

NO: R063

COUNCIL DATE: March 28, 2022

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **March 25, 2022**

FROM: **Acting General Manager, Planning & Development
General Manager, Investment & Intergovernmental Relations**

FILE: **6520-20 (City Centre)**

SUBJECT: **Update on Delivering the City Centre Plan Vision – Central Business District**

RECOMMENDATION

The Planning & Development Department and Investment & Intergovernmental Relations Department recommend that Council:

1. Receive this report for information;
2. Approve the proposed Office and Employment Strategy, as described in this report, including amendments to the City Centre Plan, attached as Appendix “I”;
3. Approve the proposed City Centre Plan boundary extensions, as described in this report and attached as Appendix “II”;
4. Authorize staff to amend *Surrey Official Community Plan Bylaw, 2014, No. 18020, as amended*, as documented in Appendix “III”, in order to ensure consistency between related figures and land use designations within the City Centre Plan and those in the Official Community Plan, and authorize the City Clerk to bring forward the necessary Amendment Bylaw for the required readings and to set a date for Public Hearing; and
5. Authorize staff to amend *Surrey Zoning By-Law, 1993, No. 12000, as amended* (the “Zoning Bylaw”), as documented in Appendix “IV”, in order to provide clarity on the impact of employment space requirements on the calculation of Capital Projects Community Amenity Contributions, and authorize the City Clerk to bring forward the necessary Amendment Bylaw for the required readings and to set a date for Public Hearing.

INTENT

The purpose of this report is to provide an update on the ongoing review of the City Centre Plan and to seek Council approval of new policies and land use designations intended to support office and employment growth in City Centre.

BACKGROUND

Surrey City Centre is undergoing a bold transformation from a suburban town centre into the region's second metropolitan centre. In 2017, Council approved the City Centre Plan (the "Plan") to realize this vision and guide high-density, mixed-use, transit-oriented growth. Integral to this vision is the emergence of City Centre as a major regional office and employment centre.

The Plan includes a framework to support office and employment growth, including a Guiding Principle to "Encourage Office & Employment". Office jobs contribute to a healthy local economy and expand the non-residential tax base. They allow Surrey residents to live close to work, reducing commute times and traffic congestion. In turn, office workers support commercial, entertainment, and cultural businesses and contribute to a vibrant downtown atmosphere.

The Plan envisions the highest concentration of employment in the core area surrounding Surrey Central SkyTrain Station. The areas surrounding Gateway Station, King George Station and Surrey Memorial Hospital are also identified for employment growth.

City Centre Office Demand

Since the Plan's completion, City Centre has experienced sustained investment and development, including numerous mixed-use and institutional projects. High-density residential growth has accelerated, and City Centre is experiencing rapid population growth. Office growth has been steady, although predominantly integrated within comprehensive mixed-use development. Between 2011 and 2019, leading up to the COVID-19 pandemic, City Centre added an average of 7,500 square metres of office space per year. During that period, office vacancy declined and has remained low, even with the onset of the pandemic. Currently there is approximately 200,000 square metres of office space in the City Centre, whereas by comparison there is approximately 2.5 million square metres of office space in downtown Vancouver.

There is a latent demand for office space in City Centre that is not being met due to the limited supply of vacant office space. For this reason, when new supply has come online, it has been absorbed relatively quickly, forcing prospective tenants that miss out to look elsewhere in the region.

Notwithstanding the healthy demand for office space in City Centre, large standalone speculative office construction remains challenging due to high pre-lease requirements needed to secure construction financing. This is not unique to the City Centre market. The current developers in City Centre are also predominantly residential developers, with few interested in the standalone office development business model.

The same factors that make Surrey City Centre a strategic office location are also driving unprecedented growth and demand for residential development, thus requiring a strategy to protect space for future office. Therefore, it is important that City Centre strengthens its profile as a downtown office location. This will improve its ability to attract the type of tenants needed to develop large scale office sites. City Centre already has key attributes that support the marketability of an office location, such as rapid transit connectivity, parking availability, and a strong institutional presence. As such, the City's efforts should strategically focus on the following objectives:

- Building a critical mass through continued incremental growth. This could be in the form of smaller and medium scale office in mixed-use developments.
- Making City Centre more attractive as an office centre by encouraging the delivery of office-supportive amenities and services, with a focus on dining, entertainment, and culture.

Based on existing conditions and market intelligence, there is an opportunity to reinforce City Centre as the second Central Business District (“CBD”) for the Metro Vancouver region.

Interim Central Business District Requirement

While the existing Plan provides a strong framework to support employment growth, targeted amendments are required to provide stronger policy tools for requiring office space. On October 21, 2019, Council authorized staff to undertake an update to the Plan. Along with authorization to initiate the Plan update, Council also endorsed the establishment of an interim CBD area, along with a provisional policy requirement that new development therein provide at least 50% of its floor area for office and/or institutional uses. The interim boundary of the CBD is illustrated in Appendix “V”.

The objectives of these requirements were to establish interim expectations regarding new development in the core of City Centre while staff undertake additional analysis and consultation related to a more permanent office and employment strategy. Through this approach, the City has been effective in establishing the intent and framework to build a critical mass of employment and establish City Centre as a major employment centre.

Staff have completed analysis and stakeholder consultation related to a long-term office and employment strategy, including refinements to land use policies and designations. Proposed refinements are described in this report.

DISCUSSION

Office and Employment Strategy Planning Process

The Plan update began with a market study, which was undertaken in spring of 2020. Upon completion of the market study, staff began the exploration of land use refinements and the preparation of draft policy. This process was accompanied by a comprehensive program of stakeholder consultation to ensure that diverse development and business interests were represented. Details of the consultation activities, along with key findings, are described in the following sections, as well as in a consolidated engagement summary attached as Appendix “VI”.

City Centre Market Study

In spring 2020, Coriolis Consulting Corp. was retained to conduct a market analysis study for City Centre. The purpose of this analysis was to inform the development of policies to support office and employment growth. The study included the following elements:

- A review of regional and City Centre-specific office trends, including office floor space growth, vacancy, and tenant types;
- Interviews with developers and leasing agents on the prospects for office development in City Centre;

- A comparison of City Centre with competing Metro Vancouver office centres; and
- Commercial floor space forecasts for office, retail, and hotel development.

The market study found that between 2011 and 2019, average annual office construction in City Centre was approximately 7,500 square metres. During this period office vacancy in Surrey declined from 50,000 square metres in 2011 to 15,000 square metres in 2019. Based on local and regional trends, office growth to the year 2050 was forecast to average between 8,000 and 14,000 square metres per year for City Centre.

Surrey's large and growing population and its relatively affordable housing were counted among City Centre's advantages for attracting office development; however, most important were the presence of Simon Fraser University at the Surrey Campus and rapid transit connectivity to the rest of the region.

City Centre's main disadvantages with respect to attracting office development include a lack of a critical mass of existing office space, limited office-supportive amenities and services, and a lack of street front retail space.

The study noted that the future development of additional transit infrastructure, health and education institutions, and entertainment and cultural amenities will have positive impacts on forecasted office growth.

Stakeholder Consultation

Consultation was informed by the Public Engagement Strategy which was endorsed by Council during the planning process. Consultation with the public and key stakeholders was conducted via an online engagement platform with a public survey, presentations to community and business associations, and workshops with development industry stakeholders. Key learnings include the following:

- Office growth should be prioritized in the CBD;
- In addition to the CBD, office growth should continue to be encouraged in other City Centre locations, especially near Surrey Memorial Hospital;
- SkyTrain access and proximity to major institutions, including Simon Fraser University, the new UBC campus, and Surrey Memorial Hospital, are important factors for office growth in City Centre; and
- Availability of amenities and services such as shopping, entertainment, hospitality, and cultural facilities are important to workers and employers.

Stakeholders also expressed that residential development in City Centre supports employment growth as it provides a nearby supply of workforce housing. It was also conveyed that the residential component of a mixed-use development may support the delivery of office space by improving the overall financial viability of the project.

There were also concerns raised around the amount of office space that might be required, especially considering significant office projects that have already been approved and not yet constructed. It was felt that these developments will compete with future projects, impacting their ability to meet pre-lease requirements.

Economic Development Intelligence

Demand for office space continues to be present despite the impact of the COVID-19 pandemic. This reflects Metro Vancouver's attractiveness for office space, and the on-going global competition to attract the talent to support innovation and growth.

As a member of the Consider Canada City Alliance, the City is now participating in a number of national efforts to attract major multinational companies to Surrey. Currently, staff are supporting investment leads totalling over 18,000 square metres of office space, representing approximately 800 jobs. While demand is anticipated to grow, Surrey will need to consider the following factors to support future large-scale office investment:

- 1) There is a lack of vacant office space in the City Centre, specifically large floorplates, the type of open office space desired by tech companies. The floorplate of a typical mixed-use buildings is not conducive to current office demand and will only attract smaller office users;
- 2) The timelines for 'move-in ready' companies are typically less than 18 months. Pre-leasing and waiting for a three to four-year construction timeline does not meet typical office demand requirements; and
- 3) There is a very limited number of standalone office developers, including Real Estate Investment Trusts and Pension Fund developers, operating in City Centre. Most developers active in the City Centre area are focused on residential development and have limited experience developing and leasing office space.

While existing developers are prioritizing high demand residential developments, few are exploring solutions to deliver more office space. This is despite Vancouver's downtown core continuing to build new office space to meet current demand. Other major regional transit hubs, such as Brentwood Town Centre, Coquitlam Centre, and Metrotown, are also pursuing growth in office space. An increasing number of office developers are offsetting pre-lease requirements by entering the pre-sale strata office market in order to greenlight potential projects.

For City Centre to advance its role as the region's second metropolitan centre, the City needs to prioritize the attraction of office development partners, while continuing to attract prospective tenants. More focused and applied measures are needed to protect transit-oriented sites for office development, particularly within the CBD. Office space protection needs to consider the type of office space that is conducive to modern tech companies and corporate offices. Office supportive uses and amenities also need to be prioritized in these areas.

Office and Employment Strategy

The proposed strategy is a comprehensive approach to ensure that transit-oriented sites are protected for office and employment space in City Centre. It addresses both short and long-term growth, considering the current and projected demand within City Centre, as well as existing constraints on office development and financing. The strategy draws from demand analysis and market evidence, with input and direction from industry and market experts.

To support this new approach, the Plan will define “employment uses” to include office, commercial and institutional uses. This provides flexibility for commercial developers while continuing to support office growth. It also reflects the City’s objectives around expanding cultural and institutional uses and opportunities to secure key ancillary uses through development. The availability of supportive amenities and services is an increasingly important locational criterion for businesses, particularly technology and professional services.

The proposed strategy identifies a hierarchy of office growth areas within City Centre. It acknowledges the strategic value of key transit-served and hospital-adjacent locations, as well as the supporting role of other mixed-use areas, especially along King George Boulevard. This strategy is described in greater detail in the following sections.

Central Business District

The CBD will be the principal focus of office and employment growth. This will include high-density, Class A (highest calibre) office space in standalone office buildings, as well as significant floor area within mixed-use buildings. Employment growth will also be achieved through institutional expansion and additional commercial space. Development within the CBD will prioritize office and employment uses.

The entirety of the CBD is currently designated *Mixed Use 7.5 Floor Area Ratio (“FAR”)* in the Plan. While this land use designation is intended to accommodate office and institutional uses, it also permits development that is predominantly residential (with minimal ground floor commercial).

To formalize the CBD, the area’s land use designation is proposed to be amended to a new *Central Business District* designation. This will protect against the loss of strategically located sites to development that does not contribute significant employment space. Such sites are needed to ensure sufficient capacity for long-term employment growth and to provide opportunity for the development of larger floorplates that attract modern tech and corporate offices. Two sub-areas of the CBD are proposed as follows:

- *Central Business District Area 1 (“CBD Area 1”)* – This area includes the lands currently controlled by the City and Simon Fraser University, as well as a majority of the Central City Shopping Centre site, as illustrated in Appendix “I”. The intent within this area is to support high-density office and employment uses up to 7.5 FAR. Additional density, including residential density, may be considered in accordance with density bonus provisions and within the Zoning Bylaw, and subject to meeting urban design, transportation, and servicing criteria. These areas are expected to develop with standalone office and institutional buildings over the long-term, providing sufficient capacity to meet City Centre’s future employment space needs. Residential may be considered subject to the provision of 7.5 FAR of employment uses.

Central Business District Area 2 (“CBD Area 2”) – This area includes properties east of City Parkway to King George Boulevard, as well as the portion of the Central City Shopping Centre facing Holland Park, as illustrated in Appendix “I”. The intent within this area is to support high density employment uses, as well as to allow high density mixed-use development, providing at minimum 3.5 FAR of office and employment space. An overall permitted density of 7.5 FAR is supported. Additional density may be considered in accordance with density bonus provisions within the Zoning Bylaw, and subject to

meeting urban design, transportation, and servicing criteria. Development may take the form of a standalone office or institutional buildings or an office/commercial podium with residential or additional employment uses above. On larger/phased sites with multiple buildings, significant office space must be provided and prioritized with the initial phase of the development. Additionally, employment space satisfying the FAR requirements will be clearly identified in the General Development Permit and Comprehensive Development Zone.

Within *CBD Area 2*, the 3.5 FAR employment space requirement is reflective of the amount of office/commercial floor space proposed by some recently approved mixed-use developments in City Centre. Projects may potentially qualify for a reduction to the required employment space by providing uses that improve the conditions to support office growth and attract office employers. In such cases, it is proposed that the following provisions apply:

- The employment space requirement may be reduced by no more than 0.75 FAR for a development providing a significant amount of floor area for purpose-built office supporting uses. To justify a reduction, office supporting uses must occupy at least 2,000 square metres of floor area. Such uses may include dining, cafes, bars, cinemas, performance venues, cultural facilities, artists space, galleries, and hotels. Childcare and fitness space may also qualify if located above street-level. The amount of the reduction will depend on the mix of office supporting uses proposed. The base employment space FAR requirement can be reduced by 1 square metre for every 1 square metre of purpose-built office supporting uses provided.
- A reduction to the requirement may also be considered for a development conveying land and/or an air space parcel and improvements to the City for a plan identified civic purpose.

In addition to this new land use designation, it is proposed that an Entertainment and Cultural District be identified within the CBD. The purpose of this would be to encourage the concentration of entertainment and cultural businesses in locations proximate to high-density office, mixed-use, and retail developments. Post-pandemic, downtowns must offer a compelling reason for workers to return to the office. Outside of the workplace, this means providing a range of social opportunities including dining and entertainment (i.e., music, dancing, etc.) options in addition to high quality retail offerings.

Establishing an Entertainment and Cultural District creates a vision that entertainment and hospitality businesses can buy into and improves the marketability of commercial space. Additional work will be undertaken through the next steps of the planning process to elaborate this vision and ensure an active and engaging public realm.

Health and Technology District

The emerging Health and Technology District encompasses Surrey Memorial Hospital and adjacent areas generally between King George Boulevard and the BC Hydro Transmission Corridor as far north as Fraser Highway. It will be an additional focus of high-density employment in City Centre. Sustained office development in recent years has met the need for medical offices near the hospital, as well as space for the growing technology sector (including the HealthTech Innovation Hub). Recently, the University of British Columbia has announced their intent to locate new academic facilities in the area.

The proposed strategy reinforces this as an area for continued institutional and office growth. It is proposed that a portion of the district, as illustrated in Appendix “I”, be amended to a new *High Density Employment* land use designation.

This designation will apply to Surrey Memorial Hospital and several adjacent blocks north of 96 Avenue. The intent of this designation is to provide high-density employment uses, including office, institutional, and ancillary commercial, in locations outside of the CBD. This designation will also allow for supportive housing and residential care facilities. The permitted density within this designation will support development up to 7.5 FAR. Additional employment density may be considered subject to meeting urban design, transportation, and servicing criteria.

Mixed-Use Areas

In addition to the CBD and the Health and Technology District, existing mixed-use areas will contribute to employment growth by providing supplemental, typically small-scale office space. This is needed to meet existing demand, including ancillary office uses, as well as to ensure sufficient long-term employment capacity within City Centre.

Currently, many mixed-use developments are predominantly residential, providing limited employment space, usually one floor of commercial at ground level. In key transit-served locations and adjacent to the proposed employment districts, additional employment floor space above ground level is appropriate. This may be in the form of office or additional commercial space.

To achieve this, it is proposed that the *Mixed Use 3.5 FAR*, *Mixed Use 5.5 FAR* and *Mixed Use 7.5 FAR* designations be modified to require a minimum of two floors of employment uses (with three to four floors encouraged). This requirement would be strictly form-based, with no associated density target, and would apply only to the following locations:

- In proximity to the Gateway and King George SkyTrain Stations;
- Along King George Boulevard between 104 Avenue and 96 Avenue; and
- Adjacent to the CBD and the Health and Technology District.

These areas are identified by map in Appendix “I”.

As previously noted, there is approximately 200,000 square metres of office space in the City Centre. In the absence of the proposed requirements, space for employment uses is expected to grow to 400,000 square metres by 2050. With the establishment of the Central Business District, Health and Technology District, and the Mixed-Use Areas, it is expected that office growth will accelerate, with approximately twice as much office space added by 2050, for a total of approximately 600,000 square metres. With this enhanced growth and continued residential growth, the City Centre will solidify itself as the region’s second metropolitan centre.

Proposed City Centre Plan Boundary Extension

In addition to the Office and Employment Strategy, the plan update includes work to review land use designations within the Bolivar Heights and Green Timbers neighbourhoods of City Centre. In undertaking this work, two potential plan boundary extensions have been identified. Staff propose minor boundary adjustments at the north and south ends of the City Centre Plan area, as illustrated in Appendix “II”. These boundary extensions will allow these areas to be planned in conjunction with the land use review being undertaken for Bolivar Heights and Green Timbers. In each case, the extensions will also facilitate the conveyance of riparian lands for watercourse protection.

Proposed OCP Amendments

The OCP currently includes a *Central Business District* land use designation that covers the extensive high-density areas within City Centre. This area does not correlate to the CBD boundary proposed in this report which is intended to prioritize employment uses. In order to provide clarity on the intent and the extent of the CBD, several OCP amendments are proposed that will ensure consistency and strengthen alignment between the OCP and the City Centre Plan. The changes, attached as Appendix “III”, are as follows:

- Rename the existing *Central Business District* designation as the *Downtown* designation to avoid confusion with the proposed City Centre Plan designation of the same name, but different extent. The successor *Downtown* designation will continue to encompass all high density residential and employment areas.
- Replace all references to *Central Business District* with references to *Downtown* including within the *Multiple Residential*, *Commercial*, and *Mixed Employment* designations.
- Amend Figure 3: *General Land Use Designations* to reflect the renaming of the *Central Business District* designation, described above, and to ensure alignment with City Centre Plan land uses.
- Amend Figure 4: *Secondary Plan Areas* to reflect the proposed update to the City Centre Plan boundary.
- Amend the renamed *Central Business District* Section to include the employment space (non-residential) requirements.
- Amend Figure 16: *Central Business District Densities* to rename as “Figure 16: *Downtown Densities*” and to reflect the densities identified within the City Centre Plan.
- Insert Figure 16a: *Required Non-Residential* to reflect the proposed employment space requirements.
- Amend Figure 42: *Major Employment Areas* to reflect the changes to Figure 3, as described above.
- Amend Figure 63: *Secondary Plan Areas* to reflect the proposed update to the City Centre Plan boundary.

Proposed Zoning Bylaw Amendments

Zoning Bylaw amendments are needed related to the proposed employment space requirements for mixed-use development. The Zoning Bylaw regulates the collection of Capital Projects Community Amenity Contributions (“CPCAC”). CPCACs are payable only on the residential component of a mixed-use development. “Tier 1” CPCAC rates are applicable to that portion of the development up to the density prescribed in the OCP or an approved secondary plan, such as the City Centre Plan. “Tier 2” rates are applicable to the portion above the prescribed density. Zoning Bylaw amendments, attached as Appendix IV”, will clarify that any required employment space will be deducted from the plan density for the purpose of determining the amount of residential density subject to Tier 1 rates. The amendments will also replace references to the *Central Business District* OCP designation with references to the *Downtown* designation, as described above.

Next Steps

Subject to Council approval of the City Centre Office and Employment Strategy, staff will amend the City Centre Plan accordingly, and undertake the following related work items:

- Undertake additional analysis regarding office supply and demand and explore opportunities to further expand CBD areas and supportive land use designations;
- Establish a vision, development parameters, and supportive policies to support an Entertainment and Cultural District within the CBD;
- In coordination with the Parks, Recreation & Culture Department, review and update the Plan, as needed, to ensure the appropriate provision of cultural facilities, services, and amenities to support the Office and Employment Strategy;
- In coordination with the Parks, Recreation & Culture Department, review and update the Parks and Open Space Network as needed to ensure the appropriate provision of parks and plaza spaces to support the Office and Employment Strategy;
- Review and update the Secondary Plan Community Amenity Contributions to ensure appropriate funding to support updates to the plan, including parkland amenities and cultural facilities and services;
- Update City Centre’s Urban Design Guidelines in relation to employment areas and to support the above-mentioned vision for an Entertainment and Cultural District;
- In collaboration with the Engineering Department, review non-residential off-street parking rates based on parking utilization data, and update the City Centre road network as needed;
- Complete supplementary housekeeping amendments to the Plan as needed; and
- Explore additional amendments to the OCP, as needed, in order to align related policies, figures, terms, and land use designations within the OCP to those advanced through the City Centre Plan update.

Staff will continue to work on the Plan update with additional updates for Council consideration in 2022. The final updated Plan is anticipated for Council consideration in 2023.

SUSTAINABILITY CONSIDERATIONS

The Office and Employment Strategy proposed as part of the City Centre Plan Update supports the objectives of the City's Sustainability Charter 2.0. In particular, this plan update supports the Sustainability Charter 2.0 themes of Built Environment and Neighbourhoods, and Economic Prosperity and Livelihoods. Specifically, this strategy supports the following Desired Outcomes ("DO"):

- Neighbourhoods and Urban Design DO₃: The City Centre is a dynamic, attractive and complete metropolitan area and important international destination, and is one of North America's most livable and desirable downtowns;
- Jobs and Skills Training DO₁: Diverse and meaningful employment and business opportunities are available close to where people live, and provide incomes that can support a high quality of life;
- Economy DO₇: The City's strong revenue base includes a balance of commercial and residential property taxes; and
- Innovation DO₁₄: Surrey is the region's innovation hub, focusing on health and clean technologies, and creating significant local and regional economic impacts.

CONCLUSION

The proposed update to the Plan is the culmination of work undertaken over the last two years. It is reflective of comprehensive consultation with office and institutional developers, key office tenants, and business stakeholders, and intelligence gathered through independent market analysis. The Plan update represents a clear strategy to protect for and advance office space and employment in City Centre. It prioritizes employment and office growth within a designated Urban Centre in alignment with the City's OCP and the Metro Vancouver Regional Growth Strategy.

The proposed Plan update will further support a compact, sustainable, and transit-oriented City Centre with a diverse offering of employment opportunities. Based on the above discussion, it is recommended that Council approve the proposed Office and Employment Strategy for City Centre, and amend the City Centre Plan, OCP and Zoning Bylaw as described in this report.

Jeff Arason, P.Eng.
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Planning & Development

Donna Jones
General Manager,
Investment & Intergovernmental Relations

PK/AD/cc

Appendix "I" – Proposed City Centre Plan Land Use Amendments

Appendix "II" – Proposed City Centre Plan Boundary Extensions

Appendix "III" – Proposed Amendments to *Surrey Official Community Plan Bylaw, 2014, No. 18020*

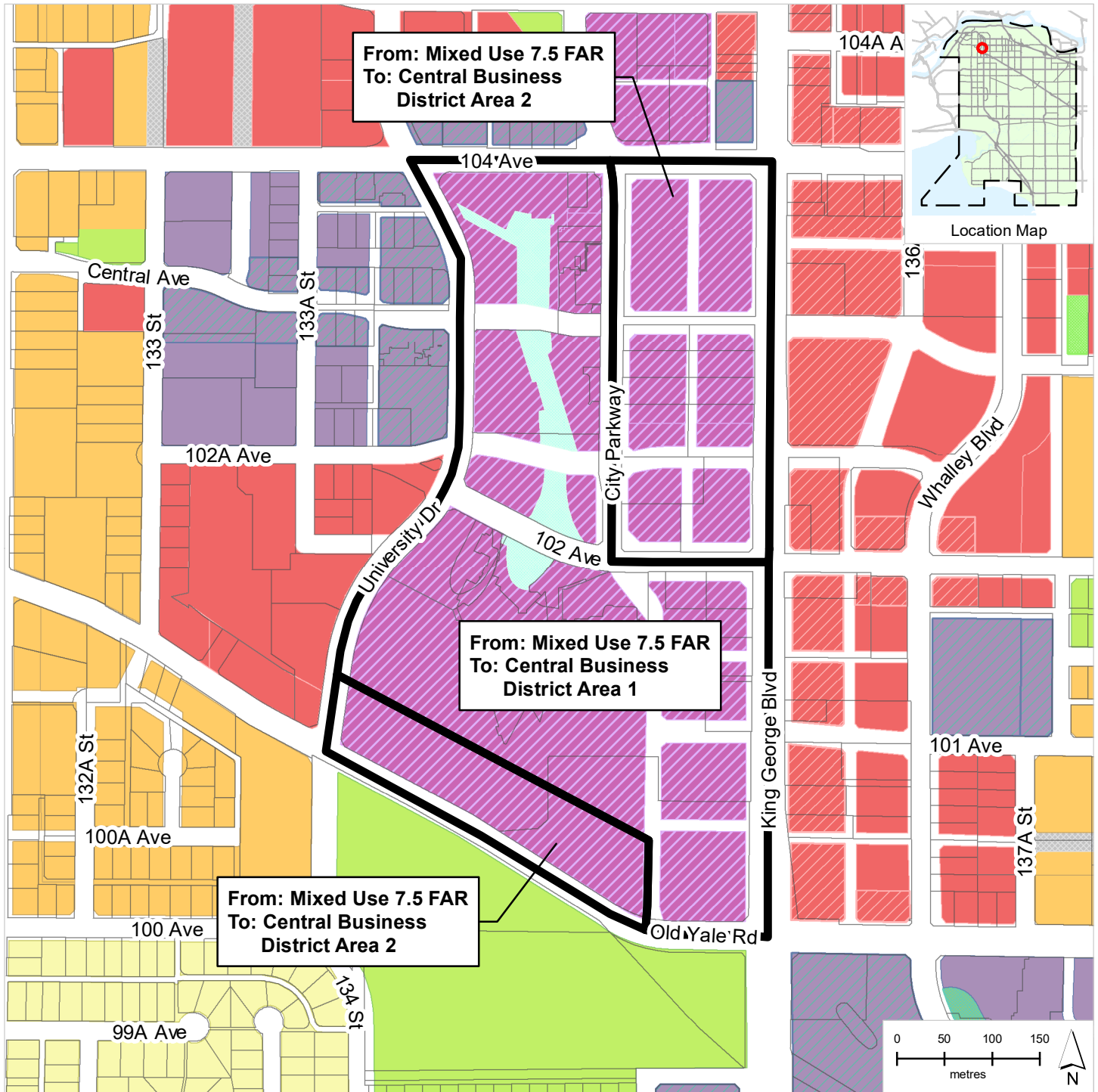
Appendix "IV" – Proposed Amendments to Zoning Bylaw

Appendix "V" – Interim Central Business District

Appendix "VI" – Office and Employment Strategy Engagement Summary

City Centre Plan Amendments

Central Business District

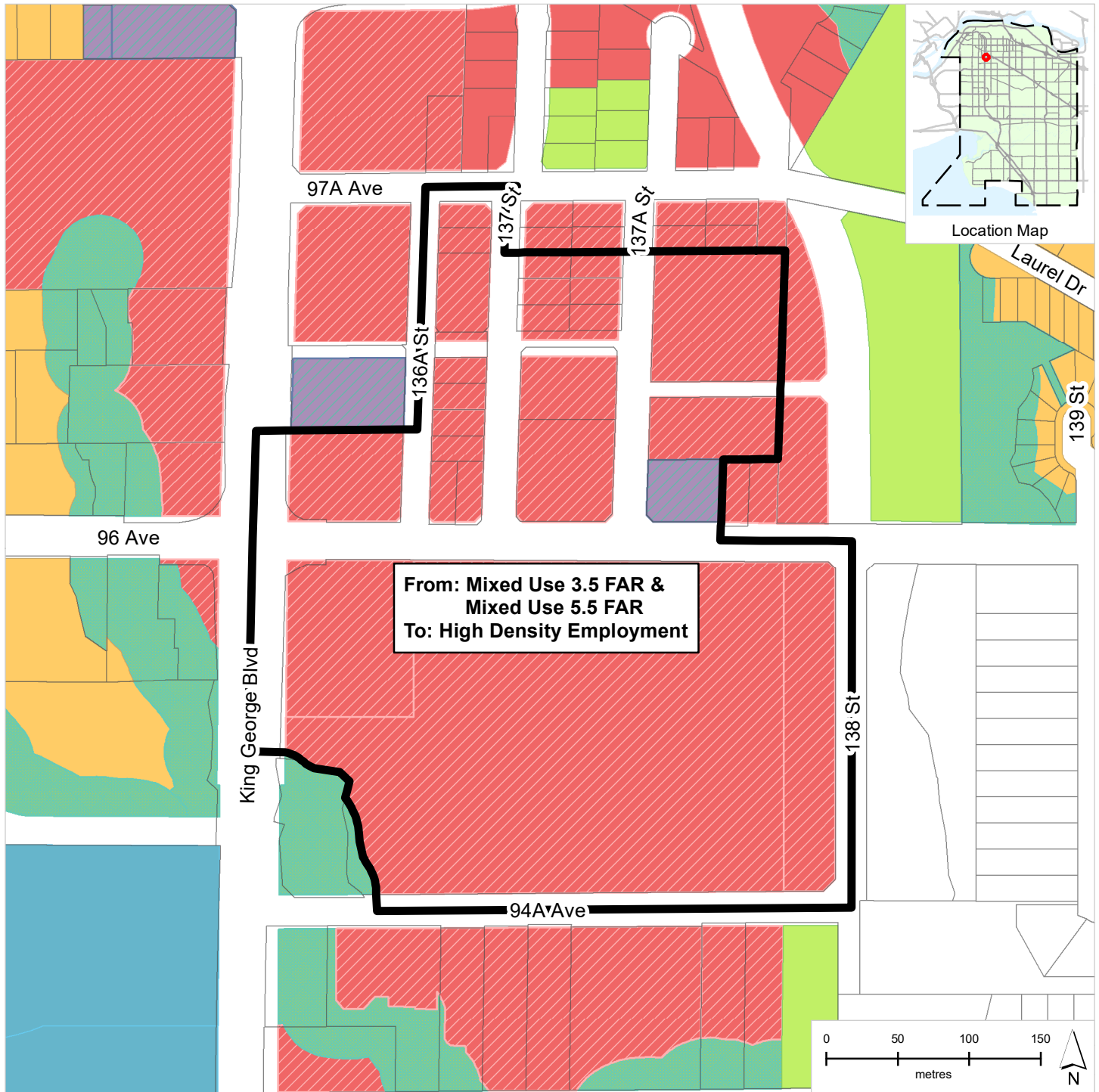


LEGEND

High Rise 5.5 FAR	Single Family/Duplex 0.6 FAR	Mixed-Use 7.5 FAR	Institutional
High Rise 7.5 FAR	Mixed-Use 2.5 FAR	Plaza	Park
Mid to High Rise 3.5 FAR	Mixed-Use 3.5 FAR	Public Open Space	Creek Buffers
Low to Mid Rise up to 2.5 FAR	Mixed-Use 5.5 FAR	School	Long Term Road

City Centre Plan Amendments

High Density Employment

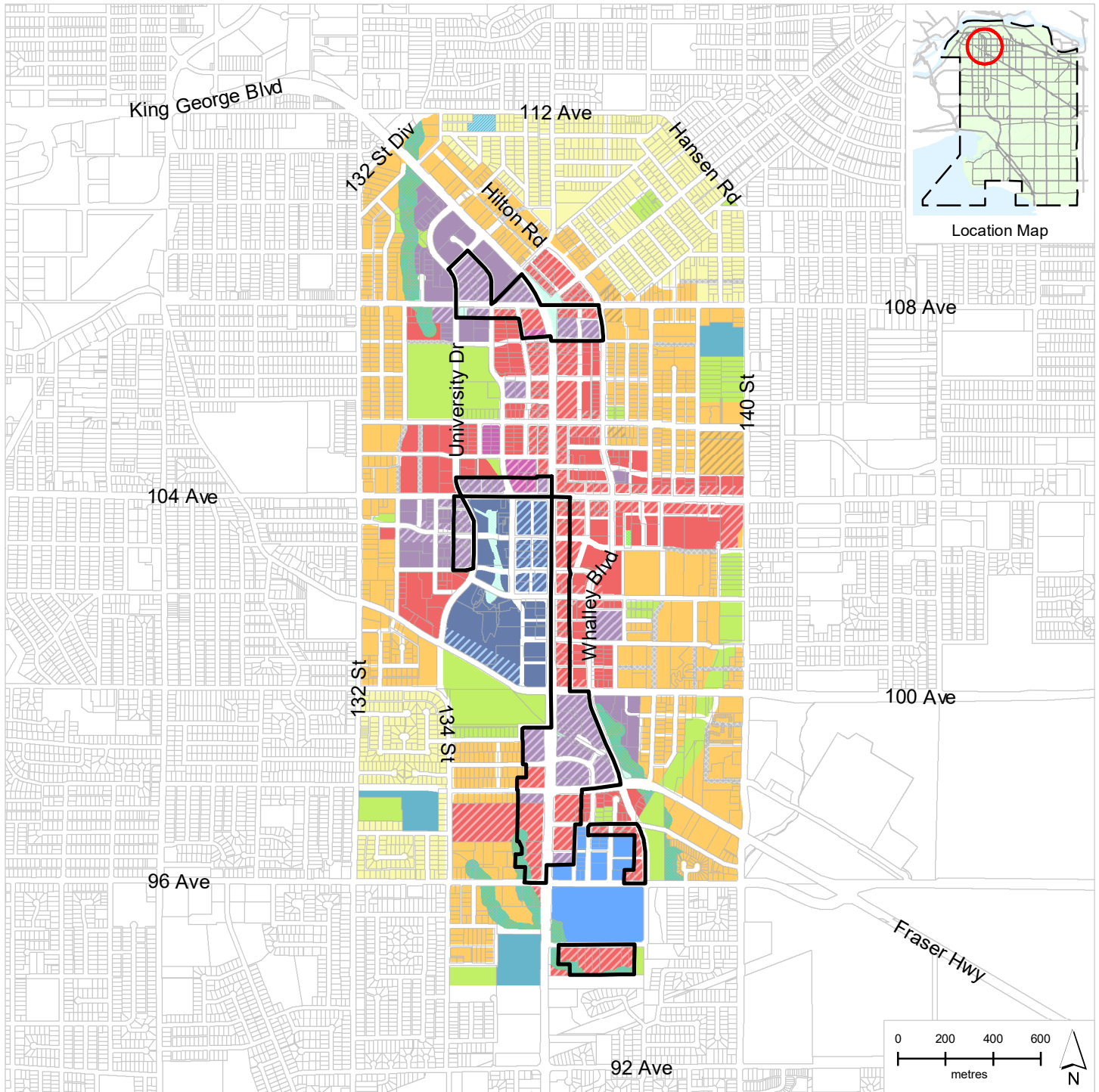


LEGEND

High Rise 5.5 FAR	Single Family/Duplex 0.6 FAR	Mixed-Use 7.5 FAR	Institutional
High Rise 7.5 FAR	Mixed-Use 2.5 FAR	Plaza	Park
Mid to High Rise 3.5 FAR	Mixed-Use 3.5 FAR	Public Open Space	Creek Buffers
Low to Mid Rise up to 2.5 FAR	Mixed-Use 5.5 FAR	School	Long Term Road

City Centre Plan Amendments

Mixed Use Areas Requiring Minimum 2 Floors of Non-Residential

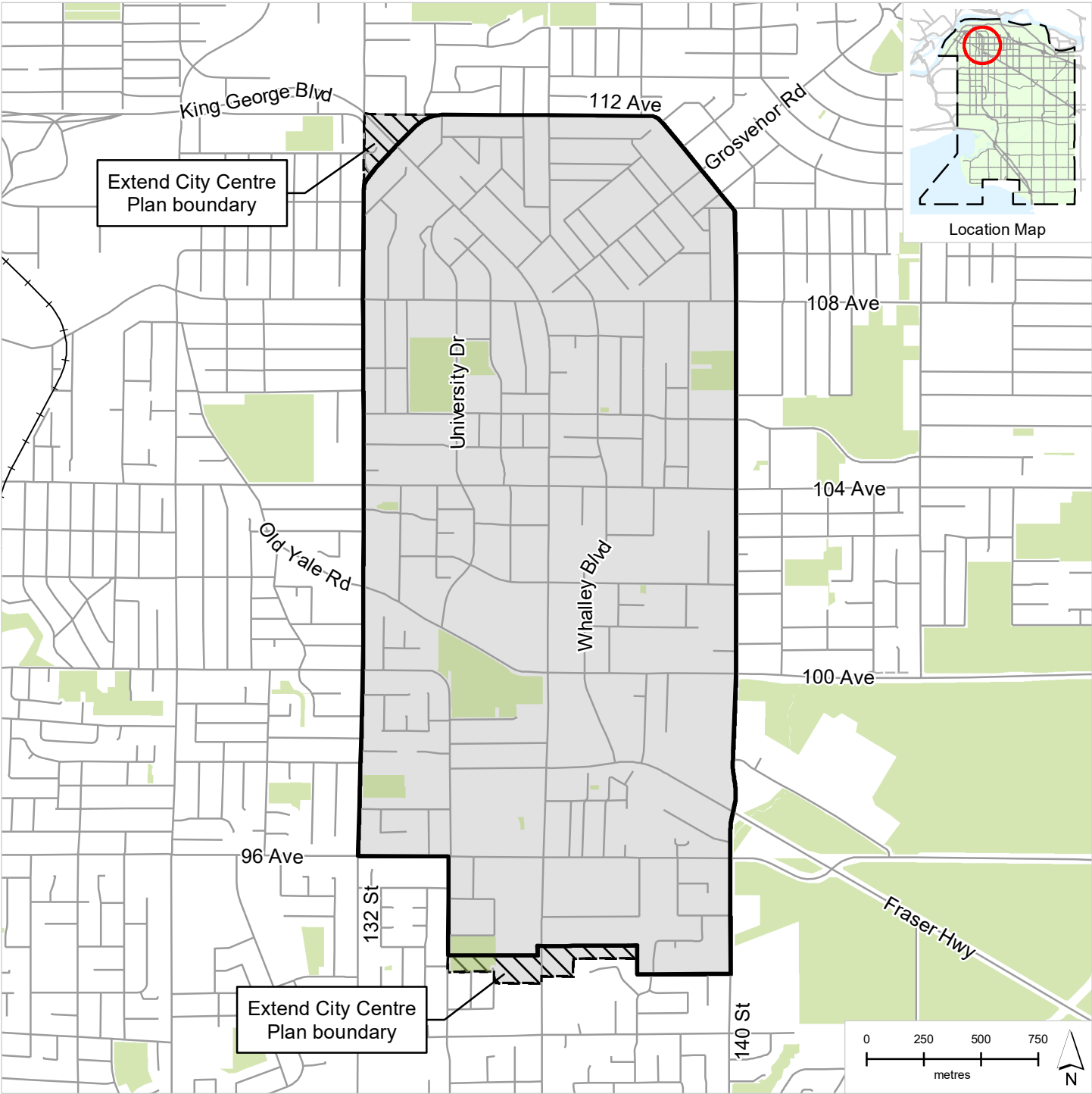


LEGEND



Minimum 2 Floors Non-Residential	Mixed-Use 5.5 FAR	Mid to High Rise 3.5 FAR	Plaza
Central Business District Area 1	Mixed-Use 3.5 FAR	Low to Mid Rise up to 2.5 FAR	Park
Central Business District Area 2	Mixed-Use 2.5 FAR	Single Family/Duplex 0.6 FAR	Public Open Space
High Density Employment	High Rise 7.5 FAR	Institutional	Creek Buffers
Mixed-Use 7.5 FAR	High Rise 5.5 FAR	School	Long Term Road

City Centre Plan Amendment

Boundary Extensions



LEGEND

-  Existing City Centre Plan boundary
-  Proposed boundary extensions

Proposed Amendments to *Surrey Official Community Plan Bylaw, 2014, No. 18020, as amended*

The following proposed amendments to Plan Surrey 2013: Official Community Plan are presented in the order the sections appear in the document:

Land Uses and Densities Section

1. Page 35: Amend “Figure 3: General Land Use Designations” by:
 - Replacing “Central Business District” in the map legend with “Downtown” and
 - Redesignating properties shown in Attachment “A” in the City Centre Plan area from “Multiple Residential” to “Downtown”.
2. Page 36: Amend “Figure 4: Secondary Plan Areas” by expanding the City Centre Plan boundary to the northwest and to the south as shown hatched in Attachment “B”.
3. Page 57: Amend the “Central Business District” Section by deleting it in its entirety and replacing with a new “Downtown” Section, as shown in Attachment “C”.
4. Page 58: Amend “Figure 16: Central Business District Densities” by:
 - Renaming it to “Figure 16: Downtown Densities”;
 - Replacing “Central Business District designation” in the map legend with “Downtown designation”; and
 - Amending and assigning densities for properties shown in Attachment “D” in the City Centre Plan area.
5. Page 59: Insert after “Figure 16: Downtown Densities” a new “Figure 16a: Required Non-Residential”, as shown in Attachment “E”, and add a reference to it in the index of Tables and Figures.

Policies Section, Theme E: Economy

6. Page 175: Amend “Figure 42: Major Employment Areas” by:
 - Replacing “Central Business District” in the map legend with “Downtown” and
 - Adding properties to the “Downtown” designation, as shown in Attachment “F”.

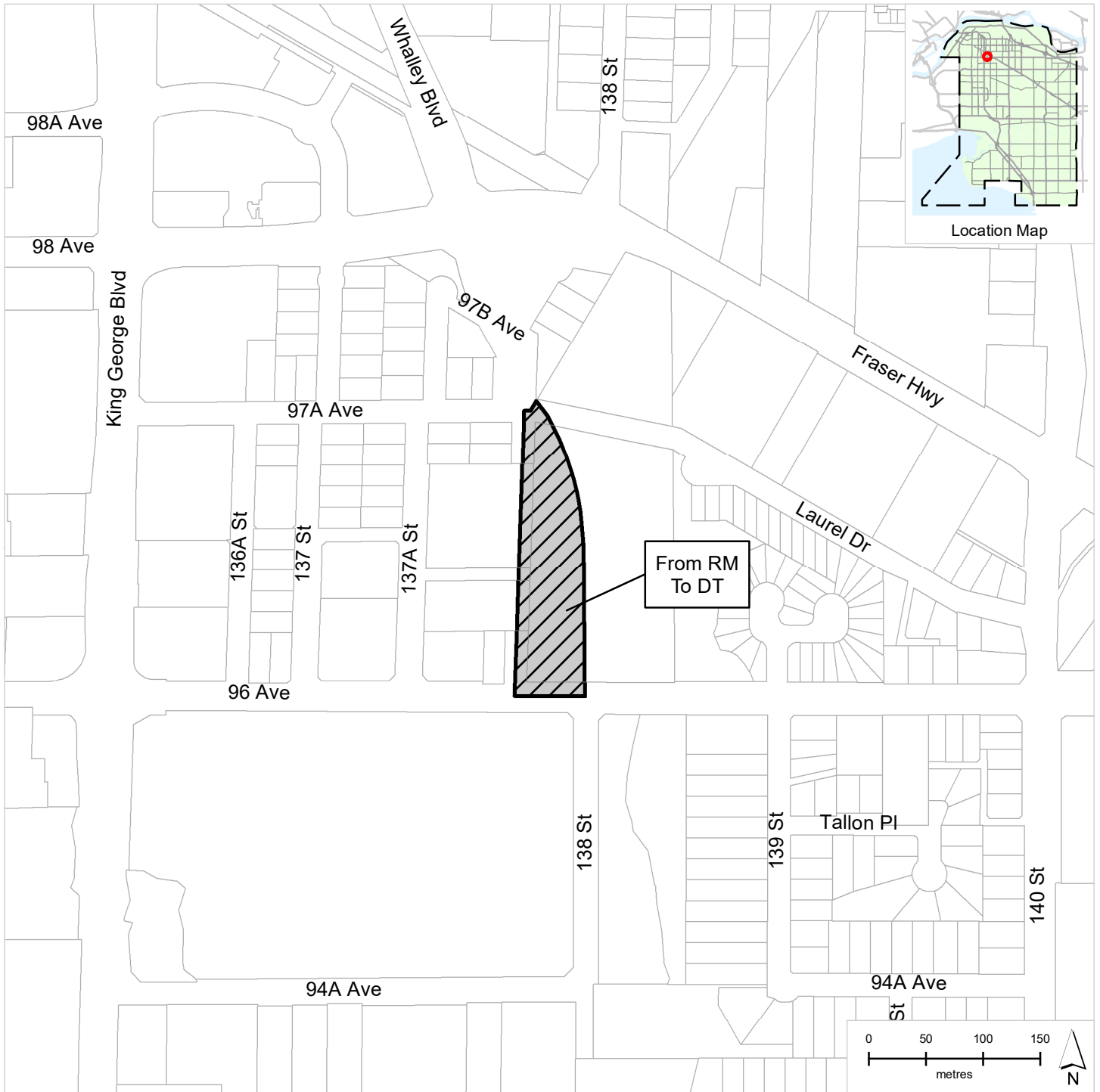
Implementation Section, Implementation Instruments

7. Page 277: Amend “Figure 63: Secondary Plan Areas” by expanding the City Centre Plan Boundary to the northwest and to the south as shown hatched in Attachment “G”.


Other

8. Replace all other occurrences of the words “Central Business District” in the Bylaw with the word “Downtown”.

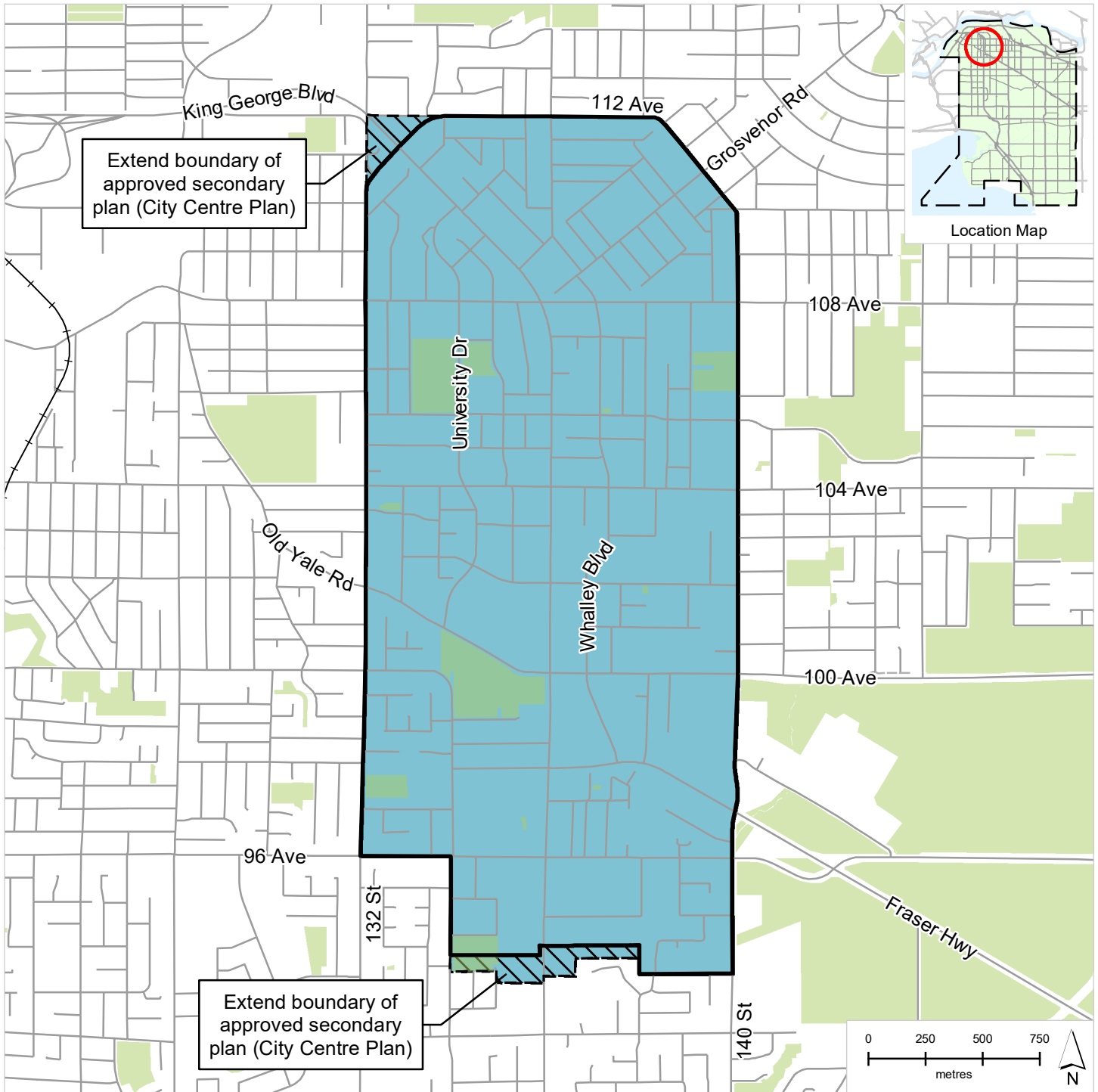
Amendment to Figure 3: General Land Use Designations



LEGEND

 From Multiple Residential (RM) to Downtown (DT)

Amendment to Figure 4: Secondary Plan Areas



LEGEND

- Approved secondary plan
- Extension of approved secondary plan boundary

Downtown

The DOWNTOWN designation is intended to support the continued development of Surrey City Centre as the primary commercial, civic, institutional, transit and high-density residential centre for Surrey and as the primary metropolitan centre for the "South of the Fraser" area of Metropolitan Vancouver. Urban design of public and private sector development including buildings, streets, plazas and gathering spaces, is intended to be of the highest quality to provide a vibrant, pedestrian-friendly and highly attractive environment and to support investment and activity in the City Centre.

Lands within this designation are intended for the highest density development in Surrey in order to support a vibrant commercial and civic centre and to support high-capacity rapid transit services. This includes high density commercial, retail and office developments, major institutional and civic developments, public facilities, transit stations and mixed-use commercial/residential developments.

Stand-alone, high-density residential apartment development may be permitted in select areas within this designation as identified in the *Surrey City Centre Plan*.

Example of Downtown Designation:
Central City Office Tower



DEVELOPMENT CONSIDERATIONS FOR DOWNTOWN

Densities:

- ⇒ Development is permitted to be up to 3.5 FAR, up to 5.5 FAR, and up to 7.5 FAR, as shown in Figure 16.
- ⇒ Densities within DOWNTOWN are calculated on gross site area before dedications for public purposes such as streets, parks or plazas are identified.
- ⇒ Additional bonus densities may be granted in exchange for the provision of sufficient community amenities in accordance with approved City Council or Department policies.

Minimum Non-Residential Requirements:

Areas identified in Figure 16a are subject to the following:

- ⇒ Area A: Development is required to provide a minimum of 7.5 FAR of non-residential.
- ⇒ Area B: Development is required to provide a minimum of 3.5 FAR of non-residential. If a minimum of 2,000 m² of purpose-built office supporting uses such as dining, cafes, bars, cinemas, performance venues, cultural facilities, artist space, hotel, childcare, and fitness are provided, the required non-residential may be reduced by 1 m² for every 1 m² of office supporting uses up to a maximum reduction of 0.75 FAR.
- ⇒ Area C: Development is required to provide a minimum of two floors of non-residential.
- ⇒ Projects with third reading of a zoning bylaw prior to March 28, 2022 are exempt from the minimum non-residential requirements described above, subject to receiving final adoption on or before March 27, 2023.

Development Permits:

- ⇒ Commercial, multiple-unit residential and mixed-use developments within the DOWNTOWN designation are subject to the issuance of a Development Permit in accordance with DP1 of the Implementation Section of this OCP.

Amendment to Figure 16: Central Business District Densities



LEGEND





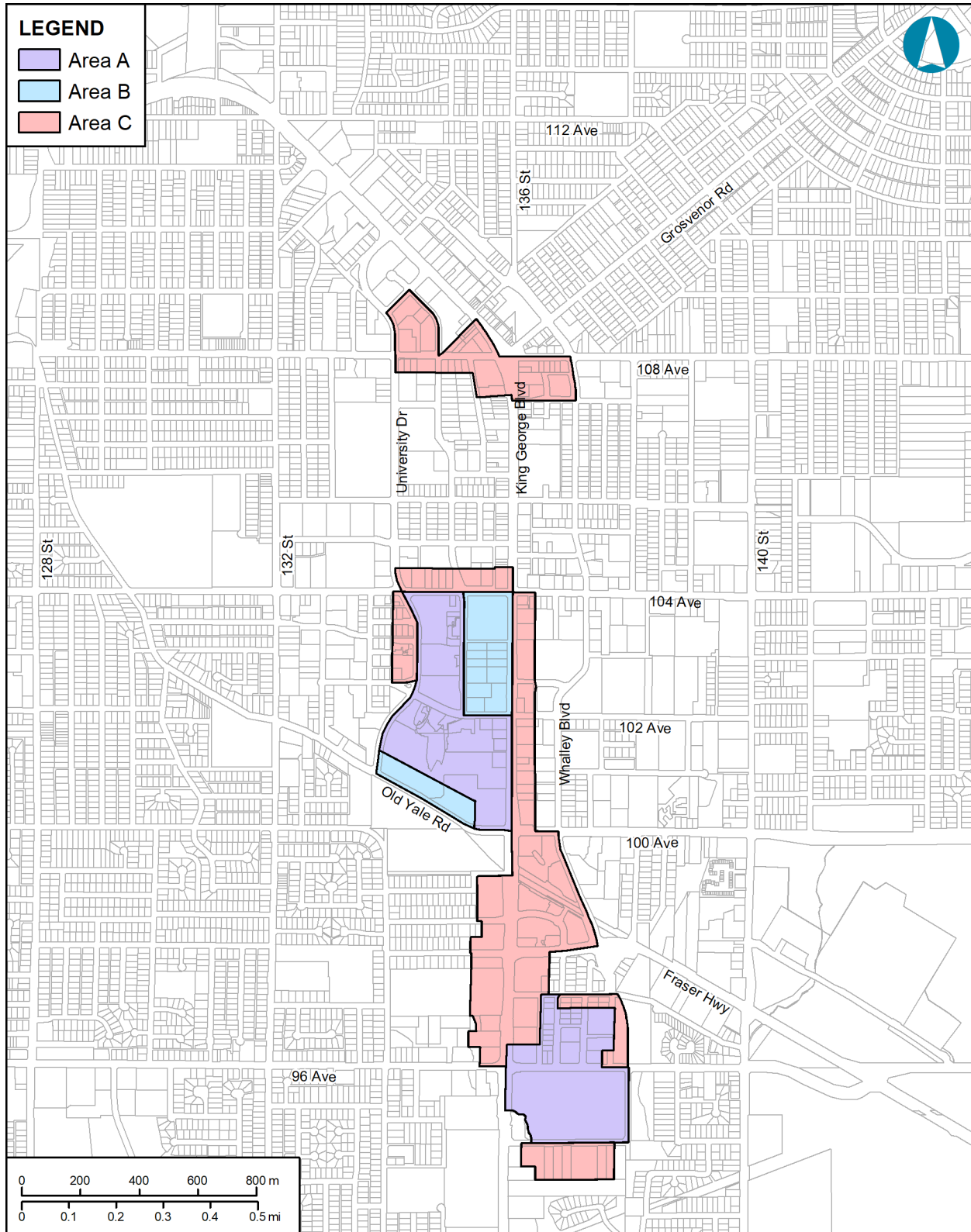
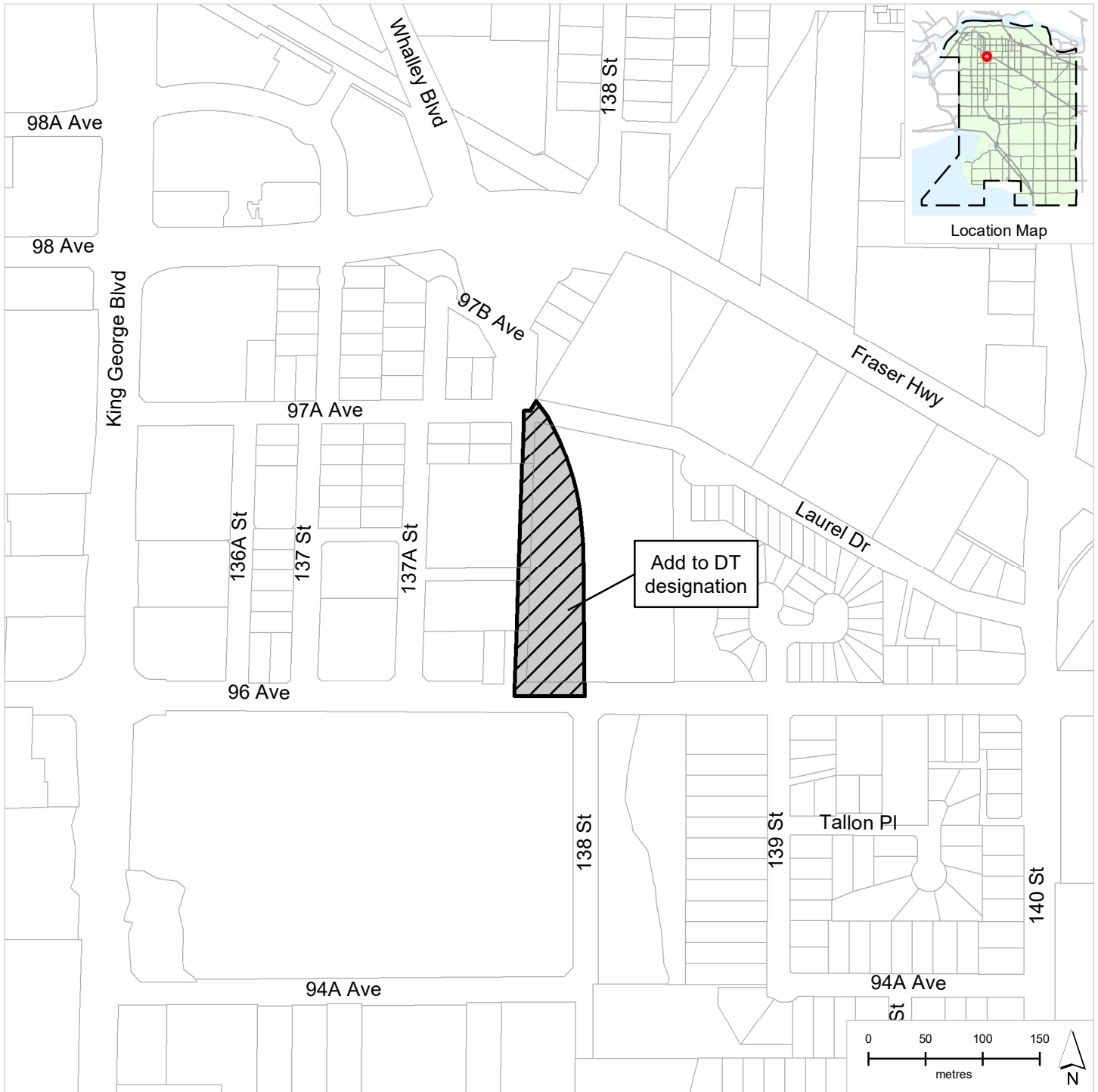
-  From 3.5 FAR to 7.5 FAR
-  From 5.5 FAR to 7.5 FAR
-  Addition to Downtown (DT) designation with density 7.5 FAR
-  Addition to Downtown (DT) designation with density 3.5 FAR


Figure 16A: Required Non-Residential



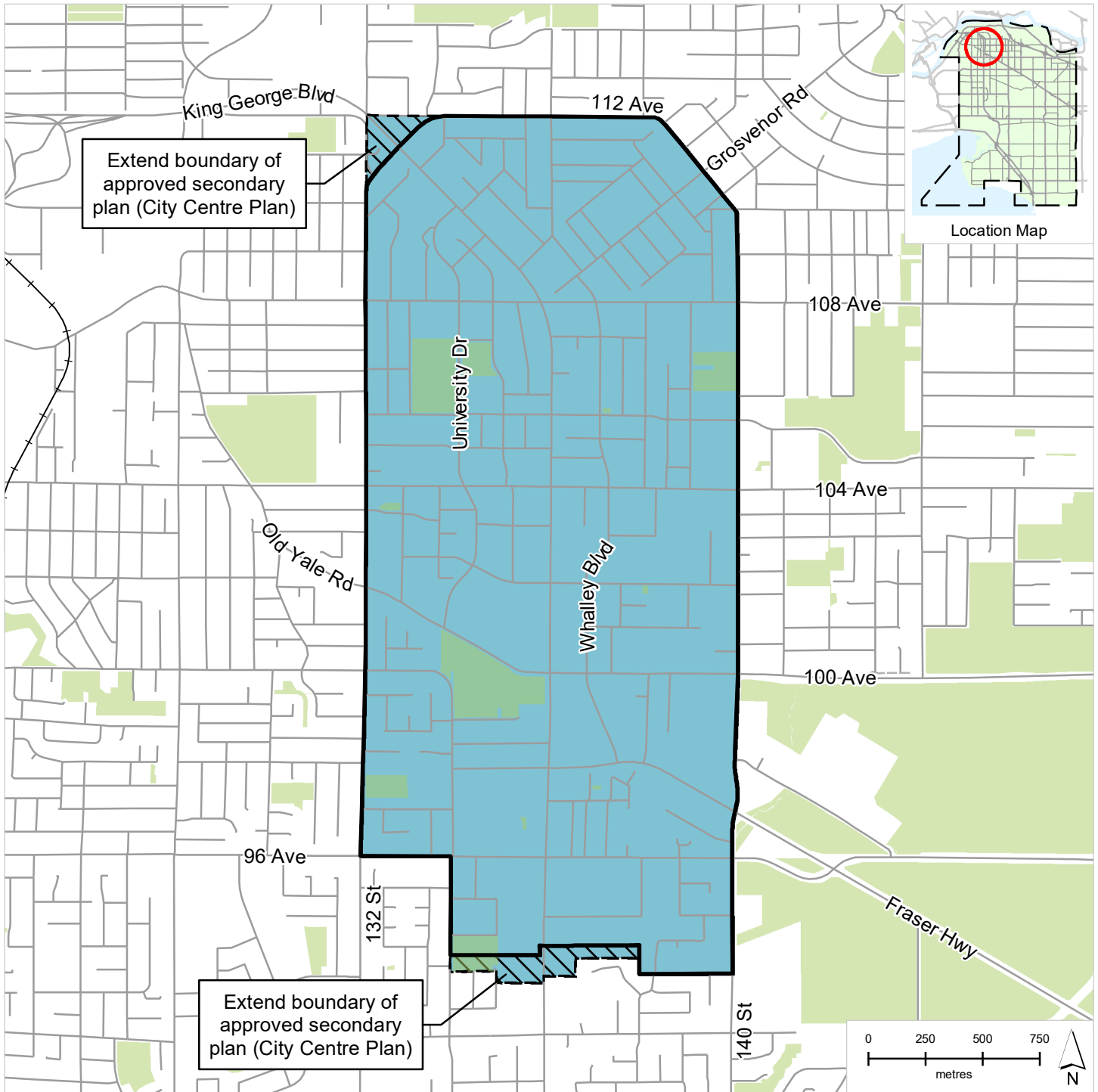
Amendment to Figure 42: Major Employment Areas



LEGEND

 Addition to Downtown (DT)

Amendment to Figure 63: Secondary Plan Areas



LEGEND

- Approved secondary plan
- Extension of approved secondary plan boundary

**Proposed Amendments to
Surrey Zoning By-Law, 1993, No. 12000, as amended**

The following proposed amendments to Schedule G of the Surrey Zoning By-Law, 1993, No. 12000, as amended:

1. Sub-section B.2. is amended by adding the words “and up to the maximum *density* permitted for residential use in an approved Secondary Plan or the *OCP*” after the word “Zone”.
2. Sub-section B.2(a) is amended by adding the word “G” after the word “Schedule”.
3. Sub-section B.3 is amended by deleting Sub-Section B.3 and replacing as follows:

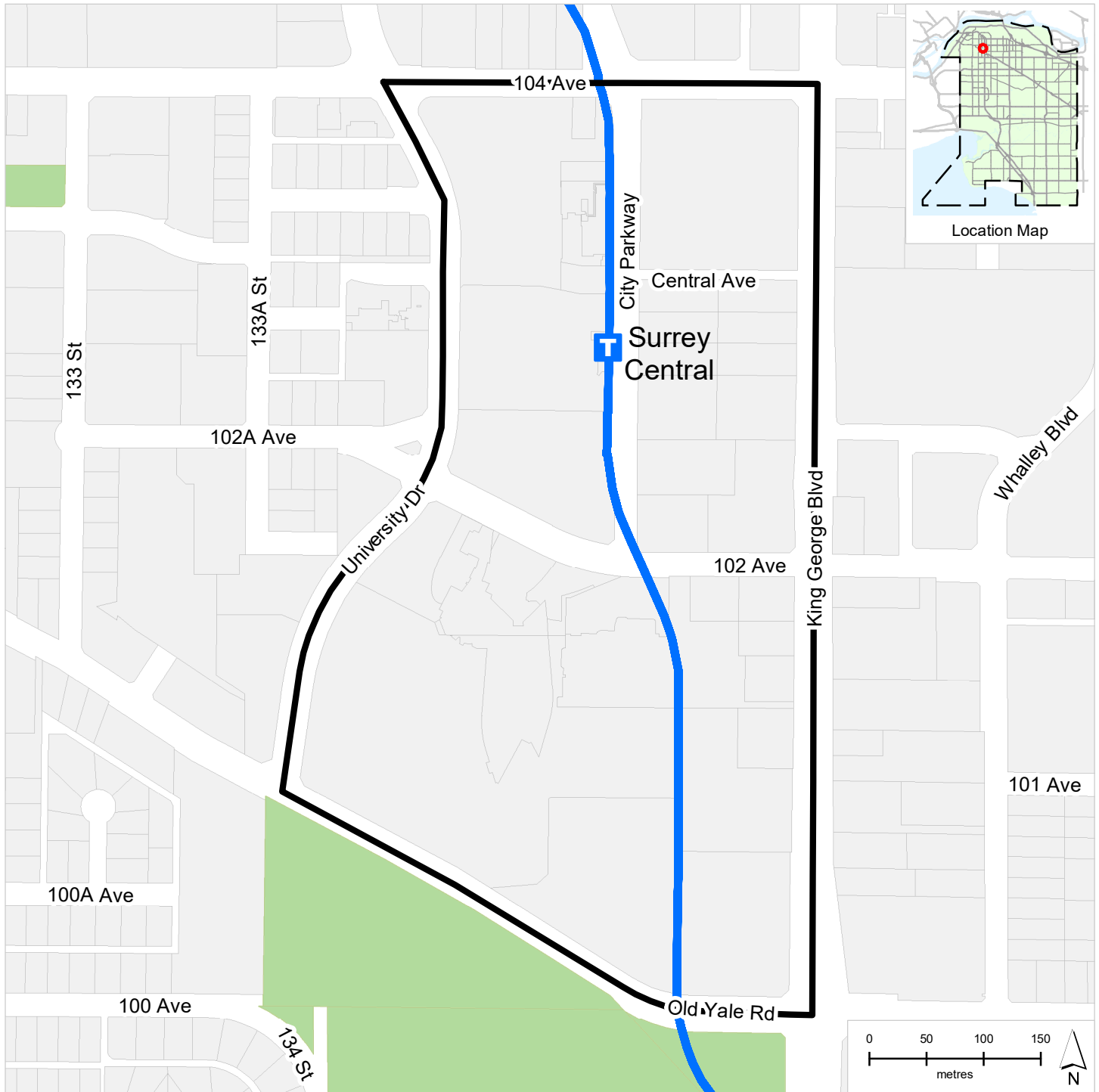
“Notwithstanding Section B.2 of this Schedule G, the following are excluded from the Capital Projects Contributions:
(a) *Secondary suites*, purpose-built rental (with a Housing Agreement), social or non-market affordable housing *dwelling units*, *caretaker units*, one-for-one rental replacement units (with a Housing Agreement);
(b) Agricultural properties; and
(c) Any non-residential uses including the minimum non-residential requirements in the Downtown designation in the *OCP*.”
4. Sub-section B.8 is amended by italicizing the word “single” and by adding the word “*dwellings*” after the word “*family*”.
5. Sub-section C.1(a) is amended by deleting the word “allowed” and replacing it with the words “permitted for residential use”.
6. Sub-section C.1(b) is amended by deleting the words “Central Business District” and replacing it with the word “Downtown”.
7. Sub-section C.1(c) is amended by adding the word “G” after the word “Schedule”.
8. Sub-section C.2 is amended by adding the word “G” after the word “Schedule” and by deleting the words “already permitted” and replacing it with the words “permitted for residential use”.
9. Sub-section C.3 is amended by deleting Sub-section C.3 and replacing as follows:

“Notwithstanding Section C.2 of this Schedule G, the following are excluded from the Community Specific Capital Projects Contributions:
(a) *Secondary suites*, purpose-built rental (with a Housing Agreement), social or non-market affordable housing *dwelling units*, *caretaker units*, one-for-one rental replacement units (with a Housing Agreement); and
(b) Any non-residential uses including the minimum non-residential requirements in the Downtown designation in the *OCP*.”



10. Sub-section C.8 is amended by deleting the words “rezoning application” and replacing it with the words “zoning bylaw”.

Interim Central Business District

Approved October 21, 2019



LEGEND

-  Central Business District
-  SkyTrain

City Centre Plan Update

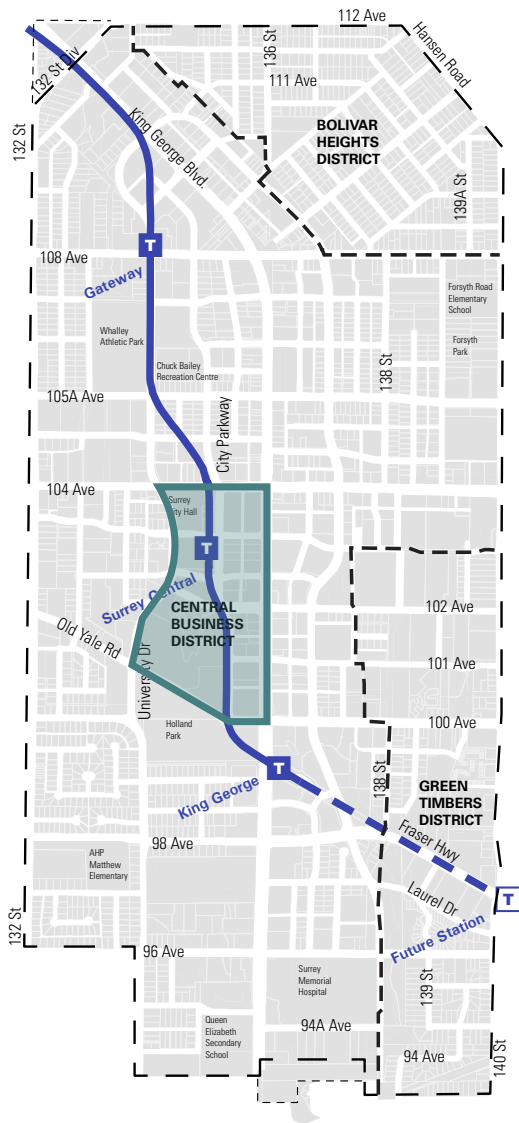
Step 2: Developing the Plan

Office and Employment Strategy Engagement Summary

December 2021



Where We Are

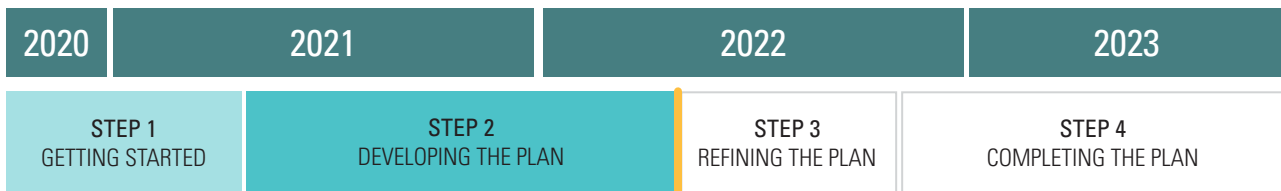
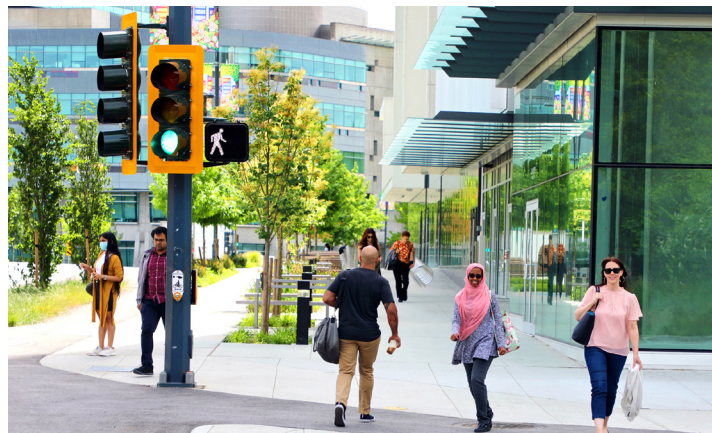


Introduction

From Spring 2021 onward, the City undertook Step 2 of the City Centre Plan Update process. This included the development of an Office and Employment Strategy for City Centre and the establishment of a Central Business District. In addition, planning was conducted for two predominantly residential neighbourhoods in a separate and parallel process. Engagement related to these areas is documented in a separate summary, available on the project website: engage.surrey.ca/city-centre-plan.

Step 2 engagement on the employment strategy included focused consultation with key stakeholders including commercial real estate and development industry representatives. Initial input (including from a public survey in Step 1) was used to formulate draft policy proposals. The draft policies were reviewed and refined through subsequent workshops and meetings throughout the fall.

Council approval of the Office and Employment Strategy at the conclusion of Step 2 (if granted) will constitute completion of the employment component of the plan update shown below.



WE ARE HERE ●

I What We Heard

Commercial Market Context Interviews

Date: Apr 8-14

Participants: Commercial real estate brokers, commercial/mixed-use developer

Three interviews were conducted virtually with commercial real estate and development professionals to gain an understanding of the City Centre commercial market context. The following information was provided.



Office Demand/Viability

- The Vancouver region has one of the lowest office vacancy rates (~5%) in North America.
- Due to limited supply Downtown, larger tenants have been looking elsewhere in the region.
- In City Centre, office vacancy is very low (4.7%) with new projects significantly leased and waitlists for existing buildings.
- Nonetheless, office construction remains risky and speculative office construction is a challenge.
- Financing requirements have increased with COVID (50% pre-lease compared to 25% pre-COVID).
- City Centre's advantages include its centrality in the region, border proximity, residential growth in nearby communities, housing affordability, and transportation infrastructure.
- There is very low office vacancy (1.5%) around SkyTrain stations in the region.
- The safety and image of an area may influence office location decisions but are not insurmountable.
- In the Central Business District, residential development is more profitable/easier, but mixed-use can be viable.
- Economics of developing pure office aren't viable based on lease rates and land values (if based on residential).
- Residential component of mixed-use projects can improve office viability and has done so in some City Centre projects.
- Tenant improvements are down since COVID but will correct after the pandemic.
- The market should determine how much office is provided in City Centre.

Development Parameters

- Podium office is not the preference for some office tenants due to challenges for expanding (compared to an office tower).
- ~18,000 SF is the 'sweet spot' for office floor plate.
- Mixed-use development with an office podium and residential tower requires two elevator cores and careful placement of support columns.
- Mixed-use development on smaller sites is difficult.
- Surrey office market predominantly provides spaces ranging from 3,000 to 5,000 SF.
- Tenants requiring 10,000 SF are not able to find it in City Centre.

General

- Office near Surrey Central Station expected to lease sooner than near King George Station.
- Amenities (nearby and on-site) are important features for tenants: end-of-trip facilities, gym, bike, coffee shops, places for lunch.
- Businesses such as sidewalk cafes and restaurants contribute to safety and support office.
- A good work environment is required to attract workers back to the office post-COVID.
- Co-working has struggled of late but is expected to maintain a role in the office market.
- Strata office is an option that is preferred by some end-users.



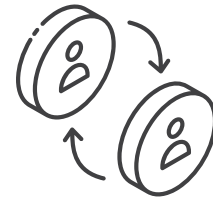
I What We Heard

Policy Development Workshops

Date: Sept 28, Oct 1

Participants: Development/commercial real estate stakeholders

Stakeholders were invited to two policy development workshops where staff presented the results of work undertaken to-date. This included an overview of the City Centre office landscape, the City's vision for employment, and draft policy proposals. The draft proposals included the following elements:



100%
employment uses

required within Central Business District areas controlled by the City, Simon Fraser University, and Central City Shopping Centre.

3.0 FAR
of employment uses

required within the 'Northwest Quadrant' of the Central Business District.

- Requirement increased to 4.0 FAR for projects exceeding 10.0 FAR in total.
- Potential relaxations for providing office supporting uses.
- Potential relaxations to address site limitations



Establishment of an Entertainment and Cultural District to support office growth and marketability of commercial space.



Establishment of an office precinct adjacent to Surrey Memorial Hospital requiring 100% employment uses.



Increased commercial/office requirements in other mixed-use locations near SkyTrain and major corridors (2-4 storeys based on density designation).



Comments and Questions

The following comments and questions were received at the workshops.

General

- What was the impetus for the office/CBD requirement?
- Has the impact of the extension of SkyTrain to Langley been considered?
- Emphasis on the importance of allowing residential in the CBD to support commercial activity and safety.
- Imposing office in a market may come at the expense of residential development.
- Concerns about slowing development and the risk of losing investment to other cities if there is a firm requirement for office.
- A recent office project in City Centre was made possible by an RFP by the tenant.

Policy Application

- Is retail/commercial allowed as part of the employment requirement?
- Will in-process projects be exempted from the requirements?
- How was the location/extent of office areas determined?

Office Demand

- There were some questions about the reliability of the demand forecasts (too high?).
- There is constant demand for office space in City Centre and little supply.
- Suburban locations may be attractive as there is a demand from workers wishing to be close to home.
- Timing is important; avoid bringing too much office online at once.
- Do the office projections account for the floor area being supplied by the Centre Block project?
- Concern with the amount of office required as it may result in an oversupply and discourage developers to initiate projects in the CBD.
- Some office tenants may prefer areas in Vancouver such as False Creek and Mount Pleasant.

Mixed-Use

- There are challenges to mixed-use compared to standalone office.
- Office in standalone buildings is preferred to mixed-use; the office requirement in the latter is an impediment to residential being delivered.
- On large sites the employment requirement could result in more office space than is feasible.
- If office does not pre-lease, a project would not be viable; it would require 100% pre-sale of residential.

Community Amenity Contributions (CAC)

- How will the office requirement impact Capital Project CAC calculations, specifically the amount of residential density subject to Tier 1 and Tier 2 rates?
- Under the proposal, there would be no incentive to bonus above 10 FAR if it resulted in an increased employment requirement and “bump” some residential density into Tier 2.
- Do CACs apply to commercial?

Incentives

- Have incentives been considered to encourage office construction?
- Would we consider a property tax holiday?
- Are parking reductions being considered in the CBD/near SkyTrain?

Mixed-Use Areas Outside CBD

- Will areas subject to the increased commercial requirement be identified by map?
- There may be a disconnect between the form-based requirements (number of floors) and the density targets.



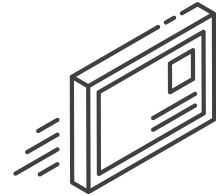
I What We Heard

Correspondence (Feedback)

Date: Oct 15

Source: Urban Development Institute

Following the policy development workshops, written correspondence was received from the Urban Development Institute outlining their concerns and input as summarized below.



- The City's commercial market study was undertaken during the early stages of COVID-19 prior to the impact of the pandemic being fully understood.
- The commercial market study may have overstated the historic annual absorption of office in Surrey.
- The office space requirements would lead to an oversupply of office in City Centre both within and outside the Central Business District.
- While not opposed to designation of the CBD primarily for office space, additional residential is needed to improve the vibrancy, safety, and livability of the area.
- Residential should make up a higher proportion of mixed-use projects to support financial viability.
- There are many office and mixed-use nodes in the region competing with City Centre for growth.
- Office requirements that shift the residential component of a mixed-use project into the category of higher Tier 2 CAC rates will disincentive the provision of employment space.
- The City may wish to consider incentives such as CAC reductions, a property tax holiday, pre-zoning of sites, and parking reductions to encourage delivery of office.
- There is support for allowing potential relaxations to the employment space requirements for purpose-built office supporting uses.



I What We Heard

Follow-Up Meetings

Date: Oct 8-27

Participants: Commercial/mixed-use developers

Four one-on-one meetings were held with interested stakeholders to review the original policy proposals, initial stakeholder feedback, and potential policy directions. These meetings provided an opportunity to receive information on developers' master plans. Input from these meetings included the following.



- There is competition from suburban office locations, such as the 200 Street area in Langley, for tenants looking to locate close to workers.
- Approved office projects are struggling to secure tenants as many are unwilling to commit prior to the start of construction (up to 4 years out).
- 40% to 60% pre-lease may be required to start construction and timing will depend on securing a major tenant.
- There was concern that office required by the policy would not be supported by expected demand.
- There was support for maintaining flexibility or providing a mechanism to reduce the office requirement.
- A developer was concerned that Centre Block will result in an oversupply of office that will compete with other office development.
- Another developer was comfortable with Centre Block delivering the development that would establish City Centre as an office centre.
- There were concerns that too much office was being required in mixed-use areas outside the Central Business District and Health and Technology District.
- A developer was supportive of the proposal to limit development to employment uses in some areas near the hospital.



I Next Steps

We are reviewing the feedback that has been received and refining the draft Office and Employment Strategy. It is anticipated that the strategy will be presented to Council in early 2022 as a proposed update to the City Centre Plan. Subject to Council approval, we will undertake a review of other office-supportive policies. This may include establishing a vision for an Entertainment and Cultural District as well as urban design guidelines in relation to employment areas.

I Learn More & Get Involved

- For information on the City Centre Plan Update, visit our website at engage.surrey.ca/city-centre-plan.
- Contact us by email CityCentrePlan@surrey.ca or phone:
 - Andrew Dong (Project Lead, Community Planner) at 604.591.4195

