



How To ...

Buy and Sell Transferable Heritage Density

January, 2008

This brochure is intended to be used in conjunction with the other **How To ...** brochures in this series.

It is not a legal document. It departs from the necessary legal and technical terminology used in the Vancouver Charter and applicable City by-laws. Any contradiction, dispute or difference between the contents of this brochure and applicable City by-laws, plans, policies or guidelines will be resolved by reference to the by-laws or other official documents.

OTHER **HOW TO ...** BROCHURES

- #1 When are Development Permits Required in Vancouver?
- #2 Development Permit Process in Vancouver
- #3 Development Permits for Major Applications in Vancouver
- #4 Appeals to the Board of Variance and Parking Variance Board in Vancouver
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For all locations, phone numbers and other related details mentioned in this brochure, please refer to the For More Information section at the end of this brochure.

The Creation of Transferable Heritage Density

The City of Vancouver offers a variety of incentives to achieve the rehabilitation and legal protection of heritage resources. A frequently used incentive is granting of bonus density in exchange for the rehabilitation and legal protection of a heritage building. When it is not possible to use this bonus density by adding more development on the same site as the heritage building, City Council or the Development Permit Board may authorize it to be made available for transfer to another site where there is opportunity for additional development. The sale of transferable heritage density (bonus and/or residual*) generates funds for the owner of the heritage site; this helps defray rehabilitation costs.

*(*Note: Depending on the zoning in an area, in addition to bonus density, a heritage site may contain residual density (i.e. unused density). Both bonus and residual density may be eligible for transfer. Speak to a Heritage Planner for further information.)*

The site of the heritage building is called the donor site. The site where the transferred density is to be used is called the receiver site.

The amount of transferable density is specified in a Heritage Agreement between the Donor Site Owner and the City. The Heritage Agreement also describes the conditions that have to be met by the Donor Site Owner, before any heritage density can be legally transferred. Throughout this guide, a "Heritage Agreement" includes both a Heritage Revitalization Agreement and any other obligations secured through the Heritage Agreement.

What are Possible Receiver Areas?

City Council has established a "Transfer of Density Policy and Procedure" which identifies heritage conservation as one of the public objectives that can be achieved through a transfer of density. See:

<http://vancouver.ca/commsvcs/planning/heritage/densitytransfer.htm>

This document states that it may be possible to transfer heritage density from donor to receiver sites throughout most of the Central Area. The zoning districts in the Central Area where potential receiver sites can be located are: the Downtown District (DD); the West End (RM-5, RM-5A, RM-5B, C-5, C-6); and portions of Central Broadway (C-3A). Donor sites can be located in any of these districts and also the Chinatown (HA-1 and HA-1A) and Gastown (HA-2) zoning districts.

Outside of the Central Area, Council policy is that heritage density transfers may occur if the donor and receiver sites "are not separated by a zoning boundary or use, density or height district boundary in an Official Development Plan", and both sites are rezoned at the same time.

How Heritage Density Can Be Transferred to a Receiver Site

Heritage Density can be transferred to more than one receiver site. There are two ways in which density may be transferred:

1. Density Increase of up to 10%: In several of the zoning districts which encompass the Central Area, the Development Permit Board may approve a development application which requests an increase in density of up to 10% more than is otherwise permitted by the existing zoning. In doing so the Board will give particular consideration to the impact of a density increase on shadowing, floor plate shape and size, height and public views, as well as the opinions of any persons who consider themselves affected.

Council policy excludes the following as receiver sites:

- sites already receiving a 15 percent hotel bonus;
- sites already receiving a heritage density bonus;
- sites containing a single room occupancy (SRO) hotel, unless arrangements are made to secure or replace units; and
- sites zoned CD-1, unless a provision is included in the CD-1 by-law.

A receiver site may be eligible if it is in one of the above-noted zones in the Central Area. If it is, see "How To" Brochure #2 for information on the development permit process and "How To" Brochure #3 for information on Major Development Permit Applications.

2. More than 10% increase in density or receiver sites outside the Central Area: If the proposed increase in density is more than 10%, or the receiver site is located outside the districts listed above, a rezoning application can be made. See "How To" Brochure #5 for rezoning procedures.

Who Has Heritage Density For Sale?

For a list of donor sites with heritage density for sale, see the Heritage Density chart on the City's web site: <http://vancouver.ca/commsvcs/planning/heritage/termsofuse.htm>

The Heritage Density chart also provides information on conditional sales of density, as well as sales that have been completed. Not all Council approved heritage density is listed as "available" on the Density Chart. In some cases, Council has approved density for transfer but the Donor Site Owner has not completed the rehabilitation of the heritage building or, alternatively, the Donor Site Owner has not given the City the guarantee required by the

Heritage Agreement. In other cases, the Donor Site Owner also owns other property that is intended to receive the heritage density. Only heritage density that is legally available for transfer is listed on the Heritage Density chart.

The buying and selling of transferable heritage density is a transaction between two private property owners. The City is not involved in negotiating these agreements between the two owners. The City does, however, monitor sales in order to ensure that transferable heritage density operates as an effective tool.

Process for Development Applications and Rezoning Applications

Potential applicants, who have a proposal for a new building that they think could accommodate transferred heritage density, should start by finding out if they will have the support of City staff. For projects requiring Development Permit Board approval, call 604-873-7613 to arrange a meeting with a Project Scoper. For projects requiring rezoning, call 604-873-7455 to arrange a meeting with a Rezoning Planner.

Both Development Applications and Rezoning Applications have two main additional requirements. Development Applications must include a completed City form letter called "Letter A". Rezoning applicants must submit Letter A prior to a Public Hearing. Letter A is signed by both the Donor Site Owner and the Receiver Site Owner. It provides the City with evidence that the donor site has available the amount of density requested by the receiver site and that a conditional agreement has been reached for the sale of this amount of density.

Before a development permit can be issued or a rezoning by-law enacted, the City requires confirmation that the sale of density has been completed. This information is provided in a form letter, "Letter B". If the heritage rehabilitation is not complete, Letter B must be accompanied by a Progress Report.

On-line access to Letters A and B, can be found at:

<http://vancouver.ca/commsvcs/planning/heritage/densitytransfer.htm> or
<http://vancouver.ca/commsvcs/planning/landuse8.htm>

Provisions for Making Density Available for Transfer

The City grants transferable heritage density to a donor site in order to achieve the rehabilitation of a heritage building and its legal protection. The City, therefore, will not permit the heritage density to be transferred until either the rehabilitation is complete, or the Donor Site Owner has given the City a guarantee as required by the Heritage Agreement.

The Heritage Agreement, registered against the donor site, specifies the conditions that must be met before the heritage density is legally available for transfer. Prior to transfer of heritage density, the following conditions must be satisfied:

- The rehabilitation of the heritage building is complete, an occupancy permit has been issued and a final Progress Report has been submitted; or
- The Donor Site Owner has provided a letter of credit to the City for 120% of the value of the density being transferred; or
- Sufficient rehabilitation of the heritage building has taken place to warrant a partial release of the density. The Donor Site Owner has submitted a Progress Report in support of a request for a partial release of density.

Letters of Credit

Once the Donor Site Owner has received a Development Permit and a Building Permit for the rehabilitation of the heritage building, it is possible to sell all or part of the available transferable heritage density prior to completion of the rehabilitation of the building if the City is provided with a Letter of Credit. The Donor Site Owner arranges for a Letter of Credit through a Schedule 1 Canadian chartered bank and sends it to the Heritage Planner, who will forward it to Legal Services. The Letter of Credit shall be unconditional, irrevocable and self-renewing. The Letter of Credit is for 120% of the value of the density to be transferred.

(Note: The value of the density for transfer is considered to be the value at the time of Council's approval.)

Request for a Draw Down on a Letter of Credit

The Donor Site Owner may request a draw down in the dollar amount of the Letter of Credit previously submitted, provided part of the rehabilitation work has been completed, by submitting a Progress Report to the Heritage Planner. After reviewing the Progress Report, the Heritage Planner will determine if the request can be supported.

The City needs to hold security to cover the costs of the outstanding work to complete all aspects of the development. Security can be a combination of the unsold density valued at the time it was approved by Council, and a Letter of Credit valued at 120% of the portion of the work secured by the Letter of Credit.

The lawyer for the Donor Site Owner then requests a draw down of the Letter of Credit in the amount advised by the Heritage Planner.

Upon completion of the heritage rehabilitation and issuance of an occupancy permit, the Donor Site Owner will submit the final Progress Report to the Heritage Planner. Any Letter of Credit will then be returned to the Donor Site Owner upon written request.

Progress Reports

If the heritage rehabilitation is not complete, a Progress Report must accompany Letter B. A Progress Report is also required for a draw down on a Letter of Credit or for release of the density held by the City. Progress Reports are confirmed by the Heritage Planner, in consultation with other City staff. Allow sufficient time for Progress Reports to be processed. The Progress Report is to be submitted to the Heritage Planner and is to include:

- a report from the construction consultant (e.g. Quantity Surveyor) and conservation consultant for the project, providing details of the completed and uncompleted work and the associated costs;
- the conservation consultant's written confirmation that the work completed conforms with the Development Permit (including the conservation plan and outline specifications);
- a summary of the total density available for transfer and details of any previous transfers including amount and receiver site addresses;
- the amount of density requested for transfer, the receiver site of the current request and the resulting net balance of unsold density on the donor site; and
- a calculation verifying that the amount of density remaining after the current transfer request is sufficient to cover the costs to complete the heritage rehabilitation. If the amount of density remaining after the proposed transfer is lower than the cost to complete the work, a Letter of Credit will be required.

FOR MORE INFORMATION

BY PHONE

DEVELOPMENT SERVICES

Enquiry Centre (General enquiries on Development and Building and referral to a Project Scoper)
.....604-873-7613 / 7611

PLANNING DEPARTMENT

Rezoning Centre (General enquiries on rezoning)604-873-7455
Heritage (General enquiries)604-873-7141

IN PERSON

City Hall is open from 8:30 a.m. to 5:00 p.m., Monday to Friday (**please note exceptions in brackets*)

Development Services

Enquiry Centre (East Wing, 2nd Floor)(**8:30 to 4:30*)
Processing Centre (East Wing, 3rd Floor)(**8:30 to 4:30*)
2675 Yukon Street (11th and Yukon)

Planning Department

Rezoning Centre
East Wing, 3rd Floor
2675 Yukon Street (11th and Yukon)

MAIL

Clearly mark the Department (and division or area of department if possible) on the envelope and send to:

City of Vancouver
(department name here)
453 West 12th Avenue
Vancouver, BC V5Y 1V4

FAX

Enquiry Centre604-873-7100
Planning Department.....604-873-7060
Engineering Services.....604-871-6191

INTERNET

Email: info@vancouver.ca
Website: www.city.vancouver.bc.ca

Vanmap: www.city.vancouver.bc.ca/vanmap
(a web-based map system providing property information such as property lines, zoning information, aerial photos, addresses, parks, etc.)