

**To Richmond Council from Jim Wright (8300 Osgoode Dr., Richmond)
re Bylaw 9712 and 2017-05-15 Public Hearing. Sent on 2017-05-10.**

Please do **not** pass Bylaw 9712, one of the most disastrous bylaws you could ever pass. Please refer the matter to staff to recommend the option that will best meet the stated intents of the *Guide for Bylaw Development in Farming Areas*

That could easily mean House Size Option 2, which is 3261 ft² (but about 3800 ft² including garage). It could possibly mean Option 3, which is 3,650 ft² (but almost 4,200 ft² including garage). Site Economics consultant Raymond Wozny calculated that the 4,200 ft² (including garage) of Option 3 would be the maximum. On the pages after this one, I've attached Options 1–3 and the Wozny report for easy reference.

Personally, I now believe that Option 2, a firm but fair application of the *Guide*, is ideal—in the context that the useful Bylaw 9706 allows resident farmers ample leeway while Option 2 firmly limits the rampant urban residential misuse of ALR land.

A floor area limit above that would definitely not meet the stated intents of regulating residential uses in the ALR, which are stated in Section 2.4.6 (Guide pages 14–15).

2.4.6 Siting and Size of Residential Uses

This part outlines criteria for the regulation of residential uses in the ALR. The purpose and goals of regulating the siting and size of residential uses served as a foundation for creating the criteria and include:

- a) not restricting agricultural activities;
- b) directing the largest residential uses in a community to *non-farming areas*;
- c) minimizing the impact of residential uses on farm practices and farming potential in *farming areas*;
- d) minimizing loss and/or fragmentation of farmland due to residential uses; and
- e) minimizing the impact of residential uses on increasing costs of farmland.

Later in that section, the *Guide* illustrates how to apply the intents (Guide page 19):

2.4.6.5.3 Maximum Floor Area-Farm Residences

The Minister's Bylaw Standard does not include size restrictions for the *floor area-farm residences*. However, the following is offered as a suggestion where local governments wish to include these restrictions in their bylaws.

The maximum *floor area-farm residence(s)* is the lesser of a floor area commensurate with *urban areas* or:

- a) 500 m² for *principal farm residence*;
- b) 300 m² for each *additional farm residence* where permitted; and
- c) 15 m² for each *temporary farm worker housing space* where permitted⁶.

The 500 m² applies in areas of BC where the urban residential zoning caters to very large houses—**not** to Richmond. That's clear, as Richard Wozny (Site Economics consultant) realized. Staff were probably trying to compromise with the establishment farmers when they recommended Option 1 (essentially 500 m²), but the compromise with that group is fully provided via Bylaw 9706. (The establishment lobby also wants to lock in speculative value. That would be good for their net worth but not for Richmond.) Beyond that, the community and current and future farmers will gain from Option 2 or 3.

A.) House Size Option 1 – Bylaw No. 9712 (Recommended)

This option would use the RS1 zone FAR density provisions up to a maximum of 500 m² (5,382 ft²) for all residential buildings including the garage.

This option is based on the Ministry of Agriculture’s Guidelines. Staff recommend this approach as it balances allowing a reasonable sized house while minimizing the impact on farmland.

In order to achieve the maximum floor area in this option, the minimum size of the property would have to be 1,279 m² (13,773 ft²). Smaller sites would have a maximum house size smaller than 500 m² (5,382 ft²) and would be based on the FAR provisions.

B.) House Size Option 2 – Bylaw No. 9710

This option is based on the average house size permitted in all urban lots contained in the RS1 Zone. A review of current house sizes in Richmond show that the average house sizes in the RS1 zones is 303 m² (3,261 ft²). This option would use the RS1 zone FAR density provisions up to a maximum of 303 m² (3,261 ft²) for all residential buildings. With the 50 m² (538 ft²) floor area exemption for a garage, the total maximum floor area would be 353 m² (3,800 ft²).

This option would be commensurate with the house size permitted in the City’s urban areas.

In order to achieve the maximum floor area in this option, the minimum size of the property would have to be 623 m² (6,703 ft²). Smaller sites would have a maximum house size smaller than 303 m² (3,261 ft²) and would be based on the FAR provisions.

C.) House Size Option 3 – Bylaw No. 9711

This option is based on the average house size in the RS1E zone which is the most common single family zone in Richmond. Almost 60% of the City’s single family lots are zoned RS1/E. This option would use the RS1 zone FAR density provisions up to a maximum of 339 m² (3,650 ft²) for all residential buildings. With the 50 m² (538 ft²) floor area exemption for a garage, the total maximum floor area would be 389 m² (4,187 ft²). This option would also be commensurate with the house size permitted the City’s urban areas.

In order to achieve the maximum floor area in this option, the minimum size of the property would have to be 743 m² (8,000 ft²). Smaller sites would have a maximum house size smaller than 339 m² (3,650 ft²) and would be based on the FAR provisions.

April 13, 2017

From: Richard Wozny

To: The City of Richmond

Re: Memo on ALR Residential Development in the City Richmond Land Economics Assessment

1. Questions

This report addresses the following questions:

- (1) What is the impact on demand and price when setting the maximum house size in the ALR at, below, or above, the average house size possible in the City's most common large lot single family residential zoning district RS1E. The average lot size within the RS1/E zone is approximately 8,000 ft² which would permit a house size of 4,200 ft² (including garage).
- (2) If the maximum house size permitted in the ALR is restricted to 4,200 ft² (including garage), what is the anticipated impact on:
 - (a) ALR urban residential development trends, activity, real estate speculation?
 - (b) ALR farm trends, viability, development; the cost to farmers to buy land and lease land?

2. Consultant's Response

(1) General

Based on recent market data, it is clear that some smaller ALR lands are being bought, sold, speculated on and developed as urban residential sites. In economic terms, the ALR properties are being substituted for normal serviced urban residential sites within the City. The focus on ALR lands is a logical and expected outcome of the excessively high priced residential real estate market. Currently, ALR lands offer a greater potential for flexibility than urban sites, particularly when the owner desires a very large house size.

It is the current ability to build a very large house in the ALR which is the primary factor driving small ALR lot prices to levels in the order of \$750,000 to \$1.5 million per acre. While urban to ALR house market substitution is expected, the current trend in very large house sizes on ALR land is an inappropriate non-market trend.

Tables 1 and 2 below show recent ALR residential house sales in the City which are extremely high and inappropriately reflect urban land values.

- (2) If house size on ALR land parcels was restricted to a size of 4,200 ft²:

If house sizes on ALR land parcels were restricted to a size of 4,200 ft², their additional, unique, non-market premium value would no longer apply. The normal background market ALR land values would then apply to the balance of the site land area, after removing the residential potential. The surplus non-residential part of the ALR site, would have a normal ALR land market value.

It is expected that ALR buying activity and speculation would decrease significantly, as the unique appeal of the ALR lands would be gone with the reduced house size. The reduced ALR house size would reduce ALR land prices, to market standards and past trends, allowing buyers with the intention of actual farming, to acquire or lease these types of properties.

The decrease in ALR land prices resulting from a house size restriction would reduce land costs for farmers particularly for lots under 10 acres in size.

- (3) If the City allowed only house sizes which were significantly smaller than 4,200 ft²:

The choice of setting the permitted house size, at a large urban average size is appropriate, as it reflects standards across the City. If the City allowed only house sizes which were significantly smaller than 4,200 ft², it would reduce the value of ALR lands, below market, by a small margin because they would become less attractive, even for farmers.
- (4) If the City permitted house sizes significantly larger than 4,200 ft²:

If the City permitted house sizes significantly larger than 4,200 ft², it would increase the land value above market rates. If, for example, the maximum was set at twice (2X) the standard size (8,400 ft²), the value would likely be close to the current excessive ALR land value. Allowing an ALR house size significantly larger than average would not normalize the currently high ALR land prices.

For clarification, please contact me at 604 250 2992.

Yours truly,



Richard Wozny, Principal
Site Economics Ltd.