



City of Richmond

Report to Committee

To: Planning Committee **Date:** July 9, 2018
From: Kim Somerville **File:** 07-3070-01/2018-Vol
Manager, Community Social Development 01
Re: **Modifications to the Oval 8 Holdings Ltd. River Green No Development Covenants registered under numbers CA5349572-3 (Lot 13) and under numbers CA5349574-5 (Lot 17) relating to the provision of a Child Care Facility relating to 6655, 6688, 6811, 6877 and 6899 Pearson Way**

Staff Recommendation

1. That modifications to the Oval 8 Holdings Ltd. River Green No Development Covenants registered under numbers CA5349572-3 (Lot 13) and under numbers CA5349574-5 (Lot 17) relating to the provision of a Child Care Facility relating to 6655, 6688, 6811, 6877 and 6899 Pearson Way as outlined in the staff report dated July 9, 2018, from the Manager, Community Social Development, be approved; and
2. That the Mayor and Corporate Officer be authorized on behalf of the City to execute the modification agreement(s) and amend any other applicable documents to reflect the intention of Recommendation 1.

Kim Somerville
Manager, Community Social Development
(604-247-4671)

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Law	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Project Development	<input checked="" type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

On May 1, 2018, Oval 8 Holdings Ltd. (Oval 8) requested in writing that the City agree to modify the Oval 8 Holdings Ltd. (Oval 8) No Development Covenants securing the provision of a child care facility for the River Green development. Through the rezoning process for the River Green development, legal agreements were registered on the Title of the Oval 8 lands under numbers CA5349572-3 (Lot 13) and under numbers CA5349574-5 (Lot 17). The requested modifications to the legal agreements relate to disconnecting the Development and Building Permit for Lot 17, 6811 Pearson Way, from the permits requirements for the child care amenity to be provided on Lot 13, 6899 Pearson Way. The current No Development Covenants require the developer to construct a turnkey child care facility on Lot 13 and transfer the facility and the land to the City prior to occupancy of any residential units on Lot 17. The process contemplated two design options for the building: an Alternative Requirements Design (e.g., Passive House certification or such other acceptable design to Senior Management that achieved greater energy efficiency than LEED Silver Equivalent and District Energy Utility Design) or a LEED Silver Equivalent and District Energy Utility (DEU) Design. Certain construction and occupancy milestones associated with the child care amenity were linked to occupancy restrictions for the residential development to be constructed on Lot 17. Oval 8 is not requesting any changes to the occupancy restrictions on the Lot 17 development.

This report supports Council's 2014-2018 Term Goal #2 A Vibrant, Active and Connected City:

Continue the development and implementation of an excellent and accessible system of programs, services, and public spaces that reflect Richmond's demographics, rich heritage, diverse needs, and unique opportunities, and that facilitate active, caring, and connected communities.

The report also supports the Social Development Strategy Actions:

10. Support the establishment of high quality, safe child care services in Richmond through such means as:
 - 10.3 Securing City-owned child care facilities from private developers through the rezoning process for lease at nominal rates to non-profit providers; and
 - 10.4 Encouraging the establishment of child care facilities near schools, parks and community centres.
11. Implement policies identified in the 2041 Official Community Plan to promote the establishment and maintenance of a comprehensive child care system.

This report also supports the Strategic Direction #2: "Creating and Supporting Spaces" as set out in the 2017-2022 Richmond Child Care Needs Assessment and Strategy.

Analysis

The Covenants and Oval Holdings 8 Ltd.'s Requested Modifications

In October 2011, Council adopted a rezoning (RZ 09-460962) for the River Green development in the City Centre's Oval Village. This development included a community amenity contribution of a 464.5 m² (5,000 sq. ft.) child care facility with related outdoor areas. The amenity was to

provide up to 37 licensed child care spaces for the care of children from birth to school age(e.g., 12 spaces of Group Care Under 36 Months and 25 spaces of Group Care 30 Months to School Age). The child care facility was originally to be included in the third phase of development and co-located within a high-rise, mixed use building.

On July 19, 2016, Council adopted a zoning text amendment to the “High Rise Apartment and Olympic Oval (ZMU4) – Oval Village City Centre” zone to adjust the subdivision boundaries within a portion of the area zoned ZMU4 (ZT 15-695231). The changes included creating a fee simple lot (Lot 13) that will be transferred to the City once the turnkey child care facility is completed by the applicant. It was contemplated that the child care facility would be designed and included in a future development permit application for the Lot 17 residential development.

The obligation to design, construct and transfer ownership of the child care amenity was secured by the No Development Covenant registered under number CA5349572-3. Schedule “H” of this agreement outlines the requirements for a turnkey child care facility. The Agreement also discussed two design options: an Alternative Requirements Design (e.g., Passive House) or a LEED Silver Equivalent and District Energy Utility (DEU) Design.

Since the No Development Covenants were settled between the City and Oval 8, the Vancouver Airport Authority (VAA) has made or is in the process of making an application to Transport Canada for new Airport Zoning Regulations (AZR) in the vicinity of the River Green development. Oval 8 is concerned that the new AZR will pose severe impacts on development potential of their Lot 17 development. As expressed in their May 1, 2018 letter, the applicant proposes to secure a Development Permit and a Building Permit for Lot 17 in accordance with the current AZR in order to be grandfathered if the new AZR is enacted (Attachment 1). Accordingly, Oval 8 proposes to have the Development Permit and Building Permit for Lot 17 issued in advance of the permits for Lot 13. Therefore, they wish to modify the No Development Covenants registered under numbers CA5349572-3 and CA5349574-5 to disconnect the child care permit issuances for Lot 13 from those for the residential development of Lot 17. However, Oval 8 has agreed to retain the provisions in the existing agreements that would require them to complete construction of the child care facility and transfer the land on which the child care facility will be located to the City prior to any occupancy of the residential units on Lot 17. A map showing the location of the two lots is included for reference (Attachment 2).

The applicant remains obligated to provide the City with a turnkey child care facility with associated outdoor play areas. To ensure delivery of the child care building and outdoor space to the satisfaction of the City, Oval 8 has agreed to tie delivery of the child care facility to occupancy of the Lot 17 residential units. The developer anticipates that the Lot 17 residential development will be completed by 2023 but has agreed that completion of the child care facility will be required prior to issuance of a final inspection card providing occupancy for the Lot 17 development. They have also agreed to substantially complete the child care amenity by March 2022, a date which may be adjusted by mutual agreement between the City and Oval 8. As additional security, the developer will be providing \$4.75 million in the form of a Letter of Credit. These funds can be used to complete the building should the developer not perform in meeting the deadline for completing the child care facility.

Having further explored the idea of an Alternative Requirements Design (e.g., Passive House Certification), staff recommend that the child care facility be designed to meet LEED Silver Equivalent and be connected to the Oval Village District Energy Utility for district energy services as per Bylaw No. 9134 for low carbon heating and cooling services. This will necessitate amending the Covenant to remove requirements for a “costing analysis process” and a “modeling report” which were initially being sought to assist with a comparative analysis of the two building design types (e.g. Alternative Requirements Design or a LEED Silver Equivalent and DEU Design) before the City instructed Oval 8 to advance with one of the two designs.

Financial Impact

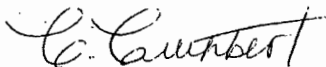
There is no financial impact related to making modifications to the No Development Covenants for the River Green development’s child care amenity.

Conclusion

Staff recommend that the proposed modifications to the No Development Covenants for the Oval 8 Holdings Ltd. River Green development be approved to accommodate the developer’s request to delink Lot 17’s residential Development Permit and Building Permit from Lot 13’s child care facility Development Permit and Building Permit.

The developer is fully committed to achieving substantial completion of a turnkey child care facility by March 2022 or another date that is mutually agreeable to both parties, accepting occupancy holds on the Lot 17 residential units, and providing substantial security in the form of a letter of credit amounting to \$4.75 million.

The creation of this future child care facility fulfils a number of key priorities outlined in the 2017-2022 Richmond Child Care Needs Assessment and Strategy. It involves collaboration and partnership with the development sector in creating new child care spaces and it addresses a City-wide need for more infant and toddler spaces.



Coralys Cuthbert
Child Care Coordinator
(604-204-8621)

Att. 1: Letter from Oval Holdings 8 Ltd.

Att. 2: River Green Development Lot 13 & 17 Site Map

Oval 8 Holdings Ltd.

May 1, 2018

City of Richmond
6911 No. 3 Road
Richmond, BC
V6Y 2C1 Canada

ATIN: Wayne Craig, Director Development

RE: River Green- Oval 8 Holdings Ltd. (Oval 8) Request to Delink Lot 17's Development Permit (DP) and Building Permit (BP) from Lot 13's DP & BP

As you are aware, YVR has recently made an application to Transport Canada for a new South Parallel Runway. This new runway poses severe impacts to our Lot 17 development in terms of building height and placement of density as it relates to YVR's new aeronautical zoning requirements. To ensure our Lot 17 development rights are secured and grandfathered under the YVR current aeronautical zoning, a BP must be issued by the City of Richmond prior to YVR obtaining Transport Canada approvals.

In order to obtain our permit approvals in a timely manner, we are requesting the City to allow Lot 17's DP and BP issuance to be granted in advance of Lot 13's DP / BP by way of amending the existing legal agreements registered on title. The completion of the Childcare Facility on Lot 13 will continue to be required prior to Lot 17's Occupancy Permit.

Some of the legal agreements that will require amendments include:

- Lot 13 No Development Covenants CA5349572- Amend Schedule H
- Lot 17 No Development Covenant CA5349574- Amend Schedule H

OvalS is fully committed to providing a turnkey Childcare Facility and working with City staff to deliver a great amenity for the Oval Village area. To provide the City with the security that the Childcare Facility will be delivered, OvalS proposes to provide a Letter of Credit. The Letter of Credit would be provided to the City prior to

Lot 17's DP issuance and held in place until such time that the Childcare Facility is completed. Details of the Letter of Credit and amount to be further discussed with the City.

We appreciate the City's review of our above request and assistance in expediting our project to ensure River Green Village continues to align with the vision laid out in the City Centre Area Plan and Zoning. We look forward to advancing the design of Lot 13's Childcare Facility with Community Services Department later this year. Please do not hesitate to contact me if you have any questions or concerns.

Yours Truly,
Oval 8 Holdings Ltd.

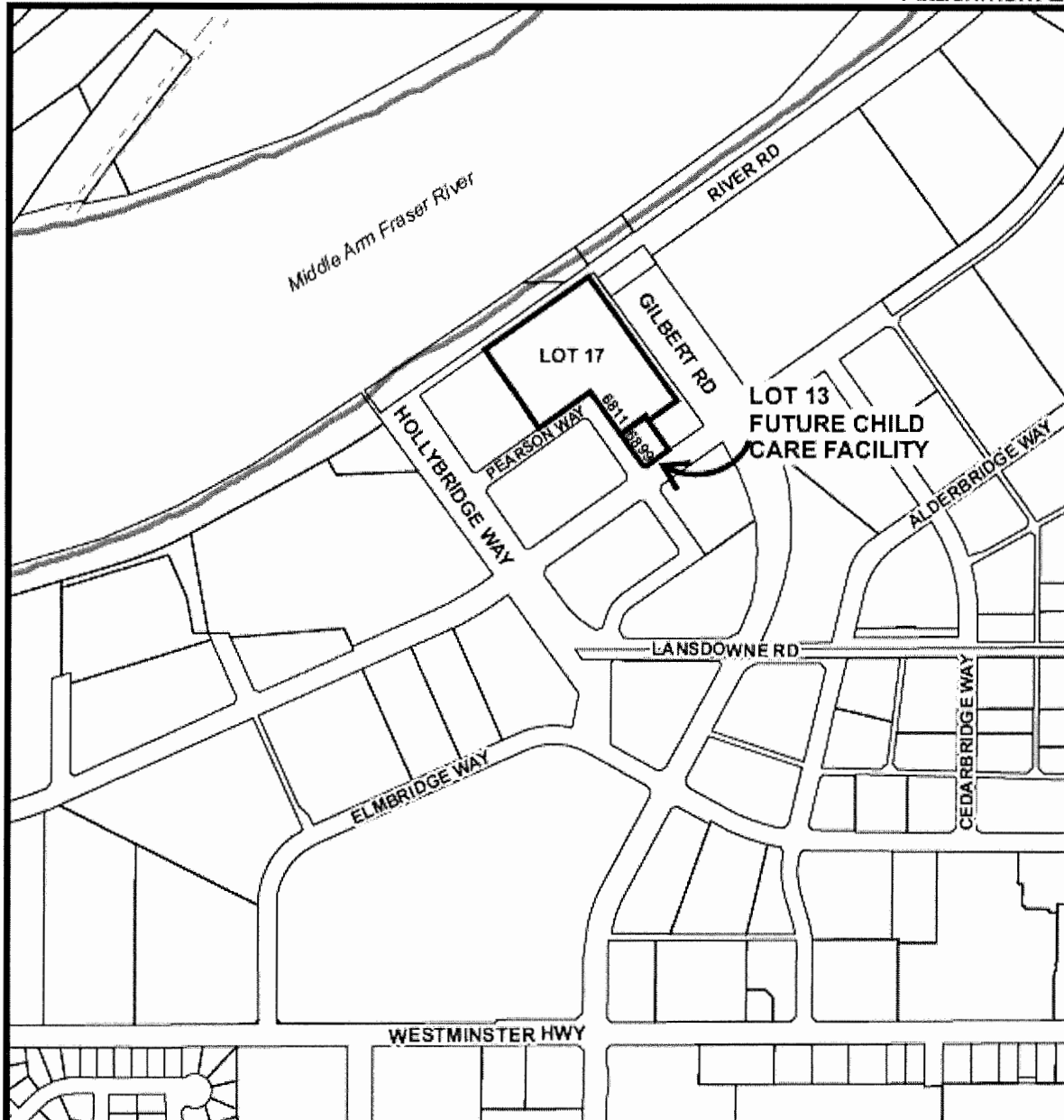

Jeff Skinner
Vice President, Development and Projects

OVAL 8 HOLDINGS LTD.
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City of
Richmond

Attachment 2



River Green Development
Lot 13 & 17 Site Map

Original Date: 06/28/18

Revision Date:

Note: Dimensions are in METRES