
To: Industrial Lands Strategy Task Force

From: Gord Tycho, Senior Regional Planner, Parks, Planning and Environment Department

Date: June 13, 2018 Meeting Date: June 21, 2018

Subject: **Regional Industrial Lands Strategy: Issues and Initiatives Summary**

RECOMMENDATION

That the Industrial Lands Strategy Task Force receive for information the report titled “Regional Industrial Lands Strategy: Issues and Initiatives Summary” dated June 13, 2018.

PURPOSE

To provide the Industrial Lands Strategy Task Force (Task Force) a summary of issues facing stakeholders relating to industrial lands in the region, and a summary of initiatives underway around the region to address those issues.

BACKGROUND

The Industrial Lands Task Force approved the scope of work for the Regional Industrial Lands Strategy (RILS) at its meeting on May 10, 2018. Within the RILS scope of work report, a number of issues were described; these issues had been identified through early engagement with member jurisdictions and others. In an effort to update and confirm that list of issues and, therefore, confirm the scope of work, a Regional Industrial Lands Strategy working session was held. The session had two objectives:

1. Confirm the issues and challenges regarding industrial and employment lands facing stakeholders in the region; and
2. Identify initiatives that have recently been completed or are underway by various stakeholders in the region to address those issues.

The results of the working session help advance the first and second phases of the RILS scope of work, “Identify Trends, Inventory, and Demand”, intended to build common understanding of the current state of industrial lands in the region.

IDENTIFYING ISSUES AND INITIATIVES

Staff are working with an Advisory Group to provide analysis and technical support to the development of the RILS. The Advisory Group comprises the members and associate members of the Regional Planning Advisory Committee (RPAC), as well as representatives from other agencies and organizations that are represented on the Task Force.

On May 11, 2018, staff convened a working session with the Advisory Group to confirm the challenges facing stakeholders in the region regarding industrial lands and to identify initiatives underway to address those challenges (Attachment 1).

Issues and Initiatives Across the Region

Workshop attendees were asked to provide supporting summary reports, to support information sharing for both the Advisory Committee and the Task Force. Staff received written submissions identifying issues and challenges, as well as initiatives recently completed or underway to address those issues, from 15 member jurisdictions and agencies.

In general, the issues identified by participants aligned with those identified in the RILS scope of work (Attachment 2). The initiatives underway across the region strive to define and identify land intensification and densification opportunities, review industrial and employment zoning, land supply and supportive policy, integrate with general land use plans and supporting studies, and involve stakeholder consultation (Attachment 3). If there are errors or omissions in this compilation of information, please bring them to staff's attention and updates will be provided to the Task Force at an upcoming meeting.

The issues and initiatives identified by working session participants are categorized into 4 themes:

1. Constrained Land Base;
2. Pressures on Industrial Lands;
3. Site Issues on Industrial lands; and
4. Need for Regional Coordination.

1. Constrained Land Base

Issues and Challenges

The lower mainland is geographically constrained by ocean, mountain, and an international border, which results in a fixed land base being called upon to accommodate a growing regional population that requires land for various critical activities including residential, commercial, industrial, recreational, conservation, and agricultural uses. As a result, it is not surprising that there was a consistent message from working session participants about the challenges associated with high demand and lack of availability of industrial lands as well as record low vacancy rates. Further, there is a regional scarcity of employment lands in general, and larger parcel sizes (15+ acres) in particular. As example, one organization reported that 97.5% of their total inventory of lands is being actively utilized by industries and business, 1.9% of the lands are currently occupied by non-conforming land uses, and 0.7 % of the land base is vacant. That said, some participants also noted immediate and near-term opportunities for some lands to be developed for industrial activities.

Further exacerbating the problem is that much of the region's vacant industrial lands are fragmented into smaller parcels, which are suitable for some industrial activities, but unsuitable for large-scale development and thus are locked-in to their current low-intensity uses in older industrial areas. Implications include local serving industries being displaced from the areas that they serve. The scarcity of available industrial land has impacts on other land uses as well. Some participants, for example, noted that the Agricultural Land Reserve (ALR) is subject to significant speculation with an eye toward industrial uses. The Agricultural Land Commission (ALC) faces an ongoing challenge where the shortage of available industrial land across the region and beyond often results in ALR property owners, investors, and local governments looking to the ALR as an option for fulfilling their industrial

land-use needs, regardless of the ALC's mandate to preserve the ALR for farming purposes. The ALC views industrial land preservation as a key strategy to reduce the pressure of competing land uses in the ALR. The ALC would hope to see a coordinated approach taken to industrial land management that recognizes that the intended use within the ALR is *agriculture*, and respects the ALC's jurisdiction with respect to land uses within the ALR.

Industrial Initiatives Across the Region

Vancouver is undertaking a review of employment lands (office, commercial, retail, industrial, etc.) with the objective of identifying policy actions and directions to ensure an appropriate supply of job lands to support the growth of the economy in the future. Three phases of work will capture:

1. market trends and how employment lands are used;
2. long term demand projection for future job space; and
3. policy recommendations focusing on land supply, zoning and infrastructure to support jobs and economic growth.

Related topical issues will also be explored, including intensification and densification of industrial employment lands, and the interface between employment lands and other land uses (residential). From a RILS perspective, these types of studies are important for assessing the changing nature of the economy, best practices pertaining to buffers and mixed use compatibility, as well as seeing how the objectives are translated into policy actions.

Surrey is exploring the feasibility of accommodating some of the regional industrial land demand through a Local Area Plan that focuses in part on expanding industrial and employment uses. Numerous supporting studies were undertaken to address related issues that would accompany any land use study, including market demand, environmental concerns, and transportation issues. From a RILS perspective, the market research reconfirmed much of what has been learned to date in terms of rising land costs and declining vacancy rates.

Maple Ridge undertook a Commercial and Industrial Strategy, endorsed in 2015, which identified the need for additional employment lands. It ultimately led to the identification of new or potential Industrial and Commercial lands in 2016; the work to redesignate these lands is underway.

Various municipalities are undertaking land use plans and associated studies at a neighbourhood scale, and these represent opportunities to revisit existing land uses and densities, and potentially implement new land uses, densities, and supporting policies. From a RILS perspective, these studies have the potential to provide insight into best practices and intensification (and mixed use) potential and trade-offs.

The Vancouver Fraser Port Authority (VFPA) has completed a significant body of research to support better understanding of the challenges facing industrial lands. They have quantified the value of trade-enabling industrial lands, continue to acquire available lands, endeavour to assemble smaller parcels into larger trade supportive hubs, intensify use of Port lands, and collaborate to develop supportive trade enabling infrastructure.

2. Pressures on Industrial Lands

Issues and Challenges

Numerous working session participants commented on the development pressures being exerted on industrial lands, including:

- speculation and other market pressures to convert industrial lands to residential, commercial, or mixed-use uses;
- pressures to allow a wider range of uses (i.e. residential, commercial, recreational) on industrial and employment lands;
- pressures to utilize existing industrial lands for non-traditional industrial activities (e.g. indoor recreation);
- competition among different industrial users for the same industrial land base; and
- given the higher land costs near existing and proposed rapid transit stations, the pressures on existing industrial lands is exacerbated in these areas.

Participants identified that the drivers for these pressures include higher return on investment for other land uses, such as residential and commercial, and a growing focus on ‘employment lands’ rather than ‘industrial lands’. When industrial lands are discussed, there appears to be a growing preference for employment-intensive industrial uses as job density is seen as a strong measure of success.

These pressures have resulted in a diverse set of zoning bylaws across the region that tend to be flexible and accommodating of multiple land use activities. The downside of this approach is that certain industrial activities that generate fewer jobs or command a lower rate of return on investment, but are nevertheless essential to the region’s economy, run the risk of being excluded.

Industrial Initiatives Across the Region

In response to a constrained land base and pressures on industrial lands, Richmond is undertaking an industrial land intensification initiative to provide a comprehensive summary of current permitted uses, industries, employment densities, and job types in industrial lands. Specifically, the initiative will strive to:

- understand the current physical utilization (coverage, FAR, height) of industrial lands;
- identify and assess industrial intensification opportunities; and
- develop recommendations for amendments to zoning bylaw, OCP, and other policies and procedures.

The initiative will provide for better utilization of industrial lands that, in turn, will reflect the city’s long term employment goals. From a RILS perspective, these types of studies are important for assessing the densification potential of current industrial lands across the region, as well as seeing how the objectives are translated into policy actions.

Coquitlam recently undertook a review of their Industrial zoning. This review resulted in a more flexible zoning environment that allows for a broader range of permitted activities and increased

densities. Specifically, nine industrial zones were consolidated into three new zones, including General Industrial, Industrial Business, and Business Enterprise, the latter of which is intended to provide for an innovative mix of industrial, general office, large format retail, and commercial recreational uses. Importantly, the two industrial zones align with *Metro 2040's* 'Industrial' designation, while the third zone aligns with *Metro 2040's* 'Mixed Employment' designation. From a RILS perspective, these types of studies are important for exploring and distinguishing between industrial and employment lands, and determining the types of allowable uses in industrial and mixed employment zones. These studies also help to utilize industrial lands to a greater extent by implementing intensification objectives.

Delta undertook an industrial land tax initiative with the objective of encouraging industrial development in their municipality. From a RILS perspective, this type of study provides an example of an economic policy to encourage industrial development in a market that favours commercial and residential product.

Vancouver is undertaking a multi-pronged approach to better understand and optimize the environment for industry, including implementing a comprehensive business survey to examine users' existing and future space needs and barriers to the development of more industrial supply. Vancouver is focusing on three of the fastest growing industries that they deem to require the most support: technology, green economy, and digital entertainment. They have also just introduced an Industrial Concierge Service, which involves finding underutilized space throughout the municipality and helping manage relocation processes, including retrofits, financing, governance, leasing, and tenant compatibility issues. From a RILS perspective, this type of study provides insight into industrial survey design, user needs, and methods for identifying and implementing densification opportunities.

3. Site Issues on Industrial Lands

Issues and Challenges

Numerous working session participants commented on the various types of site issues associated with industrial lands in the region, including:

- servicing issues;
- environmental issues;
- transportation and amenity issues; and,
- interface issues.

It was noted that the uptake of some undeveloped industrial areas for industrial purposes was challenging due to the high cost of the engineering infrastructure required to service such lands. The lack of development was also seen to have a cascading effect in some areas, whereby other supporting land uses were not able to develop, thereby preventing the creation of more robust and diverse, mixed employment areas.

Environmental challenges include concerns over potential impacts from industrial development on lands in close proximity to environmentally sensitive areas such as aquifers, the Fraser River, and other watercourses; the increasing requirements and costs associated with remediation of older industrial sites; setbacks and foreshore rights that reduce industrial land footprints to a size that may not be viable for some industrial users; and addressing contrary objectives when industrial activities occur in close proximity to environmentally sensitive areas. The need for a longer term sustainable vision for the Fraser River was also noted given the concerns over the increasing industrialization of its banks.

Transportation challenges include a lack of infrastructure (and associated lack of transit) to more remote industrial areas and business parks to facilitate the movement of goods and workers, reduce greenhouse gas emissions, and reduce road congestion. The provision of amenities to attract employees, improve working conditions, retain employees, and contribute to community was also noted to be lacking in many areas. The importance of avoiding transportation conflicts between industrial areas and other land uses, including waterfront and water recreational uses was also noted.

Other community challenges include proposed developments on industrial lands in locations adjacent to existing residential areas and the associated need for adequate buffers to minimize potential disturbances. Similar concerns are posed by existing industrial developments (surrounded by residential and other sensitive land uses) that seek to significantly intensify operations, thereby intensifying disturbances such as noise, light, and smell to levels that are difficult for communities to endure.

4. Need for Regional Coordination

Issues and Challenges

Addressing the issues facing industrial land in the region is challenging as it involves multiple stakeholders, including the public sector, crown corporations, the private sector, industry associations, chambers of commerce, and boards of trade. The challenge is compounded by the multiple and sometimes overlapping jurisdictions among government agencies, which creates a fractured regulatory landscape that can lead to:

- differing rules and levels of authority for different levels of government;
- varying definitions of industrial land uses among the same level of government;
- industrial uses and intensities that may be in conflict with the aspirations and mandate of adjacent jurisdictions; and
- organizational mandates that may inhibit their ability to accommodate industrial lands.

The desire to promote waterfront industry while still allowing public access to waterfront amenities provides another example of jurisdictional challenges. There is a need, therefore, for improved coordination among government agencies and more collaboration with industry partners on data collection standards, information and data sharing, policy development and sharing, and policy alignment.

Industrial Initiatives Across the Region

TransLink has developed the Regional Goods Movement Strategy (RGMS), which was approved in 2017. TransLink also initiated the multi-partner Greater Vancouver Urban Freight Council, created in response to needs identified in the RGMS, which held its inaugural meeting in May 2017. TransLink further initiated the Mobility Pricing Independent Commission (MPIC) in 2017 to undertake research and extensive consultation, and to ultimately make recommendations on a coordinated approach to pricing transportation in the Metro Vancouver region. From a RILS perspective, these initiatives and collaborations represent potential information sources, stakeholder forum designs, and methods to be reviewed and utilized in the development of the strategy.

Alignment with RILS Scope of Work

Staff compared the list of issues identified in the approved Strategy scope of work with those identified by workshop participants, with an aim to ensuring the Strategy will strive to address current issues identified by a wide range of stakeholders. The Strategy scope of work is comprehensive and reflects what was discussed at the working session, with participants additionally identifying challenges with the site scale including servicing, environmental and transportation access and interface issues.

ALTERNATIVES

As this is an information report, no alternatives are provided.

FINANCIAL IMPLICATIONS

There are no financial implications to this report.

SUMMARY

A Regional Industrial Lands Strategy working session was held to identify the issues and challenges (regarding industrial and employment lands) facing stakeholders in the region, and the initiatives that have recently been completed (or are underway) by various stakeholders in the region to address those issues.

This report presents the results of the working session by categorizing both the issues and the initiatives underway across the region, into four themes: Working with a Constrained Land Base; Pressures on Industrial Lands; Site Issues on Industrial Lands; and the Need for Regional Coordination. The issues and challenges identified at the working session are aligned with those identified in the Regional Industrial Lands Strategy scope of work. Submissions summarizing the issues, challenges, and initiatives identified from workshop participants are included as Attachment 3.

Attachments

1. Attendees at the Regional Industrial Lands Strategy Working Group Session on May 11, 2018
2. Issue Areas listed in the Regional Industrial Lands Strategy scope of work
3. Written submittals from participating organizations

Regional Industrial Lands Strategy

Attendees at the Working Group Session on May 11, 2018

The development of the Regional Industrial Lands Strategy (RILS) is intended to be a collaborative effort among various stakeholders in the region. A dedicated working group session with stakeholders was held on May 11, 2018.

To better understand the current context facing industrial and employment lands in the region, and to facilitate the sharing of information and generate discussion, session invitees were asked to submit a summary report on issues and initiatives underway in their jurisdiction or organization.

Attendees:

- City of Burnaby
- City of Coquitlam
- City of Delta
- Electoral Area A
- Township of Langley
- City of Maple Ridge
- Metro Vancouver
- District of North Vancouver
- City of Pitt Meadows
- City of Port Moody
- City of Richmond
- City of Surrey
- TransLink
- Tsawwassen First Nation (TFN)
- City of Vancouver
- City of White Rock
- Agricultural Land Commission (ALC)
- Fraser Valley Regional District (FVRD)
- Ministry of Community, Sport and Cultural Development (MCSCD)
- Vancouver Fraser Port Authority (VFPA)
- Transport Canada
- Vancouver Coastal Health
- Vancouver Airport Authority (YVR)
- Vancouver Economic Commission (VEC)
- Hungerford Properties

Regional Industrial Lands Strategy

Issue Areas Listed in the Scope of Work

The issues facing industrial and employment lands in the region continue to garner significant interest and attention, and over the past number of months, Metro Vancouver staff have received several requests from member jurisdictions (some of whom are undertaking related work) regarding a variety of issues they are facing related to industrial and employment lands. Consequently, the scope of work for the Regional Industrial Lands Strategy identified the following Issue Areas relating to industrial and employment lands in the region:

- (1) Defining industry, exploring the distinction between ‘employment’ and ‘industrial’ lands, and examining the growing interest in employment rather than industrial lands;
- (2) Understanding current industry sectors in Metro Vancouver (and associated operational requirements);
- (3) Understanding variations in job types and job densities within industry;
- (4) Understanding the changing nature of industry, changing definition of industrial activities, and implications for projected industrial land demand in the region;
- (5) Understanding the effectiveness of current policies in the region for protecting existing industrial lands;
- (6) Exploring best practices, including governance structures, land protection, land densification/intensification (with examples), land interfaces (industrial-residential), mixed use opportunities, and land conversion assessment criteria;
- (7) Investigating interest in, and challenges with, retaining job density and job type (e.g. industrial and other employment activities if industrial/employment sites are redeveloped);
- (8) Exploring the implications of adding residential uses to employment lands in certain locations (e.g. near rapid transit stations), and exploring whether specific conditions should be required, such as retention of industrial/employment job density and job type, or meeting other regional objectives (e.g. affordable housing).