included in the application package.

- (v) Provision of an improved plan showing the access route from the Class A bicycle spaces to reach the outside.

Note to Applicant: The route must be 'stairs free' and the confirmation of the use of the parking ramp, if applicable, is required.

CONDITIONS OF BY-LAW ENACTMENT

- (c) That, prior to enactment of the CD-1 By-law, the registered owner shall on terms and conditions satisfactory to the Director of Legal Services and the General Manager of Engineering Services and the Approving Officer, as necessary, and at the sole cost and expense of the owner/developer, make arrangements for the following:

Engineering

1. Provision of a Right of Way to accommodate a Public Bike Share (PBS) Station with the following specifications:

Size: A station of a minimum size of 16m x 4m must be accommodated. The physical station with docked bicycles is 2 m wide and has a required bicycle maneuvering zone of 2m for a total width of 4m. The 2 m maneuvering space may be shared with pedestrian space.

Location: The station must be located on private property, be clearly visible and accessible to the public 24/7 and allow easy access to the street.

Surface treatment: A hard surface is required with no utility access points within 150mm. Acceptable surfaces include CIP concrete (saw cut or broom finished), asphalt and pavers. Other firm, paved materials are subject to approval.

Grades: The surface must be leveled with a maximum cross slope of 3% and have a consistent grade (i.e. no grade transitions) along the length with a maximum slope of 5%. At minimum, spot elevations at the four corners of the station must be provided.

Sun exposure: There should be no vertical obstructions to maximize sun exposure as station operates on solar power. Ideally the station should receive 5 hours of direct sunlight daily.

Power: Provision of an electrical service and electrical power is to be available in close proximity to the PBS station.

2. Provision of an encroachment agreement for the existing portions of steps and the retaining wall encroaching onto Denman Street which are proposed to be retained (A2.3a).

Note to Applicant: An application to the City Surveyor is required. For general information, see the Encroachment Guide at:
http://vancouver.ca/files/cov/building_encroachment_guide.pdf

Environmental Contamination

3. If applicable:
 - (i) Submit a site profile to Environmental Services (Environmental Protection);
 - (ii) As required by the Manager of Environmental Services and the Director of Legal Services in their discretion, do all things and/or enter into such agreements deemed necessary to fulfill the requirements of Section 571(B) of the Vancouver Charter; and
 - (iii) If required by the Manager of Environmental Services and the Director of Legal Services in their discretion, enter into a remediation agreement for the remediation of the site and any contaminants which have migrated from the site on terms and conditions satisfactory to the Manager of Environmental Services, the General Manager of Engineering Services and Director of Legal Services, including a Section 219 Covenant that there will be no occupancy of any buildings or improvements on the site constructed pursuant to this rezoning until

separate Certificates of Compliance satisfactory to the City for the on-site and off-site contamination, issued by the Ministry of Environment, have been provided to the City.

Note: Where the Director of Legal Services deems appropriate, the preceding agreements are to be drawn, not only as personal covenants of the property owners, but also as Covenants pursuant to Section 219 of the Land Title Act.

The preceding agreements are to be registered in the appropriate Land Title Office, with priority over such other liens, charges and encumbrances affecting the subject sites as is considered advisable by the Director of Legal Services, and otherwise to the satisfaction of the Director of Legal Services prior to enactment of the by-laws.

The preceding agreements shall provide security to the City including indemnities, warranties, equitable charges, letters of credit and withholding of permits, as deemed necessary by and in a form satisfactory to the Director of Legal Services. The timing of all required payments, if any, shall be determined by the appropriate City official having responsibility for each particular agreement, who may consult other City officials and City Council.

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1030 Denman Street
OPEN HOUSE PUBLIC CONSULTATION SUMMARY

Public Notification

A rezoning information sign was installed on the site on July 6, 2016. Notification and application information, including an online comment form, was provided on the City of Vancouver Rezoning Centre webpage (vancouver.ca/rezapps). A community open house was held on July 26, 2016.

Community Open House

A community open house was held from 5:00-8:00 pm on July 26, 2016, at the West End Community Centre, 870 Denman Street. A total of 6,782 notifications were distributed within the neighboring area on or about June 27, 2016. Staff, the applicant team and a total of approximately 99 people attended the Open House.

Public Response

Public responses to this proposal have been submitted to the City as follows:

- In response to the July 26, 2016 open house, a total of 21 comment sheets were submitted from individuals.
- One piece of online feedback was received regarding the application.

Figure 3: Notifications and Public Comments

Total notifications	6782
Open House attendees	99
Comment Sheets	21
Electronic feedback	1

Below is a summary of all feedback (both online and from the open house) related to the proposal, ordered by level of support and by topic:

- *General Support:* There was general support for the rezoning, with respondents indicating that they liked the project and felt the proposal was positive.
- *Hotel Use:* Respondents expressed support for the boutique hotel, suggesting that this location was appropriate for a hotel and that the hotel use would benefit the area.

- *Loss of Amenities:* The loss of amenities on the floors to be converted into a boutique hotel was a concern for some respondents. In particular, respondents enjoyed using the fitness centre, the Comox Bar and the conference spaces
- *Parking:* Some respondents were concerned about the provision of an adequate number of parking spaces between the hotel and proposed rental use in the tower, suggesting the area needs more parking.
- *Built Form:* Some respondents liked that no significant changes are proposed to the exterior and overall development form of the building.
- *Green Space:* Some respondents expressed support for the creation of a new green space on the third floor of the building.
- *Mall Upgrades:* The condition of the ground floor mall was raised by some respondents as needing upgrades. They suggested that the mall be refurbished as part of the rezoning application.

Miscellaneous comments raised by individual respondents include:

- Support for the inclusion of bike parking;
- Support for the provision of parking spaces for retail staff;
- A suggestion that public benefits be directed to the West End Seniors Network;
- A suggestion that public benefits be directed to local schools, libraries and transit;
- A suggestion that a fountain be included in the garden space on the third floor;
- A suggestion to include more amenity space;
- A suggestion that the staff of the boutique hotel be unionized.

There is currently an ongoing development application for the site, which proposes that the tower of the building be converted from hotel to market rental residential use following a rezoning approved in 2012. Some of the feedback received from the public included the following items raised in regard to the development application:

- Respondents expressed support for the provision of additional rental housing in the West End, but emphasized the importance of affordable rental rates;
- Concern was raised over job losses for hotel staff currently working at the Coast Hotel;
- Concern was raised about the relocation of long-term tenants currently living in the building;
- A suggestion was made that additional amenity space be provided in the building for rental tenants;
- One respondent expressed opposition to additional density in the West End, and wanted a reduction in through-traffic and large events in the area.

Figure 5: Floor 2 - Proposed Configuration

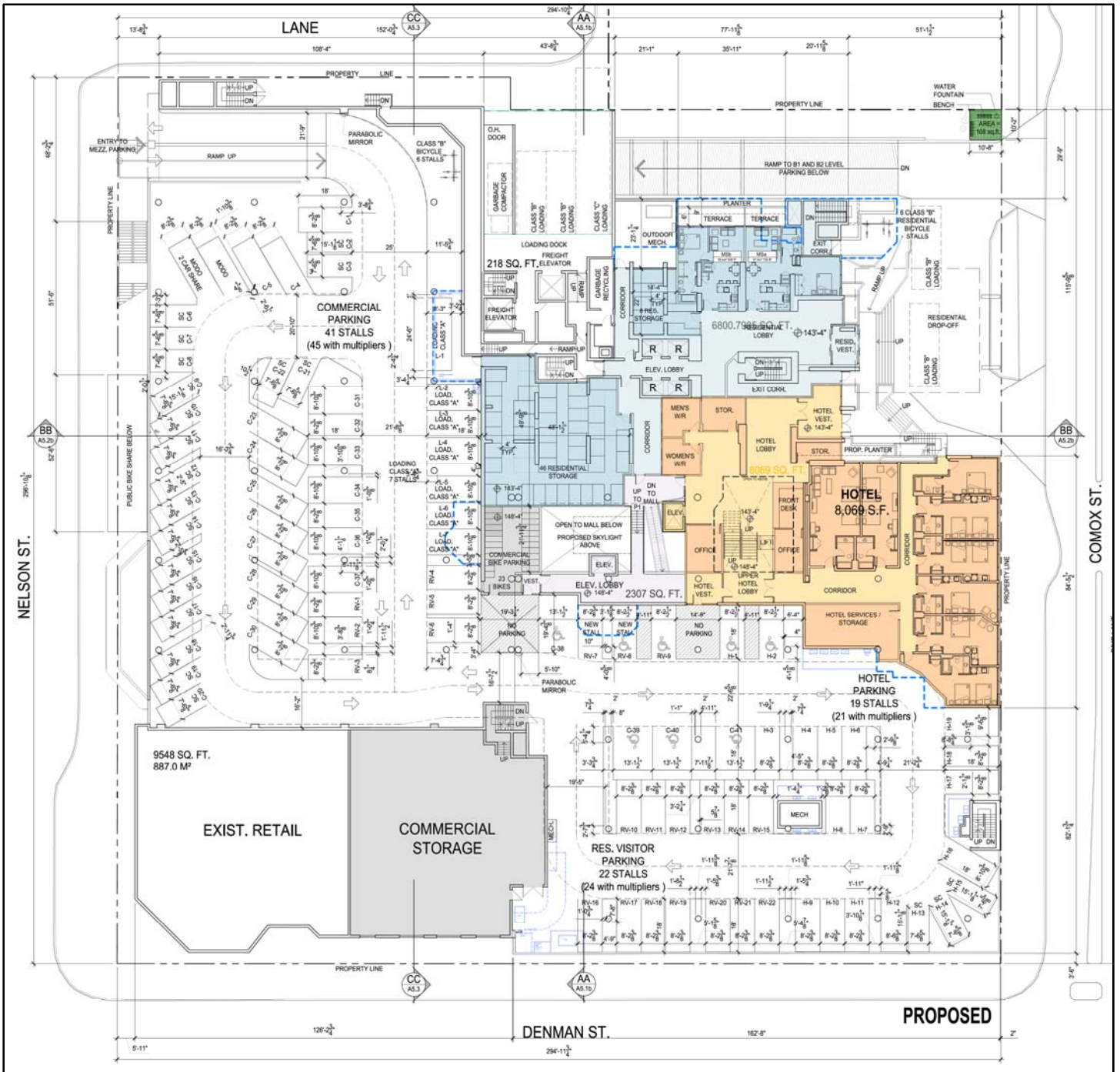
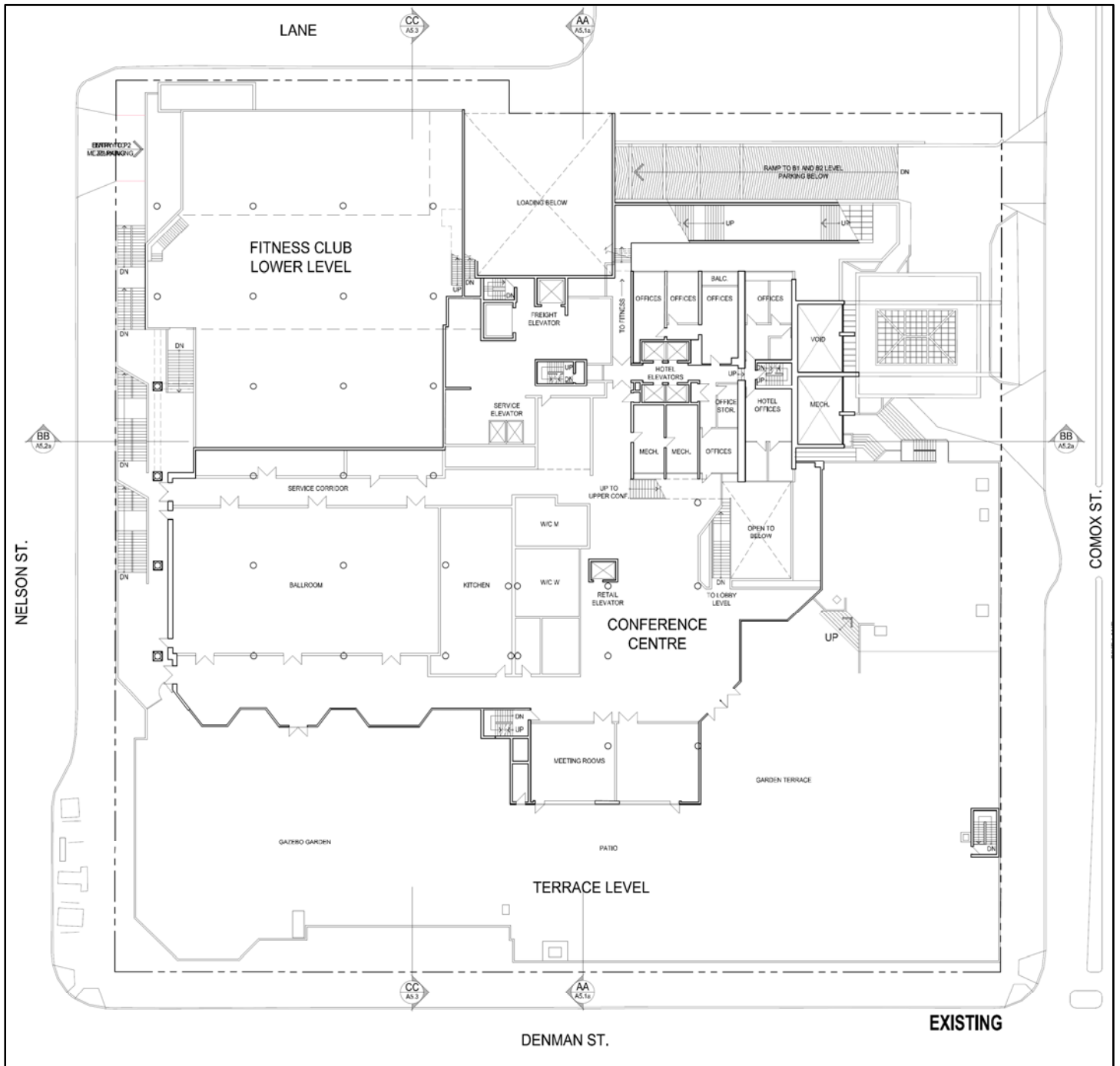


Figure 6: Level 3 - Existing Configuration



1030 Denman Street
APPLICANT, PROPERTY AND DEVELOPMENT PROPOSAL INFORMATION

APPLICANT AND PROPERTY INFORMATION

Street Address	1030 Denman Street
Legal Description	PID: 002-982-455; Lot D, Block 59, District Lot 185, Plan 17575
Applicant/Architect	DA Architects and Planners
Property Owner/Developer	0792203 B.C. Ltd. (Siddoo Properties Ltd)

DEVELOPMENT STATISTICS

	DEVELOPMENT PERMITTED UNDER EXISTING ZONING	PROPOSED DEVELOPMENT
ZONING	CD-1 (537)	CD-1 (537)
USES (see bylaw for full text provision)	(a) Cultural and Recreational Uses (b) Dwelling Uses (c) Institutional Uses or College, or Social Service Centre; (d) Office Uses; (e) Retail Uses (f) Service Uses, including hotel existing as of October 16, 2012 (g) Utility and Communication Uses (h) Accessory Uses customarily ancillary to any of the uses listed	No change, except for hotel use where no limitation would be stated in Section 2.2 (f). Replace Section 2.3 with "Hotel uses must not be located above Level 3."
FLOOR AREA	5.07 FSR	No change
MAXIMUM HEIGHT	91 metres from base surface	No change

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