

**Refers to Item #2
Public Hearing of December 12, 2019**

MEMORANDUM

December 3, 2019

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
Paul Mochrie, Deputy City Manager
Katrina Leckovic, City Clerk
Lynda Graves, Administration Services Manager, City Manager's Office
Rena Kendall-Craden, Communications Director
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Community Relations Director, Mayor's Office
Gil Kelley, General Manager, Planning, Urban Design and Sustainability
Theresa O'Donnell, Deputy Director of Current Planning, Planning, Urban Design and Sustainability

FROM: Karen Hoes, Assistant Director – Rezoning Centre, Planning, Urban Design and Sustainability

SUBJECT: CD-1 Rezoning: 2603-2655 Renfrew Street – Minor Corrections to the Draft CD-1 By-law and Addition of DCL Waiver

This memorandum informs Council of minor corrections to the draft CD-1 By-law for the above item and provides an update to the information on Development Cost Levies (DCLs) from what was included in the Policy Report dated October 22, 2019, entitled "CD-1 Rezoning: 2603-2655 Renfrew Street".

1. Minor correction to draft CD-1 By-law concerning Commercial uses and residential storage space

Following referral to public hearing on November 5, 2019, staff became aware of omissions in the draft CD-1 By-law provisions in Appendix A of the Policy Report. The draft by-law posted for this item was prepared in accordance with Appendix A, except for inclusion of the following standard clauses to secure at-grade Commercial uses and to clarify the calculation of the 20% of the residential floor area being secured as moderate income units, respectively:

“5.6 *“No portion of the first storey of a building, within a depth of 10.7 m of the front wall of the building facing Renfrew Street and extending across its full width, shall be used for residential purposes except for entrances to the residential portion.*

5.7 *All commercial uses and accessory uses listed in this section shall be carried on wholly within a completely enclosed building except for the following:*

- (a) *Farmers’ Market;*
- (b) *Neighbourhood Public House;*
- (c) *Public Bike Share;*
- (d) *Restaurant; and*
- (e) *Display of flowers, plants, fruits and vegetables in conjunction with a permitted use.”*

and

“6.6 *Where floor area associated with storage space is excluded under section 6.4 (e), a minimum of 20% of the excluded floor area must be located within the Moderate Income Rental Housing Units.”*

There are no changes to the proposed form of development for this application as a result of the inclusion of these clauses in the by-law.

2. Update to the information on Development Cost Levies (DCLs)

On November 26, 2019, Council directed staff to bring forward amendments to the *Vancouver Development Cost Levy By-law* and the *Area Specific Development Cost Levy By-law* and to be effective September 30, 2020. Following enactment, applications will be eligible for a DCL waiver if the proposed starting rents for the moderate income rental housing portion of the project meet the maximum average rents as outlined in the amended DCL By-law and *Rental Incentive Programs Bulletin*. On November 26, 2019 Council also directed staff to bring forward changes to the *Vancouver Utilities Development Cost Levy By-law* (Utilities DCL By-law) to remove the Utilities DCL waiver for “for-profit affordable rental housing,” effective September 30, 2020. Rezoning applications submitted before this date will remain eligible for a waiver of the DCL under the Utilities DCL By-law, provided that a building permit is issued within 12 months of the effective date of the Utilities DCL By-law change.

Based on this Council direction, the applicant of this project has subsequently requested a waiver of DCLs for the residential portion of the proposed building. As a result, this memorandum includes the following addenda to the body and appendices of the staff report for information and clarification.

The first is an addendum to the Housing section of the report which outlines the provisions for DCL waiver in Moderate Income Rental Housing projects:

DCL Waiver - Moderate Income Rental Housing Pilot Program projects that qualify as “for-profit affordable rental housing” under the DCL By-law and Utilities DCL By-law are eligible for a DCL waiver and a waiver of Utilities DCLs provided that the building permit is issued prior to September 30, 2021. The applicant has requested a waiver of DCLs for the residential portion of the building. The average proposed starting rents across the moderate income rental units, which comprise at least 20% of the residential floor area that is counted in the calculation of the floor space ratio, are required to meet the maximum average rents as outlined in the DCL By-law and Rental Incentive Programs Bulletin.

The DCL By-law does not allow rents for the moderate income rental units to be increased ahead of initial occupancy, and subsequent increases are permanently capped at the annual allowable rate permitted under the Residential Tenancy Act [S.B.C. 2002] c. 78, regardless of any change in the tenancy. The applicant will be required to submit a DCL Waiver Form, including a final rent roll that sets out the starting monthly rents for the moderate income rental units prior to issuance of the occupancy permit in order to ensure compliance with the DCL By-law and the MIRHP Program.

Through the Development Permit application process, the City will ensure that average unit sizes do not exceed the maximum thresholds set out in the DCL By-law. More information on the Development Cost Levy Waiver can be found in Appendix H.

The second is a replacement of the Development Cost Levies (DCLs) section under “Required Public Benefits” on page 15 of the report, outlining that the project will now have a waiver of DCLs for its residential component:

1. Required Public Benefits

Development Cost Levies (DCLs) – DCLs and Utilities DCLs collected from development help pay for facilities made necessary by growth, including parks, childcare facilities, replacement housing (social/non-profit housing) and engineering infrastructure.

This site is subject to City-wide DCLs and City-wide Utilities DCLs on the recommended combined 6,863 sq. m (73,875 sq. ft.) of residential and commercial floor area. In accordance with section 3.1A of the DCL By-law, the applicant has requested a waiver of both the DCLs and Utilities DCLs attributed to the residential floor area qualifying as for-profit affordable rental housing. Staff note that the term “for-profit affordable rental housing” as defined by the Vancouver Charter, and used in relation to the DCL By-law and Utilities DCL By-law does not necessarily create rental units that are affordable to all Vancouver residents. The DCL Waiver provides opportunities for the creation of a range of rental levels, in accordance with the housing continuum objectives of the Vancouver Housing Strategy. MIRHP Program projects for which applications are submitted before September 30, 2020 will remain eligible for a Utilities DCL waiver, provided that a building permit is issued within 12 months of the effective date of the Utilities DCL By-law change. Based on the rates in effect as of September 2019, the value of the waiver of both the DCLs and the Utilities DCLs is approximately \$1,716,433. DCLs are payable on the commercial floor area, estimated to be approximately \$148,443. A review of how the application meets the waiver criteria is provided as Appendix H in the memorandum to Council dated December 3, 2019.

The DCL By-law requires that where rents are determined under section 3.1A(d), they are to apply at initial occupancy. A final rent roll that sets out the initial monthly rents for the moderate income rental units will be required prior to issuance of the occupancy permit in order to ensure compliance with the DCL By-law. After occupancy, rents for the moderate income rental units will not be permitted to increase on an annual basis further than the RTA limits, even on a change in tenancy, as per the MIRHP Program. The City will ensure that average unit sizes do not exceed the maximum thresholds set out by DCL By-law through the Development Permit application process.

The last is a commensurate replacement of the section entitled “Financial Implications” beginning on page 16 of the report:

The site is subject to both City-wide DCLs and City-wide Utilities DCLs. However, projects providing 100 per cent of dwelling units that meet the definition of for-profit affordable rental housing are eligible for the waiver of both the DCLs and the Utilities DCLs, provided that the building permit is issued before September 30, 2021, an option which the applicant has requested. Based on rates in effect as of September 30, 2019, the value of the waiver is estimated to be \$1,716,433. DCLs are required to be paid on the commercial floor area, estimated to be \$148,443.

The 82 units of secured market and moderate income rental housing will be secured by a Housing Agreement and Section 219 Covenant for 60 years or the life of the building, will be privately owned and operated.

No additional CAC or public art contribution is applicable.

A revised Appendix F, the “Public Benefits Summary”, is attached to this memorandum reflecting the changes in anticipated DCL payments from this project. Updated information is shown as underlined.

A new appendix (Appendix H) is attached entitled, “Development Cost Levy Analysis”. This standard appendix for projects with DCL waivers outlines how the application compares to the waiver criteria. Staff will ensure that average unit sizes do not exceed the maximum thresholds set out by DCL By-law through the Development Permit application process.

As the posted draft CD-1 By-law and the Summary and Recommendation for this item contain the changes outlined in this memo, no action is required by Council.

Sincerely,



Karen Hoese,

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**2603-2655 Renfrew Street
PUBLIC BENEFITS SUMMARY**

Project Summary:

A 7-storey mixed-use building with commercial uses and 82 secured rental residential dwelling units, in which a minimum of 20 per cent of the residential floor area is dedicated to moderate income units.

Public Benefit Summary:

The proposal would provide 82 secured rental housing units through a Housing Agreement for the life of the building or 60 years, whichever is longer.

	Current Zoning	Proposed Zoning
Zoning District	RS-1	CD-1
FSR (site area = 1,936 sq. m / 20,841 sq. ft.)	0.70	3.54
Buildable Floor Space (sq. ft.)	14,587.25	73,875
Land Use	Residential	Commercial and Residential

Public Benefit Statistics		Value if built under Current Zoning (\$)	Value if built under Proposed Zoning (\$)
Required	City-wide DCL ¹	\$61,558	<u>\$110,325</u>
	City-Wide Utilities DCL ¹	\$33,842	<u>\$38,118</u>
	Public Art	N/A	N/A
	20% Social Housing	N/A	N/A
Other Public Benefits Offered	Housing (e.g. supportive, seniors)	N/A	N/A
	Childcare Facilities		
	Cultural Facilities		
	Green Transportation/Public Realm		
	Social, Community and Civic Facilities		
	Parks and Public Spaces		
	Heritage		
Unallocated			
TOTAL VALUE OF PUBLIC BENEFITS		\$95,400	<u>\$148,443</u>

Other Benefits (non-quantified components):

82 units of secured rental housing in which a minimum of 20 per cent of the residential floor area is dedicated to moderate income units

¹ Based on rates in effect as at September 30, 2019; rates are subject to future adjustment by Council including annual inflationary adjustments. DCLs are payable at building permit issuance based on rates in effect at that time. A development may qualify for 12 months of in-stream rate protection, see the City's [DCL Bulletin](#) for details.

**2603-2655 Renfrew Street
DEVELOPMENT COST LEVY WAIVER ANALYSIS**

To qualify for waiver of the Development Cost Levy (DCL) for the residential floor space, the application must meet the criteria set out in the relevant DCL By-law under section 3.1A. This application qualifies as outlined below.

- (a) All dwelling units proposed in the building will be secured as rental through the Housing Agreement called for in the Conditions of Approval (Appendix B).
- (b) None of the proposed dwelling units will be strata units, as required through the Housing Agreement.
- (c) The average size of the proposed dwelling units will not be greater than specified in the DCL By-law.

Unit Type	No. units proposed	DCL By-law maximum average unit size	Proposed average unit size
Studio	20	42 m ² (450 sq. ft.)	40 m ² (426 sq. ft.)
1-bedroom	37	56 m ² (600 sq. ft.)	60.2 m ² (648.5 sq. ft.)*
2-bedroom	17	77 m ² (830 sq. ft.)	73.2 m ² (788.5 sq. ft.)
3-bedroom	8	97 m ² (1,044 sq. ft.)	97 m ² (971 sq. ft.)

*The applicant will be required to reduce unit sizes to reflect the DCL By-law maximum average unit sizes.

- (d) The average initial rents for all proposed moderate income rental housing units do not exceed rents specified in section 3.1A(d) of the DCL By-law.

Unit Type	No. units proposed	DCL By-law maximum average unit rent
Studio	6	\$950
1-bedroom	7	\$1,200
2-bedroom	5	\$1,600
3-bedroom	0	\$2,000

By way of the Housing Agreement, the tenure of the housing will be secured as rental for the longer of the life of the building and 60 years, and the initial rents at occupancy will be secured to meet the averages set out under (d) above.

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