



INFORMATION REPORT

Taicheng Development Application

Meeting Date: February 25, 2013

Meeting: SLRD Board of Directors

Applicant: Taicheng Development Corporation

Location: Britannia Beach South

KEY INFORMATION:

1. Overview

As was reported to the Board at its November 26, 2012 meeting, Taicheng Development Corporation (Taicheng) submitted a preliminary application dated May 31, 2012 to the SLRD to amend the Official Community Plan (OCP) and zoning for a 87.6 ha. (216.5 acre) portion of its site in South Britannia in order to accommodate a comprehensive mixed use development (see attached map). The November report identified a number of issues that need to be resolved before Taicheng can make a full application. This report provides an update to the Board on the current status (as of the end of January) of Taicheng's progress in resolving a number of the key issues.

2. Workshops

Taicheng and its consulting team have now hosted a total of six all-day workshops attended by SLRD staff and the SLRD's application consultant (hired specifically to manage the Taicheng application and paid for through Taicheng application fees) to discuss a wide range of topics. This includes two workshops (November and January) held since the last report to the Board.

These workshops have helped resolve some issues, but there are a significant number of issues that Taicheng continues to study, as elaborated upon in the following sections.

3. Site Plan

Taicheng had six options for its site plan and undertook an evaluation of the pros and cons of each option. It has now selected its preferred site plan, including road layouts, parcel sizes and shapes, and the distribution of land uses. This is a positive step forward since having one site plan provides more focus as Taicheng moves through the planning process.

However, the preferred site plan makes assumptions about the number and mix of residential units that have not yet been fully proven out. It also makes certain assumptions about points of site access and egress, including to and from Highway 99 and across the railway tracks, that have not yet received approval from the Ministry of Transportation and Infrastructure or CN Rail. The site plan may therefore be further refined in the coming months prior to Taicheng making its full application to the SLRD.

4. Residential Density and Mix

An issue of considerable interest and concern to SLRD staff is the proposed number and mix of residential units on the site. As reported to the Board in November, Taicheng is proposing 3,000 residential units, which is 2,000 or more units than the 850 to 1,000 units currently supported by the OCP for the South Britannia plan area. A substantial portion of these units are planned to be apartments since the site cannot accommodate 3,000 units of ground-oriented housing. Taicheng believes that 3,000 residential units are needed in order to generate sufficient population to support a complete community, including local businesses.

Taicheng retained a consulting firm - Site Economics Ltd. - to undertake a market report in late 2011 and to update the analysis in December 2012. The Site Economics report concluded that:

- With the completion of the upgrades to Highway 99 that have reduced travel times, South Britannia is now part of the broader Metro Vancouver housing market.
- Four market segments will be particularly interested in living on the site:
 - Affluent residents near retirement age.
 - Young sports-minded.
 - Former Whistler residents and older sports-minded.
 - Active commuters.
- There will be particularly strong demand for ground-oriented units (i.e., single family homes and townhouses), but there will also likely be demand over time for apartment units.
- The entire 3,000 housing units could be developed over as little as 10 years, which is an average annual absorption rate of 300 units.
- While this absorption rate is much higher than has been experienced in the area to date, the proposed development is much different than existing developments such as Furry Creek and Porteau Cove because of the types of amenities South Britannia will offer and its location.

In the opinion of SLRD staff, the appropriate mix and estimated absorption rate of residential units in this area of the region is a key issue. If the development does not unfold as envisioned by Taicheng, the SLRD could be at risk of taking ownership of over-sized and/or incomplete infrastructure and community facilities that could be costly to maintain and operate. There could also be economic impacts to already approved but un-built projects in the Howe Sound corridor if additional capacity is added to the area without associated market demand.

The SLRD therefore retained the services of an independent real estate market consulting firm, Coriolis Consulting Corp., to provide an objective opinion on market viability. The Coriolis report, which was also completed in December 2012, concluded that:

- South Britannia is part of a housing market that extends along the Highway 99 corridor from West Vancouver to Squamish and will compete primarily with other developments in this area of the corridor.
- There is a large potential supply of residential units already planned or underway in this market area.
- The demand on the site will be for ground-oriented housing and there will be very little demand for apartment units.
- Under an optimistic absorption scenario that assumes that Taicheng captures a significant share of housing demand in the market area, it will take an estimated 30 to 35 years to reach full build-out of 3,000 units (an annual average of 85 to 100 units).
- Under a more conservative absorption scenario that assumes that competing developments in the area capture a larger market share, it will take an estimated 100 years to reach full build-out of 3,000 units (an annual average of 30 units).

Given the wide discrepancy between the findings of the Site Economics and Coriolis reports, Taicheng retained the services of Harris Consulting Inc. in January 2013 to recommend a development strategy that addresses market uncertainty. Taking into consideration the findings of the two reports, plus experience with other major mixed use developments, Harris concluded that:

- Of the four market segments identified by Site Economics as generating housing demand in South Britannia, the two that would create most of the demand are "young sports-minded" and "active commuters".
- Taicheng should initially focus on creating a complete neighbourhood on the portion of the site that includes the village core and accommodates between 1,000 and 1,200 residential units.
- Between 65 and 70 percent of these 1,000 to 1,200 residential units should be ground-oriented, with the rest comprised of apartment units and roof-top townhouses (above ground floor commercial in the village core).
- These units could be absorbed by the market over as few as 10 years (an annual average of 100 to 120 units).

- This first neighbourhood will allow Taicheng to better understand the market and will assist it in planning the appropriate mix and density of residential units on the rest of its site.
- The success of this first neighbourhood, as envisioned by Harris, depends on direct access from Highway 99 to the planned village core main street.
- Public access to the waterfront as part of the first phase of this initial neighbourhood is also critical to attracting residents to the site.

Taicheng is currently undertaking more in-depth market analysis to ensure that it fully understands the market for housing in South Britannia. This work includes, for example, retaining a market research firm to organize focus groups comprised of members of the four market segments identified by Site Economics (and possibly other segments). This research will help to substantiate the anticipated market segments and housing preferences. Once this analysis is completed, Taicheng will refine its housing plans accordingly.

Commercial

Taicheng is still proposing up to approximately 200,000 sq. ft. of predominantly retail commercial floorspace on the site if there is sufficient demand from both residents of South Britannia and visitors. Harris is recommending that at least 20,000 to 25,000 sq. ft. of this floorspace be built as part of the first phase of development since having goods and services readily available on site will be important to attract people to live there.

Hotels

Taicheng is also still proposing up to three hotels on the site. It is currently in discussions with a Chinese hotel developer to build the hotels.

Winery

Taicheng is advancing with its plans to include a winery on the site, which would produce and sell wine from grapes grown elsewhere. It has informed SLRD staff that it has several parties interested in developing this facility and that it may be part of an early phase of development in order to help draw visitor traffic to the site.

Marina

Taicheng has indicated that it is committed to having the first phase of the marina built as part of the initial of development, with the marina expanded over time in response to demand.

As was noted in the last Board report, Taicheng does not currently lease or own any of the land currently being considered for a marina use and it needs to reach agreement with a number of government agencies, as well as CN Rail, before the marina would be permitted.

Transportation

Taicheng had engaged a transportation consulting firm - Bunt & Associates - to assess the traffic and transportation impacts of its proposed development and to prepare a plan that accommodates increasing traffic volumes over time. The consultants had the terms of reference for their study approved by the Ministry of Transportation and Infrastructure in mid-January. As was noted in the last Board report, one of the most critical aspects of the transportation plan pertains to points of site access and egress along Highway 99 that are acceptable to the Ministry since these points will heavily influence the site plan for South Britannia.

As the proposal includes lands on both sides of the railroad tracks, Taicheng continues to seek approval from organizations such as CN Rail in order to achieve track crossings. This approval will be critical to the project's success since public access to the waterfront will be very limited without it.

Site Servicing

Water supply remains a major issue for the site and Taicheng continues to explore a number of options.

4. Potential Added Land

Taicheng is still in discussions with Britannia Museum about the possibility of acquiring a 6.3 ha. (15.5 acre) parcel of land immediately adjacent to Taicheng's property that is owned by the Museum.

5. Conclusion

Taicheng's preliminary application continues to evolve and, while there has been progress in resolving a number of issues, there are still significant issues that must be resolved before a full application can be submitted. SLRD staff continue to work closely with Taicheng in examining these issues and will keep the Board informed on progress.

Attachments: Site Plan

Submitted by:	E. Vance, Planning Consultant to the SLRD (Taicheng project)
Endorsed by:	K. Needham, Director of Planning and Development
Reviewed by:	L. Flynn, Chief Administrative Officer