



POLICY REPORT

Report Date: July 14, 2019
Contact: Neil Hrushowy
Contact No.: 604.829.9622
RTS No.: 13336
VanRIMS No.: 08-2000-20
Meeting Date: July 23, 2019

TO: Vancouver City Council

FROM: General Manager of Planning, Urban Design and Sustainability

SUBJECT: Issues Report: Direction for Intensification of Large Sites to include Moderate Income Rental Housing

RECOMMENDATION

- A. THAT Council provide approval for staff to accept and evaluate a rezoning application from Modern Green Development Corp. proposing an intensification of development on the Oakridge Transit Centre (OTC) site and adjacent sites on 41st Avenue beyond density envisaged in the *OTC and Adjacent Sites Policy Statement (2015)* to include additional moderate income rental housing as generally outlined in this report, noting that the final density will be refined and analysed through the rezoning process, which will include additional public consultation and a Public Hearing.
- B. THAT Council provide approval for staff to accept and evaluate a rezoning application from the Onni Group proposing an intensification of permitted development on the Pearson Dogwood site beyond density envisaged in the *Pearson Dogwood Policy Statement (2014)* and subsequent rezoning to include additional moderate income rental housing as generally outlined in this report, noting that the final density will be refined and analysed through the rezoning process, which will include additional public consultation and a Public Hearing.
- C. THAT Council direct staff to consider other major project sites, on a case-by-case basis, with approved Policy Statements to determine their capacity to accommodate additional density for moderate income rental housing, generally using the criteria outlined in this report.
- D. THAT the passage of the above resolutions will in no way fetter Council's discretion in considering any rezoning applications or referral of any rezoning applications to public hearing, and does not create any legal rights for any person

or obligation on the part of the City; any expenditures of funds or incurring of costs is at the risk of the person making the expenditure or incurring the costs.

REPORT SUMMARY

The purpose of this report is to seek Council's direction for staff to accept and evaluate a rezoning application(s) to add moderate income rental housing to both the Oakridge Transit Centre (OTC) and Pearson Dogwood sites. Acceptance of the rezoning application(s) allows for detailed review and evaluation through the process to address any issues that arise through public consultation, review by the Urban Design Panel and/or staff, for consideration by Council at a public hearing. The report also outlines a framework for staff to evaluate proposals to intensify other major project sites with approved Policy Statements for the same purpose.

Figure 1. Large Sites within the Cambie Corridor Including OTC and Pearson Dogwood



The *Housing Vancouver Strategy* set a target of 20,000 new secured market rental units over ten years, 14,500 of which are targeted to be affordable to households with incomes between \$30,000 and \$80,000. The 2019 *Housing Vancouver Progress Report* demonstrated that the City is underachieving on these targets, having achieved only 33% of the annualized target after two years. Increasing the supply of rental housing, particularly moderate income-targeted rental housing, is a top priority for the implementation of the City's housing strategy. The development industry has demonstrated significant interest in building moderate income rental housing when paired with incentives to achieve project viability. Together with the recent slowdown in strata condominium sales, this interest provides an important opportunity to address this priority. This report considers proposals from two developers of major project sites located in the Cambie Corridor.

Staff have identified an opportunity to explore additional density to achieve affordable rental housing on the Oakridge Transit Centre (OTC) site owned by Modern Green Development Corp (Modern Green). The OTC is a 13.8 acre site located between 41st and 38th Avenues and the lanes behind Oak and Willow Streets. The *Oakridge Transit Centre and Adjacent Sites Policy Statement* was approved in 2015, and the landowner is currently preparing a rezoning application for the site. The developer is proposing to add 10% residential floor area (approx. 125,000 sq.ft.) beyond the approved policy statement for moderate income rental housing.

The developer of the Pearson Dogwood site, Onni Group, has expressed interest in converting at least one building in the first phase of development from strata ownership to moderate income rental tenure, with the commensurate strata density to be made up in future phases. Pearson Dogwood is a 25.4 acre site located in the Marpole area between Cambie and Heather Streets and 57th and 59th Avenues. It is envisioned to become a new mixed-use community with shops and services, and a range of amenities to support the new residential population. Rezoning of this site was recently approved in 2017. The proposed change would result in an increase in overall floor area beyond the permitted site density.

Combined these two sites offer a unique opportunity to potentially secure approximately 300,000 sq.ft. for moderate income rental housing, based on the considerations outlined in this report, which could yield 350-400 units depending on unit size and composition. The proposed buildings are located in early phases of project development and could be delivered in the near term (2-5 years).

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- *Housing Vancouver Strategy (2017)*
- *Affordable Housing Delivery and Financial Strategy (2018)*
- *Rezoning Policy for Sustainable Large Developments (2013, last amended 2018)*
- *Pearson Dogwood Policy Statement (2014)*
- *Pearson Dogwood: CD-1 (696) By-law No. 12105 (2018, last amended 2019)*
- *Oakridge Transit Centre (OTC) and Adjacent Sites Policy Statement (2015)*

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

Housing Vancouver Strategy

The *Housing Vancouver Strategy* is a 10-year strategy that aims to foster a diverse and vibrant city. The strategy is based on three core principles: create the “right supply” while addressing speculative demand; retain the existing rental stock; and ensure support for vulnerable residents. These principles are enacted through new targets for housing to meet the needs of Vancouverites of all incomes.

Housing Vancouver targets indicate the amount and affordability of new housing required in the next 10 years to ensure a diversity of incomes and household types in the city. These targets were set based on a number of factors, including building typology, incomes served, unit types (i.e. number of bedrooms), and household tenures to ensure new housing being delivered is the “right supply” that meets the needs of current and future Vancouver residents. Of the 72,000 new homes anticipated as part of the new targets, 50% are targeted to serve households earning less than \$80,000/year, two-thirds will be available for renters, and 40% will be family sized units with two or three bedrooms.

Progress towards these targets is reported annually to Council via the Annual Progress Report and Databook. The 2019 Progress Report demonstrated that, while the City is making significant progress on housing targets for most income categories, targets for households with incomes below \$80,000 per year are not being met. One key strategy to address this need is to work with the development industry to incentivize the development of “moderate income rental housing”, which includes a proportion of units with rents set and controlled at rates that are affordable to households with incomes between \$30,000 and \$80,000 per year.

Rezoning Policy for Sustainable Large Developments

In July 2018, Council approved updates to the *Rezoning Policy for Sustainable Large Developments*. This policy applies to rezoning applications involving a site area of more than 8000 sq. m (1.98 acres) and address seven topic areas: Sustainable Site Design, Sustainable Food Systems, Green Mobility, Potable Water Management, Rainwater & Groundwater Management, Zero Waste Planning, Affordable Housing and Resilience.

The Affordable Housing section was updated to align with the *Housing Vancouver Strategy* (2017) and the *Affordable Housing Delivery and Financial Strategy* (2018). The inclusionary housing requirements were increased to require that a minimum of 30% of residential floor area is set aside for affordable housing, an increase from the previous 20% affordable housing requirement. The updated policy is structured to include two key components: a minimum 20% social housing target and a 10% moderate income rental housing target.

The new requirement sets a minimum of 10% of total residential floor area to be set aside for affordable rental housing targeted to households with moderate incomes of \$30,000 to \$80,000 per year provided in a variety of unit types (studios, 1, 2 and 3 bedrooms). Rental rates for these units will be secured in perpetuity through a Housing Agreement with the City.

All large sites planned prior to this policy change, including the OTC and Pearson Dogwood, incorporated the 20% social housing requirement, but pre-date the additional target for 10% moderate income rental housing.

Oakridge Transit Centre (OTC) and Adjacent Sites

The OTC is located on a 5.6 hectare (13.8 acre) site at 949 West 41st Avenue (east of Oak Street), bounded by West 38th Avenue to the north and the lanes behind Willow Street and Oak Streets to the east and west respectively. The site is currently zoned single family (RS- 1) but was utilized as an administrative centre and bus maintenance facility from 1948 until the site sold in 2016.

Figure 2. OTC and Adjacent Sites and Immediate Context



With the relocation of the transit centre to south Vancouver in 2006, TransLink deemed the OTC to be surplus land. A planning process for the site and three adjacent sites commenced in June 2014.

- **Oakridge Transit Centre and Adjacent Sites Policy Statement (2015)** – the OTC is envisioned to become a predominately-residential neighbourhood with a mid-rise form of development and a gross density of 2.1 Floor Space Ratio (FSR). The OTC will contain 117,500 square meters (1,265,000 sq.ft.) of market and affordable housing, local-serving

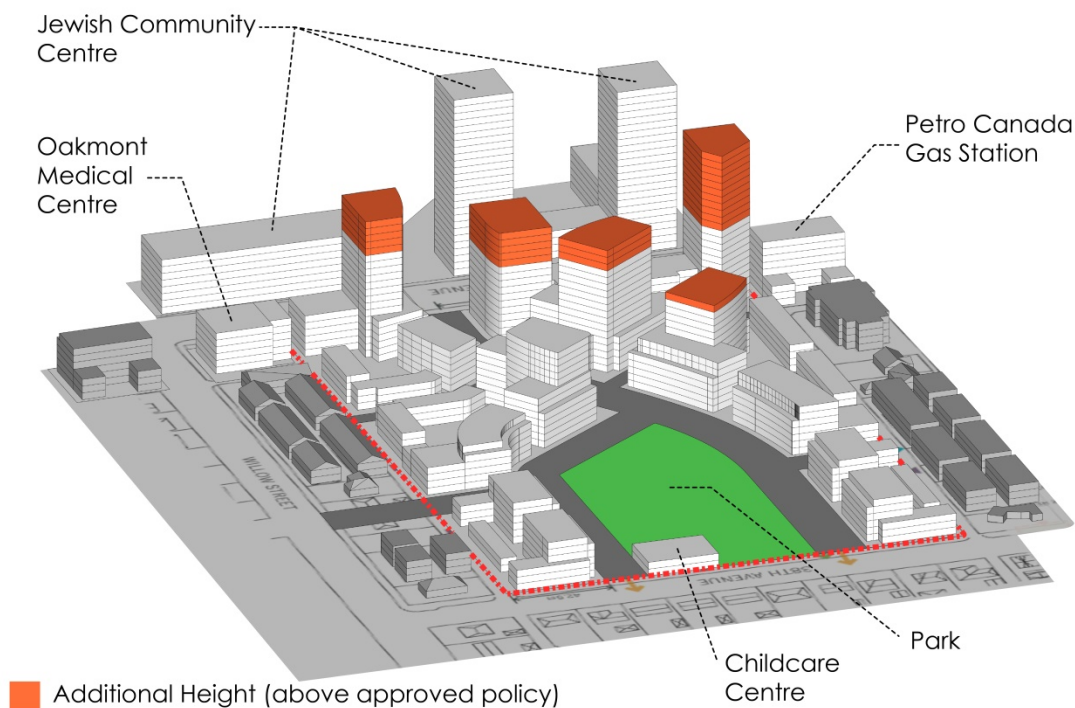
commercial uses, new public streets, 2.3 acres of City park and public open space, including a 69-space childcare centre.

Upon approval of the OTC Policy Statement, the site was sold by TransLink to Modern Green in 2016.

- **Rezoning application (pending)** - The developer is currently working toward submission of a rezoning application which is anticipated in Summer 2019.

City staff have been working with Modern Green to identify opportunities within the site plan to accommodate additional density for moderate income rental housing. A single, 23-storey affordable rental building of approximately 11,600 sq.m. (125,000 sq.ft.) is proposed to be located on 41st Avenue. The policy statement included approximately (92,000 sq.m) 992,000 sq.ft. of market density which will be retained by shifting to other parcels within the OTC site. This moderate income rental building is located within the proposed first phase of the development and could be delivered within the next 5 years. To accommodate the additional density, building heights would need to increase on several parcels exceeding the height maximums established in the policy statement (12 storeys with two buildings up to 15 storeys) by increasing three towers to 23, 22 and 18 storeys respectively (see figure 3 below).

Figure 3. Proposed Changes to Maximum Building Heights to add Moderate Income Rental Housing



Staff believe these increases in building height are supportable within the changing context of the OTC site. Since the policy statement was approved in 2015, the Cambie Corridor Plan was

approved. In close proximity to the OTC are other taller forms, including the recently approved Jewish Community Centre which has tower heights of 26 and 24 storeys and plans for the Louis Brier and Shawn Oak sites across Oak Street.

On April 1, 2019, the developer hosted an open house to propose three changes to the OTC plan with the surrounding community. The three changes to the plan included: additional density for moderate income rental housing, connection of 39th Avenue into the site, and shifted roadway to align with the Jewish Community Centre driveway. Over 8,400 households were notified and 130 people attended the event. The changes were generally well received by the public, with 96% of respondents supporting the additional affordable rental housing, however 45% of respondents were concerned about height and density. Based on the feedback, adjustments have been made to the massing as the developer prepares to submit a rezoning application which is anticipated this summer. Further refinement is expected, as a result of more detailed review required at the rezoning stage.

OTC Adjacent Sites - The OTC policy statement includes three adjacent sites. The landowner for the Oakmont Medical Building (809 West 41st Avenue) has also expressed interest in adding additional density and rezoning the entire building for moderate income rental housing. The plan currently allows for a 6-storey market housing building. A detailed analysis of the site, and the Petro-Canada site on the corner, would be required to determine if additional density can be accommodated given the immediate context.

Pearson Dogwood

The Pearson Dogwood Site is located in the Marpole area between Cambie and Heather Streets and 57th and 59th Avenues, the site is 10.3 hectares (25.4 acres).

Figure 4. Pearson Dogwood Site and Immediate Context



Since the 1950s, the site was owned and operated by Vancouver Coastal Health (VCH) and provided institutional health care uses through two facilities: the George Pearson Centre and the Dogwood Lodge. The site also contains a number of other uses, including the Stan Stronge Pool, BC Ambulance services station and a one-acre urban farm.

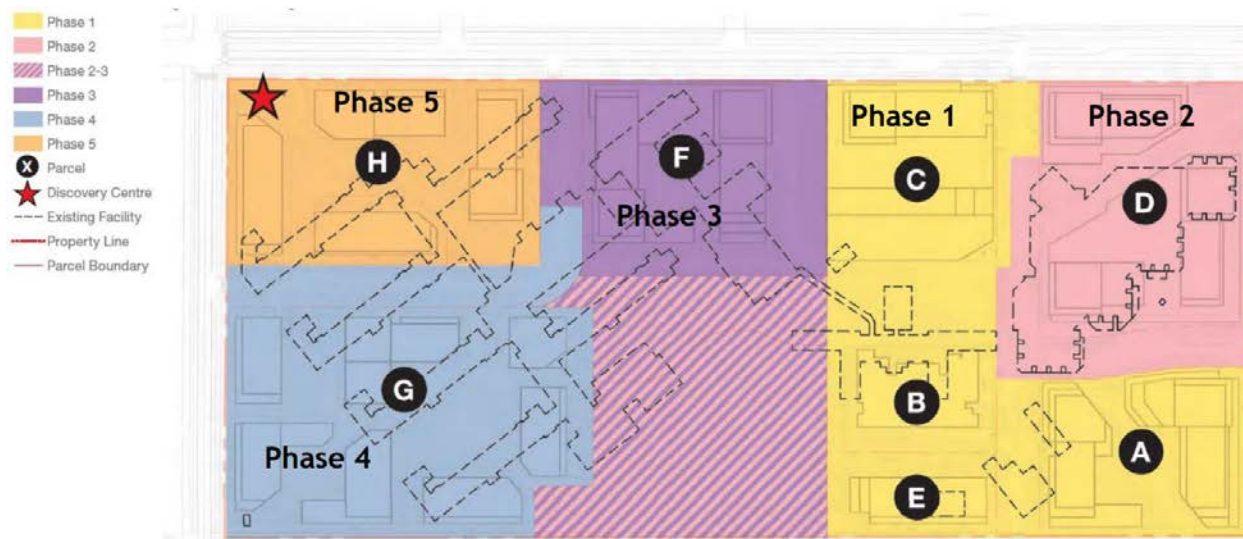
The planning process to redevelop the site began in 2013. Each step of the process has been a collaborative effort with the community, disabilities community and the landowners VCH and subsequently Onni Group when they purchased the site in 2015.

The following City policy and zoning govern future development of the Pearson Dogwood site:

- **Pearson Dogwood Policy Statement (2014)** – the Policy Statement envisions a healthy community that will provide for the renewal of the current health facilities on the site along with a new mixed-use community, including market, affordable and health care related residential units, commercial space with a total gross density of 2.8 FSR, and a new public park.
- **CD-1 (696) (enacted 2018)** – CD-1 (696) permits construction of a mixed-use development with approximately 3.2 million square feet of floor area consisting of:
 - Approximately 2,700 residential units totalling 250,619 sq. m (2,697,732 sq. ft.), including 540 affordable housing units;
 - Approximately 114 Pearson supportive units totalling 8,430 sq. m (90,744 sq. ft.);
 - 12,196 sq. m (131,281 sq. ft.) of commercial space;
 - 19,835 sq. m (213,514 sq. ft.) of health-related facilities, including a community health centre and complex residential care facility;
 - a 69-space childcare;
 - a new adult day centre;
 - a 2.5-acre public park; and
 - a 1-acre urban farm.

The first phase of development is planned for the southeast corner of the site along Cambie Street. Development of individual building parcels and new city infrastructure is getting underway. Development Permits were issued in January 2019 for Building A, which is the first building in Phase 1. Development Permits are in process for Parcels C, D and E. An application for Parcel B is anticipated in the fall of 2019.

Figure 5. Pearson Dogwood Development Phasing



The Onni Group has expressed interest in delivering moderate income rental housing in the first phase of development from strata to rental tenure, with the commensurate amount of strata density to be made up in future phases. A tower on Parcel C has been identified as a potential building to shift from strata to rental. It is a 26-storey tower with an active Development Permit application. It is anticipated that this building could be constructed and occupied within the next 2-3 years and could address the need for additional market and moderate income rental housing in the near term.

Strategic Analysis

The addition of moderate income rental housing on the OTC and Pearson Dogwood major project sites would result in increases in both building heights and approved site densities. Should Council direct staff to receive and evaluate a rezoning application(s), the following considerations, at a minimum, will be used as a framework to evaluate proposals through the rezoning process:

Affordability – Any net increase in floor area for affordable rental housing should achieve at least 25% of the units at moderate income rental housing rates i.e., for every 100 additional rental units, at least 25 should be for moderate income households. The rental housing tenure and level of affordability will be secured through a Housing Agreement and Section 219 Covenant for the longer of 60 years and the life of the building.

Near Term Delivery – A key consideration is identification of opportunities for early delivery of moderate income rental housing projects. Buildings that are “Development Permit Ready” or can be delivered in the first phase of a project will be prioritized, where possible, over buildings near the end of a project i.e., the anticipated build-out for the OTC is approximately 7-10 years from the first building to completion.

Structure Plan – For sites that have not achieved a rezoning, but have approved policy statements (e.g. OTC), there is some potential to accommodate changes to the structure plan. However, for sites with approved rezonings, such as Pearson Dogwood, the site plan will not be modified. Any additional building height or changes to the building massing is limited to market development parcels. Changes to public dedications for streets and parks will not be considered as those changes will require amendments to multiple legal agreements on sites that have been rezoned.

Pattern of Development and Building Heights – Consideration of additional density should meet the intent of the approved policy and/or rezoning with respect to building heights and pattern of development. Additional building height may be considered, provided that the additional height is consistent with the overall massing principles and role of the site within its local context and the city. Density should be carefully located to preserve livability, sky views, pedestrian scale and experience. A moderate increase in density may be achievable on large sites while respecting these livability objectives.

Public Amenities - Large sites seek to balance impacts of growth by providing community amenities which are typically tied to population estimates generated through the new development (park space, childcare, community centres, etc.). These sites already contribute significantly to expanding new housing supply, including achieving social housing, and provision of other on-site public amenities.

The following should be considered in evaluating potential implications for public amenities on large sites related to additional density for moderate income rental housing:

- Review of level of service for planned amenities such as childcare spaces, community centre space, fire halls, parks and open space, etc.
- Evaluation of the site and context to clearly understand whether trade-offs exist between adding density for rental housing vs increasing the public amenity package.
- Analysis to minimize any increased shadowing on public parks, childcare centre outdoor areas, key public open spaces, important retail streets and sidewalks beyond any shadowing already approved in policy and/or rezoning.
- In evaluating rezoning applications, the additional floor area for rental housing will not further increase the requirement for 20% social housing.

It should be noted that consideration of additional density for moderate income rental housing may limit opportunities to address other public benefit needs (e.g., in cases where there is a shortfall in funding to delivery public benefits or where a site is landing other public benefits to service growth in the surrounding area). Moderate income rental housing is unlikely generate significant revenue for additional public benefits commensurate with the increase in population.

Financial Review – As part of the rezoning process, there will be a financial assessment of the additional floor area consistent with standard practice to determine if there is a CAC. If a CAC is generated it could be used to deepen affordability or be utilized for other public amenities identified in existing City policy. The additional moderate income rental housing floor area may not pay DCLs (both City-wide and utilities) if the current criteria for the rental housing DCL waivers are met. However, a

review of rental housing incentives is underway and any changes will be incorporated into the review of the rezoning application.

Other Site Specific Considerations - A comprehensive review of each site will be completed as part of the rezoning process to understand potential impacts and mitigation measures on planned utility upgrades, transportation network, groundwater and/or other considerations. Shifting market density to later phases may have cash flow implications for planned utility updates.

Public Consultation – In recognition that planning for these large sites is a multi-year process, through the rezoning process staff will re-engage with the community, residents and other stakeholders regarding potential changes to building height and massing. Feedback gathered through the process will be used to refine the plan. A consultation summary will be included in the rezoning report for consideration by Council at public hearing.

Given the opportunity to achieve much needed market and moderate income rental housing within the first phases of development (occupied within the next 2-5 years), staff recommend exploration of additional height and density on the OTC and Pearson Dogwood sites through rezoning applications taking into consideration the above items. As an order of magnitude, the OTC and Pearson Dogwood sites have the combined potential to generate up to 350-400 moderate income rental units, within approximately 300,000 sq.ft., depending on ultimate size and unit composition and based on the considerations above.

Acceptance of the rezoning application(s) allows for detailed review and evaluation through the process to address any issues that arise through public consultation, review by the Urban Design Panel and/or staff, for consideration by Council at a public hearing.

Other Large Development Sites

There are several other large sites with approved Policy Statements or zoning that pre-date 2018 amendments to the *Rezoning Policy for Sustainable Large Developments*, including East Fraser Lands (EFL), Little Mountain, Oakridge Centre, Langara Gardens and the Heather Lands. These sites are diverse in their locations, surrounding context, proposed land-use and density maximums, amenity requirements, mix of housing types and tenure. Planning work on those sites has aimed to balance City, community and landowner objectives within the financial constraints and requirements of each large site.

Staff are currently exploring opportunities to increase rental housing provided in EFL as part of the *EFL Official Development Plan 10-year Review*, which is underway. The proposed concept presented to the public in May 2018, included 500,000 sq.ft. of rental housing. Staff anticipate a report to Council in Fall 2019 with a package of proposed amendments to the EFL Official Development Plan.

For any other large site, any changes to the approved site density and building heights must be examined on a case-by-case basis; if one large site receives additional density it is reasonable to assume that other developers will request the same. If this occurs, there will be an impact to staffing, in the re-review of existing approved plans.

Any other opportunities on major project sites need to be studied and evaluated on a case-by-case basis taking into account the considerations listed in this report.

Implications/Related Issues/Risk

Financial

Development contributions such as DCLs and CACs are the primary funding source for public amenities, infrastructure and underground utilities necessary to support growth. The City's Financing Growth policies are based upon the principle development contributions should not deter development or harm housing affordability. Independent review confirmed that the primary impact of development contributions is to put downward pressure on the land value and affordability should not be negatively affected.

For the large sites that have been identified for potential intensification to deliver additional moderate income rental housing, financial and growth cost analyses will be undertaken as part of the rezoning process. Any financial implications resulting from the analyses will be reported to Council for consideration of the application at public hearing.

CONCLUSION

The purpose of this issues report is to seek Council's direction to staff to accept and evaluate rezoning applications to add moderate income rental housing to both the Oakridge Transit Centre (OTC) and Pearson Dogwood sites. The report also outlines a framework for staff to evaluate proposals to intensify other major project sites with approved Policy Statements for the same purpose. The addition of moderate income rental housing to the major project sites, with a priority on opportunities that can be delivered within near term (next 2-5 years), aims to deliver on much needed housing for moderate income households within the city of Vancouver.

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