



## ADMINISTRATIVE REPORT

Report Date: November 18, 2016  
Contact: Karen Levitt  
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RTS No.: 11594  
VanRIMS No.: 08-2000-20  
Meeting Date: January 25, 2017

TO: Standing Committee on Policy and Strategic Priorities

FROM: City Manager in consultation with the General Manager, Planning, Urban Design and Sustainability, General Manager, Real Estate and Facilities Management, General Manager, Finance, Risk and Supply Chain Management, General Manager, Community Services, Chief Housing Officer

SUBJECT: False Creek South, Report Back and Next Steps

### **RECOMMENDATIONS**

- A. THAT Council instruct the General Manager, Planning, Urban Design and Sustainability to prepare terms of reference for a False Creek South planning process and report back to Council with a detailed work plan and budget by Spring 2017.
- B. THAT Council instruct the General Manager, Community Services to report back to Council in conjunction with Recommendation A, with a process for developing affordable housing options for all False Creek South residents (including market rental, Co-op, non-market and strata leaseholders) to remain in the neighbourhood, informed by current and emerging housing policies and programs as further described in this report.
- C. THAT Council instruct the General Manager of Real Estate and Facilities Management to engage with False Creek South strata leaseholders to develop a framework process for negotiating a resolution to issues arising from the approaching end of the 60 year leasehold strata lot leases, as further described in this report, and report back to Council on the framework and the matters to be negotiated by Spring 2017.
- D. THAT Council instruct the General Manager of Real Estate and Facilities Management to undertake work on evaluating land governance options for False Creek South. The land governance option evaluation and report will be funded from the 2017 Property Endowment Fund (PEF) Capital Budget.

- E. THAT Council instruct the General Manager of Real Estate and Facilities Management to initiate building condition assessments on all buildings on City-owned land in False Creek South, and report back to Council by Fall 2017. The building condition assessments will be funded from the 2017 Property Endowment Fund (PEF) Capital Budget.
- F. THAT Council approve and adopt the False Creek South Engagement Principles contained in Appendix G of this report.
- G. THAT Council instruct the Director of Finance to work with the General Managers of Planning, Urban Design and Sustainability, Community Services, and Real Estate and Facilities Management, to incorporate financial considerations in formulating strategy options for Recommendations A to E, and report back on a viable financial and implementation strategy for Council consideration.

### ***REPORT SUMMARY***

This report provides an update on work that City staff have been undertaking since last reported to Council in July 2016 concerning a large number of leasehold properties on City-owned land in False Creek South. The report recommends specific actions to address issues that are arising from the approaching end of the 60 year leases for City-owned land in False Creek South. As a way forward, staff are recommending work be undertaken to develop a framework for negotiating the end of lease issues and to scope a Terms of Reference for concurrent planning process to guide a future vision and plan for the False Creek South neighbourhood to guide positive change in the period leading up to the expiry of land leases and for the period beyond that.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

There is a substantial body of Council policy and decisions made concerning the False Creek South neighbourhood, since its inception in the early 1970s. Relevant to this current report are the July 13, 2016 Council resolutions instructing staff to advance various discrete work components that are collectively required in order to move forward with addressing issues that are arising from the approaching end of the leases for City-owned land in False Creek South. These resolutions are summarised in Table 1 below, with the full text shown in Appendix B.

TABLE 1. JULY 2016 INSTRUCTION TO STAFF VIA COUNCIL RESOLUTIONS

- A. ***False Creek South Engagement Principles.*** Consult stakeholders and report back with recommended final version of False Creek South Engagement Principles
- B. ***Affordable options to remain.*** Work with \*RePlan to explore affordable options for all False Creek South residents to remain in the neighbourhood
- C. ***Leasehold strata end-of-lease payments.*** Work with provincial government and False Creek South strata leaseholders to clarify methodology for determining fair market value of each strata leaseholder's interest in the strata lot upon expiry of the strata lot lease, and report back on next steps on resolving the strata leasehold end-of-lease payment issue
- D. ***Co-ops.*** General Manager, Community Services report back with a workplan and timeline for negotiating False Creek South Co-op lease renewals in the context of a broader non-market housing end-of-lease strategy framework
- E. ***Building condition assessments.*** General Manager, Real Estate and Facilities Management report back with a plan for undertaking facilities condition assessments for False Creek South buildings on City-owned land

### ***CITY MANAGER'S COMMENTS***

The City Manager recommends approval of the foregoing.

### ***BACKGROUND/CONTEXT***

The False Creek South (FCS) neighbourhood is approximately 55 hectares of land (136 acres) and currently has a resident population of approximately 5,800 people. The False Creek South neighbourhood represents a history of urban transformation and renewal. It was the pioneer neighbourhood in False Creek that spurred the transformation of waterfront industrial lands into the residential and recreational uses of today. The area development plan that was adopted by Council in 1974 was the culmination of six years of planning. These policy objectives were captured in the False Creek South Official Development Plan, a zoning district called the "False Creek South Comprehensive Development District (FCCDD)" By-Law. What followed was a decade of construction that redeveloped disused industrial land into a new residential neighbourhood and a city-serving recreational area in close proximity to the downtown. Intentional neighbourhood design and planning policies guided the evolution of what was, at the time, an innovative community form featuring mixed-income housing to accommodate a broad spectrum of income levels and age groups, with an emphasis on

providing family housing. False Creek South also incorporated a three kilometre long public seawall walkway/bikeway and a large park, both of which were important not only for the community but for all citizens of Vancouver.

### Long-term leases on City-owned land

Eighty percent of the land in False Creek South is owned by the City of Vancouver. Approximately 60% of the residential units in False Creek South are on land owned by the City of Vancouver and leased either to non-profit or for-profit housing operators, or directly to the tenants occupying the property in the form of long-term ground leases. The majority of the 1,172 non-market housing units in this neighbourhood are on City land. To ensure that the 109 acres remained in City control and would be available for redevelopment at a later date, the City required that all the land be leased; none of it be sold. The False Creek South land is a unique asset in an exceptional location and has the ability to continue delivering housing and amenities to the citizens of Vancouver.

The City, through its Property Endowment Fund (PEF), owns a substantial amount of the land that comprises the False Creek South neighbourhood (Appendix A, Figure 2). It is important to note that the City of Vancouver's PEF is a real estate portfolio that belongs to all the taxpayers and is managed for the benefit of future generations in such a way as to preserve the Endowment's real value and generate a reasonable economic return and, where possible, support the City's public objectives. Between 1976 and 1986, much of that land was leased to tenants via long-term (typically 60 year) ground leases. The majority of these leases are due to expire between 2036 and 2046, with two Co-op leases due to expire sooner. The Marina Co-operative lease is set to expire in 2022 and the Creekside Co-operative lease is set to expire in 2023, with the tenant holding a right to renew their lease for a further 20 years at market lease rates (Appendix A, Figure 3). As of 2016, most Co-op, non-market rental and residential strata leaseholders have fully prepaid their rent for the remainder of their lease terms.

TABLE 2. FALSE CREEK SOUTH NEIGHBOURHOOD, MARKET AND NON-MARKET HOUSING

	CITY-OWNED LAND	THIRD PARTY-OWNED LAND	TOTAL
MARKET HOUSING	873 units	1,158 units	2,031 units
NON-MARKET HOUSING	976 units	196 units	1,172 units
TOTAL	1,849 units	1,354 units	3,203 units

#### NOTES TO TABLE

1. Figures are best estimates.

Appendix A contains a full description of the neighbourhood and its residential and commercial tenancy types.

### False Creek South community and the neighbourhood association

One of the underlying principles when the False Creek South was established was to ensure ongoing involvement of the local community in its governance. The False Creek South Neighbourhood Association (FCSNA) was formally established concurrently with the development of the community, to represent the interests of the neighbourhood. It is a body with representatives from all of the area's Co-operative housing buildings and most of the leasehold strata and freehold strata buildings, including those that lease land or water from the City, as well as those on freehold properties, and buildings operated by non-profit housing societies.

More recently, the FCSNA has created a sub-committee called \*RePlan whose mission is " ... to create a dialogue with the City of Vancouver to establish a process to preserve and enhance the False Creek South community beyond lease end, enabling the community to evolve and diversify in a way that is sustainable for existing residents and the City of Vancouver." ([www.falsecreeksouth.org/replan](http://www.falsecreeksouth.org/replan)).

\*RePlan representatives have been engaging with City staff to discuss their desire for lease renewals and to work with the City to assist in setting out a vision for the community to be reached through an inclusive and holistic process. City staff have been meeting regularly with \*RePlan for the purposes of consultation and work plan alignment.

### July 2016 Council Recommendations

At the July 2016 Council meeting staff were directed to take action on a number of key elements (Table 1. "July 2016 instruction to staff via council resolutions"). The advancement of these actions and specifically the consultation on the False Creek South engagement principles have refined staff's thinking about how the resolution of the end of lease issues might be assisted by a concurrent and mutually supportive community planning process.

Staff have developed a recommended way forward tying together the various elements of work. The progress on the July Council directions and the next steps for each recommendation in this Council Report are discussed below.

### **RECOMMENDED WAY FORWARD**

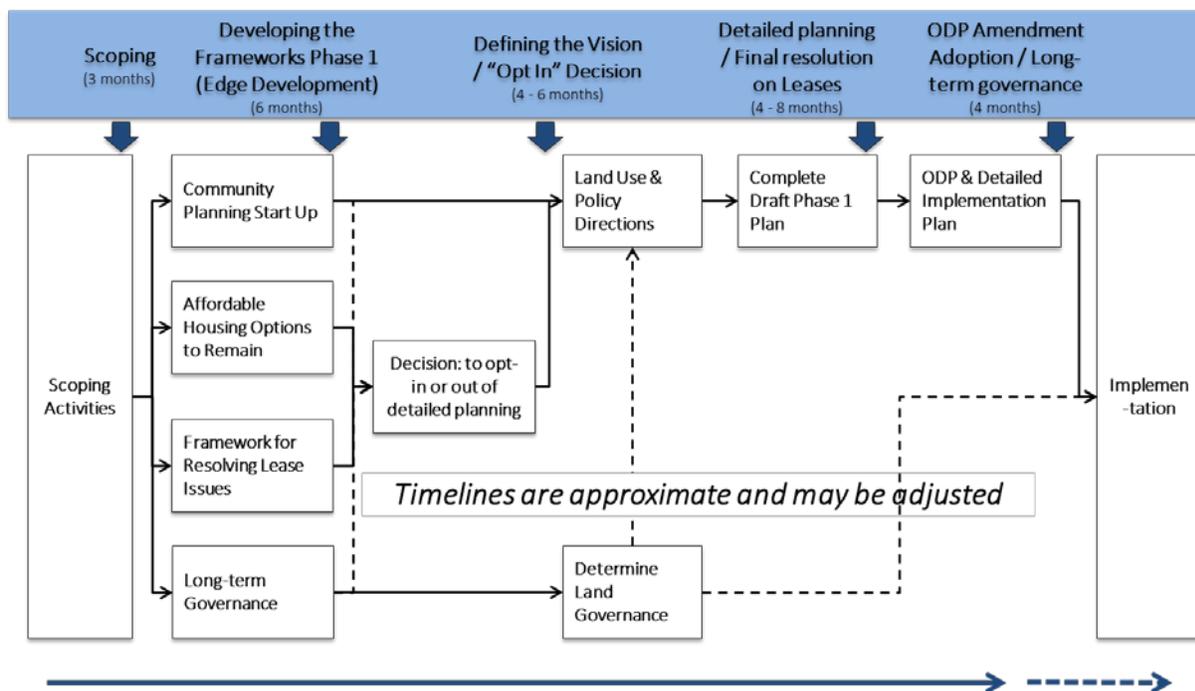
Although there is no legal or policy requirement that the City consider the future of leases beyond their current expiration date, staff recognize that the end of lease terms are creating questions, concerns and challenges for many current residents and businesses. At the same time, decisions on leasehold properties (e.g. extending leases, ending and either changing land uses or creating new leases) should be informed by a vision or a plan for the future of the area and for the City-owned assets. Housing affordability challenges are increasing for

local residents and there are potential opportunities to create new housing. Staff therefore recommend that this is the appropriate time to work with the False Creek South community, within a City-wide context, to address these issues which are significant for local residents as well as all citizens of Vancouver.

### Recommendation A. Develop a Terms of Reference for a planning process

As the next step toward creating certainty about the future of the area, it is recommended that a Terms of Reference for a planning process be prepared, at the direction of the General Manager of Planning, Urban Design and Sustainability, and that this initiative be reported back to Council in Spring 2017. One key aspect of the planning program will be the exploration of affordable housing options for existing residents to remain in the community. At the same time, other City staff will develop a work program for a framework for end of lease resolutions. Issues surrounding the long-term governance of the lands will also be explored. Developing a lease resolution framework concurrently with proposals for affordable options to remain up front is important for existing area residents who are experiencing uncertainty around long-term tenure and what happens at the end of the existing leases.

The timeline and conceptual work plan below represents the recommended approach to advance a planning process in parallel with the resolution of the lease issues. The overall intention is for the two streams to be iterative and to inform one another so lease resolution and the development of updated planning policies and programs will end up supporting existing residents who wish to remain in the community. The work streams are inter-related and the precise timing of the various components may change as the detailed work is scoped out and undertaken.



Aside from the future of leases and the future vision for the area, there are a number of other reasons why it is timely to undertake planning work. These will be elaborated in the report back to Council for planning work, but they are briefly noted below:

1. **Regional and city-wide challenges and opportunities.** The FCCDD was adopted in 1974 and the city and region have changed dramatically since that time. Current challenges include but are not limited to addressing population growth, climate change, sea level rise, affordable housing, and urban health issues. False Creek South is in a central location close to the downtown and transit lines (Canada Line and future Broadway subway), a streetcar is envisioned for the former rail line on the neighbourhood edge, yet there are a number of undeveloped or underdeveloped sites in the False Creek South area (e.g. edge lots such as the Olympic Village transit site on 6<sup>th</sup> Avenue, near Cambie Bridge). A planning process is expected to identify opportunities for future development in the area to contribute to progressive city-building.
2. **Neighbourhood-level challenges and opportunities.** Overall False Creek South has demonstrated success as a mixed community located in the inner city, with quality parks and open spaces, and is valued by those who live and work there as well as by the broader citizenry of Vancouver. Although successful by many measures, the False Creek South neighbourhood has also changed over time. The community was initially envisioned with targets for the population to reflect Metro Vancouver's demographic mix with respect to income, age, and household type. The lack of new housing opportunities in the community combined with the demographic change and aging in place occurring across Vancouver has resulted in a change to the neighbourhood's original mix (see: Appendix C False Creek South Draft Community Profile). The neighbourhood population has not grown in recent years, and now has more seniors and fewer families with children than was originally intended. There is an opportunity to create options to allow residents to remain in their communities in more suitable forms of housing, as well as to bring more families with children into the neighbourhood. There is a fundamental need to assess whether the City's significant land asset is being effective in addressing our current and future, challenges and aspirations.

Other issues that have presented challenges include the community's physical connectivity to adjacent areas, poor public transit within the area and the viability of commercial uses within False Creek South.

A community plan process is an opportunity to address these challenges and opportunities by bringing together a broad range of interested parties and perspectives to help shape proposals to guide positive change within the neighbourhood.

Two phases of planning are anticipated:

- **Phase 1** planning will establish high-level overall planning principles for False Creek South and result in detailed planning (e.g. specific land uses/forms/and densities) to guide development of underdeveloped edge sites (e.g. Olympic Village Transit site). The City may also consider permitting currently tenanted sites to “opt-in” to detailed planning in Phase 1. Which sites may “opt-in” for inclusion in detailed planning will be at the City’s discretion based on criteria to be formulated as part of the development of the terms of reference for the planning process. The City will consider community feedback after initial discussions of planning, the lease resolution framework, and preliminary work on the City’s ability to provide affordable housing options to remain.
- **Phase 2** planning will cover the area of False Creek South that does not undergo detailed planning in the Phase 1. Planning for Phase 2 will be informed by conclusions of lease negotiations and completed at a later date.

The scope of Phase 1 planning will be dependent on the number of sites that opt into detailed planning. Presently, it is envisioned to cover a broad range of issues including land use, urban design, transportation (particularly the road network and street environment on the community edge), housing policy, open space, community services, the environment, and public benefits, although the amount of work will depend upon the area included and issues to be covered. Phase 1 will result in an amendment to the FCCDD and new zoning for included sites.

The existing False Creek South community will be involved throughout the planning process, as will city-wide interests and adjacent neighbourhoods. The Property Endowment Fund (represented by Real Estate and Facilities Management staff) will act as the landowner and develop proposals that will be considered in the policy planning process.

#### Recommendation B. Affordable housing options for existing residents to remain

In July 2016, Council directed staff to work with \*RePlan (a subcommittee of FCSNA) to begin exploring affordable housing options for all current False Creek South residents to remain in the neighbourhood, in line with the City’s affordable housing policies and programs. The City’s Housing Policy and Projects under the General Manager of Community Services advanced this work both internally and via discussions with \*RePlan. Staff have met with \*RePlan twice to explore existing City policies and residents’ initial concerns and questions about how affordable options to remain could be created. Discussions included reviewing how existing City policies, programs and practices:

- Protect existing rental and affordable housing stock;
- Support the creation of diverse housing tenures across all neighbourhoods;
- Enable aging in place (add to diverse housing stock to enable people to move);

- Enable growing in place (family housing requirements in new developments for a sustainable city);
- Balance growth with neighbourhood character, manage pace of change;
- Recognize housing is a shared challenge (partner with senior levels of government to create housing and affordability); and
- Deploy City-owned land assets strategically to maximize delivery of affordable housing and/or deepen affordability.

Current Council approved Housing and Community Planning policies, programs, and practices prioritize the retention of existing communities, protection of vulnerable residents, and creation of housing options across neighbourhoods and tenures (e.g. social housing residents and renters).

### *Next Steps*

This Council report recommends that staff, under the direction of the General Manager of Community Services, develop a process for creating affordable options to remain for all residents, coordinated with the overall False Creek South planning process. Staff currently envision that the process and any options will be developed via discussions with local residents (primarily through the FCSNA and \*RePlan), city wide stakeholders and the public. Staff will report back with a detailed work program as part of the Terms of Reference in Spring 2017. It is expected that any options developed will be informed by a review of community and city-wide housing needs, existing policies and programs (e.g. Tenant Relocation and Protection Policy), legal and financial review, national and international best practices, and emerging policies and programs (e.g. City of Vancouver's Housing ReSet, Non-market Housing End-of-Lease Strategy Framework). In light of limitations in some current policies, creation of affordable options to remain will require the creation of new policies and programs.

### Recommendation C. Develop a framework process for resolving lease issues

#### *Leasehold strata end-of-lease payment issue resolution*

##### *Background to Leasehold Stratas*

There are 717 leasehold strata units on City-owned land in False Creek South, comprised of 669 residential and 48 commercial strata lots (see Appendix A for a summary).

These leasehold strata units were created in the 1970s and 1980s pursuant to the provincial strata legislation in force at the time, now the *Strata Property Act*. For these developments, the City entered into ground leases with developers who subsequently constructed the buildings. When the buildings were completed, the developer filed a leasehold strata plan and

the ground lease was converted into individual strata lot leases for each leasehold strata unit in the building in the form of the model strata lot lease. The City, who remains the owner of the land, is the landlord for 717 strata lot leases with leasehold strata tenants in False Creek South and the leasehold tenants each have a leasehold interest their strata lot. These strata lot leases all reflect the requirements of the provincial strata legislation that was in force at the time they were entered into.

### *End-of lease Issues*

At present, there is uncertainty about two main issues with strata lot leases: 1) whether the City is going to renew any of the leases past the original 60 year term and 2) what the City will need to pay for the leasehold tenant's interest in the strata lot upon lease end.

Based on some Real Estate sales packages and inquiries from prospective purchasers in this area, staff are concerned that representations in the real estate market do not correctly reflect the terms of the lease agreements presently in place. For clarity, the City has not made any decision yet regarding the renewal of leases. At this time, City staff are not recommending in this report that Council authorize any modifications to leases or lease terms. Such matters will form part of the discussions with the strata leaseholders pursuant to the negotiations noted herein.

The lease terms regarding renewals are similar across all of the leases and reflect the requirements of the provincial legislation. A strata lot lease may be renewed at the option of the City and must be for a term of at least 5 years. There is no option for the leasehold tenant to unilaterally renew. At least one year before the lease expires, the City must give notice as to whether it wants to renew or not renew the lease. In the unlikely event that no notice is given at all, then the City must renew for a term of 5 years. If the City does renew, then the renewal must be on the same terms as the current lease except that the term of the lease and the rent may be changed. The rent must be the then-current market rental value of the lands, excluding all buildings and improvements, apportioned to the strata lot.

If the City doesn't renew, then pursuant to the requirements of the *Strata Property Act*, which are reflected in the terms of the leases, the City must purchase a leasehold tenant's interest in the strata lot on the termination of the strata lot lease. The issue facing the City and its tenants is the lack of clarity regarding the basis for calculating the purchase price for the leasehold tenant's interest in the strata lot given the language in the *Strata Property Act*. There is currently no regulation under the *Strata Property Act* to provide such clarity. As such, a common understanding should be negotiated between the City and the leasehold tenants. This may be difficult as the City would be negotiating with 717 distinct tenants.

Staff recommend that Council instruct the General Manager of Real Estate and Facilities Management to engage with the False Creek South strata leaseholders to develop a framework process for negotiating a resolution to issues arising from the approaching end of the 60 year leasehold strata lot leases and report back to Council on the framework and the matters to be negotiated in the Spring of 2017.

### Co-op and non-market housing leases

#### *Background to Co-op and Non-Market Housing Leases*

Co-op and Non-market housing providers have been a central part of the provision of affordable housing in this neighbourhood since the outset. As the City has an interest in protecting and improving affordable housing it will look to the housing providers in this area as important partners in the future vision of this community. There are seven Co-op and four non-market social housing ground-leases on City-owned land in False Creek South. When False Creek South was established, Co-op and non-profit housing operators were identified to enter into ground-leases with the City and constructed the buildings upon the land with financing raised from senior levels of government.

Most of the existing leases run for a 40 or 60 year period. During the term of the leases, the tenant owns and is fully responsible for the repair and maintenance of the building. The leases state that upon expiry or sooner termination of the leases, the buildings and the lands are to be surrendered to the City at which point the City will own the buildings.

#### *City wide Co-op lease framework*

Parallel to the work underway in False Creek South, the GM, Community Services is overseeing the development of a city-wide framework, for Co-op, social, and non-market housing on City Land. Staff have prepared a strategy for sustaining affordable Co-op housing on City Land, which is being provided to Council in an upcoming report (RTS 11294). The report outlines a recommended set of Options for Sustaining Affordable Co-op Housing and Key Terms and Conditions for any lease extensions or modifications for Co-op housing, including the Co-ops on city land in False Creek South. A future report to Council on Social and other non-market housing is anticipated in the Fall of 2017.

The Co-op housing report will identify options for extending leases, including redeveloping existing sites where there is an opportunity to increase the number of affordable units. Sites with redevelopment potential are likely to be those where density increases have been identified through an approved Community Plan or where density will be determined through a planning process which is anticipated to commence in the near future.

The city-wide framework identifies one site for immediate lease negotiation (Marina), due to its imminent expiry in just over five years. Staff will explore other opportunities as the planning process unfolds. If Council approves the recommendation in this report to develop a Terms of Reference for a planning process for False Creek South, staff expect that actions on lease extension or modifications for other Co-ops and non-market housing will occur in parallel to the planning process and the exploration of affordable options to remain.

#### Recommendation D. Undertake work on evaluating land governance options

Staff recommend Council to approve the initial work required to identify land governance options for the False Creek South neighbourhood and report back in the Spring of 2017 with

initial findings and recommended next steps. This initial work will be funded from the 2017 PEF Capital Budget.

#### Recommendation E. Initiate building condition assessments

A clear understanding of current building conditions is an important factor in evaluating the City's options for moving forward in False Creek South. Under the terms of the existing leases, all tenants have granted the City as the landlord the right to inspect buildings constructed on the leased land.

In order to determine the condition of the buildings in False Creek South the City will engage a qualified third party to conduct Facility Condition Assessments. The City has been working collaboratively with \*RePlan to ensure the assessments are undertaken with the support of the community. City staff have met with \*RePlan on three occasions during the development of the building assessment plan, including one meeting where the City invited its preferred vendor to discuss the inspection process with \*RePlan and their invited industry experts. \*RePlan and their invited industry experts were able to ask technical questions on the City's selected approach and on the qualifications of the preferred vendor.

Staff recommend that Council approve the initiation of Building Condition Assessments for all buildings located on City land in False Creek South. The building condition assessments will be funded from the 2017 PEF Capital Budget with all costs to be recovered from future ground rents. The building condition assessments are expected to begin in Q1 2017 and will require six months to complete.

#### Recommendation F. Approve the False Creek South Engagement Principles

In July 2016, staff presented to Council a set of *Draft False Creek South Engagement Principles*, intended to guide the City's approach to addressing the opportunities and the issues associated with the impending expiry of the leases on City-owned land in False Creek South. The draft principles are designed to respect community interests and to clarify that the City retains flexibility to explore and evaluate all opportunities for creating civic benefits. These engagement principles are not meant to fulfill the role of planning principles which will be subsequently developed as part of a wider planning process.

Between July and November 2016, City staff consulted with 22 stakeholders and stakeholder representatives concerning the *Draft False Creek South Engagement Principles* presented to Council in July 2016 (a full list of those consulted is shown in Appendix D).

The great majority of stakeholders consulted agreed with the principles as presented and supported the consultation process. Appendix E contains a summary of the themes heard via the consultation sessions.

City staff met with \*RePlan three times during the consultation process, including two meetings at the onset and a final meeting at the end of the consultation process where

stakeholder feedback was discussed. Some of the key concerns raised by stakeholders, especially by \*RePlan, were that the draft engagement principles did not include a vision of the community. This is a gap in the draft engagement principles; however, this type of vision for the community will be developed as part of a future phased planning process (discussed in the section below).

Staff is recommending that Council adopt the final version of the *False Creek South Engagement Principles* shown in Appendix G, which includes some modifications to the original set Council received in July 2016, to reflect feedback received through consultation.

#### Recommendation G. Incorporate financial considerations into recommendations A to E

Staff recommend the Director of Finance work with the General Managers of Planning, Urban Design and Sustainability, Community Services, and Real Estate and Facilities Management, to incorporate financial considerations in formulating strategy options, and report back on a viable financial and implementation strategy for Council consideration as staff progress on the following work streams:

- the Terms of Reference for a planning process for False Creek South;
- a process for developing affordable options for all False Creek South residents (including market rental, Co-op, non-market and strata leaseholders) to remain in the neighbourhood;
- a framework for negotiating a resolution to the end-of-lease for leasehold strata lots; and
- land governance options evaluation for future development of False Creek South.

#### **CONCLUSION AND NEXT STEPS**

In this report, staff are recommending a way forward that addresses the complex interplay between the lease-end payment issue for the 717 strata leasehold tenants in False Creek South, the need to undertake a formal planning process, and the City's interests as a land owner. Staff recommendations will begin to address the approaching end of the 60 year leases for City-owned land in False Creek South and allows for the commencement of a planning process.

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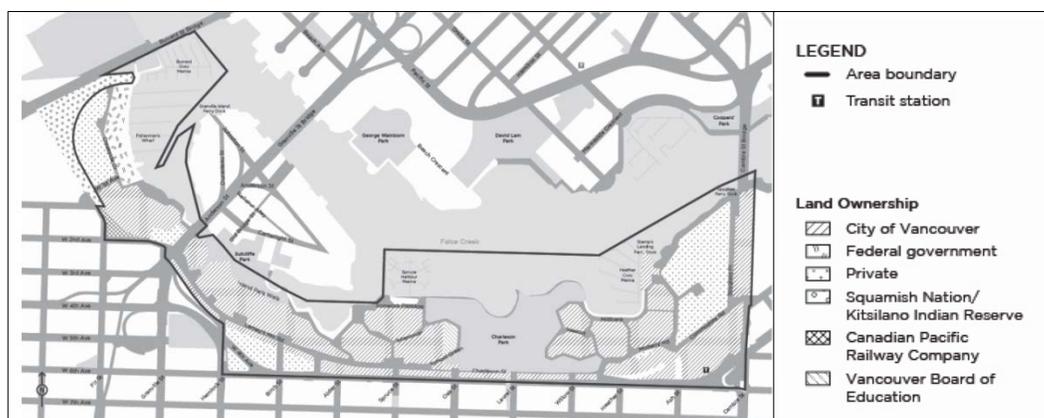
APPENDIX A  
FALSE CREEK SOUTH NEIGHBOURHOOD AND TENANCY TYPES

The False Creek South neighbourhood is approximately 55 hectares of land (136 acres), includes approximately 3 km of seawall, and currently has a resident population of approximately 5,800 people. Approximately 80% of the land owned in False Creek South is owned by the City of Vancouver's Property Endowment Fund.

FIGURE 1. FALSE CREEK SOUTH NEIGHBOURHOOD



FIGURE 2. FALSE CREEK SOUTH NEIGHBOURHOOD, LAND OWNERSHIP



Tenancy types on City-owned land

Approximately 60% of the residential units in False Creek South are on land owned by the City of Vancouver and leased either to non-profit or for-profit housing operators, or directly to the

tenants occupying the property in the form of long-term ground leases. The majority of the 1,172 non-market housing units in this neighbourhood are on City land.

TABLE 1. FALSE CREEK SOUTH NEIGHBOURHOOD, MARKET AND NON-MARKET HOUSING

	CITY-OWNED LAND	THIRD PARTY-OWNED LAND	TOTAL
MARKET HOUSING	873 units	1,158 units	2,031 units
NON-MARKET HOUSING	976 units	196 units	1,172 units
TOTAL	1,849 units	1,354 units	3,203 units

NOTES TO TABLE

1. Figures are best estimates.

Residential tenancy types

There are a number of different forms of residential tenancy types on City-owned land in False Creek South. Market residential units are comprised of leasehold strata, rental units, plus one live-aboard boat Co-op. Non-market residential units are comprised of Co-ops, rental units, and community care facilities. Details are shown in Tables 2A and 2B.

TABLE 2A. FALSE CREEK SOUTH NEIGHBOURHOOD, MARKET RESIDENTIAL TENANCY TYPES

TENANCY TYPE	FORM	LEASE ARRANGEMENT	NO. UNITS	NO. SITES	NO. LEASES
1. Market leasehold strata	Apartments and town-houses	City land leased to individual households	669	12	669
2. Market rental	Apartments	City land leased to for-profit operator, who manages property	149	2	2
3. Market live-aboard Co-op	Liveaboard boats	City property leased to Co-op, who manages marina	55	1 marina	1
<b>Total, market residential on City land</b>			<b>873</b>		

TABLE 2B. FALSE CREEK SOUTH NEIGHBOURHOOD, NON-MARKET RESIDENTIAL TENANCY TYPES

TENANCY TYPE	FORM	LEASE ARRANGEMENT	NO. UNITS	NO. SITES	NO. LEASES
4. Non-market Co-op	Apartments and town-houses	City land leased to non-profit Co-op, who manages property	517	7	7
5. Non-market rental	Apartments	City land leased to non-profit operator, who manages property	319	4	4
6. Community care facilities	Tower and low-rise	City land leased to healthcare operator, who manages facility	140	2	2
<b>Total, non-market residential on City land</b>			<b>976</b>		

**NOTES TO TABLE**

1. Figures are best estimates.
2. Non-market Co-ops are comprised of a mixture of market-value and below-market units.
3. There are an additional 1,354 residential units in False Creek South on third-party-owned land, mostly market strata plus some market rental and non-market Co-op/rental.

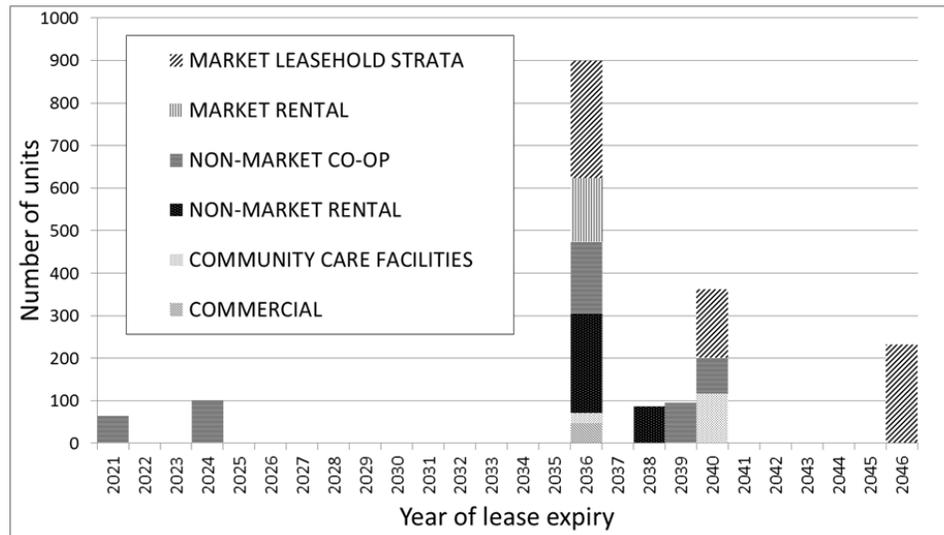
Commercial activity on City-owned land

In False Creek South, there are four commercial strata operators, comprised of 48 commercial units leased on City land, plus two commercial marinas.

Lease expiries

Leases on City land were established in the early 1970s, and the majority of these leases are due to expire between 2036 and 2046, with a small number of Co-op leases due to expire somewhat earlier (Figure 3).

FIGURE 3. FALSE CREEK SOUTH NEIGHBOURHOOD, LEASES EXPIRATIONS



APPENDIX B  
JULY 13, 2016 COUNCIL RESOLUTIONS RE: FALSE CREEK SOUTH

- A. *THAT Council direct staff to consult with key stakeholders on the Draft False Creek South Engagement Principles attached as Appendix A of the Administrative Report dated July 4, 2016, entitled "False Creek South Update", and report back to Council with a recommendation on the Principles that includes addressing community concerns by Fall 2016.*
  - B. *THAT staff work with \*RePlan, a subcommittee of the False Creek South Neighbourhood Association, to explore affordable housing options for all False Creek South residents to remain in the neighbourhood, in line with the City's affordable housing policies and programs.*
  - C. *THAT staff continue to work with the provincial government and to consult with False Creek South strata leaseholders to clarify the methodology for determining the fair market value of each strata leaseholder's interest in the strata lot upon expiry of the strata lot lease.*
  - D. *THAT the General Manager of Community Services report back to Council by Fall 2016 with a workplan and timeline for negotiating False Creek South Co-op lease renewals in context of a broader non-market housing end-of-lease strategy framework.*
  - E. *THAT the General Manager of Real Estate and Facilities Management report back to Council by Fall 2016 with a plan to undertake an assessment of building conditions in the neighbourhood, including identification of any resources required to do so;*
- FURTHER THAT staff report back with next steps on resolving the strata leasehold end-of-lease payment issue.*

APPENDIX C  
FALSE CREEK SOUTH SCOPING  
DRAFT COMMUNITY PROFILE - SUMMARY

*False Creek South - Community Profile Summary*

One of the key objectives in the redevelopment of False Creek South was to create a socially mixed community. To help achieve this, the False Creek Official Development Plan set out targets for **household mix**, and stated that the **age mix** and **income mix** should reflect that of the region. This summary will provide an overview of these three indicators in False Creek South, including change over time.

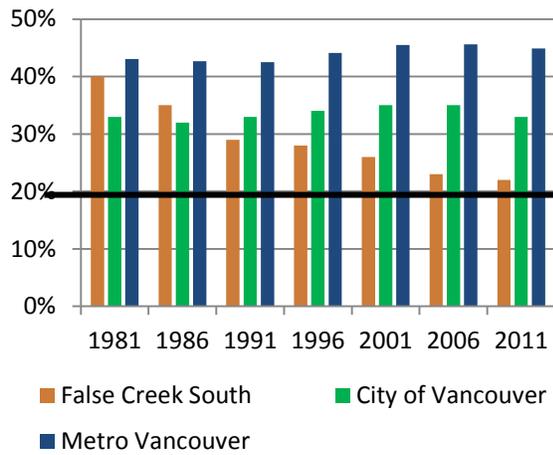
*Household Mix*

The following chart shows the household targets as set out in the False Creek Official Development Plan (ODP), and the actual proportion of population represented by each household metric as reported by census from 1981 to 2011.

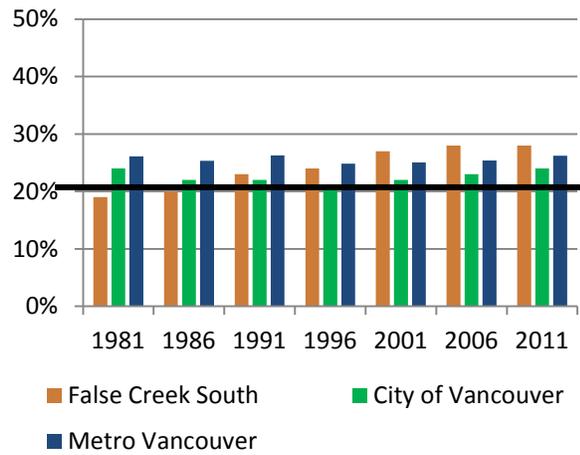
Household Mix		1981	1986	1991	1996	2001	2006	2011
Families with children Target: 25%*	False Creek South	40%	35%	29%	28%	26%	23%	22%
	City of Vancouver	33%	32%	33%	34%	35%	35%	33%
	Metro Vancouver	43%	43%	43%	44%	46%	46%	45%
Couples, no children Target 25%*	False Creek South	19%	20%	23%	24%	27%	28%	28%
	City of Vancouver	24%	22%	22%	21%	22%	23%	24%
	Metro Vancouver	26%	25%	26%	25%	25%	25%	26%
Singles Target 35%*	False Creek South	38%	38%	43%	41%	44%	46%	46%
	City of Vancouver	38%	39%	38%	38%	39%	39%	38%
	Metro Vancouver	27%	27%	27%	27%	28%	28%	28%

\*Note: The ODP also included a target for Senior Families at 15%. However, there is no data to assess *the* current or historical proportions, as 'senior families' is not a metric profiled in the census.

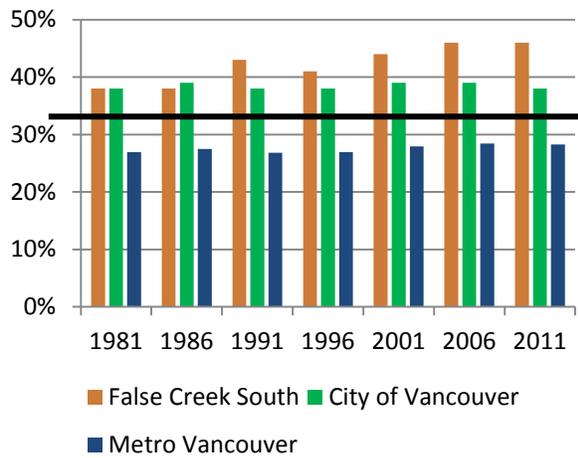
**Families with children**



**Couples with no children**



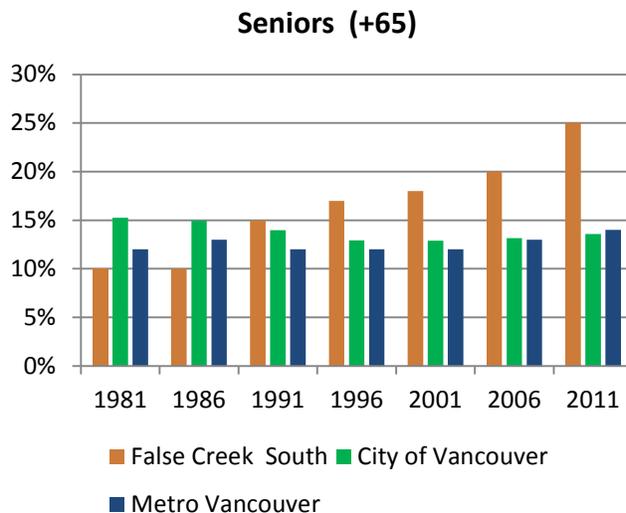
**Singles**



### Seniors

The bar chart below represents *individual* 65+ seniors living in False Creek South (FCS) compared with the Metro Vancouver region. It is not representative of the proportion of senior *families* in these areas.

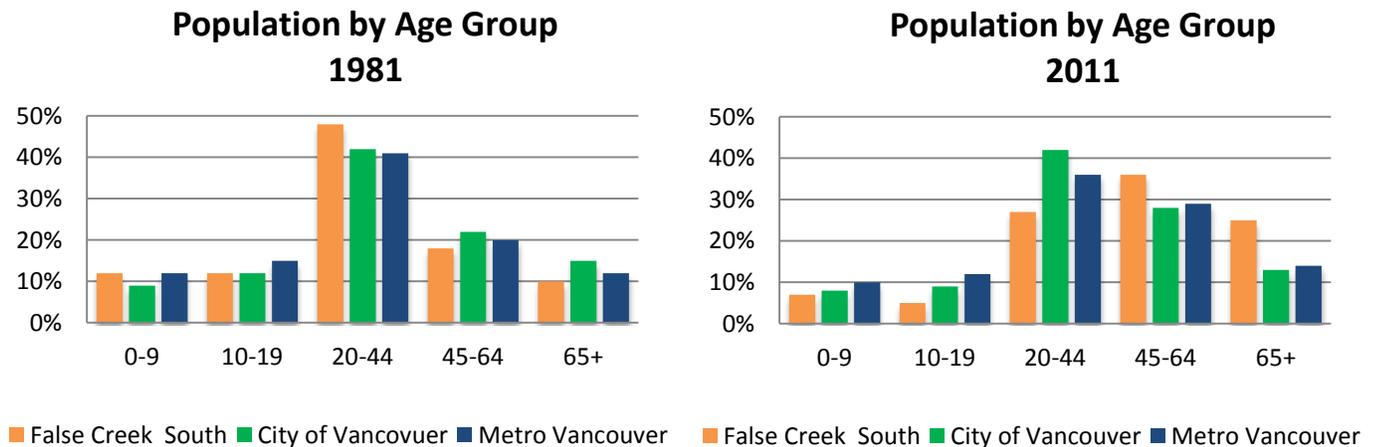
In 1981, the proportion of seniors in FCS was 10% and rose to 25% by 2011. Meanwhile the Metro proportion has been fairly stable, rising from 12% in 1981, to 14% in 2011 (census data).



### Age Mix

The age mix objective in the False Creek ODP was for the community to reflect the Metro Vancouver population profile.

In 1981, the False Creek South (FCS) population breakdown in the five age groups on the graph at below left generally reflected that of Metro Vancouver. The population distribution in FCS in each of the five age groups was within 3% of Metro Vancouver's, with the exception of the 20-44 age group which was 7% higher in FCS.



The population distribution change among age groups between 1981 and 2011 shows signs of an aging population for both FCS and Metro Vancouver. The distribution of population 45 years of age and older is higher in FCS at 61%, compared to Metro Vancouver, at 37%. Conversely, the population distribution for younger age groups is lower in FCS compared to Metro Vancouver.

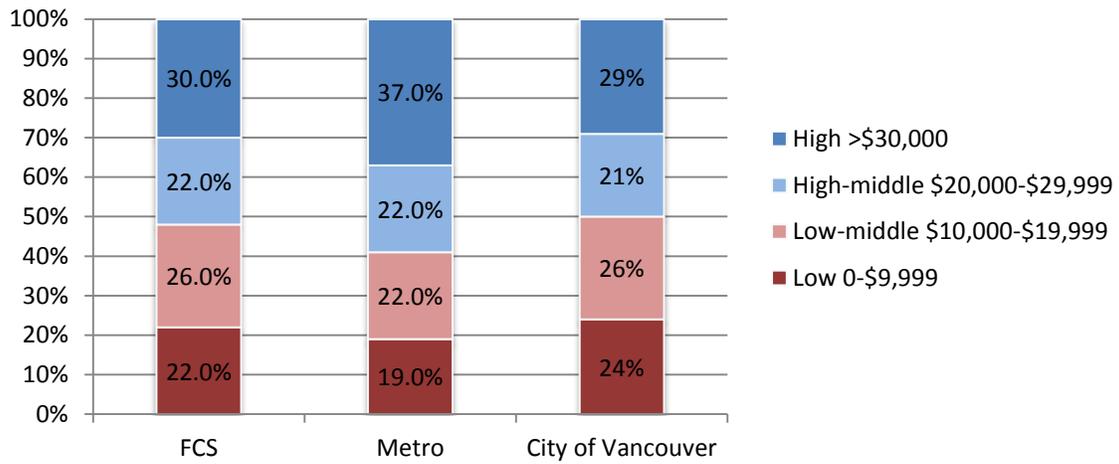
**Income Mix**

The income mix objective in the False Creek ODP was for the community to reflect the Metro Vancouver population profile.

In 1981, FCS had 52% of the population ranked in the *High* and *High-middle* household income groups compared to 59% in Metro Vancouver, a difference of 7%. By 1991, this gap narrowed and only the *High* and *Low-middle* household income groups differentiated by 1%. In 2011, FCS maintained similar household income group proportions with Metro Vancouver. The following charts show the household income distribution for FCS, Metro Vancouver and the City of Vancouver for 1981, 1991 and 2011 (census data).

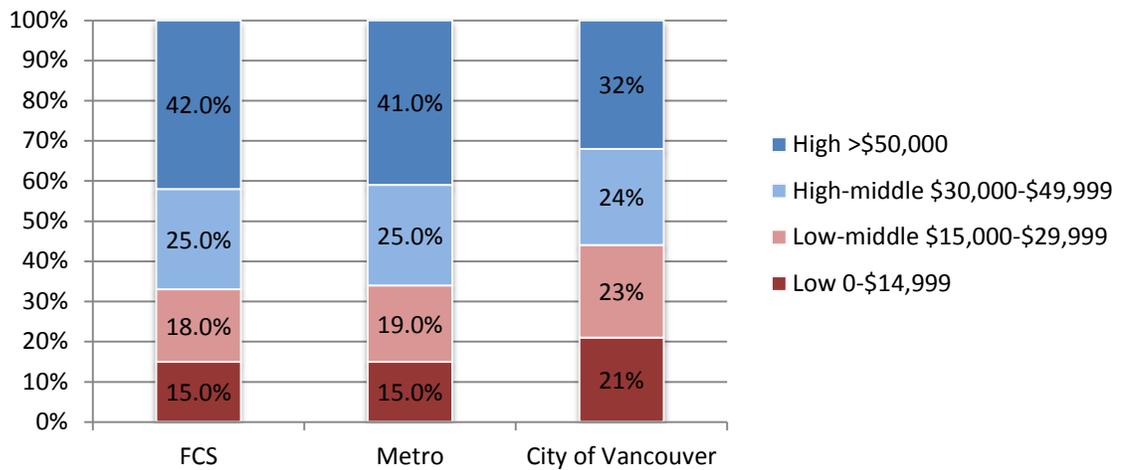
*Note: Data has been grouped into income quartiles and has been adjusted for inflation. This data is used to compare the False Creek South study area, Metro Vancouver and the City of Vancouver in a single given year; comparing different years should be avoided.*

### 1981 Income Groups



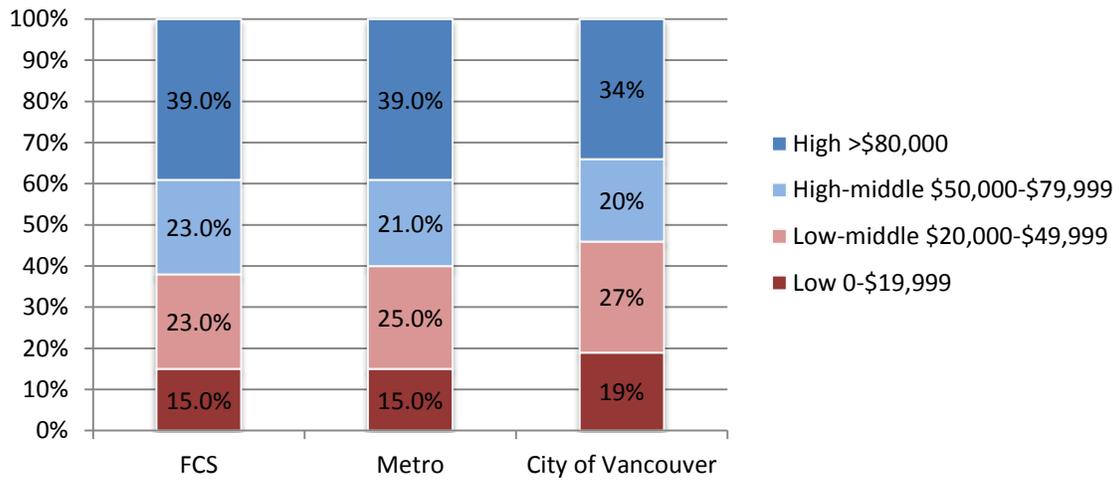
Source: 1981 Census

### 1991 Income Groups



Source: 1991 Census

### 2011 Income Groups



Source: 2011 National Household Survey

### Dwelling Unit Type

The chart below shows the breakdown of dwelling unit types in False Creek South, compared with the City of Vancouver.

2011 Census	FCS City Owned		FCS Non-City Owned		FCS Total		City of Vancouver	
<b>Total Units</b>	1,585		1,315		2,900		264,575	
<b>Studio and 1 Bedroom</b>	32%	510	27%	360	30%	870	41%	107,395
<b>2 Bedroom</b>	52%	820	70%	920	60%	1,740	26%	70,095
<b>3 Bedroom</b>	13%	210	3%	35	8%	245	14%	36,955
<b>4 Bedroom or more</b>	3%	40	0%	0	1%	40	19%	50,115
<b>% of Family Dwellings*</b>	68%	1,070	73%	955	70%	2,025	59%	157,165

*\*the legal definition of a family dwelling is 2 or more bedrooms*

2011 Census	FCS City Owned	FCS Non-City Owned	FCS Total	City of Vancouver
<b>Total Units</b>	1,585	1,315	2,900	264,575
<b>Studio and 1 Bedroom</b>	510	360	870	107,395
<b>2 Bedroom</b>	820	920	1,740	70,095
<b>3 Bedroom</b>	210	35	245	36,955
<b>4 Bedroom or more</b>	40	0	40	50,115
<b>% of Family Dwellings*</b>	68%	73%	70%	59%

*\*the legal definition of a family dwelling is 2 or more bedrooms*

2011 Census	FCS City Owned	FCS Non-City Owned	FCS Total	City of Vancouver
<b>Total Units</b>	1,585	1,315	2,900	264,575
<b>Studio and 1 Bedroom</b>	32%	27%	30%	41%
<b>2 Bedroom</b>	52%	70%	60%	26%
<b>3 Bedroom</b>	13%	3%	8%	14%
<b>4 Bedroom or more</b>	3%	0%	1%	19%
<b>% of Family Dwellings*</b>	68%	73%	70%	59%

*\*the legal definition of a family dwelling is 2 or more bedrooms*

APPENDIX D  
STAKEHOLDERS CONSULTED ON THE  
JULY 2016 DRAFT FALSE CREEK SOUTH ENGAGEMENT PRINCIPLES

The community and neighbours

1. RePlan leadership group
2. RePlan, Strata Leaseholder Subcommittee
3. RePlan, Co-op Subcommittee
4. Jen Selman / Dick Stout, Residences for Independent Living
5. George Stratis, President, FCS commercial leasehold strata
6. Rob McFarlane, Uptown Kiwanis Society
7. Janet Flowers / Sebastian Lipa, Canada Mortgage and Housing Corporation (Granville Island)

Housing ass'ns, advocates and experts

8. Jill Atkey, BC Non-Profit Housing Association
9. Thom Armstrong, Co-operative Housing Federation of BC
10. Larry Bengé / Patsy McMillian, Coalition for Vancouver Neighborhoods
11. Paul Kershaw, Generation Squeeze

Planning & development ass'ns and experts

12. PEF Expert Advisory Panel
13. Neal LaMontagne / Nola Kate Seymoar, Vancouver Planning Commission
14. Anne McMullin, Urban Development Institute
15. Larry Beasley, former COV Director of Planning

Other experts and interested parties

16. Michael Flannigan, BC Housing
17. Caroline Sanfacon, Canada Mortgage and Housing Corporation
18. Aaron Robinson, Greater Vancouver Board of Trade
19. Gordon Harris, SFU Community Trust/UniverCity
20. Matt Hern, SFU Professor, organizer, writer
21. Kevin Barlow, Metro Vancouver Aboriginal Executive Council

APPENDIX E  
STAKEHOLDER CONSULTATION THEMES CONCERNING  
JULY 2016 DRAFT FALSE CREEK SOUTH ENGAGEMENT PRINCIPLES

*- This is a summary of the key themes heard from stakeholders concerning the False Creek South Draft Engagement Principles -*

Stakeholder feedback, key themes

**Theme 1. Stakeholders and inclusion**

- **Wide range of stakeholders.** *City-wide voices need to be part of the process to determine the way forward, provide space for all those who are interested to be involved and represented in the process, including those who aren't aware of the issues ... some disagreement about weight different groups should be given*
- **FCS community has special role.** *Co-designing the process with community is more likely to lead to eventual acceptance by the community ... build on success of FCS community, don't build over it, the FCS community should be given space to "show its generosity"*
- **Asset belongs to taxpayers.** *Enormous opportunity for the City in terms of increasing housing and achieving a reasonable financial return, current FCS residents and businesses should not be given more power to determine outcomes than is given to residents and businesses in other neighbourhoods undergoing a planning processes, no "veto power"*
- **Formal mechanism to include community.** *Consider establishing advisory group comprised of FCS community and others, and/or a mutually-agreed to overseer/ombudsperson*

**Theme 2. Residents' right to remain in the neighbourhood**

- **Give residents option to remain.** *Agreement that residents should be provided option to remain in community*
- **Defining "affordable."** *Wide range of views on what affordable means (e.g., from what is currently being paid, to first right of refusal at market value)*
- **No special treatment.** *FCS residents should be subject to same constraints/requirements as others who benefit from City's affordable housing programs*

- *Some will want to leave. Include fair options for some residents to leave the community if they so desire*

### Theme 3. Planning and development

- *Consider history and context. Important to understand/communicate history and current context ... assess, learn and revitalize in spirit of experimentation*
- *High-level vision. City needs to set out its high-level vision: Key outcomes, targets, non-negotiable elements, vision for the process*
- *More density. Consider very significant increase in density to create more housing in Vancouver*
- *Consider wide range of options. Every option should be on the table (e.g., sale of land, building towers on the site, etc.), process of evaluating all potential options will lead to greater acceptance and understanding of the final decisions*
- *Balance financial and policy objectives. Deliver more public benefits than would a private developer, but not at too high a risk and not at the expense of appropriate economic returns, don't over-promise amenities*
- *Land governance requires investigation. Range of opinions from enthusiasm for a community land trust, to extreme caution about proceeding with this model*

### Theme 4. Process and timing

- *Start now. City needs to make a clear commitment that it will resolve issue in a timely manner, now is the time to take action, real impacts being felt, especially financing*
- *Take time. Sufficient time to do the analysis to find good long term solutions, important to consider all options and "do it right," even if it takes a little longer*
- *Phase changes. Phasing ~~the~~ any development to manage transitions and providing tangible options to remain in the community is crucial*

APPENDIX F  
ORIGINAL JULY 2016 DRAFT FALSE CREEK SOUTH ENGAGEMENT PRINCIPLES

*- These are the principles on which Council directed staff to consult with stakeholders in July 2016 -*

**A. False Creek South has a vibrant and successful community already in place, and therefore:**

- 1. The future of False Creek South will be discussed via a broad and meaningful stakeholder engagement process that includes both the residents of the neighbourhood as well as all Vancouverites.*
- 2. As potential options for the City's False Creek South land holdings are refined, the City will thoughtfully evaluate impacts on existing False Creek South residents.*
- 3. The City will strive to arrive at a vision for the neighbourhood that is supported by False Creek South residents and businesses.*
- 4. The City will explore affordable housing options for False Creek South residents to remain in the neighbourhood, in line with the City's affordable housing policies and programs.*
- 5. The City recognizes that as a landlord, it is important to provide certainty for leaseholders and respect lessees' right to quiet enjoyment for the duration of their lease.*

**B. The land owned by the City in False Creek South is an important long-term strategic asset of the City of Vancouver, and therefore:**

- 1. The City will continue to own the land over the long term.*
- 2. This land will be managed to achieve broad civic priorities within the citywide context and not solely the needs of one group or community.*
- 3. All decisions concerning the City land in False Creek South will reflect the strategic objectives of and the wider implications for all City land holdings across the City.*
- 4. The City's plans for this land include achieving a reasonable rate of return.*

*C. The False Creek South neighbourhood should be reviewed vis-à-vis the City's current policy objectives and goals, and therefore:*

- 1. The City will demonstrate leadership in advancing Council policies, civic objectives and goals through its ownership interest, including environmental, economic and social sustainability, urban design, cultural values, public engagement, active transportation and healthy city goals.*
- 2. The City will explore development opportunities, as well as timing for such opportunities, with a view toward developing a more diverse range of housing, including a mix of affordable housing and tenure types, as well as other public amenities.*
- 3. The City will explore means integrating the neighbourhood into the overall fabric of the city through a robust and inclusive planning process.*

APPENDIX G  
RECOMMENDED FALSE CREEK SOUTH ENGAGEMENT PRINCIPLES

*- These are the principles staff is recommending  
for approval in this Council report -*

**A. *False Creek South is a vibrant and successful community, and therefore ...***

- 1. A successful vision for the neighbourhood will be one that is developed in consultation with the False Creek South residents, businesses and the public of Vancouver.*
- 2. The future of False Creek South will be discussed via a broad and meaningful process that includes all stakeholders including the current residents of the neighbourhood as well as other stakeholders from across Vancouver.*
- 3. The City will respect its landlord-tenant relationships with lessees in False Creek South. Furthermore, the City understands the uncertainty the end-of-lease term creates and will work to resolve the uncertainty as quickly as practically possible.*
- 4. As potential options for the City's False Creek South land holdings are refined, the potential impacts to False Creek South residents and businesses will be thoughtfully evaluated.*
- 5. The City will explore affordable housing options for False Creek South residents to remain in the neighbourhood, in line with the City's affordable housing policies and programs.*

**B. *The land owned by the City in False Creek South is an important long-term strategic asset of the City of Vancouver, and therefore...***

- 1. The City will continue to own the land over the long term.*
- 2. This land will be managed to achieve broad civic priorities within the city-wide context.*
- 3. All decisions concerning the City land in False Creek South will reflect the strategic objectives of and the wider implications for all City land holdings across the City.*
- 4. The City's plans for this land include achieving a reasonable rate of return.*

*C. The False Creek South neighbourhood should be reviewed vis-à-vis the City's current policy objectives and goals, and therefore ...*

- 1. The City will demonstrate leadership in advancing Council policies, civic objectives and goals through its ownership interest, including environmental, economic and social sustainability, urban design, cultural values, public engagement, active transportation, healthy city and reconciliation goals.*
- 2. The City will explore development opportunities, as well as timing for such opportunities, with a view toward developing a diverse range of housing, including a mix of affordable housing and tenure types, as well as other public amenities.*
- 3. The City will explore the future of the neighbourhood through a robust and inclusive planning process.*