Industrial Market Analysis

For: District of Central Saanich

October 2021

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1 Introduction

In the interest of creating a complete and efficacious Official Community Plan (OCP), G. P. Rollo & Associates (GPRA) has been retained by the District of Central Saanich (the District) to perform original research and analysis on the following topics:

- The current state of the Saanich Peninsula's industrial market, including market forces and trends, dynamics such as land shortages, worker shortages, etc., and the prevailing outlook of local industrial market stakeholders
- Renewed analysis of the Keating Business District (the KBD) within this overall market context, including discussion of the KBD's strengths, weaknesses, opportunities, and challenges from the perspective of existing and prospective commercial operators. The District is particularly interested in understanding what kind of investments are most likely to yield growth in the KBD, and whether this includes the beautification interventions that are currently contemplated for the area
- Identification and market research regarding particular commercial and industrial sectors that:
    - Would fit with the District's vision for the KBD and general planning objectives
    - May be particularly appropriate for future development in the KBD due to market trends or the area's particular strengths.

With these objectives in mind, GPRA has undertaken the following tasks:

1) Background research including review of:
    a. all existing economic analyses or market reports on the Saanich Peninsula's and the CRD's industrial market
    b. Census data to identify promising business sectors
    c. All existing media coverage of the KBD's development potential
2) Stakeholder interviews: GPRA has interviewed a variety of local stakeholders to gain a complete understanding of the current state of the Saanich Peninsula's industrial market, including market forces and trends, dynamics such as land shortages, worker shortages, etc., and stakeholders' prevailing outlook. GPRA has interviewed:
    a. The District's mayor
    b. Commercial developers and realtors
    c. Existing operators in the KBD
    d. Representatives from industrial sectors identified as potential growth sectors

3) Policy review: In light of the findings of Tasks #1 and #2 described above, GPRA has reviewed and commented on the following District policies, with the aim of making them as development-friendly as reasonable possible:
    a. The District's current OCP (2020)
    b. The KBD Implementation Plan (2017)
    c. The District's Land Use Bylaw (2021).

2 The Keating Business District

Figure 1: The Keating Business District (courtesy of Stantec, 2017)

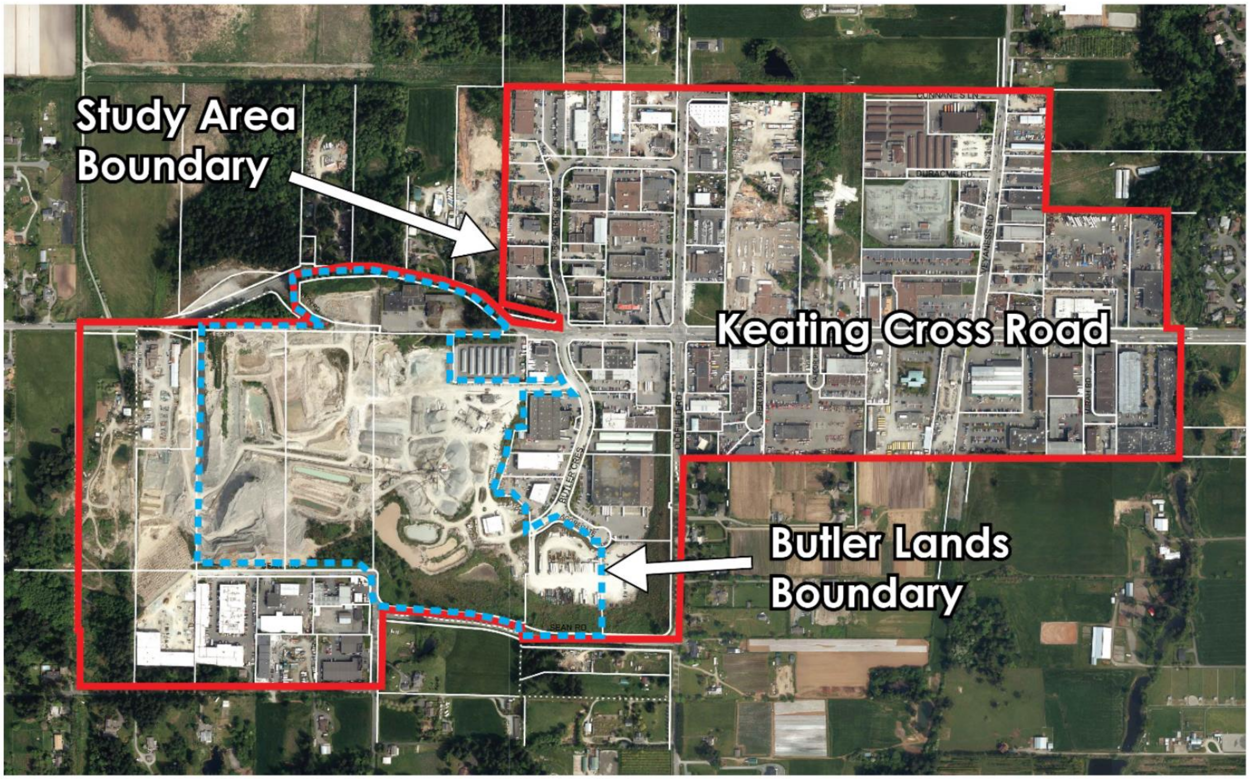
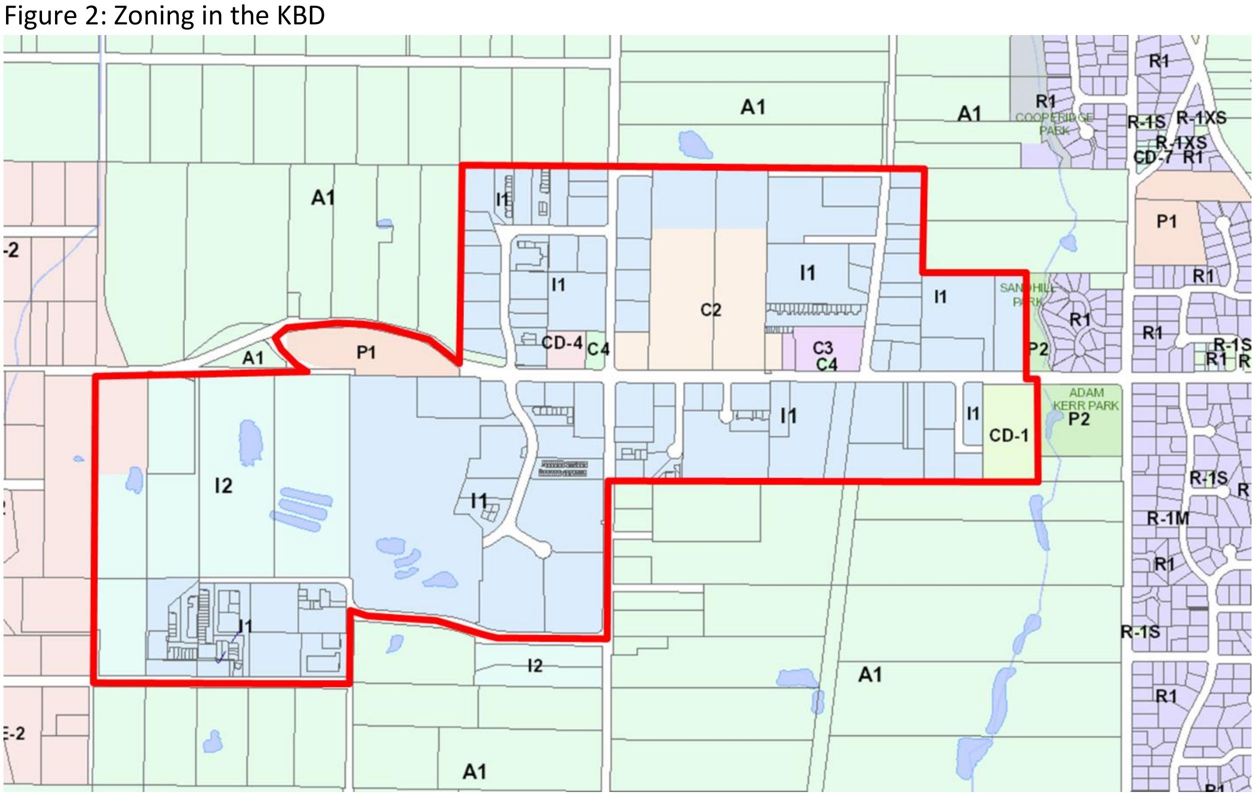


Figure 2: Zoning in the KBD



The Keating Business District is the District's principle industrial area. It contains about 284 ac of land[1] centered on the intersection of Keating Cross Road and Oldfield Road just west of the Patricia Bay Highway (Highway 17) and due east of the Butchart Gardens (see Figure 1 above). It currently supports about 3,140 jobs in industries such as wholesale trade, manufacturing, transportation, warehousing, logistics, and construction.[2] It contains about 1.63 million ft^2 of industrial floor space, which represents about 17.6% of the region's total.[3]

The majority of the KBD's land is zoned I1 (Light Industrial) aside from a variety of other uses adjacent to Keating Cross Road, the area's main arterial thoroughfare, including:

- C2 (Arterial Commercial)
- C3 (Neighbourhood Commercial)
- C4 (Service Station Commercial)
- P1 (General Institutional)
- CD1 (Gateway Park)
- CD4 (1970 Keating Cross Road).

The area's western half largely consists of the Butler Lands, a 66 ac gravel extraction and concrete production operation. Much of this and adjacent properties is zoned I2 (Extraction Industrial) (see Figure 2 above).

The KBD contains the Gateway Tech Park, a mixed office and industrial development of 182,000 ft^2 specializing in:

- Government and crown corporations
- Emergency Management BC, the Park's largest tenant with 37,000 ft^2
- Telus Help call centre for BC and Alberta clients
- Private technology firms
- Non-government organizations
- Marine technology.

Gateway Tech Park currently has:

- The only high-end office space in the Saanich Peninsula
- A 4-level parkade with 700 stalls.
- Strong fibre and electrical infrastructure for tech
- 6% - 7% office vacancy and no industrial vacancy.

The KBD is one of the main focal points of the District's economic development strategy as expressed in Section 5 of the OCP. It was the focus of an economic development strategy produced by Stantec in 2017.

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[1] Stantec (2017). Keating Business District Implementation Plan.

[2] District of Central Saanich (n.d.). Keating Business District. Retrieved from https://www.centralsaanich.ca/node/598/keating-business-district on 28 October 2021.

[3] Colliers (2021). Q2 2021 Victoria Industrial Market Report.

3 Market Analysis

3.1 Regional Market Overview

All market reports reviewed by GPRA and stakeholders interviewed by GPRA report that Greater Victoria's industrial market is very strong. The vacancy rate is at an all-time low of 0.4% as demand continues to heavily outpace supply. This is the lowest industrial vacancy rate in the country.

Despite rising rents and falling vacancy, the Greater Victoria industrial market has seen close to a 1 million ft^2 of both new supply and absorption over the past decade. There is not much available industrial land in the CRD but demand is expected to continue to grow. There is a projected 3.3 million ft^2 of industrial space coming to the market over the next few years, which would represent growth of about 35%, although with a dwindling land supply, this pace of growth could not continue for long.

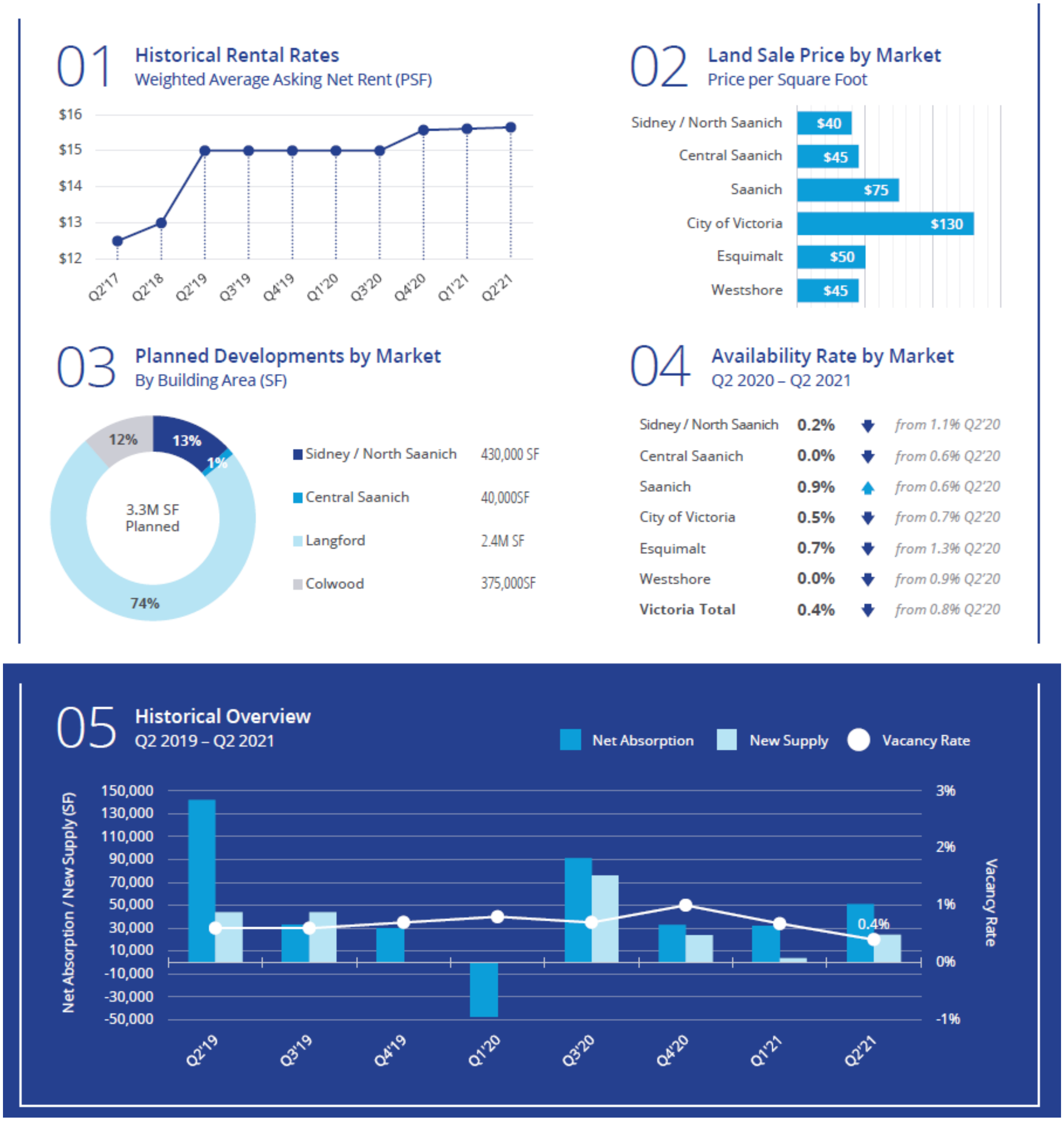
The lack of supply has increased the upward pressure on rental rates. Industrial net asking rental rates have grown to $15.60 - $16.50 per square foot, a 15% - 25% increase over the past five years, and is approximately $0.80 higher than anywhere else in the country (ranges indicate variation between data sources). The average sale price for industrial land has reached $300 a square foot – the second highest rate in Canada, behind only Vancouver's average (at $390) and Toronto's (at $258) according to CBRE. $2.5 million per acre of serviced land is the minimum available land price. In Victoria, a small 13-unit strata industrial project by a local developer recently sold out, with buyers paying between $325 and $350 per square foot.

Most of the region's recent and proposed industrial development is in Langford as it has the greatest stock of available land. The airport also had developable land until recently but is now fully developed. Saanich Proper has no available land. Despite its ongoing growth in the sector, Langford is not a particularly attractive location for industrial development as it is both expensive and geographically peripheral. However, as Langford's industrial market continues to develop, the region's industrial centre of gravity will shift in that direction, making it more attractive. This would be relatively disadvantageous for the KBD.

Many medium-to-large scale developers have pushed hard to supply the market and capitalize on pent-up demand. A recently completed project in Langford, a 23-unit light industrial park built by Northridge Excavating, saw both phases sell out prior to completion. Approximately one third of the units were sold to Vancouver-based investors and the remainder of the units to owner-occupants. Victoria is also set to see multi-story industrial development as Edmonton-based York Properties has a proposed development at the Victoria International Airport. The 7.7-acre site is set to be a distribution facility for a company that already services Greater Victoria – Amazon is rumoured to be the client.

In terms of product trends, the multi-storey industrial concept is proving to be more and more popular, with many developments in Vancouver already following this design structure. Strata industrial is also increasingly appealing (as opposed to rental space) as operators seek to benefit from rising demand and land scarcity. Rock Bay and Burnside in Victoria are seeing industrial redevelopment and densification.

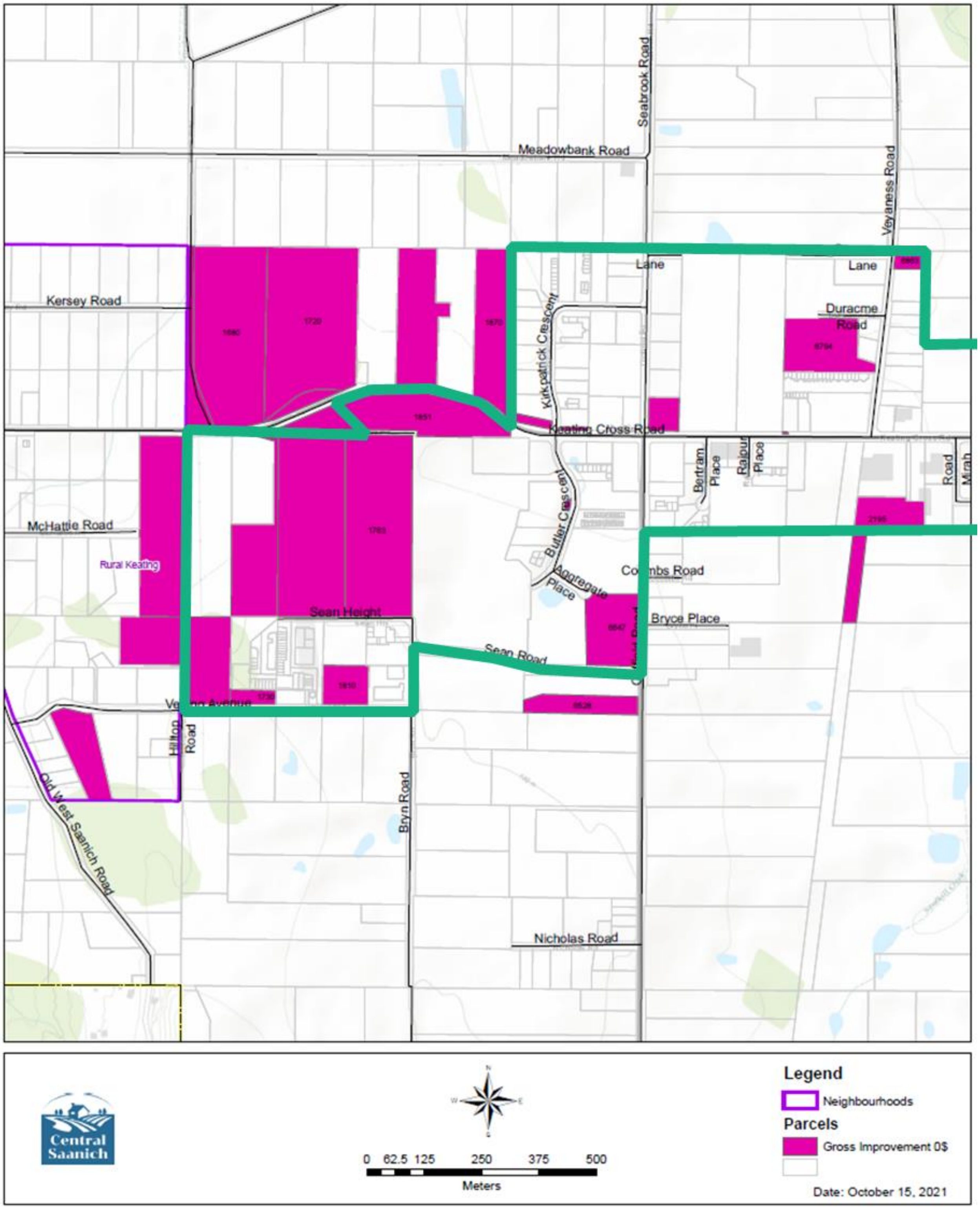
Figure 3: Various useful statistics from Colliers[4]



[4] Colliers (2021). Q2 2021 Victoria Industrial Market Report.

3.2 Keating Business Park Market Overview

Figure 4: Parcels in and around the KBD with no improvement value (KBD boundary indicated in green)



Although development in the KBD has been slow in recent years, it is ideally located within the region for maximum industrial appeal because it is halfway between Victoria to the south and the transportation nodes of the Swartz Bay Ferry Terminal and Victoria International Airport to the north. It is also conveniently accessible to Highway 17. At \$16 - \$18 per ft^2 per year, the KBD's industrial rents are higher than the region as a whole despite its aging supply and the area has no industrial vacancy. In other words, the KBD is an appealing industrial location with very high demand. Insofar as recent industrial growth in the area has been slow, this is due to supply factors rather than demand factors. In terms of densification, the KBD has more potential than the airport due to fewer height restrictions.

3.2.1 Land Availability

Stakeholders interviewed by GPRA all agree that the area's slow development in recent years is due to constrained land supply. Figure 4 above identifies vacant parcels in magenta, here defined as parcels with zero improvements according to BC Assessment. The majority of vacant lands are located in the Butler Lands on the KBD's western side (see Figure 1, pg. 3). Setting aside this portion (which is discussed in more detail on pg. 9 below) leaves only nine vacant parcels in the KBD outside of the Butler Lands, which are listed as follows in order of descending size (developable items are identified in bold):

- 6794 Veyaness Road, a 5.5 ac parcel whose nil improvement value belies its current use as the site of the Keating Substation.
- 2195 Keating Cross Road, a 4.1 ac L-shaped parcel of which the northern half is zoned I1 and located within the KBD while the southern half is zoned A1 (Agriculture) and located outside of it. Although BC Assessment claims that it has no improvement value, this does not appear to be true as the site contains Schneider Electric. Its unusual status may be the result of strata subdivision.
- **6647 Butler Crescent, a 1.75 ac rectangular parcel on the northwest corner of Sean Road and Oldfield Road. It is appropriately sized and zoned for industrial development. At present it appears to be used for outdoor storage**
- **A 1.2 ac rectangular parcel on the northeast corner of Keating Cross Road and Oldfield Road, zoned C2. This parcel changed hands in the last two years and is now owned by the neighbouring Sherwood Marine. The owner may eventually consolidate the two properties for redevelopment, but at present may be keeping this site vacant to preserve the business' sightline to this high-traffic intersection. It is not ideally suited for industrial development due to its arterial location and commercial zoning**
- **6863 Veyaness Road, a 0.64 ac parcel on the east side of Veyaness Road at Cunnanes Lane. It is appropriately sized and zoned for industrial development. At present it appears to be used for outdoor storage**
- A long and narrow 0.41 ac parcel on the northwest corner of Keating Cross Road and Kirkpatrick Road zoned A1. It is inappropriate for industrial development by both physical and zoning metrics

- A long and narrow 4,413 ft^2 parcel on the northeast corner of Keating Cross Road and Kirkpatrick Road. Although it is zoned I1, it is physically inappropriate and too small for development
- A small trapezoidal parcel of 2,267 ft^2 directly in front of 6,670 Butler Crescent, which is the office of Butler Concrete and Aggregate Ltd. This parcel appears to be occupied by a BC Hydro transformer which – in addition to its small size – makes it inappropriate for development
- A small trapezoidal parcel of 671 ft^2 directly in front of 2120 Keating Cross Road (Windsor Plywood). The parcel has no evident real-world existence and appears to occupy part of the road. It may be some kind of legal figment but is certainly not developable.

In summary, outside of the Butler Lands, there appear to be only three developable parcels in the KBD, all of them relatively small by the standards of industrial development sites (0.64 – 1.75 ac). The lack of large available industrial sites is a problem that the KBD shares with CRD generally. Of these three sites, two are zoned for industrial development and currently used for outdoor storage while the third is zoned for commercial development. In other words, with the exception of the Butler Lands, large-scale development in the KBD is impossible without supplanting some existing structures. Given the area's high degree of utilization (as indicated by its 0% industrial vacancy) it is unsurprising that this has not occurred.

Although land assembly and redevelopment may be possible to produce higher-and-better industrial uses in the KBD, it appears that all existing property owners in the area have been sufficiently satisfied with the use and performance of their properties to merit continuation of current operations rather than sale and redevelopment. Redevelopment is likely to occur in the long run as more properties reach the end of their economic lives, but this will be a slow process and there is little the District can do to accelerate it.

The 66 ac Butler Lands therefore represent the KBD's main development opportunity. The Lands have been used for gravel extraction since the 1940s although this operation is expected to be completed by 2026. After that, land reclamation will take place until the end of 2028 and only then will building become possible on the bulk on the Lands. This timeline is about one year ahead of that reported in the Stantec Implementation Plan (2017).

The Butler family intends to subdivide the Lands into larger parcels of two to five acres, allowing a scale of development not currently possible in the KBD. About 15 ac of the Lands will continue under Butler usage in perpetuity, with the remaining 51 ac or so available for redevelopment. Development is expected to begin in 2026 with land reclamation and continue until at least 2031.

3.2.2 Other Factors Limiting Development in the KBD

The availability of land is demonstrably the main factor limiting development in the KBD, but stakeholders interviewed by GPRA also listed a number of other factors that they believe are limiting the area's redevelopment potential:

1) The District's political culture: Stakeholders claim that it is difficult and time-consuming to acquire development approvals in the District, which discourages development as investors and developers are less willing to acquire property. According to these stakeholders:

- The District does not make good on its own policy framework: projects can fail to gain approval even if they satisfy all requirements
- There are few champions of development or change in the District
- Approvals are slow, increasing costs
- Existing zoning is unnecessarily prescriptive, discouraging a broad range of potential uses that may generally be compatible with the District's vision and objectives
- The OCP does not provide a defined path to development: it does not provide sufficient detail regarding the desired forms of development, so developers perceive development in the District as risky.

The experience of the Gateway Tech Park provides an instructive example of these issues: the Park's owners have had difficulty leasing space to interested occupants because their existing zoning (CD1) lacks flexibility and the District has refused to change it. According to them, many opportunities are bypassing the KBD for locations with more flexibility such as Langford. Lost opportunities include medical services such as a fertility clinic. The owners believe that the KBD could have become a regional health and medical hub if its zoning had been more flexible.

Figure 4: Gateway Tech Park (courtesy of Colliers)

2) The cost of construction has increased significantly in recent years

3) Access to the KBD from Highway 17 is difficult and dangerous as it requires a left-turn across oncoming traffic for northbound vehicles. Infrastructural improvements have been proposed but are still forthcoming.

4) CAC policy: The District's current community amenity contribution (CAC) policy requires contributions for all rezonings, even rezonings that are not associated with new construction. For example, if an existing building sought a rezoning to expand the permitted uses in its existing space, it would need to make a CAC contribution. This was the situation faced by the Gateway Tech Park, for example. CAC contributions are economically viable because rezoning is typically associated with new construction which significantly increases a property's earning potential. However, in cases like the Gateway Tech Park, the magnitude of the CAC rate and the increased earning potential from rezoning are likely to be out of sync, and a negotiated amount based on the specifics of the rezoning is likely to be more appropriate. To insist on defined CAC rates for the rezoning of an existing structure is likely to be prohibitively expensive and generally discourages rezonings that would permit new types of business to enter Central Saanich.

5) Housing shortage: The KBD and other industrial areas in the region are experiencing a labour shortage caused by a housing shortage. The development of more housing closer to the KBD would encourage redevelopment.

6) Lack of transit: The lack of reliable and frequent public transit to the KBD is also cited as a factor that aggravates the labour shortage.

Beyond the six factors listed above, there was little consistency among the stakeholders interviewed by GPRA regarding what might be changed in the KBD to encourage development. The availability of parking was listed as an issue by some stakeholders and not others. Beautification, aesthetic improvements, greenery, and general cleanliness were listed by some stakeholders as conducive to business growth but perceived by others as a waste of resources.

Stakeholders generally agreed that including retail uses in the KBD introduced amenities that were of critical importance for employee retention but that including residential uses in the KBD would lead to nuisance-related issues and generally discourage industrial growth by limiting the range of practical industrial options in the area.

Existing operators are generally content in the KBD and view it as an ideal business environment notwithstanding the issues identified above. However, they note that it is nearly impossible for businesses in the KBD to expand without leaving the District as larger spaces are unavailable due to the area's nil vacancy and the adjustments to business operations are hard due to the difficulties of rezoning (as mentioned above). Local businesses have needed to seek space elsewhere in the region.

3.2.3 Products and Sectors in Demand

Through stakeholder interviews, GPRA has identified demand from certain business sectors for particular types of industrial product.

Certain features of industrial products are generally in demand:

- Parcel size: Parcels of 1 – 5 ac are ideal. Land is expected to sell for $1 - $2 million per ac in today's market.
- Unit size: Warehouse bays of 5,000 ft^2 are ideal, and will lease for $16 - $18 per ft^2 in today's market.
- Height: multi-storey warehouse space suitable for logistical operations is increasingly in demand in the region. 2- and 3-storey warehouses are being built in the region. New development in Colwood includes warehouses with ramps up to the second storey.
- Loading: Dock-level loading is in high demand in the South Island region. Most new buildings in Langford don't have it. Smaller units should have grade loading and larger units should have dock loading. Good dock loading requires more land for longer containers to turn around.
- Yard space: Available industrial supply in the region lacks yard space for trucks to turn. The ability to create parcels that provide this will be one of the KBD's main advantages when the Butler Lands become available.
- Fiber and power: Heavy power and fiber-optic connections are beneficial as they permit a wider range of industrial uses.

Distribution and warehousing

One of the most important growth sectors at present is large-scale distribution and warehousing. The rise of e-commerce in recent years and particularly since the advent of the Covid-19 Pandemic has led to tremendous growth in this sector.

E-commerce business are a retail solution used to smooth the logistical needs of online retailers. This type of business warehouses, fulfills, and transports product for larger companies to smooth out issues such as seasonality and to spare larger companies the expense of storing and shipping their own products. Companies in this sector shift product as fast as they can but are typically limited by space shortage. Companies of this kind are looking to expand Vancouver Island operations and believe that the KBD would be an ideal location within the region. Related logistical operations such as FedEx are already located in the KBD for this very reason. A critical shortage of appropriate space now exists in the CRD due to land scarcity and record demand for logistical services.

A business of this kind would be looking for a 10,000 – 100,000 ft^2 warehouse shell with attractive mezzanine office space, high power capacity, 30-ft ceilings for racking, and a secured yard with a width of 85 – 100 ft to permit 50-ft trucks to maneuver comfortably. Grade-loading is ideal. They would seek a location with reliable and frequent transit as well as nearby restaurants and services to retain employees.

Manufacturing and technology

Manufacturing already exists throughout the KBD, and the area has proven to be an attractive and successful home to such businesses. The KBD is a natural incubator for small, specialized manufacturing operations such as cabinetmakers and millwork. Local businesses begin operations in the KBD until they outgrow the available space and then leave to seek larger spaces elsewhere in the region. Small manufacturers of this kind seek 1,500 – 3,000 ft^2 warehouse bays with flexible short leases.

Food systems

The KBD would be a logical and attractive location for businesses in the food systems sector due to its regionally central location and proximity to agriculture. A food hub in this location would also benefit from proximity to Integrity Sales & Distributors, an existing agricultural goods emporium in the KBD. Businesses of this kind with growth potential include canning, meat processing, and refrigeration. Dock loading and high power capacity would be helpful.

Other sectors with growth potential

A movie studio would probably be very satisfied with a 200,000 ft^2 facility in the KBD. The film industry loves the CRD due to its wide variety of landscapes. This use would diversify the KBD's sector profile while generating few nuisances for its neighbours.

Storage is a growing use with low impacts on traffic and minimal nuisance. The KDB already contains several successful businesses in this sector.

Local manufacturer Jeff Popham of Island Precision Cabinetmaking mentioned that it would be interesting to see if his waste product (wood cut ends) could be repurposed (burnt and used as a heat source for another business) within the KBD instead of ending up in a landfill. Energy-intensive sectors that might be an appropriate fit might include greenhouses or a distillery.

Note that demand for office use has collapsed since the advent of Covid-19 with market rents no longer supporting construction costs.

4 Policy Review

Economic growth is only one policy objective among many, and the pursuit of economic growth often conflicts with other objectives such as environmental sustainability and the preservation of community character. Although GPRA is aware of this, we have been directed by the District to review relevant District policy documents in order to identify opportunities to facilitate industrial (re)development in the KBD.

Through interviews with local stakeholders, GPRA has identified the following policy principles to maximize the KBD's growth potential:

1) Minimize prescriptive policy frameworks: Policies that restrict permitted uses tend to discourage development by eliminating some share of potential occupants.

2) Prezone rather than rezoning with development: Seeking rezoning takes time which increases developer and investor risk and expenses. Rezoning is also discretionary, meaning that Council can reject rezoning applications at will. A more development-friendly approach would be to pre-zone all KBD lands – most notably the Butler Lands – to minimize developer risk and costs, thereby improving development economics.

3) Established a defined path to development: The OCP should provide more detail regarding desired development so developers understand what the District wants.

4) Improve transit: Frequent and reliable public transit is an important factor in attracting and retaining employees in the KBD.

5) Improve access to Highway 17: Successful completion of the proposed overpass would facilitate smooth business operations, reduce injury and death, and generally facilitate growth.

6) Retail is beneficial in the KBD but residential is not: Retail uses (including restaurants and services) provide an important amenity for employees in the KBD which is conducive to workforce retention and morale. However, although there is a housing shortage that should be addressed, including residential uses in the KBD – even in the form of live / work space – is inadvisable as it may create nuisance-based conflicts and discourage some kinds of industrial use.

7) Do not apply CACs to rezonings of existing space. Or at least negotiate such contributions on a case-by-case basis to ensure that the magnitude of the contribution corresponds to the property's increased revenue potential.

With these seven principles in mind, GPRA has reviewed the District's OCP and Land Use Bylaw as well as the KBD Implementation Strategy produced by Stantec in 2017.

4.1 Official Community Plan

The District's OCP is centered on seventeen fundamental principles (OCP pg. 1 – 2). Of these, most are unrelated to the present analysis, except for the following:

- Create walkable neighbourhoods
- Support economic development
- Ensure transportation systems for all.

These three principles are all conducive to development in the KBD and their inclusion is positive. Another positive element in the OCP is the residential section (Section 4, OCP pg. 21 – 28) which prioritizes densification and providing housing of a range of types, tenures, and price levels. Housing supply is the single most important factor in providing affordable housing for local workers, and the OCP is committed to this objective.

The OCP's economic development section (Section 5, OCP pg. 29 – 37) contains a mix of positive and potentially negative elements (based on the pro-growth lens of the present analysis):

- Section 5.2.1, Policy 1 (OCP pg. 31) lists kinds of expansion that the District would support, including:
    - Home-based employment
    - Intensifying industrial uses
    - Eco-industrial networking
    - Tourism.

  Of these, the most positive for the KBD is intensifying industrial uses, whereas the others have little to do with the KBD (home-based employment and tourism). The focus on eco-industrial networking might seem positive, but its inclusion runs the risk of disconnect from the market. If businesses of this type are not interested in locating in the KBD, then focusing on them may lead Council to reject development applications from other kinds of business.

- Section 5.2.5 (OCP pg. 34 – 35) focuses entirely on the KBD. Its two stated objectives are good and all of its policies are unproblematic with the exception of Policy 3, which encourages the consideration of live / work spaces, which GPRA believes would pose a risk to some industrial sectors.

- Section 5.2.8, Policy 2 (OCP pg. 36) would "require new and expanding businesses to demonstrate their commitment to sustainability etc.", and this would be enforced through the rezoning and business license application processes, but the precise requirements are unstated and unclear. This runs the risk of creating developer uncertainty regarding approvals.

Other OCP sections of note include the following:

- Section 9.2.1, Policy 3 (OCP pg. 61) expressly focuses on improvements to Highway 17 and Keating Cross Road, which is positive.

- Section 9.2.3, Policy 4 (OCP, pg. 63) says that "new development project applicants should demonstrate how their proposal will encourage non-automobile transportation through connections to pedestrian and bicycle networks and public transit services, etc.". Like Section 5.2.8, Policy 2, this kind of requirement is vague as it sets no clear standard for developers to reach and therefore generally has a chilling effect on development.
- Section 9.2.3, Policy 5 (OCP, pg. 63) supports the establishment of a transportation demand management (TDM) association for the KBD/Oldfield area. Insofar as this would make it easier for employees to transit to the site, this would be desirable.
- Section 11.4.5 lists a set of building form and character guidelines for the KBD (pg. 90). The motivation and reasoning behind these guidelines is clear, but they limit the form and function of permissible operations in the KBD, and therefore constitute the kind of limitations that may discourage development.

4.2 Land Use Bylaw

The District's Land Use Bylaw – like most municipal land use bylaws – divides the District into discrete geographic zones, each of which permits certain uses. Although this is entirely typical in Canada, it is not the most development-friendly way that such a document could be arranged. Rather than listing what uses are *permitted* in each zone, it would be more conducive to development if the Land Use Bylaw listed for each zone those uses that *are not* permitted. If permitted uses were defined in this way, then a use would be permitted by default rather than being prohibited by default.

Amending the I1, CD1, and CD4 zones to this kind of zoning would facilitate development by including a broader range of acceptable business types in the KBD. It would mean that novel or flexible business categories could be accommodated in Central Saanich even if they were not imagined or anticipated in advance by the Land Use Bylaw. This unique approach would give the KBD a critical edge over competing industrial areas in the region. This is the most important change that could be introduced to the Land Use Bylaw to encourage development in the KBD.

GPRA also has the following commentary regarding each of the land use zones present in the KBD:

- <u>I1 (Light Industrial)</u>: this zone's building height maximum (11 m or 36 ft), lot coverage minimum (60%), and floor area maximum (1.0 FAR) are all reasonable and aligned with the industry at present. An increased height maximum of may be called-for if current industrial densification trends continue. And in general, the fewer restrictions on built form, the better for development potential.
- <u>I2 (Extraction Industrial)</u>: this zone is an appropriate reflection of the area's current use, but it might be prudent to eliminate it in favour of a blanket rezoning to I1. Current extraction operations would be permitted to continue as a non-conforming use.
- <u>P1 (General Institutional)</u>: this zone applies to 1851 Keating Cross Road, the crescent-shaped parcel of land on the south side of Keating Cross Road, north of the Butler Lands. It permits only civic and community uses and its function within the KBD is unclear.
- <u>C2 (Arterial Commercial)</u>: this zone's maximum height of 8 m (26 ft) might as well be increased to match the I1 zone.

4.3 Keating Business District Implementation Strategy

The KBD Implementation Strategy (KBDIS) “identifies strategies and actions that reflect best practices, consultation input, and the existing planning and policy framework of the {District}” (KBDIS pg. 1) with respect to the KBD according to Stantec as in 2017. Like the OCP, it contains a mix of positive and negative elements (based on the pro-growth lens of the present analysis):

- Objective 2 (KBDIS pg. 1) calls for no residential development within the KBD except for live / work opportunities that are demonstrated as compatible with light industrial and minor commercial and retail activities. GPRA considers this focus on limiting residential use positive, but would advise precluding live / work space entirely.
- Objective 7 (KBDIS pg. 1) calls to support transit improvements and catalytic projects, which is good.
- Objective 8 (KBDIS pg. 1) calls to provide sufficient choices and supply of workforce housing, which is good.
- Objective 10 reads “integrated industrial/office will be considered in industrial areas provided industrial use is not compromised” (KBDIS pg. 2). This is vague. What counts as “compromise”? This runs the risk of limiting uses without a clear reason for doing so.
- Objective 12 (KBDIS pg. 2) supports amenities and transit, which is good.
- Objective 13 requires that the KBD “demonstrate through development and types of business a commitment to fostering green technology, food security, social, and environmental stewardship”. While they may be desirable, a focus on these four sectors may encourage Council to reject other types of business. It is a matter of market factors whether these particular industries want to locate here, and largely out of the District’s control. This potentially harmful approach to business types is exemplified elsewhere in the KBDIS:
    - The focus in Section 1.3.5 (KBDIS pg. 3 – 4) on Eco-Industrial Development is an example.
    - The focus on certain industries in Section 1.3.8 (KBDIS pg. 5 – 6) is another.
- Section 1.3.6 (KBDIS pg. 4 – 5) encourages live work space as a workforce housing strategy. GPRA would discourage this, as discussed above.
- Section 1.3.7 (KBDIS pg. 5) focuses on flexibility to accommodate growth and change. This is excellent but note that it may conflict with other stated objectives and approaches such as objective 13 (see above).
- Section 1.3.10 (KBDIS pg. 6) supports transit improvements, which is good.
- Section 1.3.11 (KBDIS pg. 7) supports access to amenities, which is good.

- Policy 1 (KBDIS pg. 10 – 11) supports improved access to KBD from Highway 17, which is constructive.
- Policy 4 (KBDIS pg. 17 – 18) OCP DP Area Update/Streetscape Guidelines: A lot of content in this policy makes sense, but urban design requirements for form and character of buildings can discourage some types of uses. Noise control may be problematic if limits are too restrictive. What is the purpose of the recommended metrics? Will uses that fail too many metrics be rejected, and if so, might this policy not limit development options?
- Policy 5 (KBDIS pg. 19 – 20) Land Use Bylaw Amendments: All of the Land Use Bylaw changes recommended here are positive changes that would be conducive to growth.
- Policy 6 (KBDIS pg. 21 – 24) Parking and Access Management: Flexible parking standards as recommended in this policy would be a good idea.
- Policy 7 (KBDIS pg. 25 – 27): Cash-in-lieu for parking would be a positive option for the KBD as it would enhance development flexibility. It may also produce some structured parking, which may be the ideal solution for the KBD.
- Policy 8 (KBDIS pg. 28 – 29) Housing Initiatives: The focus on live/work space is misplaced. Live/work space is likely to be successful as both residential and industrial spaces are in high demand in the region. However, residential uses of any kind – including live/work – create nuisance conflicts that limit the range of appropriate industrial neighbours, diminishing industrial options and potential. Sub-policy 4: Tanner Ridge is good however, as it places residential density nearby but not *within* the KBD.
- Capital Project 1: Streetscape Improvements (KBDIS pg. 33 – 34) is good insofar as it produces a clear, tidy, and pleasant working environment that doesn't discourage employees and clientele, but to go further and make it a gateway for tourists is strictly unnecessary with respect to supporting industrial development in the area. This direction may be worthwhile in its positive impact outside of the KBD, but its inclusion here is misleading or at least beside the point.