



**CITY OF RICHMOND**

**REPORT TO COMMITTEE**

**TO:** Planning Committee  
**FROM:** Terry Crowe  
Manager, Policy Planning

*TO PLANNING - SEP. 18, 2001*  
**DATE:** September 7, 2001  
**FILE:** 4057-07

**RE: Proposed Convertible House Demonstration Project**

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**STAFF RECOMMENDATION**

That:

1. The convertible house demonstration project as per Option 2 in the Policy Planning Manager's report dated September 7, 2001, be approved.
2. Staff:
  - revise and re-issue the request for proposals seeking submissions from qualified builders to develop the convertible house demonstration project;
  - review the proposals, select a preferred builder and manage the process through to completion.
3. The use of the CD/44 zone in other parts of the City be discontinued until the demonstration project and criteria to apply this zone elsewhere in Richmond are prepared and approved.

*T. Crowe*  
Terry Crowe  
Manager, Policy Planning

<b>FOR ORIGINATING DIVISION USE ONLY</b>
<b>CONCURRENCE OF GENERAL MANAGER</b>
<i>David Antelle</i>

Att.

STAFF REPORTORIGIN

At its regular meeting of April 23, 2001, Council authorized staff to:

- seek proposals from qualified builders to develop a convertible house demonstration project on the City owned lot at 3860 Regent Street;
- review the proposals to select a qualified builder, and;
- manage the process through to completion.

This report provides an update on this project and seeks Council direction given the fact that no proposals were received from builders in response to the Request for Proposals (RFP) which was prepared and advertised.

FINDINGS OF FACTProperty Summary

<u>ITEM</u>	<u>EXISTING</u>	<u>PROPOSED</u>
Owner and Applicant	City of Richmond	West lot- convertible house 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). As per Council direction from April 23, 2001, staff have taken steps to subdivide the subject property. 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 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.

On April 23, 2001, Council considered a staff report on the convertible house project and directed staff to pursue a development option which proposed that the land be sold to the private sector, with conditions that the site be developed with a convertible house and a demonstration phase be undertaken followed by the private builder selling the house and the lot.

A Request for Proposals (RFP) was prepared and advertised in the Richmond Review and Vancouver Sun newspapers as well as on the City's web site and a Provincial tendering web site called Bid BC. The RFP was open for four weeks and closed on Friday August 3, 2001. Although a few interested parties did request copies of the RFP, the City did not receive any submissions by the closing date.

### ANALYSIS

Since the City did not receive any submissions, staff sought feedback on the RFP from people who requested and received copies of it. Two people were contacted which included a Vancouver based builder and a Surrey based architect. They commended the City for undertaking this initiative and encouraging new forms of needed affordable housing but they indicated however that the proposal did not provide sufficient incentive for the private sector to become involved for a number of reasons. For example:

- the financial terms were not favourable; the RFP indicated that the City was ready to partake in the profit but not assume any of the risk in building and marketing the project;
- difficulty in having to carry certain costs during the demonstration period. This would affect final sale value of the house and lot.

Feedback also included comments suggesting that financial contribution from the City such as providing the land costs would make the proposal more attractive and provide a good incentive for private sector involvement in the project.

Staff seek Council direction on this project. At this stage, Council could consider the following two options:

- Option 1- take no further action with respect to developing a convertible house demonstration project on 3860 Regent, or;
- Option 2- reconsider a development option which was presented to Council in the Policy Planning Manager's report dated February 15, 2001 which would see the City seek proposals from the private sector to enter into contract whereby the selected private sector builder would finance and build the house while the City retained ownership of the lot through to the end of a demonstration period at which time the house and lot would be sold under an agreed upon value and profit sharing arrangement between the City and the builder. This option assumes that the builder prepares the necessary building plans and seeks required City permits. A demonstration phase of up to six months is anticipated.

The pros and cons of each option are outlined in the following section.

Option 1- Take no further action on the convertible house at this timePros:

- Allows Council and staff time to pursue other City priorities;
- Allows Council to consider development of this lot at a later date when market prices for lots could be higher.

Cons:

- City foregoes opportunity in the short term to make use of this zoned lot for a convertible house which can demonstrate opportunities to address housing affordability;
- Inability to assess market response and develop policy on applicability of the CD/44 zone in other parts of the City.

Option 2- City retains ownership and sells land and house after the demonstration projectPros:

- Potential builders do 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.
- Opportunities exist for other partners such as CMHC which has expressed an interest in the project, to become involved and contribute some resources to the project. BC Hydro has also expressed an interest in the project. These potential partnerships will need to be explored further.

Cons:

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

Preferred Option

Staff recommend that Council support Option 2. Based on the feedback received from people who received the original RFP, staff feel that that Option 2 may provide sufficient incentive to attract private sector interest in this affordable housing project. Over the past two weeks, a local builder has also expressed strong interest in the proposal under revised financial terms.

One of the goals of the demonstration project is also 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.

### FINANCIAL IMPACT

In Option 2, 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 profit to the City will be determined based on received submissions and the selected proposal.

### CONCLUSION

No bids were received in response to the City's Request for Proposal to buy the City owned lot at 3860 Regent Street and build a convertible house demonstration project.

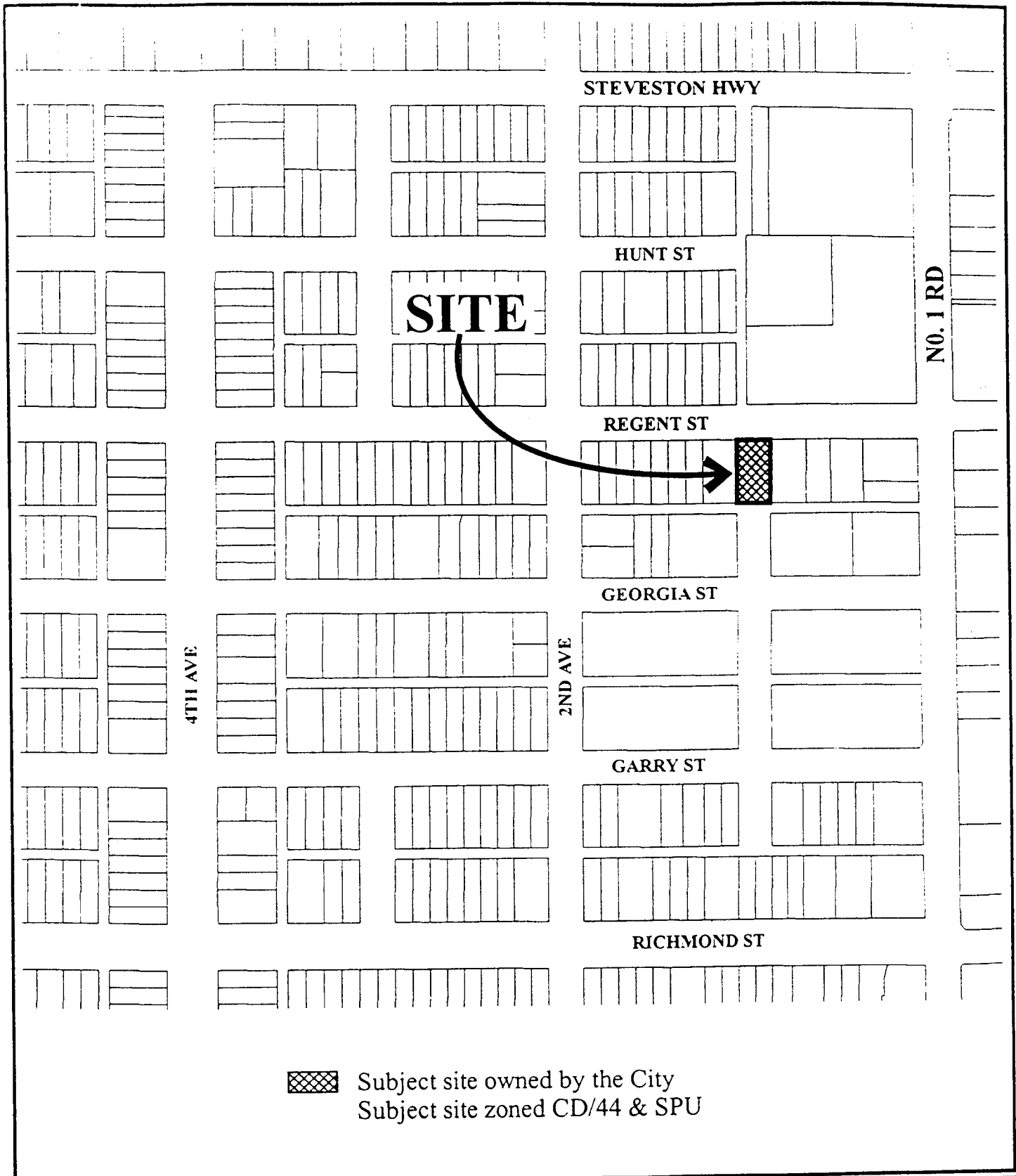
Feedback from the private sector on the initial Request for Proposal suggests that while the City should be commended for undertaking such a project, a stronger financial incentive is necessary to attract the interest of the private sector.

Staff recommend that Council direct staff to revise and re-issue the Request for Proposal as per Option 2 of this report.



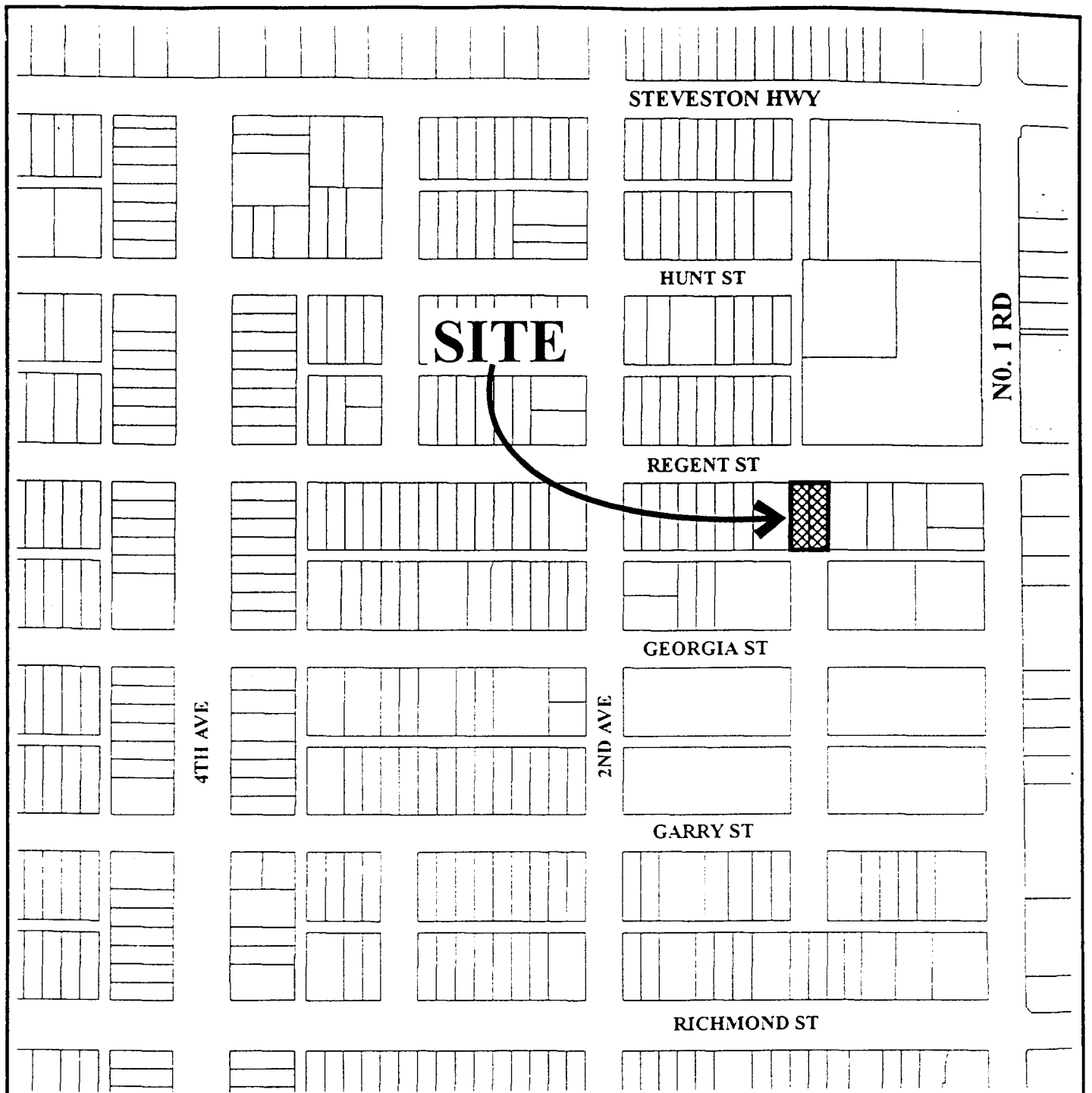
Rob Innes  
Planner

RI:cas



Attachment 1 - Existing  
 3860 Regent Street  
 62

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



**SITE**

4TH AVE

2ND AVE

NO. 1 RD



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 m<sup>2</sup> (538.21 ft<sup>2</sup>) 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 m<sup>2</sup> (107.64 ft<sup>2</sup>) **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 m<sup>2</sup> (107.64 ft<sup>2</sup>) 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 m<sup>2</sup> (107.64 ft<sup>2</sup>) 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.).