
MEMORANDUM

March 26, 2026

TO: Mayor and Council

CC: Donny van Dyk, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Sandra Singh, Deputy City Manager
Katrina Leckovic, City Clerk
Chris Freek, Senior Director, Communications and Engagement
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office
Jeff Greenberg, Assistant Director of Legal Services
Matt Shillito, Director, Special Projects Office, Planning, Urban Design and Sustainability
Templar Tsang-Trinaistich, Director, Rezoning Centre, Planning, Urban Design and Sustainability
Dan Garrison, Director, Housing Policy and Regulation, Planning, Urban Design and Sustainability

FROM: Josh White, General Manager, Planning, Urban Design and Sustainability

SUBJECT: CD-1 Rezoning: 4911-5255 Heather Street, 637-657 West 37th Avenue, and 620-689 West 35th Avenue – For Information

RTS #: 18425

This memorandum provides clarifying information about the Attainable Housing Initiative (AHI) Heather Lands program and rezoning proposal in response to questions from Council at the March 5, 2026 Public Hearing regarding this rezoning application.

Provincial Funding Commitments for AHI Heather Lands

The AHI Heather Lands program is a partnership between the Musqueam, Squamish and Tsleil-Waututh Nations and the Province of British Columbia to provide homes that middle-income, first-time homebuyers can own and live in. The partnership includes significant funding commitments from the Province in order to enable approximately 2,940 leasehold strata homes at Heather Lands to be built and sold at a 40% discount to market prices ("AHI units"). Because

of the planning and development work undertaken to date, Heather Lands was identified as the best location to expedite the delivery of AHI housing.

To that end, the applicant has explained within the rezoning application that the Province has agreed to contribute \$476,450,000 in funding (\$250 per net saleable sq. ft. for approximately 1.9 million net sq. ft. of AHI housing, approximately 2,940 units) for construction works to deliver AHI housing on Heather Lands. Of that amount, \$105,000,000 has already been provided as an initial funding grant for soft costs as well as hard costs for early site works, which are underway.

The Province's AHI funding commitment was recently outlined in the 2026 British Columbia Budget, which identifies "over \$900 million to support demand for existing housing services and programs. This includes increased funding for non-profit housing operators, assisted-living supports for seniors and people with disabilities, and supporting thousands of new below-market homes through the Attainable Housing partnership with the Musqueam, Squamish and Tsleil-Waututh Nations." The 2026 Budget specifically identifies this commitment to continued funding for the AHI program, in contrast to the reductions or re-pacing of funding for other affordable housing initiatives. The Province's commitment to funding and advancing the delivery of the AHI Heather Lands program is further described in the letter from the Ministry of Housing and Municipal Affairs, attached as Appendix A.

Density Increase Required to Enable AHI and 40% Discount

To enable the AHI Heather Lands program, the current rezoning application proposes an approximately 30% increase in gross floor area/density from the 2022 rezoning approval. The core premise of the AHI program is that initial buyers can purchase a leasehold strata unit at a 40% discount to market value. Staff currently assess that the blended average market price for leasehold strata units at Heather Lands is approximately \$1,400 per sq. ft. Offering these units at a 40% discount to market reduces the sales price by \$560 per sq. ft. to \$840 per sq. ft. – this is the revenue the applicant will receive from the buyer when AHI units are sold.

As noted above, the AHI program is initially funded by a Provincial grant to the applicant (MSTA Partnership) of \$250 per sq. ft. for the units sold at the 40% discount. After accounting for the \$250 per sq. ft. grant, to achieve the full 40% discount the applicant still needs to reduce the sale price by a further \$310 per sq. ft. for the AHI units. This greatly reduces the value of AHI density relative to leasehold market strata density, which was the predominant housing tenure for the 2022 rezoning. As the overall value of AHI density is significantly less than the value of its leasehold strata counterpart, more density is required to keep the project viable when leasehold strata is replaced with AHI. Staff have worked with the applicant to accommodate the additional density across this large site in an appropriate form, based on a range of urban design considerations including the key principles established in the 2022 rezoning and 2018 Heather Lands Policy Statement.

'Non-AHI' Housing Tenure Scenario

Due to the scale and long-term buildout of the Heather Lands project, and the innovation entailed in the AHI program, the applicant requested that an alternative 'Non-AHI' housing tenure scenario also be included through the rezoning of the site. Staff worked with the applicant to develop an alternative scenario in the CD-1 By-laws and associated housing agreements that delivers on the City's housing goals while maintaining the same public benefits

package (including social housing), density, building heights, land uses and form of development.

For any parcel that is ineligible for AHI Heather Lands, which would occur if the Province has not approved or has withdrawn funding for AHI, or if a parcel is not eligible under the terms of the AHI program, the alternative 'Non-AHI' housing tenure is available to the applicant. As switching densities from AHI to full leasehold market strata would generate considerable lift, Staff explored a range of "what-if" scenarios to determine the land lift ramifications in the event that the AHI program was terminated early, and density intended to be built as AHI would instead be built as 'Non-AHI'. Staff determined that an acceptable outcome would be to require a minimum of 15% of the 'Non-AHI' residential area be secured as rental tenure, of which 25% would be secured at below-market rents. With the required social housing, the 'Non-AHI' scenario is roughly equivalent to the 30% policy target for social and rental housing per the City's Rezoning Policy for Sustainable Large Developments.

The option of AHI housing tenure or an alternative 'Non-AHI' housing tenure at Heather Lands will be secured in the CD-1 By-laws and associated housing agreements that will restrict tenure to one of the two streams through a Section 219 covenant.

City's Ability to Tie Increased Density to AHI Delivery

As noted above, the current rezoning application proposes an approximately 30% increase in gross floor area/density from the 2022 rezoning. As part of the application review, staff initially explored the potential to vary the permitted floor area by tenure for the AHI and 'Non-AHI' housing scenarios. Staff determined this would require a highly complex density bonusing construct that had never been done in Vancouver for a large site such as Heather Lands, which has multiple phases of development. Further, as the negotiated package of public benefits is based on the same density for the AHI and 'Non-AHI' housing scenarios, those public benefits would have to be reassessed if permitted floor area varied based on housing tenure.

Thus, for the recommended AHI and 'Non-AHI' tenure scenarios, the floor area/density and public benefits package including social housing remain stable. The only variable is the requirement for a minimum of 15% rental housing for any parcels that are ineligible for AHI Heather Lands. Adding more variables to the AHI and 'Non-AHI' tenure scenarios would be very complex and difficult to regulate through the CD-1 By-laws and associated housing agreements. These variables would also make the long-term administration of permitting challenging as the site builds out over a decade or longer.

If Council desired, further exploration of a density bonusing approach would require referring the application back to staff. This would involve several months of technical work and discussions with the applicant, as well as a resubmission for certain aspects of the application and additional public consultation. This would delay Council's re-consideration of the AHI rezoning application at public hearing until Q1 2027. Staff understand that this delay would result in a significant risk to the Province's funding for the AHI Heather Lands program. Furthermore, it may ultimately be determined that it is not possible to create a density bonusing construct for Heather Lands that ties increased floor area to AHI delivery.

This memo will form part of the March 31, 2026 Council agenda package and be available for public viewing.

Regards,

A handwritten signature in black ink, appearing to read 'J White', written in a cursive style.

Josh White
General Manager, Planning, Urban Design and Sustainability
604.877.5159 | josh.white@vancouver.ca

APPENDIX A



March 18, 2026

Reference: 191217

Matt Shillito, Director, Special Projects
City of Vancouver
453 West 12th Avenue
Vancouver BC V5Y 1V4
Email: matt.shillito@vancouver.ca

Re: Budget 2026/27 – Attainable Housing Initiative and Heather Lands Development

Dear Matt Shillito:

We are writing to confirm the Province of British Columbia's continued commitment to advancing attainable housing delivery in the City of Vancouver, including our support for the Attainable Housing Initiative on the Heather Lands.

As outlined in the Budget and Fiscal Plan, funding has been identified for the Attainable Housing Initiative in 2026/27 which reflects the Province's ongoing priority to increase the supply of attainable home ownership for British Columbians.

In this context, the Province confirms its commitment to enter into and execute the contribution agreement with the Developer of the Heather Lands, subject to final terms and conditions consistent with provincial requirements. The Province views the Heather Lands project as a significant opportunity to deliver attainable housing at scale, and we remain committed to working collaboratively with the City of Vancouver and Developer to advance this project.

We appreciate the City of Vancouver's leadership and partnership in addressing housing affordability and look forward to continued collaboration to deliver meaningful outcomes for residents.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Adam McKinnon".

Adam McKinnon
Assistant Deputy Minister
Executive Financial Officer
Ministry of Housing and Municipal Affairs

A handwritten signature in black ink, appearing to read "John Thomson".

John Thomson
Assistant Deputy Minister
Ministry of Housing and Municipal Affairs

CC: Dan Garrison, Director of Housing Policy and Regulation, City of Vancouver
John Grottenberg, Senior Planner, City of Vancouver