

**POLICY REPORT
DEVELOPMENT AND BUILDING**

Date: July 17, 2001
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Council: July 31, 2001

TO: Vancouver City Council
Vancouver Park Board

FROM: Director of Current Planning and the General Manager for Parks and Recreation, in consultation with the Director of the Housing Centre, the Director of Social Planning, and the Director of Financial Planning & Treasury

SUBJECT: Downtown South – Update on Development Cost Levy (DCL) revenue and provision of neighbourhood facilities and amenities

RECOMMENDATIONS

- A. THAT Council authorize the expenditure of \$1.45 million from the Downtown South Development Cost Levy Reserve for the completion of Phase 1 of the southern park (see map on page 9) for demolition, landscape design, landscape construction, and planting to be let by the Park Board, source of funds to be the Downtown South Development Cost Levy Reserve;***
- B. THAT the overall design for the proposed new park in Downtown South as illustrated in Appendix A be approved in principle;***
- C. THAT the Director of Real Estate Services be instructed to deliver vacant possession of the properties required for Phase One at the earliest date possible.***
- D. THAT Staff review the Public Benefit Strategy for the Downtown South and report back with spending and funding options, prior to February 31, 2002.***

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of A through D.

COUNCIL POLICY

- *Downtown South Rezoning was approved July 30, 1991 to encourage high-density residential and mixed-use redevelopment*
- *the Downtown South Development Cost Levy (DCL) By-law was enacted January 7, 1992*

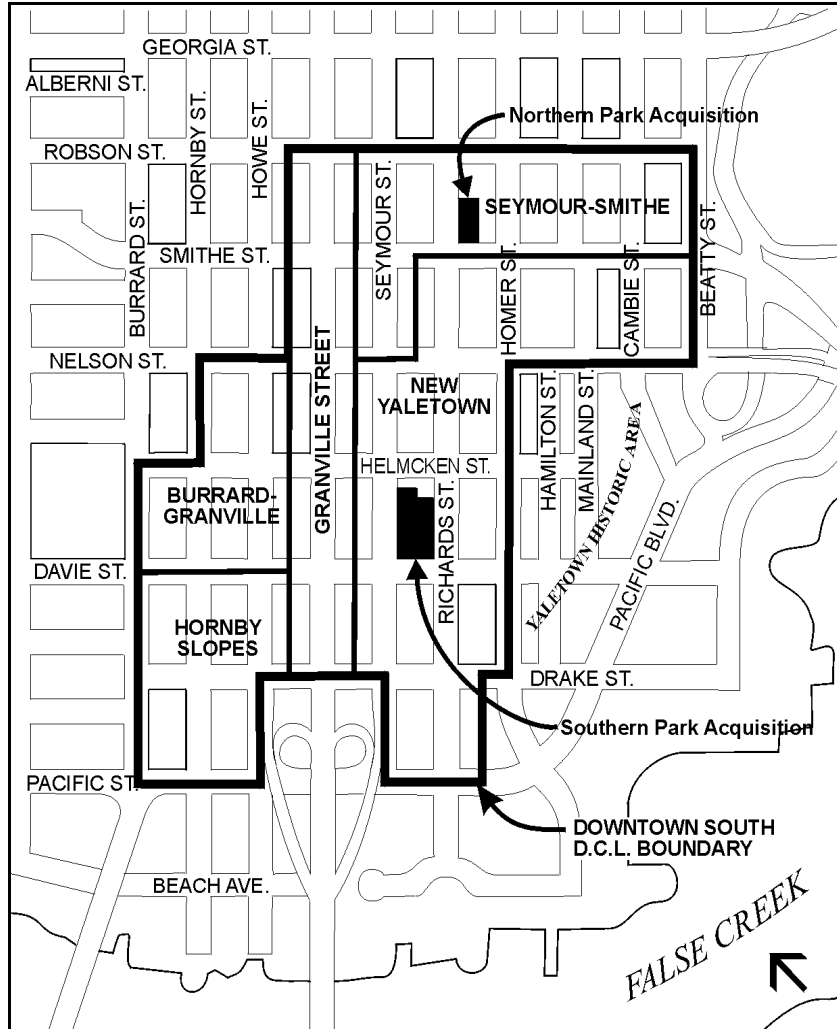
PURPOSE AND SUMMARY

The purpose of this report is to update Council on the Downtown South development, the status of the Downtown South DCL's, and the Public Benefit Strategy to provide parks, replacement housing and childcare for the area. It also seeks approval of the conceptual design of Phase 1 of the Southern Park as well as the necessary funding.

BACKGROUND

In 1991, Council approved the Downtown South Community Plan which proposed the transformation of what had been an office and service area for the downtown into a residential neighbourhood that was estimated to grow from 3,000 to 11,000 residents by 2016. In accordance with this plan, new zoning was implemented in July 1991 to encourage high-density residential development. At the same time, Council also endorsed the principle of integrating the spending priorities for public amenities in Downtown South into the regular capital planning process. An area-specific DCL bylaw was passed in January 1992 to fund replacement low-income housing, parks and childcare facilities for the growing population. Spending allocations were set out, with 47.25% for replacement low income housing; 45.35% for parks; and 7.4% for childcare.

Figure 1 – Downtown South DCL Area



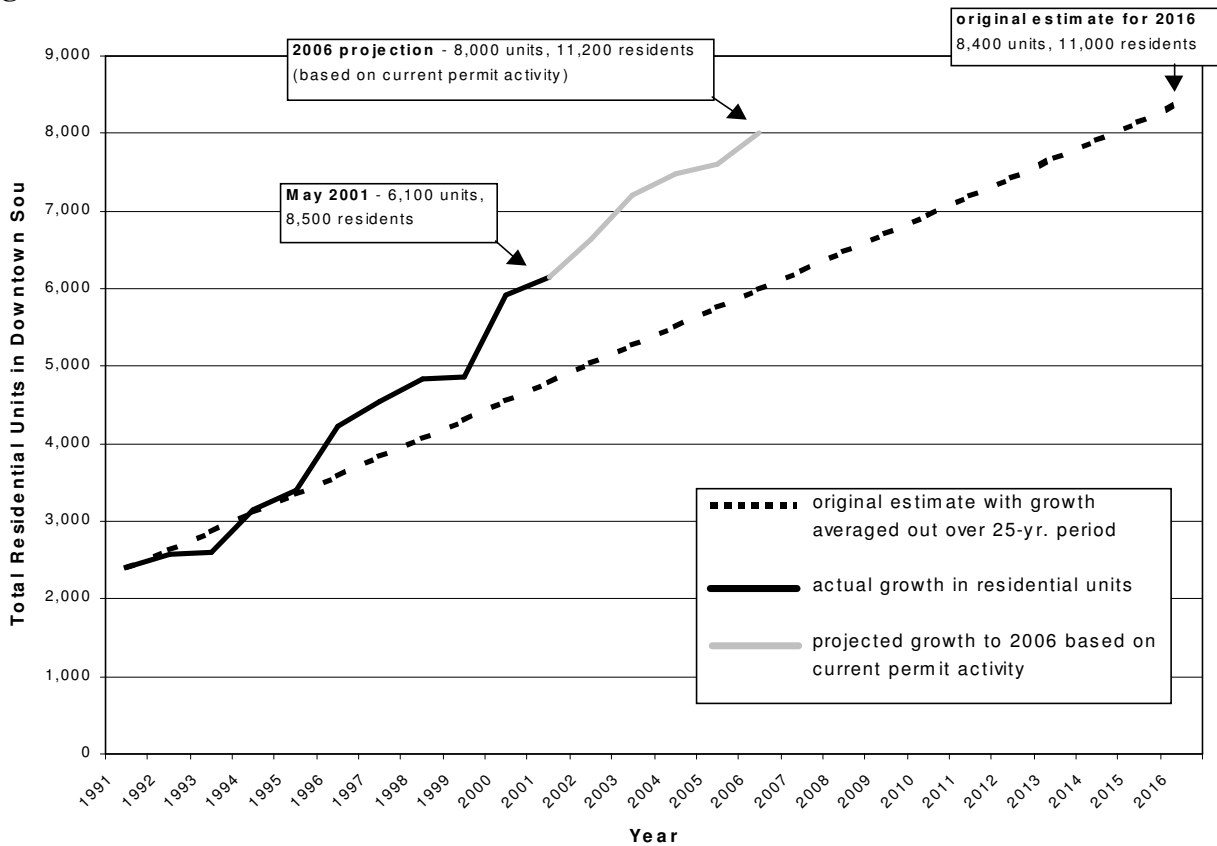
DISCUSSION

Growth of Residential Units since 1991

It was estimated in 1991 that the new zoning for Downtown South would generate 6,000 new residential units by 2016 (see Figure 2).

In the decade up to 2001, two thirds or 3,700 of those units have already been built. The annual growth rate through the 1990s has been 374 units per year, much higher than the 240 unit average estimated. If the 1990s growth rate continues, the 2016 target will be reached in 2007.

Figure 2 – Growth in Residential Units 1991 to 2016



Population Growth since 1991

With the new zoning implemented in 1991, it was estimated that the population would grow from 3,000 to 11,000 people by 2016. From recent Census data, it is apparent that the rates of growth in the number of units and household sizes are greater than expected. The increase in household size reflects an increase for the whole central area of Vancouver. As a result, today's population of 8,500 could reach a larger total population of 12,600 by 2007.

Table 1 – Residential unit and population growth 1991 to 2016

	1991 Census	1996 Census	May 2001	2016 or sooner
new units	0	1700	3700	6000
total units	2600	4400	6400	8400
persons per unit	1.17	1.24	1.4	1.5
population	3000	6225	8500	12,600*

* revised to account for greater household sizes occurring

The significance of these growth figures is that the Public Benefit Strategy, to provide parks, childcare and social housing, is tied to a level of service and timing of delivery that anticipated less and slower growth.

Status of DCLs in Downtown South

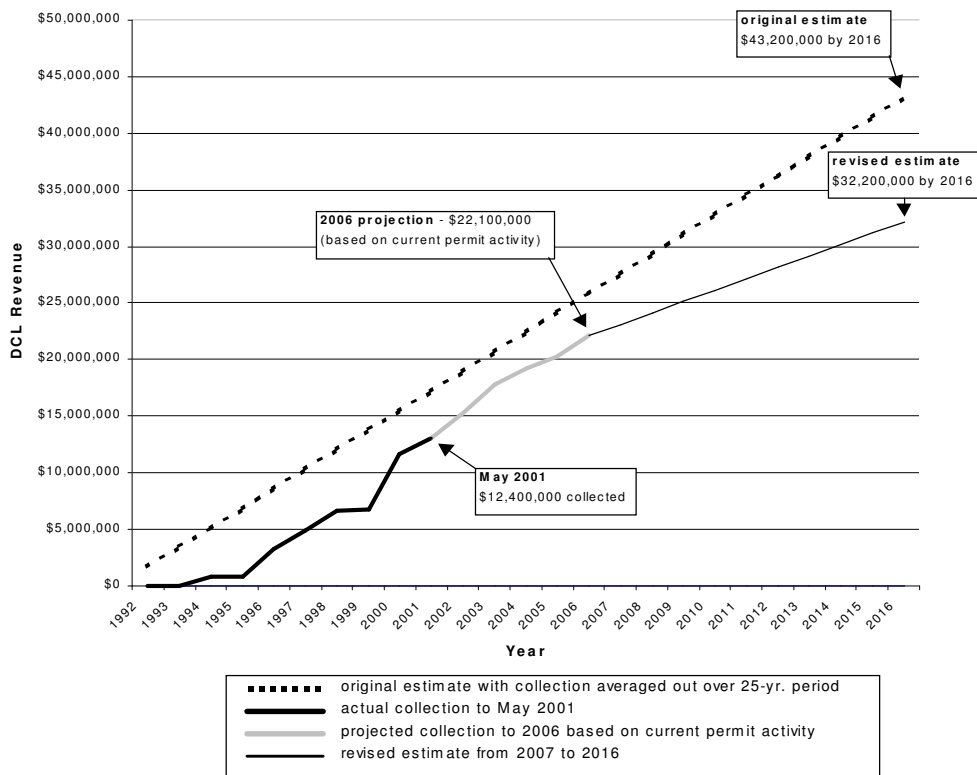
The area-specific DCL by-law for Downtown South was passed in January 1992 to provide funding for parks, childcare and replacement housing. DCLs have been collected on new floor area at a rate of \$6.18 per sq. ft. The rate was set as a result of an assessment of the various needs and an economic analysis which specifically focussed on what the market could bear.

The DCL was not intended to provide all of the monies needed to implement the Public Benefit Strategy. The original estimate projected up to \$43.2 million in DCL revenue over the 25-year period between 1991 and 2016. This represents less than one third of the \$118 million estimated to provide the needed amenities. Other sources of funds were to make up the shortfall between the actual costs and the DCL revenue collected. For example, housing and childcare might be able to obtain additional senior government funding, beyond that already assumed, and parks could make Capital Plan requests.

The initial projection for Downtown South growth estimated that 7,200,000 sq. ft. of new development (4,500,000 sq. ft. of residential and 2,700,000 sq. ft. of commercial) would be added over 25 years beginning in 1991 (dashed line in Figure 3, below). By 2001, less than half way through this period, more than half of the estimated floor area was already built. Of the projected \$43.2 million in total DCL revenues, \$12.4 million or 29% has been collected from the completed projects as of May 2001 (thick black line). A large reason for the discrepancy is the amount and the rapid pace of early development which resulted in many projects achieving permits before DCL's were enabled by bylaw. Of 4,400,000 sq. ft. of new floor space built, DCLs were collected on only 2,000,000 sq. ft.

A revised projection for DCLs has now been prepared which takes into account the missed development activity of the early 1990s. The new projection would generate \$32.2 million as opposed to \$43.2 million projected in 1991. (The new projection is shown in Figure 3 as a gray line, for DCLs expected under current permit activity through to 2006, and as a thin black line averaged through to 2016.)

Figure 3 – DCL Revenue from Downtown South Development



The revised estimate is based on an evaluation of potential development sites and an assessment of the likelihood of those sites coming forward for redevelopment by 2016. It assumes that the availability of suitable redevelopment sites will diminish as the area becomes more built out.

Table 2 – Floor area and DCL revenues: Projections and actual figures

	<i>Original 25-year Projection</i> 1991 to 2016	Actual Figures 1991 to May 2001	Currently Projected 2001 to 2016	<i>Revised 25-year Projection</i> 1991 to 2016
Floor area	7,200,000 sq. ft.	4,400,000 sq. ft.	3,200,000 sq. ft.	7,600,000 sq. ft.
DCL revenue	\$43.2 M	\$12.4 M	\$19.8 M	\$32.2 M

As this estimate was based on the best recent information, it is unlikely that sites not included will become candidates for redevelopment. However, noting the pace of development, it will be important to monitor undeveloped sites to verify the accuracy of the estimate.

Under this new estimate, \$11 million less revenue than originally projected will be available to fund public benefits, thus putting more pressure on other funding sources to achieve the benefits strategy. Since this shortfall is partly due to the slow start in DCL collection, its impact is already apparent, particularly on the ability to deliver park and childcare amenities in a timely manor, as the population grows. At this point, the replacement of lost low income housing has been the least affected due to provincial funding. This, however, may change.

Table 3 – Public benefit DCL allocations: original and revised projections

Public Benefit	Percentage allocation of DCL revenue	DCL revenue <i>Original</i> 25-year Projection (1991)	DCL revenue <i>Revised</i> 25-year Projection (2001)
Low-income Housing	47.25%	\$20.4 M	\$15.2 M
Parks	45.35%	\$19.6 M	\$14.6 M
Childcare	7.40%	\$3.2 M	\$2.4 M
TOTALS	100.00%	\$43.2 M	\$32.2 M

Current Status of Parks

The park strategy in Downtown South is to acquire land in two locations. Council has given the southern site a priority, and following that, a northern location. In 1991, this was estimated to cost \$39 million, of which \$19.6 million was expected to come from DCLs and \$19.4 million from other sources, such as the Capital Plan.

In 1993, the City embarked upon a land acquisition program to secure the acreage. At Davie and Richards streets, 1.9 acres of land was purchased toward creation of a southern park. At Smithe and Richards streets, another 0.8 acres has been acquired for a northern park. (See Figure 1, page 3.) The southern park still has 0.28 acres remaining to be purchased to complete its assembly and another 1.4 acres would be needed in the north to fulfill Park Board’s 4.5-acre target for Downtown South.

A total of \$20.2 million has been spent on these land acquisitions. For the southern park, \$7.9 million was approved from DCL revenue and \$2.6 million from the Parking Reserve, as a shared parking use was contemplated at the time of the purchase. Another \$3.5 million was granted for the southern park in the 1993-96 Capital Plan, being the only time since 1991 that the Capital Plan has contributed to Downtown South parks. A further \$6.2 million was spent to acquire the northern assembly from the Emerging Neighbourhoods Reserve (ENR), where it continues to tie up funds and hinder further spending, as it has not yet been approved as a DCL expenditure. The ENR is intended to be a short term source of funding to be repaid through DCL’s.

If the northern assembly were approved as a DCL expenditure, the combined total of \$14.1 million in land acquisition leaves only \$500,000 in DCL revenue for park development, which is not enough to construct even the first phase of the southern park. In the long-term, more non-DCL sources of funding need to be found for parks to continue its implementation strategy.

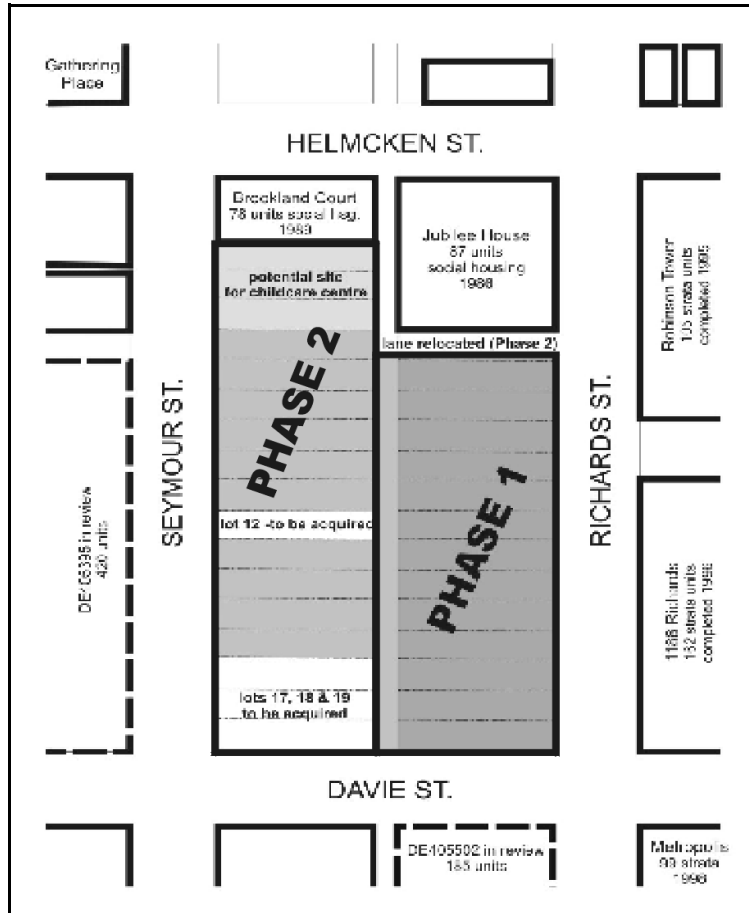
As a result, while land has been acquired, parks have not been developed in Downtown South. To respond to this need, in accordance with Council's priority, staff recommend that the balance of the DCL funding available for parks be devoted to the southern site. At the present time, \$700,000 of DCL revenue is available and another \$3.6 million is expected by the end of 2002 for projects currently under construction of which \$1.6 million would be the share for parks.

Park Public Process, Design, and Cost

The design for the new park was developed in two well attended workshops in 1997/98. As well, a petition was received supporting phased development. It featured a large lawn oval surrounded by trees and water features designed to mask traffic noise and to supply two ornamental pools (the conceptual plan is included in Appendix A). Although the design was strongly supported at the time, in the intervening years, residents have requested consideration of children's play. At this time, staff feel that consultation will be necessary to reconfirm priorities and a public meeting is planned for the fall.

The total cost for consultation, park design, management, and construction of Phase 1 of the Southern Park is \$1.45 million. Approval of Recommendations A, B, and C will fund and guide the development of Phase I. A more complete discussion of the park conceptual design, public process, and development costs is included in Appendix "A". Phase 2 development would await the purchase of the remaining privately held sites. (See Figure 4, next page.)

**Figure 4 -
Southern Park
at Davie and
Richards**



Currently, the northern park site is financed by the Emerging Neighbourhoods Reserve that was established to finance the purchase of public amenities, including park sites prior to receipt of DCL funds. At the present time, all but \$300,000 of the \$10 million fund has been used to finance projects, including the \$6.2 million for the northern site. Given that there will not be sufficient DCL funding for both parks in Downtown South, leaving this site in the Emerging Neighbourhoods Fund severely limits the City' s ability to respond to opportunities in other DCL areas and raises the importance of identifying a permanent funding source. As part of the review proposed in Recommendation D, staff will report back on the status of a northern park site and the funding sources that Council may consider utilizing for its ultimate development. (see Recommended Strategy).

Current Status of Social Housing

Council's policy in Downtown South is to provide one-to-one replacement for SRO units lost. In 1991, there were 1,400 low-income units, of which 1,000 were expected to be lost by 2016. Since then 558 units have been lost, but 515 units have been provided through renovation and new construction and another 143 units will soon be built. This housing has been financed for the most part from non-DCL sources such as from Provincial housing programs, but \$5 million has been approved from DCL revenue.

Housing has so far been successful at fulfilling the one-to-one replacement strategy, noting that most of the 1,400 low-income units are now expected to be lost before 2016, and funding for replacement may be needed sooner than expected. Costs will depend on the availability of senior government funding, which is uncertain at this time.

Current Status of Childcare

In 1991, the strategy for childcare in Downtown South was to provide about 110 spaces to serve the growing population. This cost was estimated at \$7.8 million of which \$3.2 million was expected to come from DCLs and \$4.6 million from other sources. Under the revised DCL estimate, childcare is now expected to get \$2.4 million. This amount alone is not enough to fund the land and construction costs of a 69 space facility.

To date, no childcare facilities have been built in Downtown South. The 1996 Census indicates a population of 340 children between the ages of 0 and 12 are currently living in Downtown South. With all downtown childcare facilities at capacity and reporting significant waitlists, the need for childcare in Downtown South remains and will continue to grow as the population grows. Due to high land costs in the area, a stand alone facility which underutilises the zoning capacity is generally not viable. There is therefore a need to partner with another development, such as a replacement housing project or a mixed-use building. Staff continue to look for suitable partnering projects, but to date the non-market housing has been geared to adults and the ability to achieve the necessary outdoor play area has proved problematic on market sites.

An opportunity has been identified to partner with the Park Board and develop a small "notch" for a childcare facility in Phase 2 of the southern park. Staff will continue to pursue this possibility.

Recommended Strategy

As recommended in the section on parks in this report, the first step is to respond to the pressing service need and available funds by developing Phase 1 of the southern park. At the same time, it is recommended that staff undertake a review of the Public Benefit Strategy for Downtown South. This review would respond to the estimated lower total of DCL funds available, presenting a variety of options for Council's consideration. The issue of the monies owing to the Parking Sites Reserve and the ENR would also be addressed. Because of the need to deal with the funding for the northern park site on a timely basis and because development of the next Capital Plan will begin this fall, it is recommended that this review be started immediately with a report back to Council by the end of January 2002. Further work will also be done in this time with the hope of determining the feasibility of a childcare facility as part of the southern park site. If concluded, the results will be reported together.

CONCLUSION

The \$11 million reduction in DCL funds in the Downtown South is already having an impact. While this will be the subject of a report back reviewing the Public Benefits Strategy, at present, a spending priority within the park-related DCL funds has been identified.

While the City has been able to acquire land for park purposes in the Downtown South, it has not been able to build park on any of the acquired properties. To respond to this service need, it is recommended that park related DCL funds be approved for the development of Phase 1 of the southern park. In the meantime, the northern land assembly should continue to be held pending completion of the public benefits strategy review, recognizing that if it is to be developed as park, a permanent source of funding will have to be identified, such as the Capital Plan. Should the allocation of ENR resources to this site limit the ability of the City to take advantage of other DCL related opportunities, the matter should be reported to Council.

Possibilities for childcare should be investigated (including locating a centre in the southern park) and a plan to provide a facility brought forward. Housing will continue to monitor the loss of low-income units and provide replacement housing on a one-to-one basis as needed.

Southern Park Phase I - Conceptual Design, Process, and Development Costs

The design for the new park was developed in a public process in 1997/98 by the Park Board's design consultants, the landscape architecture firm of Stevenson and Associates, who conducted two public workshops.

The first workshop at the Roundhouse Community Centre on October 28, 1997, drew approximately 90 people who provided valuable input into the design. The vast majority of participants agreed that the new park should be a green oasis for quiet recreational activities, buffered from traffic noise and pollution, enhanced by water features, and laid out in accordance with CPTED (Crime Prevention Through Environmental Design) principles.

Preliminary designs for the new park were presented in a second public workshop at the Roundhouse on March 26, 1998. About 80 people attended to give overall support to the proposed scheme while providing detailed suggestions for improvements. In addition, a petition signed by 29 residents of 1188 Richards Street was received asking City Council to support the design and the construction in phases. Staff at the Gathering Place arranged for an additional meeting with residents of the non-market housing projects adjacent to the park site. The proposed design of the park reflects this public input.

The design features a large lawn oval surrounded by several rows of a variety of trees. All trees will be limbed up sufficiently to allow unobstructed views into and through the park from the surrounding streets. At night, a combination of different types of pedestrian and park lights will enhance personal safety. A few trees will be planted as already mature specimens at the edge of the lawn. Several water features will animate the park and overlay the traffic with 'white noise.' Along Richards Street, a long water channel in the middle of a promenade with flower beds and benches will connect two square pools at the far ends. The pool near Davie Street will be surrounded by four pavilions with open trellises for climbing plants. Throughout the park, there will be many opportunities to stroll along or to sit down, either in sun shine or shade. Benches are more frequent closer to Davie Street with its higher pedestrian volume. The street edges of the park will be executed in accordance with the Downtown South Streetscape Guidelines.

APPENDIX A

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The proposed design requires the closure of most of the existing lane, and exiting the remaining lane onto Richards Street. Any formal closure of the land will require Council approval, and will be the subject of a future report from the General Manager of Engineering Services. A review of this matter is underway. Existing overhead services will be either abandoned or put underground in a utility right-of-way in the lane corridor together with existing underground services. The park design has been developed leaving the lane corridor free of major structures so that future access to these utilities is little impeded.

At the public workshops an overwhelming majority of participants urged to build the park as soon as possible, and to advance construction of a Phase One if the entire park was not achievable at that time. It is proposed that Phase One be the frontage along Richards Street up to but not including the lane (see attached plan).

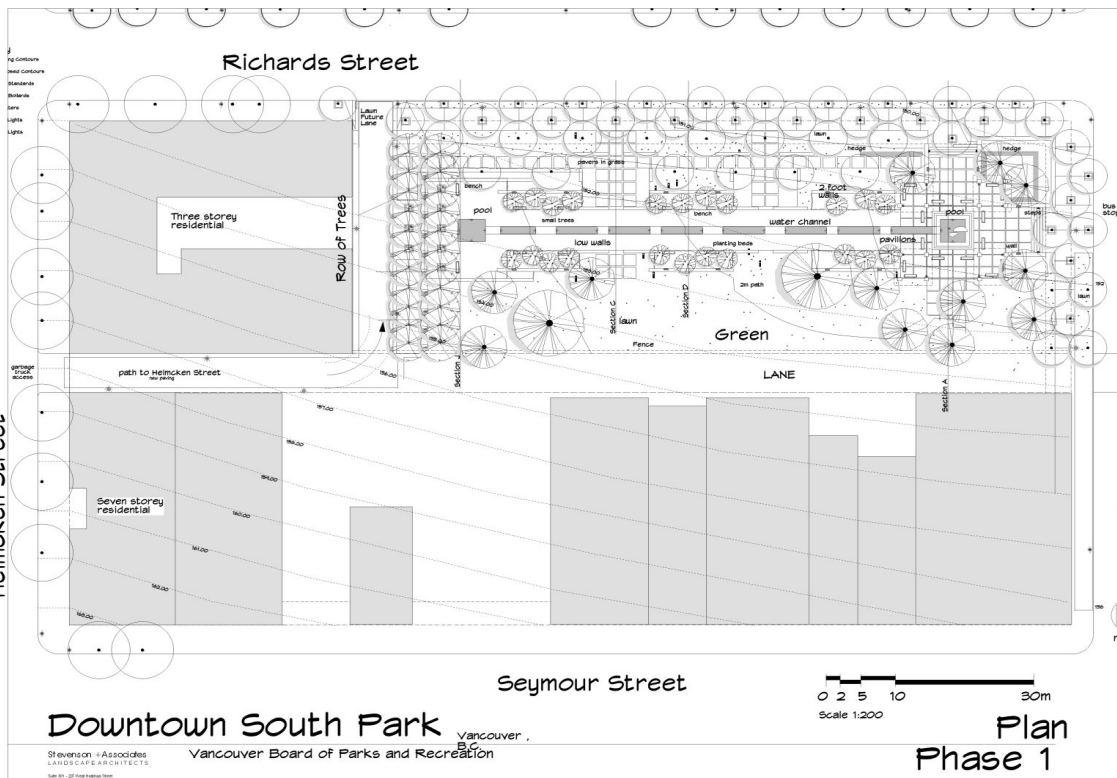
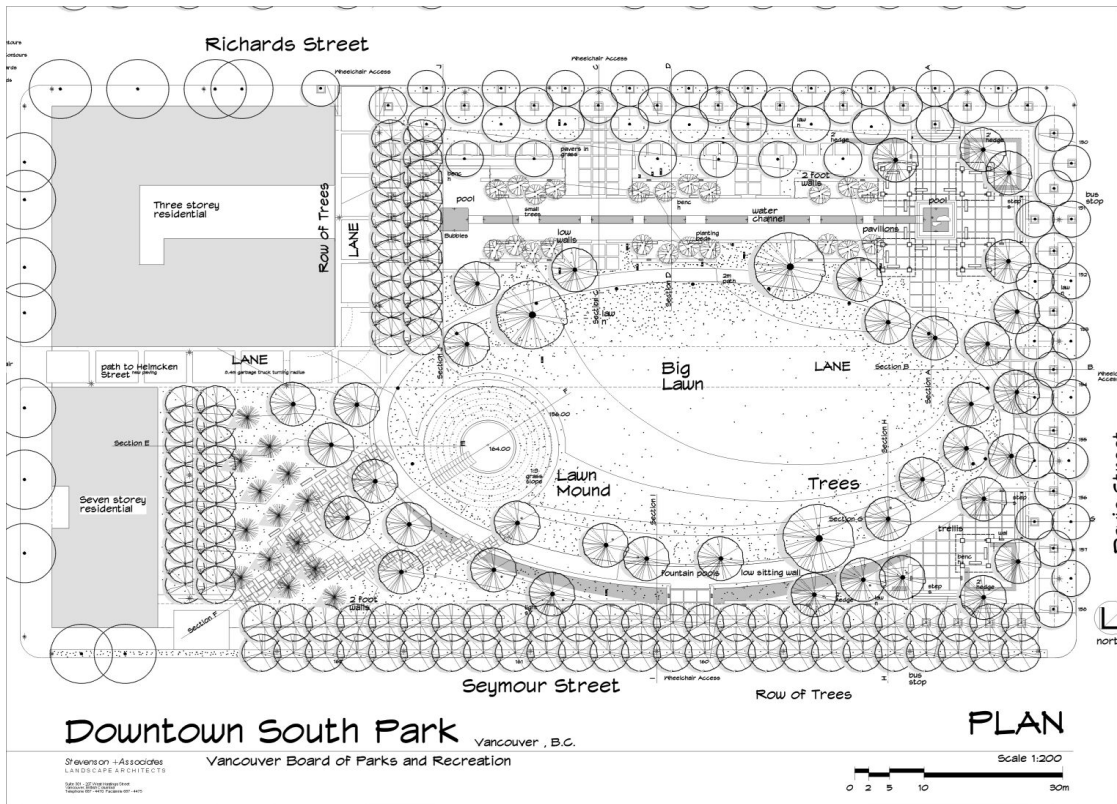
Given that three and a half years have passed between the public process on the design of the park, and this report requesting funding for its construction, Park Board staff will consult once more with the public to confirm and refine the design where needed. One programming element that should be re-visited is the accommodation of children's play.

While workshop participants in 1997 thought that no special accommodation for children's play was required due to the perceived scarcity of children in the neighbourhood, in 1999 the Park Board received a petition from 35 local residents asking that the park be designed in ways that encouraged children's play. This and other issues will be reviewed in a public meeting in fall.

Once funding for park construction has been approved, it may take up to six months for the existing leases to be terminated, and an additional six to eight months for park construction. At the earliest, the park could open to the public in summer of 2002.

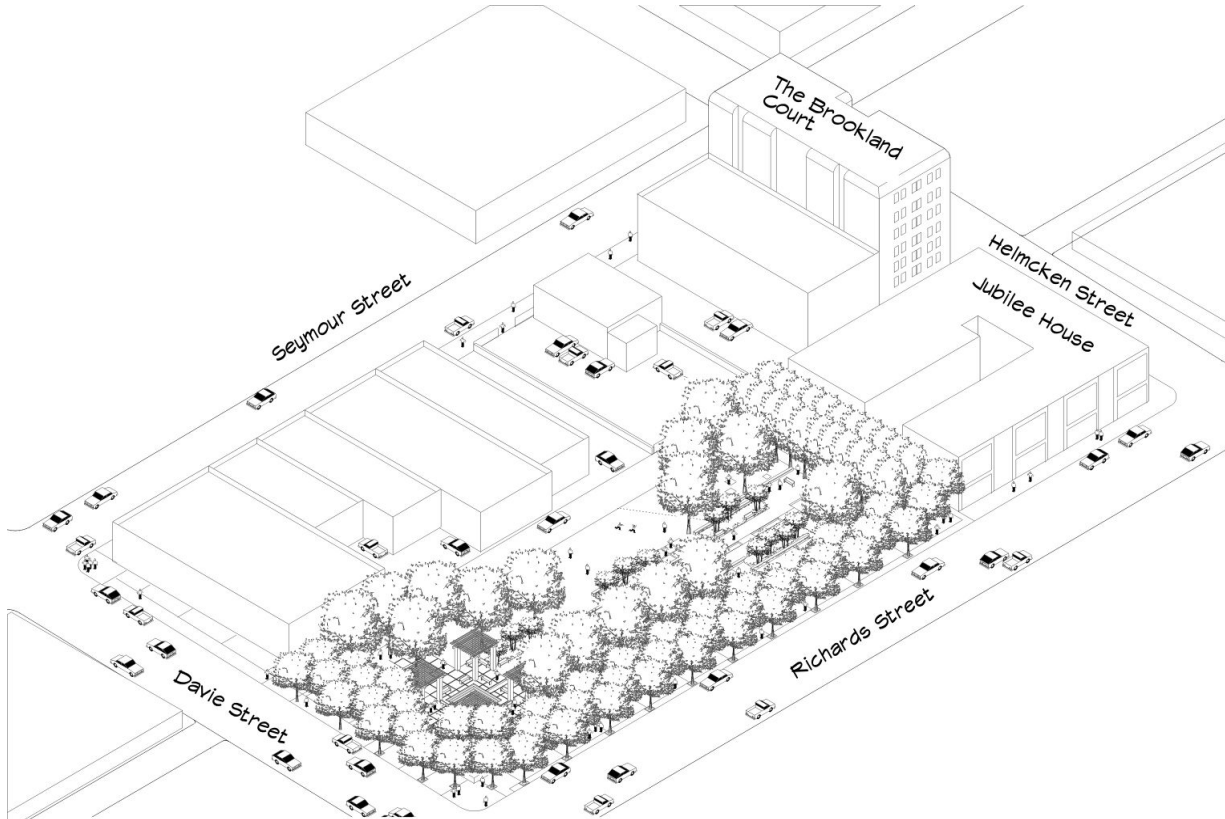
Phase One costs including demolition of existing buildings, consultant fees for park design, project management, contingency and construction of park and adjacent streetscape are estimated at \$1.45 Million; the source of funds to be the Downtown South Development Cost Levy Reserve.

Upon completion, the new park will require an increase in the Park Board's operating budget for maintenance, estimated at this time at approximately \$28,000 per year.



A

P



Downtown South Park Vancouver, B.C.

View From Above
Phase 1

Stevenson + Associates
LANDSCAPE ARCHITECTS

Vancouver Board of Parks and Recreation

Scale: 1/8" = 1'-0"
Drawing: 2014-01-01
Drawing: 2014-01-01