

DATE OF MEETING November 15, 2021

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**SUBJECT OFFICIAL COMMUNITY PLAN AMENDMENT APPLICATION
NO. OCP91 - SANDSTONE MASTER PLAN**

OVERVIEW

Purpose of Report

To present for Council's consideration an amendment to the "Official Community Plan Bylaw 2008 No. 6500" that would replace the existing Sandstone Master Plan and guide the long-term development of the properties located at 1200 Frew Road, 1560 Island Highway South, and 1650 Island Highway South.

Recommendation

1. That "Official Community Plan Amendment Bylaw 2021 No. 6500.044" (To replace Schedule B – Sandstone Master Plan in Schedule C – Chase River Neighbourhood Plan of the "Official Community Plan Bylaw 2008 No. 6500") pass first reading; and
2. That "Official Community Plan Amendment Bylaw 2021 No. 6500.044" pass second reading.

BACKGROUND

An Official Community Plan (OCP) amendment application, OCP91, was received from Keycorp Consulting Ltd. on behalf of Seacliff Properties Ltd. The applicant proposes to replace the existing Sandstone Master Plan (2009) with the proposed Sandstone Master Plan (2021) which includes a number of changes.

Council adopted the existing Sandstone Master Plan on 2009-NOV-23 to guide the long-term development of the subject properties located at 1200 Frew Road, 1560 Island Highway South, and 1650 Island Highway South in the Chase River area (Attachments A and B). The 294-hectare site was planned to include approximately:

- 50% public parks and open space;
- 2,400 residential units;
- 23,000 m² building floor area - Urban Node commercial centre;
- 56,000 m² building floor area - regional commercial centre;
- 84,000 m² building floor area - light industrial; and
- 2,800 m² building floor area - neighbourhood commercial.

The existing Sandstone Master Plan (SMP2009) envisioned the development of a complete community with a mix of residential, commercial, light industrial, and recreational uses interconnected by a network of roads, trails, and open spaces (Attachments E and G).

A key connection in the conceptual transportation plans in the SMP2009 included a Highway 1 overpass to link the Cinnabar neighbourhood with the proposed Sandstone Urban Node. Additional improvements to the existing city road network were anticipated to facilitate connections between the Sandstone lands, Duke Point, and the broader Nanaimo region.

Since acquiring the Sandstone lands in 2018, Seacliff has completed a number of professional assessments and further community engagement to inform the proposed amendments. The proposed Sandstone Master Plan (SMP2021) continues to envision a mix of residential, commercial, industrial, and park/open space uses; however, the SMP2021 proposes to:

- Provide an alternative mix and distribution of land uses responding to market demand;
- Include less prescriptive land use policies to increase flexibility to respond to changing market conditions; and
- Remove the highway 1 overpass, and re-examine the transportation network necessary to service the proposed development in recognition of the relationship between land use and transportation demands.

DISCUSSION

Proposed Development

The proposed Sandstone Master Plan (SMP2021) area is consistent with the lands included in the SMP2009; however, the land use concept proposes to establish four precincts, which are further defined in five development areas:

- Cedar Road Neighbourhood (Area 1);
- Employment and Business Precinct (Areas 2, 3 and 4);
- Fielding Road Neighbourhood Centre (Area 5); and
- Cinnabar Valley Neighbourhood (Area 6).

The table following summarizes the proposed land uses and building areas based on conceptual development within each precinct:

Proposed Development Precincts – Sandstone Master Plan 2021					
Precinct	Development Area No.	Location	Area (ha)	Proposed Land Use	Proposed Development
Cedar Road Neighbourhood	1	Between Nanaimo River Estuary and Cedar Road	71	Neighbourhood and Resource Protection	600 Dwelling Units
Employment and Business Precinct	2 and 3	Between Cedar Road and Highway 1 and adjacent to Duke Point Highway	90	Industrial	168,000 m ² Building Floor Area
	4			Light Industrial	140,000 m ² Building Floor Area
Fielding Neighbourhood Centre	5	Between Cedar Road and Highway 1	21	Mixed Use: Residential and Commercial	1,000 Dwelling Units and 16,500 m ² Commercial Building Floor Area
Cinnabar Valley Neighbourhood	6	Southwest of Highway 1	74	Neighbourhood	600 Dwelling Units

The Cedar Road and Cinnabar Valley Neighbourhood Precincts (Areas 1 and 6) would continue to support single family and ground-oriented multi-family development that would be compatible with existing neighbourhoods in Chase River.

The Employment and Business Precinct (Areas 2, 3 and 4) would:

- Introduce industrial development into the development area; and
- Expand light industrial development and employment opportunities in the master plan area to transition from the proposed industrial area to the mixed-use fielding neighbourhood Centre.

The Fielding Precinct (Area 5) would continue to support multi-family development and mixed-use commercial to serve the Sandstone neighbourhood and Chase River residents.

Summary of Key Amendments to the SMP2009

A number of key amendments are proposed to the SMP2009 with the introduction of the new Master Plan. A summary the land use amendments is provided in a table in Attachment H and is discussed in the following section. The land use plans in the SMP2021 (Figure 4.2 Land Use

Designation Map) and the SMP2009 (Figure C.3 Land Use Plan) are attached as Attachments F and E, respectively.

1. *Redistribution of Residential Development*

The SMP2021 shows a relocation of some of the proposed residential density and 200 fewer dwelling units overall than anticipated in the existing Master Plan with:

- 800 fewer high- and medium-density units in the Cedar Road Neighbourhood;
- 600 additional multi-family units in the Fielding Neighbourhood Centre Precinct; and
- Consistent mix of single-family and ground-oriented multi-family dwelling units in the Cinnabar Valley Neighbourhood.

The proposed changes in the distribution of residential density were informed by:

- Closer examination of the developable lands within the plan area excluding site constraints, e.g., steep slopes and existing watercourses;
- Capacity of existing infrastructure (e.g., servicing utilities) and anticipated upgrades to support the proposed development; and
- Market demand for housing.

Concentrating the residential densities in the mixed-use Fielding Neighbourhood Centre Precinct and maintaining lower-density residential development in the Cedar Road and Cinnabar Valley precincts would allow for more efficient use of City service infrastructure and lower long-term asset management costs. The SMP2021 would also eliminate the estate lot residential land use included in the SMP2009.

2. *Removal of Regional Commercial Uses*

The SMP2021 proposes to split the Urban Node – City Commercial Centre and Regional Commercial Centre designations to create a more compact mixed-use Fielding Neighbourhood Centre Precinct and additional light industrial lands within the Employment and Business Precinct. As noted in the summary table (Attachment H), there would be an overall reduction of 65,300 m² of commercial floor area in the SMP2021 from the SMP2009, which included approximately 81,800m² of combined commercial floor area (23,000 m² mixed-use commercial; 56,000 m² regional commercial/large format retail; and 2,800 m² neighbourhood commercial within the Cinnabar and Cedar Road neighbourhood precincts). The SMP2021 does not propose any regional commercial, but includes 16,500 m² of mixed-use commercial in the Fielding Neighbourhood Centre that is intended to serve the day-to-day needs of future Sandstone residents and employees, and the existing residents of the Chase River and Cedar Neighbourhoods.

The applicant proposes these changes to the commercial development, in part, to generate relatively less vehicle traffic, reducing the potential mitigation options required for the transportation network. The developer's transportation assessment indicated that auto-oriented, land-intensive retail services would generate a significant increase in traffic volume that would be challenging and costly to mitigate.

Concentrating local-serving commercial retail in the Fielding Precinct would support a new mixed-use neighbourhood in the Sandstone area planned to include active transportation

amenities and significant parks and open space. Removal of the Urban Node designation and a focus on local-serving commercial in the Sandstone development also reinforces the importance of existing established commercial centres nearby including Southgate, Harewood, and Downtown.

3. *Expanded Light Industrial and New Industrial Uses*

The proposed SMP2021 includes a combined 308,000 m² of light industrial and industrial building floor area, an increase of approximately 224,000 m² over the SMP2009 proposal, which included approximately 84,000m² of light industrial floor area and no industrial floor area. Additionally, the SMP2021 would support ancillary commercial land uses in the industrial and light industrial land use designations.

The applicant considered a number of factors in the current industrial lands proposal, including geographic location in the region, existing infrastructure, opportunity to reduce vehicle trip-generation with less commercial, market demand for industrial lands in the Nanaimo region, and the Land Inventory and Capacity Analysis provided to the City by Colliers International (2020). The Analysis concluded there is a need for both industrial and light industrial lands in the city to support local and regional economic growth.

The proposed industrial-designated properties are currently zoned Industrial (I4), and located adjacent to the Regional District of Nanaimo's landfill, which is anticipated to continue to operate for the foreseeable future.

The proposed shift from commercial to industrial land use provides an opportunity to respond to the demand for employment lands, and to accommodate the anticipated future growth in the local and regional economy. Given the proximity to provincial highways, the Nanaimo Airport, and deep water port at Duke Point, the proposed industrial uses would support a variety of developments, including warehousing, distribution, and wholesaling within Nanaimo as a logistics hub, and improving the efficiency of goods movement in the region.

4. *Parks and Open Space*

The developer proposes to provide the City with approximately 161 hectares of open space, including 121 ha public parkland (natural open spaces, urban and neighbourhood parks, and trails and greenways) and 40 hectares of open space (Agricultural Land Reserve) along the Nanaimo River, which is proposed to be designated Resource Protection. The Resource Protection lands are not envisioned to be publicly dedicated to the City; alternatively, the applicant has begun discussions with the Snuneymuxw First Nation regarding a potential transfer of these lands to the First Nation.

The SMP2009 included 147 hectares of parks and open space, including the resource protection-designated land along the Nanaimo River. The SMP2021 proposes an increase of approximately 14 ha of open space over the SMP2009. The parks and open space plan is largely consistent with the existing Sandstone Master Plan and is informed by further analysis of environmental site features, the City's mobility requirements, and the community's expectations for recreation opportunities.

The proposed Master Plan would also develop a multi-use trail linking Cedar Road with the Duke Point Highway. The proposed multi-use trail would provide an active transportation corridor that extends the length of the Fielding Precinct and the Employment and Business Precinct north of the Duke Point Highway.

5. *Community Facilities*

The Fielding Neighbourhood Centre Precinct policies support institutional uses, including a future community centre. Additionally, the developer proposes to provide land in the Cinnabar Valley Neighbourhood Precinct to the Nanaimo Ladysmith School District for a potential school site in South Nanaimo. The Nanaimo Ladysmith School District supports continued discussions with the developer regarding a future school site in the Cinnabar Valley Precinct.

The developer's proposal to include institutional uses in the Fielding Neighbourhood Centre Precinct responds to the community's desire to locate a civic facility in South Nanaimo. The City is currently undertaking a feasibility study and conceptual design for a community recreation centre south of Tenth Street.

6. *Increased Flexibility in Policy Language*

The applicant proposes to reduce the level of specificity and prescriptive policies and content (e.g., precinct-specific illustrations, prescriptive building design standards, and guidelines, etc.) in order to allow more flexibility and longevity to adapt to market demands over the long-term buildout. The SMP2009 includes extensive details in the policy language and that is unnecessary in a policy document, while the SMP2021 includes general land use policies that articulate the vision for the development of the Sandstone lands.

The proposed buildout of the Sandstone lands will occur based on population growth, shifting demographics, economic development, and evolving land use regulations. The SMP2021 policies would provide an appropriate level of detail to inform future development concepts and approval processes, including rezoning, subdivision, and development permit approvals.

7. *Transportation Network – Removal of Highway 1 Overpass*

The SMP2021 proposes an alternative to the concept transportation plan included in the SMP2009. The SMP2021 conceptual road network would be the basis on which future road network improvements will be developed to provide mobility infrastructure in South Nanaimo.

The proposed conceptual transportation plan illustrates a multi-modal network that:

- Includes a major road network to service the Sandstone lands and connect the area to the existing roads in South Nanaimo;
- Identifies the general classification and future capacity of existing roads that would service the proposed development; and
- Proposes potential traffic connections, improvements, and upgrades necessary to service the anticipated growth in vehicle traffic.

Noted earlier, the proposed Master Plan does not include a Highway 1 overpass to link Cinnabar-area residents with the greater Sandstone area, alternatively exploring a number of improvements identified in SMP2021 (7.3 Transportation Network Map and Table 1 – Proposed Mitigations) that would accommodate growth generated by the proposed development and improve circulation, redundancy, and connectivity in South Nanaimo.

The developer has indicated that the overpass shown in the SMP2009 would be cost-prohibitive to construct. It is noted that the proposed SMP2021 would down-scale the Urban Node to a neighbourhood centre and light industrial lands, thereby reducing the vehicle-intensive commercial lands.

Removing the Highway 1 overpass would eliminate one option to improve the transportation network in South Nanaimo, which would have provided a secondary access to the Cinnabar neighbourhood. The conceptual network reflects the SMP2021's change in the proposed land uses. City and Ministry of Transportation and Infrastructure (MOTI) staff have reviewed and accepted the conceptual network plan in the SMP2021 based on a preliminary traffic assessment; however, the proposed mitigation measures have not been fully evaluated. The necessary network improvements, which may include options not yet identified, will be determined through the rezoning process and the detailed evaluation of a Traffic Impact Assessment.

Policy Context

Official Community Plan

The OCP describes the central portion of the Sandstone lands as the South Nanaimo Urban Node as follows:

- *Regional commercial centre characterized by intensive retail and service uses as well as higher-density residential and light industrial uses.*

The SMP2009 refined the South Nanaimo urban node to include a major regional retail centre. The proposed SMP2021 requires the OCP's South Nanaimo urban node to be re-designated as commercial centre neighbourhood and light industrial to permit the Fielding Neighbourhood Centre Precinct (Area 5) and the central portion of the Employment and Business Precinct (Area 4), respectively.

Additionally, the SMP2021 proposes to re-designate the lands identified within Areas 2 and 3 in the master plan from Light Industrial to Industrial.

The SMP2021's Cedar Road Neighbourhood Precinct (Area 1) and Cinnabar Valley Neighbourhood Precinct (Area 6) would comply with the OCP's existing land use designations corresponding to neighbourhood and resource protection-designated lands.

The proposed SMP2021 would achieve a number of OCP policy objectives including:

- Maintain the protection of environmentally-sensitive habitat, including steep slopes, riparian areas, and mature forests;
- Provide parks and open space in excess of the minimum legislative requirements;
- Encourage a mix of housing forms (ground-oriented, detached and multi-family);

- Support employment opportunities with a mix of industrial land uses; and
- Reinforce existing established commercial centres while providing commercial services to support the day-to-day needs in the surrounding neighbourhood.

Staff support the proposed Sandstone Master Plan.

REIMAGINE Nanaimo Considerations

The Reimagine Nanaimo process continues as Council considers the proposed SMP2021 OCP amendment application. The developer has participated in Reimagine engagement (phase 2) and considered the land use scenarios during the development of the SMP2021. Should Council support the SMP2021 amendment bylaw, the proposed Master Plan would be incorporated into the Reimagine Nanaimo process; however, should Council not support the SMP2021, the Sandstone lands would be incorporated into Reimagine Nanaimo as a future study area.

Affordable Housing Strategy

The applicant considered the City's Affordable Housing Strategy during the development of the SMP2021. The SMP2021 proposes a diversified mix of housing forms, including single family, duplex, and ground-oriented townhouse in the Cedar Road and Cinnabar Valley Neighbourhoods; and multi-family residential developments up to six storeys in the Fielding Precinct. Additionally, the SMP2021 policies reinforce specific actions in the Affordable Housing Strategy for neighbourhood-designated areas, including the provision of adaptable housing to promote aging in place, and lock-off suites to increase the variety of rental housing.

Transportation Master Plan

Based on SMP2009, the Transportation Master Plan describes the South Nanaimo urban node as a potential mobility hub that could host a future transit exchange. Should Council support the adoption of the SMP2021, the City would re-evaluate the alternative land use plan and concept road network and update the Transportation Master Plan, as required.

The SMP2021 includes policies to encourage transit service and usage in the Sandstone lands. Feedback received from BC Transit indicates general support for the transit-related policies contained in the SMP2021.

Community Consultation and External Agencies

The proposed amendment application was referred to the Chase River Neighbourhood Association and external public agencies to seek feedback on the SMP2021 in June 2020 and August 2021. The SMP2021 incorporates feedback received from the public and from external agencies.

The City received a formal referral response from the Chase River Community Association on 2021-NOV-02 (Attachment I). The Association's letter identified the following concerns with the proposed SMP2021 land use concept:

- The elimination of regional commercial services;
- The reduction of multi-family residential;

- The expansion of light industrial land uses; and
- The introduction of industrial land uses.

The developer has consulted with members of the community on numerous occasions since submitting the OCP amendment application, including four formal engagement sessions with the Chase River Neighbourhood Association:

- 2019-JUN-12: Presentation – Chase River Community Association Meeting;
- 2019-JUN-26: Open House – Chase River;
- 2019-NOV-13: Question and Answer – Chase River Community Association Meeting; and
- 2021-MAY-26: Virtual Open House – Chase River Community Association.

The developer has also engaged with the Snuneymuxw First Nation.

Should Council pass first and second reading of the “Official Community Plan Amendment Bylaw No. 6500.044,” the City will send a formal referral to the following stakeholders and external agencies prior to the bylaw proceeding to Public Hearing:

- Agricultural Land Commission;
- BC Transit;
- Chase River Community Association;
- Island Corridor Foundation;
- Island Health;
- Ministry of Agriculture, Food and Fisheries;
- Ministry of Transportation and Infrastructure;
- Regional District of Nanaimo; and
- Snuneymuxw First Nation.

OPTIONS

1. That

1. That “Official Community Plan Amendment Bylaw 2021 No. 6500.044” (To replace Schedule B – Sandstone Master Plan in Schedule C – Chase River Neighbourhood Plan of the “Official Community Plan Bylaw 2008 No. 6500”) pass first reading; and
2. That “Official Community Plan Amendment Bylaw 2021 No. 6500.044” pass second reading.

- Advantages:
 - Proposed increase in land for industrial and light industrial development would support community-wide objectives for economic growth and employment generation in an area is well serviced to become a logistics hub.
 - Proposed land use would generate less vehicle traffic than the current Master Plan, requiring fewer transportation network upgrades and less impact on the existing network and resulting in less capital and long-term asset management costs.
 - Potential partnership between the developer and the Nanaimo Ladysmith School District may result in transfer of land for future school site.

- Extensive parks and open spaces for environmental habitat protection, active transportation, and recreation.
- Support sensitive residential infill and more diverse housing forms in the Chase River neighbourhood.
- Disadvantages:
 - Elimination of Highway 1 overpass would remove direct link between Cinnabar Valley residents and Sandstone commercial centre.

2. That Council deny the Staff recommendation.

- Advantages:
 - The existing Sandstone Master Plan would remain to guide the future development of the subject properties.
- Disadvantages:
 - The developer applied to amend the SMP2009 and may not proceed with the development of the subject properties under the existing Master Plan, delaying the growth and development of South Nanaimo.
 - SMP2009 sets expectations for land use (regional commercial) that may not be supported feasibly by the transportation network, instead of alternate land uses with lower traffic demand.
 - The City's Land Inventory and Capacity Analysis (2020) identifies a shortfall of industrially-designated land in the city. Retaining the commercial and regional commercial focus of the SMP2009 and the OCP's corresponding Urban Node may be a missed opportunity to support more industrial business and employment in the city. |

SUMMARY POINTS

- The City approved the existing Sandstone Master Plan in 2009, which provides a vision for the growth and development of approximately 294 hectares of land in South Nanaimo.
- The existing Master Plan proposes the site to become a complete community, including residential, commercial, light industrial and recreational uses, serviced by an interconnected road network.
- The concept road network included, as a key element, a Highway 1 overpass linking the Cinnabar neighbourhood with the proposed greater Sandstone development.
- The developer proposes an updated Master Plan that would redistribute the location of residential development, eliminates estate lot residential land use, reduce the amount of commercial development and eliminate regional commercial as a land use, increase the amount of light industrial and introduce industrial as a land use, and provide an alternative parks and open space plan.
- Additionally, the proposed Master Plan would reduce the level of detail in the document to accommodate the project's future long-term development, and provide an alternative transportation network with the Highway 1 overpass removed.
- Staff support the proposed Sandstone Master Plan.

ATTACHMENTS:

ATTACHMENT A: Context Map
ATTACHMENT B: Existing Zoning
ATTACHMENT C: Existing OCP Land Use Designations
ATTACHMENT D: Aerial Photo
ATTACHMENT E: Existing SMP2009 Land Use Plan
ATTACHMENT F: Proposed SMP2021 Land Use Plan
ATTACHMENT G: Links to Sandstone Master Plan 2009 and Sandstone Master Plan 2021
ATTACHMENT H: Summary of Key Land Use Changes: SMP2009 vs. SMP2021
ATTACHMENT I: Letter from Chase River Community Association
"Official Community Plan Amendment Bylaw 2021 No. 6500.044" |

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