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## CS&B - January 19, 2006

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January 19, 2006



### CITY OF VANCOUVER

#### POLICY REPORT Development and Building

Report Date: January 13, 2006  
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Meeting Date: January 19, 2006

TO: Standing Committee on City Services and Budgets

FROM: Project Manager for Southeast False Creek & Olympic Village and the General Manager of Corporate Services, in consultation with the Director of Current Planning

SUBJECT: Southeast False Creek and Olympic Village: Review of Financial Plan and Strategy

#### CONSIDERATIONS

##### Consideration A: Financial Plan

- A. THAT Council approve an amendment to the Southeast False Creek Financial Plan and Strategy establishing the long term objective of having the Property Endowment Fund ("PEF") recover the value of the City Lands in Southeast False Creek ("SEFC") (estimated at \$50 million based on industrial zoning) over the 15 to 20 year development horizon for the neighbourhood;

AND THAT in order to create the opportunity to achieve that objective, Council consider the following Considerations for reducing the amount of funding provided by the PEF in the development;

##### Consideration B: Modest Market Housing

- B1. THAT the housing mix for the SEFC City Lands not require the modest market housing component, which would allow \$8.3 million of unallocated funds to be returned to the PEF;

OR

- B2. THAT the housing mix for the SEFC City Lands not require the modest market housing component in sub-area 2A, which would allow \$4.2 million of unallocated funds to be returned to the PEF;

**Consideration C: Affordable Housing**

- C1. THAT the housing mix for the SEFC City Lands comprise 20% affordable housing in sub-areas 1A and 3A plus the minimum 250 units of Olympic legacy affordable housing in sub-area 2A, averaging approximately 23% affordable housing across the entire site, which would result in an approximate increase in revenue of \$12.5 million to the PEF;

OR

- C2. THAT the housing mix for the SEFC City Lands comprise 20% affordable housing across the entire site, while retaining the minimum 250 units of Olympic Legacy affordable housing in sub-area 2A, which would result in an approximate increase in revenue of \$16.6 million to the PEF;

OR

- C3. THAT the housing mix for the SEFC City Lands comprise a minimum of 20% across the entire site, while maintaining the minimum 250 units of Olympic Legacy affordable housing in sub-area 2A, and that alternative funding sources be pursued up to \$16.6 million with an objective of providing up to 33% affordable housing in sub-areas 1A and 3A, resulting in as much as 29% affordable housing across the entire site, which would result in an approximate increase in revenue of \$16.6 million to the PEF;

**Consideration D: Community Centre**

- D1. THAT the size of the community centre and non-motorized boating facility be 20,000 square feet, which would result in an approximate savings of \$ 1.2 million to the PEF;

OR

- D2. THAT the size of the community centre be 10,000 square feet with no non-motorized boating facility, which would result in an approximate savings of \$2.4 million to the PEF;

OR

- D3. THAT the size of the community centre be 10,000 square feet with no non-motorized boating facility, and that the footprint for a 20,000 square foot facility be preserved and alternative funding sources be pursued for future expansion of the facility to include a non-motorized boating facility, which would result in an approximate savings of \$2.4 million to the PEF;

**Consideration E: Childcare Facilities**

- E. THAT there be a minimum of two childcare facilities on the SEFC City Lands and one on the SEFC Private Lands, with an objective of up to five childcare facilities on the SEFC City Lands and Private Lands, and that alternative funding sources be pursued with an objective of achieving five facilities, which would result in an approximate savings of \$3.2 million to the PEF;

#### Consideration F: Parks

- F1. THAT a portion of the future park development be funded from sources other than the PEF and that staff be instructed to pursue alternative funding sources, which would result in an approximate savings of \$10.0 million to the PEF;

OR

- F2. THAT a portion of the future park development be funded from sources other than the PEF, and that staff be instructed to pursue alternative funding sources, which would in an approximate savings of \$15.0 million to the PEF.

#### RECOMMENDATIONS

- G. THAT the Director of Current Planning be instructed to report back to City Council regarding referral to Public Hearing of possible ODP amendments generally reflecting City Council's choices with respect to Considerations B, C, D and E above;
- H. THAT the Project Manager for the Southeast False Creek and Olympic Village development be instructed to issue an addendum to the Request for Proposals ("RFP") for the design and construction of the Olympic Village advising the participating Short-listed Respondents of City Council's choices with respect to Considerations B, C, D and E above.
- I. THAT staff report back to City Council with an update on the financial status of the Southeast False Creek development prior to the rezoning Public Hearing for sub-area 2A.

#### CITY MANAGER'S COMMENTS

In December 2005, Council asked staff to prepare a range of options to improve the economic sustainability of the Southeast False Creek development with a goal of recovering the estimated \$50 million in land value. Council limited the range of options to the housing mix and the public amenities package, and set constraints that the options have minimal impact on other aspects of the development and no adverse impact on the delivery of the 2010 Olympic Village.

Before commenting on the report before City Council, it is important to restate what the City Manager stated at the time of the ODP Public Hearing on March 1, 2005:

*"As envisioned in the ODP, the Southeast False Creek community provides a higher standard of public infrastructure and amenities than has been provided by other major developments in the City. Many of these are directed at achieving the*

*sustainability goals set by Council. However, there is also the risk that the development defined in the ODP will not meet traditional sustainability goals without careful financial management over the period of development. For example, the PEF as developer would have expected to recover the \$30 million already invested in its site and to have earned an appropriate return on its investment. The loss of this return to the PEF represents a significant opportunity cost that will impact on the City's ability to acquire strategic sites and to meet other public objectives in the future. In making decisions now and in the future about the extent of the financial commitment in SEFC by the PEF, these trade-offs deserve careful consideration."*

The City Manager notes that staff has presented in the report a full range of options, but notes that all of the options need not be pursued at this time.

Southeast False Creek is a long term (15 to 20 year) development project. A much clearer financial picture for the development will emerge following the close of the RFP to select the Developer for the buildings in sub-area 2A on January 30<sup>th</sup>, as it will provide the current dollar values that developers are prepared to pay for the development rights to the City Lands in sub-area 2A. Further, the public infrastructure designs will be completed and a revised cost estimate prepared in March, providing the current dollar values for the upcoming infrastructure work. With this information, staff will be able to provide updated revenue and expenditure projections for the development.

Council also instructed that any changes not impact delivery of the Olympic Village, therefore the environmental objectives, the form of development (density, heights and massing), and the minimum number of affordable housing units to be provided as an Olympic legacy should not be re-opened.

The housing mix is fundamental to the amount of development rights that are available for marketing through the current and future RFP's and, therefore, to the revenue the City will receive through the sale of these rights. If Council wishes to change the housing mix, a definitive decision must be made now. The Short-listed Respondents need to clearly know on what housing mix their proposals will be evaluated. Housing mix decisions also represent the biggest proportion of what the PEF might recoup: up to approximately \$25 million across the City Lands.

To meet the Council objective expressed in December 2005, the City Manager RECOMMENDS A, B1, C2, E, G, H, and I, but does NOT RECOMMEND B2, C1, C3, D1, D2, D3, F1 and F2.

**CONSIDERATION A - FINANCIAL PLAN - RECOMMENDED.** Consideration A amends the SEFC Financial Plan and Strategy and establishes a long term objective of returning \$50 million to the PEF.

**CONSIDERATION B1 - MODEST MARKET HOUSING - RECOMMENDED.** Consideration B1 removes the requirement for modest market housing across the City Lands. While the objective of providing modest market housing in the development was supported in the ODP, what it would look like, how it would be delivered, and how any required funding would be provided are very uncertain. Removing the requirement removes development uncertainty and eliminates a potential unfunded liability to the City estimated at \$21 million over the development period. The City Manager recommends removing the requirement from all phases of development so the issue can be resolved and the uncertainty removed from the

entire development. With the uncertainty removed, **\$8.3 million** in unallocated funds that had been set aside in large part to hedge this uncertainty would be returned to the PEF. This decision will reflect positively on the land value the City receives for the development rights.

Staff will continue to pursue, to the extent possible during the normal development process, modest market housing units for the development. With the increase in the number of market units, natural market forces, design, location, and marketing influences will likely result in a certain component of modest market units.

**CONSIDERATION C2 - AFFORDABLE HOUSING - RECOMMENDED.** Consideration B2 reduces the amount of affordable housing across the City Lands to 20%, noting that the amount of affordable housing in sub-area 2A will be higher, at 25% to 28% (250 units), as an Olympic legacy commitment. As with the modest market housing change recommended above, the City Manager recommends making this change across all phases of development. At 20%, the amount of affordable housing in SEFC will still exceed by a large margin the city-wide average of 8.5%. The City does not have a shortage of affordable housing sites - it has a shortage of senior government funding to support construction of the buildings. By committing to build 250 units in sub-area 2A, the City is establishing its commitment to affordable housing. This change yields the single largest return to the PEF at approximately **\$16.6 million**.

**CONSIDERATIONS D1, D2, D3 - COMMUNITY CENTRE - NOT RECOMMENDED.** The City Manager does not recommend changing either the program size of the community centre or its funding source. In the work leading up the ODP, the community centre for SEFC was sized to meet the needs of the new community, address emerging needs in adjacent neighbourhoods, and provide a much-needed non-motorized boating facility in Southeast False Creek. Downsizing the community centre to 10,000 feet would only return \$2.4 million to the PEF, and would eliminate the non-motorized facility and the provision of significant active recreation opportunities in the new community. Downsizing the centre and preserving a larger footprint for future funding is a creative solution, but it would sacrifice efficiencies gained by integrating the boating facility with the community centre facility and sharing common spaces and services, as well as making integration of the facility with the adjacent housing on the same parcel problematic in the future.

**CONSIDERATION E - CHILDCARE - RECOMMENDED.** The City Manager recommends retaining the objective of achieving up to five childcare facilities in SEFC, but recommends reducing the mandated number of childcare facilities in SEFC from 5 to 3. Staff will pursue alternative funding sources for all of the childcare facilities over the 15 to 20 year development timeline with the objective of achieving the five centres. By reducing the number of mandated facilities, approximately **\$3.2 million** will be returned to the PEF.

**CONSIDERATIONS F1 AND F2 - PARKS - NOT RECOMMENDED.** The City Manager does not recommend any changes to the funding sources for park development in SEFC noting that, of the total park development costs of \$42.6 million, \$21 million will be provided from non-PEF sources. It is felt that pushing more parks funding to other sources does not adequately reflect the impacts on other projects competing for these funds. The existing level of \$21.6 million of funding from the PEF is supportable.

**RECOMMENDATION G - RECOMMENDED.** The City Manager supports the recommendation that the Director of Current Planning report back to City Council regarding referral to Public Hearing of possible ODP amendments generally reflecting City Council's choices;

**RECOMMENDATION H - RECOMMENDED.** The City Manager supports the recommendation that the Project Manager for the SEFC and Olympic Village development issue an addendum to the RFP advising participating Short-listed Respondents of City Council's choices.

**RECOMMENDATION I - RECOMMENDED.** The City Manager supports the recommendation that staff report back to City Council with an update on the financial status of the project prior to the rezoning Public Hearing for sub-area 2A.

In recommending A, B1, C2, E, G, H, and I above, the City Manager notes that City Council would be adopting a long range objective of achieving the \$50 million return to the PEF and, further, that Council will be setting directions immediately to recover \$28 million of that objective while providing the context for future decisions about the public infrastructure and amenity package that will need to be made as the development proceeds. Council will also establish direction for staff to report back with revised financial status for the development prior to the rezoning of sub-area 2A.

Finally the City Manager notes that a number of the options presented would require amendment to the SEFC Official Development Plan. The Director of Planning will report back for referral of any necessary changes to a future Public Hearing.

## COUNCIL POLICY

- Southeast False Creek Policy Statement - October 1999
- Southeast False Creek - Financial Plan and Strategy - March 2005
- Southeast False Creek Official Development Plan - July 2005

## PURPOSE

This report responds to Council's instructions in December 2005 that staff report back on changes to the SEFC ODP and Financial Plan and Strategy to improve the economic sustainability of the development, by having the PEF recover the estimated \$50 million land value of the City Lands over the 15 to 20 year build out of the neighbourhood. The intent is to present all options that relate to housing mix and amenities in a factual and objective manner for Council's consideration.

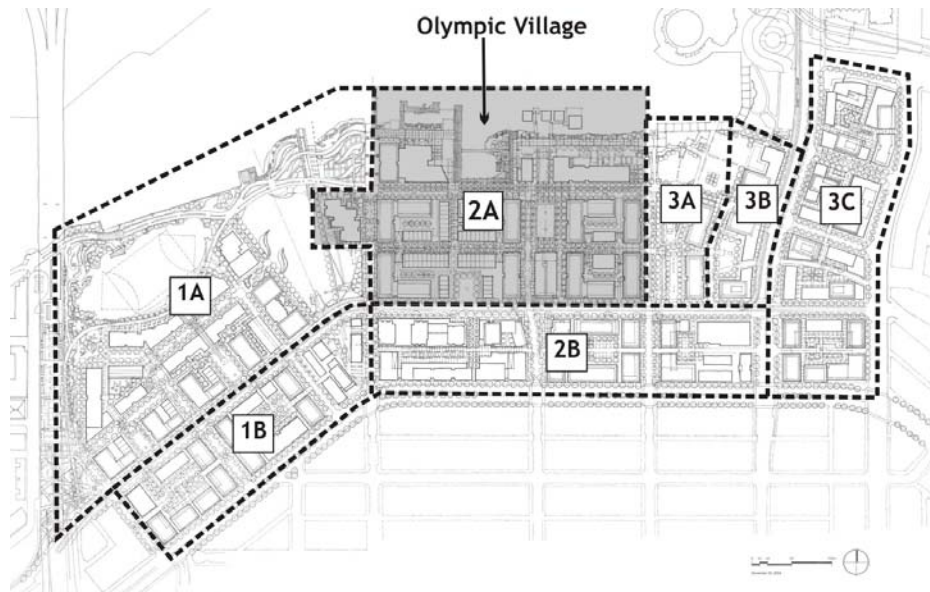
## BACKGROUND

### 1. Site Ownership

The ODP covers a site of approximately 80 acres of both City Lands and Private Lands, as shown below. Approximately 50 acres of the ODP area - north of 1<sup>st</sup> Avenue between Cambie and Quebec Streets and identified as sub areas 1A, 2A and 3A in the diagram below - are owned by the City and held in the PEF. This report refers to these lands as the "City Lands". The balance of the sites in the ODP area, are owned by private interests (1B, 2B and 3C and

including two smaller sites owned by the PEF) and by Translink (3B) and are referred to in this report as the “Private Lands”.

FIGURE ONE: SEFC ODP MAP SHOWING SUB-AREAS AND THE OLYMPIC VILLAGE



The redevelopment of SEFC has been on the City’s agenda for many years. The vision for this area was developed in discussion with the public and articulated in the *Southeast False Creek Policy Statement* ([www.city.vancouver.bc.ca/commsvcs/guidelines/sefc/index.htm](http://www.city.vancouver.bc.ca/commsvcs/guidelines/sefc/index.htm)) adopted by Council in October 1999. Based on the Policy Statement, SEFC was to be a place:

*“...in which people live, work, play and learn in a neighbourhood that has been designed to maintain and balance the highest possible levels of social equity, liveability, ecological health and economic prosperity, so as to support their choices to live in a sustainable manner”.*

On July 2, 2003, the City of Vancouver was awarded the 2010 Winter Olympic and Paralympic Games. As part of the bid, the City committed to providing the permanent facilities for the Olympic Village to be used by the Vancouver Organizing Committee for the 2010 Winter Olympic and Paralympic Games (“VANOC”). These facilities are to be provided by delivering most or all of sub-area 2A of the ODP area to VANOC by Fall 2009. This is a tight timeline for design and construction of the Olympic Village, leaving less than 3 years and 9 months to complete the Olympic Village.

## 2. Southeast False Creek Planning Background

The following is a brief summary of the evolution of the ODP:

**Proposed Official Development Plan and Supplement, May 2003 - February 2004**

In accordance with recommendations in the Policy Statement, environmental plans were developed to set directions for energy, waste and water management, urban agriculture and transportation. As well, a Community Facilities Needs "White Paper" was developed to set levels of amenity based on the anticipated new population. Work on the ODP started in 2002, and was based on the Policy Statement, the environmental plans, the "White Paper", and considerable public input.

In February 2003, work began on developing an ODP for the various sub-areas that comprised the SEFC area. Separate consultancies were commissioned to work on urban design and massing issues on the City Lands and the Private Lands.

On February 26, 2004, staff brought forward the final draft of the proposed ODP for the City Lands for Council's information. The ODP was based on Council instruction that, in approaching the redevelopment of the City Lands, the PEF should be treated in the same way as if the City were a private developer. As such, there was an expectation that:

- the PEF would prepare the City Lands for development and recover its costs through the sale of residential and non-residential parcels;
- the PEF would be expected to contribute to the public infrastructure requirements and public amenity package on the same basis as a private developer;
- the PEF would earn a return on the value of its land based on the then current industrial zoning - estimated at \$50 million; and
- the Private Lands would share in the costs of the public amenity package through city-wide Development Cost Levies ("DCLs"), additional area-specific DCLs, and/or Community Amenity Contributions ("CACs").

In addition, Council indicated support for further investment in the neighbourhood by the City, including:

- the PEF would reinvest the normal developer's risk premium in a higher level of public amenity on the site - approximately \$18 million;
- the City would reinvest the equivalent of the city-wide DCLs that would otherwise be paid on the development of the City Lands in the public amenity package - estimated at \$9.0 million; and
- The city-wide DCLs, area-specific DCLs, and/or CACs from the Private Lands would be invested in the public amenity package in the ODP area rather than be allocated as part of city-wide priority setting.

The proposed ODP and supporting PEF *pro forma* reflected these expectations, while also incorporating the recommendations of the Policy Statement, Community Facilities "White Paper", and the environmental plans. It also contemplated the inclusion of the Olympic Village in sub-area 2A (shown on Figure One above). The form of development in the proposed ODP has been referred to as the "podium and tower" approach and generally featured higher building heights with taller buildings in the east, stepping down in the centre and then rising slightly on the west. The housing mix on the City Lands was 20% affordable and 80% market; with 35% of the units to be set aside for families.



Although the adjacent Private Lands were not included in this original ODP, the amenity package included components of sufficient scale to satisfy both the requirement of development on the City Lands and on the Private Lands. This included 26 acres of park, a 10,000 square foot community facility, a school site, 20% affordable housing and two childcare facilities. It was expected that when they were rezoned, the Private Lands would also provide one childcare facility and would contribute to the funding of amenities on the City Lands in return for not having to provide amenities on their sites and that, where additional funding was required, the City would either access its traditional funding sources or decide not to include some amenities in the development as it unfolded.

### Choices Report , July 2004

On July 20, 2004, Council considered a report from the Southeast False Creek Steering Committee entitled "*Choices and Directions for the Planning of Southeast False Creek*" (<http://internal.vancouver.ca/ctyclerk/cclerk/20040726/sc1.pdf>). Council approved a number of recommendations (attached as Appendix C) that significantly changed the proposed ODP.

Council instructed staff to revise the ODP with changes to the form of development and enhancements to the public amenity package as follows:

- change the form of the development from a "podium and tower" configuration to a low to mid-rise form while maintaining the development floor area;
- develop a more active and attractive waterfront by moving development closer to the foreshore;
- narrow the street rights-of-way and give less preference to vehicles and greater preference to pedestrians and bicycles in the traffic mix;
- change the distribution of the park space to reflect a better balance across the site, even at the expense of a reduction in total park space of up to 10% (2.64 acres);
- leave the three heritage buildings in place rather than move them;
- change the mix of housing on the City Lands from 20% affordable housing to: 1/3 market housing, 1/3 middle income housing and 1/3 low income housing;
- increase the proposed community centre from 10,000 sq. ft. to 30,000 sq. ft. and accommodate a non-motorized boating centre; and
- increase the childcare allotment from three to five facilities.

Council was advised these changes would have an impact on the Financial Plan and Strategy that underlies the ODP. In response, Council instructed staff to use the return expected on the value of the City Lands owned by the PEF - estimated at \$50 million - to fund the changes in development form and the enhanced public amenity package, including the changes noted above. The revised ODP was based on the expectation that, in addition to the amenities expected of the PEF as the site developer, the PEF would:

- contribute any return on the City Lands such that the PEF would neither earn a net return nor incur a net loss over the term of the development; and

- forego recovery of the cash invested in the City Lands, totalling approximately \$35 million.

### Official Development Plan, March 2005

On March 1, 2005, at Public Hearing, Council adopted the Southeast False Creek Official Development Plan (<http://vancouver.ca/ctyclerk/cclerk/20050301/ph3.htm>) and accompanying Southeast False Creek Redevelopment: Financial Plan and Strategy (Appendix D) (<http://vancouver.ca/ctyclerk/cclerk/20050301/ph1.htm>). The SEFC ODP was enacted on July 19, 2005.

The components of the Financial Plan and Strategy are discussed in more detail below.

### Council Motion, December 2005

On December 20, 2005, Council approved the following motion related to the Southeast False Creek Development:

- A. *THAT Council consider changes to the Southeast False Creek Official Development Plan and Financial Plan and Strategy to improve the economic sustainability of the development by having the Property Endowment Fund recover the land value of the site (estimated at \$50,000,000) over the anticipated 15 year build out by adjusting the housing mix and other public amenities, with minimal impact on the other aspects of the development and with no adverse impact on the delivery of the Olympic Village for the 2010 Olympic and Paralympic Winter Games;*
- B. *THAT City staff report back at the first City Services and Budgets Committee meeting in January, 2006 recommending one or more options to implement the improvements and objectives outlined in Resolution A above; and*
- C. *THAT the Project Manager for the Southeast False Creek and Olympic Village Project Office be instructed to issue an Addendum to the Request for Proposals for the development of Southeast False Creek advising the participating Short-listed Respondents of Council's adoption of Resolutions A and B above.*

### 3. Housing Mix Background

An overview of the history leading up to the housing mix for Southeast False Creek is attached as Appendix B.

## DISCUSSION

### 1. The 2005 Financial Plan and Strategy

The changes to the ODP approved by Council on July 20, 2004 represented significant changes to the development plan for SEFC. As a result, a new financial plan was generated. The new plan went a great deal further than just allocating the \$50 million value of the City Lands:

- costs associated with development of the City Lands were updated, including revised estimates relating to the provision of infrastructure, soil remediation, and foreshore stabilization work resulting from the changes in the form of development;
- revenue expectations from land sales were updated to reflect updated land values and changes to the form of development; and
- funding was allocated to the enhanced public amenity package approved by Council, with the contribution from the PEF based on the population generated from the development of the City Lands.

The following table summarizes how the updated revenue and cost estimates and the changes approved by Council for PEF involvement in SEFC were reflected in the revised Financial Plan and Strategy:

**TABLE ONE: ALLOCATION OF THE \$50 MILLION**

<b>Revenue Adjustments</b>		
Updated Land Value	(13.7) million	
Change in Form of Development	8.4 million	
Increase in Non Market Housing	<u>16.6 million</u>	\$11.3 million
<b>Expenditure Adjustments</b>		
Public Works Infrastructure	10.8 million	
Foreshore Stabilization	6.0 million	
Remediation of Contaminated Sites	8.0 million	
Increased Childcare	3.2 million	
Larger Community Centre	<u>2.4 million</u>	\$30.4 million
<b>Unallocated</b>		<u>8.3 million</u>
<b>Total</b>		<b>\$50.0 million</b>

As noted above, of the \$50 million that Council instructed staff to apply to the cost of decisions arising from the *Choices and Directions* report, \$41.7 million was allocated to specific areas while \$8.3 million was unallocated and available to meet funding requirements that might arise over the development timeline. It should also be noted that Council indicated that any further net income from development of the City Lands provide a return to the PEF.

With the above allocation of the PEF net income of \$50 million, Council approved the Financial Plan and Strategy, including the components as set out in the following table:

TABLE TWO: ANTICIPATED COSTS PUBLIC INFRASTRUCTURE AND AMENITIES

Cost Category	Total Cost		Allocated to the PEF	
	2005 \$		2005 \$	
City Lands Site Servicing Including project financing costs	\$31.4 million		\$31.4 million	
Foreshore Stabilization	8.0 million		8.0 million	
Soil Remediation	18.6 million		18.6 million	
Public Realm Improvements; Provision and Construction of Rights of Way; and, Provision of Traffic Management initiatives	36.5 million		7.2 million	
Housing Options on Affordable the City Lands: Modest Market	42.0 million		42.0 million	
	21.1 million		0.0 million	
Park Sites and Park Development	42.6 million		21.6 million	
Heritage Buildings	10.6 million		2.0 million	
Community Centre/Boating Facility	9.0 million		3.6 million	
Library	1.5 million		0.6 million	
Childcare	<u>19.8 million</u>		<u>8.0 million</u>	
	<u>\$ 241.1 million</u>		<u>\$ 143.0 million</u>	
Anticipated PEF Net Revenues			\$(151.3) million	
Unallocated PEF Net Income			\$( 8.3) million	

The 2005 Financial Plan and Strategy anticipated that the PEF would fund all of the costs of servicing its site for development and, in addition, would contribute to the public amenity package. This latter contribution is estimated at approximately \$40 per square foot, 60% higher than provided by other major developments in the City.

There are approximately \$100 million in costs that are to be funded from non-PEF sources. The Financial Plan and Strategy expected these costs to be funded from a variety of sources, including the City's traditional funding sources such as the capital plan, DCLs, CACs, and senior government and community partners.

The extent of the Private Lands involvement in funding neighbourhood development costs beyond the current city-wide DCL has not been confirmed. It has been Council policy that decisions about the contributions made by private land owners in these circumstances should take into consideration the increased land value created through rezoning of the Private Lands, the level of investment made by the City through the PEF, and recent experience with other major developments. This issue will be further considered prior to the rezoning process for those Private Lands sites.

Access to the more traditional City funding sources may be difficult, requiring decisions about the relative priorities for utilizing limited capital funding in SEFC compared to other areas of the City.

This report deals specifically with the financial participation of the PEF and the options available to Council to provide for a return to the PEF based on the value of its lands in SEFC. It does not address the larger question of how the funding from the non-PEF sources will be provided or the ability to achieve the components of the public infrastructure and amenity package that would no longer be funded by the PEF should Council so decide.

Considering the instruction in the December 2005 motion in the context of this financial summary suggests the areas of possible adjustment to increase the return to the PEF.

## **2. Context for Revising the Financial Plan and Strategy**

There are three ways to increase the return to the PEF: revenues can be increased from the sale or lease of City Lands, expenditures allocated to the PEF can be reduced by reducing the scope of the project, or costs can be shifted to other funding sources. However, in considering these options, there are some areas where Council's choices are constrained as follows.

### **Commitment to Environmental Objectives**

While a reduced commitment to environmental sustainability was not looked at in detail at the time of the Financial Plan and Strategy, these costs were considered at the time of the Policy Statement. When full costs are considered, including the benefits, the net amount of the environmental sustainability components is approximately \$5 million at most for the entire development. This cost was seen as a potential discount in the value of the land, and as such was not charged to the PEF. As well, in the future, it is possible that the environmental elements of the development may be cost neutral or cost reducing over time. This, combined with the integrated and comprehensive nature of the environmental objectives, and the fact that they have already been integrated into the infrastructure designs that are well underway, no options related to the environmental objectives are advanced for Council's consideration.

### **Limited Choices for Sub-area 2A / Olympic Village**

Due to the tight timeline for the completion of the Olympic Village, changes to either the density, form of development, public infrastructure, or environmental objectives in Sub-area 2A are not recommended.

If City Council is contemplating changes to the housing mix or the community centre in sub-area 2A, those desired changes must be clearly communicated when this report is considered by City Council and a decision on those choices must be made at the same time. This would allow time to issue an addendum to the RFP before the closing date of January 30, 2006. Delays in decision-making or uncertainty with respect to sub-area 2A may delay the delivery of the Olympic Village or add costs in order to recover lost time and ensure timely delivery.

Notwithstanding the above, if Council makes certain choices with respect to sub-area 2A that are subsequently reported back on for referral to Public Hearing, the RFP must be awarded and negotiations must be conducted with the successful Developer on the basis of the anticipated ODP changes. If the ODP amendments are not approved after Public Hearing,

then the Olympic Village project could be set back from one to three months, which is a significant delay given that there is less than 3 years and 9 months to complete the project.

### **Irreversible Financial Plan and Strategy Components**

Referring to Table Two above, there are some Financial Plan and Strategy components funded by the PEF that cannot be reversed:

- the design of the site infrastructure is well underway at an estimated construction cost of \$31.4 million, plus a further \$8 million which has been added as a consequence of changing the form of development and moving it closer to the foreshore, for a total of 39.4 million. Eliminating these incremental costs from the project now would require a major redesign which would prevent the Olympic Village from being completed on time.
- further review of the soil remediation requirements on the site resulted in inclusion of an additional \$18.6 million. These funds are committed but will only be utilized if necessary to meet the remediation requirements on the site.
- Public Realm costs of \$7.2 million are the same that would be required of a private developer for off-site infrastructure.
- the \$0.6 million allocation to Libraries has already been approved as part of the Capital Budget for 1 Kingsway where the library services for SEFC will be provided.

### **3. Options for Revising the Financial Plan and Strategy**

Given the aforementioned constraints, it has been difficult to construct a set of options totalling over \$50 million for Council's immediate consideration, partly because Council's December 2005 resolution was specific with respect to housing mix and community amenities, and partly because of the constraints arising from the Olympic Village commitments and the fact that much of the design work on the development has progressed significantly. The overarching strategy for this report is that not all of the \$50 million need come from changes made immediately. Outside factors as well as some of the choices being contemplated may increase the revenue to the PEF over time beyond what is estimated in this report. A financial update can be provided to Council at a later date as more information becomes available.

Referring to Council's December 2005 resolution and to Table Two above, options for Council to consider relate to the housing mix and the community amenities, including the community centre, childcare, and parks. These choices are summarized in Appendix A, presented as Considerations at the front of this report, and described in detail below:

#### **Consideration A. Financial Plan**

- A. THAT Council approve an amendment to the Southeast False Creek Financial Plan and Strategy establishing the long term objective of having the Property Endowment Fund ("PEF") recover the value of the City Lands in Southeast False Creek ("SEFC") (estimated at \$50 million based on industrial zoning) over the 15 to 20 year development horizon for the neighbourhood;

AND THAT in order to create the opportunity to achieve that objective, Council consider the following Considerations for reducing the amount of funding provided by the PEF in the development;

Approval of this consideration would change the long term objective for the involvement of the PEF in the development of SEFC from a break-even financial position to one where a return equivalent to the industrial value of the land is achieved. Considerations are offered as options for Council to immediately increase the return to the PEF. While the options presented do not total \$50 million, they are changes that Council could consider making now. Establishing an objective of a \$50 million return would provide the context for decisions about the public infrastructure and amenity package that will be required over the next five to 15 years as the project develops.

#### Consideration B. Modest Market Housing

B1. THAT the housing mix for the SEFC City Lands not require the modest market housing component, which would allow \$8.3 million of unallocated funds to be returned to the PEF;

OR

B2. THAT the housing mix for the SEFC City Lands not require the modest market housing component in sub-area 2A, which would allow \$4.2 million of unallocated funds to be returned to the PEF;

Much of the focus of the revised ODP was related to the housing mix, which was amended from 20% non-market and 80% market to 1/3 non-market, 1/3 middle income, and 1/3 market. If Council made no changes to the amount of modest market housing provided, it would remain at 33%.

Council could decide to eliminate the modest market component of the housing mix and replace it with market housing. If no other housing mix changes were made, this would change the housing mix to 33% affordable and 67% market.

Modest market housing has been a difficult component to cost and has added uncertainty to the development process. Without senior government programs, it is also difficult to understand how it will be provided. It is estimated that the modest market housing could cost as much as \$21 million to deliver, although the Financial Plan and Strategy assumes that the modest market housing could be provided without subsidy from the PEF. In effect, the Financial Plan and Strategy has an unfunded liability for the modest market housing of approximately \$21 million.

The Financial Plan and Strategy does include an unallocated amount of \$8.3 million to hedge some of the uncertainties. It is anticipated that eliminating the modest market housing across the City Lands, or only in sub-area 2A, would remove considerable uncertainty by removing all, or half of the potential \$21 million unfunded liability, and increase revenue to the PEF through the increased quantity of market housing sites. If Council removes the modest market housing from the housing mix across the City Lands, all of the unallocated \$8.3 million could be returned to the PEF. If Council only removes the modest market

housing from sub-area 2A, half of the unallocated funds, or \$4.2 million could be returned to the PEF. With either decision, more clarity is added to the planning and development of the Olympic Village, where time is already an issue.

Typically, a development includes a range of market housing types, some of which are more affordable than others due to factors such as size, finish, and location within the development. If the requirement for modest market housing in SEFC was eliminated, some modest market units would likely still be provided as part of the typical development process.

Pros:	Cons:
<ul style="list-style-type: none"> <li>○ Removing the modest market housing increases the amount of market housing and improves the development economics for the PEF. This conclusion will have to be tested as part of the development process.</li> </ul>	<ul style="list-style-type: none"> <li>○ Removing the modest market housing will mean that the housing mix will not reflect the GVRD's income profile, meaning a less diverse housing mix.</li> </ul>
<ul style="list-style-type: none"> <li>○ Removing the modest market housing removes a potential unfunded liability to the City of \$21 million .</li> </ul>	<ul style="list-style-type: none"> <li>○ There was support for this housing component during the public review.</li> </ul>
<ul style="list-style-type: none"> <li>○ With the removal of significant uncertainty in the development economics, the unallocated \$8.3 million could be returned to the PEF.</li> </ul>	

**Consideration C. Affordable Housing**

C1. THAT the housing mix for the SEFC City Lands comprise 20% affordable housing in sub-areas 1A and 3A plus the minimum 250 units of Olympic legacy affordable housing in sub-area 2A, averaging approximately 23% affordable housing across the entire site, which would result in an approximate increase in revenue of \$12.5 million to the PEF;

**OR**

C2. THAT the housing mix for the SEFC City Lands comprise 20% affordable housing across the entire site, while retaining the minimum 250 units of Olympic Legacy affordable housing in sub-area 2A, which would result in an approximate increase in revenue of \$16.6 million to the PEF;

**OR**

C3. THAT the housing mix for the SEFC City Lands comprise a minimum of 20% across the entire site, while maintaining the minimum 250 units of Olympic Legacy affordable housing in sub-area 2A, and that alternative funding sources be pursued up to \$16.6 million with an objective of providing up to 33% affordable housing in sub-areas 1A and 3A, resulting in as much as 29% affordable housing across the entire site, which would result in an approximate increase in revenue of \$16.6 million to the PEF;

If Council made no changes to the amount of affordable housing provided, it would remain at 33%.



The amount of affordable housing in sub-area 2A cannot be reduced below 250 units (approximately 25% to 28%) in order to meet the Olympic Legacy commitment for the Olympic Village. If Council reduces the amount of affordable housing in sub-area 2A to the Olympic legacy minimum and reduces the remaining phases to 20%, the effective site-wide average would be approximately 23% affordable housing and the PEF would save approximately \$13.5 million (C1). If Council further reduces the affordable housing in the remaining phases it could achieve a site-wide average of 20% and the savings to the PEF would increase from \$13.5 million to \$16.6 million (C2).

Council could also choose to set a minimum amount of affordable housing at 20% across the entire site, but instruct staff to seek alternative funding sources such as DCLs or senior government funding to increase the level of affordable housing in phases 1A and 3A to up to 33%, resulting in a site-wide average of up to 29% affordable housing and a savings to the PEF of \$16.6 million (C3).

Pros:	Cons:
<ul style="list-style-type: none"> <li>○ Decreasing the amount of affordable housing would increase the amount of market housing and increase the revenue to the PEF.</li> </ul>	<ul style="list-style-type: none"> <li>○ Fewer affordable housing units means the housing diversity would be reduced and less housing would be available for the bottom third of income earners.</li> </ul>
<ul style="list-style-type: none"> <li>○ The funding risk to the City would be reduced as there will be less reliance on Federal and Provincial funding to provide construction funding for the affordable housing.</li> </ul>	
<ul style="list-style-type: none"> <li>○ Even if the affordable housing is reduced to 20% across the entire site, it will still significantly exceed the 8.5% city-wide average as described in Appendix B.</li> </ul>	

**Consideration D. Community Centre**

D1. THAT the size of the community centre and non-motorized boating facility be 20,000 square feet, which would result in an approximate savings of \$ 1.2 million to the PEF;

OR

D2. THAT the size of the community centre be 10,000 square feet with no non-motorized boating facility, which would result in an approximate savings of \$2.4 million to the PEF;

OR

D3. THAT the size of the community centre be 10,000 square feet with no non-motorized boating facility, and that the footprint for a 20,000 square foot facility be preserved and alternative funding sources be pursued for future expansion of the facility to include a non-motorized boating facility, which would result in an approximate savings of \$2.4 million to the PEF;

The original proposal was to include a 10,000 square foot community centre in SEFC to serve as a satellite centre, which at the time was felt to be the minimum required for the new community. There was also strong community support for a boating centre which was considered as part of the proposed ODP, but was not funded. As part of the considerations in the Choices report, Council increased the proposed facility to 30,000 square feet and included a non-motorized boating facility, which is required in the ODP. As a result, the cost of the community centre increased from \$2.4 million to \$9.0 million, with \$3.6 million of that being funded by the PEF. The balance of the costs would be provided from other funding sources, likely including CACs from the Private Lands.

As part of any reconsideration of community centre size, Council should be aware of how the level of service is determined. The city-wide level of service for community centres (excluding pools and rinks) is 1.2 sq. ft. per resident. On this site, with an anticipated population of up to 15,000, this means a facility of up to 18,000 sq. ft., not including the boating centre. The original proposal was downsized as it was felt that there might be additional capacity in other area centres, including the new centre at 1 Kingsway. This centre is currently being constructed to meet the city-wide level of service for Mount Pleasant residents. As well, other area centres (the Roundhouse and False Creek) are at capacity.

If Council wishes to downsize the community centre, it could downsize it to 20,000 square feet, which would preserve the non-motorized boating facility and return \$1.2 million to the PEF (D1). Council could also choose to further downsize the community centre to 10,000 square feet, which would eliminate the non-motorized boating facility and return \$2.4 million to the PEF (D2). Council could also choose to downsize the community centre to 10,000 square feet and preserve a 20,000 square foot footprint and option for a non-motorized boating facility at a later date when alternative funding sources are identified, while also returning \$2.4 million to the PEF (D3). It should be noted, however that the community centre site also incorporates a housing component of approximately 40,000 sq. ft. in a four storey building. The ability to realize both residential and community space on this site is dependent on being able to integrate the uses, in both design and construction. Any phasing of either component could negatively impact its delivery.

Pros:	Cons:
<ul style="list-style-type: none"> <li>○ A smaller centre would result in fewer costs being allocated to the PEF, increasing the return.</li> </ul>	<ul style="list-style-type: none"> <li>○ A 10,000 square foot community centre precludes the non-motorized boating facility, unless a 20,000 footprint is preserved for future expansion.</li> <li>○ A phased development could negatively impact either the community centre, or the housing components.</li> </ul>

**Consideration E. Childcare Facilities**

- E. THAT there be a minimum of two childcare facilities on the SEFC City Lands and one on the SEFC Private Lands, with an objective of up to five childcare facilities on the SEFC City Lands and Private Lands, and that alternative funding sources be pursued with an objective of achieving five facilities, which would result in an approximate savings of \$3.2 million to the PEF;

The ODP increased the number of childcare facilities in the neighbourhood from three to five serving both the City Lands and Private Lands. Three of these facilities are to be provided on City Lands while two are to be provided on Private Lands. The PEF is to pay for the three facilities on City Lands. Total costs are estimated at \$19 million, with approximately \$8.0 million of this allocated to the PEF.

Council could reduce the overall total from five to three, with two on the City Lands and one on the Private Lands, and thereby reduce the contribution of the PEF by \$3.2 million. Council could also instruct staff to continue to pursue senior government funding to provide a third facility on City Lands.

Pros:	Cons:
<ul style="list-style-type: none"> <li>○ The lower level of PEF funding results in an increased return to the PEF of approximately \$3.2 million.</li> </ul>	<ul style="list-style-type: none"> <li>○ The provision of childcare becomes more uncertain and achieving the five centres becomes dependent on other sources of funding.</li> </ul>

**Consideration F. Parks**

F1. THAT a portion of the future park development be funded from sources other than the PEF and that staff be instructed to pursue alternative funding sources, resulting in an approximate savings of \$10.0 million to the PEF;

**OR**

F2. THAT a portion of the future park development be funded from sources other than the PEF, and that staff be instructed to pursue alternative funding sources, resulting in an approximate savings of \$15.0 million to the PEF.

The ODP requires 25.85 acres of park for which the PEF is expected to provide \$21.6 million, including foregone revenues on 13.9 acres of otherwise development space and park development costs.

Without affecting the total amount of parks provided, Council could decide to reduce the amount of parks development that the PEF funds and instruct staff to pursue funding from other sources, such as DCL funding through future Capital Plans, providing that this does not add an unreasonable burden to these plans. One option is presented to fund \$10 million from alternative funding sources and another to fund \$15 million from alternative sources.

Pros:	Cons:
<ul style="list-style-type: none"> <li>○ The lower level of PEF funding for park development results in a higher return to the PEF.</li> </ul>	<ul style="list-style-type: none"> <li>○ The timing of the delivery of all the parks becomes uncertain, as some of the funding will come from sources other than the PEF.</li> </ul>
<ul style="list-style-type: none"> <li>○ The total amount of parks can still be provided in the long term by funding some of the park development costs from other sources.</li> </ul>	<ul style="list-style-type: none"> <li>○ The timing of delivery of other future programs competing for the same funding may also be affected.</li> </ul>

## 7. Other Options Not Advanced for Council's Consideration

### Contingency

The Financial Plan and Strategy includes a \$15.5 million contingency for the development. Although Council should be aware of the contingency, it is not recommended that it be reallocated at this time as key budgets are yet to be prepared, including those for the revenues from the sale of the land and the costs to construct the public infrastructure. In the future, should development economics be realized or bettered, this contingency may be available to improve the return to the PEF.

### Density

In the future, Council may wish to consider additional density on City Lands to generate additional revenue. Given the timeline for delivery of the Olympic Village, no additional density should be considered for sub-area 2A. The key factor in considering density changes on the remaining sub-areas, 1A and 3A, would be how the form of development, particularly building height, would be affected.

An additional 5% density on sub-areas 1A and 3A might be accommodated without significantly changing the building heights approved in the Official Development Plan (e.g. through adding a floor on certain buildings or increasing floor plate sizes). This might result in additional revenue of about \$3 million.

Density increases beyond 5% would result in more significant changes in form and would require more detailed analysis and public consultation, including the Private Land owners, eight of whom have rezonings in process under the adopted ODP.

### Public Infrastructure

It should be noted that not all future considerations on the development economics will be positive. Following completion of the public infrastructure designs in early February, a revised public infrastructure cost estimate will be prepared. Due to rising labour and material costs, it is anticipated that infrastructure costs will increase beyond what was budgeted in the Financial Plan and Strategy, offsetting to some degree future increases in revenue.

## 8. Next Steps

### ODP Amendments

Many of the options put forward for Council's consideration would require amendments to the *Southeast False Creek Official Development Plan*. All amendments would need to be considered at a Public Hearing. Recommendation G instructs the Director of Current Planning to report back to City Council regarding referral to Public Hearing of

possible ODP amendments generally reflecting City Council's choices from among the Considerations discussed above.

### **RFP Addendum**

Depending on Council's decisions, there may also be a need to issue an addendum to the RFP. If required, this would be done by the SEFC and Olympic Village Project Office, as soon as possible after Council's decisions.

The City's RFP has been intentionally structured so as to permit change to content during the process. As a result, Council can make changes to the parameters without endangering the RFP process, providing that it is understood by the Short-Listed Respondents that certain changes will require an amendment to the ODP at Public Hearing before they can become Council Policy.

### **Financial Status Update**

It is recommended that staff report back to City Council with an update on the financial status of the SEFC development prior to the rezoning Public Hearing for sub-area 2A, which would allow time for the revenue projections as well as the public infrastructure costs to be updated.

## **9. The Dual Roles of the City as Owner and Regulator**

It is not an unusual position for the City to be both the land owner and the regulator when considering the development of lands held in the PEF. The City as owner of the PEF lands conducts itself in much the same way as a private land owner with respect to the investment and development interests of its lands. As owner, City Council may instruct staff to pursue certain development interests and schemes in preparation for pursuing ODP amendments or rezonings, as is typical with private developments.

City Council as regulator must fulfil its legal responsibilities as regulator of land development and apply the same standards and procedures to PEF developments as it does to private land developments, including conducting Public Hearings to seek public input. City Council as regulator must ensure it maintains the public interest when reviewing and approving ODP amendments and rezonings, regardless of its interest as a landowner.

## **FINANCIAL IMPLICATIONS**

The financial implications of this report are as detailed above.

## **CONCLUSION**

In accordance with Council's direction on December 20, 2005, a number of options have been presented for Council's consideration which would return additional funds to the PEF from the development of the City Lands in SEFC. Due to the timeline challenge of completing the Olympic Village, considerations with respect to sub-area 2A are limited to housing mix and the size of the community centre, and any decisions to sub-area 2A must be made immediately to avoid delays or added costs. Although Council instructed staff to identify

options to recover \$50 million, not all increases in return to the PEF can, nor need be, identified at this time, and staff is asked to report back to provide an update on the financial status of the development prior to the rezoning Public Hearing for sub-area 2A.

\* \* \* \* \*

APPENDIX A  
PAGE 1 OF 1

CONSIDERATION		CATEGORY	DESCRIPTION	RETURN TO PEF
A		FINANCIAL PLAN	commit to recovering approximately \$50 million over the 15 to 20 year development	n/a
B	B1	MODEST MARKET	eliminate modest market housing and return unallocated \$8.3 million to PEF	\$ 8.3 million
	B2	MODEST MARKET	eliminate modest market housing requirement for sub-area 2A only	\$ 4.2 million
C	C1	AFFORDABLE HOUSING	minimum Olympic Legacy affordable housing in sub-area 2A and reduce affordable housing to 20% in sub-areas 1A and 3A (site average approx. 23%)	\$12.5 million
	C2	AFFORDABLE HOUSING	keep minimum Olympic Legacy affordable housing in sub-area 2A and reduce average affordable housing across site to 20%	\$16.6 million
	C3	AFFORDABLE HOUSING	keep minimum Olympic Legacy affordable housing in sub-area 2A, set minimum affordable housing across site to 20%, but seek alternative funding up to \$16.6 million to provide up to 33% affordable housing in sub-areas 1A and 3A	\$16.6 million
D	D1	COMMUNITY CENTRE	downsize community centre and boating facility to 20,000 square feet	\$ 1.2 million
	D2	COMMUNITY CENTRE	downsize community centre to 10,000 square feet and eliminate boating facility	\$ 2.4 million
	D3	COMMUNITY CENTRE	downsize community centre to 10,000 square feet and preserve 20,000 footprint for boating facility in future	\$ 2.4 million
E	E	CHILDCARE	reduce PEF funding for childcare facilities on City Lands from 3 to 2	\$ 3.2 million
F	F1	PARKS	fund \$10 million of future park development from sources other than PEF	\$ 10 million
	F2	PARKS	fund \$15 million of future park development from sources other than PEF	\$ 15 million
MAXIMUM POSSIBLE TOTAL				\$44.5 million

December 28, 2005

File: 3107

## Housing Mix - South East False Creek

### Background

The City of Vancouver has a half century commitment to social housing. Since the first project was completed in 1953, over 20,000 social housing units have been developed of which 8,000 are on sites leased from the City. Social housing comprises 8.5% of the housing units in the city and the City's policy is to maintain or increase that percentage.

The City's income mix policy for new neighbourhoods was developed in 1973 as part of the planning for the redevelopment of the False Creek basin. The policy adopted by Council was:

**The population income mix as reflected in the Greater Vancouver region is to be adopted as a basin wide objective.**

The specific formula adopted by Council to implement this policy was to require that 1/3 of households would be low income with incomes less than the 33<sup>rd</sup> percentile of regional household incomes, one third would have incomes between the 33<sup>rd</sup> and 66<sup>th</sup> percentile, and a third would have incomes above the 66<sup>th</sup> percentile.

In the City's development on the south shore of False Creek between Cambie and Burrard, the income mix was achieved by allocating sites to a variety of senior government programs. Over half of the projects and over half of the units developed on the south shore of False Creek were developed under one government program or another including non-profit rental for families and for seniors, non-profit family co-operatives, care facilities, and controlled ownership and rental.

In 1988 Council considered revised policies for the development of the north shore and east end of False Creek. At that time fewer senior government programs and less funding was available for affordable housing, and the programs were targeted to families and seniors in core-housing need, low-income households that would have to pay more than 30% of their gross income to rent a suitable and adequate home in the region. Approximately 20% of the region's population was in core-housing need in 1988, so in keeping with the general policy adopted in 1973 that the income mix in False Creek parallel the regional income mix, Council adopted the revised income mix formula for False Creek requiring that sites be set aside so that 20% of the units could be developed for core-need households, with at least half to be designed for families with children.

In 1993 the Federal government ceased funding new social housing and the provincial government introduced a new mixed income housing program for families to partially replace the previous core-need program. The new program funded projects with a mix of 60% core-need households and 40% households who could pay market rent. In terms of the regional income mix, this would result in 12% low-income/core-need and 8% middle income on the sites generated for social housing development through the 20% requirement.

The 20% policy generated a potential of 2500 social housing units in the downtown and elsewhere in the City. Half this potential has been developed. The 20% target has been



eroded so that the requirement is now 15.5% for the north shore of False Creek, 17.6% for east False Creek and 13% for Bayshore Gardens. The primary reason has been the reduced funding available for social housing. The provincial program introduced in 1993 was a third the scale of the previous joint federal/provincial program. A couple of social housing sites that were part of larger integrated projects were converted to market because funding was not available when development of the larger project was ready to proceed.

The original 20% policy assumed that the senior government programs would include funding to pay for the sites which the City had optioned for a discounted price. However, as the 90s progressed the Province sought deeper discounts and preferably free sites to make their funding go as far as possible. In a couple of cases, the City used the compensation paid by the developer to the City when sites were converted to market to reduce the costs of other social housing sites to ensure that the Province would fund them.

In 2002 the Province reduced funding for new social housing further in 2002 and limited funding to supportive housing for frail seniors. Only one 20% site has been developed since 2002 with limited funding from the senior governments. There are a half dozen social housing sites generated by the 20% policy available for development now if senior government funding were available.

## Vancouver City Council

July 20, 2004  
Council Action

### 1. Choices and Directions for the Planning of Southeast False Creek (File 8206)

A. THAT Council approve a Steering Committee for the redevelopment of Southeast False Creek co-chaired by the City Manager and Councillor Raymond Louie and also include Councillor Peter Ladner on the Steering Committee.

B. THAT the City Manager appoint relevant staff to the Southeast False Creek Steering Committee.

CARRIED UNANIMOUSLY

MOVED by Councillor Louie

C. THAT the publicly-owned lands on Southeast False Creek generate a return to the Property Endowment Fund sufficient to recover the costs of servicing and preparing the site for development (estimated at \$56 million in the current Official Development Plan submission); and

THAT the contribution from the Property Endowment Fund as owner of Southeast False Creek lands to neighbourhood specific public amenities in Southeast False Creek be limited to the net development revenue generated by the value of the land (estimated at \$50 million) plus the normal developer's risk margin/profit (estimated to be \$12 million based on the current Official Development Plan submission); and

THAT the costs of broader City-wide public amenities that may be developed in Southeast False Creek be funded from traditional capital funding sources including City-wide Development Cost Levies and Community Amenity Contributions and the capital planning process or from non-City funding.

D. THAT Council confirm the following choices included in Section B of the Workbook (attached as Appendix A to the Policy Report dated July 14, 2004, entitled "Choices and Directions for the Planning of Southeast False Creek") as amendments of the Southeast False Creek Policy Statement:

(i) THAT Council establish a target of 1/3 (non-market)/ 1/3 (affordable)/ 1/3 (market) housing policy for the SEFC City-owned Lands;

(ii) THAT SEFC provide a full-size community centre serving all of SEFC, including a community boating facility for non-motorized recreational boating;

(iii) THAT only Low and Mid-Rise buildings be permitted, west of Quebec Street, with the intent to realize the target density;

(iv) THAT, while 26.4 acres of park is preferred, slightly less park space (up to 2.64 acres less park) may be considered in order to meet other priority objectives;

(v) THAT the intent is not to widen 1st Avenue but to include building lines on City Lands to widen if necessary in the future after staff report back on the comprehensive transportation plan for SEFC including the Downtown Streetcar;

(vi) THAT a more active water's edge as a lively destination be pursued - encroaching into 30 m setback if necessary (phase so as to minimize encumbrance with False Creek sediment contamination management);

(vii) THAT instead of almost all residential, consider the opportunity for more than 200,000 sq. ft. of commercial development and jobs - especially of compatible activity such as eco-businesses, artistic businesses, net portal offices, and live-work; and

(viii) THAT the Salt Building and one or both of the other heritage buildings be kept generally in-situ (do not move them).

E. THAT Council approve the following new policies for the Southeast False Creek Policy Statement included in Section C of the Workbook (attached as Appendix A to the Policy Report dated July 14, 2004, entitled "Choices and Directions for the Planning of Southeast False Creek"):

(i) THAT the SEFC ODP include specific sustainability goals, targets and indicators and require tracking/monitoring of performance with regular report out - for example, energy consumption and material consumption per capita - and commit necessary funding to do this; cross referenced with GVRD sustainability model;

(ii) THAT the SEFC ODP explicitly express the intent for architectural excellence and to bring significance to community buildings as 'signature' designs; and ensure a distinctive design image for the whole community;

(iii) THAT a Neighbourhood Transportation Demand Management program be included as an integral part of the SEFC ODP implementation, including on-going monitoring as build out of SEFC occurs;

(iv) THAT a neighbourhood energy demand management program be included as an integral part of SEFC ODP implementation; and

(v) THAT, as SEFC develops, the area should be used as a "learning lab", created with local universities and other interested parties. In this capacity, SEFC should act as a focus for research and development to implement and evaluate general principles of sustainable design with the intention of fostering understanding of ecological stewardship amongst professionals, academics, the development community, and the general public.

F. THAT Council confirm the following existing policies in the Southeast False Creek Policy Statement included in Section D of the Workbook (attached as Appendix A to the Policy Report dated July 14, 2004, entitled "Choices and Directions for the Planning of Southeast False Creek") as priorities:

(i) THAT Council confirm as a priority, the policy requiring environmental sustainability (and LEED) that provides a new level of "base case" sustainability performance that can be applied to other projects in the City and implement demonstration projects to showcase especially innovative environmental measures (take risks to experiment) - such as using alternative energy and maximizing green roofs;

(ii) THAT Council confirm as a priority the policy requiring significant urban agriculture;

(iii) THAT Council confirm that the SEFC ODP boundaries will include City and adjacent private lands - and that this be reflected in an integrated Illustrative Plan and phasing policies;

(iv) THAT Council confirm that the SEFC development on City-owned lands be structured with a variety of parcel sizes so as to foster an incremental quality to the pattern of that development; and

(v) THAT Council confirm as a priority the policy of universal design to provide high levels of accessibility, acknowledging that there are some exceptions that may be necessary related to rowhouse or multi-storey residential units; and include provisions for aging in place, including accessibility, mobility, and safety in the SEFC ODP.

G. THAT a consultant be retained to develop an advanced public investment model that considers the economic, social and environmental benefits of developing a model sustainable community in Southeast False Creek (e.g. "full cost accounting", "triple bottom line accounting", and/or "multiple accounts evaluation") using a gender-responsive lens.

H. THAT staff and a consultant review and recommend the most progressive approaches to soil remediation for Southeast False Creek lands.

I. THAT staff report back on the implications of leasehold vs. freehold on the City lands of Southeast False Creek.

J. THAT staff develop zoning for the private lands of Southeast False Creek that includes a level of outright density allowance and a higher discretionary level of density allowance with the discretion used to meet public objectives.

K. THAT the City develop in conjunction with the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) a security strategy for the Olympic Athlete's Village in Southeast False Creek in regard to development and review it with local stakeholders (for example, setbacks and development phasing).

L. THAT the Southeast False Creek Official Development Plan and its Illustrative Plan be further developed with the following instructions: show strong preference for pedestrians, bicycles and transit over cars; reallocate park to provide a better balance between the east and west including smaller parks in the east neighbourhood providing that they do not dissipate usable park space; provide direct linkage of the Ontario greenway/bikeway into the park system; develop roofs as green spaces and for recreation with some consideration of linkages; and investigate approaches to bring water in closer association to the in-situ Salt building.

M. THAT Council approve the work program for development of the Southeast False Creek Official Development Plan and sub-area rezoning of the Olympic Athlete's Village, as well as staffing and budget, as set out in the Policy report dated July 14, 2004, entitled "Choices and Directions for the Planning of Southeast False Creek", at a total cost of \$155,250 with the source of funds to be the Property Endowment Fund.

N. THAT staff report back on the requirement for additional funding for consultants arising from the resolutions above.

O. THAT staff report back when bringing forward the Southeast False Creek Official Development Plan and Illustrative Plan on benefits, costs and revenues for the City of this initiative.

P. THAT in completing the ODP and Illustrative Plan for SEFC, staff consider possibilities to narrow the exclusively residential streets to provide greater area for development or park.

Q. THAT the ODP be amended to make provision for the preservation, maintenance, and incorporation into the site of found artifacts and any discovered heritage fabric.

carried

AMENDMENT MOVED by Councillor Ladner

THAT D (ii) be amended to add the words "with additional costs to be covered from citywide sources of funding and non-city funding, including partnerships with community groups and additional leases such as rental, restaurants and equipment sales" at the end.

**APPENDIX C**  
**PAGE 4 OF 5**

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LOST

(Councillors Bass, Cadman, Green, Louie, Louis, Roberts, Stevenson, Sullivan, Woodsworth and the Mayor opposed)

AMENDMENT MOVED by Councillor Roberts

THAT D (iv) be amended to replace the words "while 26.4 acres of park is preferred, slightly less park space (up to 2.64 acres less park) may be considered in order to meet other priority objectives" with the words "SEFC provide a 26.4 acre park".

LOST

(Councillors Bass, Green, Louie, Louis, Stevenson and the Mayor opposed)

AMENDMENT MOVED by Councillor Roberts

THAT D (iv) be amended to strike out the bracketed words "(up to 2.64 acres less park)".

LOST

(Councillors Bass, Cadman, Green, Louie, Louis, Stevenson and the Mayor opposed)

The foregoing amendments having lost, Councillor Louie's Motion was put and CARRIED with Councillor Ladner opposed to C, D(i), D(vii), E(iv) and Councillor Sullivan opposed to C, D(i), D(ii), D(iii), D(v), D(vi), D(vii), D(viii) and E(iv).

MOVED by Councillor Stevenson

R. THAT staff report back in the context of the ODP on the option of an Inter-faith spiritual centre and shared house of worship, including business parameters, locational preferences, and zoning requirements.

CARRIED UNANIMOUSLY

MOVED by Councillor Roberts

S. THAT as part of the preparation of the ODP for SEFC, staff review the childcare requirements with the intent of achieving the major project standard if possible.

CARRIED UNANIMOUSLY

MOVED by Councillor Green

T. THAT Council acknowledge the on-going collaborative relationship between the City and the owners of the private lands, generally between 1st and 2nd Avenues and Main and Wylie Streets, and instruct staff to give priority to the development of a complimentary zoning, upon completion of the Southeast False Creek Official Development Plan, for these lands to be brought forward at the earliest opportunity after adoption of the zoning for the Olympic Athlete's Village.

CARRIED UNANIMOUSLY

**RISE FROM COMMITTEE OF THE WHOLE**

MOVED by Councillor Sullivan

THAT the Committee of the Whole rise and report.

CARRIED UNANIMOUSLY

**ADOPT REPORT OF COMMITTEE OF THE WHOLE**

MOVED by Councillor Bass  
SECONDED by Councillor Green

THAT the report of the Committee of the Whole be adopted.

CARRIED UNANIMOUSLY

Vancouver City Council  
March 1, 2005  
Council Action

**2. Southeast False Creek Redevelopment: Financial Plan and Strategy**

A. THAT Council approve the Southeast False Creek Project Financial Strategy as follows:

- THAT the public infrastructure and amenity package set out in the Southeast False Creek ODP and the Financial Plan described in the Policy Report, *Southeast False Creek Redevelopment: Financial Plan and Strategy*, dated January 17, 2005, be adopted as an overall framework for the neighbourhood;
- THAT the achievement of the infrastructure and amenity package be reviewed and implemented incrementally, as the sub-areas of the neighbourhood are zoned and developed over the development period;
- THAT the priority for the first sub-area rezoning (the Olympic Village) be to achieve the public amenity standards for public open space, community facilities, housing and childcare identified in the ODP and that staff report back at the sub-area rezoning stage with recommendations on achieving those priorities;
- THAT the contribution from the Property Endowment Fund be as outlined in the Financial Plan described in the Policy Report and that any further net income provide a return to the Fund on its investment in SEFC;
- THAT the private lands within the ODP area provide a contribution to the cost of the public infrastructure and amenity package through the payment of City-wide DCLs and CACs, with the combined levy to reflect the benefit that they will realize, AND THAT the amount be determined as part of the CD-1 rezoning process for the private lands sub-areas;
- THAT the development levies (City-wide DCLs and CACs) received by the City from the development of the PEF lands and the private lands be re-invested in full in the public infrastructure and amenity package identified in the SEFC ODP;
- THAT the City actively pursue funding from senior governments, community partners and the private sector to achieve the financial, accessibility, environmental and sustainability objectives of the SEFC ODP;
- THAT as the community develops, the City be prepared to provide interim financing as necessary to ensure the public infrastructure and amenity package are delivered in a timely fashion.

B. THAT Council approve a policy endorsing the "risk management" approach to dealing with problem soils on PEF lands within SEFC as outlined in the Policy Report, *Southeast False Creek Redevelopment: Financial Plan and Strategy*, dated January 17, 2005.

C. THAT Council approve a policy adopting the recommended A100 Seismic Standard for foreshore stabilization in SEFC, as outlined in the Policy report.

D. THAT staff continue to work with the Southeast False Creek private land owners on the appropriate community amenity contribution to be concluded as part of sub-area zoning, with the intent to reconcile the cost of amenities with what land owners can afford to pay, recognizing those who have been working with the City over the last several years and intend to develop in the short run.

Carried