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To: "Direct to Mayor and Council - DL" <CCDTMACDL@vancouver.ca>

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Date: 10/2/2017 3:08:54 PM

Subject: RTS 12109: False Creek Flats Implementation: Policy and By-law Amendments

Attachments: Memo to M&C - False Creek Flats Plan Implementation - 29-09-2017.pdf

Dear Mayor and Council,

Please see attached memo from Gil Kelley, GM of Planning, Urban Design & Sustainability, regarding RTS 12109: False Creek Flats Implementation: Policy and By-law Amendments.

Here is the summary of the memo:

- This Memorandum summarizes questions from Council and public regarding item #6 of the September 19th Public Hearing for False Creek Flats Implementation.
- It also provide additional information to Council on the ability to establish an additional option to redirect residual land value created in the Sub-Area E of FC-2 towards affordable rental units in place of an amenity share payment.

Sincerely,

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Refers Item #6
Public Hearing of September 19, 2017

September 29, 2017

MEMORANDUM

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
Paul Mochrie, Deputy City Manager
Janice MacKenzie, City Clerk
Lynda Graves, Manager, Administration Services, City Manager's Office
Rena Kendall-Craden, Director, Communications
Kevin Quinlan, Chief of Staff, Mayor's Office
Katie Robb, Director, Communications, Mayor's Office
Naveen Girn, Director of Community Relations, Mayor's Office
Karen Hoesel, Assistant Director of Planning, Vancouver Downtown

FROM: Gil Kelley, General Manager of Planning, Urban Design & Sustainability

SUBJECT: RTS 12109: False Creek Flats Plan Implementation: Policy and By-law Amendments

Background

On September 19, 2017, the above referenced policy report was first considered by Council at Public Hearing. The speakers list was closed, questions were received from Council, and decision deferred to October 3, 2017. The intent of this memo is to respond to questions asked by Council and various speakers at the Public Hearing, along with questions received by email following the close of the speakers list on September 19, 2017.

Responses to questions from City Council and Speakers

The questions have been generalized into themes. Under each theme are staff's responses.

Question 1: What is the value of new rental housing density contemplated in the FC-2?

During the Public Hearing, members of the development industry spoke to Council with concern regarding the amenity share for optional bonus density for new rental housing in Sub-Area E of the FC-2 District Schedule. Staff recognized this sub area as an ideal location to

pilot a select amount of housing in industrial areas through a bonus density structure. Recognizing the complicated mix of uses outlined in the Plan, a conservative approach was taken in the establishment of the amenity share contribution, using \$120.00/sq ft (only 75% of the new residual value \$160/sq ft) towards proposed community economic centres.

Prior to the Public Hearing, staff met with members of the development industry to hear their concerns and to consider their feedback on the proposed rate for the amenity share contribution. Staff shared the studies conducted by Coriolis Consulting and the development industry argued that there was no value created by new rental density: a message reiterated to Council at the Public Hearing.

Taking these concerns under advisement, staff requested Coriolis Consulting to review and adjust their modeling as required. Coriolis has concluded that their original numbers and assumptions are supported by real market examples in comparable locations, and if anything are too low, based on recent market transactions in excess of \$200/sqft. for similarly located market rental residential density. The details of the work are contained within the Memorandum circulated to Council from the Assistant Director of Planning, Vancouver Downtown, dated September 15, 2017 and is available here:
<http://council.internal.vancouver.ca/20170919/documents/pha6memo.pdf>

Council had also enquired as to whether or not any other municipalities in Metro Vancouver have charged similar contributions for new rental density. As mentioned by Mr. Wollenberg at the hearing, North Vancouver has allowed additional rental housing density in their jurisdiction in exchange for an amenity share contribution of \$115/sqft.

Question 2: What level of rental affordability could be achieved if the bonus density in FC-2 was targeted at affordable rental rates, instead of economic enabling space?

Related to Question 1 above, some Councilors and members of the public also asked about the City's ability to redirect the proposed amenity share contribution into inclusionary affordable rental housing, in place of a financial contribution to economic enabling spaces. Staff enlisted Coriolis Consulting to consider this question and to test the amount of affordable rental which could be achieved if the additional density was granted to owners without an amenity share contribution.

The consultant has advised that the new density of rental residential could support an additional inclusionary zoning option involving a 50/50 split of full-market rates and affordable rates serving the household incomes identified in Table 1 below, noting that the ownership of the units would remain with the developer.

TABLE 1: AFFORDABLE RENTAL RATES TARGETED

	Targeted Rents in Below Market Units (50% of all units)	Income Level Served in Below Market Units
Studio	\$950	\$33,000 – \$46,000
1-Bed	\$1200	\$41,000 – \$58,000
2-Bed	\$1600	\$55,000 - \$77,000
3-Bed	\$2000	\$69,000 – \$96,000

Note: Income levels served assume 25% to 35% of income is spent on rent

Question 3: How do the proposed zoning amendments respond to Council’s motion approved on May 17, 2017?

Council’s motion is included below for reference:

“C. THAT staff consider policy support to ensure adequate institutional student rental housing on the Great Northern Way campus as part of planning for the future Thornton Street Millennium Line station;

FURTHER THAT when preparing District Schedules arising from approval of the False Creek Flats Plan, staff provide language in the District Schedules that would allow for goods and services intended for local workers, students and those using the area as an active transportation corridor.”

Institutional Student Housing on Great Northern Way Campus:

The Plan introduced policy support for a future rezoning of CD-1 (402) for the consideration of additional student housing within the Great Northern Way Campus. As this Comprehensive Development zone was not included within the original scope of the Plan, no changes have been initiated at this time. However, the policy is now in place to receive privately initiated applications for the rezoning on this site for additional Student Housing.

Ground Floor Activation in New and Amended District Schedules (I-2 Sub-Areas A & B; I-3 Sub-Area A; IC-3 Sub-Area A; MC-1; and FC-2):

To address the ground floor activation and provision of goods and services in the area, staff adopted a zone-specific approach to the various district schedules to implement the Plan. The range of activating uses are outlined in Table 2, and these balance the need for industrial ground floor space with the need to deliver additional amenity:

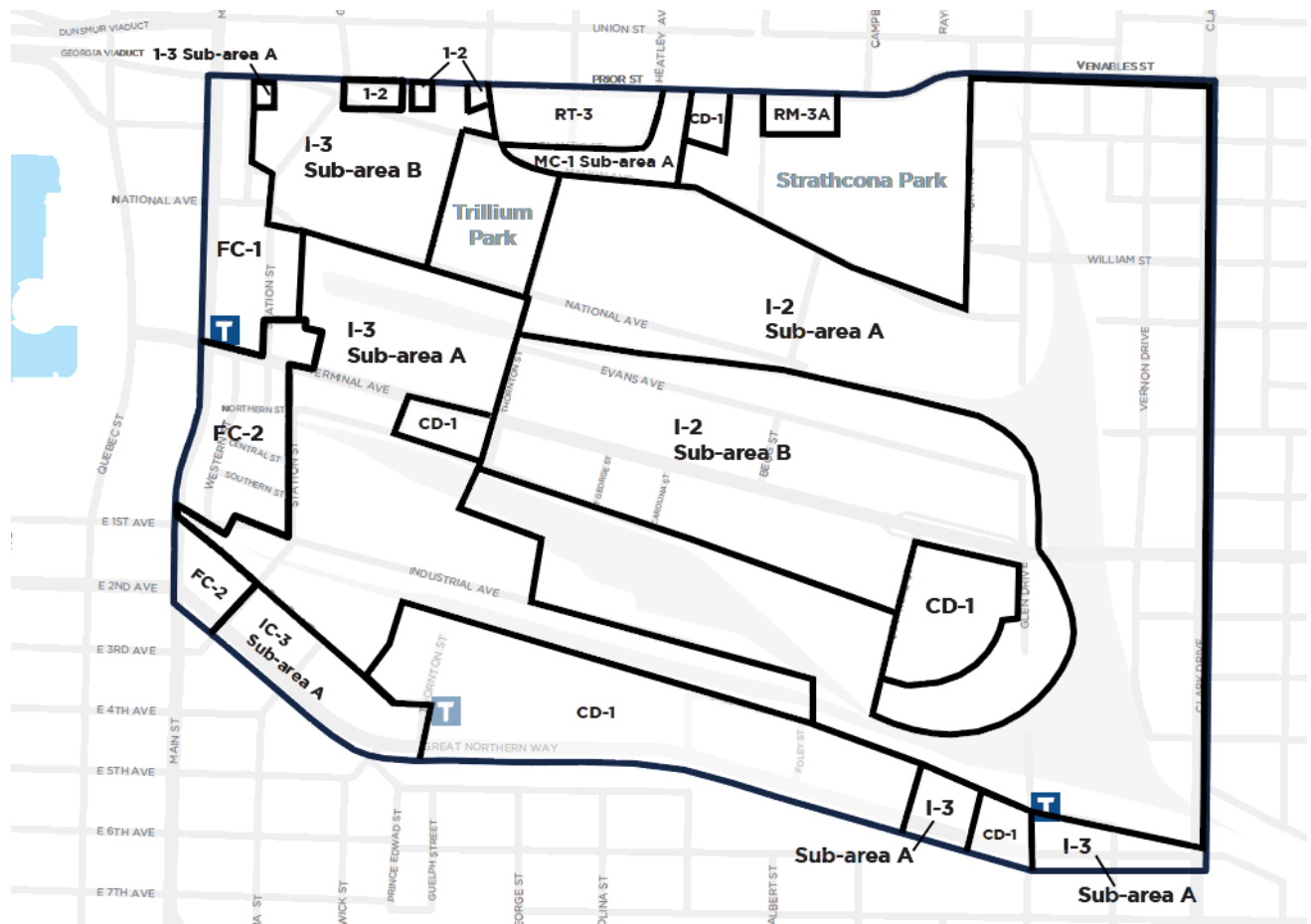
- Accessory retail is encouraged to augment the industrial uses in all zones. Examples of this are already visible in limited amounts throughout the area, where the primary function of production, is augmented with a retail storefront to attract customers and activate the area.
- A greater degree of service and retail is proposed in the higher intensity zones (I-3 and FC-2) near transit and in close proximity to the institutional anchors of Emily Carr University of Art and Design and the future St. Paul’s Hospital.

- In addition to this accessory retail function, several zones include a variety of service, manufacturing, cultural and recreational uses that will help activate the area and provide opportunities for accessing needed goods and services.
- Nearly every zone includes provisions for live music and performance which can be accommodated in uses such as Restaurant Class 2, Theatre, and Arts and Cultural Indoor Events.

TABLE 2: GROUND FLOOR ACTIVE USES IN THE FCF DISTRICT SCHEDULES

ACTIVITY	I-2 A and B	I-3 A	IC-3	MC-I	FC-2
RETAIL					
1. Accessory Retail Store					
2. Limited food retail/cafe					
3. Farmers Market					
4. Art sale retail					
5. Retail store					
6. Grocery or Drug store					
7. Liquor store					
8. Furniture and appliances					
MANUFACTURING					
9. Brewing & Distilling/Tasting					
SERVICE					
10. Restaurant 1					
11. Restaurant 2					
12. Barber or Beauty salon					
13. Catering					
14. Neighbourhood Public House					
15. Laundromat or Dry Cleaning					
16. Cabaret					
CULTURAL AND RECREATION					
17. Arts and Cultural Indoor Event					
18. Fitness centre					
19. Theatre					

MAP 1: FALSE CREEK FLATS ZONING MAP



Ground Floor Activation in Institutional Anchors:

In addition to the District Schedules before Council, the policy statement for the future St. Paul’s Hospital and the CD-1 for the Great Northern Way Campus both include significant zoning and policy to further support ground floor activation:

- The St Paul’s policy statement provides for retail uses including grocery and drug store, retail store and small-scale pharmacy, barber shop or beauty salon, beauty and wellness centre, laundromat and dry cleaning, Neighbourhood Public House and Restaurant. These uses would be encouraged on the west parcel along Station Street extension.
- The CD-1 (402) for Great Northern Way permits 15,793 m² (169,995 ft²) of a broad range of Retail and Service uses (not including the additional space for Hotel and Laboratory uses) with limited restrictions.

Question 4: What steps were taken to notify and consult the community?

When the Plan was approved by Council at the meeting on May 17, 2017, staff included an appendix to that Report (Appendix C) that outlined the consultation activities undertaken throughout the planning process: <http://council.vancouver.ca/20170517/documents/cfsc1-AppendixC-FalseCreekFlatsPlan.pdf>.

As identified in that report, the Plan engaged over 4,300 participants through numerous events, workshops, meetings, and open houses. A key component of this engagement included both in-person and on-line opportunities to shape and inform the outcomes of the Plan as unanimously adopted by Council. In addition, a multi-stakeholder Advisor Committee was engaged to provide diverse and varied opinions and insights into the evolving policy.

To implement the required zoning changes which came out of the Plan, staff brought forward a report for referral in July. Once the Public Hearing date was confirmed, the 913 individuals on the Flats email list serve received email notification, as well as 1,893 land owners and businesses through a post-card notification. In addition, following the posting of the report publically, several one-on-one meetings and conversations were conducted with the development and real estate industries as well as individual land owners and other interested stakeholders to provide clarity on the issues before Council.

Question 5: Notification for zoning changes in IC-3?

One speaker addressed Council, citing a concern that no notification was received prior to the rezoning of her property. Staff have confirmed that the property in question, while located in IC-3, is in fact outside the boundary of the False Creek Flats and as such will see no change to the existing zoning. The changes before Council will create a new sub-area north of 2nd Avenue (i.e. within the study boundary) which does not impact on the speaker's property. As a property owner outside of the notification area, the speaker did not receive a postcard notification.

Question 6: Who could benefit from the non-market housing and market rental housing?

The Plan targets to achieve 20% of new units as non-market housing (where at least 30% of units must be rented to households earning less than the BC Housing Income Limits), 20% of the units as market rental (generally serving households with incomes of between \$60,000 to \$150,000/yr), and the balance of new housing supply as market condominiums, providing home ownership opportunities as well as additional housing supply in the secondary rental market.

New social housing within the Plan area would be consistent with the city-wide definitions (See appendix below for reference). Rental levels for individual sites would depend on the mandate of the individual non-market housing operator.

Council asked if the rental housing provided throughout the Flats was intended for students. While students would undoubtedly be one demographic included in the market rental units, these would be rented out at market rates. In the case of the policy support for additional student housing, referenced in Question 3, this would be specific to student housing needs

and would include a housing agreement. This would ensure the housing units support the demographic need.

Question 7: How do the zoning policies work to retain and protect cultural and art spaces?

The Plan contains specific policies which highlight the importance of retaining existing cultural arts spaces. Reference is made to Chapter 6: Economic Development (Section 6 - page 30):

6.4.1 Retain and Expand Affordable Cultural spaces for the Long Term

The arts and cultural sector is particularly vulnerable to displacement by real estate speculation and development. The majority of artists' studios are rented from private property owners, often on a month-to-month term. A key goal is to protect artist production space in the Flats as one of the last affordable places in the city to serve the broader Vancouver cultural community.

- Preserve the existing supply (approximately 300,000 sq. ft.) of affordable artist, production and rehearsal studios for all disciplines from net loss, and proportionally increase the supply (indexed to Vancouver's population growth) through the Public Benefits Strategy. Prioritize studios that can also accommodate large-scale, messy, noisy, and heavy industrial artistic practices."*

The zoning schedules brought forward for the Flats ensure that industrial uses and art spaces remain in the area as a predominant use. Artist Studio is now an outright use in all schedules including I-2, I-3, I-C3, MC-1 and 2, and FC-2 with considerable density allowances to support growth of these activities in the area. In addition, the inclusionary bonus tool is intended to encourage development of new light industrial and/or art space and the amenity share embedded in the density bonusing in the area will facilitate the delivery of community centre spaces to support job creation, skills development and training within various sectors including in art and cultural production.

The rezoning policy also seeks to retain and embed existing arts and cultural functions as permanent fixtures. In particular, the retention of the existing industrial and art production spaces and refurbishment of the Restmore Manufacturing building on Parker Street, would be requirements of a future rezoning at the Cultural Hub.

While the district schedules primarily address incentives for the creation of new space, the policies from the Plan cited above will be further addressed with a study currently underway by Cultural Services staff. Cultural Services is investigating a City-wide approach for strategies and tools to secure existing artist studios in industrial areas throughout the City.

Question 8: How does the Plan contribute to greater intensity of use?

The various sub-areas of the False Creek Flats are expected to perform slightly different roles in terms of local, regional and national economies. The objectives of the Plan, zoning, and Urban Design Policies and Guidelines include intensified employment opportunities, creating well-functioning and welcoming spaces, and maximizing flexible and adaptable buildings and spaces.

The concerns expressed about the development capacity of the Plan appear to be based on calculations which include the entire 470 acres, together with the rail yards and supporting infrastructure in the calculation. Removing the undevelopable rail footprint (approximately 130 acres), results in a different perspective with the western and southern Flats having the potential to become one of the denser employment nodes in the region. This density would be second only to the Central Business District (See Table 3), with residential densities exceeding the Central Business District, in line with the current build out of Broadway’s C3-A zone.

TABLE 3: COMPARATIVE DENSITIES OF FLATS PLAN (minus rail footprint)

Area	Acres	Jobs	Pop	Res Units	Job/acre	Pop/acres	Res Unit/acre
Downtown CBD (2011 Jobs, 2016 res)	177	81,449	3,551	2,462	460.3	20.1	13.9
FCF Mixed Employment* (Buildout)	149	42,079	4,715	4,141	283.2	31.7	27.9
FCF Mixed Employment* (2041)	149	22,998	3,385	2,515	154.8	22.8	16.9
Downtown Local Area (2011 Jobs, 2016 res)	1,038	145,938	62,021	39,973	140.6	59.8	38.5
Downtown Peninsula (DT and WE Local Areas)	1,539	170,781	109,219	72,896	111.0	71.0	47.4
Broadway C-3A (2011 Jobs, 2016 res)	279	26,884	10,665	6,746	96.3	38.2	24.2
FCF Industrial** (Buildout)	189	14,073	541	476	74.4	2.9	2.5
Mount Pleasant I-1 (2011 Jobs, 2016 res)	131	9,219	552	281	70.4	4.2	2.1
FCF Industrial** (2041)	189	7,144	288	195	37.8	1.5	1.0

* FCF Mixed Employment includes Health Hub and Creative Campus sub areas

** FCF Industrail includes Terminal Spine and Back-of-House sub areas

Question 9: Concerns about the Micro Dwelling Policy in the IC-3 zone?

One of the speakers at the Public Hearing voiced concern over a perceived error in the proposed amendment for the *Micro Dwelling Policies and Guidelines*. The proposed amendments (<http://council.vancouver.ca/20170725/documents/p4.pdf#page=93>), include two changes: one to list the two district schedules where Micro Dwelling use is permitted in I-3 and FC-2 ; and secondly to update the map in the *Guidelines*.

Micro Dwelling use would be permitted only in select sub areas of both FC-2 and IC-3. The sub-area for either zone is not listed because those details are reflected in the proposed map , in the amendments to Section 11 of the Zoning and Development By-law, and in the proposed District Schedules for both areas. No amendments are required.

please contact me should you have any questions.

Regards,



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GK/cd