



# Corporate Report

NO: R059

COUNCIL DATE: APRIL 2, 2007

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## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **March 28, 2007**  
FROM: **Acting General Manager, Planning and Development  
Manager, Economic Development** FILE: **6670-00**  
SUBJECT: **Proposed Employment Lands Strategy and Interim Industrial Lands Policy**

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## RECOMMENDATION

It is recommended that Council:

1. Receive this report as information;
2. Endorse the Request for Proposals ("RFP") for consulting services, attached as Appendix I to this report, to assist in the development of a City of Surrey Employment Lands Strategy; and
3. Adopt the following resolution:

*"That pending the completion and adoption by Council of a City of Surrey Employment Lands Strategy, staff is directed to not process applications to redesignate lands designated "Industrial" in the Official Community Plan to any other designation, with the exception of lands already designated for alternative uses in approved Neighbourhood Concept Plans".*

## INTENT

The intent of this report is to:

- Summarize the City's industrial land policies and by-laws;
- Provide an overview of Surrey's industrial land base;
- Describe an RFP process wherein the City will retain consulting services to assist in the development of a made in Surrey Industrial and Employment Lands Strategy; and

- Recommend that until such a study has been completed and a new Employment Lands Strategy has been adopted by Council, that Council resolve to curtail any further amendments to the Official Community Plan (the "OCP") that would have the effect of removing any industrially designated land, with the exception of redesignations that would implement the policies of approved Neighbourhood Concept Plans ("NCPs").

## **BACKGROUND**

As a result of concerns regarding potential future losses of industrial lands in the City, at a special meeting of Council held on October 30, 2006 Council received a presentation by Economic Development and the Planning and Development Department and passed a resolution directing staff to:

*"Create tools to protect Surrey's Industrial Land Base from further erosion:*

- *Strengthen policy contained in the Official Community Plan; and*
- *Develop an Industrial Lands Protection Policy; and*
- *Consider the development of an Employment Lands Strategy:*
  - *To optimize Surrey's overall employment base; and*
  - *To ensure employment and residential opportunities are well-balanced".*

This report deals with two initial components of these tools:

- the development of a terms of reference for an RFP that would lead to the development of an Employment Lands Strategy; and
- the adoption of an interim Industrial Lands Protection Policy to prevent the depletion of lands that are currently designated Industrial in the OCP while this study takes place.

Following the adoption of a new Employment Lands Strategy, Council could then consider the adoption of a permanent Industrial Lands Protection Policy. As well, it is the intent that the recommendations of the Employment Lands Strategy would assist in the further work to strengthen the policies and regulations contained in the OCP and Zoning By-law to support the protection of the City's industrial and employment lands base for high quality employment uses.

## **DISCUSSION**

### **Current City Policy**

The policies contained in the OCP strongly support working towards a more balanced fiscal base by achieving a higher percentage of revenues generated from additional commercial and industrial businesses and a significant increase in the balance of local jobs to employed residents. The OCP targets are to:

- Reach a ratio of 60% residential to 40% industrial/commercial assessment by the year 2021, from the current ratio of 72% residential to 28% industrial/commercial. A number of GVRD municipalities with more jobs than employed residents receive at

least half of their revenue from a strong business sector rather than from their residential properties; and

- Provide one local job per employed resident in Surrey, from the current 0.63 jobs per employed resident.

With respect to the protection of industrial lands, the OCP anticipates the City's long-term needs for business land. The policy "Ensure an Adequate Land Supply to Facilitate Long Term Economic Growth" seeks to reserve a sufficient supply of developable land available in appropriate locations to facilitate accelerated business growth. In addition, the Industrial Designation in the OCP is "intended to accommodate industrial development and employment centres outside of the City Centre, Town Centres and Neighbourhood Centres. Selected business zones may be permitted in the Industrial designation subject to compliance with the OCP's performance criteria".

### **Surrey's Industrial Land Supply**

Surrey's supply of industrial land is shown in Appendix II to this report. As of early 2007, there were approximately 3,400 acres of land designated for industrial use, but not yet developed as industrial in the City. Of the 3,400 acres:

- 327 are not developable due to the need for environmental or riparian protection or due to topographic constraints; and
- 1,724 acres are occupied or partially occupied with non-industrial uses and are not immediately available for industrial development.

This leaves only approximately 1,300 acres of vacant, and potentially developable land in the City that is designated for industrial use. Since 1986, 165 acres, or approximately 4.9% of all lands designated in the OCP for industrial purposes, have been redesignated from industrial to provide for other uses.

In addition to providing a balanced tax base and employment opportunities for local residents to reduce the need for long distance commuting, industry is a basic sector in the local economy, generating significant spin-off benefits to other sectors and to the local community. The spin-off benefits include goods and services to and from other sectors or industries, which in turn generate further benefits to the local economy.

The OCP notes that there would need to be approximately 275,000 jobs in the City by 2021 to achieve the objective of one job per employed resident, which would be an increase of approximately 150,000 jobs. While some of these new jobs will be located in office, commercial or institutional space in commercially designated areas, or other designations such as in Town Centres or the City Centre, a significant amount of this new employment will need to be accommodated in industrially designated lands.

Currently identified industrial lands would be marginally sufficient to meet future employment targets developed to the maximum allowed density. In practice, in a balanced local economy, a significant proportion of the industrial land base is needed for intensive land uses, such as manufacturing and processing uses. Therefore, for the long-

term employment and economic targets to be met, the inventory of industrial lands in the City would likely need to be increased in the future.

There is currently a shortage of serviced and immediately developable industrial land available for sale or lease in the City, which has led to a significant increase in the cost of serviced industrial land, which now stands at between \$600,000 to \$800,000 per acre, depending on location. This demand has made it very difficult for the necessary, but less intensive industrial uses, such as transportation industry, warehousing and processing uses, and distribution centres, to find affordable land within the City.

### **Proposed Employment Lands Strategy**

Based on the above overview of the industrial and employment lands situation in Surrey, the purpose of developing an Employment Lands Strategy is to create a vision and to develop a plan to provide for and manage employment lands in the City, ensuring the provision of an adequate supply and diverse range of jobs for Surrey's growing population. The Employment Lands Strategy should examine the various industrial sectors for short, medium and long term needs for industrial lands in Surrey in the context of the GVRD and within the provincial, national and international economy. The Employment Lands Strategy will be aimed at keeping Surrey competitive in terms of being able to attract and retain business investment.

A key factor in the future economic prosperity of Surrey is a supply of well-located, affordable and serviced employment lands to serve a diversity of business types.

### **The Need for an Interim Industrial Lands Protection Policy**

An RFP for a consultant to work with the City to develop an Employment Lands Strategy is attached as Appendix I to this report. As well, preliminary background work has begun on an OCP update process to review the range of uses currently permitted within the industrial designation.

An Interim policy to protect the City's current supply of industrially designated land is considered to be a first step in curtailing any further erosion in Surrey's employment lands base.

Underlying the policy is a recognition that there is a general consensus that the City and region will be severely challenged in the coming 20 years to meet demand for industrial and employment lands necessary for economic sustainability.

The policy specifies that while the Employment Lands Strategy is under development and review by Council, redesignation of industrial land to other uses will not be supported unless the redesignation is consistent with the policies of an approved NCP.

At a time when the GVRD and others are promoting the concept of an "Industrial Land Reserve", similar to the current Agricultural Land Reserve, this interim measure will be an indication that Surrey is prepared to seriously protect the current industrially designated land base, while retaining Surrey's local autonomy over land use decisions.

## CONCLUSION

There is currently a limited supply of industrial land in Surrey and in the region. It will be challenging in the coming years to ensure an adequate and suitably located supply of land to ensure economic sustainability. In order to maximize Surrey's position within the regional, provincial and national economy, it will be necessary to create a renewed vision and to develop a strategy to provide for and manage employment lands in the City, ensuring the provision of an adequate supply and diverse range of jobs for Surrey's growing population. This strategy will be aimed at keeping Surrey competitive in terms of being able to attract and retain business investment, and meeting the OCP objectives of an improved ratio of commercial/industrial to residential assessment and an improved jobs to labour force ratio.

It is, therefore, recommended that an RFP be issued for consulting services to assist in the development of a City of Surrey Employment Lands Strategy.

It is also recommended that, pending the completion and adoption by Council of a City of Surrey Employment Lands Strategy, staff be directed to not process applications to redesignate lands designated in the OCP to any other designation, with the exception of lands already designated for alternative uses in approved NCPs.

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Attachments:

Appendix I Request for Proposals, City of Surrey Employment Lands Strategy

Appendix II Surrey's OCP and NCP Industrial Areas

## **DRAFT SCOPE OF WORK EMPLOYMENT LANDS STRATEGY**

### **A. PURPOSE**

The City of Surrey's Official Community Plan (the "OCP") calls for the City to continue to strengthen its economic base by diversifying and building upon its competitive strengths and to create a positive environment for business investment. This includes the identified strategic direction of ensuring there is a sufficient supply of appropriately located and serviced employment lands to meet future needs.

Surrey's OCP policies strongly support the achievement of a balance of local jobs to employed residents and achieving a strong and balanced fiscal base. Surrey's OCP targets are to:

- Reach a ratio of 60% residential and 40% industrial/commercial assessment by the year 2021, from the current 70% residential and 30% industrial/commercial; and
- Provide one job per resident worker in Surrey, from the current 0.63 jobs per resident worker.

Approximately 150,000 additional jobs will be required by 2021 to achieve these targets. While a number of these jobs will be located in office or commercial space in commercially or residentially designated areas including Surrey's City Centre and Town Centres, a significant amount of this employment will need to be accommodated in industrially designated lands.

The purpose of developing an Employment Lands Strategy is to create a vision and to develop a plan to provide for and manage employment lands in the City and to ensure the provision of an adequate supply and diverse range of jobs for Surrey residents. Surrey's population is expected to continue to grow from the present 411,000 at a rate of approximately 10,000 persons per year. As such, it is important to ensure that job and assessment growth opportunities continue to keep pace with this population growth. The City must develop a longer term Employment Lands Strategy that examines Surrey within the context of the Greater Vancouver Region and within the provincial, federal and international economies. The Employment Lands Strategy should support the key policies of the OCP and its Economic Development targets. The Employment Lands Strategy will be aimed at keeping Surrey competitive in terms of being able to attract and retain business investment, ensure that businesses and industries are housed in the optimal locations to implement efficient and effective employment lands use policies, and to provide predictability and certainty related to the short term, mid term and long term supply for employment lands.

### **B. BACKGROUND**

A key factor in the future economic prosperity of Surrey is a supply of well located, affordable, zoned and serviced employment lands. For the purpose of this assignment employment lands will include industrial, corporate office and institutional, research and ancillary uses, and will examine the distribution of employment uses to the Surrey City Centre and Town Centres in addition to land in industrial designations.

While the City is in a position to influence both the supply and location of employment lands available for development in the community, it is recognized that there is a growing concern with the supply of suitable land for industrial growth, within Surrey and within the Greater Vancouver region. The amount, type, location and provision of the necessary servicing infrastructure for employment lands are important factors that will have a direct impact on the City's ability to fulfil its economic development objectives.

The City of Surrey is presently faced with a shortage of zoned and serviced employment lands available to meet business demands from both new and existing users. There are approximately 3,400 acres of land designated for industrial use, but not yet developed as industrial in the City. Of the 3,400 acres, 327 are not developable due to the need for environmental or riparian protection or topography. Of these 3,400 acres, 1,724 acres are occupied or partially occupied with not-industrial uses and are not immediately available for industrial development. This leaves only 1,358 acres of vacant, and potentially developable industrially designated land in the City.

The shortage of immediately available, serviced and zoned industrial land has resulted in the loss of potential business investment and local employment opportunities and further erosion of the City's non-residential assessment and tax bases.

As well, Surrey is impacted by a number of outside factors including the following:

- As higher order land uses have taken over former industrial lands in the City of Vancouver and other inner ring municipalities, there is an apparent demand for lower intensity, storage, distribution, warehouse and other related uses in Surrey;
- Surrey is both benefited and impacted by the continued growth of the Fraser/Surrey Docks and the Federal and Provincial Gateway initiatives;
- The presence of the Agricultural Land Reserve establishes a provincially mandated urban growth boundary, limiting the ability to redesignate additional lands for industrial uses;
- The majority of independent truck operators who require truck-parking locations reside in Surrey.

## C. **GOALS AND OBJECTIVES**

### 1. **Project Goals**

- (a) Assess the current and projected employment lands situation in Surrey, examining Surrey's potential market roles within the regional, provincial, national and international context;
- (b) Develop a strategy that will identify, assess and manage employment areas on a short-term, mid-term and long-term basis that will position Surrey to take advantage of its locational strengths, its diverse labour force, and its other assets;

- (c) Direct the distribution of employment uses to the appropriate locations within the City;
- (d) Recommend strategies to strengthen the current industrial and employment designations and prevent the erosion of the employment lands base; and
- (e) Recommend strategies to ensure a balance of land to accommodate where people work, where they live, and how they travel.

## 2. **Project Objectives**

- (a) Support economic development, competitiveness and sustainable growth.
  - (i) Recommend an appropriate mix of employment uses and associated locational criteria, including industrial, commercial and institutional to meet long-term market needs in a manner that will optimize Surrey's position within the region;
  - (ii) Recommend means by which Surrey can ensure a diversified economic base that includes a range of readily available locations and sites to meet market need; and
  - (iii) Identify steps and actions which Surrey would need to undertake to ensure a competitive and growing economic environment that grows the municipal tax base and provides the capacity for continued prosperity.
- (b) Ensure efficient, effective and strategic use of land and infrastructure.
  - (i) Recommend means to achieve a long-term plan for employment growth, ensuring adequate and strategically located land supply for employment use; and
  - (ii) Recommend means for providing needed infrastructure to accommodate employment lands requirements.

## D. **SCOPE OF WORK**

The preparation of the Employment Lands Strategy is to be completed by a consultant team that is expected to have expertise in the areas of economics, market analysis and research, economic development, community planning, municipal infrastructure planning, financial analysis, business and community stakeholder facilitation and the proven ability to develop such a strategy.



In preparing the Employment Lands Strategy, the consultant will need to:

1. Be familiar with the Surrey's OCP and other relevant City policies;
2. Review and analyze the economic development strategies and capabilities of the GVRD and of Surrey's surrounding municipalities, including their land inventory, policies and pricing and to identify and analyze the implications for Surrey;
3. Have current knowledge of federal, provincial, ports and other related strategies and policies that will have an impact on Surrey's Employment Lands Strategy;
4. Identify a policy framework to optimize Surrey's position within the region in terms of its share of employment, a balanced assessment base, and clear understanding of the types, characteristics and locations of land that will be required to meet Surrey's future employment lands needs. This may include appropriate targets and triggers for the supply of various types of development ready employment lands to be available; and
5. Identify strategies for the economic growth and development of the Surrey City Centre and Surrey's Town Centres.

The consultant will be expected to deliver an Employment Lands Strategy that will identify employment lands policies and needs to the year 2021 and beyond to meet the City's long term corporate and economic development objectives, complete with a clear work plan outlining the steps to achieve this; and to provide specific recommendations and timeframes that can be approved by Surrey City Council for implementation.

The Employment Lands Strategy is to be developed in three separate, but complimentary phases.

- *Phase 1 - Overview of Current Situation:* This will focus on an assessment of the current situation in Surrey and the region, to provide realistic scenarios for the direction that Surrey could take given the predictions for the future of the regional economy.
- *Phase 2 - Needs and Opportunity Analysis:* Based on these predictions and scenarios identified in Phase 1, this phase will develop an employment lands vision for consideration and adoption by Council. This should be based on a clear understanding of the current employment lands supply situation and to identify options how Surrey should position itself in the next 5, 10, 15 and 20 years, the future employment lands supply and demand needs for the City to meet these objectives; as well as to provide a market and trend analysis to identify the type of employment lands required to support the City's targeted business sectors.
- *Phase 3 – Employment Lands Strategy:* This Phase will provide a detailed strategy that will outline a policy framework and implementation program to implement the Employment Lands Strategy for Surrey for a 20-year horizon, including an initial assessment of the required infrastructure capacity and financing strategy, and the

required policy and regulatory amendments that would be needed to implement the Employment Lands Strategy.

The scope of work for all phases includes, but is not limited to, the following:

### **Phase 1: Overview of Current Situation**

- Building on the City's comprehensive, GIS map-based inventory of employment lands (public and private) identify the location, quantity, type, servicing status, development status and the current land uses within the City's current Industrial designation;
- Identify and analyze supply related constraints. This could include environmental issues, infrastructure requirements, compatibility with surrounding land uses, fragmented ownership, etc.;
- Prepare a database that will identify the inventory of employment lands in defined stages consisting of existing, committed and potential categories;
- Identify the City's current vacancy rate and employment densities for employment lands and the City's current activity rate (ratio of local employment to population);
- Identify and analyze historic absorption and demand for employment lands in the City, including location, quantity, type and size of parcel;
- Conduct a market and trend analysis to identify the types of employment opportunities in demand and to be targeted for attraction and development in the City;
- Review local/regional economic conditions likely to influence employment growth; and
- Review the historical and current economic growth trends in a geographic context.

### **Phase 2: Needs and Opportunity Analysis**

- Identify the desired future vacancy rate and employment densities for employment lands and the desired City activity rate;
- Identify current development densities of the various types of employment lands, the expected future development densities that would facilitate development of a transit supportive compact urban form for some employment lands and the implications on land supply;
- Identify the various industrial sectors that should be attracted to and promoted in Surrey in order to achieve a balanced and sustained economic base;
- Identify future employment lands supply requirements to achieve the City's desired assessment balance between the residential and non-residential sectors;
- Identify future projected employment lands requirements and overall demand, based on City employment and population projections, desired activity rate and assessment balance ratio;
- Identify parcels potential sources for additions to the employment lands supply by category;
- Identify and analyze demand by geographic location in the City;
- Identify and analyze future location requirements by type of employment use, market feasibility, targeted employment sectors and new opportunities. Identify the types of uses that should be targeted to City Centre/Town Centre locations and means to attract such uses to these locations;

- Analyze the current policies of the OCP and by-law regulations in terms of their effectiveness or ineffectiveness in meeting the City's employment vision;
- Determine the location, quantity, type and timing of employment lands, including an assessment of international, national, regional and local economic and business trends to ensure that planning for employment lands reflect business location selection preferences and broader trends in the location of employment uses;
- Identify means to direct categories of land use to appropriate locations in order to maximize the City's capacity for employment generation and economic development;
- Identify and establish targets for the appropriate amount of serviced and available employment lands by type and location to be maintained in the City to meet employment targets;
- Provide an assessment of the anticipated demand for employment lands and the nature of those lands. Identify and establish "trigger" mechanisms that would initiate the process to ensure that new supplies of the optimal types of employment lands are brought on stream in the time frames necessary for development to be realized; and
- Undertake a high level review of infrastructure capacity – municipal services, transportation, and utilities – to support the identified needs and the general timing and costing of any infrastructure enhancements required.

### **Phase 3: Employment Lands Strategy**

- Establish a long-term vision for employment lands in the City;
- Establish mechanisms to direct the appropriate employment uses to the optimal locations within the City;
- Advise as to whether additional employment lands and, if so, what type and location of land the City requires in order to serve its target markets and employment sectors to meet its economic development objectives; and
- Identify and analyze any required planning policy changes, including the number of different designations, range of uses, protection of key corridors and parcels for employment uses and design considerations to promote a compact and transit supportive urban form for employment uses.

## **E. WORK PLAN**

At a minimum, the Consultant will be expected to:

- Budget for six meetings during the process with the Technical Staff Committee; and
- Conduct a public consultation process/open house at each phase of the study.

### **Phase 1**

- Initial meeting to review and discuss scope of work and proposed work plan;
- Meet with appropriate City staff to gain an understanding of the scope and implications of City initiatives relative to the Employment Lands Strategy;
- Interim meeting to discuss progress of work and work to be completed; and
- Final meeting to review, discuss and finalize Phase 1

## **Phase 2**

- Initial meeting to review and discuss scope of work for Phase 2;
- Interim meeting to discuss progress of work and work to be completed;
- Workshop to review draft recommendations with Surrey City Council; and
- Final meeting to review, discuss and finalize Phase 3.

## **Phase 3**

- Present the final Employment Lands Strategy to Surrey City Council.

## **Deliverables**

- The Consultant will produce an interim report at the end of each phase of the study, as well as the final Employment Lands Strategy, which will be submitted to the City in hard copy and electronic format.

## **F. PROJECT MANAGEMENT**

The Economic Development Office and the Long Range Planning Division of the Planning and Development Department will manage the project on behalf of the City of Surrey, with support from a Technical Staff Committee, consisting of the City Manager and senior staff from Economic Development, Planning and Development, Engineering, Parks, Recreation and Culture and Finance.

The Technical Staff Committee will assist in the development of the Employment Lands Strategy by providing timely input and required background information to the consulting team, as required, offer feedback and advice to the consulting team, review draft and final reports and provide administrative services, including preparation and distribution of agendas, prepare minutes of meetings and contract for rental of facilities, if required, for any stakeholder meetings.

## **G. TIMEFRAME AND BUDGET**

It is anticipated that the time frame for the development and adoption of the Employment Lands Strategy will be approximately six months. The anticipated budget is in the range of \$100,000.00.

