

NO: **R157**

COUNCIL DATE: **July 9, 2012**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 9, 2012**

FROM: **General Manager, Planning and Development**

FILE: **6520-20 (Central Newton
Cultural Commercial District)**

SUBJECT: **Establishment of a Central Newton Cultural Commercial District**

RECOMMENDATION

The Planning and Development Department recommends that Council:

1. Receive this report as information;
2. Approve the initiation by staff of a planning process to establish a Central Newton Cultural Commercial District (CNCCD) that will includes the following:
 - (a) An Official Community Plan re-designation from "Industrial" to "Commercial" of the area that is outlined on the map, which is attached as Appendix I to this report;
 - (b) The development of design guidelines to ensure that appropriate cultural elements are incorporated into the design and development of sites in the CNCCD with a view to elevating the overall design and architectural quality of the area;
 - (c) The possible establishment of a Business Improvement Area (BIA) for the new commercial district to support its on-going vibrancy;
 - (d) The introduction of a Neighbourhood Concept Plan-type amenity contribution scheme to fund enhancements to the public realm in the CNCCD, which would include enhanced streetscapes, improved pedestrian connectivity and other public amenities; and
 - (e) A public consultation process regarding the above-listed matters; and
3. Authorize the City Clerk to bring forward for the required readings an amending by-law to Surrey Zoning Bylaw, 1993, No. 12000 to introduce a new "Business Park 3 (IB-3) Zone" as generally described in this report, which will support and regulate future business park development in the City.

INTENT

The purpose of this report is to discuss the potential for expansion of commercial uses in the Newton industrial area and to obtain approval to undertake a process to create a Central Newton Cultural Commercial District ("CNCCD") and to introduce a new Business Park 3 (IB-3) Zone.

BACKGROUND

Application No. 7906-0121-00 (Punjab Cloth House)

At its Regular Council Land Use meeting on April 12, 2010, Council considered Development Application No. 7906-0121-00 related to the redevelopment of the property located at the northwest corner of 80 Avenue and 128 Street. The development application included an Official Community Plan ("OCP") amendment from the "Industrial" designation to the "Commercial" designation and a rezoning, land use contract discharge, and development permit to allow the construction of four commercial/retail buildings including a banquet hall (see Appendix II).

After considering the application Council authorized staff to prepare terms of reference for undertaking a planning study of the area along 128 Street both north and south of 80 Avenue with a focus on defining a new CNCCD and including a fulsome public consultation process. Council deferred further consideration of Development Application No. 7906-0121-00 and any other commercial/retail-related applications in the study area pending completion of the planning study.

Emerging Commercial/Retail Businesses on 128 Street

In 2003, Council adopted a policy, City Policy No. O-47 (copy attached as Appendix III), to address the ongoing pressure to rezone "Industrial-designated" lands in the vicinity of 128 Street and 84 Avenue for commercial uses. The Policy stipulated that the City would not support rezoning, including rezoning to Comprehensive Development (CD) Zones, for the purpose of allowing commercial uses in this area. Despite this Policy the number of commercial and retail businesses on 128 Street in the vicinity of 80 Avenue has continued to grow since 2003.

Lands on both sides of 128 Street, between 76 Avenue and 88 Avenue, are designated "Industrial" in the OCP and "General Industrial" in the Newton Local Area Plan. Many properties in this area are zoned "Business Park (IB) Zone" or "Comprehensive Development (CD) Zone", based on either the IB Zone or the "Light Impact Industry (IL) Zone". On a number of these properties, commercial businesses have evolved even though the lands were intended to be developed as industrial and business park sites. The largest concentration of commercial businesses is in the immediate area of the intersection of 128 Street and 80 Avenue.

Upon examining the zones and land uses of these sites, two factors appear to have contributed to the large number of commercial businesses in the area; these being:

- the "accessory retail sales" use that is permitted in the IB Zone; and
- the provision for "retail commercial" uses in some of the Comprehensive Development Zones that apply to lots in the area.

The IB Zone allows for accessory retail sales as long as the products being sold are manufactured or warehoused on the lot and the area used for retail uses is less than the area used for

manufacturing or warehousing uses on the same lot. This provision can be confusing to business owners and is very difficult for City staff to enforce. Some CD-zoned sites in this area allow some retail uses provided that they are limited to a small percentage of the total floor area on the site. It is difficult for business owners (existing or prospective) to know whether the maximum area for retail uses has been reached, especially on strata-titled sites where there is no overall coordinated management of the site. Maintaining an accurate record of such business licenses is also challenging for City staff.

When retail commercial businesses become a significant component of a site, other commercial-oriented businesses are attracted to the area. Medical offices, beauty salons, travel agencies, eating establishments, and other types of service uses, while not strictly retail in nature, change the character of a development. This change can be so significant that the site no longer supports industrial activities, functioning instead as a commercial shopping and service centre. This has happened on some of the sites that front on 128 Street both north and south of 80 Avenue.

DISCUSSION

The expansion of commercial uses within the 128 Street industrial area is challenging in four specific areas as follows:

- Traffic and parking management;
- Building design and site aesthetics;
- Economic fairness; and
- Administrative challenges.

Each of these areas is discussed in more detail in the following sections of this report.

Traffic and Parking Management

Commercial development typically generates approximately four times the vehicular traffic of the same area of industrial development. As a result, the Surrey Zoning By-law, 1993, No. 12000 requires more parking spaces for commercial uses than for industrial uses. Parking deficiencies typically occur when a site that was been developed to industrial standards becomes occupied by commercial uses. Access requirements may also be different for commercial uses in comparison to industrial uses based on the higher traffic volumes generated by commercial uses.

Design and Appearance of Commercial-Oriented Developments on 128 Street

The lands fronting on 128 Street to the north and south of 80 Avenue are designated for industrial uses. As such, industrial design standards have been applied to those developments that have been completed in the area. The existing buildings have an industrial character with limited articulation, limited decorative features and minimal architectural detailing. They also have limited landscaping and extensive signage. In general, there are few sidewalks and minimal formal pedestrian connections.

Economic Comparison of Industrial Development and Commercial Development

Land Value and Lease Rates

"Industrial"-designated land is typically less expensive to purchase than "Commercial"-designated land. A considerable lift in value has occurred for those properties fronting 128 Street in the vicinity of 80 Avenue that have been developed with commercial uses. The estimated value for raw industrial land on 128 Street in Newton is \$25 per square foot while the estimated value of commercial land in the same area is approximately \$50 per square foot. The lease rates for commercial tenancies are significantly higher than for industrial tenancies. The commercial lease rates on 128 Street are comparable to the commercial lease rates being achieved for properties on Scott Road and on King George Boulevard in the Newton Town Centre.

Development Cost Charges (DCCs)

The DCC rates for industrial development are significantly lower than the rates for commercial development. For example, the DCC charges for a 2.5 acre site with a two-storey, 60,000 square foot building would be:

- For industrial development = \$208,300
- For commercial development = \$444,000

Since the land in the vicinity of 128 Street and 80 Avenue is designated for industrial development and zoned primarily for industrial uses. The developers of buildings in the area have been paying DCCs at the industrial rate even though some of the developments in the area are largely commercial retail in nature. This has created an unequal playing field in relation to other commercial development in Newton.

Complex Business Licence Administration

The Business Park (IB) Zone and some of the Comprehensive Development (CD) Zones that are in place on 128 Street both north and south of 80 Avenue are challenging to administer. In some cases, business licences must be classified and tracked on a strata-unit and strata-unit basis within a development by floor area to ensure that commercial uses do not exceed specific floor area caps that are contained within the Zoning of the site. When commercial and service uses are inter-mixed with industrial uses it becomes problematic for City staff to administer and for current and prospective owners/tenants to understand.

Further complicating the administration of business licences is the number of businesses that have been established that are either operating without a business licence or are operating contrary to the business license that was issued by the City for the specific site or unit. Such businesses are in majority retail or commercial in nature, which is adding to the commercial character of the area.

Optional Approaches for Addressing the Current Issues

Two options have been studied and evaluated in relation to resolving the above-discussed issues. These options are discussed in the following sections.

Option 1: Maintain and Enforce the Current Zoning

Under this option staff would undertake active enforcement of the existing zoning regulations applicable to the sites in the subject area and not support any further rezoning in the area that would allow for expanded commercial uses.

Pros:

- Current policies and zoning regulations would not need to be adjusted.

Cons:

- By-law enforcement will continue to be challenging due to the complexities related to the current zones that are in place in the area and will be very time-consuming for staff;
- The City would continue to experience pressure from developers and land owners to allow more commercial uses in the area in consideration of the success of the current uses in satisfying a cultural market niche; and
- The aesthetics of the developments in the subject area in relation to both building and site design would not improve.

Option 2: Develop a Commercial Precinct

Under this option, the City would redesignate a defined area along 128 Street for retail-commercial development by way of an OCP re-designation, which would allow for the rezoning of the lots in the area to permit commercial uses. Such rezoning would be considered on the basis of some conditions that would need to be satisfied by the respective land owners/developers. The area would be enhanced and promoted as a unique cultural destination. Commercial uses on "Industrial"-designated lands outside of the defined precinct would not be supported.

Pros:

- A "levelling of the playing field" would result by way of the conditions that would need to be satisfied by the commercial-use developers in the area through the commercial rezoning process that would include paying commercial DCC rates similar to other parts of the City;
- An opportunity would exist to create a vibrant cultural commercial area to the benefit of the Newton area and the City as a whole;
- The conditions that would need to be satisfied in relation to the commercial-use rezoning process would include aesthetic considerations such as building design and landscaping that would be enhance the area, create a sense of place and improve the pedestrian experience of the area;
- Transportation infrastructure including both access and parking would be provided to the commercial developments in a manner that would support the reasonable operation of the area; and
- Industrial lands in Newton outside of the defined precinct would be guarded against further commercial intrusion.

Cons:

- The City would experience some loss of its industrial land base but this loss would be mitigated by the fact that it would be replaced with commercial uses that also generate jobs in the local economy.
- The lands redesignated for commercial uses would need to be carefully buffered from adjacent industrial uses so as to minimize potential nuisance due to adjacency.

Result of Evaluation of Options:

Based on the above evaluation, staff holds the view that Option 2 "Develop a Commercial Precinct" will yield the best results for the City over time and therefore it is the recommended approach.

Proposed Boundary of the Commercial Precinct

Based on a study the properties in the subject area of 128 Street in relation to where commercial uses would be best integrated, staff has concluded that the area illustrated in Appendix I would be an appropriate area for a the commercial precinct, i.e., the Central Newton Cultural Commercial District.

The proposed precinct is centered on the intersection of 128 Street and 80 Avenue and has an area of approximately 16 hectares (40 acres). It is composed of three major "anchor" sites, the existing Payal Centre to the northeast of this intersection, the York Centre at the southeast corner of the intersection and the site on which the Punjab Cloth House development is located in the northwest corner of the intersection. The properties in the immediate northeast corner of 128 Street and 80 Avenue currently do not contain commercial development; however, under the approach that is recommended in this report they could be converted to commercial uses in the future.

Subject to Council approval of the recommendations of this report, a more detailed study of the area will be undertaken to establish the range of permitted commercial uses, the road and pedestrian improvements that are necessary, the design guidelines to which new development in the area would be subject, the enhancements that would be necessary to existing developments that would be necessary to ensure that they had the right "commercial fit" and "place-making" elements to promote the area as a ethnic commercial destination.

A public consultation process would be initiated to seek input on these items.

Study to Confirm Commercial Use Potential

GP Rollo & Associates, a land economics consultant, was retained to assess the merits of creating the CNCCD. The consultant was asked to study and comment on the following:

- The potential for more commercial development oriented towards the South Asian community along 128 Street;
- The impacts on the Newton Town Centre and Scott Road areas of additional South-Asian-oriented commercial development along 128 Street; and
- The advantages and disadvantages of expanding commercial businesses along 128 Street, in consideration of the City's Industrial Land Strategy.

The consultant found that South Asian and Fijian households support a large amount of commercial business, located in both traditional commercial areas and more specialized areas such as the 128 Street corridor in Newton. The success of existing retail and service businesses in the study area attests to the strength of this demand. It also speaks to the desire of the South Asian and Fijian communities to shop in a commercial area catering specifically to their needs.

The consultant further stated that expanding commercial development on 128 Street would allow the City to develop an iconic destination commercial area with minimal impact on other commercial centres. The consultant concluded that there is enough demand for additional businesses in the study area to accommodate up to 12 hectares (30 acres) of commercial development or more over the next 15 years. According to the consultant, employment and spin-off benefits that would result from developing a commercial destination in this location will be greater than the employment and benefits from industrial uses in the same area.

Proposed IB-3 Zone

Staff has concluded that it is important to take measures to address the issue of commercial-use encroachment into industrial areas in the City. As discussed earlier in this report, the existing Business Park (IB) Zone allows for retail sales provided that the products being retailed from the lot are manufactured or warehoused on the same lot. This provision in the IB Zone, along with other permitted uses in the IB Zone, such as medical offices, beauty salons, travel agencies and eating establishments, detract from the underlying industrial intention of the IB Zone. Staff has been utilizing CD Zones in place of the IB Zone for many new developments due to concerns with the lots that are zoned as IB being used primarily for commercial uses, which was not the intention for the Zone. The CD Zones are based on the IB Zone but exclude accessory retail uses and limit eating establishments.

In view of the administrative complexities associated with the IB Zone and to eliminate the need to develop individual CD Zones to address the issues, staff are of the view that a new IB-3 Zone should be established.

The proposed IB-3 Zone should reflect the following:

- "Retail commercial" uses would not be permitted but "wholesale uses" would be permitted. A definition of "wholesale" would need to be defined in the Zoning By-law;
- "Professional office" uses (i.e., accountants, doctors, dentists, lawyers, advertising, real estate, advertising) would not be permitted as these are more appropriately located in commercial and town centre areas;
- "Eating establishments" would be limited to coffee shops with a maximum of 35 seats. Larger eating establishments (such as banquet halls) are more suitable to commercial areas. In addition, the design of industrial buildings is compromised if large restaurants/banquet halls are incorporated, due to the height requirements of the eating establishment. Further, the parking requirement for eating establishments is substantially greater than typical industrial uses; and
- "Personal service" uses would not be permitted as these are more appropriately located in commercial areas.

CONCLUSION

Based on the above discussion it is recommended that Council:

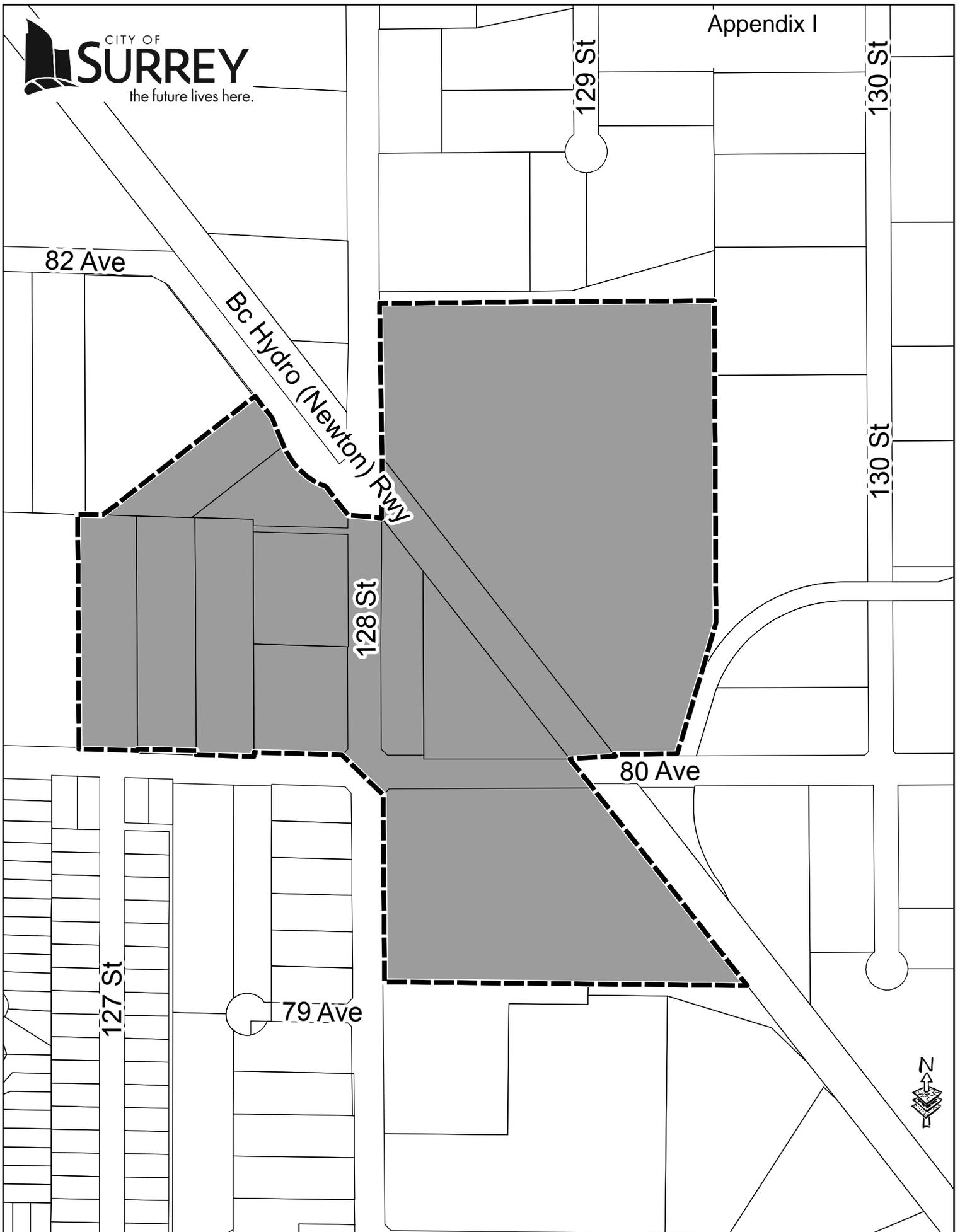
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 - A public consultation process regarding the above-listed matters; and
- Authorize the City Clerk to bring forward for the required readings an amending by-law to Surrey Zoning Bylaw, 1993, No. 12000 to introduce a new "Business Park 3 (IB-3) Zone" as generally described in this report, which will support and regulate future business park development in the City.

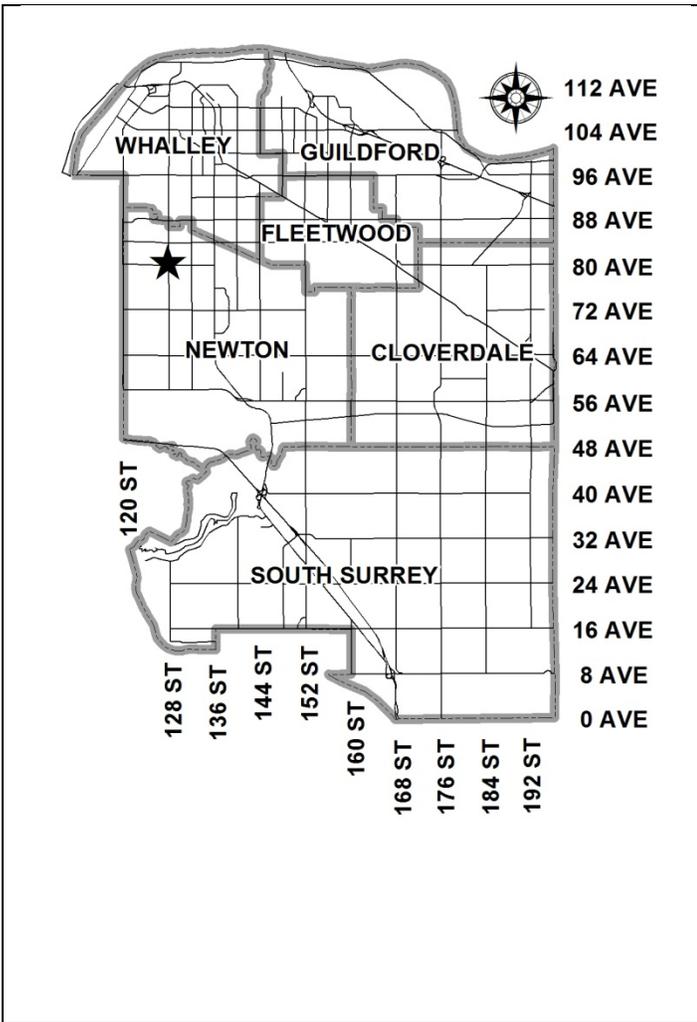
Original signed by
Jean Lamontagne
General Manager,
Planning and Development

MJ:saw

Attachments:

Appendix I Proposed Central Newton Cultural Commercial District
Appendix II Property which is the Subject of Development Application No. 7906-0121-00
Appendix III City Policy No. O-43



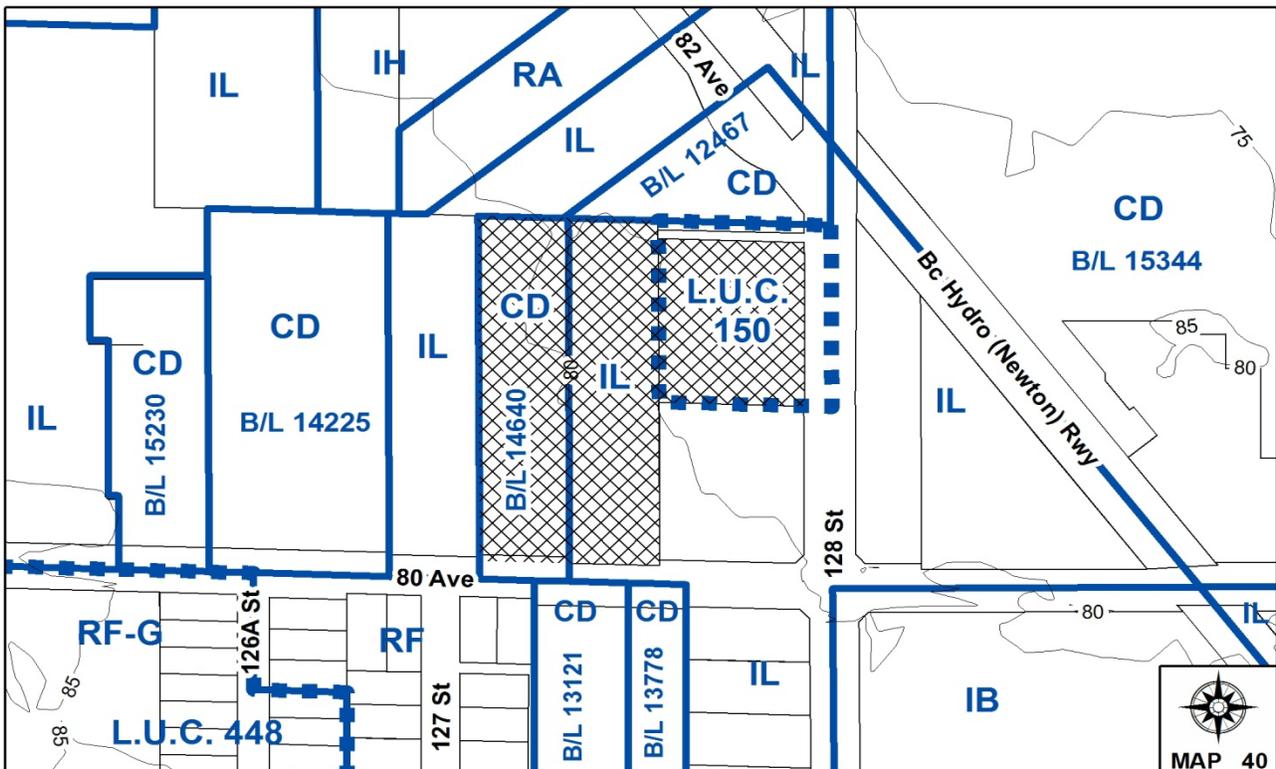


PROPOSAL:

- **OCP Amendment** from Industrial to Commercial
- **Land Use Contract** discharge (LUC 150)
- **Rezoning** from CD (By-law No. 14640) and IL to CD (based on IB and C-8 Zones)
- **Development Permit**

in order to allow expansion of an existing industrial development by adding retail commercial and banquet hall uses, in addition to upper storey office and warehouse space.

LOCATION:	12725/43 - 80 Avenue and 8053/63 - 128 Street
OWNER:	Vancouver Punjab Cloth House Inc. and 591430 BC Ltd.
ZONING:	CD (By-law No. 14640) and IL and LUC 150
OCP DESIGNATION:	Industrial
LAP DESIGNATION:	General Industrial





CITY POLICY

No. O-47

REFERENCE:	APPROVED BY:	CITY COUNCIL
REGULAR COUNCIL MINUTES	DATE:	03 FEB 2003 (RES.R03-209)
	HISTORY:	20 OCT 2000 (RES.R00-2575) 13 JULY 1998 (RES.R98-2129)

TITLE: REZONING OF INDUSTRIAL DESIGNATED LANDS IN THE VICINITY OF 84 AVENUE AND 128 STREET

Purpose

The purpose of this policy is to restrict any further rezoning, including rezoning to Comprehensive Development Zone (CD) to permit commercial uses on lands located in the vicinity of 84 Avenue and 128 Street which are designated "Industrial" in the Official Community Plan and thereby to protect these lands for industrial uses.

Policy

As of the date of adoption of this policy, Council will not consider any further applications for rezoning to any commercial, retail and ancillary retail zone or Comprehensive Development Zone (CD) of lands located in the vicinity of the 84 Avenue and 128 Street intersection as outlined on the attached location map which is designated in the Official Community Plan for Industrial use.

Amended October 30, 2000

Removal

The property located at 12905 - 80- Avenue is removed from policy.

* This policy is subject to any specific provisions of the Local Government Act, or other relevant legislation or Union agreement.

REZONING OF INDUSTRIAL DESIGNATED LANDS
IN THE VICINITY OF 84 AVENUE AND 128 STREET

No. O-47(2)

