

# **A Review of Commercial Land Use in Kelowna**

**February 2005**

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Planning and Corporate Services Department  
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## **Executive Summary**

The purpose of this study is to recommend commercial land use policies and practices that will help implement the Official Community Plan's direction for Urban Centres.

Staff have reviewed past commercial development patterns, prepared projections for future needs, assessed current OCP provisions, and analyzed trends and implications in order to generate some basic recommendations.

The City's commercial needs can be met without extending commercial zoning beyond current limits identified through zoning or OCP designation. Analysis reveals that over half of the City's future (20 year) commercial needs can be accommodated on vacant lands that are either zoned or designated for commercial use. Under-utilized Urban Centre properties have the potential to accommodate remaining needs.

Future commercial development must be directed to areas designated for such development if the City is to achieve its objectives of creating viable and livable Urban Centres. Those Urban Centres will allow the City to thrive socially and economically while simultaneously achieving environmental objectives (clean air and water); transportation objectives (smooth flowing traffic); and land use objectives (retention of precious natural open space and agricultural lands).

# 1. Introduction

## **Purpose**

This Commercial Land Use Policy Review is intended to evaluate Kelowna's current and future commercial needs with respect to retail / personal service uses and office development. The purpose of this review is to ensure that the City's policies and strategies will address anticipated trends and future commercial needs while adhering to overall OCP direction. That direction includes sustaining the environment, the efficient use of existing infrastructure, transportation demand management, compact urban form, higher density residential development and increased emphasis on existing and future Urban Centres for commercial development and / or re-development.

## **Role of Commercial Services in a Community**

Commercial services in the community have a profound impact on our daily lives. Many of us work in retail or personal service jobs or in office buildings in commercial centres. Fifteen percent of all non-agricultural and non-office jobs are in retail and retail related services.<sup>(1)</sup> We focus on commercial areas for our daily needs such as shopping for food, clothing, personal services and other items, including entertainment and recreation. Thus commercial locations become the focus of our daily travel patterns as we move to and from work, shopping and recreational pursuits.

Commercial activity is also considered as a major economic engine that keeps our community growing and vital by providing direct and indirect employment. As well as providing 1 in 6 jobs, retail will generate over \$12 billion in federal and provincial taxes (GST / PST), in addition to municipal property taxes. Retail employees also pay federal and provincial taxes.

## **Study Rationale**

In recent years some Urban / Village Centre areas have received new commercial facilities. However, there is continued pressure to locate new commercial development outside of these Urban Centre (Downtown, Highway 97 / Springfield, South Pandosy, Rutland) and Village Centre (Glenmore Valley, Capri, Guisachan, North Mission, Black Mountain, Kettle Valley) commercial areas (Urban / Village Centres location map provided in Appendix 1). The Urban Centre definitions from the OCP have been provided in Appendix 2. It has been challenging to attract commercial development to the Urban Centres given the market preference for highway locations.

There have also been challenges in implementing OCP policies that advocate a hierarchy of commercial functions and a distribution intended to provide services to most neighbourhoods within walking or cycling distances. In some cases, there has been resistance to the

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(1) **Source:** "Retail BC", Retail Council of Canada, International Council of Shopping Centres

introduction of commercial facilities within residential neighbourhoods, with impact to property values and quality of life issues being the most prominent concerns. Traffic, litter and nuisance factors are also cited as common objections.

These challenges suggest a need to review how commercial land use policies relate to the provision of regional, community and neighbourhood commercial services that realize OCP objectives such as the efficient use of infrastructure, transportation demand management (TDM), compact urban form and strengthened Urban Centres. A focus on Urban Centres is of particular importance because these areas are intended to include all of the functions residents use on a daily basis. Concentrating services in Urban Centres provides the greatest benefit and opportunity to the community in terms of promoting transportation efficiencies through improved transit, cycling and pedestrian facilities. Continued expansion along the Highway corridor contributes to sprawl development and exacerbates the traffic congestion currently experienced in this critical area.

### **Study Scope**

This study assesses the City of Kelowna's supply of retail, service and office space. For the purposes of this study, restaurants, fast food restaurants, banks, shopping centres, automotive retail and associated storage uses have all been combined with retail and personal service uses. Restaurants also include convention / banquet space, pubs, nightclubs, beer parlours, lounges and cabarets. It is noted that ground floor commercial space uses are interchangeable between retail / personal service, and office or restaurant uses, while most often upper storey space is generally confined to office uses and occasional restaurant uses. Accommodation uses (hotels / motels) are not part of this study, although commercial uses such as restaurants, bars and retail spaces within hotels have been included.

### **Study Methodology**

This Commercial Land Use Policy Review project began in February 2002 and has been conducted by in-house planning staff.

Staff have reported to the Urban Centre Implementation Committee (UCIC) and used their direction and input to guide the study. Initial research and data were presented to the UCIC in April 2002. The preliminary data analysis and policy recommendations were presented to the UCIC in October 2002.

Public input was obtained through random-sample surveys (questions included in the annual City of Kelowna Citizen Survey) distributed during the summer of 2002. A draft was circulated to key stakeholders in January, 2003. A public Open House was held on February 20, 2003.

In addition, there were a number of UCIC meetings in 2003 and early 2004 at which the Urban Development Institute was invited to discuss their concerns directly with the Committee.

## **2. Factors Influencing Commercial Space Needs**

There are many factors influencing commercial space needs. First and foremost, are local and regional population growth and other demographic trends. Generally, the greater the population the greater is the demand for commercial services. Demographic and economic conditions such as household income, types of jobs in the market, state of the economy, value of the Canadian dollar, tourist volumes, technological changes and consumer preferences also influence commercial needs. The purpose of this section is to assess how each of these influences may impact Kelowna's future commercial needs.

### **Population Growth**

The 2001 Census population for the Central Okanagan of 147,739 is considered as the primary trading area for retail facilities in the City of Kelowna. A primary trading area is generally defined as the area from which commercial uses will attract 80 – 90% of their business. The North Okanagan Regional District (population - 73,227), and the Regional District of Okanagan Similkameen (population - 76,645), could be considered as a secondary trading area. The total population for the Okanagan Valley (including the cities of Kelowna, Vernon and Penticton) is 297,601 people (2001 Census).

The population of the City is expected to grow from 96,288 to 153,222 by the end of 2020, while the regional population is expected to grow to from 147,739 to 234,500 in the same time frame. Population in the Okanagan Valley is anticipated to increase to approximately 450,000 by 2020.

### **Demographics**

The age distribution of the local population also influences spending habits. Typically those between 20 and 45 wield the greatest influence on the retail sector. Those between 20 and 45 are either just starting out, and need to buy almost everything, or are continuing to provide for themselves and their children. This age group has held a relatively constant share of the total City and Regional population since 1981 and is expected to represent, over the next 20 years on average, approximately 32% of the total population.

Consumer goods expenditures among those over 45 will likely continue to be less than that of the younger cohorts. These people have most likely already acquired the things they need and their children will require less support. Their expenditures will most likely focus on services as opposed to consumer products. As the 45 to 64 year old group increases from 24% today to 28% in 2020, it is expected that the "service" component of the commercial sector will become more pronounced.

While needing to acquire consumer products, those 19 and under do not necessarily have the income to support their needs. Most of the buying power for consumer products catering to this age group is wielded by parents, although there is spending on entertainment, often afforded by part time jobs. Nonetheless, the income of this age group tends to be mostly "disposable income", given that shelter and food costs are borne by their parents. The age groups 19 and

under have seen steady decline in the share of the total City and Regional population. This trend is expected to continue with reduction from the current 24% to 20% by 2020.

The age groups over 65 have increased steadily since 1981, however, these groups tend to have accumulated the accoutrements of life and their financial means may be more limited by a fixed income. Discretionary spending among those 65+ often focuses on pursuits such as travel, recreation and hobbies, as opposed to consumer goods. Some of these other pursuits can, however, have implications on commercial space needs.

Given that the younger population in Kelowna is decreasing gradually over time and that Kelowna continues to attract a larger share of elderly, retired people, the overall household expenditure on consumer goods is likely to decline in future years, but there may be increasing demand for services. However, because ground floor commercial space can be used by both retail and personal service uses there may not be much difference in total commercial floor space needs related to any shift towards more services resulting from an aging population. An aging population may require more services in the future but also as mobility challenges increase there may be a need for these types of services to be located closer to where people live. Conversely, there may be a need for more seniors' housing in areas where retail and personal services are readily available. A focus on attracting a mix of housing and commercial services in designated Urban Centres, as provided for in the OCP, would help address needs resulting from these trends.

Household sizes are generally decreasing and are already low compared to other cities. This may point to a future reduced need to buy large volumes of food and other goods at any given time, which could have implications on those retailers marketing from "big box" warehouse type stores that rely on volume sales.

Appendix 3 provides demographic details on trading area population, distribution of population by sector as of 2001 and projected to 2020, as well as age distribution trends for both the Regional District of Central Okanagan and the City of Kelowna.

## **"E" Commerce**

Recent information on national trends indicates that electronic commerce represents ½ of 1% of total sales. While privacy and security are the primary issues, the lack of a social aspect and the inability to "touch, feel and smell" an on-line product have also contributed to less than anticipated growth in the "e" commerce sector. Given the potential for untaxed sales, there may be moves toward user fees and taxes that could impact the growth of this market segment. Although online shopping has the potential to reduce the need for retail space, particularly associated storage, the impact to Kelowna may be minimal given the low market share and expected slow growth of this sector. It is not anticipated that there will be a major increase in online shopping for many years.



## **Tele-commuting**

The interest in tele-commuting is driven by community desire to reduce trips / air pollution, corporate desire to improve productivity, personal desire to reduce stress, and the rapid proliferation and acceptance of electronic communication in the business community. Historically this activity has represented a very small portion of the work force, primarily because it was not part of the standard business institution. The opportunity for growth in this area is generally in very large companies and tends to be in big cities where commuting times are longer and office space costs higher than they are in Kelowna.

Although it is unlikely that many local firms will have employees working from home, tele-commuting may happen on a more regional level. New residents may choose to live in Kelowna while working for firms whose head offices are located in larger cities. This trend may result in demand for small local office spaces or for more home-based businesses.

## **Home-based Business**

Although there may be some perceived disadvantages to home-based businesses (competition, traffic, unsightly premises, and strangers) these may be outweighed by the advantages (eyes on the street, reduced travel demand, parenting opportunities, incubator for business). Kelowna is perceived as being an entrepreneurial community. In reality, self employment numbers for Kelowna closely reflect provincial averages (7.6% of the population is self-employed compared to the provincial average of 7.5%). Many of those starting businesses choose to start “small” to minimize initial expenses. One way to do this is to operate a home-based business. The incubator function of home-based businesses may allow businesses to start up small and as they out-grow the home and compatibility within a neighbourhood they may become stronger members of the commercial community in terms of demand for commercial floor space, as well as payment of commercial taxes. (Home-based businesses pay a commercial tax rate on that portion of the dwelling / accessory buildings used for commercial purposes). These businesses are often service or office oriented uses that could marginally increase the future need for retail / personal service and office commercial floor space.

## **Economic Conditions**

The state of the national and provincial economy and the value of the Canadian dollar impact the business and investment climate, which in turn impacts the ability of local businesses to continue to operate and provide jobs and income to local residents. If economic conditions are favourable, more people will be encouraged to start businesses and employ other people, who then spend their earnings buying consumer goods and services that support other local businesses. A scenario where economic conditions cause businesses to close has the opposite effect. More business and more jobs mean more money circulating in the community to support other businesses and vice versa. The long-term impact of these economic conditions is an unknown, although historically the Kelowna area has been somewhat insulated from national and provincial trends due to the relative attractiveness of the community, particularly for retirement.

## **Norms**

Office space needs are influenced not just by total economic activity, but also by the norms and practices involved in responding to that economic activity. During the course of 2002, Canada experienced overall economic and employment growth, yet, at the same time, office vacancies generally increased. Experts in the field have hypothesized that one reason for this has been the trend towards smaller office spaces. On a December 2<sup>nd</sup>, 2002 CTV News Net broadcast, a commercial real estate specialist was quoted as saying that space per worker had come down from 19-20 m<sup>2</sup> (200-220 sq. ft.) a few years ago to a typical 6-7 m<sup>2</sup> (60-80 sq. ft.) today. This trend was also cited in the December 2002 issue of BC Business magazine (p. 13), where it was noted that cubicles are shrinking from a typical 2.4 m x 2.4 m (8 ft. x 8 ft.) configuration to 1.8 m x 1.8 m (6 ft x 6 ft) arrangements. Private offices were cited as shrinking from 3.0 m x 3.7 m (10 ft. x 12 ft.) to 2.7 m x 2.7 m (9 ft. x 9 ft.). With smaller offices, the City will need less office space.

As noted earlier, the Kelowna per capita office space, based on a regional population of approximately 148,000, is 1.7 m<sup>2</sup> (18.7 sq. ft.). The 2000 per capita office floor space for the Greater Vancouver Regional District was 2.0 m<sup>2</sup> (21.8 sq. ft.).<sup>(2)</sup>

## **Income**

Household income is directly related to the number and types of jobs held by individual household members. In Kelowna, a large portion of jobs are retail / service oriented minimum wage and/or part time seasonal as opposed to technical or skilled jobs commanding higher wages. In 1981, the regional labour force split was 33.5% goods producing and 66.5% service activities. By 1996, the regional labour force split was 26 % goods producing and 74 % service activities. According to the Financial Post – 2002 Canadian Demographics – the Central Okanagan 2003 estimated average household income is \$51,400 and the per capita income is \$20,800. This average is 7 % below the national average. The estimated average disposable household income is \$39,300. Financial Post comparisons of 2003 estimated per capita income, average household income, and disposable household income between the Central Okanagan and other BC regional centres is provided in Appendix 4. It is anticipated that household income in general will increase over time in tune with inflation, but that Kelowna will remain roughly in the same position in the national rankings.

## **Retail Sales**

Interestingly enough, despite Kelowna's lower than average income, the 2003 estimate of retail sales per household for the Central Okanagan was 19% higher than the national average, which likely results from the Central Okanagan, and Kelowna in particular, fulfilling the role of a regional centre for a large trading area. Financial Post comparison of 2003 estimated retail sales between the Central Okanagan and other BC regional centres is provided in Appendix 4.

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(2) **Source:** "GVRD Office Market Supply, Demand and Spatial Distribution", Royal LePage Advisors Inc. December 2001 and Statistics Canada (2001 Census).

Retail sales per household in other regional centres exceeded national averages even more so than Kelowna, presumably because of larger average household and per capita incomes. It is anticipated that Kelowna will remain as the regional centre for the Central Okanagan and beyond, and that total retail sales will continue to reflect that role. Retail sales are perceived as a driving force in the local economy, however, “retail is absolutely dependent upon the condition of the local economy. It does not create wealth but absorbs wealth. A vibrant, dynamic retail sector is not the cause of a strong local economy, but the result of it”.<sup>(3)</sup>

## **Household Expenditures**

On a national basis, household expenditures (\$) for durable goods, semi-durable goods and non-durable goods, between 1986 and 1997 showed minor annual increases for a total increase of approximately 33%, including adjustments for inflation. However, national household expenditures (\$), including adjustments for inflation, for services increased by about 90% over this same time frame. (*Source: 1998 State of the Industry Report, Retail Council of Canada*) This move towards increased spending on services is expected to have occurred to at least the same extent in Kelowna. The attractiveness of Kelowna as a retirement centre and the general aging of our population both suggest a focus on the service sector. The validity of these assumptions is boosted by statistics that reveal that an increasing percentage of our labour force is employed in service industries as opposed to goods producing activities. Data from the 2001 Census indicates that 78.9% of the Kelowna labour force was in the retail / service sector: comprised of 4.2% transportation / communication, 17.1% wholesale / retail, 36.5% services, and 21.1% government / health / education services. In 1981 the percentage of the labour force in the retail / service sector was 66.5%, and in 1991 the percentage was 72.7%.

## **Summary**

It is difficult to predict the nature of future commercial space. Commercial floor space changes format more quickly and dramatically than other types of urban land uses.

Demographics and market trends will have a dramatic, and to a certain extent, unpredictable impact. To the extent that changes can be foreseen, it is expected that population growth will likely continue to be the major determinant of future commercial needs. Demographic trends could have a strong bearing on the types and locations of future commercial facilities. However, commercial development is somewhat predatory in nature and does not so much follow the market as attempt to create a market. Historically, land use planning has tended to be more reactive than proactive with respect to commercial development. A higher than average retail sales estimate points to Kelowna's strong position as a regional centre, although some diversification to other Urban Centres in Lake Country and Westbank should be encouraged in support of regional TDM objectives. Future trends such as “e” commerce and tele-commuting will not likely be of significance for quite some time.

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(3) **Source:** Fruth, W. H., “The Flow of Money and Its Impact on Local Economy”, National Association of Industrial and Office Properties, February 2000.

### 3. Commercial Space Inventory

To assess whether Kelowna's commercial inventory reflects the City's policy objectives, it is important to know how much and what type of floor space exists.

#### Total Inventory

The current inventory of commercial floor space in Kelowna is approximately 10 million square feet, based on BC Assessment Authority records as of December 2001 (Appendix 5).

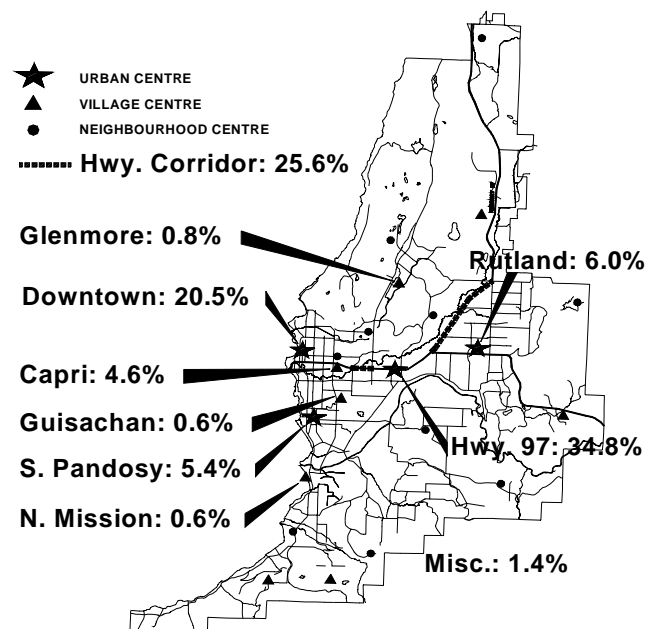
The total per capita commercial floor space in Kelowna is approximately 9.7 m<sup>2</sup> (104 sq. ft.). The retail / personal service component accounts for 7 m<sup>2</sup> (75 sq. ft.) and the office component accounts for 2.7 m<sup>2</sup> (29 sq. ft.) of that total. While this figure seems high it should be remembered that Kelowna serves the function of a regional centre for the Central Okanagan and beyond. Using the regional population of approximately 148,000, the total per capita floor space would be approximately 6.3 m<sup>2</sup> (68 sq. ft.), comprised of 4.6 m<sup>2</sup> (46.3 sq. ft.) of retail / personal service and 1.7 m<sup>2</sup> (18.7 sq. ft.) of office uses. The per capita figures based on the regional population more closely resemble national averages. <sup>(4)</sup>

In determining future floor space needs, the estimated existing vacancy of 76,976 m<sup>2</sup> (765,000 sq. ft.) should be taken into consideration. See Appendix 6 for details on vacancy by Urban Centre or by Type.

#### Distribution of Commercial Space

Approximately 32% of the commercial floor space is located in the Urban Centres of Downtown, Rutland and South Pandosy. The Highway 97 / Springfield Urban Centre contains another 35% while the remainder of the highway corridor contains approximately 25%. The remaining commercial floor space of approximately 8% is located within Urban Villages or other small neighbourhood areas. (See Appendix 5 for more details)

#### **Total Commercial Floor Space Inventory by Urban Centre**



(4) It should be acknowledged that there is an unknown supply of commercial space immediately outside Kelowna, which if added to Kelowna's inventory would somewhat increase the regional per capita supply of commercial space.

## **Types of Commercial Space**

Retail and personal service uses account for approximately 73% of the commercial inventory. Office space accounts for the other 27%. As noted earlier, for the purposes of this study, restaurants, fast food restaurants, banks, shopping centres and associated storage have all been grouped with retail and personal service uses. Restaurants also include convention / banquet space, pubs, nightclubs, beer parlours, lounges and cabarets. It is noted that ground floor commercial space uses are often interchangeable between retail/personal service, and office or restaurant uses, while most often upper storey space is generally confined to office uses and occasional restaurant uses. Some 52,953 m<sup>2</sup> (570,000 sq. ft.) of retail space (17%) is “big box” type stores, not including large stores in a mall setting. Big box stores account for less than 6% of the total commercial floor space. Accommodation uses (hotels/motels etc.) are not part of this study (See Appendix 5 for more details).

Typically, service commercial and personal service uses account for 25% of commercial floor space. Assuming this holds true for Kelowna the pure retail space estimate for Kelowna would be approximately 48 – 50% of the total floor space or approximately 4.9 million square feet. Using the regional population of 148,000 (2001 Census) the per capita retail floor space would be approximately 3.1 m<sup>2</sup> (33 sq. ft). The national average per capita retail floor space is 2.8 m<sup>2</sup> (30 sq. ft).<sup>(5)</sup> It would seem reasonable that the average per capita retail floor space for Kelowna could be higher than the national average given Kelowna’s role as not only a regional centre but also a tourist destination.

### **Zoning Bylaw 8000 Definitions:**

**Retail services** are defined as uses where goods, merchandise and other materials are offered for sale to the general public and include limited on-site storage or limited seasonal outdoor sales to support store operations. For the purpose of this study, retail also includes bank and restaurant uses.

**Personal services** are defined as uses that provide services to individuals relating to the care and appearance of the body or the cleaning and repair of personal effects, excluding health services.

**Offices** are defined as uses that provide professional management, administrative, clerical, consulting or financial services (except banking) in an office setting and would include uses such as insurance, real estate and professional offices for accountants, consultants and lawyers etc. For the purpose of this study office also includes medical and dental services.

**Service commercial** is defined as uses where goods, merchandise or other good materials are offered for sale at retail to the general public and require extensive outdoor storage and/or processing, manufacturing or repairing goods sold on site. For the purpose of this study service commercial also includes goods offered for sale at wholesale or the provision of services to business and automotive sales, service and repair.

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(5) Dr. K. Jones, “Retail Trends in Canada: 2003”, Centre for the Study of Commercial Activity, Ryerson University, January 2003.

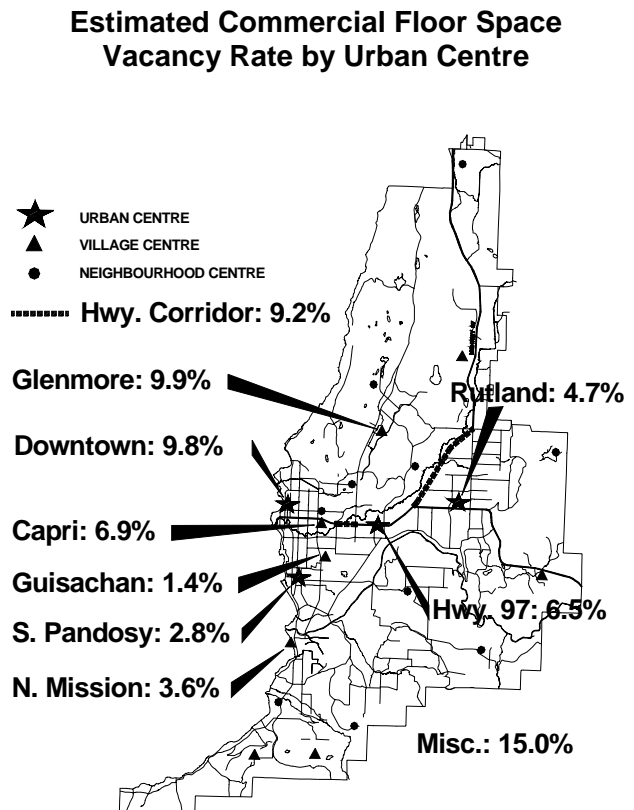
## Vacancies

Vacant space was estimated through field surveys conducted through the spring and summer of 2002. Vacant floor space in the City, as a whole, is estimated at 70,976 m<sup>2</sup> (764,000 sq. ft.) or approximately 8%. There are currently no vacancies within the “big box” category of retail space. The remaining inventory of retail/personal service space is currently experiencing vacancy rates of approximately 6%. Office space vacancies are in the order of 8%.

Within the Downtown and the Highway 97 / Springfield Urban Centres the estimated vacancy is 10% and 7% respectively. The Rutland Town Centre has a 5% vacancy rate and South Pandosy Town Centre a 3% vacancy rate. The Highway 97 corridor has a vacancy of 9%. The Capri Village Centre has a vacancy rate of 4%. The Guisachan, North Mission and Glenmore commercial areas all have vacancy rates of 1% or less.

When looking at only that portion of the commercial inventory that has been estimated as vacant, the retail/personal service component accounts for approximately 55% of the vacancy while the office component accounts for approximately 45% of the vacancy. A substantial portion of the vacant office component is located in the Landmark Square buildings. Summary tables of vacant space inventories are provided in Appendix 6.

Although 100% occupancy is not likely to ever be achieved, vacancy rates will fluctuate depending on influx of new construction and absorption rates. Lower quality space in older buildings, some with poor access and visibility, will be more difficult to lease while newer developments will be perceived as more desirable regardless of location.

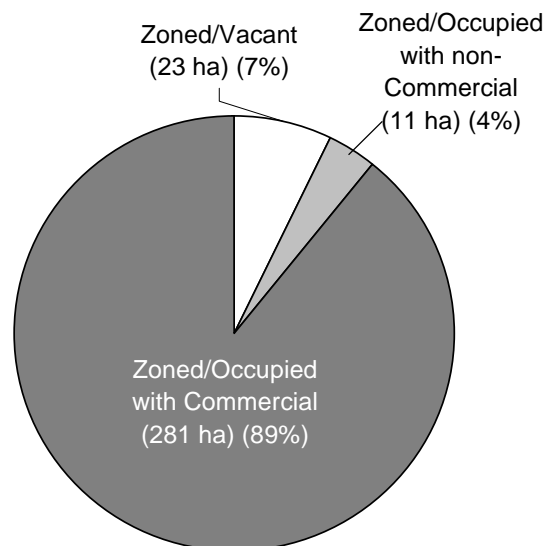


## **Zoning**

Of the total of 316 ha (780 acres) of commercially zoned land, 46% has Town Centre / Downtown / Regional Commercial zoning and 33% has zoning for Service Commercial uses. Land Use Contracts and Comprehensive Development Projects account for 6% of lands with permitted commercial uses, while the remaining local, neighbourhood, community, and tourism commercial zoning account for the balance of 15%. A table of current commercial zoning by type and land area is located in Appendix 7, and a map showing current commercial zoning is provided in Appendix 8.

Within the City there are approximately 315 ha (780 acres) of land currently zoned for commercial use. Of that base amount, approximately 281 ha (694 acres) are zoned for and occupied by commercial uses. Approximately 11 ha (28 acres) are zoned for commercial use but occupied by non-commercial uses. Another 23 ha (58 acres) are zoned for commercial use but are vacant (See Figure 1).

**Figure 1: Land Zoned for Commercial Uses**



## **4. Commercial Space Projections**

To ensure that future commercial needs can be met in a fashion that supports OCP objectives it is critical to determine what future needs will be. Section 2 identified some influences on those needs. This section summarizes the projections resulting from an analysis of the influences identified earlier.

### **Projection Methodology**

Three different models were used to project future commercial needs. All models assumed that population growth would be the main influence on future needs and that future growth patterns would resemble those of the past. Other influences tend to be based on national and international forces that have unknown or less measurable influence on the local economy. One of the scenarios modeled used the existing and projected regional population base compared to the City commercial inventory in recognition that the City of Kelowna commercial uses do provide service to a larger regional market and will likely continue to do so in the future. The results from the three models were averaged to provide an overall estimate for future commercial growth.

The first projection is based upon an assumption that future commercial space in Kelowna will increase in relationship to growth of the Regional District population. Under this scenario, it is assumed that per capita commercial space will in future years be maintained at today's rates.

The second projection assumes that future commercial space will increase in relationship only to the growth of Kelowna's population. It is assumed that the commercial space per capita manifest today will extend to 2020.

The third projection assumes that commercial space will increase in relationship, not to the total population, but in relationship to the new population. A trend model of the RDCO population growth from 1991 – 2001 and the actual growth in commercial floor space within Kelowna for that same time period was used to determine the effect of population growth on new commercial space. The ratio obtained was then applied to projected population growth in order to estimate commercial needs for the next twenty years.

### **Projected Commercial Space Needs**

The three methods generate different projections. Rather than select one method as being the most appropriate, retail/service commercial/office growth projections were generated by averaging the results of all three potential growth scenarios over the 20-year planning horizon from 2001 to 2021, in five year increments. Kelowna has used this approach to commercial space projections since 1993, and this technique has proven reasonably accurate, so it is felt that for the purposes of this study that this would be an appropriate method to, in a general way, forecast future demands.



The summary tables that outline the comparison of each of the three scenarios, including the averages for both the retail / service commercial and office commercial components are provided in Appendix 9.

The projections suggest a need for approximately 530,460 m<sup>2</sup> (5,710,000 sq. ft.) of retail / personal service and office floor space over the next 20 years. That amount of additional floor space would be over one half of the current total inventory. The projections suggest that 75% of new floor space would be retail / personal service and 25% would be office, similar to the existing distribution of 73% retail / personal service and 27% office.

### **Projected Commercial Land Needs**

Applying a specific floor area ratio <sup>(6)</sup> (FAR) to the projected commercial needs (as expressed above in square metres), provides a figure for the amount of land necessary to accommodate commercial growth. Based on an assumed floor area ratio of 1.0 there would be a need for 13 ha (33 acres) for office commercial growth over the next 20 years. Based on an assumed floor area ratio of .25, which is typical of older existing development, there would be a need for 159 ha (392 acres) for retail/service commercial growth over the next 20 years. This would represent an area roughly the size of eight Orchard Park Shopping Centres. In reality, however, land needs are expected to be much less. A floor area ratio of .25 could be considered as a worst case scenario where development is low intensity with a large land area devoted to access, circulation and parking. A more intense use of land at a floor area ratio of .5, which is more typical of current development trends, would require 79 ha (196 acres) of land. The projected commercial land needs assessment assumes that new commercial space is entirely on currently undeveloped land, as opposed to more intensively developing under-utilized land.

Increased density would help preserve land and reduce sprawl. The Official Community Plan encourages redevelopment and more intensive use of existing commercial sites. Many commercial properties are developed at densities below those permitted under current zoning regulations. By rebuilding or expanding on such sites it should be possible to meet much of the future commercial need while minimizing land consumption.

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(6) **Definition of Floor Area Ratio (FAR)**

The numerical value of the net floor area on all levels of all buildings and structures on a lot, divided by the area of the lot.

## **5. Policy Framework**

The previous section identified Kelowna's likely future commercial needs. This section identifies the policies that direct how those needs will be met.

### **Strategic Plan (1992)**

The 1992 Strategic Plan established community goals and objectives based on public input. The community views that relate to the Commercial Land Use Policy Review were as follows:

- The concept of compact urban form was widely viewed as an appropriate community objective.
- There was overall support for the Urban Centre concept.
- There was support for directing future commercial development to specific areas, rather than allowing more strip development along major roads.

### **Official Community Plan (1995)**

The Strategic Plan provided the foundation for the 1995 Official Community Plan (OCP). In turn, the general objectives and growth management policies of the OCP update of 2002 (Bylaw 7600) are derived from the 1992 Strategic Plan and the 1995 OCP. The City's current OCP (Bylaw 7600) contains policies intended to fulfill community objectives relating to the preservation of our environment, protection of farmland from urban encroachment, implementation of transportation demand management (TDM),<sup>(7)</sup> and efficient use of existing infrastructure. Some of the more widely applicable commercial policies are paraphrased below:

- Direct commercial development to areas designated for commercial, in particular to Urban Centres / Villages
- Direct office buildings over 929 m<sup>2</sup> (10,000 sq. ft.) to the City Centre or Town Centres
- Direct large scale commercial (big box) to a short list of specific areas

A more complete list of relevant OCP policies is provided in Appendix 10.

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#### **(7) Definition of TDM**

Transportation Demand Management (TDM) is a set of actions aimed at reducing numbers of single occupant vehicle trips, changing timing of vehicle trips to off-peak hours, and promoting "alternative" modes of transportation (cycling, walking, carpooling, transit use) in order to use transportation infrastructure more effectively, lessen environmental impacts and achieve other community benefits.

The OCP growth management strategy is intended to reinforce the above noted policies. The growth management strategy focuses on creating strong Urban Centres and a compact urban form, within which higher density and a greater mix of uses contribute to preservation of the environment and farmland as well as maximizing the use of existing infrastructure. Strong Urban Centres and a compact urban form assist in promoting TDM by creating a compact area in which to focus capital resources for transit, pedestrian and cycling facilities. This in turn has a positive impact on air quality. Appendix 11 contains additional data and tables on transportation related issues.

## **Zoning Bylaw**

The City of Kelowna Zoning Bylaw (8000) is intended to build on the direction of the OCP. The various commercial, industrial and residential zones apply to specific sites or areas of the City and these zones include requirements not only for the types of permitted uses but also other development requirements such as density, site coverage, setbacks and parking. With respect to commercial zoning, these requirements generally provide for increased density, increased site coverage, and reduced parking in and around areas shown in the OCP as being the focus of more intensive development (such as the Urban Centres and Urban Villages).

## **Sector Plans**

### **South Pandosy / K.L.O. Sector Plan (1997)**

The South Pandosy / K.L.O. Sector Plan provides for densification of dwelling units, jobs, as well as, provision of goods and services within the South Pandosy Urban Centre. A tourism-oriented Village Centre is provided for in the area adjacent to Lake Okanagan within the southwest part of the Sector Plan area. All new housing is forecast to be at multiple unit densities.

### **Rutland Sector Plan (1997)**

The Rutland Sector Plan supports the densification of residential development in and adjacent to the Rutland Urban Centre in the form of low and medium density multiple unit development, as well as mixed use commercial/residential projects in the commercial core. Urban Centre re-development, plus a transportation network that emphasizes the secondary road network, is intended to establish a more pedestrian and transit friendly community.

### **Highway 97 / Springfield Charette (1998)**

The Charette obtained industry and community ideas for urban designs that could reconcile the Centre's role in economic development (which has recently taken precedence over the area's physical and spatial qualities) with the need for quality social and community experiences.

### **Agriculture Plan (1998)**

The Agriculture Plan considers issues relating to agricultural viability and the urban / rural relationship, from the perspective of the municipal mandate. The Agriculture Plan provides a framework to guide future activities in and adjacent to rural / agricultural areas, as a refinement to the level of direction provided by the OCP. The Agriculture Plan is intended to reinforce OCP objectives of compact urban form and minimizing impacts to farmland, by establishing an urban – rural / agricultural boundary, directing urban uses to the urban side of that boundary and emphasizing the use of buffers to protect farmland. The Agriculture Plan also focuses on the civic role in agricultural enhancement.

### **Downtown Plan (2000)**

The Kelowna Downtown Plan is a comprehensive framework of policies and initiatives that affirms the OCP land use direction and provides more specific direction aimed at the social and economic rejuvenation of Kelowna's Central Business District. The Plan builds on Downtown's existing positive attributes to shape a vision of Downtown as a diverse and vibrant, pedestrian-friendly environment and specifically identifies a need to attract more businesses to the core, and in particular to areas such as Leon and Lawrence Avenues. The Downtown Plan also includes a focus on generating residential development above new or existing commercial uses to foster increased resident support of businesses.

### **Cultural District Implementation Strategy and Marketing Plan (2000)**

The Cultural District Implementation Strategy and Marketing Plan is a framework of initiatives to direct the development and marketing of Kelowna's Cultural District. Primarily, it aims to nurture and promote the community's cultural resources. Additionally, by presenting a coordinated approach to the District, the Implementation Strategy and Marketing Plan is intended to foster commitment and cohesion among Cultural District landowners and stakeholders. The Plan includes an assessment of the District's opportunities and constraints, as well as recommendations for organizational structures, funding strategies, and appropriate physical improvements.

### **Intended Benefits of Policy Direction**

Concentration of housing, employment, shopping, restaurants, personal services and recreation opportunities in a central location helps create a strong core that can in turn attract spin-off businesses (e.g. office buildings will contain employees looking for places to eat lunch, which may trigger the establishment of a restaurant). Housing in particular provides market support for local businesses and fulfills other civic objectives with respect to TDM and providing a range of housing and lifestyle choices.

A central location provides a focus where a large number of people can conveniently access services and combine trips for several purposes, including people with financial, health or mobility limitations. These areas therefore become logical areas on which to focus transportation upgrades (pedestrian sidewalks / paths, bicycle lanes / paths, transit). Location of housing and businesses within the Urban Centres and improvements in sidewalks, bicycle lanes, and transit will encourage more people to leave their vehicles at home, which will have positive benefits to the City as a whole. Fostering such benefits is an important focus of the OCP and the City's transportation strategy.

A continued focus on compact urban form will help reduce future impact on limited environmental and agricultural resources. By concentrating development in urban areas there will be less need to build in areas that are environmentally sensitive, thus allowing those areas to be preserved for future generations. Similarly, concentrated development will reduce the potential conflict with farm businesses and allow farmers to continue to operate in an environment without the pressure of urban encroachment, neighbour complaints and land speculation.

Compact urban form also contributes to more efficient use or replacement/upgrades of existing infrastructure. The cost of sanitary sewer pipe, storm drainage, water pipes, and roads (including curb, gutter and sidewalk) is a function of the length of those installations. The greater the length of the installation, the greater the cost. The amount of pipe and road per household or business generally decreases as the concentration of housing and businesses increases. Not only does the overall cost go down, but per unit cost of those services is also reduced (i.e. a greater number of people are sharing the cost to provide the services).

Other benefits to encouraging development of Urban Centres include the ability to focus capital resources where they impact a large portion of the community. These capital resources would be for, in addition to infrastructure, such things as parks and public spaces, beautification and streetscape improvements, public art, linear paths etc.

## 6. OCP Commercial Space Provisions

Of all the documents identified in the previous section, the Official Community Plan provides the most detailed and comprehensive policy direction regarding commercial facilities. The Generalized Future Land Use map of the OCP identifies areas that are currently zoned and/or occupied by commercial uses (and intended to remain as such in the future), as well as those areas where future commercial development will be allowed on currently non-commercial sites.

### Total Potential

The Future Land Use map of the OCP designates approximately 360 ha (892 acres), excluding current hotel / motel sites, for commercial land uses. This designation encompasses existing commercial development and potential future development. (The existing hotel / motel development has been removed from the designated land base because these specific uses are not part of this discussion.) The total commercial potential is therefore 360 ha (892 acres). The 360 ha will provide three different types of opportunities. First, there is land that is vacant. Second, there is land available for commercial use but currently being used for other purposes. Third, there is land being used for commercial purposes but not to the extent possible. Each of these types of opportunities is dealt with in greater detail in **Table 1**, which outlines commercial floor space potential by Urban Centre and along the Highway 97 Corridor, based on the assumption that these lands could be developed at an FAR of .5, except Downtown which could develop at a FAR of 2.5.

**Table 1 – Development Potential (Floor Space)**

Area	Vacant Land		Redevelopment		Under - Utilized		Total Potential	
	m <sup>2</sup>	Sq. Ft.	m <sup>2</sup>	Sq. Ft.	m <sup>2</sup>	Sq. Ft.	m <sup>2</sup>	Sq. Ft.
<b>Highway Corridor</b>	36,400	392,000	19,000	205,000	5,650	61,000	61,050	658,000
<b>Highway Urban Centre</b>	35,300	380,000	34,400	370,000	45,600	491,000	115,300	1,241,000
<b>City Centre</b>	26,000	282,000	50,500	543,000	276,000	2,970,000	352,500	3,795,000
<b>Rutland Town Centre</b>	10,000	108,000	20,200	217,000	24,000	258,000	54,200	583,000
<b>Pandosy Town Centre</b>	4,000	43,000	22,200	239,000	5,500	59,000	31,700	341,000
<b>Village Centres</b>	4,850	52,000	20,600	222,000	4,475	48,000	29,925	322,000
<b>Total</b>	<b>116,550</b>	<b>1,257,000</b>	<b>166,900</b>	<b>1,796,000</b>	<b>361,225</b>	<b>3,887,000</b>	<b>644,675</b>	<b>6,940,000</b>

## **Vacant Land Potential**

The total potential of 360 ha includes 23 ha (58 acres) of land that is zoned for commercial uses but currently vacant. This land area, as indicated in Section 5 of Appendix 12, includes CD zones, Land Use Contracts and non-accommodation uses within the C9 zone but excludes existing hotel / motel units. Section 10 of Appendix 12 provides a partial account of commercial zoned vacant land by Urban Centre. (See Table 1)

## **Redevelopment Potential** (Non Commercial Uses Becoming Commercial)

There are 22 ha (54 acres) of land designated for future commercial development but not currently zoned for commercial uses and 11 ha (28 acres) of land zoned but occupied by non-commercial uses. The combined total of these lands is 33 ha (82 acres). This land area, as indicated in Sections 4 & 6 of Appendix 12, includes CD zones, Land Use Contracts and non-accommodation uses within the C9 zone but excludes existing hotel / motel units. Section 9 & 11 of Appendix 12 provides a partial account of commercial zoned land occupied by non-commercial uses and designated but not zoned land, by Urban Centre. (See Table 1)

## **Potential for More Intensive Commercial Use** (Under-utilized Land)

The OCP assumes that future commercial development will take place primarily in the Urban Centres. Some of that development would have to be in the form of increased density in existing commercial areas, given that much of the land in these areas is already occupied. That means that existing development would have to be demolished in favour of larger and higher buildings. Alternatively, existing buildings would have to be converted to allow additional development above the ground floor. Development on the second storey or higher would most likely be office related / service uses not necessarily dependant on ground level access. Given the growth expected in the service sector, there may be greater future demand for such space than has been demonstrated in past years. (See Table 1)

## **Total Potential by Urban Centre**

In estimating commercial floor space potential, it was assumed that sites would eventually develop to half the potential permitted under prevailing zoning (in other words, if an FAR of 4 is permitted, it is assumed that the parcel can develop to at least an FAR of 2). This should result in a fairly conservative estimate of redevelopment potential. This conservative method of calculating potential accounts for the likely use of some commercial capacity for other uses such as structured parking or residential units. It should also be noted that this assumption reflects current development trends. It was assumed that existing shopping malls would not redevelop within the 20 year time horizon, so any land occupied with this use was not included in the estimate of redevelopment potential. It should be noted that some of these malls, particularly along Highway 97 and in South Pandosy or Rutland have extensive parking lots. As Urban Centre population densities increase in the future, and alternative transportation is more widely used, there may be additional opportunities for infill on these sites. Infill development would be supported by current OCP policy and could provide an opportunity for further increasing commercial space within existing Urban Centres. (See Table 1)

### Highway Corridor

In determining how much space is provided for through the OCP Future Land Use designation, the limited potential for density increases on existing developed sites along the Highway corridor (outside the Highway Centre) needs to be considered. The Urban Centres have greater potential for density increases because the current zoning allows for a greater floor area ratio and reduced parking requirements. These considerations have led to the policies in the OCP that direct commercial development to Urban Centres in general, and in some cases to Centres other than the Highway Centre.

The Highway Corridor <sup>(8)</sup> is retail oriented, with large parking lots and visibility to passing automobiles, however there are more service commercial / automobile related uses along the Highway outside the Highway Centre. There are some sites along the Highway Corridor developed at a low density that present an opportunity for redevelopment to more intensive uses, particularly in the area north of Highway 33.

### Highway 97/Springfield Urban Centre

The Highway Centre <sup>(9)</sup> tends to be very retail oriented, with large parking lots and high visibility to passing automobiles. While the potential to create multi-storey development through redevelopment of existing sites is possible, it seems somewhat unlikely given the cost of such renovations, downtime from the market and limited need for more office development in this area. Continuing development in the Highway Centre will be on a combination of vacant land, redevelopment land and under-utilized land.

### City Centre

One of the areas with the most significant potential for increased density is Downtown, particularly the west end of Lawrence and Leon Avenues. The C7 zoning that applies to the Central Business District currently allows up to six storeys along Bernard Avenue west of Pandosy Street and along Abbott Street. In the remainder of the Downtown area the C7 zone allows up to twelve storeys. Much of the existing development in the Downtown area is considerably less than six storeys. Estimated potential does not include sites with heritage buildings on the Heritage Register. Some of that increased potential would no doubt be used for structured parking and / or residential uses. Estimates also include land in the Ellis / St. Paul Street area occupied by non-commercial uses, vacant or designated but not zoned that would be considered available for future commercial development within the City Centre.

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(8) The **Highway Corridor** is defined as lands along Harvey Avenue / Highway 97, including Springfield, between Burtch Road and Sexsmith Road, with the exception of the Highway Centre.

(9) The **Highway Centre** is defined as lands between the existing railway tracks on the north, including Enterprise Way, to the south side of Springfield Road and from Spall / Ambrosi Roads on the west to Highway 33 on the east. (See Appendix 1)



### Rutland Town Centre

Rutland in particular is developed at a very low density, with numerous vacant or under-utilized sites, and an abundance of parking. Some areas contain older single storey buildings that could be demolished to construct new multi-storey development, if there were a market for such intensification. The C4 zoning that applies to Rutland currently allows up to four (4) storeys. Much of the Rutland area is considerably less than four storeys.

### South Pandosy Town Centre

A good deal of the development in South Pandosy is relatively new, at least in terms of façade improvements, which would indicate that more investment in densification in this area may be further away in time. Recent improvements to the streetscape may generate interest in upgrading existing buildings to keep pace with improved appearance in the area. There are some under-utilized sites that should be considered opportunities for redevelopment in the future.

### Village Centres

#### *Capri/Guisachan*

Village Centres such as Capri and Guisachan have limited potential for future development because these areas are generally already well served and there is minimal land base on which to expand, although there is development on some lands in the Sutherland Avenue area that could be intensified. There is no land identified for expansion at the Guisachan Centre. It is not expected that future population growth in the Guisachan / Capri area will warrant significant further expansion, especially given the proximity to the City Centre and South Pandosy Urban Centre.

#### *Glenmore*

The Glenmore Village Centre has some very limited potential for expansion within the existing designated area, however, there is potential to expand to the east of Drysdale Boulevard.

#### *North Mission*

The North Mission area currently contains a mixture of neighbourhood and tourism oriented commercial development. New development has been slow given the proximity to the Pandosy Urban Centre. There is potential for additional commercial floor space within the North Mission Village Centre south of Mission Creek. Additional land primarily located north of Mission Creek and west of Lakeshore Road, is intended for tourism commercial uses such as hotels, which are not part of this discussion. However, tourism commercial uses can include other facilities apart from the accommodation units that would be considered part of future retail commercial expansion.

#### *Black Mountain*

Black Mountain has not attracted much new commercial development yet, primarily because there has not been the population growth to support increased services. This situation will change in the next 5 - 10 years. Most commercial potential will be on land that is occupied by non-commercial uses, vacant or designated but not zoned.

### *Southwest Mission*

Southwest Mission has also not attracted much new commercial development yet, primarily because there has not been the population growth to support increased services. This situation will also change in the next 5 - 10 years. There is some commercial development in Kettle Valley with the potential for limited additional development, but there may not have been enough land allocated to future commercial uses in the Southwest Mission area based on future growth potential. Southwest Mission is expected to accommodate some 4000 housing units with on the order of 12,000 residents by 2020, with more potential beyond that time frame. That is almost ½ the size of the current Rutland population. Various documents related to plans for the Southwest Mission indicate that only 2,800 - 5,600 m<sup>2</sup> (30,000 to 60,000 sq. ft.) of commercial floor space has been provided for in future land use plans. By comparison, Rutland, serving twice as many people, has ten times the commercial inventory. Future land use planning should allocate sufficient land area to expand commercial potential in the Southwest Mission for Village Centre developments to serve anticipated population growth.

### Neighbourhood Centres

There are two areas that warrant slightly larger “Neighbourhood Centres” than are in place today. These areas are eventually anticipated to need such services and are expected to have the population required to justify increased floor space. These areas are Glenmore Highlands and Okanagan Mission (Collett Road). The Area Structure Plan (ASP) for the Glenmore Highlands identifies a mixed use residential commercial centre in Phase 1 of this new development area. The projected housing and population growth in Glenmore Highlands would be of sufficient size to warrant a neighbourhood centre level of service without competing with the Glenmore Village Centre at Kane Road.

Although the OCP currently suggests the presence of a Neighbourhood Centre in the Okanagan Mission area, it is not clear that this designation applies to the Collett Road area. Existing plus potential new development would still be below the current OCP definition of a Neighbourhood Centre that allows for 3000 m<sup>2</sup> (32,000 sq. ft.).

### Additional Potential

The OCP makes provision for commercial land uses in two ways. First, the OCP Future Land Use Map designates certain land for future commercial use. Secondly, the OCP also includes policy statements regarding areas where commercial uses could be supported if certain criteria are fulfilled. Commercial locations resulting from these policy statements would be in addition to the areas featured on the Future Land Use Map, and would add to the supply of commercial space summarized elsewhere in this section.

### *Potential Village Centre Areas*

The OCP identifies several potential Village Centre development areas. The OCP also provides for the potential to develop additional centres where growth and development would generate the need for such services. Currently the OCP includes the potential for an additional Village Centre in the University South / UBCO area. It would also be appropriate to consider a second Village Centre as part of the development of Southwest Mission - Neighbourhood 3. The commercial land provided for at these locations would supplement land already designated in the OCP for commercial use.

### *Potential Neighbourhood Centres*

Currently the OCP provides for the creation of a number of Neighbourhood Centres. The OCP stipulates criteria for uses, service area and development size. The likelihood of many of these centres developing beyond the “convenience store” level of services is minimal. The OCP also provides for the consideration of private sector initiatives to develop additional centres in accord with Urban Centre definitions and Development Permit Area designation.

### *Local/Convenience Commercial*

Local commercial or convenience store opportunities may be provided for within the Single / Two Unit residential designation of the OCP Generalized Future Land Use map.

A map indicating the locations for future commercial development is provided in Appendix 13.

## **Summary**

Analysis reveals substantial potential for re-development of under utilized sites or additions to existing buildings within Urban Centres (see Appendix 12, subsection 12 for summary). In total, these sites could accommodate approximately 361,300 m<sup>2</sup> (3,887,000 sq. ft.) of commercial floor space. The combination of more intensive use of existing sites (361,300 m<sup>2</sup>) plus new development on sites zoned or designated for commercial use, but currently either vacant or used for non-commercial purposes (283,500 m<sup>2</sup>), for a total of approximately 645,000 m<sup>2</sup>, would more than meet the projected commercial floor space needs of 530,460 m<sup>2</sup> for the next 20 years. Commercial growth to meet our needs could be accomplished without extending commercial zoning beyond current limits identified through zoning or OCP designation.

## **7. Building Activity in Relation to OCP Objectives**

The previous section summarized OCP provisions for commercial uses. The purpose of this section is to assess how closely recent building activity has reflected the OCP. Appendix 14 provides a summary of commercial building activity in Kelowna from 1995 to 2001.

### **City-Wide Activity**

In terms of total projected floor space from the 1995 OCP, the actual building activity was a relatively close match. The 1995 OCP projected a total of 178,833 m<sup>2</sup> (1,925,000 sq. ft.) of retail / personal service and office commercial floor area for the time frame of 1995 - 2001. The actual building activity for that time frame was approximately 175,581 m<sup>2</sup> (1,890,000 sq. ft.).

There were some differences in how the projections and building activity were split between the retail / personal service and office categories. The 1995 OCP projected a total of 143,995 m<sup>2</sup> (1,550,000 sq. ft.) of retail / personal service floor space and the actual building activity was approximately 128,202 m<sup>2</sup> (1,380,000 sq. ft.) between 1995 and 2001. The projected office commercial floor space was 34,838 m<sup>2</sup> (375,000 sq. ft.) and the actual building activity was approximately 47,379 m<sup>2</sup> (510,000 sq. ft.).

In examining the distribution of new commercial space it is evident that the dominant trend has been a continued concentration of commercial development in the Highway Centre / Corridor area, to the detriment of the South Pandosy and Rutland Urban Centres, and to a lesser extent Downtown. South Pandosy and Rutland today have a lesser share of the City's total commercial inventory than they did in 1995.

### **City Centre**

The expectation that the City Centre (Downtown) would attract the most new development and therefore gradually become the most significant Urban Centre has not been validated by the recent inventory and building activity data, particularly in comparison to the Highway 97 corridor area. In addition, the Downtown Urban Centre, South Pandosy Urban Centre and the Capri / Guisachan Village Centres are so close together that they share much of the same market. Given current populations, this market could be considered as over-served. In this light, the higher vacancy rates in the City Centre are perhaps not surprising. The City Centre currently contains approximately 20% of the existing commercial floor space and based on a 2 km radius service area there is approximately 19% of the 2001 City population with the City Centre area. Recent building activity (1995 - 2001) in this area accounted for only 17% of the city's total.

## **Highway Centre / Corridor**

Commercial building activity since 1995 is heavily weighted (67%) in favour of the Highway 97 corridor, which includes the Highway 97 / Springfield Urban Centre. The Highway Centre contains approximately 35% of the current commercial inventory and recent building activity in this area accounts for 33% of the total activity. The Highway Centre contains less than 1% of the 2001 City population within the 2 km service area.

The Highway 97 Corridor contains approximately 26% of the current commercial floor space and yet recent building activity in this area accounts for 34% of the total activity. This information suggests that the Highway 97 Corridor is, contrary to the OCP, with each year, playing a more dominant role in the City's overall commercial structure.

However, it should be remembered that the Highway Centre and Highway 97 Corridor areas serve a city-wide, regional, and perhaps inter-regional function within the Kelowna and Okanagan Valley commercial hierarchy.

## **Rutland**

Rutland has attracted only 1% of new growth since 1995. Rutland's commercial growth has not matched the existing population base within the 2km service area, nor has it matched recent population growth within the area. The Rutland area contains 6% of the total existing commercial floor space. The service area population for Rutland is 24% of the total City population.

## **South Pandosy**

South Pandosy has attracted only 4% of new growth since 1995. South Pandosy commercial growth has not matched the existing population base within the 2km service area, nor has it matched recent population growth within the area. The South Pandosy area contains 5% of the total existing commercial floor space. The service area population for South Pandosy on the other hand represents 17% of the total City population.

## **Village Centres**

Similarly, the Village Centres have not seen significant growth, except for Glenmore, either because they are already fully developed (Guisachan, Capri), or because there has not yet been enough growth to warrant increased commercial services (Black Mountain, Southwest Mission, North Mission). North Mission may be too close to South Pandosy to support a significant increase in commercial floor space at this time.

Glenmore has seen substantial population growth, including new commercial development to support that growth. Glenmore and Glenmore Highlands will continue to see substantial population growth. That growth will trigger the need for new commercial development. The OCP has provided for this by designating land for Neighbourhood Centre commercial development in the Glenmore Highlands. It is also expected that the existing Glenmore Village Centre will meet some of the needs of the future population growth, however, there is not much land area left for expansion within the area currently designated as the Village Centre.

North Mission has seen some population growth, and there is land available for future commercial development in this area. More population growth is anticipated in this area and the need for services should increase, however, the area is very close to the Pandosy Urban Centre. It may be appropriate to consider more tourism-oriented facilities and services in the area to differentiate the North Mission Village Centre from South Pandosy. There may also be potential to create mixed commercial/residential developments or multiple unit residential uses to infill some of the vacant land base and provide an increased population within the market area. Although much of the population south of the North Mission Village Centre is outside comfortable walking distance there is potential for future population growth in the nearby area to provide better prospects for commercial uses in the North Mission Village Centre.

If planners were to designate a location for a North Mission Village Centre, without having to acknowledge historical development patterns, there is little doubt that a location more central to the North Mission neighbourhood would have been chosen. The reality, however, is that commercial uses already exist just south of Mission Creek. The OCP designation of this area as a Village Centre builds on that reality and acknowledges that no other land is appropriately sized and located to create a North Mission Village Centre that fulfills OCP and TDM objectives. As such, despite the location of the Village Centre not being ideal, it is recommended that it continue to be supported.

## **8. Influences on Commercial Building Activity**

Building activity is a response to market preferences and development opportunities, often based on development seeking the cheapest land available. In some cases, these factors have led to building activity consistent with OCP objectives. In other cases, these factors have hindered and will, unless addressed, continue to hinder achievement of those objectives. It is this latter set of circumstances that are the focus of this discussion.

### **Land Use Contracts**

A Land Use Contract (LUC) is a specific agreement made between an individual landowner or company and the local government that outlines a specific set of land use and / or development conditions. The Land Use Contract is registered against the title of the land and applies to any and all subsequent landowners unless the LUC is discharged. Currently the only land use controls that apply to the land under LUC's, are those found within the LUC itself, notwithstanding any by-law of the Municipality, unless the parties otherwise contract. In other words, the land use contract effectively rezones the land, "notwithstanding any by-law of the municipality", such that an owner is not affected by current or future zoning by-laws. LUCs are a form of land use control most frequently implemented in the 1970's. This method of regulating land uses has not been available since changes to Provincial legislation occurred in 1977. All existing LUCs were negotiated between 1971 and 1978. Land use contract bylaws that had received third reading prior to the change in the legislation were grandfathered so some of the LUCs were actually approved in 1978. The legacy of land use contracts however, continues. Although some LUC's have a specific termination date or a termination date at the sole discretion of the City, many LUC's have no termination date and run with the title of the land in perpetuity, unless the parties agree to discharge the LUC.

There are 21 Land Use Contracts within areas currently zoned or designated for commercial uses. Many of these LUCs allow specific uses that currently exist, with minimal future re-development potential, or are already built out to the maximum density. These remaining LUCs will likely remain in force unless owners of the land request or give their approval to discharge the contracts. A complete list of these Land Use Contracts is attached in Appendix 15. Other than being somewhat cumbersome to administer (given the unique conditions of each contract), most of the LUC's pose little difficulty for the achievement of community objectives.

The only LUC that would appear to threaten achievement of OCP objectives is LUC 71-1 (Intercity Ventures), which is located in the Kirschner / Dayton / Dickson / Dolphin Road area. This LUC currently includes the Landmark Square (except the technology centre) projects, plus other older lower density office and service commercial uses. This LUC was intended as a service commercial area. The recent provision of major office uses is seen as a loophole in this specific LUC that no one envisioned at that time. The two Landmark Square towers within the LUC account for approximately 15,143 m<sup>2</sup> (163,000 sq. ft.) of class "A" office space that could have been located in Urban Centres, particularly Downtown. These two buildings account for 6% of the total City office space inventory and 32% of the office space building activity since 1995.

There is potential for more buildings west and south of the existing structures, outside of the Land Use Contract area. The Technology Centre immediately adjacent but outside the LUC added another 10,405 m<sup>2</sup> (112,000 sq. ft.) with another similar building recently completed. Future buildings could add another 10,219 - 13,935 m<sup>2</sup> (110,000 - 150,000 sq. ft.) of office space. If such further expansion is permitted, it is estimated that downtown office space development would be delayed by at least eight years. As noted earlier, office development in Urban Centres is critical to developing an employment base that provides economic support to other businesses and creates opportunities for improvements with respect to TDM objectives. Offices located outside Urban Centres are automobile dependent and employees generally have less opportunity to access amenities or services. Highway locations in particular do not offer convenient or pleasant transit, cycling or pedestrian environments.

Land Use Contract 71-1 overrides normal City requirements to upgrade infrastructure upon redevelopment, which not only makes development under this LUC more economically viable, but also creates an uneven playing field when compared to development requirements in Urban Centres. Office buildings located in the Land Use Contract area have been partially filled with government and other services targeted to low income and special needs populations. The lack of infrastructure such as sidewalks, pedestrian connections and transit make such services somewhat inaccessible. Urban Centre locations served with appropriate pedestrian and transit amenities would be more accessible.

Much of the LUC 71-1 area is developed with older lower intensity office and service commercial uses. If these older buildings were removed and replaced with new buildings similar in density to Landmark Square, the impact to Downtown, and the office market in general, would be significant and much longer term than the eight year delay noted above.

In May 1997 Council agreed to proceed to discharge LUC's where a change in use or density occurs, where there is a cancellation clause due to failure to develop, where there is a discharge clause, or where the LUC allowed the subdivision of land that has since been completed. (Discharge of a LUC could only proceed within the terms of the LUC or where discharge has been negotiated or mutually agreed upon between the City and the property owner.) It was also established that priority be given to terminate Land Use Contracts that have a significant financial impact or those Land Use Contracts which enable development contrary to the fulfillment of community objectives. LUC 71-1 has a provision that provides for cancellation of the LUC when the area has been fully serviced by a water system, sanitary sewer system and storm sewer system. Given that the area of LUC 71-1 has now been fully serviced by the necessary upgrades, it is suggested that it would be appropriate to quit claim at least the under-developed portions if not all of LUC 71-1 (Intercity Ventures) at the earliest opportunity (see Recommendation 23). It may also be necessary to consider if any of the lands in question need to remain under the LUC and what zoning would be used to replace the underlying zoning of A1 Agriculture.



## **Attractiveness of Highway 97 Commercial Land**

Since 1996 there has been a total of approximately 40,412 m<sup>2</sup> (435,000 sq. ft.) of commercial development, mostly office uses, along the Highway 97 corridor, much of which could or should have been directed to Urban Centres. This figure includes the Landmark Square / Technology Centre projects encompassing some 25,548 m<sup>2</sup> (275,000 sq. ft.).

In addition, since 1996 there has been approximately 27,870 m<sup>2</sup> (300,000 sq. ft.) of large format / big box type development within the Highway Centre, either immediately adjacent to or visible from Highway 97, not including the recently constructed Wal-Mart on Banks Road. These developments include the Real Canadian Superstore on Baron Road, Canadian Tire on Leckie Road and Home Depot on Banks Road. These uses typically operate from stand-alone buildings on a large lot located in a highly visible location, although smaller operations can be integrated into a mall setting. They usually contain a large floor plate in warehouse type buildings with minimal exterior treatment and landscaping surrounded by extensive parking. The size of the “box” depends on the category or product marketed. Warehouse operations marketing a wider variety of goods require a large building, often over 9,300 m<sup>2</sup> (100,000 sq. ft.) while outlets focused on a single or small range of products such as books, toys, or office supplies need less space. “The larger-format or so called “big box” retailers have had a major impact on the viability of the traditional department stores; power centres continue to marginalize the regional shopping centre and Wal-Mart has decimated the community mall”.<sup>(10)</sup>

As a market begins to become saturated with large warehouse type retailers there has also been a trend to downsizing, with newer facilities providing a single product or product line operating from smaller buildings and sometimes integrated into existing shopping facilities. Building size can range from 465 m<sup>2</sup> (5,000 sq. ft.) for books up to 2,300 m<sup>2</sup> (25,000 sq. ft.) for office supplies.<sup>(11)</sup> Building and hardware, food, computers, office supplies, children’s toys, pet supplies, sporting goods, even crafts and books all are now sold in the big-box store format. Undoubtedly, the retailing of other types of merchandise will be tried in this format in the future.

Large warehouse operations generally service a large market base, often in the range of 250,000 people, which relates well to the population of the Okanagan Valley. There are few, if any, sites of sufficient size to accommodate the largest of these uses within the existing Urban Centres, except for the Highway 97 / Springfield Centre. There are few commercial sites outside the City that could accommodate such uses, with the exception of Westbank First Nation lands, however the volume of traffic and population base within the City would likely cause such operations to favour a Kelowna location. Kelowna is likely the only community in the Okanagan Valley with enough drawing power to support continued big box commercial development.

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(10 ) Dr. K. Jones, “Retail Trends in Canada: 2003”, Centre for the Study of Commercial Activity, Ryerson University, January 2003.

(11) Personal comment from Mr. Gordon Harris, Harris Consulting Inc. December, 2002.

Large format (big-box) retailers function as retail entities, not wholesale or warehouse operations, and are similar in function to regional or community shopping centres, however, they are goods-oriented not service oriented and rely on high sales volume and stock turnover on selected items, with little opportunity for price comparison.

There are some benefits associated with a presence of large format retailers. These uses generally attract customers from a much wider area than would normally be attracted to any given community, which may provide benefits to other businesses, particularly those businesses not in direct competition. This attraction reinforces the regional character of commercial development in Kelowna. These outlets offer what appear to be lower prices, albeit on a select number of items, and the convenience of one stop shopping / bulk buying for a variety of goods.

On the other hand, there are also some concerns or negative aspects of large format retailers. There may be impacts on other businesses throughout the community in terms of direct competition and subsequent vacancies in existing commercial areas (Urban Centres). These uses tend to be very spartan in terms of building design and landscaping, often with an almost industrial appearance that may not fit with nearby commercial or residential development. Although most of these buildings are one-storey internally, they have an external mass that is often three storeys in height. The large area of hard surface (building and parking) also raises some concern regarding environmental impacts of drainage and quality of run-off directed to watercourses.

Large format retailers are significant traffic generators themselves and generally not reliant on traffic generated by other retail stores, except for smaller operations. Truck traffic in particular can be much higher for such high volume operations. Given that goods offered at such stores are typically purchased in bulk, such stores are usually not pedestrian or transit friendly, even if they are located in shopping centres or other areas serviced by transit. They can have a significant impact on traffic patterns far beyond the roads and intersections near the specific site. In addition to the potential impacts on traffic volumes any resultant congestion would have negative impacts with respect to air quality and noise. Taxes generated by “big box” development are similar to other low intensity commercial development on a per acre basis and yet they appear to have the same or higher traffic impact as regional shopping centres. Taxes for other more intensive commercial uses such as shopping centres or large office developments are considerably higher. A comparison of tax rates for several commercial uses is provided in Appendix 16.

The impact on traffic of adding more “big box” development would require significant downstream road network upgrades, likely outweighing compensation through taxation or specific off-site improvements funded by new development. The impacts on Urban Centres, the road network and traffic congestion should be taken into consideration when assessing potential new proposals for “big-box” developments.

In addition to economic and community impacts associated with the loss of small-scale locally owned business and employment, there is concern about the potential for over-saturation of the market with large format retailers resulting in land use problems related to closure of “big box” facilities. Although there may be no immediate concern on this issue, the potential for future vacancies in these large buildings, often in highly visible locations, would send a negative message regarding the economic health of our community. There could also be some difficulty in finding appropriate opportunities to reuse or redevelop such sites and in the case of leased space, landlords may have problems finding tenants to fill large spaces.

Many “big box” retailers have been successful in convincing communities that they: require a stand-alone building; must own the land; and need inexpensive land with minimal exterior building improvements in order to support the lower prices they offer their customers. This argument is intended to be the rationale for such retailers to be allowed to locate in industrial areas or areas not zoned for commercial uses. When successful with this pitch, such retailers are given the advantage of acquiring land at industrial or non-commercial prices. This allows them to more easily compete with traditional retailers paying commercial land or lease prices.

Experience in other centres has shown that “big box” retailers can locate in leased space within a multi-tenant centrally located building, particularly the smaller single product type operations. Wal-Mart has developed many stores integrated into existing and new shopping centres, some with large floor areas of 10,000+ m<sup>2</sup>. Vacant department stores and grocery stores are increasingly being filled with value retailers such as Staples where space is leased. If “big box” retailers are not allowed to acquire undervalued land in industrial areas, they will, if they want to be active in a given market, be forced to integrate their operations in more central locations.

There are many retailers who believe that unless located on or within close proximity to the Highway, their business will not be successful. These areas do not have, nor will they achieve the population densities that support on-going growth in commercial floor space and businesses rely on the visibility and access by the large daily volume of highway traffic. Highway access will become increasingly difficult due to congestion in an area with limited options for road capacity expansions.

While many shop on a regular basis at facilities close to home, the overwhelming majority of City residents shop in the Highway Centre or Highway corridor areas considerably more often. The marketing mentality is that buying in bulk, or buying from a “big box” retailer who buys in bulk, means there are cost savings regardless of the time and distance traveled. A vehicle is necessary to patronize the warehouse “big box” developments in the Highway 97 area. The only place this type of development chooses to locate is along the Highway 97 corridor, because of exposure to a high volume of daily traffic but also due to the availability of land in sufficient size to accommodate the large floor plate and extensive parking. As a result, current shopping patterns are automobile dependent. Many residents choose to live in low-density residential areas somewhat removed from shopping and places of employment, which leads to further dependence on a vehicle. Over time, as our population ages and household sizes decrease, the market demand for bulk buying at large format retailers may be reduced.

Unfortunately, some of the facilities locating along the Highway corridor have displaced Urban Centre stores and offices. Continued Urban Centre type commercial development along the Highway 97 corridor will have an impact on all Urban Centres, particularly Rutland. Much of Rutland is very close to the Highway 97 corridor and competition from highway corridor development appears to have reduced commercial investment in Rutland. Minimizing this impact would require strict confinement of commercial uses to those lands that the OCP designates for such purposes. This would ensure no encroachment on lands intended for industrial or intended to remain as residential or agricultural.

The 2002 Citizen Survey identified that, as yet, there remains strong community support for Highway commercial. Residents regularly shop at highway facilities (see section on Community Shopping Habits), and thus not surprisingly also support the further expansion of such facilities as the city grows. In response to a question asking “as the population of Kelowna grows would you like to see limits or no limits on the spread of stores and businesses further north along Highway 97?”, approximately 34% favoured a limitation on the spread of stores along Highway 97, while 44% favoured no limitation. Another 18% responded that they did not know or did not have an opinion, while 4 % did not respond to this question. (Appendix 17 includes a table, which provides a summary of total responses as well as those for various neighbourhoods throughout the City.) It is interesting to note, however, that a 1999 OCP survey indicated that 72% of residents were in favour of the City’s Urban Centre strategy. There may not yet be widespread recognition of the inherent link between highway facilities and the ability to achieve Urban Centres objectives.

Other jurisdictions have taken action to limit the influence of “big box” development. These actions have included:

- growth management policies that direct development to central nodes and limit sprawl
- changes in definitions to protect industrial land
- location requirements for new commercial development in centres or as infill, rather than strip development
- creation of specific zones with arterial access and limits based on transportation network impacts
- limitations on the size of new development or of one storey development
- increased compatibility with adjoining commercial or residential development through design guidelines

Kelowna currently has OCP growth management and commercial policies that focus on Urban Centres and locations identified for large scale uses, including the potential for limitations based on traffic impacts. There could be stronger policy direction that limits the extension of commercial development along a linear corridor outside of Urban Centres. In addition, another element that could be considered to integrate these uses that is currently not in place would be the implementation of design or development guidelines for “big box” development or other large free standing commercial facilities over 2300 m<sup>2</sup> (see recommendation # 24).

## **Redesignation / Rezoning of Industrial Land to Commercial**

There is some concern that land envisaged as industrial will come under pressure for conversion to commercial uses, largely because of the attractiveness and desire for commercial uses to locate along Highway 97. The use of industrial land for commercial or office uses is attractive to the development community primarily because the land is cheaper, with lower development standards and DCC's, thereby supporting lower lease rates and an abundance of free parking to attract new tenants or existing tenants away from Urban Centres.

To date, there has been minimal conversion of this type, other than the former Central Park Golf Course site, or other minor areas approved by Council as part of a recognized OCP, Sector Plan or ASP process, however, the potential remains. The OCP currently designates a significant area of land for future industrial uses. The potential to convert some of this land to commercial or to continue the provision of office uses in the I1 zone may have a much larger impact in the future that it has to date. This type of development also tends to elongate the linear corridor form that contributes to sprawl and increased auto-dependency.

Given the potential for undermining the Urban Centres, it is therefore important to resist approval of commercial uses on industrially designated sites. This type of conversion can take different forms such as a straight conversion of industrial land for a commercial use or some types of commercial as outright permitted uses within Industrial zones. As noted above, these developments directly compete with Urban Centres for new development.

Currently the I2 Industrial Zone allows automobile sales. Car dealers can therefore purchase industrial land for comparatively low prices and use the site for a commercial sales lot. The higher-priced vacated site, usually with some form of commercial zoning and often in a prime highway location, then becomes available for more intensive commercial development that often has a greater traffic impact than the former car sales lot.

The I1 zone also allows stand-alone office uses that would be more properly directed to Urban Centre locations. The original intent of the I1 Zone (former IB Zone of Bylaw 4500) was to provide greater integration of buildings of similar scale and appearance, regardless of use, and to provide an opportunity for hi-tech companies that often may need associated office / research space to locate in industrial / business parks. Many of these types of uses could locate in any area because there is no manufacturing component and Urban Centre locations would provide the employees access to the full range of other services not available in more isolated or industrial locations. The Urban Centre office potential could be frustrated by the zoning provision that allows any office building to locate in an I1 Zone. Creation of a new Industrial zone that removes office uses as an outright permitted use and the provision of new uses that includes office use as an integral part of industrial businesses are seen as a more appropriate ways to encourage the integration of necessary office uses associated with industrial activities in industrial business park settings (see Recommendation # 20). At the same time there needs to be policy direction that discourages the use of the existing I1 zone that allows outright office uses (See Recommendation # 13). Such a change would then support Urban Centre locations for businesses that are completely office oriented.

## **Service Commercial Uses**

Generally the C10 Service Commercial zone does not allow retail <sup>(12)</sup> uses or office commercial uses unless they are development / construction <sup>(13)</sup> related or integral to some other service / business use. There may be some business licensing confusion in that service commercial space is converted to other commercial or office uses after the building has been constructed. There could be stricter enforcement of existing C10 zone provisions with respect to office and retail uses permitted within existing buildings in service commercial areas (see Recommendation # 21). The intention would be to prevent future retail and office commercial uses, more properly located in Urban Centres, from gravitating to cheaper lease rates available in service commercial areas. The gradual conversion of service commercial nodes to allow general commercial uses could force displaced service commercial uses to seek other locations, most likely in areas extended along the highway corridor or on industrial land. This trend would impact the ability to achieve OCP objectives on growth management and intensification in Urban Centres.

Existing service commercial areas, particularly along Highway 97/ Springfield between Dayton and Ambrosi Road and in the Banks / Baron / Leckie / Hunter, Enterprise Road area, should be retained to prevent conversion to retail and office uses and thereby reduce sprawl from displaced service commercial along the highway corridor and into designated industrial areas. The conversion of C10 Service Commercial zones to C3, C4 or C7 should generally be discouraged outside of an Urban Centre. The City might consider support for such conversions within Urban Centres based on the merits of each case (see Recommendation # 11).

## **Commercial outside Urban Centres via Heritage Revitalization Agreements (HRA)**

There has been some pressure to extend commercial uses into the area east of Downtown along Bernard Avenue or along Pandosy Street near the Kelowna General Hospital. The types of uses being proposed are professional offices for accountants, architects, lawyers etc, and in the case of Pandosy Street, the provision of medical / dental / pharmacy uses. The types of uses being proposed would be more appropriately located within the City Centre and South Pandosy Town Centre. In some cases, however, in the interests of preserving heritage buildings, the City has been supportive of adaptive reuse proposals that would allow for limited commercial use of buildings listed on the Heritage Register. Council has endorsed guidelines that establish parameters for such use. It is recommended that continued use of these guidelines would be an appropriate way to balance heritage preservation and Urban Centre objectives. If commercial uses along Bernard Avenue and Pandosy Street are allowed to spread outside the Urban Centres, beyond the limited supply of heritage buildings, the City's

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(12) **Retail Store, Service Commercial** means premises where goods, merchandise or other materials are offered for sale at retail to the general public and require extensive on-site outdoor storage to support the stores operation, either for product storage or for processing, manufacturing or repairing goods sold on site.

(13) **Offices, Construction and Development Industry** means those professional offices restricted to providing service to the construction and development industry, including offices providing architectural, engineering, surveying, landscape architectural and planning services.

Urban Centre objectives would be compromised. New commercial developments should not be supported along major roads where these uses have not been provided for on the OCP Future Land Use Map (see Recommendation # 7).

### **Sequence of Development**

Development patterns typically relate to lot ownership, lot availability or vendor willingness. Development patterns can therefore at times be relatively ad-hoc and, if permitted, can result in the development of internal lots first rather than corner lots. This creates the potential for some properties, particularly corner lots, to become isolated or too small to accommodate anticipated future development, thus compromising long-term OCP objectives. The north east and west corners of Rutland Road and Highway 33 are prime examples where interior lot development could isolate the corner lots which are intended for higher order landmark type development. In addition, development of lots in the middle of a block impacts a larger number of adjacent sites than corner development so corner development should be encouraged to proceed first. Development should ideally begin at the corner lots given the limitations these sites encounter with respect to building setbacks, internal traffic management and access management. In this way the corner sites will not be compromised by previous development. Potential OCP policy direction is indicated in Recommendation # 12.

### **Lack of Interest in Some Neighbourhoods for Supporting Local Commercial**

There has been some neighbourhood opposition to the development of neighbourhood or local commercial facilities. Although there would be different impacts depending on the scale of development, some residents feel commercial development is an unwarranted intrusion into a neighbourhood at any scale, particularly if these facilities include service stations, car washes, convenience stores and fast food restaurants with drive through capability. Residents object to extra traffic, noise, litter, lighting and the potential for congregation of youth around facilities that can often operate until late in the evening.

Neighbourhood commercial developments should focus on services that cater to the daily needs of the neighbourhood, and in particular the needs of those walking or cycling. There should not be a need for vehicle-oriented uses such as drive-through restaurants. Generally, businesses offering drive through services should be located along major road corridors, where there is already an expectation and design for higher traffic volumes. Similarly, location in Urban Centre areas should be discouraged for businesses with drive through services to preserve the pedestrian character of Urban Centres. An amendment to the Zoning Bylaw regulations to require a variance application for drive through businesses would give the community the opportunity to assess and comment on each application (see Recommendation # 22).

## **Community Shopping Habits**

The manner in which people shop and the locations at which they chose to shop obviously have a big impact on the viability of various commercial facilities. When people are willing to travel great distances to save a few dollars or to obtain wider selection, the viability of highway businesses will be greater than if people are more disposed to shopping close to home in order to save time. Given Kelowna's demographic profile (median incomes lower than the national norm and a greater number of retirees), there is evidence to suggest that Kelowna residents may more frequently choose to shop in a way that saves money, rather than in a way that saves time. If this holds true, then such patterns will present an extra challenge to encouraging Urban Centre commercial development. There is also the possibility that people with lower income shop closer to home because they may not have the financial resources to buy in larger quantities. In addition, elderly or physically challenged individuals may have mobility limitations that keep them closer to home and away from the larger retail outlets along the highway.

As part of the 2002 Citizen Survey, residents were asked about their current shopping habits (see Appendix 17). The primary focus of the questions was to establish how frequently residents in different parts of town shop at each of the City's commercial nodes.

### *City Centre*

Fifty percent of city residents shop Downtown at least a few times per month. Those living closer to downtown, shop there more frequently. It should be noted that a major focus of the Downtown Plan is on encouraging new residential development within the downtown core so as to increase the market for downtown services. Seventy percent of Central Kelowna residents shop Downtown a few times a month or more. Forty-three percent shop Downtown at least a few times per week (50% shop along the Highway on a weekly basis). The percentage of downtown residents who shop at their closest Urban Centre is much lower than it is for residents in other parts of the City.

A number of factors may be influencing local residents' relatively low patronage of downtown facilities: limited availability of goods and services catering to daily needs; perceived parking limitations; and supply of competing commercial projects along the Highway and in the Capri area. Another possibility is that the six lanes of traffic along Harvey Avenue act as a barrier, preventing convenient or pleasant access to the Downtown for the significant population living south of the Highway.

Some have suggested that a reason for the limited area resident patronage of downtown is a result of parking difficulties. There are, however, some indications that this may not be the most major barrier. Many residents in the area walk or cycle to their destinations (anecdotal reports from cashiers at the downtown Safeway, for example, suggest that one quarter to one third of their patrons arrive by foot or bicycle). It is also interesting to note that the Capri area, which offers free and ample parking, is actually patronized less frequently by downtown residents than is the downtown core. Most likely the critical mass of a wider range of services (compared to Capri) creates a Downtown destination that is seen as attractive enough to lure shoppers even in the absence of free parking. The construction in recent years of the Library Parkade and the reconstruction/expansion of the Chapman Parkade should help to address any parking



shortages. Unfortunately perceptions (whether founded or unfounded) will continue to influence merchants' location decisions. If merchants are unwilling to locate downtown because of perceived parking issues, then the diversity of the downtown shopping experience will continue to be limited and downtown residents will likely continue to be drawn elsewhere.

The 2003 Citizen Survey asked the question if there were issues preventing shopping downtown more frequently? For those than answered "yes" to this question there were a variety of issues. "Of the identifiable issues discouraging respondents from shopping downtown, the proximity of parking (53%) and the price of parking (46%) were most commonly mentioned." <sup>(14)</sup> Appendix 18 provides further details regarding these and other issues with respect to shopping downtown.

The Downtown Kelowna Association (DKA) prepared a Business Recruitment Strategy in 1997. Through that project the DKA identified a number of needs and opportunities to enhance the role of the Downtown Centre. Some of those opportunities, such as creation and promotion of a Cultural District with increased cultural, entertainment and recreation facilities, and increased parking in two municipal parkades have since been undertaken. These facilities expand the potential customer base for downtown businesses to after-five clientele.

The DKA identified the need to create a destination atmosphere by clustering services such as offices, financial institutions, and specialty retail / restaurants. Offices in particular would play a strong role in generating a daytime customer base for existing businesses. It was suggested that Downtown could become more of a destination by recruiting a major retail anchor with a prominent name, or by concentrating specialty uses, major entertainment or special attractions. Some of these ideas have evolved through the addition of Prospera Place, Rotary Arts Centre, casino and waterfront parks, although the location of these facilities in the City Centre is adjacent to rather than specifically in the CBD. Future potential for downtown waterfront / pier development could also serve as a catalyst. The DKA also identified opportunities in the craft/gift/hobby/home furnishing sectors that would enhance the attractiveness of Downtown. The City should continue to work with the DKA, landowners and other agencies to foster a destination atmosphere in the Downtown area (see Recommendation # 25).

At present, within the 2 km service area, the current downtown population is 19% of the 2001 City total. The downtown's share of city-wide commercial space, however, is 21%. Much of the commercial space downtown, however, is office-related, and therefore would not attract regular shopping visits. Based on current development projections there will be more people in the area by 2020, but they will account for only 16% of the City population.

Attracting more downtown resident patronage of the City Centre will probably require provision of a wider range of services needed on a daily basis as well as a limitation of alternative shopping opportunities along the highway.

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(14 ) **Source:** City of Kelowna, "2003 Citizen Survey", Pulse Research Limited, September 2003.

#### *South Pandosy Urban Centre*

Fifty percent of city residents shop in South Pandosy at least a few times per month. This percentage increases to 97% if only Mission residents are considered. The South Pandosy area receives considerable patronage from Mission residents even on weekly basis - 86% of Mission residents shop a few times a week or more in South Pandosy.

Within the 2 km service area the current population is 17% of the 2001 City total. Based on current development projections there will be more people in the area by 2020, but they will account for only 12% of the City population. The expected increased residential growth in this sector, combined with the area's established ability to attract shopping trips, bodes well for future commercial growth.

#### *Rutland Urban Centre*

Forty-two percent of city residents shop in Rutland at least a few times per month. This figure increases to 95% when considering only Rutland residents. The Rutland Urban Centre receives strong local resident support even for weekly shopping trips – 82% of Rutland residents shop in Rutland a few times a week or more.

Within the 2 km service area the current population is 24% of the 2001 City total. Based on current development projections there will be more people in the area by 2020, but they will account for only 18% of the City population. The expected increased residential growth in this sector, combined with the area's established ability to attract shopping trips and an available land supply, bodes well for future commercial growth. To capture that potential growth, it may be necessary to limit the provision of alternative shopping opportunities along the highway.

#### *Capri-Guisachan Village Centre*

Forty-six percent of city residents shop in the Capri-Guisachan area at least a few times per month. Central Kelowna residents were more likely to shop in Capri / Guisachan a few times a month or more (65%). Central Kelowna residents do not, however, patronize their local stores on a weekly basis as frequently as is the case for residents in other parts of the city. Only 38% of Central Kelowna residents shopped at Capri/Guisachan at least a few times per week.

Within the 2 km service area the current population is 26% of the 2001 City total. Based on current development projections there will be more people in the area by 2020, but they will account for only 20% of the City population. The Capri-Guisachan commercial node is largely built out, so capturing more regular patronage from area residents will likely require a change in the mix of services, which may be dependent on limiting alternative shopping opportunities along the Highway.

#### *Glenmore Village Centre*

Twenty-one percent of city residents shop in Glenmore at least a few times per month. Area residents are much more likely to shop at the Glenmore Urban Village. Eighty-eight percent of Glenmore residents shop in Glenmore a few times a month or more. Sixty-four percent even shop there a few times per week or more.

Within the 2 km service area the current population is 11% of the 2001 City total. Based on current development projections there will be more people in the area by 2020, and they will account for 12% of the City population.

The very loyal patronage of this area and the expected considerable population growth, compounded with the lack of competition from other nearby commercial nodes, will likely mean that there will be increased pressure for future expansion of the Glenmore Village Centre.

#### *Highway 97/Springfield Urban Centre and Highway 97 Corridor*

The Highway 97/Springfield Urban Centre and the Highway 97 corridor captured by far the highest patronage of any of the city's shopping nodes. Eighty-nine percent of city residents shop along Highway 97 at least a few times per month. However, the Highway Centre and Highway Corridor areas currently lack a significant residential population to take advantage of the proximity to services and facilities.

#### *Summary*

While the Highway Centre and Highway corridor areas received the most frequent shopping visits from residents across the city, there is also potential for strong resident support for Urban Centres. The Urban Centres that seem to receive the most patronage are those that provide a broad range of goods and services that would typically be used by area residents on a regular basis. There is also evidence to suggest that the Urban Centres that fare the best are those that have the greatest population concentrations, the most diversified goods and services, and the least competition from other commercial nodes.

### **Isolated / Rural Locations of Major Commercial Facilities**

There have been numerous recent inquiries regarding the potential for isolated or rural locations of wellness centres, medical / rehabilitation retreats, rural-oriented recreational facilities (lodges or other accommodation uses that cater to recreation pursuits for hikers, cyclists, horseback riders). High technology campuses that include research and development, commercial, and residential components have also been the subjects of inquiries. Although these types of activities have not actually happened to date, there would likely be significant interest.

Such uses could consume vast amounts of land not intended for development within the 20-year horizon of the OCP. Not only would that land not be available for more intensive urban uses in the future, such uses now would generate increased pressure on adjoining lands for development well in advance of need and place increased pressure for service extensions and/or upgrades that are not feasible and likely beyond the ability of the City to pay. This type of development should not be supported outside of currently designated or zoned sites. Other sites may be considered provided that the area is intended and capable of being fully serviced within the OCP time horizon and a Retail Impact Analysis concludes that such uses would not impact existing commercial development in Urban Centres (see Recommendation # 8).

## **Cabarets**

The Downtown Plan affirms the OCP land use direction, including the need to attract businesses to the core, in particular to areas such as Lawrence and Leon Avenues. The Downtown Plan also includes a focus on generating residential development above new or existing commercial uses. Higher density development that is non-residential in the Downtown area would most likely be focused on the office or limited personal service markets.

To realize that potential, it will be necessary to address the impact that cabarets, located at the west-end of Lawrence Avenue, could have on future retail/office and residential developments.

Cabarets in general are currently only open in the evening so the frontage is “dead” space during the day. Typical façades are devoid of windows, entrance features or other elements that enliven the streetscape. Other businesses are not attracted to the neighbourhood as they feel isolated without the support of similar uses and feel threatened by security issues and vandalism. Residential uses do not find this type of environment inviting because of the night time activity that may generate noise and personal security concerns, particularly with the concentration of such uses in the small area.

A Mayor’s Entertainment District Task Force was established to examine these issues and provide recommendations in the spring of 2003. The final report provided direction through a number of recommendations on issues such as:

- hours of operation of liquor primary establishments and retail liquor stores;
- tax incentive strategy to encourage redevelopment within the “yellow area” (yellow area generally defined as along both sides of Lawrence and Leon Avenues, between the lane east of Abbott Street and Water Street);
- proximity of new, expanded or relocated establishments to new establishments;
- no additions or expansion within the “yellow area”;
- no retail liquor stores within the “yellow area”;
- establish a “good neighbour agreement” as a condition of business license;
- work with social agencies to mitigate the effects of clustering these establishments; and
- consider a potential increase in business license fees to cover policing costs.

This is not a complete list of recommendations from the Mayor’s Entertainment District Task Force. Please refer to the full report dated June 16, 2003 as adopted by Council on June 24, 2003.

## **Other**

Similarly, to realize the potential for re-development as outlined in the Downtown Plan, it will be necessary to address the impact that homeless shelters and other such services located at the west end of Leon Avenue could have on future retail/office and residential developments.

## 9. Analysis

The purpose of this section is to determine whether, given currently evident commercial trends, Kelowna's OCP guides the amount, location and types of commercial space in such a way as to allow for the achievement of OCP objectives.

### **Amount of Commercial Space**

Historically, the City has relied on the market to determine the balance between population growth and business growth. From an OCP perspective, the importance of the amount of commercial space relates to the need to reserve enough land to accommodate growth within the commercial sector commensurate with growth in the market area population.

The total projected floor area requirement for twenty years (Appendix 9) is 529,530 m<sup>2</sup> (5,700,000 sq. ft.) of which 75% is projected to be retail/personal service and 25% is projected to be office.

#### Vacant or Re-development Sites

As discussed earlier, the combined total of the land occupied by non-commercial uses, vacant commercial land, and future designated commercial land is 57 ha (140 acres). This land would be considered as available for future commercial development and would be new commercial development as opposed to re-development. At an assumed floor area ratio (a minimum of .5) 57 ha (140 acres) would accommodate over 283,500 m<sup>2</sup> (3,000,000 sq. ft.) of new commercial floor space on a city-wide basis. Over half of the projected floor space requirement could be accommodated on lands currently available but not utilized for commercial development.

#### Intensified Use Sites

In addition to that land, there is potential for new or intensified commercial space on under-utilized sites currently zoned and occupied by commercial uses. The balance of the future commercial needs would be accommodated through the intensification and redevelopment of such sites (primarily located in Urban Centres). The estimated potential on such sites is approximately 361,300 m<sup>2</sup> (3,887,000 sq. ft.) of commercial floor space. That potential would accommodate over half the projected commercial space needs.

The potential redevelopment within Urban Centres could be even greater if a portion of parking requirements were addressed with structured parking, especially for large-scale commercial developments. New development on existing parking lots (OCP Policy 9.1.17) would support Urban Centre objectives for intensification, pedestrian orientation and visual appeal.

The South Pandosy, Rutland and City Urban Centre areas are zoned C4 or C7, which have a floor area ratio of 1.0 and 5.0 respectively. At those densities, the Urban Centres areas could easily accommodate all the projected growth. However, it should be remembered some site area must be retained to accommodate parking and other requirements. It should also be noted that the applicable zones allow for residential uses as well as commercial uses. We cannot therefore ascribe all the floor area potential to commercial uses.

### Highway 97/Springfield Urban Centre

The Highway Centre can accommodate some 69,675 m<sup>2</sup> (750,000 sq. ft.) of new commercial space on currently undeveloped sites and 45,600 m<sup>2</sup> (491,000 sq. ft.) by re-development of existing under-utilized sites. As discussed previously, the potential for re-development of existing uses is more limited in this area given that new space would generally be for office oriented uses above existing buildings. Demand for this type of space may be low. Other Urban Centres would benefit more from this type of re-development.

### City Centre

The City Centre can accommodate some 76,643 m<sup>2</sup> (825,000 sq. ft.) of new commercial space on currently undeveloped sites and 276,600 m<sup>2</sup> (2,970,000 sq. ft.) by re-development of existing under-utilized sites. The potential for re-development to current zoning standards would generate considerably more commercial floor space, even with a portion of the allowable FAR allocated to residential uses. Recent increases to the permissible building heights as identified in the C7 Zone and discussed in the Downtown Plan, would yield even greater potential.

### South Pandosy Urban Centre

The South Pandosy area can accommodate some 26,600 m<sup>2</sup> (282,000 sq. ft.) of new development on currently undeveloped sites, and 5,500 m<sup>2</sup> (59,000 sq. ft.) by intensification of currently under developed sites.

### Rutland Urban Centre

The Rutland Centre can accommodate some 30,193 m<sup>2</sup> (325,000 sq. ft.) of new commercial space on currently undeveloped sites. Overall densities are lower in Rutland than in other areas of the City and relative to existing inventories there would be even more significant potential for re-development of under developed sites in this centre than in other Urban Centres. Remaining potential has been estimated at 25,000 m<sup>2</sup> (258,000 sq. ft.).

### Village Centres

Villages Centres such as Black Mountain, Southwest Mission, and to a certain extent, Glenmore / Glenmore Highlands should accommodate neighbourhood retail and personal service uses, including some office uses, commensurate with distance from Urban Centres and the level of growth anticipated in these areas. The level of projected development in Glenmore / Glenmore Highlands and Southwest Mission in particular could sustain commercial development higher than the current OCP Village Centre limits of 7000 m<sup>2</sup> (75,000 sq. ft.).

### *Southwest Mission*

Increasing the potential for commercial development in the Southwest Mission would require an amendment to the Southwest Mission Sector Plan. The Sector Plan currently provides for two Village Centre developments of approximately 7000 m<sup>2</sup> (75,000 sq. ft.) each, for a total of 14,000 m<sup>2</sup> (150,000 sq. ft.). Given that the land use pattern has already been established for Kettle Valley (one of the two Village Centres), it may be appropriate to increase the commercial component in Neighbourhood 3 (the second Village Centre) to balance the overall commercial floor space needs at a level commensurate with future population growth potential in Southwest Mission. It is suggested that 9300 m<sup>2</sup> (100,000 sq. ft.) would be an appropriate size for a Village Centre in areas where growth is anticipated to exceed 10,000 people. It is suggested that

Southwest Mission Sector Plan be amended to accommodate approximately 14,000 m<sup>2</sup> (150,000 sq. ft.) - 18,000 m<sup>2</sup> (200,000 sq. ft.) of commercial floor space between Kettle Valley and Neighbourhood 3 (see Recommendation # 6). This change could be triggered through the forthcoming Neighbourhood 3 Area Structure Plan (ASP). If endorsed by Council as part of the ASP, this would then be reflected in the OCP. To support such a change, the OCP's Village Centre definition would have to be amended to increase the allowable floor area from 7000 m<sup>2</sup> (75,000 sq. ft.) to 9300 m<sup>2</sup> (100,000 sq. ft.) (see Recommendation # 1). The timing of any construction of commercial floor space in Neighbourhood 3 would be dependant on market forces related to housing construction/population growth in the Southwest Mission area.

#### *Glenmore*

Similarly, the projected growth for the Glenmore/Glenmore Highlands area could support additional floor space at the Glenmore Village Centre, given the distance to an Urban Centre. There is little opportunity for expansion at the existing Glenmore Village Centre, therefore it may be appropriate to expand east of Drysdale Boulevard. An additional 2,300 m<sup>2</sup> (25,000 sq. ft.) would bring the Glenmore Village Centre into line with the Village Centre definition of 9300 m<sup>2</sup> (100,000 sq. ft.) as proposed above. An amendment to OCP Map 19.1 Generalized Future Land Use would be required to designate additional land east of Drysdale Boulevard from Multiple Unit Residential – medium density to Commercial (see Recommendation # 19). Additional development east of Drysdale Boulevard could be a stand alone commercial with ground floor retail and second floor office space or as part of mixed use project incorporating residential uses as a transition to more typical low and medium density residential uses on the remainder of the property.

#### Summary

Between the under-utilized sites and the new development sites there is more than enough potential to meet the projected future needs for commercial floor space. There is also an estimated 70,976 m<sup>2</sup> (764,000 sq. ft.) of vacant floor space within the current inventory that could be utilized before any new space would be needed. The potential supply within each Urban Centre commercial node seems reasonable. It is suggested, however, that the land area designated for the Southwest Mission and Glenmore Village Centres could be increased to meet expected needs.

### **Location of Commercial Space**

From an OCP perspective, the location of commercial space is important because it influences residents' access to community services and employment and therefore influences travel habits and the ability to achieve the City's OCP objectives.

Historically, residential development focussed on the shoreline, with expansions in a series of nodes to the south (Pandosy / Mission / Southwest Mission), and on transportation routes connecting to communities to the east and north (Rutland / Black Mountain / Lake Country). Commercial development evolved to service these residential markets and this has become a symbiotic relationship. Infill development has occurred between these communities along the major transportation corridors that evolved into the community we know today. More recent

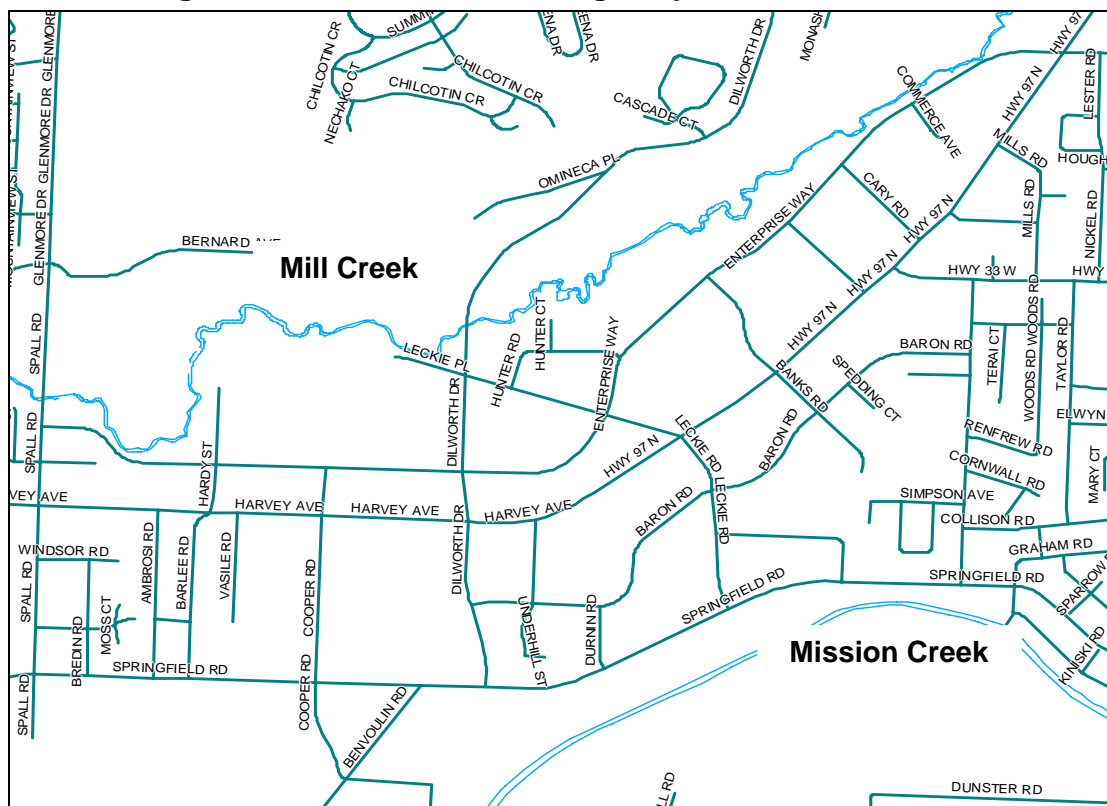
developments have spread into outlying areas and hillsides, and the dislocation of our home to work relationship and our continued dependence on the automobile has generated increased traffic congestion, road network and transportation financing issues.

The focus of future residential development on Urban Centres is intended to reinforce the home / shopping / employment relationship and direct development into a compact urban form that combats some of these transportation issues.

#### Concentration of Commercial Uses Along Hwy 97

The corridor along Harvey Avenue/ Highway 97 between Burtch Road and Highway 33 contains a large amount of commercial floor space, particularly between Spall and Banks Roads. Roads to and from this area are constrained by the Agricultural Land Reserve to the south and Dilworth Mountain to the north, creating a pinch point through which most traffic into and out of the area must pass, using east-west oriented elements of the road network. Available east-west roads, from north to south, are Enterprise Way extended through to Highway 97 at Leathead Road, Harvey Avenue/Highway 97, Baron Road between Dilworth Drive and Ziprick Road, and Springfield Road. Highway 97 also serves regional and other long distance trips through Kelowna, while many other trips pass through the area (e.g. from Downtown Kelowna to Rutland, or from Mission to the Airport). These roads have a combined total of 11 lanes west of Dilworth Drive and 13 east of Dilworth. When a third westbound through lane is added on Harvey Avenue, there will be 12 and 14 lanes respectively.

**Figure 3 – Road Network – Highway Urban Centre Area**





The OCP shows the proposed North End Connector (NEC) running parallel to these roads from Clement Avenue through to McCurdy Road, with implementation west of Spall Road scheduled for the next 2-3 years, while east of Spall Road, implementation is presently anticipated by or soon after 2010.

A key determinant of capacity and level of service at intersections is the volume of the turning movements and the amount of green time in the signal cycles which needs to be allocated to these turns. Many of the turn movements at intersections along the Highway already have volumes in excess of capacity, resulting in queuing and delay on the side streets. Analysis of the intersections along Harvey Avenue indicates that through movement on Harvey / Highway 97 is close to capacity, while turns onto or off Harvey / Highway 97 are at or beyond capacity.

It should be noted that count data taken in 2000-2002 shows higher corridor volumes than were evident in the modeled 2005 scenario, and current volumes are similar to or only marginally less than the model forecasts for 2010 in the scenario with the NEC not constructed east of Spall Road. Clearly, traffic growth is exceeding expectations.

In recent years, commercial development has been extending ever further north-east along Highway 97, with much of the new development being “big-box” retail which is highly auto-oriented. This has included a significant amount of land that has been rezoned from other uses. In addition, the area between Springfield and Enterprise from Burtch to Highway 33 has a significant amount of under-utilized commercial land. New development or redevelopment to its full potential floor space would mean an additional 120,000 m<sup>2</sup> (1.3 million sq. ft.) of commercial floor space. At a fairly conservative trip rate of 3.4 trips/100 m<sup>2</sup>, this commercial space would generate enough trips in the afternoon peak to be at Highway 97 corridor capacity and exceed intersection capacity. To this should be added background growth in tourist and other traffic through Kelowna, and growth in traffic within the region (e.g. from the West Side to OUC or from Bell Mountain to Downtown Kelowna).

This future growth potential has road network implications. The capacity of the Highway corridor (i.e. Enterprise, Harvey, Baron and Springfield) will be stretched within the next ten years simply accommodating permissible growth in commercial floor space and general regional traffic growth. It is likely that the NEC will be needed simply to accommodate traffic growth without any additional rezoning to uses that would generate higher volumes of traffic. The scale of traffic on east-west roads through the Highway Corridor / Highway Centre area supports the need to maintain policies encouraging ride-sharing and the use of alternative modes of transport. Traffic concerns and congestion issues also highlight the need to support commercial development in the other Urban Centres, rather than allowing rezoning to facilitate further commercial development in this area or extend further northeast along the Highway Corridor. Should development along the Highway generate excessive growth through the corridor, there will be pressure to expedite construction of the NEC east of Spall Road. However, this is likely to be an expensive project and early implementation would mean delaying important infrastructure projects in other sectors.

Based on the findings of a preliminary review of traffic capacity through the Highway Commercial corridor, it is suggested that rezoning for more intensive commercial uses of properties along the Highway Commercial corridor (including Enterprise and Springfield Roads) be considered only once the City has completed a comprehensive review to determine (see Recommendation # 10):

- how much additional traffic will be generated by future development (under existing zoning);
- how much additional traffic can be accommodated on the roads within the Highway 97 corridor;
- when road capacity limits are likely to be reached;
- potential measures to reduce congestion in the corridor;
- potential implications for the OCP 20-Year Major Road Network plan; and
- need for implementation of additional phases of the NEC.

A review could be conducted with an update of the Transportation Model anticipated in 2005.

#### Growth of Commercial Use in Areas Most Accessible by Car

Over the past 20 years, car ownership, distances traveled and trip frequency have all increased. The social, financial and environmental costs of continuing along that path are enormous.

Currently, our region is among the world's most automobile dependent. More than ninety percent of all trips are undertaken by car. The average Central Okanagan household travels 30,528 kilometres per year in their personal vehicles. That means that each year, given current population, area residents travel two **billion** kilometres (the equivalent of 5000 trips to the moon!). Annual regional travel will increase to 3.4 billion kilometres by 2021 if regional population grows as projected and if travel/household remains constant.

Our heavy reliance on automobile travel does not bode well for our community's future. As our population increases, we will experience increased congestion and air pollution, and we will be paying more for that privilege. As the number of vehicles on our roads increase, so too will the cost we pay both directly (fuel costs, vehicle maintenance costs) and indirectly (property taxes for road works).

A benefit of compact development is that such development will likely lead to shorter trips for those driving vehicles. The shorter the vehicle trip, the less will be the pollution and strain on the transportation network. TDM Survey data (2000) suggests that Urban Centre residents on average travel fewer vehicle kilometres each year than those living further out. Households within Urban Centres typically travel 22,000 kilometres/year compared to the 33,000 kilometres traveled by those living in the inner suburbs (South Glenmore, North Mission, Dilworth, Magic Estates) and 35,000 kilometres per year traveled by those living in the outer suburbs. One might suspect that some of the difference in household travel patterns could be attributed to differences in household sizes. After all, the Urban Centres, with their higher concentrations of apartment dwellers are also likely to have fewer residents per household, thus perhaps also requiring less travel. Differences in household size do not, however, account for all the differences in travel patterns. Household sizes in the Urban Centres are 89% of the average, and yet travel distances in the Urban Centres are 67% of the average.

From the 2000 TDM Survey, it is apparent that for Central Okanagan residents, work trips account for approximately 33% of total trips taken. Work trips are the single greatest source of trips, so location of workplaces is important in influencing future travel patterns. Office uses for business, financial, personal, government and health services are important sources of employment, and therefore trip generation. These uses should therefore wherever possible be located in Urban Centres where residents can easily reach their destinations using alternate means of transportation. Another large trip generator is shopping / errands / appointments, which accounts for 20% of all trips. These figures highlight the role that commercial facilities play in shaping the region's transportation patterns. Appendix 11 contains data and tables on transportation related issues.

Unfortunately, the commercial facilities drawing the greatest traffic are today located not in the Urban Centres, where transportation efficiencies can be achieved, but rather along Highway 97. Highway 97 is already congested for much of the day and there are only limited opportunities for expanding capacity in such a way as to alleviate that congestion. Any further concentration of offices and retail services along the Highway corridor will only compound congestion and negatively impact the viability of Urban Centres.

The location of commercial services, which embody the large trip generators of employment and shopping, has a huge influence on travel habits. A linear model generally encourages dependence on a vehicle. Continued commercial growth along the Highway 97 corridor will support rather than counter the linear model and will force more people to drive to shopping and employment. Linear highway development does not, in Kelowna at least, currently provide for supportive transit and pedestrian/cycling facilities that could help alleviate the growing highway congestion.

#### Growth Within Urban Centres Not Great Enough to Achieve Objectives

The huge draw of the Highway 97 corridor has not just transportation impacts, but also impacts the potential for developing Urban Centres, which would help achieve OCP objectives. Since there is only so much commercial space that can be supported by a given population, location in one part of town (such as the Highway), may well preclude location in another (such as an Urban Centre or Urban Village).

General commercial (retail / personal service uses) and office uses need to be directed to South Pandosy, Rutland and Downtown. Office uses in particular need to be encouraged in Downtown, Rutland and South Pandosy to support employment objectives and provide an increased daytime customer base, beyond that anticipated through population growth from increased residential development. Currently the OCP encourages the development of new office space over 929 m<sup>2</sup> (10,000 sq. ft.) within the City Centre or Town Centres (i.e. Downtown, Rutland, and South Pandosy) (see OCP Policy 9.1.14). It is noted that the C3 Zone, which generally applies to commercial areas outside Urban Centres, currently allows office uses, with no restriction on building size. It may be possible to amend the C3 Zone to restrict such uses in the future, but there could be some sites made legally non-conforming by such an amendment. There are few C3 sites of sufficient size left outside of Urban Centres that could be used for larger office buildings, so the office potential under the C3 Zone may not be that much of an issue. The C4 Zone, which applies to Urban Centres generally, including the Highway Centre

and Capri Village Centre, also allows office uses without building size restrictions. It would not be possible to restrict office building size within the C4 Zone as this zone applies to Rutland and South Pandosy where we do in fact want to encourage office uses. The greater concern may be the potential to rezone existing C10 Service Commercial sites in highway corridor locations to C3, C4 or C7. If allowed, such rezoning could further compound the difficulty in directing office uses to Urban Centres. To deal with potential rezoning of C10 properties that would thus allow for office uses, it is suggested that it would be appropriate to add an OCP policy to, outside of Urban Centres, discourage the conversion of existing service commercial zoning to higher intensity uses, particularly office uses (see Recommendation # 11). Conversion of C10 zoned sites within existing Urban Centres may be considered on the merits of each case.

The existing Highway Urban Centre encompasses areas that are zoned for industrial or service commercial uses, including several land use contracts. The Highway Urban Centre is a very linear shape, which is the antithesis of the concept of a “centre”. The actual definition of Highway Centre in the OCP refers to a concentration of retail facilities and a mix of housing opportunities. The inclusion of industrial or service commercial areas within this Urban Centre boundary does not meet this definition and it is suggested that the Highway Urban Centre boundaries as indicated on Map 6.2 Urban Development Permit Area Designation be reduced to focus primarily on the retail / personal service and higher density residential areas as outlined in the definition (see Recommendation # 17).

It is suggested that OCP Policy 9.1.14 be retained to indicate City support for Downtown, Rutland and South Pandosy location of offices over 929 m<sup>2</sup> (and conversely a discouragement or at least silence with respect to other C3 or C4 areas). This policy could be amended to exclude offices integral to business park / industrial uses and “corporate offices” allowable under the proposed new industrial zone (see Recommendation #14).

There is substantial land within existing Urban Centre commercial areas that should be developed prior to consideration of any development outside of Urban Centres. Unless it can be demonstrated that there is no suitable site within an Urban Centre, it is suggested that commercial development not be permitted to expand along the Highway corridor to the detriment of Urban Centres. If expansion outside designated Urban Centres is proposed, particularly for larger projects over 2300 m<sup>2</sup>, the developer should be required to prepare a Retail Impact Analysis to identify impacts to existing Urban Centre businesses (see Recommendation # 9).

Although there is only one Land Use Contract that is likely to significantly impact OCP Urban Centre objectives, it would be appropriate that LUCs in general be discharged wherever possible. There has been previous Council direction in this matter, however it may be appropriate to specifically address the need to discharge LUC 71-1 (Intercity Ventures) given that the general area has now been serviced with community water, storm drainage and sanitary sewer (see Recommendation # 23).

Stand-alone office uses in the I1 Zone have the potential to delay office development in Urban Centres. Industrial development generally takes place on land that is considerably cheaper than comparable Urban Centre properties. This means that office development in industrial zones can ultimately offer cheaper lease rates, which then makes it difficult for Urban Centre competitors with higher costs to attract tenants. A recent study of the GVRD Office Market (December 2001) indicates that there are several other advantages that industrial / business parks have over town centres. Appendix 19 summarizes the findings from the GVRD Study.

In addition to the pressure that higher intensity commercial uses such as offices in more peripheral locations place on the infrastructure there are also financial implications for the City. Office uses in an industrial zone would pay DCC rates based land area, while commercial uses would pay DCC rates based on the floor area of the building. An office use in an industrial / business park would pay a fraction of the DCC's of a similar project in a commercial zone or in an Urban Centre. Appendix 20 provides a comparison a similar sized project based on industrial or commercial zoning, as well as a comparison to Urban Centre development. There are significant differences in DCC charges for these types of development, which provides an advantage to peripheral locations over Urban Centre areas.

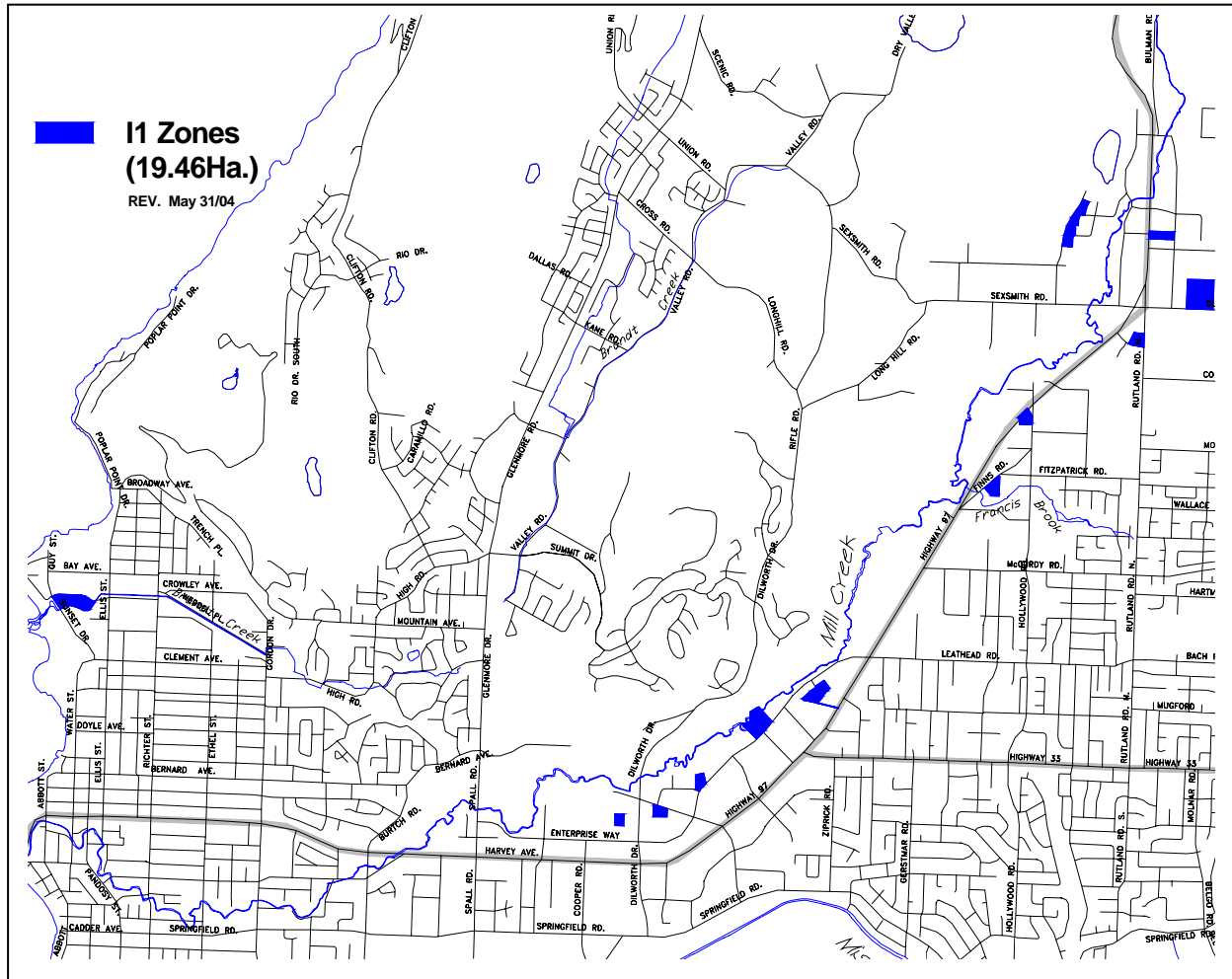
To reduce the impact of these seemingly unfair advantages, it is suggested that continuing use of the I1 Zone should be discouraged.

Currently office and retail uses are permitted in conjunction with general industrial uses up to 25 % of the building floor area. It is suggested that the Zoning Bylaw be amended to create a definition of "Industrial Office" for office use in conjunction with an industrial business, where it may be appropriate to allow up to 50% of the building to be used for office. For large industrial operations, in excess of 929 m<sup>2</sup> (10,000 sq. ft.) it may be appropriate to support more than 50% office use. It is also suggested that new definitions for "Industrial High Technology Research and Product Design" and "Major Corporate Offices" be added to provide for these types of uses to be integrated into industrial / business parks. It would then be necessary to create a new Industrial zone that would not allow "offices" as a permitted use but would include "call centres", "industrial office", "industrial high technology research and product design" and "major corporate offices" as permitted uses (see Recommendation # 20). Appendix 21 provides possible wording for the proposed definitions noted above.

The potential for additional office uses outside of Urban Centres would still be available through development on sites currently zoned I1. **Figure 4** indicates the location of existing I1 Industrial zoned sites as of May 31, 2004. Given the amount of land currently zoned for I1 uses the potential office space could be substantial. A more detailed outline of potential office space in existing I1 zoned areas and in areas designated for future industrial is indicated in Appendix 22. In reality, only a portion of these lands would likely be developed to office uses, but even a moderate percentage of this potential floor space could have significant and long term impacts to the ability to generate office uses in Urban Centres.

Given the potential for office uses in the existing I1 areas, it would also be appropriate to add policy direction into the OCP that discourages further rezoning to the existing I1 Industrial zone (see Recommendation #13).

**Figure 4 - Existing I1 Industrial Zoned Sites**



There are several vacant sites along Glenmore Road that have been designated for future commercial uses, however, community commercial development should not be allowed to extend beyond the Village Centre boundaries. Small local or neighbourhood facilities to serve various neighbourhoods could be permitted to locate along a major arterial such as Glenmore but these sites cannot be allowed to include the range of uses available at the Glenmore Village Centre without jeopardizing the integrity of that Centre. Commercial uses along Glenmore Road, outside the Glenmore Village Centre, should be restricted to local or neighbourhood commercial on parcels with existing Commercial designation (see Recommendation # 7).

Similarly, any new intervening opportunities between North Mission and Southwest Mission could delay or replace necessary facilities in the Southwest Mission. Development on any intervening sites beyond convenience facilities or the Okanagan Mission Neighbourhood Centre should not be supported. There may be potential for expansion at the Okanagan Mission Neighbourhood Centre (Collett Road). The analysis of under-utilized sites indicates that existing development does not meet potential FAR. A small amount of new development may be possible while remaining under the FAR and the 3000 m<sup>2</sup> (32,000 sq. ft.) limit indicated in the OCP definition of Neighbourhood Centre. There would need to be work done to address site design, circulation and road configuration / access issues prior to consideration of any expansion of commercial services in the Collett Road area (see Recommendation # 7).

The interest in establishing commercial uses in the Bernard Avenue area east of Downtown, and along Pandosy Street in the vicinity of KGH, has the potential to impact business within Urban Centre areas. Generally, these types of uses outside existing commercial areas should not be supported unless they are legitimate home-based businesses that would retain the residential character of the neighbourhood or unless they qualify for a Heritage Revitalization Agreement (see Recommendation # 7).

#### Pressure for Isolated Urban Redevelopment

The sequence of development can create situations where some properties, particularly corner lots, can be isolated and ultimately not achieve the development potential intended in the OCP. The desire is to ensure that future potential on corner locations is not compromised by development of interior lots. It is suggested that, when considering zoning applications, development be directed to corner locations first, as opposed to mid-block locations (see Recommendation # 12).

#### Pressure for Development in Rural Areas

The location of commercial services can also have a dramatic impact on the City's growth strategy.

If wellness centre / resort spa / high tech type uses were to be supported in isolated rural areas there would be increased pressure for development of adjacent lands not needed at this time and likely at densities inappropriate for future urbanization. In addition, this type of development places demand for service extensions in advance of the need to accommodate residential growth. As such, it is recommended that wellness centre / resort spa / high tech type uses should only be considered in existing urban areas where full services are available (see Recommendation # 8).

## **Type of Commercial Space**

From an OCP perspective, the types of commercial space should be related to the needs of the intended market area. Not all types of commercial development need to be located in each level of the commercial hierarchy. Neighbourhood Centre commercial services would likely cater to the convenience needs of individual neighbourhoods. Village Centre commercial services would cater to the convenience and daily/weekly needs of a number of neighbourhoods, including some employment opportunities. City/Town Centre commercial services should provide for a wider range of uses, including significant employment opportunities, for major sectors of the City. Highway Centre commercial services should provide for a wide range of services not necessarily required on a daily or weekly basis. Highway Centre commercial facilities might sell large and bulky items, seasonal goods, and automobile related services, for the whole City and the larger regional trading area.

### **Village Centres**

#### *North Mission Village Centre*

There has been little recent commercial development within the North Mission Village Centre, other than accommodation uses, likely because of proximity to the Pandosy Urban Centre.

However, there is potential for increased residential density in the area that should provide additional support for this Centre. In addition, future potential for increased tourism-related facilities and proximity to future development at Mission Sportsfields could generate renewed interest in the North Mission Village Centre. To differentiate the area from the South Pandosy Urban Centre it may be appropriate to continue to support uses such as tourism facilities, mixed use commercial residential and multiple unit residential development in addition to the existing commercial and tourism commercial/accommodation uses as outlined in the OCP.

#### *Definitions*

Although Village Centres are intended to support access by proximity it would be appropriate to consider amending the definition to eliminate references to “service areas” as these limits have proven confusing and of limited use. Instead the focus should be on ensuring a minimum distance from other centres within the hierarchy. This change would not result in downsizing the amount of commercial or restricting the type of uses in existing Village Centres. This change would also not prevent the over-servicing of existing neighbourhoods, but might help prevent such situations as new commercial facilities are developed. Making this change would require an amendment to the OCP’s definition of “Village Centre” as outlined in Recommendation # 2.

The OCP definition of Village Centres (see Appendix 2) lists the areas where Village Centres are now located and where such Centres are expected in the future. The OCP suggests that the Village Centre that has begun to take shape in Kettle Valley will be the only centre to serve future commercial needs of the Southwest Mission. However, the Southwest Mission Sector Plan reflects the potential for the creation of more than one centre. The potential to increase the size of the Kettle Valley Village Centre is limited. Expected future population increases in this area suggest that it is likely that there will be a demand for more commercial space than the OCP has yet provided for. If increased potential is to be provided, it would seem reasonable to



provide for a second centre and to ensure that the size of such a centre is sufficient to provide for the area's future commercial needs. It is suggested that it would be appropriate to provide for a second Village Centre in the Neighbourhood 3 area of the Southwest Mission. Providing for this possibility would require an amendment of the Village Centre definition in the OCP to remove the reference to Southwest Mission and to replace that wording with the reference to Kettle Valley and Neighbourhood 3, as separate centres as outlined in Recommendation # 3.

### Neighbourhood Centres

#### *Definitions*

The OCP also includes a definition of Neighbourhood Centres (see Appendix 2) and provides a list of existing and potential locations that would be considered for such centres. Most of these locations would be local convenience facilities at best and should not be identified as having the potential for additional development that is implied with the Neighbourhood Centre designation. It is recommended that all but the Glenmore Highlands and Okanagan Mission (Collett Road) areas be removed from the OCP list of Neighbourhood Centres as outlined in Recommendation # 4.

### Convenience Facility

#### *Definitions*

At this point the OCP does not include a definition of Convenience Facility in the hierarchy of Urban Centres. A number of the recommendations in this Commercial Land Use Review refer to the provision of C1 Local Commercial zoning, which represents a local level of service for day-to-day goods and services for residents in the immediate neighbourhood. Generally, local commercial services are seen as a compatible use within most residential neighbourhoods. It is proposed that the OCP be amended to include a definition of "Convenience Facility" within the hierarchy of Urban Centres (see Recommendation # 5). This definition could be as follows:

**Convenience Facility** – means a small node (max. 525 m<sup>2</sup>) of retail/service outlets located along an arterial or collector road. Convenience Facilities provide limited goods/services for the convenience needs of nearby residents. One "anchor store" may account for up to 235 m<sup>2</sup> of floor space, but individual stores are rarely larger than 140 m<sup>2</sup>. Businesses with drive through windows are not considered appropriate in a neighbourhood convenience setting. Convenience Facilities should not be located within one kilometre of City, Town or Village Centre commercial facilities. Typical zoning would be C1 Local Commercial.

The OCP currently supports the creation of local commercial service as an associated use in a Single/Two Unit Residential designation. This would continue to be true if the size of such facilities were restricted to a typical convenience store size of 200 m<sup>2</sup> (2,100 sq. ft.), however the C1 zone allows up to 525 m<sup>2</sup> (5,600 sq. ft.) of floor area. At this size, such development becomes a much greater influence on a neighbourhood and should not be automatically supported. It is suggested that the OCP be amended to remove local commercial as an associated use in the Single/Two Unit Residential designation (see Recommendation # 5). In this way any such proposals in the future will require an OCP amendment as another level of public scrutiny on commercial development within residential neighbourhoods.

### Drive-Throughs

One of the primary intentions of the designation of Urban / Village Centres and Neighbourhood Centres is to focus on access by proximity for pedestrians, cyclists and other similar modes of transport. Commercial uses that focus on access by automobile, particularly businesses with a drive-through service window, are not considered to be appropriate for Urban Centres and Village Centres unless they are located on sites directly fronting on a highway. Businesses of this nature are not appropriate in a Neighbourhood Centre, regardless of highway frontage. If Urban Centre objectives are to be achieved, it would be helpful to limit facilities with drive through service in Urban Centres and Village Centres to properties with highway frontage, and to prohibit drive through services in Neighbourhood Centres. Implementing this direction would require support for Zoning Bylaw changes that would preclude commercial uses with drive through windows in Urban / Village Centres without a development variance. This procedure would enable individual applications to be considered on their merits but also provide an additional opportunity for public scrutiny of such proposals, particularly within Urban Centres (see Recommendation # 22).

### Service Commercial

As noted earlier, there may have been some business licensing confusion in that some service commercial space has been converted to other commercial or office uses after the building has been constructed. The infiltration of some of these uses into service commercial areas can mean that such uses do not locate in Urban Centres, where the OCP encourages such uses to locate. The C10 Service Commercial Zone allows a broad range of uses. Stricter enforcement of existing regulations with respect to the types of office and retail uses permitted within existing buildings in C10 Service Commercial areas is proposed to address this situation (see Recommendation # 21). Enforcement of existing regulations will need to be mindful of legal non-conforming situations.

## **10. Development Incentives**

As noted previously, a recent study of the lower mainland office market (GVRD Office Market – Supply, Demand and Spatial Distribution, December 2001) indicates that there are several other advantages that industrial / business parks have over town centres. Appendix 19 summarizes the findings from the GVRD Study.

In addition, the GVRD study suggested some recommended actions to support Urban Centre office development.

- Encourage site assembly and high density zoning
- Reduce red tape / speed approvals
- Lower land costs by creating office / employment zoning that is different from retail commercial
- Restrict mixed use and residential zoning, which increase land value
- Lower cost of parking by providing municipal parkades
- Lower property taxes
- Ensure multiple fiber optic cable providers and major electrical service availability
- Improve traffic connections to highway
- Greater diversity in retail / service / recreation / cultural amenities
- Development of large new facilities (hospital / university / library / recreation complex)
- Maintain high standards for infrastructure / cleanliness / maintenance / orderliness etc.
- Improve urban design / attractive, pedestrian oriented
- Coordinate lobbying efforts by developers / municipalities / various levels of government
- Increase costs to automobile – make transit more attractive
- Encourage rapid growth in Urban Centres to achieve critical mass
- Restrict supply of business park sites (as cost go up the Urban Centres appear more attractive)
- Make business parks accountable for all costs, including hidden costs

Some of these suggestions are contradictory and not all would be applicable in all circumstances. These suggestions are also focused on an office market that competes with residential and mixed use retail / residential development. This would be contrary to the Kelowna direction to support increased mixed use and residential development in Urban Centres as one of the primary ways to support Urban Centres. Some of these suggestions may also be contradictory to TDM directions supported in the OCP.

The City of Kelowna is in the process of addressing some of these issues through recommendations in this study, current OCP policy and other projects such as Downtown Streetscape Study and Downtown Design Guidelines.

The issue of development incentives has been discussed for some time and recent legislative changes (Community Charter) now allow some municipal latitude to encourage revitalization of urban areas. While the legislation does not permit local government to relax or reduce Development Cost Charges (DCC's) or to give outright grants for development, there is provision for the granting of tax exemptions for revitalization within a specific area and for a specific period.

To that end, the City of Kelowna has adopted a Council Policy that provides for a revitalization tax exemption for commercial, residential or mixed use development within specific areas of the Downtown (200 block of Lawrence and Leon Avenues) and the Rutland Town Centres. The tax exemption would be for the municipal share of the taxes on the improvements only and would apply only to new development that is more than two storeys in height. The tax exemption could be granted for up to five years, with Council consideration for renewal for an additional five years at the end of the first time period. In addition, Council has amended Parking Credit Policy 314 to provide for an additional 25 parking credits specifically within the Downtown Tax Incentive area.

In order to include this concept in policy it would be appropriate to amend the OCP to refer to support for a revitalization tax exemption according to the terms of the council policy on Tax Incentives. (See recommendation # 15).

Under the legislation a Development Permit Area for revitalization must be designated in an OCP and should also include the purpose, properties affected and objectives for the revitalization tax exemption area. Recommendation # 16 provides the direction to amend the OCP Development Permit Guidelines to include reference to the revitalization tax exemption area. The maps outlining the tax incentive area must also be included in an OCP and recommendation # 18 provides the direction to amend the OCP to include maps designating the boundaries of the revitalization tax exemption areas.

## **11. Recommendations**

This section is a summary of the recommendations contained in the main body of this Review of Commercial Land Use document.

### **OCP Changes**

#### **Definition Refinements**

1. That the OCP Village Centre definition be amended by increasing the allowable size of a Village Centre from 7,000 m<sup>2</sup> to 9,300 m<sup>2</sup>.
2. That the OCP definitions of Village and Neighbourhood Centres be amended to eliminate references to “service areas” as these limits have proven confusing and of limited use. Instead the focus should be on ensuring a minimum distance from other centres within the hierarchy.
3. That the OCP definition of Village Centres be amended to remove Southwest Mission from the list of Village Centres and replace it with Kettle Valley and Neighbourhood 3.
4. That the OCP definition of Neighbourhood Centres be amended to delete the current list of neighbourhood centres and replace it with Glenmore Highlands and Okanagan Mission (Collett Road). (The current list is as follows: Okanagan Mission, Crawford, McCulloch, Gallaghers Canyon, Bankhead, S. Glenmore, Dilworth, Rutland, Tower Ranch, Glenmore Highlands, McKinley, Ellison Lake)
5. That the OCP Urban Centre definitions be expanded to add a definition of “Convenience Facility” that includes a maximum floor area of 525 m<sup>2</sup>, and that the Generalized Future Land Use Map 19.1 be amended by removing local commercial as an associated use in the Single / Two Unit Residential designation.

#### **OCP Policy Additions**

6. That the commercial component of the Southwest Mission Sector Plan should accommodate approximately 14,000 to 18,600 m<sup>2</sup> between Kettle Valley and Neighbourhood 3, in line with the OCP Village Centre definition.
7. That an OCP policy be added to discourage new commercial developments (other than C1 developments) along the City's major roads where such uses have not been provided for on the OCP Future Land Use map.
8. That an OCP policy be added to direct commercial developments seeking rezoning (to other than C1) not supported by the OCP Future Land Use Map to locate on currently designated and/or zoned commercial sites. If there are no suitable designated or zoned commercial sites, other sites may be considered provided that such sites are indicated in the City's Servicing Plan as being provided with full urban services, including sanitary sewer as indicated on OCP Map 13.2, within the OCP's time horizon. Furthermore, if the argument is made that there are no suitable sites, the City should require the development proponent to fund a Retail Impact Analysis identifying the Urban Centre impacts of allowing the requested rezoning, using Terms of Reference developed by the City.

9. That an OCP policy be added requiring that any commercial rezoning application over 2,300 m<sup>2</sup> and outside designated Urban / Village / Neighbourhood Centres, as identified in OCP Map 6.2 and the Urban Centre definitions), fund a Retail Impact Analysis identifying associated Urban Centre impacts.
10. That rezoning of properties along the Highway Commercial corridor (including Enterprise and Springfield Roads) to allow commercial use beyond those currently provided for by the Official Community Plan be considered only once the City has completed a comprehensive review to determine:
  - how much additional traffic will be generated by future development within existing zoning;
  - how much additional traffic can be accommodated on the roads within the Highway 97 corridor;
  - when road capacity limits are likely to be reached;
  - potential measures to reduce congestion in the corridor;
  - potential implications for the OCP 20 -Year Major Road Network plan; and
  - need for implementation of additional phases of the NEC.
11. That an OCP policy be added to discourage the conversion of C10 Service Commercial zoned areas to C3, C4 or C7 zoning, outside of Urban Centres. The City, depending on site-specific circumstances, may support the conversion of C10 Service Commercial zoned sites to C3, C4 or C7, within Urban Centres.
12. That an OCP policy be added to provide that, generally, commercial developments in transition areas, consistent with OCP Future Land Use direction but requiring rezoning, be encouraged to occur on corner locations first, rather than on mid-block locations.
13. That an OCP policy be added to discourage properties from being rezoned to I-1. Instead, applicants should be encouraged to pursue rezoning to a new industrial zone which would be based on the I-1 zone, but would preclude “offices” as a permitted use (See Recommendation # 20).
14. That OCP Policy 9.1.14 be replaced with the following: **Office Building Locations.** Encourage office buildings providing more than 929 m<sup>2</sup> (10,000 sq. ft.) of leasable space to locate in the City Centre or the Town Centres. This policy does not include offices integral to business park / industrial uses and “corporate offices” allowable under relevant industrial zones.
15. That an OCP policy be added to support the provision of a revitalization tax exemption for the municipal portion of the annual taxes on improvements for appropriate development within the specific areas identified and according to the terms of the Council Policy on Tax Incentives.

16. That OCP Section 6.2 – Development Permit Guidelines to Encourage Revitalization Within All Urban Centres – be amended to provide the purpose, properties affected and objectives for revitalization tax exemption areas.

#### **Mapping Changes**

17. That the Highway Urban Centre boundaries on Map 6.1 Urban Development Permit Area Designation be revised to focus primarily on retail / personal service commercial areas and higher density residential areas as outlined in the OCP definition of Highway Centre.
18. That the OCP be amended to include maps specifically designating the boundaries for the revitalization tax exemption areas.
19. That the Glenmore Village Centre commercial area be expanded to the east of Drysdale boulevard by designating sufficient land on Map 19.1 Generalized Future Land Use from Multiple Unit Residential - medium density to Commercial, to support an additional 2,300 m<sup>2</sup> of commercial floor space.

#### **Zoning Bylaw Changes**

20. That Zoning Bylaw 8000 be amended by adding definitions of “Industrial Office”, “Industrial High Technology Research and Product Design” and “Major Corporate Offices”, by creating a new Industrial zone that does not allow “offices” as a permitted use, and adding Call Centre, Industrial Office, Industrial High Technology Research and Product Design and Major Corporate Office as permitted uses in the new Industrial zone.
21. That the City refine licensing practices to more actively enforce the existing provisions of the C10 Service Commercial Zone with respect to permitted office and retail uses.
22. That Zoning Bylaw 8000 be amended in such a way as to preclude commercial uses with “drive-through” windows from locating in Village / Urban / City Centres without going through a Zoning Bylaw Variance.

#### **Other**

23. That Land Use Contract 71-1 (Intercity Ventures) be quit claimed at the earliest opportunity based on the fact that the area has now been serviced.
24. That commercial development permit guidelines be examined to determine whether changes are required to address impacts associated with large-scale (big box) and/or free standing commercial facilities exceeding 2,300 m<sup>2</sup>.
25. That the City, downtown merchants and landowners and other agencies continue to work together to create a destination atmosphere in the City Centre.

# LEGEND

## GENERAL COMMERCIAL & INDUSTRIAL DP AREAS

Commercial & Industrial properties abutting red coloured roads and Okanagan Lake Foreshore are subject to Development Permit Designation.

All commercial zoned properties within the City located in a residential neighbourhood are subject to DP Designation.

## URBAN CENTRE DP AREAS \*

- A City Centre**
- B Highway Centre**
- C South Padosy Town Centre**
- D Rutland Town Centre**

## VILLAGE CENTRE DP AREAS \*

- 1 Glenmore Valley**
- 2 North Mission**
- 3 Gulsachan**
- 4 Black Mountain**
- 5 Mission Village**
- 6 Capri**

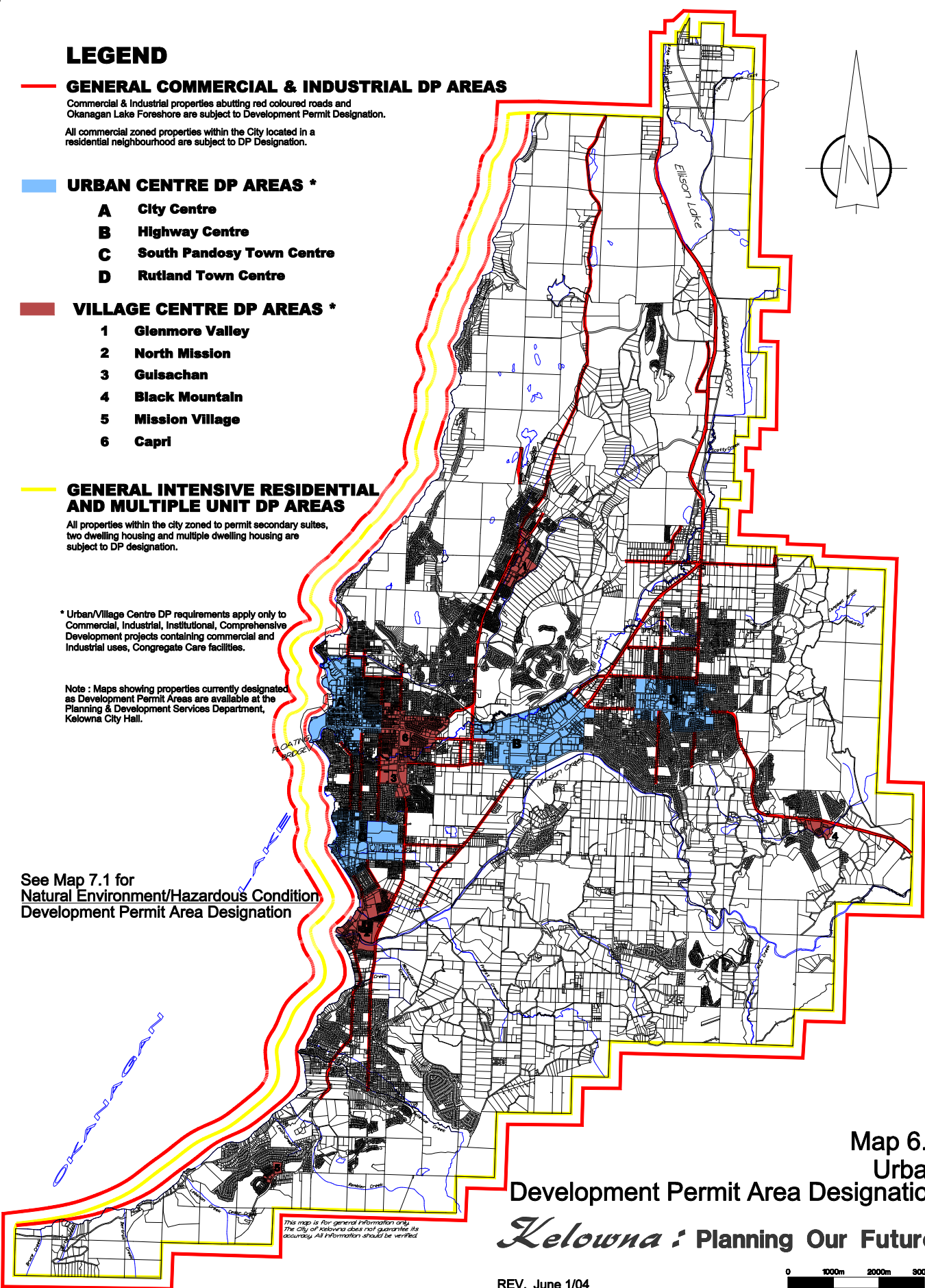
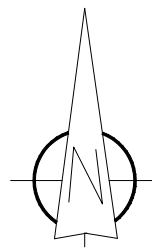
## GENERAL INTENSIVE RESIDENTIAL AND MULTIPLE UNIT DP AREAS

All properties within the city zoned to permit secondary suites, two dwelling housing and multiple dwelling housing are subject to DP designation.

\* Urban/Village Centre DP requirements apply only to Commercial, Industrial, Institutional, Comprehensive Development projects containing commercial and industrial uses, Congregate Care facilities.

Note : Maps showing properties currently designated as Development Permit Areas are available at the Planning & Development Services Department, Kelowna City Hall.

See Map 7.1 for  
Natural Environment/Hazardous Condition  
Development Permit Area Designation



Map 6.2  
Urban  
Development Permit Area Designation

*Kelowna* : Planning Our Future



## Appendix 2

### OCP Urban Centre Definitions

(as of March 5, 2002)

**City Centre** (Downtown) – means a vibrant, amenity-rich area wherein different land uses frequently occur within the same building and almost always occur within any given one-block area. City Centres contain a variety of housing types, the presence of which contributes to social diversity. City Centres are highly urbanized environments in which non-automobile forms of transportation are given highest priority. Cars will primarily be parked in parkades, at on-street parking meters, or at small, common surface parking lots. In addition to being a primary tourist and entertainment draw, City Centres will draw people for work, shopping, and recreation from a city population of at least 80,000. City Centres are located at least 2 kilometres from the core of a Highway Centre or Town Centre. Typical zoning would be C7 Central Business Commercial or C4 Town Centre Commercial.

**Town Centre** (S. Pandosy / Rutland) – means a vibrant, amenity-rich area wherein different land uses frequently occur within the same building and almost always occur within a one-block area. Town Centres contain a variety of housing types, the presence of which contributes to social diversity. Town Centres are highly urbanized, pedestrian-friendly environments that draw people for work, shopping, and recreation from a broad community of approximately 25,000 residents living within approximately 2 kilometres. Town Centre cores are located at least 2 kilometres from the core of other Town Centres, a City Centre, or a Highway Centre. Typical zoning would be C4 Town Centre Commercial.

**Highway Centre** (Highway 97 / Springfield) – means an area containing a concentration of retail facilities which market, to a regional population of at least 120,000, items that are primarily large, expensive and/or infrequently purchased. Highway Centres contain a mix of housing opportunities for those wishing to live close to area amenities and employment opportunities. Highway Centres provide for a broad range of transportation options (private vehicle, pedestrian, bicycle, transit etc.). The cores of “Highway Centres” will generally be located at least 10 km from each other and at least 2 kilometres from the core of a City or Town Centre. Typical zoning would be C6 Regional Commercial or C4 Town Centre Commercial.

**Village Centre** (Glenmore / North Mission / Southwest Mission / University / Black Mountain / Guisachan / Capri / other villages within the City Centre) - means a cluster of small-scale, residential, retail, and office uses, which provide for convenience needs of area residents. Village Centres are located along an arterial or collector road and would typically be present where there are at least 8,000 people living within a two kilometre radius in an area not served by City or Town Centre commercial facilities. The total commercial component of such a centre is no larger than 7,000 m<sup>2</sup>. One “anchor” may account for up to 30% of the total floor space, but individual stores would typically be a maximum of 140 m<sup>2</sup> (restaurants might be slightly larger). Typical zoning would be C3 Community Commercial.

**Neighbourhood Centre** (Okanagan Mission / Crawford / McCulloch / Gallaghers Canyon / Bankhead / S Glenmore / Dilworth / Rutland / Tower Ranch / Glenmore Highlands / McKinley / Ellison Lake) – means is a small node (max. 3,000 m<sup>2</sup>) of retail/service outlets located along an arterial or collector road. Neighbourhood Centres provide limited goods/services for the convenience needs of nearby residents. One “anchor store” may account for up to 235 m<sup>2</sup> of floor space, but individual stores are rarely larger than 140 m<sup>2</sup> (restaurants might be somewhat larger). Generally, Neighbourhood Centres would be located where there are approximately 3000 people living within a one kilometre area not serviced by City, Town or Village Centres commercial facilities. Typical zoning would be C2 Neighbourhood Commercial.

## Appendix 3

### 2001 Census Population for the Kelowna Trading Area

- Trading area total 297,601 (includes RDCO, NORD, RDOS)
- City of Kelowna - 96,288
- Regional District of Central Okanagan (includes City of Kelowna) - 147,739
- City of Vernon - 33,494
- North Okanagan Regional District (includes the City of Vernon) - 73,227
- City of Penticton - 30,985
- Regional District of Okanagan Similkameen (includes City of Penticton) - 76,645

### Age Distribution - Regional District of Central Okanagan

Census Year / Age	0 – 19	20 – 64	65 +	Total
1981	29.5 %	56.2 %	14.3 %	100 %
1986	26.2 %	57.1 %	16.7 %	100 %
1991	25.3 %	57.4 %	17.3 %	100 %
1996	25.0 %	57.9 %	17.1 %	100 %
2001	24.3 %	57.2 %	18.5 %	100 %

Source: Statistics Canada: Census 1981, 1986, 1991, 1996, 2001

### Age Distribution – City of Kelowna

Census Year / Age	0 – 19	20 – 64	65 +	Total
1981	28.7 %	55.3 %	16.0 %	100 %
1986	25.6 %	56.4 %	18.0 %	100 %
1991	24.3 %	56.6 %	19.1 %	100 %
1996	24.4 %	57.2 %	18.4 %	100 %
2001	23.5 %	57.3 %	19.2 %	100 %

Source: Statistics Canada: Census 1981, 1986, 1991, 1996, 2001

### Projected Age Distribution at 2020 Regional District of Central Okanagan

Census Year / Age	0 – 19	20 – 45	45 – 64	65 +
2020	20 %	32 %	28 %	20 %

Source: BC Statistics Regional Population Projection (P.E.O.P.L.E. 26), June 2001)

## Growth Projections

- **Regional:** 234,500 by the end of 2020 (Source: BC Stats – P.E.O.P.L.E. 26 June 2001)
- **City:** 2001 Census population of 96,288 x 2.37 % average annual growth rate compounded = 153,222 people by the end of 2020

### City of Kelowna 2001 / 2020 Population by Sector

Sector	2001 Census*	Projected New People	Total 2020
1. McKinley	643	0	643
2. Highway 97 North	863	4,686	5,549
3. Glenmore / Clifton / Dilworth	17,504	10,283	27,787
4. Central City	20,058	13,400	33,458
5. Rutland	25,401	7,136	32,537
6. Belgo / Black Mountain	3,394	4,410	7,804
7. South Pandosy / KLO	12,152	4,550	16,702
8. Southeast Kelowna	5,665	1,624	7,289
9. North Mission / Crawford	6,974	2,393	9,367
10. Southwest Mission	3,634	8,452	12,086
<b>Total</b>	<b>96,288</b>	<b>56,934</b>	<b>153,222</b>

\* Does not include IR # 7 population of 1979 people

## Appendix 4

### 2003 Estimated Retail Sales / Household Income Comparisons With other BC Regional Centres

*(Source: Financial Post – Canadian Demographics)*

**Central Okanagan:** estimated population – 159,762 people in 64,749 households

- 2003 estimate \$1,904,020,000 total retail sales (\$29,400 per household)
- per household sales is 19 % higher than the national average
- 2003 estimated average household income - \$51,400 (7 % below national average)
- 2003 estimated per capita income - \$20,800
- 2003 estimated average household disposable income - \$39,300
- 2003 estimated average household expenditures - \$49,700
- Retail sales in the RDCO increased by 97 % from 1991 to 2001 (Retail sales in BC increased by 49 % in the same time frame).

**Kamloops Census Agglomeration:** estimated population - 92,887 people in 37,175 households (portion of Thompson Nicola Regional District)

- 2003 estimate \$1,282,390,000 total retail sales (\$34,500 per household)
- per household sales is 37 % higher than the national average
- 2003 estimated average household income - \$54,000 (4 % below national average)
- 2003 estimated per capita income - \$21,600
- 2003 estimated average household disposable income - \$40,500
- 2003 estimated average household expenditures - \$51,600

**Nanaimo Census Agglomeration:** estimated population - 91,499 people in 38,005 households (portion of Nanaimo Regional District)

- 2003 estimate \$1,126,570,000 total retail sales (\$28,600 per household)
- per household sales is 22 % higher than the national average
- 2003 estimated average household income - \$50,100 (7 % below national average)
- 2003 estimated per capita income - \$20,800
- 2003 estimated average household disposable income - \$38,500
- 2003 estimated average household expenditures - \$49,200

**Prince George Census Agglomeration:** estimated population - 89,665 people in 33,942 households (City of Prince George)

- 2003 estimate \$1,187,950,000 total retail sales (\$35,000 per household)
- per household sales is 32 % higher than the national average
- 2003 estimated average household income - \$61,000 (3 % above national average)
- 2003 estimated per capita income - \$23,100
- 2003 estimated average household disposable income - \$45,750
- 2003 estimated average household expenditures - \$57,900

## Appendix 5

### Total Commercial Floor Space Inventory By Urban Centre

(Source: BC Assessment Data – December 2001)

Downtown *	2,050,600 sq. ft.	20.5 % of total floor area
S. Pandosy	538,802 sq. ft.	5.4 %
Rutland	599,533 sq. ft.	6.0 %
Highway 97 / Springfield	3,484,473 sq. ft.	34.8 %
Hwy 97 Corridor	2,565,030 sq. ft.	25.6 %
Capri	463,305 sq. ft.	4.6 %
Guisachan	56,853 sq. ft.	0.6 %
North Mission	56,151 sq. ft.	0.6 %
Glenmore	75,955 sq. ft.	0.8 %
Miscellaneous	111,278 sq. ft.	1.4 %
<b>Total</b>	<b>10,001,980 sq. ft.</b>	<b>100.0 %</b>

\* Does not include Skyreach Place (except for ground floor commercial uses and second floor restaurant).

### Total Commercial Floor Space Inventory By Type

(Source: BC Assessment Data – December 2001)

Retail / Personal Service*	3,311,343 sq. ft.	33.1 % of total floor area
Office – first floor	1,180,063 sq. ft.	11.8 %
Office – second floor	1,178,349 sq. ft.	11.8 %
Office – third floor	202,869 sq. ft.	2.0 %
Office – four + floors	192,550 sq. ft.	1.9 %
Restaurant	608,913 sq. ft.	6.1 %
Fast Food Restaurant	63,682 sq. ft.	0.6 %
Bank	117,104 sq. ft.	1.2 %
Shopping Centre	2,224,378 sq. ft.	22.3 %
Storage	922,729 sq. ft.	9.2 %
<b>Total</b>	<b>10,001,980 sq. ft.</b>	<b>100.0 %</b>

\* Includes approximately 570,000 sq. ft. of stand-alone “big box” stores.  
Big box does not include large stores in a mall setting.

- Floor areas indicated are leasable areas only, including storage, and does not include stand alone storage / warehouse areas.
- Restaurant uses include convention / banquet space, pubs, nightclubs, beer parlours, lounges etc.
- Shopping centre inventory includes some office, restaurant and bank uses.

## Appendix 6

### Estimated Commercial Floor Space Inventory / Vacancy Rate By Urban Centre

*(Estimate based on field check of inventory - Spring 2002)*

Downtown	200,371 sq. ft.	9.8 % of sub-area total floor area
S. Pandosy	15,253 sq. ft.	2.8 %
Rutland	28,181 sq. ft.	4.7 %
Highway 97 / Springfield	224,810 sq. ft.	6.5 %
Hwy 97 Corridor	236,343 sq. ft.	9.2 %
Capri	32,018 sq. ft.	6.9 %
Guisachan	800 sq. ft.	1.4 %
North Mission	2,000 sq. ft.	3.6 %
Glenmore	7,500 sq. ft.	9.9 %
Miscellaneous	16,686 sq. ft.	15.0 %
<b>Total</b>	<b>763,962 sq. ft.</b>	

### Estimated Commercial Floor Space Inventory / Vacancy Rate By Type

*(Estimate based on field check of inventory - Spring 2002)*

Retail / Personal Service	168,729 sq. ft.	5.1 % of category total floor area
Office – first floor	86,519 sq. ft.	7.3 %
Office – second floor	149,554 sq. ft.	12.7 %
Office – third floor	37,025 sq. ft.	18.3 %
Office – four + floors	71,381 sq. ft.	37.1 %
Restaurant	65,010 sq. ft.	10.1 %
Fast Food Restaurant	8,597 sq. ft.	13.5 %
Bank	5,683 sq. ft.	4.9 %
Shopping Centre	137,720 sq. ft.	6.2 %
Storage	33,744 sq. ft.	3.7%
<b>Total</b>	<b>763,962 sq. ft.</b>	

The city-wide estimated vacancy rate is approximately 7.64 %. By subtracting “big box” stores from the base of 10 million sq. ft the estimated vacancy rate is 8.1 %.

## Appendix 7

### Existing Commercial Zoning by Type \* (land area)

C1 – Local	6.0 ha	14.8 acres
C2 – Neighbourhood	12.4 ha	30.6 acres
C3 – Community	21.5 ha	53.1 acres
C4 – Town Centre	100.8 ha	249.1 acres
C5 – Transition	1.4 ha	3.5 acres
C6 – Regional	22.2 ha	54.9 acres
C7 – CBD	21.5 ha	53.1 acres
**C9 – Tourist	5.2 ha	12.8 acres
C10 – Service	104.3 ha	257.7 acres
***Other	20.4 ha	50.4 acres
Total	315.7 ha	780.0 acres

\* Excludes C8 Convention Hotel and C9 Tourist (Hotel / Motel)

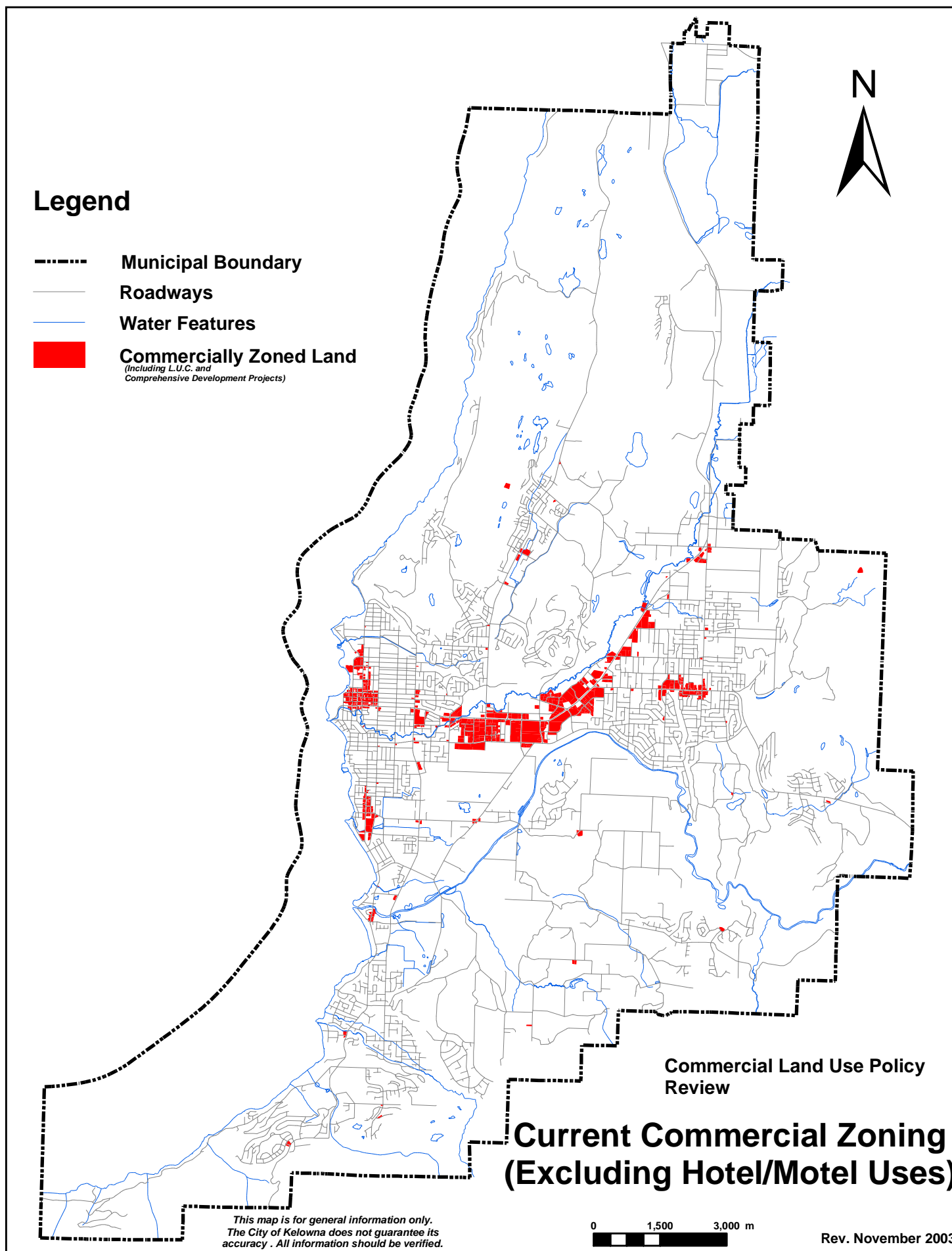
\*\* Includes C9 Tourist uses other than hotel / motel

\*\*\* Other means Land Use Contracts or Comprehensive Development Projects with a commercial component



## Legend

- Municipal Boundary
- Roadways
- Water Features
- Commercially Zoned Land**  
*(including L.U.C. and Comprehensive Development Projects)*



Commercial Land Use Policy  
Review

## Current Commercial Zoning (Excluding Hotel/Motel Uses)

*This map is for general information only.  
The City of Kelowna does not guarantee its  
accuracy. All information should be verified.*

0 1,500 3,000 m

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## Appendix 9

### Retail and Service Commercial Growth Projections 2001 – 2021

Year	Estimated Retail and Service Commercial Needs (Sq. Ft.) By Scenario #			
	1	2	3	Average
<b>2001 - 2006</b>	992,996	942,259	1,578,739	1,171,332
<b>2006 - 2011</b>	906,526	1,023,801	1,060,853	997,060
<b>2011 - 2016</b>	914,767	1,078,063	1,117,078	1,036,636
<b>2016 - 2021</b>	876,640	1,156,990	1,198,863	1,077,497
<b>Total</b>	<b>3,690,929</b>	<b>4,201,113</b>	<b>4,955,533</b>	<b>4,282,525</b>

### Office Space Growth Projections 2001 - 2021

Year	Estimated Office Space Needs (Sq. Ft.), By Scenario #			
	1	2	3	Average
<b>2001 - 2006</b>	376,825	357,571	410,270	381,555
<b>2006 - 2011</b>	344,011	388,514	275,686	336,070
<b>2011 - 2016</b>	347,138	409,106	290,297	348,847
<b>2016 - 2021</b>	332,669	439,057	311,551	361,092
<b>Total</b>	<b>1,400,642</b>	<b>1,594,248</b>	<b>1,287,803</b>	<b>1,427,564</b>

**Note:** See page 16 for an explanation of the projection methodology.

## Appendix 10

### Official Community Plan Policies Related to Commercial Land Uses (As of March 5, 2002)

#### Growth Management Policies:

- 5.1.2 Support Transportation Demand Management.** Work towards decreasing the rate of travel by private automobile, especially during peak hours.
- 5.1.5 Sustain the Environment.** Encourage development and land use changes to take place in a manner that will not compromise the ability of future generations to meet their needs and to enjoy the quality of life that we experience today.
- 5.1.8 Encourage Mixed Use Developments.** Encourage a mix of residential, employment, institutional, and recreational uses within individual buildings or larger development projects, and an increased share of development going to the designated Urban Centres, to provide access by proximity, thereby reducing transportation-related pollution and urban sprawl.
- 5.1.9 Support an Increase in Multiple-Units.** Support a gradual increase in multiple unit development toward a 33% single detached/duplex and 67% apartment/townhouse share of new residential development by 2013, with a multiple unit housing emphasis on ground-oriented housing.
- 5.1.10 Develop a Compact Urban Form.** Develop a more compact urban form that maximizes the use of existing infrastructure, by increasing densities through development, conversion, and re-development within existing areas, particularly in designated Urban Centres, and by providing for higher densities within future urban areas. Encourage development to proceed in a logical, sequential order, concurrently with availability of required urban services.

#### Urban Centre Policies:

- 6.1.18 Development Incentives.** Investigate the potential to establish additional density bonuses and/or other incentives for appropriate development that fulfills civic objectives with respect to quality design and overall contribution to the quality and livability of Urban Centres.
- 6.1.19 Encouraging Urban Centre Location.** Work with the Chamber of Commerce, Economic Development Commission, the Downtown Kelowna Association and the local business community to encourage new commercial enterprises to locate within designated Urban Centres.
- 6.1.21 Development Incentives.** Investigate the potential to establish additional density bonuses and/or other incentives for appropriate development that fulfills civic objectives with respect to quality design and overall contribution to the quality and livability of Urban Centres.
- 6.1.22 BIA Formation.** Promote the formation of Business Improvement Associations (BIA's)

within the commercial cores of the Urban Centres.

- 6.1.29 Future Urban Centres.** Consider private-sector initiatives to develop additional Neighbourhood Centres in accord with Urban Centre definitions and provided that an OCP amendment to Map 6.2 is first approved to designate the subject properties as an “Urban Centre” Development Permit area.
- 6.1.30 Mixed Uses.** Work towards increasing the number of buildings with mixed uses by encouraging developers to incorporate retail uses on the lower storeys with office and/or residential above. Hotel uses could also be incorporated in all Urban Centres except Neighbourhood Centres.
- 6.1.31 Employment Centres.** Encourage increased employment opportunities within Urban Centres to support the Transportation Demand Management (TDM) strategies of Chapter 12 -Transportation.
- 6.1.31 Employment Opportunities.** Encourage increased employment opportunities within Urban Centres to support the Transportation Demand Management (TDM) strategies of Chapter 12 – Transportation.
- 6.1.32 Cultural Facilities and Financial Services.** Encourage cultural facilities and financial services to locate within the City Centre as outlined in the Kelowna Downtown Plan.
- 6.1.33 Entertainment Establishments.** Encourage entertainment facilities to locate on lands within the City Centre, Town Centres and Highway Centre that are designated for commercial uses provided that the proposed entertainment uses are compatible with any surrounding residential uses.

#### **Commercial Policies:**

- 9.1.3 Revitalization.** Pursue commercial revitalization partnership initiatives in the Urban Centres, in co-operation with respective business communities.
- 9.1.8 Diverse Economic Base.** Co-operate with agencies such as the Economic Development Commission to encourage the retention of existing businesses and the attraction of new business in order to create a healthy and diverse economic base that fulfils the City’s growth management and commercial objectives.
- 9.1.11 Location of New Commercial.** Direct new commercial ventures to locate in areas designated for commercial purposes (see Map 19.1).
- 9.1.12 Urban Centre Focus.** Encourage new retail, service, office, hotel/motel, and entertainment facilities to locate within the Urban Centres, in accordance with the provisions of Map 6.2 and the policies of Chapter 6.
- 9.1.14 Office Building Locations.** Encourage office buildings providing more than 929 m<sup>2</sup> (10,000 sq. ft.) of leasable space to locate in the City Centre or the Town Centres.
- 9.1.15 Office Space.** Consider rezoning applications with the objective of ensuring that there is a competitive supply of office space.

**9.1.16 Niche Retail.** Encourage niche retail establishments to locate in the City Centre and the Town Centres.

**9.1.17 Re-development of Parking Lots.** Encourage new commercial facilities to be developed as infill development on excess parking areas provided that all applicable Zoning Bylaw requirements can be satisfied.

**9.1.18 Location of Large-scale Commercial.** Direct large-scale commercial facilities to potential areas within the Highway Centre and that area generally west of Highway 97 and south of Leathead Road, on the former Central Park Golf Course site, and in the McCurdy Road area east of Highway 97.

**9.1.19 Transportation Impacts of Large-scale Commercial.** Require that necessary transportation system improvements be developed in conjunction with large new commercial facilities, while recognizing that in some instances transportation constraints may preclude the introduction of new facilities.

**9.1.24 Tourist Commercial.** Consider commercial development for tourism related uses in the Capozzi / Truswell Road area as outlined in the South Pandosy / KLO Sector Plan.

#### **Industrial Policies:**

**10.1.21 Supply Protection.** Protect existing industrial lands from conversion to other land uses by not, except under exceptional circumstances, supporting the rezoning of industrial land to preclude industrial activities unless there are environmental reasons for encouraging a change of use.

#### **Institutional Policies:**

**18.1.3 Future Branch Libraries.** Work towards establishing, within the Rutland Town Centre, a permanent location for a branch library. Work towards establishing a new branch library facility in Glenmore's Village Centre.

**18.1.21 Location of New Facilities.** Place new library facilities within the core areas of the Urban Centres and Urban Villages.

**18.1.22 Urban Centre Focus.** Encourage an Urban Centre focus for health care and social services.

**18.1.25 Provincial Offices.** Encourage the Province to locate offices and services within the City Centre, Town Centres or Highway Centre.

**18.1.26 Mixed-Use in Government Buildings.** Encourage senior government facilities within the City Centre, Town Centres or Highway Centre to provide for mixed-use developments with retail/commercial at grade.

## Appendix 11 – TDM

### Transportation to Work (Kelowna)

Mode of Transportation to Work	Urban Centres	Inner Suburbs	Outer Suburbs	Rural
Car, truck, van as driver	73%	82%	87%	91%
Car, truck, van as passenger	8%	7%	6%	5%
Public transit	4%	2%	1%	0%
Walked to work	10%	4%	2%	1%
Bicycle	4%	2%	1%	0%
Other method	1%	1%	1%	1%

*Data Source: 1996 Census, Statistics Canada*

#### **1999 OCP Survey** (748 responses)

- Support for OCP policies:
  - Reduction in automobile reliance - 78%
  - Higher densities in Urban Town Centres - 72%

#### **2000 TDM Survey**

- Primary trip generators:
  - Work trips accounted for 61%, which was 33% of total trips
  - Shopping / errands accounted for 13%
- Residents opinion:
  - Use of vehicle has negative community impacts - 67 %
  - Should use vehicle less often - 58 %

## Appendix 12

### Commercial Land Use Areas

#### 1. OCP Future Land Use – Commercial Designation

- Includes designations for general, mixed, tourist and neighbourhood commercial
  - Includes land identified as commercial within CD designation (Skyreach / Landmark)
  - Includes land identified as commercial within Mixed Use / ASP designation (Superstore / Meadowbrook)
  - Does not include existing hotel / motel sites
- 3,376,084 m<sup>2</sup> = 834 acres  
= 337 ha

#### 2. Commercial Zoning – Bylaw 8000 (Zones C1 – C7, C10)

- Includes CD Zones with commercial component (Skyreach, Landmark, Quail Ridge, Tower Ranch, Gallaghers Canyon, Kettle Valley)
  - Includes Land Use Contract (LUC) areas with an underlying commercial zoning or commercial component
  - Includes non-accommodation tourism commercial uses within the C9 zone
  - Does not include existing hotel / motel sites
- 3,156,942 m<sup>2</sup> = 780 acres  
= 315 ha

#### 3. Commercial Zoning – Occupied by Commercial Uses

- Based on zoning parameters as noted in # 2 above
  - BC Assessment actual use codes for commercial uses
- 2,810,518 m<sup>2</sup> = 694 acres  
= 281 ha

#### 4. Commercial Zoning – Occupied by non-Commercial Uses

- Based on zoning parameters as noted in # 2 above
  - BC Assessment actual use codes for non-commercial uses
- 113,394 m<sup>2</sup> = 28 acres  
= 11 ha

#### 5. Commercial Zoning – Vacant Land

- Based on zoning parameters as noted in # 2 above
  - BC Assessment actual use codes for vacant land
- 233,030 m<sup>2</sup> = 58 acres  
= 23 ha

## 6. Designated for Future Commercial – Not Currently Zoned Commercial

- Based on future land use / zoning parameters as noted in # 1 and # 2 above
- Total Commercial designation minus total Commercial zoning
  - 219,142 m<sup>2</sup> = 54 acres
  - = 22 ha

## 7. Combined Total 4,5 & 6 - Potential Commercial Development Land

- Zoned commercial occupied by non-commercial uses - 113,394 m<sup>2</sup>
- Zoned commercial but vacant - 233,030 m<sup>2</sup>
- Designated future commercial but not zoned - 219,142 m<sup>2</sup>
  - 565,566 m<sup>2</sup> = 140 acres
  - = 57 ha

## 8. Commercial Zoning by Urban Centre – Occupied by Commercial Uses

- |                   |                            |                      |
|-------------------|----------------------------|----------------------|
| - City Centre     | - 277,436 m <sup>2</sup>   | = 69 acres / 28 ha   |
| - Highway Centre  | - 1,042,500 m <sup>2</sup> | = 258 acres / 104 ha |
| - South Pandosy   | - 149,821 m <sup>2</sup>   | = 37 acres / 15 ha   |
| - Rutland         | - 209,119 m <sup>2</sup>   | = 52 acres / 21 ha   |
| - Glenmore Valley | - 29,323 m <sup>2</sup>    | = 7 acres / 3 ha     |
| - North Mission   | - 26,923 m <sup>2</sup>    | = 7 acres / 3 ha     |
| - Guisachan       | - 18,393 m <sup>2</sup>    | = 5 acres / 2 ha     |
| - Black Mountain  | - 4,034 m <sup>2</sup>     | = 1 acre / .4 ha     |
| - Kettle Valley   | - 6,049 m <sup>2</sup>     | = 1.5 acres / .6 ha  |
| - Capri           | - 121,570 m <sup>2</sup>   | = 30 acres / 12 ha   |

## 9. Commercial Zoning by Urban Centre – Occupied by non-Commercial Uses

- |                   |                         |                    |
|-------------------|-------------------------|--------------------|
| - City Centre     | - 15,015 m <sup>2</sup> | = 4 acres / 1.5 ha |
| - Highway Centre  | - 26,186 m <sup>2</sup> | = 6.5 acres / 3 ha |
| - South Pandosy   | - 3,717 m <sup>2</sup>  | = 1 acre / .4 ha   |
| - Rutland         | - 21,960 m <sup>2</sup> | = 5 acres / 2 ha   |
| - Glenmore Valley | - 0 m <sup>2</sup>      | = 0 acres / 0 ha   |
| - North Mission   | - 1,116 m <sup>2</sup>  | = .3 acres / .1 ha |
| - Guisachan       | - 0 m <sup>2</sup>      | = 0 acres / 0 ha   |
| - Black Mountain  | - 0 m <sup>2</sup>      | = 0 acres / 0 ha   |
| - Kettle Valley   | - 0 m <sup>2</sup>      | = 0 acres / 0 ha   |
| - Capri           | - 1,285 m <sup>2</sup>  | = .3 acres / .1 ha |



#### 10. Commercial Zoning by Urban Centre – Vacant Land

- City Centre	- 51,304 m2	= 13 acres / 5 ha
- Highway Centre	- 71,899 m2	= 18 acres / 7 ha
- South Pandosy	- 6,857 m2	= 2 acres / .7 ha
- Rutland	- 20,312 m2	= 5 acres / 2 ha
- Glenmore Valley	- 1,897 m2	= .5 acres / .2 ha
- North Mission	- 1,567 m2	= .4 acres / .2 ha
- Guisachan	- 0 m2	= 0 acres / 0 ha
- Black Mountain	- 0 m2	= 0 acres / 0 ha
- Kettle Valley	- 0 m2	= 0 acres / 0 ha
- Capri	- 5,896 m2	= 1.5 acres / .6 ha

#### 11. Designated Future Commercial by Urban Centre – Not Zoned Commercial

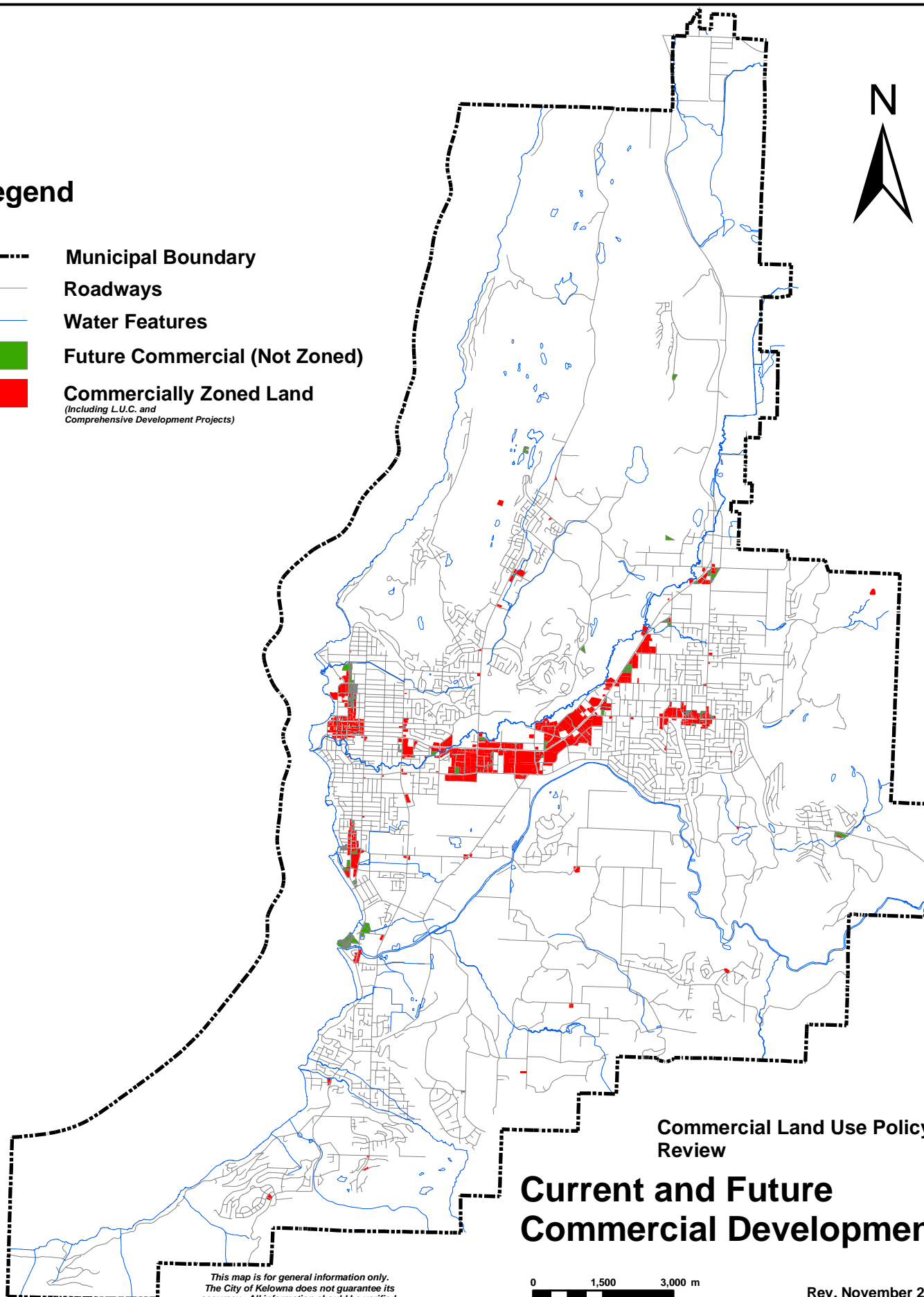
- City Centre	- 83,315 m2	= 21 acres / 8 ha
- Highway Centre	- 40,828 m2	= 10 acres / 4 ha
- South Pandosy	- 39,629 m2	= 10 acres / 4 ha
- Rutland	- 18,506 m2	= 5 acres / 2 ha
- Glenmore Valley	- 2,241 m2	= .6 acres / .2 ha
- North Mission	- 99,190 m2	= 24 acres / 10 ha
- Guisachan	- 0 m2	= 0 acres / 0 ha
- Black Mountain	- 17,316 m2	= 5 acres / 2 ha
- Kettle Valley	- 0 m2	= 0 acres / 0 ha
- Capri	- 15,288 m2	= 4 acres / 1.5 ha

#### 12. Total of 9 / 10 / 11 by Urban Centre – Developable Land (not including under-utilized land)

- City Centre	- 149,634 m2	= 38 acres / 15 ha
- Highway Centre	- 138,913 m2	= 34.5 acres / 14 ha
- South Pandosy	- 50,203 m2	= 13 acres / 5 ha
- Rutland	- 60,778 m2	= 15 acres / 6 ha
- Glenmore Valley	- 4,138 m2	= 1 acre / .4 ha
- North Mission	- 101,873 m2	= 25 acres / 10 ha
- Guisachan	- 0 m2	= 0 acres / 0 ha
- Black Mountain	- 17,316 m2	= 5 acres / 2 ha
- Kettle Valley	- 0 m2	= 0 acres / 0 ha
- Capri	- 22,469 m2	= 6 acres / 2.4 ha

## Legend

-  **Municipal Boundary**
-  **Roadways**
-  **Water Features**
-  **Future Commercial (Not Zoned)**
-  **Commercially Zoned Land**  
*(Including L.U.C. and Comprehensive Development Projects)*



**Commercial Land Use Policy  
Review**

## **Current and Future Commercial Development**

This map is for general information only.  
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accuracy. All information should be verified.

0 1,500 3,000 m

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## Appendix 14

### City of Kelowna Commercial Building Activity for 1995 – 2001 (Square Feet)

Urban / Village Centre	General <sup>(1)</sup>	Office	Total
Downtown	228,949 <sup>(2)</sup>	88,055	317,004
South Pandosy	46,739	37,313	84,052
Hwy 97 / Springfield	584,026	73,133	657,159
Rutland	20,469	0	20,469
Black Mountain	8,525	0	8,525
Glenmore	52,413	0	52,413
Guisachan	0	0	0
North Mission	0	0	0
Southwest Mission	21,658	0	21,658
Capri	14,534	1,668	16,202
Highway Corridor	336,506	308,231	644,737
Other	69,091	3,143	72,234
<b>Total</b>	<b>1,382,910</b>	<b>511,543</b>	<b>1,894,453</b>
<b>Average Annual Floor Area 1995 - 2001</b>	<b>197,558</b>	<b>73,078</b>	<b>270,636</b>

(1) All general commercial and personal services uses, including shopping centres and storage. Does not include hotel / motel development, cultural / governmental facilities or parkades.

(2) Includes commercial units at Skyreach Place. Does not include floor space associated with events such as the arena / concessions / change rooms or seating areas.

## Appendix 15 - Commercial Land Use Contracts

LUC	Location	Centre	Existing Use	LUC Uses	Underlying Zoning	Termination
71-1	Kirschner / Dolphin / Dickson Road		Landmark Square etc.	C – 7 Bylaw 4500, plus office uses		
75-76	Leathead Road		Scott Chrysler	C -12 Bylaw 4500	C -12 B/L 4500	None
76-11	Hwy 33 W	Rutland	Vet Clinic	Vet clinic, animal hospital, animal beauty parlour, including boarding and training of dogs and cats	C - 3 B/L 4500	30 days after change of use
76-1039	Haynes Road	Highway	School District 23 Office	P - 1 Bylaw 4500	P - 1 B/L 4500	None
76-1044	Pandosy / Tutt Street	South Pandosy	General commerical	Retail building supply plus C - 3 uses from Bylaw 4500 (LUC still shows on Map Guide)	C - 3	Discharged 1986 ?
76-1052	Kirschner Road			Warehousing and ancillary offices plus electrical machine shop	C - 7 B/L 4500	None
76-1103	Finns / Findlay Road		Packinghouse Pub/Beer/Wine	LUC originally on site next door, acquired by Pub Sheet metal, auto body / alignment shop	C – 1a B/L 4500	None
76-1108	Hardy St / Enterprise Way	Highway	St. George Moving	Freight terminal / warehouse, automobile service garage	I – 2 B/L 4500	None
76-1109	Spall / Kent Road		Real Estate Board	OMREB offices / classrooms / training / credit bureau etc. + C - 7 Bylaw 4500	C – 7 B/L 4500	None
76-1114	Banks Road	Highway	Hotel / Rest. Retail / office / service uses	See attached plan – C - 3 (Holiday Inn Resort / Ricki's Restaurant), C - 7	C - 3/C - 7 B/L 4500	None
77-1004	Fenwick Road		Pacific Safety Products / Vehicle sales	I - 3 Heavy Industrial Bylaw 4500	I - 3 B/L 4500	None
77-1005	Lakeshore / Haug Road	North Mission	Veterinary Clinic	Veterinary Clinic plus C - 1 uses Bylaw 4500	C - 1 B/L 4500	None
77-1015	Old Vernon Road		Service commercial	See attached list – generally service commercial type uses	C - 1a B/L 4500	None
77-1021	Harvey Ave		Dakodas / Gold's Gym	File missing		

## Commercial Land Use Contracts

LUC	Location	Centre	Existing Use	LUC Uses	Underlying Zoning	Termination
77-1028	Enterprise Way	Highway	Trophy Den, Camber Golf, Florist	<u>Principal uses</u> - Warehousing / storage, light manufacturing. <u>Secondary uses</u> – Office, minor ancillary sales, construction trade offices.		None
77-1040	Hwy 97 N. Lazic's		Auto repair, store, propane, service station	C8 plus auto body (service station, transmission repair, general auto repair, auto body shop)	A – 6 Rural Ind. B/L 4500	City sole discretion, 10 years after July 1978
77-1048	Cross / Valley Road			Egg processing plant, sorting, storage, wholesale, retail	C – 1a B/L 4500	
77-1058	Gray Road	Rutland	Kal Tire	Tire sales and repair	C – 3 B/L 4500	City sole discretion, 10 years after Jan. 1978
77-1082	Rutland Road N.			<u>Principal uses</u> - machinery / automotive repair, auto body repair / paint, steam cleaning autos / machinery. <u>Secondary uses</u> - auto parts supply.	C - 1a B/L 4500	City sole discretion, 10 years after Sept. 1978
77-1085	Leckie / Hunter Road	Highway		NE corner Leckie / Dilworth and NE corner Leckie / Hunter is C - 3 uses, NE corner Leckie / Enterprise is C - 3 (Bus Depot), remainder Enterprise / Leckie / Hunter area is C - 7, Bylaw 4500	C - 3/C - 7 B/L 4500	
78-1004	Burtch / Sutherland (SW corner)		retail / office	C – 3, Bylaw 4500	C – 3 B/L 4500	Upon completion of building and other requirements

## Appendix 16

### Comparative Taxation – Commercial Properties (2001 Data)

Costco (11.25 ac.)	Tax Rate - \$11,828 per acre	=	\$133,000
Orchard Park (47 ac.)	Tax Rate - \$27,086 per acre	=	\$1,273,000
Landmark Square I & II (3.1 ac.)	Tax Rate - \$71,267 per acre	=	\$221,000
Pizza Hut (1.2 ac.)	Tax Rate - \$12,938 per acre	=	\$15,500

**Note:** 2001 Municipal Tax Rates  
Kelowna has one of the lowest commercial tax rates of all the major cites in the Province.

## Appendix 17

### City of Kelowna 2002 Community Survey

**Question 25:** As the population of Kelowna grows would you like to see limits or no limits on the spread of stores and businesses further north along Highway 97?

Area	Limits	No Limits	Don't Know	No Response
<b>No Response</b>	38 %	44 %	13 %	6 %
<b>Central Kelowna</b>	35 %	34 %	26 %	5 %
<b>Glenmore</b>	35 %	48 %	13 %	3 %
<b>Dilworth</b>	32 %	56 %	12 %	0 %
<b>S.E. Kelowna</b>	37 %	44 %	15 %	5 %
<b>Mission</b>	38 %	39 %	19 %	3 %
<b>Rutland</b>	30 %	49 %	17 %	5 %
<b>Black Mountain</b>	25 %	54 %	18 %	4 %
<b>Ellison</b>	33 %	53 %	13 %	0 %
<b>McKinley</b>	38 %	63 %	0 %	0 %
<b>Total</b>	<b>34 %</b>	<b>44 %</b>	<b>18 %</b>	<b>4 %</b>

**Note:** Not all row totals add to 100 % due to rounding.

**Question 26:** How often do you purchase goods or services from . . . ?

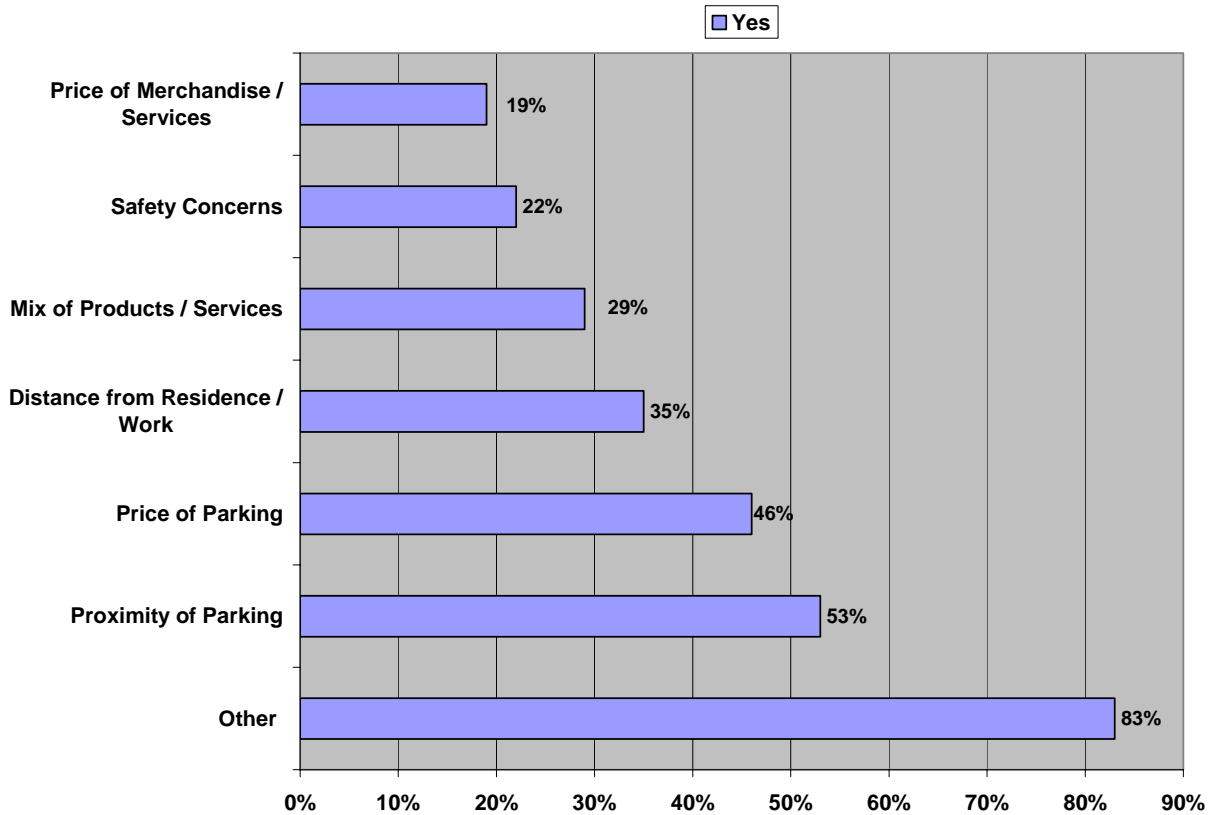
Area	Never	A few times a year	A few times per month	A few times per week	Every day	No Response
<b>Downtown</b>	6 %	40 %	29 %	16 %	5 %	4 %
<b>South Pandosy</b>	12 %	32 %	19 %	21 %	10 %	7 %
<b>Capri / Guisachan</b>	11 %	36 %	27 %	16 %	3 %	7 %
<b>Glenmore</b>	48 %	21 %	9 %	9 %	3 %	10 %
<b>Rutland</b>	22 %	28 %	15 %	17 %	10 %	8 %
<b>Highway 97</b>	0 %	7 %	32 %	49 %	8 %	4 %
<b>Other</b>	10 %	35 %	21 %	14 %	2 %	19 %

**Note:** Not all row totals add to 100 % due to rounding.

## Appendix 18

### 2003 Citizen Survey

Question 29: Do any of the following prevent you from shopping downtown more frequently?



Of the 83% response in the “Other” category the most frequently stated reasons are as follows:

- Panhandlers
- Traffic
- Congestion and lack of public transit
- Parking convenience
- Closer shopping alternatives
- Hours of business operation
- Night time crowds

**Source:** City of Kelowna, 2003 Citizen Survey, Pulse Research Limited, September 2003



## Appendix 19

### Town Centre vs. Business Parks (Office Development)

#### Business park advantages:

- Relatively low cost land
- Relatively low cost building structures
- Flexible building design (build to suit or phased to market demand)
- Availability of sufficient parking
- Variety of ownership options
- Location near similar businesses

#### Town Centre Weaknesses:

- High land costs / rents
- Lack of available vacant sites
- Requires land assembly / demolition of old buildings
- Limited demand by large tenants for high-rise, multi-tenant buildings
- Congested parking
- Traffic congestion
- Higher property taxes
- Undesirable neighbourhood / businesses / people
- Lack of highway access
- Less tolerance of corporate architecture
- Not attractive to large anchor tenants necessary to support major office development
- Municipal regulations

#### Town Centre Strengths:

- Proximity to transit
- Proximity to housing
- Convenient services / retail
- Suitable for businesses with a smaller service area
- Attractive urban environment

**Source:** "The GVRD Office Market – Supply, Demand and Spatial Distribution", Royal LePage Advisors Inc., December 2001.

## Appendix 20

### Comparison of DCC's – Commercial vs. Industrial

#### DCC's for University / Airport area:

Commercial - \$1399 per 1000 sq. ft. of building area

Industrial - \$14,040 per acre of land

#### Commercial scenario:

Assume a 50,000 sq. ft. building @ \$3199 per / 1000 sq. ft. = **\$159,950**

#### Industrial scenario:

The minimum parcel size in the I1 zone is .4 ha (1 acre) and the maximum FAR is 1.2. One acre (43,560 sq. ft) at an FAR of 1.2 would allow a building size of 52,000 sq. ft.

Assume a 50,000 sq. ft. building @ \$14,040 per acre = **\$14,040**

#### Urban Centre scenario:

This same building in the City Centre @ \$2572 per 1000 sq. ft. of building area would require DCC's in the amount of **\$128,600**

## Appendix 21

### Proposed Definitions for New Industrial Uses Zoning Bylaw 8000

1. Add a new definition of “Industrial Office”:

**Industrial Office** means administrative office floor space of not more than 50% of the gross floor area of the building and/or tenant space, where the remainder of the building and/or tenant space is used for industrial / manufacturing / distribution / storage component by the same business / tenant. Where the industrial / manufacturing / distribution / storage component is over 929 m<sup>2</sup> (10,000 sq. ft.), the administrative office floor space within the same tenant space may exceed 50%. The total allowable percentage of office space includes the 25% office / retail component of industrial floor area permitted under the definition of **General Industrial**.

2. Add a new definition of “Industrial High Technology Research and Product Design”:

**Industrial High Technology Research and Product Design** means the research and/or design, including the manufacture and / or distribution, of products used in the fields of computer software and programming, electronics, telecommunications, aeronautics, precision engineering, robotics, biochemistry, health care, and related industries. This use may include an **Industrial Office** component.

3. Add a new definition of “Major Corporate Offices”:

**Major Corporate Offices** means the headquarters or regional offices of major corporations where the minimum floor plate required as a stand alone office building exceeds 929 m<sup>2</sup> (10,000 sq. ft.).

## Appendix 22

### Office Potential in Existing I1 Zone

Vacant sites zoned I1 as of May 31, 2004

<b>Location</b>	<b>Site Area (Acres)</b>	<b>Site Area (sq. ft.)</b>	<b>FAR</b>	<b>Potential Floor Area (sq. ft.)</b>
Canada Lands Recreation Ave.	3.86	168,385.	1.2	202,000
Gaspari / Kleinfelder Enterprise Way	3.58	155,931	1.2	187,000
Argus/Callahan Old Vernon Road	14.57	634,790	1.2	760,000
Geddes Hollywood Rd. N.	3.07	133,853	1.2	160,000
Acland Road	2.15	93,660	1.2	112,000
<b>Total</b>	<b>107.23</b>	<b>1,186,618</b>		<b>1,421,000</b>

### Office Potential in Areas Designated Industrial

Vacant sites designated industrial with potential for I1 Zoning

<b>Location</b>	<b>Site Area (Acres)</b>	<b>Site Area (sq. ft.)</b>	<b>FAR</b>	<b>Potential Floor Area (sq. ft.)</b>
Marshall Feedlot	37	1,614,639	1.2	1,937,000
Finns Rd. area	24.3	1,058,568	1.2	1,270,000
Peter Kuehn Hwy 97 N.	12.84	559,397	1.2	671,000
University South	74	3,229,278	1.2	3,875,000
Pier Mac	94	4,090,420	1.2	4,908,000
<b>Total</b>	<b>242.14</b>	<b>10,542,302</b>		<b>12,661,000</b>