



## POLICY REPORT

Report Date: February 27, 2018  
Contact: Kathryn Holm  
Contact No.: 604.873.7545  
RTS No.: 12321  
VanRIMS No.: 08-2000-20  
Meeting Date: March 13, 2018

TO: Vancouver City Council

FROM: General Manager of Development, Buildings and Licensing

SUBJECT: Minor Amendments to the Zoning and Development By-law to Enable Liquor Retail Stores in Grocery Stores

### ***RECOMMENDATION***

THAT the General Manager of Planning, Urban Design and Sustainability be instructed to make application to amend the Zoning and Development By-law to enable liquor stores to locate within grocery stores, generally in accordance with Appendix A, and that the application be referred to a Public Hearing;

FURTHER THAT the Director of Legal Services be instructed to prepare the necessary amending by-law, generally in accordance with Appendix A, for consideration at Public Hearing.

### ***REPORT SUMMARY***

On June 14, 2017 Council approved a staff recommendation to allow liquor retail in grocery stores under the Provincial store-in-store model. This model allows the sale of beer, wine and spirits in a store that is physically separated from its host grocery store by immovable barriers, and with access points restricted. Council stipulated that liquor stores seeking to locate or relocate into grocery stores would be subject to the City's existing Liquor Store Guidelines.

To enable the store-in-store model in Vancouver, this report proposes the addition of a new definition in the Zoning and Development By-law for this retail use: Grocery Store with Liquor Store. In addition, it is proposed that the Zoning and Development By-law definitions of Liquor Store and Neighbourhood Grocery Store be amended for consistency with the definitions used in Provincial regulation. Consistency between

City and Provincial terms will make regulations easier for the public and staff to interpret.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

December 16, 2015: Council heard staff recommendations that responded to Provincial changes in liquor licence regulation including changes to allow liquor in grocery stores. Council deferred the item to the city wide liquor review process that was underway.

On June 14, 2017 Council approved a staff recommendation to allow liquor stores to locate inside grocery stores; the City's Liquor Store Guidelines are to apply.

### ***REPORT***

#### ***Background/Context***

Since 2015, the Liquor Control and Licensing Board (LCLB) has allowed the sale of liquor in grocery stores. On June 14, 2017 Council approved a staff recommendation to allow liquor retail in grocery stores under the Provincial store-in-store model, and subject to the City's existing Liquor Retail Store Guidelines.

#### ***Strategic Analysis***

Vancouver will be the first city in BC to have liquor in grocery stores under the store-in-store model. Through review of City by-laws, and Provincial regulation governing liquor retail in grocery (as shown in Appendix B), staff have determined that an amendment to the Zoning and Development By-law creating a new retail use is required to enable liquor stores to locate within grocery stores.

To enable liquor stores to locate in grocery stores in Vancouver, and to meet provincial regulations, staff propose that a new retail use, Grocery Store with Liquor Store, be defined in the Zoning and Development By-law. The current definition of grocery store also includes drug stores. The Grocery Store with Liquor Store retail use would ensure that grocery stores, but not drug stores, can have liquor stores located within them. The definition of the new retail use would also include the Provincial requirement that grocery stores hosting liquor stores have a minimum size of 929m<sup>2</sup>. Consistent with Liquor Store retail use, the Grocery Store with Liquor Store retail use will be a conditional use in the District Schedules where it is permitted. It will be permitted in District Schedules where both liquor stores and grocery stores are currently permitted. Thus the new retail land use enables but does not expand areas zoned for liquor retail. Draft amendments to the Zoning and Development By-law are provided in Appendix A.

Two further amendments to retail land use definitions are recommended. To create consistency among terms used in the City's Zoning and Development By-law and Provincial regulations, staff propose that the definitions of Liquor Store and Neighbourhood Grocery Store be amended to use the same terminology as in the

Provincial regulations. Proposed amendments are provided in Appendix A. Consistency of terms will make regulations easier for the public and staff to interpret.

Staff also propose that design criteria for liquor stores located inside grocery stores be established in the City's Liquor Store Guidelines. Recommendations for these criteria will be included in the forthcoming staff report, Liquor Policy Implementation Update.

***Financial***

There are no financial implications.

***CONCLUSION***

This report proposes amendments to the Zoning and Development By-law to enable implementation of Council's June 2017 decision to allow liquor retail stores to locate in grocery stores. Staff recommend that these amendments be referred to public hearing for consideration.

\* \* \* \* \*

DRAFT By-law to amend Zoning and Development By-law No. 3575  
Regarding a New Retail Use - Grocery Store with Liquor Store

Note: A By-law will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to posting.

1. In Section 2 under **Retail Uses**, Council:
  - (a) adds a new definition, in correct alphabetical order, as follows:

“**Grocery Store with Liquor Store**, which means a Grocery Store that has an area of at least 929 m<sup>2</sup>, with a Liquor Store located within it;”;
  - (b) in the definition of **Liquor Store**, strikes out the words “liquor, beer or wine”, and substitutes the words “beer, wine, spirits, or other products that are intended for human consumption, containing more than 1% alcohol by volume,”; and
  - (c) in the definition of **Neighbourhood Grocery Store**, strikes out the word “alcohol”, and substitutes the words “beer, wine, spirits, or other products that are intended for human consumption, containing more than 1% alcohol by volume”.
2. In section 3.2.R of the FM-1, C-1, C-2, C-2B, C-2C, C-2C1, C-3A, FC-1, M-1, M-1A, and HA-2 District Schedules, Council inserts in correct alphabetical order, the following as a conditional use:

“

  - Grocery Store with Liquor Store.”.
3. In section 3.2.R of the HA-3 District Schedule, Council inserts in correct alphabetical order, the following as a conditional use:

“

  - Grocery Store with Liquor Store. *compatibility with surrounding uses*”.
4. In the C-5, C-5A, and C-6 District Schedule, Council:
  11. in section 3.2.1.R, inserts in correct alphabetical order the following as a conditional use:

“

    - Grocery Store with Liquor Store. *compatibility with surrounding uses, number existing, hours of operation, social and policing impacts, vehicular ingress and egress*”;

12. in section 4.2.2(c), adds ", or grocery store with liquor store," after "grocery or drug store", and strikes out the word "its" and replaces it with "their"; and
13. in the final paragraph of section 4.2.2, adds ", or grocery store with liquor store," after "grocery or drug store".

5. In section 3.2.1R of the MC-1 and MC-2 District Schedule, Council inserts in correct alphabetical order, the following as a conditional use:

"

- Grocery Store with Liquor Store."

6. In section 3.2.3.R of the C-7 and C-8 District Schedule, Council inserts in correct alphabetical order, the following as a conditional use:

"

- Grocery Store with Liquor Store."

7. Council adds the following to CD-1 (187), (273), (318), (328), (329), (438), (479), (487), (489), (495), (496), (517), (519), (529), (531), (535), (537), (546), (548), (556), (558), (577), (584), (590), (593), (596), (602), (610), (614), (618), (620), (622), (627), (633), (635), (637), (638), (642), (647), (648), (652), (662), and (665), immediately after each reference to "Grocery or Drug Store", using the appropriate formatting as set out in each individual CD-1:

"Grocery Store with Liquor Store".

8. In CD-1 (420), Council:

11. in section 2.2(g), inserts the following as a conditional use, immediately after the words "Grocery or Drug Store,":

"Grocery Store with Liquor Store,"; and

12. in section 4.2, adds the words ", or a grocery store with liquor store, where the grocery store is as defined in this section 4.2," immediately after "or other use customarily ancillary to a grocery store".

\* \* \* \* \*

*Liquor Control and Licensing Act*  
*Liquor Control and Licensing Regulation*

**Part 1 – Interpretation and Application**

**Definitions for regulation**

1. In this regulation:

"grocery store" means a store that

(a) is primarily engaged in retailing the following types of food and non-alcoholic beverages:

- (i) canned, dry and frozen food;
- (ii) fresh fruits and vegetables;
- (iii) fresh and prepared meats, fish and poultry;
- (iv) dairy products;
- (v) baked products;
- (vi) snack foods;

(vii) juices, carbonated beverages and flavoured beverages, and

(b) has an area of at least 929 square metres;

**Part 2 – Licences and Endorsements**

**Division 8 – Licensee Retail Store Licences, Wine Store Licences and Special Wine Store**

**Licences**

**Definitions**

53 In this Division:

"store licence" means a licensee retail store licence, wine store licence or special wine store licence.

**Authorized activities**

54 (1) A licensee retail store licence authorizes

(a) a licensee

- (i) to sell liquor in unopened containers in the service area under the licence to patrons, and

- (ii) to sell or serve samples of liquor in the service area under the licence to patrons, and
  - (b) a patron to consume the samples in the service area.
- (2) A wine store licence authorizes
  - (a) a licensee
    - (i) to sell wine in unopened containers in the service area under the licence to patrons, and
    - (ii) to sell or serve samples of wine in the service area under the licence to patrons, and
  - (b) a patron to consume the samples in the service area.
- (3) A special wine store licence authorizes
  - (a) a licensee
    - (i) to sell BC wine in unopened containers in the service area under the licence to patrons, and
    - (ii) to sell or serve samples of BC wine in the service area under the licence to patrons, and
  - (b) a patron to consume the samples in the service area.

#### **Limit on number of stores selling liquor in grocery stores**

- 55 (1) If a licensee retail store, wine store or special wine store is located in a grocery store, no additional licensee retail store, wine store or special wine store may be located in the grocery store.
- (2) If a government liquor store is located in a grocery store, no licensee retail store, wine store or special wine store may be located in the grocery store.
- (3) If the general manager receives more than one application to issue a store licence or to relocate a licensee retail store, wine store or special wine store in respect of the same grocery store, the order in which the applications are received determines their priority.
- (4) If the LDB general manager notifies the general manager of a proposed location of a government liquor store in a grocery store before the general manager

receives an application to issue a store licence in respect of the same grocery store or to relocate a licensee retail store, wine store or special wine store to the same grocery store, the proposed government liquor store has priority.

### Sales revenue of grocery store

56 (1) This section applies to the following licences:

- (a) a licensee retail store licence for a licensee retail store that is located in a grocery store;
- (b) a wine store licence for a wine store that is located in a grocery store;
- (c) a special wine store licence.

(2) It is a requirement of a licence referred to in subsection (1) that the sales revenue derived from the sale of food and non-liquor beverages at the grocery store in which the licensee retail store, wine store or special wine store is located

- (a) total at least 70% of the total sales revenue of non-liquor products at the grocery store, and
- (b) total more than 50% of the total sales revenue of liquor and non-liquor products at the grocery store.

(3) For the purposes of subsection (2), the sales revenue of a grocery store in which a licensee retail store, wine store or special wine store is located must be calculated based on the following periods:

- (a) the 12-month period following
  - (i) the first time that the licensee retail store or wine store is relocated from an establishment that was not a grocery store to the grocery store, or
  - (ii) the issuance of the special wine store licence;
- (b) after a 12-month period referred to in paragraph (a), every 12-month period preceding the renewal of the licence;
- (c) if the licensee retail store, wine store or special wine store is relocated to a different grocery store, the 12-month period following the relocation of the



store and, after that 12-month period, every 12-month period preceding the renewal of the licence.

(4) The licensee of a licence referred to in subsection (1) must, within 3 months after the applicable period referred to in subsection (3), provide proof to the general manager that the sales revenue requirement referred to in subsection (2) has been met.

#### Location of licensee retail stores

58 (1) Subject to subsections (2) and (3), it is a requirement of a licensee retail store licence that the licensee retail store meet the following requirements:

(a) the licensee retail store must be located in

(i) a permanent, free-standing building that does not contain another business,

(ii) a building in which there are other businesses, but the licensee retail store has its own entrance and exit separate from any other business and a solid floor-to-ceiling wall between the licensee retail store and any other business, or

(iii) a grocery store, but the licensee retail store is physically separated from the rest of the grocery store in a manner satisfactory to the general manager;

(b) in the opinion of the general manager, the licensee retail store does not appear, through signs, the use of trademarks or any other means, to be associated with another business other than another licensee retail store or a business operated under a liquor primary licence.

(2) Subsection (1) (a) does not apply to a licensee retail store if the location of the store was approved by the general manager in accordance with the law that was in force when the approval was given.

(3) Subsection (1) (b) does not apply to a licensee retail store if

(a) the store is associated with another business, and the association was permitted by the law that was in force at the time the general manager approved the location of the store,

- (b) the store is located in a building described in subsection (1) (a) (i) or (ii), the licensee who holds the licensee retail store licence also carries on a grocery business and the licensee retail store appears to be associated with the grocery business, or
- (c) the store is located in a grocery store and the licensee retail store appears to be associated with the grocery store.

### Licensee retail stores licences – rules and requirements

59 The following rules and requirements apply to a licensee retail store licence:

- (a) subject to limitation by the general manager, the hours of liquor service must start no earlier than 9 a.m. and end no later than 11 p.m.;
- (b) non-liquor items must not be sold except for packaged snacks, liquor-related items and other items authorized by the general manager;
- (c) entertainment and games are not allowed.

### Relocation of licensee retail stores

60 (1) Subject to subsection (2), an application to amend a licence in respect of a licensee retail store to relocate the store must not be approved unless the new location of the licensee retail store is at least 1 km from any other licensee retail store or government liquor store or any proposed location of another store.

(2) If an application to amend a licence in respect of a licensee retail store to relocate the store does not comply with subsection (1), the general manager may approve the application if any of the following circumstances apply:

- (a) the proposed new location has the same permanent parcel identifier assigned under the *Land Title Act* as the current location;
- (b) the proposed new location is not closer to the licensee retail store or government liquor store or proposed location of another store than the current location;

(c) the shortest travelling distance by road between the proposed new location and the licensee retail store or government liquor store or proposed location of another store is 1 km or more because of a watercourse or body of water;

(d) the relocation of the licensee retail store is necessary because the licensee retail store was substantially damaged by fire, flood or other event beyond the licensee's control.

### **Moratorium on new wine store licences**

61 No new wine store licences may be issued.

### **Requirements for wine stores**

62 (1) Subject to subsections (2) and (3), it is a requirement of a wine store licence that the wine store meet the following requirements:

(a) the wine store must be located in

(i) a permanent, free-standing building that does not contain another business,

(ii) a building in which there are other businesses, but the wine store has its own entrance and exit separate from any other business and a solid floor-to-ceiling wall between the wine store and any other business, or

(iii) a grocery store;

(b) in the opinion of the general manager, the wine store does not appear, through signs, the use of trademarks or any other means, to be associated with another business other than another wine store.

(2) Subsection (1) (a) does not apply to a wine store if the location of the wine store was approved by the LDB general manager in accordance with the law that was in force when the approval was given.

(3) Subsection (1) (b) does not apply to a wine store if

(a) the store is associated with another business and the association was permitted by the law that was in force at the time the LDB general manager approved the store,

- (b) the store is located in a building described in subsection (1) (a) (i) or (ii), the licensee who holds the wine store licence also carries on a grocery business and the wine store appears to be associated with the grocery business, or
- (c) the store is located in a grocery store and the wine store appears to be associated with the grocery store.

#### **Wine store licences – rules and requirements**

64 (1) The following rules and requirements apply to a wine store licence:

- (a) subject to limitation by the general manager, hours of liquor service must start no earlier than 9 a.m. and end no later than 11 p.m.;
- (b) non-liquor items must not be sold except for packaged snacks, wine-related items and other items authorized by the general manager;
- (c) entertainment and games are not allowed in the wine store.

(2) If the wine store is located in a grocery store, subsection (1) (c) applies only to a wine store that is physically separated from the rest of the grocery store.

#### **Relocation of wine stores to grocery stores**

65 (1) A wine store licence that permits the licensee to sell only BC wine, other than a wine store licence that is held by a person who holds a winery licence, may be amended to relocate the wine store from the location named on the wine store licence to a new location that is in a grocery store.

(2) The proposed wine store under subsection (1) must be physically separated from the rest of the grocery store in a manner satisfactory to the general manager unless the licensee applying to amend the winery licence

- (a) owns the grocery store in which the wine store is to be relocated, or
- (b) is a licensee who holds a converted wine store licence described in section 63 (3).

(3) A wine store licence that permits the licensee to sell all types of wine, other than wine for sacramental purposes, may be amended to relocate the wine store from the location named on the licence to a new location that is in a grocery store if the

proposed wine store will be physically separated from the rest of the grocery store in a manner satisfactory to the general manager.