



**CITY OF VANCOUVER  
POLICY REPORT  
URBAN STRUCTURE**

Date: September 07, 2005  
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Meeting Date: September 13, 2005

TO: Vancouver City Council  
FROM: Director of Current Planning  
SUBJECT: 3585 Graveley Street: Proposed Rezoning from I-2 to CD-1

**RECOMMENDATION**

- A. THAT the application by the Director of Real Estate Services to rezone 3585 Graveley Street (Lot 3, Block 113, Section 28 of THSL, Plan LMP 34147) from I-2 Industrial District to CD-1 Comprehensive Development District, to allow General Office use in two existing buildings, be referred to a Public Hearing, together with:
- i) plans of existing development dated July 25, 2005 attached as Appendix D;
  - ii) draft CD-1 By-law provisions, generally as presented in Appendix A; and
  - iii) the recommendation of the Director of Current Planning to approve, subject to conditions contained in Appendix B.

FURTHER THAT the Director of Legal Services be instructed to prepare the necessary CD-1 By-law generally in accordance with Appendix A for consideration at the Public Hearing, including a consequential amendment to the Sign By-law to establish regulations for this CD-1 in accordance with Schedule B (I-2) as set out in Appendix C.

- B. THAT, subject to approval of the rezoning at a Public Hearing, the Noise Control By-law be amended to include this CD-1 in Schedule A as set out in Appendix C; and

FURTHER THAT the Director of Legal Services be instructed to bring forward the amendments to the Noise Control By-law at the time of enactment of the CD-1 By-law.

- C. THAT, should the rezoning of 3585 Graveley St. be approved, Council instruct staff to report back following the 2010 Winter Games on the appropriate Community Amenity Contribution to be expected from the rezoning.

### GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of A, B and C.

### COUNCIL POLICY

Relevant Council Policies for this site include:

- I-2 Zoning District Schedule
- Industrial Lands Policies
- Financing Growth (Community Amenity Contribution) Policy

### PURPOSE

This report assesses an application to rezone this City-owned site from I-2 Industrial District to CD-1 Comprehensive Development District for the purpose of permitting General Office use in the total floor area of two existing buildings.

Rezoning approval would accommodate VANOC (Vancouver Olympic Committee) in two buildings which have been generally vacant since 1999. The buildings were identified earlier this year as the only opportunity to accommodate VANOC's growing office space needs in preparation for the 2010 Vancouver-Whistler Olympics. The site was recently purchased as a Property Endowment Fund investment asset and the Director of Real Estate Service further advises that acquiring the property and leasing it to VANOC will represent a City contribution as an Olympics Partner.

The Director of Current Planning supports the application and recommends that it be referred to a Public Hearing and approved.

### BACKGROUND

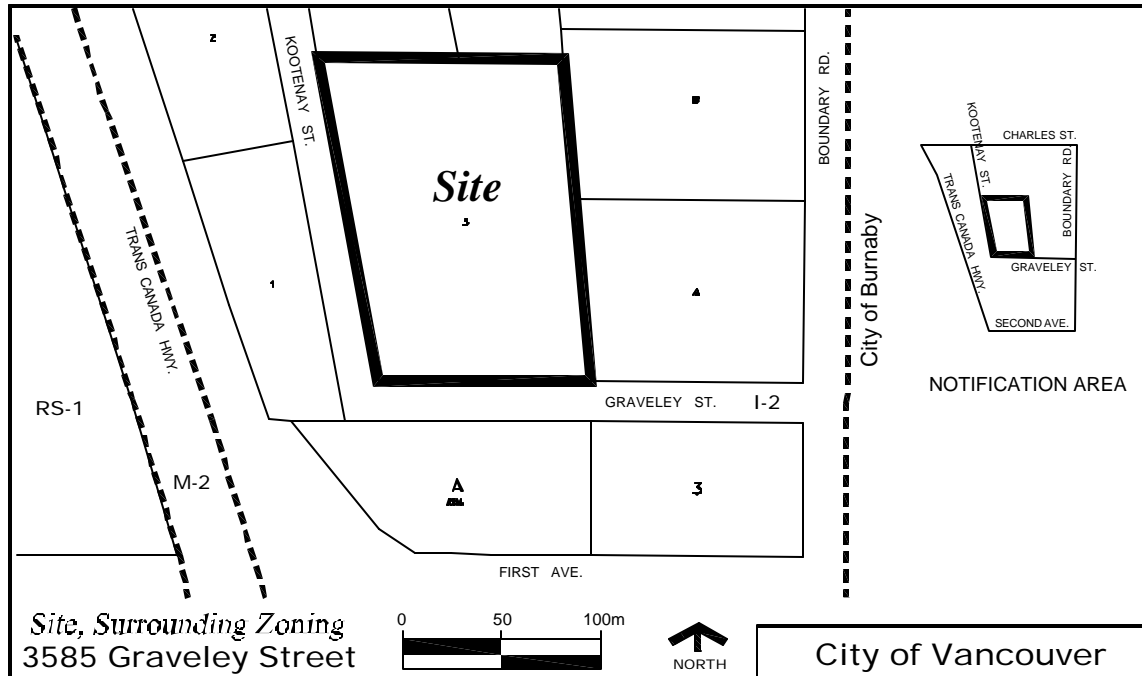
**Site and Existing Development:** This 1.86 hectare (4.59 acre) site located at Kootenay and Graveley, just west of Boundary Road and north of First Avenue. (See map diagram in Figure 1 on the following page.)

The north half of the site (previously 1570 Kootenay Street) was developed by Glenayre Electronics with a two-storey electronic products manufacturing and ancillary office building completed in 1985, and expanded in 1995, including fully equipped fitness facility and full service cafeteria. The total floor area of this building is 11 267 m<sup>2</sup> (121,266 sq. ft.).

In 1996, Glenayre purchased the south half of the site (previously 1590 Kootenay Street) in order to expand its facilities. A six-storey building with five levels of underground parking was completed in 2001, with total floor area of 14 210 m<sup>2</sup> (152,956 sq. ft.). This building was only partially completed (interior finishing not done) and was never occupied, as Glenayre was purchased by Motorola, which closed down this Vancouver operation. The building was constructed at the height of the high-tech boom, and was purpose-built for a specific business

that left before the building was completed. This lack of flexibility for industrial use is the reason the site has been vacant for a so long in a low-vacancy industrial market.

Figure 1. Site and Surrounding Zoning



The two buildings on the site have a combined floor area of 25 475 m<sup>2</sup> (274,222 sq. ft.), or floor space ratio (FSR) of 1.38. A small part, 1 925 m<sup>2</sup> (20,720 sq. ft.) or 7.6 percent, is approved for General Office use.

The site was purchased by KKBL No. 441 Ventures Ltd. (Kingswood Properties) in November 2003 which subsequently finished the interior of the seven-storey building and completed other modifications. One business (office use) occupies a floor of the newer seven-storey building, but the balance of the building remains vacant. Kingswood has also leased out approximately 32,000 sq. ft. in the older building (to the north) but it has otherwise been vacant since before 2001.

On June 28, 2005, City Council approved the acquisition of the site by the Property Endowment Fund for a long term investment and in the short term (5 years) as a home for VANOC. Council also approved the leasing all of the site to VANOC for a period of approximately 5 years commencing on September 1, 2005 with lease payments commencing on January 1, 2006 (triple net basis inclusive of property taxes). VANOC will pay for all tenant improvements.

**Site and Surrounding Zoning:** The site and surrounding area, which is part of the Grandview-Boundary industrial area, is zoned I-2 Industrial (Light) District. The maximum floor space ratio in the I-2 District is 3.0, with a maximum of 1.0 for each of a limited range of service uses, 1.0 for a range of non-industrial uses combined, and a maximum of 33.33 percent of total developed floor area for General Office. General Office use is not to include the offices

of accountants, lawyers and notary publics, nor the offices of real estate, advertising, insurance, travel and ticket agencies.

In March, 1995, Council adopted the Industrial Lands Policies which seek to retain most of the city's existing industrial land base for industry and service businesses order to meet the needs of city-serving, city-oriented, and port/river-related industry. Council also approved a work program for updating industrial district schedules to reflect the needs of contemporary industry and service businesses.

The Industrial Lands Policies designated part of the Grandview Highway frontage, which had taken on a commercial orientation, for highway-oriented retail/industrial uses, but they confirmed that industrial zoning be retained for the remainder of the area.

In July, 1996, City Council approved a revised I-2 light industrial district schedule and the rezoning of several M-1 and M-2 industrial lands to I-2, including the Grandview/Boundary area. The new I-2 district schedule aims to better meet the needs of contemporary industry while improving compatibility with nearby residential districts.

**Rezoning Rationale:** The applicant advises that the Winter Olympics in 2010 in Vancouver and Whistler is a once in a lifetime event which is being undertaken through a partnership between the Federal Government, Provincial Government and the Municipalities of Vancouver and Whistler, all represented by the Vancouver Olympic Organizing Committee (VANOC). This event will require extraordinary measures and major funding from all levels of Government, including the City of Vancouver.

At its peak, VANOC will require 22,296 m<sup>2</sup> (240,000 sq. ft.) of office space and will employ 1,700 people. These employment and space requirements will increase from 2006 through 2009. Earlier this year, VANOC engaged Colliers International to conduct a search for over 18,580 m<sup>2</sup> (200,000 sq. ft.) of office space in the Lower Mainland area, preferably in Vancouver and with the space to be contiguous (rather than several separate locations) to ensure an efficient and effective management of the Games.

The search for suitable space has proven very difficult due to the limited options available in a tightening office market in the Lower Mainland and especially in downtown Vancouver. The office/high tech markets have rebounded since 2003 and vacancy rates have fallen about 50% since then, and are still falling. The two buildings at 3585 Gravely Street presented an opportunity which would meet VANOC's requirements, but subject to a rezoning to allow a change of the approved manufacturing use to General Office use.

City Council subsequently approved the City's acquisition of the property. Senior City staff saw an opportunity for the City of Vancouver, as a partner in the Games, to help VANOC fulfill its difficult office requirements at a reasonable lease rate. The property also presented a long-term investment opportunity for the City (PEF), an income-producing asset available at a good price with future potential with possible future civic uses.

## DISCUSSION

**Land Use and Density:** This application requests that General Office use not be limited to one-third of the approved, existing floor area on the site but be permitted in the total approved floor area. The following table summarizes:

Figure 2 Approved and Proposed Floor Area

	Potential under Existing I-2 Zoning	Approved Development / Land Use	Proposed Land Use
Total Floor Area	55 723 m <sup>2</sup> (599,821 ft. <sup>2</sup> )	25 475 m <sup>2</sup> (274,222 ft. <sup>2</sup> )	25 475 m <sup>2</sup> (274,222 ft. <sup>2</sup> )
Approved General Office Floor Area		1 925 m <sup>2</sup> (20,720 ft. <sup>2</sup> )	25 475 m <sup>2</sup> (274,222 ft. <sup>2</sup> )
Percentage Office Area	33.33 %	7.6 %	100 %
Maximum General Office Floor area	18 556 m <sup>2</sup> (199,740 ft. <sup>2</sup> )	8 491 m <sup>2</sup> (91,398 ft. <sup>2</sup> ) or 33% (development permit required)	

The total General Office floor area now permitted in the two existing buildings is 1 925 m<sup>2</sup> (20,720 sq. ft.), or 7.6 percent of the total floor area. Through development permit under existing I-2 zoning, the total General Office floor area could be increased to 33 percent of total floor area, or 8 491 m<sup>2</sup> (91,398 sq. ft.). The rezoning application proposes that General Office use be allowed in the total floor area of 25 475 m<sup>2</sup> (274,222 sq. ft.).

Planning staff understand that the proposal to accommodate VANOC in these two existing buildings is to prepare for a once in a lifetime event (Winter Olympics) through provision of an essential large block of contiguous office space for a limited period of time to the Olympics organizing committee. The proposed response to the VANOC requirements is a compelling public objective. Staff further believe that the vacant large purpose-designed, office-like, high-tech manufacturing buildings represent an anomaly in this industrial zone.

Rezoning is supported as it would respond to very unusual circumstances and thus would not be a precedent for other industrial sites. Further, as the City is the owner of the property, following the successful staging of the Olympics in 2010 the Council of the day could rezone the property back to industrial zoning with its floor area restrictions on General Office use.

Staff support this application and recommend approval of a CD-1 By-law to replace the existing I-2 zoning. Staff recommend a CD-1 By-law which contains the same land use and overall maximum density provisions as are contained in the I-2 District Schedule, but with a provision for maximum floor space ratio (FSR) of 1.38 for General Office use, rather than the I-2 maximum of 33 percent.

**Form of Development:** When a site with an existing building is rezoned, applicant and staff look to the approved DE plans to describe the form of development which Council must approve when rezoning a site to CD-1. In the present case, it is the plans approved under development permits DE217013 (1570 Kootenay Street) and DE405241 (3585 Graveley Street) which are pertinent. Excerpts of these plans have been selected to represent the form of development and will be posted at Public Hearing, should Council refer the application to Hearing as recommended in this report. Illustrative excerpts of these plans are attached in Appendix D.

In the case of an existing building which is not proposed to be altered, Urban Design Panel is not sought, and has thus not been obtained in this case.

**Parking and Loading:** The existing building has a total of 549 parking spaces, 13 loading spaces, and 40 bicycle parking spaces. There are sufficient parking and loading spaces to accommodate the proposed General Office use, except that additional bicycle parking could be required. These requirements will be reviewed when a development application is submitted for a proposed change of use for the buildings (from Manufacturing to General Office).

Staff recommend that the proposed CD-1 By-law state a requirement that parking, loading and bicycle parking be provided and maintained in accordance with the provisions of the Parking By-Law, including the provisions for relaxation and exemption.

**Municipal Services:** Engineering Services staff have reviewed the application and recommend as a condition of rezoning approval that arrangements be made to the satisfaction of the General Manager of Engineering Services for the provision of adequate water service for the proposed development. As the application does not contain adequate information to determine if water system upgrading is necessary, fire flow demand data will be needed to determine if system upgrading is necessary.

## **PUBLIC INPUT**

An information sign was installed on the site on August 5, 2005 and a notification letter dated July 25, 2005 was mailed to the 12 owners of the 15 properties in the surrounding area. The notification area is bounded by Charles Avenue on the north, Boundary Road on the east, Second Avenue on the south and Trans-Canada Highway on the west.

Written response was received from one multiple property owner who is opposed to the proposed rezoning. To summarize:

- Office buildings do not fit the Light Industrial / High Tech zoning of the area.
- The city is manipulating zoning regulations for its benefit and gain.
- The rezoning of this land does not conform to Community Planning.
- It will increase traffic flow in the area.

In this rezoning, as with the rezoning of City-owned lands for purposes such as a public library or a community centre, the City is required to address all procedural and related requirements for a rezoning, including policies and guidelines adopted by Council. The anomaly of a large purpose-designed high-tech manufacturing building which continues to remain near vacant after several years since the collapse of high-tech industry, and the public purpose of accommodating the special requirements of a special organization (VANOC), represent unique circumstances which support this rezoning, as discussed earlier.

Regarding traffic impacts, it can be observed that the approved development anticipated a significant amount of employment in the building (549 parking spaces provided versus 289 required) to a level similar to that of office development, given the office-like nature of high-tech manufacturing activity. Staff believe that there will be no more traffic impact from rezoning approval than would have occurred if Glenayre Electronics, the intended occupant of the buildings, had occupied them.

## **COMMUNITY AMENITY CONTRIBUTION (CAC)**

Normally the City would anticipate being offered a Community Amenity Contribution (CAC) in the rezoning of a large site or an industrial site to a non-industrial use. The CAC would address some of the costs of growth and would be evaluated in terms of a percentage of the increase in value generated by the rezoning. However, in this case it is recommended that a CAC not be an issue at this time. The City, through the PEF, purchased the site and applied for the rezoning to accommodate the space needs for VANOC and the site will be leased to VANOC at a preferential rate until 2010. The City should evaluate the capacity for the site to offer a CAC as it would for a similar private rezoning, but the appropriate time to determine what the CAC should be is following the 2010 Winter Games when the long term future of the project is addressed. At that time, the site may be subject to redevelopment, sale or lease to market tenants, and it will be possible to determine the value of the current rezoning and the consequent CAC that the City, as landowner, should then have offered.

It is recommended that Council instruct staff to report back after the 2010 Winter Games on the appropriate CAC with the evaluation to be based on the difference between the zoning currently in place and the new zoning as may be approved.

## **FINANCIAL IMPLICATIONS**

Approval of the report recommendations will have no financial implications with respect to the City's operating expenditures, fees, or staffing.

## **APPLICANT COMMENT**

"The Director of Real Estate Services has read this report and agrees with its analysis and recommendations."

## **CONCLUSION**

The Director of Current Planning recommends that this application be referred to a Public Hearing and approved, subject to the recommended conditions of approval.

\* \* \* \* \*

**3585 Graveley Street  
DRAFT CD-1 BY-LAW PROVISIONS**

A Draft CD-1 By-law will be prepared generally in accordance with the provisions of the I-2 District Schedule, as listed below, subject to change and refinement prior to posting, to the satisfaction of the Director of Legal Services.

**Uses**

- Similar to the I-2 District Schedule, including the limitation on General Office use, but limited to the uses which could occupy the existing buildings.

**Conditions of Use**

- Similar to the I-2 District Schedule, but limited to those which would apply to uses which could occupy the existing buildings.

**Density**

- The same as the I-2 District Schedule, except that General Office use be permitted to a maximum FSR of 1.38.

**Height**

- The same as the I-2 District Schedule.

**Yards and Setbacks**

- The same as the I-2 District Schedule.

**Parking**

- Parking, loading, and bicycle spaces are to be provided and maintained in accordance with the provisions of the Parking By-law, including those pertaining to exemption, relaxation, and shared-use reduction.

\* \* \* \* \*



**3585 Graveley Street  
PROPOSED CONDITIONS OF APPROVAL**

Rezoning approval conditions will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to the finalization of the agenda for the public hearing, to the satisfaction of the Director of Legal Services.

FORM OF DEVELOPMENT

- (a) THAT the proposed form of development be approved by Council in principle, generally as shown in approved Development Permit drawings for 1570 Kootenay Street (DE 217013) prepared by Waisman Dewar Grout Carter Inc. and approved Development Permit drawings for 3585 Graveley Street (DE 405241) prepared by CEI Architecture, the relevant excerpts of which are stamped "Received City Planning Department July 25, 2005", provided that the Director of Planning may allow minor alterations to this form of development when approving the detailed scheme of development as outlined in (b) below.
- (b) THAT, prior to approval by Council of the form of development, the applicant shall obtain approval of a development application for a change of use by the Director of Planning or Development Permit Board, who shall have particular regard to the following:

PARKING, LOADING, AND BICYCLE PARKING

- (i) Provision of parking, loading, and bicycle spaces to meet Parking By-law requirements.

Note to Applicant: It appears that parking and loading requirements will be met, but confirmation will be required. It appears that additional bicycle parking spaces will be required.

AGREEMENTS

- (c) THAT, prior to enactment of the CD-1 By-law, at no cost to the City and on terms and conditions satisfactory to the Director of Legal Services, the registered owner shall:

ENGINEERING

- (i) make arrangements to the satisfaction of the General Manager of Engineering Services for the provision of adequate water service for the proposed development.

Note to Applicant: As the application does not contain adequate information to determine if water system upgrading is necessary, fire flow demand data will be needed to determine if system upgrading is necessary.

**DRAFT AMENDMENTS TO SIGN BY-LAW No. 6510**

Amend Schedule E (Comprehensive Development Areas) by adding the following:

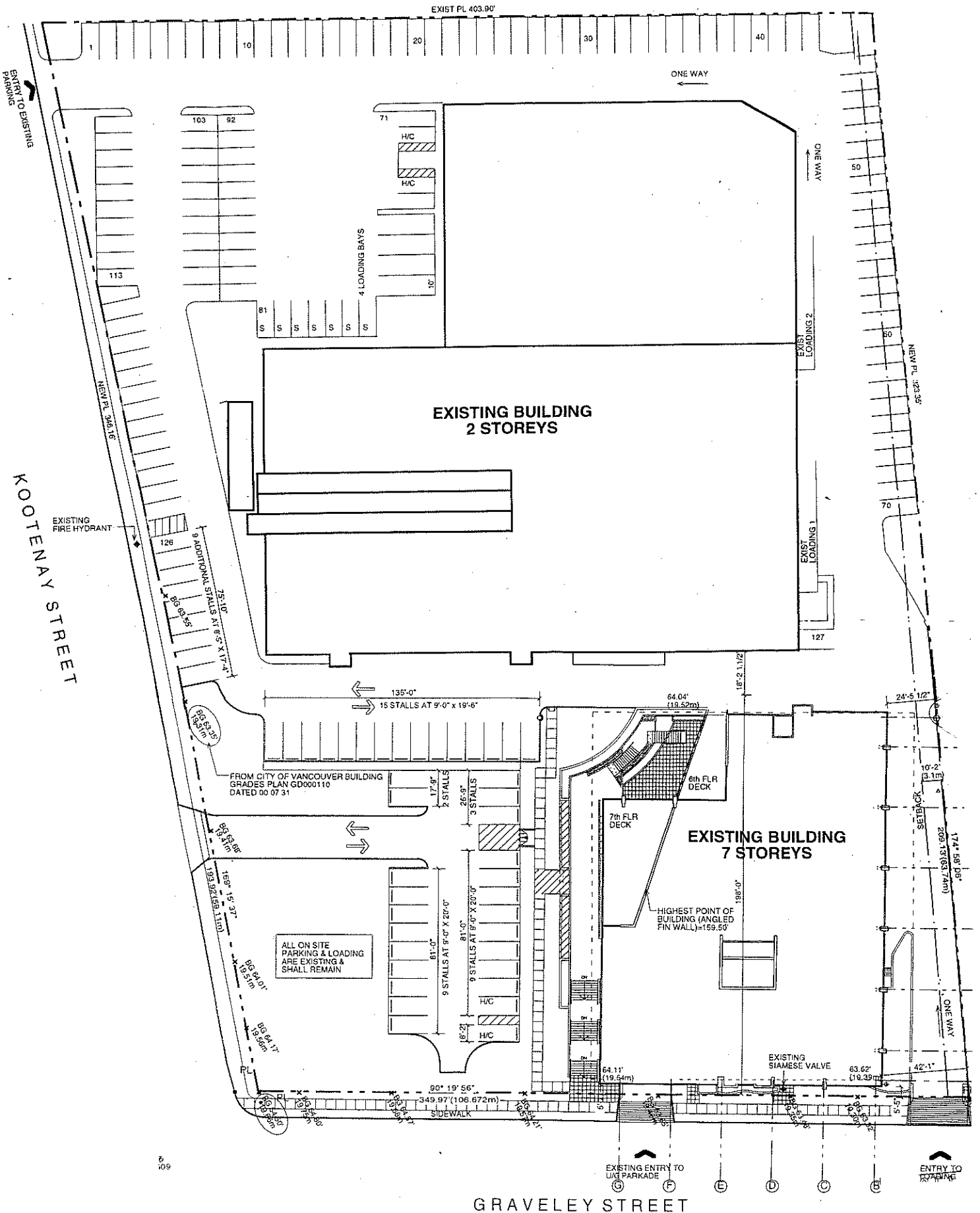
“ 3585 Graveley Street [CD-1 # ] [By-law # ] B (1-2)”

**DRAFT AMENDMENTS TO NOISE CONTROL: BY-LAW No. 6555**

Amend Schedule B by adding the following:

“ [CD-1 #] [By-law #] 3585 Graveley Street”

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## APPLICANT, PROPERTY AND DEVELOPMENT PROPOSAL INFORMATION

### Applicant and Property Information

<b>Street Address</b>	3585 Graveley Street
<b>Legal Description</b>	Lot 3, Block 113, Section 28 of THSL , Plan LMP 34147
<b>Applicant</b>	Director of Real Estate Services
<b>Property Owner</b>	City of Vancouver (Property Endowment Fund )
<b>Site Area</b>	1.8575 hectare or 18 575 m <sup>2</sup> (4.59 acres or 199,821 sq. ft.)
<b>Frontage</b>	106.67 m (350 ft.) along Graveley Street
<b>Depth</b>	164.61 m (540 ft) along Kootenay Street (1500-block)

### Development Statistics

	<b>Existing Zoning</b>	<b>Existing Development</b>	<b>Proposed / Recommended</b>
<b>Zoning</b>	I-2 Industrial District	I-2 Industrial District	CD-1 Comprehensive Development District
<b>Uses</b>	Manufacturing, Wholesale, Transportation and other industrial uses, and also General Office, Retail and Service Uses	Electrical Products Manufacturing and General Office	General Office, with limitations
<b>Maximum FSR</b>	3.0 for manufacturing and other industrial uses, 1.00 for each of various light industrial uses, and 33 % (up to 1.0 FSR) for General Office	1.28 Elect. Manufacturing 0.10 General Office 1.38 Total	3.0 for all uses, per I-2 schedule, and maximum 1.38 for General Office
<b>Maximum Floor Area</b>	55 723 m <sup>2</sup> (599,821 sq. ft.), of which 18 556 m <sup>2</sup> (199,740 sq. ft.) can be General Office	25 475 m <sup>2</sup> (274,222 sq. ft.), of which 1 925 m <sup>2</sup> (20,720 sq. ft.) is General Office	25 475 m <sup>2</sup> (274,222 sq. ft.) in General Office use
<b>Maximum Height</b>	18.3 m (60 ft.) outright 30.5 m (100 ft.) conditional	30.5 m (100 ft.) and 7 storeys	as approved
<b>Parking Spaces</b>	As per Parking By-law	289 required, 549 provided	To be determined at DE stage
<b>Loading Spaces</b>	As per Parking By-law	12 required, 13 provided	To be determined at DE stage
<b>Bicycle Spaces</b>	As per Parking By-law	40 provided	To be determined at DE stage