



CITY OF VANCOUVER

POLICY REPORT URBAN STRUCTURE

Report Date: October 14, 2008
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TO: Vancouver City Council
FROM: Director of Planning
SUBJECT: Potential "Benefit Capacity" in Downtown

RECOMMENDATION

- A. THAT Council endorse the consideration of site-specific rezoning proposals in the Downtown South (DOPD areas L1, L2, M, and N), in the context of applicable City policies, including the height limits imposed by adopted view corridors, noting that each such rezoning application would be subject to full review and Public Hearing.
- B. THAT Council approve undertaking the Downtown Capacity Options Study generally in accordance with the Terms of Reference in Appendix A, to review the adopted height limits and view corridors affecting the downtown and recommend changes, if appropriate, to achieve additional development capacity. The staff resources to undertake the work have already been approved, and the public process and consultation budget is anticipated to be available in the Planning Department's operating budget.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of A and B.

CITY MANAGER'S COMMENTS

The City manager recommends approval of A and B.

COUNCIL POLICY

Downtown Official Development Plan (1975)

View Protection Guidelines (1989)

Downtown Vancouver Skyline Study recommendations (1997)

General Policy for Higher Buildings (1997)

Metro Core Jobs & Economy Land Use Plan: Issues & Directions (2007)

PURPOSE AND SUMMARY

Based on an assessment of the available capacity to accommodate additional floor space in the downtown to support public benefits, this report recommends:

- beginning to consider site-specific rezonings in the Downtown South area, up to current view corridor height limits; and
- undertaking a 12 month Downtown Capacity Options Study to investigate creating additional longer term benefit capacity, through the review of heights and view corridors in the downtown area.

The report describes how additional floor space provided on sites in the downtown through bonung or rezonings has supported public objectives such as heritage building retention; affordable housing; social, community and cultural facilities; parks; and transportation improvements. In most cases the additional floor space has been residential.

The Metro Core Jobs & Economy Study has confirmed the need to use the potential capacity in the core Central Business District (CBD) for "job space", i.e. non-residential uses. The Heritage Building Rehabilitation Program and Transfer of Density Bank report in July 2007 highlighted the growing amount of bonus density in the heritage "bank", and the need for places to accommodate it.

Both the July 2007 reports described the need to assess current "benefit" capacity—i.e. the ability to accommodate additional residential floor space on the available development sites in the downtown area to allow for bonuses, rezonings, and transfers, and report back. This is that report.

It is beyond the scope of this report to estimate future demand for future floor space to support for the wide array of civic facilities and services that are eligible. However, recent statistics are illustrative:

- Between January 1, 2003 and December 31, 2007 approximately 1.6 million sq. ft of transferable heritage bonus density was approved. Currently there is about 1.3 million sq. ft. approved in the density bank;
- Over the same period about 1.1 million sq. ft. was approved for other public amenities including affordable housing, childcare, cultural facilities, etc.

(These figures exclude the Woodward's project.)

In terms of potential supply of residential "benefit capacity", if the identified developable sites in the DODP area were built up to the view corridor height limits, an additional capacity of 2.8 million sq. ft. might found for "benefit" capacity. Another approximately 175,000 sq. ft. of heritage bank density might be absorbed in the Central Broadway C-3A area through the 10% density transfer mechanism.

This 3 million sq. ft. of capacity would be adequate for the short term. However, it is dependent on sites in the Downtown South being eligible to go to the height limit of the current view corridors. Therefore, Recommendation A is that the City begin to consider site-specific rezonings up to the view corridor height limits in the Downtown South. Each project would be subject to full rezoning review, and Public Hearing.

In addition, in order to identify longer term capacity, Recommendation B is to undertake the Downtown Capacity Options Study as described in Appendix A. This review of height limits and view corridors would look at the ability to create additional capacity, while being cognizant of the objectives of the view corridor and skyline policies previously adopted by Council. The Study would take about 12 months after staff is hired. Funding for staff, as well as some funding for consultant and public consultation costs, is already available.

BACKGROUND

1. Overview of Public Benefits

The City considers a range of facilities and services as public benefits:

- park land and development
- social and community facilities (e.g. community centres)
- childcare
- affordable housing
- heritage preservation
- cultural facilities
- public art
- transportation infrastructure (for pedestrians, cyclists and transit)
- library facilities

The needs for these benefits are set out in a large number of Council or Board-adopted standards, strategic or policy plans, area plans, and/or conceptual project designs that have been developed by the various responsible departments.

Public benefits are acquired or funded in a number of ways. Some of the main ones are City capital funding; Development Cost Levies (DCLs) on all new floor space; on-site bonusing under existing zoning; and Community Amenity Contributions (CACs) associated with rezonings.

2. How Density Supports Public Benefits

Some of the mechanisms to achieve public benefits involve additional floor space (density) beyond the normal zoned maximum. The additional density has been approved only after full review of the land use and built form indicates the density can be accommodated. Table 1 describes the main mechanisms.

Table 1 Tools Used to Create Additional Floor Space

| Tool | Description |
|---|--|
| Bonus Provisions in Downtown Official Development Plan (DODP) | May support social, cultural or recreational facilities; or affordable housing. Bonus is used on-site. |
| Bonus under Heritage Policies (HRAs) | Compensates for rehabilitation and designation of heritage buildings (may be on-site bonus or "banked" for future transfer. |
| Site-specific Rezoning | May include additional density, and may generate CACs for a wide range of benefits; and/or may accommodate transferred heritage density from the bank. |

In addition to these three main mechanisms by which additional floor space may be created, sites in the downtown and Central Broadway areas may receive up to 10% heritage density transfer from the density bank through the development permit process.

3. Residential Density Preferred by Applicants

In most cases the additional floor space created for bonus or through rezonings has been residential. Residential demand is more consistent, and it can be developed more readily, unlike commercial space for which the demand is more cyclical. In addition, residential is more valuable per square foot than commercial space (office, hotel, retail etc), therefore each sq. ft. supports more benefit. So, while any type of additional floor space can support public benefits, historically residential space has been more sought after.

4. "Benefit Capacity" Issue

The focus of this report is an assessment of whether there remains sufficient capacity for additional floor space on developable sites in the downtown area to continue to support public benefits. (For simplicity, throughout the rest of this report the potential for additional residential floor space that could support public benefits will be called "benefit capacity". In addition, the focus will be on the downtown (DOPD) area unless otherwise stated.)

There are two reasons this assessment is being done now:

- The Metro Core Jobs and Economy study has established that under existing zoning there could be a shortfall of about 5.8 million sq. ft. of "job space" in the downtown area by 2031. In July 2007 Council endorsed directions to preserve and increase job space capacity. A Metro Core report that Council will receive at the same time as this report recommends zoning and policy changes that will see virtually all potential capacity in the CBD used for "job space", i.e. office, hotel, retail, institutional, etc. While bonuses or rezonings with non-residential floor space increases may contribute toward public benefits, as noted above they are less timely and will support less on a per sq. ft. basis.
- The Heritage Building Rehabilitation Program (HBRP) applies to Gastown, Hastings Street, Victory Square and Chinatown, and provides for floor space bonuses for heritage rehabilitation and economic revitalization. It was originally approved in 2003 for 5 years. Projects came on stream faster than anticipated and by July 2007 about

1.4 million sq. ft. of transferable heritage density had accumulated in the heritage bank. Staff reported to Council recommending a review of the HBRP and the Transfer of Density Program, and limiting the amount of density to be created. A report on the first phase of the Review will be forwarded to Council in early 2009.

In the two July 2007 reports, staff recognised that there is limit to the potential capacity to accommodate transferred heritage density as well as to have on-site bonusing to support other public objectives such as childcare, cultural facilities, and housing. Staff committed to report back to Council on the potential capacity, as well as on the possible need to look at longer term capacity options through a study of the downtown heights and view corridors. This is that report.

DISCUSSION

1. Demand for Benefit Capacity

It is not within the scope of this report to project future demand for public benefits: to do would require a very extensive analysis, given the large range of facilities and services, and the policies and plans—both citywide and area-specific – that lay out the needs for them. However, by looking at statistics from the recent past it is possible to obtain an idea of the order-of-magnitude of demand.

a. Heritage

The provision of bonus density plays a critical role in heritage preservation, since the City is required to compensate for the cost of designation and rehabilitation of heritage buildings. Under the Vancouver Charter, Development Cost Levies may not be used for this purpose, and capital funding for heritage has been very limited.

Some of the heritage bonus floor space is used on the heritage sites, but in many cases the density is banked, and eventually transferred to another site through a sale arranged between the two private parties. It is the latter that call on the benefit capacity.

From 2003, through 2007, about 1.6 million sq. ft. of transferable heritage density had been approved. Currently there is about 1.3 million sq. ft. of approved heritage floor space in the bank. (These figures exclude the Woodward's project.)

b. Other Amenities

Cultural facilities, social and community facilities, affordable housing, parks and transportation have all been supported by additional density. Some of these categories are less dependent on additional floor space than heritage, since they have access to significant capital funding, and some--childcare, affordable (replacement) housing, parks and transportation--also access revenue from Development Cost Levies. (Social, community, cultural and recreational facilities are not eligible to use DCL revenue.)

Records indicate that in the 5 years between January 2003 and December 2007, approximately 1.1 million sq. ft. of floor space was approved in the downtown area to support these categories of public benefits. (This figure excludes the Woodward's project.)

(It should be noted the above figures cannot be used to estimate the proportion of support for heritage versus other amenities. The statistics do not include: projects outside downtown, on-site heritage floor space, DCLs, capital funding, or CACs that associated with factors other than added floor space, e.g. change of use,)

Table 2 provides some examples of specific facilities, illustrating the range of bonus amounts. The variation is due to different facility costs, varying development economics on different sites, and the contribution of funding from other mechanisms.

Table 2 Examples of Facilities Supported by Additional Floor Space

| Facility | Address & Approval Date | Additional Floor Space |
|--|-------------------------|---|
| 37 space childcare (11,866 sq. ft. indoor and outdoor combined) | 1188 W. Pender 2005 | 52,600 sq. ft. |
| 37 space childcare (14,957 sq. ft. indoor and outdoor combined) | 833 Homer 2007 | 78,503 sq. ft. |
| Vancouver International Film Centre (13,700 sq. ft.) | 1181 Seymour 2001 | 120,000 sq. ft. |
| ArtStarts in Schools (6040 sq. ft.) | 808 Richards 2003 | 34,000 sq. ft. |
| Orpheum backstage expansion, VSO music school, rehearsal space (46,572 sq. ft.) | 833 Seymour 2005 | 248,192 sq. ft. |
| Passlin Hotel Replacement 46 units | 788 Richards 2004 | 75,000 sq. ft. (+ \$750,000 in DCLs) |

2. Availability of Benefit Capacity

As previously noted, almost all of the potential capacity in the CBD area will be required for "job space", i.e. office, retail, hotel, service, cultural, institutional, etc. To some degree additional non-residential floor space can support benefits, but it is not as helpful in this respect as residential. Therefore, it is particularly the DODP outside the CBD, and parts of Central Broadway, that can provide potential benefit capacity.

Staff have reviewed all the likely developable sites in the DODP area that would be eligible for residential use, to determine what the incremental capacity might be if they developed to the heights permitted by the adopted view corridors. In addition, an estimate has been made of density that might be accommodated through the 10% transfer capacity in the Central Broadway area. As noted in table 3, about 3 million sq. ft could be available.

Table 3. Estimated Available Benefit Capacity
(as of January 1, 2007)

| Area | Zone | Potential additional residential sq. ft. |
|------------------|--------------------------------|--|
| Downtown | | 2,808,000 |
| CBD | DODP, Areas A, B, C Central, F | 400,000 |
| "Shoulder" | DODP Areas C South, H | 693,000 |
| Downtown South | DOPD Areas L1, L2, M, N | 1,707,000 |
| Central Broadway | | 175,000 |
| TOTAL | | 2,975,000 |

Given what we know about past demand, this potential supply may be adequate for the short term. However, accessing the supply in the Downtown South will require consideration of site-specific rezonings above the 300 ft. height limit, up to the viewcones. This has not been the practice under current policy. Even then, there is no guarantee that a proponent will wish to pursue any or all of the extra capacity on the sites. Given the short term nature of the supply, and the uncertainty, it is also important to undertake a study of options for longer term capacity.

3. Site-specific Rezonings in Downtown South

Many of the sub-areas of the DODP allow consideration of additional height beyond the basic maximum up to 450 ft.—and in limited circumstances, up to 600 ft. – provided the adopted view corridors are respected. Based on this height flexibility in the existing zoning, the City has considered both bonusing, and site specific rezonings provided the urban design evaluation is supportive.

However, in the Downtown South (DODP areas L1, L2, M and N) the maximum height is 300 ft. and the 450 ft. relaxation provision does not apply. Therefore, neither on-site bonusing proposals nor site-specific rezonings have generally not been considered above the 300 ft. limit.

Recommendation A is to allow consideration of site-specific rezonings in the Downtown South, up to the height limits imposed by of the approved view corridors, subject to full rezoning processing (including review of the building form, public consultation) and Public Hearing.

Staff's analysis indicates that the heights that could be achieved on the developable sites would range up to about 415 feet, depending on the view corridors that affect the site. These heights should be able to be achieved without impact on the overall skyline form endorsed by Council as a result of the Downtown Vancouver Skyline Study (1997).

4. Long Term Capacity Study

Recommendation B is that Council approve undertaking a longer term Downtown Capacity Options Study. The objective will be to determine if additional capacity beyond that in Table 3 can be achieved through increasing the heights and/or modifying the adopted viewcones. (The study will not be addressing the issue of how capacity should be shared among to different categories of benefits.)

Appendix A contains a terms of reference for the study, which will need to be augmented by a detailed work program to be developed when the work starts.

The study area includes the following areas:

- Downtown Official Development Plan area, except area C2 (Victory Square);
- Granville Slopes;
- Central Waterfront Hub Area; and
- False Creek North

The study area does not include the Historic Precinct--area C2 (Victory Square), Hastings Street, Gastown, and Chinatown--because a separate height study is underway for that area, and due for completion in 2009.

The Downtown Capacity Options Study will take about a year, and is likely to be complex and controversial. There are multiple view corridors and possible options which would need to be 3-dimensionally modeled. Both the impact on the view corridor and on the adopted skyline policies would need to be evaluated. If the experience with the past view corridor and skyline studies is any indication, the study is likely to generate a good deal of public interest. Public consultation will need to be wide-ranging.

In anticipation of this study, two 12 month temporary staff positions—a Planner II and Planning Analyst were approved in the 2008 Operating Budget. They are in the process of being hired. They will work under the supervision of an existing Planner III.

The study will involve consultant work and extensive public consultation. No estimate of costs for these components has been done at this time—it will depend on the detailed work program that the team will develop. However, funding is available: starting in 2008 annual funding for public process and consultant studies related to Central Area Division programs was added to the Planning Department's operating budget. The assumption is made that there will be similar funding in the 2009 Operating Budget that can be drawn upon.

FINANCIAL IMPLICATIONS

The recommendations do not have any financial implications for the City's operating budget since the staff and resources for the proposed Downtown Capacity Options Study have already been approved. The Study is important, because contributions toward the costs of public benefits made by bonusing and CACs associated with rezoning are significant in meeting the City's capital facility needs.

CONCLUSION

Additional floor space has been an important tool in supporting various public benefits in the downtown. There will be enough capacity to continue this in the short term, provided Recommendation A is approved. However, it is also important that longer term capacity is located, through the study recommended in Recommendation B.

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Terms of Reference Downtown Capacity Options Study

1.0 Intent

The purpose of the Study is to review the adopted heights limits and view corridors affecting the study area (see below) and recommend changes, if appropriate, to achieve additional potential development capacity.

The intent is to identify possible modifications while still achieving the public objectives underlying the current height and view corridor policies (see Section 3.0).

The additional capacity, which would likely be achieved through future rezonings, would be intended to support public objectives such as heritage, affordable housing, social/community/cultural facilities, or parks and recreation. (Note that it is not within the scope of the Study to address allocation of space to these different benefits.)

The scope of the study will be adjusted based on the time, staff and resources available (see sections 6.0 and 7.0), and may be geographically narrowed if necessary. (see section 2.0).

2.0 Study Area

The Study area will generally include the following areas:

- Downtown Official Development Plan area, except area C2;
- Granville Slopes;
- Central Waterfront Hub Area; and
- False Creek North/

The Study area does not include the Historic Precinct--area C2 (Victory Square and Hastings Street, Gastown, and Chinatown--because a separate height study is underway for that area, and due for completion in early 2009.

The geographical focus of the study will be further guided by the location of sites that are developable, most of which have been identified by staff.

3.0 Policy Background

Basic building heights in the study area are regulated by plans and zonings adopted at various dates over the past 30 or more years: the Downtown Official Development Plan (ODP), False Creek North ODP, Granville Slopes Policies, Central Waterfront ODP, and Central Waterfront Port Lands Policies.

View Protection Guidelines were approved in December 1989 and establish a number of view corridors (aka viewcones) over the downtown peninsula to protect views of the north shore mountains from a variety of locations south of the downtown peninsula.

In February 1997 Council endorsed policies resulting from the Downtown Vancouver Skyline Study intended to result in a "dome-like" skyline shape incorporating certain key principles.

In line with this decision, in May 1997 Council adopted the General Policies for Higher Buildings which outline where and under what conditions buildings higher than current maximums—up to 600 ft.—could be considered.

4.0 Products

The ultimate product will be a report proposing revisions to the adopted view corridors, skyline policy and higher building policy, for Council consideration.

Other products will be the technical documentation and consultant reports completed during the course of the Study.

5.0 Public Consultation

Consultation will occur with the broad public, property owners, and key groups such as residents' and business associations, and Council advisory committees. In particular, public input will be sought in the evaluation of options. Various mechanisms will be employed such as web-based information/newsletters; an advisory group (if appropriate); open houses; surveys; and attendance at key groups' meetings.

6.0 Work Program and Schedule

The Study is to take about 12 months from the time the staff team is in place.

The staff team will create a detailed work program. The scope of work will be adjusted to fit the 12 month time span. This may involve reviewing some viewcones and not others (e.g. those which have most effect on development capacity); limiting the number of options considered; or other approaches.

6.0 Staffing and Resources

Two temporary 12 month staff positions have already been approved by Council to undertake this work. They will work under the supervision of an existing Senior Planner.

It is anticipated that consultant work will play a major part in the Study, as was the case with earlier studies on view corridors and skyline. The staff team will be responsible for generating terms of reference, consultant selection and management. Funding for consultant work and public consultation costs is available from operating budgets.