



Corporate Report

NO: C005

COUNCIL DATE: May 2, 2005

COUNCIL-IN-COMMITTEE

TO: **Mayor & Council** DATE: **April 25,
2005**

FROM: **General Manager, Planning
and Development** FILE: **6440-01**

SUBJECT: **Annual Review of Surrey Official Community Plan
By-law, 1983, No. 12900**

RECOMMENDATION

It is recommended that Council receive this report as information.

INTENT

The Official Community Plan (the "OCP") By-law specifies that an annual review of the OCP is to be undertaken to update relevant information and to evaluate and report to Council on the status of the Plan's implementation.

EXECUTIVE SUMMARY

The 2005 Annual OCP Review is divided into three sections, as described in the following:

1. **Development Overview**

The City of Surrey continues to be the fastest growing city in B.C. The City has experienced an acceleration of residential growth in the last year, comparable to the high rates seen in the late 1980s and early 1990s. Housing starts in 2004 increased by 8% over the previous year, reaching a total of 4,140 new units. Residential growth is anticipated to continue at a strong pace over the next five years. Business development activity also increased in 2004. Construction value increased over the previous year from \$115 million to \$140 million and approximately 1.2 million square feet of new commercial and industrial floor area was approved in 2004.

It is estimated that Surrey's population growth between June 2004 and May 2005 was about 12,000 residents. Surrey's total population is estimated at approximately 400,000 residents as of January 2005. This is based on the 2001 Census figures, taking into account the typical undercount and growth in the City since 2001. The City's population represents approximately 19% of the total population of the GVRD.

2. **Status of Growth and Land Use Policies**

OCP Policy A-4.2.2 states that the City will maintain planned capacity to accommodate a minimum of five years of residential growth. With housing development projected to maintain a strong pace over the next five years, the City's current planned capacity to accommodate residential development is estimated at four to seven years. This estimate is unchanged from last year, due to increases in the residential capacity in Neighbourhood Concept Plan ("NCP") and Urban areas. Anticipating a three to five year growth horizon, planning processes for NCP expansions in East Clayton North, East Clayton West and Morgan Heights (Grandview NCP Area #1) are expected to be completed in 2005. General Land Use Plans for future urban

growth in Grandview Heights and South Port Kells are expected to be completed in 2005 and the first NCPs in each of these areas are either underway or are expected to be underway shortly.

Recent plans and servicing in Campbell Heights and the Highway 99 Corridor have stimulated significant new business development activity, with further activity expected to continue in 2005 and beyond. Major planning initiatives currently underway in the Surrey City Centre and other Surrey Town Centres are also expected to yield considerable business activity in the next couple of years.

3. **OCP and NCP Land Use Designation Amendments**

During 2004 Council approved 21 amendments to the OCP Land Use Designation Map. Twenty-four amendment applications were submitted in 2004. There are 44 currently active applications to amend the OCP land use designations, all proceeding concurrently with rezoning applications.

The 2005 Annual OCP Review does not include any new land use or policy amendments for Council consideration.

DISCUSSION

1. **Development Overview**

Residential Development

Surrey's housing market was very active over the past year. Housing starts increased overall by 8% in 2004, over 2003. The 4,140 units approved for construction in 2004 were comprised of the following:

- Single family starts decreased slightly from 2,140 to 2,010 units, down by 6% or 130 units;
- Townhouse starts increased substantially from 1,070 to 1,670 units, up by 19% or 600 units. The total of townhouse starts in 2004 was a new annual record for Surrey;
- Apartment starts decreased from 627 to 464 units, down 26% or 163 units; and
- Single family demolitions increased from 523 to 579, up by 11% or 56 units. With housing starts and demolitions, Surrey's single family housing stock had a net increase of 1,430 units.

Surrey continues to dominate the regional market in ground-entry single family detached and townhouse dwelling unit construction, absorbing about 38% of both the GVRD single-family and townhouse markets. Surrey approved less than 5% of the new apartments in the region during 2004.

About 2,100 (51%) of the new housing starts were located within the residential NCP areas in 2004. Figure A1 in Appendix I illustrates the distribution of housing starts across the City in 2004.

Business Development

Surrey's commercial and industrial development activity increased in 2004, as construction values reached \$140 million. This represents a 22% increase over the \$115 million total for 2003. Commercial building construction value increased significantly in 2004 in comparison to 2003, from \$63.7 to \$106.3 million dollars, while industrial building construction value totals decreased from about \$51 million to \$33 million dollars.

About 1.2 million square feet of new commercial and industrial floor area was constructed, as

follows:

- 660,000 square feet of storage buildings/warehousing;
- 408,000 square feet of retail commercial floor area;
- 60,000 square feet of hospitality services (hotels or restaurants) floor area;
- 36,000 square feet of office space; and
- 36,000 square feet of other types of floor area.

Figure A2 in Appendix I illustrates the distribution of commercial and industrial activity in 2004.

Surrey absorbed about 16% of the commercial construction value and 13% of the industrial construction value in the GVRD in 2004. It is expected that growth in the commercial/industrial components of the City will continue to accelerate in the coming years, with significant new activity in the City Centre, Campbell Heights, the Highway 99 Corridor and South Westminster.

2. **Status of Residential Growth and Land Use Policies**

A primary purpose of the Annual OCP Review is to study development trends and to assess the capacity available within planned areas to accommodate future residential and business development. Residential growth policies are contained in Section 2.A of the OCP, "Manage Growth for Compact Communities". Business development policies are contained in OCP Section 2.B., "Build a Sustainable Local Economy".

OCP Residential Growth Strategy

The OCP's residential growth strategy (Section A) addresses land supply and housing demand in the following categories:

- Infill development of vacant or under utilized land within pre-NCP residential areas;
- New community development within approved NCP areas;
- Redevelopment of ageing housing stock in older Urban neighbourhoods;
- Anticipating the need to plan for new growth in areas designated as Suburban in the OCP and having future development potential.

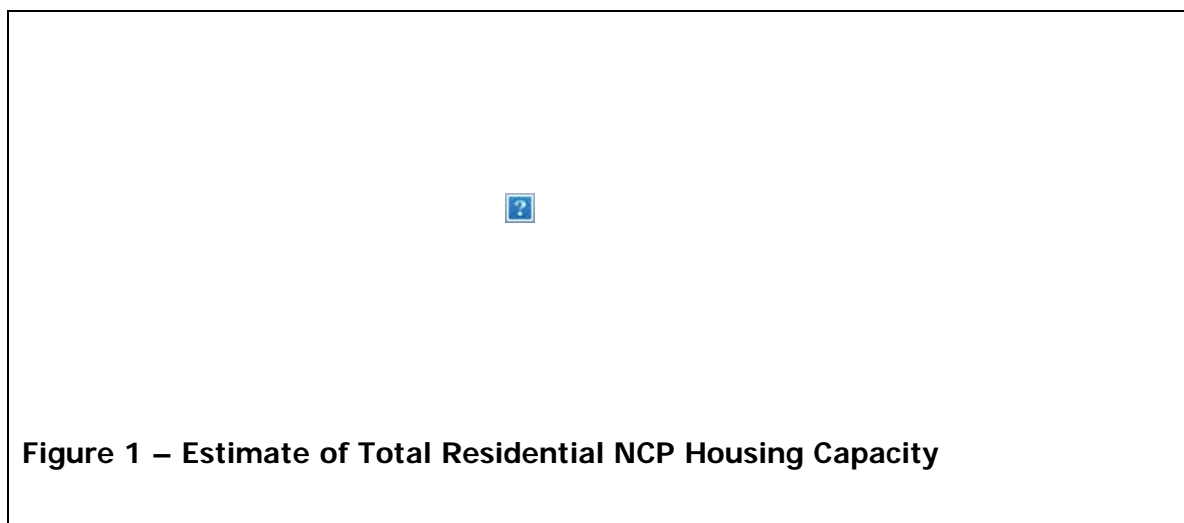
City staff monitors development trends to assist in ensuring that market demand is balanced with housing supply and to maintain a minimum of three to five years' supply of residential development capacity within planned Urban neighbourhoods at any point in time. OCP Section B., Policy 4.2 stipulates that when residential growth capacity is less than five years, the City should begin planning for new capacity.

Residential Growth Assumptions - 2005 - 2010

Regional forecasts prepared by CMHC, BC Stats and the GVRD indicate that the GVRD will continue to grow at a moderate and sustained rate over the next five years. Regional population growth is expected to average 32,000 people per year. Continuing regional growth, combined with Surrey's relatively large supply of developable land, would suggest that Surrey will continue to be a primary supplier of housing in the Region and will continue to lead in population growth within the region.

In the next five years, it is assumed that Surrey will absorb between 30% and 35% of regional population growth, for a projected population increase of between 10,000 and 12,000 per year. Based on this estimate, growth in Surrey's housing stock will range between 3,300 and 4,200 dwelling units per year or approximately

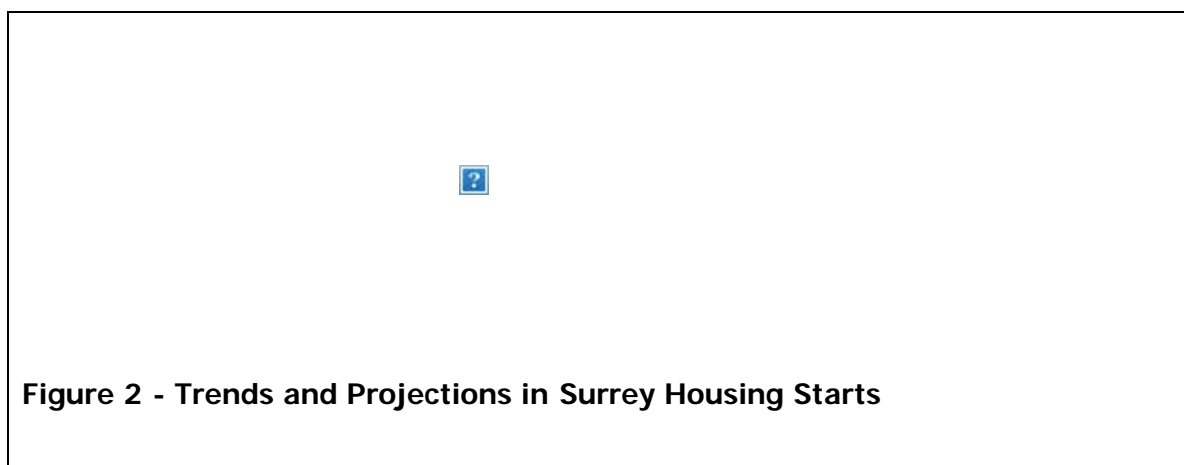
20,000 additional units over the next five years. Figure 1 graphically illustrates projected new housing starts over the next five years.



Development Capacity of Neighbourhood Concept Plan Areas

The majority of the capacity for new dwelling units over the next five years will be within NCP areas. There are currently 15 residential NCP areas that have a combined total capacity for 27,000 dwelling units that will accommodate up to 80,000 residents. Over the past year, the housing capacity in NCP areas was increased by 1,600 units, with the approval of the West Newton/Highway 10 NCP (1,000 units), and a major City initiated amendment to density in the South Newton NCP (600 units). The East Clayton NCP expansions to the north and west will add about 1,625 dwelling units of capacity.

The chart in Figure 2 illustrates the remaining housing capacity within each of Surrey's approved Neighbourhood Concept Plan areas.



By June 2005, about 31% (8,500 dwelling units) of the total capacity in approved NCP areas will have been constructed. An additional 2,600 dwelling units of NCP capacity have received zoning approval, with construction of the units expected to be completed throughout the coming years. About 5,000 dwelling units in NCP areas are now proceeding through the development review process.

The chart in Figure 3 illustrates the capacity in each of the City's NCP areas, showing the percentage of each NCP's housing capacity that is completed (June 2005), the percentage of the housing capacity that has zoning approval, but is not yet built, the percentage of housing capacity currently under application review and the remaining housing capacity.





Figure 3. Estimated Development Status of Surrey's NCP Areas

* Note: Estimates for East Clayton include the NCP extension west of 188 Street, adopted by Council on April 4, 2005, and the NCP extension north of 72 Avenue which has received Stage 1 approval and will be submitted to Council for Stage 2 approval in May 2005.

It is expected that about 60% (11,000 to 12,000 units) of new housing will occur within NCP areas in the next five years. All NCP areas are expected to see substantial growth and by 2010, most of the existing NCP areas will be between 70% and 90% built-out. At that time, it is estimated that there will be remaining capacity in the South Newton, Douglas and West Newton/Highway 10 NCPs and, possibly, the East Clayton NCP. Figure 4 shows the projected housing growth in each of the NCP areas over the next five years.



Figure 4. Projected Housing Growth Within Surrey's NCP Areas.

As NCPs reach 70 to 80% of build out, land assembly becomes more difficult and developments are smaller in scale. Anticipating this situation, an NCP expansion in East Clayton West was recently approved by Council, while an NCP expansion to East Clayton, north of 72 Avenue, is pending Stage 2 approval. In addition, General Land Use Plans for Grandview Heights and South Port Kells areas are expected to be completed in the next few months, with NCP planning already having commenced in Grandview Heights and an NCP planning expected to commence shortly in South Port Kells. It is assumed in the OCP housing projections that new NCP capacity created by the East Clayton expansions and in Grandview Heights and South Port Kells, will begin development within the next three to five years.

Together, these planning initiatives will ensure that the City maintains a minimum of three to five years of residential development capacity into the foreseeable future.

Urban Infill and Redevelopment

Over the past year, 43% of the City's housing starts were within established Urban and Multiple Residential designations. OCP growth projections for the next five years suggest about 40% (6,000 to 9,000) of the new dwelling units constructed in the City will be these areas. Multiple Residential areas, including Surrey City Centre and the Town Centres have significant capacity to accommodate projected apartment development for the foreseeable future. A number of large-scale multiple residential development applications have recently been submitted to the City and are proceeding through the development review process. Subject to approval of these projects, the City could anticipate a significant increase in apartment unit construction starts over the next two to five years.

Over the past year, OCP land use designation amendments from Suburban to Urban have added 215 units to the single family housing capacity within the "non-NCP" Urban areas of the City. Some minor expansion/rationalization of the existing Urban boundaries will continue to occur over the next few years.

OCP policies anticipate that, as Infill and NCP areas near capacity, there will be increasing pressure for redevelopment of lands occupied by ageing housing stock in some of Surrey's older neighbourhoods. Small lot zoning and other innovative housing policies will assist the market in utilizing in an efficient manner the remaining vacant Urban Infill lands, increasingly replacing older housing stock with a variety of new housing types. This trend has already begun in some older neighbourhoods as ageing single-family homes on larger lots are being replaced with small lot housing, duplexes, town housing or condominiums. Over the last year, 579 single-family homes were demolished to make way for new development.

Suburban Residential Areas

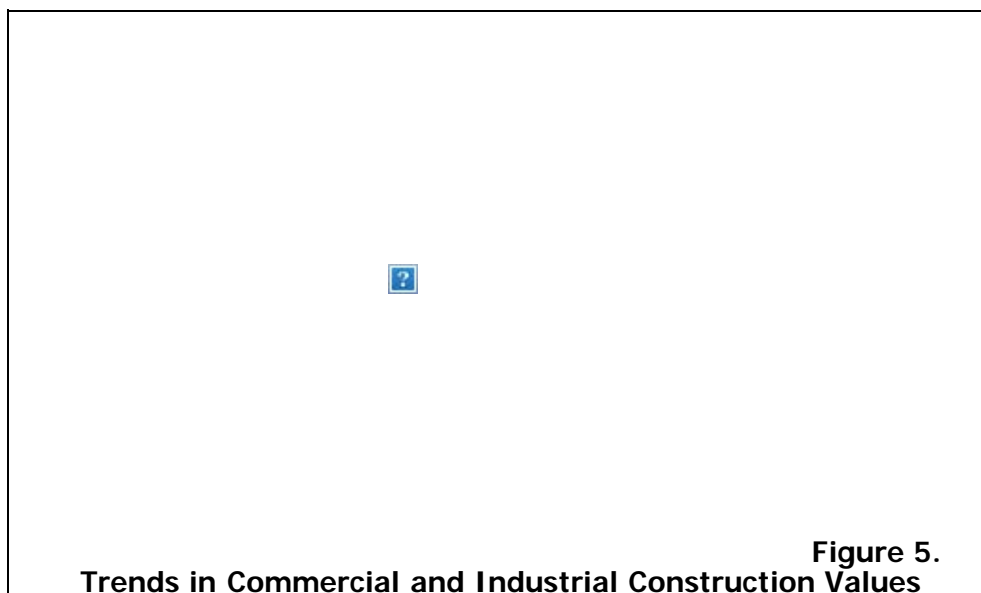
The OCP's Suburban designation contains areas for a permanent suburban/semi rural residential lifestyle and also identifies Suburban areas with potential for future urban growth. Each of the areas identified for future urban growth, Grandview Heights and South Port Kells, is currently involved in a planning process to determine future land uses.

The Suburban areas that are intended to remain semi-rural residential have, over the past year, accommodated 262 (6% of total) housing starts, indicating a continuing demand for large lot suburban residential properties.

Business and Employment

A strong economic base is an essential component of a complete city. OCP Section B, "Building a Sustainable Local Economy", includes Surrey's economic land use and development policies, that are focussed on ensuring that sufficient land at appropriate locations is available for business development. Policies in the OCP seek to establish land development strategies that will allow Surrey to achieve a ratio of one job in Surrey for each resident in the labour force and to achieve a better balance between residential and business development from the perspective of tax base assessment. This assessment balance is important to ensure a strong tax base on which to support the delivery of a full range of services to the City's citizens.

The past year saw about \$140 million dollars in industrial and commercial building construction, amounting to approximately 1.2 million square feet of new business floor area. Figure 5 illustrates industrial and commercial building construction value over the past several years.



The first industrial buildings in the Campbell Heights area accounted for about one third (209,000 square feet) of the new industrial floor area approved in 2004. The majority of other new industrial construction effectively utilized available infill sites located within the established industrial areas of Central Newton (21%), Port Kells (18%) and Cloverdale North (12%).

Of the 530,000 square feet of new commercial floor area approved in 2004, 75% was related to new retail complexes. This included the new Wal-Mart store on 88 Avenue and the Nordel Crossing Shopping Centre at Scott Road and Nordel Way.

It is expected that the industrial and commercial sectors will take advantage of development opportunities in City Centre, Campbell Heights, South Westminster and the Highway 99 Corridor to significantly increase Surrey's annual business growth over each of the next few years.

Employment

It is very difficult to estimate the number of jobs created by business development activity in any given year. The 2001 Census indicated that there were about 101,000 jobs located in the City of Surrey, with an additional 20,000 jobs associated with construction activities and other jobs with no fixed location. This would indicate a 2001 total of about 120,000 jobs in the City of Surrey.

Census estimates suggest that Surrey's employment grew by about 4,000 jobs per year between the years 1996 and 2001. A higher rate of business growth in recent years would suggest that Surrey's employment base is currently growing by roughly 4,000 to 5,000 jobs per year. It is expected that Surrey's employment figures will continue to accelerate as planning initiatives provide additional lands and attractive locations for business development.

3. OCP and NCP Amendments

NCP Implementation and Amendments

Over past year, Council approved 23 amendments to the various NCP land use plans. A total of 40 new applications for amendments were submitted, bringing the total number of amendment applications currently under review to about 45 applications. About one third of the approved and half of the pending amendments are focussed on allowing additional small lot single family development, either a conversion from single family housing at 6 upa or from townhousing.

The large number of amendments reflects a market shift toward "small lot" single family housing. Since the City introduced small lot zones into the Zoning By-law in 1999, small lot residential development has been receiving strong market acceptance. Lots developed under the RF-9 and RF-12 Zones, having frontages of 9 metres (30 feet) and 12 metres (40 feet), respectively, are becoming the standard form of single family housing in many parts of Surrey. In 2004, the City approved the creation of 1,777 urban single family lots. Of this number, 1,150 or 64% were "small lots". Many of the City's NCPs were prepared in the mid to late 1990s, prior to the market shift to small lot development. Consequently, all approved NCPs have been subject to market pressures for amendment to allow small lot housing.

In 2004 the City completed a major land use amendment to increase the capacity for small lot development within the South Newton NCP land use plan. Ten applications for amendment to allow small-lot housing had been submitted in this area. Following the review process, the South Newton NCP was amended to convert 132 acres of land from Single Family residential at 6 upa, to Single Family Flex 6 to 14.5 upa. This amendment will increase the housing capacity of the South Newton NCP by up to about 600 units and will provide an appropriate balance of housing types and capacity to meet market demand.

East Clayton

The East Clayton NCP will produce a high volume of NCP development activity over the next five years. About 1,200 dwelling units have had zoning approval, and there are currently 30 active development applications, proposing about 1,800 dwelling units.

About 40% (52 acres) of the land allocated for single family development has zoning approval, for approximately 585 dwelling units. A further 47% (64 acres) is currently under application, leaving 14% (19 acres) available.

About 17% (20 acres) of the land allocated for multiple residential developments has had zoning approval (621 dwelling units). About 44% (50 acres) are currently under application, leaving 35% (40 acres) available for multi-family development.

Development projections estimate that the East Clayton single family capacity, including recently approved and pending expansions, will be built-out between 2009-2011, while multiple residential capacity (approximately double the single family unit capacity) will likely extend to the 2014-2016 period.

Nearly all single family development in East Clayton has been approved under the RF-9C and RF-12C Zones, which includes the option to allow a secondary dwelling unit (a secondary suite or coach house) on each lot. Single family development density has been based on the primary dwelling unit density only and has fallen within the mid range of the plan designation. It can be assumed that a large number of the primary units will ultimately include a secondary dwelling unit and potentially increase the total unit density within these areas beyond the range stated in the NCP.

Four amendment applications have been approved to convert sites from "low density townhouses" to "single family small lot" and from "single family 6 upa" to "single family small lot". There are 11 pending amendment applications, two of which are proposing the conversion of townhouse sites to single family small lot housing. While the single family small-lot housing form has been in high demand in East Clayton, Surrey's multi-family/townhousing market has been gaining strength over the past couple of years, to the point where there was a new annual record number of townhouse starts in Surrey in 2004.

OCP Land Use Amendments

During 2004, Council approved 21 amendments to the OCP Land Use Designation Map and 24 new applications were received by the City for consideration. Currently, there are 45 active OCP amendment applications under review.

Amendments approved in 2004 involved 73 hectares (180 acres) of land, as follows:

- 33 hectares (81 acres) for Commercial development;
- 25 hectares (62 acres) from Suburban to Urban;
- 14 hectares (34 acres) for Multiple Residential development; and
- 0.7 hectares (1.7 acres) for Industrial development.

All new OCP amendment applications and applications currently in process, are proceeding concurrently with a companion rezoning application. Appendix II lists and illustrates, by way of maps, the OCP amendment applications that were approved during 2004 and OCP amendment applications that are currently in process.

CONCLUSION

The purpose of the OCP annual review is to report on progress in implementing the OCP land use plan and related policies. Although high residential growth rates will result in several NCP areas, reaching 70% to 90% build out within five years, NCP processes underway in Grandview Heights and South Port Kells will be completed within the next two years and will ensure that the City maintains a minimum of three to five years of residential growth capacity into the foreseeable future. Business development in 2004 showed an increase over 2003. It is expected that business development opportunities in City Centre, the Highway 99 Corridor, Campbell Heights, and South Westminster will contribute to increasing rates of business development in the coming years.

No policy or housekeeping amendments to the Official Community Plan have been identified at this time.

Murray Dinwoodie
General Manager,
Planning and Development

TH/kms/saw

Attachments:

- Appendix I Location of Residential and Business Development in 2004
Appendix II OCP Land Use Designation Amendments, Tables and Maps

v:\wp-docs\admin & policy\05data\april-june\04181218.th.doc
SAW 5/2/05 11:57 AM

Location of Residential and Business Development in 2004

Appendix I



Figure A1 - Surrey Housing Starts 2004



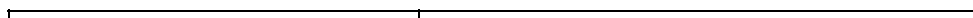
Figure A2 - Surrey Business Development 2004

Appendix II

OCP Land Use Designation Amendments Tables and Maps

OCP Land Use Amendments Approved By Council During 2004

Council approved a total of 21 applications to amend the Official Community Plan Land Use designation map in 2004. Approved applications affected 73 hectares (180 acres) of land. Information regarding each of the amendments is documented in the following table and is illustrated in Figure B1.



Application and Location	Amendment
03-0116 OP: 7779 148 St	Suburban to Urban
00-0226 OP: 18735 Fraser Hwy	Suburban to Commercial
03-0072 OP: 9184 162 St	Suburban to Urban
03-0467 OP: 6920 188 St	Urban to Multiple Residential
00-0358 OP: 17565 64 Ave	Urban to Industrial and Suburban to Industrial
03-0293 OP: 15360 24 Ave	Urban to Commercial
04-0056 OP: 8287 161 St	Urban to Multiple Residential
03-0126 OP: 3442 150 St	Multiple Residential to Urban
03-0350 OP: 17442 104 Ave	Suburban and Industrial to Urban
03-0073 OP: 6511 194 St	Urban to Multiple Residential
03-0183 OP: 17181 64 Ave	Suburban to Urban
03-0035 OP: 17211 64 Ave	Suburban to Urban
00-0245 OP: 6760 186 St	Urban to Commercial
03-0176 OP: 15357 Guildford Dr	Multiple Residential to Commercial
01-0234 OP: 7839 147 St	Suburban to Urban
02-0171 OP: 7865 148 St	Suburban to Urban
03-0034 OP: 17433 64 Ave	Suburban to Urban
03-0153 OP: 8860 Kennedy Place	Industrial to Commercial
03-0376 OP: 17805 60 Ave	Urban to Commercial
03-0213 OP: 8266 160 St	Urban to Multiple Residential
01-0243 OP: 3696 156 St	Suburban to Urban

OCP Land Use Designation Amendment Applications Currently in Process

In addition to OCP land use designation amendment applications approved in 2004, the Planning and Development Department is currently processing 47 OCP amendment applications. Information on each of these applications is documented in the following table and is illustrated in Figure B2:

Application and Location	Proposed Amendment
02-0302 OP: 17119 104 Ave	Suburban to Urban
04-0099 OP: 5987 125 St	Suburban to Urban
04-0028 OP: 5825 135 St	Suburban to Urban
00-0211 OP: 19095 54 Ave	Suburban to Industrial
00-0225 OP: 12851 20 Ave	Suburban to Urban
01-0205 OP: 12388 58A Ave	Suburban to Urban
01-0332 OP: 144 176 St	Agricultural to Industrial
02-0086 OP: 5940 176 St	Multiple Residential to Town Centre
02-0078 OP: 19209 80 Ave	Declare a TUP Area
02-0075 OP: 17236 Hwy #10=56 Ave	Industrial to Agricultural / Agricultural to Industrial
02-0182 OP: 3817 152 St	Agricultural to Industrial
02-0214 OP: 2780 King George Hwy	Multiple Residential to Commercial
02-0351 OP: 11251 132 St	Commercial to Multiple Residential
02-0373 OP: 14933 Colebrook Rd	Suburban to Industrial
00-0305 OP: 10376 152 St	Town Centre to Commercial
02-0142 OP: 7727 120A St	Multiple Residential to Commercial
03-0111 OP: 9010 158 St	Urban to Multiple Residential
03-0225 OP: 17066 80 Ave	Suburban to Urban
03-0233 OP: 8273 120A St	Commercial to Multiple Residential
02-0077 OP: 7870 120 St	Commercial to Multiple Residential
03-0406 OP: 9998 176 St	Suburban to Commercial
04-0072 OP: 5359 148 St	Suburban to Agricultural
04-0112 OP: 15862 24 Ave	Suburban to Commercial
04-0201 OP: 6890 176 St	Agricultural to Suburban
04-0215 OP: 15448 No 10 (56 Ave) Hwy	Agricultural to Industrial
04-0237 OP: 7819 156 St	Suburban to Urban

04-0241 OP: 16308 60 Ave	Suburban to Urban
04-0259 OP: 17475 64 Ave	Suburban to Urban
04-0264 OP: 5390 152 St	Suburban to Commercial
04-0312 OP: 2290 161 St	Suburban to Commercial
04-0318 OP: 6460 176 St	Industrial to Commercial
04-0317 OP: 6831 188 St	Suburban to Urban
04-0091 OP: 12941 No 10 (58 Ave) Hwy	Suburban to Urban
04-0225 OP: 15609 32 Ave	Multiple Residential to Urban
04-0329 OP: 12916 60 Ave	Suburban to Urban
04-0054 OP: 5916 124A St	Suburban to Urban
04-0122 OP: 5961 125 St	Suburban to Urban
04-0419 OP: 19041 54 Ave	Suburban to Industrial
04-0058 OP: 5811 126 St	Suburban to Urban
04-0435 OP: 15074 76A Ave	Suburban to Urban
05-0003 OP: 19311 72 Ave	Suburban to Urban
05-0004 OP: 17435 No 10 (56 Ave) Hwy	Industrial to Commercial
05-0014 OP: 18998 54 Ave	Suburban to Industrial
05-0029 OP: 13441 No 10 (58 Ave) Hwy	Suburban to Urban
05-0037 OP: 19029 54 Ave	Suburban to Industrial
05-0044 OP: 5872 126 St	Suburban to Urban
05-0079 OP: 17565 2 Ave	Commercial to Industrial

Figure B1 - OCP Amendment Applications Approved in 2004



Figure B2 - OCP Amendment Application in Process – April 2004

v:\wp-docs\admin & policy\05data\april-june\04181218.th.doc
SAW 5/2/05 11:57 AM