Information Distributed to Mayor and Council by Councillor Carol Day

TO: MAYOR & EACH COUNCILLOR FROM: CITY CLERK'S OFFICE

MayorandCouncillors

Schedule 2 to the Minutes of the Regular meeting of Richmond City Council held on Monday, May 14, 2018.

From:	Hopkins,John
Sent:	Friday, 1 December 2017 11:15
To:	MayorandCouncillors
Subject:	FW: Letter from Cambie
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Categories:	- TO: MAYOR & EACH COUNCILLOR / FROM: CITY CLERK'S OFFICE

November 30, 2017

Mayor Malcolm Brodie and Council

City of Richmond,

Richmond, BC

Dear Mayor and Council,

Re: House Sizes on Farmland

As you are aware, East Richmond has a very strong farming base and heritage. At our last meeting held on November 28, 2017, the Board of Directors of East Richmond Community Association (ERCA) raised the topic of fairly big houses being built on very productive farmland in Richmond. ERCA Board is very concerned about this development. After a thorough discussion on this subject, the following resolution was passed unanimously:

East Richmond Community Association (ERCA) is very concerned about the large houses being built on Richmond's productive farmland. ERCA would like to urge Mayor Malcolm Brodie and the City Council to set the house size limits being built or proposed to be built on farmland to a maximum size of 5,381 square feet consistent with the ALR regulations/ guidelines.

Will you please take this into consideration when making a decision in this regard?

Thank you.

Sincerely,

Balwant Sanghera

President

Copy to Councillor Chak Au

CITY OF RICHMOND DATE DEC 05 2017 RECEIVED CITY CLERK'S

MLA calls for provincial action on ALR home sizes

Alyse Kotyk / Richmond News

MAY 10, 2018 09:19 AM

Minister of Agriculture Lana Popham during question period.

Earlier this week, an MLA from Vancouver Island called upon the provincial government to put an end to mega-homes on the agricultural land reserve.

Sonia Furstenau, MLA for Cowichan Valley, asked during Tuesday's question period for the government to take at least one measure to halt construction.

"Our agricultural land has been left unprotected from the forces of speculation and foreign capital. Monster homes are being built on prime farmland and farm prices are soaring well beyond the reach of our local farmers," Furstenau said.

"There are a number of tools this government could use immediately to put a stop to that speculation on ALR land and protect the future for young farmers in B.C."

Furstenau listed several of these potential tools including restricting foreign ownership of ALR land, applying for a speculation tax and foreign buyer tax for the ALR and creating "legally binding house-size limits to stop mega-mansions being built on prime farmland."

Here in Richmond, council is expected to make a decision next week on home size restrictions on the ALR, after a general purposes committee voted to not only keep the maximum farmhouse size at the current 10,764 sq. ft., but also to allow an additional house to be built on the land without rezoning, at the general committee meeting.

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Letter: Support food security for all in Richmond

Richmond News

MAY 12, 2017 10:42 AM

Anita Georgy, executive director of Richmond Food Security Society

Dear Editor,

Richmond Food Security Society is working to inspire a robust Richmond food system through education, advocacy, and community building initiatives.

As such we support strong regulations to limit the size of homes and the farm home plate on Richmond's ALR, and ensure farmland is used to produce food.

The City of Richmond recently endorsed the Richmond Food Charter, which was created through years of public engagement with hundreds of Richmond residents and community organizations. The Charter says that as a community we will use policy and regulations to strengthen the city's food security, work with all members of our community to ensure a food secure future, and preserve and strengthen land resources that support food production.

The bylaw amendments currently under consideration go against our city's commitment to food security. It will allow homes to be built on agricultural land that are more than twice as large as Ministry of Agriculture guidelines for Agricultural Land Reserve (ALR) land. This will weaken Richmond's agricultural land base, contribute to increasing land costs, and set a precedent for neighboring communities to allow more residential development on agricultural lands.

For anyone concerned about this issue, please attend the public hearing on May 15 at 7 p.m. and make your concerns heard

Anita Georgy

Richmond Food Security Society

Metro Vancouver recommends B.C. limit house sizes on agricultural land

JENNIFER SALTMAN

More from Jennifer Saltman

Published on: April 6, 2018 | Last Updated: April 6, 2018 5:15 PM PDT

. MARK VAN MANEN / PNG

Metro Vancouver has recommended that the province restrict house sizes and residential footprints on agricultural land, in an effort to protect the region's dwindling supply of farm land.

The regional district has drafted a list of guiding principles and priority actions that, pending board of directors approval, will be sent to an advisory committee that is looking at how to revitalize the Agricultural Land Reserve (ALR) and Agricultural Land Commission (ALC). The committee is receiving feedback until April 30.
"I'm quite happy with the report because they've really put the onus where it belongs — on the province," said Harold Steves, a Richmond city councillor who is a director on the board and one of the founders of the ALR.

Limiting house sizes and residential footprints on farm land has been an ongoing concern in the Lower Mainland — particularly in Richmond, where last month council spent hours debating whether to further restrict house sizes.

Steves said leaving each municipality to put restrictions on the size of homes and footprints leads to complicated debate and inconsistent policies.

"I think it's the first problem the province should be dealing with," Steves said. "If a firm ALR rule is put in it will save us a lot of grief at the local government level."

The Metro recommendation, that has been made twice before, is to enact provincial regulations that put restrictions on the "home plate," which is the portion of a lot that includes the principal and any other residences, along with residential facilities. The restrictions would address house size, residential footprint location and size "to discourage the use of agricultural land for residential and commercial purposes."

Metro's report also suggests reforming the farm property tax policy to adjust the method for valuing agricultural land that is not used for farming, so that non-farm residential and commercial activities on ALR are paying similar taxes to those in urban areas.

"That loophole has to be fixed as well," Steves said.

The Metro submission says that the system currently "provides a financial incentive to locate a non-farm residential or business activity in the ALR."

Other recommendations include developing a two-tier farm classification benefits system that confers two different levels of tax benefits based on gross farm income, developing better legislation to deal with commercial uses on agricultural land, and maintaining ecological services on agricultural land using covenants.

The recommendations will go before Metro's board on April 27.

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On B.C.'s farmland, mega-mansions and speculators reap the rewards of lucrative tax breaks

Investors and speculators are taking prime agricultural land out of production – and sometimes erecting palatial mega-mansions on the landscape – as the B.C. government's outdated tax system allows them to exploit incentives intended only for those who farm. Kathy Tomlinsonreports

KATHY TOMLINSON
RICHMOND, B.C.
PUBLISHED NOVEMBER 18, 2016UPDATED NOVEMBER 12, 2017

Photography by Ben Nelms for The Globe and Mail

Bob Fisher shakes his head as he looks over at the palatial new building next door to his beekeeping operation. It was supposed to be a single-family farmhouse – approved as such by city hall – built on some of Canada's best farmland, in this suburb south of Vancouver.

Instead, it's a 23,000-square-foot mega-mansion – with Roman columns, a grand marble entrance and luxurious guest suites. It sits empty, on what used to be a blueberry farm, partially hidden by a hedge, waiting to receive guests.

"They took out an acre and a half from the original [9.9-acre] farm in order to accommodate that building," Mr. Fisher says.

"The government says we have to preserve farmland – and we are not preserving anything," he adds. "People are skirting around it, getting through the loopholes. I don't know how they are doing it – but they are."

Dozens of huge new mansions – some sitting empty – are changing the landscape of prime farmland in suburban Vancouver. Some are among the 122 agricultural properties in the area that changed hands for more than $2-million – apiece – between August, 2015, and last July.

These farms sold for a total of $449-million, while the province pegs their taxable value at just over one-tenth of that: $52-million. That is because, under provincial law, the value of farmland is judged by how good the soil is, not what an investor will pay for it.

As part of its ongoing investigation into the real-estate market in B.C's Lower Mainland, The Globe and Mail has conducted a detailed analysis of those properties – their sales, tax, mortgage and ownership records. The results show that speculators and investors, not farmers, were behind at least 73 – almost 60 per cent – of the purchases.

The investigation also shows that those buyers enjoy huge tax breaks that are intended to support farming but, in effect, encourage speculation instead.

British Columbia law stipulates that agricultural properties with more than two acres can keep their farm status – and all their tax breaks – as long as they sell just $2,500 worth of farm products a year. That can include Christmas trees or hay to the neighbours. A recent report shows that a quarter of farms in suburban Vancouver meet only those minimum requirements.

The day The Globe visited Mr. Fisher, no one was around next door, except a heavy-equipment operator ripping out blueberry bushes. The property is owned by Wenli Shan and Liqiu Leng, an investor couple from China, who paid $3.4-million for it six years ago. No one responded when The Globe attempted to reach them.

Mr. Fisher says he has been inside the opulent building and talked to the contractors. He describes it as essentially a private luxury hotel where, he was told, the businessman owner will send special guests.

"He can say to his clients all around the world, 'You want to come to Vancouver? Here is a place to stay.'"

ASTONISHING TAX ADVANTAGES

Prices for suburban farm properties have soared in tandem with Vancouver's residential real-estate market, but without the public outcry. The Globe analysis shows that foreign and local buyers paid an average of $3.7-million for each of the 122 parcels. They are property managers, realtors, developers and wealthy business people, including a tech entrepreneur and the owner of a car dealership.

Several are holding the land and leasing it out – for piecemeal farming – while, in some cases, applying to have it rezoned or taken out of B.C.'s Agricultural Land Reserve (ALR), where it is protected from development. Others are building luxury mansions, then either not farming or keeping it to a minimum.

Metro Vancouver now estimates fully half of its agricultural land – ostensibly protected as such – is not being farmed at all. Half of that has rich, high-yield soil cherished by those who work the land. Even though B.C.'s Lower Mainland is heavily populated, the mild climate, quality soil and abundant precipitation make it one of the best places to farm in Canada.

The 122 properties have historically been used for fruit, vegetable, grain and livestock farming. Most of the land is in the ALR, where land use is severely restricted and taxes kept deliberately low.

As a result, the tax advantages the new investors enjoy are astonishing. The Globe discovered significant discrepancies between market prices for properties and the assessments set by a provincial agency that determines how much tax owners pay.

Taxing just these 122 properties at full residential rates, based on their sales prices, would put roughly another $2-million in municipal coffers each year. Effectively, wealthy investors and speculators are receiving millions in tax breaks not meant for them.

Builders consulted by The Globe estimate that the facility next to Mr. Fisher's bee farm likely cost as much as $8-million to construct – which, added to the $3.4-million purchase price, would make the property worth an estimated $12-million. But the land's assessed value – excluding the mansion – is just $44,000. This year, the new building increased the tax bill to $11,000, but a property worth the same amount in an urban neighbourhood would pay five times that.

Back in July, a B.C. numbered company linked to a Hong Kong firm registered in the Cayman Islands snapped up a piece of vacant farmland in suburban Maple Ridge for $6-million – 33 times what the government pegs its value at. Five years ago, the same land sold for just $15,200.

The company has Tony Cai, son of a politically connected billionaire from China, as its director, and this year will pay about $5,300 in property tax, which includes a standard 50-per-cent break on school levies. By contrast, the tax bill for a residential property in the same municipality with the same market value would be roughly $77,000.

The Globe found dozens of similar examples. In another startling case, a local company, Rosemary Developments, paid $16.7-million for 10 acres of farmland east of Richmond in Surrey. Its tax bill this year: $400. If the tax were on its full market value, the levy would be 196 times that. The property has been bought and sold several times in recent years. Previous investors include a foreign student.

In addition, agricultural land around Vancouver has just become even more attractive to overseas investors. That's because the province's new 15-per-cent real-estate tax on foreign buyers applies only to the selling price of the farmhouse; the land is tax-free. B.C. is also the only Western province that, like Ontario, doesn't restrict the amount of farmland foreign investors can buy. By contrast, Saskatchewan limits such purchases to 10 acres.

Guo Tai Shi is the type of investor who stands to benefit. He has built two mega-mansions on seven acres of farmland he owns in Richmond. One is 22,000 square feet and has five luxury suites. The other is half that size and still under construction. It will feature eight bathrooms, and at the rear, the rich soil is being removed to make room for a swimming pool.

Mr. Shi spends much of his time in China, but also owns companies in B.C., including Wonderful Hotel and Resort Management and Wonderful International Travel. Between 2009 and 2014, he spent $17.5-million on real estate in the province, including two downtown penthouses, coastal land on West Vancouver's pricey Abode Island and Fox Island on the Sunshine Coast, as well as the two farmland parcels. The value of Mr. Shi's 13 properties, which have no mortgages, shot up by millions more during Vancouver's recent market frenzy.

Wendy Liang, who runs his travel agency, says that Mr. Shi's 22,000-square-foot Richmond mansion has five large suites, with "massage Jacuzzis"; three of the suites, she says, are currently rented out. Next summer, Ms. Liang plans to market the luxury accommodations to visitors from China, who will be invited to pick blueberries from the bushes that remain.

"It will be a boutique hotel. It will provide accommodations in luxury for the guests – agriculture tourism," she says. "People from China will like the authentic community experience. They want more about Canadian culture. It could be a special place for them to stay."

One of investor Guo Tai Shi's two mansions in Richmond. Wendy Liang, who runs Mr. Shi's travel agency, says she plans to market the luxury accommodations next summer to visitors from China.

Vancouver's recent market frenzy has boosted value of Mr. Shi's 13 properties, which have no mortgages.

The smaller of Mr. Shi's mansions is still under construction. He has invested millions to attract luxury agricultural tourism for visitors from China.

COMPLAINTS BUT NO FINES

This is happening despite the fact that land-use bylaws don't allow hotels on agricultural land. Mr. Shi's facility was recently inspected by bylaw officers, who suspected the suites were being rented out, which is illegal. When they arrived – after giving their standard, 24-hour notice – they found no tenants, so the owner faced no penalty.

Richmond councillor Carol Day says the city has received complaints about illegal suites at several addresses, but has yet to issue any fines because owners have promised to comply with the bylaw. Ms. Day says the new single-family farmhouses – large as they are – were approved solely as residences for owners and their families.

"There is no licence for having a hotel on farmland. It's not allowed. Period," she insists. "You have to be on land that is zoned for it. So you are never going to get a licence for a hotel on farmland. Not going to happen."

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Mr. Shi's last tax bill for the property where he's building the eight-bathroom mansion was just $4,867. That land has no crops whatsoever. Under provincial law, owners of unfarmed land located in municipalities are supposed to pay taxes based on market values. Even these tax bills remain low, however, because the province considers land in protected agricultural areas of low value.

"The system is broken," Ms. Day says. "It is not reflective of the market and, because of that, it is biased and unfair. You get [unpicked] blueberry bushes that are 12 feet tall. Cranberry fields that are not being maintained. This is good soil; it should be farmed."

By the numbers: Farmland sales in Metro Vancouver

Total for all open-market sales*

2005-06: $81,233,526

2015-16: $185,472,225

Average sale price

2005-06: $369,243

2015-16: $936,728

Lowest assessed property value

2015-16: $34

Sale price: $313,800

Highest assessed property value

2015-16: $1,864,384

Sale price: $3,680,000

***Excludes the roughly one-third of all transactions that are made for negligible amounts ($1 or less), often between family members.*

Source: Landcor Data Corporation

Even on farms considered active, homes are supposed to be assessed on the basis of market value if they're in a municipality. However, the 23,000-square-foot mansion next door to Mr. Fisher is officially valued at just $2.9-million, less than half of what it cost to build. Mr. Shi's blueberry farm "hotel" is also assessed at under $3-million – far below its value.

The agency that does property assessments has indicated to The Globe that those taxes will likely be higher next year, now that construction is finished.

"The regulatory process seems very lazy," says Tsur Somerville, a real-estate analyst at UBC's Sauder School of Business who has studied the issue. "Everybody gets mad when rich people aren't paying their fair share. If we are screaming about money for education, this is money for education, left on the table."

Emily Liu and her husband, a home builder, invested $3.38-million in a five-acre blueberry farm last year. The couple also has a multimillion-dollar Vancouver property whose taxes are $8,071. Ms. Liu says they plan to build on the farmland – and the $1,073 tax bill was a key attraction.

Mr. Bullock also supports tax reform, but says he'd rather see the province throw cold water on speculative investment altogether, by simply banning development on farmable land, unless it's required for public use.

"It needs serious updating," he says. "Somebody in government has got to stand up and say, 'When you buy farmland, that is what you are buying.'"

Kathy Tomlinson is a member of The Globe and Mail's investigative team, and prepared this report with files from freelance writer Xiao Xu.

Follow Kathy Tomlinson on Twitter: @KathyTGlobe

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