

HOW VANCOUVER CAN DELIVER ON BOTH WORKSPACE AND HOUSING DOWNTOWN

Two propositions to make the central business district more welcoming for office space and the people who work in it



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Optimism abounds in Vancouver's downtown office sector, with only about 50,000 square feet of new space available for lease in the four new office buildings completing in 2020. It is plausible that the other six buildings under construction, one scheduled for completion in 2021 and four in 2022-23, will be pre-leased in the next five years. I'll quickly

run through why this is, before discussing what needs to happen to keep this momentum going.

Vancouver has excellent livability, a beneficial currency exchange, strong immigration, comparatively affordable occupancy costs and political stability. Basically, companies want to be here, and their employees want to live here.

Cities need job space: high-paying jobs and wage growth contribute to most facets of a successful city.

Vancouver recognized this in 2007 when the Metro Core Jobs and Economy Land Use Plan extended the central business district (CBD) and removed residential uses from said areas (specifically Downtown District C and F) for fear of losing key sites to pesky residential towers. But this plan was devised at a time before rezoning considered building heights stretching up to the view cones with densities doubling the base densities in the zoning bylaw.

More recent applications, notably the Canada Post site at 349 West Georgia, aim to deliver the Metro Core Jobs requirement of 7.0 FSR (floor space ratio) commercial space, while also delivering 5.4 FSR of additional residential use (rental and strata).

The rezoning policy for the CBD and CBD shoulder allows residential use at the Canada Post location because the site surpasses 50,000 square feet in size.

Here is my first proposition: allow residential uses above the base commercial density on medium-sized sites within the CBD. Reduce the minimum site size for residential use from 50,000 square feet to 20,000 square feet. This would encourage smaller assemblies and preserve job capacity, while allowing developers to diversify risk and build housing in proximity to jobs. The additional density could be restricted to market rental. This would be a winning proposition for a city possibly axing the Rental 100 incentive program and drastically missing its targets for provision of rental units citywide.

My second proposition: fix community amenity costs (CACs) for all asset classes. In 2018 the city created commercial linkage targets of \$10 to \$15 per square foot for rezoning that involves 100 per cent non-strata commercial projects. This allows cost clarity for office rezoning in the CBD. But strata commercial and projects proposing residential use continue to be processed under the negotiated CAC approach.

Negotiated CACs are a major hurdle in the rezoning process, which discourages supply of both job space and housing.

The city needs to look beyond the current office boom because the next wave of development will not satisfy the current international demand.

Where will the next wave of office space be built? How about the Broadway corridor? But the Broadway Plan is now two (or more) years from completion with rezoning frozen until the planning process is complete. Vacancy in the Broadway corridor is about two per cent and generally trends in line with or below downtown Vancouver. Would the city consider a rezoning for office use only (with added density)? Will owners become fed up with waiting for the Broadway Plan and consider development under the existing zoning along Broadway?

What about the False Creek Flats and Mount Pleasant? Mount Pleasant is already seeing a handful of new projects; however, the quantity of space is nominal relative to the CBD. St. Paul's Hospital is up for sale and medical tenants may follow St. Paul's to its new location in the False Creek Flats, which is only three kilometres east. Will the False Creek Flats appeal to tech tenants, which make up nearly 50 per cent of pre-leasing in new buildings downtown?

The City of Vancouver must allow residential use in the CBD while streamlining the development process through predictable fees, application velocity and clear zoning language, or we will miss out on an opportunity to attract employment entities on the international stage.

We need a groundswell of mixed-use projects allowing people to live and work in Vancouver's central business district. 🐼

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