



MEMORANDUM

May 11, 2005

TO: Mayor and Council

CC: Judy Rogers, City Manager
Jacquie Forbes-Roberts, General Manager Community Services

FROM: Ann McAfee, Co-Director of Planning/ Director of City Plans

SUBJECT: Highway Oriented Retail Policy

On April 12, 2005, when considering referral of 2820 Bentall Street (Canadian Tire) to Public Hearing, Council asked staff "to provide a written commentary and presentation at the Public Hearing on the existing policy framework for consideration of the application". Comments follow on broad city policies (e.g. CityPlan) and the policy basis for the location of large format retail and other large non-industrial uses (e.g. cultural, entertainment, and institutional uses) in industrial areas.

In the 1990's Vancouver's industrial areas totalled 1,700 acres, were home to 2000 firms, and provided over 46,000 jobs with many of the employees living and working in Vancouver. During the previous decade over 700 acres of industrial land were redeveloped for housing. There were clearly positive results to the redevelopment of industrial lands surrounding the Downtown and near transit stations. Homes for over 80,000 people were created close to jobs and without demolition of existing units.

By the mid 1990's, concerns were raised about demands housing and large, non-industrial, uses were placing on the city's remaining industrial lands. Large non-industrial uses included big box retail, regional churches, institutional, and entertainment-sports facilities. Underlying the concerns was the recognition that non-industrial uses were bidding up the price of industrial land and adversely affecting the city's economic vitality.

CityPlan (1995) adopted as Economic Directions to:

- Maintain a diverse economy;
- Use existing industrial land for port uses and industries that employ city residents and/or serve city businesses; and
- Make sure decisions about increasing retail space in the city support the creation of neighbourhood centres, strengthen the downtown, and protect industrial land.

CityPlan set Neighbourhood Directions to:

- Maintain vibrant local shopping areas; and
- Increase walking, biking, and transit by locating shops and services close to home.

Following CityPlan, The Industrial Land Strategy (1995) was approved to retain most of the city's remaining industrial land base for industry and service businesses to meet the needs of the port, city-serving and city-oriented businesses, and to diversify the City's economy by encouraging new jobs to locate in Vancouver.

The Industrial Land Strategy met CityPlan Directions by:

- **Keeping limited M (Heavy Industry) areas for significant economic generators, such as the Port and rezoning redundant heavy industrial land for new light industrial uses.**
- **Creating a new I-2 Schedule (1996) for city-serving uses and for "new economy" high technology uses such as film studios and bio-technology labs.**
- **Creating a new I-3 Schedule (1999) to encourage high technology, higher density uses to locate near transit stations.** Potential I-3 areas were identified for portions of False Creek Flats near the Main Street and VCC Stations, Grandview-Boundary near the Renfrew and Rupert Stations, and when a north-south line is built at a Marine Drive Station.
- **Not supporting housing in industrial areas (1995) due to the impact on land values and livability problems from adjacent noise and related impacts.**
- **Removing large non-industrial conditional uses (e.g. cultural and recreational uses) from the industrial schedules, making them the subject of site specific rezonings in highly accessible (HOR) areas. This work is underway.**
- **Minimizing pressure on industrial sites from retail, entertainment, cultural, and institutional uses by focusing uses which result in significant traffic on key arterials - Grandview Highway (1999/2002) and South East Marine Drive (2001/2002).**

The latter policy has become known as "Highway Oriented Retail (HOR)" but should probably be called the "large format non industrial use policy". HOR is the subject of this memorandum.

The issue of large format (HOR) uses arose as a result of:

- **Changing shopping patterns with large stores providing "wholesale" or bulk purchases.** In some cases stores started as "wholesale" (a permitted use in industrial areas) and, overtime, changed their use/customer base to broader retail uses.
- **Demands for sites for large churches and other non industrial (cultural, entertainment, and recreational) uses.**

In the 1980s, the City saw the redevelopment of a number of industrial sites for large format uses, either through the development permit process within the zoning of the time (e.g. Superstore at Main and Marine Drive), or through rezonings (e.g. Home Depot on Terminal Avenue and Broadway Tabernacle).

The lack of policies for the location of large format uses resulted in several problems:

- The Industrial Schedules and Policies gave no direction as to where these large format uses would be considered. This resulted in uncertainty for applicants, staff, and the community.
- Large format churches, entertainment, and cultural facilities were permitted as conditional uses in industrial areas. Approval of uses with potentially significant impacts could occur without full public input and Council consideration through a Public Hearing.
- Increasing demand for large format uses began to place pressures on the limited industrial land supply.
- Uses with frequent public access demand higher standard roads, lighting, and other services not typically available in industrial areas.

Recognizing these multiple issues the Council of the day choose to:

- Permit some limited sites for highway oriented retail and other large format uses along two arterials - Grandview Highway (1999/2002) and South East Marine Drive (2001/2002). These frontages were chosen to address established land uses and existing high traffic exposure. HOR policies and guidelines are the same for Grandview Highway and Marine Drive except that food sales - grocery store is not a permitted use in the Marine Drive HOR area. In total, 100 acres of the city's 1,700 acres of industrial land are designated for highway oriented retail.
- Require all large format uses involving food or clothing to provide impact studies on neighbourhood shopping. In 1987 Council adopted a policy requiring impact studies for large retail uses. This policy was a precursor to the current HOR policy.
- Proceed through rezoning to ensure each site is considered on its individual merits.

The HOR policies and guidelines consider large format uses and their impact on neighbourhood centres. They note that the type of uses suited to the HOR areas are those not normally found or appropriate in a neighbourhood centre. In neighbourhood centres, retail land uses are focussed on providing for daily purchases and services. The intent of the HOR areas was to provide sites for uses which:

- require large sites by nature of the product (e.g. large display areas needed for bulky items such as furniture, home improvement);
- generally require the use of a car and serve a wide catchment area; and
- do not sell goods that are or can be conveniently available in neighbourhood centers or other commercial areas.

Further details of the development of HOR policies are attached as Appendix B.

Council asked whether the HOR policies remain viable today in light of a number of changing circumstances:

- **New visions of “neighbourhood” and “livability”** developed through Community Visions challenge large format retail developments. Visions for areas potentially most affected by big box food and clothing stores - Kensington/Cedar Cottage, Victoria-Fraserview/Killarney, Sunset, and Renfrew Collingwood Visions do not support additional shopping malls or big box stores. Some Visions support the notion of specialty big box locating in existing shopping areas. Further information on Community Vision policies is attached as Appendix A.
- **Rerouting of rapid transit lines:** When HOR was initially considered for Grandview-Boundary we expected that the east-west transit line would be an LRT on Broadway and Grandview Highway would remain an auto dominated route to the freeway. Subsequently, the transit line utilized SkyTrain technology and was moved south to follow the rail tracks. This placed rapid transit stops close to highway oriented uses. This change was considered when the final Grandview-Boundary Policy Plan was developed. The GB Plan identifies all sites within 400-500 meters of the stations as suitable for I-3 high technology zoning. When the market for these uses picks up we will likely see some sites with lower intensity highway oriented uses redeveloped. The location of large format cultural, institutional, and sports/entertainment uses is still appropriate near transit stops. In the short to medium term the location of other uses which draw people to the area around the stations adds “eyes on the street” in what would otherwise be empty areas.

Conclusions

The City has policies that attempt to balance several competing objectives to:

- Maintain a diverse economy by retaining industrial land for industrial/service/ new economy uses;
- Provide a few opportunities for big box retail by limiting these uses to two HOR areas with a total area of 100 acres;
- Provide limited opportunities for large format cultural, entertainment, institutional, and recreational uses by directing these uses to the two HOR areas; and
- Support vibrant neighbourhood centres.

The challenge facing the City is to decide whether these four objectives remain valid today and, if so, how best to accomplish them.

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Community Visions & Large Format Uses

- **Kensington - Cedar Cottage (KCC) Community Vision (1998)** identifies three local shopping areas (Broadway and Commercial, Knight and Kingsway, and Victoria and 41st) and notes that there should not be any additional big box stores or internal shopping malls allowed in KCC, or close enough to threaten the economic health of the shopping areas.
- **Victoria - Fraserview/Killarney Vision (2002)** identifies three local shopping areas (Victoria Drive, Kingsway/Joyce 'Collingwood', and Champlain Mall), and also identifies the Fraserlands as an area for convenience retail. The Vision also notes that additional shopping malls, and 'big box' stores which sell groceries, clothing, and other daily needs, should not be permitted to locate where they will harm the economic health of the Victoria or Kingway shopping areas or Champlain Mall. Further, some specialty 'big box' outlets, (such as electronics, toys, pets) might act as positive anchors or attractions if they are located in VFK's existing shopping areas.
- **Sunset Community Vision (2002)** identified the Fraser Street (South Hill) area and the Main Street (Punjabi Market) area as the key shopping areas. As in VFK above, this Vision does not support additional shopping malls and 'big box' stores that may harm the economic health of the Fraser and Main areas, and supports consideration of specialty 'big box' outlets that locate in the existing shopping areas.
- **Renfrew Collingwood Vision (2004)** also identified the Kingsway/Joyce 'Collingwood' shopping area as a key shopping area; it also identified Norquay Village, and three smaller commercial mini-nodes. As in VFK and Sunset, the Vision did not support additional shopping malls or 'big box' stores, but did support specialty 'big box'.

Grandview/Boundary HOR Area Policies

This area is 22 h (54 acres) 70 percent of which is already in HOR use. Of the 17 potential HOR sites, 9 are developed with HOR uses, including Rona, Danier Leather, United Furniture, JR Furniture, The Brick, Superstore, Petcetera, Costco, and Roots Clothing.

Rona and Superstore were rezoned for HOR prior to designation of this area. The Danier and Petcetera sites have been rezoned in accordance with the HOR policy. A rezoning application has been submitted for the Costco site.

HOR sites are generally smaller in Grandview Boundary than along Marine Drive. Rezoning applications so far have been for reuse of existing buildings and regularizing existing retail uses. Of the 5 remaining potential HOR sites, only one is sized for large retail use. The others are 1 - 2.5 acre sites and are active warehousing/distribution uses.

- In July 1999, Council adopted HOR: Interim Rezoning Policies and Guidelines for the Grandview/Boundary Industrial Area.
- In 2002, Council approved the Grandview Boundary Industrial Area Plan. This Plan takes in the HOR area, and areas west to Slocan Street, including the new SkyTrain station. The Plan supports a variety of future land uses including a continuation of traditional industrial uses, high-tech industrial uses including film studios and bio-tech, HOR uses, institutional, cultural, and recreational uses, and retail/service uses near the SkyTrain station.
- Also in 2002, Council approved Rezoning and Development Policies and Guidelines for HOR uses in this area. The intent was to serve uses not normally found or appropriate in a neighbourhood centre
- The Policies note that while the type of retail use is not limited, proposed new uses should not undermine the role of nearby neighbourhood centres by drawing customers away from local stores.
- As food and clothing retail often form the basis of local shopping areas, proposals including food or clothing require a retail impact analysis. The retail impact analysis determines the trade area of the proposed use/s and how the proposal will affect retail competition therein.
- Site specific rezonings to CD-1 for large scale retail uses will be considered, with a minimum retail store size of 10,000 sq.ft..

Policies Specific to the Marine Drive HOR Area

This area is 18.6 h (46 ac) and includes 28 sites comprising 13 warehouse/wholesale operations, 11 service and retail uses and auto dealerships and 4 other industrial/manufacturing operations. The area is characterized by large sites currently or formally occupied by auto dealerships.

Since the HOR was established two rezoning applications have been submitted - one for Wal-Mart and one for Canadian Tire.

- Council adopted HOR Rezoning Policies and Guidelines, as well as policies regarding conditional Institutional, Cultural and Recreational Uses for this area in 2001.
- The HOR Rezoning Policies and Guidelines are the same as those for the Grandview Highway HOR area, as described above, with one notable exception. In 2002, the Marine Drive HOR policy was amended to remove the sale of food (e.g. grocery store) as a potential retail use.