

Commercial Policy Review



Phase 4: Project Summary Report

October, 2010
Updated December, 2010



1.0	Background	1
2.0	Summary.....	2
	2.1 Phase 1	2
	2.2 Phase 2	2
	2.3 Phase 3A.....	3
	2.4 Phase 3B.....	5
3.0	Recommendations.....	10

1.0 Background

As part of the official plan review, a new approach to commercial land use policy is being developed. It has been ten years since the existing commercial policies were put in place. In these ten years, a significant amount of new commercial space has been constructed and the planning landscape has changed considerably with respect to policy direction, conversions to commercial space, density requirements, urban design and complete communities.

To provide necessary background information to inform discussions, the Commercial Policy Review was initiated in late 2009. This review is a high level comprehensive planning study to inform and direct the development of a new approach to commercial land use planning for the City that is consistent, up-to-date, comprehensive and defensible. It takes into account past practices, reflects commercial trends, inventories existing and vacant commercial lands across the City, estimates demand and supply requirements to 2029, reviews commercial policy options and provides a recommended approach to move Kitchener's commercial policy regime towards an urban structure approach to future commercial decisions focused on nodes and corridors building on strategically located commercial areas.

The Commercial Policy Review was prepared in three phases. Phase 1 and 2 undertook background research and an inventory of the current commercial supply in the City of Kitchener. Phase 3A, a discussion paper, included an analysis of the inventory, an assessment of future needs and a discussion of possible policy directions. Phase 3B, was a follow up report to an agency consultation meeting that was held with the City's Planning staff, the City's Economic Development staff and the Region of Waterloo Policy Planning staff to discuss Phase 3A and receive feedback. This response paper highlighted the input received and included staff's response.

This report, Phase 4, will include a summary of the findings of Phases 1, 2 and 3 as well as include the recommended policy directions.

****The notations italicized and in red font indicate the page number of the Phase each item is discussed in more detail.**

2.0 Summary

This section of the report highlights the key findings of each phase of the Commercial Policy Review.

2.1 Phase 1

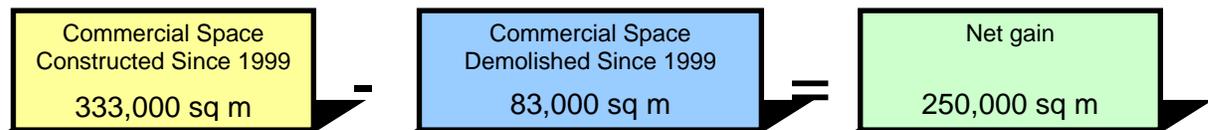
- Outlines the purpose of the review, states the project objectives, and presents research questions to be explored. (Pg 1-3)
- Reviews the provincial legislation, the proposed changes to the Region of Waterloo commercial policies and the existing commercial policies in the City's Official Plan. (Pg 4-10)

2.2 Phase 2

- Explains the methodology employed and assumptions made to calculate the current supply of commercial floor space. (Pg 11-12)
- Reports the results of the inventory, observes changes from 1999 to present and notes future approved developments. (Pg 14-33)

Commercial Supply Developed Between 1999 and 2009

- Just over 333,000 square metres of commercial space was added and approximately 83,000 square metres was demolished resulting in a net gain of almost 250,000 square metres. (Pg 14)



Existing Inventory

- There is approximately 1.7 million square metres of commercial space as of December 2009. (Pg 25)



Approved Future Development

- The total commercial floor space of developments currently approved amounts to 118,936 square metres. (Pg 30)

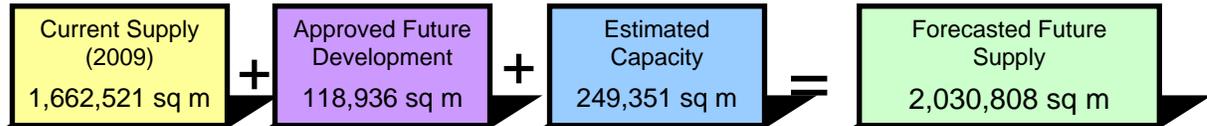


2.3 Phase 3A

- Forecasted the future supply and demand to 2029

Entire Commercial Supply

- Assuming that the existing commercial zoned properties accommodate their estimated capacity, there is a predicted future supply of 2,030,808 square metres of commercial space. (Pg 7)



- Forecasted a future demand for an additional 139,633 square metres (total future supply of 2,170,441 square metres) to 269,164 square metres (total future supply of 2,299,974 square metres). (Pg 8)

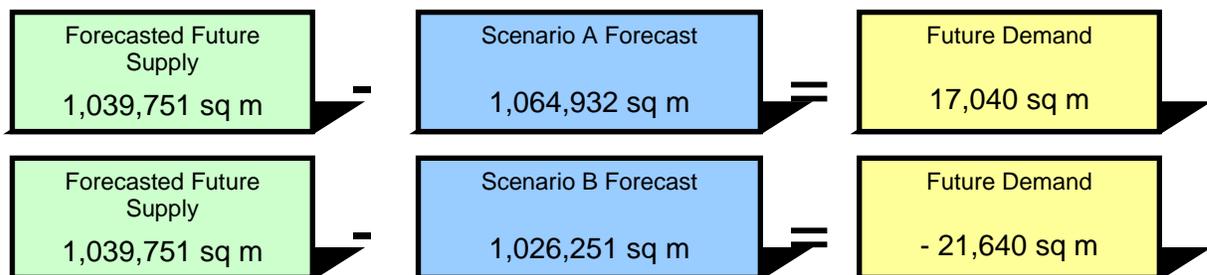


Retail Commercial Supply

- Assuming that the existing commercial zoned lands accommodate their estimated capacity, predicted a future supply of 1,039,751 square metres for retail uses. (Pg 8)



- Forecasted a future demand for an additional 17,040 square metres (total future supply of 1,064,932 square metres) or an oversupply of 21,640 square metres (total future supply of 1,026,251 square metres). (Pg 8)



- Noted that additional commercial lands may be needed to meet other planning objectives such as an even distribution of commercial facilities across the city to achieve complete communities, walkability and local food destinations and services. (Pg 8)

- Explored different planning approaches *(Pg 11)*
 - Different regulatory frameworks have been employed by municipalities in Ontario for commercial policies. The three common approaches:
 - Strict Policy Control
 - Moderate Policy Approach
 - Limited Policy Control
 - Three traditional arguments for planning intervention in the market to serve the public interest are: *(Pg 11)*
 - Most efficient use of municipal infrastructure
 - Provision of a range of services and goods in convenient locations
 - Avoidance of blight.
 - The purpose of a retail market study should be to assess whether a proposed development would impact the planned function of commercial areas and whether it would compromise the commercial goals established in the Official Plan. *(Pg 14)*
- Considered conformity with new Regional Official Plan (as adopted by Regional Council June 16th, 2009). *(Pg 16-18)*
 - Kitchener's existing commercial policy structure is well aligned with the newly proposed Planned Community Structure.
 - Reurbanization Corridors, Major Local Nodes and Major Transit Station Areas will need to be identified in the City's Official Plan and Major Office and Retail Commercial Centres will need to be located as prescribed in the policies.
 - Consideration needs to be given to the location of grocery stores and other food retail outlets to achieve a food system that provides a range of food destinations within easy walking distance of where people live and work.
- Contemplated future commercial types and location. *(Pg 19-25)*
 - Future commercial policies should attempt to provide a greater balance between big box formats and local serving commercial development.
 - Mixed use developments should strongly be encouraged as they are effective at meeting other goals and objectives of the Official Plan.
 - New commercial designations should not impede the ability of Downtown (Urban Growth Centre) to revitalize and careful consideration should be given to store sizes which could threaten the viability of the Downtown (Urban Growth Centre).
 - Additional future retail commercial development should be directed to areas currently underserved. The Downtown (Urban Growth Centre) and Southwest Kitchener are areas that have been identified as lacking in food stores.

2.4 Phase 3B

- Highlighted input received at agency consultation meeting to discuss Phase 3A.
- Conducted the following review and provided the following explanations to respond to feedback:

Goals and Objectives

- Listed overall goals and objectives for the future of Kitchener. (Pg 2)

Evaluating Forecast Methodologies

- Employed a fourth methodology (Scenario D), a simplified market based analysis, for comparison purposes in forecasting the future demand for commercial space. (Pg 3)
- Forecasted a future retail commercial space demand of 1,039,200 square metres and noted that this fell within the range forecasted by the previous Scenarios discussed in Phase 3A.
- Noted that an office vacancy rate between 6-10% is considered to be a balanced office market. Kitchener's office vacancy rate of 7.3% falls within this range. Concluded that there is an appropriate supply of office space at current to meet the demands of the existing population. (Pg 4)
- Using a retail and service demand threshold analysis concluded that the current supply of retail is adequate for the current population.
- Adjusted future planned commercial supply calculations to include entire Ira Needles development and forecasted a future supply just less than 96,000 square metres. (Pg 6)
- Indicated that a ratio of between 35 and 45 square feet of retail and service commercial per resident is a normal level of supply. Kitchener per capita supply falls within this range at 40.6 square feet.
- The per capita ratio is consistent with the ratio in 1999 which also suggests that the amount of growth that has occurred in the past decade has been relative to the population growth. (Pg 7)
- Concluded that the assumptions used in the forecasting methodologies relating to an adequate existing supply do not need to be adjusted.
- Expressed confidence in the forecasted range for future demand of commercial floor space provided by Scenario A, B and D.
- No longer consider Scenario C the best methodology to forecast future demand.

Protecting and Providing Commercial Uses

- Observed that there is lack of existing or planned grocery stores within walking distance to current or future residents in the Downtown (Urban Growth Centre), Southwest Kitchener, near the Grand River South Planning Community and near the Pioneer Tower Planning Communities. (Pg 10)
- Indicated that given the forecasted demand and the direction provided by Provincial and Regional legislation, additional Planned Commercial Campuses in the city are not necessary. (Pg 16)

Function of Downtown (Urban Growth Centre)

- Investigated ways to make Downtown (Urban Growth Centre) more attractive to retailers and reported the efforts and successes to date. (Pg 19)

3.0 Recommendations

The recommended commercial planning approach for Kitchener is to continue with a nodes and corridor urban structure approach. This approach is intended to ensure an appropriate distribution of retail space within the City's urban structure that is close to where people live and minimize impacts on existing commercial areas and Downtown (Urban Growth Centre).

The recommended direction and rationale for policies is summarized in the table below.

	RECOMMENDATION	VISION/GOAL/OBJECTIVE ACHIEVING
GENERAL POLICY DIRECTION		
Distribution/ Complete Communities	<ul style="list-style-type: none"> • Provide for an appropriate distribution of adequate commercial opportunities, while avoiding an oversupply of facilities. • Indicate within the policies that the City does not intend to permit all commercial uses in every planned commercial area. • Require the distribution of neighbourhood/convenient commercial uses to locations within convenient walking distance of residential areas. • Provide local serving commercial developments and food stores that support complete communities, contribute to a mix of opportunities to live, work and shop, and can support the reduction of vehicle trips. 	<ul style="list-style-type: none"> • Achieve an appropriate mix of commercial, residential and institutional land uses. • Provide locations for commercial and mixed use development opportunities in locations close to where people live and work to help achieve complete communities • Create complete communities where residents have convenience access by various modes of travel to commercial opportunities
Intensification of Existing Commercial Areas	<ul style="list-style-type: none"> • Encourage infill, intensification and redevelopment of existing sites (at appropriate locations) as the primary means of accommodating additional commercial development 	<ul style="list-style-type: none"> • Optimize the use of the existing land supply • Direct commercial development to appropriate intensification areas
Encourage Compact, Mixed Use Development	<ul style="list-style-type: none"> • Continue to encourage mixed use developments as they are effective at meeting other goals and objectives of the Official Plan such as more efficient and more transit supportive and pedestrian oriented forms of development. • Within existing mixed used developments, it may be beneficial to protect a portion of the commercial component in order to ensure that the planned function of an area continues to thrive. 	<ul style="list-style-type: none"> • Reduce automobile reliance throughout the City • Optimize the use of existing and new infrastructure to support growth in a compact, efficient form • Allow for transit supportive development

RECOMMENDATION		VISION/GOAL/OBJECTIVE ACHIEVING
GENERAL POLICY DIRECTION Cont'd		
Provision of Food Stores	<ul style="list-style-type: none"> Require that planning decisions have regard to the retention and enhancement of existing food stores. Encourage the provision of small to mid-size food stores and give consideration to limiting the size of individual commercial units and limit the size of the overall centre where a food store is not a planned land-use within the centre. Provide incentives within Mixed Use land use designations to encourage food stores. Such incentives could include offering more generous gross floor area limits and increased floor space area above what is normally permitted if the development meets built form objectives. 	<ul style="list-style-type: none"> Provide a range of food destinations with easy walking distance of where people live and work
LAND USE POLICY DIRECTION		
Mixed Use Designations	<ul style="list-style-type: none"> Retain existing mixed use designation (Mixed Use Node, Mixed Use Corridor, Neighbourhood Mixed Use Centre) for areas that continue to provide a balance of commercial, residential and institutional uses. 	<ul style="list-style-type: none"> Retain a viable commercial presence by protecting and improving existing commercial development
Commercial Designation	<ul style="list-style-type: none"> Redesignate areas that serve predominately a commercial function with a commercial land use designation. 	<ul style="list-style-type: none"> Retain a viable commercial presence by protecting and improving existing commercial development
Commercial Nodes	<ul style="list-style-type: none"> Change the existing 'Planned Commercial Campus' designation to 'Commercial Node'. Indicate within the policies that new Commercial Nodes or boundary expansions to existing Commercial Nodes are discouraged. Indicate within the policies that Commercial Nodes will not undermine the planned and balanced commercial land use structure by having a significant detrimental impact to existing and future planned commercial areas. 	

RECOMMENDATION		VISION/GOAL/OBJECTIVE ACHIEVING
LAND USE POLICY DIRECTION Cont'd		
Commercial Corridors	<ul style="list-style-type: none"> • Change existing 'Arterial Commercial Corridor' to 'Commercial Corridor'. • Recognize the Fairway Road Commercial Corridor Subdistrict of the Primary Node as a land use designation and formally designate as a 'Commercial Corridor'. • Follow up with Region of Waterloo to see if maximum size restrictions need to continue to be placed on retail use to reduce traffic impacts on Fairway Road. • Designate lands previously proposed to be 'Planned Commercial Campus' on the south side of King Street East but remained 'Service Commercial' (deferred August 27, 2001 until such time as additional consultation took place), as 'Commercial Corridor'. 	
Convenience Commercial	<ul style="list-style-type: none"> • Continue to permit the zoning of convenience commercial within residential districts. • Map in Secondary Plans and Community Plans, not in Official Plan Land Use Map 	
Downtown	<ul style="list-style-type: none"> • Ensure that future commercial developments/proposals do not impact the ability of the Downtown to fulfill its intended planned function. According, the range of commercial uses may be limited in some commercial areas in order to promote continued commercial viability of the Downtown (Urban Growth Centre). 	<ul style="list-style-type: none"> • Enjoy a downtown that serves as a major employment centre, is a focal area for region-wide public services as well as commercial, recreational, cultural and entertainment uses
Retail Commercial Centre	<ul style="list-style-type: none"> • Only permit Retail Commercial Centres in Urban Growth Centres, Major Transit Station Areas, Reurbanization Corridors or Major Local Nodes. • Only permit Retail Commercial Centres above 42,000 square metres in Urban Growth Centres, Major Transit Station Areas, or Major Local Nodes. 	<ul style="list-style-type: none"> • Plan for a sufficient supply and complete range of commercial goods and services to meet the needs of the City's residents, employees, businesses and visitors.
Office	<ul style="list-style-type: none"> • Only permit Major Office within the Urban Growth Centre, a Reurbanization Corridor, a Major Transit Station Area or a Major Local Node. • Continue to permit offices as a permitted use in commercial and mixed use land designations. Where appropriate, limit the height and density of development through provisions in the Zoning By-law to encourage small to moderate-scale office development. 	<ul style="list-style-type: none"> • Plan for a sufficient supply and complete range of commercial goods and services to meet the needs of the City's residents, employees, businesses and visitors.

I	RECOMMENDATION	VISION/GOAL/OBJECTIVE ACHIEVING
IMPLEMENTATION		
Comprehensive Planning Study/Justification Study	<ul style="list-style-type: none"> • Require a Comprehensive Planning Study/Justification Study to develop a new commercial area or expand an existing commercial area that addresses the following: <ul style="list-style-type: none"> - Rationale and justification for the type and size of the proposed new or expanded commercial area - Conformity with Official Plan policies, goals and objectives - Impact of the proposal on planned commercial areas and Downtown (Urban Growth Centre) and the potential for negative impacts to the planned function of these areas - Appropriate distribution and range of commercial goods and services to meet the needs of the City's residents while avoiding an oversupply of commercial space - Compatibility with adjacent land useso Impact on the traffic-carrying capacity of the transportation network - Efficient use of existing and/or proposed servicing infrastructure 	<ul style="list-style-type: none"> • Plan for a sufficient supply and complete range of commercial goods and services to meet the needs of the City's residents, employees, businesses and visitors.
Retail Impact Study	<ul style="list-style-type: none"> • In addition to a Comprehensive Planning Study/Justification Study, require Retail Impact studies for major retail developments (+5,000 sq m). • Require the cost to retain a qualified consultant to complete a peer review of a retail impact study to be at the applicant/owner's expense. • The purpose of the study should be to further assess, on the basis of market demand, if the proposal will negatively impact the planned function of the commercial areas within the City. 	
Urban Design	<ul style="list-style-type: none"> • Require a high level of urban design for all commercial developments • Include policy requirement that stipulates when site specific urban design studies will be required. • Prioritization for internal pedestrian and cycling movements along with transit access in commercial site design. 	<ul style="list-style-type: none"> • Ensure development and redevelopment implement a high standard of urban design

	RECOMMENDATION	VISION/GOAL/OBJECTIVE ACHIEVING
IMPLEMENTATION		
Zoning	<ul style="list-style-type: none"> • Ensure zoning aligns with Official Plan land use designations. If necessary, rezone lands to prohibit certain uses or eliminate obsolete special use provisions. • Review individual sites to assess whether the current zoning needs to be changed from the existing commercial zone category to a different commercial zone category. • Individual sites may not allow the full range of permitted commercial uses or the full extent of development intensity at every location based on site specific factors. 	<ul style="list-style-type: none"> • Plan for a sufficient supply and complete range of commercial goods and services to meet the needs of the City's residents, employees, businesses and visitors.
Future Monitoring	<ul style="list-style-type: none"> • Maintain a commercial Inventory to assess whether there is a sufficient supply of commercial land and floor space to meet the current and future needs of the City. It will assist in ensuring that an oversupply of commercial land or floor space does not exist, either in total or of a specific type or area that it may compromise the planned function of existing or designated commercial areas. 	<ul style="list-style-type: none"> • Anticipate, accommodate and adapt to emerging trends, new formats and changing consumer preferences in the commercial sector.