

From: ["Levitt, Karen" <karen.levitt@vancouver.ca>](mailto:karen.levitt@vancouver.ca)

To: ["Direct to Mayor and Council"](#)

Date: 3/17/2025 6:15:53 PM

Subject: Framework for Evaluating Proposals for Housing on Industrial and Employment lands (RTS 16078)

Attachments: Council Memo to Mayor & Council - Framework for evaluating proposals for housing on Industrial and Employment lands (RTS 16078). pdf

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Dear Mayor and Council,

Please see the attached memo from Josh White, GM, PDS. The memo provides information on an emerging framework for how staff will evaluate enquiries and rezoning applications for housing on Metro-designated Industrial and Employment lands prior to making recommendations for Council's consideration.

If you have any questions or need further clarification, please do not hesitate to reach out to me or Josh White.

Thanks,

Karen

The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the x m k y m/Musqueam, S wx\u0017\_wu7mesh/Squamish and s lilw ta /Tsleil-Waututh nations

## MEMORANDUM

March 17, 2025

TO: Mayor and Council

CC: Paul Mochrie, City Manager  
Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Sandra Singh, Deputy City Manager  
Katrina Leckovic, City Clerk  
Maria Pontikis, Chief Communications Officer, CEC  
Teresa Jong, Administration Services Manager, City Manager's Office  
Melissa Murphy, Director of Policy, Mayor's Office  
Trevor Ford, Chief of Staff, Mayor's Office

FROM: Josh White  
General Manager, Planning, Urban Design and Sustainability

SUBJECT: Framework for evaluating proposals for housing on Industrial and Employment lands

RTS #: 16078

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### Purpose:

On November 14, 2023, Council approved the [Citywide Industrial Lands Policy](#). In addition to approving the report recommendations, Council directed staff to report back on the potential to co-locate housing above light industrial on Employment Lands within 200m of rapid transit stations, as enabled under the Metro Vancouver 2050 Regional Growth Strategy. The City has received a number of enquiries that propose the co-location of housing above industrial lands. Staff are developing a framework to guide the evaluation of these proposals prior to making recommendations for Council's consideration. This memo provides Council with an overview of the emerging framework.

### Policy context:

[Metro 2050](#) is the Regional Growth Strategy (RGS) for the Metro Vancouver region. Enabled by Provincial legislation, the RGS includes parcel specific land use designations to ensure that sensitive and important lands are protected. Municipal zoning must align with Metro Vancouver's land use designation. Protecting the supply of industrial lands for economic development and jobs is a foundational strategy of the RGS. To that end, the RGS requires member municipalities to restrict residential uses on Metro-designated Industrial and Employment lands.

In the most recent update to the RGS, Metro Vancouver added a provision that allows member municipalities to consider housing above industrial and commercial space on Employment land sites within 200m of a rapid transit station (the “200m clause”). To qualify for consideration under the 200m clause, a site must meet the following Metro criteria:

1. Be located on lands that are designated as “Employment” by Metro Vancouver (lands designated as “Industrial” are not eligible)<sup>1</sup>;
2. Be located in an Urban Centre or Frequent Transit Development Area (FTDA)<sup>1</sup>; and
3. Be positioned such that at least 50% of the developable portion of the site is within 200m of a rapid transit station.

Based on staff’s analysis, there are currently seven (7) sites in Vancouver that meet the Metro requirements and are eligible to use the Metro 200m clause (Appendix A). For these sites, there is no requirement to change the Metro land use designation to enable housing<sup>2</sup>. For all other Industrial and Employment land sites that do not meet the criteria, housing is only allowed after the Metro Vancouver Board approves a change in the land use designation to General Urban.

### **Analysis: Key factors considered in developing the City of Vancouver’s framework for evaluating proposals for housing on Industrial and Employment lands**

- **Alignment with Provincial goals:** As reported to Council in [June 2024](#), the City is on track to exceed mandated provincial housing targets. The City can meet and likely exceed these targets without allowing the development of housing on Industrial and Employment lands.

Furthermore, the Provincial Government has clearly recognized the need to protect industrial and employment lands:

- The June 2024 BC Government [Transit Oriented Areas Regulation](#) exempts industrial and employment lands from residential density requirements.
- The January 2025 [Mandate Letter](#) for the Minister of Jobs, Economic Development and Innovation includes direction to “make sure BC’s economy has the space to grow by creating an inventory of existing industrial lands, carrying out a land-use needs assessment and a **strategy for protecting and growing the industrial land base**”.

- **The economic impact of industrial lands and the potential for residential uses to limit these impacts:** Only 4% of the region’s land base is designated Industrial or Employment. Recent studies have confirmed that these lands have a [major economic impact](#) and that the shortage of industrial lands is resulting in [foregone economic benefits](#). Most of these lands are also located on floodplains and are at risk of increased flooding due to climate change.

In response to this shortage, City Council has enacted zoning changes that encourage multi-storey industrial forms. Construction activity in Vancouver’s industrial zones is significant and there has been a slight easing of vacancy rates and rents in recent months (Appendix B).

Given the lack of industrial lands in the region and the need to have local-serving industrial uses within Vancouver, it is critical that developments in Vancouver’s industrial areas continue to maximize the amount of job space delivered. Recent precedents indicate that co-locating

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<sup>1</sup> Online mapping of Metro land designations and area boundaries are available [here](#)

<sup>2</sup> Use of the “200m” clause requires the City to update the Regional Context Statement (RCS). Amendments to the RCS must be accepted by the Metro Vancouver Board. Staff will advance this as part of the Vancouver Official Development Plan (ODP). As part of that work and in response to Council direction from [2021](#), staff will enable one additional site at 3200 E. Broadway and 2625 Rupert St., which is owned and developed by xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətał (Tsleil-Waututh), by designating the site as a FTDA.



housing with industrial may limit the ability to maximize the quantity and functionality of job space that is provided in industrial developments. There are currently only two major examples of co-location in the City that are complete or under-construction (Appendix C). In general, the industrial spaces provided in these developments are limited in size, scope and intensity, while the amount, livability and marketability of residential spaces is often prioritized.

The potential development of the seven sites identified by staff above, which are currently enabled by Metro's 200m clause, provides an opportunity for the City and development industry to further explore the potential for co-location (including the potential to increase the quantity and functionality of job space in these, primarily residential developments).

- **Expectation-setting and Metro Vancouver's process for converting industrial land:** Staff at Metro Vancouver have advised that the "200m clause" was created following extensive analysis that sought to balance the protection of industrial lands (and the potential to maximize employment) with the potential for a limited amount of housing in very close proximity to rapid transition stations. Metro Vancouver has further advised that proposals for housing on sites that do not meet the requirements for the "200m clause" are unlikely to be supported unless it can be demonstrated that the site is highly unique and will not result in expectations for further conversions or cause land speculation that would negatively impact the supply of industrial lands.

The process for amending a Metro Vancouver RGS land use designation is a significant undertaking which requires the City to act as the applicant for the application through a multi-stage approvals process (Appendix D). Following municipal approvals, site specific applications are reviewed by Metro Vancouver staff, the Regional Planning Advisory Committee and the Regional Planning Committee for alignment with the RGS and wider regional impacts. The Metro Vancouver Board is the decision maker, with approval requiring a 50% + 1 affirmative vote. This process is in place to help protect Industrial and Employment lands and to ensure that conversions are only granted in exceptional and unique circumstances. To be successful, and to reduce approval and reputational risks for both the City and applicants, only projects that do not create future expectations for conversion of Industrial and Employment lands should be supported by the City.

#### **Framework for evaluating proposals for housing on Industrial and Employment lands:**

Staff will apply the following framework (see Table 1) to evaluate proposals for housing on Industrial and Employment lands prior to making recommendations for City Council:

**Table 1:**

Staff recommendation	Site typology	Process
TYPE A: ✓ Consider co-location of housing and industrial. Creates no or little expectations for future conversion	Employment land sites that qualify for the Metro 200m clause	<ul style="list-style-type: none"> <li>• COV rezoning</li> <li>• No Metro approval required</li> </ul>
	Clear, obvious and unique sites, such as those surrounded by non-industrial uses and are no longer suitable for industrial use	<ul style="list-style-type: none"> <li>• COV rezoning</li> <li>• Metro approval to change land use designation required</li> </ul>



Staff recommendation	Site typology	Process
Type B: ✗ Do not support housing. Creates expectations for future conversion	All other Industrial and Employment lands, including sites on the edge of an industrial area and those surrounded by industrial parcels	<ul style="list-style-type: none"> <li>• COV rezoning</li> <li>• Metro approval to change land use designation required</li> </ul>

Prior to the development of this framework, staff's approach was to only recommend an area plan exercise to consider residential uses on Industrial and Employment lands. With this framework, staff is facilitating proposals by enabling them to proceed through a rezoning process, without area planning.

On sites where housing can be supported (Type A in Table 1 above), staff have identified a set of principles, which together with any applicable policies and guidelines, will guide staff's recommendation on the amount and mix of uses for each site (e.g., minimum amount and type of job space, affordability of the residential component etc.).

#### **Guiding Principles for sites where housing can be supported (Type A in Table 1 above):**

- (a) **Employment:** Where this framework supports co-location with housing (per table 1 above), ensure development is consistent with the Regional Growth Strategy and job spaces are protected and intensified, including light industrial where appropriate and feasible;
- (b) **Reconciliation:** In consultation with xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətał (Tsleil-Waututh), provide flexibility for Indigenous-owned or developed projects, and/or projects that significantly advance Indigenous housing and well-being, as defined by the Nations;
- (c) **Housing Affordability:** Where co-location is supported, ensure the residential component is prioritized for the housing needs of renters, lower-income households and/or people experiencing or at risk of homelessness;
- (d) **Appropriateness:** Apply sound planning principles and professional judgement, rooted in the public interest, for the consideration of developments that will result in homes where residents can be healthy, safe and access daily needs through transit, walking and/or biking, but without sacrificing functionality for employment spaces.
- (e) **Public Benefits:** Where feasible, ensure projects also advance other regional and City priorities with respect to public realm and community serving assets, including but not limited to childcare, green spaces, arts and culture, and community economic development.

#### **Engagement and next steps:**

Staff sought feedback on the framework from staff at Metro Vancouver and the Urban Development Institute (UDI) in Q4 2024 and January 2025. The feedback was generally positive, as stakeholders recognize the economic value of the City's limited industrially lands and the need for a careful and clear approach for allowing housing that limits speculation and pressure for future conversions of industrial lands.

Staff have begun using the framework to provide advice to applicants who propose housing on Industrial and Employment lands. Should an applicant elect to submit a rezoning application that is inconsistent with this framework, staff will process the application and recommend non-support to Council. Council retains final authority to consider rezoning proposals following a Public Hearing. If an application requiring a change in the Metro land use designation is approved by Council, staff would then submit the application to the Metro Vancouver Board for consideration.

For additional information about residential uses on Industrial and Employment Lands, please contact me [josh.white@vancouver.ca](mailto:josh.white@vancouver.ca) or [chris.robertson@vancouver.ca](mailto:chris.robertson@vancouver.ca), Director, Citywide and Regional Planning.

Thank you.

A handwritten signature in black ink, appearing to read 'J White', with a stylized, cursive script.

Josh White  
General Manager, Planning, Urban Design and Sustainability  
604-877-5159 | [josh.white@vancouver.ca](mailto:josh.white@vancouver.ca)



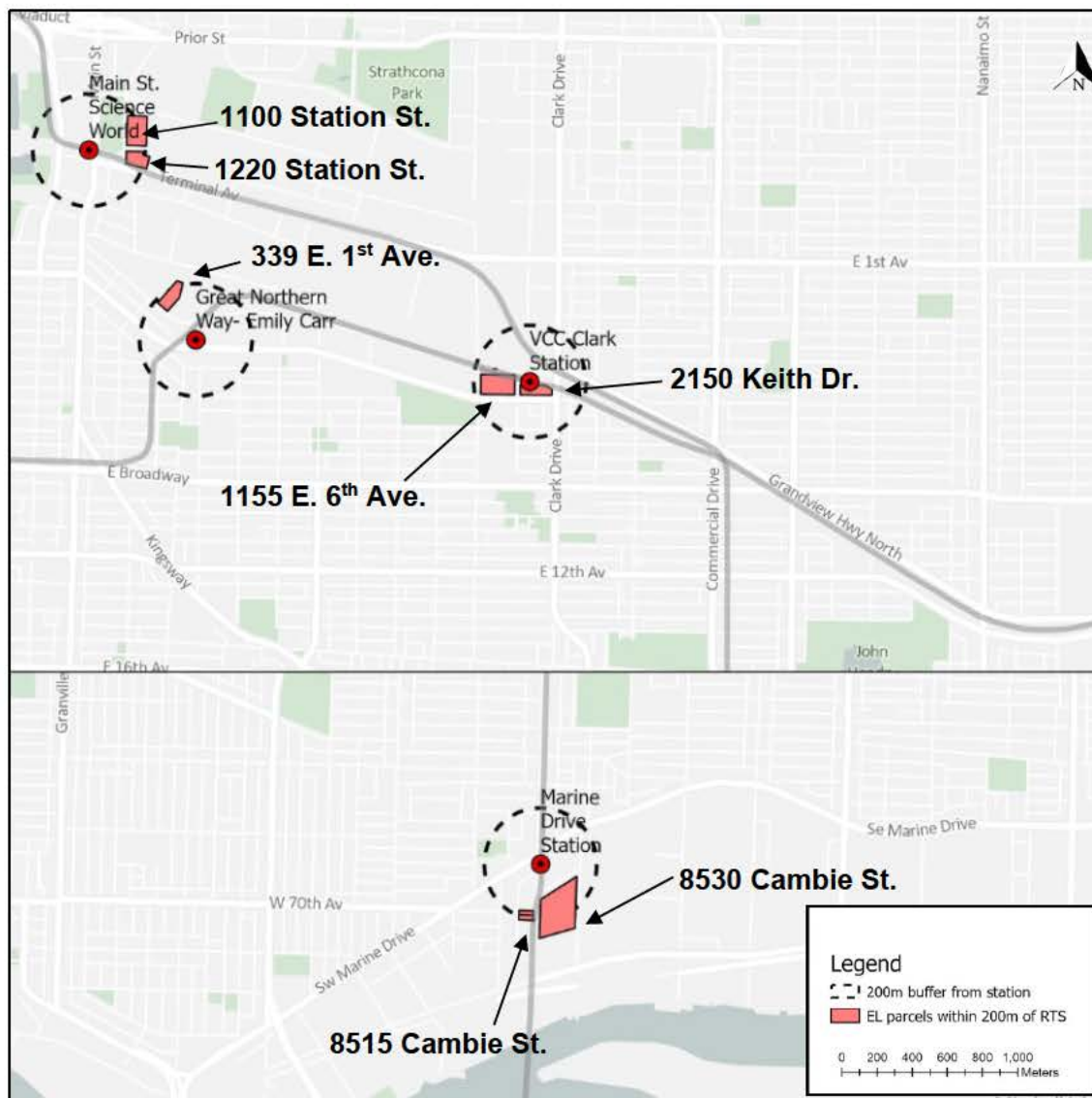
## APPENDIX A: Sites that Qualify for the Metro 200m Clause

Section 2.2.9 (v) of Metro 2050, the existing Regional Growth Strategy, enables member municipalities to consider residential uses on some regionally designated Employment lands (the “200m clause”). A site must meet the following criteria to qualify for consideration under the “200m clause”:

1. Be located on lands that are designated as “Employment” by Metro Vancouver (lands designated as “Industrial” are not eligible)<sup>[1]</sup>;
2. Be located in an Urban Centre or Frequent Transit Development Area (FTDA)<sup>[1]</sup>; and
3. Be positioned such that at least 50% of the developable portion of the site is within 200m of a Rapid Transit Station.

Based on the above criteria, staff have determined that only seven (7) parcels are eligible for the Metro 200m clause (Map 1 and Table 2). Reasons for ineligibility include: (a) being positioned such that the majority of the developable area is not within 200m of a Skytrain station, (b) not located within an Urban Centre or FTDA, or (c) having a Metro Industrial land use designation.

**Map 1: Parcels eligible for the Metro 200m clause**



<sup>[1]</sup> Online mapping of Metro land designations and area boundaries is available [here](#).

<sup>[1]</sup> Online mapping of Metro land designations and area boundaries is available [here](#).



**Table 2:** List of sites eligible for the Metro 200m clause

Address	Zoning	Rezoning enabling policies allowing housing and industrial?	Any active rezonings or Development Permits?
1100 Station St. <sup>3</sup>	FC-1 / I-3	No	No
1220 Station St. <sup>4</sup>	FC-2	No	<a href="#">Yes</a>
339 E. 1 <sup>st</sup> Ave.	I-3	Yes – <a href="#">Policy 10.28.3</a> in the Broadway Plan	No
1155 E. 6 <sup>th</sup> Ave.	I-2 / I-3	Yes – <a href="#">Policy 10.33.4</a> in the Broadway Plan	<a href="#">Yes</a>
2150 Keith Dr.	I-3	No	Yes – permit issued for construction of 10-storey office (future ICBC headquarters)
8530 Cambie St.	I-2	No	No
8515 Cambie St.	I-2	No	No

In addition to the seven sites above, Council directed staff in [2021](#) to accept and process an Enhanced Rezoning application for an I-2 zoned site located at 3200 East Broadway and 2625 Rupert, which is owned and developed by xʷməθkʷəy̓əm (Musqueam), Sk̓wxwú7mesh (Squamish), and səliwətaʔ (Tsleil-Waututh). This site is located within 200m of the Rupert Skytrain Station, but is currently not designated as a FTDA, and as such does not qualify for the Metro 200m clause. Staff will be working to designate the area as a FTDA through the Vancouver Official Development Plan (ODP) in order to enable co-location on the MST-owned and led site.

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<sup>3</sup> Note that 1100 and 1220 Station St. has split Metro General Urban and Employment designation. 1100 Station St. (site of Pacific Central Station) is also designated by the Government of Canada as a Heritage Railway Station under the *Heritage Railways Stations Protection Act*. This legislation prevents railway companies from altering, demolishing, or selling a designated station without authorization of the Government of Canada.

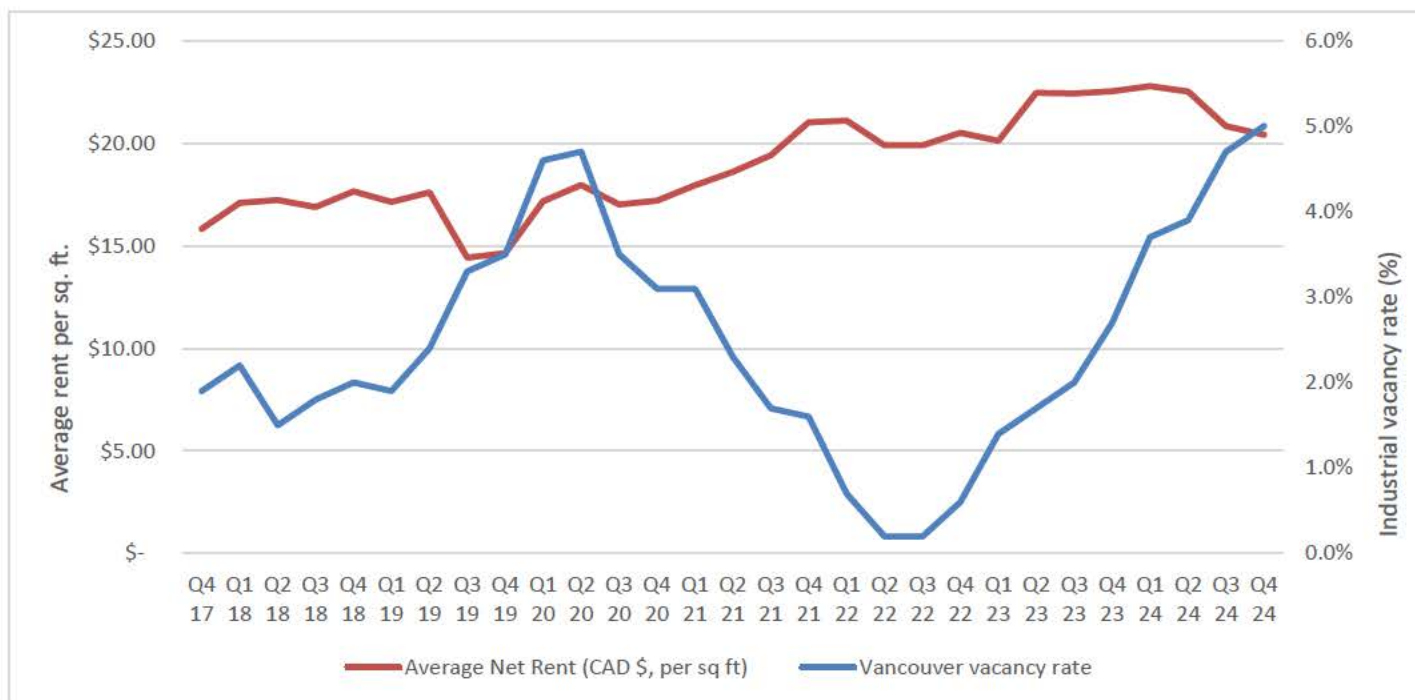
<sup>4</sup> Ibid.

## APPENDIX B: Industrial Market Update

The Metro Vancouver region has historically faced low industrial vacancy rates with high rents that are among the highest on the continent (Table 2).

Industry experts consider a healthy industrial vacancy rate to be in the range of 5 to 7%. A vacancy rate in this range provides adequate space to allow turnover, with expanding businesses relocating to larger spaces and new or lower-scale businesses taking over smaller, more affordable units.<sup>5</sup> As shown in Figure 1 below, vacancy rates in Vancouver have historically trended below the healthy range but have recently increased due to increased supply.<sup>6</sup> New supply has been encouraged through zoning changes approved by Council in recent years to intensify industrial lands (see Table 3).

**Figure 1:** Industrial vacancy and rent growth in Vancouver over time



**Source:** Colliers (2024)

**Table 2:** Regional comparison of industrial rents

Region	Average Net Rent (per sq ft)
Vancouver	\$20.98
Edmonton	\$10.20
Calgary	\$11.39
Toronto	\$17.56
Austin*	\$16.61
Seattle*	\$21.05

\* Rents were in US\$, converted to CAD\$ - October 2024 rates

**Source:** CBRE (2023)

<sup>5</sup> Wilson, Claire (2023). "No relief in sight for Metro Vancouver's industrial land shortage: Avison Young." *Business in Vancouver*. <https://www.biv.com/news/real-estate/no-relief-sight-metro-vancouvers-industrial-land-shortage-avison-young-8272636>

<sup>6</sup> Colliers (2024)

**Table 3:** Recent Council approved zoning changes to intensify industrial lands

Year	Geographic Scope	Summary
2021	Mt. Pleasant	Introduced new <a href="#">I-1C district schedule</a> allowing increased density and heights for office and industrial along 2 <sup>nd</sup> Avenue in Mt. Pleasant, along with associated <a href="#">rezoning policy and guideline</a> (RTS 14082)
	False Creek Flats	Simplified <a href="#">FC-2</a> mixed use zoning in the False Creek Flats area (RTS 14544)
	Marine Landing	Allowed additional industrial and non-industrial density in the Marine Landing Employment Lands (RTS 14381)
2022	Citywide	Limited mini-storage uses in city-wide industrial lands near rapid transit stations (RTS 14969)
2023	Mt. Pleasant and Burrard Slopes	Allowed for additional industrial and non-industrial densities in the Mt. Pleasant and Burrard Slopes industrial areas as well reduced barriers for and introduced a new density bonus for industrial artist studios (RTS 15595)
	Citywide	Introduced new <a href="#">Industrial Space Guidelines</a> to guide the delivery of functional industrial spaces citywide (RTS 15595 – Appendix C)
	Citywide (I-2 zones)	Increased flexibility on types of uses in <a href="#">I-2</a> industrial zones, introduced density bonus incentives for new Artist Studio – Class B and aligned I-2 district schedule with new Industrial Spaces Guidelines (RTS 15770)
	Citywide	Updated the City's <a href="#">Industrial Lands Policy</a> to align with the RGS and Vancouver Plan, as well as provide guidance on the limited cases where the City can consider rezoning of industrial lands (RTS 15722)

There continues to be high demand for industrial space in Vancouver and the region. For example, close to 71% of new industrial space in Vancouver is pre-leased, which is the highest rate in Canada.<sup>7</sup> This demand has been primarily attributed to a growing population and the expansion of e-commerce, particularly for last-mile distribution centres that are close to urban populations. Other growing industries in Vancouver's industrial area include technology-based businesses, such as bio-technology firms requiring laboratory space or businesses in the film and media production sectors.

Industrially-zoned lands play a critical role in Vancouver and the region's economy. A 2024 [report](#) commissioned by Metro Vancouver found that these lands generated 30% of the region's GDP and 22% of total jobs. These jobs also tend to be higher wage occupations, with workers earning an average 14% higher than the national average. The historical shortage of industrial spaces is also an issue of importance to the private sector. The Greater Vancouver Board of Trade and NAIOP commissioned a [report](#) in 2023 to quantify the impacts of the region's industrial lands shortage and the displacement of existing and new businesses to other regions (e.g., Calgary) to take advantage of lower rents and higher availability of space. The economic impact is estimated to be a loss of 6,300 direct jobs, \$477 million in wages, and nearly \$500 million in GDP. There are also environmental impacts as goods often arrive through the Port Vancouver, are transported to distribution centres in Calgary and are then shipped back to consumers in Vancouver.

<sup>7</sup> CoStar (2024).



## Appendix C: Existing Case Studies - Co-Locating Housing Above Industrial in Vancouver

a)



<i>Address:</i>	955 E. Hastings St.
<i>Year completed:</i>	2018
<i>Zoning:</i>	CD-1 (561) - Rezoned from M-1
<i>Density</i>	6.15 FSR (industrial: 1.0 FSR)
<i>Housing tenure</i>	Strata with 20% turnkey social housing
<i>Notes:</i>	<ul style="list-style-type: none"> <li>- Maximum size for each industrial unit is 500m<sup>2</sup> (5,381 sq. ft.)</li> <li>- Strata by-law prohibit usage of industrial machinery and commercial loading between 11:00 PM and 7:00 AM<sup>8</sup></li> <li>- Separated ventilation for industrial and residential occupancies</li> <li>- Restrictions on heavy duty or noxious industrial uses (e.g., no storage warehouses and motor vehicle repair shops)<sup>9</sup></li> </ul>

b)



<i>Address:</i>	220 E. 1 <sup>st</sup> Ave. / 1717 Lorne St.
<i>Year completed:</i>	Under construction
<i>Zoning:</i>	FC-2
<i>Density</i>	6.50 FSR (industrial: 0.5 FSR)
<i>Housing tenure</i>	Secured market rental
<i>Notes:</i>	<ul style="list-style-type: none"> <li>- Enhanced fire and life safety building requirements</li> </ul>

<sup>8</sup> Ng, Victoria (2021). "Mitigating Industrial Land Use Impact." *UBC Greenest City Scholar report prepared for the City of Vancouver*. p. 106: [https://sustain.ubc.ca/sites/default/files/2021-052\\_Mitigating%20Industrial%20Land%20Use%20Impacts\\_Ng\\_0.pdf](https://sustain.ubc.ca/sites/default/files/2021-052_Mitigating%20Industrial%20Land%20Use%20Impacts_Ng_0.pdf)

<sup>9</sup> [CD-1 \(561\) By-law](#) (City of Vancouver).

## Appendix D: Process for Changing a Metro Land-Use Designation

Applications that require a change to the land use designation are considered a Type 3 amendment to the Regional Growth Strategy, requiring an affirmative 50% + 1 weighted vote of the Metro Vancouver board. Council must first approve the application following a Public Hearing and formally direct staff to submit a request for an amendment to the RGS to the Metro Vancouver board. Metro Vancouver staff review the application for consistency with the RGS and prepare a report with their recommendations to the Metro Regional Planning Advisory Committee, the Regional Planning Committee and the Metro Vancouver Board. City of Vancouver staff are expected to be present at Advisory Committee, Committee and Board meetings with presentations and briefings as applicable. The Metro Vancouver Board makes the final decision on the application.

Figure 1 below provides further details on the usual pathway for a Type 3 amendment.

**Figure 1:** Excerpt from [Metro 2050 Implementation Guideline for Regional Growth Strategy Amendments](#) (October 2023)

