

**City of Richmond, Planning Committee, Meeting July 17, 2017.
 Remarks on Agenda Item 2 – Onni Imperial Landing Proposal
 John Roston, 12262 Ewen Ave.**

Proposed Additional Uses

1. The desired type of development most frequently mentioned by local residents, including those in favour of re-zoning, has been Granville Island which has the objectives: “a retail mix that focuses on unique, high quality and locally based product offerings,” and “arts, crafts and cottage industries where the public may view and purchase products produced on the premises.” Granville Island has artist studios, art galleries, gift shops, small food shops and small restaurants. The Imperial Landing buildings are ideally suited to these additional uses, but many such activities can only afford industrial lease rates.
2. A prime waterfront location is no place for a large grocery store. There will now be at least two elsewhere in Steveston where there is also enough commercially zoned land available for a third.
3. Rental accommodation in central Steveston has been restricted to upper levels of buildings to allow for services at ground level. Short term motel style rental accommodation at ground level is inappropriate at this location and competes with local homeowners who are legally renting short term accommodation to help with mortgage payments. A second hotel to compete with the existing Steveston Hotel should be located elsewhere in Steveston where commercially zoned land is available.
4. The allowed uses which bring in the highest lease rates are the ones which will eventually dominate the Imperial Landing buildings. If one wants artist studios in a building at low lease rates then that must be the only allowed additional use. If one wants small shops then a maximum square footage must be set for each type of use.
5. Around 18 months ago, Onni submitted its anticipated lease rates for each building based on use:

Building 1	General Retail	\$28.00	6,868 sq.ft.
Building 2			
Ground Level	Grocery	\$29.50	15,921 sq.ft.
Building 3	Restaurant	\$33.00	1,789 sq.ft.
Building 4	Financial Services	\$38.50	5,952 sq.ft.
Building 5	Indoor Recreation	\$25.00	13,803 sq.ft.
Building 6	Offices and Minor Health	\$15.00 (industrial rate)	9,391 sq.ft.

Whatever Onni may say about the initial use in each building, if financial services are permitted in Buildings 1 and 4 then that is what will eventually be there. Buildings 2 and 3 will eventually have restaurants with perhaps some grocery and general retail.

6. Councillors should consider stating verbally some of the uses that they would consider for Imperial Landing in return for an appropriate amenity contribution. Simply turning down each Onni proposal without comment allows Onni to continue telling local residents that Councillors are opposed to anything other than maritime use.

Community Amenity Contribution

1. As the staff report points out, "The most similar comparable is where there is an increase in density, the City looks to receive as close to 100% of the land lift value before development." The City should insist on 100% here and reject Onni's 50% offer which Onni calculates to be \$2,375,000. In the form letter of support which Onni distributed to visitors at its last Open House, Onni stated that it had offered \$3 million.
2. The land lift value calculations done by the consultants hired by Onni and the City were based on the anticipated lease rates for each building. The lease rate for each building should be the highest rate for the allowed uses in the building, not the rate for the use that Onni says it intends to initially install in the building. A purchaser of the property would base the value on what it could do, not what Onni happens to be doing. The lease rates should be re-calculated once the additional uses have been determined.
3. There is no reason to take the Onni consultant's low-ball lease rate estimates into account when Onni itself submitted much higher anticipated lease rates 18 months ago.
4. Onni has stated that there would be no land lift value for buildings 5 and 6 if only hotel use is added. This would also be true if only artist studio use is added in those buildings.
5. The City should either hire another consultant or supply the existing consultant with additional information since the consultant has not used the highest lease rate for allowed uses, nor taken account of the lease rates that Onni itself stated it expected to achieve 18 months ago:

	Highest Lease Rate Use	Previous Onni Submission	City Consultant	Onni Consultant
Building 1	Financial Services	\$38.50	\$33.00	\$32.00
Building 2 Ground Level	Restaurant	\$33.00	\$24.00	\$22.00
Building 3	Restaurant	\$33.00	\$33.00	\$32.00
Building 4	Financial Services	\$38.50	\$30.00	\$28.00

Alternative Proposal

Although there is no chance that Onni would agree, there is a simple way to arrive at a fair land lift value for the property based on the principle that it is worth what a buyer is willing to pay. Let Onni pick any new value for the property with the additional allowed uses. The City then has the choice of buying the property at that value or using that value in the land lift calculation for the required community amenity contribution. The City then gets either a fair amenity contribution or a nice profit on re-selling the property.

Steveston
Retail vs MMU Rent Summary
"APPENDIX A"

LEASE DATA:	AMOUNT	PSF
Square Feet (Input)	59,488	
Rental Steps		
Base Rate	\$11.27	
Step 1	\$6,705,005	
Step 2	\$0	
Step 3	\$0	
Step 4	\$0	
Average Annual Rate PSF (calc.)	\$11.27	
Number of months in lease (calc.)	120	
Monthly Payment (calc.)	\$55,882.54	
Annual Discount Rate (Input)	7.00%	
Monthly Rate comp. semi-annually (calc.)	0.57500%	
PRESENT VALUE OF LEASE PAYMENTS	\$4,862,179	\$8.17
Per Year	\$670,581	\$55.883
		10 years

LANDLORD COSTS (Input)	AMOUNT
Free Rent	\$222,383
Tenant Improvement Allowance	\$1,521,320
Landlords Work	\$89,280
Commission	\$600,131
Fixturing	\$168,058
Lease Up	\$29,955
Vacancy	\$335,295
TOTAL LANDLORDS COSTS	(\$2,866,423)
DISCOUNTED LEASE VALUE	\$1,995,756
	\$3.35

	Ground Floor	Second Floor	Total	Anticipated Lease Rate	Anticipated Industrial Lease Rate	Difference	Annual Rent	Lease Up (Days)	Lease Up (Value)	Fixturing (Days)	Fixturing (Value)	Free Rent	TI Allowance	LL Work	Commission
Building 1	6,888			\$28.00	\$15	\$13.00	\$192,304	90	\$22,015	120	\$29,354	\$-	\$17,100	\$-	\$61
Building 2	15,921			\$28.50	\$15	\$14.50	\$469,670	0	\$-	135	\$85,385	\$-	\$388,025	\$-	\$150,284
Building 3	1,789	5,764		\$22.00	\$15	\$7.00	\$125,609	0	\$-	0	\$-	\$21,134.67	\$-	\$-	\$40,579
Building 4	5,952			\$33.00	\$15	\$18.00	\$99,037	90	\$7,840	60	\$7,940	\$9,840	\$44,725	\$-	\$18,892
Building 5	13,803			\$36.50	\$15	\$23.50	\$229,152	0	\$-	0	\$-	\$76,384	\$10,000	\$89,280	\$73,329
Building 6	9,391			\$26.00	\$15	\$11.00	\$345,075	0	\$-	120	\$45,380	\$115,025	\$345,075	\$-	\$110,424
Building Total	53,724	5,764	59,488	\$16.00	\$15	\$1.00	\$1,400,865	180	\$29,955	90	\$168,058	\$222,383	\$1,521,320	\$89,280	\$600,131
Industrial Lease Rate	\$15.00 /sf			\$26.27			\$1,562,811								
Difference in Retail Vs. Industrial	\$														
	\$														