

REPORT

Planning and Development

To: Mayor Johnstone and Members of Council
Date: October 28, 2024

From: Jackie Teed, Director
Planning and Development
File: REZ00239
EDMS #2592045

Item #: 2024-620

Subject: Rezoning: 88 Tenth Street (Columbia Square) – Zoning Amendment Bylaw for Three Readings – Further Information

RECOMMENDATION

THAT Council receive the additional information provided by the applicant and staff in response to the Council comments raised at the October 21, 2024 Council meeting as noted in this report.

THAT Council consider Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 for Three Readings.

THAT Council endorse the Columbia Square Policy Statement as a basis for developing a Master Plan for 88 Tenth Street, to be completed prior to Council's consideration of adoption of the Zoning Amendment Bylaw.

THAT a minimum of 80% of density bonus funds obtained from Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 be directed to the City's Land Acquisition Reserve earmarked for affordable housing.

THAT a covenant be registered on title, to secure 20% of rental floor space as below-market rental at HILS Rates, secured through a housing agreement for 60 years or the life of the building whichever is longer with no impact to the density bonus amount and units to be owned by the applicant and managed by a third party non-profit manager.

PURPOSE

To provide Council with further information regarding motions that were tabled as well as questions raised by Council on October 21, 2024 regarding the rezoning proposal at 88 Tenth Street.

EXECUTIVE SUMMARY

Further to the report titled Rezoning: 88 Tenth Street (Columbia Square) – Zoning Amendment Bylaw for Three Readings provided to Council on October 21, 2024, this report is intended to provide information requested by Council regarding two further motions that were moved while considering that report. The report also provides further background information in response to the Council questions on the project proposal.

The information provided includes details on:

- density Bonus funds that would be provided through the rezoning and their placement within the Council directed reserve fund;
- the applicant’s affordable housing proposal;
- the applicant’s timeline pressures;
- information on how the application’s proposed public square would compare with other public spaces in the City; and,
- financing.

BACKGROUND

On October 21, 2024, Council received the report entitled “Rezoning: 88 Tenth Street (Columbia Square) – Zoning Amendment Bylaw for Three Readings”. That report contained the following recommendations:

1. **THAT** Council consider Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 for Three Readings.
2. **THAT** Council endorse the Columbia Square Policy Statement as a basis for developing a Master Plan for 88 Tenth Street, to be completed prior to Council’s consideration of adoption of the Zoning Amendment Bylaw.

At the meeting, Council moved two further recommendations as follows:

3. **THAT** a minimum of 80% of density bonus funds obtained from Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 be directed to the City’s Land Acquisition Reserve earmarked for affordable housing.
4. **THAT** a covenant be registered on title, to secure 20% of rental floor space as below-market rental at HILS Rates, secured through a housing agreement for 60 years or the life of the building whichever is longer with no impact to the density bonus amount and units to be owned by the applicant and managed by a third party non-profit manager.

After moving these motions, Council tabled the report and requested further information regarding the new proposed motions and other questions raised. This report is provided in response to this Council direction.

DISCUSSION

Allocation of Density Bonus Contributions (Motion 3)

On October 7, 2024, Council adopted the Interim Density Bonus Policy which is applicable to this project. While the policy does not specify how funds collected would be utilized, the accompanying staff report recommended that the funds collected through the program be placed in a reserve to fund the acquisition of lands for civic projects. This is a different approach from the density bonus zones included in the City’s Zoning Bylaw, which specify the allocation of funds collected through use of those zones.

Should Council approve Motion 3 as described above, staff would work with the City’s Finance Department to place 80% of any Density Bonus payments collected through the development into the City’s Affordable Housing Reserve. Affordable housing would be considered as a related civic project, which would be consistent with Staff’s past recommendation on the use of Density Bonus Funds. Any expenditures out of this reserve would require Council approval.

Motion Regarding the Provision of Affordable Housing (Motion 4)

Subsequent to some of the initial Council discussion at the October 21, 2024 meeting, the applicant communicated a new proposal to secure 20% of the required rental housing floor area (4% of the total residential floor area) as below-market units. The applicant’s proposal would see the rental rates for these units determined by BC Housing’s Housing Income Limits (HILs).

HILs rates are based on figures established by the Canada Mortgage and Housing Corporation (CMHC) and are intended to reflect the minimum income required to afford appropriate accommodation in the private market. BC Housing publishes HILs annually for different areas and regions of the Province and this metric is utilized by many agencies as a measure of housing affordability. 2023 HILs rates can be found [here](#). A comparison of the approximate maximum rents (30% of household income) supported by HILs to market rents is provided in the table below.

	Housing Income Limits (BC Housing, 2023) <u>Developer Proposal</u>		Market Rates
	Maximum Qualifying Income	Maximum Monthly Rent (30% Household Income)	Estimated Monthly Rents for New Units*
Studio	\$58,000	\$1,450	N/A
1-Bed	\$58,000	\$1,450	\$2,685
2-Bed	\$72,000	\$1,800	\$3,623
3 Bed	\$86,000	\$2,150	\$4,400

*Colliers CNW Family Friendly Housing Study (2024) data less Statistics Canada estimated annual utility costs

Median annual household income (pre-tax) for New Westminster is \$82,000 based on Statistics Canada 2021 census.

The applicant has confirmed that these units would be:

- secured by a Housing Agreement for 60 years or the life of the building, whichever is longer;
- be managed by a third-party not-for-profit occupancy manager, consistent with the requirements of the Inclusionary Housing Policy;
- delivered earlier within phases of development along with the secured market rental units;
- delivered even if grants or other funding to support delivery of the units is not available; and,
- secured as a requirement for development, through a covenant on title that would run with the land.

The applicant has advised staff that they intend to seek financing support for the below market units from senior government programs (e.g. Rental Construction Financing Initiative or Apartment Construction Loan Program), and have noted they will assume the risk of elimination or changes to these program through the buildout of the development over time, and provide the units regardless. Furthermore, the applicant is further exploring partnership opportunities with non-profit housing providers to meet the affordable housing commitment. To date, staff have received communications from a number of housing providers who have expressed an interest in the project. These communications are provided in Attachment 2.

Comparison of Application with other Projects with Affordable Housing Units

Since the adoption of the Inclusionary Housing Policy, no applications have reached a bylaw reading stage which are fully consistent with that policy. The most recent Council considered applications which have proposed including affordable housing are: 51 Elliot which includes 4.5% affordable housing units with significant affordability as well as a daycare but no other financial contributions; and, 65 First Street which has proposed 10% of strata units (4.7% of total units) as affordable with a reduced density bonus contribution. As noted above, the applicant proposal includes 4% of housing units at HILs rates as well as full payment of Density Bonus. Staff considers this to be relatively commensurate with the other noted applications.

Due to a variety of factors, many municipalities in the region have been facing challenges to get developer-provided affordable housing. The proposed affordable housing contributions for the Columbia Square project would be comparable with trends in other municipalities in the region including the Cities of Burnaby, Coquitlam and North Vancouver. Some further details on the inclusionary housing programs in those municipalities is contained in Attachment 1.

Securing Affordable Housing Proposal

The Council motion indicated that the above provisions be secured through a legal agreement. The applicant is agreeable to registering a Section 219 covenant on title, committing to these provisions and this agreement would run with the land and would require the existing owner or any future owner to meet this requirement. Should Council approve the related motion and application, a basic covenant requiring this would be brought forward to Council for endorsement within three meetings, and would subsequently be secured on title as an interim measure.

After more detailed planning has occurred for the site through the master planning process, Staff would then bring forward a more detailed Housing Agreement for both the affordable housing and market rental units which would be included in the Development Agreement to be completed prior to final adoption of the rezoning application.

Applicant Timeline Pressures

As communicated by the applicant to staff, funding previously acquired for developing the concept needs to be renewed. In order to acquire and secure new funding from their lender to advance design work, the developer requires Third Reading, which signals approval in principle of the amount of density that would be permitted on site. Without this, the applicant has indicated that they would need to shift to a financing model that revolves around the property’s income generation from the existing commercial development. This means that development of the site would not proceed for the unforeseen future until market conditions change.

Public Central Open Space Comparables

The public central open space within this development is proposed to be a minimum of approximately 4,700 square metres (1.15 acres / 50,000 sq. ft.). For comparison this is approximately:

- the same size as Riverside Park;
- 25% the size of Albert Crescent Park (~200,000 sq ft);
- 125% the size of Sullivan Park (~36,000 sq ft);
- 75% the size of the new Park Space C (westward expansion of Westminster Pier Park that is under construction at 660 Quayside Drive); and
- 60% the size of a full sized adult playfield (81,000 sq. ft.)

Master Plan Consultation

Once a draft Master Plan has been completed using the framework established by the Columbia Square Policy Statement, it would be presented to Council, stakeholders and the public for comment and feedback prior to Council consideration of adoption of the Zoning Amendment Bylaw.

FINANCIAL IMPLICATIONS

Estimated Financing Growth Contributions

A summary of estimated key financing growth related contributions are provided below based on the applicant’s current estimated building area. These are rounded initial estimates and subject to change based on refinements to the proposal, changes to rates, application of any available credits, mix of units, etc. Regional Development Cost Charges (DCCs) for Metro Vancouver and TransLink have not been provided.

Contribution Type	Estimated Amount
Density Bonus	\$60 Million
Development Cost Charges (City)	\$20 – \$23.5 Million
School Site Acquisition Charges	\$2 Million
Additional Property Tax	\$5.77 Million (annual increase)

Density Bonus

Density Bonus contribution is estimated based on the current proposal submitted by the applicant which includes 2,032,280 sq. ft. of strata residential density. After deducting the base entitlement (939,186 sq ft. / 3.0 FSR) and factoring in the existing residential building on the site (103,349 sq. ft.), this leaves a proposed residential strata floor area of 1,196,443 sq. ft. which would be subject to density bonus charges. At today’s rate of \$50 per square foot, this results in an estimated density bonus contribution of \$59,822,150.

Property Tax

The 2024 municipal portion of annual property taxes received for the site is \$796,411 for the existing commercial uses on the site. Following completion of the development, the additional residential components would provide an addition potential annual municipal property tax levy, using 2024 figures, of approximately \$5,768,401. Changes to the annual property tax levy for non-residential components are more difficult to estimate as they would be based on changes to assessed value as determined by BC Assessment. However it is expected that new retail space would have a higher value and would result in some increase to the municipal portion of the property tax levy beyond the current \$796,411.

These are a high level estimates and the property tax amounts are subject to the applicable taxation rate at the time of development as well as BC Assessment appraised value for each property within the development.

NEXT STEPS

Should Council give three readings to the Zoning Amendment Bylaw and endorse the Columbia Square Policy Statement, in addition to progressing on creation of a Master Plan, staff will work with the applicant to prepare a basic legal agreement to be placed on title of the property which would secure the provision of affordable housing as proposed by the applicant as noted in Resolution 4 with redevelopment of the site. This covenant would be brought forward to Council for consideration before the end of the year.

OPTIONS

The following options are available for Council’s consideration:

- 1. That Council receive the additional information provided by the applicant and staff in response to the Council comments raised at the October 21, 2024 Council meeting as noted in this report.
- 2. That Council consider Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 for Three Readings.
- 3. That Council endorse the Columbia Square Policy Statement as a basis for developing a Master Plan for 88 Tenth Street, to be completed prior to Council’s consideration of adoption of the Zoning Amendment Bylaw.
- 4. That a minimum of 80% of density bonus funds obtained from Zoning Amendment Bylaw (Columbia Square) Bylaw No. 8485, 2024 be directed to the City’s Land Acquisition Reserve earmarked for affordable housing.
- 5. That a covenant be registered on title, to secure 20% of rental floor space as below-market rental at HILS Rates, secured through a housing agreement for 60 years or the life of the building whichever is longer with no impact to the density bonus amount and units to be owned by the applicant and managed by a third party non-profit manager
- 6. That Council provide staff with alternative direction

Staff recommend options 1-5.

ATTACHMENTS

- Attachment 1: Municipal Inclusionary Housing Comparison
- Attachment 2: Letters of Interest from Red Door Housing Society and S.U.C.C.E.S.S.

APPROVALS

This report was prepared by:

Michael Watson, Supervisor Development Planning
Demian Rueter, Manager, Development Planning

This report was reviewed by:

Rupinder Basi, Deputy Director, Planning

This report was approved by:

Jackie Teed, Director, Planning and Development
Lisa Spitale, Chief Administrative Officer