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City of Vancouver *Land Use and Development Policies and Guidelines*
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DOWNTOWN DISTRICT LOW COST HOUSING POLICIES AND PROCEDURES

Adopted by City Council January 19, 1995

1 Application and Intent

These policies and procedures apply in the Downtown District.

Council policy is to "maintain and expand housing opportunities for low and moderate income households with priority being given to downtown lodging housing residents, seniors on fixed income, the physically and mentally disabled and single parent families with children". These policies and procedures address the above listed low income households, except families with children.

2 Low Cost Housing in the Downtown Official Development Plan

The DODP permits an increase in floor space ratio where low cost housing is provided. Prior Council approval is required before the Development Permit Board may permit a development where the floor space increase being considered is more than 10 percent greater than the maximum permitted under the zoning.

The low cost housing will be secured through a Housing Agreement, as authorized under Section 565.2 of the Vancouver Charter. It will be signed by the Developer and the City. The Housing Agreement will be registered on title and will bind future owners of the property, ensuring that low cost housing is maintained over the long term. Housing Agreements can cover any of the following:

(a) tenure, e.g. rental;
(b) access, e.g. low income households;
(c) management, e.g. private or non-profit society; and
(d) rents, e.g. rent levels and rate of increase.

3 Bonus for Low Cost Housing

The following procedure is to be followed in applying the low cost housing density bonus provision permitted by the Downtown Official Development Plan:

(a) The Developer reviews the proposals with Planning, Housing and Real Estate staff.
(b) The Developer makes formal development permit application with appropriate supporting material to indicate details of and rationale for the proposal and analysis of relevant impacts. It is likely that the development permit application would be a "preliminary" one at this stage.

(c) The Developer supports the proposed bonus amount by a detailed development proforma analysis using the method of calculation outlined in this Policy. Housing and Real Estate staff review the analysis, and if there is not agreement with the Developer's analysis, staff may calculate the bonus amount using their own development proforma analysis.

(d) The Director of Planning coordinates final staff review of the proposal with regard to appropriate by-laws, policies and guidelines and in consultation with relevant civic departments, and the Urban Design Panel, including whatever public review process is deemed appropriate. The Manager of the Housing Centre recommends the conditions to be included in the Housing Agreement.

(e) The Development Permit Board considers the development permit application along with the recommendations of staff and advisory bodies and makes a decision on the development proposal, subject to Council approval to increase the floor space ratio if the floor space ratio is more than 10 percent greater than the maximum permitted under the zoning.

(f) Council considers a recommendation from the Development Permit Board and, with advice from the Manager of the Housing Centre and the Manager of the Real Estate Division, decides on the proposal to increase the floor space ratio.

3.1 Calculation of Density Bonus

The following method is to be used in calculating the amount of bonus space for providing low cost housing.

In calculating bonus floor space, two scenarios would be considered:

(1) Value of land as if **unencumbered** by the low cost housing - the site would be utilized in its highest and best use.

(2) Value of the land **encumbered** by the low cost housing - the site would be utilized in its highest and best use incorporating the required low cost housing.

The value of the land in Scenario 1 is estimated using the market Comparison Approach, whereby the sale prices (per buildable square foot) of comparable sites is used.

The value of the land in Scenario 2 would be estimated using a Land Residual Technique, whereby the value of the land is calculated as follows and is a residual amount:

Market Value of the completed Development - this value would be estimated by the appropriate appraisal method (i.e. Income Approach) [income-producing project] or Market Comparison Approach [condominium project]).

Less: Construction (Hard) Costs
Less: Indirect (Soft) costs - all indirect costs such as professional fees (for architect, lawyer, engineer, development manager), holding costs, contingencies, etc., are deducted.
Less: Developer's Profit
Equals: Residual Value of the Land.

The difference between the values calculated under Scenarios 1 and 2 indicates the dollar amount a developer must be compensated to be indifferent between the "encumbered" and "unencumbered" options. By dividing this dollar amount by the market value of land per (buildable) square foot, the amount of required bonus space is estimated.

In order to provide the developer with an incentive to proceed with the "encumbered" option, a percent premium may be necessary. This premium should be applied against the value of the land unencumbered and not the encumbered land value; otherwise, a property "heavily" encumbered receives a very low incentive.

Again, the dollar value of the premium would be divided by the land value per buildable square foot to estimate the amount of additional incentive bonus space.