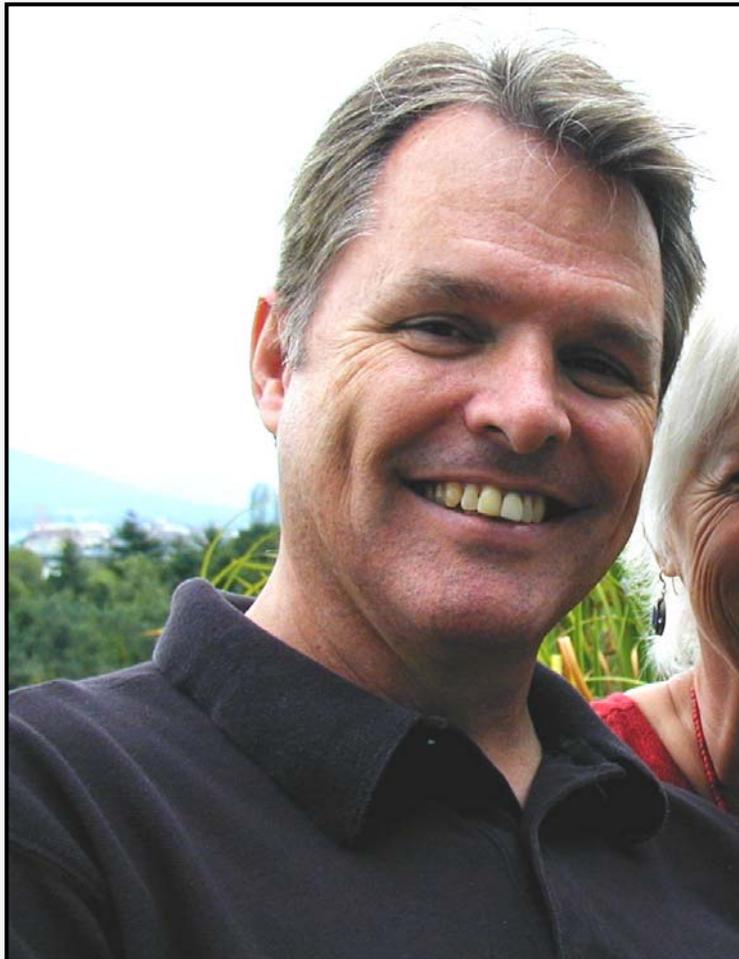


PRICE TAGS

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Eastward Ho



On April 22, 2004, Larry Beasley, Vancouver's
Director of Planning, addressed the Urban
Development Institute's Monthly Luncheon.
Here is the text of this important speech.
[Highlighted emphases are mine.]

Vancouver's Shift East

A New Reality and New Forms of Development

I'm glad to be here to talk about the "state of the City's development" from a planning perspective. I've called my presentation today "The Shift East" because we're starting to feel that imperative in the evolution of Downtown Vancouver as the culmination of a generation of frenetic development since Expo '86.

Many of you in this room have been part of creating the "Living First" strategy and the miracle of transformation that has occurred on the Downtown Peninsula. You've seen the extraordinary performance in the inner city: from 1994, when production got strongly underway, up to 2003, between 1500 to 2500 units per year; and now ratcheting up with an anticipated 3000 units in 2004 and maybe as high as 4000 units in 2005.

We share our wild stories about the market take-up – like what happened several weeks ago with Bob Rennie's marketing of Yaletown Park. We shrug it all off lightly – with our press reporting that "the market has cooled" after a record one-day sale of over 450 units – while people in other cities look on in shock, amazement and envy. We talk about a bubble but "the beat goes on" and on and on.

But **there are two looming difficulties on the horizon** that could sour this story and these are causing Ann McAfee and me, as the Directors of Planning – and our staff – to start taking some early action that I want to tell you about and hopefully get you thinking about in terms of the implications for your own business.

The two big concerns are: a bottoming-out market of consumers for multiple housing; and a less and less number of available sites for development. Both problems will require a new way of building for the development community and new planning directions at City Hall.

First, let's look at the consumer base. We've been very lucky so far. The demographics have been with us for downtown and high-density housing – this targeting primarily at the empty nesters and the young singles and couples who are marrying and having children later than in the past.

The question is: how deep is this typical market? I think even with immigration and in-migration from the suburbs there is cause to worry. Moreover, with the number of small investors in the market, a small shift in mortgage rates could cause a dump of rental condos back on the market. From a public perspective I don't mind the moderation of rental rates. But in terms of managing the building of a vibrant city, I worry about a slump that could affect developer confidence – your confidence - for some time thereafter. And I think **the only real answer is to widen out the consumer market for multiple housing – which I think means one thing: enticing many, many more families into this market.**

We've done some experimenting with a few housing variables and neighbourhood variables to provoke some families to come or stay Downtown (in fact I'm told there is a baby boom happening Downtown and right now there are more kids Downtown than in Point Grey); but in regional terms the absolute numbers are still quite modest.

Through my research with students at UBC, we're finding out that the barriers to family housing that are usually talked about – which, as you know, are affordability and good schools – are simply not as strong as

determinants here in Vancouver; and that a lot of reticence has to do with the nature of the housing product out there to choose from. It's not a highly attractive product for most typical families with children: it's not flexible enough; it fails in storage; the way parking is handled is wasteful for a family; it offers no mortgage helper; there's little opportunity for "sweat equity"; it's a tough governance arrangement with strata corporations; it's heavy on the glam and light on the necessities.

So I've been out talking to small groups of UDI members and architects with the challenge of what we might do better for families with children. And I can tell you directly that the problems that have to be solved are not only in your shops, they're also at City Hall – in how our by-laws and building codes work.

So today, I throw the challenge out to all of you. **What could we do to cause a rush of family consumers to higher density housing and to the inner city?**



Could we make the "secondary suite within

the suite", that is being pioneered by Michael Geller at SFU, a typical feature? Could we do more fee-simple row houses cheek-by-jowl with those condo towers? Could we privatize and diversify those caverns of parking underneath the buildings? Could we do more basic finishing and fittings and design floor plans so unit layouts could change and unit merges could happen?

And probably most of all, can we break out of that powerful marketing bias against targeting the family purchaser that simply presents an image that is not attractive or meaningful for the typical household with several children and a lot of family obligations?

Because if we could – and if it caught on, building on the family base population we already have in place, the market potential could be expanded dramatically. And it may then be that it's not a bubble we're facing out there but instead a very stable rush of solid demand.

Now this brings me to **the second difficulty** – and that's a **lack of available sites to continue to build inner city housing on**. Many of you have told me that you worry we're running out of sites in the western and central Downtown. At this point you can sit down and quote a specific story as to why each individual site that is not tied up is not available for development – a “hold out” property owner; part of a site caught up in a squabble or an estate; an unusual history of soil contamination; or one of those hard to dislodge mini-storage buildings.



And I must warn you that this situation is going to get focused shortly because of several policy actions we have to take in the interest of a balance of land uses Downtown and keeping the quality at where it has to be and keeping peace within the new communities.

For example, we've just completed a study of **small sites in Downtown South** and will be recommending to Council shortly to **limit their availability for density bonuses and transfers**. It's simply too tough with the neighbours and too tight in the setting to put towers on these

very small sites where no one has expected them. But with land prices being pushed up, that's what people keep coming into City Hall to inquire about.

We're doing more than ever before with bonuses and transfers – saving more heritage and providing more new cultural facilities. But we have to calm this particular submarket and we intend to do so before the summer break.



We're also compelled to clamp down – at least on an interim basis - on the conversion of commercial capacity to residential in and close to the Central Business District. There's beginning to be a land rush in areas that have been passed over until recently – and that we at City Hall and most of the business community assumed would be available for core commercial growth when that market picks

up again. We simply cannot afford to lose our capacity for commercial growth no matter how attractive the alternatives look in the short run. So we will be reporting out on this over the next month.

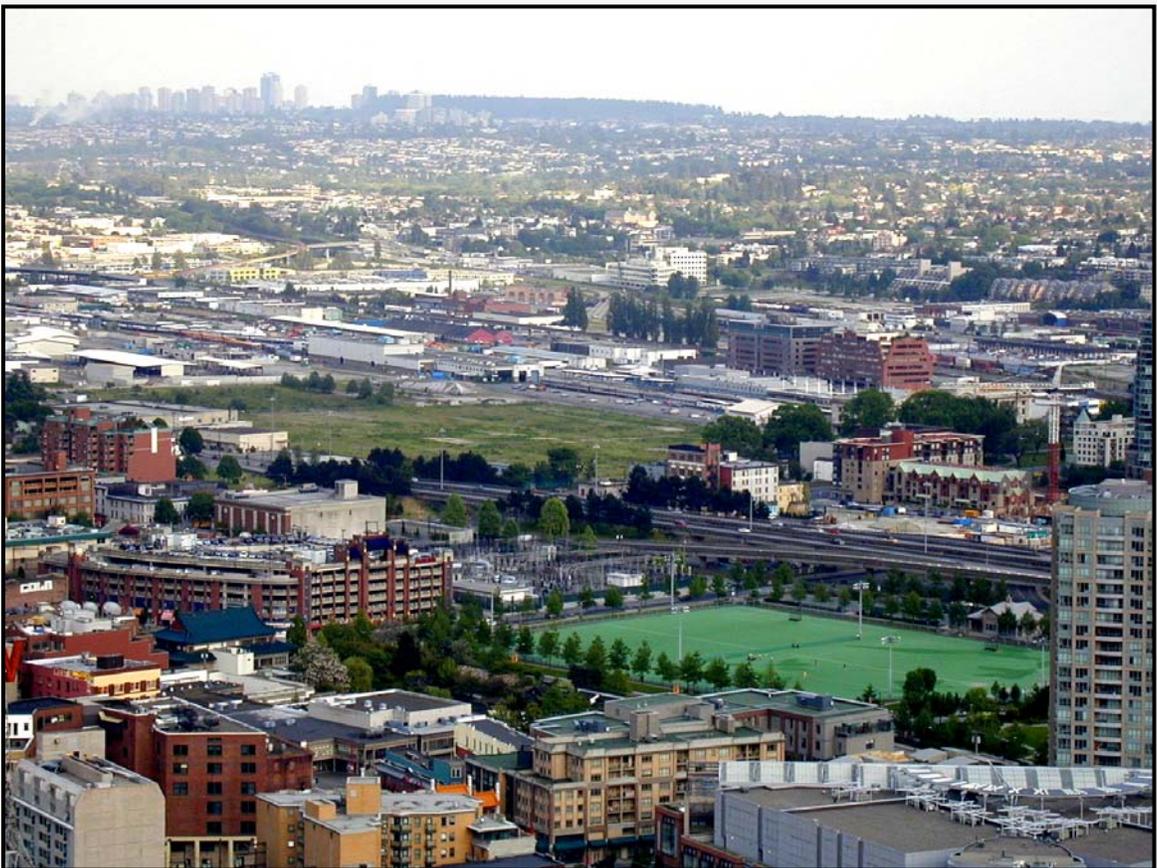
And finally, **we're quite concerned about the spontaneous conversion of existing commercial buildings for housing.** We're facing as many as five inquiries about this at City Hall right now and if you know we're worried about office capacity (as I've just told you), you can imagine how we feel about loss of actual existing commercial inventory. We're being told pretty clearly that something has to be done and we will bring this to Council also next month.



So the result will be:

On the positive side, maintenance of the balance and mix of land use that is essential for a viable downtown – the euphemism often used in the press is avoiding the “Downtown as resort” scenario.

On the negative side, the list of possible available sites for residential towers will get even shorter. **Which leads me directly to what we know needs to be done** and what we are now starting to do to respond to this before it dampens the energy in the inner city. In simple terms, **we’re looking to the east.**



We’re beginning to identify a different development potential; we’re starting to frame a new kind of City Hall/community partnership to realize acceptable development; and we’re starting to challenge our own policies as we look at the differing areas in the east side of what we now refer to as the Metropolitan Core.

The areas of focus include: Gastown, Chinatown, even the Downtown Eastside, the False Creek Flats, and, of course, Southeast False Creek.

Now **Gastown is where we are most advanced in seeing some new and vital development.** Since we put the Gastown Heritage Management Plan incentive package together last year, we've already got five new developments happening and nine serious inquiries that we're assisting. We've brought on a new Facilitator especially for these heritage projects and we are trying to push them through the system faster. Water Street is already showing signs of its revival and within 24 months from today Gastown will look and feel very much better than it does now; especially with "Storeum" coming on the scene

I've said on several occasions over the last two years that **Gastown is tomorrow's Yaletown** and that this is where the smart developer is heading. Well, "tomorrow" is now "today." The BIA is certainly cued to that and has started active marketing of their area.

The models are young Robert Fung and his architect, Mark Ostry; and Jon Stovell with Paul Merrick's office; and Scott Hawthorn and Neils Benson with Peter Busby. If you go look you'll see they're doing a different kind of inner-city development targeted to a different consumer with a different kind of pro forma and applying a different kind of expertise. And I think they've connected to a strong untapped market. Our work on the public realm and some of the endemic street circumstances will assist but this thing is going to succeed in spite of the status quo.



I can only repeat here now. There are still sites in Gastown and opportunity and a lot of collaborators for success. For those who act fast. Now my bigger point is that the development model is different as you move east. The tower podium is not automatically transferable. Take Chinatown, for example. **Chinatown is where Gastown was 18 months ago.**



Right now, we're in the middle of framing a new Chinatown Plan that will apply and evolve our Gastown approach. We've hired architects to generate different kinds of infill models in an historic setting – and this we will translate into new zoning and further incentives.

We like to say we're targeting 10,000 new people to live in a revitalized but well preserved Chinatown – including both market and non-market housing.

But the market is not waiting for us. Again, some smart investors are in on the ground floor. Bob Rennie and the Pappajohns have secured one key site on Pender Street and another group has taken on a building down the street. A third infill apartment building further west on Pender was approved several weeks ago. When you add to this the new housing on Block 17 and in International Village, you'll soon start to feel the buzz in Chinatown that is now so tangible in Gastown.

The Downtown Eastside has a different set of problems but it too will become a focus for development – beyond a shadow of a doubt.

The Woodward's project is showing the way. We have four excellent development groups short-listed and the RFP for the final round of the competition went out to them last week. There's a great optimism in this project and the most obvious part is the sense that a strong market is waiting for



modest cost units and live-work units so close to the core CBD. **You can already feel a shift all along Hastings Street as people start to reassess their options.**

But for Hastings Street and the balance of the Downtown Eastside, a very special kind of arrangement has to be put together between local residents, developers and the City – and a unique form of development will have to be devised – if the potentials here for revitalization are to be realized. Unless there is community accord, marketing of units will be too hard and too risky for most developers. Unless projects are carefully

scaled and draw together market and non-market components, there will be no community accord.

The recent SRA management by-law set the stage for this; and we in the City are starting to work with Members of UDI and people from the community to conceive a suitable development package for the Downtown Eastside and we'll likely end up with some form of community-based development agency to work with private companies to implement the appropriate projects.



Council wants us to create alternatives for the worst of the old “single-room occupancy” hotels in the district and solutions for the homeless; but an equal objective will be to foster market units – probably of modest cost for downtown workers.

The art is to move forward with the market and non-market initiatives in tandem so that everyone has the securities they need to be able to support and participate in the change. The timeframe here is probably more like five years but we really must have substantial change completed by the time of the Olympics.

And I think this timing will be in sync with the work being led by Mayor Campbell and Councillor Green to bring civility back to the streets in the Downtown Eastside. The “safe injection facility” is already making a powerful difference in the area. And the Mayor is determined to push forward on all aspects of the “Four Pillar Strategy”; make no mistake about that.

But, you know, on the weekend I read in the paper about a developer considering a point-tower for a property on Hastings Street they have under contract. Well, I don't think this will be the supported form of development in this area. I think **a more integrated form reinforcing the street wall and massing carefully above that will be what is needed and what the community will be prepared to endorse.** Since this is a much trickier form of development to build and market, some very creative thinking will be in order for Hastings Street projects and for any project that grows out of the unique DNA of the Downtown Eastside.



Photo courtesy of Park Board

Which brings me from the historic districts to the **huge opportunities in areas that are now just starting to open up.** Our work to intensify the development scheme in **North East False Creek** continues and you will be seeing the new plan for this mid-year; And **Southeast False Creek**, while it's having it's birthing pains (not at all unusual for a project of this scale and complexity and with this level of public expectation), will definitely gel with an ODP before the end of this year. Work will then start immediately on the Olympic Athletes Village and on the zoning for the uplands properties and the Main/Terminal properties.

Here again, I'm not sure the tower/podium scheme is going to be as transposable as first expected. A lot of our citizens are telling us to do something innovative here – perhaps more site coverage with less height - but we'll just have to wait and see how Council decides to go on this.

And then, perhaps **the biggest opportunity (and currently the biggest conundrum) of them all is the False Creek Flats**. Council has told us to get on with planning the area and they've reserved money in the budget for us to do this – so the work will be well underway by mid-year.



We know at least we've got the huge Finning Lands to pull together for university use and we've got a second, very large site, north of Pacific Central Station to design for a relocated St. Paul's Hospital.

But what should go between these anchors? Is this the focus of our "high tech" sector? Or is it the new site for a "live/work" neighbourhood? Or should we reserve the area for big new spectacular facilities like a soccer stadium and sports centre – or a casino?

These are all proposals that have been put forward and these will all be reviewed and debated as the planning process unfolds.

One way or another, though, I'm confident that **False Creek Flats development will yet again need a tailored model of development to be successful.**

And, finally, I haven't even touched on areas like Mt. Pleasant or the starting-to-emerge neighbourhood centres, primarily in the east end of the City or East Fraser Lands. Most of us have been waiting for the legalization of Secondary Suites – which Council thankfully did several weeks ago.

The first neighbourhood centre rezoning at Kingsway/Knight, strongly supported by the community is a real indication of things to come if we can get the process right.

I might almost say we've conquered NIMBYism! Since marketing is now underway, we shall see shortly if the public takes to the idea as well as the neighbourhood has.



Photo courtesy of Rositch Hemphill

My point in all this is that this shift seems inevitable. I'm confident that it's the right thing to do from the perspective of city building for the balance and vitality of Vancouver's Metropolitan Core. I'm confident it will diversify housing choices for the public and probably bring more affordable housing into the equation. I know it will help to ensure an essential commercial capacity – both protected for “triple-A” administrative offices in the core and created for the new commercial sectors just now emerging with a different kind of work space need in and around the Flats.

But I also feel strongly that the development industry will also have to do your own kind of “shift” if you are to be able to take advantage of this new growth potential. **You’re going to have to bring forward new housing products and mixed-use products designed and marketed in a different way.**

This will be a period of incremental infill development rather than megaproject development. This will be a period of public-private collaboration in order to deal with the technical problems and politics of insinuating new development in some very sensitive settings. This will be a period more like typical inner-city development in the United States where developers put together unique economic packages that merge investment and incentives to make the numbers work.

Well, ladies and gentlemen, that’s the picture as I see it from the lens of 2004.

Now, don’t get me wrong; the crisis of sites in the inner-city areas is not yet upon us. **We still have capacity in the central core for at least another 50,000 people to come live downtown.** And we still have a healthy commercial capacity to build into as office demand expands.

And we will continue our efforts to make sure a quality infrastructure is in place to service a vital inner city. Everyone is focused at this moment on getting the RAV transit decisions tied down. We are implementing the new Downtown Transportation Plan in a diligent way. And **I will be bringing forward over the coming year a planning process for embellishing and upgrading the public areas of the Metropolitan Core leading up to the Olympics.**

We’re making progress toward a green building strategy. And with the strong leadership of Ward McAllister, I think we’re going to shake out the concerns that UDI Members have had about this.

But proactive planning is all about looking into the future and positioning the City to be ready and prepared as different demands begin to express themselves. Remember that **today's planning only hits the ground in about a decade**. The art of city building – and our service to you, in the efforts of the Planning Department – are to both mold today's energy and activity to realize today's imperatives AND to dream with you about what the city needs to be like as we move forward.

Well, we've started some fascinating dreams and while it's reinforcing our overall vision, it's also shifting our focus to the east and to very different development scenarios.

Let's hope that we may be as creative and bold now moving toward the Olympics as we were in the late '80s moving on from Expo. That's the least we can do for this extraordinary place.

Click here for text copy of speech from the Urban Development Institute.

Price Tags is an electronic newsletter by Gordon Price that explores Vancouver and urban issues generally.

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