



FALSE CREEK FLATS – NAIOP WORKING GROUP

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May 16, 2017

City Hall

CITY OF VANCOUVER

453 West 12th Ave

Vancouver, BC, V5Y 1V4

Attention: The Mayor and City Council

Dear Mayor Robertson and Members of Vancouver City Council

Re: False Creek Flats Draft Plan

NAIOP Vancouver is an association representing commercial real estate developers, owners and investors of office, industrial, retail and mixed-use properties. NAIOP Vancouver member companies created over 230,000 direct and indirect jobs in the City of Vancouver last year alone.

We are extremely passionate about the False Creek Flats and have been engaged with policy development in the Flats for several years, understanding first hand its integral position in both the City of Vancouver and region's economy.

Over three years ago NAIOP created the False Creek Flats Working Group which includes twenty commercial real estate executives. The committee met twice with the CoV Planning Department, providing input toward the Flats Plan process and made concrete recommendations. Independently, Directors from NAIOP met directly with the Planners responsible for the draft plan.

While we have appreciated the Planning Departments' willingness to meet with the False Creek Flats NAIOP Working Group during the Plan development, we are disappointed that very few of our recommendations appear to be reflected in the Draft Plan. NAIOP is concerned that the CoV is missing a significant opportunity in the Flats and, as a result, the full economic potential of the neighbourhood will not be realized, particularly in the technology, design and innovation industries.

As the Draft Plan is to be a long term vision for the Flats, we believe it is important to document our concerns prior to approval of the Draft Plan. Please find our primary concerns in point form below:

1. Mixed-Use Opportunities

- NAIOP supports job space first, but understands the importance of mixed-use developments. Retail and residential (for rent) in areas like Great Northern Way and Main Street are necessary to create the dynamic communities that the predominantly millennial technology industry workforce demands. In order for the true economic and job growth potential of the Flats to be realized, the opportunities for retail and rental residential uses should be increased. As NAIOP is only recommending residential for rent (not for sale) be permitted, this recommendation will

also help the CoV address the shortage of residential units available for rent, which we understand to be one of the City's high priorities.

- Tech tenants are in tight competition for talent in a highly mobile workforce. Well-located office space on transit with superior building & neighbourhood amenities, proximate to affordable, interesting residential options is a key aspect of employee recruitment and retention. That is why these industries have located in Yaletown and Gastown. To satisfy the continued growth of innovation industries in our market, we need to encourage the development of areas with a similar mix of uses.
- If the Flats is built out with solely employment uses, it will be challenging for the area to attract the high-quality retail uses that technology tenants and their employees will demand. As a result, demand may be limited as desired retail tenants will not locate to an incomplete community. We believe for the Flats to be successful, 24-hour neighbourhoods are required. This could be accomplished if additional opportunities for rental residential were permitted.
- NAIOP recommends the exploration of a density bonusing program that allows for additional rental residential density if office/industrial area is provided in conjunction.
- Rental residential density will not only add to the vibrancy of the area but will assist in offsetting the risk associated with developing speculative office buildings and provide retailers with both office workers and residents of the Flats as customers.

2. Office Use Flexibility

- NAIOP believes the proposed zoning is too prescriptive and allowable office uses should not be restricted or prescribed in the Flats. Technology and innovation companies are evolving too rapidly to adequately define through zoning and history has proven that overly prescriptive restrictions inhibit development, as demonstrated over the last several decades with I-3 in the Flats.
- NAIOP believes that the use of office space in the Flats should be freely determined by the market and the currently prescribed zoning in the Draft Plan will inhibit the evolution of this area towards the CoV's vision to unlock its untapped potential. If part of the goal of the plan is to create more jobs in the Flats, more prolific offices uses should be permitted.

3. Economics

- With the combination of challenging geotechnical conditions, the City's likely requirement of highly sustainable building requirements and the fixed-rate developer contributions being considered, development in the Flats is slated to be one of the most expensive areas in the City in which to build. As it appears the City is attempting to place limits on the revenue side with prescriptive office uses, there is a real possibility is that the City's vision for this area may simply not come to fruition as returns for developers may not be offset by the financial risks.
- In restricting the allowable office uses in an attempt to reduce land value escalation, the CoV is misunderstanding the ability of DEICT tenants to pay rents competitive with General Office Tenants. Tech and innovation tenants understand the need to pay competitive rents in order to have cutting edge buildings provided by the development community.

- In our view, the City has not adequately consulted the large, job-creating companies that Vancouver aspires to be key drivers of its job growth. The amenity-rich environment that will attract these users to the area will not be achieved without some form of residential population in the immediate vicinity. This was evidenced by the technology sector experts that attended the NAIOP False Creek Flats Working Group meetings.
- NAIOP understands the importance of preserving industrial space in the City's urban core and supports the continuation of industrial uses in the northeast, "Back-of-House" character sub area. However, it should be acknowledged that traditional industrial users are leaving the area already due to increased land pricing that has occurred and the resulting tax increases. This trend will not reverse and it would be a shame for a small sector of users to drive the plan for this key area over the next 30 years.

4. Density in Proximity to Transit

- With one existing transit station and another slated as part of the Millennium Line Broadway Extension, NAIOP believes that there is a missed opportunity to ensure creation of a viable and sustainable employment hub. Mixed use developments (retail/office/residential for rent) with increased density/height should be encouraged around existing and future transit stations.
- NAIOP commends the CoV for its proposed height and density in sub-areas 4, 5 and 6 at the western edge of the Creative Campus Character Area, but recommends additional density in other areas of the Flats.

The NAIOP membership shares the vision to create a vibrant job space hub for the next generation of companies looking to drive this region's economy forward with a millennial workforce. However, we strongly believe that the current plan as drafted will not achieve this desired objective.

Thanks in advance for considering our concerns. NAIOP is keenly interested in seeing the False Creek Flats become a more useful and vital part of the City.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jarvis Rouillard', written in a cursive style.

Jarvis Rouillard
President, NAIOP Vancouver