



Corporate Report

NO: C013

COUNCIL DATE: November 24, 2008

COUNCIL-IN-COMMITTEE

TO: **Mayor & Council** DATE: **November 24, 2008**
FROM: **General Manager Planning and Development** FILE: **6670-00**
Manager, Economic Development
SUBJECT: **Employment Lands Strategy**

RECOMMENDATION

It is recommended that Council:

1. Receive this report as information;
2. Approve the Employment Lands Strategy (the "ELS"), dated November 2008, attached as Appendix I to this report;
3. Direct staff to reflect the recommendations of the ELS in the current major review of the Official Community Plan (the "OCP") and in the implementation of the Economic Development Strategy; and
4. Rescind Resolution No. R07-1086 which was adopted by Council at the Regular Council Meeting on April 2, 2007, which reads as follows:

"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";

and in place of this resolution, direct that the City follow the recommendations contained within the ELS.

INTENT

The purpose of this report is to:

- Document the process followed in developing the ELS for the City of Surrey; and
- Present the final ELS for Council approval.

BACKGROUND

At a special meeting of Council held on October 30, 2006, Council received a joint presentation by the Economic Development Division and the Planning and Development Department with regard to the need to protect the City's employment land base and, in particular, its industrial land base, to be a complete, prosperous and sustainable City. Protecting this land base from potential erosion to a variety of competing uses was discussed as a necessary strategy in achieving Surrey's key economic objectives of achieving a strong and balanced fiscal base and an improved balance of local jobs to resident workers. At that time Council directed staff to:

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

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

On April 2, 2007, by approving the recommendations of Corporate Report No. R059, Council endorsed a Request for Proposals ("RFP") for consulting services to assist in the development of an ELS for Surrey.

At that time Council also resolved as follows:

" RES.R07-1086 - 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".

In September 2007, as a result of the RFP process, the firm of Cushman & Wakefield LePage, supported by Urban Futures and Stantec, was retained to undertake the development of an ELS. Over the past year, the consultant, under the guidance of a staff steering committee, has conducted extensive research, consulted with the public and key stakeholders and prepared an ELS for the City of Surrey.

The consultant presented interim findings (Stage 2) of the study at a special meeting of Council held on December 17, 2007.

DISCUSSION

Objectives of the Employment Land Strategy

The objectives that were to be satisfied by the ELS are:

- To assess the adequacy of the current and projected employment lands in Surrey and to examine Surrey's potential roles within the regional, provincial, national and international context;
- To develop a strategy to identify, assess and manage employment areas on a short, medium and long-term basis to position Surrey to take advantage of its strengths, including, among others, its location, its diverse labour force and its employment land base;
- To direct various targeted employment-generating land uses to appropriate locations within the City; and
- To recommend strategies to ensure a balance between residential, commercial and industrial land uses within Surrey and to provide direction as to how these uses should inter-relate with one another from a transportation perspective.

Employment lands encompass not only industrial land, but also commercial land and business park lands, including land in the City Centre, the five Town Centres in Surrey and along major transportation and transit corridors in the City, where the provision of jobs and economic activity is a primary objective. The ELS is intended to provide direction as to how the City should position itself in relation to economic development and how much land is required in different economic development areas to fully satisfy the City's opportunities in each of these areas. The ELS also identifies required planning policy changes needed to promote a compact and transit supportive urban form for employment uses.

Inter-Relationship with the Economic Development Strategy

The consulting firm of Van Struth and Eric Vance and Associates was retained by the City to prepare an Economic Development Strategy (the "EDS") for the City in parallel with the work being undertaken to develop an ELS for the City. The EDS process was, in part, based on information and data collected through the ELS study process and built on documents such as the ELS to define policies that will foster economic growth and promote Surrey as an investment location, while supporting social, cultural and environmental sustainability. The economic development objectives set out in the EDS aim to create greater local employment opportunities and a more balanced tax base, with special attention given to Surrey's unique duality as a growing urban city and a major centre of agriculture.

The EDS contains a comprehensive set of strategies and actions for pursuing economic development. Key among the strategic priorities of the EDS is to "ensure an appropriate supply of serviced industrial land on a timely basis". It recognizes that Surrey's supply of employment-supporting land, including industrial land, is one of the City's key

competitive advantages within Metro Vancouver. Through the EDS development process, a shortage of industrial land that is serviced and immediately available was identified as one of Surrey's most significant obstacles to economic growth.

The EDS states that "for Surrey to attract jobs and business investment there must be an appropriate supply of land to accommodate new companies and to give Surrey's existing companies room to expand". Economic base industries are the drivers of local economic prosperity and are most often located on industrial land or in offices. Preserving, supporting and expanding the supply of industrial land and office sites must be a key economic development priority, and sacrificing these areas for population-serving business uses or non-employment uses is harmful to a community's long-term productive capacity. The ELS is focussed on ensuring that the City of Surrey has an appropriate mix of employment lands available for immediate development on an on-going basis.

Consultation Process

Through the course of the ELS study, a series of meetings have taken place between the consulting team and the staff steering committee, as well as the public and key stakeholders, as follows:

- **Staff Steering Committee Meetings** - September 26, October 26, November 26, December 10, 2007 and February 13, April 7, May 27, 2008;
- **Business/Community Stakeholder Meetings** - October 26 and November 26, 2007
- **Council Workshop** – December 17, 2007 and October 6, 2008; and
- **Public Open House** – January 21, 2008.

Input gathered at these meetings has been coordinated by the consultant team and has been incorporated into the ELS.

Summary of the Employment Land Strategy

The ELS is a comprehensive document that:

- Sets out a Vision, Principles and Objectives for employment lands in Surrey;
- Explores Surrey's economic context and identifies trends, opportunities and challenges;
- Details the land use market in Surrey and Metro Vancouver to frame Surrey's current position in a regional context;
- Projects future employment in Surrey by occupation, which is then converted to the demand for land by floor space per worker ratios;

- Explores alternatives to meet future demand for space with the existing supply of employment lands;
- Includes employment profiles of each of Surrey's six communities, outlining employment issues, opportunities and recommendations; and
- Makes recommendations with regard to the management of Surrey's employment lands, including an analysis of the OCP, secondary plans and the Zoning By-law, identifying issues and recommended best practices.

The ELS concludes that the regional shortage of well-located and affordable employment lands is a great opportunity for Surrey. While there may be short-term pressures to convert employment lands to other uses, the City's long-term objectives "*demand strategic, knowledgeable and efficient management of this supply. The employment land scarcity is giving the City even more control over land use. The value of entitlements and infrastructure, the two levels of control exercised by the City, has never been more important in the development process*".

The ELS includes a 20-year Vision on employment land in Surrey as follows:

"Surrey has been actively involved in shaping a complete community where citizens can both live and work. Employment lands are valued as being critical to the short-term, medium-term and long-term economic and social viability of the community. A greater balance of jobs to labour force has been achieved through protection of its existing and valued employment lands, development and redevelopment of employment lands and a commitment to ongoing economic development. To the greatest extent possible, the development of employment lands reflects principles of sustainability, including greater land use efficiency in keeping with its focus on sustainability, Surrey values its agricultural land base and the social, economic and environmental benefits it provides. The City has supported employment-related growth in City Centre and Town Centres across Surrey, recognizing the benefits of compact form. As a healthy City, Surrey is a place where existing businesses want to stay and expand and new businesses want to locate. Surrey is committed to supporting jobs for residents of Surrey and elsewhere in the region".

The Principles set out in the ELS include:

- The City is committed to being competitive and to pro-actively encouraging local economic growth and retention of existing businesses to achieve a mix of jobs that support different market sectors and, in turn, a balanced economy;
- The City is dedicated to providing predictability and certainty related to the supply of serviced employment lands and the uses that are permitted within them;
- A more balanced tax base ratio of residential to non-residential is critical to municipal well-being;
- Surrey's character and image must be enhanced to encourage economic development;

- The City supports innovative and sustainable businesses;
- The agricultural land base is important to the overall fabric of Surrey and contributes to the economy through agriculture and agro-industrial activities;
- The City is dedicated to ensuring an adequate supply of employment lands to facilitate short-term, medium-term and long-term economic growth;
- High quality and environmentally responsible development of employment lands is supported, as are the benefits associated with such developments;
- The City acknowledges the Port and key transportation corridors as contributors to local economic well-being and is committed to protecting employment lands in these areas;
- The City supports vibrant urban centres (i.e. City Centre and Town Centres) and corridors that provide employment, services and a community focus for local and regional populations;
- The City supports planning that will provide jobs in the most appropriate locations;
- The City is committed to facilitating the development of a strong City Centre that is supported by residential and commercial activity and that serves as the "second downtown" for the region;
- The City will respond to market conditions, accommodate the different needs of businesses and remain competitive by supporting higher density and quality business parks at key locations; and
- The City will encourage increased employment densities, where appropriate, particularly in urban centres and emerging areas such as transportation corridors.

The Fundamental Strategy

The ELS reviewed a number of optional approaches that the City could pursue in responding to the employment lands opportunity. These ranged from maintaining the status quo and adopting policy statements to adopting a review process for applications proposing conversion of employment lands to non-employment lands. The **recommended strategy** is outlined below.

- Industrial land shall be protected for industrial use;
- Conversion of land from an employment use to non-employment uses is only supported where development will align with the City's objectives of creating thriving, transit-oriented, mixed-use centres and corridors;

- Conversion from industrial to another employment use is only permitted for local serving, ancillary retail, or commercial uses needed to support industrial activity. Policies and regulations regarding maximum floor areas and percent of floor space allocated to ancillary retail or commercial uses are to be adopted/strengthened;
- Integrated industrial/office (i.e., mixed-use industrial/office) may be considered in industrial areas, provided the industrial component is not compromised and a series of other conditions are met;
- Conversion of commercial lands to mixed use lands in corridor areas outside City Centre and Town Centres is permitted if 1.5 times more jobs are provided than under the uses permitted through present zoning;
- Corridor areas must have adequate amenities and existing or planned public transit to support development. Corridor development shall be limited to: King George Highway, 104 Avenue, Scott Road and Fraser Highway. Greater definition surrounding the extent of these corridor areas will be identified during the OCP review process on which the City is working;
- Surrey's agricultural land base shall be protected for agriculture and agro-industrial activity in accordance with existing Council policy; and
- Recognizing the need for intensification and redevelopment, City Centre and Town Centres shall support commercial, institutional, service and residential uses (mixed-uses) that respect the hierarchy of urban centres within the City.

Land Supply Analysis

In addition to looking at employment land needs on a City-wide basis, the ELS also outlines the current supply and the future demand for employment lands in each of the City's communities. The horizon year for this component of the ELS is 2031.

The ELS projects that by 2031, employment floor area will increase by 65% in Surrey, with over 4.8 million new square feet to a total of 10.7 million square feet of Office space, 11.7 square feet of new floor area to 39.6 million square feet of Industrial space, 20.6 million new floor area to 45 million sq ft of Commercial space and approximately 10.5 million square feet of new floor area to a total of 24.5 square feet of Institutional floor space. The land area to absorb these employment uses increasing by 57%. Some of the necessary land will be available through redevelopment of lands that currently are occupied with non-employment uses and some of the land will be available through the more effective and efficient use of existing designated industrial and commercial lands that are already being used for employment uses.

The greatest demand is expected to be in the commercial and industrial sector. Office and institutional space demand is expected to account for about 14% of the new land required to 2031. However, higher densities and investment associated with office and institutional development indicate that this component of demand will considerably exceed 14% of the total new economic value in the future.

The following paragraphs provide a brief summary of what the ELS projects for each community within Surrey over the course of the next 20 years.

City Centre/Northwest Surrey

With its central location and its superior transit accessibility, the City Centre will account for an increasing share of new commercial, institutional and office employment. Support for redevelopment, the cultivation of relationships with major institutions and senior levels of government and the encouragement of region-serving office space with a focus on attracting anchor tenants is needed. Increased residential densities are necessary to allow residents to live close to work.

The South Westminster industrial area contains significant potential, particularly related to the redevelopment of the Scott Road transit station area. The industrial land base in the area should be protected by limiting commercial uses to local-serving, ancillary retail or commercial uses needed to support industrial activity in the area. The City should work with area landowners to consolidate small parcels and, thereby, to promote industrial redevelopment in South Westminster.

Guildford/Port Kells

Its central location and proposed rapid transit and road infrastructure provides opportunities for investment in office development along the 104 Avenue corridor, in the Guildford Town Centre and in the vicinity of Highway No. 1 and 160 Street and 176 Street (Highway 15). The potential for business park-type office development is expected to be strong in the Guildford/Port Kells area. There is significant potential for the densification of underutilized industrial sites in Port Kells.

Newton

The Newton area will continue to support a wide array of employment uses from industrial, to business park, to commercial uses, but presents opportunities for creative re-development solutions, and more commercial development along King George Highway, Scott Road and Highway No. 10. The industrial land base should be protected by limiting commercial uses to local-serving ancillary retail or commercial uses needed to support industrial activity. The East Newton Business Park Neighbourhood Concept Plan should be amended by converting the live/work component to "business park uses".

Cloverdale

Cloverdale will continue to support more localized employment uses, but can benefit from increased densification and re-use of under-developed employment lands. The industrial land base should be protected and mixed-use residential/office/commercial within the Town Centre area should be encouraged to attract employment activity, while enhancing the small town character of the area. The City should engage the business community in a branding and marketing exercise to encourage the retention of commercial uses in the Town Centre area.

Fleetwood

Fleetwood will support localized employment uses, with increased densification and re-use of underdeveloped employment lands to support higher levels of employment. In anticipation of the rapid transit extension along Fraser Highway, the Fleetwood Centre Land Use Plan should be amended to provide higher density mixed-uses along Fraser Highway.

South Surrey

South Surrey has the most significant vacant employment land base in the region, and this will be pivotal in Surrey's objective of balancing population and local employment. The City should pursue integrated office and industrial uses in areas currently identified for possible residential uses in the Campbell Heights area, as a long term plan contingent on the provision of public transit to the area. In addition, the City should consider business park development in the Grandview Heights/Highway 99 Corridor lands, which will encourage a mix of employment uses, including office and industrial on these lands.

The detailed analysis in the ELS will assist the City in updating its OCP and its secondary plans, in assessing development proposals and in achieving a healthy balance between residential and employment uses.

CONCLUSION

The ELS concludes that Surrey is well positioned in relation to its supply of employment lands for the foreseeable future; however, strong economic development in Surrey is contingent on the City maintaining, on an on-going basis, an adequate supply of well located, affordable, zoned and serviced employment lands to accommodate the immediate development needs of potential businesses looking to locate or expand within Surrey.

The ELS creates a vision and plan to provide for an adequate supply of employment lands, including office, industrial, commercial and institutional lands and recommends policy changes that will assist in achieving the OCP target of matching the number of jobs available in the City with the number of resident workers, which will assist in providing the City with a balanced tax base as well.

It is recommended that Council

- Approve the ELS, dated November 2008, which is attached as Appendix I to this report;
- Direct staff to reflect the recommendations of the ELS in the current major review of the OCP and in the implementation of the EDS; and
- Rescind Resolution No.R07 - 1086 which was adopted by City Council at its meeting on April 2, 2007, which reads as follows:

"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";

and in place of this resolution, direct that the City follow the recommendations contained within the ELS.

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Attachments:

Appendix I Employment Lands Strategy