

GUELPH COMMERCIAL
POLICY REVIEW

RECOMMENDED APPROACH

JUNE, 2005

TABLE OF CONTENTS

1.0	INTRODUCTION	1
1.1	Background and Purpose.....	1
1.2	The CPR Process.....	2
2.0	COMMERCIAL PLANNING OPTIONS	4
2.1	Planning	4
2.2	Market.....	4
2.3	Response to Options	4
3.0	GEOGRAPHIC OPTIONS	5
4.0	RECOMMENDED APPROACH	6
4.1	Planning Approach (Philosophy).....	6
4.2	Market Approach.....	7
4.3	Geographic Approach.....	8
4.4	Changes Required to Implement the Recommended Approach.....	10
5.0	CONCLUSIONS	12
Appendix A:	CPR Workshop - Participant Background Booklet	
Appendix B:	CPR Workshop – Participant Workbook	

1.0 INTRODUCTION

1.1 Background and Purpose

In April 2002 the City of Guelph Council adopted a work program to undertake a comprehensive review of the City's commercial policy framework as set out in the Official Plan. Phase I of the process involved "up front" public consultation in an effort to derive a level of consensus from members of the public as to what the future commercial policy framework for the City should be. Phase II was intended to develop alternative framework scenarios which would be further analyzed. A recommendation was to be made to Council, who would then make a final decision on the most appropriate planning approach to be implemented.

In late 2002, the City was faced with commencing the study at the same time that an Ontario Municipal Board hearing regarding a number of "big box" and additional commercial development proposals was to be held. A decision was made to put the comprehensive commercial review on hold pending the outcome of the Ontario Municipal Board hearing.

Since that time, the Ontario Municipal Board hearing was held and a decision was rendered, however, continuing litigation leaves the issue as yet not finalized. Based on the settlement between the City and some of the parties, the resulting decision, the agreed upon changes to the Official Plan (staff recommendation from the May 25, 2004 report), and the availability of updated market information, Council agreed in July 2004 to re-initiate and proceed with a revised and shortened commercial policy review ("CPR").

It is clear from the public response to the CPR process that the issue of the development of a Wal-Mart remains unresolved for many. Until the current court challenge is resolved, and some time has passed, it is unlikely that a broad consultative process can be undertaken that is not dominated by the Wal-Mart issue. As such it is our conclusion that consensus is not possible at this time.

Council's direction on the Wal-Mart issue is clear and is embodied in the decision of the Ontario Municipal Board and the resolutions of Council dated May 25th, 2004. As such this study is proceeding on the basis of Council's position and that decision. Should subsequent events change the context or the decision, a review of the recommendations of the CPR Study should be undertaken. It would appear that the courts may make a decision on the issue prior to the completion of any recommended amendments implementing the Study, thus allowing for a further review prior to finalization/implementation of the recommendations.

The purpose of this report is to outline the CPR process which has taken place to date, summarize the findings and our analysis and provide a recommended approach for commercial policy for Guelph. The details of the implementation of the recommended strategies (Official Plan and Zoning By-law amendments) would be brought forward at a later date.

1.2 The CPR Process

1.2.1 Background Report

The first major step in the revised CPR work program was the preparation of a working paper which documented the context and issues to be considered as part of the CPR. This working paper, entitled "Background Report – Guelph Commercial Policy Review", was completed in November 2004 and circulated for comments. It provided an overview of the following:

- the history of commercial development in Guelph and the current geography of commercial uses;
- the current policy structure in the Guelph Official Plan;
- changes to the retail industry since the Plan was adopted and the issues relating to these retail trends;
- options for regulating commercial development;
- the anticipated market demand in Guelph and market options for addressing that demand; and,
- the key principles to use in evaluating approaches to commercial policy.

A variety of responses were received to the Background Report, primarily from property owners with development interests.

The key findings from the Background Report were as follows:

- A distinct, controlled commercial hierarchy that defines the planned function and uses of each commercial area and which establishes size limits for commercial centres forms the basis of the City's current commercial policy structure;
- Guelph has a well established commercial structure with commercial development occurring in four nodes: the Downtown, the Stone Road corridor, Willow West and the Eramosa Road area;
- The Market Analysis found that approximately 1.2 million to 1.7 million square feet of additional commercial space will be required to service population growth in Guelph to 2021;
- There is a need to balance new commercial designations with opportunities for infill and/or expand existing designated areas;
- Guelph should have increased flexibility to respond to market forces;
- There is a continued need for a clearly defined CBD role and function;
- Guelph should provide more opportunities for revitalization of existing centres/areas;
- Future planning should be done on a nodal basis – eliminating multiple designations in nodes;
- Current node size thresholds are too low to address current commercial formats; and,
- Careful consideration should be given to larger nodes and store sizes which could threaten the viability of existing areas and the Downtown.

1.2.2 Developing Alternative Approaches

Alternative planning approaches were developed based on the traditional concept of the retail hierarchy and the degree to which municipal intervention in the market is needed to protect the public interest. In addition to planning approaches, the issue of the amount of retail space that should be developed was addressed based on the conclusions of the market study. Alternatives to the amount of commercial space were also premised on the public interest of providing adequate space (an approved objective found in the City's Official Plan) and on the basis that there were existing commercial nodes that needed to be recognized.

To put the issue in context, there is currently approximately 4.4 million square feet of retail and service commercial space in the City. According to the market report there is another 1.9 to 2.2 million square feet of retail space that will be warranted by the population growth in Guelph to the year 2021. The demand for new space, as outlined in the Background Report, identifies the need specifically for additional food store space, a warehouse membership club, apparel and specialty retail, home improvement stores, restaurants, office and service space and automotive retail.

With this context in mind, a number of scenarios were prepared identifying possible locations for future commercial growth. From the Background Report, several key principles and factors were used in an initial review and assessment of alternative approaches to commercial policy including location, servicing and transportation infrastructure, market implications, the viability of the Downtown and land use compatibility. The development of future commercial space would also need to be considered in view of the continued provision of commercial space in the Downtown, existing neighbourhood and community centres and local convenience centres.

A presentation was made to the Planning, Environmental and Transportation (PET) Committee on February 28, 2005. The presentation provided an overview of the recommended planning, market and locational options. Following the presentation to PET, the options were refined and incorporated into the Participant Background Booklet (see Appendix A) which was utilized in the CPR Workshop held with the public on May 3, 2005.

1.2.3 CPR Workshop

At the May 3, 2005 CPR Workshop a context was provided, issues were discussed and participants engaged in the completion of a Participant Workbook which solicited their comments and views on options for commercial planning and development in Guelph. Participants had both the Background Booklet and a Participant Workbook which was used to provide comments on the options. A copy of the Participant Workbook is found in Appendix B. The Background Booklet also provides an evaluation of the pros and cons of each option presented. A summary of the completed workbooks and written comments received after the workshop are found in Appendix 2 of staff's report dated June 2005.

The input received from the CPR Workshop represented a wide and divergent range of interests and opinions. The input has been carefully considered and assessed in the process of providing Council with our preliminary recommendations.

2.0 COMMERCIAL PLANNING OPTIONS

2.1 Planning

Three general approaches that are used by Ontario municipalities to regulate commercial development were reviewed at the workshop. Their approaches represent a range of choice available to a municipality given the current enabling legislation. At one end of the spectrum is a controlled approach whereby a municipality can utilize several regulatory mechanisms to limit and control commercial development. At the other end of the spectrum is a non-regulatory, maximum choice approach which has few restrictions or controls and allows the market to determine what and how much commercial development should proceed. In the middle of the spectrum are a range of options which can provide for flexible controls with a balance of choice and regulation.

The regulatory framework needs to recognize the changing market trends which include the lack of distinction between retail uses, the large grocery stores and department stores slowly evolving to provide the same function, and the continued trend towards large format retailers (the big boxes).

2.2 Market

The Background Report outlined the three market approaches to commercial planning in Guelph: the residual approach, the residual and oversupply approach and the oversupply approach. Each of the approaches, the details as to the amount of commercial floorspace to be provided and the pros and cons associated with each was summarized in the Participant Background Booklet. The residual approach also contained two more defined options based on the growth scenarios considered (medium and high growth).

2.3 Response to Options

The response to the options was collected through the Participant Workbooks, through comments provided at the workshop and through written submissions following the workshop. The responses are summarized in the staff report from June 2005.

There was a group of participants who expressed the view that the process itself was non-inclusive and flawed. In general terms the majority of this group expressed the desire for a restrictive, regulatory approach suggesting that the City should be very specific as to the location, size, brand and type of stores in its commercial regulatory structure. While from a theoretical perspective this may seem to be an attractive means of city-building and fostering local identity, it is not practical or possible within the current legislative authority of municipalities in Ontario. This approach has not been successful in other jurisdictions if success is measured by the degree to which retail facilities provide a wide range of choice. In Guelph, as in other municipalities, a highly controlled approach, with limited opportunity can lead to an underserved market, with local residents commuting to adjacent municipalities to shop.

A second group felt that there needed to be more choice and more flexibility and were supportive of the flexible approach which provided adequate opportunity for new commercial space. Any flexibility in commercial policies should ensure that the public interest is being served, and this will mean a degree of regulation over the amount of commercial floor space. While the primary

focus of commercial policies should be to provide choice and a range of goods and services, there is an aspect of city-building and community identity wrapped into the form and location of retail uses. In this sense there is a broader interest for the City in ensuring that active, vibrant urban spaces and places can result from commercial policies.

Several participants noted that while providing for the warranted market space as noted in the residual approach, a more even distribution should take place with a portion of the space being reserved for intensification in the Downtown and the existing nodes. There was also a concern that existing and future local convenience commercial uses such as small neighbourhood plazas are secured in both the policy and the market approach.

Several residents said that social and environmental factors were not well represented in the criteria for assessing the alternative approaches. A similar issue was raised with respect to the new Provincial Policy Statement. Many felt there was the need for intensification to meet Provincial objectives, and to be environmentally sustainable. In terms of commercial policy, this was seen to mitigate against large single storey stores surrounded by parking lots and to be supportive of development Downtown, and along intensified corridors (arterial roads). The workshop participants also indicated that urban design was a critical element to commercial development.

3.0 GEOGRAPHIC OPTIONS

Through the background research and consultation process, three geographic options for the location of commercial development were provided. Given that the urban structure for Guelph is well established, changes to the current location, size and function of the existing commercial nodes will be gradual and primarily reflect increases in market size.

The geographic options were built upon options which took advantage of the existing, established built form, and the even distribution of commercial areas. As such, the three options represent different ways in which the growth of commercial facilities may be located.

The boundaries for the nodes analyzed were based on existing physical constraints and typical commercial coverage was used to define opportunities. The square footage numbers used to define the nodal size was based on a capacity related to the land available and is approximate. The major nodes associated with the options were shown on a series of maps which are found in the Participant Background Booklet in Appendix A.

The three geographic options are all feasible from a market perspective and the general node size parameters were seen as realistic based on physical constraints, infrastructure and surrounding land uses. The three options were presented to the PET, refined and provided in the workshop for comment. The following three geographic options were considered:

- Intensify and Expand Existing Nodes (Increase commercial potential at all existing nodes);
- Promote further concentration at Stone Road (increase commercial potential at all existing nodes with the largest increase to the Stone Road node);and,

- Expand Current Nodes and add new Nodes [increase commercial potential at all existing nodes and provide for commercial potential at a new node(s)] also limiting the geographic extent of Stone Road but allowing for intensification.

As part of the background to the workshop, each geographic option was evaluated for its pros and cons and in accordance with the evaluation criteria from the Background Report (evaluation criteria are found in Appendix A).

4.0 RECOMMENDED APPROACH

4.1 Planning Approach (Philosophy)

A flexible and balanced approach is recommended. A flexible and balanced approach will direct forms of retail uses to convenient and accessible locations that will provide the residents of Guelph with a convenient range of goods and services and at the same time support and contribute to the nature of the City and the strong sense of place. The approach should carefully balance the degree of competition, the range of choice and support for the downtown.

More and more municipalities have moved to a flexible approach in their commercial planning policies. More than one third of the municipalities in the GTA use a flexible approach as it is the most effective way to deal with significant growth pressures. The flexible approach provides a structured and organized general commercial hierarchy while providing policies to strengthen the downtown and major commercial centres. The lack of restrictive uses, thresholds and/or caps permits a growing municipality to respond to market needs within its commercial framework without the need to constantly amend policies.

The approach can ensure the planned function of the downtown and major centres are maintained. The benefits of the flexible approach are that:

- it allows a responsive approach to retail changes and trends;
- it does not restrict specific uses or impose restrictive size maximums;
- it allows appropriate transportation infrastructure planning and implementation through phasing; and,
- it can also provide for greater opportunities for redevelopment and intensification.

The recommended locations for commercial uses should be indicated conceptually in the Official Plan, allowing some flexibility in exact boundaries. The Downtown should be supported by restrictions on specific uses outside of the core, such as offices. In addition, the amount of floor space demanded by the market should include a specific allowance for the Downtown.

The preferred approach is to allow a wide range of retail and service commercial uses in the defined mixed-use nodes without the need to specify store size, type or form in the Official Plan. Market studies should only be required for new or expanding nodes and should focus on the impact of a new or expanding node on the existing planned commercial structure. The size of nodes should be established by the land area designated and zoned and/or limits on the amount of retail floor space. Nodes would be supported by the City's infrastructure and transportation network.

Two forms of nodes should be recognized – inner city/intensification nodes and newly developing nodes. The newly developing nodes would consist of South Guelph, Eastview, West Hills and Woodlawn/Woolwich, being centres with a primary retail focus and accessed and dependent upon vehicular traffic. The inner city/intensification nodes would consist of the Downtown, Eramosa and Stone Road. The current planned function of these centres would continue as described in the Official Plan. Retail, service commercial, entertainment, institutional, hotels and multiple-unit residential uses would be permitted in all nodes with office uses being encouraged in the inner city/intensification nodes. The permission for mixed uses would be extended to all three inner city/intensification nodes in recognition of the redevelopment and infilling potential. New nodes would have a minimum “mix” requirement with a maximum percentage being retail. Limits in the new nodes of the number of freestanding buildings greater than a set size should be considered.

The expanded permissions for mixed use centres at Willow West and Eramosa are intended to create opportunities for a variety of retail, service, institutional and residential uses in areas with underused land and significant redevelopment potential that could create a more urban centre, relatively close to the Downtown.

General changes recommended to the Official Plan would include the removal of Regional and Community Commercial Centres designations and the inclusion of a greater range of uses in to the Neighbourhood Commercial designation. Caps on nodes would be changed and policies to provide for greater intensification, redevelopment and infill in nodes would be added. Urban design policies are also required for new commercial development.

4.2 Market Approach

In terms of a preferred market approach, the residual approach should be implemented. The amount of warranted commercial space should be distributed among the Downtown, the identified nodes (approximate amounts) with the remainder of required square footage being held in reserve. The recommended amounts to be developed are shown Table 1.

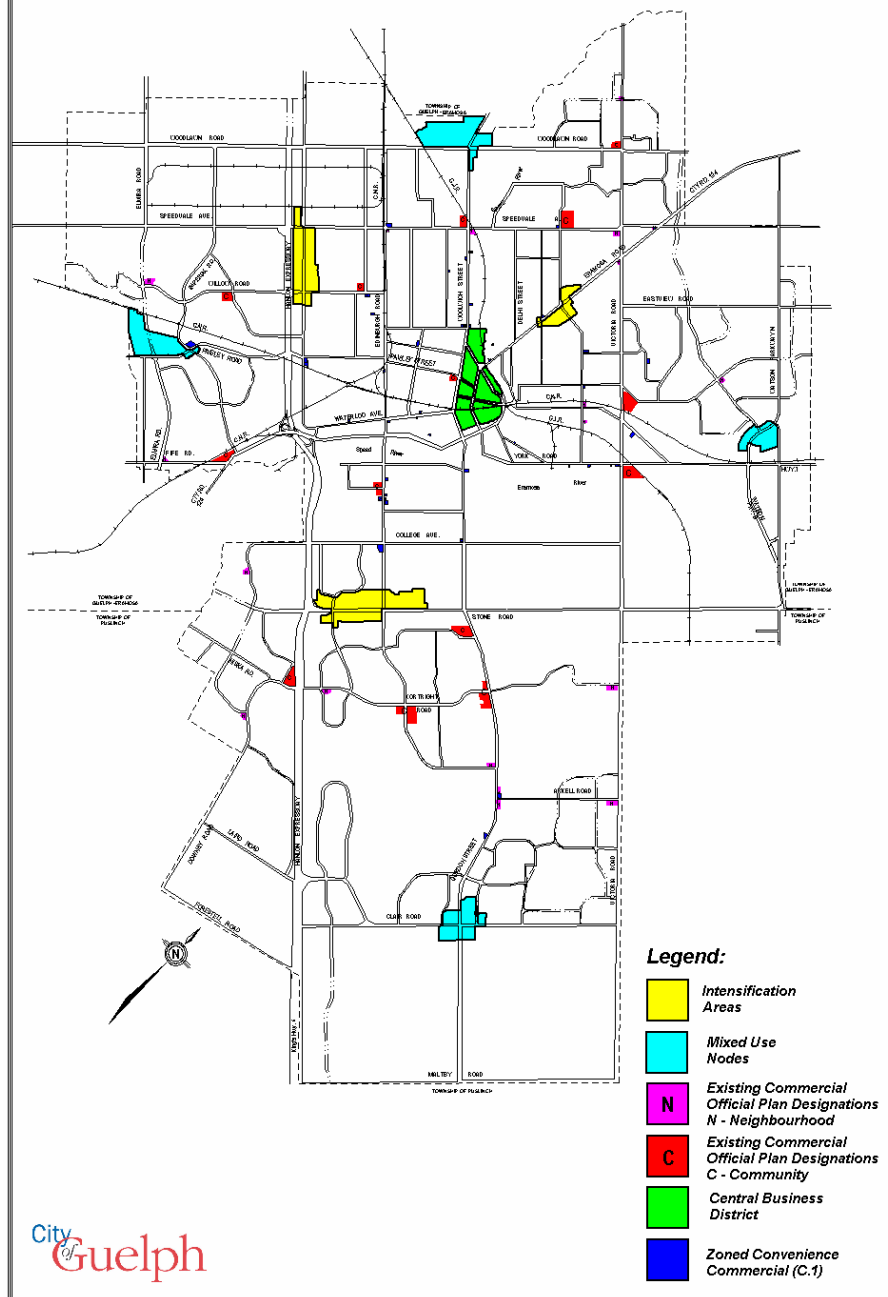
Table 1: Allocation of Commercial Space Under The Recommended Approach

Commercial Need (in square feet) – Source: RDA 2004			
	Description	Medium Growth	High Growth
Sub-Category	Food	300,000	345,000
	General Retail	1,056,000	1,175,000
	Service Commercial Retail	270,000	300,000
	Services/Other	300,000	400,000
Total		1,926,000	2,220,000
Less Intensification Space*	<i>Downtown, Intensification Centres (including inner city/intensification nodes – Stone Road, Willow West and Eramosa), existing Commercial Centres and Neighbourhood/Convenience Centres</i>	350,000	400,000
Sub-Total		1,576,000	1,820,000
Woodlawn/Woolwich	<i>Newly developing mixed-use nodes with commercial cap (minimum mix)</i>	400,000	450,000
West Hills		400,000	450,000
Eastview		300,000	300,000
South Guelph District Centre		400,000	450,000

The reserve may be distributed to intensification, to provide for neighbourhood and convenience commercial developments (permitted as of right in Residential designations) and to provide for a greater range of uses in the service commercial areas. The amounts identified should be monitored and reviewed in five years with the review of the Plan.

4.3 Geographic Approach

The figure below illustrates the location of the existing nodes and the Downtown and represents the suggested distribution of commercial space from the workshop exercise. A full range of commercial uses will be permitted in all nodes including food stores and department stores.



In addition to recognizing the two forms of commercial nodes and physical limits on the land use schedule to the Official Plan, there will be a need to introduce new policies for each type of node. The inner city/intensification nodes, regardless of land area, are recognized for their location and accessibility and will also have a reserve of floor space to provide for intensification. The Official Plan should allow for a full range of retail and service commercial uses as well as mixed uses

including offices and residential uses on upper floors of buildings. Heights of up to six storeys may be considered in these nodes. Policies will encourage mixed use and require high quality and locally contextual urban design features.

The newly developing mixed-use nodes are located in peripheral locations around the City and shall be similarly limited by the amount of land designated and/or zoned. There should also be a consideration given to limits on the form and size of individual retail uses to be located in the secondary nodes, with the exception of grocery and department stores. Any limitation should be consistent with the planned function of each node and the general intent of the commercial structure as a whole.

One geographic option considered was a new node being established at Hanlon and Laird or at the Lafarge site. The Hanlon and Laird site is more appropriately situated to provide for the expansion of the Hanlon Creek Business Park and there is no demonstrated need for an additional commercial node in this area. The Lafarge site, is currently the subject of a separate planning process and the final recommendation will result, in part, from the conclusion of that process. It may offer an opportunity for a second location for large format retail uses, closer to the existing population base and closer to the Downtown, potentially minimizing impacts. A more detailed review is required before the types of uses and delineation of any node can be established, particularly dealing with transportation issues.

4.4 Changes Required to Implement the Recommended Approach

The following table provides a general overview of the current and proposed Official Plan policy framework based on the recommended flexible approach.

Table 2: Current and Proposed Official Plan Framework

Official Plan Section	Current Framework	Proposed Framework
2.3	<p>Major Goals</p> <p>“14. <i>Develop an appropriate hierarchy of commercial uses, including retail, office and service facilities, having regard for the population to be serviced, the surrounding land uses and transportation access.</i></p> <p>15. <i>Maintain and strengthen the role of the Central Business District (Downtown) as the primary commercial centre and community focus in the City.</i>”</p>	<p>No changes.</p> <p>Consideration for mixed use and intensification as a goal in commercial areas.</p>

7.3	Section 7.3 of the Official Plan. The Central Business District (Downtown) is described as a beautiful, vibrant urban centre for Guelph. The Plan “promotes the Downtown as the community’s civic, cultural, social and economic centre with a high concentration of activities and land use developments in concert with excellent quality design standards”.	No major changes. Provide for development through intensification and redevelopment. Incorporate PPS wording.
7.3	Commercial Objectives Section 7.4 sets out a number of Commercial objectives.	Some policy changes to reflect commercial nodes and objectives for the nodes versus centres. Add objectives for urban design and express their importance.
7.4.5	Big Box Warehouse Retailers	Update policies to reflect where big box uses should be located.
7.4.6	Commercial Land Use Designations Regional Commercial Community Commercial Neighbourhood Commercial Existing caps for Regional Commercial (650,000 square feet) and for Community Commercial (108,000 square feet)	Eliminate “Regional” and “Community Commercial” centre designations and replace with two forms of mixed use nodes: newly developing and inner city/intensification nodes that are to be defined by land area. Continue to provide for Neighbourhood Commercial Centre designation but allow for expanded uses and opportunities for intensification, redevelopment and revitalization. Provide policies and permitted uses (full range of commercial retail uses) for the two forms of mixed use nodes. Remove existing caps and increase areas based on warranted space. Inner city/intensification nodes – mixed use nodes (Eramosa, Willow West and Stone Road), allow for a full range of uses including offices, no caps. Newly developing nodes – mixed use nodes (West Hill, Woodlawn/

		Woolwich, Eastview and South Guelph), must achieve a minimum % for mixed use (residential), allow full range of uses except offices, limit number of freestanding uses greater than 60,000 square feet in size and identify by land area.
7.4.24	Market Impact Studies Section 7.2.24 of the Plan provides for the requirements of market impact, planning and transportation studies to justify amendments to the Official Plan for proposed new Commercial Centres or the expansion of an existing Commercial Centre greater than the maximum permitted gross leasable area.	Market studies only required where node is expanded beyond the defined area, where the overall cap for the node is proposed to be exceeded, where the limit on the number of large free standing stores is exceeded or where a new node is proposed.
7.4.26	Service Commercial Designation Highway-oriented and service commercial uses	Continue to limit the range of uses and in particular the retail activities within the Service Commercial designation and discourage strip development.
7.4.34	South Guelph District Centre (SGDC) Policies for the Secondary Plan Area	To be updated based on focus on nodes and recognition of SGDC as a newly developing node.
7.5	Commercial Mixed Use	Now covered by nodes in 7.4

5.0 CONCLUSIONS

1. The primary objective from the outset of the study was to ensure the public interest is met with respect to commercial needs and commercial planning. Public interest in commercial development can only be met if there are a variety of locations for commercial uses to allow the market to function to provide a full range of choice for local consumers. The commercial market is continually changing and as Guelph continues to grow, the municipality must have a policy structure in place that can readily respond to growth and change in a manner that is consistent with Provincial Policy and Guelph's strategic direction.
2. Our experience has shown us that highly regulated policy structures do not work well in growing municipalities. Our experience also tells us that a limited or no regulation approach is only applicable in municipalities who continue to grow solely through redevelopment and intensification.

3. We have recommended a flexible approach to planning policy. We are also recommending a distribution of the warranted market space with a deliberate reserve of space to ensure intensification and redevelopment opportunities for the downtown and the primary nodes.
4. The City has the responsibility to plan for all of its residents. The planned commercial structure must ensure a convenient distribution of facilities to serve all parts of the City. It cannot be so rigid as to thwart competition or inhibit innovations in retailing that are beneficial to the public. The planned commercial structure must allow consumers to have an appropriate degree of choice and an appropriate level of service.
5. In all cases the nature of the buildings and site plans should reflect current best practices for environmental sustainability, a high quality of urban design and an economic and efficient use of land. However, with a large percentage of Guelph households owning two or more automobiles, there is a place and role for auto-oriented, large format retail and it is the City's responsibility to find locations that will minimize impacts and maximize opportunities. Some forms of large format retail were also noted in the market research as key retail elements missing from the market.
6. Intensification occurs when the price of land increases sufficiently to infill or redevelop. In communities the size of Guelph this has occurred in Downtown areas and in some residential locations that are highly accessible. However, commercial intensification is less common, in part because of the need for land for parking facilities, and in part because without some form of rapid transit accessibility, the market does not change sufficiently to increase land prices.
7. In the near future Guelph is unlikely to see direct commercial intensification pressure but rather redevelopment opportunities that, with appropriate planning policies, may lead to more intensified mixed-use developments.
8. Our experience in other municipalities has been to make urban design an integral part of the development approval process by implementing urban design requirements directly into the Official Plan. This is an area that warrants further consideration by Council.