



REPORT TO COUNCIL

TO: Richmond City Council
FROM: Councillor Malcolm Brodie, Chair
Planning Committee
DATE: April 19th, 2001
FILE: 4057-07
RE: PROPOSED CONVERTIBLE HOUSE DEMONSTRATION PROJECT

The Planning Committee, at its meeting held on Wednesday, April 18th, 2001, considered the attached report, and recommends as follows:

COMMITTEE RECOMMENDATION (Cllrs. Barnes and Steves opposed)

- (1) ***That the convertible house demonstration project (as per Option 2 in the report dated February 15, 2001, from the Manager, Policy Planning) be approved.***
- (2) ***That staff:***
 - (a) ***take the necessary steps to subdivide into two 33 ft. (10.05 m) lots, the City owned lot at 3860 Regent Street to facilitate this development;***
 - (b) ***seek proposals from qualified builders, as per Option 2, to develop a convertible house demonstration project, and;***
 - (c) ***review the proposals, select a preferred builder and manage the process through to completion.***
- (3) ***That no further action to be taken to apply the CD/44 zone in other parts of the City until this demonstration project and criteria to apply this zone elsewhere in Richmond, are prepared and approved.***

Councillor Malcolm Brodie, Chair
Planning Committee

Attach.

VARIANCE

Please note that staff recommended the adoption of Option 1.

STAFF REPORTORIGIN

At its regular meeting of January 16, 2001, Planning Committee considered a staff report dated December 15, 2000 on a proposed convertible housing demonstration project on a City owned lot at 3860 Regent Street.

After discussion on the report, the Committee referred the report back to staff to "clarify the role of the private sector in undertaking this project".

This report responds to that request.

FINDINGS OF FACT

ITEM	EXISTING	PROPOSED
Owner and Applicant	City of Richmond	West lot- to be sold East lot- to be retained by City
Site Size	One Lot - 66' x 120' (20.12m x 36.58 m)	Two lots - 33' x 120' (10.05m x 36.58m)
Land Uses	Vacant	West lot-Single Family house with suite East lot- walkway
OCP Designation	Neighbourhood Residential	Neighbourhood Residential
Area Plan Designation	Single Family/School and Park	Single Family/School and Park
Zoning	West side of lot-CD/44 East side of lot- SPU	West lot- CD/44 East lot- SPU

The subject property at 3860 Regent Street is serviced with road and sanitary sewer and is 66 ft (20.12m) by 120 ft (36.58m). The property is abutted by Lord Byng Elementary School on the south, multi-family housing to the north and single family homes to the east and west (**Attachments 1 and 2**).

The west side of the subject property was rezoned by Council on August 28, 1995 to a Comprehensive Development District (CD/44). This zone permits a convertible single family house which is designed to include a secondary suite within the principal structure (**Attachment 3**). The lot still needs to be subdivided into two 33 ft (10.05m) wide lots.

The east side of the lot which is zoned SPU would be dedicated as part of the subdivision for a pedestrian link between Regent Street and the Lord Byng Elementary School grounds to the south.

In summary, a convertible house:

- is a single family house that is designed to be easily converted into a single family home plus a suite while maintaining the appearance of the single family home;
- is designed for one owner and not for strata ownership; and

- provides a housing option that is both relatively affordable and adaptable to changing housing needs for families at various stages of the family/life cycle

One of the key aspects contributing to housing affordability of this house is the potential for a suite to generate revenue for the home owner (**Attachment 4**).

A chronological summary of City involvement with Mr. Dovernel's housing concept is included in **Attachment 5**.

ANALYSIS

Development Options

In response to the Planning Committee's request to clarify the role of the private sector in undertaking this project, **Attachment 6** presents two development options for Council's consideration.

Option 1 is the same option that was presented to Planning Committee at its meeting on January 16, 2001. In summary, this option involves the City seeking proposals from the private sector which would then contract and work with the City to undertake the project. A public display and demonstration phase and subsequent monitoring and evaluation of the project would follow.

Option 2 which sees the private sector assume a more active and lead role is also presented for Council's consideration. The pros and cons of each option are also presented.

Assumptions common to both options:

- the private sector designs the project;
- "up and down" and other floor layouts will be considered;
- the City approves the design and plans;
- the private sector finances and undertakes construction of the house of the project;
- a demonstration phase including a public demonstration/display phase, comments and monitoring and evaluation of the project.

The principal difference in these options is the timing of the initial sale of the subject property and the amount of profit for the City.

Option 1 sees the City retaining ownership of the land through the design, construction and demonstration phases followed by the sale of the subject lot when the City receives a profit based on the land and house value.

Option 2 sees the land sold to the private sector at the outset, with conditions that the site be developed with a convertible house, a demonstration phase be undertaken followed by the builder selling the house and the lot. In this case the City's profit is limited to the land value only.

Development Options – Pros and Cons

Option 1-“City Sells Land to Builder Later”

Pros:

- Potential builder does not have to raise both the land acquisition costs and construction costs, thereby making it potentially more attractive to solicit bids from the private sector.
- If City retains land during the demonstration phase, the City retains a more active role in ensuring that its goals and objectives regarding the affordable housing, demonstration project are satisfied and has more opportunity to be involved during construction phase of the project.
- Private building sector has direct expertise and resources to prepare preliminary and final house designs
- Better opportunity for the City to maximize revenue with property being sold with improvements; presents opportunity to increase the market value of the property.

Cons:

- Creates a non-standard housing form which may affect marketability

Option 2: “City Sells Land to Builder Earlier”

Pros:

- Has higher levels of commitment from private sector, given the higher “up front” costs (e.g. both land acquisition and construction financing).
- Private building sector has direct expertise and resources to prepare preliminary and final house designs

Cons:

- Builder has to raise both land acquisition costs and construction financing at the outset; this may make it difficult and less attractive for the private sector to take part.
- May present higher but more manageable risk for the City in ensuring that the new owner of the lot has sufficient financial resources and commitment to complete the project as planned
- City may forgo revenue opportunities by selling just the land in what is currently a depressed land market.

Preferred Option

Both options present clear benefits. Based on the above discussion however, staff recommend that Council support Option 1 which provides the best opportunities to balance the goals of developing the convertible housing demonstration project with opportunities for the City to maximize revenue potential.

Requests for Proposal

A critical aspect of the preferred option will be the evaluation and eventual selection of a builder who would contract with the City to undertake the project. The project's success will, in part, depend on the effectiveness of the City's Request for Proposal (RFP) to clearly outline project expectations, parameters, roles and responsibilities. A detailed RFP will be prepared. For Option 1, it will need to clearly state:

- City goals and expectations in undertaking this project;
- Elements required to be addressed by prospective builders:
 - Proposed house design:
 - how well do the proposed plans achieve overall convertible, affordable housing goals?
 - quality of design
 - neighbourhood compatibility;
 - Financial considerations and terms;
 - overall financial pro forma;
 - proposed budget; overall planning and construction costs, carrying costs during demonstration phase etc;
 - profit sharing arrangements between City and builder;
 - Overall work program/construction and marketing schedule;
 - Reporting schedule/key milestones;
 - Previous experience of builder;
- Roles and responsibilities of the builder and the City related to:
 - Preparation of required plans, drawings and other specifications;
 - Approval of plans and drawings, permit issuance;
 - Construction Phase and Schedule:
 - roles/responsibilities during construction and landscaping;
 - Demonstration Phase:
 - length of phase (propose minimum of six months);
 - overall public communications/advertising strategy;
 - required personnel/site supervision during demonstration;
 - viewing times;
 - maintenance responsibilities;
 - Marketing and Sale of property:
 - Marketing and sale period;
 - Process to determine price;
 - Profit sharing;
- Timelines and schedules

Request For Proposal (RFP) Evaluation Criteria

Staff proposed that the RFP's be evaluated against the following criteria:

- Understanding of project scope and goals;
- Completeness and clarity of proposal;
- Previous experience;
- Proposed work program and schedule;

- Proposed house design/quality;
- Financial terms and considerations;
- Demonstration phase and marketing strategy

Applicability To Other Parts of the City

Recent public enquiries have also raised the issue of other sites in the City where the existing CD/44 zone could be used. The City has supported the research, testing and development of a legal secondary suite in a single family house with the creation and adoption of the CD/44 zone. The subject property is the only lot in the City with this zone.

One of the goals of the demonstration project is to demonstrate the effectiveness of a convertible house in a neighbourhood context. Experience from this project will help the City manage where and how this type of CD zone and housing can be applied in other parts of the City.

As indicated in the staff report considered by Planning Committee on January 16, 2001, the convertible house project supports a number of City objectives as outlined in the OCP including:

- Council's objectives of encouraging a broad variety of housing types, universally designed dwelling units, tenures and price ranges suitable to meet the needs of everyone in the community including families, singles, couples, people with disabilities and seniors;
- Council policies of encouraging:
 - a variety of tenure, especially private market rental housing choices; and
 - entry level, affordable housing choices through the private market.

The City OCP also seeks to ensure that new housing is appropriate to the character of neighbourhoods outside the City Centre. In support of this objective, the OCP states that:

- new housing should include design features such as front porches and street orientation, that enhance neighbourliness and the single family ambience of the neighbourhood.

The OCP also states that the City will, when introducing new single family character housing, work to ensure that these are designed to fit well into single family neighbourhoods, using zoning and other appropriate regulations.

Staff recommend that Council not consider the use of the CD/44 zone in other parts of the City until the following is completed:

- this project and the demonstration phase and accompanying evaluation component are complete and;
- City wide application criteria are prepared.

At that time, staff will be in a better position to recommend on development and location criteria which could apply to the use of this zone in other parts of the City.

FINANCIAL IMPACT

In both options, the City's contribution to this demonstration project, if authorized by Council, would be the cost of the zoned and serviced lot. These property improvement costs will be part of the 2001 Land Acquisition Reserve Bylaw and come from the Industrial Reserve. When the property is sold, the revenue received will be credited to the Steveston Road Ends Reserve and the improvement costs will return to the Industrial Use Reserve.

Land Value Estimates:

- Appraisal of the subject property has not been prepared, however land sale records from March, 2000 show the sale of two 33 ft (10.05m) lots in Steveston for \$145,000 each.

The following table summarizes key development costs and revenue considerations:

Key Considerations	City	Private Sector
Costs		
1. Land acquisition and servicing costs		
a) Lot acquired as Steveston Road end in the 1980's	NA	NA
2. Servicing Costs		
b) Costs to date	NA	NA
c) Additional servicing costs:		NA
• subdivision/processing fee	\$ 333.00	
• lane construction	up to \$40,000.00	
• water connection	1,600.00	
• sanitary sewer connection	\$ 3,200.00	
	Source: Industrial Reserve	
3. Planning Administration Costs	Building permit processing	NA
4. Design Costs	No for both options	Yes for both options
5. Construction Costs	No for both options	Yes for both options
Revenues		
Option 1 - Sale of lot and house	TBD- depends on agreement on costs and profit sharing with private sector	TBD - depends on agreement on costs and profit sharing with City
• recover part of servicing costs		
• % of profit with private sector/lot and house		
Option 2 - Sale of serviced lot	TBD- depends on agreement on costs and profit sharing with private sector (lot only)	TBD - during resale of lot and house
• recover part of servicing costs on lot only		

The profit to the City will be determined based on received submissions and the selected proposal.

CONCLUSION

Based on the analysis presented in this report, staff recommend that Council:

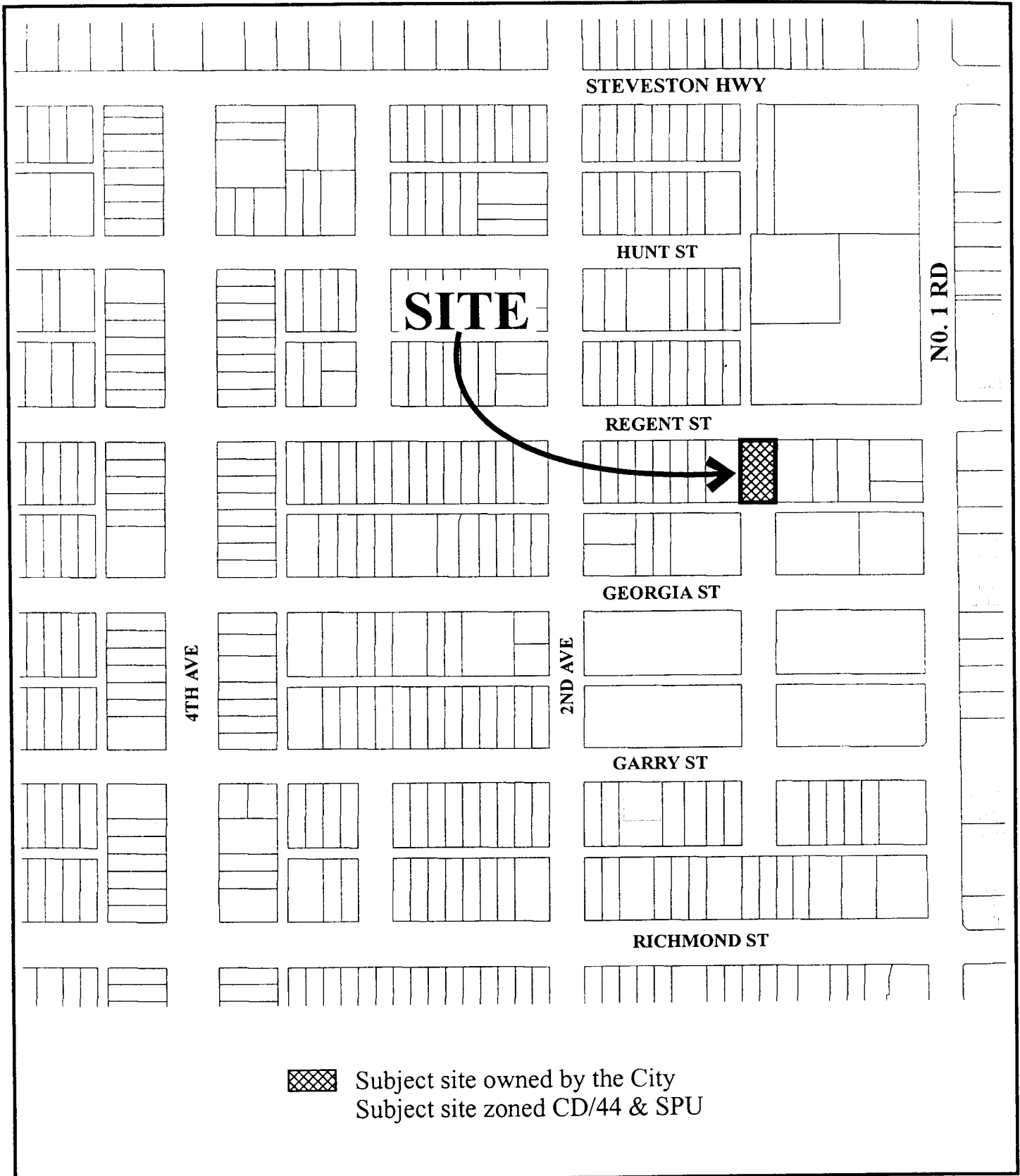
1. Approve the convertible house demonstration project Option 1 as per the Policy Planning Manager's report dated February 15, 2001
2. Authorize staff to:

- take the necessary steps to subdivide into two 33 ft. (10.05 m) lots, the City owned lot at 3860 Regent Street to facilitate this development;
 - seek proposals from qualified builders, as per Option 1, to develop a convertible house demonstration project, and;
 - review the proposals and select a preferred builder and manage the process through to completion.
4. Not consider the use of the CD/44 zone in other parts of the City until this demonstration project and criteria to apply this zone elsewhere in Richmond are prepared and approved.



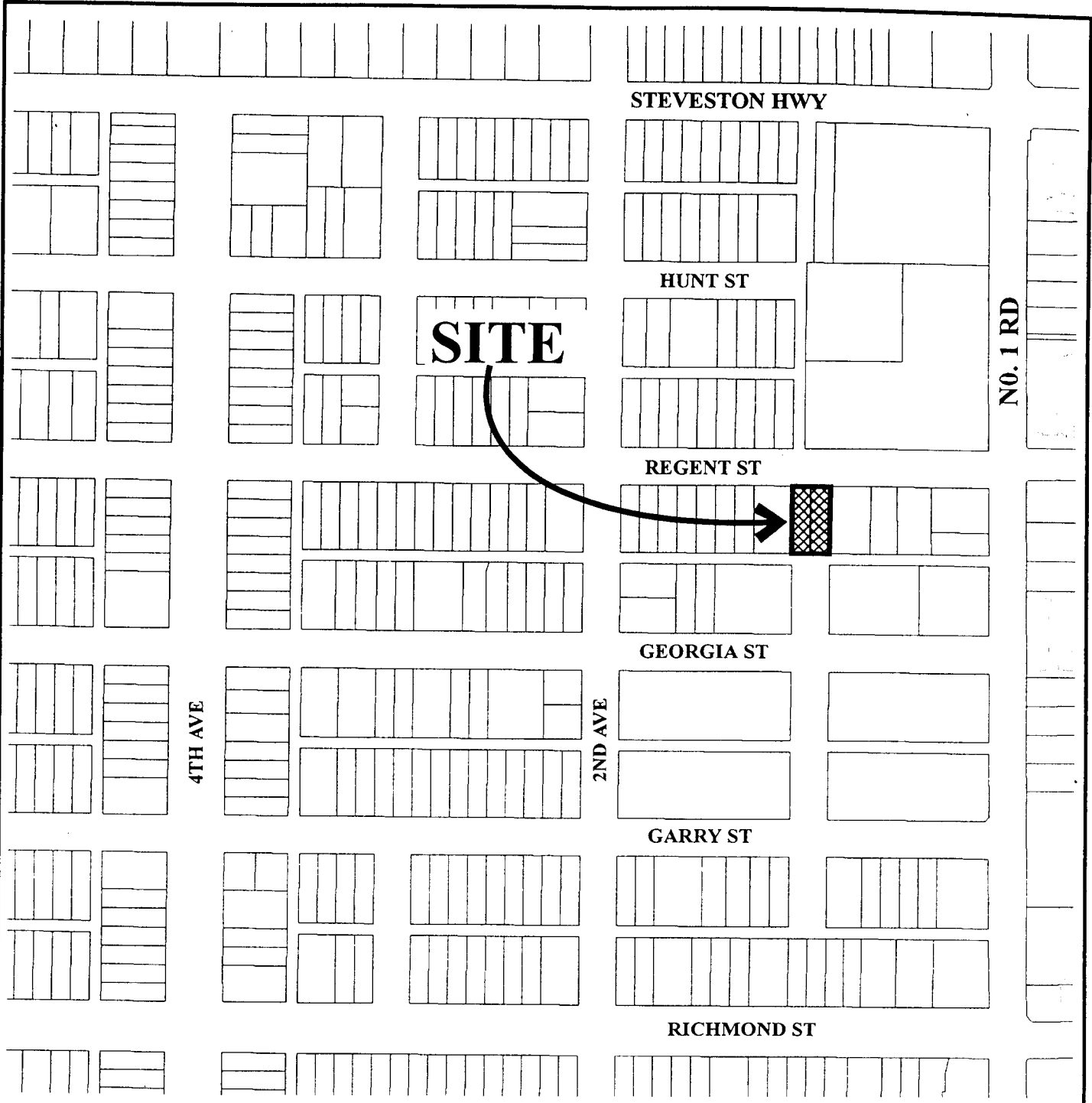
Rob Innes
Planner


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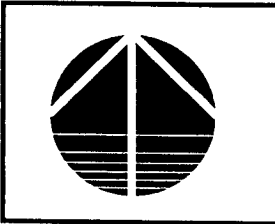


Attachment 1 - Existing
 3860 Regent Street
 90

Original Date: 03/01/01
 Revision Date:
 Note: Dimensions are in METRES



 The westerly portion of the subject site is privately owned and is zoned CD/44.
 The easterly portion of the subject site is City owned and is zoned SPU.



Attachment 2 - Proposed
3860 Regent Street

Original Date: 03/01/01
 Revision Date:
 Note: Dimensions are in METRES

291.44 COMPREHENSIVE DEVELOPMENT DISTRICT (CD/44)

The intent of this zoning district is to accommodate convertible housing which is designed to permit the inclusion of secondary suites.

291.44.1 PERMITTED USES

RESIDENTIAL, limited to a single principal **building** designed to contain a **dwelling unit** or a **dwelling unit** and a **secondary suite**;
BOARDING & LODGING, limited to two persons per **dwelling unit**;
HOME OCCUPATION;
AGRICULTURE;
ACCESSORY USES.

291.44.2 PERMITTED DENSITY

.01 Maximum Number of **Dwelling Units**: One

.02 Maximum Number of **Secondary Suites**: One, located entirely within the principal **building** and limited to a maximum of 45% of the floor area of the **building**.

.03 Maximum **Floor Area Ratio**:

0.55; plus

10% of the floor area total calculated above for the **lot** in question, which area must be **used** exclusively for covered areas of the principal **building** which are open on one or more sides; together with

50 m² (538.21 ft²) which may be **used** only for **accessory buildings** and off-street parking;

PROVIDED THAT any portion of floor area which exceeds 5 m (16.404 ft.) in height, save and except an area of up to 10 m² (107.64 ft²) **used** exclusively for entry and staircase purposes, shall be considered to comprise two floors and shall be measured as such.

291.44.3 MAXIMUM LOT COVERAGE:

45% for **buildings** only; 80% for **buildings** and any non-porous surfaces or **structures** inclusive; and the remainder of the lot area restricted to landscaping with live plant material.

291.44.4 MINIMUM SETBACKS FROM PROPERTY LINES AND SITING OF BUILDINGS

.01 Front Yard: 6 m (19.685 ft.).

.02 **Side Yard:** 1.2 m (3.937 ft.).

.03 **Rear Yard:** 6 m (19.685 ft.).

Portions of the principal **building** which are less than 2 m (6.562 ft.) in height, and **accessory buildings** of more than 10 m² (107.64 ft²) in area may be located within the **rear yard** setback area but no closer than:

(i) 3.0 m (9.843 ft.) to a property line which abuts a **public road**, or

(ii) 0.6 m (1.968 ft.) to any other property line.

There is no property line setback requirement for an **accessory building** which has an area of 10 m² (107.64 ft²) or less.

.04 **Maximum Setback:** 50 m (164.042 ft.).

(See Interpretation Section 201.04 for explanation).

291.44.5 MAXIMUM HEIGHTS

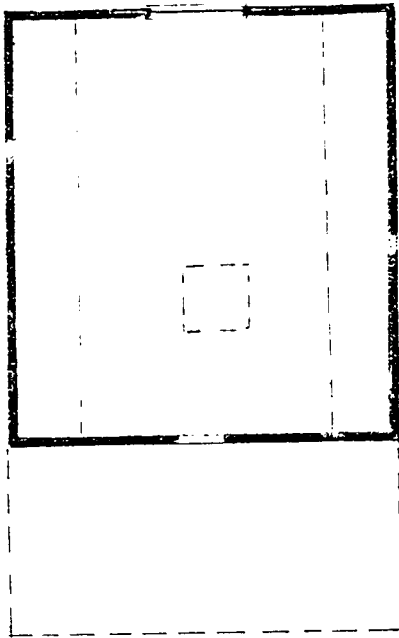
.01 **Buildings:** 2½ storeys, but in no case above the **residential vertical envelope (lot width)** or the **residential vertical envelope (lot depth)**.

.02 **Structures:** 20 m (65.617 ft.).

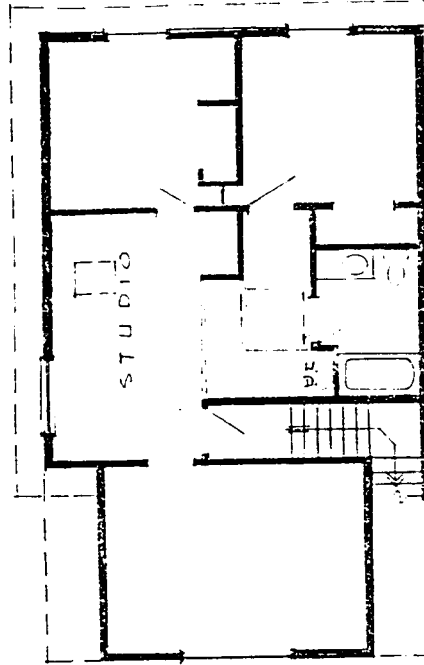
.03 **Accessory Buildings:** 5 m (16.404 ft.).

291.44.6 MINIMUM BUILDING SEPARATION SPACE

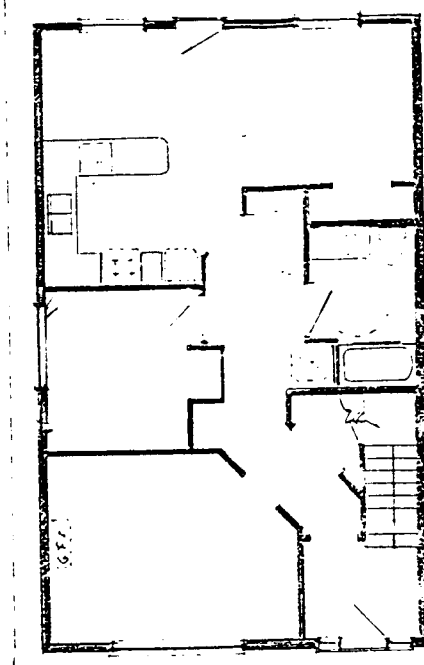
.01 1.2 m (3.937 ft.).



ATTIC PLAN



UPPER FLOOR PLAN
958 S.F.



MAIN FLOOR PLAN
1000 S.F.



HOUSE
250' x 40.0'
= 1000 S.F.
10.9 m x 7.62 m
= 82.90 m²

94

The Convertible House - As A Single Family home

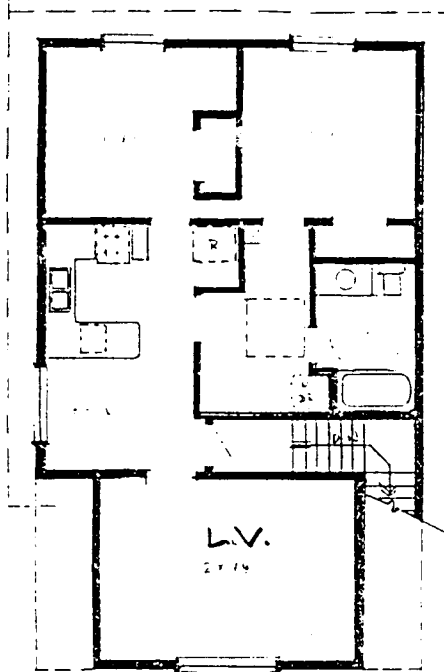
This 2½ storey dwelling is intended to demonstrate practical affordable housing, is designed to be convertible so as to contain a secondary suite.

The design is a simple modular up-and-down plan that is very cost effective to build. Housing affordability is addressed through higher density zoning, economical construction, and the potential for the secondary suite to generate revenue for the home owner.

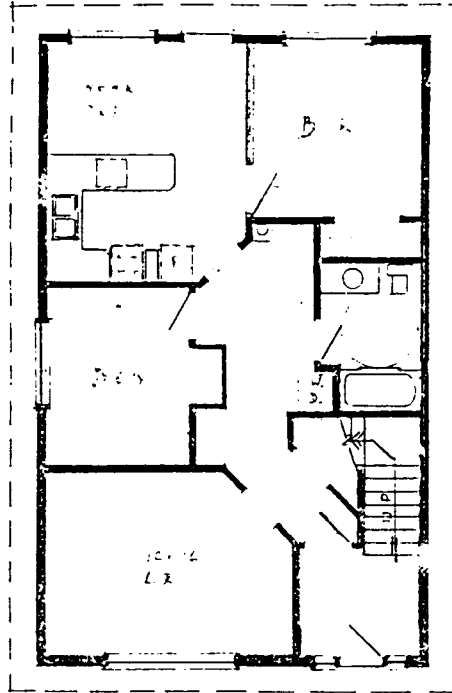
STREET

ATTACHMENT 4

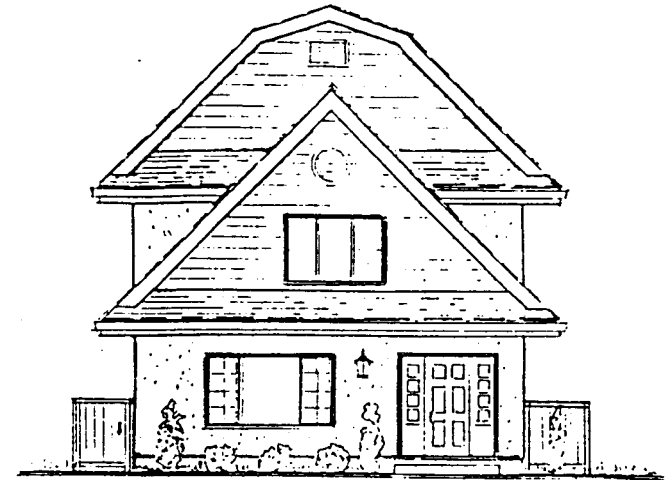
SCALE:		APPROVED BY:		DRAWN	
DATE: 1/2007				REVISED	
P. DOVERTEL: 604-274-				3145	



TOP FLOOR 5800



MAIN FLOOR 10000



FRONT ELEVATION

05

The Convertible House – With A Secondary Suite

The home can be converted to contain a secondary suite by making the changes coloured in red;

- Main floor family room is converted to a bedroom
- Main foyer door added to provide a private entrance
- Upstairs front bedroom is converted to a living room
- Entry door is added to upstairs suite
- Kitchen and fridge are installed where the studio was located
- Washer and dryer are installed into the closet space

NOTE :

ADAPTABILITY - ON GROUND
ORIENTED MAIN FLOOR
FOR SENIORS

SCALE:		APPROVED BY:	DRAWN BY O. D.
DATE: I, 2001		REVISED	
O. DOVERTEL; 604-274-3945			NUMBER

**Chronology of Convertible House Demonstration Project
at 3860 Regent Street**

June 14, 1994	Otto Dovernel makes presentation to Planning and Development Services Committee seeking City's assistance in convertible house at 3860 Regent Staff directed to report back to Committee on proposed development process
September 14, 1994	Council authorizes staff to proceed with the convertible house demonstration project
Fall 1994 to Summer 1995	City staff team works with Otto Dovernel to refine concept Private architect selected and hired by the City to work with staff and Mr. Dovernel to develop preliminary and final designs
August 28, 1995	Council rezones west half of 3860 Regent to CD/44 (House with suite)
October 10, 1995	Council defeats motion seeking endorsement of the preliminary design of house and continued staff involvement to work towards final design
1995 - 2000	No City involvement in project
Fall 2000	Otto Dovernel approaches City for convertible house at 3860 Regent Street
January 16, 2001	Planning committee considers staff report on project; directs staff to clarify role of the private sector
March 2001	Staff report back to Planning Committee

Proposed Development Options

Key Phases/Tasks	Option 1 City Sells Land to Builder Later	Option 2 City Sells Land to Builder Earlier
Planning/Design	Subdivision into 2 - 33 ft lots occurs City seeks proposals from private sector through Request for Proposals which includes: <ul style="list-style-type: none"> • offering land for sale with conditions with respect to project goals and objectives eg. convertible house to be built on site • roles and responsibilities • convertible house and design standards • development process Assumptions: <ul style="list-style-type: none"> • Construction financed and undertaken by private sector. 	Subdivision into 2 - 33 ft lots occurs City seeks proposals from private sector through Request for Proposals which includes: <ul style="list-style-type: none"> • offering land for sale with conditions with respect to project goals and objectives eg. convertible house to be built on site • roles and responsibilities • convertible house and design standards • development process Assumptions: <ul style="list-style-type: none"> • Construction financed and undertaken by private sector
	City reviews and selects preferred builder	City reviews and selects preferred owner/builder.
	City and Builder enter into contract: <ul style="list-style-type: none"> • conditions relating to: <ul style="list-style-type: none"> • project design, cost, approvals and construction, demonstration phase, sale and profit sharing 	City and Builder enter into contract: <ul style="list-style-type: none"> • City sells lot with conditions: • restrictive covenant registered on title - convertible house to be built/demonstration phase/evaluation
	Private owner prepares required plans and seeks required City permits	Private owner prepares required plans and seeks required City permits
Construction	Private sector builds house as per approved plans and agreements.	Private sector builds house as per approved plans and agreements
Demonstration/Monitoring	Demonstration Phase (six months) <ul style="list-style-type: none"> • City leads - documents best practices/lessons learned 	Demonstration phase (six months) <ul style="list-style-type: none"> • City leads – documents best practices/lessons learned
Sale of Property	Lot/house sold; City shares in profit	Property sold to new owner
Review City Wide Implications and develop policy and criteria	City leads	City leads