



**Planning Committee**

**Council Chambers, City Hall  
6911 No. 3 Road**

**Tuesday, January 18, 2022  
4:00 p.m.**

Pg. #      ITEM

MINUTES

*Motion to adopt the minutes of the meeting of the Planning Committee held on January 6, 2022. (distributed separately)*



NEXT COMMITTEE MEETING DATE

February 8, 2022, (tentative date) at 4:00 p.m. in the Council Chambers

PLANNING AND DEVELOPMENT DIVISION

1. **APPLICATION BY PAKLAND PROPERTIES FOR REZONING AT 8720/8740 ROSEMARY AVENUE FROM THE “SINGLE DETACHED (RS1/E)” ZONE TO THE “SINGLE DETACHED (RS2/B)” ZONE**  
(File Ref. No. RZ 21-934283; 12-8060-20-010340) (REDMS No. 6803636)

PLN-3

[See Page PLN-3 for full report](#)

*Designated Speakers: Wayne Craig and Jordan Rockerbie*

STAFF RECOMMENDATION

*That Richmond Zoning Bylaw 8500, Amendment Bylaw 10340, for the rezoning of 8720/8740 Rosemary Avenue from the “Single Detached (RS1/E)” zone to the “Single Detached (RS2/B)” zone, be introduced and given first reading.*

☐

2.    **REFERRAL RESPONSE: REVIEW OF OFFICE STRATIFICATION REGULATIONS**

(File Ref. No. 08-4050-22) (REDMS No. 6690831)

PLN-21

See Page PLN-21 for full report

*Designated Speaker: John Hopkins*

STAFF RECOMMENDATION

- (1)    *That no further restrictions on the stratification and airspace subdivision of office space be considered at this time; and*
- (2)    *That staff continue to monitor the effectiveness of the existing office stratification policy and report back in two years.*

☐

3.    **MANAGER’S REPORT**

ADJOURNMENT

☐



# City of Richmond

## Report to Committee

**To:** Planning Committee

**Date:** January 4, 2022

**From:** Wayne Craig  
Director, Development

**File:** RZ 21-934283

**Re:** Application by Pakland Properties for Rezoning at 8720/8740 Rosemary Avenue  
from the "Single Detached (RS1/E)" Zone to the "Single Detached (RS2/B)" Zone

### Staff Recommendation

That Richmond Zoning Bylaw 8500, Amendment Bylaw 10340, for the rezoning of 8720/8740 Rosemary Avenue from the "Single Detached (RS1/E)" zone to the "Single Detached (RS2/B)" zone, be introduced and given first reading.

for  
Wayne Craig  
Director, Development  
(604-247-4625)

WC:jr  
Att. 6

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
Affordable Housing	<input checked="" type="checkbox"/>	

## **Staff Report**

### **Origin**

Pakland Properties (Director: Khalid Hasan) has applied to rezone 8720/8740 Rosemary Avenue from the “Single Detached (RS1/E)” zone to the “Single Detached (RS2/B)” zone, to permit the property to be subdivided to create two single detached lots, both with vehicle access from Rosemary Avenue. A location map and aerial photo are provided in Attachment 1. The proposed subdivision plan is provided in Attachment 2.

### **Findings of Fact**

A Development Application Data Sheet providing details about the development proposal is provided in Attachment 3.

#### Subject Site Existing Housing Profile

There is an existing legal non-conforming duplex on the property, which would be demolished. The duplex contains two secondary suites. The applicant has indicated that each of the duplex units and secondary suites are currently rented.

### **Surrounding Development**

Development immediately surrounding the subject site is as follows:

- To the North, across Rosemary Avenue: Single detached dwellings on properties zoned “Single Detached (RS1/E)”.
- To the South, across Steveston Highway: A farm on a property zoned “Agriculture (AG1)” and located within the Agricultural Land Reserve.
- To the East: A single detached dwelling on a property zoned “Single Detached (RS2/B),” which was created through rezoning and subdivision in 2015 (RZ 14-662478).
- To the West: A duplex on a property zoned “Two-Unit Dwellings (RD1)”.

### **Related Policies & Studies**

#### Official Community Plan

The subject site is located in the Broadmoor planning area, and is designated “Neighbourhood Residential” on the Official Community Plan (OCP) land use map (Attachment 4). The proposed rezoning and subdivision are consistent with this designation.

#### Richmond Zoning Bylaw 8500/Single-Family Lot Size Policy

The subject site is located in an area without an established Single-Family Lot Size Policy. Section 2.3 of Richmond Zoning Bylaw 8500 allows consideration of rezoning applications to facilitate the subdivision of a property containing a legally constructed duplex into no more than two lots. The proposed rezoning and subdivision meet these criteria and may be considered on its own merits.

### Agricultural Land Reserve (ALR) Buffer Zone

The subject site is located across Steveston Highway from a property in the ALR. A minimum 4.5 m wide landscape buffer is required along the south property line of the subject site consistent with the OCP. A Landscape Plan and Landscape Security will be required prior to final adoption of the rezoning bylaw to ensure that the proposed planting is consistent with the OCP landscape guidelines and the Ministry of Agriculture's Guide to Edge Planting.

Prior to final adoption of the rezoning bylaw, the applicant will be required to register a legal agreement on title to identify the ALR buffer zone, ensure that the landscaping is not removed, and address public awareness of the potential impacts of agricultural activities such as noise, dust, and odour on the property.

### Floodplain Management Implementation Strategy

The proposed redevelopment must meet the requirements of the Richmond Flood Plain Designation and Protection Bylaw 8204. Registration of a flood indemnity covenant on title is required prior to final adoption of the rezoning bylaw.

### Affordable Housing Strategy

Consistent with the Affordable Housing Strategy, the applicant has proposed a two bedroom secondary suite in each of the new dwellings. Prior to final adoption of the rezoning bylaw, the applicant must register a legal agreement on title to ensure that no final Building Permit inspection is granted until the secondary suites are constructed to the satisfaction of the City in accordance with the BC Building Code and the City's Zoning Bylaw.

### **Public Consultation**

A rezoning sign has been installed on the subject property. Staff have not received any comments from the public about the rezoning application in response to the placement of the rezoning sign on the property.

Should the Planning Committee endorse this application and Council grant first reading to the rezoning bylaw, the bylaw will be forwarded to a Public Hearing, where any area resident or interested party will have an opportunity to comment. Public notification for the Public Hearing will be provided as per the *Local Government Act*.

### **Analysis**

#### Existing Legal Encumbrances

There is an existing 3.0 m wide statutory right-of-way (SRW) for the municipal sewer along the south property line. The applicant is aware that building encroachments into this SRW are not permitted. This SRW overlaps with the required ALR buffer and contains several existing trees proposed to be retained. New low impact landscaping, such as shrubs and groundcovers, may be planted within the SRW area as part of the landscaped ALR buffer. New trees may only be planted outside of the SRW.

### Transportation and Site Access

The subject site currently has two driveway crossings to Rosemary Avenue, which would be retained to serve the subdivided lots. Vehicle access to Steveston Highway is not permitted in accordance with Richmond Residential Lot (Vehicular) Access Regulation Bylaw No. 7222.

### Tree Retention and Replacement

The applicant has submitted a Certified Arborist's Report; which identifies on-site and off-site tree species, assesses tree structure and condition, and provides recommendations on tree retention and removal relative to the proposed development. The Report assesses nine bylaw-sized trees on the subject property and five trees on neighbouring properties.

The City's Tree Preservation Coordinator has reviewed the Arborist's Report and supports the Arborist's findings, with the following comments:

- Nine trees located on the development site are proposed to be retained. Two trees (Tag #63 & 64) are located in the front yard while seven trees (Tag #66 [three trees], 70 [2 trees] and 71 [two trees]) are located in the rear yard. The seven trees in the rear yard will be retained as part of the ALR buffer.
- Four trees (Tag # 67, 68 [2 trees] and 69) are located on adjacent neighbouring property to the west and one tree (Tag #65) is located on the adjacent property to the east. All these trees are identified to be retained and protected. Provide tree protection as per City of Richmond Tree Protection Information Bulletin Tree-03.

### *Tree Replacement*

The applicant does not propose to remove any on-site trees, so no replacement trees are required. However, one new tree is required to be planted on each of the two properties consistent with the landscaping requirements for residential properties contained in Richmond Zoning Bylaw 8500. The trees should be indicated on the required Landscape Plan and secured by the required Landscape Security.

### *Tree Protection*

Nine trees on the subject site and five trees on neighbouring properties are proposed to be retained and protected. The applicant has submitted a tree protection plan showing the trees to be retained and the measures taken to protect them during development stage (Attachment 5). To ensure that the trees identified for retention are protected at development stage, the applicant is required to complete the following items:

- Prior to final adoption of the rezoning bylaw, submission to the City of a contract with a Certified Arborist for the supervision of all works conducted within or in close proximity to tree protection zones. The contract must include the scope of work required, the number of proposed monitoring inspections at specified stages of construction, any special measures required to ensure tree protection, and a provision for the arborist to submit a post-construction impact assessment to the City for review.

- Prior to final adoption of the rezoning bylaw, submission to the City of a Tree Survival Security in the amount of \$45,000 to ensure the trees are retained and protected.
- Prior to demolition of the existing dwelling on the subject site, installation of tree protection fencing around all trees to be retained. Tree protection fencing must be installed to City standard in accordance with the City's Tree Protection Information Bulletin Tree-03 prior to any works being conducted on-site, and remain in place until construction and landscaping on-site is completed.

#### Site Servicing and Frontage Improvements

At the subdivision stage, the applicant is also required to pay the current year's taxes, Development Cost Charges (City, Metro Vancouver and TransLink), School Site Acquisition Charges, Address Assignment Fees, and the costs associated with the completion of the site servicing and other improvements as described in Attachment 6. A City Work Order will be required to upgrade the Rosemary Avenue frontage, including:

- Removal of the existing sidewalk on Rosemary Avenue and replacement with minimum 1.5 m landscaped boulevard behind existing curb, and 1.5 m concrete sidewalk. Sidewalk must be designed to accommodate tree retention in the front yard.
- Reconstruction of driveway crossings as per current Engineering Design Specifications.

#### **Financial Impact**

The rezoning application results in an insignificant Operational Budget Impact (OBI) for off-site City infrastructure (such as roadworks, waterworks, storm sewers, sanitary sewers, street lights, street trees and traffic signals).

#### **Conclusion**

The purpose of this application is to rezone 8720/8740 Rosemary Avenue from the "Single Detached (RS1/E)" zone to the "Single Detached (RS2/B)" zone, to permit the property to be subdivided to create two single detached lots with vehicle access from Rosemary Avenue.

The proposed rezoning and subdivision are consistent with the applicable plans and policies affecting the subject site.

The list of rezoning considerations is included in Attachment 6, which has been agreed to by the applicant (signed concurrence on file).

It is recommended that Richmond Zoning Bylaw 8500, Amendment Bylaw 10340 be introduced and given first reading.

A handwritten signature in black ink, appearing to read "J. Rockerbie".

Jordan Rockerbie  
Planner 1  
(604-276-4092)

JR:blg

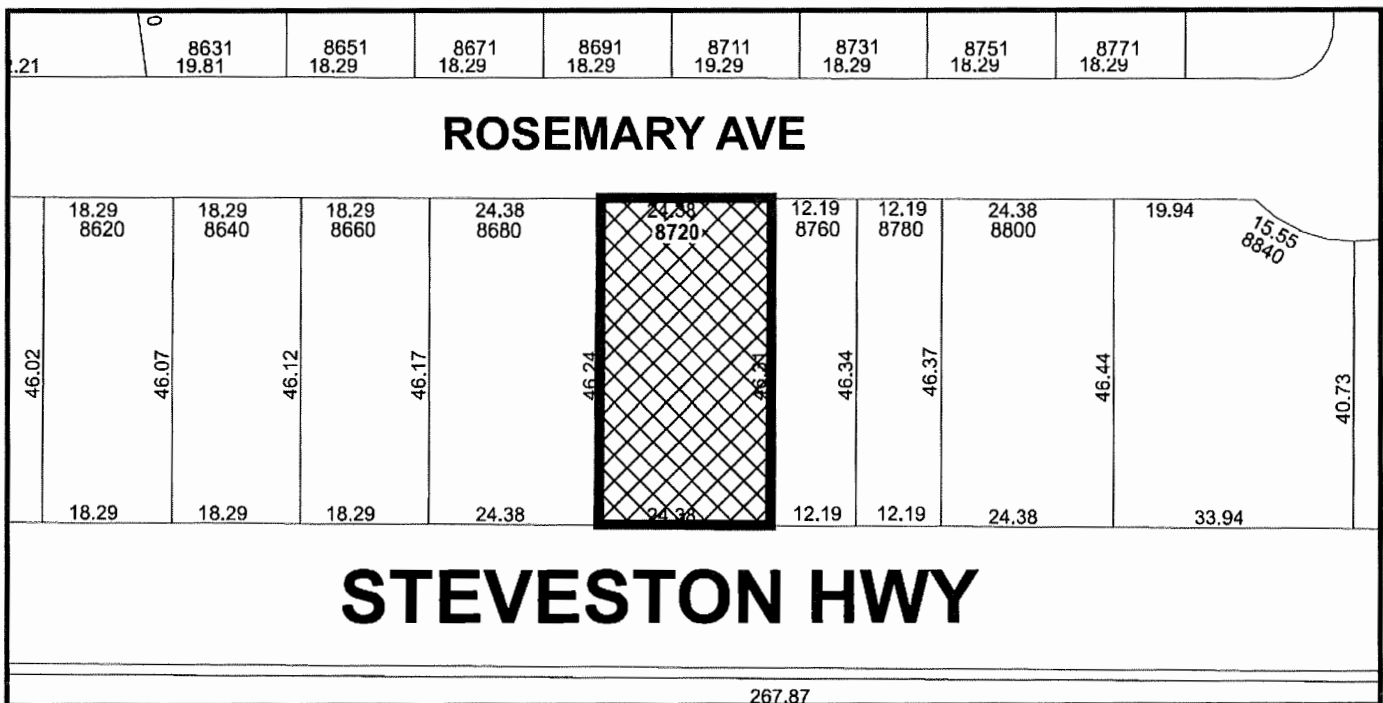
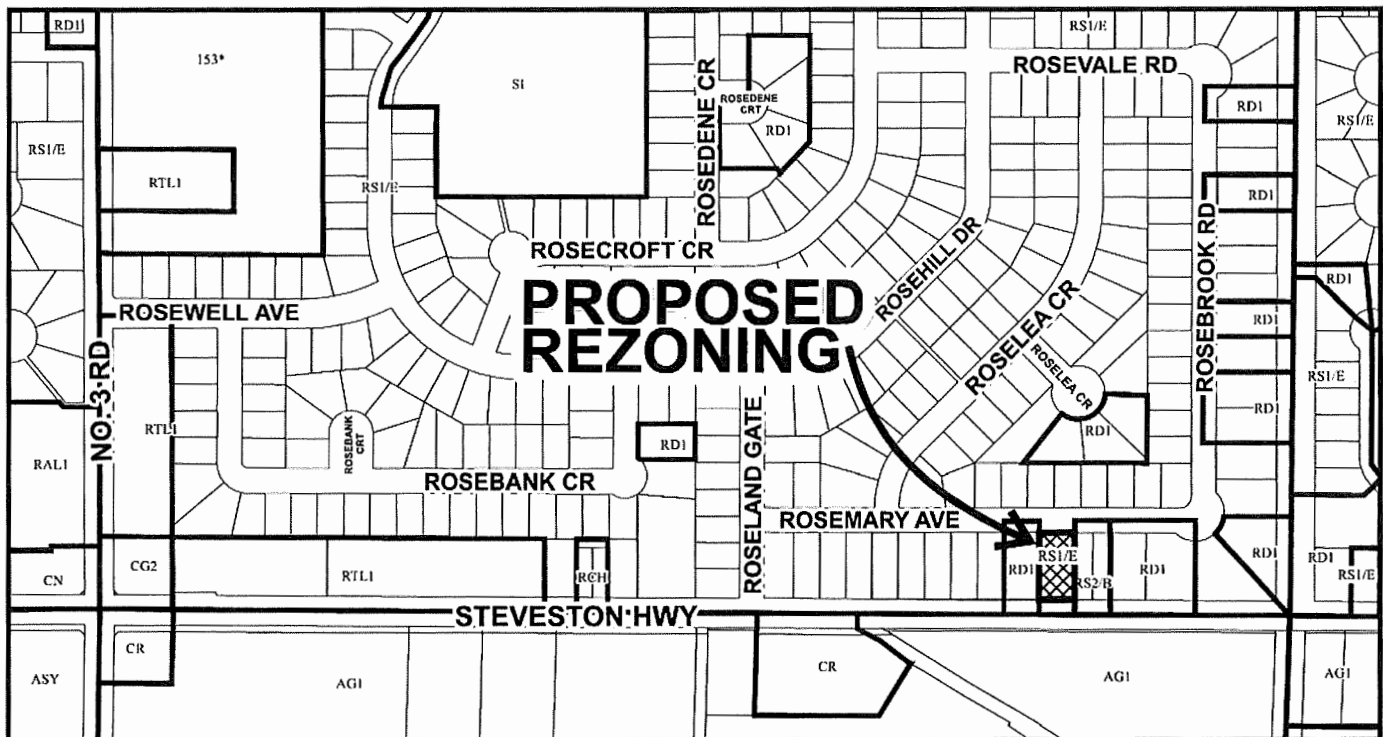
Attachments:

- Attachment 1: Location Map and Aerial Photo
- Attachment 2: Proposed Subdivision Plan
- Attachment 3: Development Application Data Sheet
- Attachment 4: Broadmoor Area Land Use Map
- Attachment 5: Tree Retention Plan
- Attachment 6: Rezoning Considerations





# City of Richmond



## RZ 21-934283

PLN - 9

Original Date: 06/22/21

Revision Date:

Note: Dimensions are in METRES



# City of Richmond



RZ 21-934283

PLN - 10

Original Date: 06/22/21

Revision Date:

Note: Dimensions are in METRES



**TOPOGRAPHIC SURVEY OF LOT 449 SECTION 33 BLOCK 4 NORTH  
RANGE 6 WEST NEW WESTMINSTER DISTRICT PLAN 35970**

#9720 & #7140 ROSEMARY AVENUE,  
RICHMOND, B.C.  
P.L.D. 001-665-828

ROSEMARY AVENUE



SCALE: 1:200

0 5 10 15  
ALL DISTANCES ARE IN METRES AND DECIMALS  
THEREOF UNLESS OTHERWISE INDICATED

PLN - 11

**LEGEND:**  
 □ denotes inspection chamber  
 \* denotes lamp standard  
 (C) denotes catch basin  
 (D) denotes catch basin  
 (R) denotes round catch basin  
 (S) denotes water meter

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 J. C. Tom and Associates  
 Canada and B.C. Land Surveyor  
 115 - 8833 Odlin Crescent  
 Richmond, B.C. V6X 1Z7  
 Telephone: 214-8928  
 Fax: 214-8929  
 E-mail: office@jctm.com  
 Website: www.jctm.com  
 Job No. 7661  
 FB-357 P148-153  
 Drawn By: KA

**NOTE:**  
 Elevations shown are based on  
 City of Richmond HFN  
 Benchmark network.  
 Benchmark: HFN #180  
 Control Monument 94M1624  
 Elevation: 2.335m  
 Benchmark: HFN #191  
 Control Monument 02H2453  
 Elevation: 1.684m

ATTACHMENT 2

**CERTIFIED CORRECT:**  
 LOT DIMENSION ACCORDING TO  
 FIELD SURVEY.  
 Johnson  
 Tam U81489  
 Digitally signed by  
 Johnson Tam U81489  
 Date: 2021.03.25  
 120608-8780  
 JOHNSON C. TAM, B.C.L.S., C.L.S.  
 MARCH 16th, 2021.

**NOTE:**  
 Use this Benchmark Tag #5424 for  
 construction elevation control.

DWG No. 7661-TOPO



# City of Richmond

## Development Application Data Sheet

Development Applications Department

**RZ 21-934283**

**Attachment 3**

Address: 8720/8740 Rosemary Avenue

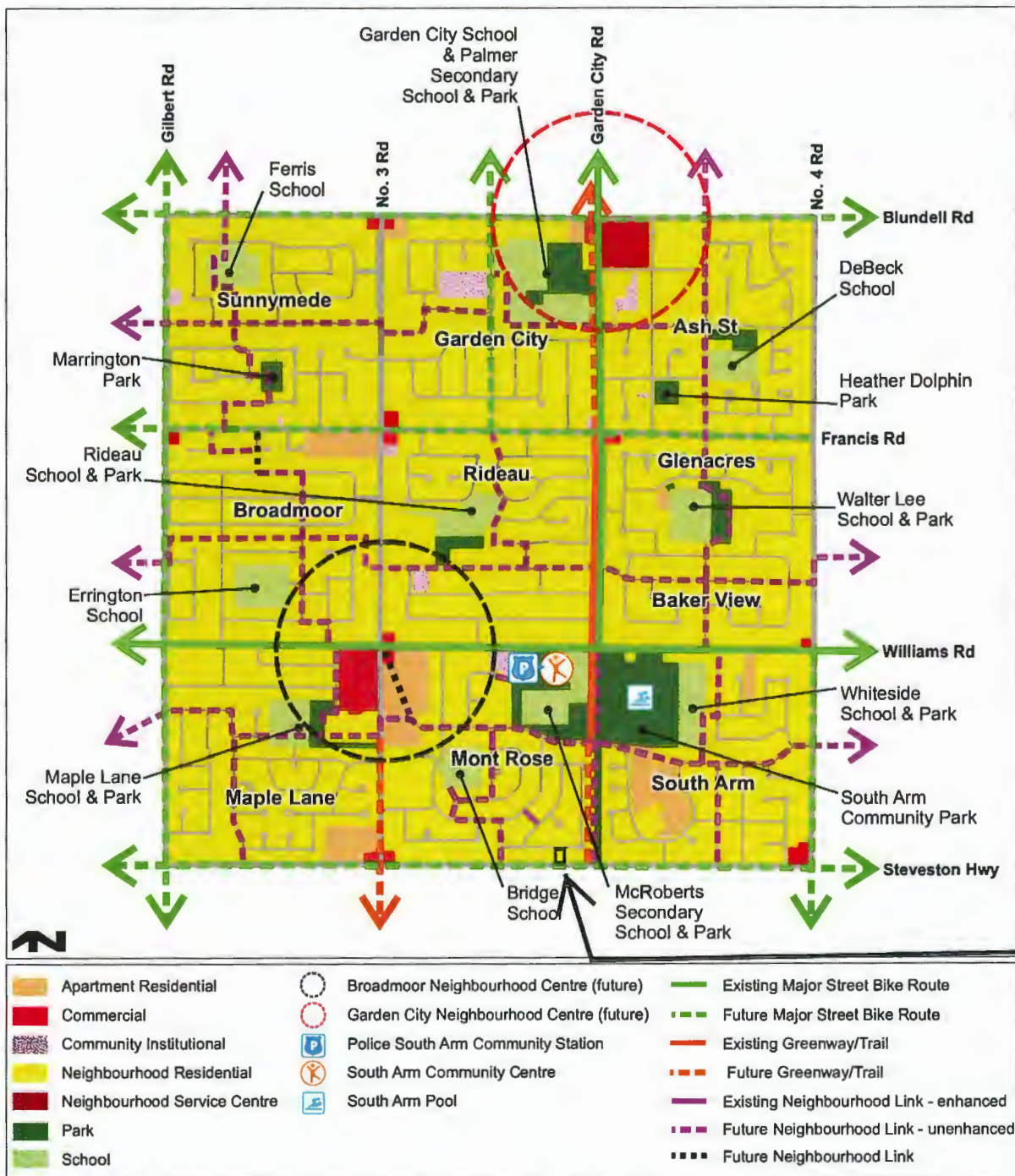
Applicant: Pakland Properties

Planning Area(s): Broadmoor

	Existing	Proposed	
<b>Owner:</b>	Kulwant Singh Purewal Jaswant Singh Phangura Parminder Singh Phangura Baldev Singh Purewal	To be determined	
<b>Site Size (m<sup>2</sup>):</b>	1,127 m <sup>2</sup>	Lot A: 563 m <sup>2</sup> Lot B: 564 m <sup>2</sup>	
<b>Land Uses:</b>	Two-unit dwellings (i.e., Duplex)	Single detached dwellings	
<b>OCP Designation:</b>	Neighbourhood Residential	No change	
<b>Zoning:</b>	Single Detached (RS1/E)	Single Detached (RS2/B)	
<b>Number of Units:</b>	Two duplex dwellings and two secondary suites	Two single detached dwellings and two secondary suites	
On Future Subdivided Lots	Bylaw Requirement	Proposed	Variance
Floor Area Ratio:	Max. 0.55 for lot area up to 464.5 m <sup>2</sup> plus 0.3 for area in excess of 464.5 m <sup>2</sup>	Max. 0.55 for lot area up to 464.5 m <sup>2</sup> plus 0.3 for area in excess of 464.5 m <sup>2</sup>	none permitted
Buildable Floor Area (m <sup>2</sup> ):*	Lot A: Max. 285.03 m <sup>2</sup> (3,068 ft <sup>2</sup> ) Lot B: Max. 285.33 m <sup>2</sup> (3,071 ft <sup>2</sup> )	Lot A: Max. 285.03 m <sup>2</sup> (3,068 ft <sup>2</sup> ) Lot B: Max. 285.33 m <sup>2</sup> (3,071 ft <sup>2</sup> )	none permitted
Lot Coverage (% of lot area):	Building: Max. 45% Non-porous Surfaces: Max. 70% Landscaping with live plant material: Min. 25%	Building: Max. 45% Non-porous Surfaces: Max. 70% Landscaping with live plant material: Min. 25%	none
Lot Size:	360 m <sup>2</sup>	Lot A: 563 m <sup>2</sup> Lot B: 564 m <sup>2</sup>	none
Lot Dimensions (m):	Width: 12.0 m Depth: 24.0 m	Width: 12.2 m Depth: 46.2 m	none
Setbacks (m):	Front: Min. 6.0 m Side: Min. 1.2 m Rear: Min. 20% of lot depth for up to 60% of the principal dwelling, 25% of lot depth for the remainder, up to 10.7 m	Front: Min. 6.0 m Side: Min. 1.2 m Rear: Min. 9.24 m for up to 60% of the principal dwelling, 10.7 m for the remainder	none
Height (m):	Max. 9.0 m	Max. 9.0 m	none

\* Preliminary estimate; not inclusive of garage; exact building size to be determined through zoning bylaw compliance review at Building Permit stage.

## 6. Broadmoor



SUBJECT  
SITE







**Address:** 8720/8740 Rosemary Avenue

**File No.:** RZ 21-934283

**Prior to final adoption of Richmond Zoning Bylaw 8500, Amendment Bylaw 10340, the developer is required to complete the following:**

1. Submission of a Landscape Plan, prepared by a Registered Landscape Architect, to the satisfaction of the Director of Development, and deposit of a Landscaping Security based on 100% of the cost estimate provided by the Landscape Architect, including installation costs plus a 10% contingency. Up to 90% of the Landscape Security will be returned after a landscape inspection, with the remainder held for up to one year to ensure that the agreed upon planting survives. The Landscape Plan should:
  - comply with the OCP guidelines for Agricultural Land Reserve (ALR) Landscape Buffers;
  - comply with the Ministry of Agriculture's Guide to Edge Planting; and
  - include the two required new trees with minimum size of 6 cm caliper.
2. Submission of a Contract entered into between the applicant and a Certified Arborist for supervision of any on-site works conducted within the tree protection zone of the trees to be retained. The Contract should include the scope of work to be undertaken, including: the proposed number of site monitoring inspections, and a provision for the Arborist to submit a post-construction assessment report to the City for review.
3. Submission of a Tree Survival Security to the City in the amount of \$45,000 for the nine trees to be retained on site (Tag # 63, 64, 66 [3 trees], 70 [2 trees], and 71 [2 trees]). Up to 90% of the Tree Survival Security will be returned after receipt of a post-construction assessment by the Certified Arborist, with the remainder held for up to one year to ensure the trees survive.
4. Installation of appropriate tree protection fencing around all trees to be retained as part of the development prior to any construction activities, including building demolition, occurring on-site.
5. Registration of a legal agreement on title to ensure that landscaping planted along a 4.5 m wide ALR buffer (as measured from the south property line) not be abandoned or removed. The legal agreement is to identify the ALR buffer area and indicate that the property is potentially subject to impacts of noise, dust, and odour resulting from agricultural operations since it is located across from a lot which is in the ALR.
6. Registration of a flood indemnity covenant on title (Area A).
7. Registration of a legal agreement on Title to ensure that no final Building Permit inspection is granted until a two-bedroom secondary suite is constructed on each of the two future lots, to the satisfaction of the City in accordance with the BC Building Code and the City's Zoning Bylaw.

**Prior to a Demolition Permit\* issuance, the developer is required to:**

1. Installation of appropriate tree protection fencing around all trees to be retained as part of the development prior to any construction activities, including building demolition, occurring on-site.

**At Subdivision\* stage, the developer must complete the following requirements:**

1. Payment of property taxes up to the current year, Development Cost Charges (City and GVSS & DD), School Site Acquisition Charge, Address Assignment Fees, and any other costs or fees identified at the time of Subdivision application, if applicable.
2. Site servicing and frontage works to be done at the developer's sole cost via City Work Order. Works shall include, but may not be limited to:

**Water Works:**

- 1) Using the OCP Model, there is 179 L/s of water available at a 20 psi residual at the 8720 Rosemary Avenue frontage. Based on your proposed development, your site requires a minimum fire flow of 95 L/s.
- 2) No water main upgrade is required.
- 3) City to retain existing 25mm diameter water connection and water meter. City to install a new 25mm diameter water connection for the new lot to be created. Complete with meter on the city boulevard adjacent to the North PL. Meter boxes must be placed on the grass boulevard outside of private fence at minimum 1m away from driveways and paved walkways.
- 4) At Developer's cost, the Developer is required to:
  - a) Submit Fire Underwriter Survey (FUS) or International Organization for Standardization (ISO) fire flow calculations to confirm development has adequate fire flow for onsite fire protection. Calculations must be signed and sealed by a Professional Engineer and be based on Building Permit Stage building designs.
  - b) Review hydrant spacing on all road frontages and install new fire hydrants as required to meet City spacing requirements for the proposed land use.
  - c) Provide a right-of-way for the water meter. Minimum right-of-way dimensions to be the size of the meter box (from the City of Richmond supplementary specifications) + any appurtenances (for example, the bypass on W2o-SD) + 0.5 m on all sides. Exact right-of-way dimensions to be finalized during the building permit process (or via the servicing agreement process, if one is required).
- 5) At Developer's cost, the City will:
  - a) Complete all tie-ins for the proposed works to existing City infrastructure.

**Storm Sewer Works:**

- 1) No storm sewer upgrade is required.
- 2) Existing storm IC and service connections fronting Stevenson Hwy to be reused by the east and west lot. First, video inspect the existing storm connection to confirm its condition and if it is appropriate for reuse. If the existing connection is in poor condition, replace the storm sewer service connection and complete with inspection chamber.
- 3) On-site storm runoff must be directed towards Rosemary Avenue. The boulevard must be graded towards the existing IC and MH to prevent storm water from ponding on the boulevard, road and driveways.
- 4) At Developer's cost, the Developer is required to:
  - a) Provide an erosion and sediment control plan for all on-site and off-site works, to be reviewed as part of the servicing agreement design.
- 5) At Developer's cost, the City will:
  - a) Complete all tie-ins for the proposed works to existing City infrastructure.

**Sanitary Sewer Works:**

- 1) No sanitary sewer upgrade is required.



- 2) For servicing the east and west lots, reuse the existing sanitary IC and service connections fronting Steveston Highway.
- 3) At Developer's cost, the City will:
  - a) Complete all tie-ins for the proposed works to existing City infrastructure.

**Frontage Works:**

- 1) At Developer's cost, the Developer is required to:
  - a) Review street lighting levels along all road frontages, and upgrade as required.
  - b) Removal of the existing sidewalk on Rosemary Avenue and replace with min. 1.5 m landscaped boulevard behind existing curb, and 1.5 m concrete sidewalk. Sidewalk must be designed to accommodate tree retention in the front yard.
  - c) Reconstruct driveway crossings as per current Engineering Design Specifications.

**General Items:**

- 1) At Developer's cost, the Developer is required to:
  - a) Coordinate with BC Hydro, Telus and other private communication service providers:
    - i) To pre-duct for future hydro, telephone and cable utilities along all road frontages.
    - ii) Before relocating/modifying any of the existing power poles and/or guy wires within the property frontages.
    - iii) To underground overhead service lines.
  - b) Locate/relocate all above ground utility cabinets and kiosks required to service the proposed development and proposed undergrounding works, and all above ground utility cabinets and kiosks located along the development's frontages, within the development's site (see list below for examples). A functional plan showing conceptual locations for such infrastructure shall be included in the development design review process. Please coordinate with the respective private utility companies and the project's lighting and traffic signal consultants to confirm the requirements (e.g., statutory right-of-way dimensions) and the locations for the aboveground structures. If a private utility company does not require an aboveground structure, that company shall confirm this via a letter to be submitted to the City. The following are examples of statutory right-of-ways that shall be shown on the architectural plans/functional plan, the servicing agreement drawings, and registered prior to SA design approval:
    - BC Hydro PMT – 4.0 x 5.0 m
    - BC Hydro LPT – 3.5 x 3.5 m
    - Street light kiosk – 1.5 x 1.5 m
    - Traffic signal kiosk – 2.0 x 1.5 m
    - Traffic signal UPS – 1.0 x 1.0 m
    - Shaw cable kiosk – 1.0 x 1.0 m
    - Telus FDH cabinet – 1.1 x 1.0 m
  - c) Provide, prior to start of site preparation works or within the first servicing agreement submission, whichever comes first, a preload plan and geotechnical assessment of preload, dewatering, and soil preparation impacts on the existing utilities fronting the development site and provide mitigation recommendations.

- d) Provide a video inspection report of the existing utilities along the road frontages prior to start of site preparation works or within the first servicing agreement submission, whichever comes first. A follow-up video inspection, complete with a civil engineer's signed and sealed recommendation letter, is required after site preparation works are complete (i.e. pre-load removal, completion of dewatering, etc.) to assess the condition of the existing utilities and provide recommendations to retain, replace, or repair. Any utilities damaged by the pre-load, de-watering, or other ground preparation shall be replaced or repaired at the Developer's cost.
- e) Conduct pre- and post-preload elevation surveys of all surrounding roads, utilities, and structures. Any damage, nuisance, or other impact to be repaired at the developer's cost. The post-preload elevation survey shall be incorporated within the servicing agreement design.
- f) Monitor the settlement at the adjacent utilities and structures during pre-loading, dewatering, and soil preparation works per a geotechnical engineer's recommendations, and report the settlement amounts to the City for approval.
- g) Submit a proposed strategy at the building permit stage for managing excavation de-watering. Note that the City's preference is to manage groundwater onsite or by removing and disposing at an appropriate facility. If this is not feasible due to volume of de-watering, the Developer will be required to apply to Metro Vancouver for a permit to discharge into the sanitary sewer system. If the sanitary sewer does not have adequate capacity to receive the volume of groundwater, the Developer will be required to enter into a de-watering agreement with the City wherein the developer will be required to treat the groundwater before discharging it to the City's storm sewer system.
- h) Not encroach into City rights-of-ways with any proposed trees, retaining walls, or other non-removable structures. Retaining walls proposed to encroach into rights-of-ways must be reviewed by the City's Engineering Department.
- i) Enter into, if required, additional legal agreements, as determined via the subject development's Servicing Agreement(s) and/or Development Permit(s), and/or Building Permit(s) to the satisfaction of the Director of Engineering, including, but not limited to, site investigation, testing, monitoring, site preparation, de-watering, drilling, underpinning, anchoring, shoring, piling, pre-loading, ground densification or other activities that may result in settlement, displacement, subsidence, damage or nuisance to City and private utility infrastructure.

**Note:**

\* This requires a separate application.

- Where the Director of Development deems appropriate, the preceding agreements are to be drawn not only as personal covenants of the property owner but also as covenants pursuant to Section 219 of the Land Title Act.

All agreements to be registered in the Land Title Office shall have priority over all such liens, charges and encumbrances as is considered advisable by the Director of Development. All agreements to be registered in the Land Title Office shall, unless the Director of Development determines otherwise, be fully registered in the Land Title Office prior to enactment of the appropriate bylaw.

The preceding agreements shall provide security to the City including indemnities, warranties, equitable/rent charges, letters of credit and withholding permits, as deemed necessary or advisable by the Director of Development. All agreements shall be in a form and content satisfactory to the Director of Development.

- Additional legal agreements, as determined via the subject development's Servicing Agreement(s) and/or Development Permit(s), and/or Building Permit(s) to the satisfaction of the Director of Engineering may be required including, but not limited to, site investigation, testing, monitoring, site preparation, de-watering, drilling, underpinning, anchoring, shoring, piling, pre-loading, ground densification or other activities that may result in settlement, displacement, subsidence, damage or nuisance to City and private utility infrastructure.
- Applicants for all City Permits are required to comply at all times with the conditions of the Provincial *Wildlife Act* and Federal *Migratory Birds Convention Act*, which contain prohibitions on the removal or disturbance of both birds and their nests. Issuance

of Municipal permits does not give an individual authority to contravene these legislations. The City of Richmond recommends that where significant trees or vegetation exists on site, the services of a Qualified Environmental Professional (QEP) be secured to perform a survey and ensure that development activities are in compliance with all relevant legislation.

Signed \_\_\_\_\_

Date \_\_\_\_\_



**Richmond Zoning Bylaw 8500  
Amendment Bylaw 10340 (RZ 21-934283)  
8720/8740 Rosemary Avenue**

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. 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 **“SINGLE DETACHED (RS2/B)”**.

P.I.D. 001-665-928

Lot 449 Section 33 Block 4 North Range 6 West New Westminster District  
Plan 35970

2. This Bylaw may be cited as **“Richmond Zoning Bylaw 8500, Amendment Bylaw 10340”**.

FIRST READING

A PUBLIC HEARING WAS HELD ON

SECOND READING

THIRD READING

OTHER CONDITIONS SATISFIED

ADOPTED

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CITY OF RICHMOND
APPROVED by 
APPROVED by Director or Solicitor 

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CORPORATE OFFICER



# City of Richmond

## Report to Committee

**To:** Planning Committee  
**From:** John Hopkins  
Director, Policy Planning  
**Date:** December 18, 2021  
**File:** 08-4050-22/2021-Vol  
01  
**Re:** Referral Response: Review of Office Stratification Regulations

### Staff Recommendation

1. That no further restrictions on the stratification and airspace subdivision of office space be considered at this time; and
2. That staff continue to monitor the effectiveness of the existing office stratification policy and report back in two years.

John Hopkins  
Director, Policy Planning

(604-276-4279)

Att. 2

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
Economic Development	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
<b>SENIOR STAFF REPORT REVIEW</b>	<b>INITIALS:</b>	<b>APPROVED BY CAO</b>

## **Staff Report**

### **Origin**

At the May 13, 2019 Council meeting, the following referral was made:

*That staff be directed to conduct public consultation with property owners, the development community and general public regarding whether potential restrictions on stratification and airspace subdivision of office space should be considered, and report back.*

This report supports the following strategic focus areas in Council's Strategic Plan 2018-2022:

Strategy #6 Strategic and Well-Planned Growth:

*6.0 Leadership in effective and sustainable growth that supports Richmond's physical and social needs.*

*6.1 Ensure an effective OCP and ensure development aligns with it.*

Strategy #7 A Supported Economic Sector:

*7.3 Attract businesses to locate in Richmond and support employment and training opportunities in Richmond as we grow.*

Strategy #8 An Engaged and Informed Community:

*8.2 Ensure citizens are well-informed with timely, accurate and easily accessible communication using a variety of methods and tools.*

### **Findings of Fact**

#### **History of City Office Strata Policy and the Referral**

In 2018, an application for a mixed industrial/commercial development containing strata offices at 9520 Beckwith Road (just northeast of Highway 99 and Bridgeport) led to consideration of a City Centre Area Plan (CCAP) policy that restricts stratification of offices in exchange for a density bonus. The CCAP policy was adopted by Council on June 17, 2019.

The purpose of the policy passed by Council in 2019 was to encourage the creation of more leasable large floorplate office space close to rapid transit and amenities. It applies within the Village Centre Bonus (VCB) area and the Industrial Reserve (Limited Commercial) and provides a density bonus as an incentive for a developer to restrict the size of strata lots or airspace parcels to a minimum size of 20,000 sq. ft. or an entire floorplate (See Attachment 1 for the policy and a map showing where it applies). The policy is intended to encourage the following types of developments:

- Large floorplate buildings with more than one strata lot per floor of office, as long as each strata lot is at least 20,000 sq. ft.;
- Buildings with either one strata lot or one airspace parcel per floor of office<sup>1</sup>; or
- Buildings divided into airspace parcel(s) consisting of more than one floor – including a single airspace parcel for the whole building.

The tenure of office development is not otherwise regulated in Richmond.

### Scope of Work

The Council referral in 2019 requested staff to consider whether further restrictions on stratification and airspace subdivision of office space should be considered, and then to consult with property owners, the development community and general public. In response to this, staff undertook background research, and then conducted consultation to gather insights about the office market and the potential for strata restrictions. Consultation consisted of:

- Interviews with experts in the office market in 2020 and 2021;
- A May 12, 2021 workshop to which potentially affected property owners, potential tenants and the development community were invited;
- A presentation and discussion with the City's Economic Advisory Committee on May 13, 2021;
- A Let's Talk Richmond Survey conducted May 12 to May 24, 2021;
- Market research in summer 2020 and fall 2021; and
- Email correspondence initiated by workshop invitees.

### **Analysis**

#### Results

***The goal of any strata restrictions should be to accommodate businesses needing leased space while ensuring that the needs of all Richmond businesses are met across the city.***

Restricting strata implies a desire to enable or encourage leased space, which is assumed to meet important market needs not met by strata space. Indeed, strata and leased offices meet different but overlapping needs:

- Leased offices vary widely in size, so they are well-suited to the needs of both large and small businesses; they are most attractive to firms looking to minimize capital investment and accommodate future growth. Firms in key City economic development targets in sectors like Information Technology, Clean Tech, and Digital Creatives are examples.

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<sup>1</sup> An airspace parcel is a three dimensional space owned in fee simple under the Land Title Act. A strata lot is a three dimensional space, often a unit in a building, defined under the Strata Property Act. Strata owners own an individual strata lot and share ownership of common property as a strata corporation.

- On the other hand, the size of most strata offices is between 500 and 1,500 square feet and expansion requires that properties be bought and sold, so strata office offers less flexibility than leased offices. It also requires up-front capital expenditure. This makes strata office well-suited to the needs of smaller businesses, particularly those that prefer long-term security of tenure, anticipate relatively slow growth, have access to capital and/or want to own an asset.

A possible concern with strata office is investors holding vacant units while awaiting rising sales values. To assess this possible concern, staff conducted site reviews in 2020 and 2021 and reviewed sales and lease listings and market vacancy rates. Existing strata office buildings appear to be well-used, with vacancy levels in the same range as other buildings in the City Centre. In addition, interviewees indicated that buying and holding vacant strata office is not financially attractive because of property tax rates and commercial property management costs, and because commercial property is not appreciating as quickly as residential property. These results suggest that this concern need not be a goal of potential strata restrictions.

The purpose of office strata restrictions was confirmed as meeting the needs of large, growing businesses, while ensuring that the needs of businesses that prefer strata can still be met.

***Outside the City Centre, there is no need for additional restrictions to achieve this goal.***

Across Richmond, there is about 3.8 million square feet of office space<sup>2</sup>. Strata makes up about 33% of 1.6 million square feet of office space in the City Centre. Industry estimates suggest that the strata office share is expected to increase by 25% to 50% in the City Centre and to 25% for the whole city. Outside the City Centre, leased office vacancy rates outside the City Centre have varied from 6% to 20% (average 18%) over the last ten years, indicating ample capacity and a tenants' market.

Table 1: Richmond Office Space, 2020

Description	Floorspace (sq. ft.)
Richmond, existing	3.8 Million
City Centre, existing	1.6 Million
for lease	1.0 Million
strata	0.6 Million
City Centre, anticipated development	
for lease	~100,000
strata	~500,000
unconfirmed	~650,000

Therefore, if the City of Richmond were to consider further restrictions on strata office, the restrictions should be structured to support development of leased space in the City Centre.

***Within the City Centre, entire buildings close to the Canada Line provide attractive and viable opportunities for leased office space.***

Firms in economic development target sectors are particularly interested in high-amenity, transit-oriented locations. These are most attractive to their employees, and avoiding costly employee turn-over is a critical driver of their locational decisions.

In Canadian commercial real estate, large property managers lease a lot of the available space and can provide the flexibility needed by large, growing companies. These property managers

<sup>2</sup> Based on data from the City of Richmond and Colliers International



prefer to manage entire commercial buildings, giving them control over tenant mix, repairs and maintenance, brand, etc.

To meet the needs of firms in target sectors, development of entire leased office buildings close to amenities and rapid transit is important.

***It is not clear if there is a need for further restrictions because of COVID-related uncertainty, varied market signals and lack of experience with the current policy.***

The long-term impacts of COVID-19 on the office market continue to be unknown. Interviews, industry discussions and news articles throughout the last two years have suggested anything from a need for more office space, driven by safety-related space requirements to a need for less space, driven by remote work. Possibilities such as more demand for suburban space in satellite offices and increased flex space have also been noted. No consensus has emerged, with brokers describing the office market as “confusing.”

The policy restricting strata in exchange for a density bonus is aimed to encourage strata developers to bring large, flexible office space to the market, suited to the needs of large, growing tenants that the City is looking to attract. One possibility is that large strata units and floor-by-floor airspace parcels may be sold to investors who can then lease them to large tenants. Alternatively, an entire airspace parcel may be developed as a leased building within a mixed use development. In the two years since the policy was adopted, three developments have come forward, all of which proposed to stratify each building floor as a separate strata unit:

- A project at 9520 Beckwith Road (RZ-18 821103), which has pre-sold about 15% of the space to date.
- A project at 4700 No. 3 Road, which has received third reading of a rezoning application (RZ-14 672055) and is awaiting completion of associated considerations. The developer has advised staff that due to COVID-related uncertainty over the office market and their challenge securing perspective purchasers they will ask that the strata title/airspace parcel subdivision restriction be removed. This request is under staff review and a separate staff report will be brought to Council for consideration.
- A project at 5740/5760/5800 Minoru, which has received third reading for a rezoning and OCP amendment (RZ-18 807640). The OCP amendment allows the project to secure the Village Centre Bonus on condition that all commercial space be office, that additional amenity contributions be made, and that all office space be restricted to the same strata lots / airspace parcel minimum sizes as in the 2019 policy.

The review of market conditions showed that recent experience with strata office in general is very mixed, with higher but widely varied prices, vacancy that differs building to building, and diverse absorption rates (pace of sales).

In summary, experience with the incentive-based restrictions adopted two years ago is limited, showing development activity but with no conclusive results yet, and there is considerable uncertainty in the office market in general as a result of COVID-19 and in the strata market in particular.

***Consultation results were clear: restrictions on their own will threaten project viability, putting a halt to all office development. Restrictions coupled with incentives (as in the current policy) would be acceptable.***

In May 2021, staff consulted with property owners, the general public and the development community through an on-line workshop and survey. The potential for strata restrictions was also presented and discussed with the Economic Advisory Committee. The purpose of consultation was to gather further insights about office market dynamics in Richmond and consider the potential for strata restrictions. Sixty-six people responded to the survey and 17 people participated in the workshop. Participants included at least 60 Richmond residents, three property owners, seven potential office tenants and 10 developers.

Key insights included:

- varied opinions about the impacts of COVID;
- emphasis on the importance of amenities for commuters and residents as well as tenants, higher profile post-secondary education, and housing costs;
- the value of a critical mass of tenants to drive further demand;
- a cultural preference for ownership in Richmond;
- the value of leased offices for start-ups and young entrepreneurs; and
- the importance of meeting the needs of both small and large businesses.

Ideas related to incentives included:

- parking reductions;
- streamlined development application processes;
- development corporations or public-private partnerships to finance leased office development;
- tax incentives; and
- improved transit access to eastern parts of the region.

When asked about the potential for strata restrictions, participants generally agreed that the focus of any restrictions should be on large, flexible (easy to adjust layout and size) office spaces close to the Canada Line. While a preference for regulatory certainty was expressed by some, there was a concern that if projects were not viable (i.e. competitive with strata), a firm restriction could slow or halt office development. To ensure that office projects are viable and help maintain Richmond's competitiveness in the region, participants emphasised the need for financial incentives should the City of Richmond consider strata restrictions.

More details may be found in the Consultation Results Report (Attachment 2).

Consistent with staff's technical analysis, the consultation found that potential restrictions on strata office are not needed outside the City Centre. If the City of Richmond were to consider restrictions on strata office in the City Centre, the restrictions should:

- Focus on providing large, flexible space, specifically in amenity-rich locations close to the Canada Line; and

- Be coupled with incentives that can support more viable development.

### ***Summary of Consultation and Research***

Consultation and research show that:

- There is considerable uncertainty in the local strata office market in terms of price, absorption, and pace of sales, and COVID remains a major source of uncertainty in the whole office market, affecting demand for and cost of leased and strata space.
- A mix of strata and leased offices is expected from anticipated development City-wide, meeting the needs of Richmond's diverse businesses. Strata offices are well-suited to small businesses, who are buying and using them.
- Strata restrictions are not needed outside the City Centre. Within the City Centre, market signals are unclear, adding to COVID-related uncertainty.
- If further restrictions on strata office in the City Centre were to be considered, the restrictions should target entire office buildings, be applied close to the Canada Line, and be coupled with incentives that support the viability of resulting development.
- Experience with the current policy is limited so far and its implementation has been affected by COVID-19, so more time is needed to understand its effects.

### **Consideration of Financial Incentives**

Staff did explore financial incentives such as density bonuses and parking reductions to determine what would be needed to offset a restriction of strata and support development of the desired large, leasable spaces near the Canada Line. The analysis conducted by an external land economist indicated that substantial increases in density and reductions in parking would be required to create an attractive incentive under current market conditions. The necessary density increases may be feasible for commercial buildings, but not for mixed-use buildings, due to height and massing constraints. Significant compromises to urban design principles would also be required without any certainty that this type of incentive would attract large leasable office space near the Canada Line.

Based on a review of relevant local and North American precedents, it would be possible to consider some parking reductions as part of future development, subject to a site specific parking study. The purpose of such study would be to substantiate the appropriate parking needs and any associated opportunities and transportation demand management measures to reduce parking for this use. A separate report on potential parking reductions for projects that include transportation demand management measures in the City Centre will be brought forward in the first quarter of the New Year.

Based on market research, technical analysis, and consultation results, staff do not recommend further restrictions on the stratification and airspace subdivision of office space at this time. The current office strata policy which utilizes a density bonus approach has not had enough time to determine if the policy is successful in attracting large office space in the City Centre. In the

context of an uncertain and dynamic office market, a review of the potential to refine restrictions is recommended in two years.

### **Financial Impact**

None.

### **Conclusion**

Research and consultation with property owners, the general public and the development community was conducted on the potential for office strata restrictions. The results were that:

- there is considerable uncertainty in the local strata office market;
- there is limited experience with the current incentive-based office strata policy; and
- any further restrictions should be matched with incentives, as in the current policy approach.

It is recommended that no further restrictions on the stratification and airspace subdivision of office space be considered at this time and that staff review the potential to refine restrictions again in two years.



Peter Whitelaw, MCIP, RPP  
Planner 3  
(604-204-8639)

PW:cas

Att.

- 1: City Centre Area Plan Policy Adopted in June 2019
- 2: Consultation Results Report

### City Centre Area Plan Policy Adopted in June 2019

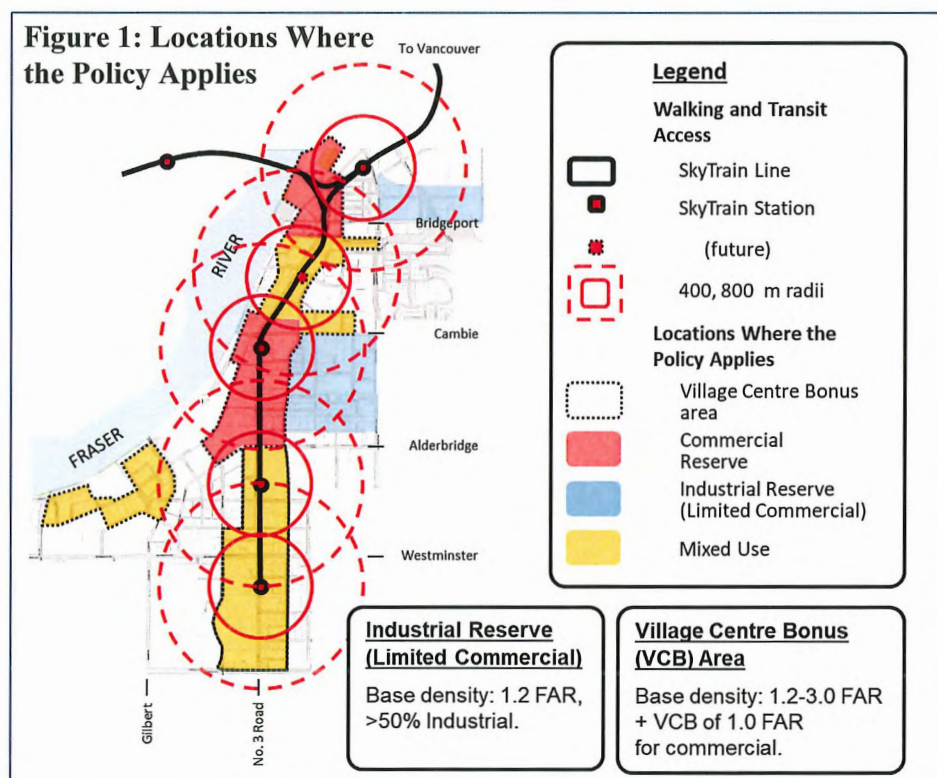
CCAP policy is located in [Appendix 1 – Definitions](#) (pages A-2 and A-3), as follows:

- The Industrial Reserve – Limited Commercial overlay “provides for additional density over and above that permitted by the underlying Transect, provided that ...  
 b) the floor area of non-industrial uses on the development site does not exceed that of industrial uses, unless otherwise determined to the satisfaction of Council; ...  
 e) the subdivision of any floor area within a building (including floor area over and above that permitted by the underlying Transect) that is used for office shall be limited to one strata lot or air space parcel per storey of the building or per 1,858 m<sup>2</sup> (20,000 ft<sup>2</sup>) of office floor area, unless otherwise determined to the satisfaction of Council.”

- The Village Centre Bonus (VCB) overlay “provides for additional density for non-residential uses over and above that permitted by the underlying Transect, provided that ...

for development sites where the Village Centre Bonus permits additional density for non-residential uses to exceed 1.0 FAR, the subdivision of any Village Centre Bonus floor area within a building (including floor area over and above that density permitted by the underlying Transect) that is used for office shall be limited to one strata lot or air space parcel per storey of the building or per 1,858 m<sup>2</sup> (20,000 ft<sup>2</sup>) of office floor area, unless otherwise determined to the satisfaction of Council.”

Figure 1 shows where the policy applies.





This document provides results of formal consultation on office strata policy completed in May 2021. The consultation consisted of:

- Results of a Let's Talk Richmond Survey conducted May 12 to May 24, 2021. Notifications were sent to all LTR users and via City Facebook and Twitter channels.
- A May 12<sup>th</sup> workshop to which potentially affected property owners, potential tenants and the development community were invited;
- Email correspondence initiated by workshop invitees.
- The City's Economic Advisory Committee, to whom a presentation was given on May 13, 2021

In each consultation, staff presented information and requested input on the following topics:

- Context for office development and policy
- Current office stratification policy
- Alternatives to the current approach

## Summary of Results

In response to the overview of the office market presented to them, participants shared a number of additional insights about the market. These included:

- Widely varied opinions about the impacts of COVID-19.
- Amenities in the City Centre are critical, including diverse retail and services serving residents and commuters as well as tenants.
- Key factors affecting tenant decisions include certainty about when they can take possession of their space, the presence of higher profile post-secondary education and high housing costs.
- A critical mass of office users will help to drive further demand for office space and help Richmond compete with other hubs of office activity in the region.
- Strata restrictions are oriented to the needs of large businesses, but small businesses are also an economic engine.
- Chinese culture and business connections influence the market in Richmond, including a general preference for ownership.
- There have been some sales of large strata offices; however these have been very slow.
- Bonus density (at the levels discussed/assumed by participants) may not be an adequate incentive for leased offices.

In their responses, participants also suggested ideas for the City's consideration, if the City were to further restrict strata:

- Two ideas highlighted by the development industry:
  - Further reduce minimum parking requirements close to the Canada Line.
  - Streamline the process of considering development applications to improve certainty and reduce project timelines, including possibly pre-zoning commercial sites for offices.
- Other ideas mentioned by participants:
  - More narrowly define office/commercial areas to help create a more attractive area for office users, e.g., only in commercial “villages” in the City Centre.
  - Set up a development corporation to buy space and then operate as a landlord. This would enable the City to support non-profits that need affordable office space as well, e.g., through a shared services model.
  - Set up P3 partnership to finance leased office buildings.
  - Focus on factors influencing tenant location decisions and giving Richmond a competitive edge, e.g., through analysis and/or consultation.
  - Provide property tax incentives.
  - Improve transit access to offices to the eastern part of the region, where lower cost housing is located.

In general, participants appeared to hold a range of overarching views that informed their comments, including that the City:

- should not get involved in shaping the private market;
- has a critical role in shaping the private market to deliver community benefits; and
- should not pursue growth unless it benefits existing residents.

A shift to focus on large leased office spaces close to the Canada Line was generally supported in both workshops and survey results. Although the importance of ownership was acknowledged as a driver of interest in strata in Richmond, the importance of more flexible leased space was also emphasised as an important factor for tenants from young entrepreneurs and start-ups to larger users.

Participants were split on whether a voluntary, flexible approach or specifying a requirement is better. For either approach, the most common rationale was support for the City’s objectives or vision. The most common trade-off was between flexibility and effectiveness: too much flexibility could make the policy an ineffective tool to encourage leased offices, but if leased offices are not viable (or competitive with other options), a firm requirement could slow office development.

Participants acknowledged the City’s dilemma of trying to support leased space while also supporting viable development.



## **Appendix: Detailed Consultation Results**

To inform policy development, the City consulted the public, property owners, potential tenants and the development industry via:

- A Let's Talk Richmond survey, from May 12 to May 24;
- An on-line workshop, held May 12<sup>th</sup>; and
- A presentation to the City's Economic Advisory Committee on May 13<sup>th</sup>.

In addition, email correspondence was received from individuals who were invited to the workshop but were unable to attend.

This Appendix provides detailed results from this consultation.

### **Survey**

A Let's Talk Richmond survey was available to the public between May 12 and May 24, 2021. Its content and results are summarized in this section.

#### **Survey Content**

The survey consisted of background information about office stratification policy, coupled with the following questions:

1. Please add any insights [about the current situation] that will help the City understand the situation fully.
2. Please offer any additional insights about what has happened under the current policy.
3. Do you have any comments on the preliminary [policy] directions?
4. What do you think of the first alternative: shift the policy to require leased offices and maintain the current voluntary, flexible approach? [permitted responses: Definitely agree; Somewhat agree; Neutral; Somewhat disagree; Definitely disagree; Not sure]
5. Tell us why. This is critical to help us understand the situation and help shape policy.
6. What do you think of the second alternative: Strengthen the policy by requiring all office developments receiving the VCB be for lease? [permitted responses: Definitely agree; Somewhat agree; Neutral; Somewhat disagree; Definitely disagree; Not sure]
7. Tell us why. This is critical to help us understand the situation and help shape policy.
8. Please let us know if you have any other comments, questions or suggestions.

Respondents were also asked what perspective(s) made them interested in office policy, and how they heard about the consultation.

#### **Survey Results**

Respondents are almost all Richmond residents who heard about the survey directly through Let's Talk Richmond.



- Sixty-six people completed the survey. Of respondents, 60 are Richmond residents. Seven consider themselves potential tenants, two own property in the City Centre and one is a real estate professional.
- All but one respondent heard about the survey through the Let's Talk Richmond email notification.

A thematic analysis was completed for responses to questions asking for insights about the current office market context and the impact of the current policy (questions 1 and 2), and the final question requesting general comments (question 8). Themes from responses to these questions overlapped, so they are presented together. They capture commonly mentioned responses.

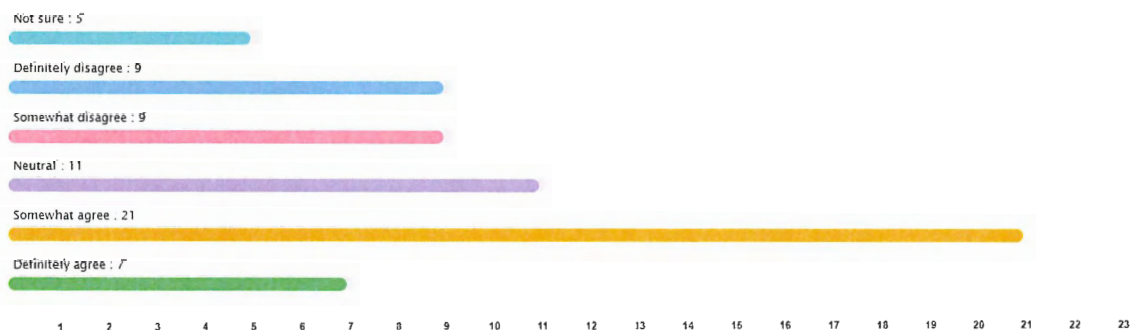
- Insights about the current situation and policy
  - There were widely varied opinions about COVID impacts and how to respond.
  - The importance of amenities in the City Centre was reinforced, including diverse retail and services serving residents and commuters as well as tenants.
  - High profile post-secondary education was mentioned as an important draw for new businesses.
  - Some respondents prefer a laissez-faire approach, while others strongly support government action.
  - Some respondents see no benefit from growth and would prefer that the City work to benefit existing residents and businesses, not new ones.
  - High housing costs are a deterrent to employees.
  - More narrowly defining office/commercial areas may help create an area more attractive to new tenants.
  - A critical mass of office users will help to drive further demand for office space and help Richmond compete with other hubs of office activity in the region.
  - The policy is oriented to the needs of large businesses over small businesses, but small businesses are also an economic engine.
- Ideas for possible solutions
  - City could set up a development corporation to buy space and then operate as a landlord. This would enable the City to support non-profits that need affordable office space as well, e.g., through a shared services model.
  - P3 partnership to finance office buildings.
  - Focus on factors influencing tenant location decisions and giving Richmond a competitive edge, e.g., through analysis and/or consultation.
  - Consider tax incentives.
  - City needs to carefully guard its reputation in relation to fair and consistent treatment of businesses.
  - Pre-zone commercial sites for offices.
  - Improve transit access to the east, where lower cost housing is located.
- Other
  - Development, including office development, should benefit the community.

A thematic analysis was also completed for responses about focusing on large leased office spaces within five minutes walk of the Canada Line (question 3):

- Ten responses were supportive, but most did not provide reasons why. Related comments included that despite uncertainty, there is enough information to warrant a shift in policy; that density should be pursued to reduce pressure on farmland and green space; that mixed use is supported and that leased space could be made a requirement.
- Four responses were not supportive. Two respondents generally do not believe the City should attempt to influence the market; one believes vehicular access is most important for offices and cannot be provided adequately in the City Centre; and the other did not provide a rationale.
- Consider focusing only in commercial areas within 10-15 min walk of Canada Line and not in mixed use areas.
- Be flexible in zoning, especially for mixed industrial/office areas.
- Support for bricks-and-mortar retail is key in context of on-line competition.
- Transit access is critical, especially with competitive advantage near the casino and the airport as well as employment in the southern part of the region.

Respondents were asked their opinions on two alternative approaches for the Village Centre Bonus (VCB) area: to shift the policy to focus on leased office but maintain a voluntary approach; or to require all office developments receiving the VCB to be for lease (questions 4-7). Responses to both alternatives were spread across the range from definite disagreement to definite agreement, with about 60% agreeing and 40% disagreeing with each direction. People who agreed with one did not necessarily disagree with the other.

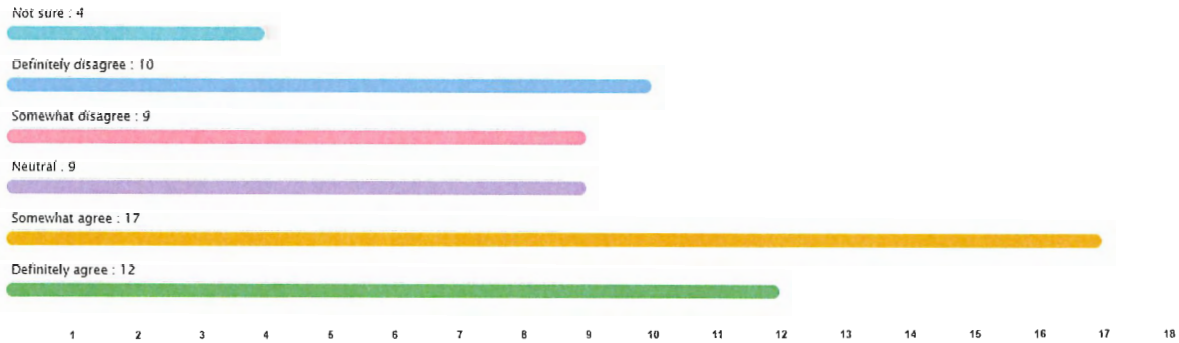
#### 1. Alternative 1: Shift the policy to require leased offices and maintain the current voluntary, flexible approach



Respondents noted the following reasons for their response:

- Too much flexibility may make policy ineffective (8 responses)
- Prefer a flexible/voluntary approach (7)
- Too cumbersome (1)
- Helps achieve the goal of attracting target businesses (5)
- Constraints on business will not be successful, are not an appropriate City role, or may be counter-productive (3)
- Leased space is good for young entrepreneurs or smaller businesses (2)

## 2. Alternative 2: Strengthen the policy by requiring all office developments receiving the VCB be for lease



Respondents noted the following reasons for their response:

- Certainty is preferred (5 responses)
- Too restrictive, would be a disincentive to developers and make Richmond less competitive for development (4)
- Support City action in support of long-term vision (3)
- Flexibility would be better (2)
- Density bonus is ineffective (2)
- Not attractive to potential large users (1)
- Simple formula and fast permitting will encourage development you want (1)
- Less flexibility coupled with less financial incentive is not an attractive combination (1)
- Should be room for user/owned development (1)

### On-line Workshop

An on-line workshop was held by invitation to property owners in the City Centre and representatives from the development industry. Metro Vancouver was invited as an observer. A presentation covering the following items was made, with Q&A at points throughout:

- Context for office development and policy
- Current office stratification policy
- Alternatives to the current approach

**Attendees (17):** Eric Aderneck (Metro Vancouver), Dan Roche, Wilson Chang, Toby Chu (CIBT), Jeff Fisher (UDI), Grace Lam (Fairchild Development), Rob Hall (Keltic Development), Paul Williams, Don Mussenden (Real Estate Board of Greater Vancouver), Colleen Arndt (DigiBC), Pedro Tavares (NAIOP), Jaz & Nigel (Costco), David Chung (Dava Development), Jun Nan (Keltic Development), Max Gordichuk (Wesgroup Properties), Peter Martin, Danny Chu (Dacosa Properties)

**City Staff:** Peter Whitelaw, John Hopkins, Steve Gauley, Cathy Swan

**General Questions:**

When is the report going to Council? Will the slides be available?

- The report is scheduled to go to Council in the late summer/early fall. The slides will be sent to attendees via email. Most of the information that is shared today can be found on Let's Talk Richmond.

**Comments and Questions – Context**

- If there is low vacancy in downtown (which indicates good demand be it for owners or tenants), why is there concern about strata development?
- The problem is the length of time to develop and construct a viable project in Richmond. Not about strata or with developers. Greater efficiency would help.
  - In today's environment, tenants want a level of certainty to take possession, not a MAYBE five year, six years or ten years.
  - To attract the right type of development, with the right type of the future tenants, the planning system needs to be attractive for developers.
  - The current state of investment sentiments, more policies will only reduce investment interest, causing less ownership, and more strata units.

**Comments and Questions – Current Policy**

- How many projects that are being built that are strata took advantage of the Density Bonus (DB) for larger spaces?

**Comments and Questions – Alternatives**

- Is the focus on sky train station within 400 m radius only? What about main crossroads within Richmond like No. 5 Road and Cambie?
- As a Richmond Resident, traffic density along the No. 3 Road corridor is an issue as well as the Sky Train being crowded at the best of times, especially during rush hours.
- Parking could be a useful incentive
  - Parking is a difficult issue. How to balance the needs of everyone.
  - A parking study would be really worthwhile – parking cost is perhaps the greatest hindrance for development.
  - Parking regulations are high for IT, education uses – can they be reduced.
  - Metro Vancouver parking review found 30-35% oversupply for residential. Not sure about commercial rates. Worth a look.
  - Many of the younger workers in the fields that we are trying to attract do not drive, or even own a vehicle. Does this impact parking need?
- Development review processes
  - Pre-zoning would speed up the process.

- There is too much uncertainty and long timelines associated with the City development review processes and that creates risk for developers, making it hard to offer tenants certainty as to when their space will be available. It is especially challenging to attract international tenants in this context. Would like to see the City improve efficiency and timelines for development review.
- There seems to be a disconnect between City Council and staff. Staff will support a proposal but Council rejects it and sends it back to staff for more work. A project that the speaker is involved with has taken 5 years to get approval and it is still not built. This is for a project that is close to the Canada Line.
- With the current state of investment sentiment, more policies will only reduce any interest in investment causing less ownership and more strata units.

### **Alternative approaches within the Village Centre Bonus area**

Two polls were run to gauge participants' opinions about two alternative approaches presented: a flexible, voluntary approach or a defined density bonus in the Village Centre Bonus area.

- Poll # 1 – level of support for maintaining an incentive-based approach
  - About ¾ of respondents were neutral or had no opinion.
  - Other respondents were split.
- Poll # 2 – level of support for strengthening the approach to make leased office a requirement to obtain the VCB bonus.
  - About ¾ of respondents were neutral or had no opinion.
  - Opinions expressed by respondents were spread from strongly disagree to strongly agree, but on balance were slightly more in agreement with the stronger approach.

These results suggest participants do not have a strong preference for either a negotiated incentive-based policy (as in the 2019 policy) or a more defined bonus requirement in the VCB.

### **Email correspondence from workshop invitees**

Email correspondence was received from three individuals who were invited to the on-line workshop but were unable to attend it. This correspondence has been anonymized to protect the privacy of these individuals.

- Sales of our large strata office units have been very slow, but we have sold 15% of the space to date.
- Richmond has a very high percentage of ethnic Chinese population. A lot of the businesses done in Richmond is Chinese related and at this point most of those businesses are far from being substantial in size. By the same token a lot of the Chinese strata office buyers are interested to purchase smaller units to conduct their business.
- As a smaller city with limited amenities, Richmond is not expecting to draw a lot of interest from international corporations. A lot of the developers end up selling small strata office units because this is their best proforma scenario.

- Chinese people like to own instead of leasing and they would pay more to own.
- Timing is important to leasing to big corporate entities. It is a very risky proposition to build and wait for a large, one-floor tenant to lease up all the space in one floor in a small city like Richmond. To get that kind of tenant for Richmond we need significant incentives from the City to lure them. Just having the office space available is far from being enough. Lowering their portion of property taxes could be a useful incentive.
- As a developer, I find that incentives such as bonus floor area ratio (FAR) often do not really work. You really do not want to build anything to have it vacant even if the cost appears to be cheaper.
- The best way is to leave to the developer to make the decision to do what is best for them and most of them are savvy enough to know the market. The best the City can do is to provide the bonus/incentives (big or small depending on its perceived significance). If there is a demand for big rental space there will be developers building it for the need. It is always a supply/demand relationship. The more the control the less will be the supply and higher the price and less the choice.
- A focus on leased office is a huge positive for the City. Strata office almost always ends up ballooning the price of office development sites, as it has downtown Vancouver, and causes major property managers (e.g., pensions / lifecos) to not participate in purchasing office development sites. This can result in not just fragmented office suites, but substandard buildings and landlords, as the best in class developers chose not to chase the low yields the strata investors seem OK with.
- The same capital scrutiny that exists on residential purchases does not exist on office strata purchases, so there is a lot of potential hot money with little concern for economic returns in this sector.
- Thinking about the whole market, the office market is as low as 10%, so maybe wait to make changes, e.g., to 2022, 2023.
- If you build a leased building, government or a big investor would need to be the landlord. Government needs to lead, and other tenants will follow.
- Don't spread the area out so much: start at the centre of the city centre, e.g., No. 3 and Westminster, and work outwards.

### **Economic Advisory Committee (EAC)**

A presentation was made to the EAC on May 13<sup>th</sup> providing context for office stratification policy and outlining preliminary directions and the consultation program. The following comments and questions were discussed following the presentation:

- There is an inability to have large continuous space as a result of land values being bid up by land developers. The City is on the right track keeping it near transportation arterials.
- Investors don't want companies to buy buildings, they want the flexibility of leasing. Important for us to challenge how to drive more lease space so we can attract more nimble, fast growing, tech and software companies that do not want to buy buildings.
- Regarding shared work spaces:
  - Q: Where does WeWork fit in to all of this?

- A: We have smaller coworking spaces in Richmond. We have spoken with WeWork, who are in a wait and see approach, wanting to assess demand in Richmond.
- WeWork's vision was to buy the buildings they were in, but do not appear to be doing so now.
- CBRE and Oxford have seen the opportunity to adopt a similar business model, and are doing shared office spaces using the same model. This inflates the price of space.
- A key issue for the City is how to keep a cap on lease rates and therefore land values.