City of Richmond

Agenda

City Council

Council Chambers, City Hall
6911 No. 3 Road

Monday, July 8, 2013
7:00 p.m.

Pg. # ITEM

MINUTES

1. ***Motion to adopt:***

the minutes of the Regular Council Meeting held on Monday, June 24, 2013 (distributed previously)***; and***

CNCL-8 ***to receive for information the Metro Vancouver 'Board in Brief' dated Friday, June 14, 2013.***

AGENDA ADDITIONS & DELETIONS

PRESENTATION

Derek Francis, Director, Lower Mainland, BC Seniors Games Society, to present a commemorative banner to the City of Richmond in celebration of the Society's 25th Annual Seniors Games in 2012.

COMMITTEE OF THE WHOLE

2. ***Motion to resolve into Committee of the Whole to hear delegations on agenda items.***

3. Delegations from the floor on Agenda items.

   (PLEASE NOTE THAT FOR LEGAL REASONS, DELEGATIONS ARE NOT PERMITTED ON ZONING OR OCP AMENDMENT BYLAWS WHICH ARE TO BE ADOPTED; OR ON DEVELOPMENT PERMITS/DEVELOPMENT VARIANCE PERMITS - ITEM NO. 12.)

4. ***Motion to rise and report.***

RATIFICATION OF COMMITTEE ACTION

CONSENT AGENDA

(PLEASE NOTE THAT ITEMS APPEARING ON THE CONSENT AGENDA WHICH PRESENT A CONFLICT OF INTEREST FOR COUNCIL MEMBERS MUST BE REMOVED FROM THE CONSENT AGENDA AND CONSIDERED SEPARATELY.)

CONSENT AGENDA HIGHLIGHTS

- Receipt of Committee minutes
- Long Term Financial Management Policy
- Distribution from the Municipal Finance Authority of BC
- Creation of a Statutory Reserve Fund for Arts, Culture & Heritage Capital Purposes
- Housing Agreement Bylaw No. 9039

5. ***Motion to adopt Items 6 through 10 by general consent.***

Pg. # ITEM

Consent Agenda Item

6. COMMITTEE MINUTES

That the minutes of:

CNCL-17 ***(1) the Finance Committee meeting held on Tuesday, July 2, 2013;***

CNCL-20
CNCL-23 ***(2) the Special General Purposes Committee meeting held on Monday, June 24, 2013, and the General Purposes Committee meeting held on Tuesday, July 2, 2013, and***

CNCL-26 ***(3) the Planning Committee meeting held on Wednesday, July 3, 2013;***

be received for information.

Consent Agenda Item

7. LONG TERM FINANCIAL MANAGEMENT POLICY

(File Ref. No.) (REDMS No. 3821380 v.4)

CNCL-30 See Page **CNCL-30** for full report

FINANCE COMMITTEE RECOMMENDATION

That Item 10 of the Long Term Financial Management Strategy (Council Policy 3707) be amended, as follows:

> ***"Utilize a 'pay as you go' approach rather than borrowing for financing infrastructure replacement unless unique circumstances exist that support borrowing."***

Consent Agenda Item

8. DISTRIBUTION FROM THE MUNICIPAL FINANCE AUTHORITY OF BC

(File Ref. No.) (REDMS No. 3890409 v.5)

CNCL-35 See Page **CNCL-35** for full report

FINANCE COMMITTEE RECOMMENDATION

That Council approve transferring the $1.9M surplus distribution received from the Municipal Finance Authority of BC to the following accounts:

(1) $1.8M be returned to the Roads DCC program and subsequently transferred to the City's Surplus Account to repay outstanding internal borrowings;

(2) $0.1M to the Sanitary Sewer Reserve.

Pg. # ITEM

Consent Agenda Item

9. **CREATION OF A STATUTORY RESERVE FUND FOR ARTS, CULTURE AND HERITAGE CAPITAL PURPOSES**
(File Ref. No. 12-8060-20-9032; 11-7000-00) (REDMS No. 3826496)

CNCL-38 See Page **CNCL-38** for full report

FINANCE COMMITTEE RECOMMENDATION

(1) ***That Arts, Culture and Heritage Capital Reserve Fund Establishment Bylaw No. 9032 be introduced and given first, second and third readings; and***

(2) ***That following adoption of Bylaw No. 9032, $ 4,297,779 together with accrued interest, being the net proceeds realized from the land transactions in conjunction with the Oris Development (Kawaki) at 6160 London Road and 13100, 13120, 13140, 13160 and 13200 No. 2 Road, be deposited to the Arts, Culture and Heritage Capital Reserve Fund.***

Consent Agenda Item

10. **HOUSING AGREEMENT BYLAW NO. 9039 TO PERMIT THE CITY OF RICHMOND TO SECURE AFFORDABLE HOUSING UNITS LOCATED AT 5640 HOLLYBRIDGE WAY (CRESSEY (GILBERT) DEVELOPMENT HOLDINGS LTD.)**
(File Ref. No. 12-8060-20-9039; RZ 12-602449) (REDMS No. 3872810)

CNCL-43 See Page **CNCL-43** for full report

PLANNING COMMITTEE RECOMMENDATION

That Bylaw No. 9039 be introduced and given first, second, and third readings to permit the City, once Bylaw No. 9039 has been adopted, to enter into a Housing Agreement substantially in the form attached hereto, in accordance with the requirements of s. 905 of the Local Government Act, to secure the Affordable Housing Units required by the Rezoning Application 12-602449.

****

CONSIDERATION OF MATTERS REMOVED FROM THE CONSENT AGENDA

****

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NON-CONSENT AGENDA ITEMS

11. **WEST CAMBIE – ALEXANDRA NEIGHBOURHOOD BUSINESS / OFFICE AREA REVIEW**
(File Ref. No.) (REDMS No. 3897598)

CNCL-76 See Page **CNCL-76** for full report

PLANNING COMMITTEE RECOMMENDATION (Cllr. McNulty opposed)

That, as per the report from the General Manager, Planning and Development, dated June 24, 2013, titled: West Cambie - Alexandra Neighbourhood Business / Office Area Review, there be no change to the West Cambie Area Plan.

☐

PUBLIC ANNOUNCEMENTS AND EVENTS

NEW BUSINESS

BYLAWS FOR ADOPTION

CNCL-176 Inter-municipal Business Licence Agreement **Bylaw No. 9033**
Opposed at $1^{st}/2^{nd}/3^{rd}$ Readings – None.

☐

Pg. #	ITEM
CNCL-184	Inter-municipal Business Licence **Bylaw No. 9040** Opposed at 1st/2nd/3rd Readings – None.
CNCL-188	Richmond Official Community Plan Bylaw 7100, Amendment **Bylaw No. 8820** (9220 No. 3 Road, RZ 10-531707) Opposed at 1st Reading – None. Opposed at 2nd/3rd Readings – None.
CNCL-189	Richmond Zoning Bylaw No. 8500, Amendment **Bylaw No. 8821** (9220 No. 3 Road, RZ 10-531707) Opposed at 1st Reading – None. Opposed at 2nd/3rd Readings – None.
CNCL-192	Richmond Zoning Bylaw No. 8500, Amendment **Bylaw No. 8804** (7691, 7711 and 7731 Bridge Street, RZ 11-563568) Opposed at 1st Reading – None. Opposed at 2nd/3rd Readings – None.
CNCL-194	Richmond Zoning Bylaw No. 8500, Amendment **Bylaw No. 8998** (16360 River Road, RZ 10-523713) Opposed at 1st Reading – Cllr. Harold Steves. Opposed at 2nd/3rd Readings – None.
CNCL-198	Richmond Zoning Bylaw No. 8500, Amendment **Bylaw No. 9001** (3531 Bayview, RZ 12-615239) Opposed at 1st Reading – None. Opposed at 2nd/3rd Readings – None.

DEVELOPMENT PERMIT PANEL

12. RECOMMENDATION

See DPP Plan Package (distributed separately) for full hardcopy plans

CNCL-203
CNCL-206

(1) That the Chair's reports for the Development Permit Panel meetings held on September 26, 2012, and May 29, 2013, be received for information; and

(2) That the recommendations of the Panel to authorize the issuance of:

(a) a Development Permit (DP 12-597695) for the property at 7691, 7711 and 7731 Bridge Street; and

(b) a Development Permit (DP 12–623994) and Heritage Alteration Permit (HA 12-624406) for the property at 3531 Bayview Street;

be endorsed, and the Permits so issued.

ADJOURNMENT

metrovancouver
4330 Kingsway, Burnaby, BC, Canada V5H 4G8 604-432-6200 www.metrovancouver.org

BOARD IN BRIEF

For Metro Vancouver meetings on Friday, June 14, 2013

Please note these are not the official minutes. Board in Brief is an informal summary. Material relating to any of the following items is available on request from Metro Vancouver.

For more information, please contact:
Bill Morrell, 604-451-6107, Bill.Morrell@metrovancouver.org or
Glenn Bohn, 604-451-6697, Glenn.Bohn@metrovancouver.org

Greater Vancouver Regional District - Parks

License Agreement for Fish Habitat Construction within Surrey Bend Regional Park — **APPROVED**

Staff sought authorization to enter into a license agreement with Transportation Investment Corporation (TI Corp) for construction and monitoring of fish habitat channels in Surrey Bend Regional Park.

TI Corp is a provincial crown corporation established to deliver and operate the Port Mann-Highway 1 Project.

Metro Vancouver, City of Surrey and TI Corp staff developed a design for fish channels which will be integrated with planned park improvements like trails, park access and a picnic area. The fish habitat compensation project will remove barriers to fish, widen existing tidal channels and create new channels. The $2 million project will be entirely paid for by TI Corp, to compensate for highway construction impacts elsewhere.

The Board authorized staff to enter into the license agreement with TI Corp.

Greater Vancouver Regional District

Delegations - Air Quality Impacts of New and Expanded Coal Shipment Activity in Metro Vancouver — **RECEIVED**

Following is a list of persons who spoke to the Board:

Robin Sylvester, Port Metro Vancouver
Eoin Madden, Wilderness Committee
Laura Benson, Dogwood Initiative
Kimberley Wong and Sam Harrison, Kids for Climate Action
Tim Takaro, Faculty of Health Sciences, Simon Fraser University
Jeff Scott, Fraser Surrey Docks
Chuck Puchmayr, Councillor, City of New Westminster

Andrew Murray, New Westminster Environmental Partners
Greg Vurdela, BC Maritime Employers Association
Alan Fryer, Coal Alliance
Bob Campbell, Surrey resident
Chris Verbeek International Longshore & Warehouse Union, Local 502
Karla Dawn Graf, Triton Environmental Consultants
Terry Finn, BNSF Railway
Lynne Quarmby, Department of Molecular Biology and Biochemistry, Simon Fraser University
Mark Gordienko, International Longshore & Warehouse Union Canada
Kevin Washbrook, Voters Taking Action on Climate Change
Kathryn Harrison, Department of Political Science, University of B.C.
Ron Sander, Neptune Terminals
Tom Watson, Fraser Surrey Docks consultant
Deborah Jones, Cougar Creek Streamkeepers
Erik Seiz, Crescent Beach Property Owners Association
Donald Gordon
Alejandro Frid, Bowen Island resident
Bob Wilds and Brad Eshleman, BC Wharf Operators' Association
Paul Magnus, Richmond resident
William Winder, Vancouver resident
Rabbi David Mivasair
Brad Hornick
Chris Koscher, air quality consultant, Fraser Surrey Docks
Judy Williams, Fraser River Coalition
David Crook, Westshore Terminals
Peter Nix
Capt. Phillip J. Nelson, Council of Marine Carriers
Kate Gordanier Smith, Burnaby resident
Barbara Taylor
Mary Taitt, Boundary Bay Conservation Committee
Grant Rice
Eliza Olson, Burns Bog Conservation Society
James Crosty. Quayside Community Board
Anita Huberman, Surrey Board of Trade
Scott Lunny, United Steelworkers District 3

Air Quality Impacts of New and Expanded Coal Shipment Activity in Metro Vancouver **APPROVED**

Staff has obtained additional information from Port Metro Vancouver about the potential air quality impacts from new or expanded coal shipment activity at Neptune Terminals and Fraser Surrey Docks.

According to these assessments, changes to these facilities will result in comparatively small impacts in the overall airshed, and with the implementation of other actions by Metro Vancouver and Port Metro Vancouver, and international regulations regarding marine vessels, it is projected that there will be a net improvement for some pollutants. However, localized impacts due to particulate emissions which arise during coal transport, storage and handling are a concern, as well as exhaust emissions from additional rail and marine vessel activity.

Metro Vancouver has the authority to control air emissions from the Neptune Terminals and Fraser Surrey Docks facilities. Input from Port Metro Vancouver, the two regional health authorities, municipalities and the public will be considered in the adjudication of permit and permit amendment applications.

1) That the Board write to Port Metro Vancouver to:
a. request detailed information on their review processes for permit applications for expanded and new coal handling infrastructure at Neptune Terminals and Fraser Surrey Docks respectively, and request a formalized procedure in the referral of project review processes between Port Metro Vancouver and Metro Vancouver;
b. advise of its support for the inclusion of health impact assessment in the review of expanded and new coal handling infrastructure, as suggested by the Vancouver Coastal Health and Fraser Health authorities; and
c. express opposition to coal shipments from the Fraser River Estuary, other than the existing Roberts Bank coal port.
2) That the Board request Port Metro Vancouver, Transport Canada and Environment Canada require the necessary mitigation measures and monitoring to address emission sources that are not within the jurisdiction of Metro Vancouver.

Greater Vancouver Water District

Point Roberts Water Supply Agreement **APPROVED**

Point Roberts is a United States community, south of Delta, that is cut off from the rest of continental U.S. by the Canada-U.S. border. Its full-time residential population is 1,300 but increases to over 4,500 during the summer months. The Point Roberts Water District No. 4 (PRWD) currently provides water service to about 2,050 connections, including over 1,800 residential connections.

In a letter received March 20, 2013, the PRWD requested that the Water District amend the water pricing terms of the 1987 PRWD Water Supply Agreement to reflect a per-volume-used pricing method.

There is no provision in the agreement that enables an amendment to the pricing structure for water supply. Staff recommended maintaining the existing rate structure in the water supply agreement.

The GVWD Board advised the PRWD Board of Commissioners that in accordance with Article 5.(1) of the 1987 Water Supply Agreement between Point Roberts Water District No. 4 and the Greater Vancouver Water District, the rate structure for water supply to the PRWD shall be maintained based on the GVWD rate charged to its members multiplied by 3,182.2 M3D whether or not the PRWD utilizes the full amount of 3,182.2 M3D.

GVWD Water Rates for Members and Non-Members Policy **APPROVED**

The Water District provides water on a wholesale basis to its members, who pay the same water rate (dollars per cubic metre) for the volume of water they consume. Upon joining the GVWD, members pay upfront servicing fees associated with expanding capacity to meet the demand of the new member.

Due to unique circumstances and areas transitioning to becoming members, the GVWD also provides relatively small volumes of water to a limited number of non-members. Non-members, without an agreement, have not paid up-front costs to connect to the GVWD and do not have the liabilities, obligations, or commitments of members.

Since 1930, the GVWD's policy has been to charge all non-members, without a water supply agreement, a surcharge on the GVWD member rate. In 1949, the GVWD established a surcharge of 20% to non-members. This surcharge represented the additional financial risks that are borne by GVWD members with respect to legal liabilities, obligations, upfront costs of membership and member commitments.

At the April, June and November 2012 meetings of the Electoral Area Committee, questions were raised about the rationale for applying a 20% surcharge on water rates to GVWD non-members including the University Endowment Lands (UEL).

The Board endorsed a policy, entitled GVWD Water Rates for Members and Non-Members Policy, which maintains the current 20% surcharge for the supply of water to GVWD non-members who do not have a separate water supply agreement.

Drinking Water Quality with Sockeye Salmon Introduction in Coquitlam Reservoir **APPROVED**

In 2005, BC Hydro established the Kwikwetlem Salmon Restoration Program to investigate the feasibility of reintroducing sockeye salmon into the Coquitlam Reservoir. In response to this initiative, in 2007, the GVWD Board approved retention of an expert panel, consisting of water quality and public health engineers, to assess the ecological and public health risks associated with the re-introduction of sockeye salmon into the Coquitlam Reservoir

Metro Vancouver's expert panel has concluded that 15,000 +/- 5000 returning adult sockeye salmon introduced to the Coquitlam Reservoir would not alter Coquitlam Reservoir's drinking water quality.

The Board received a October, 2012 expert panel and directed staff to:
a) Distribute the report to the appropriate federal and provincial agencies; and
b) Continue working with Kwikwetlem First Nation and BC Hydro on the potential for reintroducing sockeye salmon into the Coquitlam Reservoir in a manner consistent with protection of the drinking water supply.

4330 Kingsway, Burnaby, BC, Canada V5H 4G8 604-432-6200 www.metrovancouver.org

Greater Vancouver Sewerage and Drainage District

Lions Gate Secondary Wastewater Treatment Plant – Quarterly Report **RECEIVED**

In accordance with the Integrated Liquid Waste and Resource Management Plan approved by the B.C. Minister of Environment in 2011, the Lions Gate primary treatment plant is being upgraded to secondary treatment by 2020. The Board authorized funds in the 2011 budget to proceed with initial work, including the Project Definition Phase.

The technical work for the Lions Gate Secondary Wastewater Treatment Plant (LGSWWTP) project has now progressed to the business casing analysis, comparing the options and concepts that were captured in the three project-build scenarios presented in April. This work will be reviewed by the Utilities Committee in the second of three planned workshops currently being scheduled for June.

A staff report provides an update on the engagement and consultation activities recently completed and in progress for the Project Definition Phase of the LGSWWTP project.

Meetings and workshops will continue through 2013 with the Lions Gate Public Advisory Committee, Community Resource Forum and members of the local community and area businesses. The program is being carried out in collaboration with the North Shore municipalities, providing residents, First Nations and those with a specific interest in the project with continued opportunities for input.

The Board received the report for information.

2012 Quality Control Annual Report for GVS&DD **RECEIVED**

The report concludes that Metro Vancouver's wastewater treatment plants are providing ongoing benefits through the reduction of contaminants in the effluent, and are operating with no adverse affects on the environment.

The Board received the report for information.

Waste Flow Management Update **RECEIVED**

A few companies are currently delivering some residential and institutional, commercial, and light industrial (ICI) waste to disposal facilities other than regional facilities (Metro Vancouver and City of Vancouver transfer stations and disposal facilities).

If action is not taken, and some commercial haulers continue to bypass regional facilities, it is likely that the region will not be able to achieve the waste diversion targets in the Board and B.C. Environment Ministry approved Integrated Solid Waste and Resource Management Plan. Control over tipping fees, disposal bans and material prohibitions are critical tools to reduce waste and ensure recyclable materials are diverted from disposal.

Metro Vancouver has engaged extensively with industry and other stakeholders in the development of waste flow management options to create a level playing field for participants, to ensure a cost effective and equitable solid waste management system, to support waste diversion commitments and to promote private sector innovation and economic opportunities.

Development of new waste-to-energy capacity will be subject to its own engagement and consultation program with stakeholders and the public, including the Fraser Valley Regional District.

The Board received the report for information.

Review of Mixed Waste Material Recovery Facilities **APPROVED**

Staff from Metro Vancouver and the City of Vancouver visited Mixed Waste Material Recovery Facilities (MWMRFs) in California in late April 2013 to examine their governance, operation, and performance.

A key finding was that these facilities cost a lot and don't recover very many recyclables. Facilitating the development of private sector MWMRFs in Metro Vancouver would be inconsistent with the Integrated Solid Waste and Resource Management Plan and would disadvantage local recyclers that depend on source-separated materials.

The Board received the report for information and directed staff to:

- provide an analysis of the viability of mixed waste material recovery facilities as part of the system while ensuring source separation of municipal solid waste;
- provide an overview of waste diversion plans relating to the multi-family sector and ICI sector; and
- comment on the financial impacts of possible approaches.

Waste-To-Energy Facility Environmental Monitoring and Reporting, 2012 Update **RECEIVED**

Since Metro Vancouver's existing Waste to Energy Facility (WTEF) operations began in 1988, the regional district has worked to reduce emissions through assessment and improvement of operations, plant infrastructure, and environmental controls. In addition to satisfying regulatory requirements, environmental monitoring provides the regional district with valuable data to assess both existing plant operations and potential capital improvements.

A staff report provides an overview of emissions and testing results for the Burnaby WTEF, along with historic environmental monitoring information. The WTEF continues to operate in compliance with all regulations and with a focus on continued environmental and operational improvement.

The Board received the report for information.

New WTE Capacity Project – RFQ1 for Technology Only – Shortlisted Technology Vendors **RECEIVED**

A report provides an update on the new Waste to Energy (WTE) capacity development process and a shortlist vendors qualified to participate in subsequent phases of the process.

With the release of the first round of Request for Qualifications (RFQ1) in November 2012 project staff initiated a multi-stage process to develop new WTE capacity. At the direction of the Board, a staff engaged a Third Party Expert Panel and a Fairness Advisor to prevent bias with respect to technology and to guarantee the overall objectivity and comprehensiveness of the procurement process.

Metro Vancouver received twenty-two responses to RFQ1. To be shortlisted for participation in subsequent stages of procurement, responses had to meet five minimum requirements and score at least 60 points of out 100 points on a number of technical and sustainability criteria. The 10 shortlisted respondents are: AECOM, Aquilini, Covanta Gasification, Covanta Mass Burn, Energy Answers, Lehigh, Mustang JFE, Plenary Option 1, Termomeccanica, and Wheelabrator.

The 10 shortlisted respondents have proposed a variety of technologies, including mass burn, gasification, anaerobic digestion and refuse-derived fuel for combustion in a cement kiln. The respondents will be notified by letter that they are shortlisted to participate in subsequent stages of procurement, including instructions for participating in the Potential Site Identification process and rules of engagement for communication with government employees and elected officials.

The Board received the report for information.

Correspondence pertaining to Waste Flow Management **RECEIVED**

Twelve letters and one report about Waste Flow Management were provided by:

1. C. Victor Hall, Per ecoTECH Waste Management Systems Group of Companies, Chief Executive Officer
2. Gordon Harris, President and CEO, SFU Community Trust, UniverCity
3. John D. Wiebe, President and CEO, Globe Foundation
4. Greg D'Avignon, President and Chief Executive Officer, Business Council of BC
5. Eugene Hodgson,VP, Western Canada, Corpfinance International Ltd.
6. Patricia Heintzman, Squamish-Lillooet Regional District Board Chair'
7. Steve Bryan, Chair, Metro Vancouver Committee, (WMABC) Waste Management Association of British Columbia
8. Philip Hochstein, President, (ICBA) Independent Contractors and Businesses Association of British Columbia
9. Robert Weatherbe (Director) and Louise Schwarz (Director), Recycling Alternative
10. Nicole Stefenelli, CEO, Urban Impact Recycling on behalf of Recycle FirstCoalition
11. Urban Impact
12. Emterra Environmental

13. WMABC – Waste Management Association of BC report
The Board received the report for information.

BC Seniors GAMES SOCIETY

11-7400-20-SGAM1-

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

		INT
	DW	
✓	MJ	
	DB	

May 5, 2013

PHOTOCOPIED

MAY 9 2013

& DISTRIBUTED

Mayor and Council
City of Richmond
6911 No. 3 Road
Richmond, BC V6Y 2C1

Dear Mayor and Council:

The BC Seniors Games Society held its 25th Annual Seniors Games in 2012.

As part of the celebration of this occasion the Society has prepared a commemorative banner for each of the British Columbia cities that have hosted the Seniors Games since their inception in 1988.

The City of Richmond hosted the Seniors Games in 2009.

I request an opportunity to present the Richmond banner to Mayor and Council at a time convenient to them.

It is the hope of the BC Seniors Games Society that the banner be displayed in a prominent location within a civic facility.

Sincerely,

Derek Francis

Director, Zone 4 (Lower Mainland)

c/o 8473 Quayside Court

Vancouver, BC V5P 4W1

Tel: 604.322.5454

CITY OF RICHMOND
DATE
MAY 08 2013
RECEIVED
CITY CLERK'S OFFICE

[COMPANY ADDRESS] Organizing the Seniors Games

SUPPORTED BY THE PROVINCE OF BRITISH COLUMBIA, MINISTER RESPONSIBLE FOR SPORTS

City of Richmond

Minutes

Finance Committee

Date: Tuesday, July 2, 2013

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Linda Barnes
Councillor Derek Dang
Councillor Evelina Halsey-Brandt
Councillor Ken Johnston
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:28 p.m.

MINUTES

It was moved and seconded
That the minutes of the meeting of the Finance Committee held on Monday, June 3, 2013, be adopted as circulated.

CARRIED

FINANCE AND CORPORATE SERVICES DEPARTMENT

1. **LONG TERM FINANCIAL MANAGEMENT STRATEGY UPDATE 2013**
(File Ref. No.) (REDMS No. 3895523 v.3)

Andrew Nazareth, General Manager, Finance and Corporate Services, was available to answer questions.

A discussion took place about using a municipal cost index rather than the Consumer Price Index (CPI) to measure performance. Mr. Nazareth advised that currently there is no independent third party that has established a recognized municipal price index. He further noted that organizations such as the Federation of Canadian Municipalities (FCM) and the Union of British Columbia Municipalities (UBCM) have been requested to lobby Statistics Canada to establish a municipal price index.

A brief discussion also ensued about the future uses of excess funds from gaming revenue, and it was noted that Council will have the opportunity to determine the appropriate uses for such funds during the budget process.

It was moved and seconded
That the staff report titled Long Term Financial Management Strategy Update 2013 dated June 19, 2013 from the Director, Finance, be received for information.

CARRIED

2. **LONG TERM FINANCIAL MANAGEMENT POLICY**
(File Ref. No.) (REDMS No. 3821380 v.4)

It was moved and seconded
That Item 10 of the Long Term Financial Management Strategy (Council Policy 3707) be amended, as follows:

> ***"Utilize a 'pay as you go' approach rather than borrowing for financing infrastructure replacement unless unique circumstances exist that support borrowing."***

CARRIED

3. **DISTRIBUTION FROM THE MUNICIPAL FINANCE AUTHORITY OF BC**
(File Ref. No.) (REDMS No. 3890409 v.5)

That Council approve transferring the $1.9M surplus distribution received from the Municipal Finance Authority of BC to the following accounts:

(1) $1.8M be returned to the Roads DCC program and subsequently transferred to the City's Surplus Account to repay outstanding internal borrowings;

(2) $0.1M to the Sanitary Sewer Reserve.

CARRIED

4. **CREATION OF A STATUTORY RESERVE FUND FOR ARTS, CULTURE AND HERITAGE CAPITAL PURPOSES**
(File Ref. No. 12-8060-20-9032; 11-7000-00) (REDMS No. 3826496)

It was moved and seconded

(1) That Arts, Culture and Heritage Capital Reserve Fund Establishment Bylaw No. 9032 be introduced and given first, second and third readings; and

(2) That following adoption of Bylaw No. 9032, $ 4,297,779 together with accrued interest, being the net proceeds realized from the land transactions in conjunction with the Oris Development (Kawaki) at 6160 London Road and 13100, 13120, 13140, 13160 and 13200 No. 2 Road, be deposited to the Arts, Culture and Heritage Capital Reserve Fund.

The question on the motion was not called, as staff advised that at this time, there are no identified heritage restoration projects that would be funded directly by this statutory reserve fund.

The question on the motion was then called, and it was **CARRIED**.

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (4:37 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance Committee of the Council of the City of Richmond held on Tuesday, July 2, 2013.

Mayor Malcolm D. Brodie
Chair

Shanan Sarbjit Dhaliwal
Executive Assistant
City Clerk's Office

City of Richmond

Minutes

Special General Purposes Committee

Date:	Monday, June 24, 2013
Place:	Anderson Room Richmond City Hall
Present:	Mayor Malcolm D. Brodie, Chair Councillor Chak Au Councillor Linda Barnes Councillor Derek Dang Councillor Evelina Halsey-Brandt Councillor Ken Johnston Councillor Linda McPhail Councillor Harold Steves
Absent:	Councillor Bill McNulty
Call to Order:	The Chair called the meeting to order at 4:02 p.m.

MAYOR MALCOLM BRODIE

1. **FORMALIZING COUNCIL POLICY ON THE SCHEDULING OF ELECTED OFFICIALS' PERSONAL LEAVE TIME**
(File Ref. No.: 05-1700-00/Vol 01) (REDMS No. 3891900)

It was moved and seconded
That Council Policy 6205, as per Attachment 1 to the Report prepared by Mayor Brodie, under the title of, "Formalizing Council Policy on the Scheduling of Elected Officials' Personal Leave Time", dated June 20, 2013 be adopted.

CARRIED

FINANCE AND CORPORATE SERVICES DEPARTMENT

2. **INTERMUNICIPAL BUSINESS LICENCE TRIAL PROGRAM**
(File Ref. No. 12-8275-10) (REDMS No. 3853672 v.3)

It was moved and seconded

(1) That Inter-municipal Business Licence Agreement Bylaw No. 9033 be introduced and given first, second and third readings; and

(2) That Inter-municipal Business Licence Bylaw No. 9040 be introduced and given first, second and third readings.

The question on the motion was not called as a brief discussion ensued about the current revenue sharing model and the future evolution of the program with regard to the possibility of joining similar programs in other areas.

The question on the motion was then called, and it was **CARRIED**.

3. **CONTRACT 4609 EOI – CONSTRUCTION MANAGER FOR THE CITY OF RICHMOND**
(File Ref. No.:) (REDMS No. 3894818)

It was moved and seconded

(1) That Stuart Olson Dominion be awarded the contract to provide Construction Management contract services (Contract 4609 EOI – Construction Manager for the City of Richmond), for selected facility construction capital projects to be delivered over a five-year term, with options for 2 (two) additional 1 (one) year extensions; and

(2) That staff be authorized to take all necessary steps to complete the matter including authorizing the Chief Administrative Officer and the General Manager, Finance and Corporate Services to negotiate and execute all documentation to complete the transaction described in the staff report dated June 20, 2013.

The question on the motion was not called as a brief discussion ensued about how utilizing a construction manager would result in cost and time savings.

The question on the motion was then called, and it was **CARRIED**.

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (4:10 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the General Purposes Committee of the Council of the City of Richmond held on Monday, June 24, 2013.

Mayor Malcolm D. Brodie
Chair

Shanan Sarbjit Dhaliwal
Executive Assistant
City Clerk's Office

City of
Richmond

Minutes

General Purposes Committee

Date: Tuesday, July 2, 2013

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Linda Barnes
Councillor Derek Dang
Councillor Evelina Halsey-Brandt
Councillor Ken Johnston
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 4:00 p.m.

MINUTES

It was moved and seconded
That the minutes of the meeting of the General Purposes Committee held on Monday, June 17, 2013 and the minutes of the special meeting of the General Purposes Committee held on Monday, June 24, 2013, be adopted as circulated.

CARRIED

LAW & COMMUNITY SAFETY DEPARTMENT

1. **SISTER CITY ADVISORY COMMITTEE – THREE YEAR (2014 - 2016) ACTIVITY PLAN**
(File Ref. No.) (REDMS No. 3880385)

Amarjeet Rattan, Director, Intergovernmental Relations and Protocol Unit, was available to answer questions.

A discussion took place about various aspects of the proposed three year activity plan, and in particular on:

- the Committee's need for further details related to the proposed activities with Pierrefonds prior to approving the Activity Plan;
- the rationale for proposing an Official City Delegation visit to Qingdao to commemorate the eighth Anniversary of the Friendship City relationship rather than a key anniversary;
- the desire to increase and place emphasis on community related and school exchange activities between the various sister cities;
- writing a letter to the Mayor of Pierrefonds seeking further information about Pierrefonds' expectations and desires in proceeding with the sister city relationship.

It was moved and seconded
That the Sister City Advisory Committee Three Year Activity Plan (2014-2016) be referred back to staff for clarification and further information on:

(1) ***the timing of any exchanges to Xiamen and Quindao;***

(2) ***the details and objectives related to the proposed initiatives;***

(3) ***our aspirations for the City of Richmond's attendance at the Mayor's forum at the China International Fair for Investment & Trade (CIFIT);***

(4) ***Pierrefonds' vision with regard to the future of the Sister City relationship; and***

(5) ***opportunities for educational and cultural exchanges with China as opposed to business and economic development activities;***

The question on the motion was not called as discussion took place about how activities related to exploring and establishing any new sister city prospects would only take place upon Council's initiation and desire to expand the program further.

The question on the motion was then called and it was **CARRIED**.

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (4:27 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the General Purposes Committee of the Council of the City of Richmond held on Tuesday, July 2, 2013.

Mayor Malcolm D. Brodie
Chair

Shanan Sarbjit Dhaliwal
Executive Assistant
City Clerk's Office

City of
Richmond

Minutes

Planning Committee

Date:	Wednesday, July 3, 2013
Place:	Anderson Room Richmond City Hall
Present:	Councillor Bill McNulty, Chair Councillor Chak Au Councillor Linda Barnes Councillor Harold Steves
Absent:	Councillor Evelina Halsey-Brandt
Also Present:	Councillor Linda McPhail
Call to Order:	The Chair called the meeting to order at 4:00 p.m.

MINUTES

It was moved and seconded
That the minutes of the meeting of the Planning Committee held on Tuesday, June 18, 2013, be adopted as circulated.

CARRIED

NEXT COMMITTEE MEETING DATE

Tuesday, July 16, 2013, (tentative date) at 4:00 p.m. in the Anderson Room

PLANNING & DEVELOPMENT DEPARTMENT

1. **HOUSING AGREEMENT BYLAW NO. 9039 TO PERMIT THE CITY OF RICHMOND TO SECURE AFFORDABLE HOUSING UNITS LOCATED AT 5640 HOLLYBRIDGE WAY (CRESSEY (GILBERT) DEVELOPMENT HOLDINGS LTD.)**
(File Ref. No. 12-8060-20-9039; RZ 12-602449) (REDMS No. 3872810)

In response to a query John Foster, Manager, Community Social Development, and Mark McMullen, Senior Coordinator-Major Projects, advised that the potential additional rent of up to $187.00 per month in the Housing Agreement was included in the staff report on the rezoning received at the January 22, 2013 Planning Committee meeting. The additional rent was a special development circumstance and specific to this development.

It was moved and seconded
That Bylaw No. 9039 be introduced and given first, second, and third readings to permit the City, once Bylaw No. 9039 has been adopted, to enter into a Housing Agreement substantially in the form attached hereto, in accordance with the requirements of s. 905 of the Local Government Act, to secure the Affordable Housing Units required by the Rezoning Application 12-602449.

CARRIED

2. **WEST CAMBIE – ALEXANDRA NEIGHBOURHOOD BUSINESS / OFFICE AREA REVIEW**
(File Ref. No.) (REDMS No. 3897598)

Terry Crowe, Manager, Policy Planning, provided a brief overview of the West Cambie – Alexandra Neighbourhood Business/Office Area Review, noting that the Area Plan designation should be retained in order to (i) meet the City's long term employment land and job needs, (ii) maintain the City's working relationship with YVR, (iii) avoid setting a precedent, and (iv) enhance the City's ability to relocate existing Richmond businesses currently being displaced from the Brighouse and Oval area of the City Centre.

In reply to queries Mr. Crowe advised that two major studies were undertaken that assisted in projecting future land requirements (i) the 2041 Employment Lands Strategy, and (ii) the 2041 OCP Population, Housing and Employment Projections Study. The businesses being displaced from the Oval area could be relocated within the City Centre or other areas (e.g. Duck Island, Casino, Aberdeen, and West Cambie), and staff continue to work with TransLink to improve services to these areas.

Blaire Chisholm, Brook Pooni Associates Inc. and David Bell, Colliers International, provided a brief overview of the Westmark Development Group proposal highlighting the following:

- the proposal does not include stand alone residential, but high quality mixed use residential with first floor commercial (retail/office) uses along Garden City Road;
- there are approximately 100 live/work units proposed;
- the Developer's intent was to be creative in their approach and desired to reflect current employment and business trends;
- the business analysis includes a range of employment with an upper limit of 1,000 jobs being created meeting the employment objectives of the OCP Area Plan; and
- the development proposal is for a market viable work/live/play area promoting a high quality retail village.

Discussion ensued and staff were requested to provide statistics with respect to the skewed office space vacancy rate data.

It was moved and seconded
That, as per the report from the General Manager, Planning and Development, dated June 24, 2013, titled: West Cambie - Alexandra Neighbourhood Business / Office Area Review, there be no change to the West Cambie Area Plan.

The question on the motion was not called as discussion ensued regarding the Business/Office designation. After discussion the question on the motion was then called and it was **CARRIED**, with Councillor McNulty opposed.

3. MANAGER'S REPORT

(a) Planning and Development Department Updates

Mr. Craig provided an update on the Lingyen Mountain Temple open house for the potential rezoning. Staff have not received a formal report but understand that approximately 200 people attended and 215-230 comment forms were completed. No application has been filed with the City.

Mr. Craig advised that ONNI will be conducting public consultation meetings on July 11th and July 13th at the Bayview Street site with respect to their rezoning application. Staff was directed to provide a memo to Council, prior to the public consultation meetings, detailing the rezoning information provided in the application.

(b) Hamilton Area Plan Public Open House

Mr. Crowe provided an update on the results of the Hamilton Area Plan public open house with approximately 175 residents attending. Generally there were no negative comments with respect to the area plan; however, concerns were raised with respect to safety along Westminster Highway.

A Richmond resident, 23171 Westminster Highway, expressed concern that residents had not received advance notice of the lands to be converted to park. Staff was requested to take the matter under advisement.

(c) Port Metro Vancouver

Joe Erceg, General Manager, Planning and Development, stated that a report would be coming to the Committee on July 16, 2013 with regard to Port Metro Vancouver's land use planning process and the City's request for a commitment to protect agricultural lands from Port Metro related uses. The issue has yet to be addressed in the Port Metro's planning process.

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (4:53 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Planning Committee of the Council of the City of Richmond held on Wednesday, July 3, 2013.

Councillor Bill McNulty
Chair

Heather Howey
Committee Clerk

City of Richmond

Report to Committee

TO FIN-JULY 2 2013

To:	Finance Committee	**Date:**	June 18, 2013
From:	Jerry Chong, CA Director, Finance	**File:**	
Re:	**Long Term Financial Management Policy**		

Staff Recommendation

That item 10 of the Long Term Financial Management Strategy (Council Policy 3707) be amended, as follows:

"Utilize a "pay as you go" approach rather than borrowing for financing infrastructure replacement unless unique circumstances exist that support borrowing."

Jerry Chong
Director of Finance
(4064)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
REVIEWED BY DIRECTORS	INITIALS: DW
REVIEWED BY CAO (DEPUTY)	INITIALS:

3821380

Staff Report

Origin

The purpose of this report is to recommend amendments to Council Policy 3707 Long Term Financial Management Strategy (LTFMS) in order to ensure that the policy is consistent with the following Council Term Goal.

Council Term Goal No. 5- Financial Management

5.1 -Develop a strategic plan that considers borrowing to take advantage of the current low interest rates and results in significant long-term financial benefits for the City.

Analysis

The original LTFMS policy was adopted by Council in 2003 and changes are recommended in order to keep up to date with changes in the economy and business climate. The City last entered into external borrowing arrangements for capital expenditures with Municipal Finance Authority of BC (MFA) in 1999 for the acquisition of Terra Nova. Since then, the City has been paying down its outstanding long-term debt. Under the current debt repayment schedule the City will fully repay and extinguish all of its outstanding MFA long-term debt in 2014. The City is currently in solid financial condition; however there may be instances where required capital projects cannot be funded internally through reserves. Therefore borrowing externally allows the City to finance these required capital projects.

With interest rates being maintained at historical low rates, the City has additional options if it chooses to proceed with various capital projects that extend beyond the capacity of the current reserves.

MFA is the borrowing vehicle for all municipalities and regional districts in the province and provides financing for municipal capital projects. The joint and several pledge supporting MFA's debt issuance requires all member governments to satisfy the obligations of a deficient borrower and ultimately requires the borrower to repay the authority for the deficiency. If any municipality cannot meet its payments, MFA will draw on these unencumbered reserves.

Members have the option to borrow for periods ranging from of 5 to 30 years and any terms that exceed the 10 year period will need to have their lending rate reset starting in year 11. Therefore annual payments and interest rates can only be assured for 10 years.

The City could continue to fund capital projects by utilizing its reserves, however given the City's strong financial position, the low interest rates that exist and the desire to maintain liquidity to provide flexibility in funding future capital projects, staff recommend that item 10 of the LTFMS policy be amended.

5.1 – Utilize a "pay as you go" approach rather than borrowing for financing infrastructure replacement unless unique circumstances exist that support borrowing.

Financial Impact

None.

Conclusion

The City of Richmond is currently in a very good financial position. However, in order to ensure that the LTFMS aligns with Council's Term Goals (2011-2014) and to fulfill a number of major capital requirements, staff recommend that Council Policy 3707, Long Term Financial Management Strategy be amended to allow staff to bring forward external debt financing options if there are immediate needs and the right circumstances exist.

Jerry Chong, CA
Director, Finance
(604-276-4064)

City of Richmond **Policy Manual**

Page 1 of 2	Adopted by Council: September 22nd, 2003	**Policy 3707**
File Ref: 0970-03-01	**Long Term Financial Management Strategy**	

Policy 3707:

It is Council Policy that:

1. **Tax Revenue**

   Tax increases will be at Vancouver's CPI rate (to maintain current programs and maintain existing infrastructure at the same level of service) plus 1.0 % towards infrastructure replacement needs.

2. **Gaming Revenue**

   Gaming revenues will go directly to the capital reserves, the grants program and a community legacy project reserve.

3. **Alternative Revenues & Economic Development**

   Any increases in alternative revenues and economic development beyond all the financial strategy targets can be utilized for increased levels of service or to reduce the tax rate.

4. **Changes to Senior Government Service Delivery**

   Any additional costs imposed on the City as a result of mandatory senior government policy changes should be identified and added to that particular year's taxes above and beyond the CPI and infrastructure percentage contribution.

5. **Capital Plan**

   Ensure that long term capital funding for infrastructure (e.g. parks, trails, facilities, roads etc.) is in place in order to maintain community liveability and generate economic development.

6. **Cost Containment**

   Staff increases should be achieved administratively through existing departmental budgets, and no pre-approvals for additional programs or staff beyond existing budgets should be given, and that a continuous review be undertaken of the relevancy of the existing operating and capital costs to ensure that the services, programs and projects delivered continue to be the most effective means of achieving the desired outcomes of the City's vision.

City of Richmond **Policy Manual**

Page 2 of 2	Adopted by Council: September 22nd, 2003	**Policy 3707**
File Ref: 0970-03-01	**Long Term Financial Management Strategy**	

7. **Efficiencies & Service Level Reductions**

Savings due to efficiencies or service level reductions identified in the strategy targets should be transferred to the capital reserves. Any savings due to efficiencies beyond the overall strategy targets can be utilized to reduce the tax rate or for increased levels of service.

8. **Land Management**

Sufficient proceeds from the sales of City land assets will be used to replenish or re-finance the City's land inventory. Any funds in excess of such proceeds may be used as directed by Council.

9. **Administrative**

As part of the annual budget process the following shall be undertaken:

- all user fees will be automatically increased by CPI;
- the financial model will be used and updated with current information, and
- the budget will be presented in a manner that will highlight the financial strategy targets and indicate how the budget meets or exceed them.

10. **Debt Management**

Utilize a "pay as you go" approach rather than borrowing for financing infrastructure replacement unless unique circumstances exist that support borrowing.

City of Richmond

Report to Committee

To FIN - July 2 2013

To:	Finance Committee	**Date:**	June 18, 2013
From:	Jerry Chong, CA Director, Finance	**File:**	
Re:	**Distribution from the Municipal Finance Authority of BC**		

Staff Recommendation

That Council approve transferring the $1.9M surplus distribution received from the Municipal Finance Authority of BC to the following accounts:

a) $1.8M be returned to the Roads DCC program and subsequently transferred to the City's Surplus Account to repay outstanding internal borrowings;

b) $0.1M to the Sanitary Sewer Reserve.

Jerry Chong, CA
Director, Finance
(604-276-4064)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
REVIEWED BY DIRECTORS	INITIALS: DW
REVIEWED BY CAO (DEPUTY)	INITIALS: AE

Staff Report

Origin

In 1993 the City incurred debt in the amount of $17.6M and $1.0M in order to respectively fund the construction of the No. 2 Road Bridge and Atsugi, Riverside East and South Fraser sewer works. The City borrowed the funds from the Municipal Finance Authority of BC (MFABC). MFABC is the borrowing vehicle for all municipalities and regional districts in the province and provides financing for general municipal projects, water and sewer infrastructure, and transportation. MFABC is also required under the MFA Act to establish sinking funds, which are collectively known as the capital repayment equalization fund. It establishes these for each authority debt issue.

Unlike regular mortgage or loan structure where the initial repayment is mainly applied to pay off interest on a declining-balance basis, the semi-annual repayments made by local governments to the MFA are applied to interest and principal on a straight-line basis. The amount of principal repayment made is then invested by MFA in a sinking fund that invests in high-quality fixed income securities. If the actual earnings of the sinking fund exceed the estimated earnings, a surplus is calculated and paid to the members upon maturity of the loan.

On May 12, 2013 the City received a cheque in the amount of $1,943,701.58, which represents the distribution of the surplus from the sinking fund established for the above loan. The surplus amount received totaling $1.9M is comprised of two amounts ($1.8M from the No. 2 Rd debt and $0.1M from the sewer debt). The $0.1M relates to amounts collected from utility fees and is restricted to the sewer fund. As such, this amount can only be considered to be transferred to the Sanitary Sewer reserve fund or the Sanitary Sewer Rate Stabilization provision.

The purpose of this report is to provide information to Council and seek direction for the allocation of these funds.

Analysis

The payments that were required to service the debt incurred to build the No. 2 Road Bridge was funded annually through the Roads Development Cost Charges (DCC) program. The current Road's capital program includes annual repayments to the City's surplus due to amounts internally borrowed in previous years, which was utilized to fund various acquisitions for road purposes. In order to reduce the outstanding balance and interest that continues to compound, staff recommend that the $1.8M be returned to the Roads DCC program and subsequently transferred to the City's surplus account to repay outstanding internal borrowings.

Financial Impact

None

Conclusion

The City has repaid the long term debt that it incurred with respect to the No. 2 Road Bridge and sewer works and has received a surplus distribution on the invested sinking fund payments. Staff recommend that the surplus distribution be utilized to reduce outstanding internal loans.

Jerry Chong, CA
Director, Finance
(604-276-4064)

JC:jc

City of Richmond

Report to Committee

To FIN - July 2 2013.

To:	Finance Committee	**Date:**	June 10, 2013
From:	Jane Fernyhough Director, Arts, Culture and Heritage Services	**File:**	11-7000-00/Vol 01
Re:	**Creation of a Statutory Reserve Fund for Arts, Culture and Heritage Capital Purposes**		

Staff Recommendations

1. That Arts, Culture and Heritage Capital Reserve Fund Establishment Bylaw No.9032 be introduced and given first, second and third readings; and,

2. That following adoption of Bylaw No. 9032, $ 4,297,779 together with accrued interest, being the net proceeds realized from the land transactions in conjunction with the Oris Development (Kawaki) at 6160 London Road and 13100, 13120, 13140, 13160 and 13200 No. 2 Road, be deposited to the Arts, Culture and Heritage Capital Reserve Fund.

Jane Fernyhough
Director, Arts, Culture and Heritage Services
(604-276-4288)
Att.1

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Finance Division Law	☑ ☑		
REVIEWED BY DIRECTORS	INITIALS: DW	REVIEWED BY CAO (DEPUTY)	INITIALS:

3826496

Staff Report

Origin

At the City Council meeting of January 23, 2012, where Council approved an application by Oris Development (Kawaki) Corp. for an OCP amendment to London/Princess Sub Area Plan and rezoning at 6160 London Road and 13100, 13120, 13140, 13160 and 13200 No. 2 Road (the "Kawaki Rezoning"), the following resolution was made:

> *6) that the net funds from the land transactions be transferred to an account which would be specifically intended for Arts, Culture and Heritage capital purposes.*

This report recommends establishment of a statutory reserve fund for future Arts, Culture and Heritage Capital projects, and the deposit of the net proceeds from the Kawaki Rezoning land transaction into this fund.

This supports Council term goal 9.2 *Arts and Culture: Plan for new cultural infrastructure including a new Richmond museum, performance venues and affordable creation spaces.*

Analysis

The Community Charter under section 188 (1) states: *A council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.*

Spending of money in Reserve Funds is subject to Council approval in accordance with City policies and the Community Charter. This bylaw will create a specific reserve to house and expend funds for Arts, Culture and Heritage capital projects. **(Attachment 1)**

Funds in the Arts, Culture and Heritage Capital Reserve Fund would be available for the following purposes, whether or not these projects are undertaken by the City:

- Capital costs associated with the development of Arts, Culture or Heritage facilities;
- Capital costs associated with the restoration of Heritage properties;
- Capital costs associated with the renovation or restoration of facilities or properties that are or will be used for Arts, Culture and Heritage activities.

The total proceeds of $4,297,779 received from the Kawaki Rezoning, plus accrued interest, will be transferred to the Arts, Culture and Heritage Capital Reserve Fund once this new reserve fund is established.

This recommendation provides one time funding to this reserve. However, from time to time, Council may direct that further deposits be made to this reserve fund.

Any projects funded through this reserve will still go through the capital budget process. This fund provides an additional funding mechanism for Arts, Culture and Heritage projects which are typically underfunded in the capital budget process given they are competing for limited funds in the general capital program.

Financial Impact

None

Conclusion

The establishment of a statutory reserve fund for Arts, Culture and Heritage Capital Projects provides a reserve fund for future facilities, restoration of heritage facilities and restoration of buildings that are or will be used to house arts and culture activities. The proceeds from the land transactions realized from the Kawaki Rezoning will be deposited into this reserve fund.

Jane Fernyhough
Director, Arts, Culture and Heritage
(604-276-4288)

Arts, Culture and Heritage Capital Reserve Fund Establishment Bylaw No. 9032

WHEREAS:

A. Section 188(1) of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund;

B. Council wishes to establish a reserve fund for the purposes of supporting capital costs related to arts, culture and heritage facilities, properties and activities,

The Council of the City of Richmond enacts as follows:

1. The Arts, Culture and Heritage Capital Reserve Fund is hereby established.

2. Any and all amounts in the Arts, Culture and Heritage Capital Reserve Fund, including any interest earned and accrued, may be used and expended solely for capital costs for any one or more of the following purposes (whether or not undertaken by the City):

   (a) the development of arts, cultural or heritage facilities;

   (b) the restoration of heritage properties;

   (c) the renovation or restoration of facilities or properties that are or will be used for arts, cultural and heritage activities.

3. If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.

4. This Bylaw is cited as **"Arts, Culture and Heritage Capital Reserve Fund Establishment Bylaw No. 9032".**

FIRST READING	______________________	CITY OF RICHMOND
SECOND READING	______________________	APPROVED for content by originating dept.
THIRD READING	______________________	
ADOPTED	______________________	APPROVED for legality by Solicitor

______________________ MAYOR

______________________ CORPORATE OFFICER

City of Richmond

Report to Committee

To PLN - July 3, 2013

To:	Planning Committee	Date:	May 27, 2013
From:	Cathryn Volkering Carlile General Manager, Community Services	File:	99-Community Services/2013-Vol 01
Re:	**Housing Agreement Bylaw No. 9039 to Permit the City of Richmond to Secure Affordable Housing Units located at 5640 Hollybridge Way (Cressey (Gilbert) Development Holdings Ltd.)**		

Staff Recommendation

That Bylaw No. 9039 be introduced and given first, second, and third readings to permit the City, once Bylaw No. 9039 has been adopted, to enter into a Housing Agreement substantially in the form attached hereto, in accordance with the requirements of s. 905 of the Local Government Act, to secure the Affordable Housing Units required by the Rezoning Application 12-602449.

Cathryn Volkering Carlile
General Manager, Community Services
(604-276-4068)

Att. 1

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Law Development Applications	☑ ☑		
REVIEWED BY DIRECTORS	INITIALS: DW	REVIEWED BY CAO (DEPUTY)	INITIALS: dE

3872810

Staff Report

Origin

The purpose of this report is to recommend Council adoption of a Housing Agreement Bylaw (Bylaw No. 9039, **Attached**) to secure 10,760 sf2 comprising 15 subsidized rental units and an amenity room as part of a Council approved Affordable Housing Special Development Circumstance in the proposed Cressey (Gilbert) Development Holdings Ltd. development located at 5640 Hollybridge Way (**Attachment 1**).

The report and bylaw are consistent with Council's adopted term goal:

> *Development of a clearer definition of affordable housing priorities and subsequent utilization of affordable housing funding.*

They are also consistent with the Richmond Affordable Housing Strategy, adopted on May 28, 2007, which specifies the creation of subsidized rental housing as a key housing priority for the City to:

- Support families requiring subsidies for specific reasons,
- Provide secure suitable housing and access to coordinated services for individuals who face significant challenges in finding and keeping appropriate housing that they can afford (e.g. lone parent families with children), and
- Implement a practical and achievable development approach through the City's development application processes.

Cressey (Gilbert) Development Holdings Ltd. applied to the City of Richmond to rezone 5640 Hollybridge Way from "Industrial Business Park (IB1)" to "Residential/Limited Commercial (RCL3)" to permit the construction of a high-rise, high-density, mixed-use development to permit the construction of 245 residential units in three (3) residential buildings/blocks ranging from five (5) to fifteen (15) stories. As part of this development, a five (5) storey block facing Elmbridge Way will consist of 10,760 ft2 (1,000 m2) of programmed affordable housing spaces and a 5,000 ft2 (465 m2) child care facility located above street-oriented commercial space.

On February 18, 2013, the rezoning application received third reading at Public Hearing (Rezoning 12-602449 and associated RZ Bylaw No. 8957). The proposed Housing Agreement Bylaw for the subject development (Bylaw No. 9039) is presented as attached. It is recommended that the Bylaw be introduced and given first, second and third reading. Following adoption of the Bylaw, the City will be able to execute the Housing Agreement and arrange for notice of the agreement to be filed in the Land Title Office.

Analysis

The subject rezoning application involves a high-rise, mixed use development consisting of three residential buildings ranging from 5 to 15 stories consisting of 245 residential units, to include: 230 market residential units and 15 affordable residential units.

The affordable housing component of the project consists of 10,760 ft2 (1,000 m2) of liveable space that consists of: 15 units of self-contained, independent subsidized rental units (i.e. 14 2-bedroom units and 1 studio unit), a 470 sf2 amenity room equipped with a kitchen, and access to shared indoor and outdoor amenity spaces in the subject development. In addition, the 15 affordable housing units will meet the Richmond Zoning Bylaw requirements for Basic Universal Housing.

"Project Specific"- Affordable Housing Special Development Circumstance

On February 18, 2013, the subject rezoning application received third reading at Public Hearing. As part of the subject development's rezoning considerations, Council approved an Affordable Housing Special Development Circumstance as a component of the project, which is proposing to:

1. Secure rents below what is stipulated in the Strategy for low end market rental units;
2. Seek partnership from the non-profit sector or Senior levels of government;
3. Meet the Affordable Housing Reserve Fund Policy funding priority for the provision of subsidized rental housing (i.e. lone parent families); and
4. Align with the Affordable Housing Strategy proposal review and Affordable Housing Special Development Circumstance criteria.

The affordable housing program will provide 15 subsidized rental housing units to support low-income, lone parent families (i.e. men and women) with children to gain self-sufficiency with access to affordable housing, and formal and informal community supports and services. In addition, the adjacent City-owned 5,000 ft2 Child Care facility would be operated by a non-profit childcare provider with the expectation that spaces would be provided in the adjacent 5,000 ft2 child care facility to accommodate children from the affordable housing units.

The 2006 Canada Census data indicate that there are 775 lone parent families in Richmond paying over 50 percent of their income on rent (i.e. 655 female lone-parent and 120 lone-parent headed households). The Census data also indicate that the majority of the lone-parent families have one (1) child. In addition, there is a reported increase of grandparent headed lone-parent families with children.

The project is in a City Centre location with close proximity to transit, services, and schools and will provide much needed affordable rental housing options and social programming for a diverse community of lone parent families.

The Council approved Affordable Housing Special Development Circumstance will include the following provisions:

Social Programming requirements:

The City will work with the developer to issue an Expression of Interest ("EOI") to select a qualified Non-Profit Housing Provider to manage and operate the Affordable Housing Units and the coordinated services.

The purpose of the project is to support low-income lone parent families to gain self-sufficiency through the access and delivery of affordable housing, social programs and supports for the families and their children. Programs may include, but are not limited to:

- Life skills, financial literacy and self-sufficiency supports,
- Wellness, health, parenting, and family education and awareness opportunities, and
- Higher education, work training, and employment readiness programs.

A multi-stakeholder community engagement process will be utilized in the development of the EOI and coordinated service approach to include input from: local planning tables, non-profit community service, health and child care providers, government agencies, local business, and academic institutions.

Operator's Agreement:

An operator's agreement would be entered into by the developer with the Non-Profit Housing Provider to manage the affordable housing units. As part of this agreement, the developer and/or future owners are required to cover all costs related to the building envelope maintenance and upkeep of all parts of the affordable housing building.

Housing Agreement terms:

The applicant has agreed to enter into the Housing Agreement and to register notice of the Housing Agreement on title to secure 10,760 ft2 (1,000 m2) of liveable area to include: 15 subsidized rental units, a 470 ft2 amenity room equipped with a kitchen, and access to the indoor and outdoor amenity spaces in the subject development.

The Housing Agreement restricts the annual household incomes for eligible occupants and specifies that the units must be made available at subsidized rental rates in perpetuity. The agreement also includes provisions for annual adjustment of the maximum annual housing incomes and rental rates in accordance with City requirements. The applicant has agreed to the terms and conditions of the attached Housing Agreement.

The project is proposing tenant rents and total tenant shelter costs, as noted below:

Unit Type	Number of Units	Maximum Monthly Tenant Rent	Maximum Monthly Tenant Shelter Costs (i.e. rent and utilities)	Total Annual Household Income
Studio	1	$800	$837	$33,500 or less
2-Bedroom	14	$950	$994	$45,500 or less

The maximum monthly tenant rents are to be received by the Developer from the non-profit housing provider on behalf of the tenants and/or any other assisting agency or body. In addition, the developer has requested that potential additional rent up to $187 per month for 2-bedroom units be considered payable by the Non-Profit Housing Provider to the developer to be used towards the affordable housing facility's operating costs. However, it has been agreed that this potential additional rent cannot impair the Non-Profit Housing Provider's ability to provide rental assistance to reduce the monthly rent payable solely by the tenants to less than the Maximum Monthly Rent, nor compromise the quality of the program delivery to the tenants.

Financial Impact

Administration of this Housing Agreement will be covered by existing City resources.

Conclusion

The Council approved Affordable Housing Special Development Circumstance builds on the strengths of a coordinated approach to deliver affordable housing, community supports and social programming opportunities. This approach will support the selected Non-Profit Housing Provider to leverage funding, resources, community programs, and capacity to deliver much needed housing and wrap around supports for lone parents and their children. It will also facilitate the establishment of a network of support for lone-parent families to stay together, gain self sufficiency, access opportunities, and contribute to a healthy community.

Dena Kae Beno
Affordable Housing Coordinator
(604-247-4946)

DKB:dkb

(5640 Hollybridge Way) Bylaw No. 9039

The Council of the City of Richmond enacts as follows:

1. The Mayor and City Clerk for the City of Richmond are authorized to execute and deliver a housing agreement, substantially in the form set out in Schedule A to this Bylaw, with the owner of the lands legally described as:

   PID: 006-096-115 Lot 109, Section 5, Block 4, North Range 6, West New Westminster District Plan 46385

2. This Bylaw is cited as **"Housing Agreement (5640 Hollybridge Way) Bylaw No. 9039"**.

FIRST READING ____________________

SECOND READING ____________________

THIRD READING ____________________

ADOPTED ____________________

CITY OF RICHMOND

APPROVED for content by originating dept.

APPROVED for legality by Solicitor

____________________ MAYOR

____________________ CORPORATE OFFICER

3879736

Schedule A

To Housing Agreement (Cressey Gilbert Holdings Ltd. Inc. No. BC 0915877) Bylaw No. 9039

HOUSING AGREEMENT BETWEEN CRESSEY GILBERT HOLDINGS LTD. (INC. NO. BC 0915877) AND THE CITY OF RICHMOND

HOUSING AGREEMENT

AFFORDABLE HOUSING SPECIAL DEVELOPMENT CIRCUMSTANCE
(Section 905 *Local Government Act*)

THIS AGREEMENT is dated for reference _____________, 2013,

BETWEEN:

CRESSEY GILBERT HOLDINGS LTD. (Inc. No. BC0915877), a corporation pursuant to the Business Corporations Act and having an address at 800 – 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2

(the "Owner")

AND:

CITY OF RICHMOND, a municipal corporation pursuant to the *Local Government Act* and having its offices at 6911 No. 3 Road, Richmond, British Columbia, V6Y 2C1

(the "City")

WHEREAS:

A. Section 905 of the *Local Government Act* permits the City to enter into and, by legal notation on title to lands, housing agreements which may include, without limitation, conditions in respect to the form of tenure of housing units, availability of housing units to classes of persons, administration of housing units and rent which may be charged for housing units;

B. The Owner is the owner of the Lands (as hereinafter defined);

C. The Owner and the City intend that the Affordable Housing Units (as hereinafter defined) shall be rented by the Owner in perpetuity at rents which would result in the Permitted Rent (as herein defined) for eligible tenants being less than the rents for Affordable Subsidized Rental Housing as stipulated in the Affordable Housing Strategy (as herein defined);

D. The Owner and the City intend that the Affordable Housing Units will be operated and managed by a Non-Profit Housing Provider (as herein defined); and

E. The Owner and the City wish to enter into this Agreement (as herein defined) to provide for affordable housing on the terms and conditions set out in this Agreement.

NOW THEREFORE in consideration of the matters referred to in the foregoing recitals, the covenants and agreements herein contained and the sum of Ten Dollars ($10.00) now paid by the City to the Owner and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged and agreed to by the parties), the parties hereto hereby covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 In this Agreement the following words have the following meanings:

(a) "**Affordable Housing Component**" means a 3-story component of the Development, such component to be constructed by the Vendor pursuant to this Agreement, to be located within that portion of the Lands comprising the AHAP and containing all the Affordable Housing Units, and meeting all other construction conditions as specified in this Agreement;

(b) "**Affordable Housing Strategy**" means the Richmond Affordable Housing Strategy approved by the City on May 28, 2007, and containing a number of recommendations, policies, directions, priorities, definitions and annual targets for affordable housing, as may be amended or replaced from time to time;

(c) "**Affordable Housing Unit**" means a Dwelling Unit or Dwelling Units designated as such in accordance with a building permit and/or development permit issued by the City and/or, if applicable, in accordance with any rezoning consideration applicable to the development on the Lands and includes, without limiting the generality of the foregoing, the Dwelling Units charged by this Agreement;

(d) "**Affordable Subsidized Rental Housing**" has the meaning given in the Affordable Housing Strategy, and applicable addenda thereto, as amended from time to time;

(e) "**Agreement**" or "**this Agreement**" means this agreement and includes all recitals and schedules to this agreement and all instruments comprising this agreement;

(f) "**AHAP**" or "**Affordable Housing Airspace Parcel**" means the airspace parcel to be created by the Owner by a subdivision of the Lands, which airspace parcel will contain the Affordable Housing Component;

(g) "**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday (as defined in the *Employment Standards Act* (British Columbia)) in British Columbia;

(h) "**CAP**" or "**Childcare Airspace Parcel**" means the airspace parcel to be created by the Owner by a subdivision of the Lands, which airspace parcel will contain the Childcare Facility and will be located adjacent to the AHAP;

(i) "**CCAP**" means the City of Richmond City Centre Area Plan, as may be amended or replaced from time to time;

(j) **"Childcare Facility"** means the City-owned childcare facility located adjacent to the Affordable Housing Component, located within the CAP, and to be operated by a non-profit childcare services provider on the basis, *inter alia*, that preference will be given to the children of Tenants for available childcare spaces;

(k) **"City"** or **"City of Richmond"** means the City of Richmond and is called the "City" when referring to the corporate entity and "City of Richmond" when referring to the geographic location;

(l) "**City Personnel**" means the City's officials, officers, employees, agents, contractors, licensees, permitees, nominees and delegates;

(m) **"City Solicitor"** means the individual appointed from time to time to be the City Solicitor of the Law Division of the City, or his or her designate;

(n) **"Co-ordinated Services"** has the meaning given in section 6.3 of this Agreement;

(o) **"Core Need Income Threshold"** means the housing income limit established from time to time in the Affordable Housing Strategy on the basis of income level designated by Canada Mortgage Housing Corporation as the upper income eligibility limit for households living in affordable rental housing;

(p) **"CPI"** means the All-Items Consumer Price Index for Vancouver, B.C. published from time to time by Statistics Canada, or its successor in function;

(q) **"Daily Amount"** means $100.00 per day as of January 1, 2009 adjusted annually thereafter by adding thereto an amount calculated by multiplying $100.00 by the percentage change in the CPI since date as per above, to January 1 of the year that a written notice is delivered to the Owner by the City pursuant to section 5.1 of this Agreement. In the absence of obvious error or mistake, any calculation by the City of the Daily Amount in any particular year shall be final and conclusive;

(r) "**Development**" means any building, improvement or structure constructed or to be constructed by or on behalf of the Owner on the Lands, (or any part thereof) and/or the subdivision of the Lands (or any part thereof) that would be permitted by the rezoning of the Lands;

(s) **"Director of Development"** means the individual appointed to be the Director of Development of the Development Applications Division of the City of Richmond and his or her designate;

(t) **"Manager, Community Social Development"** means the individual appointed to be the Manager, Community Social Development from time to time of the Community Services Department of the City and his or her designate;

(u) **"Dwelling Unit"** means a residential dwelling unit or units located or to be located on the Lands whether those dwelling units are lots, strata lots or parcels, or parts or portions thereof, and includes single family detached dwellings, duplexes, townhouses, auxiliary residential dwelling units, rental apartments and strata lots in a building strata plan and includes, where the context permits, an Affordable Housing Unit;

(v) **"Eligible Tenant Family"** means a single parent family comprising of one adult individual and one or more minor and dependent children residing primarily with that adult individual in regards to a two bedroom unit and a pregnant woman in regards to the studio unit, having a cumulative annual income of:

(i) in respect to a studio unit, $33,500 or less; or

(ii) in respect to a two bedroom unit, $45,500 or less,

or such other maximum incomes as may be stipulated in the Affordable Housing Strategy from time to time for Affordable Subsidized Rental Housing, in accordance with the Core Need Income Threshold. In the event that, in applying the values set-out above, the rental increase is at any time greater than the rental increase permitted by the *Residential Tenancy Act*, then the increase will be reduced to the maximum amount permitted by the *Residential Tenancy Act*. In regards to the studio unit, the Eligible Tennant shall include a pregnant woman and may extend to up to one (1) year after the birth the child(ren). In the absence of obvious error or mistake, any calculation by the City of an Eligible Tenant Family's permitted income in any particular year shall be final and conclusive;

(w) **"Housing Covenant"** means the agreements, covenants and charges granted by the Owner to the City (which includes covenants pursuant to section 219 of the *Land Title Act*) registered against title to the Lands in connection with Rezoning Application No. RZ 2012-602449;

(x) ***"Interpretation Act"*** means the *Interpretation Act*, R.S.B.C. 1996, Chapter 238, together with all amendments thereto and replacements thereof;

(y) ***"Land Title Act"*** means the *Land Title Act*, RSBC 1996, c. 250, and amendments thereto and re-enactments thereof;

(z) **"Lands"** means parcel identifier: 006-096-115, Lot 109 Section 5 Block 4 North Range 6 West New Westminster District Plan 46385;

(aa) ***"Local Government Act"*** means the *Local Government Act*, R.S.B.C. 1996, Chapter 323, together with all amendments thereto and replacements thereof;

(bb) **"LTO"** means the Lower Mainland Land Title Office or its successor;

(cc) **"Non-Profit Housing Provider (NHAP)"** has the meaning given in section 6.3 of this Agreement;

(dd) **"OCP"** means the City of Richmond Official Community Plan Bylaw No. 7100, as may be amended or replaced from time to time;

(ee) "**Operating Agreement**" has the meaning given in section 6.3 of this Agreement;

(ff) **"Owner"** means the party described on page 1 of this Agreement as the Owner and any subsequent owner of the Lands or of any part into which the Lands are Subdivided, and includes any person who is a registered owner in fee simple of an Affordable Housing Unit from time to time;

(gg) **"Permitted Rent"** means rents, payable by a Tenant to the Non-Profit Housing Provider, no greater than:

(i) $800.00 a month for a studio unit; and

(ii) $950.00 a month for a two bedroom unit;

provided that the rents set-out above may be adjusted in accordance with the percentage rate increases as set out in the current City Affordable Housing Strategy as approved annually by the Council of the City. In the absence of obvious error or mistake, any calculation or determination by the City of the Permitted Rent in any particular year shall be final and conclusive;

(hh) ***"Real Estate Development Marketing Act"*** means the *Real Estate Development Marketing Act,* S.B.C. 2004, Chapter 41, together with all amendments thereto and replacements thereof;

(ii) **"Receivable Rent"** means a rent that is:

(i) payable by the Non-Profit Housing Provider to the Owner under the Operating Agreement;

(ii) within the specified range of minimum and maximum monthly rents set out in the column titled "Non-Profit" in the table in Schedule B of this Agreement, in respect of the type of Dwelling Unit in question; and

(iii) inclusive of Permitted Rent for each Dwelling Unit covered by the Operating Agreement, and rental financial assistance, if any, provided by the Non-Profit Housing Provider or other agency to or on behalf of a Tenant,

provided that the amounts set out in Schedule B may be adjusted in accordance with the percentage rate increases as set out in the current City Affordable Housing Strategy as approved annuallyby the Council of the City. In the absence of obvious error or mistake, any calculation or determination by the City of the Receivable Rent in any particular year shall be final and conclusive;

(jj) **"Remainder Lands"** means:

(i) the remainder of the Lands after creation of the AHAP, CAP and any other airspace or other subdivision plans that further subdivide the Lands; and

(ii) such other airspace or other parcels, including the CAP, created by the subdivision of the Lands;

(kk) "***Residential Tenancy Act***" means the *Residential Tenancy Act*, S.B.C. 2002, Chapter 78, together with all amendments thereto and replacements thereof;

(ll) "***Strata Property Act***" means the *Strata Property Act* S.B.C. 1998, Chapter 43, together with all amendments thereto and replacements thereof;

(mm) **"Subdivide"** means to divide, apportion, consolidate or subdivide the Lands, or any portion thereof, including the ownership or right to possession or occupation of the Lands, or any portion thereof, into two or more lots, strata lots, parcels, parts, portions or shares, whether by plan, descriptive words or otherwise, under the *Land Title Act*, the *Strata Property Act*, or otherwise, and includes the creation, conversion, organization or development of "cooperative interests" or "shared interest in land" as defined in the *Real Estate Development Marketing Act*;

(nn) **"Targeted Gross Shelter Costs"** means a cost of housing including rent and electricity that is within the specified range of minimum and maximum monthly shelter costs set out in Schedule B of this Agreement in respect of the type of Dwelling Unit in question, provided that the amounts set out in Schedule B may be adjusted in accordance with the percentage rate increases as set out in the current City Affordable Housing Strategy as approved annually by the Council of the City. In the absence of obvious error or mistake, any calculation or determination by the City of the Targeted Gross Shelter Costs in any particular year shall be final and conclusive;

(oo) **"Tenancy Agreement"** means a tenancy agreement, lease, license or other agreement granting rights to occupy an Affordable Housing Unit;

(pp) **"Tenant"** means an occupant of an Affordable Housing Unit by way of a Tenancy Agreement;

(qq) **"Terms of Reference"** means the non-exhaustive framework of terms and conditions to be included in the Operating Agreement, a copy of which is attached as Schedule C to this Agreement;

(rr) **"Zoning Bylaw"** means the City of Richmond Zoning Bylaw No. 8500, as may be amended or replaced from time to time.

1.2 In this Agreement:

(a) words importing the singular number only will include the plural and vice versa, words importing the masculine gender will include the feminine and neuter genders and vice versa and words importing persons will include individuals, partnerships, associations, trusts, unincorporated organizations and corporations, and vice versa;

(b) the division of this Agreement into Articles and the insertion of headings are for the convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles are to Articles of this Agreement;

(c) if a word or expression is defined in this Agreement, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;

(d) reference to any enactment includes any regulations, orders or directives made under the authority of that enactment;

(e) reference to any enactment is a reference to that enactment as consolidated, revised, amended, re-enacted or replaced, unless otherwise expressly provided;

(f) the provisions of section 25 of the *Interpretation Act* with respect to the calculation of time apply;

(g) all provisions are to be interpreted as always speaking;

(h) reference to a "party" is a reference to a party to this Agreement and to that party's respective successors, assigns, trustees, administrators and receivers. Wherever the context so requires, reference to a "party" also includes an Eligible Tenant Family, agent, officer and invitee of the party;

(i) reference to a "day", "month", "quarter" or "year" is a reference to a calendar day, calendar month, calendar quarter or calendar year, as the case may be, unless otherwise expressly provided;

(j) the word "including", when following any general statement, term or matter, will not be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, but will be construed to refer to all other items or matters that could reasonably fall within the scope of such general statement, term or matter, whether or not non-limiting language (such as "without limitation", "but not limited to" or words of similar import) is used with reference thereto; and

(k) any interest in land created hereby, as being found in certain Articles, sections, paragraphs or parts of this Agreement, will be construed, interpreted and given force in the context of those portions of this Agreement:

(i) which define the terms used herein;

(ii) which deal with the interpretation of this Agreement; and

(iii) which are otherwise of general application.

1.3 Schedules

The following Schedules are attached hereto and form part of this Agreement:

Schedule "A"	Statutory Declaration
Schedule "B"	Permitted Rent
Schedule "C"	Terms of Reference for Operating Agreement

ARTICLE 2
USE AND OCCUPANCY OF AFFORDABLE HOUSING UNITS

2.1 The Owner agrees that each Affordable Housing Unit may, in perpetuity, only be used as a permanent residence occupied by one Eligible Tenant Family. An Affordable Housing Unit must not be occupied by the Owner, the Owner's family members (unless the Owner's family members qualify as an Eligible Tenant Family), or any tenant or guest of the Owner, other than an Eligible Tenant Family. For the purposes of this Article, "permanent residence" means that the Affordable Housing Unit is used as the usual, main, regular, habitual, principal residence, abode or home of the Eligible Tenant Family.

2.2 Within 30 days after receiving notice from the City, the Owner must, in respect of each Affordable Housing Unit, provide to the City the statutory declarations as collected by the NPHP, substantially in the form (with, in the City Solicitor's discretion, such further amendments or additions as deemed necessary) attached as Schedule "A", sworn by the NPHAP, containing all of the information required to complete the statutory declaration. The City may request such statutory declaration in respect of each Affordable Housing Unit no more than once in any calendar year; provided, however, notwithstanding that the NPHP may have already provided such statutory declaration in the particular calendar year, the City may request and the Owner shall provide, with the assistance of the NPHP, to the City such further statutory declarations as requested by the City in respect to an Affordable Housing Unit if, in the City's absolute determination, the City believes that the Owner is in breach of any of its obligations under this Agreement.

2.3 The Owner will, in addition to providing the City with the statutory declarations as described in Section 2.2, provide the City with a copy of the Operating Agreement, as amended from time to time.

2.4 The Owner hereby irrevocably authorizes the City to make such inquiries as it considers necessary in order to confirm that the Owner is complying with this Agreement.

2.5 The Owner agrees that notwithstanding that the Owner may otherwise be entitled, the Owner will not occupy, nor permit any person to occupy any portion of any building, in part or in whole, on the Remainder Lands and the City will not be obligated to permit occupancy of any building on the Remainder Lands until all of the following conditions are satisfied:

(a) the Affordable Housing Component, Affordable Housing Units, Childcare Facility and related uses and areas are constructed in accordance with Development Permit DP 13-629846, the approved Building Permit and with interior layouts and finishes to the satisfaction of the City;

(b) the Affordable Housing Component, the Affordable Housing Units and the Childcare Facility have received final building permit inspection permitting occupancy; and

(c) the Owner is not otherwise in breach of any of its obligations under this Agreement or any other agreement between the City and the Owner in connection with the development of the Lands.

ARTICLE 3
DISPOSITION AND ACQUISITION OF AFFORDABLE HOUSING UNITS

3.1 The Owner will, and will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider will, repair and maintain the AHAP in good and clean order and condition, excepting reasonable wear and tear.

3.2 The Owner will, and will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider will, include a clause in each Tenancy Agreement requiring the Tenants to repair and maintain the Affordable Housing Units in good order and condition, excepting reasonable wear and tear.

3.3 The Owner will not, and will ensure that that the Operating Agreement will provide that the Non-Profit Housing Provider will not, permit an Affordable Housing Unit Tenancy Agreement to be subleased or assigned.

3.4 If this Housing Agreement encumbers more than one Affordable Housing Unit, then the Owner may not, without the prior written consent of the City Solicitor, sell or transfer less than five (5) Affordable Housing Units in a single or related series of transactions with the result that when the purchaser or transferee of the Affordable Housing Units becomes the owner, the purchaser or transferee will be the legal and beneficial owner of not less than five (5) Affordable Housing Units.

3.5 The Owner will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider must not rent, lease, license or otherwise permit occupancy of any Affordable Housing Unit except to an Eligible Tenant Family and except in accordance with the following additional conditions:

(a) the Affordable Housing Unit will be used or occupied only pursuant to a Tenancy Agreement;

(b) the monthly rent payable by a Tenant for the Affordable Housing Unit will not exceed the Permitted Rent applicable to that class of Affordable Housing Unit;

(c) the Owner will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider will allow the Tenant and any permitted occupant and visitor to have full access to and use and enjoy all common indoor and outdoor amenities and facilities on the AHAP and Remainder Lands or any subdivided portion thereof, including parking facilities, in accordance with the Zoning Bylaw, the City's OCP, CCAP policy and included within the registered easements on the Lands in favour of the AHAP intended for such purposes, as may be amended or replaced from time to time;

(d) the Owner will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider will not require the Tenant or any permitted occupant to pay any extra charges or fees for use of any common areas, facilities or amenities on the AHAP, Remainder Lands or any subdivided portion thereof except for those same specific rental and cleaning fees that may be charged to the strata market residential units owners associated with exclusive facility room bookings that may be made at the discretion of the NPHP or its occupants, or for sanitary sewer, storm sewer, other utilities (with the exception of water, if applicable), property or similar tax; provided, however, the Owner or Non-Profit Housing Provider may charge the Tenant their cost, if any, of providing cablevision, telephone, other telecommunications, gas, or electricity fees, charges or rates;

(e) the Owner will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider will attach a copy of this Agreement to every Tenancy Agreement;

(f) the Owner will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider will include in the Tenancy Agreement a clause requiring the Tenant and each permitted occupant of the Affordable Housing Unit to comply with this Agreement;

(g) the Owner will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider will include in the Tenancy Agreement a clause entitling the Non-Profit Housing Provider to terminate the Tenancy Agreement if:

  (i) an Affordable Housing Unit is occupied by a person or persons other than an Eligible Tenant Family;

  (ii) the annual income of an Eligible Tenant Family rises above the applicable maximum amount specified in section 1.1(v) of this Agreement;

  (iii) the Affordable Housing Unit is occupied by more than the number of people the City's building inspector determines can reside in the Affordable Housing Unit given the number and size of bedrooms in the Affordable Housing Unit and in light of any relevant standards set by the City in any bylaws of the City;

  (iv) the Affordable Housing Unit remains vacant for three consecutive months or longer, notwithstanding the timely payment of rent; and/or

  (v) the Tenant subleases the Affordable Housing Unit or assigns the Tenancy Agreement in whole or in part, and in the case of each breach, the Owner hereby agrees with the City to, and to ensure that that the Operating Agreement will provide that the Non-Profit Housing Provider will, forthwith provide to the Tenant a notice of termination. Except for section 3.5(g)(ii) of this Agreement *[Termination of Tenancy Agreement if Annual Income of Tenant rises above amount prescribed in section 1.1(v) of this Agreement]*, the notice of termination shall provide that the termination of the tenancy shall be effective 30 days following the date of the notice of termination. In respect to section 3.5(g)(ii) of this Agreement, termination shall be effective (1) on the day that is six (6) months following the date that the notice of termination was provided to the Tenant and (2) the day before the day in the month, or in the other period on which the tenancy is based, that rent is payable under the Tenancy Agreement, or as otherwise stipulated in the *Residential Tenancy Act*. The Owner acknowledges and agrees, and will ensure that the Operating Agreement will provide that the Non-Profit Housing Provider acknowledges and agrees, that no compensation is payable, and the Owner is not entitled to and will not claim any compensation from the City, for any payments that the Owner or Non-Profit Housing Provider may be required to pay to the Tenant under the *Residential Tenancy Act*, whether or not such payments relate directly or indirectly to the operation of this Agreement;

(h) the Tenancy Agreement will identify all occupants of the Affordable Housing Unit and will stipulate that anyone not identified in the Tenancy Agreement will be prohibited from residing at the Affordable Housing Unit for more than 30 consecutive days or more than 45 days total in any calendar year; and

(i) the Owner will, and will ensure the Operating Agreement requires the Non-Profit Housing Provider to, forthwith deliver a certified true copy of the Tenancy Agreement to the City upon demand.

3.6 If the NPHP has terminated the Tenancy Agreement, then the Owner shall, and will ensure that that the Operating Agreement will provide that the Non-Profit Housing Provider shall, use best efforts to cause the Tenant and all other persons that may be in occupation of the Affordable Housing Unit to vacate the Affordable Housing Unit on or before the effective date of termination.

ARTICLE 4
DEMOLITION OF AFFORDABLE HOUSING UNIT

4.1 The Owner will not demolish an Affordable Housing Unit unless:

(a) the Owner has obtained the written opinion of a professional engineer or architect who is at arm's length to the Owner that it is no longer reasonable or practical to repair or replace any structural component of the Affordable Housing Unit, and the Owner has delivered to the City a copy of the engineer's or architect's report; or

(b) the Affordable Housing Unit is damaged or destroyed, to the extent of 40% or more of its value above its foundations, as determined by the City in its sole discretion, and, in each case, a demolition permit for the Affordable Housing Unit has been issued by the City and the Affordable Housing Unit has been demolished under that permit.

Following demolition, the Owner will use and occupy any replacement Dwelling Unit in compliance with this Agreement and the Housing Covenant both of which will apply to any replacement Dwelling Unit to the same extent and in the same manner as those agreements apply to the original Dwelling Unit, and the Dwelling Unit must be approved by the City as an Affordable Housing Unit in accordance with this Agreement.

ARTICLE 5
DEFAULT AND REMEDIES

5.1 The Owner agrees that, in addition to any other remedies available to the City under this Agreement or the Housing Covenant or at law or in equity, if an Affordable Housing Unit is used or occupied in breach of this Agreement or rented at a rate in excess of the Permitted Rent or Target Gross Shelter Costs or the Owner is otherwise in breach of any of its obligations under this Agreement or the Housing Covenant, the Owner will pay the Daily Amount to the City for every day that the breach continues after ten (10) days written notice from the City to the Owner stating the particulars of the breach. For greater certainty, the City is not entitled to give written notice with respect to any breach of the Agreement until any applicable cure period, if any, has expired. The Daily Amount is due and payable five (5) Business Days following receipt by the Owner of an invoice from the City for the same, and such invoice will be given and deemed received in accordance with section 6.10 *[Notice]* of this Agreement.

5.2 The Owner acknowledges and agrees that a default by the Owner of any of its promises, covenants, representations or warranties set-out in the Housing Covenant shall also constitute a default under this Agreement.

ARTICLE 6
MISCELLANEOUS

6.1 **Housing Agreement**

The Owner acknowledges and agrees that:

(a) this Agreement includes a housing agreement entered into under section 905 of the *Local Government Act*; and

(b) where the Lands have not yet been Subdivided to create the separate parcels to be charged by this Agreement, the City may file a notice of this Agreement in the LTO against the title to the Lands. If this Agreement is filed in the LTO as a notice under section 905 of the *Local Government Act* prior to the Lands having been Subdivided, and it is the intention that this Agreement is, once separate legal parcels are created and/or the Lands are subdivided, to charge and secure only the legal parcels or Subdivided Lands which contain the Affordable Housing Units, then the City Solicitor shall be entitled, without further City Council approval, authorization or bylaw, to partially discharge this Agreement accordingly. The Owner acknowledges and agrees that notwithstanding a partial discharge of this Agreement, this Agreement shall be and remain in full force and effect and, but for the partial discharge, otherwise unamended.

6.2 **Modification**

Subject to section 6.1 of this Agreement, this Agreement may be modified or amended from time to time, by consent of the Owner and a bylaw duly passed by the Council of the City and thereafter if it is signed by the City and the Owner.

6.3 **Management and Co-ordinated Services**

The Owner covenants and agrees that it will:

(a) work with the City in a joint selection process, based on criteria established jointly by the City and the Owner, for the selection of a qualified non-profit affordable housing provider with the skill and expertise to manage the Affordable Housing Units and the Co-ordinated Services jointly with the Owner (the "**Non-Profit Housing Provider**") that is mutually agreed upon by the Owner and the City;

(b) at the Owner's expense, hire the selected Non-Profit Housing Provider to, jointly with the Owner, furnish efficient management of the Affordable Housing Units and the Co-ordinated Services

(c) enter into an agreement with the selected Non-Profit Housing Provider that relates to the operation and management of the Affordable Housing Component and Affordable Housing Units and the provision and management of Co-ordinated Services to the Tenants on terms and conditions substantially consistent with the Terms of Reference,(the "**Operating Agreement**");

(d) obtain the City's written approval of the Operating Agreement before entering into the Operating Agreement with the Non-Profit Housing Provider, and will not amend the Operating Agreement without the prior written approval of the City;

(e) work collaboratively with the City, Non-Profit Housing Provider and other non-profit and provincial housing, community service and health providers, in the development of a coordinated approach for the delivery of accessible affordable housing, social programs and support for families, including in the areas of life skills, self sufficiency, financial literacy, health education, higher education, and employment opportunities (the "**Co-ordinated Services**"); and

(f) furnish good and efficient management of the Affordable Housing Component and will permit representatives of the City to inspect the Affordable Housing Component at any reasonable time, subject to the notice provisions in the *Residential Tenancy Act*. The Owner further covenants and agrees that it will maintain the Affordable Housing Component in a good state of repair and fit for habitation and will comply with all laws, including health and safety standards applicable to the Lands and in accordance with the Terms of Reference in Schedule "C". Notwithstanding the foregoing, if the Affordable Housing Component is not in a good state of repair and fit for habitation, the Owner acknowledges and agrees that the City, may require the Owner, at the Owner's expense, to hire a person or company with the skill and expertise in property management to undertake management of the Affordable Housing Component to ensure a good state of repair fitness for habitation, such person or company to be selected by the Owner based on criteria jointly developed by the City and Owner.

6.4 **Indemnity**

Except in the case of negligence or wilful misconduct by the City and/or the City Personnel, the Owner hereby releases and indemnifies and saves harmless the City and the City Personnel from all loss, damage, costs (including without limitation, legal costs), expenses, actions, suits, debts, accounts, claims and demands, including without limitation, any and all claims of third parties, which the City or the City Personnel may suffer, incur or be put to arising out of or in connection, directly or indirectly or that would not or could not have occurred "but for":

(a) this Agreement;

(b) any breach by the Owner of any covenant or agreement contained in this Agreement;

(c) any personal injury, death or damage occurring in or on the AHAP or CAP, including the Affordable Housing Units and Childcare Facility;

(d) the exercise of discretion by any City Personnel for any matter relating to this Agreement;

(e) the construction, maintenance, repair, ownership, lease, license, operation, management or financing of the Lands, Affordable Housing Component or any Affordable Housing Unit or the enforcement of any Tenancy Agreement; and/or

(f) the exercise by the City of any of its rights under this Agreement or an enactment.

6.5 **Survival**

The obligations of the Owner set out in this Agreement will survive termination or discharge of this Agreement.

6.6 **Priority**

The Owner agrees, if required by the City Solicitor, to cause the registrable interests in land granted pursuant to this Agreement to be registered as first registered charges against the Lands, at the Owner's expense, save only for any reservations, liens, charges or encumbrances:

(a) contained in any grant from Her Majesty the Queen in Right of the Province of British Columbia respecting the Lands;

(b) registered in favour of the City; or

(c) which the City has determined may rank in priority to the registrable interests in land granted pursuant to this Agreement,

and that a notice under section 905(5) of the *Local Government Act* will be filed on the title to the Lands.

6.7 **No Fettering and No Derogation**

Nothing contained or implied in this Agreement shall fetter in any way the discretion of the City or the Council of the City. Further, nothing contained or implied in this Agreement shall derogate from the obligations of the Owner under any other agreement with the City or, if the City so elects, prejudice or affect the City's rights, powers, duties or obligations in the exercise of its functions pursuant to the *Community Charter* or the *Local Government Act*, as amended or replaced from time to time, or act to fetter or otherwise affect the City's discretion, and the rights, powers, duties and obligations of the City under all public and private statutes, by-laws, orders and regulations, which may be, if the City so elects, as fully and effectively exercised in relation to the Lands, or any Subdivided portion thereof, and the Owner, as if this Agreement had not been executed and delivered by the Owner and the City.

6.8 **Agreement for Benefit of City Only**

The Owner and the City agree that:

(a) this Agreement is entered into only for the benefit of the City;

(b) this Agreement is not intended to protect the interests of the Owner, any Tenant, or any future owner, lessee, occupier or user of the Remainder Lands or the Affordable Housing Component or any portion thereof, including any Affordable Housing Unit; and

(c) the City may at any time execute a release and discharge of this Agreement, without liability to anyone for doing so, and without obtaining the consent of the Owner.

6.9 **No Public Law Duty**

Where the City is required or permitted by this Agreement to form an opinion, exercise a discretion, express satisfaction, make a determination or give its consent, the Owner agrees that the City is under no public law duty of fairness or natural justice in that regard and agrees that the City may do any of those things in the same manner as if it were a private party and not a public body.

6.10 **Notice**

Any notice or communication required or permitted to be given pursuant to this Agreement will be in writing and delivered by hand or sent by prepaid mail or facsimile to the party to which it is to be given as follows:

(a) to the City:

City of Richmond
6911 No. 3 Road
Richmond, B.C., V6Y 2C1

Attention: City Clerk
Fax: 604 276-5139

with a copy to the Director of Development, the Manager, Community and Social Development and the City Solicitor;

(b) to the Owner, to the address as set out on the title for the Lands,

or to such other address or fax number as any party may in writing advise. Any notice or communication will be deemed to have been given when delivered if delivered by hand, two Business Days following mailing if sent by prepaid mail, and on the following Business Day after transmission if sent by facsimile.

6.11 **Enurement**

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors, administrators and assigns.

6.12 **Severability**

If any Article, section, subsection, sentence, clause or phrase in this Agreement is for any reason held to be invalid by the decision of a Court of competent jurisdiction, the remainder of this Agreement will continue in full force and effect and, in such case, the parties hereto will agree upon an amendment to be made to the Article, section, subsection, sentence, clause or phrase previously found to be invalid and will do or cause to be done all acts reasonably necessary in order to amend this Agreement so as to reflect its original spirit and intent.

6.13 **No Waiver and Remedies**

The Owner and the City acknowledge and agree that no failure on the part of either party hereto to exercise and no delay in exercising any right under this Agreement will operate as a waiver thereof nor will any single or partial exercise by either party of any right under this Agreement preclude any other or future exercise thereof or the exercise of any other right. The remedies provided in this Agreement will be cumulative and not exclusive of any other remedies provided by law and all remedies stipulated for either party in this Agreement will be deemed to be in addition to and not, except as expressly stated in this Agreement, restrictive of the remedies of either party hereto at law or in equity.

6.14 **Sole Agreement**

This Agreement, and any documents signed by the Owners contemplated by this Agreement (including, without limitation, the Housing Covenant), represent the whole agreement between the City and the Owner respecting the use and occupation of the Affordable Housing Units, and there are no warranties, representations, conditions or collateral agreements made by the City except as set forth in this Agreement. In the event of any conflict between this Agreement and the Housing Covenant, this Agreement shall, to the extent necessary to resolve such conflict, prevail.

6.15 **Further Acts**

The parties to this Agreement will do and cause to be done all things and execute and cause to be executed all documents which may be necessary to give proper effect to the intention of this Agreement.

6.16 **Equitable Relief**

The Owner covenants and agrees that in addition to any remedies which are available under this Agreement or at law, the City will be entitled to all equitable remedies, including, without limitation, specific performance, injunction and declaratory relief, or any combination thereof, to enforce its rights under this Agreement. The Owner acknowledges that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a default by the Owner under this Agreement. The Owner acknowledges and agrees that no failure or delay on the part of the City to exercise any right under this Agreement will operate as a waiver by the City of such right.

6.17 **No Joint Venture**

Nothing in this Agreement will constitute the Owner as the agent, joint venturer, or partner of the City or give the Owner any authority to bind the City in any way.

6.18 **Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

6.19 **Deed and Contract**

By executing and delivering this Agreement the Owner intends to create both a contract and a deed executed and delivered under seal.

6.20 **Joint and Several**

If the Owner is comprised of more than one person, firm or body corporate, then the covenants, agreements and obligations of the Owner shall be joint and several.

6.21 **No Liability**

The parties agree that neither the Owner, nor any successor in title to the Lands, or Remainder Lands, or portions thereof, will be liable for breaches of or non-observance or non-performance of covenants contained in this Agreement occurring after the date that the Owner or its successor in title, as the case may be, ceases to be the registered or beneficial owner of the Lands or Remainder Lands or portions thereof; provided, however, the Owner or its successors in title, as the case may be, shall remain liable after ceasing to be the registered or beneficial owner of the Lands or Remainder Lands or portions thereof for all breaches of and non-observance and non-performance of covenants in this Agreement if the breach, non-observance or non-performance occurred prior to the Owner or any successor in title, as the case may be, ceasing to be the registered or beneficial owner the Lands, Remainder Lands or portions thereof.

6.22 **City Approval and Exercise of Discretion**

Any City approval or consent to be given pursuant to or in connection with this Agreement is not effective or valid unless provided by the City in writing. Any City approval or consent to be granted by the City in this Agreement may, unless stated expressly otherwise, be granted or withheld in the absolute discretion of the City.

6.23 **No Compensation**

The Owner acknowledges and agrees that no compensation is payable, and the Owner is not entitled to and will not claim any compensation from the City, for any decrease in the market value of the Lands, Remainder Lands, or any subdivided portion thereof, and for any obligations on the part of the Owner and its successors in title which at any time may result directly or indirectly from the operation of this Agreement.

6.24 **Runs with land**

The interest in lands including all covenants, rights of way and easements as the case may be, contained in this Agreement will, unless discharged in accordance with this Agreement, run with and bind the Lands, Remainder Lands and AHAP in perpetuity.

6.25 **Time of Essence**

Time, where mentioned herein, will be of the essence of this Agreement.

6.26 **Assignment of Rights**

The City, upon prior written notice to the Owner, may assign or license all or any part of this Agreement or any or all of the City's rights under this Agreement to any governmental agency or to any corporation or entity charged with the responsibility for providing or administering the Affordable Housing Strategy or other related public facilities, services or utilities. The Owner may not assign all or any part of this Agreement without the City's prior written consent.

6.27 **Counterparts**

This Agreement may be signed by the parties hereto in counterparts and by facsimile or pdf email transmission, each such counterpart, facsimile or pdf email transmission copy shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument and may be compiled for registration, if registration is required, as a single document.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

CRESSEY GILBERT HOLDINGS LTD.
by its authorized signatory(ies):

Per: ______________________________
Name:

Per: ______________________________
Name:

CITY OF RICHMOND
by its authorized signatory(ies):

Per: ______________________________
Malcolm D. Brodie, Mayor

Per: ______________________________
David Weber, Corporate Officer

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor
DATE OF COUNCIL APPROVAL

SCHEDULE "A"

STATUTORY DECLARATION

CANADA	)	IN THE MATTER OF A HOUSING
	)	AGREEMENT WITH THE CITY OF
PROVINCE OF BRITISH COLUMBIA	)	RICHMOND
	)	("Housing Agreement")

TO WIT:

I, ______________________________ of ______________________________, British Columbia, do solemnly declare that:

1. I am the owner or authorized signatory of the owner of ______________________ (the "Affordable Housing Unit"), and make this declaration to the best of my personal knowledge.

2. This declaration is made pursuant to the Housing Agreement in respect of the Affordable Housing Unit.

3. For the period from ______________________ to ____________________ the Affordable Housing Unit was occupied only by the Eligible Tenant Family (as defined in the Housing Agreement) whose names and current addresses and whose employer's names and current addresses appear below:

   [Names, addresses and phone numbers of Eligible Tenant Family and their employer(s)]

4. The rent charged each month for the Affordable Housing Unit is as follows:

   (a) the monthly rent on the date *365* days before this date of this statutory declaration: $____________ per month;

   (b) the rent on the date of this statutory declaration: $____________; and

   (c) the proposed or actual rent that will be payable on the date that is 90 days after the date of this statutory declaration: $____________.

5. I acknowledge and agree to comply with the Owner's obligations under the Housing Agreement, and other charges in favour of the City noted or registered in the Land Title Office against the land on which the Affordable Housing Unit is situated and confirm that the Owner has complied with the Owner's obligations under the Housing Agreement.

6. I make this solemn declaration, conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and pursuant to the *Canada Evidence Act*.

DECLARED BEFORE ME at the City of _______________, in the Province of British Columbia, this ______ day of ________________, 20___. _________________________________ A Commissioner for Taking Affidavits in the Province of British Columbia	))))))))	_________________________________ DECLARANT

SCHEDULE "B"

PERMITTED RENT AND RECEIVABLE RENT

2 Bedroom Units	Tenant	Non-Profit
Minimum Monthly Rent[1]	$0	$950
Minimum Shelter Costs (i.e. rent and electricity)	$0	$994
Maximum Monthly Rent	$950	$1,137
Maximum Shelter Costs (i.e. rent and electricity)	$994	$1,137

Studio Units	Tenant	Non-Profit
Minimum Monthly Rent[1]	$0	$800
Minimum Shelter Costs (i.e. rent and electricity)	$0	$837
Maximum Monthly Rent	$800	$800
Maximum Shelter Costs (i.e. rent and electricity)	$837	$837

SCHEDULE "C"

TERMS OF REFERENCE FOR OPERATING AGREEMENT

Definitions
All capitalized terms used in these Terms of Reference have, unless otherwise indicated, the meanings given in the Housing Agreement to which these Terms of Reference are attached.

Background

The City and Owner wish to construct the Affordable Housing Component, Affordable Housing Units and Childcare Facility at the Owner's development on the Lands (the "Development"). The Affordable Housing Units will consist of:

- 15 units of Affordable Subsidized Rental Housing (14 2-bedroom units and 1 studio unit);
- A 470 sf2 amenity room with a kitchen (the "Amenity Room");
- Common halls, easement access to the elevator core, stairway and adjacent landing and lobby areas down to the basement P1 level of the Development;
- Designated refuse and recycling areas; and
- Indoor parking within the Development's parkade, with a minimum of 13 resident spaces within the AHAP and 3 visitor spaces in the general visitor parking on the Remainder Lands.

Purpose

The purpose of the City's project with the Owner (the "Project") is to support low income single parent families to gain self-sufficiency through the access and delivery of affordable housing, social programs and support for families, such as life skills, self sufficiency opportunities, financial literacy, health education, higher education, and employment.

The City and Owner will work together to select a Non-Profit Housing Provider to manage and operate the Affordable Housing Units, and to develop and manage the Co-ordinated Services.

The Owner will enter into an Operating Agreement with the Non-Profit Housing Provider.

Key Terms

The Operating Agreement to be entered into between the Owner and the Non-Profit Housing Provider will be consistent with the Housing Agreement to which these Terms of Reference are attached, and the purpose and social and community principles of the Project.

The Operating Agreement will contain provisions relating to the following key areas:

- **Term**. The Operating Agreement will be a long-term agreement of at least [10] years, to be decided based on factors including financial viability, timeframes for meeting the purposes of the Project, and City approval.

- **Renewal**. Any renewal of the Term should be subject to City approval.

- **Standards.** The Owner and Non-Profit Housing Provider will operate and manage each Affordable Housing Unit in accordance with the Affordable Housing Strategy and City guidelines for Affordable Subsidized Rental Housing in effect from time to time, unless otherwise agreed to by the Owner, the Director of Development and the Manager, Community Social Development, and to the standards as would would ordinarily be expected from a qualified, skilled and experienced Canadian housing provider undertaking similar services.

- **Co-ordinated Services**. The Non-Profit Housing Provider will manage the Co-ordinated Services, which are defined in the Affordable Housing Agreement as collaboration with the City and other non-profit and provincial housing, community service and health providers, in the development of a coordinated approach for the delivery of accessible affordable housing, social programs and support for families, including in the areas of life skills, self sufficiency, financial literacy, health education, higher education, and employment opportunities.

- **Tenancy Agreements**. The Non-Profit Housing Provider will enter into Tenancy Agreements with Tenants, for rents not greater than the Permitted Rent.

- **Ability to reduce rents**. The Non-Profit Housing Provider may, in its sole discretion, charge Tenants rents lower than the Permitted Rent amounts as set out in the Schedule of Rents paragraph below.

- **Rent collection.** The Non-Profit Housing Provider will collect all rents due from Tenants and from any other assisting agency or body making all or a portion of rent payments on behalf of any Tenants.

- **Payments to Owner**. The Non-Profit Housing Provider will pay the Receivable Rents to the Owner.

- **Potential Additional Rent.** The Non-Profit Housing Provider may, in its sole discretion, pay to the Owner an additional monthly rent of $187 for a 2-bedroom Dwelling Unit, provided that such payments of additional rent to the Owner do not impair the Non-Profit Housing Provider's ability to charge Tenants rents lower than the Permitted Rent amounts or compromise the quality of delivery of the Co-ordinated Services to the Tenants.

- **Schedule of Rents.** The Operating Agreement will include a schedule of rents as follows:

2 Bedroom Units (14 Units)	**Tenant (Permitted Rents)**	**Non-Profit (Receivable Rents)**
Minimum Monthly Rent[1]	$0	$950
Minimum Shelter Costs (i.e. rent and electricity)	$0	$994
Maximum Monthly Rent	$950	$1,137
Maximum Shelter Costs (i.e.	$994	$1,137

rent and electricity)		

Studio Units (1 Unit)	Tenant	Non-Profit
Minimum Monthly Rent[1]	$0	$800
Minimum Shelter Costs (i.e. rent and electricity)	$0	$837
Maximum Monthly Rent	$800	$800
Maximum Shelter Costs (i.e. rent, power and water)	$837	$837

[1]This is the minimum total rent to be received by the Owner from the Non-Profit Housing Provider, comprising Permitted Rent amounts and any financial assistance provided to or on behalf of Tenants by any social, community, health, provincial or other agency or body.

- **Securing support**. The Owner and Non-Profit Housing Provider will agree to co-operate to seek and secure financial support from senior levels of government and/or the private sector for the operation of the Affordable Housing Units.

- **Inspection**. The Operating Agreement will permit representatives of the City to inspect the Affordable Housing Units at any reasonable time, subject to the notice provisions in the *Residential Tenancy Act*.

- **Maintenance of Units.** The Owner and Non-Profit Housing Provider will jointly maintain the Affordable Housing Units and the AHAP in a good state of repair and fit for habitation and will comply with all laws, including health and safety standards applicable to the Lands. The Non-Profit Housing Provider will, include a clause in each Tenancy Agreement requiring the Tenant to, repair and maintain the Affordable Housing Units in good order and condition, excepting reasonable wear and tear.

- **Capital repairs and maintenance**. The Owner will maintain the envelope of the Affordable Housing Building and will make all capital repairs to the Affordable Housing Building and Affordable Housing Units at its own expense. The Non-Profit Housing Provider will have no obligations in this regard.

- **City approval.** The City's approval of the terms and conditions of the final form of Operating Agreement will be required, and no amendments to the Operating Agreement may be made without the City's prior written approval.

- **Representations and Warranties.** The Non-Profit Housing Provider will provide the usual warranties as to legal standing, authorization, financial ability, funding or other support enabling the provision of the services under the Operating Agreement.

- **Access**. The Non-Profit Housing Provider will provide access to the Affordable Housing Building, including the Amenity Room and the Childcare Facility, for providers of Co-ordinated Services.

- **Housing Agreement**. The Owner will ensure that the Operating Agreement is consistent with the terms of the Housing Agreement and Housing Covenant entered into between the Owner and the City, with particular reference to Article 3 of the Housing Agreement.

- **Statutory Declaration.** The Owner will ensure that the Operating Agreement obliges the Non-Profit Housing Provider to provide the City with Statutory Declarations in compliance with the applicable Affordable Housing Provisions.

- **Usual provisions.** The Operating Agreement will contain all the other usual provisions contained in operating agreements between property owners and providers of affordable housing, including but not limited to policies, procedures and manuals to be used for the operation and management of the Affordable Housing Units, including but not limited to:

    - Tenancy Agreements and addenda;
    - Tenant regulations and manuals;
    - Access to and security of the building and individual units;
    - Maintaining accurate and complete operational and other records;
    - Retention, disclosure and access to records;
    - Monitoring and reporting obligations;
    - Operational review;
    - Compliance with statutory health and safety standards;
    - Fire safety: carrying out regular inspections and observation of fire regulations;
    - Insurance requirements;
    - Financial management, including operating budgets, reserve and contingency funds, rental arrears policies and procedures;
    - Fair, transparent, consistent and non-discriminatory policies and procedures for Tenant selection, including eligibility criteria, waiting lists, application procedures and guidelines;
    - Liability;
    - Events of default;
    - Consequences of default;
    - Termination;
    - Dispute Resolution; and
    - General provisions and interpretation.

City of Richmond

Report to Committee
Planning and Development Department

To PLN - July 3, 2013

To:	Planning Committee	**Date:**	June 24, 2013
From:	Joe Erceg, General Manager, Planning and Development	**File:**	
Re:	**West Cambie - Alexandra Neighbourhood Business / Office Area Review**		

Staff Recommendation

That, as per the report from the General Manager, Planning and Development, dated June 24 2013, titled: West Cambie - Alexandra Neighbourhood Business / Office Area Review, there be no change to the West Cambie Area Plan.

Joe Erceg
General Manager, Planning and Development

JE:ttc

Att. 3

REPORT CONCURRENCE		
ROUTED TO:	**CONCURRENCE**	**CONCURRENCE OF GENERAL MANAGER**
Environmental Services	☑	
Engineering	☑	
Parks	☑	
Economic Development	☑	
Development Applications	☑	
Transportation	☑	
Real Estate	☑	
Finance	☑	
REVIEWED BY DIRECTORS	INITIALS: DW	**REVIEWED BY CAO** (DEPUTY) INITIALS: JE

3897598

Staff Report

Origin

On September 18, 2012, Planning Committee passed the following resolution:

> *"That staff explore the best use of the land that is bounded by Alexandra Road to the south; Garden City Road to the west; Cambie Road to the north; and Dubbert Street to the east, and report back to the Planning Committee."*

The purpose of this staff report is to address this referral.

<u>2011 – 2014 Council Term goals</u>
The report addresses the following 2011 - 2014 Council Term Goal:

- 7. Managing Growth and Development

Background

1. <u>General Study Area Description</u>

The Study Area lies in the northwest corner of the West Cambie Area Plan (WCAP) in the Alexandra quarter section (**Attachment 1**). It is the bounded by Alexandra Road to the south, Garden City Road to the west, Cambie Road to the north and Dubbert Street to the east (Attachment 1). The Study Area can be used for a range of non residential uses including office commercial, restaurants, neighbourhood pub, retail and retail services, commercial with a small floor plate only, educational facilities, recreational facilities, and at the southeast corner of Garden City Road and Cambie Road, a service station and neighbourhood commercial uses. The Alexandra Area has excellent access to major transportation connections in all directions and is within walking distance of Richmond's City Centre and the Canada Line light rail system.

2. <u>Mr. Rav Bains, Westmark Development Group (Westmark) Interests</u>

Mr. Rav Bains of Westmark Development Group (Westmark) owns approximately 5.14 acres (2.08 ha) (32%) within the Study Area (**Attachment 2**). The Westmark Group hired Brook Pooni Associates and Colliers International to study what they considered to be suitable alternate (e.g., residential) uses for the Study Area. City staff met several times with Westmark to clarify their proposal. In a report dated November 29, 2012, Westmark offered the following reasons to change the existing Study Area Business / Office designation:

a) A Lack of Business and Office Activity: There has been no business / office development activity in the Study Area since the West Cambie Area Plan (WCAP) was adopted in 2006.
b) The Study Area's Relationship to The City Centre to The West: The City Centre (2009 City Centre Area Plan - Aberdeen Village) to the west is designated as the City's Central Business District (CBD) and the WCAP - Alexandra Neighbourhood Business /Office designation signals conflicting objectives with the 2009 CCAP and 2041 Official Community Plan that 'direct office uses to the City Centre'.
c) Rapid Transit Focus: The primary location criteria for office tenants and hence commercial developers are a proximity to rapid transit.
d) Office Vacancy Rates: The City has some of the highest office vacancy rates in the region, across all office classes (A,B,C), very little of the City's office inventory is found near rapid

transit stations and the market assessment indicates that tenant demand for the type of office envisioned in the WCAP is non-existent.

The Westmark Team initially concluded that the Study Area is appropriate for medium density residential uses serving as a transition between the CBD to the west and the predominately residential neighbourhood to the east. Later, they modified their proposal to include a range of uses including: retail, multifamily (apartments), commercial and live/work uses. This latter proposal is summarized below and was used to assist in exploring the best use of the Study Area.

3. *Summary of The Westmark Proposal*

General Description:

- Proposes multi-family apartment units (approx 960 units)
- Adds more retail floor space to the Area Plan
- Reduces office floor space area relative to the Area Plan
- Increases density from 1.25 FAR to 1.75 FAR buildable floor area for primarily retail space and live/work units which would create a servicing capacity review
- Enables stand alone residential buildings and mixed use buildings
- Proposes to increase the Alexandra quarter population by approximately 1,750 (e.g., 29%) for a projected neighbourhood total of 7,750 people.
- Proposes to decrease jobs by 1,000 people to 1,000 jobs for the Alexandra quarter.

Westmark Proposal	
Item	**General Description**
Study Area	64,304.5 m² (692,168.4 ft²)
Maximum FAR	Total FAR for all uses – 1 .75 FAR - (1.50 base +0.25 DB for affordable housing)
New Multi-Family Mixed Uses	At 1.75 FAR, total proposed floor area is: - 112,532.9 m² (1,211,293.8 ft²)
Commercial Area	Using 1.75 FAR - 22,506.6 m² (242,258.8 ft²)
Live / Work Area	Using 1.75 FAR - 14,492.9 m² (156,000 ft²)
Residential (apartments)	75,533.4 m² (813,034.8 ft²) - Providing approximately 960 apartment units and housing approximately 1,750 people.
Maximum Height	Up to 5-storeys
OCP ANSD Designations - In Study Area: Replace ANSD Area 1A with Area 2 which allows ANSD (e.g., residential) uses - Elsewhere: Replace ANSD Area 2 with 1A which prohibits ANSD (e.g., residential) uses	- To help replace lands to meet the OCP ANSD requirements, Westmark has provided a list of possible sites that might be used to restrict ANSD uses in exchange for allowing ANSD (residential) uses in the Study area - The proposed sites have not been secured to place the ANSD Area A1 designation on them, and more analysis and consultation with YVR, property owners and the public are needed.
Infrastructure and Transportation Servicing Capacity (water, sanitary, drainage)	- Would require a review.

Analysis

1. *City Criteria To Review The Best Use Of the Study Area*

To explore the best land use for the Study Area and evaluate the Westmark proposal, the following criteria were used:

a) 2006 West Cambie Area Plan (WCAP) Policies:
   - The achievement of the Complete Community Concept (Live, Work, Play)
   - The impact on residential, retail and office land use policies
   - The impact on transit, parks, infrastructure, roads, district energy policies
   - The impact on Area Plan financing policies (e.g., DCCs)

b) 2041 Official Community Plan:
   - 2041 OCP Population, Housing and Employment Projections Study
   - 2041 OCP Employment Lands Strategy
   - 2041 City OCP Aircraft Noise Sensitive Development (ANSD) Policies

c) Recent Economic Real Estate Information
   - Recent market (e.g., office, retail) trends and long term needs
   - The implications of the developer's proposal on the Area Plan (e.g., envisioned retail, office and residential uses)
   - A context to evaluate complaints regarding the build out time for office and retail uses.

d) Metro Vancouver – 2040 Regional Growth Strategy Policies:
   - General Land Use Policy Impact
   - RGS 2040 Employment Policies.

To advise Council regarding the best use of the Study Area, staff examined the above plans, policies and studies, the proposal from Westmark, and comments from the Richmond Economic Advisory Committee (REAC), YVR and the City's employment lands consultant (Mr. R. Wozny who helped prepare the 2041 Employment Lands Strategy).

2. *Relevant West Cambie Area Plan Policies*

General

To prepare the 2006 West Cambie Area Plan (WCAP), Council approved a two year work program which involved extensive community planning and real estate consultant assistance, consideration of the 2004 OCP Aircraft Noise Sensitive Development (ANSD) policies, and consultations with YVR, property owners, developers and the public. Council approved the West Cambie Area Plan on July 24, 2006.

In preparing the Area Plan, Council considered two YVR aircraft noise acoustical studies: (1) a report by InterVistas Consulting, titled "Global Trends and Practices", which addressed worldwide aircraft and airport noise mitigation practices and international perspectives, and (2) a report from the Wyle Acoustics Group which provided additional information on annoyance, speech interference and sleep disturbance due to assumed aircraft noise. As well, the City undertook its own acoustical noise study by Wakefield Acoustics Ltd. to study aircraft noise and review YVR's Wyle Report. These studies lead Council to approve the OCP ANSD policies and areas in 2004, which prohibit ANSD (e.g., residential) uses, specifically the Alexandra quarter, Study Area. A great deal of City research, negotiation and balancing of community interests underpin the existing Area Plan Business/Office designation.

The Alexandra Study Area is affected by the second highest of five Aircraft Exposure Frequency (NEF) levels (i.e., the 35 - 40 Noise Exposure Frequency level), associated with the nearby Vancouver International Airport (YVR). Consequently, the Study Area is designated as an OCP Aircraft Noise Sensitive Development (ANSD) area Type Area 1A which prohibits residential, school, hospital and day care uses.

In this manner, the best use of the Study Area was initially determined when the West Cambie Area Plan was approved in 2006. The Area Plan Vision aims to create a "Complete and Balanced Community" with approximately 6,000 people and 2,000 jobs, and emphasizes a "Developer Pay" policy.

No residential uses are permitted in the Study Area, to meet employment needs and achieve the City's OCP Aircraft Noise Sensitive Development Policy. Development in the Study Area is to mirror the land uses, building scale and building setbacks to the west side of Garden City Road. As both sides of Garden City Road gradually redevelop, building forms and edges will help create an improved streetscape for motorists, cyclists and pedestrians.

The Area Plan Goals include:

- Designate land uses that are compatible with overall City objectives,
- Promote opportunities that improve the overall quality of life for residents of West Cambie and support practices that create a sustainable community,
- Retain existing low-density neighbourhoods and allow for redevelopment for a variety of land uses and densities in the area abutting the City Centre, known as the Alexandra neighbourhood,
- Recognize West Cambie's locational advantages for land uses that require good access to the major highway system,
- Encourage a range of transportation modes that provide access to facilities and services, while minimizing the impacts of traffic, particularly within residential neighbourhoods, and
- Promote and support opportunities for city parks, open space, natural areas, recreation, environmental protection, and heritage preservation.

Keeping The Integrity of the West Cambie Area Plan

As the West Cambie Area Plan aims to create a "Complete and Balanced Community" with approximately 6,000 people and 2,000 jobs, the Study Area's range of non residential mixed employment uses assist in achieving this objective. If the employment uses in Study Area were to be fully or partially eliminated, this balance would be unacceptably lost, as there would be fewer business uses and more residential uses and the lost employment lands would be difficult to replace.

Accommodate Mixed Employment Uses

The Study Area accommodates the following mixed employment uses: office commercial, restaurants, neighbourhood pubs, retail and retail services, commercial with a small floor late only, educational facilities, recreational facilities, enclosed commercial parking, preferably structured, and a service station and neighbourhood commercial uses at the southeast corner of Garden City Road and Cambie Road. This range of non residential uses enables far more than office uses to be developed and should be retained for long term community benefit.

Minimum Lot Size Policies
The minimum lot area for redevelopment is 1.0 ha (2.47 ac) and there are to be no orphaned lots of 0.4 ha or less (1 ac. or less), in order to facilitate the envisioned re-development and so as not to perpetuate non-conforming uses (e.g., single detached homes).

Density Policies
The allowed density is established at 1.25 FAR with a maximum retail floor plate of 929 m^2 (10,000 ft^2).

Height Policies
Building heights are generally limited to two to four-storeys (8 m to 15 m). Five-storeys (20 m) may be considered for non-combustible or concrete construction, increased open space, and there is to be no additional overshadowing of neighbouring properties.

The following table further summarizes the Area Plan policies for the Study Area:

Study Area Characteristics West Cambie Area Plan, Alexandra Quarter Business / Office Area	
Topic	**Summary**
Study Area - Size	– 15.89 acres, or 6.43 ha – Approximately 10% of the whole Alexandra Quarter Section
Total Buildable Area	– 64,304.5 m^2, or 692,168.3 ft^2
2041 OCP Land Use Designation	Mixed Employment Those areas of the City where the principal uses are industrial and stand-alone office development, with a limited range of support services. In certain areas, a limited range of commercial uses are permitted such as the retail sale of building and garden supplies, household furnishings, and similar warehouse goods.
2041 OCP Noise Sensitive Development Area (ANSD) Designation	– Designation - Area 1A (35 - 40 NEF) – New Aircraft Noise Sensitive Land Uses (residential, school, hospital, day care) are prohibited

West Cambie Area Plan, Alexandra Quarter Land Use, Density, Height:	– Mixed Employment Uses (non residential)
	  – Office commercial
	  – Restaurants and neighbourhood pub
	  – Retail and retail services commercial — small floor plate only
	  – Educational facilities
	  – Recreational facilities
	  – Enclosed commercial parking, preferably structured.
	  – A service station and neighbourhood commercial uses, at the southeast corner of Garden City Road and Cambie Road.
	– Maximum FAR 1.25
	– Maximum Height:
	  – 2 to 4 storeys (8 metres – 15 metres)
	  – 5 storeys (20 metres) of non-combustible construction can be considered.

Existing Zoning	Mainly Single Family - RS1/F Width = 18 m (60 ft) Minimum Area 828 m2 (8,913 ft^2)
Existing Uses	Single Family Residential
Transit Services	– The Study Area is well serviced by public transit with two current bus routes fronting Garden City Road (407 and 430), bus service along Cambie Road and there are direct bus connections to the Richmond-Brighouse and Bridgeport Canada Line stations. – The Canada Line is about 1 km (about a 15 minute walk) from the area.

Study Area Characteristics West Cambie Area Plan, Alexandra Quarter Business / Office Area	
Topic	**Summary**
	– The City is working with TransLink to monitor service levels and seek service improvements over time.
Water	System
Sanitary	Septic Tank: Sanitary Sewer System to be provided with development
Drainage	Yes
Alexandra District Energy Utility (ADEU)	New development will be required to connect to the ADEU

Since the Area Plan was approved in 2006, it has served the City well, as many multifamily developments have already been built and are being proposed, parks have been established, a Smart Centre rezoning is under consideration and an Ismali Jamatkhana (a religious building) is being finalized. To promote sustainability, in 2011, the City established an Alexandra District Energy (ADEU) system for the quarter.

As with all Area Plans, including the Study Area, it is understood that full build out will take time and depends on a range of factors including the economy, the market and developer interests. As some non residential uses like offices and retail uses often may take longer to develop, those owners may express concern and ask to have the Study Area redesignated for other uses (e.g., multifamily uses) for short term benefit. However, as the purpose of the Area Plan is to guide development in a balanced manner, over the longer term through fluctuating market cycle demands, any request to change the Study Area should be evaluated from a long term perspective.

Westmark proposes multifamily residential and live / work uses in the Study Area which would displace needed office and other employment uses. As it would also allow more residential uses and people which are not needed and less employment lands and fewer jobs which are not desirable, it is unacceptable. The Westmark proposal also suggests that any reduced office lands in the Study Area should be directed to the City Centre along the Canada Line, as this is the best place for them. Staff do not agree: (1) as not all City offices should go in the City Centre or along the Canada Line, (2) they cannot all afford the higher City Centre office space costs, (3) a range of office spaces and prices are needed throughout the City, and (4) it will not meet the needs of the people in the West Cambie Alexandra quarter, or on a City wide basis.

The Westmark argument is based mainly on the short term and unfounded premise that, as office uses appear hard to establish in the Study Area, they should be reduced and residential uses should be allowed. Staff consider that the rationale behind the Westmark proposal is questionable. Much more work would need to be done by Westmark, in consultation with the City, property owners and the public, to find acceptable alternate locations for any displaced office space. For these reasons, staff recommend not changing the Area Plan.

The Study Area was also established to accommodate similar uses which may be displaced from other areas of the City (e.g., the City Centre), an important long term City economic re-development objective. In this regard, City staff conducted a review of the types of employment uses which may be displaced due to City Centre redevelopment (e.g., in the Oval and Brighouse area) and which may relocate to the Study Area. The range of such displaced opportunities include:

- Retail and Related Uses: furniture, mattress, food catering, private security uses
- Office Uses: property management, holding and investment, consulting, printing, assembly, education, import/ export, travel agency, book making and binding uses.

By focusing mainly on office uses, Westmark has missed an important opportunity to explore the full range of non-residential employment uses already allowed in the Study Area and to accommodate similar displaced uses from elsewhere in the City. It is suggested that greater efforts be made to develop in the Study Area within existing allowed non-residential uses. The Richmond Economic Advisory Committee acknowledges this opportunity.

It should be noted that changing even a portion of the Study Area is of concern, as it may generate a series of studies and consultation which would take away from other more important City priorities. The Westmark proposal is also questionable as it has not explored the full range of existing non residential uses which are allowed in the Study Area. For these reasons, staff recommend that the Area Plan not be changed.

<u>Infrastructure and Transportation Services</u>

Currently, the Study Area is serviced by central water, septic tanks and is connected to City drainage. Transportation staff advise the Study Area is well serviced by public transit with two current bus routes fronting Garden City Road (407 and 430), bus service along Cambie Road and there are direct bus connections to the Richmond-Brighouse and Bridgeport Canada Line stations. The Canada Line is about 1 km (about a 15 minute walk) from the area. As well, the City continues to work with TransLink to monitor and improve services to this Area. When the Area Plan was prepared, the infrastructure and transportation services were matched to the lands uses. As well, for the West Cambie Area Plan, City wide and a new Local Area Development Cost Charge (DCC) Programs where established, as follows:

- Local Area DCCs are used to provide for Alexandra quarter core park acquisition and improvements, north /south local roads, traffic and pedestrian signals, intersection turning bays, and water sanitary and drainage services inside the neighborhood.
- City Wide DCCs are also applied to needed improvements not addressed in the Local Area DCC Program.

For any change in Study Area land use or density (particularly for this proposal which increases density considerably and population by 29%), the City would need to review and determine any corresponding changes to the existing infrastructure, transportation (road, traffic) servicing arrangements and the DCC Program. As the Study Area can be redeveloped without changing the Area Plan, a needleless review of the infrastructure and DCC Program can be avoided.

3. *<u>The 2041 OCP Population, Housing and Employment Projections Study and 2041 OCP Employment Lands Strategy</u>*

In preparing for the 2041 OCP, the City undertook the comprehensive 2041 OCP Population, Housing and Employment Projections Study. It indicates that, for the North Richmond sector, which includes the Study Area, the Bridgeport corridor and Mitchell Island, an increase in employment over the long term of 6,440 jobs (19%) is anticipated. In addition, the City undertook the major 2041 Employment Lands Strategy which indicates that the North Richmond sector currently has sufficient land to meet 2041 office projections, but that any reduction would result in a deficit that would need to be made up elsewhere. The Strategy also recognizes and supports the City's desire to designate land in the Alexandra neighbourhood for offices, businesses, restaurants, neighbourhood pubs, retail and retail services, commercial uses with a small floor plate only, educational facilities, recreational facilities, and at the southeast corner of Garden City Road and Cambie Road, a service station and neighbourhood commercial uses. The City's long term office and commercial use needs are summarized in the following table:

Floor Area Requirements (current and 2041 projected)				
Item	Office Land City wide	Office Land North Richmond*	Commercial Land City Wide	Commercial Land North Richmond*
2009 Land zoned and designated	436 acres (176 ha)	135 acres (54.6 ha)	1,112 acres (450 ha)	137 acres (55.4 ha)
2041 needs	449 acres (182 ha)	135 acres (54.6 ha)	1,069 acres (433 ha)	161 acres (65.1 ha)
Difference	13 acres (5.3 ha) Shortfall	0	43 acres (17.4 ha) Surplus	24 acres (9.7 ha) Shortfall

*Richmond Land Use Strategy

It should be noted that, revising the above studies is not necessary or recommended, as they were just completed and are still relevant. As well, the necessary 2011 Census information is not available and will not be until later (e.g., possibly in 2014). Thus, based on the City consultant advice, the Study Area should be retained and not casually changed to allow residential uses based on one developer's short concerns which do not consider the City's long term employment lands and job creation interests.

4. *2041 Official Community Plan*

The 2041 OCP policies are based on the above studies which helped determine the 2041 OCP population and employment levels, and how the City will manage population and employment growth to 2041. The Study Area has a 2041 OCP designation of "Mixed Employment" which is defined as:

> "*those areas of the City where the principal uses are industrial and stand-alone office development, with a limited range of support services. In certain areas, a limited range of commercial uses are permitted such as the retail sale of building and garden supplies, household furnishings, and similar warehouse goods*".

With this OCP Mixed Employment lands designation, the 2041 OCP aims to achieve a balance of residential and employment lands to meet the City's long term employment and job creation needs. The OCP Mixed Employment designation supports range of employment uses in the Study Area and clearly does not allow residential uses, such as those proposed by Westmark (e.g., multifamily dwellings, live / work uses). In this regard, the Westmark proposal, to add residential uses and reduce the employment lands is not consistent with the 2041 OCP policies.

In establishing the City's long term employment and commercial (retail and office) space requirements, the OCP has also set out lands which are needed to attract a sustainable work force with good quality, high-paying jobs in the professional services (e.g., doctors, lawyers, accountants), high-tech, natural and applied sciences, retail and public sectors, and which support these BC economic growth sectors. As well, in balancing residential and employment uses, the City enjoys an enviable high jobs to labour force ratio. The balance also enables the City to maintain its status of a fully functioning City (Live, Work, Play) and avoid reverting to a bedroom community. As it is the jobs that enable Richmond to be a Complete Community and not a bedroom community, the existing Study Area non residential mixed employment uses should be retained.

Staff advise that, as the Westmark proposal is inconsistent with these objectives, the existing Study Area employment lands should be retained and not reduced. Retention is recommended, as if all or a portion of the Study Area's 15.89 acres (6.4 ha) of designated mixed employment land is reduced or removed, it will be necessary to replace them elsewhere in the area (not in the City Centre along No. 3 Road) in order to meet the projected needs for North Richmond. Staff particularly emphasize that it is necessary to protect all of the Study Area and uses, as if even some are lost, there will be great pressure to convert them all in the Alexandra quarter and elsewhere in the City. There are others in similar situations who are watching if Council will change the Study Area mixed employment uses to residential uses, therefore any change in this case is likely to trigger further requests.

5. *2041 OCP Aircraft Noise Sensitive Development Policies*

The Study Area is under the YVR flight path and is designated OCP ANSD Area 1A which is in the second highest Noise Exposure Frequency (35-40 NEF) area in the City. The ANSD Area 1A prohibits residential, schools, day care and hospital uses. This means that the ANSD designation is important and should be retained, to avoid resident complaints to YVR and the City.

The City and the Vancouver International Airport (YVR) take this policy very seriously. The City has only changed an OCP ANSD designation once, since it was established in 2004. In a unique Council initiated instance in 2012, as Council had acquired the Garden City Lands (GCL), it no longer needed parkland in the south east corner of the Alexandra quarter and allowed it to be used for townhouse purposes. In doing so, Council replaced the restrictive ANSD designation with an area of equivalent restrictive value elsewhere (i.e., east of the casino).

To be consistent, if the City were to allow the restrictive ANSD designation to be removed to allow residential uses in the Study Area, the equivalent ANSD area should, it is suggested, be replaced nearby. This would be difficult, as such replacement areas are hard to find and affected property owners would likely object. Westmark would need to undertake studies to replace them with areas of equivalent noise exposure value nearby and obtain affected owner consent. To explore the possibility of replacing the OCP ANSD 1A Area, Westmark undertook a preliminary review and suggested that alternate ANSD replacement areas might be along 10780 Cambie Road (automobile dealerships) and around St. Edwards Drive east of Highway 99 (near the Vancouver Airport Conference Centre). This was only a tentative suggestion and much further work and consultation with YVR and affected property owners would be required. For these reasons, it is recommended that the OCP ANSD designation remain.

City staff consulted with YVR Noise Abatement & Air Quality staff and discussed the matter of, either keeping, or replacing the existing OCP ANSD Area 1A designation in the Study Area. YVR staff advise that the affected Study Area is: (1) directly under the flight path of the 24-hour south runway, (2) one of the most severely noise affected areas of the City, and (3) within the 35 Noise Exposure Forecast (NEF) planning contour, where Transport Canada does not recommend residential development according to Federal land use guidelines. YVR staff advise that, in their opinion, the OCP ANSD designation should remain and they do not support changes to allow the proposed development. As well, YVR does not support the concept of 'swapping' land within other areas of the City's ANSD Policy to offset the proposed development. If the City wished to undertake this approach, the new ANSD offset lands should be located within the West Cambie area and have an equivalent exposure to noise and aircraft over-flights.

In a larger context, it should be noted that the City has larger interests with YVR than reviewing this OCP ANSD designation including, for example, studying increased City Centre building height opportunities. Engaging YVR in an OCP ANSD review is not a City priority, may damage City - YVR relations and would clearly take away from more beneficial City - YVR endeavours like the City Centre building height review.

6. *Metro Vancouver – 2040 Regional Growth Strategy (RGS) Policies*

The Metro Vancouver – 2040 Regional Growth Strategy (RGS) designates the Study Area as "General Urban" which accommodates the existing Study Area mixed employment uses. The RGS policies emphasize the following objectives:

- Promote land development patterns that support a diverse regional economy and employment close to where people live,
- Support complete, mixed use, transit, cycling and walking oriented communities,
- Support the development of office space in Urban Centres and elsewhere, and
- Develop healthy and complete communities with access to a range of services and amenities.

Any changes to the West Cambie Area Plan designations would not require a RGS amendment. As the RGS supports maintaining employment lands close to where people live and the development of office space in a variety of areas such as West Cambie Alexandra quarter, the Westmark proposal to reduce employment lands is inconsistent with the 2040 RGS, as it would reduce the opportunity have office and employment uses near West Cambie and other residents.

7. *Recent Market Trends*

To assist in exploring the best use of the Study Area, the City asked Richard Wozny, Site Economics Ltd., a prominent real estate financial and market consultant to review recent market trends and comment on the Westmark proposal. The real estate consultant assisted the City in preparing the 2041 Employment Lands Strategy and is familiar with the regional economy. As Westmark, proposed several reasons to change land uses and densities in the Study Area, the real estate consultant reviewed them and made the following comments:

a) A Lack Of Business and Office Activity In The Study Area:
   There has been no business / office development activity in the Study Area, since the West Cambie Area Plan (WCAP) was adopted in 2006.

   City's Real Estate Consultant's Comments: While there is limited office demand currently, the City wants to hold these employment lands as sites which can accommodate future office and employment demand. The City has had vacant and underused lands since its inception. The Study Area lands were intended for much needed employment uses and must be held as employment lands, even if the absorption period is long term. The City recently released a large industrial / office area on the west side of downtown for residential uses. From a long term macro perspective, that was deemed to be the maximum land area which could be released to be rezoned to residential. The Study Area employment lands are needed for future employment partially to offset the extensive loss of other employment lands across *north Richmond. It is the case that office space should generally be located at or near transit or on No. 3 Road. Unfortunately, downtown zoning permits, either residential or office, and since residential is more valuable, residential is pushing out potential new office space, regardless of demand. The Study Area must be preserved to provide for future employment demand. Despite the current market, it is possible that at some time in the future, this could become an office area and perhaps attract a few large tenants who want their own campus like office buildings. That type of single tenant lower cost office building, rather than multi tenant office buildings can function without a central location.*

b) Relationship to The City Centre To The West:
The City Centre (2009 City Centre Area Plan - Aberdeen Village), to the west is designated as the City's Central Business District (CBD) and the WCAP - Alexandra Neighbourhood Business / Office designation signals conflicting objectives with the 2009 CCAP and 2041 Official Community Plan that 'direct office uses to the City Centre'.

City's Real Estate Consultant's Comments: As noted above the City Centre is expensive and residential development is dominating and pushing out office space. Large office tenants typically cannot afford to go into a City Centre and are possible tenants of this area. The City Centre is typically ideal for smaller tenants and multi-tenant buildings.

c) The Rapid Transit Focus:
The developer suggests that the primary location criteria for office tenants and hence commercial developments is in proximity to rapid transit.

City's Real Estate Consultant's Comments: As above, there is possible future demand for lower cost, non-City Centre, office space.

d) Office Vacancy Rates:
The City has some of the highest office vacancy rates in the region, across all office classes (A,B,C) and very little of the City's office inventory is found near rapid transit stations and the market assessment indicates that tenant demand for the type of office envisioned in the WCAP is non-existent;

City's Real Estate Consultant's Comments: Richmond's suburban office market does have a very high vacancy rate. Some of those office buildings which are suffering high vacancy were built in very remote industrial parks with no transit.

e) How long until the market might build out the Study Area Mixed Employment Uses?

City's Real Estate Consultant's Comments: It is difficult or even impossible to say, but there will be growing demand for office oriented businesses. As industrial land becomes built out, office based employment will be the only way the City can add employment to match population growth.

f) Suggested Land Use
The developer suggests that the Study Area is an appropriate area for medium density residential uses serving as a transition between the CBD to the west and the predominately residential neighbourhood to the east.

City's Real Estate Consultant's Comments: Everything the developer says is correct, except that the Study Area's Business / office uses are required to accommodate long term City office employment projections. These are vital future employment lands and they cannot be lost to residential land uses. There are other possible locations for future residential uses, but few other places for office space within such proximity to the City Centre.

g) Additional Recent Market Trends
The City's real estate consultant also pointed out the following recent market information (**Attachment 3**). Referring to Avison and CBRE year end (2012) office market studies, both say that Richmond's vacancy rate for office is falling. Avison in particular has details of it being under 20%. Even the less detailed Colliers report for 2013 Q1 says Richmond is doing better lately. In just a half year, the office market is turning and there is more demand. This shows that the statistics used in the Westmark submission do not reflect very long term market trends, which planning principles are supposed to reflect.

The fact that a few poorly located office buildings remain persistently vacant does not mean that the Study Area office uses must be converted to residential uses, or that all of Richmond does not have office demand. The average vacancy for the City is not relevant as some of those C class, remote suburban, office buildings may never attract long term tenants. The subject Study Area offers a much better future office location than those remote and vacant Richmond office buildings, which are the source of so much leasing angst. Any discussion of the market should exclude those few remote office buildings as they are outliers and not directly relevant as they are so poorly located.

The real estate consultant also referred to a recent February 7, 2013, Richmond Review article titled: "Office vacancy remains high, but 'milestone' reached", supports the above information:

Richmond continued to lead the region in empty office space last year, but demand is growing, according to a new Metro Vancouver market report from Avison Young. Richmond's vacancy rate at the end of 2012 stood at 19.3 per cent, well above the region's 7.0 per cent average. Of Richmond's 4,196,438 square feet of office space, 808,624 square feet remained vacant last year. But demand did grow, as the city boasted 110,703 square feet of positive absorption for the year-the strongest level of annual absorption since 2008 and the third highest rate in the region.

According to the real estate firm's report, vacancy in Richmond's office market dropped below 20 per cent for the first time since mid-2009. Avison Young principal Bill Elliott called that a "milestone of sorts." "While much of the activity has been tenant churn within the market, more than 110,000 square feet of positive annual absorption in 2012 is a welcome turn of events and expected to continue," he said in a news release.

Richmond's vacancy rate reached a peak of 24.6 per cent at the end of 2010. With 1-in-5 offices still sitting empty, developers have been slow to build more. Avison Young suggested Vancouver Airport Authority's proposed Sea Island Business Park-800,000 square feet of *office space and a hotel-could be the first new project to proceed. Ampar Ventures is also planning a multi-phase development near the Oak Street Bridge that will include a 12-storey office tower and two hotels. The only city with a higher vacancy rate was New Westminster, at 20.8 per cent. But Avison Young noted that was due to 225,400 square feet of space added to the city's inventory at year's end, and it is set for occupancy this year.*

Based on the above real estate consultant's advice, City staff recommend that the West Cambie Area Plan not be changed, as the uses in the Study Area are needed for the long term and to avoid any employment land shortages. As well, it is important not to let short-term market speculation influence long-term land use decisions, or weaken the existing Complete Community Concept. If this is allowed, the City will not have the land capacity to generate local jobs when the market turns. It is noted that the Westmark office market analysis is questionable as West Cambie is neither Aberdeen nor Crestwood, which are outliers in measuring the office market in Richmond. There are other reasons that the office market is stagnated in Richmond, one of them being the fact that residential development has made land costs in the City Centre somewhat prohibitive, along with the fact that other communities are aggressively adding to the regional office supply. The remote business parks, which account for the biggest portion of Richmond's office space inventory skew the vacancy rate data.

In addition, staff note that the recently adopted 2041 OCP envisions the Study Area being developed for office/retail which mirrors the 2041 Employment Lands Strategy which states: "maintain non-residential zoning in this area to discourage redevelopment to residential" and "continue to implement the ANSD policies" in this area. The 2041 OCP vision goes beyond short-term market opportunities and is a clear direction based on future community-wide growth projections. As well, office space is necessary when developing "Complete Communities" to provide well-paying jobs for resident professionals serving the local population (e.g. doctors, lawyers, accountants). While Westmark suggests that, since there has not been much activity in the area in terms of office development applications and that the Study Area should accommodate residential uses, the projected residential growth for the Alexandra quarter is already captured in the 2006 West Cambie Area Plan. If short-term market speculation is allowed to influence long-term zoning decisions, the idea of "Complete Communities" will be lost and the City will not have the land capacity to generate local jobs when the market turns.

8. *Precedent Setting Considerations*

If residential uses are allowed in the Study Area and mixed employment uses are eliminated or reduced, Council can expect more similar requests elsewhere in the City. Already, owners on the west side of Garden City Road in the City Centre are watching what happens and have indicated that they are also looking to change City policies to introduce residential uses and eliminate or reduce employment lands. They will want to replace "slower" developing employment uses with "faster" mostly residential multifamily uses, for short term private sector gain. If this approach is followed, the City will lack the employment lands needed to create Complete Communities, and it will be more difficult to find areas for the needed employment lands and they will be more expensive to acquire. For these reasons, no change to the Area Plan is recommended.

9. *Options Evaluated*

Based on the above, the following Options were evaluated to assist in determining the best use for the Study Area.

Option 1 – No Change To The Area Plan *(Recommended)*

General Description:
- Retain current Area Plan Business / Office designation.
- Alexandra Quarter employment levels are maintained (2,000 jobs).
- No residential uses.

Option 1 – No Change To The Area Plan	
Item	**General Description**
Study Area	64,304.5 m² (692,168.4 ft²)
Existing Maximum FAR:	FAR up 1.25
Commercial Space: - Restaurants and neighbourhood pub, educational facilities, recreational facilities, a service station and neighbourhood commercial uses, at the southeast corner of Garden City Road and Cambie Road.	80,380.6 m² (865,209.8 ft²)
Retail Floor Plate Size	The maximum retail floor plate size is up to 929 m2 (10,000 ft²) - (West Cambie Area Plan)
Office Uses	10 acres of land or 200,000 ft² of building area (Employment Land Strategy)
Maximum Height	- 2 to 4 storeys (8 metres – 15 metres) or - 5 storeys (20 metres) of non-combustible construction may be considered for non-combustible or concrete construction, increased open space, and no additional overshadowing of neighbouring properties).
2041 OCP ANSD Area 1A Designation	Remains
Alexandra District Energy Utility (ADEU)	Will connect to ADEU
Pros	**Cons**
- No land use change is involved - A range of non residential mixed employment uses is continued to support needed local employment opportunities - The important Complete Community (Live, Work, Play) Concept is retained - Avoids replacing the OCP ANSD Area 1A designation - Avoids a review of the DCC Program - Avoids setting an undesirable land use change precedent - Continues to achieve the 2041 OCP and Employment Lands Strategy - It was always anticipated that the build out of Study Area employment uses would take time and that it is not strategic or practical to allow them to be replaced with residential uses for short term developer gain - Enables City priorities and positive relationship with YVR to continue - Supported by YVR, the Richmond Economic Advisory Committee (REAC) and Mr. R. Wozny, the City's real estate consultant	- In the short term, may see slow Business / Office use redevelopment, as anticipated - May continue to receive requests from developers to convert Business / Office uses to other uses (e.g., residential)

Option 2 – Westmark Proposal *(Not Recommended)*

General Description:
The following general description reflects City staff's understanding of the developer's proposal.

- Less: Proposes to reduce office floor space area relative to the existing Area Plan - Option 1
- Fewer Jobs: Proposes to decrease jobs from Option 1, by 1,000 jobs to 1,000 jobs.
- More: Proposes to add more retail floor space to Option 1.
- More Density: Proposes to increase density from 1.25 FAR to 1.75 FAR for primarily (1) retail space and (2) live / work units.
- New: Proposes multi-family apartment units (approx 960 units).
- New: Proposes stand alone residential buildings and mixed use buildings.
- More People: Proposes to increase the Alexandra quarter population by approximately 1,750 for a projected Alexandra quarter total of 7,750 people.

Option 2 – Westmark Proposal	
Item	**General Description**
Study Area	64,304.5 m² (692,168.4 ft²)
Maximum FAR	Total FAR for all uses – 1 .75 FAR – (1.50 base +0.25 DB for affordable housing)
New Multi-Family Mixed Uses	At 1.75 FAR, total proposed floor area is: – 112,532.9 m² (1,211,293.8 ft²)
Commercial Area	Using 1.75 FAR – 22,506.6 m² (242,258.8 ft²)
Live / Work Area	Using 1.75 FAR – 14,492.9 m² (156,000 ft²)
Residential (apartments)	75,533.4 m² (813,034.8 ft²) – Providing approximately 960 apartment units and housing approximately 1,750 people.
Maximum Height	Up to 5 storeys
Alexandra District Energy Utility (ADEU)	Will connect to ADEU
OCP ANSD Designations – In Study Area: Replace ANSD Area 1A with an Area 2 designation to allow ANSD uses – Elsewhere: Replace ANSD Area 2 with an 1A designation to prohibit ANSD uses	– To help replace ANSD Area 1A designated lands, Westmark provided a list of possible exchange sites that might be used. – The proposed sites have not been secured to place the ANSD Area A1 designation on them, more analysis is needed and YVR, property owners and the public need to be consulted.
Pros	**Cons**
– Could possibly accelerate redevelopment in the Study Area – Would retain some floor space for a variety of employment uses.	– Needlessly reduces employment lands – Removes amount of commercial and office floor area compared to Option 1. – Stand alone residential buildings would likely develop first and possibly still leave the office and other employment land undeveloped in the short term – Any redesignation of land from office or other employment uses would require developers to replace them elsewhere in North Richmond not in the City Centre, in order to meet the City's long term

Option 2 – Westmark Proposal	
Item	**General Description**
	2041 employment land targets – Requires the replacement of the OCP ANSD Area 1A designation nearby and would require developers to secure an area of similar size and noise exposure – Difficult to achieve the agreement of property owners who would be ask to have their properties redesignated to prohibit residential uses – Requires a review of water, sanitary, drainage and transportation infrastructure – Requires a review of the DCC Program – Sets an undesirable land use change precedent – Will likely generate similar undesirable requests – Would detract from other City planning and YVR priorities – May damage City relationships with YVR – Not supported by YVR, the Richmond Economic Advisory Committee (REAC) and Mr. R. Wozny, the City's real estate consultant

10. Summary

The referral asked staff to explore the best use of the land in the Study Area. Staff met several times with Westmark to understand their proposal and established a review criteria based on the 2041 OCP (e.g., 2041 Employment Lands Strategy, ANSD policies). As well, staff sought the advice of the real estate financial and market consultant who prepared the 2041 Employment Lands Strategy and is familiar with City and regional commercial and office needs, YVR Noise Abatement & Air Quality staff, and the Richmond Economic Advisory Committee (REAC). The Study review indicates that: (1) not all offices should go in the City Centre or must be on a rapid transit line, (2) recent studies indicate that the City's office vacancy rate appears to be declining, (3) the Alexandra quarter mixed employment uses are needed to the achieve the City's long term employment objectives, (4) the Study Area is to be used to accommodate appropriate displaced uses from elsewhere in the City (e.g., the City Centre) and (5) the long term benefits of maintaining the existing Study Area uses outweigh the benefits of adding more residential uses and reducing its employment potential. It is noted that changing even a portion of the Study Area is of concern, as it would likely generate an avalanche of similar requests. The Westmark proposal is simply not viable as they have not fully explored the full range of non residential uses which are currently allowed in the Study Area which include office commercial, restaurants, neighbourhood pub, retail and retail services commercial with a small floor plate only, educational facilities, recreational facilities, and at the southeast corner of Garden City Road and Cambie Road, serviced station and neighbourhood commercial uses. These finding are supported by YVR, the REAC and the City's real estate consultant. For these reasons, staff recommend that the Area Plan not be changed.

By not changing the Area Plan, the OCP ANSD Area 1A designation does not need changing, equivalent areas would not need to be found and complex discussions with YVR would not need to be undertaken. It is important, as the City has larger interests with YVR than reviewing the OCP ANSD designation when such is not needed including, for example, studying increased City Centre building height opportunities. Engaging YVR in an OCP ANSD review is not a City priority, may damage City - YVR relations and would clearly take away from more beneficial City - YVR endeavours like the City Centre building height review. For these reasons, City staff recommend not changing the Area Plan.

Financial Impact

None

Conclusion

Staff have explored the best use of the Study Area and recommend Option 1 - Not To Change The Area Plan, as maintaining the needed office and employment land is necessary. The recommended approach avoids setting an undesirable precedent of changing City plans and policies based on a developer's desire for short term gains, maintains the Area Plan Vision of achieving a "Complete Community" aimed at balancing the City's long term employment and population needs, avoids an endless spiral of unneeded planning studies and maintains the City's positive relationship with YVR. In addition, further studies and community consultation to replace lost employment lands and ANSD designations are avoided. This recommendation is supported by the Richmond Economic Advisory Committee, YVR, and the City's real estate consultant.

In conclusion, the following are the main compelling reasons to retain the Area Plan designation:

1. Meets the City's long term employment land and job needs.
2. Maintains the City's enviable jobs to labour force ratio.
3. Richmond cannot afford to lose the Study Area employment uses, as there would be fewer jobs and more people looking for them.
4. Avoids increasing the residential population of West Cambie by 29% in an area of high (the second highest) aircraft noise.
5. Avoids setting an unacceptable precedent, as other developers have already signalled an interest in changing other areas which is a great concern.
6. Even removing a portion of the Study Area is a concern, as it would set an undesirable precedent.
7. Changing the Area Plan is not supported by the Richmond Economic Advisory Committee.
8. Changing the Area Plan is not supported by YVR and may compromise more important City - YVR interests (e.g., studying increased building height in the City Centre).
9. The developer's rationale does not take into account all the existing permitted uses already allowed in the Study Area.
10. Eliminating or reducing the Study Area will negatively impact the City's ability to relocate existing Richmond businesses currently being displaced from the Brighouse and Oval areas of the City Centre and elsewhere.
11. The City's real estate consultant indicates a need to retain the Study Area employment uses.

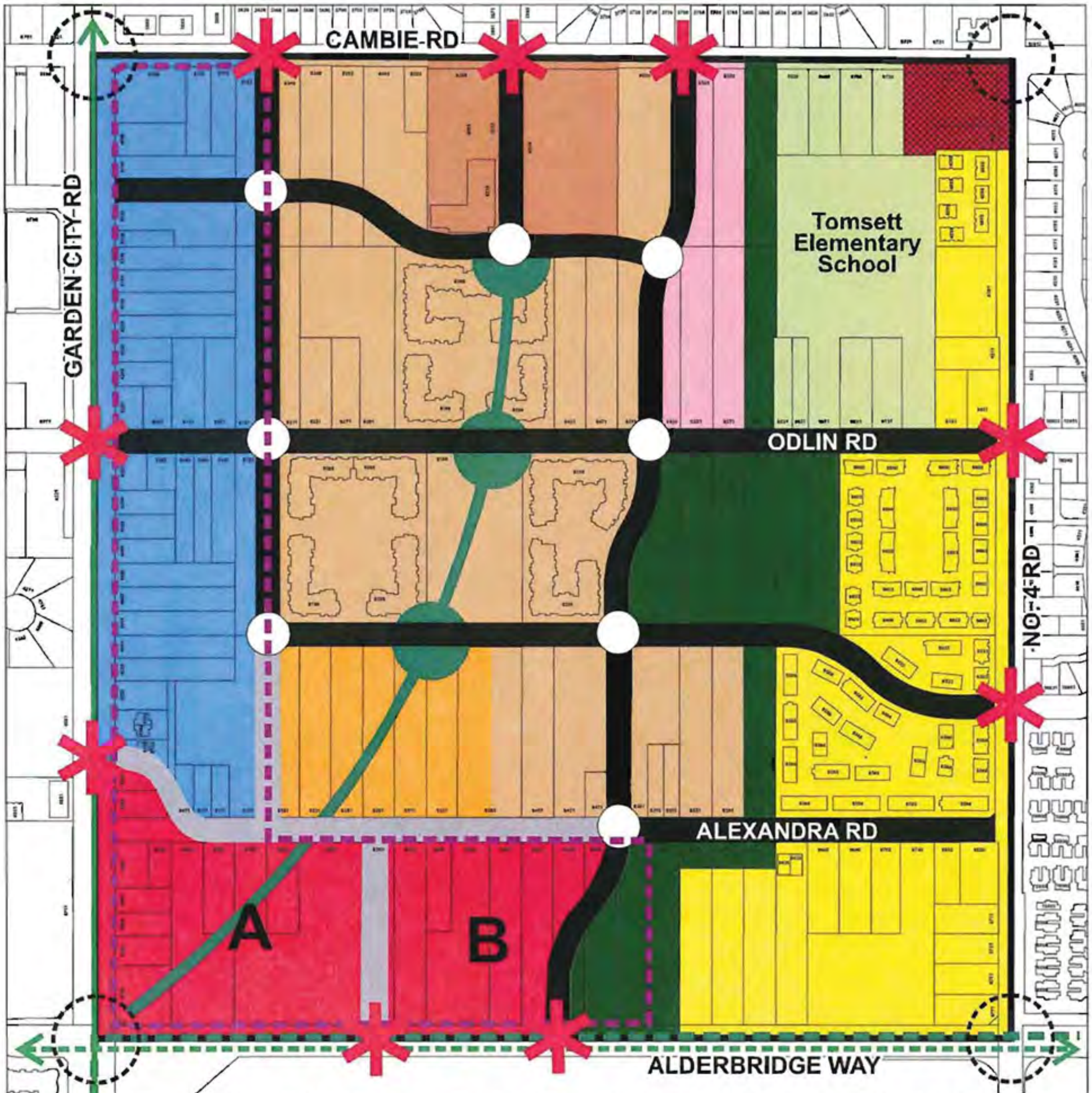
David Johnson,
Planner 2 (604-276-4193)

Terry Crowe, Manager,
Policy Planning (604-276-4139)

DJ:cas

Attachment 1	West Cambie Area Plan Map
Attachment 2	Westmark Reports
Attachment 3	Mr. Wozny, Site Economics Ltd. Information

Alexandra Neighbourhood Land Use Map



Note: Exact alignment of new roads subject to detailed functional design. Also refer to Section 8.4.5 - Alexandra District Energy Unit regarding district energy density bonusing policies

- ALR Boundary
- Alexandra Neighbourhood Boundary
- Commercial (Convenience)
- Commercial (Hotel; Office; Street-front Retail Commercial) (Area A: Minimum 1.25 FAR up to 2.0 FAR) (Area B: Large and small floor plate up to 1.0 FAR)
- Community Institutional
- Mixed Employment (Business/Office – office over retail FAR up to 1.25)
- Mixed Use (Abutting the High Street: medium density residential over retail) (Not abutting the High Street: medium density residential) (1.25 base FAR; Maximum 1.50 FAR with density bonusing for affordable housing) (Building heights low to mid-rise)
- Apartment Residential (Low-rise Apartment – 4 storey typical; Townhouse) (1.50 base FAR; Maximum 1.70 FAR with density bonusing for affordable housing)
- Apartment Residential (Low-rise Apartment – 6 storey maximum; Townhouse) (1.50 base FAR; Maximum 1.75 FAR with density bonusing for affordable housing)
- Neighbourhood Residential (Townhouse) (2 & 3 storey; 0.65 base FAR; Maximum 0.75 FAR with density bonusing for affordable housing)
- Park (North Park Way, Central Park, South Park Way)
- School
- Area of No Housing - Affected by Aircraft Noise
- Existing Bike Route
- Proposed Bike Route
- Alexandra Way (Public Rights of Passage Right-of-way)
- Proposed Roadways
- High Street
- New Traffic Signals
- Feature Intersections - details to be developed
- Feature Landmarks in Combination with Traffic Calming Measures

Attachment 2

Westmark Reports

BROOK POONI

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MEMORANDUM

To:	George Duncan, Chief Administrative Officer Joe Erceg, Deputy Chief Administrative Officer	Date:	November 29, 2012
Company:	City of Richmond	Project:	Garden City Road
From:	Blaire Chisholm	Pages #:	6 + Attachment
CC:	Wayne Craig, Director Development Terry Crowe, Manager Policy Planning		

Re: West Cambie Area Plan – Garden City Road Business / Office land use designation

COMMENTARY:

Brook Pooni Associates has been engaged by Westmark Development Group (Westmark) to review the Business / Office land use designation associated with the area that is bounded by Alexandra Road to the south, Garden City Road to the west, Cambie Road to the north, and Dubbert Street to the east (**study area**). Westmark owns 5.31 acres of land (10 properties), which comprises approximately 1/3 of the total study area. The following memorandum report provides a detailed planning and market review of the study area that is currently designated as Business / Office.

RECOMMENDATION

1) That the study area be redesignated Residential based on the following key findings:
   - there has been no business / office development activity in the study area since the West Cambie Area Plan (WCAP) was adopted in 2006;
   - the study area is adjacent to the City Centre Area Plan (CCAP) - Aberdeen Village, which is designated as the Central Business District (CBD);
   - the WCAP – Alexandra Neighbourhood Business / Office designation signals conflicting objectives with the CCAP and Official Community Plan (OCP) policies that 'direct office uses to the City Centre';
   - primary location criteria for office tenants and hence commercial developers is proximity to rapid transit;
   - the City has some of the highest office vacancy rates in the region, across all office classes (A, B, C), and very little of the City's office inventory is found near rapid transit stations;
   - the market assessment indicates that tenant demand for the type of office envisioned in the existing WCAP is nonexistent;
   - the study area is an appropriate area for medium density residential uses serving as a transition between the CBD to the west and the predominantly residential neighbourhood to the east.

2) That Westmark initiate a formal consultation process that includes:
   a. an Open House to solicit community feedback about the proposed redesignation for the study area and report back to Planning with results; and,
   b. a City staff led discussion of the proposal with the School District.

3) That Westmark work with City staff to identify appropriate amendments to City policy and bylaws and bring these forward to Planning Committee for consideration.

ORIGIN

At the September 18, 2012 Planning Committee meeting, the following referral was made to staff:

> "It was moved and seconded That staff explore the best use of the land that is bounded by Alexandra Road to the south; Garden City Road to the west; Cambie Road to the north; and Dubbert Street to the east, and report back to the Planning Committee."

BACKGROUND

General

The study area (generally outlined in red in the figure below) is captured in the Alexandra Neighbourhood of the West Cambie Area Plan (identified in yellow in the figure below).

The Alexandra Neighbourhood - West Cambie Area Plan has been under review since February earlier this year. Staff initiated the planning process after receiving several requests from landowners with property designated as parkland along Alderbridge, to either purchase their properties or remove the parkland designation. At the time of the West Cambie and OCP planning processes, the adjacent Garden City lands were not included in the City's open space calculations. The Garden City lands provide the City with the opportunity to satisfy the various open space needs of residents.

In July, City staff hosted an open house to receive feedback on the land use options presented for the parkland on Alderbridge. Reviewing the comments received at the City led Open House, 11 of the 19 comments are concerned directly with the land use designation along Garden City Road recommending that lands along Garden City Road be changed to either residential or mixed-use commercial/residential, rather than the existing business/office designation.

The lands along Garden City Road were not part of the original study referral, however the public feedback from the Open House and the referral from Planning Committee provide the impetus for this more detailed review of the designation.

The West Cambie Area Plan

The West Cambie Plan was adopted in 2006. Planning for the Alexandra neighbourhood in the West Cambie Area was undertaken with a vision to encourage redevelopment as a complete and balanced community. The plan identifies a goal for economic diversification to provide greater business and employment opportunities. The Neighbourhoods and Housing goal, specifically for the Development of Alexandra identifies the need to make a good transition between the City Centre and neighbouring housing areas. The land use designation for the study area is Business / Office with office uses over retail with a Floor Area Ratio (FAR) of 1.25.

The City Centre Area Plan & Official Community Plan

The study area is designated as Industrial/Office Business Park in the Official Community Plan and is located immediately east of Aberdeen Village, part of the City Centre Area Plan. Aberdeen Village is the City's designated Central Business District with the lands along Garden City Road designated as an Industrial Reserve – Limited Commercial. The OCP statement on the Employment Lands Strategy articulates the need to maintain an adequate demand-driven supply of employment lands. OCP policy establishes the City Centre as Richmond's principal commercial and office area. The OCP also encourages opportunities to densify industrial and commercial areas. Garden City Road is identified as a major arterial and local transit route.

Market Assessment Study

In undertaking the review of the study area, Colliers International was engaged to provide a market assessment to inform the analysis. Specifically, the following information was investigated:

- Demand and supply characteristics of the office market;
- Historical changes in office supply since adoption of the CCAP; and,
- Review residential and retail demand.

In summary, the findings identify the following (**Attachment Colliers**):

Residential and Retail

- Residential market continues to be absorbed at a good pace.
- Six comparable medium density residential projects are at some stage in the redevelopment process in the Alexandra neighbourhood, absorption rates are high as projects near completion and completed projects are sold out.
- Retail market has improved, especially related to community oriented – food anchored centres indicated by an increase in rental lease rates for smaller, associated Commercial Retail Units
- As the population continues to increase, market support for convenience – retail and service neighbourhood shopping centres will continue to grow

Office Demand

- Richmond has a total inventory of approximately 4M SF of office space, which constitutes approximately 8% of the Metro Vancouver supply (or 15% of the suburban total which excludes downtown Vancouver)
- Vacancy rates in Richmond are significantly higher than other market areas in Metro Vancouver:
  - Class A – 22% of suburban market (20% of Metro Vancouver inventory)
  - Class B – 34% of suburban market (27% of Metro Vancouver inventory)
  - Class C – 29% of suburban market (12% of Metro Vancouver inventory)
  - The vacancy figures are high particularly given Richmond's overall office inventory (8% of region).
- The vacancy rates for all three office classes escalated between 2008 and 2009; since this time the Class A vacancy rate has followed a downward trend, while the Class B and C vacancy rates continue to climb.
- There is currently 2.6 Million SF of office space under construction in the Lower Mainland – Richmond is the only sub-market with no new product under construction.

Office Supply since adoption of CCAP

- Since 2009 there have been 5 major office development applications, all of which are within the City Centre and four within 500 metres of a SkyTrain station.
- Proximity to a SkyTrain station is a driving criterion of future office tenants.
- This is also evident in overall vacancy rates by location, a 2010 survey of Class A office found:
    - Class A availability was low or negligible in areas less than 500 m from a SkyTrain, such as Three West Centre was at 0% vacancy; and,
    - Office complexes outside of this range had significantly high vacancy rates, for example the Airport Executive Park at 38% and the Crestwood Centre at 25%.

ANALYSIS

Option 1: No Change

The study area remains unchanged as Office / Business. The West Cambie Area Plan was adopted prior to the City's comprehensive review of the City Centre Area Plan, and the subsequent construction of the Canada Line.

Since the adoption of the West Cambie Area Plan, there has been no redevelopment of the lands designated as Business / Office in the Alexandra neighbourhood. As noted above, Richmond's office vacancy rates are some of the highest in the region, and there is very little interest in developing new office product unless it falls within the Frequent Transit Network (FTN) driven by the Canada Line presence. The Colliers study identified the Jones Lang LaSalle (JLL) "Rapid Transit Office Index"[1] in its review of the study area. JLL drew the following conclusions about the Richmond sub-market:

- of the total Richmond inventory, less than 8% is within 500 metres of a Canada Line station;
- a large proportion of high quality space is without rapid transit access due to the location of 'A' class business parks away from light rail transit; and,
- direct vacancy within the 500m is 5.8% vs. 15.4% for properties outside this distance.

Both Colliers and JLL identify high vacancy rates for offices located outside of walking distance to rapid transit, and hence a key locational criteria for future office tenants or commercial developers, also indicated by the existing projects underway in Richmond and the region.

The CCAP has defined Aberdeen Village as the Central Business District and envisions a 'business centre with a strong identity, international perspective and sustainable approach to economic development'. The driving criteria of future office tenants and commercial developers in light of the findings illustrated above include:

- proximity to rapid transit (SkyTrain station);
- high quality urban amenities, such as parks, plazas; and,
- access to retail and services to satisfy daily needs.

The research indicates that substantial opportunity exists in the City Centre Area for office development in proximity to SkyTrain stations. These Village areas should ultimately be the focus for office and business uses to ensure a robust and successful economic development strategy that also meets the needs of Resilient Economy. The proximity of the study area to the City's Central Business District and adjacency to Industrial / Commercial reserve do not send a strong signal of the stated priority to focus commercial and office in the City Centre.

Given the current market conditions within the City of Richmond (i.e., high vacancy across all asset classes, low demand, shifting demand based on key locational factors such as SkyTrain), and the need to investigate land use

[1] The Rapid Transit Office Index is the result of an in-depth study on trends in vacancy rates and occupancy costs for all Suburban and Vancouver Outlying buildings within 0.5 kilometers of a SkyTrain or Canada Line station. http://www.joneslanglasalle.ca/ResearchLevel1/Rapid-Transit-Index.pdf

requirements based on optimal development form. focussed employment growth as envisioned by the business / office designation is better suited elsewhere.

Option 2: Residential and/or Mixed Use

The study area is redesignated as medium density residential to make a good transition between the City Centre and neighbouring housing areas. To determine the potential residential capacity, the study area is proposed to be developed with a similar built form as that currently underway in the Character Area 4 (Medium Density Housing). Assuming an FAR of 1.5 with 0.20 bonus FAR for affordable housing provides a yield of approximately 1,250 units (see Attached page 21 for detail about yield assumptions).

In the Colliers market assessment, the primary and secondary trade areas were reviewed to determine what extent of commercial demand could be anticipated in the area. The competitive climate for local, convenience-oriented goods and services included a review of major retail supermarkets and it was found that the community was underserved with respect to walkable, convenience commercial / retail.

Integrating the residential unit projections proposed for the study area and the growth projections for the primary and secondary trade areas, Colliers found that demand for approximately 5 acres of neighbourhood retail and service commercial development (over and above that provided by the anticipated Smart Centre development) could be anticipated over the long term. The use assumes commercial space occupies ground and second level areas. Subtracting this land area from the above residential only (1,250 unit) scenario provides a residential yield of 860 units. However, it should be noted that there is no reason that the 5-acre retail opportunity could not be a mixed use residential development, similar to that envisioned in the Broadmoor area, and this mixing of uses is further encouraged in OCP policy about resilient economies.

A well situated mixed use development located a key gateway intersection, such as Cambie and Garden City, or adjacent to the Mixed Use designation on Garden City Road could provide further amenity to achieve the West Cambie complete communities concept and urban uses at higher densities.

Employment Targets

Achieving the City's regional employment targets will be accomplished in a number of ways:

- the major redevelopment in Bridgeport Village (Duck Island) indicates a large area of commercial development that will exceed what was originally envisioned in the CCAP; and,
- Locally the appropriate land use designation (i.e., a mixed use area) along Garden City Road will also contribute to the City's employment targets.

Airport Noise Mitigation Implications

Development immediately to the east of the study area has the Area 2 designation. Analogous to the Alderbridge sites' airport noise classification, the study area will require an amendment to the OCP ANSD Map from Area 1A (which does not permit residential, school, hospital, and day care use) to Area 2 land uses where residential is permitted with the appropriate noise mitigation measures. Redevelopment is proposed as medium density multi-family and will require noise-mitigating measures as outlined in OCP policy.

Parks

The proximity of the Garden City lands and the existing parkland in the Alexandra neighbourhood are expected to satisfy the levels of service for parks per the OCP. A high quality urban design and landscaped environment that signals the area's transitional nature from Central Business District to a medium density neighbourhood will be important considerations for future development applications. Parkettes and plazas at proposed roadway entries/exits are encouraged.

School Site
Tomsett Elementary was constructed in 1952 and has a capacity for 290 students. 2011 enrolment was 217 students, and growing demand in this catchment suggests that number is increasing. It can be expected from the existing development activity in the area and due to the age of the facility, the School District will likely redevelop the site within the next 5-10 years to meet demand. Redevelopment of the study area lands should be taken into consideration when the SD initiates the project definition and facility design stage for Tomsett. As the additional residential units proposed in the study area exceed 295 residential units, per the OCP Consultation Policy 5043, the proposal should be circulated to the School District for comment.

Engineering
Services for the area were planned with the study area carrying a Business / Office designation. In light of a residential or mixed-use designation, it is expected that a detailed developer assessment of services (water, sanitary, storm) would be required for any rezoning application.

Transportation
Garden City Road is identified as a major arterial and local transit route. Future rezoning applications will involve an assessment of Transportation Demand Management opportunities to ensure a pedestrian and rolling friendly environment, and include transit supportive infrastructure. Future development will seek to minimize vehicle access to residential developments from Garden City Road.

DCC Bylaw and Amenity Contributions
A change from Commercial to Residential or some mix therein is not anticipated to require an amendment to the current DCC Bylaw. In addition, developer contributions for amenities that complement the West Cambie Area Plan would be expected.

CONCLUSION
The locational characteristics of the study area and projected market trends suggest that future redevelopment of the study area to office will not occur, with no redevelopment of the study area to business / office uses having occurred to date. Office vacancies in Richmond are some of the highest in the region indicating the need for existing absorption. Future office development should be actively directed to the City Centre to take advantage of the Village nodes centred along the Canada Line. The market assessment also identifies that residential uses continue to be absorbed and that there is a market for a small local serving neighbourhood commercial food-anchored use. To ensure that Alexandra is a complete community and provides a transitional character to the City Centre, a combination of more urban medium density residential with a possible element of mixed use is proposed for the study area.

As indicated by the public feedback ascertained in the Alderbridge redesignation process, the community is supportive of the proposed land use for the Garden City Road study area lands, however formal consultation introducing the proposed land use designation for the lands is recommended to satisfy the proposed policy amendment process.

RICHMOND LAND USE MARKET OPPORTUNITY ASSESSMENT

Garden City Property, Richmond, B.C.

October 29, 2012

PREPARED BY:
Colliers International Consulting

PREPARED FOR:
Westmark Development Group

Colliers International
200 Granville Street, 19th Floor
Vancouver, BC V6C 2R6

October 29, 2012

Mr. Rav Bains
CEO
Westmark Development Group
Suite 203 – 2631 Viking Way
Richmond, BC V6V 3B5

Dear Mr. Bains,

Re: Richmond Land Use Market Study

Please find enclosed Colliers International Consulting's completed Land Use Market Study investigating land use market conditions and related study area implications and likely opportunities for the Character Area 1 lands in Richmond's Alexandra Neighbourhood.

If you have any questions regarding this proposal, please do not hesitate to contact me directly at 604.685.4808.

Sincerely,

COLLIERS INTERNATIONAL CONSULTING

Howie Charters
Vice President & Managing Director
604 662 2629
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Senior Associate, Planning & Retail Consulting
604 685 4808
David.Bell@collliers.com

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Notice

The information contained in this document has been obtained from sources deemed reliable. While every effort has been made to ensure its accuracy, Colliers International cannot guarantee it. Colliers International assumes no responsibility for any inaccuracies in this information.

Introduction

In light of a recent Planning Committee's referral to City staff to review the land designations within the Alexandra neighbourhood east of the City Centre Area, Colliers has been engaged to prepare a land use marketability assessment for a portion of Richmond's Alexandra Neighbourhood – a study which has been funded by Alexandra land owners.

The subject study area is Character Area 1 of the City of Richmond's Alexandra Neighbourhood Character Areas Map (outlined in red on the map below), an area of 6.43 ha. (15.89 ac.) designated for Business Park/Office uses.

The report provides a market-driven assessment of conditions and trends for office, residential and retail land uses, assesses the subject study area from a land use marketability perspective and investigates implications for the area's potential to accommodate office, residential and retail uses.

The intent of the report is to offer a clear review of land uses that can help to inform subsequent discussions of optimal land use designation for Character Area 1, in light of significant changes in market conditions by land use, location drivers for prospective commercial tenants, and the planning implications of local land use decisions.

Alexandra Neighbourhood Character Areas Map

Real Estate Market Overview

Office Market Overview

Office Inventory

Outside of Downtown Vancouver, Richmond has the second largest office market in Metro Vancouver – only Burnaby's is larger. However, its proportion of the Metro-wide office market is relatively small compared to the other two areas, with its office floor area accounting for roughly 7% of the region's total inventory. Downtown Vancouver, meanwhile, accounts for nearly half of the Metro-wide total (24 out of roughly 52 million sf) and the Burnaby sub-market accounts for about one-fifth.

While Richmond plays a critical role in supplying the region with quality industrial space (33.3 of 177.5 million sf of the region's industrial space - or 19% - is in Richmond), its pure office market is still evolving. The market currently does not offer 'AAA' class product and the availability of 'A' class space is relatively limited. As shown in the table below, Richmond's A class inventory of roughly 1.93 million sf represents 15% of the suburban Metro-Vancouver total, which includes all office markets except for Downtown Vancouver, and only 10% of the Metro-wide total, which comprises all Metro office markets.

Currently, there is a total of 2.6 million sf of office space under construction throughout Metro Vancouver. Richmond is the only sub-market with no new product under construction. As the City Centre Area continues to evolve, there will be potential for increased A-class, or potentially 'AAA' class, office development activity focused within the village nodes where significant office development is to be targeted.

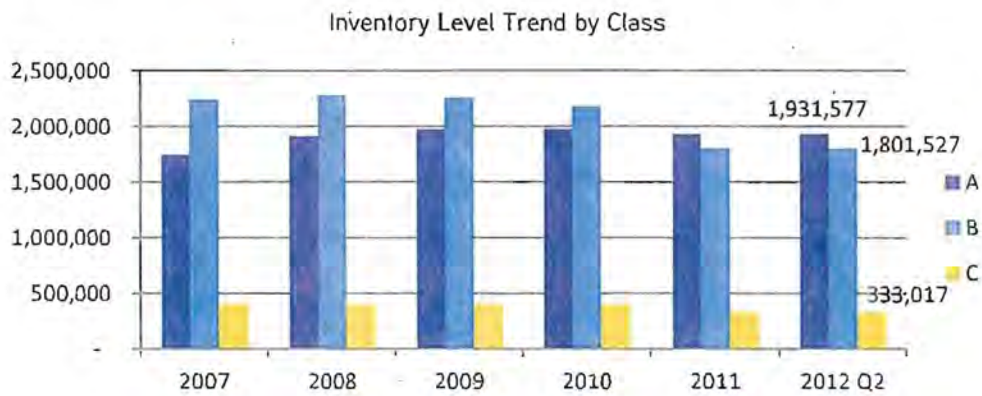
RICHMOND OFFICE MARKET
Inventory Proportions By Class (Q2 - 2012)

	Office Floor Area (sf)				
Office Market Class	Richmond	% of Suburban Metro Van.	Suburban Metro Van.	% of Metro Van.	Metro Van.
AAA	0	0%	772,064	0%	4,065,258
A	1,931,577	15%	12,654,315	10%	19,390,355
B	1,801,527	16%	11,232,882	9%	20,644,992
C	333,017	11%	3,018,670	4%	7,985,814
Total	4,066,121	15%	27,677,931	8%	52,086,419

Source: Colliers Market Report - Q2-2012

Currently, Richmond has a total of just 4 million sf of office space, accounting for about 15% of the suburban total and 8% of the Metro Vancouver figure.

The chart below shows the breakdown of office space by class, and also the 5-year inventory level trend.



Over the past 5 years, Class B office inventory level followed a slight downward trend. The slight decline in office space between 2008 and 2010 is due to building redevelopment and reclassification. In 2011, Colliers removed government office space from its market inventory, resulting in the significant decline in Class B space between 2010 and 2011. As Colliers tracks office inventory for the purpose of monitoring market-based fundamentals, the above inventory may differ slightly from the City of Richmond's. Class A office inventory increased between 2007 – 2009, and remained fairly constant at 1.9 million sf. Richmond offers very little Class C space, compared to the Downtown Vancouver submarket, where Class C floor space accounts for roughly 20% of total inventory.

Vacancy Rates

The vacancy rate for Richmond's offices throughout all three classes is significantly higher than other market areas in Metro Vancouver. As illustrated in the graph below, 16% of Class A office is currently vacant, compared to 2.4% in Downtown and New Westminster. Also, over one quarter of the Class B office is vacant.

The extent of Richmond's vacant office space is most readily apparent when comparing total vacancy by class to both the Suburban Metro Vancouver and Metro-wide markets, as outlined in the chart below.

RICHMOND OFFICE MARKET
Share of Suburban and Metro-Wide Office Vacancy (Q2 - 2012)

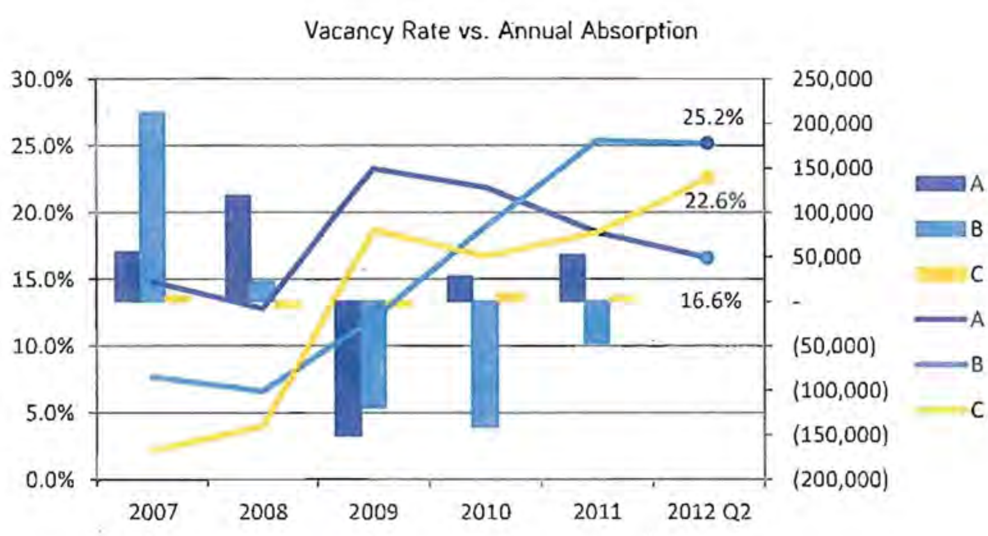
Office Market Class	Vacant Office Floor Area (sf)				
	Richmond	Suburban Metro Van. Vacant sf	% of Suburban Vacancy	Metro Van. Vacant sf	% of Metro Van. Vacancy
AAA	n/a	51,352	n/a	96,427	n/a
A	320,292	1,443,249	22%	1,603,311	20%
B	453,652	1,350,904	34%	1,658,795	27%
C	75,304	260,407	29%	610,066	12%
Total	849,248	3,105,912	27%	3,968,599	21%

Source: Colliers Market Report - Q2-2012

- Richmond's Class A vacant space of nearly 321,000 sf represents 22% of Suburban Metro Vancouver Class A vacancy, and one fifth of the Metro-wide figure.
- Richmond's Class B vacancy of 454,000 sf represents about 34% of the Suburban vacant floor area total and 27% of the Metro-Vancouver inventory.
- Class C vacancy is also high, at 29% of the suburban total and 12% of the Metro-wide figure.

These vacancy figures from Q2-2012 are very high, particularly given Richmond's relatively modest overall office inventory.

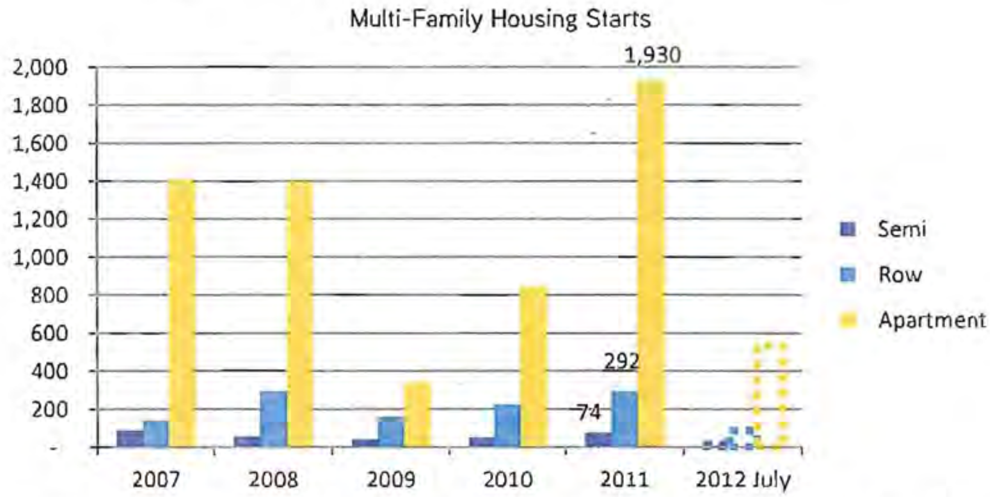
The graph below illustrates the relationship between vacancy rates and annual absorption for the past 5 years, by office class. As shown by the line graph, between 2008 and 2009, the vacancy rate for all three office classes escalated. During this period, the Class A vacancy rate increased by 10 percentage points. The rate has since followed a downward trend while vacancy rates for the Class B and C office classes continued to climb.



Richmond did not see consistency in office absorption partly due to the economic downturn. Absorption for Class A space, while modest, has been generally positive, with the exception of a significant negative drop in 2009. Class B space, after recording significant positive absorption during 2007/08, has since seen negative absorption for the past three years.

Residential Market Overview

Richmond has seen significant increase in multi-family residential development over the past few years, in part due to the completion of Canada Line which increased accessibility of areas near the City Centre. Last year, construction started on over 1,900 apartment units. Illustrated below is a 5-year residential starts trend, with 2012 data provided up to July.



A considerable amount of condominium product is slated to launch in late 2012 and early 2013 by Onni, Polygon, Pinnacle, Cressey, Concord Pacific, Wesgroup, Intracorp, Townline and Hungerford Properties. Details of the most relevant projects to the subject lands will be discussed in the Residential Market Opportunity Section.

Due to rising number of competing projects and the significant amount of concrete condominium product proposed, lower buyer urgency levels continue to be evident in the high rise and low rise condominium market, with more developments offering buyer incentives in an attempt to accelerate sales. The chart below compares the current active sale range in Richmond to other markets in Metro Vancouver:

Active Sales Range ($/sf)

	Richmond	Downtown	Burnaby / New Westminster	North Shore	Surrey
High Rise	$540 - $560	$710 - $760	$460 - $570	$620 - $650	$420 - $460
Low Rise	$430 - $460	n/a	$385 - $450	$520 - $540	$310 - $330
Townhome	$420 - $440	n/a	$350 - $410	$460 - $800	$220 - $240

Compared to developments in Burnaby, New Westminster and Surrey that also have access to rapid transit line, Richmond's multi-family development is selling at a higher price range.

Retail Market Overview

Retail Market Overview

Given the study area's local context and positioning well off No. 3 Road and the Frequent Transit Corridor (FTN) where the Canada Line is located, it is more relevant to consider the status of neighbourhood food and community oriented (i.e. food-anchored) shopping centres rather than larger-scale regional centres. Since 2009, the City of Richmond's retail market indicators in open food-anchored shopping centre category have improved along with its growth, as evidenced by rental rate increases in open food-anchored shopping centres, as tracked by Colliers research staff:

RICHMOND RETAIL MARKET
Open Food-Anchored Shopping Centre Survey (50,000 sf+)
Q4-2009 TO Q4-2012

Type of Commercial Rate	Q4-2012	Q4-2009	Rate Growth (2009-12)
Anchor Rates	\$6 - \$20	\$15 - \$20	0%
CRU Rates	\$18 - \$46	\$30 - \$40	15%
Pad Rates	\$20 - \$49	\$35 - \$40	23%

Source: Colliers International, Metro Vancouver office.

While anchor rates have changed little over this period (and tend to change very little over time, given that anchors are essential to generating higher CRU rates), the rental rate range for both CRU and pad locations in these shopping centre formats have increased substantially over a short period of time, with upper end CRU rates up 15% over the 2009 figure and pad rates up 23%.

Despite these improved rates, recent construction in this category has been very limited, as reflected below:

RICHMOND RETAIL MARKET
Open Food-Anchored Shopping Centre Survey (50,000 sf+)
Inventory Growth

Type of Commercial Rate	Q4-2012	Q4-2009	Growth in Inventory (sf)
Total Gross Leasable Area (sf)	727,286	724,634	2,652
Percentage growth			0.4%

Source: Colliers International, Metro Vancouver office.

As the City of Richmond continues to attract new population, market support for these convenience-retail oriented centres will continue to grow.

Site Assessment

Location & Current Use

The study area is located along Garden City Road - a major arterial in the City of Richmond - between Alerbridge Way and Cambie Road. Odlin Road bisects the study area. Current uses are primarily single-family homes and vacant lots.

City of Richmond Land Use Context

The study area comprises 692,119 sf (6.43 hectares) and is located within the Alexandra Neighbourhood of the West Cambie Area Plan. Current OCP land use designates the site for Business/Office uses with a maximum FAR of 1.25.

Adjacencies

On the northeast perimeter of the study area there is a functioning Chevron gas station. Across Cambie Road to the north, there is a single-family residential subdivision called The Oaks. The area to the east of the site within the Alexandra Neighbourhood plan is undergoing significant redevelopment. Several 4-storey, multi-family projects have been completed or are currently under construction.

The lands abutting the subject area to south of Alexandra Rd, are designated for mixed-use development and owned by the developer SmartCentres. The developer's application to build a Walmart has been received by the City and is currently in the late stages of the approvals process.

Lands to the west of the study area on the west side of Garden City Road between Cambie Road and Odlin Road are characterized by commercial uses. Notable developments include China World Supermarket, a grocery store of approximately 25,000 sf, and two, 3-storey office developments: Cosmo Plaza (8788 McKim Way) and Pacific Plaza (8888 Odlin Crescent).

Although the West Cambie Area Plan states that the preferred development for the study area mirrors these land uses west of Garden City Road, Colliers' commercial real estate brokers specializing in the Richmond office market have indicated that tenant demand for this type of office space is presently nonexistent.

Multi-Modal Accessibility Context

The study area is accessible to auto traffic via its Garden City, Odlin and Alexandra Road frontages. Regionally, the site is accessible from Highway 99 via exit 39b/No. 4 Road southbound. Current access is primarily auto-oriented; however, a City bicycle path is located along the site's Garden City Road frontage. The site is not directly accessible via rapid transit and is located approximately 1.2 km from Aberdeen Station and 1.7 km from Lansdowne Station. Bus access is provided via several stops adjacent to the site along Garden City Road with Route 407 providing the most direct access.

Visibility & Exposure

Visibility and exposure is excellent along the site's Garden City, Odlin and Alexandra Road frontages.

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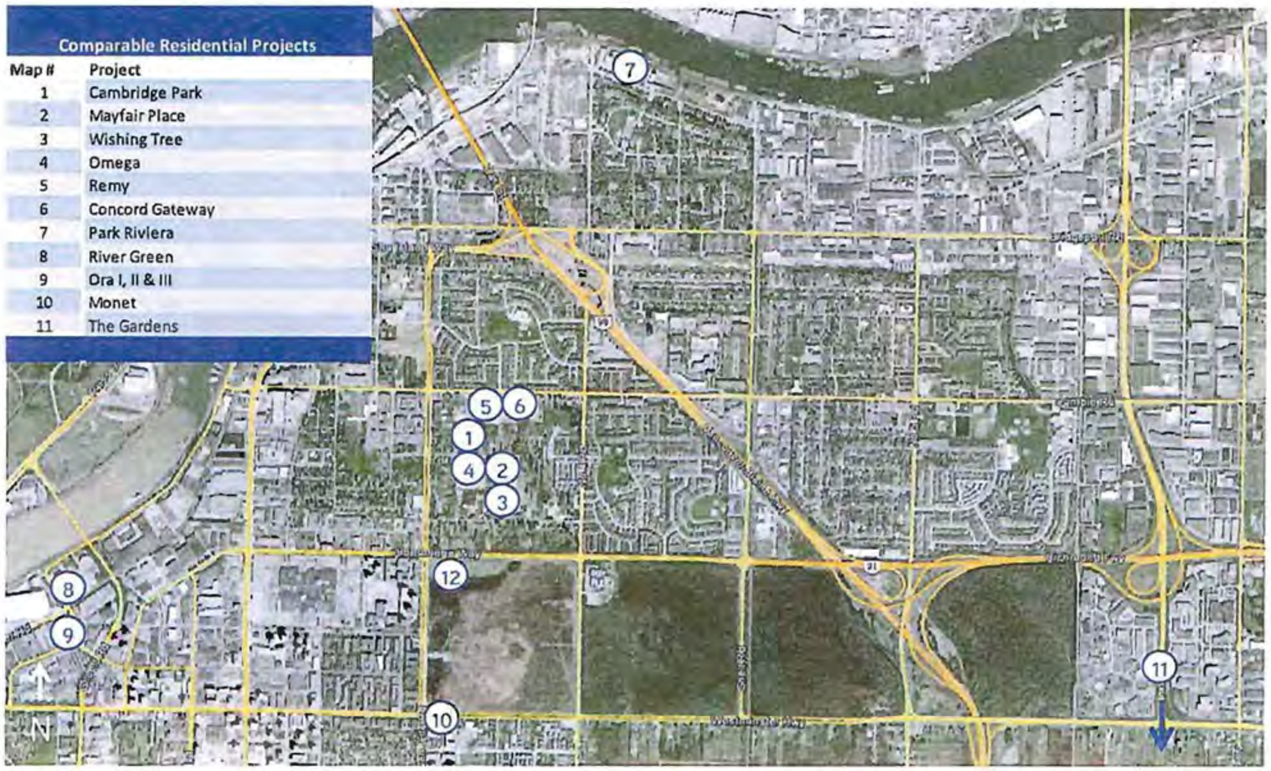
Residential Market Opportunity

The map below shows the location of residential projects at various stages of development that Colliers has deemed to be comparable to what could potentially be supported on the subject lands. The majority of these projects are (1 through 6) are clustered within fairly close proximity to the study area lands. Detailed information on each of these residential projects of interest is provided in the accompanying "Comparables Matrix".



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Residential Project Comparables Matrix

Richmond Land Use Market Opportunity Assessment: Comparable Residential Projects Matrix

Map #	Project Name	Developer	Location	Municipal Address	Total Units	Price Range	Average $/SF	Development Status	Absorption/Month
1	Cambridge Park	Polygon	South side of Odlin Road between Garden City & No. 4	9191 Odlin Crescent	229	$351,000 - $746,000	$ 425	Complete	Sold Out
2	Mayfair Place	Polygon	North Side of Odlin Road between Garden City & No. 4	9331-9411 Odlin Road	358	From $339,900	$ 450	Nearing Completion	17.3
3	Wishing Tree	Polygon	Tomicki Ave between Odlin Road & Alexandra Road	9566 Tomicki Ave	43	$582,900 - $758,000	n/a	Complete	Sold Out
4	Omega	Concord Pacific	South side of Odlin Road between Garden City & No. 4	9360 - 9540 Odlin Road	n/a	$279,900 to $399,900	$ 432	Under Construction	200 (this project sold 200 units in its first month)
5	Remy	Oris Consulting	Cambie between Garden Gity & No. 4	9780 Cambie Road	251	$200,000+	$ 430	Construction	6.1
6	Alexandra Gate	Oris Consulting	Cambie between Garden Gity & No. 4	4008 Stolberg St	193	$188,800 - $388,800+	$ 465	Pre-construction	0.5
7	Parc Riviera	Oris Consulting	River Drive between Shell & No. 4 Road	10131 River Dr 10071 River Dr 10111 River Dr 1880 No 4 Rd 10091 River Dr	1100	From $200,000	$ 430	Under Construction	13.1
8	River Green	ASPAC	River Road	6900 River Rd 5200 Hollybridge Way 6300 River Rd 6380 River Rd 6500 River Rd	2600	$449,000 - $1,210,000+	$ 650	Under construction	13.3
9	Ora I, II & III	Onni	Southwest corner of Elmbridge Way & Hollyburn Way	6951 Elmbridge Way	300	$323,900 - $709,900	$ 560	Under construction	12.3
10	Monet	Concord Pacific	Garden City & Cook		135	$300,000 - $520,000	$ 550	Uncer construction	28.3
11	The Gardens	Townline	Steveston Highway and No.5 Road	12011 Steveston Hwy 10800 No 5 Rd 10620 No 5 Rd 10640 No 5 Rd	266	$238,800 - $309,800+	$ 445	Under construction	7.55

These identified relevant projects, totaling nearly 5,500 units net of Concord Pacific's Omega community, are further highlighted below for reference.

Comparable Project Profiles

1. Cambridge Park - Polygon

Cambridge Park is a 229 unit, 4 story condominium developed by Polygon on the south side of Oldin Road within the Alexandra Neighbourhood Plan. The development is sold out and occupied.

2. Mayfair Place - Polygon

Mayfair Place is a 4 story, 358 unit condominium project by Polygon on the south side of Odlin Road in the Alexandra Neighbourhood Plan. The project is nearing completion and has had an average monthly absorption rate of 17.3 units since opening. At an average price of $450/sf it is slightly more expensive than Cambridge Park.

3. Wishing Tree - Polygon

Wishing tree is a three bedroom townhouse complex built by Polygon that is sold out and occupied. The project is comprised of 43 units and is located on Tomicki Ave within the Alexandra Neighbourhood Plan between Odlin & Alexandra Roads.

4. Omega – Concord Pacific

Omega by Concord Pacific located across Odlin Road from Mayfair Place. The building is currently under construction with units ranging in price from $279,000 - $399,000. Average price per square foot is $432.

5. Remy - Oris Consulting

Remy by Oris Consulting is a 250 unit condominium project currently under construction on Cambie Road. Units start in the low $200's with an average per square foot price of $430.

6. Alexandra Gate - Oris Consulting

Alexandra Gate by Oris Consulting is condominium and townhouse project west of Remy on Cambie Road at Stolberg St. The project's 193 units, currently in pre-construction, range in price from $188,000 - $388,000.

7. Parc Riviera

Parc Riviera is an 1100 unit master planned, riverfront community along River Road between Shell and No. 4 Roads. Units are priced at an average of $430 per sq. ft. and have been absorbed at an average of 13 units per month.

8. River Green - ASPAC

River Green by ASPAC is a 2600 unit condominium community at the Richmond Olympic Oval. The project is currently under construction. Units - ranging in price from $449,000 To over $1,210,000 ($640 per sq. ft.) have been absorbed at an average monthly rate of 13.3 units.

9. Ora - Onni

Onni's Ora is a 300 unit condominium project under construction at Gilbert Rd. and Elbridge Way. Units, selling for an average of $560 per sq. ft. have been absorbed at a rate of 12.3 units per month.

10. Monet – Concord Pacific

Monet by Concord Pacific is a 135 unit condominium project currently under construction at Garden City and Cook Rds. Units, which range from $300,000 - $500,000 with an average price of $560 per sq. ft., have been absorbed at an average rate of 28.3 units per month.

11. The Gardens – Townline

Townline's Gardens project is a 266 unit (Phase 1-2) condominium project at Steveston Hwy & Number 5 Road in Richmond. Major amenities include a 12-acre public garden. Units are priced at an average of $445 per sq. ft. and have been absorbed at a rate of 7.5 units per month.

Estimated Onsite Residential Yield

The following section is intended to illustrate an alternative land use for the study area based on the current context of surrounding developments. As the above profiles and characteristics demonstrate, there is healthy demand for multi-family residential product in close proximity to the study area, with projects continuing to be built and absorbed. The pace of sales at projects within the Alexandra Neighbourhood, including Polygon's Mayfair Place and Cambridge Park developments and Concord Pacific's Omega are indicative of healthy demand for residential product in the area. Cambridge Park is sold out and currently occupied, and Mayfair Place had an average absorption rate of more than 17 units per month. In its first month of sales, 200 units of Concord's Omega were sold.

Comparable Projects

Project	Units	Site Area (sf)	Buildable Area	FAR	Units/000sf Bld. Area
Mayfair Place	358	205,841	345,813	1.68	1.0352
Cambridge Park	229	123,740	210,358	1.70	1.0886
Average	294	164,790	278,085	1.69	1.0619

To determine the potential residential capacity of the study area, assuming a portion of its total area were to be developed with a similar built form as the developments east of Garden City Road in "Character Area 4 - Medium Density Housing" of the Alexandra Neighbourhood, Polygon's Mayfair Place and Cambridge Park projects have been used as benchmarks. The average FAR of the two projects is 1.69. The West Cambie Area plan specifies an FAR of 1.25 - 1.5 in this area with an additional 0.20 - 0.25 FAR bonus density awarded for affordable housing provisions.

Two potential development scenarios have been formulated. The first applies the average number of residential units per buildable area of the two Polygon projects to the entire study area, providing a yield of approximately 1,250 residential units. The second scenario removes 5 acres from the study area to allow for a retail/commercial/local-serving office development and applies the units per buildable average to the remainder. This scenario provides a residential yield of approximately 860 residential units.

Study Area Residential Potential

	Potential Units	Area (sf)	Buildable Area	FAR	Units/000sf Bld. Area
Total Study Area	1,249	692,119	1,176,602	1.7	1.0619
Total Study Area Less 5acres Retail Commercial	856	474,319	806,342	1.7	1.0619

Office Market Opportunity

Richmond City Centre Area Employment Targets

It is the City of Richmond's intent to make the City Centre Area a major focus of development intensity, with future development projects supporting the evolution of village nodes from Bridgeport Village in the north, to Southeast Village in the south.

These village nodes include:

1. Bridgeport
2. Capstan
3. Aberdeen
4. Lansdowne
5. Brighouse
6. Oval

Long range commercial employment targets for these seven village nodes are extensive, as noted in the following table, taken directly from the City Centre Area Plan:

Anticipated CCAP 2100 Development						
Village	Gross Land Area	Population Potential	Job Potential[2]			
			Commercial	Public Sector	Industrial	Total
Bridgeport	116 ha (286 ac.)	Nil[1]	15,500-21,200	0-100	3,400-4,500	18,900-25,800
Capstan	57 ha (140 ac.)	12,000-14,000	2,300-3,300	0-100	0	2,300-3,400
Aberdeen	110 ha (271 ac.)	Nil[1]	19,500-26,800	800-1,100	2,000-2,700	22,300-30,600
Landowne	130 ha (322 ac.)	26,000-31,000	5,900-8,100	1,400-1,700	0	7,300-9,800
Brighouse	141 ha (348 ac.)	26,000-30,000	6,100-8,400	9,800-11,100	0	15,900-19,500
Oval	57 ha (140 ac.)	12,000-14,000	2,500-3,500	1,900-2,300	0	4,400-5,800
Southeast	320 ha (792 ac.)	32,000-38,000	Negligible			
TOTAL	931 ha (2,300 ac.)	Target[2] 120,000	51,800-71,300	13,900-16,400	5,400-7,200	Target[2] 80,000

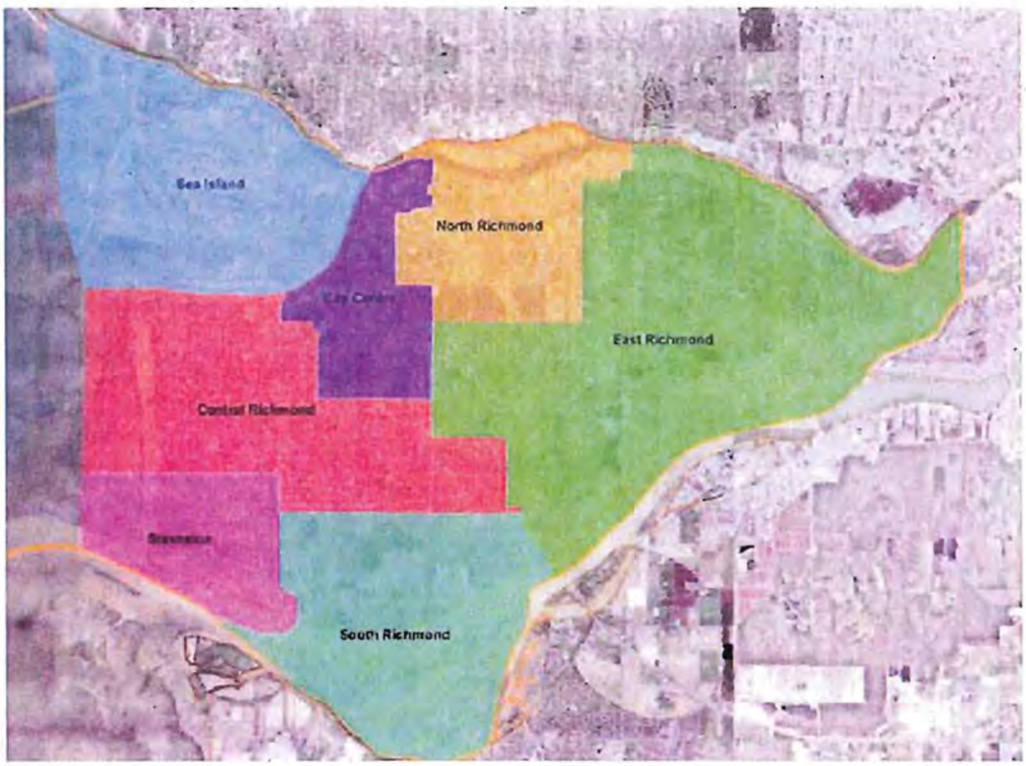
[1] Residential uses are not permitted in these areas under the Area Plan due to aircraft and highway noise and business objectives.

[2] Population and job "targets" represent the City's best information regarding future growth and are intended to help guide planning, service delivery, and related processes. Actual population and number of jobs may vary.

In order for the City of Richmond to meet its long-range commercial employment goals of between 51,800 and 71,300 jobs for the year 2100, a dramatic increase in commercial development will need to occur. Based on illustrative assumptions:

- 51,800 at an avg. of 200-250 sf/employee: 10.3 million to 12.9 million sf
- 71,300 jobs: 14.2 million to 17.8 million sf

Richmond Employment Targets – City-Wide



City-wide employment and related land use targets are also a key area of focus for Richmond as it revises its OCP.

A detailed table of employee totals, related building area and land use needs by 2041 (as replicated from the 2041 Employment Lands Strategy) is provided for reference in the table below:

North Richmond Employment Targets & Land Availability

The following employment and land use needs are taken directly from the City of Richmond's *2041 Employment Lands Strategy*, developed as part of the 2041 OCP Update.

Employment Lands Strategy Model Results													
Area	Land Use	2009 Employee (#)	2009 Building (ft²)	2009 Zoned Land (ac)	2041 Employee (#)	2041 Building (ft²)	2041 Required Land (ac)	Difference Employee (#)	Difference Building (ft²)	Difference Land (ac)	Available Land In 2010 (ac)*	Remaining Available Land in 2041 (ac)
City Centre	Industrial	4,700	1,900,000	245	6,500	2,508,000	211	1,800	608,000	-34	211	0
	Commercial	18,500	4,800,000	503	25,300	6,624,000	459	6,800	1,824,000	-44	459	0
	Office	10,200	2,000,000	80	14,700	2,960,000	119	4,500	960,000	39	119	0
	Institutional	7,000	1,800,000	135	12,900	3,528,000	135	5,900	1,728,000	0	135	0
Totals		40,400	10,500,000	963	59,400	15,620,000	924	19,000	5,120,000	-39	924	0
Sea Island	Industrial	10,000	9,800,000	600	13,500	12,500,000	795	3,500	2,700,000	195	965	170
	Commercial	8,300	2,000,000	210	12,200	2,870,000	285	3,900	870,000	75	285	0
	Office	4,000	615,000	65	6,000	945,000	90	2,000	330,000	25	90	0
	Institutional	1,900	500,000	140	3,200	850,000	140	1,300	350,000	0	140	0
Totals		24,200	12,915,000	1,015	34,900	17,165,000	1,310	10,700	4,250,000	295	1,480	170
North Richmond	Industrial	17,700	12,700,000	990	14,600	14,200,000	1,080	1,900	1,500,000	90	1,120	40
	Commercial	8,600	3,320,000	137	10,300	3,927,000	161	1,700	607,000	24	170	9
	Office	8,500	2,900,000	125	10,000	3,100,000	135	1,500	200,000	10	135	0
	Institutional	4,500	445,000	50	5,900	1,200,000	50	1,400	755,000	0	50	0
Totals		34,300	19,365,000	1,302	40,800	22,427,000	1,426	6,500	3,062,000	124	1,475	49
East Richmond	Industrial	7,800	9,300,000	910	10,000	10,900,000	1,020	2,200	1,600,000	110	1,460	440

According to this review, for example, the North Richmond area, which includes the study area, will require 135 acres of office land to meet the required employment demand by 2041.

Colliers understands that the City of Richmond's employment projections, which were undertaken in 2009, were long-run in nature and intended to guide discussions centered on the city's RGS-driven employment targets and on related land use needs. Such long-run employment projections are useful in gauging likely progress on the city's and sub-areas' employment growth targets, but do not tend to account for periodic shifts in vacancy levels or rates of absorption.

Given current office market conditions within the City of Richmond (high vacancy across all asset classes, low demand, shifting demand based on key locational factors such as SkyTrain, etc.) as well as the need to investigate land use requirements based on optimal development form, Colliers recommends more intensive discussion on how the City of Richmond can best accommodate anticipated employment growth on an area-by-area basis for industrial, commercial and office land uses.

It would be helpful to revisit these projected land use needs based on achievable development form (and F.A.R.), on anticipated vs. recent employment growth activity, and on market trends.

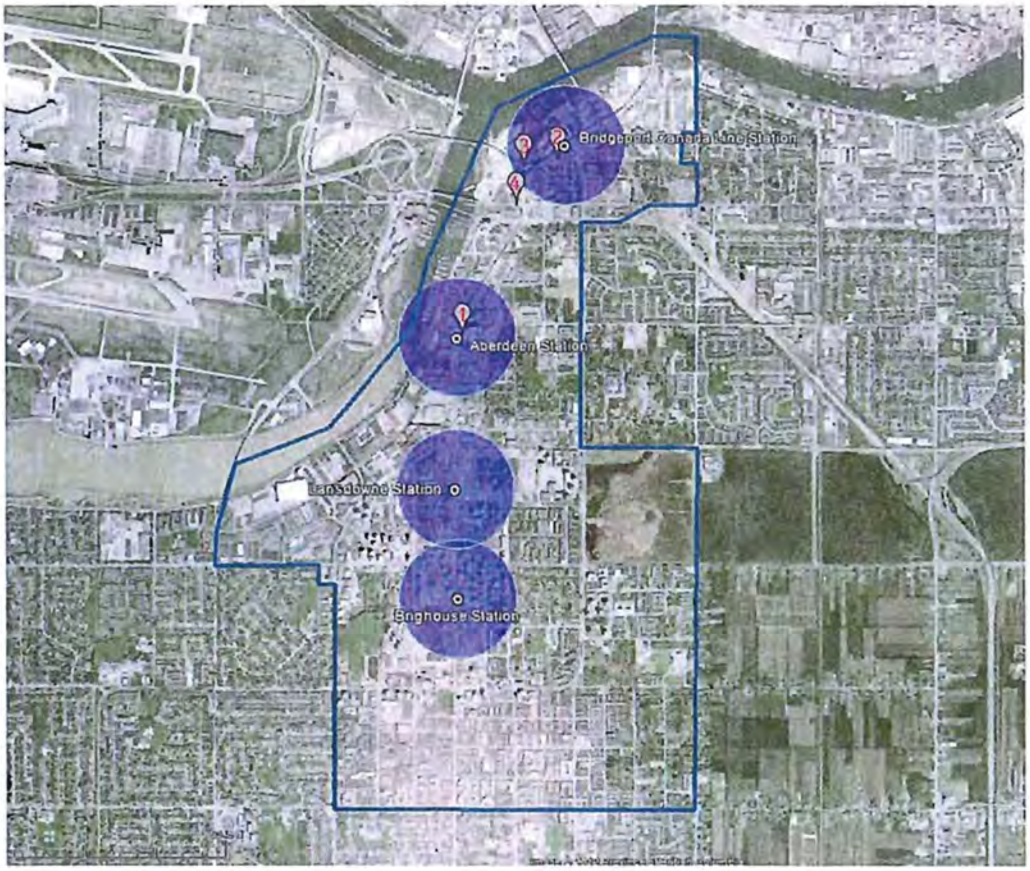
Office Market Highlights – 2002-2008

Since 2002, the Richmond sub-market has consistently had some of the highest vacancies in Metro Vancouver. Between 2002 and 2003, total supply remained constant while vacancy increased from 11.7% – 12.9%. In 2004, Richmond's office vacancy of 16.5% was the highest in Metro Vancouver.

In 2007, the BCIT Aerospace Campus at 3700 Cessna Drive was completed, which increased the office inventory by 100,000 sf. This has been the only major office project built outside the boundaries of the City Centre Area Plan since 2002. Leasing at the BCIT Aerospace Campus was initially successful and overall office vacancy in Richmond decreased to 10% in 2008.

Office Market Development Activity - 2009 to 2012

Since 2009 there have been 4 development permit applications in the City of Richmond which have included a significant office component, all of which have been within the City Centre Area Plan. Three of these applications have been located within 500 metres of a SkyTrain station and one just beyond a 500 metre radius from Bridgeport Station. The map below shows the location of the development permit applications relative to a 500 m radius the Skytrain stations within Richmond's City Centre Area Plan.



The development applications are summarized in the chart below:

Significant Office Development Permit Applications				
Project #	**Year**	**Address**	**Developer/Applicant**	**Project Description**
1	2009	4000 No 3 Rd	Fairchild Developments Ltd.	6-storey addtion to Aberdeen Centre
2	2011	8740 - 8880 Charles St	Eric Law Architect	Hotel, Retail, Entertainment, Service, Hospitality & Office Uses
3	2012	Duck Island	Jingon International Development Group LLP	Multiphase development up to 4,000,000 sf including office uses
4	2012	8451 Bridgeport Road	Hotel Versante LTD.	3-Phase Mixed-Use Development: Phase 1 Office Tower, Phase 2 Hotel, Phase 3: Office/Hotel

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Driving Criteria of Office Tenants

Within suburban office sub-markets such as Richmond, proximity to a SkyTrain station is becoming an increasingly important factor driving the locational decisions of prospective tenants. This is clear not only in the extent of office development locations within 500 metres of a SkyTrain station (vs. outside of this key range), but is also evident in overall vacancy rates by location type.

A selective Class A property survey for Metro Vancouver, including examples of SkyTrain and non SkyTrain-oriented product in the Richmond sub-market completed at the end of 2010 is instructive in this regard. Availability rates for Class A office buildings within 500 metres of a SkyTrain station were low or negligible, while those outside this range are having more difficulty attracting tenant interest:

SKYTRAIN < 500 METERS

Property[1]	Market	Availability Rate[2]
Broadway Plaza	Broadway	0.9%
Broadway Tech Centre	Burnaby	8.7%
4789 Kingsway	Burnaby	3.0%
Three West Centre	Richmond	0.0%
Central City	Surrey	0.0%

SKYTRAIN > 500 METERS

Property[1]	Market	Availability Rate[2]
Prospect Centre	Broadway	28.7%
Canada Way Business Park	Burnaby	54.3%
Willingdon Park	Burnaby	29.5%
Airport Executive Park	Richmond	38.8%
Crestwood Corporate Centre	Richmond	25.3%

[1] Only A Class properties have been included in the survey
[2] The availability rate incorporates both headlease and sublease space

Within the Richmond sub-market, Three West Centre at 7900 Westminster Highway, enjoys low to nil vacancy, while other centres, including the Class A Crestwood Corporate Centre, exhibit much higher levels of overall vacancy.

With Class A, B vacancy rates being so high over the short term and accounting for an inordinately high share of both the Metro Vancouver suburban and Metro-wide office vacancy, there is very little market interest in developing new office product, unless it falls within the Frequent Transit Network driven by the Canada-Line presence in the City Centre Area.

This is in part driven by an increasing awareness, on the part of both business tenants and commercial developers, of the importance of rapid transit accessibility to its workforce. This strong geographical preference is particularly evident outside of Downtown Vancouver and Vancouver's Broadway corridor, in submarkets including Richmond, Burnaby, and New Westminster. Jones Lang LaSalle's "Rapid Transit Office Index" is a regular research initiative which adds further weight to this trend, as its review of vacancy rates and occupancy costs reflect a clear market preference for buildings within 500 metres of a working SkyTrain station.

Market-wide, Jones Lang LaSalle is finding that direct vacancy of office space with strong rapid transit access is generally well below half that exhibited by the rest of the market as a whole. JLL found that, while the direct vacancy rate for buildings within 500 metres of a rapid transit station averaged 4.8%, the rate was 12.3% for the rest of the market. Average asking net rental rates for office space within the target 500 metre area were also found to be about 8% higher.

Since vacancy rates continue to decrease for the property index within 500 metres of SkyTrain, even as occupancy costs are on the rise, suggests that office tenants are in fact willing to pay a premium to offer access to SkyTrain/Canada Line to their workforce.

Most importantly, JLL has found that the direct vacancy rate of office space located just outside the Rapid Transit Office Index radius – namely within 500 metres to 1 km. – is 315% higher than those within 500 metres (15.1%). Average asking rates for these properties just outside the 500 metre ringe index are also roughly 13% lower. Such a major discrepancy over a short distance indicates the clear value that tenants place on more immediate access to rapid transit.

This increased regular market tracking and awareness of the importance of more direct rapid transit provision in outlying suburban markets has not gone unnoticed by commercial developers, who are tending to focus their efforts and investments into projects with easy rapid transit access. JLL also tracks its Rapid Transit Office Index for the Richmond sub-market, and drew the following important conclusions:

- Of its total inventory of over 4.3 million sf, under 8% of that inventory (368,000 sf) is currently located within 500 metres of the market's Canada Line rapid transit stations.
- Direct vacancy within the Rapid Transit index of office properties is 5.8%, vs. 15.4% for properties outside this key distance.
- There is a relatively large proportion of A class office space without rapid transit access
- There is significantly more competition for space in buildings near the Canada Line, relative to the rest of the market.

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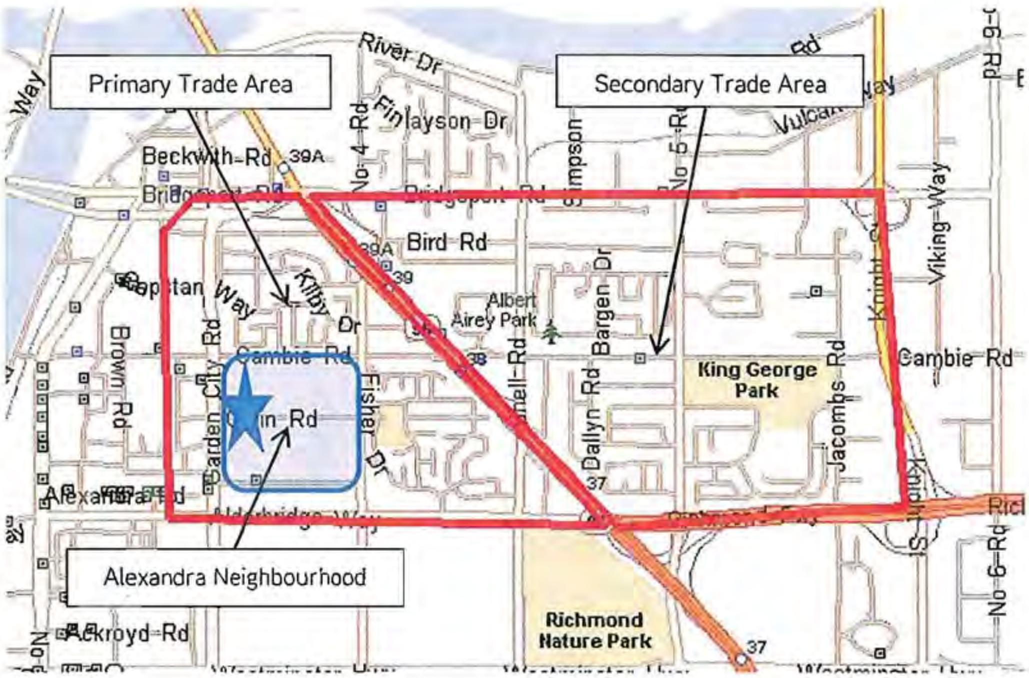
Retail Market Opportunity

This section of the report investigates the subject lands' potential to support retail and local-service commercial uses, given anticipated trade area (including on-site growth) and the extent, nature and orientation of the competitive retail landscape.

Retail Trade Area

Colliers has defined the following trade area for the subject Garden City Lands (within the Alexandra neighbourhood), which reflects its potential geographic influence from a neighbourhood/community retail perspective:



The subject area is strategically placed within the larger Alexandra neighbourhood and Primary Trade Area to serve the convenience needs of local area residents in a walkable, public transit and car accessible environment.

Trade Area Population Growth

Based on Colliers' defined trade areas for the prospective Alexandra neighbourhood retail centre, population growth between the most recent Census periods has been as follows:

Trade Area Census Population Growth	Alexandra Primary Trade Area	Alexandra STA	British Columbia
2011 Population	7,856	11,713	4,400,057
2006 Population*	6,750	11,052	4,113,487
2006-2011 Population Change			
Persons	1,106	661	286,570
Percent Change	16.39%	5.98%	6.97%
AAGR (%)	3.08%	1.17%	1.36%
AAGR (#)	221	132	57,314
2011 Private Dwellings	2,621	3,542	1,945,365
Occupied by Usual Residents	2,446	3,451	1,764,637
Source: Statistics Canada, Census data; Colliers trade area delineation			

The PTA added an average of over 220 residents per year between 2006 and 2011, while the STA added a more modest 130 residents per year.

These figures, along with key demographics and personal disposable income calculations, serve as key inputs into Colliers' proprietary retail demand model.

Trade Area Demographics Profile

On the basis of Environics' most recent 2012 demographic estimates and projections (at block level), key demographics can then be isolated based on Colliers' defined trade areas.

Daytime Working Population

2012 Daytime Population	Alexandra Retail Trade		Alexandra STA	
		%		%
Total Daytime Population	**10,454**		**16,740**	
Daytime Population at Home	4,005	38.30%	7,169	42.80%
0 to 14 years	1,009	9.60%	2,310	13.80%
15 to 64 years	2,147	20.50%	3,384	20.20%
65 years and over	849	8.10%	1,475	8.80%
Daytime Population at Work	**6,450**	**61.70%**	**9,571**	**57.20%**

Source: Environics 2012 Data, Census base, Colliers trade area delineations (Pcensus).

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Summary of Key Demographics

A range of key demographics are provided in the following table:

2012 Demographic Snapshot	Alexandra Retail Trade Area		Alexandra STA		British Columbia	
		%		%		%
0 to 4 years	329	4.40%	769	5.40%	231,511	5.00%
5 to 19 years	1,116	15.00%	2,494	17.60%	737,147	15.80%
20 to 24 years	611	8.20%	1,232	8.70%	333,318	7.20%
25 to 34 years	1,130	15.20%	2,129	15.10%	655,711	14.10%
35 to 44 years	1,046	14.10%	1,971	13.90%	625,084	13.40%
45 to 54 years	1,252	16.80%	2,258	16.00%	721,272	15.50%
55 to 64 years	1,045	14.10%	1,700	12.00%	629,550	13.50%
65 to 74 years	529	7.10%	915	6.50%	396,160	8.50%
75 years & over	376	5%	669	5%	331,153	7%
Median Age	**40.4**		**37.4**		**41.1**	
2012 Educational Attainment (15 years+)	**6,299**	**%base**	**11,769**	**%base**	**3,899,262**	**%base**
Less than a bachelor degree	4,666	74.10%	8,385	71.20%	3,023,281	77.50%
Bachelor degree & higher	**1,634**	**25.90%**	**3,384**	**28.80%**	**875,981**	**22.50%**
2012 Households	**2,250**	**%base**	**4,249**	**%base**	**1,896,737**	**%base**
Persons per household	3.24		3.31		2.42	
Average household income	$78,167		$78,971		$81,595	
Average per capita income	**$24,126**		**$23,858**		**$33,717**	
Per capita income - BC Index	**71.6**		**70.8**		**100.0**	
2012 Occupied Dwellings	**2,250**	**%base**	**4,249**	**%base**	**1,896,737**	**%base**
Owned dwellings	1,862	82.70%	3,253	76.60%	1,338,566	70.60%
Rented dwellings	389	17.30%	996	23.40%	553,713	29.20%
Dominant building type	Houses		Houses		Houses	
Dominant period of construction	*1991-1995*		*After 2006*		*1971-1980*	
Dominant Demographics						
Official Home Language	English		English		English	
Non-official Home Language	Cantonese		Punjabi		Punjabi	
Top 3 visible minorities	Chinese		Chinese		Chinese	
	South Asian		South Asian		South Asian	
	Filipino		Filipino		Filipino	

Source: Environics 2012 Data, Census base, Colliers trade area delineations (Pcensus).

While household and per capita incomes are significantly below the BC provincial average, average educational attainment is significantly higher, with over 25% of the population holding a bachelor's degree or higher.

There is also a high level of home ownership within the local Alexandra trade area (83% PTA, 77% STA).

Competitive Retail Assessment

Given the study area's proximity to the anticipated, more regional-serving Walmart-anchored development to the south, the focus of the retail-commercial opportunity should be on local, convenience-oriented goods and services, ideally oriented in a neighbourhood retail centre format in such a way as to promote walkability.

As neighbourhood-serving retail-commercial centres are anchored by retail food stores, a review of the local competitive climate for food stores is essential.

The map below indicates the location of major retail supermarkets and grocers throughout Richmond relative to the subject lands and the defined trade areas. While there are a number of significant supermarkets west of the trade area (including most notably the China World Supermarket and an anticipated Walmart Supercentre), these stores are not optimally located with respect to either PTA or STA residents, who are deemed underserved with respect to the walkable, convenience retail food/supermarket category.

Competitive Retail Food Stores

Map #	Store Name
1	Costco
1	T&T Supermarket
2	H-Mart
3	China World Supermarket
4	Real Canadian Superstore
5	Walmart (Future)
6	Save On Foods
7	Pricesmart Foods
8	IGA Marketplace
9	Safeway
10	Save On Foods

Retail Demand Analysis

Demand Analysis

Colliers has examined the following in order to determine on-site potential to accommodate neighbourhood-serving retail-commercial uses on the subject properties:

- Primary trade area resident spending potential on traditional retail goods
- Secondary trade area spending potential on traditional retail goods
- PTA and STA spending potential on restaurant food & beverage uses
- Service-commercial (personal, recreational, business services) potential to round out the neighbourhood convenience function

Primary Trade Area Resident Support

Based on anticipated residential growth within the PTA, including potential to accommodate between 1,280 and 1,455 future residents within the subject area, Colliers calculates the following annual retail expenditure potential:

ALEXANDRA NEIGHBOURHOOD
Primary Trade Area Resident Expenditure Potential

	2016	2021	2026	2031
POPULATION	8,888	9,813	10,968	12,110
INCOME (PDI)	$ 23,316	$ 24,505	$ 25,755	$ 27,069
TOTAL INCOME POTENTIAL	$207,237,010	$240,477,830	$282,487,020	$327,797,950
RETAIL SALES / INCOME	46.4%	46.4%	46.4%	46.4%
TOTAL RETAIL POTENTIAL	$96,199,700	$111,630,100	$131,130,900	$152,164,300
Motor vehicle and parts dealers (441)	$ 19,568,905	$ 22,707,751	$ 26,674,596	$ 30,953,202
Furniture and home furnishings stores (442)	$ 3,029,789	$ 3,515,766	$ 4,129,939	$ 4,792,382
Electronics and appliance stores (443)	$ 3,389,217	$ 3,932,846	$ 4,619,880	$ 5,360,909
Building Material and Garden Equipment Supplies (444)	$ 5,274,452	$ 6,120,473	$ 7,189,666	$ 8,342,888
Food and beverage stores (445)	$ 24,424,549	$ 28,342,239	$ 33,293,379	$ 38,633,638
Health and Personal Care Stores (446)	$ 6,546,816	$ 7,596,923	$ 8,924,039	$ 10,355,456
Gasoline stations (447)	$ 10,840,322	$ 12,579,106	$ 14,776,566	$ 17,148,728
Clothing and clothing accessories (448)	$ 6,341,993	$ 7,359,247	$ 8,644,843	$ 10,031,476
Sporting goods, hobby, book and music stores (451)	$ 2,933,144	$ 3,403,620	$ 3,998,202	$ 4,639,514
General merchandise stores (452)	$ 11,015,221	$ 12,782,059	$ 15,014,973	$ 17,423,375
Miscellaneous store retailers (453)	$ 2,835,290	$ 3,290,070	$ 3,864,816	$ 4,484,733
TOTAL - MAJOR RETAIL CATEGORIES	$ 96,199,700	$ 111,630,100	$ 131,130,900	$ 152,164,300

Source: Colliers International Consulting

As the above figures represent total annual potential spending, which can be absorbed by retail facilities throughout the City of Richmond and beyond, it is important to calculate net demand based on realistic capture rates reflecting the nature of the competitive environment.

Given the extent and orientation of competitive retail facilities, market shares will be significant only in convenience-driven categories such as Retail Food and Beverage (including supermarkets):

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Projected Neighbourhood Retail Market Capture Primary Trade Area Resident Sales					
Major Retail Category	Market Capture (%)	2016	2021	2026	2031
Furniture and home furnishings stores (442)	5%	$ 151,489	$ 175,788	$ 206,497	$ 239,619
Electronics and appliance stores (443)	10%	$ 338,922	$ 393,285	$ 461,988	$ 536,091
Building Material and Garden Equipment Supplies (444)	5%	$ 263,723	$ 306,024	$ 359,483	$ 417,144
Food and beverage stores (445)	25%	$ 6,106,137	$ 7,085,560	$ 8,323,345	$ 9,658,410
Health and Personal Care Stores (446)	10%	$ 654,682	$ 759,692	$ 892,404	$ 1,035,546
Clothing and clothing accessories (448)	3%	$ 190,260	$ 220,777	$ 259,345	$ 300,944
Sporting goods, hobby, book and music stores (451)	5%	$ 146,657	$ 170,181	$ 199,910	$ 231,976
General merchandise stores (452)	5%	$ 550,761	$ 639,103	$ 750,749	$ 871,169
Miscellaneous store retailers (453)	5%	$ 141,765	$ 164,503	$ 193,241	$ 224,237
TOTAL, NET RETAIL EXPENDITURES - PTA Categories Listed Above		$ 8,544,000	$ 9,915,000	$ 11,647,000	$ 13,515,000
Source: Colliers International Consulting					

These net sales figures, driven by anticipated growth in the PTA resident population, are then converted into warranted retail floor area, on the basis of industry-acceptable sales per sf target productivity rates:

WARRANTED RETAIL FLOOR AREA Primary Trade Area Resident Sales Support					
Major Retail Category	Sales Reqm't ($/Sq. Ft.)	2016	2021	2026	2031
Furniture and home furnishings stores (442)	$350	433	502	590	685
Electronics and appliance stores (443)	$800	424	492	577	670
Building Material and Garden Equipment Supplies (444)	$300	879	1,020	1,198	1,390
Food and beverage stores (445)	$600	10,177	11,809	13,872	16,097
Health and Personal Care Stores (446)	$600	1,091	1,266	1,487	1,726
Clothing and clothing accessories (448)	$350	544	631	741	860
Sporting goods, hobby, book and music stores (451)	$350	419	486	571	663
General merchandise stores (452)	$300	1,836	2,130	2,502	2,904
Miscellaneous store retailers (453)	$350	405	470	552	641
NET WARRANTED RETAIL FLOOR AREA - PTA Categories Listed Above		16,200	18,800	22,100	25,600
Source: Colliers International Consulting					

Thus, the PTA resident population alone could be expected to support between 16,200 and 25,600 sf of traditional retail floor area over the 2016-2031 period. Of this, the vast majority would be absorbed by uses in the retail "Food and Beverage" category, which includes supermarkets, specialty foods purveyors, and beer, wine & liquor stores.

Secondary Trade Area Resident Support

The same analysis was then conducted for the defined Secondary Trade Area to the immediate east of the PTA, with annual spending potential projected as follows:

ALEXANDRA NEIGHBOURHOOD Secondary Trade Area Resident Expenditure Potential	2016	2021	2026	2031
INCREMENTAL POPULATION (FROM 2011)	12,310	12,875	13,398	13,908
INCOME (PDI)	$ 23,057	$ 24,233	$ 25,470	$ 26,769
TOTAL INCOME POTENTIAL	$283,845,970	$311,993,420	$341,236,100	$372,294,920
RETAIL SALES / INCOME	46.5%	46.5%	46.5%	46.5%
TOTAL RETAIL POTENTIAL	$131,986,700	$145,075,100	$158,672,800	$173,115,000
Motor vehicle and parts dealers (441)	$ 26,848,683	$ 29,511,120	$ 32,277,159	$ 35,214,985
Furniture and home furnishings stores (442)	$ 4,156,893	$ 4,569,109	$ 4,997,365	$ 5,452,219
Electronics and appliance stores (443)	$ 4,650,031	$ 5,111,149	$ 5,590,210	$ 6,099,024
Building Material and Garden Equipment Supplies (444)	$ 7,236,588	$ 7,954,201	$ 8,699,738	$ 9,491,577
Food and beverage stores (445)	$ 33,510,662	$ 36,833,731	$ 40,286,109	$ 43,952,900
Health and Personal Care Stores (446)	$ 8,982,280	$ 9,873,004	$ 10,798,388	$ 11,781,244
Gasoline stations (447)	$ 14,873,002	$ 16,347,877	$ 17,880,142	$ 19,507,570
Clothing and clothing accessories (448)	$ 8,701,262	$ 9,564,118	$ 10,460,551	$ 11,412,657
Sporting goods, hobby, book and music stores (451)	$ 4,024,296	$ 4,423,363	$ 4,837,959	$ 5,278,304
General merchandise stores (452)	$ 15,112,965	$ 16,611,635	$ 18,168,622	$ 19,822,307
Miscellaneous store retailers (453)	$ 3,890,039	$ 4,275,793	$ 4,676,557	$ 5,102,212
TOTAL - MAJOR RETAIL CATEGORIES (INCREMENTAL GROWTH)	$ 131,986,700	$ 145,075,100	$ 158,672,800	$ 173,115,000
Source: Colliers International Consulting				

Market shares for STA residents can be expected to be considerably lower than those for the more immediate PTA, as STA residents would primarily be accessing the proposed site by private vehicle. Once driving, motorists have many choices to make in terms of their regular shopping circuit, so the relative dearth of walkable supermarkets is less of a factor for STA residents.

STA resident market shares are projected as follows:

Projected Neighbourhood Retail Market Capture Secondary Trade Area Resident Sales					
Major Retail Category	Market Capture (%)	2016	2021	2026	2031
Furniture and home furnishings stores (442)	3%	$ 103,922	$ 114,228	$ 124,934	$ 136,305
Electronics and appliance stores (443)	5%	$ 232,502	$ 255,557	$ 279,511	$ 304,951
Building Material and Garden Equipment Supplies (444)	3%	$ 180,915	$ 198,855	$ 217,493	$ 237,289
Food and beverage stores (445)	15%	$ 5,026,599	$ 5,525,060	$ 6,042,916	$ 6,592,935
Health and Personal Care Stores (446)	10%	$ 898,228	$ 987,300	$ 1,079,839	$ 1,178,124
Clothing and clothing accessories (448)	2%	$ 130,519	$ 143,462	$ 156,908	$ 171,190
Sporting goods, hobby, book and music stores (451)	3%	$ 100,607	$ 110,584	$ 120,949	$ 131,958
General merchandise stores (452)	3%	$ 377,824	$ 415,291	$ 454,216	$ 495,558
Miscellaneous store retailers (453)	3%	$ 97,251	$ 106,895	$ 116,914	$ 127,555
TOTAL, NET RETAIL EXPENDITURES - STA Categories Listed Above		$ 7,148,000	$ 7,857,000	$ 8,594,000	$ 9,376,000
Source: Colliers International Consulting					

STA residents can therefore be expected to generate between $7.1 and $9.4 million in annual sales in the above-listed categories, with a clear focus on retail food.

As in the case of the PTA, these annual potential sales figures can then be converted into market-supportable floor area, as follows:

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NET INCREMENTAL SUPPORTABLE RETAIL-COMMERCIAL FLOOR AREA Secondary Trade Area Resident Sales					
Major Retail Category	Sales Reqm't ($/Sq. Ft.)	2016	2021	2026	2031
Furniture and home furnishings stores (442)	$350	297	326	357	389
Electronics and appliance stores (443)	$800	291	319	349	381
Building Material and Garden Equipment Supplies (444)	$300	603	663	725	791
Food and beverage stores (445)	$600	8,378	9,208	10,072	10,988
Health and Personal Care Stores (446)	$600	1,497	1,646	1,800	1,964
Clothing and clothing accessories (448)	$350	373	410	448	489
Sporting goods, hobby, book and music stores (451)	$350	287	316	346	377
General merchandise stores (452)	$300	1,259	1,384	1,514	1,652
Miscellaneous store retailers (453)	$350	278	305	334	364
NET WARRANTED RETAIL FLOOR AREA - STA Categories Listed Above		13,300	14,600	15,900	17,400

Source: Colliers International Consulting

Restaurant Food & Beverage Opportunity

Restaurant food & beverage uses are a vital category in any type of retail centre, but increasingly so in convenience-oriented centres within easy walking distance of residential concentrations.

Using Environics 2012 trade area household spending estimates on restaurant food & drink spending at the PTA and STA level, Colliers estimates per capita spending as follows:

Alexandra Neighbourhood Trade Area Food & Beverage Spending - Household & Per Capita Estimates (2012)		
	Avg. Household Spending By Trade Area	
Spending Category	PTA	STA
Food purchased from restaurants	$2,684	$2,350
Alcohol purchased at licensed establishments	$217	$254
	Average Per Capita Spending By Trade Area	
Spending Category	PTA	STA
Food purchased from restaurants	$828	$710
Alcohol purchased at licensed establishments	$67	$77
Sub-Total: Food/Drink	**$895**	**$787**

Source: Colliers PCensus areas, Environics 2011 Household Spending Survey data.

Based on these per capita spending estimates for trade area residents, and assuming only modest growth in annual spending of 2%, Colliers can then project annual expenditure potential for both the PTA and STA, project market shares, and assess on-site sales potential. These calculations are outlined in the table below:

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Alexandra Neighbourhood Trade Area Restaurant F&B Potential	2016	2021	2026	2031
Primary Trade Area	$ 8,614,000	$ 10,501,000	$ 12,958,000	$ 15,796,000
Seondary Trade Area	$ 10,483,000	$ 12,104,000	$ 13,907,000	$ 15,940,000
Projected Market Capture				
Primary Trade Area	15%	15%	15%	15%
Seondary Trade Area	8%	8%	8%	8%
Food & Beverage Spending Capture	**2016**	**2021**	**2026**	**2031**
Primary Trade Area	$ 1,292,100	$ 1,575,150	$ 1,943,700	$ 2,369,400
Seondary Trade Area	$ 838,640	$ 968,320	$ 1,112,560	$ 1,275,200
Total Resident Trade Area	$ 2,131,000	$ 2,543,000	$ 3,056,000	$ 3,645,000
Source: Colliers International Consulting; Incremental F&B potential calculations.				

Given the above assumptions and reasonable market captures, trade area residents alone are likely to generate between $2.1 million in $3.6 million in annual on-site sales.

As with the traditional retail categories reviewed above, these annual sales figures can then also be converted into warranted restaurant food & beverage floor area (sf), as shown below:

Alexandra Neighbourhood Trade Area Warranted F&B Floor Area (Residents)		2016	2021	2026	2031
Primary Trade Area		2,584	3,150	3,887	4,739
Seondary Trade Area		1,677	1,937	2,225	2,550
Subtotal - Resident Support for F&B		**4,300**	**5,100**	**6,100**	**7,300**
Assumed per sf sales productivity of:	$	500			
Source: Colliers International Consulting.					

Total Warranted Retail-Commercial Floor Area

Based on all retail analyses conducted and summarized above, Colliers projects support for on-site retail-commercial uses on the subject Garden City lands to be as follows:

TOTAL WARRANTED RETAIL-COMMERCIAL FLOOR AREA Alexandra Neighbourhood Trade Area		2016	2021	2026	2031
Primary Trade Area Residents		16,200	18,800	22,100	25,600
Secondary Trade Area Residents		13,300	14,600	15,900	17,400
TOTAL TRADE AREA RESIDENT SUPPORT - TRADITIONAL RETAIL		29,500	33,400	38,000	43,000
TOTAL TRADE AREA RESIDENT SUPPORT - FOOD & BEVERAGE		4,300	5,100	6,100	7,300
SUB-TOTAL - RETAIL + F&B CATEGORIES (rounded to nearest 100 sf)		33,800	38,500	44,100	50,300
Service Commercial Uses at % of Above Sub-Total	40%	11,800	13,400	15,200	17,200
SUB-TOTAL, NET OF NON-TRADE AREA RESIDENT SUPPORT		45,600	51,900	59,300	67,500
Projected Support from Area Workers, Guests & Visitors	15%	8,000	9,200	10,500	11,900
TOTAL RETAIL-COMMERCIAL FLOOR AREA SUPPORT		53,600	61,100	69,800	79,400
Source: Colliers International Consulting					

The anchor use for such a centre would be a retail food operator, which could support a food store of roughly 21,000 sf at 2016 population levels, and closer to 30,000 sf by 2026.

Required Retail-Commercial Site Area

Based on warranted floor area over the 2016 to 2031 study period, and assuming that service-commercial space would occupy second level areas, Colliers calculates the following general needs for land:

Alexandra Neighbourhood Retail & Service Centre Land Requirements Based on Market Supportable Floor Area		2016	2021	2026	2031
Total Market Supportable Floor Area		53,600	61,100	69,800	79,400
Total Al-Grade Uses Assuming Service Commercial on 2nd Level		41,800	47,700	54,600	62,200
Required Site Floor Area (sf) at Site Coverage of:	25%	167,200	190,800	218,400	248,800
Required Site Area (Acres)		3.8	4.4	5.0	5.7

Source: Colliers International Consulting

A discrete, well situated 5 acre land parcel along Garden City Road would be in an effective position to serve identified trade area resident needs, fulfilling latent demand for walkable retail facilities while meeting the needs of future residents.

Such a centre also represents a clear opportunity for an experienced retail-commercial developer.

Conclusion and Recommendation

Having reviewed the Richmond market for office, residential, and retail uses, it is recommended that the City consider alternative means (to defined Business/Office over retail, as outlined in the Alexandra Neighbourhood Plan) of delivering employment on the subject Garden City Lands, for the following reasons:

- There has been a decided shift in the market for suburban office away from pure auto-oriented business park to rapid transit-accessible locations. Tenant workforces are driving office location decisions of businesses, which in turn drives developer decisions.
- Demand for office space similar to that located directly west of the subject lands is essentially non-existent.
- Over the short term, very high vacancy levels for all office classes in Richmond are resulting in developer focus elsewhere in the Lower Mainland, with the exception of a handful of projects in close proximity to SkyTrain.
- Cost is not the major driver of decision making in many cases. An example is Flight Centre, who sought a modest space of between 2,500 sf 3,000 sf and were considering Richmond and Burnaby for a prospective location. The firm decided on a Burnaby site near Millenium Line-accessible Lake City over a Richmond location at roughly double the cost.
- With ambitious long-range employment targets for the City Centre Area, and market indicators actively supporting concentration of new office uses within 500 metres of SkyTrain, it would be beneficial to consider an alternative mix of land uses, including market-supportable residential and retail uses, along with a more localized mix of specialty and personal service office space on the subject property.

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MEMORANDUM

To:	David Johnson	**Date:**	April 17, 2013
Company:	City of Richmond	**Project:**	Garden City Road
From:	Brook Pooni Associates, Blaire Chisholm	**Pages #:**	5
CC:	Westmark Development Group, Rav Bains		
Re:	**West Cambie - Garden City Road clarification**		

COMMENTARY:

Brook Pooni Associates (BPA) has been engaged by Westmark Development Group (Westmark) to review the Business / Office land use designation associated with approximately 15.89 acres of land bounded by Alexandra Road to the south, Garden City Road to the west, Cambie Road to the north, and Dubbert Street to the east **(study area)**. This study area was identified by Planning Committee on September 18, 2012 and referred to staff to explore the best use of the land. Westmark owns ten properties within the study area.

Late November, early December of last year correspondence from our firm was forwarded to staff and Council, respectively, and provided:

- a summary of a Colliers market assessment (commissioned by Westmark) for the study area;
- a planning analysis that recommended the study area be designated Residential; and,
- a recommendation for further planning work be done collaboratively with staff.

February 21, 2013, Westmark, BPA and staff met to discuss the land use designation for the study area and various alternative options that could be brought forward that would achieve additional city objectives (i.e., employment targets, ANSD requirements).

This correspondence provides City of Richmond staff with further information as requested by e-mail March 27, 2013 with respect to the following six items:

1. Ownership
2. Area of Proposed Change
3. Proposed Land Use
4. Displaced Office / Retail
5. OCP ANSD information
6. Contact Information

1. Ownership

Westmark Development Group owns ten (10) properties within the study area, as identified in the following table and figure:

Address	PID	Zoning	Area (square metres)
4100 Garden City Road	000-585-734	RS1/F	1,214 sqm
4120 Garden City Road	003-761-886	RS1/F	3,156 sqm
4126 Garden City Road	000-804-801	RS1/F	669 sqm
4140 Garden City Road	003-848-566	RS1/F	1,929 sqm
4160 Garden City Road	003-871-215	RS1/F	1,916 sqm
4180 Garden City Road	000-994-472	RS1/F	1,916 sqm
4220 Garden City Road	011-421-592	RS1/F	1,915 sqm
9131 Odlin Road	003-974-766	RS1/F	2,022 sqm
9151 Odlin Road	003-523-969	RD1	2,022 sqm
9191 Odlin Road	004-211-987	RS1/F	4,046 sqm
		TOTAL AREA	20,805 sqm / 5.14 acres

Westmark has had conversations with all owners in the study area defined by Planning Committee, however is not officially representing their interests at this time. Discussions to date have informed owners of the redesignation proposal and Westmark has received verbal assurances from owners supporting the initiative.

2. Area of Proposed Change

The proposed redesignation that Westmark is advancing is for the entire study area (i.e., 15.89 ac Business / Office designation in West Cambie Area Plan) for reasons captured in the correspondence submitted in November last year. For clarification, on March 11 Westmark submitted a concept that provided an exploration of a mixed use designation for the lands owned solely by Westmark. This concept has informed the assumptions for carrying a mixed use designation across the entire study area. Westmark is currently in discussions with owners of land within the study area to solicit their 'official' endorsement of the proposal.

3. Proposed Land Use

Staff has indicated that the vision for the Alexandra neighbourhood is to encourage redevelopment as a complete and balanced community and this includes providing opportunities for business and employment. The proposed land use for the study area is a mixed use designation comprised of medium density housing over commercial that also permits live/work opportunities. A FAR similar to that used in character area four is proposed at 1.5 + 0.25 (Bonus) with building heights up to 5 storeys. This density and land use is appropriate for this area as the property is along an arterial and serves as a transition between the City Centre Area to the west and the medium density housing to the east.

Applying the proposed FAR (1.75) to the study area (15.89 ac/692,168.4 SF) translates into a gross developable area of 1,211,294.7 SF across the study area, where:

- one fifth of the area is allocated to commercial at grade (equates to 242,258.94 SF).
- a proportion of the site is designated as two storey live/work townhouse units (156,000 SF)
- remainder medium density residential 813,035.8 SF (approximately 800 units, not including the Live/Work)

The Live/Work units are proposed along the north-south collector (Dubbert Street), as well as on the east-west collector (McKim) between Dubbert and Garden City. Live/work townhouses have a footprint of 20 feet wide by 30' feet deep and are two-storeys. The Live/Work designation could also be located on Odlin and the Leslie Street Extension/High Street, but for the purposes of this analysis, we have limited it to the area noted above to reflect a conservative estimate.

Note that the BPA correspondence in November / December identified the demand for 5 acres of neighbourhood retail and service commercial development and assumed a retail ground level and office on the second storey. After our discussions with staff and assessment of the study area, designating a commercial use along the first story of the mixed use designation for the entire study area will satisfy this demand while at the same time achieving the City's objectives for employment and business, a complete community and urban uses at higher densities.

4. Displaced Office / Retail

As discussed above, the proposal envisions a mixed-use commercial and residential land use designation. Approximately 400,000 SF of developable area (Commercial at grade + Live/Work units) is proposed to permit uses that will encourage employment and support the WCAP vision to encourage redevelopment as a complete and balanced community.

BPA commissioned a study by Urban Futures in 2008 that indicated a significant amount of variation among employment classification to define sectoral employee space requirements. More recently, BPA undertook research into additional sources to define employee space requirements and found Urban Futures conclusion still relevant. The following table identifies various employee space requirements from a variety of sources and proposes a range of square feet per employee to facilitate the discussion and analysis related to employment.

	LAND USE CLASSIFICATION			
SOURCE	Retail	Office	Business Park	Industrial
Urban Futures	280 - 390	190 - 875	475 - 575	900 – 1,800
DeChiara[1]	450	300		
Fishkind & Associates[2]	450 - 650	275 - 450		2,500
Institute of Transportation Engineers[3]	549	295	278 - 332	500
Range (removing outliers)	**390 - 549**	**275 - 450**	**332 - 475**	**900 – 1,800**

Existing
The OCP designates the site as Industrial / Office Business Park on the *Industrial Lands to 2041* map and the *Office Lands to 2041* map designates the site as Office Business Park. To define a range in employment provided under the OCP designations, the developable area (1.25 FAR for 15.89 ac / 692,168.4 = 865,210.05) is split between the two land uses - allocating 50% of the developable area to a Business Park designation and the other to an Industrial classification.

EXISTING OCP Land Use	**Range per employee (SF):**	**Area (square feet)**	**Range in Employment**
Business Park	332 - 475	432,605.025	1,303 - 910
Industrial	900 – 1,800	432,605.025	480 - 240
	TOTAL AREA	865,210.05	1,783 – 1,150

Proposed
Applying the employee area ranges to the proposed mixed use commercial residential designation for the study area and including the Live/Work units also provides a range in employment – defined as follows:

PROPOSED Land Use	**Range per employee (SF):**	**Area (SF) / Unit**	**Range in Employment**
Office	275 - 450	242,258.94	881 - 538
OR			
Retail	390 - 549	242,258.94	621 – 441
		SUBTOTAL RANGE	441 - 881
Live / Work	1 job / unit	130 units	130
		RANGE IN EMPLOYMENT	571 – 1,011

As there is limited ability to define with certainty the type of businesses that will locate on site, a range in employment is a useful guide to allocating jobs to an area. The WCAP designates other land in the area as Convenience Commercial, Community Institutional, and Mixed Use – each of which will also have employment allocated to these areas. Therefore, it is our opinion that the proposed land use designation for the study area achieves employment in line with the City's 2041 employment land needs while balancing the objectives of the West Cambie Area Plan to redevelop as a 'complete community'.

[1] Cyburbia – thread: square foot per employee http://www.cyburbia.org/forums/showthread.php?t=25827
[2] Cyburbia – thread: square foot per employee http://www.cyburbia.org/forums/showthread.php?t=25827
[3] US Green Building Council - building area per employee by business type: http://www.usgbc.org/showfile.aspx?documentid=4111

5. OCP ANSD Information

The proposal is to redesignate 15.89 ac from an Area 1A to an Area 2 Airport Noise Sensitive Development designation. The City has indicated that in order to do so, other ANSD lands having a designation of Area 2 or greater would need to be identified as possible sites for a 'swap' to the Area 1A designation. Reviewing the City's GIS system along with ground-truthing/site visits, the team has identified nine sites having the following attributes:

- an ANSD designation of Area 2 – 4;
- policy land use designation indicates commercial use;
- total land area for all sites is greater than the 15.89 acres proposed to be redesignated from 1A.

Proposed Sites	OCP / NP Land Use	ANSD	Current Use	Area
3100 St. Edwards Drive	Commercial	2	Commercial Shopping Centre	5.22
3071 St. Edwards Drive	Commercial	4	Hotel	1.64
3111 St. Edwards Drive	Commercial	4	Hotel Parking	1.34
3233 St. Edwards Drive	Commercial	4	Hotel	2.24
3299 St. Edwards Drive	Commercial	4	Vacant / Parking	0.21
10780 Cambie Road	Commercial	2	Auto Dealership	3.48
10740 Cambie Road	Commercial	2	Auto Dealership / Commercial	0.39
10720 Cambie Road	Commercial	2	Auto Dealership / Commercial	1.28
10700 Cambie Road	Commercial	2	Auto Dealership / Commercial	2.19
			TOTAL	*18 ac*

Policy Context of Proposed Sites

Properties on Edwards Drive are located in the Bridgeport Area Plan and specifically in what is considered the Bridgeport Corridor. Objectives for the area are:

a) to recognize Bridgeport Road as the major east-west arterial serving the northwestern end of Richmond and connecting directly to the provincial highway system;
b) to maintain the corridor as an automobile-oriented commercial area; and
c) to encourage the clustering of retail/wholesale uses with limited access to Bridgeport Road.

The land use map for Bridgeport indicates that the properties fronting Bridgeport Road are designated Commercial/Industrial while parcels below Bridgeport Road are designated Industrial. The OCP land use map designates the properties as commercial.

Properties located on Cambie Road are part of the East Cambie Area Plan, which designates the sites as commercial. The East Cambie Area Plan was initially adopted in 1988 and updated in 2002 with the latest update to the Land Use Map in 2011. The plan focuses on the following goals with respect to land use:

- create and maintain a distinct boundary between agricultural and non-agricultural lands;
- maintain and improve the opportunities for commercial development to meet the shopping needs of East Cambie residents; and
- accommodate land uses that are highly automobile-oriented and can benefit from direct access to the major highway system.

The March 11 correspondence provided an overview of 27 properties appropriate for redesignation to Area 1A. The above table indicates two clusters of 5 and 4 properties respectively that are sufficient to achieve the City's land swap needs. A similar process as that undertaken for the Alderbridge properties is proposed for this redesignation.

6. Contact Information

Blaire Chisholm with Brook Pooni Associates is the planning contact for this and future correspondence.

Attachment 3

Mr. Wozny, Site Economics Ltd. Information

Johnson, David (Planning)

From:	Richard Wozny [rwozny@siteeconomics.com]
Sent:	Monday, 27 May 2013 22:05
To:	Crowe, Terry
Cc:	Johnson, David (Planning)
Subject:	RE: Confidential & Advise Needed Please RW comments in Blue - trust this helps

1. Lack Of Business and Office Activity:
There has been no business / office development activity in the study area since the West Cambie Area Plan (WCAP) was adopted in 2006; -
Implication – **Therefore let residential uses in there – City rebuttal things take time as the business market goes in cycles, etc., etc.**

While there is limited office demand currently the City wants to hold these employment lands as sites which can accommodate future office and employment demand. The city has had vacant and underused lands since its inception. These lands were intended for much needed employment uses and much be held as employment lands, even if the absorption period is very long term.

The city recently released a large industrial / office area on the west side of downtown for residential uses. From a long term macro perspective that was deemed to be the maximum land area which could be to be rezoned to residential. These employment lands are needed for future employment partially to offset the extensive loss of other employment lands across north Richmond.

It is the case that office space should generally be located at or near transit or on Number 3 Road. Unfortunately downtown zoning permits either residential or office, and since residential is more valuable, residential is pushing out potential new office space, regardless of demand. This area must be preserved to provide for future employment demand. Despite the current market it is possible that at some time in the future, this could become an office area and perhaps attract a few large tenants who want their own campus like office buildings. That type of office building rather than multi tenant office buildings can function without a central location.

2. Relationship to The City Centre To The West:
   - The City Centre (2009 City Centre Area Plan - Aberdeen Village, to the west is designated as the City's Central Business District (CBD);
   - The WCAP – Alexandra Neighbourhood Business / Office designation signals conflicting objectives with the CCAP and 2041 Official Community Plan that 'direct office uses to the City Centre'; -
   - **Implication - Therefore get rid of the offices by putting most of them in the City Centre and allow residential uses in there: City rebuttal - there is no conflict as not all office uses need to go in the City Centre.**
   -

As noted above the city centre is expensive and residential development is dominating and pushing out office space. Large office tenants typically cannot afford to go into a city centre and are possible tenants of this area. The city centre is typically ideal for smaller tenants and multi-tenant buildings.

3. Rapid Transit Focus:
He suggests that the primary location criteria for office tenants and hence commercial developers is a proximity to rapid transit; **- thus as there's no Canada Line to service the Study Area, get rid of the office uses and put residential uses there City Rebuttal – as not everything can be on the Canada Line, and office are needed outside of the City Centre like here, keep the offices and retail in the Study Area**

As above, there is possible future demand for lower cost, non-city centre, office space.

4. Office Vacancy Rates:

- The City has some of the highest office vacancy rates in the region, across all office classes (A,B,C) and very little of the City's office inventory is found near rapid transit stations;-
- The market assessment indicates that tenant demand for the type of office envisioned in the WCAP is non-existent;
- **Questions:**
    1. **Is this true?**

Richmond's suburban office market does have a very high vacancy rate. Some of those office buildings which are suffering high vacancy were built in very remote industrial parks with no transit.

2. **How long until the market might built out the Business / Office uses?**

It is difficult or even impossible to say but there will be growing demand for office oriented businesses. As industrial land becomes built out office based employment will be the only way the city can add employment to match population growth.

3. **What is the cycle for these uses?**

5. Suggested Land Use

The Study Area is an appropriate area for medium density residential uses serving as a transition between the CBD to the west and the predominately residential neighbourhood to the east.

Everything the proponent says is correct except that this area is required to accommodate for long term office employment projections. These are vital future employment lands and they cannot be lost to residential land uses. There are other possible locations for future residential but few other places for office space within such proximity to the city centre.

From: Richard Wozny [rwozny@siteeconomics.com]
Sent: Monday, 27 May 2013 22:54
To: Crowe, Terry
Cc: Johnson, David (Planning)
Subject: RE: Land Use Assessment.pdf - SECOND E MAIL - ON THE OFFICE MARKET
Attachments: VancouverBC Office Market 2012 year end.pdf; Vancouver Office Market.pdf; Vancouver Office Real Estate Report 2013 Q1 (2) Colliers.pdf

Attached are the Avison and CBRE yearend office market studies. They both say Richmond 's vacancy rate for office is falling. Avison in particular has details of it being under 20%. Even the less detailed Colliers report for 2013 Q1 says Richmond is doing better lately. In just a half year the office market is turning and there is more demand. This shows that the stats used in the submission do not reflect very long term market trends, which planning principles are supposed to reflect.

The fact that a few poorly located office buildings remain persistently vacant does not mean that the Cambie office area must be converted to residential or that all of Richmond does not have office demand. The average vacancy for the city is not relevant as some of those C class, remote suburban, office buildings make never attract long term tenants.
The subject Cambie office area offers a much better future office location than those remote and vacant Richmond office buildings, which are the source of so much leasing angst. Any discussion of the market should exclude those few remote office buildings as they are outliers and not directly relevant as they are so poorly located.

Below is a quick update of the office market from the Richmond review in case you missed it.
CALL ME TO DISCUSS IF NEED BE Richard Wozny, Principal Site Economics Ltd.

RICHMOND OFFICE MARKET SUMMARY

Office vacancy remains high, but 'milestone' reached By Matthew Hoekstra - Richmond Review
Published: February 07, 2013 5:00 PM Updated: February 07, 2013 5:09 PM

Richmond continued to lead the region in empty office space last year, but demand is growing, according to a new Metro Vancouver market report from Avison Young. Richmond's vacancy rate at the end of 2012 stood at 19.3 per cent, well above the region's 7.0 per cent average. Of Richmond's 4,196,438 square feet of office space, 808,624 square feet remained vacant last year. But demand did grow, as the city boasted 110,703 square feet of positive absorption for the year-the strongest level of annual absorption since 2008 and the third highest rate in the region.

According to the real estate firm's report, vacancy in Richmond's office market dropped below 20 per cent for the first time since mid-2009. Avison Young principal Bill Elliott called that a "milestone of sorts." "While much of the activity has been tenant churn within the market, more than 110,000 square feet of positive annual absorption in 2012 is a welcome turn of events and expected to continue," he said in a news release.

Richmond's vacancy rate reached a peak of 24.6 per cent at the end of 2010. With 1-in-5 offices still sitting empty, developers have been slow to build more. Avison Young suggested Vancouver Airport Authority's proposed Sea Island Business Park-800,000 square feet of office space and a hotel-could be the first new project to proceed. Ampar Ventures is also planning a multi-phase development near the Oak Street Bridge that will include a 12-storey office tower and two hotels. The only city with a higher vacancy rate was New Westminster, at 20.8

per cent. But Avison Young noted that was due to 225,400 square feet of space added to the city's inventory at year's end, and it's set for occupancy this yea

Metro Vancouver Office Market Report Year-End 2012

AVISON YOUNG Intelligent Real Estate Solutions

partnership.
performance.

Vacancy rate December 31, 2012: 7.0%
Vacancy rate June 30, 2012: 6.7%

ABSORPTION (DEMAND) — **VACANCY (SUPPLY)** — **RENTAL RATES**

Metro Vancouver drawing strength from suburbs as demand for office space in core moderates

Metro Vancouver and the Downtown office market specifically are on the edge of a fundamental shift that will redefine the pattern of development in the region for decades to come. As the epicentre of the downtown core slowly shifts eastwards to encompass non-traditional districts, the analysis and expertise necessary to provide informed industry insights must also adapt.

Avison Young embarked on a complete overhaul of its Metro Vancouver office inventory in early 2012 in light of this emerging dynamic, and the rising status of the downtown core's eastern neighbourhoods and the urban centres south of the Fraser River. By redefining the geographical boundaries and updating our inventory of office buildings, Avison Young is able to provide a more nuanced analysis of the markets most important to our clients, partners and fellow real estate professionals.

Metro Vancouver Office Market Report Year-End 2012 *represents the most accurate and up-to-date understanding of the region's inventory of office space and positions Avison Young as the leading provider of commercial real estate intelligence and client-focused analysis in British Columbia.*

With the strongest level of positive annual absorption in five years, Metro Vancouver's office market drew strength from the inner city neighbourhoods as well as the suburbs as demand for office space in the core moderated during the second half of 2012. Burnaby, Richmond and the Broadway corridor led Metro Vancouver in terms of positive annual absorption in 2012. Most of the remaining submarkets experienced very limited positive or negative annual absorption. Surrey and the North Shore each registered small amounts of negative annual absorption of 8,900 sf or less, while Downtown and Yaletown each posted very modest positive annual absorption of 7,800 sf or less. New Westminster improved considerably with a net change in occupied office space of 52,537 sf between January 1 and December 31, 2012 compared with negative 33,147 sf in 2011.

continued on back cover...

Metro Vancouver - Vacancy and Absorption Trends

12-month projection based on 10-year average absorption and known absorption in new inventory

Metro Vancouver Office Vacancy Summary (Year-End 2012)

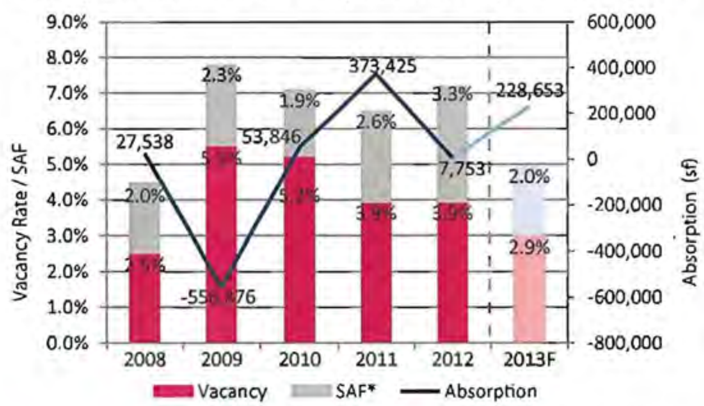
DISTRICT	INVENTORY (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	VACANCY RATE (%)	12 MONTHS ABSORPTION (SF)
Downtown	21,184,715	682,164	148,684	830,848	3.9%	7,753
Yaletown	2,023,244	91,080	9,286	100,366	5.0%	6,785
Broadway	6,584,655	200,657	15,654	216,311	3.3%	229,994
Burnaby	9,181,817	656,532	60,201	716,733	7.8%	248,017
Richmond	4,196,438	761,741	46,883	808,624	19.3%	110,703
Surrey	2,551,295	255,784	38,476	294,260	11.5%	-6,879
New Westminster	1,579,025	328,683	0	328,683	20.8%*	52,537
North Shore	1,477,580	138,445	3,700	142,145	9.6%	-8,891
TOTAL	**48,778,769**	**3,115,086**	**322,884**	**3,437,970**	**7.0%**	**640,019**

*Vacancy rate rose temporarily with the delivery of 225,400 sf of vacant space at year-end 2012 with occupancy set for Q3, 2013.

Vacancy Trends

Downtown Vancouver remains one of the tightest metropolitan core markets in Canada with an overall vacancy rate of 3.9%, which represents the second lowest vacancy in Metro Vancouver after the Broadway corridor (3.3%). While class AAA vacancy managed to contract even further to a miniscule 0.7%, class A vacancy almost doubled to 3.1% from mid-year 2012 partly as a result of **HSBC Bank Canada** and **Union Securities** vacating their downtown premises in the second half. Some of the space was subsequently backfilled. Class B vacancy rose slightly to 4.9% at year-end 2012, while class C vacancy declined to 7.2% from 9.7% at year-end 2011. Vacant supply remains fairly evenly divided among class A, B and C buildings. Deal velocity slowed significantly in the second half of 2012 compared with the first half of the year and the second half of 2011. Sublease vacancy reached its highest point since year-end 2010. Despite a moderation in activity, the market remains supply constrained with virtually no vacant and available large blocks of contiguous space offered. There were only two lease transactions announced during the second half in the crop of new buildings under construction, both at MNP Tower. While fundamentals suggest a landlord's market, deal velocity suggests diminished demand and it remains to be seen if developers of new inventory can recapture leasing momentum in 2013.

Vacancy with Space Availability Factor (SAF) and Absorption:



12-month projection based on 10-year average absorption and 10-year average SAF.

Absorption Trends

In 2012, Downtown posted its lowest positive annual absorption since 1997 at just 7,753 sf. Substantial negative absorption in the second half of 2012 neutralized positive gains accrued in the first six months of 2012. Class AAA buildings eked out almost 11,000 sf of positive absorption in 2012 in an astonishingly tight market. Class A absorption remained virtually unchanged with positive annual absorption of just 684 sf, while class C buildings recorded 14,245 sf of positive annual absorption. Negative annual absorption of 18,153 sf in class B properties largely offset the positive absorption noted in other property classes.

Space Availability Factor (SAF)

SAF refers to head lease or sublease space that is being marketed but is not physically vacant, and new supply that is nearing completion and available for lease. The space availability factor, or SAF, increased to 3.3% (709,674 sf) at year-end 2012, its highest point since year-end 2002 when the indicator reached 4% (771,025 sf) The actual amount of space currently being marketed (occupied and vacant) in the Downtown core is 7.2% or approximately 1.54 msf.

New Construction

A five-storey addition at 564 Beatty Street will add 22,000 sf of office space and provide a rooftop patio atop the heritage building. The renovated office building will include six floors of restored heritage brick and beam space and four additional floors featuring

Cadillac Fairview is redeveloping the former **Sears** department store to accommodate the Vancouver home of **Nordstrom** and new office space.

Notable Lease Deals – Year-End 2012

TENANT	BUILDING	SF
Marsh Canada (renewal)	Bentall 5	44,000
Bull, Housser & Tupper LLP (sublease)	900 Howe Street	38,000
Harper Grey LLP (renewal)	650 West Georgia Street	36,948
Stikeman Elliott LLP (renewal)	Park Place	34,300
MacQuarie Group (renewal)	Bentall 5	34,144
BDO Dunwoody LLP	Cathedral Place	30,000
Spectra Energy (renewal)	Royal Centre	26,630
Manning Elliott (renewal)	1050 West Pender Street	24,580
CB Richard Ellis	MNP Tower	24,000
GWLAC (renewal)	1177 West Hastings Street	22,000
Layer 7 Technologies (sublease)	HSBC Building	21,533
KGHM International Ltd. (assignment)	Waterfront Centre	19,555
Cushman & Wakefield (renewal)	TD Tower	18,400
Richardson GMP (renewal)	Park Place	17,378
Dell (renewal and expansion)	1188 West Georgia Street	17,250
BC Hydro (renewal)	Bentall 4	16,721
Silver Standard Resources Inc. (sublease)	Bentall 4	16,686
Regus	MNP Tower	16,000
SNC-Lavalin Inc.	1050 West Pender Street	15,700
Alterra Power Corp. (renewal and expansion)	888 Dunsmuir Street	15,469
Accenture (renewal)	401 West Georgia Street	13,195
Real Estate Council of BC (renewal and expansion)	Pender Place II	11,571
MCAP Financial (renewal)	1140 West Pender Street	10,649
The Dominion of Canada General Insurance (renewal)	Royal Centre	10,437
Industrial Alliance (expansion)	1188 West Georgia Street	10,300
Vancouver Foundation	475 West Georgia Street	10,150

concrete and glass design. The building is slated for completion by the end of 2013. Currently under construction, the **Mason Robson Centre** at 720 Robson Street is slated for completion in fall 2013. The five-storey building includes three floors of office space totalling 20,000 sf, which were under contract to a single undisclosed tenant at the end of 2012. The bottom two floors have been leased to **Old Navy**.

Concrete pouring is underway at **Telus Garden**, the 22-storey, 500,000-sf office/retail tower at 510 West Georgia Street. Of the 465,000 sf of office space, the building's namesake tenant is taking 212,000 sf in the lower half of the building and the top two floors, while law firm **Bull, Housser & Tupper LLP** (BHT) has leased 67,000 sf on three upper floors. The development, which is already 60% preleased, is set for completion in the second quarter of 2014 with BHT taking occupancy in September.

Oxford Properties' MNP Tower continues to stack up prelease commitments. Since mid-year 2012, work space provider **Regus** (16,000 sf) leased two floors, while commercial brokerage **CB Richard Ellis** (24,000 sf) leased three floors in the 35-storey, 275,000-sf office tower at 1021 West Hastings. Both companies join **MNP LLP** (72,000 sf) and **Vertex One Asset Management** (8,000 sf) as tenants. MNP tower is 44% preleased with construction expected to be complete by the third quarter of 2014.

Cadillac Fairview is proceeding with its redevelopment of the former Sears building at 725 Granville Street, having recently secured its development permit and commencing preliminary demolition in November. With 292,000 sf of office space planned for four floors, the redevelopment will be ready for tenant fixturing by the fourth quarter of 2014. Demolition of the former parking garage on the site of **745 Thurlow** has been completed and excavation for the underground parkade was underway at the close of 2012. **Bentall Kennedy's** 23-storey, 400,000-sf office/retail development will include 365,000 sf of office space when completed. **SNC-Lavalin** has preleased six floors mid-building for a total of 101,700 sf, while **McCarthy Tetrault** signed up for 82,000 sf on the top four floors.

Aquilini Development and Construction has commenced construction of the west tower of its three-tower office/residential development located around **Rogers Arena**. When completed, the west tower will include 110,760 sf of office space in the lower half of the building (up to level 12). **Aquilini Investment Group** and the **Vancouver Canucks** may take up to four floors in the west tower. Occupancy of the office space is set for mid 2014 with building construction wholly complete by the end of 2014. The development also includes an additional 69,330 sf of office space in the east tower, which still awaits a development permit. Construction is anticipated to start on the east (and south) towers in July 2013 with completion slated for fall 2015.

Manulife Financial has received its development permit for a 16-storey, 250,000-sf office tower at 980 Howe Street, with site demolition set for early 2013. However, construction is unlikely to commence without a prelease commitment. **Credit Suisse** and **SwissReal Group Canada** had their rezoning application approved for the **Exchange** development in November, and are preparing their development permit application for submission in March 2013. Upon approval, the 31-storey office tower looks to break ground in summer 2013 with substantial completion by spring 2016. **Burrard Gateway**, the mixed-use development proposed by **Reliance Properties** and **Jim Pattison Developments**, remains in negotiations with the city regarding the rezoning application. The development could go to public hearing in spring 2013 pending approval of an increase in the floorplate size of the 14-storey office tower, which would increase the building to 150,000 sf from the 100,000 sf previously envisioned. The three-storey commercial podium would contain approximately 100,000 sf of office space for sale or lease.

Developer	Building	SF	Completion
A. J. Mason Group	Mason Robson Centre, 720 Robson Street (office/retail)	20,000 (office)	Q4 2013
Reliance Properties	564 Beatty Street	22,000 (addition)	Q4 2013
Westbank Projects/ Telus	Telus Garden, 510 West Georgia Street (mixed use)	465,000 (office)	Q2 2014
Oxford Properties	MNP Tower, 1021 West Hastings Street	275,000	Q3 2014
Aquilini Development and Construction	800 Griffiths Way (mixed use)	180,000 (office) (in two towers)	Q4 2014 (west tower) / Q4 2015 (east tower)
Cadillac Fairview	725 Granville Street (office/retail)	292,000 (office) (redevelopment)	Q4 2014
Bentall Kennedy	745 Thurlow Street (office/retail)	365,000 (office)	Q2 2015
Manulife Financial	980 Howe Street	250,000	Awaiting prelease commitment
Credit Suisse AG/ SwissReal Group Canada	The Exchange, 475 Howe Street	369,000	Planning
Jim Pattison Developments/ Reliance Properties	Burrard Gateway, 1200-block Burrard Street (mixed use)	250,000 (office)	Proposed
Carrera Management Corp.	320 Granville Street	380,000	Proposed
Canadian Metropolitan Properties Corp.	750 Pacific Boulevard (mixed use)	350,000 (commercial)	Proposed

Market Forecast

Diminished leasing momentum minimized rental rate increases during 2012 and this is forecasted to continue in 2013 as rental rates stabilize during the next six to 12 months. If developers of new inventory decide to stimulate leasing momentum by reducing net effective rent expectations, landlords with current or future vacancies may need to adjust expectations accordingly. While the Downtown market is expected to remain tight, leasing activity could be limited due to a combination of factors, including landlords who secured extended lease commitments from large tenants well in advance of previous lease expiries, market uncertainty resulting from the provincial election and foreign demand for Canadian commodities. In the absence of renewed demand, the market will likely remain flat. New prelease commitments in any of the proposed developments could provide additional incentive to the market and serve as a bellwether that healthier levels of leasing activity can be expected moving forward.

CLASS	TOTAL RENTABLE (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MONTHS ABSORPTION (SF)	SAF (SF)	SAF (%)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
AAA	3,596,476	17,485	8,388	25,873	0.7%	10,977	184,936	5.1%	$32 - $50	$50 - $72
A	7,459,598	189,189	39,767	228,956	3.1%	684	237,468	3.2%	$22 - $42	$40 - $63
B	6,801,498	257,655	77,489	335,144	4.9%	-18,153	206,988	3.0%	$16 - $34	$30 - $52
C	3,327,143	217,835	23,040	240,875	7.2%	14,245	80,282	2.4%	$14 - $26	$26 - $42
Total	**21,184,715**	**682,164**	**148,684**	**830,848**	**3.9%**	**7,753**	**709,674**	**3.3%**	-	-

Yaletown — Positive annual absorption slows as new supply dwindles

Vacancy Trends

Overall Yaletown office vacancy rose from 4.3% at year-end 2011 to 5% at year-end 2012, its highest point since year-end 2010 (5.1%). Class A vacancy increased to 6.6% when **Vision Critical** vacated its premises at 858 Beatty Street to shift operations to 200 Granville Street. The impact to class A vacancy was partially offset by **DeNA Studios Canada** leasing 7,000 sf at 860 Homer Street. Class B vacancy tightened further as **Sony Pictures** leased an additional 4,888 sf at 990 Homer Street and occupied 8,100 sf on the fourth floor in July 2012 for a total of 21,333 sf. **Whitefish Group Holdings** and **Global Atomic Designs** leased the remaining 3,180 sf and 1,100 sf, respectively, at 1152 Mainland Street. Class C vacancy increased due to the addition of 18,000 sf of vacancy at 1028 Hamilton Street in order to prepare the building for renovations. **SAP Canada Inc.** renewed its lease for 202,000 sf at 910 Mainland Street. Retail tenant **Paws & Claws** leased 4,798 sf of office/retail space at 1286 Homer Street.

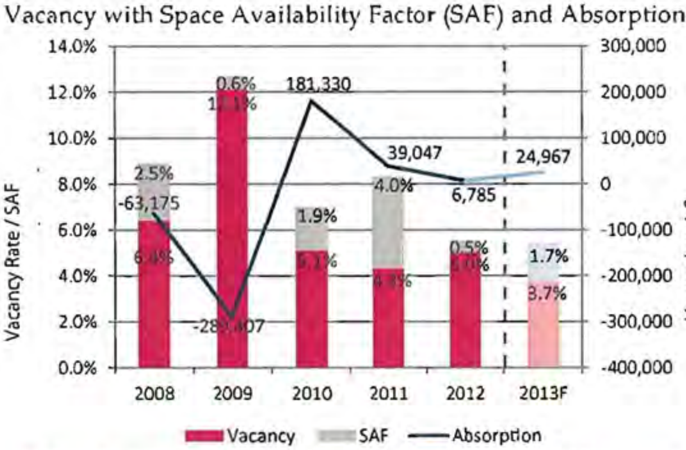
Sublease space remained at a minium with **Ubisoft Vancouver's** 18,591-sf sublease at 840 Cambie Street terminated and subsequently absorbed by fellow building tenant, **Fairleigh Dickinson University**. Only three lease options in excess of 10,000 sf are currently available in the 2-msf Yaletown market, including 858 Beatty Street (class A - 22,226 sf), 860 Homer Street (class A - 10,500 sf) and 845 Cambie Street (class B - 10,320 sf).

Absorption Trends

A lack of new product, the departure of a significant tenant, and vacancy due to renovations combined to push positive annual absorption in Yaletown down to 6,785 sf. This marks the lowest level of positive annual absorption recorded in the market since year-end 2003 (3,308 sf).

While Fairleigh Dickinson University, DeNA Studios and Sony Pictures all absorbed and occupied Yaletown office space, the space returned to the market by Vision Critical departing 858 Beatty Street and the renovations at 1028 Hamilton hampered the volume of positive absorption overall.

Vacancy with Space Availability Factor (SAF) and Absorption:



12-month projection based on 10-year average absorption, six-year average SAF and known absorption in new inventory

Upgrades to the four-storey building at **1028 Hamilton Street** is part of a trend that has seen renovations and additions in the Yaletown market in the absence of new product.

New Construction

No new construction is currently planned for Yaletown, but renovations at 1028 Hamilton Street will offer 18,000 sf of fully renovated premises over three floors as well as 6,000 sf of basement premises when completed in the midterm.

Market Forecast

The Yaletown office market is expected to remain tight in 2013 with most existing available product likely being absorbed in the short term. Upward pressure on rental rates is anticipated for well-improved premises in superior quality buildings.

The extremely limited selection of large-block options are expected to be absorbed due to the overall lack of availability in the market in general. With no new construction coming on stream, the redevelopment of older buildings is expected to become a dominant trend in the Yaletown market moving forward. Renovations and additions at 1110 and 1132 Hamilton Street preceded the work currently underway at 1028 Hamilton Street.

Notable Lease Deals – Year-End 2012

TENANT	BUILDING	SF
SAP Canada (renewal)	910 Mainland Street	202,000
Fairleigh Dickinson University (expansion)	840 Cambie Street	18,591
DeNA Studios Canada	860 Homer Street	7,000
Sony Pictures (expansion)	990 Homer Street	4,888
Whitefish Group Holdings Ltd.	1152 Mainland Street	3,180

CLASS	TOTAL RENTABLE (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MONTHS ABSORPTION (SF)	SAF (SF)	SAF (%)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	552,938	36,326	0	36,326	6.6%	5,371	2,800	0.5%	$29 - $35	$42 - $49
B	998,357	22,911	9,286	32,197	3.2%	15,269	0	0.0%	$24 - $28	$36 - $41
C	471,949	31,843	0	31,843	6.7%	-13,855	6,641	1.4%	$19 - $23	$29 - $34
Total	**2,023,244**	**91,080**	**9,286**	**100,366**	**5.0%**	**6,785**	**9,441**	**0.5%**	-	-

Vancouver - Broadway

Leasing activity slowed in tight market

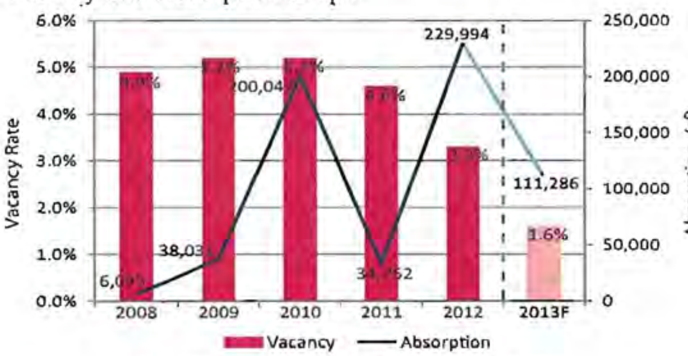
Vacancy Trends

Vacancy in the Vancouver-Broadway market dipped to 3.3% at year-end 2012 – the lowest since Avison Young started tracking the market in 1996 – and a marked decrease from 2011 (4.6%) and 2010 (5.2%). With slightly more than 200,000 sf of vacant headlease space at year-end 2012, only 2007 recorded less available (195,172 sf) space for lease since 1996. Sublease space availability also approached record lows with just 15,654 sf available at year-end 2012, the second lowest on record. There was limited tenant activity within the market, particularly in the second half, and few options for mid- to large-sized users.

Absorption Trends

Positive annual absorption in the Vancouver-Broadway market was the strongest since 2005 and the second highest in Metro Vancouver in 2012. Absorption of class A space comprised more than 80% of the total annual absorption with class B and C premises each attracting a smaller share of tenants. Despite the absence of a single large tenant to contribute to absorption, small users and one or two mid-sized groups were able to generate enough positive annual absorption to power the Vancouver-Broadway market to one of the best years on record.

Vacancy and Absorption Graph



12-month projection based on 10-year average absorption and known absorption in new inventory

New Construction

Construction of tower one of **Rize Alliance's Containers** development is set for completion in spring 2013. **Columbia College** will occupy 70,800 sf of the 81,500-sf building for fall 2013. Construction is underway on **Onni Group's Central** development and **Bentall Kennedy's Broadway Tech Centre 6** building. **Canada Border Services Agency** will occupy Central's 106,000-sf office component in the second quarter of 2014 when construction is expected to be complete. The 196,000-sf Broadway Tech Centre 6 is more than 75% preleased by **Golder Associates Ltd. PCI Group** has kicked off construction of its **Marine Gateway** mixed-use project. The 19-storey, 250,000-sf office tower component comprises 14 floors of office space atop a five-storey podium. **BlueSky Properties' Broadway Commercial** project and phase two of **PCRE Group's Renfrew Business Centre** await prelease commitments prior to breaking ground. **Bentall Kennedy** will submit its rezoning application in early 2013 for 3030 East Broadway. No new details have emerged regarding **Mountain Equipment Co-op's** proposed five-storey, three-phase head office development, which received its rezoning approval in January 2012.

The first tower of **Rize Alliance's Containers** development on Terminal Avenue is set for completion this spring and will be the new home of **Columbia College**.

Market Forecast

Rental rates are expected to remain stable in 2013 with little new product set to be delivered this year. Vacancy is expected to remain tight but with lower deal velocity than in previous years. The delivery of more than 600,000 sf to the market by 2015 is unlikely to significantly impact activity or rates as more than half the space is already preleased. The vast majority of remaining available space is in the 250,000-sf office tower at **Marine Gateway on Canada Line.** If the projects currently awaiting a prelease commitment decide in 2013 to proceed, the new construction may spur some additional activity and lease-rate fluctuations. Market activity slowed last spring and did not pick up significantly in the fall as has been the trend in previous years. If this reduced level of activity continues through the second quarter of 2013, the Vancouver-Broadway market may remain an otherwise static environment.

Developer	Building	SF	Completion
Rize Alliance Properties	Containers (428 Terminal Avenue)	70,800 (office)	Q2 2013 (tower one)
Onni Group of Companies	Central, 1553-1577 Main Street (mixed use)	106,000 (office)	Q2 2014
Bentall Kennedy	Broadway Tech Centre 6	176,000 (office)	Q1 2015
PCI Group	Marine Gateway on Canada Line (mixed use)	250,000 (office)	Q2 2015
False Creek Business Park Ltd.	306 to 320 Terminal Avenue	28,000	Awaiting prelease commitment
PCRE Group	Renfrew Business Centre phase II (2665 Renfrew Street)	149,000 (office)	Awaiting prelease commitment
BlueSky Properties	Broadway Commercial, 984 West Broadway	83,600 (office)	Awaiting prelease commitment
Bentall Kennedy	3030 East Broadway (five buildings)	800,000 (office) & 70,000 (flex)	Proposed
Mountain Equipment Co-Op	1077 Great Northern Way	176,980	Proposed

Notable Lease Deals – Year-End 2012

TENANT	BUILDING	SF
Stemcell Technologies (renewal and expansion)	1618 Station Street	38,202
Hootsuite	5 East 8th Avenue	33,000
PHSA (renewal)	1770 West 7th Avenue	20,000
Genome Science Centre (renewal and expansion)	575 West 8th Avenue	10,500
Leading Brands	33 West 8th Avenue	6,955

CLASS	TOTAL RENTABLE (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MONTHS ABSORPTION (SF)	NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	3,751,512	141,833	938	142,771	3.8%	188,953	\$24 - \$30	\$38 - \$45
B	2,142,150	48,627	14,716	63,343	3.0%	29,076	\$18 - \$25	\$32 - \$39
C	690,993	10,197	0	10,197	1.5%	11,965	\$15 - \$19	\$27 - \$33
Total	**6,584,655**	**200,657**	**15,654**	**216,311**	**3.3%**	**229,994**	-	-

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Burnaby

Vacancy tightens as positive annual absorption increases

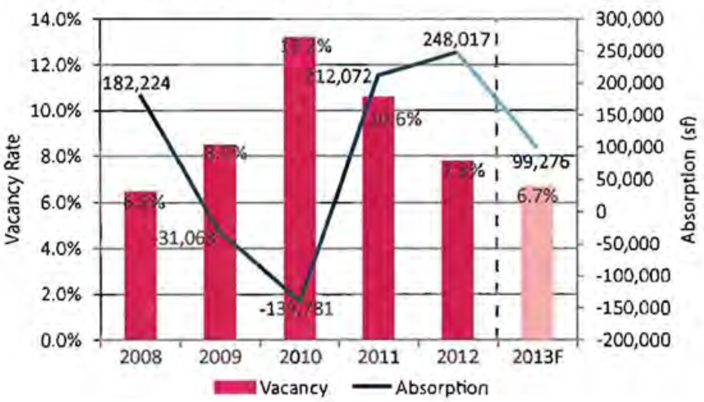
Vacancy Trends

Vacancy in the 9.2-msf Burnaby office market at year-end 2012 was at its lowest point since mid-year 2009 after peaking at 13.2% in 2010. Vacant headlease space was minimal with just 656,532 sf available, while the availability of sublease premises increased to 60,201 sf after recording a mere 8,133 sf at mid-year 2012. **Fraser Health Authority** occupied 1795 Willingdon Avenue, which was a significant factor in the reduced vacancy rate. Much of the decline was attributable to tenants who closed deals in 2011 but took occupancy of their premises in 2012. Deal velocity remained strong during the summer and fall, but tapered off toward the end of 2012. While class A vacancy has continued to tighten since mid-year 2012, and overall vacancy is forecast to shrink further in 2013, vacancy will likely rise in the coming months. The former **Nokia** building will return an additional 94,000 sf of vacancy to the market and **TransLink** is set to vacate approximately 81,000 sf in Metrotower II by the third quarter of 2013.

Absorption Trends

With almost 250,000 sf of positive annual absorption in 2012, Burnaby recorded its most robust level of annual absorption since 2005 and was tops in Metro Vancouver in 2012. The majority of positive absorption was registered in class B premises (147,841 sf), even as absorption of class A space (84,612 sf) remained strong. The positive absorption of space by the Fraser Health Authority contributed significantly to the otherwise decent demand for Burnaby office space in 2012.

Vacancy and Absorption Graph



12-month projection based on 10-year average absorption.

New Construction

Construction remained in full swing and marketing activity brisk for **Ivanhoé Cambridge's Metrotower III** during 2012 with the building on track to be completed by April 2014. **Stantec Consulting Ltd.** agreed to lease four floors (approximately 65,000 sf) of the 411,000-sf development and is slated to occupy in Q3, 2014. Contractors had poured concrete up to the 17th floor with the glazing completed up to the 8th floor by year-end 2012.

Phase one of **Appia Group's Solo District** has commenced with **Whole Foods** as an anchor retail tenant in the mixed-use development. The second phase, which is set to kick off construction in Q1 2013, will include 12 floors of office space totalling up to 230,000 sf in the base of the phase two residential tower, which is set for completion in the summer of 2015. There are currently no pre-

Ivanhoé Cambridge's 29-storey, 411,000-sf **Metrotower III** is set for completion in April 2014.

lease commitments for the office space.

The third phase of **Discovery Place Business Park** under development by **Kingswood Capital** remains in the planning stage, but calls for 50,000 sf of office space over three floors with a completion date of late 2014. The entire building is available for prelease. **Shape Properties'** redevelopment of **Brentwood Town Centre** may also include commercial office opportunities.

Market Forecast

Lease rates are anticipated to remain stable in 2013 with little fluctuation as deal velocity remains moderate but consistent. With no new inventory being delivered in 2013 and despite a forecasted decline in vacancy, the Burnaby market may experience a slight increase in vacancy. It is anticipated that demand for Burnaby office space will remain but may be subdued through the first half of 2013.

Developer	Building	SF	Completion
Ivanhoé Cambridge	Metrotower III	411,000	Q2 2014
Appia Group	Solo District (phase II)	230,000 (office)	Q3 2015
Kingswood Capital	Discovery Place Business Park, phase III	50,000	Proposed

Notable Lease Deals – Year-End 2012

TENANT	BUILDING	SF
Stantec Consulting Ltd.	4730 Kingsway	65,000
Hub International (headlease)	4350 Still Creek Drive	31,000
Crius Financial Services Corp. (renewal and expansion)	4720 Kingsway	11,000
Raymond James (sublease)	3777 Kingsway	8,000
Scott Construction (sublease)	3777 Kingsway	8,000

CLASS	TOTAL RENTABLE (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MONTHS ABSORPTION (SF)	NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	6,163,078	350,073	31,270	381,343	6.2%	84,612	$18 - $28	$29 - $43
B	2,081,671	157,867	28,931	186,798	9.0%	147,841	$13 - $18	$24 - $32
C	937,068	148,592	0	148,592	15.9%	15,564	$10 - $14	$21 - $27
Total	**9,181,817**	**656,532**	**60,201**	**716,733**	**7.8%**	**248,017**	-	-

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Richmond

Vacancy drops below 20% for first time since 2009

Vacancy Trends

At year-end 2012, vacancy in the Richmond office market dropped below 20% for the first time since mid-year 2009 (19.6%). Office vacancy is at its lowest point since year-end 2008 and has been in slow but steady decline since peaking at 24.6% at year-end 2010. All property classes registered a decline in vacancy in 2012 despite class A and C vacancy rates remaining greater than 20%. Much of the activity has been tenant churn within the Richmond market.

Absorption Trends

Richmond registered positive annual absorption of 110,703 sf in 2012, the strongest level of annual absorption recorded since 2008 and the third highest amount of positive absorption in Metro Vancouver in 2012. A variety of tenants relocated or expanded within the market.

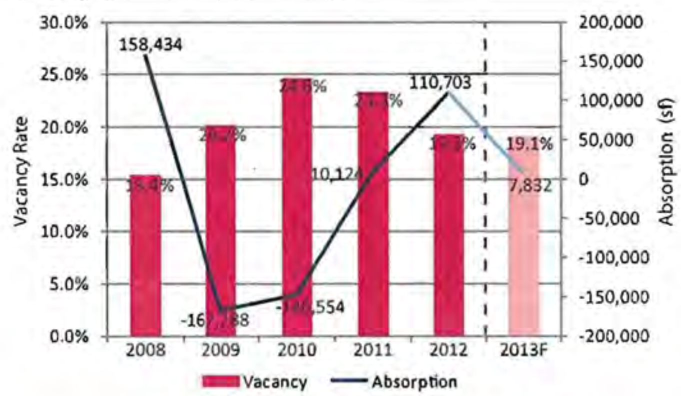
New Construction

Office development in Richmond has been at a standstill as the market has been in digestion mode with vacancy north of 20% since 2009. The first new office project to potentially proceed may be the **Sea Island Business Park** adjacent to the Templeton SkyTrain station, which calls for five buildings and approximately 800,000 sf of office space along with a hotel. Plans for the business park have not been affected by the selection of the preferred site for a proposed designer outlet centre near Templeton Station. As of December 2012, the airport authority was reviewing submissions from shortlisted proponents interested in bidding on the project. A decision is expected by early 2013. The process has taken longer than anticipated due to the magnitude of the project and the number of stakeholders involved as well as an extensive review meant to ensure the proponent selected best fits the site. There has been no change to the project scope outlined in the original RFP. The first phase is expected to be approved in 2013 with construction to take place between 2013 and 2015. Subsequent phases would follow as tenants lease and occupy the available space, with completion dates for the final phases varying. It is anticipated that the project will be built out by 2020.

An early rendering of the proposed **Sea Island Business Park** indicates the scale of development envisioned for the site near **Vancouver International Airport**, which now calls for five office buildings and a hotel.

Developer	Building	SF	Completion
YVR	Sea Island Business Park (office/hotel) at Templeton SkyTrain station	Five buildings 800,000 (office)	Proposed
Ampar Ventures Ltd.	Ampri International Gateway Centre (office/hotel)	105,000 (office)	Proposed

Vacancy and Absorption Graph



12-month projection based on 10-year average absorption.

Ampar Ventures reiterated its commitment to the proposed **Ampri International Gateway Centre**, a three-phase development that will include a 12-storey, 105,000-sf office tower in its second phase along with two hotel properties. Despite not having received its development permit by December 2012, the developer anticipates the first hotel to break ground in the third quarter of 2013.

Market Forecast

Rental rates are anticipated to remain stable in 2013 with landlords continuing to offer strong inducements to attract tenants in an effort to further reduce vacancies in their portfolios. Market activity is expected to continue as many Richmond tenants' lease expiries come due in 2013 and, resultantly, vacancy is forecast to continue to decline. Excellent lease opportunities continue to exist in the Richmond market even as a recovery slowly takes hold.

Notable Lease Deals – Year-End 2012

TENANT	BUILDING	SF
Boston Pizza	Airport Executive Park #8	33,166
Westport Innovations	3600 Lysander Lane	16,927
Rebel Printing	13560-13566 Maycrest Way	14,000
Paper Excellence	Airport Executive Park #2	10,818
International Fashions	13560-13566 Maycrest Way	9,108
Steve Nash Health Club	Airport Executive Park #2	8,720

CLASS	TOTAL RENTABLE (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MONTHS ABSORPTION (SF)	NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	2,891,156	556,891	42,511	599,402	20.7%	32,164	$16 - $20	$26.50 - $30.50
B	972,346	135,052	4,372	139,424	14.3%	50,899	$12 - $14	$22 - $24
C	332,936	69,798	0	69,798	21.0%	27,640	$9 - $12	$16.50 - $19.50
Total	**4,196,438**	**761,741**	**46,883**	**808,624**	**19.3%**	**110,703**	-	-

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Surrey

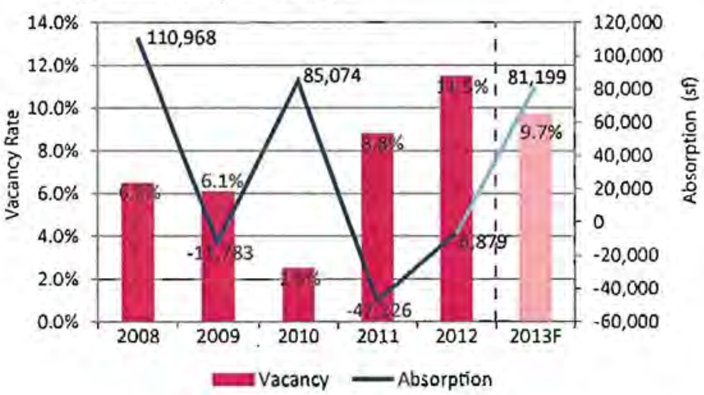
Vacancy rising despite improving absorption trend

Vacancy Trends

Overall office vacancy in Surrey climbed from 8.8% at year-end 2011 to 11.5% at year-end 2012, its highest point since year-end 2005. Sublease space, which was virtually non-existent in the market from year-end 2006 to mid-year 2011, rose to 38,476 sf. Deal velocity remained minimal and vacant premises generally remained so in the second half of 2012. While forecasted to decline, vacancy is actually anticipated to increase in 2013 when **7-Eleven** (25,000 sf) departs the market and **Coast Mountain Bus Company** (81,000 sf) shifts its operations to **TransLink's** new head office in New Westminster. Prospective and existing tenants have a number of quality options to pursue in the market and, with mostly new strata product being delivered in 2013, the impact of new construction on Surrey's office vacancy rate should be minimal.

(Note: **104th Avenue Centre** at 104th Avenue and 142nd Street is not included in Avison Young statistics. The 260,000-sf building, originally designed as a cultural centre and then subsequently marketed to large office users, has been vacant since completion in 2005.)

Vacancy and Absorption Graph



12-month projection based on 10-year average absorption and known absorption in new inventory

Absorption Trends

While the market experienced negative annual absorption of 6,879 sf in 2012 (an improvement on the negative absorption of 47,226 sf recorded in 2011), the absorption was far from the 85,074 sf of positive absorption recorded in 2010. Annual absorption has frequently fluctuated between positive and negative since 2006.

New Construction

Coast Capital Savings announced in December 2012 it had signed a contract with **PCI Group** for the construction and leasing of approximately 70% of a 180,000-sf, nine-storey building located adjacent to the King George SkyTrain station. The building is set for completion in late 2015 and is the first phase of a commercial/residential development that will comprise 2 msf of office, retail and residential space.

Phase two of **Value Property Group's** four-storey, 42,289-sf **Centre of Newton** mixed-use project at 7327 137th St. is set for completion in the third quarter of 2013. **Century Group's 3 Civic Plaza**, a massive hotel/residential/office development in Surrey City Centre, is set to include 50,000 sf of office space on five floors. Final rezoning approval is anticipated in early 2013 with construction complete by early 2016. **Landview Construction's Guildford Gateway** has all its permits in place and is awaiting a prelease commitment prior to breaking ground. The five-storey, 103,700-sf office building may commence construction with a 30% prelease commitment. **Circadian Projects'** development at 9677/9681 King George Boulevard is anticipated to break ground in spring 2013 but has yet to receive its development permit. The 18-storey, 178,000-sf office building, which could be leased or sold, is seeking a prelease commitment of 50,000 sf to 80,000 sf to kick off construction. The new **RCMP** E Division headquarters build-to-suit office development is set for completion in the first quarter of 2013.

Coast Capital Savings will lease 126,000 sf of space in its new head office built by **PCI Group.**

Market Forecast

Rental rates are likely to remain steady in 2013 with some softness in class A premises as landlords compete with sublease space, a relatively recent development that had been largely absent from the market for most of the past six years. Despite being forecast to decline, overall vacancy is likely to rise as mid to large-sized tenants vacate the market. With only a single new development for lease coming on stream in 2013, a moderate increase in vacancy should be almost entirely driven by tenant activity in existing product.

Developer	Building	SF	Completion
Value Property Group	Centre of Newton, phase II, 7327 137th Street (office/retail)	37,548 (office)	Q3 2013
Landview Construction	Guildford Gateway, 10161 153rd Street	103,700	Awaiting prelease commitment
PCI Group	Coast Capital Savings head office, adjacent to King George SkyTrain station	180,000	Planning
Circadian Projects	9677/9681 King George Boulevard	178,000	Proposed
Gateway Developments	Gateway Place, 13450 Gateway Drive/13479 108th Avenue	61,000 (office)	Proposed
Century Group	3 Civic Plaza (mixed use)	50,000 (office)	Proposed

Notable Lease Deals – Year-End 2012

TENANT	BUILDING	SF
Coast Capital Savings	Address not available	126,000
Calvary Worship Centre	11125 124th Street	52,178
KPMG (Langley)	8506 200th Street	11,510
Business Development Bank of Canada	5577 153A Street	9,878
Urban Systems	13401 108th Avenue	3,933
Health First Medical Centre (renewal)	15127 100th Avenue	3,828

CLASS	TOTAL RENTABLE (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MONTHS ABSORPTION (SF)	NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	1,718,656	151,174	15,803	166,977	9.7%	-20,535	$17 - $28	$29 - $40
B	627,010	88,256	0	88,256	14.1%	18,769	$14 - $17	$22 - $25
C	205,629	16,354	22,673	39,027	19.0%	-5,113	$11 - $13	$19 - $21
Total	**2,551,295**	**255,784**	**38,476**	**294,260**	**11.5%**	**-6,879**	-	-

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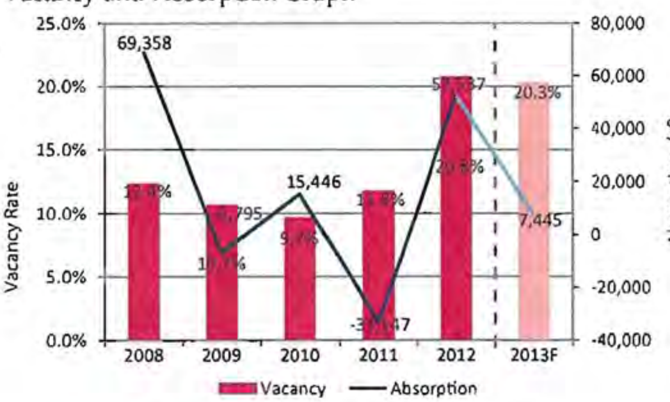
Vacancy Trends

Vacancy temporarily spiked to 20.8% at year-end 2012 as phase two of **The Brewery District** was delivered vacant. However, **TransLink, Coast Mountain Bus Company** and **Transit Police** will occupy 196,000 sf in the new 225,400-sf building by the third quarter of 2013. Only the top floor (29,400 sf) still remained available. Large blocks of space also remained available in the Royal City Centre. Overall vacancy otherwise trended downwards in 2012 to approximately 5% (excluding the addition of The Brewery District) and is expected to remain tight in 2013. Class A vacancy remained exceptionally limited at 1.1%. Besides the **Sprott Shaw Community College** transaction, numerous smaller deals and expansions contributed to steady, but minimal deal velocity. Preexisting sublease vacancy in the Royal City Centre at mid-year 2012 was reclassified as head lease vacancy at year-end 2012. Approximately 25,000 sf remains vacant but not available to the market at this time.

Absorption Trends

With positive annual absorption of 52,537 sf in 2012, New Westminster recorded its strongest level of annual absorption since 2008 (69,358 sf). The lion's share of that positive absorption came in class A premises (54,232 sf), while class C properties registered minimal negative absorption of 8,815 sf. Class B properties enjoyed slight positive absorption of 7,120 sf. **BC Vancouver International Inc., AJ Insurance, IBBS Technologies** and **Sprott Shaw Community College** all occupied new premises in 2012.

Vacancy and Absorption Graph



12-month projection based on 10-year average absorption.

New Construction

Phase two (building one) of **Wesgroup Properties' The Brewery District** is substantially complete. TransLink, Coast Mountain Bus Company and the Transit Police were in fixturing at the end of 2012 with occupancy of the 196,000 sf of new space set for the second half of 2013. Other tenants in the development commenced fixturing in the first quarter of 2013. Nearly all the retail space in the development – 28,560 sf – has been preleased or has a conditional deal in place. Wesgroup also has a firm deal in place with the **Health Sciences Association** to construct a build-to-suit office premises at 100 East Columbia Street (building 3) with completion set for spring 2014. Building two (phase one) was completed in fall 2011.

Uptown Property Group's Queens Park West is under construction and set for completion by the second quarter of 2013. The five-storey building comprises four floors of office space totalling 20,000 sf as well as 5,000 sf of retail on the ground floor. No lease commitments had been confirmed by year-end 2012.

Developed by the **City of New Westminster**, **Merchant Square** is set to be completed in the first quarter of 2014. The 14-storey tower will contain nine floors of office space totalling137,400 sf plus 6,700 sf of retail space and will form part of the new four-storey civic centre podium. Market interest has been strong, but no prelease commitments were announced by year-end 2012.

Developer	Building	SF	Completion
Uptown Property Group	Queen's Park West 500 6th Avenue (mixed use)	20,000 (office)	Q2 2013
City of New Westminster	Merchant Square, 8th and Columbia (mixed use)	137,400 (office)	Q1 2014
Bentall Kennedy	Adjacent to Braid Street SkyTrain station (part of mixed-use development)	Up to 400,000 (office)	Proposed

The **City of New Westminster's** 14-storey **Merchant Square** development at 8th and Columbia is slated for completion in Q1, 2014.

Market Forecast

Rental rates are forecast to remain steady in 2013 as the delivery of new product in the next 18 months starts to provide relief to class A vacancy, including Queen's Park West offering 20,000 sf of new space in 2013. With most of The Brewery District's building one already preleased to TransLink, there will be limited quality space available until additional new product is delivered. Tenant interest continues to build as the City of New Westminster encourages further commercial development.

Notable Lease Deals – Year-End 2012

TENANT	BUILDING	SF
Sprott Shaw Community College	88 6th Street	11,100

CLASS	TOTAL RENTABLE (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MONTHS ABSORPTION (SF)	NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	670,567	232,469	0	232,469	34.7%	54,232	\$16 - \$26	\$28 - \$38
B	700,684	85,559	0	85,559	12.2%	7,120	\$12 - \$16	\$21 - \$25
C	207,774	10,655	0	10,655	5.1%	-8,815	\$9 - \$12	\$17 - \$20
Total	**1,579,025**	**328,683**	**0**	**328,683**	**20.8%**	**52,537**	-	-

North Shore

Vacancy hits highest point since 2006

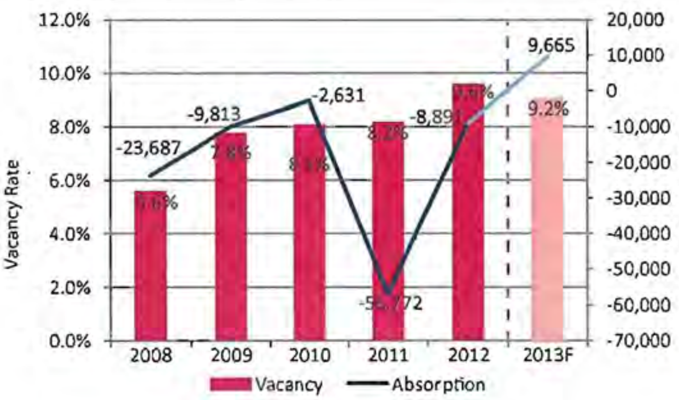
Vacancy Trends

Despite the North Shore market's year-end 2012 overall vacancy rate reaching 9.6%, the highest point since year-end 2006, class A and B vacancy tightened with class A premises registering a low 5.1% at year-end 2012. This tightening has been the result of tenants moving up in the marketplace. A significant increase in vacancy in a single, class C property during the second half contributed to the rise in the overall vacancy rate. While consumer and business sentiment has remained stable but uncertain, deal velocity is likely to improve when North Shore tenants gain increased confidence related to an improving economic environment that is expected to prevail in 2013. Sublease space has virtually vanished from the market while strata product continues to be a factor for businesses as the ownership option remains an attractive one given low interest rates and the ease of access to credit persisting in the short- to mid-term.

Absorption Trends

The North Shore has posted slight negative annual absorption since 2009 (the exception being 2011, which included the exodus of a significant class A tenant) and 2012 was no different. Class A and C absorption was negative in 2012 with positive class B absorption tempering the impact. A combination of limited public transit access, less expensive properties in nearby municipalities and attractive strata options all contributed towards a decline in leasing activity and a resultantly negative absorption rate overall. The return of approximately 105,000 sf to the market in 2014 – if the **Esplanade Centre** site becomes the subject of a redevelopment play – could impact future absorption.

Vacancy and Absorption Graph



12-month projection based on 10-year average absorption and known absorption in new inventory

New Construction

NorthWoods Business Park was completed in fall 2012, adding 93,000 sf of office/flex space to North Shore inventory. Approximately 27,600 sf remains available after **Arc'teryx** leased 58,900 sf and another tenant occupied 6,500 sf. Construction of building C at **Dollarton Business Park**, which is for sale or lease, is ongoing and set for completion in the third quarter of 2013.

North Shore Credit Union's new head office and Lonsdale branch at 1250 Lonsdale is under construction with the parking garage completed and the project at grade at year-end 2012. The 60,000-sf office/retail development has three floors of commercial space, including ground floor retail units. The project is set for completion by spring 2014. **Concert Properties'** master planned community at 801 Harbourside Drive took a step forward this year when an OCP amendment was granted that subsequently resulted in a rezoning application being filed with the City of North Vancouver. The phased development, which would likely include residential, hotel, office and retail uses, could total between 800,000 sf to 1.2 msf upon completion within the next 15 years and include up to 210,000 sf of office space. The first phase could break ground in the next 18 to 24 months.

889 Harbourside Drive will form part of **Concert Properties'** proposed **Harbourside** master planned community.

Developer	Building	SF	Completion
Citimark/Darwin Construction	Dollarton Business Park, building C , 197 Forester Street	33,275 (office)	Q3 2013
Wesgroup Properties/ North Shore Credit Union	1250 Lonsdale Avenue (mixed use)	60,000 (office/retail)	Q2 2014
Concert Properties	801 Harbourside Drive (mixed use)	210,000 (office)	Proposed

Market Forecast

Rental rates are likely to remain stable in 2013 with a slight increase possible in improved and superior-quality premises. The delivery of new lease product in late 2012 and new strata options in 2013 will help meet the increasing demand expected this year as improving business confidence translates into increased market activity. Vacancy is anticipated to remain steady with increased demand forecasted to be met by the delivery of new product.

Notable Lease Deals – Year-End 2012

TENANT	BUILDING	SF
Arc'teryx	NorthWoods Business Park	58,900
A&W Food Services (expansion & extension)	171 West Esplanade	25,188
McLeod Medical	1567 Lonsdale Avenue	5,383
Houser Holdings Inc.	Capilano Business Park	4,379
Ecofab (renewal)	1645 Lonsdale Avenue	4,169
J A Brown & Associates Inc.	224 West Esplanade	3,100
Spatial Dimension	221 West Esplanade	2,476
Pasman Smith & Company	221 West Esplanade	2,444

CLASS	TOTAL RENTABLE (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MONTHS ABSORPTION (SF)	NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	793,013	36,472	3,700	40,172	5.1%	-12,976	$20 - $27	$31 - $43
B	481,395	67,684	0	67,684	14.1%	14,627	$15 - $19	$23 - $31
C	203,172	34,289	0	34,289	16.9%	-10,542	$12 - $15	$18 - $25
Total	**1,477,580**	**138,445**	**3,700**	**142,145**	**9.6%**	**-8,891**	-	-


Illustration: Ania Mlewska

Determining demand for new Downtown office space reliant on more than provincial affairs

With more than 1.6 million square feet of new office space being delivered to the Downtown market by 2015, the question of what industries, businesses and professions will occupy all that fresh product remains top of mind for many.

In an effort to gain a better understanding of where the potential demand for new office space could emerge during the next three years, **Avison Young** consulted with some of the province's brightest economic minds. The result: factors primarily outside BC will influence demand for Downtown office space.

According to **Jock Finlayson**, executive vice-president and chief policy officer of the **Business Council of BC (BCBC)**, at a macroeconomic level, his organization anticipates modest economic growth for the province through 2015.

As for where economic growth could stimulate demand for additional office space, some companies involved with proposed liquefied natural gas (LNG) projects in BC are establishing a presence in Vancouver and more may do so, Finlayson suggests.

"If even two of the five proposed large LNG projects go ahead, there will be spin-off demand for professional services and some other inputs from suppliers based in the Metro Vancouver area."

Providing China's real GDP growth does not slip below 7.5% annually, global commodity markets should be reasonably buoyant going forward and this will be helpful to the local mining/mineral exploration cluster. The forestry industry should also rebound as the number of U.S. housing starts increases and Asian demand for BC wood products grow. An examination of the *BC Major Projects Inventory* points to a sizable amount of significant capital investment activity in Metro Vancouver, he adds.

For **Helmut Pastrick**, chief economist for **Central 1 Credit Union**, BC's near term outlook is low-to-moderate growth owing to the external macro environment and the handling of the U.S. 'fiscal cliff.' In the medium term, the American economy is capable of generating above-average growth, which is positive for the global and BC economies.

"There is considerable pent-up demand among consumers that will emerge under the right conditions and a pick-up in business investment will follow. BC's economy is along for the ride. A stronger U.S. economy will lift BC exports to the U.S."

Domestically there are factors that will shape economic growth, including the return to the PST (which will provide a small lift in consumer spending) and low interest rates (which will prevail through 2013 and gradually increase in 2014 and beyond), according to Pastrick.

"The Canadian dollar looks to remain around parity with some upward pressure later in the forecast," he says. "The local housing market is in a mild correction phase lasting for much of 2013. The many proposed natural resource developments in northern BC offer some basis for faster growth in the next five to 10 years. In general, the medium term outlook is more promising than the near term outlook."

For BCBC chief economist and vice-president **Ken Peacock**, mining companies and port and trade-related enterprises along with service industries such as engineering, legal and accounting firms are likely candidates for expansion in a Downtown core that has only in recent years refocused on the development of new office towers.

"If you look bigger picture over the past 10 years, it's really been residential [development] that dominated downtown," he says, adding that the municipal government was compelled to step in and restrict residential development in favour of new office space, which had recorded anemic growth in recent years.

"[Residential] conversion years ago has contributed to [the] tight vacancy experienced now," he says. "The economy continued to grow and it had been a number of years since there was office expansion Downtown."

A Downtown vacancy rate of 3.9% indicates there is room for additional inventory especially as improving job numbers and housing starts in the U.S. along with state budget cuts, work through the American economy and position the U.S. for recovery.

"This low vacancy rate is in an environment that economists would not consider robust growth," he says. "If things start to improve and the U.S. recovery takes an even stronger footing in the second half of 2013, you could see even tighter conditions."

To date, the three largest prelease deals Downtown include **Telus** (212,000 sf), **SNC-Lavalin** (101,700 sf) and **McCarthy Tetrault** (82,000 sf). **MNP LLP** (72,000 sf) and **Bull, Housser & Tupper LLP** (67,000 sf) follow closely behind. Smaller deals have been made with **CB Richard Ellis** (24,000 sf), **Regus** (16,000 sf) and **Vertex One Asset Management** (8,000 sf). **Stantec Consulting Ltd.** has also agreed to take approximately 65,000 sf at **Metrotower III** in Burnaby. Professional support services have dominated.

Ryan Berlin, the research leader in housing market and economic analysis at **Urban Futures**, highlights one impact of the new towers could be the potential relocation of Metro Vancouver businesses to the Downtown core, particularly as existing Downtown office tenants move upmarket and vacate older space thereby triggering vacancy increases (and potential rental rate drops) in some class B and C properties.

"You might find higher vacancy rates in class B, C, and even A space, in the coming years. We may see that, to an extent, if there is no net growth in employment that this is going to be a zero sum game – moving chess pieces around a board," says Berlin. But with a more balanced market, he says more tenants from across the region may consider the Downtown market as a viable home for their business.

"We've done a lot of work looking at the province's economic base and what really drives economic activity in BC. A lot of the jobs and people are in the Lower Mainland, but a lot of the jobs are in services and, in particular, in sectors and occupations that support resource activity throughout the province."

Berlin says BC will remain a resource-based economy and that the Lower Mainland will benefit from the expansion of the management and administrative functions necessary to support those industries.

"It may not be growth that results in new business moving in to new space. It's probably going to be existing businesses to a larger extent that move upmarket and expand," he says. "I'm not sure all office space at all price points will benefit."

There is a cascading effect already rippling through the market, he says.

"Tenants are going to be consolidating, changing locations and freeing up space. We can't fill up all of the space by just shuffling companies around. We are going to have to induce expansion of existing business or attract them from elsewhere."

Berlin says landlords will need to become more aggressive to keep tenants in place, particularly in class B and C premises, and that new businesses relocating Downtown are more likely from elsewhere in Metro Vancouver as opposed to out of province.

"It's interesting that we are so far away from what the commercial real estate industry considers a balanced market. There are indications that there is a need for space and we know that office development occurs in fits and starts. Here is one of the fits." ■

continued from page 1

At year-end 2012, overall vacancy in Metro Vancouver dipped to 7% from 7.4% 12 months earlier, representing the second lowest regional vacancy rate recorded since year-end 2008. Downtown vacancy sat at 3.9% at year-end 2012 (unchanged since year-end 2011) and was the second lowest vacancy rate registered since year-end 2008. Downtown vacancy at mid-year 2012 was 3.3%.

Overall suburban vacancy declined to 9.8% at year-end 2012 from 10.6% posted at year-end 2011. While vacancy has tightened in the Broadway corridor, Burnaby and Richmond year over year, vacancy rose in Surrey, New Westminster (albeit temporarily) and on the North Shore. The steepest year over year drops in vacancy occurred in Burnaby (-2.8%) and Richmond (-4%), while the greatest increase was registered in Surrey (+2.7%). Vacancy in New Westminster spiked due to the addition of more than 220,000 sf of leased but vacant space that will be occupied by TransLink, Coast Mountain Bus Company and Transit Police by the third quarter of 2013.

With three straight years of annual positive absorption in Metro Vancouver, along with limited availability in the core and tightening vacancy in the suburbs, developers continued to jostle for position in an effort to secure project approvals. With five office developments already under construction Downtown (**Telus Garden, 745 Thurlow, MNP Tower,** 725 Granville Street and 800 Griffiths Way) that will deliver approximately 1.6 million square feet (msf) of office space by 2015, developers awaiting permits may be reconsidering their timing. However, **Manulife Financial's** fully-permitted proposal for 980 Howe Street and the **Credit Suisse/SwissReal Group's** proposal for the 369,000-sf **Exchange** office tower appear to be positioning themselves to proceed.

The Broadway market remained active with at least four new developments (**Containers, Central, Broadway Tech Centre 6** and **Marine Gateway**) under construction, which will add more than 600,000 sf to inventory by 2015. More than half of that new space is preleased. **Metrotower III** is under construction in Burnaby, which will deliver 411,000 sf in 2014; and **Appia Group's Solo District** is expected to bring another 230,000 sf of office space to the market as part of the phased development set for completion in 2015. Surrey will add 37,548 sf to office inventory when phase two of the **Centre of Newton** mixed-use development comes on stream in summer 2013. Another 20,000 sf of office space is set for completion in New Westminster this year with the delivery of **Queen's Park West** by mid-2013.

Developers delivered more than 600,000 sf of new product to Metro Vancouver's office inventory in 2012. The two largest projects completed, **Broadway Tech Centre 4** and the **Brewery District (Phase 2)**, comprised more than two-thirds of the new space added. No new product was added in the Downtown core in 2012. More than 200,000 sf of new inventory is scheduled to come on stream regionally in 2013.

Prior to year-end 2012, sublease vacancy in the 48.8-msf Metro Vancouver office market had been in steady decline since mid-year 2009. After peaking at 28% at mid-year 2009, sublease vacancy sank to 8.7% at mid-year 2012 before reversing course and climbing to 9.5% to close out 2012. Year over year, vacant sublease space increased in the Downtown, Yaletown, Broadway and Burnaby markets, and declined in Richmond, New Westminster and the North Shore. Sublease vacancy in Surrey remained stable. Burnaby and Surrey are both expected to record an increase in available sublease space in 2013.

While supply constraints continue to persist Downtown, net rental rates are expected to remain stable in 2013 as diminished leasing momentum limits potential increases. With the arrival of significant new downtown office inventory still approximately 18 months away, any decision by developers to reduce net effective rent expectations to generate preleasing activity could force other landlords to be more flexible on terms and rates in order to keep existing tenants satisfied, particularly those renewing within that time frame. With more than 1.58 msf of new office space coming on stream within the next 36 months, landlords will work to secure extended lease commitments from large tenants well in advance of their lease expirations, which may place downward pressure on rates, but is more likely to encourage increased tenant improvement allowances and other inducements.

Suburban rental rates are anticipated to remain flat for the next six to 12 months as a more balanced market asserts itself, with vacancy tightening overall and a generally optimistic economic outlook that predicts low but stable growth with the promise of improved business prospects in 2014. ■

Vacant Sublease Space

Avison Young

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AVISON YOUNG Intelligent Real Estate Solutions

Q1 2013 | OFFICE REPORT

COLLIERS INTERNATIONAL | MARKET REPORT

METRO VANCOUVER

BRITISH COLUMBIA

BC MARKET: Colliers has five offices in British Columbia: Vancouver, Kelowna, Surrey, Nanaimo and Victoria.

MARKET INDICATORS

	2012 Q4	2013 Q1
VACANCY	↑	↑
NET ABSORPTION	↓	↓
SALES PRICE ($/SF)	↔	↑
RENTAL RATE	↔	↑

Canadian Market Overview

Recently, the Canadian economy has been sending mixed signals, with some domestic indicators looking positive and others less so. The Increase of service sector jobs, many of which are full-time positions, is good news for the office sector. Overall retail sales were flat, auto sales excluded, following a drop in December. Retail sales numbers may indicate a reduced appetite for spending during 2013 as household debt weighs heavily on many consumers.

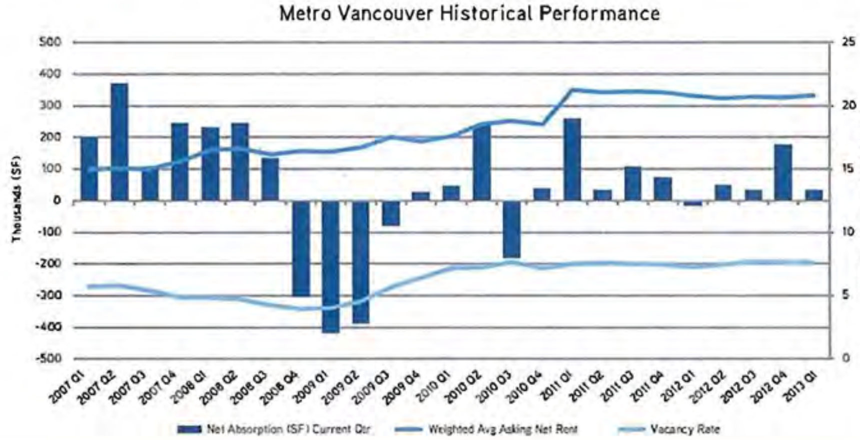
Downtown office vacancies, with minor exceptions, are in mid-single digits and rents reflect tight market conditions in prime CBD locations. Industrial markets are similarly well positioned, albeit with less upward pressure on rents in the Eastern markets. Reflecting the above conditions, commercial market fundamentals across the country are anticipated to remain solid throughout 2013.

Metro Vancouver Market Overview

The office market in Metro Vancouver remained on par with the last few quarters, with much of the investment and leasing activity happening in the downtown core. Major patterns were hard to find in the first quarter, as activity occurred in diverse pockets around the region. Langley is becoming an area of increased interest, as many professional services firms such as Deloitte and KPMG are locating in the area to serve the growing manufacturing and industrial sectors. Similarly, Surrey has seen continued growth with over 280,000 square feet of office space currently under construction.

Despite the development in Langley and Surrey, Metro Vancouver has seen modest demand with many industries seeking to reduce real estate expenditures to free up capital for reinvestment in other areas of their businesses. The technology and digital media industries continue to be Vancouver's leader in terms of office tenant demand, with over 300,000 square feet of space currently being sought by that sector.

Metro Vancouver Historical Performance



Canada Post building, Vancouver

"...engineering and technology firms, account for a combined total of over 44 percent of the office requirements in the city."

Downtown

THE MARKET

Downtown Vancouver experienced a slight rise in its vacancy rate, due to negative absorption of 71,319 square feet in the A and B classes. The natural resource sector, particularly junior mining, has begun to contract as a means of preserving capital in a difficult financial environment. This shift has contributed to a 4.0 percent rise in the sublease vacancy rate since Q4 2012. Much of the demand for office space downtown is from engineering and technology firms, who account for a combined total of over 44 percent of the office requirements currently sought in the city.

TRENDS

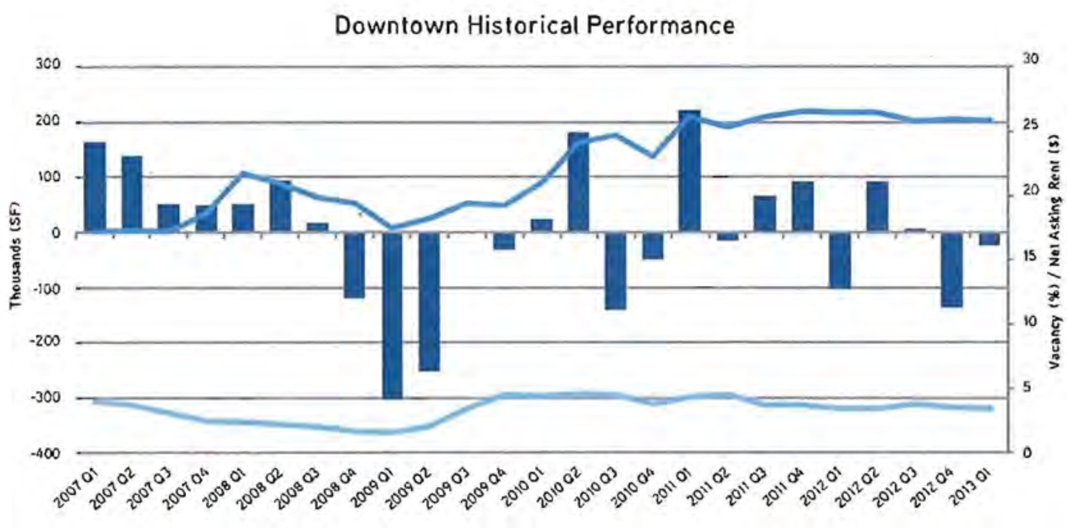
Sublease activity has been on the rise, with over 420,000 square feet of space available in the downtown core compared to approximately 380,000 square feet in Q4 2012. The trend is largely due to three factors: uncertainty around the pending provincial election, continued preservation of capital in certain industry sectors, and future of workspace trends that are contributing to a reduction in office space per employee. Renewals also continue to be the most logical option for tenants, as limited alternatives in the market leave few choices.

INVESTMENT

With Canadian real estate considered a safe asset on the global scale, there is considerable demand from both institutional and private investors looking to own in Vancouver. B and C class office product in downtown Vancouver is the most accessible for private investment, and currently represents the majority of available inventory. The most notable deal in downtown Vancouver was the sale of the Canada Post building at 349 West Georgia Street for $166 million or $241.98 per square foot to bcIMC.

FORECAST

Downtown Vancouver has witnessed an unusual series of market circumstances over the last four quarters: low vacancies, relatively flat deal velocity, minimal or negative absorption, and historically high rental rates. In addition, close to 2 million square feet of premium office space is slated to come online by 2015. When all of these factors combine, the downtown Vancouver office market should expect an interesting year in 2013.



Suburbs

THE MARKET

The suburban market continues to experience pockets of transactional velocity, with Surrey and Langley representing the municipalities of choice for suburban tenants. There were a number of large deals in Burnaby including Stantec's lease in Metrotower III for 65,000 square feet, HUB International's lease of the fourth floor of 4350 Still Creek Drive for roughly 26,000 square feet, and Teradici's recent deal for approximately 20,000 square feet at Canada Way Business Park Building C. Langley is a market to watch with 91,000 square feet of new supply to be delivered in 2013, an 8.7 percent increase to the market's inventory.

TRENDS

Rental rates in Surrey have been softening as landlords respond to the impending availability of space and aggressive commercial development plans from the City. Burnaby experienced positive absorption of 103,676 square feet and a minimal rise in rental rates, however, the trend is not expected to continue over the next few quarters as large blocks of space are returned to the market. Similarly, Richmond saw a slight increase in transaction velocity with notable deals such as Talent Technology's deal at 13799 Commerce Parkway for approximately 23,000 square feet.

INVESTMENT

Investment in the suburban markets was active in the first quarter with two notable deals in Burnaby and Surrey.

PCI Group sold 3033 Beta Avenue in Burnaby to a private investor for $10.7 million, or $251 per square foot, and an estimated 6.0 percent capitalization rate. Coast Capital Savings sold its current office space at 15117 101st Avenue in Surrey to Bosa Development Corporation for $11.5 million, or $241 per square foot. The Surrey deal is indicative of the considerable interest in investment around transportation hubs and town centers in the Surrey market by investors and owner-users.

FORECAST

The Burnaby market will most likely experience and adjustment as the Nokia building and Translink's Metrotower II space will bring approximately 173,000 square feet back to the market. In Surrey, rates will likely moderate as the RCMP vacates over 180,000 square feet of office space to move into its new Green Timbers office. This will add to the roughly 414,000 square feet of vacant A class space already on the market, creating a more competitive environment for local landlords.

3033 Beta Avenue, Burnaby

"...Surrey and Langley are experiencing continued focus from suburban tenants."

Q1 2013 Notable Deals

	Tenant	Address	Submarket	Approximate Size (SF)
DOWNTOWN	Intact Financial Corporation	999 West Hastings Street	Downtown	43,488
	Alexander Holburn	700 West Georgia Street	Downtown	43,000
	Atimi Software	1021 West Hastings Street	Downtown	40,000
	Savvis Communications	555 West Hastings Street	Downtown	16,584
	Peer 1 Hosting	555 West Hastings Street	Downtown	11,974
SUBURBAN	Stantec	4730 Kingsway	Burnaby	65,000
	Teradici	4601 Canada Way	Burnaby	24,352 (Expansion) 38,419 (Renewal)
	SNC-Lavalin	2700 Production Way	Burnaby	34,905

Downtown Vancouver

Local Spotlight Story

WINDOW OF OPPORTUNITY FOR B AND C CLASS LANDLORDS: SELL OR HOLD?

With downtown Vancouver lease rates at an all-time high, and vacancy rates near all-time lows, it seems that now may be the perfect time for investment in the hot commercial real estate market. There has been a focus on the downtown Vancouver office investment market, particularly in the B and C class assets.

"Since January of 2011 we have had a little over 11 transactions in the B and C class" says Derek May, Associate Vice President at Colliers International, "but in the last 30 days we have seen 5 buildings being shopped and the list is growing."

According to Derek, the reason for the sudden flurry of activity is an abundance of private buyers that are cash rich and looking for a quality investment. B or C class landlords holding buildings with low vacancy are able to command a record price and cap rates.

Another reason for the sales surge is the looming delivery of 2 million square feet of premium office space. The new supply may make current B and C class buildings less attractive as tenants begin a flight to value. Similarly, the fear that rental rates may have peaked has given some landlords an incentive to begin marketing their assets.

Does it make sense for landlords of B and C class assets to consider a sale? Given the number of private investors looking for safe places to hold capital, and the health of the Vancouver office leasing market, the time may be right for landlords to look at their options.

For more information on B and C class Office market in Vancouver, please refer to Derek May's publication of Focus B+C.

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502 offices in 62 countries on six continents

United States:	139
Canada:	37
Latin America:	21
Asia Pacific:	190
EMEA:	115

- $1.9 billion in annual revenue
- 1.2 billion square feet under management
- 13,321 professionals

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MarketView

Q4 2012

CBRE Global Research and Consulting

VANCOUVER UNEMPLOYMENT 6.2% (December)	COMMERCIAL BUILDING PERMITS $190 million (October)	BC EXPORTS $2.8 billion (October)	CONSUMER PRICE INDEX 117.6 (November)

Month-over-Month Unless Indicated

LEASING ACTIVITY STABILIZES OVER FOURTH QUARTER OF 2012; MARKET WITNESSES SLOWER GROWTH AT YEAR-END

Quick Stats

Q4 2012		QoQ	YoY
Vacancy	8.1%	↑	↑
Absorption	-42,506 SF	↓	↓
Lease Rates	$20.64	↑	↑
Gross Leasing	695,184 SF	↓	↓
New Supply	234,661 SF	↑	↑

The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Hot Topics

- The overall vacancy rate for Metro Vancouver increased to 8.1%, the highest since the third quarter of 2011.
- Pre-leasing activity picked up with CBRE Limited and Regus signing new lease commitments at MNP Tower (1021 West Hastings) and Stantec committing to 65,000 SF at Metrotower III (4730 Kingsway).
- Wesgroup's Brewery District Phase II, Building 1 (234,661 SF) development in New Westminster was completed this quarter.

After coming off an impressive 18 months of positive growth, the Metro Vancouver office sector experienced subdued market activity over the fourth quarter of 2012 with new availabilities and slower occupier demand leading to both negative absorption and increased vacancy to finish the year. A lack of new expansions and multi-floorplate deals characterized most of the region's central markets, with the downtown core, Burnaby and Broadway Corridor all witnessing either negative or marginal gains in absorption.

Metro Vancouver's overall vacancy rate increased 60 basis points (bps) during the quarter to 8.1%, moving to its highest point since the third quarter of 2011. As expected, a number of submarkets experienced an increase in vacancy in the fourth quarter. Vacancy in the downtown core increased 80 bps over the quarter to 4.2% overall, while the class AAA and A vacancy witnessed an increase to 2.6% and 3.2% respectively. Part of the reason for the increase in the downtown core vacancy was the move of HSBC to their new head office in East Vancouver (2920 Virtual Way), which brought back a significant amount of availability. Suburban markets witnessed relatively more stability over the fourth quarter of 2012, with the overall vacancy rate moving 40 bps down to 12.2%.

Wesgroup's Brewery District Building Phase Two, Building 1 (234,661 SF) at 287 Nelson's Court in New Westminster was the only completion this quarter. Translink will occupy approximately 206,000 SF as they move their head office operations from Metrotower II (4720 Kingsway) in Burnaby in the second quarter of 2013. It is important to note that once Translink completes their move vacancy in the Burnaby market is expected to increase from 9.4% to 10.5%.

2013 will be a relatively quiet period for new supply. The Vancouver market will see the completion of several mid-sized office projects including Containers Phase 1 (72,527 SF) in Vancouver, Merchant Square (130,000 SF) in New Westminster and Panorama Business Centre (25,063 SF) in Surrey. Subsequently, 2014 will mark the beginning of a record supply cycle particularly in the downtown core where 1.4 million SF is currently under construction.

The forecast for Metro Vancouver's office sector in 2013 remains positive, but overall activity will remain softer in comparison to 2012. Demand for Class AAA and A properties will be stifled by limited supply. Weaker domestic confidence may continue to put more firms on the sidelines with respect to their real estate decisions.

CBRE

Table 1: Metro Vancouver Fourth Quarter Office Market Statistics

Submarket	Class	Total Buildings	Inventory (SF)	Vacancy Rate (%)	4Q 2012 Absorption (SF)	YTD Absorption (SF)	YTD Gross Leasing (SF)	YTD New Supply (SF)	Net Asking ($/SF)	Additional Rate ($/SF)
Downtown	AAA	11	4,349,203	2.6%	(50,443)	(54,173)	121,785	-	$37.31	$20.27
	A	27	5,819,787	3.2%	(73,544)	(32,667)	295,786	13,500	$33.75	$18.77
	B	63	7,623,528	4.3%	(49,813)	(68,975)	565,148	-	$26.13	$15.61
	C	68	4,096,211	6.9%	7,321	(1,706)	298,685	-	$20.97	$14.38
	Total	169	21,888,729	4.2%	(166,479)	(157,521)	1,281,404	13,500	$26.74	$16.19
Broadway Corridor	AAA	5	508,294	5.3%	(4,579)	(3,675)	18,208	-	$25.36	$20.26
	A	19	1,191,175	7.3%	3,630	(46,785)	46,140	-	$23.57	$12.36
	B	30	1,679,186	5.5%	(9,980)	(55)	98,267	-	$20.17	$13.14
	C	39	850,338	4.9%	2,160	23,809	59,566	-	$18.56	$12.91
	Total	93	4,228,993	5.9%	(8,769)	(26,706)	222,181	-	$21.73	$13.85
Burnaby	AAA	16	2,583,846	7.3%	(7,816)	233,197	132,248	173,000	$25.12	$14.83
	A	32	2,783,963	8.1%	26,136	39,005	246,927	-	$18.71	$11.88
	B	33	1,922,011	10.7%	10,116	112,632	270,106	-	$16.47	$12.55
	C	10	442,474	23.8%	(8,044)	1,232	19,753	-	$13.49	$13.64
	Total	91	7,732,294	9.4%	20,392	386,066	669,034	173,000	$18.96	$13.17
Richmond	AAA	21	1,501,980	18.9%	7,369	(32,621)	141,724	-	$18.87	$10.41
	A	21	1,278,738	19.1%	37,462	48,964	100,071	-	$16.51	$8.22
	B	19	526,886	13.0%	28,708	54,949	79,173	-	$12.03	$11.35
	C	8	225,423	38.0%	1,017	3,364	5,327	-	$9.06	$7.36
	Total	69	3,533,027	19.3%	74,556	74,656	326,295	-	$15.98	$9.27
North Shore	A	13	743,806	5.3%	(2,221)	(7,610)	20,990	-	$23.14	$11.71
	B	17	752,877	10.1%	24,151	(26,662)	43,277	-	$16.54	$8.78
	C	11	301,015	13.3%	(1,962)	(9,346)	22,685	-	$16.78	$10.28
	Total	41	1,797,698	8.7%	19,968	(43,618)	86,952	-	$18.06	$9.83
Surrey	A	11	1,567,088	20.8%	8,236	37,967	154,331	26,600	$23.72	$10.14
	B	20	737,730	16.2%	(10,361)	(8,547)	72,720	-	$15.69	$10.16
	C	14	288,403	7.2%	4,297	(12,759)	12,874	-	$12.68	$7.75
	Total	45	2,593,221	18.0%	2,172	16,661	239,925	26,600	$21.45	$10.03
New Westminster	A	5	445,537	53.7%	900	26,939	29,431	234,661	$19.55	$13.24
	B	13	589,296	7.3%	29,537	39,441	101,322	-	$14.04	$14.46
	C	10	275,766	7.9%	(14,783)	(7,476)	8,447	-	$13.22	$10.44
	Total	28	1,310,599	23.2%	15,654	58,904	139,200	234,661	$18.32	$13.21
Suburban	AAA	42	4,594,120	10.9%	(5,026)	196,901	292,180	173,000	$21.71	$12.70
	A	101	8,010,307	14.5%	74,143	98,480	597,890	261,261	$20.36	$10.87
	B	132	6,207,986	9.7%	72,171	171,758	664,865	-	$16.11	$11.69
	C	92	2,383,419	13.2%	(17,315)	(1,176)	128,652	-	$13.31	$10.80
	TOTAL	367	21,195,832	12.2%	123,973	465,963	1,683,587	434,261	$18.73	$11.41
Metro Vancouver	AAA	53	8,943,323	6.9%	(55,469)	142,728	413,965	173,000	$23.40	$13.52
	A	128	13,830,094	9.8%	599	65,813	893,676	274,761	$22.08	$11.89
	B	195	13,831,514	6.7%	22,358	102,783	1,230,013	-	$19.40	$12.98
	C	160	6,479,630	9.2%	(9,994)	(2,882)	427,337	-	$16.82	$12.44
	TOTAL	536	43,084,561	8.1%	(42,506)	308,442	2,964,991	447,761	$20.64	$12.55

CBRE

DOWNTOWN VANCOUVER
LIMITED OPTIONS STIFLE NEW DEAL ACTIVITY AND MARKET EXPANSIONS

Leasing velocity took a step back from a tremendous pace of activity over the last 24 months with the overall vacancy rate in the downtown core increasing 80 bps quarter-over-quarter (QoQ) to 4.2% and marked the first time the market trended above 4.0% since the third quarter of 2011. The jump in vacancy was expected at the end of the year following the move of HSBC from multiple downtown locations to their new corporate head office at Broadway Tech Centre (2920 Virtual Way) in East Vancouver. A total of 92,225 SF became vacant as a result of the move which included 21,533 SF at 885 West Georgia, 35,234 SF at 888 Dunsmuir and 33,606 SF at 1050 West Pender. The Class AAA vacancy rate correspondingly increased 110 bps QoQ to 2.6%, while Class A space moved to a five quarter high of 3.2% QoQ. Class B space witnessed a 70 bps increase to 4.3%, while the Class C market was the only class to record a decrease in vacancy, down to a four quarter low of 6.9%.

Gross leasing activity totaled 270,569 SF over the quarter, bringing year-to-date (YTD) totals to 1.3 million SF. Gross leasing activity was concentrated in the Class A and B markets, with 93,950 SF and 94,421 SF, respectively, with minimal activity in the Class AAA and C markets, with 26,455 SF and 55,743 SF, respectively. The second half of the year has seen a decline in the number of large tenant movements, and has been mostly replace by deals 10,000 SF and less. Notable occupancies this quarter however include Microsoft taking Vision Critical's former space at 858 Beatty Street (38,894 SF), Vision Critical taking a 28,847 SF sublease availability at 200 Granville Street, as well as SNC Lavalin occupying 15,669 SF at 1050 West Pender Street. 401 West Georgia also had a combined 26,437 SF leased by RBS and BC Hydro.

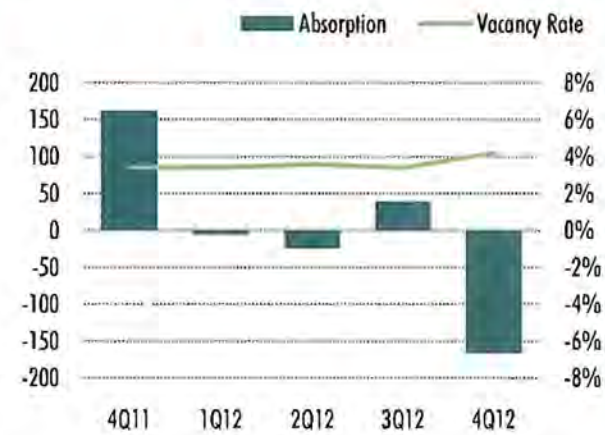
The downtown core posted negative 166,479 SF of net absorption over the quarter, and kept the overall market in negative territory at the end of the year with negative 157,521 SF of net absorption. Virtually all qualities of product this quarter witnessed declines, with the exception of the Class C market which had 7,321 SF of positive absorption. The first quarter of 2013 is expected to post much improved numbers, following the occupancy of a number of groups, which include Teck Resources (35,100 SF - 550 Burrard Street), Layer 7 (21,533 SF - 885 West Georgia Street), and Industrial Alliance (12,538 SF - 1188 West Georgia Street).

Pre-leasing activity for new office developments in the downtown core picked up, after six months of no new deals, with Regus Executive offices and CBRE Limited announcing new commitments at Oxford Properties' MNP Tower. Regus will be taking two full floors at MNP Tower while CBRE Limited has committed to over 24,000 SF for their Vancouver operations. 745 Thurlow, TELUS Garden and MNP Tower are all well into their construction while 725 Granville (Cadillac Fairview's Sears Redevelopment) and 564 Beatty Street are set to begin construction in the first quarter of 2013.

Notable Transactions:

- Marsh/Mercer renewed 44,000 SF at 550 Burrard Street
- Macquarie North American Renewed 34,100 SF at 550 Burrard Street
- CBRE Limited pre-leased 24,000 SF at 1021 West Hastings Street
- Layer 7 leased 21,533 SF at 885 West Georgia Street
- KGHM International subleased 19,555 SF at 200 Burrard Street
- Regus pre-leased 14,000 SF at 1021 West Hastings Street
- Homewood Human Solutions leased 11,110 SF at 1050 West Pender Street

Chart 1: Downtown Vacancy & Absorption



CBRE

BURNABY

OFFICE DEVELOPMENT ACTIVITY PICKS UP IN BURNABY, NEW PRE-LEASES ANNOUNCED

The Burnaby office market has experienced an impressive 24 months of market activity. In the fourth quarter of 2012 there were a number of significant lease deals moving the overall vacancy rate from a high of 19.0% in the third quarter of 2010 to its current rate of 9.4%. The Class AAA vacancy rate, after declining for three consecutive quarters at the beginning of the year, posted a minor 30 bps increase to 7.3% in the fourth quarter as the balance of new listings in the market outweighed tenant occupancies. The Class A market carried the majority of the quarter's activity, with the vacancy rate posting a 100 bps rate decline to 8.1%, a six-year low. The Class B market witnessed a 50 bps QoQ decline to 10.7%, while Class C vacancy increased by 180 bps QoQ to 23.8%. Over the fourth quarter of 2012, the Burnaby office market continued to witness steady demand from a variety of user groups looking for quality options outside of the downtown core.

A decline in the number of large lease deals completed over the course of 2012 led to minimal absorption over the fourth quarter. Net absorption stood at 20,392 SF of positive space, while YTD numbers were healthy at 386,066 SF of positive space. Declines in the Class AAA (-7,816 SF) and C (-8,044 SF) markets were countered by positive results in the Class A (26,136 SF) and B (10,116 SF) markets. A number of tenant occupancies in Canada Way Business Park including Tek Systems (10,252 SF), Pacific Environmental Consulting (9,730 SF) and CUBIC (9,630 SF) led to most of the positive gains this quarter. Other significant occupancies this quarter include BC Hydro (10,947 SF) at 4710 Kingsway and IWA Forest Pension Plan (16,248 SF) at 3777 Kingsway.

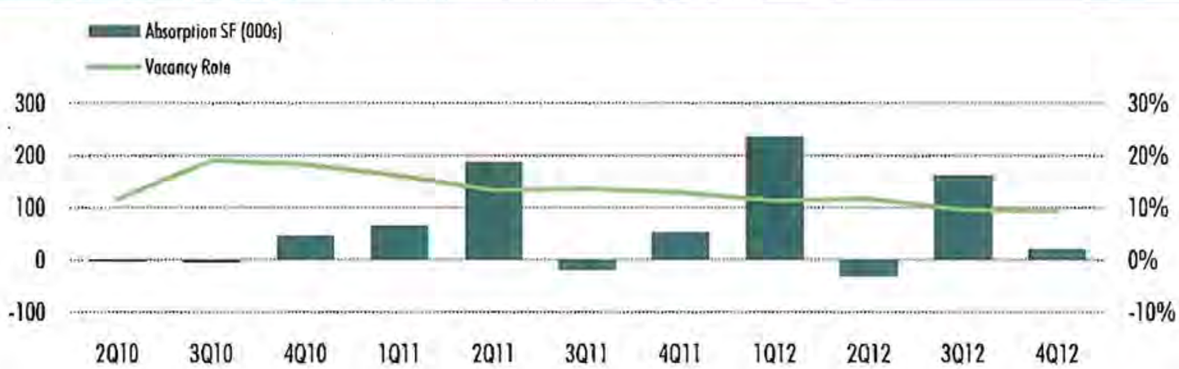
The amount of office space under construction at the end of 2012 totaled 800,000 SF with the addition of Appia Group's Solo District project (220,000 SF) this quarter. Appia Group's mixed-use project at the intersection of Willingdon Avenue and Lougheed Highway officially broke ground in the fourth quarter and is expected to be completed in 2015. Ivanhoe Cambridge's Metrotower III project witnessed increased tenant interest over the oecond half of 2012, with Stantec Consulting being the first tenant to announce a pre-lease commitment at the building for approximately 65,000 SF. The last phase at Bentall Kennedy's Broadway Tech Centre Phase 6 is also well under construction, with Golder Associates already committing to 68.0% of the 175,000 SF office project.

Over the first half of 2013, the overall vacancy rate in the Burnaby office market is expected to witness a moderate increase following the vacancy of Translink (82,303 SF) from Metrotower III as they move their head office operations to the Brewery District in New Westminster. However, a recent surge in the number of mid-sized tenant deals in the market is expected to soften that impact from a vacancy and absorption standpoint. Notable new tenant deals include Red Robin (23,044SF) at 4946 Canada Way, Lululemon (16,190 SF) at 3777 Kingsway and Crius Financial (10,994 SF) at 4720 Kingsway.

Notable Transactions:

- Stantec Consulting pre-leased 65,000 SF at 4730 Kingsway
- Red Robin leased 23,044 SF at 4946 Canada Way
- Lululemon subleased 17,566 SF at 3777 Kingsway
- Crius Financial leased 10,994 SF at 4720 Kingsway

Chart 2: Burnaby Vacancy & Absorption



CBRE

BROADWAY CORRIDOR

STEADY MARKET CONDITIONS DESPITE ABSENCE OF NEW TENANT ACTIVITY

A lack of tenant demand continued to persist within the Broadway corridor over the fourth quarter of 2012, with the overall vacancy rate posting a marginal increase to 5.9% as a result of 8,769 SF of negative absorption. Over the last three quarters, a slower level of tenant activity and an absence of mid-sized tenant deals resulted in the addition of new vacancy to the market. Nevertheless, despite the negative trend over the last nine months, relative vacancies are small, with most landlords still in a strong portfolio position with only 202,792 SF of direct space on the market.

Vacancy levels continue to trend between the 5.0% and 7.0% benchmark over 2012, with deal activity coming mostly from smaller, local tenants typical of the Broadway Corridor market. The Class AAA market moved up 90 bps QoQ to 5.3% in the fourth quarter of 2012, which is up 280 bps year-over-year (YoY). The Class A market posed a marginal 30 bps quarterly decline to 7.3% but is still 200 bps from 2011 levels. The Class B market witnessed a 60 bps increase to 5.5%, while the Class C marker moved to 4.9% over the quarter and moved to a three-year low.

The Broadway Corridor experienced negative 26,706 SF of net absorption over the year, which was mostly concentrated within the Class A market where a number of new vacancies entered the market over the second half of the year. Absorption is expected to continue trending in negative territory over the first quarter of 2013 as the vacancy of Vancouver Coastal Health from the market is expected to bring back 24,128 SF at 575 West 8th Avenue. No other major occupancies are planned for the market over the first six months of the year with the exception of Genome BC, which leased the fourth floor (10,541 SF) at 575 West 8th Avenue which was on the market as part of the Vancouver Coastal Health vacancy.

RICHMOND

RICHMOND MOVES TO TEN QUARTER LOW IN VACANCY OVER FOURTH QUARTER

The Richmond office market continued on a six month trend of positive market activity, with a number of significant lease deals helping the market move to its lowest availability levels in over two years. A surge in the number of large lease deals helped restore some confidence in Richmond, despite overall trends still lagging behind other markets in Metro Vancouver.

Richmond's overall vacancy rate declined from 21.4% in the third quarter of 2012 to 19.3% and marked the first time vacancy dropped below 20.0% since the second quarter of 2010. While the Class AAA market posted a 50 bps quarterly decline to 18.9%, tenant activity was concentrated within the Class A and B markets, which both posted substantial declines to 19.1% and 13.0%, respectively. The Class C market also posted 50 bps QoQ improvement, but remains at a record high of 38.0%.

Absorption remained in positive territory over the quarter at 74,556 SF and was the highest quarterly total since the recession. While all markets posted positive numbers over the fourth quarter, the Class AAA market finished the year in negative territory with negative 32,621 SF of absorption. The Class A and B markets finished the year with 48,964 SF and 54,949 SF of net absorption, respectively, marking two year highs for each. A relatively small Class C market (225,423 SF of inventory) resulted in the market posting only 3,364 SF of positive absorption at the end of the year.

Bentall Kennedy's Airport Executive Park portfolio witnessed the most improvement over the last six months, with the overall portfolio vacancy declining from 140,901 SF as of the second quarter to 70,412 SF this quarter led mainly by new deals from Boston Pizza (31,325 SF), Premium Brands (20,064 SF) and Fitness World Group (8,720 SF). Other notable deals include Talent Technology Corporation leasing 23,680 SF at 13799 Commerce Parkway and BBM Canada leasing 11,500 SF at 13700 International Place.

Notable Transactions:

- Premium Brands leased 20,064 SF at 10991 Shellbridge Way
- BBM Canada leased 11,500 SF at 13700 International Place

CBRE

SURREY, NEW WESTMINSTER & NORTH SHORE

RENEWED TENANT DEMAND LEADS TO POSITIVE MARKET ACTIVITY

Surrey

Market conditions in the Surrey office market remained virtually unchanged over the last six months, with the overall vacancy rate declining only 10 bps QoQ and 20 bps from mid-year to 18.0%. Most of the market activity has been within the 1,000 SF to 2,000 SF tenant category and have accordingly resulted in very little movement in overall availability. Absorption over the fourth quarter was positive 2,172 SF, with YTD figures at 16,661 SF.

Along with the long-term vacancy of 259,474 SF at 14178 104th Avenue, the Class A market in Surrey currently has a number of full-floor availabilities on the market, including over 86,682 SF of sublease space at 13401 108th Avenue (Station Tower) due to Passport Canada moving its Surrey office operations to Central City Shopping Centre in the first quarter of 2013. Other major Class A availabilities include 27,140 SF at 5477 152nd Street (Benchmark Business Centre 1) and 25,399 SF at 13450 102nd Avenue (Central City).

Coast Capital recently completed a pre-lease commitment to occupy approximately 70.0% of a 180,000 SF mixed-use development a King George Station being built by PCI Development. The project is expected to be completed in 2015 and marks another example of the City of Surrey's plans to densify commercial lands around rapid transit stations.

North Shore

The North Shore office market posted a strong activity in the fourth quarter of 2012 and marked a two quarter trend of decreasing vacancy and positive absorption. Over the fourth quarter, the overall vacancy rate declined 110 bps to 8.7% while net absorption over the quarter was positive 19,968 SF. North Shore's overall vacancy continued to decline over the second half of 2012, after rising to a five-year high of 10.3% during the second quarter of 2012.

Most of the market declines were concentrated within the Class B market, where a recent surge in mid-sized (5,000 SF to 10,000 SF) leasing led to over 24,151 SF of gross leasing activity in the quarter. Notably, Triovest's Capilano Business Park witnessed over 22,659 SF of leasing, and helped the vacancy in the Class B market decline 320 bps over the quarter to 10.1%. Positive activity within the Class B market was offset by marginal increases in vacancy within the Class A (up 30 bps to 5.3%) and C (up 60 bps13.3%) markets.

New Westminster

Market conditions in the New Westminster office market improved over the fourth quarter of 2012, with marginal gains in leasing activity within the Class B market helping the relatively small office market witness an overall decline in availability. Absorption was positive at 15,654 SF over the quarter and helped the market finish off in positive territory at year-end with 58,904 SF of positive annual absorption.

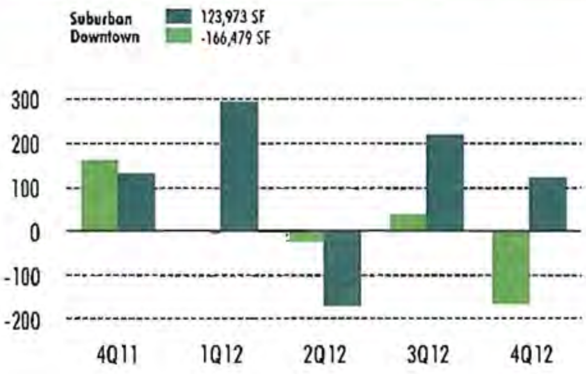
ECONOMIC CONDITIONS

Chart 3: Economic Conditions

*Forecasted

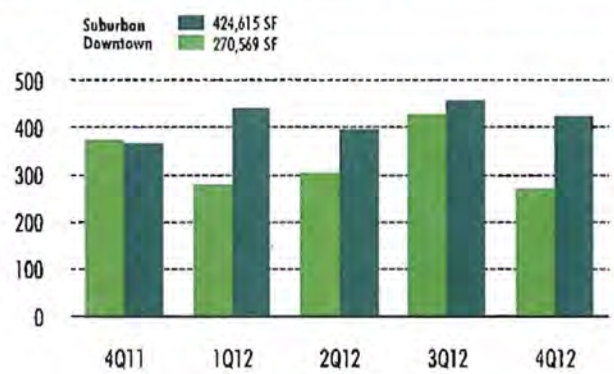
- The fourth quarter of 2012 experienced a slowdown in residential sales and construction combined with a fluctuating unemployment rate between 6.0% and 7.0%. Employment participation has increased in the region by 1.6% (7,500) year-to-date and in the goods-producing sector numbers in overall employment increased by 0.7% (12,000).
- The volume of commercial building permits decreased significantly since the third quarter from $360.0 million to $190.0 million. Reaching its peak in mid-2012, the volume of residential buildings permits steadily decreased into the fourth quarter resulting in relatively fewer home sales and listings.
- British Columbia's wood product industry saw an advance of 7.7% while the rest of Canada, most notably Ontario, posted a significant decrease.

Chart 4: Absorption (000s)



Absorption over the fourth quarter of 2012 in Metro Vancouver was negative 42,506 SF, and reversed substantial gains witnessed over the first three quarters of the year. Extremely limited market opportunities continue to restrict substantial gains in the downtown core, with the market posting only 166,479 SF of negative absorption over the quarter and 157,521 SF of negative absorption over the year. Suburban markets posted positive absorption figures at 123,973 SF over the quarter and 465,963 SF over the year, but are expected to post lower numbers in 2013 following a decline in new deals and expansions in the Burnaby, Broadway and Richmond markets.

Chart 5: Gross Leasing Activity (000s)



Gross leasing activity, which is defined as the physical space in square feet removed off the market, not including new listings, totalled 2.9 million SF at the end of the year with 695,184 SF of leasing activity over the fourth quarter. Gross leasing activity continued to be driven by suburban markets with 424,615 SF of leasing this quarter. Total leasing activity in the downtown core declined both quarterly and annually to 270,569 SF. A lack of quality options continued to undermine growth in the downtown core over the past three months, with only a handful of direct availabilities on the market.

Table 2: Notable Third and Fourth Quarter 2012 Sale Transactions

Address	Market	Price	Size	$/PSF	Purchaser
6400-6450 Roberts Street	Burnaby	$30.3 million	132,000 SF	$230	Bosa Group
558-616 Seymour Street	Downtown Core	$28.5 million	67,946 SF	$419	Dunsmuir Street Holdings Inc. (Share Sale)
1038 Hamilton Street/ 1043 Mainland Street	Yaletown	$28.2 million	44,667 SF	$631	Allied Properties REIT (Share Sale)
1445 West Georgia Street/ 1440 West Pender Street	Downtown Core	$15.3 million	39,620 SF	$385	Phileo Investments Ltd.
108-156 West Hastings Street	Gastown	$15.1 million	44,480 SF	$339	Living Balance Investment Group (Share Sale)
1283 Hamilton Street/1280-1286 Homer Street	Yaletown	$13.8 million	24,723 SF	$556	Allied Properties REIT (Share Sale)
13710 94A Avenue	Surrey	$9.7 million	24,613 SF	$393	Hanin Surrey Medical Arts Centre Ltd.
889 Carnarvon Street	New Westminster	$2.9 million	15,166 SF	$197	Villa Damiani Properties Ltd.

CBRE

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CBRE

City of Richmond

Bylaw 9033

Inter-municipal Business Licence Agreement Bylaw No. 9033

A By-law to enter into an agreement among the City of Burnaby, the Corporation of Delta, the City of New Westminster, the City of Richmond, the City of Surrey, and the City of Vancouver (the "Participating Municipalities") regarding an Inter-municipal Business Licence Scheme

THE COUNCIL OF THE CITY OF RICHMOND, in public meeting, enacts as follows:

1. Council hereby authorizes the City to enter into an Agreement with the City of Burnaby, the Corporation of Delta, the City of New Westminster, the City of Richmond, the City of Surrey, and the City of Vancouver, in substantially the form and substance of the Agreement attached to this Bylaw as Schedule A, and also authorizes the Chief Administrative Officer and the General Manager, Corporate and Financial Services to execute the Agreement on behalf of the City, and to deliver it to the Participating Municipalities on such terms and conditions as the Chief Administrative Officer and the General Manager, Corporate and Financial Services deem fit.

2. This Bylaw is cited as "**Inter-municipal Business Licence Agreement Bylaw No. 9033**".

FIRST READING	JUN 24 2013	CITY OF RICHMOND
SECOND READING	JUN 24 2013	APPROVED for content by originating dept.
THIRD READING	JUN 24 2013	
ADOPTED		APPROVED for legality by Solicitor

MAYOR

CORPORATE OFFICER

3887624

Schedule A

Inter-municipal Business Licence Agreement

WHEREAS the City of Burnaby, the Corporation of Delta, the City of New Westminster, the City of Richmond, the City of Surrey, and the City of Vancouver (hereinafter the "*Participating Municipalities*") wish to permit certain categories of Businesses to operate across their jurisdictional boundaries while minimizing the need to obtain a separate municipal business licence in each jurisdiction;

NOW THEREFORE the City of Burnaby, the Corporation of Delta, the City of New Westminster, the City of Richmond, the City of Surrey, and the City of Vancouver agree as follows:

1. The *Participating Municipalities* agree to establish an inter-municipal business licence scheme among the *Participating Municipalities*, pursuant to section 14 of the *Community Charter* and section 192.1 of the *Vancouver Charter*.

2. The *Participating Municipalities* will request their respective municipal Councils to each ratify this Agreement and enact a bylaw to implement the inter-municipal business licence scheme effective October 1, 2013.

3. The term of this Agreement and the inter-municipal business licence scheme will be October 1, 2013 to December 31, 2015.

4. In this Agreement:

   "Business" has the meaning in the *Community Charter*;

   "Community Charter" means the Community Charter, S.B.C. 2003, c. 26;

   "Inter-municipal Business" means a trades contractor or other professional related to the construction industry that provides a service or product other than from their Premises;

   "Inter-municipal Business Licence" means a business licence which authorizes an *Inter-municipal Business* to be carried on within the jurisdictional boundaries of any or all of the *Participating Municipalities*;

   "Inter-municipal Business Licence Bylaw" means the bylaw adopted by the Council of each *Participating Municipality* to implement the inter-municipal business licence scheme contemplated by this Agreement;

   "Municipal Business Licence" means a licence or permit, other than an *Inter-municipal Business Licence*, issued by a Participating Municipality that authorizes a *Business* to be carried on within the jurisdictional boundaries of that Participating Municipality;

"Participating Municipality" means any one of the *"Participating Municipalities"*;

"Person" has the meaning in the *Interpretation Act*, S.B.C. 1996, c. 238;

"Premises" means one or more fixed or permanent locations where the Person ordinarily carries on *Business*;

"Principal Municipality" means the *Participating Municipality* where a *Business* is located or has Premises; and

"Vancouver Charter" means the *Vancouver Charter*, S.B.C. 1953 c. 55.

5. Subject to the provisions of the *Inter-municipal Business Licence Bylaw*, the *Participating Municipalities* will permit a Person who has obtained an *Inter-municipal Business Licence* to carry on *Business* within any *Participating Municipality* for the term authorized by the *Inter-municipal Business Licence* without obtaining a *Municipal Business Licence* in the other *Participating Municipalities*.

6. A *Principal Municipality* may issue an *Inter-municipal Business Licence* to an applicant if the applicant is an *Inter-municipal Business* and meets the requirements of the *Inter-municipal Business Licence Bylaw*, in addition to the requirements of the *Principal Municipality's* bylaw that applies to a *Municipal Business Licence*.

7. Notwithstanding that a *Person* may hold an *Intermunicipal Business Licence* that would make it unnecessary to obtain a *Municipal Business Licence* in other *Participating Municipalities*, the *Person* must still comply with all other regulations of any municipal business licence bylaw or regulation in addition to any other bylaws that may apply within any jurisdiction in which the *Person* carries on *Business*.

8. An *Inter-municipal Business Licence* must be issued by the *Participating Municipality* in which the applicant maintains Premises.

9. The *Participating Municipalities* will require that the holder of an *Inter-municipal Business Licence* also obtain a *Municipal Business Licence* for Premises that are maintained by the licence holder within the jurisdiction of the *Participating Municipality*.

10. The *Inter-municipal Business Licence* fee is $250 and is payable to the *Principal Municipality*.

11. The *Inter-municipal Business Licence* fee is separate from and in addition to any *Municipal Business Licence* fee that may be required by a *Participating Municipality*.

12. Despite paragraphs 17(a) and (b), the *Inter-municipal Business Licence* fee will not be pro-rated.

13. The *Participating Municipalities* will distribute revenue generated from *Inter-municipal Business Licence* fees amongst all *Participating Municipalities* based on the revenue sharing formula referred to in Schedule 1 to this Agreement.

14. The *Participating Municipalities* will review the inter-municipal business licence scheme and the revenue sharing formula established by this Agreement from time to time and may alter the formula in Schedule 1 by written agreement of all *Participating Municipalities*.

15. The first distribution of revenue generated from *Inter-municipal Business Licence* fees will take place following the nine month period of October 1, 2013 to June 30, 2014.

16. After June 30, 2014, each subsequent distribution of revenue generated from *Inter-municipal Business Licence* fees will take place following each subsequent six month period.

17. The length of term of an *Inter-municipal Business Licence* is twelve (12) months, except that:

    (a) at the option of a *Participating Municipality*, the length of term of the initial *Inter-municipal Business Licence* issued to an *Inter-municipal Business* in that municipality may be less than twelve (12) months in order to harmonize the expiry date of the *Inter-municipal Business Licence* with the expiry date of the *Municipal Business Licence*; and

    (b) any *Inter-municipal Business Licence* issued on or after January 1, 2015 will expire on December 31, 2015.

18. An *Inter-municipal Business Licence* will be valid within the jurisdictional boundaries of all of the *Participating Municipalities* until its term expires, unless the *Inter-municipal Business Licence* is suspended or cancelled or a *Participating Municipality* withdraws from the inter-municipal business licence scheme among the *Participating Municipalities* in accordance the *Inter-municipal Business Licence Bylaw*.

19. Each *Participating Municipality* will share a database of *Inter-municipal Business Licences*, which will be available for the use of all *Participating Municipalities*.

20. Each *Participating Municipality* which issues an *Inter-municipal Business Licence* will promptly update the shared database after the issuance of that licence.

21. A *Participating Municipality* may exercise the authority of the *Principal Municipality* and suspend an *Inter-municipal Business Licence* in relation to conduct by the holder within the *Participating Municipality* which would give rise to the power to suspend a business licence under the *Community Charter* or *Vancouver Charter* or under the business licence bylaw of the *Participating Municipality*. The suspension will be in effect throughout all of the *Participating Municipalities* and it will be unlawful for the

holder to carry on the *Business* authorized by the *Inter-municipal Business Licence* in any *Participating Municipality* for the period of the suspension.

22. A *Participating Municipality* may exercise the authority of the *Principal Municipality* and cancel an *Inter-municipal Business Licence* in relation to conduct by the holder within the *Participating Municipality* which would give rise to the power to cancel a business licence under the *Community Charter* or *Vancouver Charter* or the business licence bylaw of the *Participating Municipality*. The cancellation will be in effect throughout all of the *Participating Municipalities*.

23. The cancellation of an *Inter-municipal Business Licence* under section 22 will not affect the authority of a *Participating Municipality* to issue a business licence, other than an *Inter-municipal Business Licence*, to the holder of the cancelled *Inter-municipal Business Licence*.

24. Nothing in this Agreement affects the authority of a *Participating Municipality* to suspend or cancel any business licence issued by that municipality or to enact regulations in respect of any category of *Business* under section 15 of the *Community Charter* or sections 272, 273, 279A, 279A.1, 279B, and 279C of the *Vancouver Charter*.

25. A *Participating Municipality* may, by notice in writing to each of the other *Participating Municipalities*, withdraw from the inter-municipal business licence scheme among the *Participating Municipalities*, and the notice must:

    (a) set out the date on which the withdrawing municipality will no longer recognize the validity within its boundaries of *Inter-municipal Business Licences*, which date must be at least six months from the date of the notice; and

    (b) include a certified copy of the municipal Council resolution or bylaw authorizing the municipality's withdrawal from the *Inter-municipal Business Licence* scheme.

26. Prior to the effective date of a withdrawal under section 25 of this Agreement, the remaining *Participating Municipalities* will review and enter into an agreement to amend the revenue distribution formula set-out in Schedule 1 of this Agreement.

27. Nothing contained or implied in this Agreement shall fetter in any way the discretion of the Council of the *Participating Municipalities*. Further, nothing contained or implied in this Agreement shall prejudice or affect the *Participating Municipalities'* rights, powers, duties or obligation in the exercise of its functions pursuant to the *Community Charter*, *Vancouver Charter*, or the *Local Government Act*, as amended or replaced from time to time, or act to fetter or otherwise affect the *Participating Municipalities'* discretion, and the rights, powers, duties and obligations under all public and private statutes, bylaws, orders and regulations, which may be, if each *Participating Municipality* so elects, as fully and effectively exercised as if this Agreement had not been executed and delivered by the *Participating Municipalities*.

SIGNED AND DELIVERED on behalf of the *Participating Municipalities*, the Councils of each of which has, by bylaw, ratified this Agreement and authorized their signatures to sign on behalf of the respective Councils, on the dates indicated below.

CITY OF BURNABY

Mayor ______________________________

Clerk ______________________________

Date ______________________________

CORPORATION OF DELTA

Mayor ______________________________

Clerk ______________________________

Date ______________________________

CITY OF NEW WESTMINSTER

Mayor ______________________________

Clerk ______________________________

Date ______________________________

CITY OF RICHMOND

Chief Administrative Officer ______________________________

General Manager, Corporate and Financial Services ______________________________

Date ______________________________

CITY OF SURREY

Mayor ______________________

Clerk ______________________

Date ______________________

CITY OF VANCOUVER

Director of Legal Services ______________________

Date ______________________

Schedule 1

The revenue generated from Inter-municipal Business Licence fees will be distributed based on the following revenue sharing formula:

Participating Municipality	% share of revenue generated from Inter-municipal Business Licence fees
City of Burnaby	14.37%
Corporation of Delta	9.67%
City of New Westminster	9.34%
City of Richmond	18.86%
City of Surrey	23.46%
City of Vancouver	24.30%
Total	100%

INTER-MUNICIPAL BUSINESS LICENCE BYLAW NO. 9040

WHEREAS the City of Burnaby, the Corporation of Delta, the City of New Westminster, the City of Richmond, the City of Surrey, and the City of Vancouver (the "*Participating Municipalities*") wish to permit certain categories of Businesses to operate across their jurisdictional boundaries while minimizing the need to obtain a separate municipal business licence in each jurisdiction;

AND WHEREAS each of the *Participating Municipalities* has or will adopt a similar Bylaw and has or will enter into an agreement with the other *Participating Municipalities* to implement the inter-municipal business licence scheme,

NOW THEREFORE the Council of the City of Richmond enacts as follows:

1. There is hereby established an inter-municipal business licence scheme among the *Participating Municipalities*, pursuant to section 14 of the *Community Charter* and section 192.1 of the *Vancouver Charter*.

2. The inter-municipal business licence scheme established by this Bylaw will operate for a 27-month period, from October 1, 2013 to December 31, 2015.

3. In this Bylaw:

   "*Business*" has the meaning in the *Community Charter*;

   "*Community Charter*" means the *Community Charter*, S.B.C. 2003, c. 26;

   "*Inter-municipal Business*" means a trades contractor or other professional related to the construction industry that provides a service or product other than from their *Premises*;

   "*Inter-municipal Business Licence*" means a business licence which authorizes an *Inter-municipal Business* to be carried on within the jurisdictional boundaries of any or all of the *Participating Municipalities*;

   "*Municipal Business Licence*" means a licence or permit, other than an *Inter-municipal Business Licence*, issued by a *Participating Municipality* that authorizes a *Business* to be carried on within the jurisdictional boundaries of that *Participating Municipality*;

   "*Participating Municipality*" means any one of the *Participating Municipalities*;

   "*Person*" has the meaning in the *Interpretation Act*, S.B.C. 1996, c. 238;

   "*Premises*" means one or more fixed or permanent locations where the Person ordinarily carries on *Business*;

"Principal Municipality" means the *Participating Municipality* where a *Business* is located or has a Premises; and

"Vancouver Charter" means the Vancouver Charter, S.B.C. 1953 c. 55.

4. Subject to the provisions of this Bylaw, the *Participating Municipalities* will permit a Person who has obtained an *Inter-municipal Business Licence* to carry on *Business* within any *Participating Municipality* for the term authorized by the *Inter-municipal Business Licence* without obtaining a *Municipal Business Licence* in the other *Participating Municipalities*.

5. A *Principal Municipality* may issue an *Inter-municipal Business Licence* to an applicant if the applicant is an *Inter-municipal Business* and meets the requirements of this Bylaw, in addition to the requirements of the *Principal Municipality's* bylaw that applies to a *Municipal Business Licence*.

6. Notwithstanding that a *Person* may hold an *Intermunicipal Business Licence* that would make it unnecessary to obtain a *Municipal Business Licence* in other *Participating Municipalities*, the *Person* must still comply with all other regulations of any municipal business licence bylaw or regulation in addition to any other bylaws that may apply within any jurisdiction in which the *Person* carries on *Business*.

7. An *Inter-municipal Business Licence* must be issued by the *Participating Municipality* in which the applicant maintains *Premises*.

8. The *Participating Municipalities* will require that the holder of an *Inter-municipal Business Licence* also obtain a *Municipal Business Licence* for Premises that are maintained by the licence holder within the jurisdiction of the *Participating Municipality*.

9. The *Inter-municipal Business Licence* fee is $250 and is payable to the *Principal Municipality*.

10. The *Inter-municipal Business Licence* fee is separate from and in addition to any *Municipal Business Licence* fee that may be required by a *Participating Municipality*.

11. Despite paragraphs 12(a) and (b), the *Inter-municipal Business Licence* fee will not be pro-rated.

12. The length of term of an *Inter-municipal Business Licence* is twelve (12) months, except that:

    (a) at the option of a *Participating Municipality*, the length of term of the initial *Inter-municipal Business Licence* issued to an *Inter-municipal Business* in that municipality may be less than twelve (12) months in order to harmonize the expiry date of the *Inter-municipal Business Licence* with the expiry date of the *Municipal Business Licence*; and

(b) any *Inter-municipal Business Licence* issued on or after January 1, 2015 will expire on December 31, 2015.

13. An *Inter-municipal Business Licence* will be valid within the jurisdictional boundaries of all of the *Participating Municipalities* until its term expires, unless the *Inter-municipal Business Licence* is suspended or cancelled or a *Participating Municipality* withdraws from the inter-municipal business licence scheme among the *Participating Municipalities* in accordance with this Bylaw.

14. A *Participating Municipality* may exercise the authority of the *Principal Municipality* and suspend an *Inter-municipal Business Licence* in relation to conduct by the holder within the *Participating Municipality* which would give rise to the power to suspend a business licence under the *Community Charter* or *Vancouver Charter* or under the business licence bylaw of the *Participating Municipality.* The suspension will be in effect throughout all of the *Participating Municipalities* and it will be unlawful for the holder to carry on the *Business* authorized by the *Inter-municipal Business Licence* in any *Participating Municipality* for the period of the suspension.

15. A *Participating Municipality* may exercise the authority of the *Principal Municipality* and cancel an *Inter-municipal Business Licence* in relation to conduct by the holder within the *Participating Municipality* which would give rise to the power to cancel a business licence under the *Community Charter* or *Vancouver Charter* or the business licence bylaw of the *Participating Municipality.* The cancellation will be in effect throughout all of the *Participating Municipalities.*

16. The cancellation of an *Inter-municipal Business Licence* under section 15 will not affect the authority of a *Participating Municipality* to issue a business licence, other than an *Inter-municipal Business Licence,* to the holder of the cancelled *Inter-municipal Business Licence.*

17. Nothing in this Bylaw affects the authority of a *Participating Municipality* to suspend or cancel any business licence issued by that municipality or to enact regulations in respect of any category of *Business* under section 15 of the *Community Charter* or sections 272, 273, 279A, 279A.1, 279B, and 279C of the *Vancouver Charter.*

18. A *Participating Municipality* may, by notice in writing to each of the other *Participating Municipalities,* withdraw from the inter-municipal business licence scheme among the *Participating Municipalities,* and the notice must:

(a) set out the date on which the withdrawing municipality will no longer recognize the validity within its boundaries of *Inter-municipal Business Licences,* which date must be at least six months from the date of the notice; and

(b) include a certified copy of the municipal Council resolution or by-law authorizing the municipality's withdrawal from the *Inter-municipal Business Licence* scheme.

19. The invalidity or unenforceability of any provision of this Bylaw shall not affect the validity or enforceability of any other provisions of this Bylaw and any such invalid or unenforceable provision shall be deemed to be severable.

20. This Bylaw shall come into force and take effect on the 1st day of October, 2013.

21. This Bylaw is cited as **"Inter-municipal Business Licence Bylaw No. 9040"**.

FIRST READING	JUN 2 4 2013	CITY OF RICHMOND
SECOND READING	JUN 2 4 2013	APPROVED for content by originating dept.
THIRD READING	JUN 2 4 2013	APPROVED for legality by Solicitor
ADOPTED		

MAYOR

CORPORATE OFFICER

3880465

City of Richmond

Bylaw 8820

Richmond Official Community Plan Bylaw 7100
Amendment Bylaw 8820 (RZ 10-531707)
9220 No. 3 Road

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. Richmond Official Community Plan Bylaw 7100 is amended by repealing the existing land use designation in Attachment 2 (Specific Land Use Map) to Schedule 1 of the Official Community Plan Bylaw 7100 thereof the following area and by designating it "Commercial".

   P.I.D. 003-589-447
   Lot 188 Section 28 Block 4 North Range 6 West New Westminster District Plan 52813

2. This Bylaw may be cited as **"Richmond Official Community Plan Bylaw 7100, Amendment Bylaw 8820".**

FIRST READING	OCT 1 1 2011
A PUBLIC HEARING WAS HELD ON	NOV 2 1 2011
SECOND READING	NOV 2 1 2011
THIRD READING	NOV 2 1 2011
OTHER REQUIREMENTS	JUL 0 3 2013
ADOPTED	

CITY OF RICHMOND
APPROVED by
APPROVED by Manager or Solicitor

MAYOR

CORPORATE OFFICER

3361473

City of Richmond

Bylaw 8821

Richmond Zoning Bylaw 8500
Amendment Bylaw 8821 (RZ 10-531707)
9220 NO. 3 ROAD

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. Richmond Zoning Bylaw 8500 is amended by:

   i. Repealing Section 10.1.3 [Local Commercial (CL)] and replacing it with:

   "**10.1.3 A. Secondary Uses**
   - **home business**
   - **residential security/operator unit**

   10.1.3 B. Additional Uses (See Section 10.1.11.3)
   - **veterinary service**"

   ii. Repealing Section 10.1.11.1 (Other Regulations) and replacing it with:

   "**10.1.11 Other Regulations**

   1. The **residential security/operator unit** must be in the same **building** as the **retail convenience** or **veterinary service use**."

   iii. Inserting the following text into Section 10.1.11:

   "3. The following **site** is only permitted to be used as a **veterinary service use** and that the uses identified in the Permitted Uses Section (10.1.2) of the **zone** are not permitted on this **site**:

   9220 No. 3 Road
   P.I.D. 003-589-447
   Lot 188 Section 28 Block 4 North Range 6 West New Westminster District Plan 52813"

2. That the Mayor and Clerk are hereby authorised to execute any documents necessary to discharge "Land Use Contract 078" from the area shown cross-hatched on "Schedule A attached to and forming part of Bylaw 8821".

3. The Zoning Map of the City of Richmond, which accompanies and forms part of Richmond Zoning Bylaw 8500, is amended by repealing the existing zoning designation of the following area and by designating it **LOCAL COMMERCIAL (CL).**

   P.I.D. 003-589-447
   Lot 188 Section 28 Block 4 North Range 6 West New Westminster District Plan 52813

4. This Bylaw may be cited as **"Richmond Zoning Bylaw 8500, Amendment Bylaw 8821".**

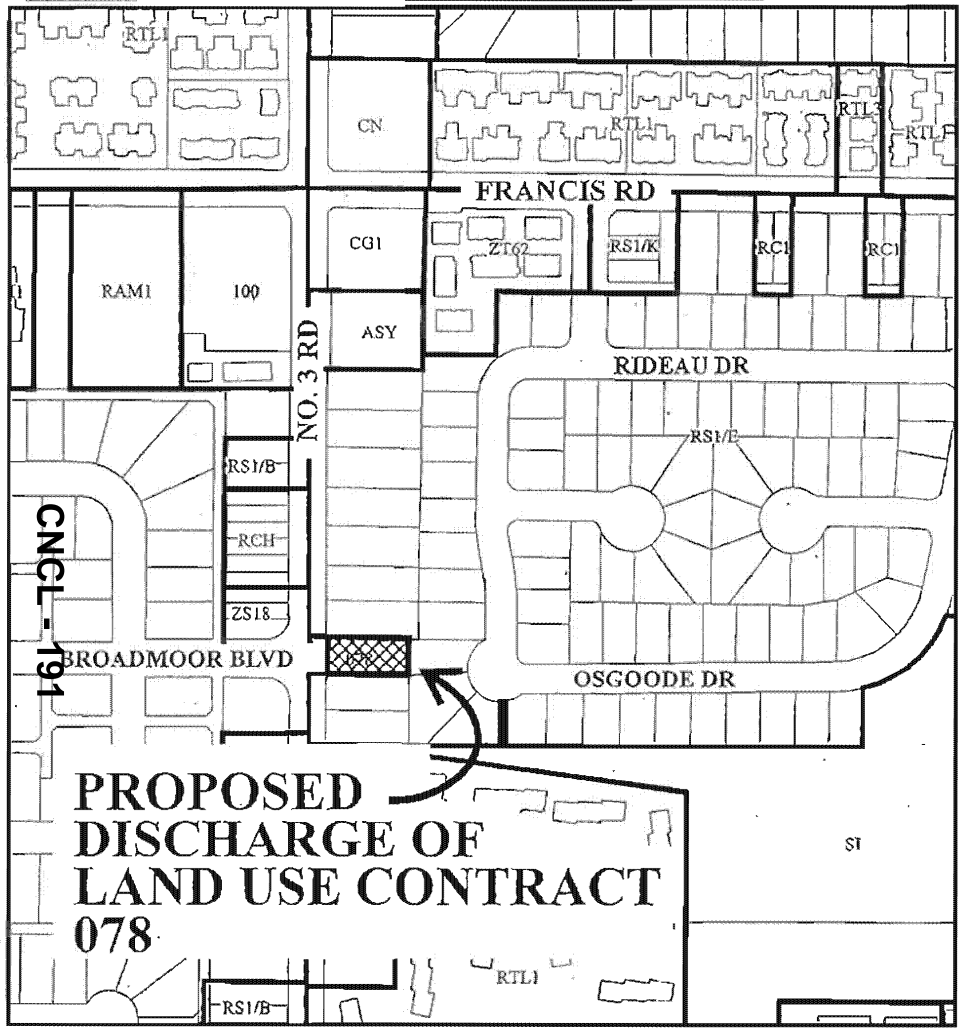
FIRST READING	OCT 1 1 2011
A PUBLIC HEARING WAS HELD ON	NOV 2 1 2011
SECOND READING	NOV 2 1 2011
THIRD READING	NOV 2 1 2011
DEVELOPMENT REQUIREMENTS SATISFIED	JUL 0 3 2013
ADOPTED	

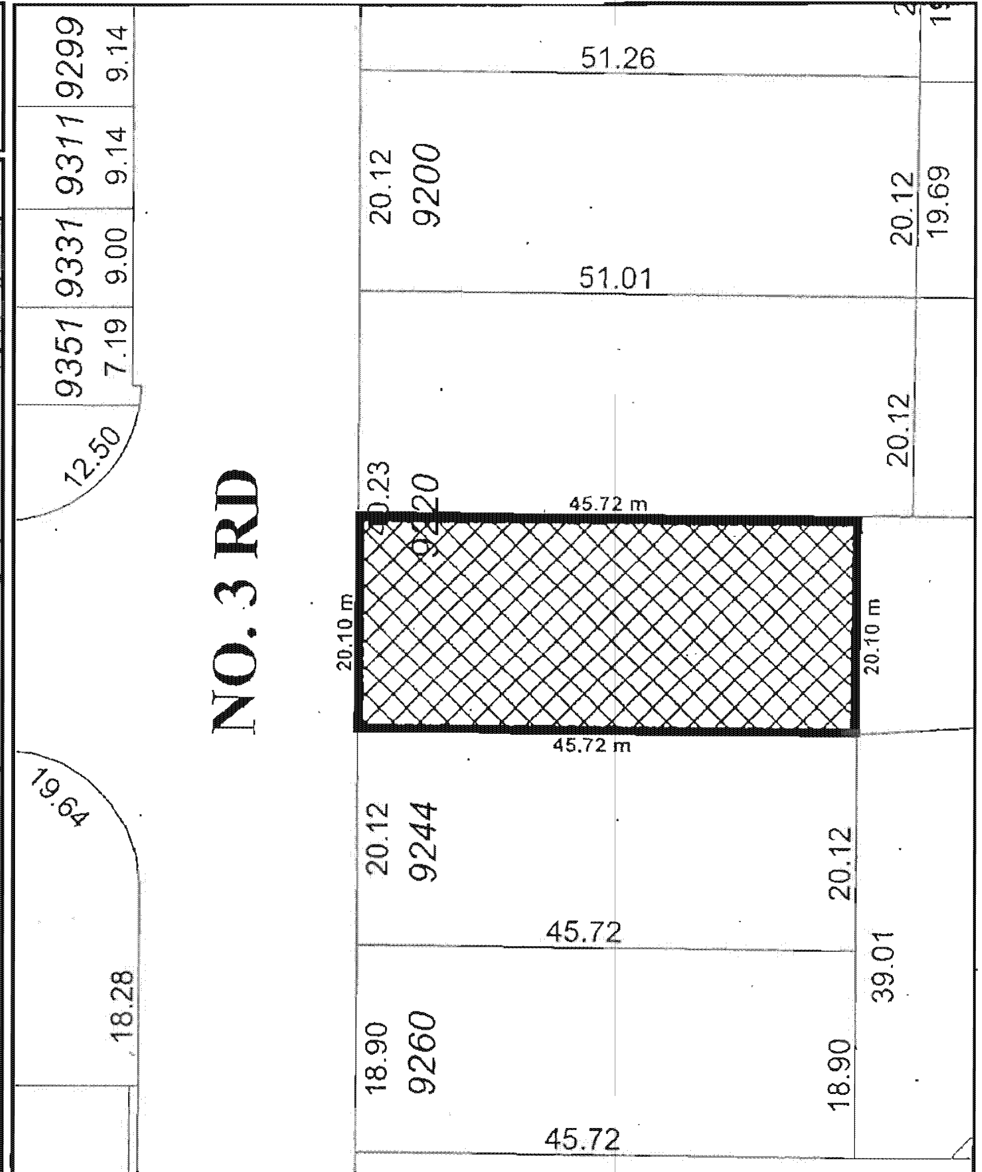
CITY OF RICHMOND
APPROVED by
APPROVED by Director or Solicitor

MAYOR

CORPORATE OFFICER

City of Richmond





RZ 10-531707

Original Date: 06/09/10

Revision Date: 09/20/11

Note: Dimensions are in METRES

City of Richmond

Bylaw 8804

Richmond Zoning and Development Bylaw 8500 Amendment Bylaw 8804 (RZ 11-563568) 7691, 7711 and 7731 Bridge Street

The Council of the City of Richmond enacts as follows:

1. The Zoning Map of the City of Richmond, which accompanies and forms part of Richmond Zoning and Development Bylaw 8500, is amended by repealing the existing zoning designation of the following areas and by designating it "**Medium Density Townhouses (RTM2)**.

   P.I.D. 008-359-458
   Lot 51 Section 15 Block 4 North Range 6 West New Westminster District Plan 37300

   P.I.D. 003-566-145
   Lot 13 Except: Part Subdivided By Plan 37300, Block "F" of Section 15 Block 4 North Range 6 West New Westminster District Plan 1207

   P.I.D. 009-035-923
   North Half Lot 12 Block "F" Section 15 Block 4 North Range 6 West New Westminster District Plan 1207

2. This Bylaw is cited as "**Richmond Zoning and Development Bylaw 8500, Amendment Bylaw 8804**".

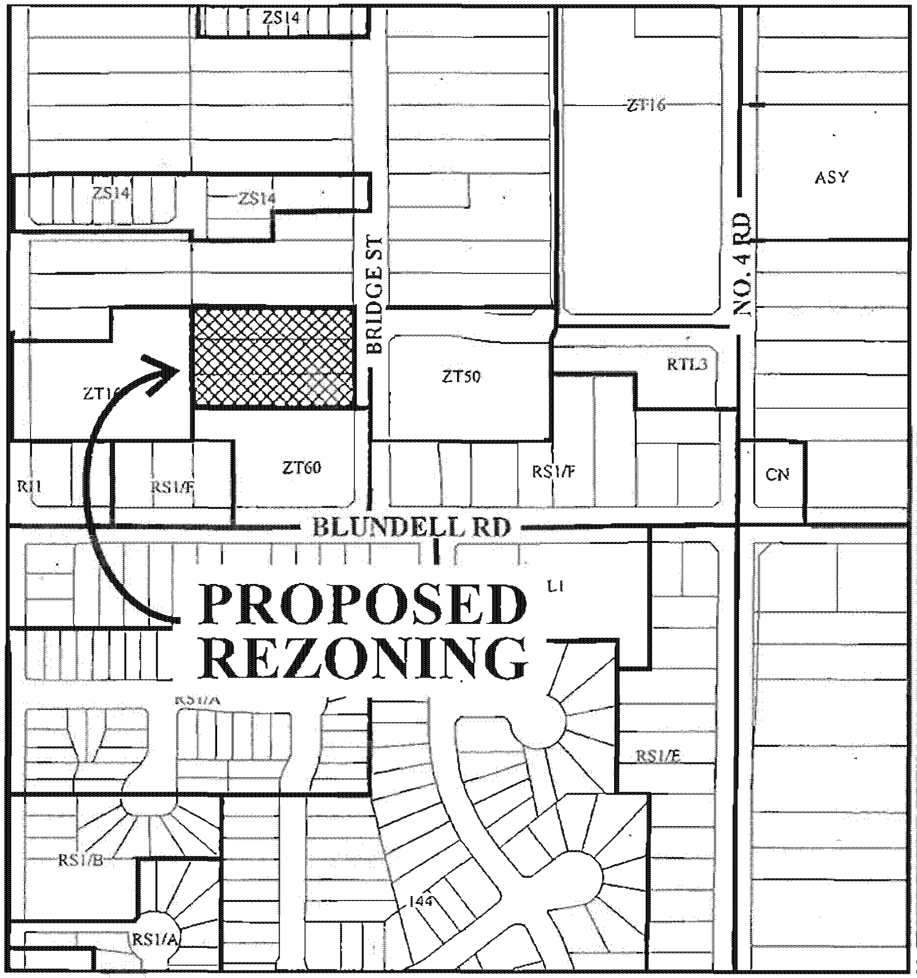
FIRST READING	SEP 26 2011
A PUBLIC HEARING WAS HELD ON	OCT 17 2011
SECOND READING	OCT 17 2011
THIRD READING	OCT 17 2011
OTHER REQUIREMENTS SATISFIED	JUL 03 2013
ADOPTED	

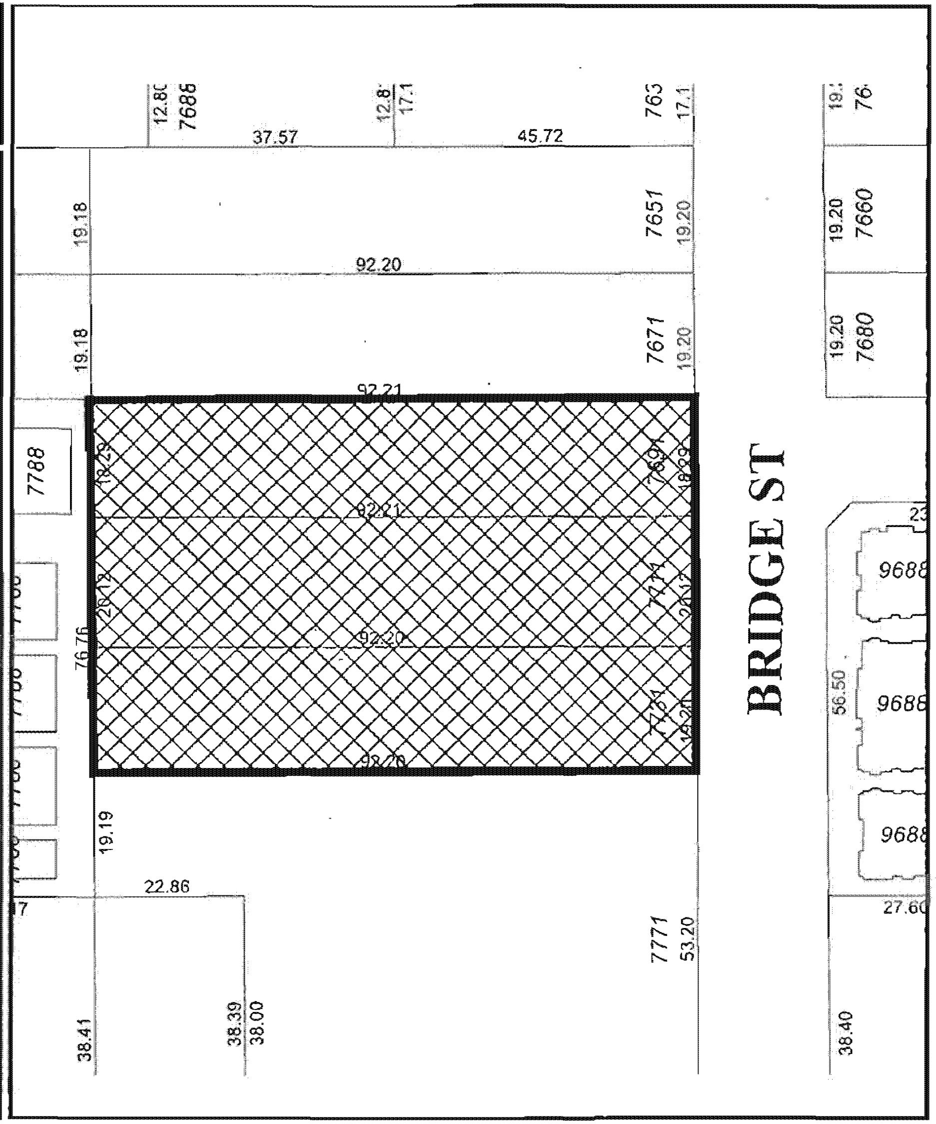
CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

MAYOR

CORPORATE OFFICER

City of Richmond





RZ 11-563568

Original Date: 02/14/11

Revision Date:

Note: Dimensions are in METRES

City of Richmond

Bylaw 8998

Richmond Zoning Bylaw 8500 Amendment Bylaw 8998 (RZ 10-523713) 16360 River Road

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. Richmond Zoning Bylaw 8500 is amended by:

   i. Adding Additional Uses (Section 12.2.3.B) and renumbering previous sections accordingly and inserting the following text into the Additional Uses (Section 12.2.3.B)

   "**outdoor storage**"

   ii. Inserting the following text into the Permitted Density (Section 12.2.4)

   "12.2.4.3

   The following **site** is limited to a maximum **floor area ratio** of 0.06:

   16360 River Road
   P.I.D. 023-325-178
   Parcel D Section 14 Block 5 North Range 5 West New Westminster District Plan LMP 26319"

   iii. Inserting the following text into the Other Regulations (Section 12.2.11)

   "12.2.11.2

   16360 River Road
   P.I.D. 023-325-178
   Parcel D Section 14 Block 5 North Range 5 West New Westminster District Plan LMP 26319"; and

   "12.2.11.3

   Outdoor storage shall only be permitted at the following **site** and subject to the restrictions in Sections 12.2.11.4 and 12.2.11.5:

   16360 River Road
   P.I.D. 023-325-178

Parcel D Section 14 Block 5 North Range 5 West New Westminster District Plan LMP 26319

12.2.11.4

The following are prohibited from occurring on **sites** zoned IL where **outdoor storage** is a **site**-specific permitted **use**:

a) **Outdoor storage** of wrecked or salvaged goods and materials;

b) **Outdoor storage** of food products;

c) **Outdoor storage** of goods or materials that are capable of being transmitted above, across or below a land or water surface due to the effects of weather;

d) **Outdoor storage** of goods or materials that constitute a health, fire, explosion or safety hazard;

e) Producing, discharging or emitting odiferous, toxic, noxious matter or vapours, effluents, heat, glare, radiation, noise, electrical interference or vibrations; or

f) Servicing of **vehicles** or equipment.

12.2.11.5

Commercial vehicle parking and storage and **outdoor storage uses** are not permitted to be stored, stacked or piled in any manner that exceeds 4.5 m in height."

2. The Zoning Map of the City of Richmond, which accompanies and forms part of Richmond Zoning Bylaw 8500, is amended by repealing the existing zoning designation of the following area and by designating it **LIGHT INDUSTRIAL (IL).**

P.I.D. 023-325-178
Parcel D Section 14 Block 5 North Range 5 West New Westminster District Plan LMP 26319

3. This Bylaw may be cited as **"Richmond Zoning Bylaw 8500, Amendment Bylaw 8998"**.

FIRST READING	FEB 25 2013
A PUBLIC HEARING WAS HELD ON	MAR 18 2013
SECOND READING	MAR 18 2013
THIRD READING	MAR 18 2013
OTHER REQUIREMENTS SATISFIED	JUL 03 2013
ADOPTED	

CITY OF RICHMOND

APPROVED by

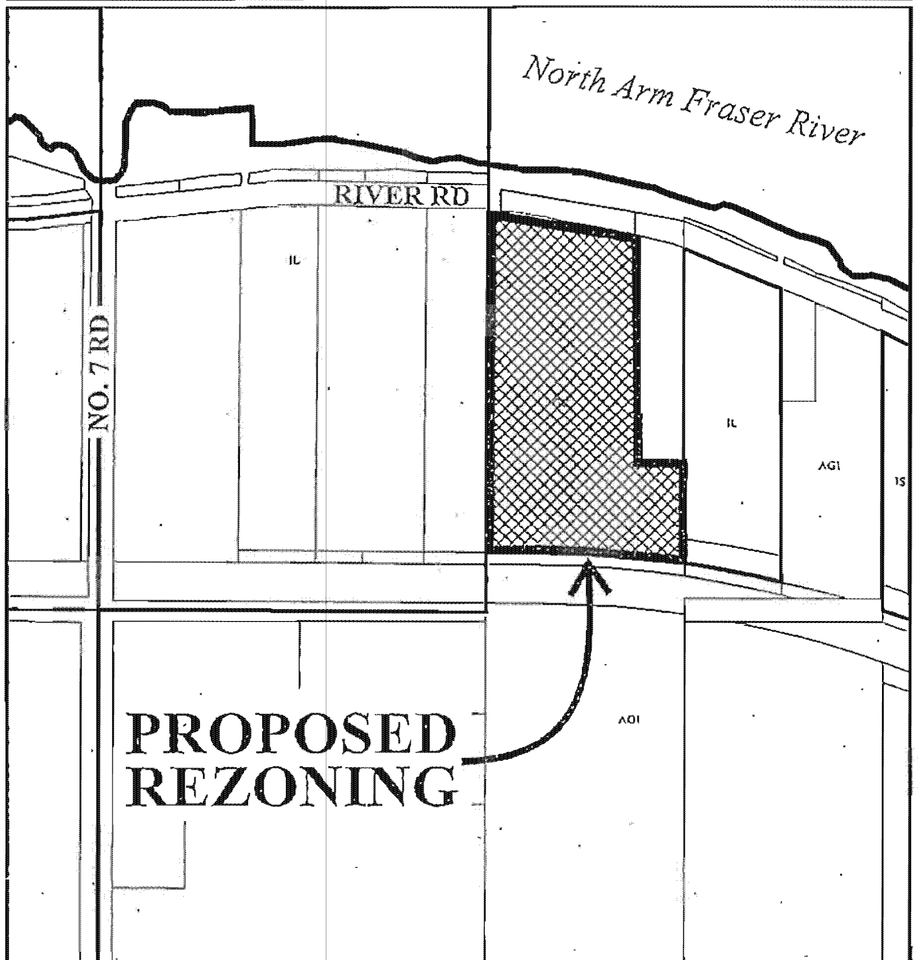
HB

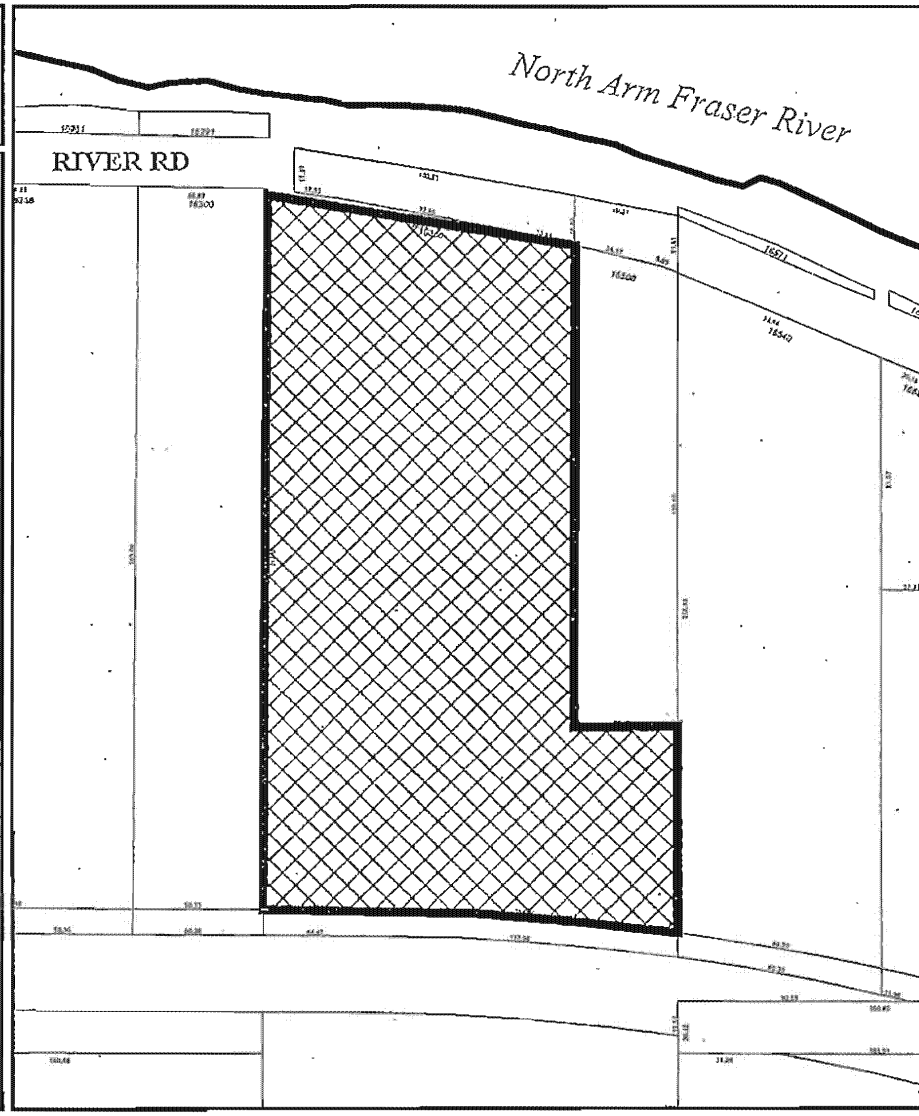
APPROVED by Director or Solicitor

MAYOR

CORPORATE OFFICER

City of Richmond





RZ 10-523713

Original Date: 04/01/10

Revision Date: 02/06/13

Note: Dimensions are in METRES

City of Richmond

Bylaw 9001

Richmond Zoning Bylaw 8500
Amendment Bylaw 9001 (RZ 12-615239)
3531 Bayview Street

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. Richmond Zoning Bylaw 8500, as amended, is further amended by:

    a. Inserting the following into the table contained in Section 5.15.1, after ZMU21:

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
"ZMU22	$4.00"

    b. inserting the following into Section 20 (Site Specific Mixed Use Zones), in numerical order:

"**20.22 Commercial Mixed Use (ZMU22) – Steveston Commercial**

20.22.1 Purpose

The **zone** provides for **commercial**, residential and industrial **uses** in the Steveston Village.

20.22.2 Permitted Uses

- **child care**
- **education**
- **education, commercial**
- **government service**
- **health service, minor**
- **industrial, general**
- **manufacturing, custom indoor**
- **office**
- **parking, non-accessory**
- **recreation, indoor**
- **restaurant**
- **retail, convenience**
- **retail, general**
- **service, business support**
- **service, financial**
- **service, household repair**

20.22.3 Secondary Uses

- **boarding and lodging**
- **community care facility, minor**
- **home business**
- **housing apartment**

- **service, personal**
- **studio**
- **veterinary service**

20.22.4 Permitted Density

1. The maximum **floor area ratio** (FAR) is 1.0.

2. Notwithstanding Section 20.22.4.1, the reference to "1.0" is increased to a higher **density** of "1.2" if, if the **owner** pays into the **affordable housing reserve** the sum specified in Section 5.15 of this bylaw at the time **Council** adopts a zoning amendment bylaw to include the **owner's lot** in the ZMU22 zone.

3. There is no maximum **floor area ratio** for **non-accessory parking** as a **principal use**.

20.22.5 Permitted Lot Coverage

1. The maximum **lot coverage** is 70% for **buildings**.

20.22.6 Yards & Setbacks

1. The minimum north side **setback**.is 1.5 m.

2. The minimum south side **setback** is 5.6 m.

3. There is no minimum east side **setback**.

4. There is no minimum west side **setback**.

5. **Building** front facades facing a public **road** shall not be set back from the public **road lot line**, except for the following elements:

   a) there shall be a 1.5 m maximum **setback** of ground floor **building face** (to underside of floor or roof **structure** above), accompanied with support posts at the **front lot line**;

   b) the entrance to a ground level public access or egress shall have a maximum width of 2.4 m, but shall not be more than 25% of facade width;

   c) a recessed **balcony** opening shall have a maximum width of 2.4 m, and the total aggregate width shall be a maximum 25% of **lot width**; and

   d) the aggregate area of all recesses and openings in items a), b), and c) shall not exceed a maximum of 33% of **building** facade as measured from the ground level to parapet cap by the facade width.

6. A **parking structure** may project into the **side yard** or **rear yard setback** up to the **property line**. Such encroachments must be landscaped or screened by a combination of trees, shrubs, ornamental plants or lawn as specified by a Development Permit approved by the **City**.

20.22.7 Permitted Heights

1. The maximum **height** for **buildings** is three **storeys** at the north face of the building and two storeys on the south face (Bayview Street) but not to exceed a **height** to roof ridge of 15.0 m Geodetic Survey of Canada (GSC) datum.

2. The maximum **height** for **accessory buildings** and **accessory structures** is 8.0 m Geodetic Survey of Canada (GSC) datum.

20.22.8 Subdivision Provisions/Minimum Lot Size

1. There are no minimum **lot width, lot depth** or **lot area** requirements.

20.22.9 Landscaping & Screening

1. **Landscaping** and **screening** shall be provided in accordance with the provisions of Section 6.0.

20.22.10 On-Site Parking and Loading

1. On-site **vehicle** and bicycle parking and loading shall be provided according to the standards set out in Section 7.0. except that:

    a) Required **parking spaces** for residential **use** visitors and non-residential **uses** may be shared; and

    b) On-site **vehicle** parking shall be provided at the following rate:
        i) non-residential **uses** – on-site parking requirements contained in this bylaw are reduced by 33%;
        ii) residential **uses** - 1.3 spaces per **dwelling unit**; and
        iii) residential visitors - 0.2 space per **dwelling unit.**

20.22.11 Other Regulations

1. For **housing, apartment,** no portion of the **first storey** of a **building** within 9.0 m of the **lot line abutting** a **road** (excluding a **lane**) shall be used for residential purposes.

2. For **housing, apartment,** an entrance to the residential **use** or parking area above or behind the commercial space is permitted if the entrance does not exceed 2.0 m in width.

3. In addition to the regulations listed above, the General Development Regulations in Section 4.0 and the Specific Use Regulations in Section 5.0 apply.

4. Signage must comply with the City of Richmond's Sign Bylaw No. 5560, as amended, as it applies to development in the Steveston Commercial (CS2) zone."

2. The Zoning Map of the City of Richmond, which accompanies and forms part of Richmond Zoning Bylaw 8500, is amended by repealing the existing zoning designation of the following area and by designating it **COMMERCIAL MIXED USE (ZMU22) – STEVESTON COMMERCIAL**

   P.I.D. 001-618-555
   Lot "A" (Y60944E) Block 6 Section 10 Block 3 North Range 7 West New Westminster District Plan 249

3. This Bylaw is cited as **"Richmond Zoning and Development Bylaw 8500, Amendment Bylaw No. 9001".**

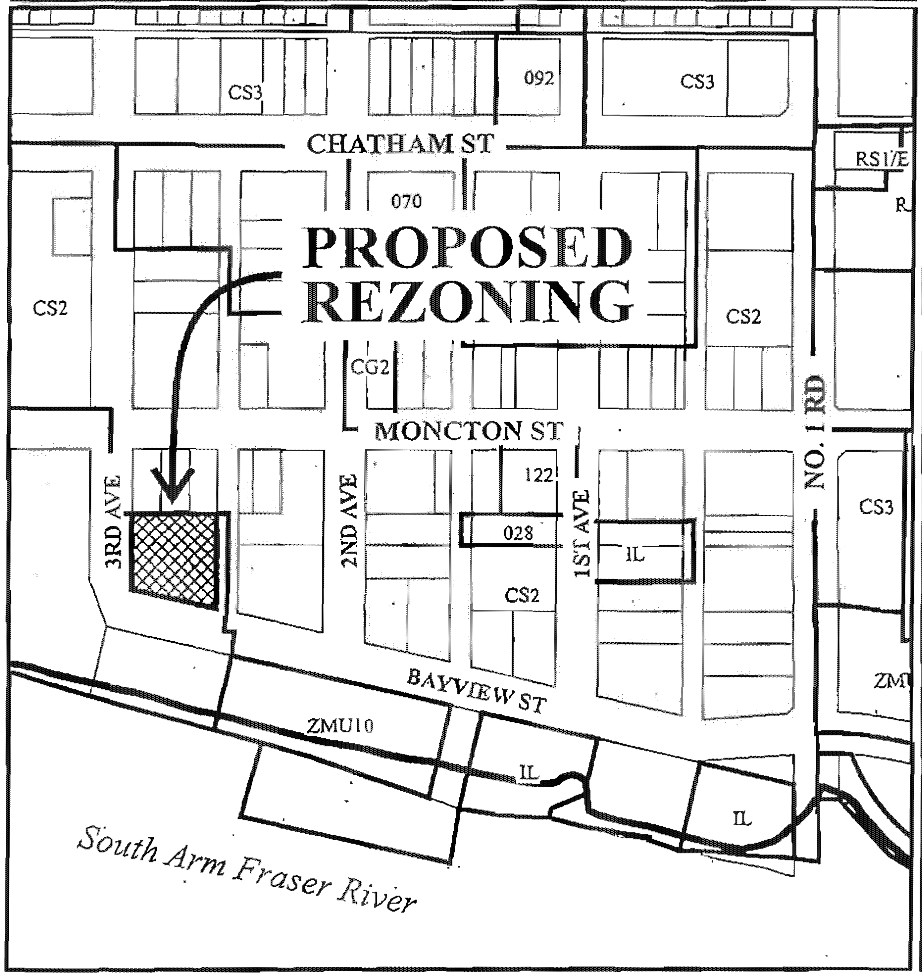
FIRST READING	FEB 25 2013
A PUBLIC HEARING WAS HELD ON	MAR 18 2013
SECOND READING	MAR 18 2013
THIRD READING	MAR 18 2013
OTHER REQUIREMENTS SATISFIED	JUL 04 2013
ADOPTED	

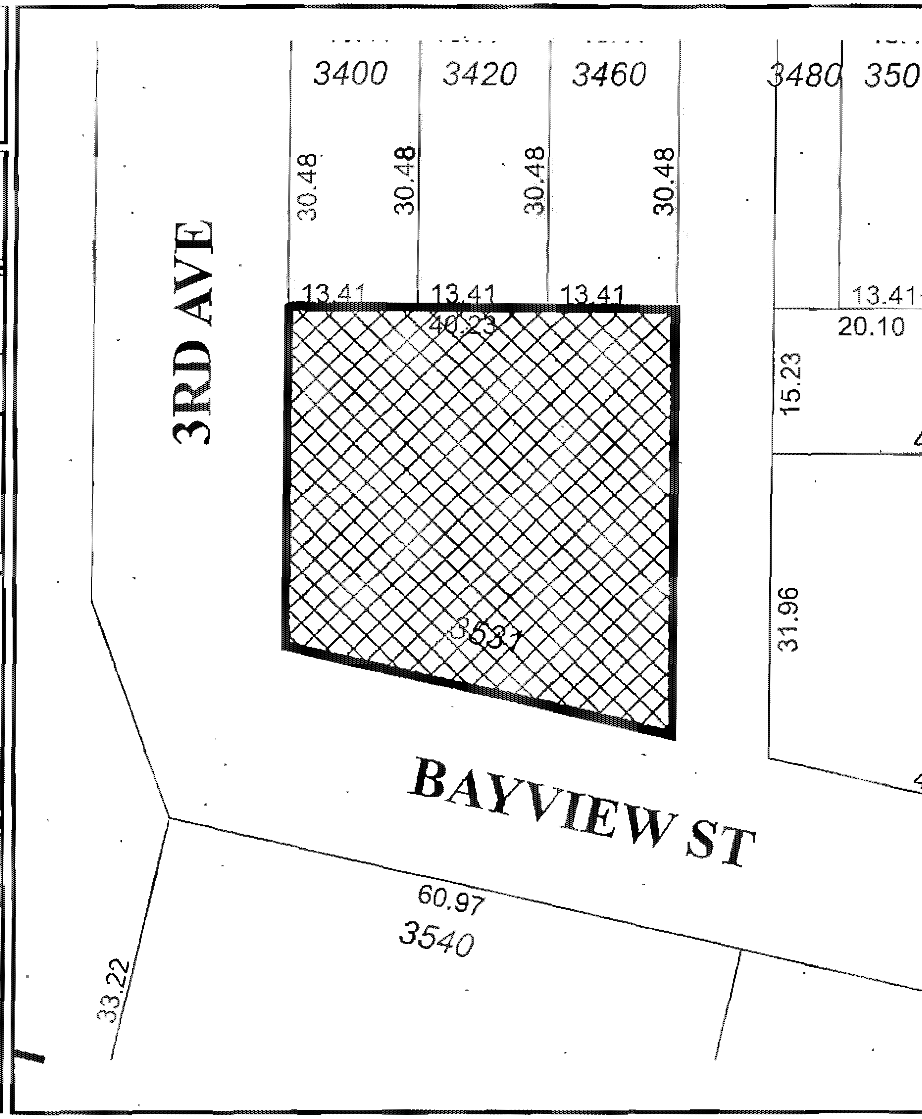
CITY OF RICHMOND
APPROVED by
BK
APPROVED by Director or Solicitor

MAYOR CORPORATE OFFICER

3797615

City of Richmond





RZ 12-615239

Original Date: 08/02/12

Revision Date: 08/07/12

Note: Dimensions are in METRES

City of Richmond

Report to Council

To:	Richmond City Council	**Date:**	July 3, 2013
From:	Joe Erceg, MCIP Chair, Development Permit Panel	**File:**	01-0100-20-DPER1-01/2013-Vol 01
Re:	**Development Permit Panel Meeting Held on September 26, 2012**		

Staff Recommendation

That the recommendation of the Panel to authorize the issuance of:

i. a Development Permit (DP 12-597695) for the property at 7691, 7711 and 7731 Bridge Street;

be endorsed, and the Permit so issued.

Joe Erceg

Joe Erceg
Chair, Development Permit Panel

SB:kt

Panel report

The Development Permit Panel considered the following item at its meeting held on September 26, 2012.

DP 12-597695 – AM-PRI CONSTRUCTION LTD. – 7691, 7711 AND 7731 BRIDGE STREET
(September 26, 2012)

The Panel considered a Development Permit application to permit the construction of 34 townhouse units on a site zoned "Medium Density Townhouses (RTM2)". Variances are included in the proposal for a reduced side yard setback for tree retention and tandem parking for all units.

Architect, Taizo Yamamoto, of Yamamoto Architecture Inc., developer Amit Sandhu, of Am-Pri Construction Ltd., and landscape architect, Masa Ito, of Ito and Associates Landscape Architects, provided a brief presentation, including:

- A six-metre wide public walkway at the northern edge of the property will connect Bridge Street to Armstrong Street with future development to the north.
- The requested reduced side yard enables the retention of the existing tree on the Bridge Street frontage. Setbacks are exceeded at the northeast and southwest corners of the site to accommodate trees.
- Coniferous trees will and enhance privacy between the subject site and neighbouring lots.
- A lower pitch roof is in keeping with the character of the roofs in the area.
- Materials include brick at the base of the elevations for units fronting Bridge Street and the public walkway; with painted Hardi-plank panels as a middle and top feature of the facades.
- There is one (1) convertible unit and all units provide aging-in-place features.
- Am-Pri was aware of concerns expressed by the neighbouring strata and would take the necessary steps to determine where the responsibility of the defects at 7771 Bridge Street falls; Mr. Nick Poon, developer of the neighbouring site, had agreed to fix the shifted pavers; and Am-Pri had offered to patch the concrete gaps.

In response to Panel queries, Mr. Ito and Mr. Yamamoto advised:

- Four (4) trees are being retained; and two (2) other on-site trees will be relocated from the southeast and northwest corners to the centre of the site.
- The development presents a front yard character to the public walkway and to Bridge Street.
- The public pedestrian walkway is to be illuminated during evening hours, and will become City property, maintained by the City.
- The tree protection barriers are effective and a tree well is not necessary on this site as the grade of the subject site is approximately the same as the grade of the site to the south.

Staff supported the Development Permit application and requested variances. Staff noted that the public walkway improves pedestrian access and is part of a Servicing Agreement.

In response to a Chair query, staff noted that the neighbouring site to the north is intended for the development of new single-family lots fronting onto Bridge and Armstrong Streets.

Ms. Jeanne Chen, neighbouring strata council president, submitted correspondence and addressed the Panel with safety concerns of damages resulting from pre-loading activities, including foundation and perimeter fence damage; settlement of lawns, concrete slab and tiles; and interior damage to four (4) units.

Johnny, neighbouring resident, addressed the Panel with concerns regarding (i) construction starting at 7:00 a.m. and occurring on Saturdays; and (ii) as a result of the construction, two (2) interior doors no longer close and ceiling stucco is flaking off.

The Chair advised that the City's noise bylaw sets allowable hours of construction and the Director of Development could be called directly regarding: (i) hours of construction; and (ii) noise levels from construction sites, and ask that the City look into the issues.

Correspondence was submitted to the Panel regarding the Development Permit application from:

- Ms. Barbara To, AA Property Management Ltd., for the Strata of 7771 Bridge Street.
- Mr. Amit Sandhu, Am-Pri Group.
- Ms. Jeanne Chen, Bridge Street neighbour.

In response to a Chair query, Mr. Sandhu advised that:

- Am-Pri: (i) advises new homeowners, who take possession of new residential units, that in the first year after the completion of construction, there may be minor settlement issues; and (ii) conduct a review and check for any deficiencies, after a one (1) year period, and if necessary, undertake any repairs. He had requested that Ms. To explain this to the residents and recommended that they contact both the developer and also the warranty provider.
- He suggested that the concerns be reviewed by the buildings' structural engineer.
- Am-Pri did not acknowledge that cracks in the curbs at 7771 Bridge Street were the result of activity on the subject site, but that Am-Pri nonetheless undertook to patch the gaps out of goodwill; and (ii) Am-Pri has undertaken repairs to the fencing.

The Chair advised that although the dispute between Am-Pri and residents of buildings at 7771 Bridge Street is a civil matter beyond the scope of the City, the Panel expected Mr. Sandhu to: (i) meet with concerned neighbours; and (ii) provide feedback of the meeting.

There were positive remarks regarding the applicant's effort to retain trees on site, the amenity area, the public walkway, and the integration of the project into the neighbourhood.

Subsequent to the Panel meeting, the applicant and the property manager of the townhouse complex at 7771 Bridge Street have held discussions which have resulted in the matter being forwarded to their respective insurance agencies for resolution.

The Panel recommends that the Permit be issued.

City of Richmond

Report to Council

To:	Richmond City Council	**Date:**	July 3, 2013
From:	Dave Semple Chair, Development Permit Panel	**File:**	01-0100-20-DPER1-01/2013-Vol 01
Re:	**Development Permit Panel Meeting Held on May 29, 2013**		

Staff Recommendation

That the recommendation of the Panel to authorize the issuance of:

i. a Development Permit (DP 12–623994) and Heritage Alteration Permit (HA 12-624406) for the property at 3531 Bayview Street;

be endorsed, and the Permits so issued.

Dave Semple
Chair, Development Permit Panel

SB:kt

Panel Report

The Development Permit Panel considered the following item at its meeting held on May 29, 2013.

DP 12-623994 AND HA 12-624406 – COTTER ARCHITECTS INC. – 3531 BAYVIEW STREET
(May 29, 2013)

The Panel considered a Development Permit application and Heritage Alteration Permit application to permit the construction of a new two-storey mixed-use building on a site zoned "Commercial Mixed Use (ZMU22) - Steveston Commercial". No variances are proposed.

Architect Rob Whetter, Cotter Architects, and Landscape Designer Johnny Zhang, Rod Maruyama & Associates Inc., provided a brief presentation.

Staff supported the Development and Heritage Alteration Permit applications and advised:

- The project was endorsed by the Heritage Commission and the Advisory Design Panel.
- The proposal is consistent with the Steveston Conservation Strategy.
- One (1) residential unit includes adaptable features and all units have Aging-In-Place features.
- A previous Development Permit for the site issued in 1985 would be discharged.

In response to Panel queries, advice was given that:

- The proposed trees on Bayview Street were added as a result of input from the Advisory Design Panel but can be removed from the landscape plan at the Panel's discretion.
- The building would not be as tall as the Cannery.

In response to Panel queries, staff advised that:

- The Heritage Commission and the Advisory Design Panel had recommended softening of the paved area through additional landscaping.
- The streetscape landscape design is conceptual. The permits include on-site building and landscaping. The Bayview streetscape will be coordinated through the Servicing Agreement and Bayview Streetscape Study. The owner will be responsible for landscaping maintenance.

The Panel encouraged the applicant to incorporate more or longer benches on the site and that any proposed trees not form part of the streetscape, but be located close to the building.

No correspondence was submitted to the Panel regarding the proposal.

Subsequent to the Panel meeting, the landscape design was revised with proposed trees in movable planters closer to the building. The seating will be finalized in coordination with the Servicing Agreement and Bayview Streetscape Study.

The Panel recommends that the permits be issued.