




City of Richmond

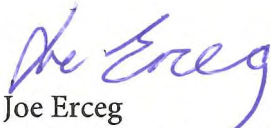
Report to Committee

To: General Purposes Committee **Date:** September 11, 2017
From: Andrew Nazareth **File:** 08-4150-01/2017-Vol 01
 General Manager, Finance & Corporate Services
Re: Industrial Land Intensification Initiative (ILII) – Proposed Work Program



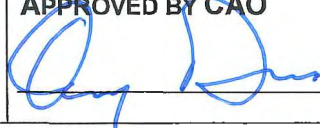
Staff Recommendations

1. That the work program to implement the proposed Richmond Industrial Land Intensification Initiative (ILII) be received for information; and
2. That a one-time expenditure request for \$100,000 be submitted to the 2018 budget process for Council consideration in order to implement the ILII work program.


 Andrew Nazareth
 General Manager, Finance and Corporate Services
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 Joe Erceg
 General Manager, Planning and Development
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Att. 3

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Real Estate Services	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Policy Planning	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO 

Staff Report

Origin

This report is in response to the following Council referral to staff, dated April 10, 2017:

That staff be directed to further develop new initiatives specifically related to industrial and new office development, and report back to Council.

There are a number of new office developments proposed or under construction in the City Centre. Demand for large-plate office in the City Centre is high and staff are continuing to connect potential office tenants with developers. Future office development policy initiatives may be brought forward to Council in the future, based on market trends.

In response to Council's referral related to industrial development, and in support of Richmond's broader employment lands policies, staff propose an Industrial Land Intensification Initiative (ILII), as described in this report.

This report supports the following 2014-2018 Council Term Goals:

- Goal #3 – A Well-Planned Community:

Adhere to effective planning and growth management practices to maintain and enhance the livability, sustainability and desirability of our City and its neighbourhoods, and to ensure the results match the intentions of our policies and bylaws.

- Goal #8 – Supportive Economic Development Environment:

Review, develop and implement plans, policies, programs and practices to increase business and visitor appeal and promote local economic growth and resiliency.

Analysis

Purpose

Industrial intensification means the redevelopment of existing industrial sites to achieve higher densities or productivity. It may also entail higher density infill or greenfield development. The benefits of industrial land intensification include:

- Accommodating increased economic and employment activity on a limited land base;
- More efficient use of lands and resources, as well as transportation and site service infrastructure; and
- Reducing the pressure to convert agricultural lands to industrial uses¹.

¹ Summary Report: Opportunities for the Intensive Use of Industrial Land, Metro Vancouver, 2013

The purpose of the proposed Industrial Land Intensification Initiative (ILII) is to ensure that Richmond's policies and bylaws support industrial intensification in a manner that aligns with industry's needs and the City's objectives.

Background

Richmond has a long and productive history of industrial activity. The location and character of industrial uses, however, have shifted over time. (Attachment 1 shows the areas currently designated in the Official Community Plan for industrial and mixed employment uses.)

The City Centre, once characterized by large areas of industrial and auto-oriented land uses, has been evolving into a high-density, mixed-use and transit oriented downtown, as envisioned in the Official Community Plan. Two areas of Industrial Reserve remain designated within the City Centre, however, and primarily provide for light industrial uses (as shown in Attachment 2).

Industrial land in Richmond is now generally concentrated towards the peripheries of the city, such as on Mitchell Island and in the Bridgeport, Riverside, Fraserwood and Crestwood areas. These parts of the city have better access to goods movement infrastructure, such as port and airport facilities and highways. These areas, however, are farther from rapid transit, urban services and the residential neighbourhoods where potential employees reside.

According to the Metro Vancouver 2015 Industrial Lands Inventory, Richmond has the largest inventory of industrial land in the region, at a total of 1,765 hectares. Approximately 80% of this land is developed, leaving only 353 hectares potentially available for future development. A portion of these undeveloped lands, however, may not be suitable for industrial use, or may be limited to certain types of users, for example Vancouver International Airport Authority or Port Metro Vancouver.

As demand for land continues to rise across the city and across land use types, the cost of industrial land is rising, making it more challenging for businesses to secure industrial space or to make profits. Low industrial vacancy rates exacerbate the situation.

Additional challenges that threaten the availability of industrial land include competing land uses and changing industrial needs. The proliferation of non-industrial activities (e.g. indoor recreation) in industrial zones may deplete the land supply for industrial users and contribute to commuter traffic congestion in industrial zones. Recent industrial market trends at the global and regional levels include:

- higher ceilings (e.g. storage racks and stacking to accommodate automated distribution);
- multi-level and multi-storey buildings;
- increased density, including larger buildings and, footprints and larger loading areas;
- site locations for better access to transportation corridors (e.g. Fraser River, highway network and railway);

- potential for 24-hour utilization of industrial lands and shifting of industrial traffic to off-peak periods;
- multi-tenanted and strata-owned warehousing;
- energy and space efficiencies; and
- new business models such as e-commerce and the sharing economy (e.g. multiple users of assets) and industrial automation.

To remain competitive, businesses may need access to industrial sites that can respond and adapt to current and emerging trends. With population growth and urbanization placing high demand on land across the City and throughout the region, Richmond's existing industrial land supply needs to be utilized more efficiently to maintain our leadership position as a business and employment destination within the region. Furthermore, increased industrial land intensification would build upon Richmond's competitive advantages (transportation, location, etc.) that have made the city regionally attractive for business and maintain its traditionally well balanced job-per-resident-worker ratio – an indicator of a balanced and healthy community and a sound tax base.

Policy Context

The proposed Industrial Land Intensification Initiative responds to several City and regional policies and objectives. These are summarized below:

Richmond's Official Community Plan

- Support the development of community-wide employment lands to achieve a resilient economy; and
- Periodically review the Zoning Bylaw to simplify the list of permitted uses on employment lands and re-examine FARs, lot coverage and building heights to enable densification and multi-use.

Employment Lands Strategy Vision

- Richmond will continue to serve as a pre-eminent Asia-Pacific air, sea, land and intermodal gateway and technology hub providing a strategic range of employment uses for a resilient economy, with high City jobs-to-labour force ratio, and high paying jobs for local and regional residents.

Resilient Economy Strategy Implementation Plan

- Increase Richmond's capacity to accommodate light industrial business;
- Strengthen Richmond's role as a gateway for goods import and export;

- Retain and support existing businesses; and
- Support economic diversity, small business opportunities and localization.

Metro Vancouver 2040 Regional Growth Strategy

- Promote land development patterns that support a diverse regional economy and employment close to where people live; and
- Protect the supply of industrial land.

In the last few years, Metro Vancouver has explored the concept of industrial land intensification, culminating in a 2013 report on the opportunities for the intensive use of industrial land. Staff are familiar with the methodologies and best practices and continue to liaise with Metro Vancouver on more detailed work related to industrial land. Ongoing work at the regional level will be integrated in the ILII and any Richmond-specific outcomes will be provided to supplement Metro Vancouver's industrial land initiatives.

Proposed Industrial Land Intensification Initiative

The objectives, scope, resources and timeline required to undertake the ILII, as well as the Economic Advisory Committee's endorsement of the project are described below.

Project Objectives

The proposed Industrial Land Intensification Initiative has the following objectives:

- Develop a comprehensive understanding of current utilization of Richmond's industrial land in terms of development attributes, such as lot coverage, building height, parking requirements, and site accessibility via road network for all modes, including transit and walkability;
- Develop a comprehensive understanding of the permitted uses, industries, employment density and job types in Richmond's industrial zones (Attachment 3);
- Identify and assess industrial intensification opportunities in Richmond in the context of existing and new businesses, market trends, best practises and other City policies and objectives;
- Prepare and introduce, as appropriate, amendments to Richmond Zoning Bylaw 8500 that will provide for better utilization of industrial zones in alignment with the city's long-term employment goals and its position on the forefront of the Asia Pacific Gateway;
- Review utility service capacity and transportation infrastructure needs to support industrial land intensification policies; and

- Identify and prepare additional policies and procedures that will support industrial intensification. Examples include recommendations for optimization of site development attributes (e.g. increased lot coverage or building heights) or a new set of permitted uses in light industrial zones to better reflect tenant demand for industrial space.

Project Scope

To accomplish the above objectives, the Industrial Land Intensification Initiative is proposed to be divided into two phases, as described generally below. Both phases will be led by City staff but are expected to require external consulting resources.

1. Phase I – information gathering and analysis stage which will include the following key elements:
 - GIS data collection and analysis of existing businesses licences within industrial zones to determine number and type of land uses occurring within the zones;
 - Research on best practices for industrial intensification in an urban context in comparable jurisdictions;
 - Engagement of key stakeholders and review of secondary data to determine industrial market trends and confirm current utilization of industrial zones in Richmond;
 - In-depth review of Richmond’s existing standard and site-specific industrial zones;
 - Gap analysis of current utilization of Richmond’s industrial zones against industrial market trends and industrial user needs;
 - Identification and review of appropriate evaluation criteria for industrial intensification;
 - Identification of utility service capacity and transportation infrastructure needs to support draft industrial land intensification policies; and
 - Preparation of draft policy and bylaw directions to support intensification of Richmond’s industrial land base.
2. Phase II – policy development and stakeholder consultation stage to be completed by mid-2019 and to include:
 - Internal and external consultation with relevant stakeholders on draft policy and bylaw amendments;
 - Revision of proposed policy and bylaw amendments and further internal and external consultation;

- Development of a policy implementation framework, including permitting and servicing mechanisms, as well as relevant grandfathering provisions;
- Development and implementation of policy effectiveness monitoring mechanism and ongoing reporting.

Project Resources

The ILII work program will be co-managed by the City's Policy Planning Department and Economic Development division. Both phases of the project will engage an internal working group, with planning, transportation, economic development, real estate and other internal resources, as needed. During both phases of the project, the Economic Advisory Committee will be effectively engaged to provide direction and input at critical stages of the project and to validate research findings, applicability of best practices to Richmond and feasibility of proposed policy directives.

It is proposed that professional expertise be retained to carry out some of the information and analysis work under Phase I of the proposed ILII. A qualified team of consultants would be selected through a request for proposals process. Additional consultant support may be required during Phase II of the project and such will be completed through a separate request for proposal process and contract, as needed.

It is estimated that implementation of the ILII work program would cost \$100,000 to the City, including \$70,000 in consulting costs for Phase I, \$20,000 in consulting costs for Phase II and \$10,000 in contingencies. It is therefore proposed that a \$100,000 funding request be submitted to the 2018 budget process for consideration as part of the one-time expenditure requests.

Project Timelines

Pending approval of the work program, a request for proposal process for the portion of Phase I requiring consulting assistance will be launched. It is anticipated that the consultant for Phase I will be retained in early 2018, with findings and recommendations complete by the third quarter of 2018. It is anticipated that Phase II will commence in late 2018 and conclude by mid-2019. This will include the stakeholder consultation stage and the refinement of policy and bylaw directions.

Staff will report back to Council as key milestones in the ILII implementation schedule are accomplished. It is anticipated that the next update to Council will occur in late 2018 and will contain the findings from Phase I of the ILII.

Economic Advisory Committee Endorsement

At the March 9, 2017 meeting of the Richmond Economic Advisory Committee (EAC), staff delivered a progress report on implementation of the City's Resilient Economy Strategy and next steps, which included a high level outline of the ILII. At the May 25, 2017 EAC meeting staff delivered further detail on the proposed ILII, including the draft objectives and approach, stakeholder engagement framework and implementation parameters described above. In both

instances, EAC members were highly supportive of the ILII and welcomed their project oversight and advisory role, as well as staff's proposed approach to implementing the ILII.

Financial Impact

None.

Conclusion

As demand for land continues to rise across the city and across land use types, the cost of industrial land is rising, making it more challenging for businesses to secure industrial space or to make profits. Low industrial vacancy rates exacerbate the situation. Additional challenges that threaten the availability of industrial land include competing land uses and changing industrial needs. To remain competitive, businesses may need access to industrial sites that can respond and adapt to current and emerging trends. With population growth and urbanization placing high demand on land across the region, Richmond's existing industrial land supply needs to be utilized efficiently.

In response to Council's referral related to industrial development, and in support of Richmond's broader employment lands policies, staff propose an Industrial Land Intensification Initiative (ILII), as described in this report. The initiative is broken down in two phases, an information gathering and analysis phase and a policy development and stakeholder consultation stage. The project will be led by City staff, under advisory and oversight by the Council's Economic Advisory Committee. It is estimated that implementation of the proposed work program will require \$100,000 in consulting budget and will be completed by mid-2019.

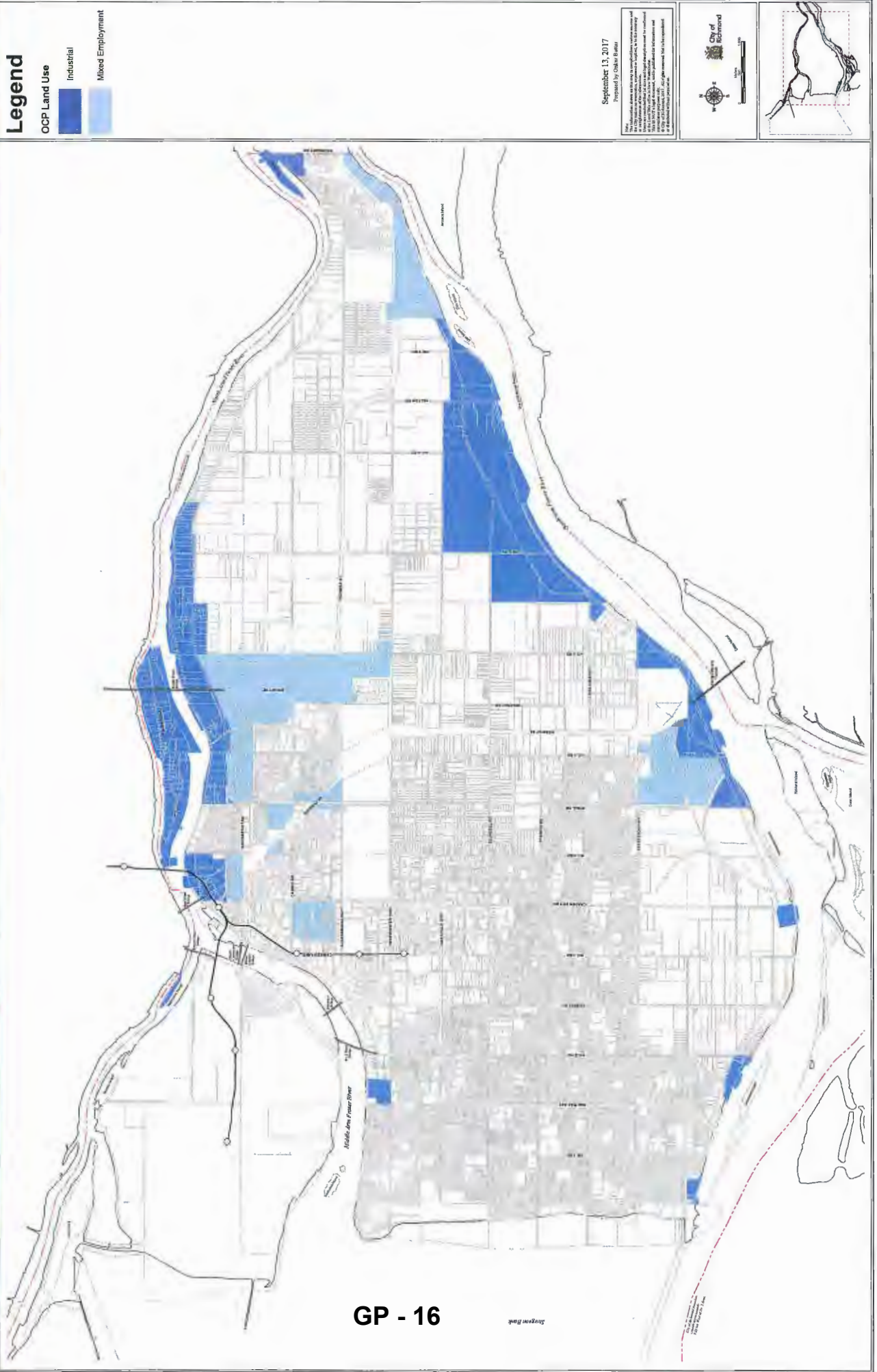


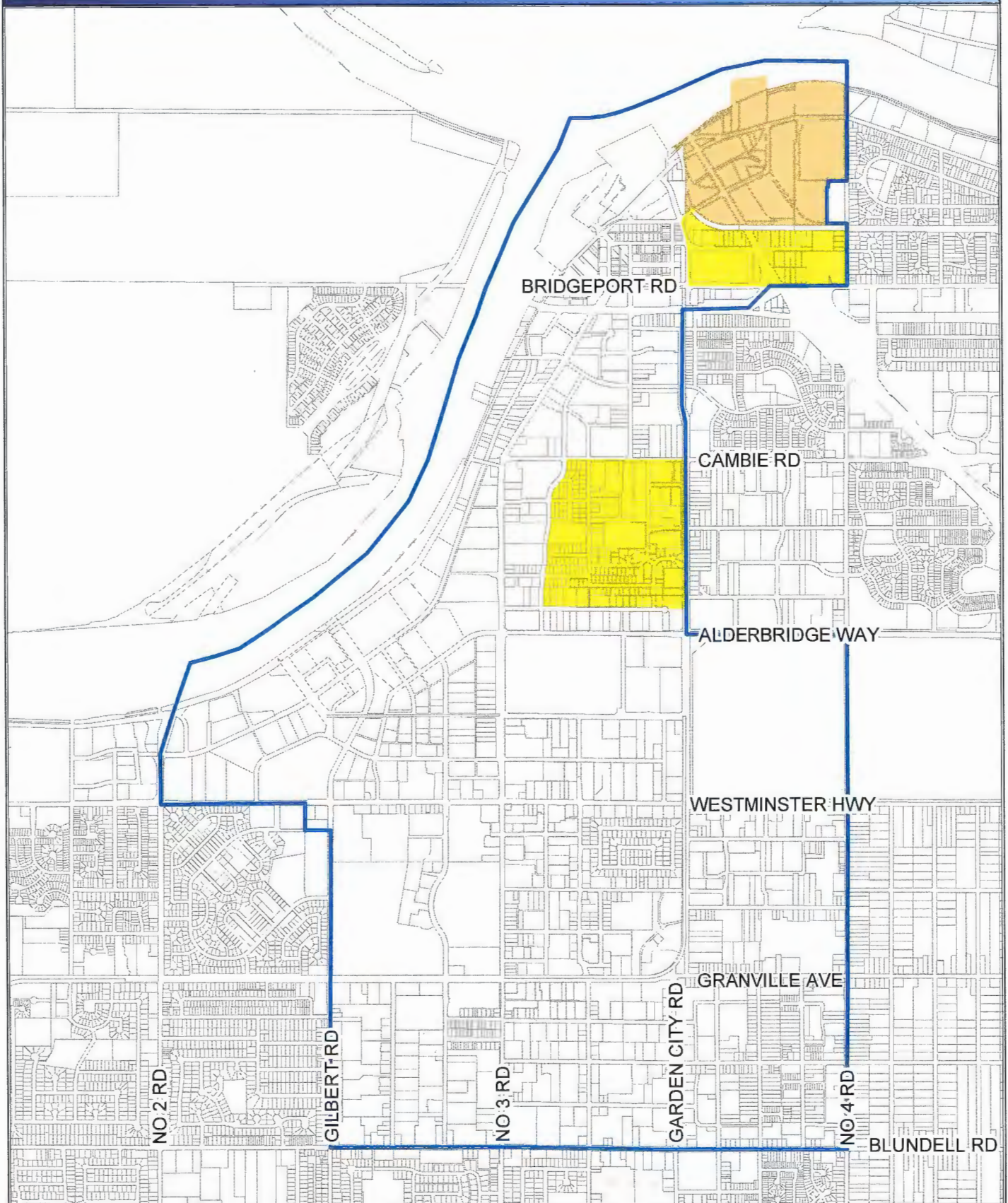
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- Att. 1: Areas Designated Industrial and Mixed Employment in the Official Community Plan
- 2: Industrial Land Reserve Areas in the City Centre
- 3: Areas Zoned Industrial in City Zoning Bylaw 8500





Legend

- City Centre Boundary
- Industrial Reserve Areas
 - Industry-Only
 - Limited Commercial

GP - 17

September 13, 2017
Prepared by Urban Brink

Scale: 1:5,720

City of Richmond

