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**SUBJECT REIMAGINE NANAIMO: DEMOGRAPHICS AND LAND
INVENTORY/CAPACITY ANALYSIS SUMMARY**

OVERVIEW

Purpose of Report:

To provide Council with a summary of the findings of two key background documents (Demographics Report – Population, Housing and Employment Projections, and Land Inventory/Capacity Analysis Report) related to the Reimagine Nanaimo (Coordinated Strategic Policy Review 2020-2021) process.

BACKGROUND

At the Regular Council Meeting held 2020-FEB-24, Staff provided a progress update on the Reimagine Nanaimo Coordinated Strategic Policy Review 2020-2021 project, including a draft Terms of Reference for the overall process. Council endorsed the following motion:

“That Council receive the report titled “Coordinated Strategic Policy Review 2020-2021 Status Update” dated 2020-FEB-24, and adopt the attached Coordinated Strategic Policy Review 2020-2021 Terms of Reference.”

Following this direction from Council, Staff have since proceeded with the implementation of various aspects of the Terms of Reference, including working toward the completion of two key background documents:

- Demographics Report – Population, Housing and Employment Projections; and
- Land Inventory and Capacity Analysis Report

The focus of the Reimagine Nanaimo process is a comprehensive update of a number of key strategic planning policy documents. Central to this undertaking is an update of Nanaimo's 2008 Official Community Plan (OCP), the 2005 Parks, Recreation and Culture Plan, and the creation of an Active and Sustainable Transportation Plan.

Planning and engagement on these plans will be done as part of a broader process that involves coordinating engagement to inform the review and update of other strategic plans, including the Economic Development Strategy, Water Supply Strategic Plan, and Climate Action Plan.

Data contained within these two reports will help to inform and underpin policy contained within all six of the plans that form the focus of the strategic policy review, and in particular, are a key analytical tool upon which to guide updates of the OCP and other strategic documents.

DISCUSSION

For Council's reference, the completed Land Inventory/Capacity Analysis Report is included as Attachment A. While summarized here, completion of the Demographics Report – Population, Housing and Employment has been delayed and the full report will be provided to Council in a few weeks' time.

Due to the considerable amount of data provided in each report, the following key highlights and recommendations are included for Council's reference.

Demographics Report – Population, Housing and Employment

The purpose of this report is to provide projections about the future growth of Nanaimo to support effective planning of future infrastructure, land use, public facilities, transportation networks, and other long-term services.

The projections contained in this report build on work previously completed for the Regional District of Nanaimo (RDN). However, the RDN work has been extended in several ways:

- The timeframe for the Nanaimo projections has been extended to 2046;
- The city-wide Nanaimo projections have been broken down and allocated to 16 Planning Areas within the city; and
- The projected mix of housing structure types has been updated to reflect recent market activity, which suggests a significantly higher share of apartment development as part of total housing growth, rather than the extrapolation of past trends used in the RDN work.

In other respects, the underlying assumptions and methodologies are the same.

Population Projections

The projections use two growth scenarios that have the same assumptions for fertility and mortality, but alternative assumptions for future net migration.

1. Baseline Scenario – This scenario suggests Nanaimo's growth from 2016 to 2046 will average 0.86% per year. In terms of actual population increase each year, this scenario calls for an annual increase of 1,070 people per year, with an estimated total Nanaimo population of 126,629 in 2046.
2. High-Growth Scenario – The City's estimated average growth under this scenario is 1.20% per year to 2046 and the average annual increase in population is 1,580 people per year, with an estimated total Nanaimo population of 141,883 in 2046.

Housing Projections:

Based on the population projects noted above and a number of other factors, such as Household Maintainer Rates and developable land capacity, the following total housing unit estimates were established:

3. Baseline Scenario – Total housing unit projections for the city will increase from 39,170 in 2016 to 54,143 in 2046 – a total growth rate of 38%.

4. High-Growth Scenario – Total housing unit projections for the city will increase from 39,170 in 2016 to 60,158 in 2046 – a total growth rate of 54%

Employment Projections

Employment projections for Nanaimo are adapted from an earlier 2020 employment projections analysis prepared for the RDN in support of the RDN's Regional Growth Strategy: Sharing Our Future 2041.

Nanaimo's analysis uses similar growth assumptions and methodology to first prepare projections for the city of Nanaimo as a whole, which accounts for about two-thirds of total RDN employment, and then adapting the city-wide projection.

5. Baseline Scenario, total job projections for the city will increase from 46,193 in 2016 to 58,483 in 2046 – a total growth rate of 27%.
6. High-Growth Scenario, total job projections for the city will increase from 46,193 in 2016 to 63,844 in 2046 – a total growth rate of 38%.

Land Inventory/Capacity Analysis Report

The intent of this study is to provide the City with a better understanding of growth trends (up to 2046) affecting land use patterns, the impact of these trends on demand for development land, and the capacity of the available land to meet projected demand while ensuring alignment with conservation and sustainability objectives.

Report Highlights and Recommendations

For quick reference, report highlights can be found listed in Attachment B – Land Inventory/Capacity Report Highlights.

The report groups the key recommendations by land use type (residential, commercial, industrial, and institutional), which are summarized below.

Residential Land Use

1. Based on housing demand projections contained within the Demographic Report, the city is likely to have enough land (an additional 253 hectares) to fulfill future demand in all future land use scenarios except in a high-growth, low-density scenario. It is anticipated a high-growth scenario demanding up to 607 ha of additional residential land is unlikely to occur, based on recent market trends and City goals of higher-density, sustainable development formats. The most notable demand shortage in this scenario would be among single-detached homes. Despite this potential shortfall, the consultant believes the city has enough land to accommodate all projected housing demand; however, much of this land is located within areas zoned for a mixture of uses, such as the corridors and commercial areas. Additionally, the Oceanview and Sandstone lands represent a large chunk of potential residential supply.

There will be a major shift away from how Nanaimo has developed in the past where single-family housing has been the predominant form of residential development, shifting into denser forms of development, including ground-oriented units and apartments. Growing demand is immediately evident among townhomes and four- to six-storey wood-frame apartments due to consumer preferences, along with the economic feasibility of wood-frame versus high-rise development.

In areas where development is not occurring, the City should consider partnerships that could act as an anchor or catalyst for residential development. For example, the University Urban Node may require a custom zone to allow for a wider variety and higher density of uses than indicated by adjacent Corridor 2 and 3 zones, depending on the outcome of their feasibility analyses.

2. The City should also consider allowing for greater maximum buildings heights so that variances are not required. Wood-frame structures can be up to six storeys or approximately 60 feet (18.3 metres) in building height. The National Building Code and B.C. Building Code are making provisions to allow construction with encapsulated mass wood construction up to 12 storeys in height.
3. It is also suggested to conduct a city-wide parking study and, if possible, reduce parking requirements, especially for affordable housing projects. Continual investment in public transportation while creating complete and walkable communities may help to justify lower parking ratios.
4. Finally, it is recommended the City increase the maximum allowable density for multi-family residential so that proponents can include more floor area in their developments without having to provide amenities as part of density bonusing. The City will need to decide whether a greater number of residential units is a satisfactory trade-off for the loss of amenities.

Commercial Land Use

5. The City is expected to have a sufficient amount of land designated to permit commercial uses to accommodate future projected demand. Rather than looking for ways to provide more land for commercial uses, the City should identify a strategy to support the overall health of its existing retail nodes, particularly within Downtown and South Nanaimo.
6. Strong focus should be paid towards the retail environment within Downtown Nanaimo. The vitality of any city's downtown is highly reliant on a vibrant and diverse retail experience with a significant foot traffic.
7. Aside from the addition of residential supply within Downtown, the City should consider "quick fix" interim projects and events designed to animate the downtown and encourage better place making. Pop-up shops, food trucks, farmers markets, winter markets, music shows, artistic installations, outdoor kiosks, and similar items can be highly beneficial in attracting footfall and encouraging frequent repeat visitation.
8. Additional emphasis should be put towards the overall design of ground floor commercial units referring to the design and development principles outlined in Section 3.1.5. of the

report (e.g., direct, street-level access, patio/exterior display areas, and impactful signage). For example, the “Starbucks Effect” refers to the positive impact a popular café with an active frontage, outdoor seating areas, and large windows can have when compared to less dynamic, larger tenancies, such as a bank or pharmacy. In many cases, this effect alone has been enough to help save adjacent suffering retailers due to the anchor effect and the ability of such a tenancy to alter consumers’ overall perception of a certain part of town.

9. Another key challenge facing many retailers is lack of suitable staff due to low unemployment rates and an aging population. The City could consider partnering with local academic institutions and retailers to create a retail training program that may help to supply more staff.
10. It is imperative to ensure commercial activity is not too spread out, particularly through the corridor areas, and the City should instead promote and support the infill of existing retail nodes as a way of cultivating a critical mass and mix of offerings. The City should encourage density levels and a wide variety of permitted uses within these areas, while potentially limiting commercial uses in some parts of the Corridor-designated lands. More specifically, the City should focus on creating more pedestrian connections between the growing residential areas surrounding the existing Urban Nodes due to the physical barrier created by existing seas of parking. This could include pedestrianized pathways with weather protection, landscaping, bike paths and facilities, public gathering areas, and similar features that would encourage nearby consumers to walk rather than drive to these retail centres.
11. The one retail format noted as lacking in the city is small-scale convenience nodes within neighbourhoods. Best practices suggest there should be a convenience node within a five-minutes walk of most residents, yet there are many gaps throughout Nanaimo. The City could designate small parcels of land suitable to accommodate 5,000 – 10,000 square feet of commercial floor space within areas lacking true convenience nodes.
12. Finally, many of the non-profits groups within Nanaimo have expressed concern regarding the availability of affordable space, many of which are at risk of losing their space as new development occurs. Although this demand may not be substantial in terms of the overall scale in relation to market office space demand, it is important for the City to consider options for these indispensable user groups. There is a clear surplus of available lower-quality Class B and C office space within the city that new market office users are unlikely to desire, yet may still be suitable for non-profit groups. To accommodate the needs of these groups, the City could consider the reuse and revitalization of older, persistently vacant buildings with sharing-space models for groups that are expected to be compatible with one another. Additional assistance for these groups could be financial assistance and help negotiating favourable leases with landlords, the later of which has been brought up as an issue that many non-profit groups have experienced.

Industrial Land Uses

13. It is important for the City to create new industrial supply as the amount of vacant industrial land is not expected to fulfill future demand by 2041. The industrial land capacity analysis demonstrates that the usable, vacant, industrially-zoned land within the City's Urban Containment Boundary is insufficient to satisfy demand projections, even under the status-quo scenario. As such, it is imperative the City examine potential solutions to create new industrial supply.
14. Within the Boxwood area, the development of the 11 hectares of vacant lots south of Nanaimo Parkway should be encouraged. This area has already proven to be a popular industrial node, with ongoing construction and strong absorption of new supply.
15. In addition to the vacancies within Boxwood, there are some lots over 2 ha that have remained vacant over the past decade. The owners of these lots should be engaged to identify, where possible, ways to incentivize the development of this land.
16. The Sandstone light industrial lands represent a potential long-term influx of supply. In the meantime, the process of considering Oceanview for industrial development should begin, including an assessment of the total amount of space within the area that is viable for industrial use.
17. Another factor to assess is the potential intensification of existing industrial land, primarily among light industrial uses. Intensification could range from higher ceilings with racking for distribution centres, to investments in automation and the development of multi-level buildings. Due to tight supply constraints in many port cities throughout North America, there has recently been a growing trend of multi-level light industrial buildings being constructed in Vancouver, Seattle, San Francisco, and New York. In order to support developers if they wish to construct multi-level industrial buildings, the City should reassess any potential barriers to such development including:
 - Permitting new industrial uses, such as e-commerce, last-mile delivery, and integrated work-spaces;
 - Discontinuing or limiting non-industrial uses to a secondary scale that only supports primary industrial activities; and
 - Adjusting density caps, such as building setbacks, height limits, floor area ratios, and site coverage maximums.

The heavy industrial areas within Nanaimo are less viable for intensification as they are more land-intensive, requiring large areas for truck loading, vehicle parking, and the outdoor storage of equipment and materials.

18. The City could also consider the amalgamation of land outside of the Urban Containment Boundary for industrial use as identified in report Section 4.3. (existing industrial lands south of the city boundary along the Island Highway). These potential sites represent an additional 44 ha of land suitable for industrial use.

Institutional Land Uses

19. The City is facing a few key challenges regarding demand for institutional land over the short- and long-term, primarily relating to the shortage of public school classrooms and challenges regarding the aging student population. Although growth in the school-aged population is expected to level off within 5-8 years, an immediate shortage of elementary school classrooms has been identified, with secondary schools expected to reach capacity in the coming years. The City will need to work closely with School District 68 as they develop their new long-range facilities plan in identifying the future land needs and potential locations for new or expanded school sites. Although the consultant has identified only a limited amount of vacant land currently zoned for community services, it is understood schools are generally permitted within Neighbourhood and Corridor-designated areas. It will be important to consider setting aside a portion of this land for future institutional development.
20. It is also imperative the City examine the growing land demands for seniors' housing and care facilities. As the population continues to age, the shortage of available space will continue to become more of an issue, as will the supply of staff suitable to provide quality care for these individuals. The City should work with the Island Health to further identify future land requirements based on internal projections.

CONCLUSION

The highlights and recommendations outlined in this report will be considered as part of the overall strategic policy review and update process.

SUMMARY POINTS

- To provide Council with a summary of the findings of two key background documents (Demographics Report – Population, Housing and Employment Projections, and Land Inventory/Capacity Analysis Report) related to the Reimagine Nanaimo (Coordinated Strategic Policy Review 2020-2021) process.
- The focus of the Reimagine Nanaimo process is a comprehensive update of a number of key strategic planning policy documents. Central to this undertaking is an update of Nanaimo's 2008 Official Community Plan, the 2005 Parks, Recreation and Culture Plan, and the creation of an Active and Sustainable Transportation Plan.
- Data contained within these two reports will help to inform and underpin policy contained within all six of the plans which form the focus of the strategic policy review, and in particular are a key analytical tool upon which to guide update of the Official Community Plan.

ATTACHMENTS

ATTACHMENT A: Land Inventory/Capacity Analysis Report

ATTACHMENT B: Land Inventory/Capacity Analysis Report Highlights |

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