

2.0 THE EXISTING SYSTEM

2.1 TERMS

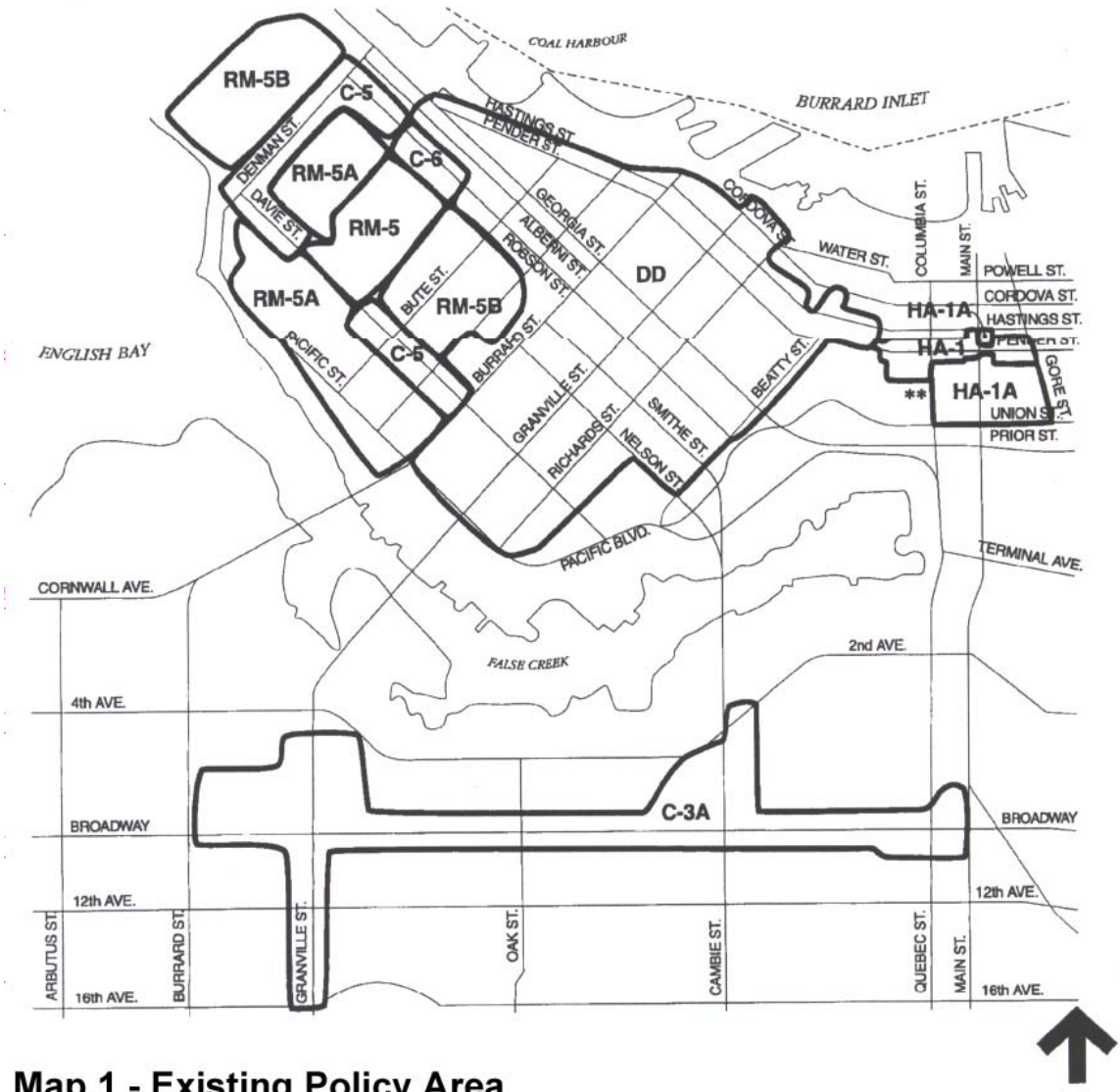
The following terms are used in this report:

- bonus density: development rights in addition to the rights under existing zoning, granted by the City to a property owner in exchange for providing an amenity, such as the retention of a heritage building.
- residual density: on a given site, the difference between the total density allowed under existing zoning and the floor area of the existing improvements. In other words, the unused portion of the density allowed on a site.
- transferable density: the total amount of development rights (measured in terms of floorspace) that a property owner is entitled to sell to another property. Transferable density may be bonus density, residual density, or a combination.
- density bank: the amount of transferable density that has been approved by the City but has not yet been transferred from the original heritage site to development sites. The “bank” is not a real entity that controls, buys, or sells density. It is simply the term used to mean the inventory of unsold development rights that have been granted to heritage property owners.
- source site: a heritage property that has been granted the right to transfer density. These properties are sometimes called “donor” sites, but this is misleading because transferable density is sold, not donated.
- receiver site: a development site that acquires transferable density from one or more source sites.

2.2 STRUCTURE AND PROCEDURES

2.2.1 *Source Areas*

The City of Vancouver's transfer of density policies for heritage preservation apply to the geographic area outlined on Map 1 (as of May 2002). Eligible source sites (heritage buildings) can be located in the West End, Downtown, Central Broadway and Chinatown.



Map 1 - Existing Policy Area

Transfer of Density Areas* for Heritage Preservation

- * incorporating CD-1 zoned sites within the area boundaries
- ** heritage density may be transferred away from but not into the HA-1 and HA-1A Districts.

Note: Policy area as of May 2002.

2.2.2 Receiver Areas

The City has designated a policy area, comprised of the West End, Downtown and Central Broadway, within which all sites (except those zoned CD) are potentially eligible receivers of transferable density⁵. Within this policy area density can be transferred to any site that can meet the City's urban design objectives, expressed in zoning guidelines and policy. The transfer can "cross" zoning boundaries, meaning that density originating at a heritage site can become residential, commercial or institutional depending on the zoning of the receiver site, regardless of the zoning of the source site.

Outside this policy area, heritage density transfers can occur if the source and receiver sites are not separated by a zoning district boundary or by a use, height, or density boundary in a Official Development Plan.

2.2.3 Creation of Transferable Heritage Density

The process starts when an interested heritage property owner approaches the City to negotiate a deal for transferable development rights.

The owner presents a financial analysis that shows land value assuming redevelopment and land value assuming retention/rehabilitation of the historic building. The shortfall is the amount of incentive that must be provided in the form of bonus development rights. The City evaluates the financial analysis, negotiating with the owner to arrive at a set of numbers that both parties regard as reasonable under current market conditions.

⁵ CD zoned sites are excluded (unless the CD Zone for a site explicitly enables density increases) because the CD rezoning and development approval process involves detailed urban design and architectural work to determine the siting, height, and massing of buildings, so it is unlikely that additional space transferred from the heritage density bank can be incorporated on-site.

The City of Vancouver enters into an agreement (Heritage Revitalization Agreement) with the heritage building owner. The HRA outlines the duties, obligations and benefits of both parties. Terms can include the granting of bonus density to help fund preservation of the heritage building. In cases where it is demonstrated that residual and/or bonus density cannot be used on the heritage site, the HRA can include a provision to allow a property owner to transfer the density. In return, the building owner is required to rehabilitate and/or upgrade the building and to provide continued maintenance of the building.

If density is approved for transfer off-site, the transferable density can either be sold in one block to one receiver site or sold in multiple transactions to various sites. A development limitation covenant registered on the title of the heritage property records the amount of density available to transfer. As density is transferred off-site, the covenant is amended to reduce the permitted transferable density at the heritage property. The City of Vancouver refers to the method of holding transferable density at the source site through a development limitation covenant as the “density bank”.

In Vancouver's system, transferable density can only be held by the original source or sold directly to a receiver site. Development rights cannot be owned by a third party because the rights are not allowed to exist as an independent asset unlinked to a parcel of land.

2.2.4 Transferring Heritage Density to a Receiver Site

Within the policy area boundaries, heritage density can be transferred to any property (excluding Chinatown and CD-1 sites) that can meet the City's urban design objectives. The transfer is not limited by zoning district boundaries or the use, height or density boundaries in the Downtown ODP.

The permitted FSR at a site that receives transferred density can be increased by up to 10% above existing zoning without having to rezone the site (through the development permit process). Beyond 10%, rezoning is required. As part of the approval process for a density increase, the receiver site must meet the City's urban design objectives and height limits.

The following sites are excluded as potential receiver sites for transferable heritage density, without rezoning:

- A site already receiving an increase in density due to the hotel bonus (up to 15%) available under the Downtown Official Development Plan.
- A site already receiving a density increase due to a previous heritage transfer.
- A site containing an SRO hotel, unless the units are secured or replaced.
- A site zoned CD-1, unless a provision is included in the CD-1 bylaw.

The above exclusions are regulatory. There are also practical reasons why some sites will not likely become receivers of transferable density. Obviously any site not already a candidate for redevelopment will not be in the market for additional development rights. Some sites, due to size and configuration, cannot physically accommodate additional space (and/or cannot accommodate the necessary parking) even though it might be allowable. For some sites, the unique site characteristics coupled with the City's urban design objectives makes it difficult to achieve all the density conditionally allowed under existing zoning, so there is no ability to take advantage of the 10% supplement.

2.2.5 City's Role in Transferring Density

The City is not a party to the financial transactions involving the sale and purchase of transferable density. The City is involved in the legal work associated with a Heritage Revitalization Agreement (HRA) and development limitation covenant at the source site.

As density is transferred, the City records the debit and credit of density in its “density bank”. The density bank is recording procedure managed by the Planning Department (Heritage Conservation Program), which lists the amount and location of density for sale at any one time. The buyer of the density must obtain approval for its use at an acceptable receiver site as part of the development permit process, consistent with City policies and guidelines.

2.2.6 Transfer of Density for Other City Objectives

The transfer of density policy permits City Council to consider transfers for other civic objectives, such as the creation of public open space or park land. However, there has only been one transfer for non-heritage purposes. This involved a transfer of density from 901 West Hastings to the Bentall 5 site to create a public open space at the foot of Hornby Street.

2.2.7 Other Related Policies

The City uses density bonuses as incentives for developers to provide other types of amenities, such as cultural facilities or social housing. These bonuses are not transferable and must be used on the site on which the amenity is provided. Not being transferable, amenity bonus density does not complete directly on the open market with heritage density. However, the availability of amenity bonusing means that some development sites are removed from the pool of eligible receiver sites, because these sites already exceed the 10% limit on additional density.