

C008 Grandview Heights/Highway 99 Corridor - Status Report

COUNCIL-IN-COMMITTEE

TO: **Mayor & Council** DATE: **February 25, 2003**

FROM: **General Manager, Planning & Development** FILE: **6520-20**
(Grandview/Hwy 99)

SUBJECT: **Grandview Heights/Highway 99 Corridor - Status Report**

RECOMMENDATION

The Planning and Development Department recommends that Council:

1. Receive this report as information;
2. Authorize staff to proceed to a Public Open House to present a draft final Land Use Plan for the Grandview Heights/Highway 99 Corridor incorporating recommendations contained within the text of this report; and
3. Endorse the revised work program/schedule to complete the Plan preparation process for the Grandview Heights/Highway 99 Corridor (the "Corridor"), as documented in Appendix VII.

PURPOSE

The purpose of this report is to provide Council with a status report on the Grandview Heights/Highway 99 Corridor Study (the "Study"), on the results of the public consultation process undertaken to date, on the opportunities and issues that need to be addressed in the final plan for the Corridor and to seek Council endorsement regarding a proposed process and timeline to complete the Study.

BACKGROUND

Economic Development Context

The Official Community Plan ("OCP") was amended in early 2001 to include a strong business development focus and policies to create a strong and sustainable local economy. This was done in response to a general recognition that the City had some significant imbalances that would need to be corrected to ensure an economically sustainable future.

Firstly, the City is significantly deficient relative to the number of jobs located within the City's boundaries

in comparison to the number of Surrey residents in the workforce. The ratio between jobs and workforce currently stands at approximately 5.5 jobs for every 10 residents in the workforce. Most of Surrey's residents in the workforce must travel outside of Surrey to their place of employment. This places significant demands on transportation infrastructure, which is the most costly infrastructure to construct and maintain.

Secondly, the City's assessment base is predominantly residential with 72% of the City's property tax revenues generated from residential development and 28% from business development. Residential development generates a relatively high demand for services in comparison to the property tax revenues it generates. Business development generates a comparably low demand for services and generates three times the tax revenue per \$1000 of assessment in comparison to residential development. As such, business property tax revenues are necessary to assist in meeting the on-going service demands of residential properties in the City. Based on research, it has been established that, for the long term health of the City, the ratio of property tax revenues generated from business development should be at least 40% of total property tax revenues of the City to meet the needs of the residential component of the City.

Council has determined that the means by which the City's property tax ratio will be adjusted is to encourage and accelerate business development within the City (i.e., Council's economic development thrust). As new businesses locate in the City, the net affect will be more local jobs and increased business property assessments that will yield greater property tax revenues for the delivery of services to the City's residents.

It is estimated that the City needs to attract approximately \$200 million to \$250 million in economic development per year on average in each of the next 20 years (\$4.5 billion in total economic development over the next 20 years) to achieve a balance between the number of jobs in the City and the workforce residing in Surrey. If this amount of business development is achieved it will also result in approximately 40% of the total property tax revenues of the City being generated from business development. Given that the City has typically generated only about \$100 million worth of new business development annually, these new targets clearly represent a significant challenge.

It was also determined, during the most recent OCP major review process, that to achieve the above economic development targets, some additional lands within the City will need to be designated for industrial and commercial development. Policies were included in the OCP to assist in expanding the supply of industrial and commercial land at appropriate locations to facilitate business growth in the City.

The Corridor area has been identified as an attractive area for business development. A conversion of this Corridor from a Suburban designation to a Business designation (Industrial and Commercial designations) is supportable, based on OCP policies.

The Corridor has an area of approximately 158 hectares (390 acres) of land. If it is developed to its full potential with a mix of industrial and commercial development, it will generate approximately \$300 to \$350 million in new business property assessments (i.e., new property tax revenues of approximately \$3 million to \$3.5 million per year) and will be home to over 6,000 new jobs.

Plan Objectives

On January 21, 2002, Council considered Corporate Report R015 and, subsequently, adopted the Terms of

Reference attached to that report as the basis for preparing a Local Area Plan for the Corridor. Based on those Terms of Reference, the objectives for the Grandview Heights/Highway 99 Corridor Local Area Plan are as follows:

1. To develop and formulate land use, economic and other development policies, with a business development focus, to guide business development proposals for the Corridor;
2. To prepare a parallel servicing strategy that provides for the location, staging and standards of services, including sanitary sewer, water, drainage, roads and other utilities and methods of implementation by rezoning, subdivision, or other mechanisms;
3. To undertake a financial analysis that will demonstrate adequate funding for the implementation of the servicing plan;
4. To identify environmentally sensitive areas for protection;
5. To ensure that the development of this corridor is economically sustainable and does not negatively impact existing and planned businesses in the larger South Surrey area; and
6. To ensure that the lands immediately adjacent to the Corridor are planned so as to provide appropriate land use interfaces and transitions between the business development corridor to the west and the suburban acreages further to the east in Grandview Heights.

On June 24, 2002, Council received Corporate Report No. R137 from the Planning and Development Department on the status of the preparation of a Local Area Plan for the Grandview Heights/Highway 99 Corridor in South Surrey (Appendix I). This report advised, based on public input received to that date, that there was community support for the preparation of a Local Area Plan with a business development focus for the Corridor lands. The report also discussed a number of issues that were identified through the planning and public consultation processes to that date, which warranted more careful consideration by staff and further deliberation by Council as the final plan is being developed. The remainder of this report will be focussed on discussing the identified issues and recommending a direction for resolution of each issue.

It was clearly recognized at the outset of the planning process that the reason for undertaking the plan preparation process in advance of formulating a land use plan for the larger Grandview Heights area, is to help fulfil the City's economic development objectives by taking advantage of a strong market demand for commercial and business development in this area, and that development of the Corridor lands would not necessarily be popular from all perspectives. It was also clear that, to be successful, the planning exercise needs to result in a plan that is attractive to prospective industrial and commercial developers and address, in a balanced manner, the impacts that development in the Corridor will create on the surrounding areas. However, no matter how effective the plan is at addressing the impacts, if the final plan fails in meeting the needs of business development in the Corridor, the work expended in developing the plan will be an exercise in futility.

DISCUSSION

The June 24, 2002 Corporate Report (attached as Appendix I) provides a summary of the public input that had been received to that date and discusses the major issues that need to be addressed and resolved as part of the process of finalizing the Local Area Plan for the Corridor lands. In addition to the issues identified in that previous report, more recently, development industry representatives have indicated the following:

1. The plan needs to provide as much flexibility as possible both respect to the allowable uses on each site as well as with respect to when each site within the Corridor may be developed. In general terms, it is the development industry's view that if a phasing strategy is included in the plan that dictates the timing of

development of different sectors within the Corridor, such action will extend the timeframe over which development in the Corridor will occur and will defer the potential benefits that development of the Corridor will deliver to the City.

2. The lands located in the vicinity of the intersection of 24 Avenue and 160 Street are attractive in relation to commercial development, based on their central location within the South Surrey area, their location on a major east-west arterial street (24 Avenue) that crosses Highway 99 and their location relative to a potential future interchange on Highway 99 (Appendix II). Given the narrower width of the Corridor, the Plan area should be expanded to the east, beyond the Hydro Transmission Line, to allow a larger area for commercial development at this location and, thereby, take full advantage of the commercial development potential of this location.

Staff is currently proceeding with the preparation of a final draft land use plan for presentation to the public at a Public Open House meeting. The following sections of this report address a recommended course of action in relation to addressing each of the issues identified through the public input, to date

Proposed Phasing Plan for Development within the Corridor

Based on the responses from the public at and after the previous Open House, there is no clear community consensus on the question of phasing. Council chose to proceed with a study on the Corridor lands with a view to providing new opportunities for business development in the City. The opportunities for business development in the Corridor will be more limited if flexibility is removed through the introduction of a phasing plan. Therefore, **it is recommended that, in the interests of encouraging early and on-going business development within the Corridor, that the Local Area Plan for the Corridor not include a "phasing plan" beyond what may be necessary due to engineering servicing considerations.**

Transportation Considerations

Development within the Corridor will result in an increase in traffic and the need for additional roadway/transportation capacity. These needed increases in capacity are covered in the following sections:

1. New Interchange on Highway 99

(a) Location of Interchange

Traffic projections resulting from the transportation and traffic impact study for the Corridor indicate that the two existing Highway 99 interchanges at 32 Avenue/152 Street and 8 Avenue are adequate to accommodate projected traffic volumes in the short term, assuming the second phase of the Highway 99/32 Avenue interchange is constructed. In the longer term, a new interchange will be warranted and a new interchange on Highway 99, between 8 Avenue and 32 Avenue would provide improved accessibility and resultant benefits to the area. Similarly, the Market Assessment and Impact Study prepared for the Corridor indicates that a new highway interchange could be a key element in the success of the Plan Area toward securing market share and achieving sufficiently high rates of land absorption for business uses.

The Land Use Plan Options presented at the May 2, 2002 Open House showed a possible

new interchange on Highway 99 at either 16 Avenue or 24 Avenue (Appendix III). A high level overview of the relative merits of each of these two locations is listed below:

(i) 24 Avenue Interchange on Highway 99

Pros:

- Based on traffic modelling, the preferred location for a new interchange is 24 Avenue as traffic volumes on 24 Avenue are significantly higher than on 16 Avenue when the Grandview Heights area is fully developed;
- 24 Avenue provides a key link to the Campbell Heights industrial area to the east, the development of which is important to the long term financial health of the City;
- There are commercial and other business developers who appear willing to help finance the construction of a new interchange at 24 Avenue in the near term; and
- 24 Avenue is a designated arterial road (but not a truck route), which provides a key link to the Industrial designated lands in Campbell Heights and, in the future, into Langley Township.

Cons:

- There are potential property constraints at 24 Avenue on the west side of Highway 99, due to existing residential developments at this location. However, these property constraints can be addressed through interchange design considerations.

(ii) 16 Avenue Interchange

Pros:

- 16 Avenue is an arterial and truck route; it has regional significance as it extends through Surrey and Langley as far east as Abbotsford.

Cons:

- There are environmental constraints on much of the land immediately to the south of 16 Avenue and, therefore, there is less development potential in the vicinity of 16 Avenue; and
- 16 Avenue is not as central to the overall Grandview Heights area, or to South Surrey generally, as 24 Avenue and, therefore, would not provide the same level of benefit.

Based on preliminary estimates, the cost to construct an interchange at either 16 Avenue or 24 Avenue would be approximately the same.

As any new interchange would require Provincial Ministry of Transportation support, Planning and Development and Engineering staff met with Ministry of Transportation staff earlier this year. At this meeting, Ministry staff agreed that either of 24 Avenue and 16 Avenue would be an acceptable location for a new interchange on Highway 99, but advised that only one additional interchange would be permitted between 8 Avenue and 32 Avenue. Ministry staff also advised that **no Provincial funding would be available for any aspect of a new interchange at either location.**

Based on the analysis undertaken, to date, the preferred location for a new Highway 99 interchange is 24 Avenue. The intersection of 24 Avenue and Highway 99 is near the geographic centre of the South Surrey area. Such a central location lends itself to the development of community-wide uses such as community commercial uses (Appendix II). The Corridor market analysis completed by Urbanics indicates that the South Surrey area is under-developed from the perspective of community commercial development. Such commercial development tends to draw patrons from a broader catchment area and should be more centrally located within the community. The South Pointe Exchange development is an example of this type of commercial development and its success is indicative of the potential demand in the South Surrey area. City staff is aware of a number of other large format retailers who are interested in locating in South Surrey and, in particular, on 24 Avenue to the east of Highway 99.

The Plan, in the vicinity of the interchange, should be designed to recognize the maximum advantage from the interchange investment. On this basis, **it is recommended that the final draft land use plan illustrate a future interchange at the 24 Avenue crossing of Highway 99, that the land along both sides of 24 Avenue east of Highway 99 be designated for commercial development and that consideration be given to extending this commercial designation to the east of the Hydro Transmission Line to accommodate a significant node of commercial development at this location (see Appendix IV).**

(b) **Funding for a new interchange at 24 Avenue and Highway 99**

Unlike the 32 Avenue interchange that was funded by the Ministry of Transportation to address regional transportation needs and, de facto, also created commercial opportunities in its immediate vicinity, the Ministry of Transportation has advised that although they are prepared to allow an interchange on Highway 99 between 8 Avenue and 32 Avenue on Highway 99 they are not prepared to provide any funding for such an interchange. It is estimated that a new interchange on Highway 99 at 24 Avenue would cost approximately \$10 million to construct. **It is recommended that the final servicing strategy for the Corridor lands provide for an area levy to be collected from development on the Corridor lands toward an equitable sharing of the costs of the proposed interchange at 24 Avenue and that such a funding concept be presented to the public at the next Public Open House.**

2. **Transportation and Traffic Impacts on the Existing Grandview Heights Road System**

As is the case with any new development in the City, new business development on the Corridor lands will generate a significant volume of new traffic to and within the area that will require the construction of significant street system improvements, both to and within the Corridor. Preliminary analysis indicates the need for a widened and somewhat realigned Croydon Drive to function as a spine road for the Corridor. Additionally, 24 Avenue from King George Highway to 164 Street and 16 Avenue from King George Highway to 176 Street, will need widening to four lanes. Subject to a final land use plan for the Corridor lands being adopted by Council, the Engineering Department will complete a detailed traffic impact analysis and accurately determine what street system improvements will be necessary to support development in the Corridor and, subsequently, to establish a financing strategy to review Development Cost Charges generated compared to costs and demonstrate how such improvements will be funded. This will include consideration of the funding requirements for the 24 Avenue interchange through the use of a special area levy.

Allocation of Land Uses

There was criticism from a number of owners of properties within the Corridor and representatives of the development industry that the land use plan options presented at the previous Public Open House were too prescriptive and that the land use plan should be more flexible as to the locations of the different business uses that are proposed within the plan area. These individuals argue that the identification of specific land uses can actually hinder development because lands identified for specific uses may be undevelopable for various reasons, including uncooperative land owners, poor soils, access, environmental consideration, etc. and that without a detailed analysis, the ultimate viability of a location designated for a specific use cannot be determined at this level of land use planning.

The Market Assessment and Impact Study indicates that, in general, those uses having a more regional orientation will benefit strongly from close proximity to a new interchange on Highway 99. Such uses include new and large format retail shopping, service commercial and related uses. While this study notes that the success of light industrial or business park uses is somewhat less tied to a new highway access, a single developer seeking a large research park/campus development might desire the increased access characteristics provided by a new highway access to accommodate both local and regional employees, visitors and clients.

This study also indicates that greater overall synergy is likely to be achieved by bracketing the large format retail and service commercial and related uses with employment generating, light industrial and business park uses. An increased employment base will result in greater demand for retail and related establishments.

The land use plan options presented to the public, to date, illustrate a level of detail, which provides an overall framework for the orderly and efficient development of the Corridor. These plan options support the policies within the OCP for the preparation of Local Area and Neighbourhood Concept Plans ("NCPs"). The level of detail contained within the plan options also provides property owners, whose properties fall within the Plan Area, as well as adjacent property owners who may be affected by the plan, a degree of certainty as to future land uses and potential impacts. As well, the land use plan forms the basis for detailed servicing and financing plans and, without some degree of certainty with respect to specific land uses, it is difficult to develop detailed servicing and financing plans.

The land use plan for the Corridor must, therefore, balance the need for an overall policy and land use framework for the future development of this area with sufficient flexibility so that the plan can respond to the realities of the market place. However, it is critical that the plan satisfy some fundamental principles. These principles include:

- preservation of watercourses and protection of riparian setback areas;
- land use compatibility;
- provision of an effective and appropriate interface so that business uses do not adversely impact adjacent land uses;
- provision of adequate servicing infrastructure; and
- provision of a road network to effectively handle the new traffic generated by development and separates business traffic from residential traffic.

It is recommended that the final draft land use plan for the Corridor concentrate the majority of the Corridor's commercial development at 24 Avenue since 24 Avenue is more central to the South Surrey area and is a suitable location for a future interchange on Highway 99. It is also recommended that a commercial development be designated at 16 Avenue and at 8 Avenue within the Corridor, but at a smaller scale than at 24 Avenue. It is further recommended that the remainder of the lands in the Corridor be designated for either business park or light impact industrial uses and that the plan be developed so as to promote land use flexibility.

Planning Approaches for and Interface Issues with Lands to the East of the Plan Area

As mentioned earlier in this report, one of the key elements in the final plan for the Corridor will be an effective interface strategy between the Plan Area and adjacent lands to the immediate east.

The information presented at the previous Public Open House suggested that a moratorium be placed on the subdivision of existing suburban properties east of the Plan Area in Grandview Heights to protect the future development potential of these lands. While such a moratorium appeared to have general community support, there are divergent views on the length of such a moratorium.

The Grandview Heights Residents Association ("GHRA") would like to maintain the current Suburban designation of Grandview Heights (See the attached Appendix V) well into the future. This organization includes some of the property owners and residents residing in the area bounded by 32 Avenue on the north, 176 Street to the east, 16 Avenue to the south and Highway 99 to the west (Appendix VI). On the other hand, the West Grandview Heights Residents' Association ("WGHRA") does not support any initiatives which would delay the preparation of an area plan for the larger Grandview Heights area (the WGHRA is a group of landowners that are dedicated to the urbanization of the area bounded by Highway 99 on the west, 164 Street on the east, 20 Avenue on the south and 28 Avenue on the north). Similarly, there are other property owners abutting the Highway 99 Corridor who would like to see urban development in the short term such as the Fergus Creek Taxpayers. This is a small group of property owners on the east side of 164 Street, generally between 16 and 24 Avenue, who have expressed concerns that the land use plan options for the Corridor do not effectively address interface issues respecting their properties and that their small triangular pocket of lowland should be considered for commercial/industrial development as part of the Corridor Study.

It is appropriate that, as part of the final draft local area plan for the Corridor, a moratorium be placed on any further subdivision of properties in Grandview Heights, adjacent to the Corridor, until a detailed Neighbourhood Concept Plan is prepared for this area.

With respect to interface concerns between the business developments in the Corridor and the existing large lot rural residential development to the east of the Corridor, **it is recommended that staff prepare a set of design guidelines for dealing with ensuring effective interface design between the Corridor lands and lands to the east of the Corridor, as part of the final draft land use plan**, for presentation at the next Public Open House. These guidelines will be focussed on mitigating impacts on existing development created by the development proposed within the Corridor.

Planning for Future Growth in South Surrey

The existing urban residential NCPs in the South Surrey area are rapidly being built out, as the residential housing market in South Surrey remains very active. Similarly, infill areas in Elgin and Ocean Park are also being rapidly absorbed. The Planning and Development Department is preparing the annual OCP review report that will be forwarded to Council in the next few weeks. It will provide an update on the status of each of the City's currently approved NCPs. It will also make recommendations to Council on actions that are considered necessary to ensure that planning is completed in a timely manner to ensure an on-going supply of urban residential land in South Surrey, to satisfy on-going market demands. The report will include specific discussion and recommendations regarding the timing of further planning for the South Grandview Heights area east of the current Corridor study area. It is anticipated that the development of an overall area structure plan for the entire Grandview Heights area will be recommended to Council and that will be followed with the preparation of a Neighbourhood Concept Plan for an area within Grandview Heights, based on the completed area structure plan. This is consistent with the Clayton process where an overall structure plan was prepared for the entire Clayton area followed by a Neighbourhood Concept Plan for East Clayton. The report on the OCP annual review will be forwarded to Council prior to the next Public Open House for the Corridor study. Any recommendations related to Grandview, that are adopted by Council as a result of the annual review of the OCP, will be presented to the public at the next Open House meeting for the Corridor study.

NEXT STEPS

Subject to Council's endorsement of the recommendations in this report, staff will move forward on the following elements of work to complete the Planning component of the Highway 99 Corridor Plan:

- Finalize a preferred land use plan for the Corridor;
- Present the preferred land use plan at a Public Open House to receive input from the public;
- Finalize design guidelines for the Corridor;
- Finalize the land use plan and related development policies; and
- Present the proposed land use plan, development policies and design guidelines for Council's consideration and approval.

The following items of work are required to complete the engineering servicing and financial strategy components of the Plan:

- Finalize major road network (arterial and major collector roads) improvements for the proposed land use plan and integrate these with the City's transportation and ten year servicing plans;
- Finalize the recommended storm water management plan for the proposed land use plan;
- Complete the modelling and conceptual layout of the water distribution network;
- Complete the conceptual layout of all sewer facilities including catchment boundaries and equivalent populations for each sewer; and
- Prepare a financing plan for the area including triggers for infrastructure improvements and financial impacts in five year intervals,

It is estimated that the balance of the plan preparation process for the Corridor will take approximately four months to complete, including one Open House to receive public input on the proposed final draft land use plan (Appendix VII).

CONCLUSION

Staff has, over the last several months, reviewed the main issues related to the preparation of a land use plan and servicing concept for the Corridor, as identified through the planning process and public consultation, to date. This report recommends an approach for addressing each issue and advises Council of the intended course of action to complete the planning process in a timely manner.

Murray Dinwoodie
General Manager,
Planning and Development

GF:saw

Attachments:

Appendix I - Corporate Report No. R137
Appendix II - 24 Avenue/160 Street Node
Appendix III - Land Use Plan Option Presented at May 2, 2002 Open House
Appendix IV - 24 Avenue Commercial Node
Appendix V - Grandview Heights OCP Land Use Designations
Appendix VI - Grandview Heights Community Groups
Appendix VII - Revised Timelines

v:\wp-docs\planning\03data\jan-march\02251038.gf.doc
SAW 3/20/03 9:27 AM