

RETAIL & COMMERCIAL POLICY REVIEW REPORT



City of Owen Sound

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1.0 INTRODUCTION

MacNaughton Hermsen Britton Clarkson Planning Limited (“MHBC”) and Tate Economic Research Inc. (TER) were retained by the City of Owen Sound (hereinafter “the City”) to undertake a review of the City’s commercial and retail policies in preparation for the five year Official Plan review taking place in 2018. This policy review assessed retail and commercial policies, current trends, and the goals and objectives of the City and provides policy recommendations to be considered in the upcoming 2019 Official Plan review.

A portion of this project includes a review of the current Policy Framework and site specific zoning provisions and recent planning applications associated with commercial development, as well as expansions/changes in the context of the local market. Commercial policies (from Official Plans and strategic documents) from other municipalities were also reviewed as part of the background review to understand other practices and approaches.

Public input was received through an online survey and a stakeholder working session as well as Committee review. This input was used to inform final policy recommendations to be further considered by the City. Updates to Official Plan policies will be further considered through the five-year review process and a separate public input opportunity.

It is important to note the scope of this project includes the policy review and development of recommendations to consider with the upcoming Official Plan review. This study, however, does not include an assessment of commercial/retail land needs which will be done as part of the Official Plan five-year review.

1.1 Background Review

Key documents have been reviewed with key takeaways summarized relative to the commercial policy review. A list of the documents reviewed is included below:

- 1) Provincial Policy Statement (2014);
- 2) County of Grey Official Plan (2013);
- 3) Recolour Grey, Draft County Official Plan (May 2018);
- 4) City of Owen Sound Official Plan (2012);
- 5) City of Owen Sound Zoning By-Law 2010-078 (2010);
- 6) Owen Sound Strategic Plan, 2015 – 2020;
- 7) Downtown Revitalizations Study (2017);
- 8) Commercial Needs Study (2002);
- 9) Owen Sound Market Study Guidelines (2008); and
- 10) By-law No. 2013-047, site specific by-law for Heritage Grove.

Site specific reports and retail market studies were also reviewed.

Key trends discussed in this document review and trends analysis include:

- Consumer preferences
- Evolution of retail formats
- Retailer initiatives
- E-Commerce
- Retail centres in transition
- Excess retail space

In Owen Sound, commercial land use designations were established in 2006 for a 20 year time horizon. This policy review does not intent to review those designated land areas, but rather consider the policies for those designated lands to consider their effectiveness among changing trends.

2.0 POLICY REVIEW

The following is a review of the land use policy framework related to commercial and retail lands.

2.1 Provincial Policy Statement (2014)

The Provincial Policy Statement (2014) (hereinafter referred to as the “PPS”) provides policy direction on matters of provincial interest related to land use planning and development. The City of Owen Sound’s Official Plan is required to be consistent with the PPS.

The PPS outlines policy for Ontario’s long term prosperity, economic health, and social well-being. These directives depend on the efficient use of land and development patterns that support strong, livable and healthy communities that protect the environment and public health and safety, and facilitate economic growth. The PPS policies relevant to commercial and retail land uses have been reviewed as part of this analysis.

The PPS is intended to be read in its entirety. The following considers policies directly related to commercial and economic development.

Section 1.1.1 of the PPS states that healthy, liveable and safe communities are sustained by:

- a) *Promoting efficient development and land use patterns which sustain the financial well being of the Province and municipalities over the long term;*
- b) *Accommodating an appropriate range and mix of residential (including second units, affordable housing and housing for older person), employment (including industrial and commercial), institutional (including places of worship, cemeteries and long term care homes), recreation, park and open space, and other uses to meet long term needs;*
- e) *Promoting cost effective development patterns and standards to minimize land consumption and servicing costs;*

Section 1.1.2 of the PPS states that “sufficient land shall be made available to accommodate an appropriate range and mix of land uses to meet projected needs for a time horizon of up to 20 years...within settlement areas, sufficient land shall be made available through intensification and redevelopment, and, if necessary designated growth areas.”

Furthermore, **Section 1.1.3** indicates that while settlement areas, development pressures and land use change will vary across the province, “it is the interest of all communities to use land and resources widely, to promote efficient development patterns...ensure effective use of infrastructure and public service facilities and minimize unnecessary public expenditures.”

Section 1.1.3.2 states that land use patterns within settlement areas shall be based on:

- a) *densities and a mix of land uses which;*
 - 1. *efficiently use land resources;*
 - 2. *are appropriate for, and efficiently use, the infrastructure and public service facilities which are planned or available, and avoid the need for their unjustified and/or economical expansion;*
 - 3. *minimize the negative impacts to air quality and climate change, and promote energy efficiency;*
 - 4. *support active transportation;*
 - 5. *are transit-supportive, where transit is planned, exists or may be developed; and,*
 - 6. *are freight supportive.*

New development “shall have a compact form, mix of uses and densities that allow for the efficient use of land, infrastructure and public service facilities” (**Section 1.1.3.6**).

This direction is further supported in **Section 1.8** (Energy Conservation, Air Quality and Climate Change), which supports land use and development patterns which:

- a) promote compact form and a structure of nodes and corridors;
- b) promote the use of active transportation and transit in and between residential, employment (including commercial and industrial) and institutional uses and other areas;
- c) focus major employment, commercial and other travel-intensive land uses on sites which are well served by transit where this exists or is to be developed, or designing these to facilitate the establishment of transit in the future;...

Other policies relevant to commercial and retail development include:

Section 1.3.1 states economic development and competitiveness will be promoted by among other matters “encouraging compact, mixed-use development that incorporates compatible employment uses to support livable and resilient communities.”

Section 1.3.2 states that conversion of land within employment areas to non-employment uses may be permitted through a comprehensive review only “where it has been demonstrated that the land is not required for employment purposes over the long term and that there is a need for the conversion.”

Section 1.7 indicates that the long-term prosperity of the City should be supported by among other matters “supporting opportunities for economic development and community –investment readiness” and “maintaining and, where possible, enhancing the vitality and viability of downtowns and mainstreets.” The Downtown is designated in the Official Plan and there are no designated “mainstreets” in the City. This report does not identify or recommend any mainstreet designations.

In summary, the PPS provides municipalities with general direction, but limited requirements as to how directions can be achieved. This, in turn, allows municipalities to take different approaches to commercial policy which can reflect local needs and context. The PPS does not make specific reference to how commercial development should be provided or how to protect commercial centres other than identifying the need for maintaining the well-being of downtowns and main streets.

2.2 County of Grey Official Plan

2.2.1 *Official Plan (in effect - 2014)*

The County of Grey Official Plan (2014) is meant to guide the development within the County to the year 2026, and to interpret and apply the intent of Provincial legislation, regulations and policies for developments within the County. The policies within the plan integrate the principles of sustainable, healthy and strong communities, a healthy environment, and economic growth for the long term.

The County’s Official Plan includes growth projections (population and employment) in order to establish a basis for assessing the need to designate additional lands to accommodate growth, to determine housing needs and identify priorities for municipal infrastructure.

The County Official Plan provides some direction for commercial and economic development, with a strong focus on agricultural production due to the County’s strong agricultural sector and rural environment. Owen Sound is identified as a Primary Settlement Area in the County’s Official Plan (Schedule A): “Larger settlements with full municipal servicing, and a wide range of uses, services and amenities are intended to be the primary target for residential and non-residential growth.”

Section 2.6.3 (3) further states that Grey County’s Official Plan “shall promote the development of the Primary Settlement Areas designation for a full range of residential, commercial, industrial, recreational and institutional land uses. They will be the focus of a majority of the growth within the County. Lands may be designated to accommodate growth projected...in the [Official Plan].”

Overall, the County's Official Plan provides high-level direction as to where commercial growth can occur. As the largest economic centre in Grey County, Owen Sound plays an important role in meeting goals and objectives of the County's Official Plan.

2.2.2 Official Plan, 2018 Draft (Not in effect)

The County of Grey is currently updating their Official Plan (Recolour Grey). A second draft of the Plan was released May 24, 2018 and is continuing to receive public input. The updated plan includes policies for encouraging economic growth, such as Section 3.2.1.1 which states The County will work with local municipalities to ensure that the physical needs of businesses are addressed, which include ensuring that:

- a) Flexible and diverse zoning and serviced sites are available to support a range of industrial and commercial activities.

Section 3.2.1.2 states the designation of new lands for industrial and commercial purposes will be done in such a way as to ensure the new uses are compatible with existing development and do not detract from existing areas of economic activity.

Section 3.2.2 of the County's Draft Official Plan refers to supply of lands and states that Grey County will ensure that sufficient land is designated and available to accommodate an appropriate range and mix of employment opportunities (including industrial, commercial and institutional uses) and that the supply is adequate to meet future demand. Section 3.2.2.2 further states that an adequate supply includes maintaining a range and choice of suitable sites of various sizes for employment uses which support a wide range of economic activities and ancillary uses, and take into account the needs of existing and future business.

Section 3.9 of the draft Official Plan includes policies for the Sunset Strip area, which is located in the Town of Georgian Bluffs on the stretch of highway between Springmount and the City of Owen Sound. The predominant use of land is commercial uses serving the traveling public, with limited convenience facilities to serve the daily needs of local residents. It is understood that City staff have provided comments to the County as it relates to this commercial area and discussions have occurred as it relates to limiting the uses to those appropriate for the level of servicing available.

In terms of land use designation, the City of Owen Sound remains designated as Primary settlement area in the 2018 draft Official Plan. The mix of residential, commercial and institutional is not directed by the County Plan within the primary settlement areas.

2.3 City of Owen Sound Official Plan (2014 Consolidation)

The City of Owen Sound Official Plan was adopted by City Council on March 20, 2006, and was approved by the County of Grey on August 10, 2006. A review of the Official Plan was undertaken in 2011/2012 and approved in December 2012 in accordance with the direction

of the Planning Act and policy from the 2006 Official Plan. The updated Official Plan provides a long-term vision for all lands within the City of Owen Sound to 2026 as well as goals to guide the future development of the City.

Section 1 of the Official Plan outlines the overall vision and context within which the policies of the Official Plan have been formed. This section also includes a hierarchy of City Plans in order to understand the relationship of the City's plans and strategies in relation to each other.

Section 2 outlines the purpose of the Official Plan. Of relevance to commercial policies are section 2.1.3 and 2.1.7:

Section 2.1.3 – Assist Council in determining criteria for the consideration of development and land use policy.

Section 2.1.7 – Guide physical growth within the context of economic, social and environmental matters.

Section 3.0 of the Official Plan outlines the goals and objectives of the Official Plan which include the following goal areas:

- Environmental integrity;
- Economic vitality;
- Managing growth;
- Quality of life;
- Equity, diversity and accessibility;
- Urban design; and
- Infrastructure.

The goals and objectives associated with economic vitality are relevant to this commercial policy review:

Goal: To foster a vital and diverse local and regional economy.

Objectives (relevant to commercial policies):

3.2.2.1 Strengthen the City's employment and economic base by creating and maintaining a community that encourages the attraction, retention, rehabilitation and expansion of businesses and institutions.

3.2.2.2 Encourage and strengthen the City's role as the regional focus for business, culture, education, tourism, and health in Grey and Bruce Counties.

3.2.2.4 Ensure that economic development occurs within the context of a balance of physical, social, economic and environmental demands and constraints.

3.2.2.9 Maintain and enhance the Downtown core as an economic, financial, cultural and employment focus on the City and the Region.

3.2.2.11 Encourage technology-based commercial and industrial growth that reflects trends in a global society.

3.2.2.12 Promote the development of new business and economic activities that are not currently available in the City to help maximize employment opportunities for an aging population.

Land uses for the City are outlined in **Section 4** of the Official Plan. The land uses of interest for this study include:

- Downtown Commercial (4.2)
- Regional Shopping Centre (4.3)
- East City Commercial (4.4)
- West City Commercial (4.5)

There are additional commercial designations included in the Official Plan:

- Arterial Commercial (4.6)
- Waterfront Mixed Use (4.7)

Sections 4.2 to 4.5 have been reviewed in depth through this review, as they are the primary commercial areas of the City and play central roles in servicing Owen Sound residents and the surrounding region. There are also general policies that speak to commercial sectors and economic development more broadly such as section 7.7, Tourism and Economic Development.

The following table summarizes key functions, permitted uses and general policies of each designation. For complete policies, please refer to the Official Plan which is intended to be read in its entirety.

Table 1: Commercial Land Use Designations

Designation	Function	Permitted Uses	General Policies
<p>Downtown Commercial</p>	<p>Intended to provide a full range of commercial, institutional, recreational and residential uses. This area shall function as the social, cultural, business and recreational focal point of the City.</p>	<ul style="list-style-type: none"> • Sm/Med. Scale retail stores, financial institutions, food services • Hotels, motels, visitor accommodations, restaurants, entertainment, theatres • Business, professional, government, medical offices, clinics • Personal services • Business services, printing shops, communication services • Workshops, repair facilities, automotive services, parking • Community facilities (day cares, schools, libraries, galleries, places of worship, recreational facilities) • Other non-commercial uses such as med-high density forms of housing, housing combined with commercial uses, senior citizens housing, nursing homes and group homes • Certain light industrial uses accessory to, or in combination with retail or business uses, where they do not detract from the character of the area 	<ul style="list-style-type: none"> • The downtown is sub-divided into five areas (Schedule B1) including: Central, River, South, East and North • New development should be permitted which supports and contributes to a focused and successful retail area • Uses such as restaurants and entertainment facilities are encouraged to maintain the attraction to both local and tourist businesses • Major office and public administration uses are encouraged • Compatibility with the heritage character of the area and retention of heritage buildings is supported

Designation	Function	Permitted Uses	General Policies
		and are compatible with adjacent uses	
Regional Shopping Centre	Contains the existing Heritage Place Mall	<ul style="list-style-type: none"> • A <i>Regional Shopping Centre</i> and accessory uses may be developed subject to the following conditions: <ul style="list-style-type: none"> ◦ Must include a <i>Major Department Store</i>, a <i>Supermarket</i>, ancillary retail and service stores and a <i>Discount/Promotional Department Store</i> 	<ul style="list-style-type: none"> • One Regional Shopping Centre is considered adequate to serve the needs of the City and surrounding Region • A rezoning or expansion to the existing Regional Shopping Centre designation must meet the tests in Section 4.4.2.9 of the OP which include market analysis • Should a second Regional Shopping Centre be proposed, certain requirements outlined in Section 4.3.2.4 must be met including a needs analysis considering impact on other areas including the Downtown
East City Commercial (Primarily located along 16 th St. E., east of 9 th Avenue E.)	Applies to the major automobile related commercial area in Owen Sound. Planned function is to accommodate large format retail uses requiring large sites with complimentary uses also contemplated.	<ul style="list-style-type: none"> • Large format retail and service commercial uses such as garden centres, retail warehouse stores, automotive, furniture and home-furnishing uses having significant needs for on-site storage and parking • Limited smaller scale retail on underutilized or infill type lots, service commercial and personal uses, financial institutions and services, business, professional and medical 	<ul style="list-style-type: none"> • Developed in manner to provide automobile accessible retailing environment to serve area and Region • Capable of providing both large-scale lots and medium-scale properties to accommodate range of services and businesses • To sustain the planned function for this area, the City may limit the min. and max. gross floor area (GFA) of any

Designation	Function	Permitted Uses	General Policies
		<p>offices, restaurants, entertainment and other community facilities such as day care centres, ancillary to and in support of large format retail and service commercial uses</p> <ul style="list-style-type: none"> • High density residential uses and non-ground oriented multiple dwelling units in combination with non-residential uses. 	<p>permitted use through the City's Zoning By-Law</p> <ul style="list-style-type: none"> • Should a rezoning of the East City Commercial designation be proposed, it must meet the tests in Section 4.4.2.9 of the OP including the requirement for <ul style="list-style-type: none"> ◦ a market analysis for the need of the proposed development and the anticipated impact on all commercial areas within and close to the City • Site specific policies for the Wal-Mart and Home Depot lands are also included
<p>West City Commercial (Primarily located along 10th St. W, west of 6th Ave. W)</p>	<p>Serves as main western entrance to the City and contains arterial commercial development, with parking areas between the buildings and street. Commercial development typically abuts low-density residential and institutional uses to the rear</p>	<ul style="list-style-type: none"> • Wide variety of small commercial uses such as food services, restaurants, convenience stores, specialty automotive services, commercial and personal services, specialty retail, funeral homes and motels • Small business, professional and medical offices, and clinics • Non-commercial uses such as medium density housing, senior citizen housing, nursing homes, day care centres, housing for special 	<ul style="list-style-type: none"> • Should be maintained and developed as an attractive pedestrian and automobile oriented retail and service area to serve local and regional needs • Incremental commercial intensification warranted over an extended period of time • Limited lot depths make this area most suitable for smaller format stores less than 500 m² in size • The City may limit the min. and max. gross floor area of any permitted use through the City's Zoning By-Law

Designation	Function	Permitted Uses	General Policies
		groups, churches and other institutional uses	<ul style="list-style-type: none"> Should a rezoning of the West City Commercial designation or expansion to the designation be proposed, the City shall require a market analysis for the need of the proposed development and the anticipated impact on all commercial areas within and close by the City, as outlined in Section 4.5.2.12.
<p>Arterial Commercial Located on arterial roads (identified on Schedule A)</p>	Provide for local convenience shopping and certain specialized uses	<ul style="list-style-type: none"> Retail or service businesses of a local convenience nature, providing local shopping and automotive needs of the adjacent residential area Specialized uses (motels, medical clinics, professional offices) Non-commercial uses such as medium density housing, senior citizen housing, nursing homes, housing for special groups, places of worship and other institutional uses 	<ul style="list-style-type: none"> Uses should be limited in size to minimize influence on the immediate neighbourhood, limit their traffic generating potential and maintain the planned function of the area Secondary commercial development intended to accommodate local or specialized commercial needs should be located on arterial roads in locations where they have minimal impact on adjacent residential development High traffic generating uses such as gas stations and restaurants should be located at intersections wherever possible to provide greater access options

Designation	Function	Permitted Uses	General Policies
<p>Waterfront Mixed-Use At this time, Planning Area policies exist only for the West Harbour and East Harbour Planning Areas, north of 10th St.</p>	<p>Applies to four areas: West Harbour Planning Area, East Harbour Planning Area, West Waterfront Study Area and East Waterfront Study Area.</p>	<ul style="list-style-type: none"> • Intended to integrate range of industrial, residential, office, retail and service uses, institutions, entertainment, recreation and cultural activities, and parks and open space, in a compact urban form, at higher development densities • An active working harbour is to be retained with shipping related industries and small boat marinas • Medium to high density residential uses, alone and in combination with commercial uses such as offices and retail, will be accommodated through a large area of the waterfront • Activities that support recreation and tourism (hotels, convention facilities, restaurants, theatres, parks and museums) would be appropriate to locate here 	<ul style="list-style-type: none"> • Redevelopment in the Harbour Area is intended to support the Downtown through physical and visual linkages • Redevelopment will be permitted that supports the objectives of existing master plans of the City and applicable design guidelines • Larger office buildings that cannot be accommodated in the Downtown would be appropriately located on the east side of the Harbour Area • New commercial use along 2nd Avenue East should, where possible, be incorporated with mixed commercial/residential developments • Direct water-related uses such as marinas, boat rental, boat launch and boat tour facilities and associated services and repair uses should be clustered in specific locations that have suitable access from land and water

Observation: The Downtown Commercial designation permits the greatest variety of commercial uses and provides for residential and light industrial to be co-located with commercial uses provided compatibility is achieved.

In a number of areas of the City, the underlying zoning has not been changed to permit retail and a Zoning By-law Amendment would be required. In some locations, a Zoning By-law Amendment may be needed to expand the existing or permitted list of uses.

When reviewing a Zoning By-Law Amendment for a property designated East City Commercial or if an expansion to the East City Commercial Area or Regional Shopping Centre designations is proposed, the following items are considered (Section 4.4.2.9 a.i – iv):

- a) A market analysis of the need for the proposed development and the impact of the proposed use on the commercial structure of the City and the Region, including all commercial areas within and close to the City. Such a study shall confirm that:
 - i. Designated commercial property, suitable for the intended scale and type of development is not available in the Downtown Area;
 - ii. Available commercial property in the Downtown is not economically viable for the intended scale and type of development;
 - iii. The proposed increase in commercial floor space will not be premature by increasing the amount of commercial floor space in the City beyond the 5 year market demand; and
 - iv. The proposed development will not undermine the economic viability or planned function of a significant commercial component of the Downtown or impair the function of a designated commercial district as identified in the Official Plan.
- b) An assessment of the traffic, land use, ecological and servicing impacts of the proposed use, including recommended infrastructure improvements necessary to accommodate the proposed use.
- c) Site development information to ensure high quality urban design, safe access, on-site environmental controls, store size and function, and similar information necessary to assess the impact of the use on the area.

These policies provide direction on assessing the impact of future development in a manner that will not prejudice the future viability of Owen Sound's Downtown area. Policies are also in place for the West City Commercial Area (Section 4.5.2.12) and Regional Shopping Centre, if a second Regional Shopping Centre was to be proposed (Section 4.3.2.4).

Section 8.4.3 of the Official Plan includes guidelines about Retail Impact Studies. Retail Impact Studies (RIS) may be requested by the City to help determine impacts of proposed retail development. Key considerations of a RIS include:

- Providing updated information of the performance of the City's retail sector and identifying the impacts of the proposed development on other retail locations

- Demonstrating that designated commercial property that would be suitable for the intended scale and type of development is not available for sale or lease in the Downtown area
- Demonstrate that the proposed project outside of the Downtown Area will not be premature by increasing the amount of commercial floor space in the City beyond the floor space that is required to meet current and near term (5 year) market demand

The intention of Retail Impact Studies is to ensure that the proposed retail development will not negatively impact the planned function of the Downtown Commercial Area and create balance among the four main commercial areas. RIS are to be carried out by the proponent, and are peer reviewed. RIS will be discussed further below (Section 5.0).

The City's Official Plan utilizes a hierarchical approach in order to prioritize commercial nodes and preserve the Downtown commercial area. Policies have been developed to support a range of commercial and retail uses that are further implemented through the City's Zoning By-Law.

The review is to consider these policies and whether any changes would better achieve the goals and objectives of the Official Plan.

2.4 City of Owen Sound Zoning By-Law 2010-078

The City's Zoning By-Law is an enforceable law designed to assist the City to implement the objectives and policies of the Official Plan and provincial policy. The following table shows uses permitted in each of the commercial zones (C1 – C5) as well as the mixed-use commercial zone (MC).

The following zones have been included:

- C1 – Core Commercial
- C2 – Retail Commercial
- C3 – Neighbourhood Commercial
- C4 – Arterial Commercial
- C5 – Regional Shopping Centre
- MC – Mixed Use Commercial

Special provisions related to commercial areas have been explored further below.

Table 2: Commercial Zones Permitted Uses

Uses	Uses Permitted In Zone					
	C1	C2	C3	C4	C5 (Section 14.82)	MC
Automotive Rental Establishment		○	○	○		
Automotive Service Stations (see Section 5.17.1)		○	○	○		
Automotive Washing Establishments		○				
Bed & Breakfast House	○	○	○	○	○	○
Body Piercing Establishments (see Section 5.17.7)	○					
Catering Services	○	○				
Clinics	○	○	○	○	○	○
Commercial Schools	○	○	○	○		○
Commercial Use	○	○	○	○	○	○
Community Centre	○					
Community Lifestyle Facilities	○	○		○	○	○
Convenience Stores	○	○	○	○	○	○
Crisis Residence	○	○	○	○		○
Day Nursery	○	○	○	○		○
Storage, Indoor	○					○
Studios	○	○	○	○		○
Tattoo Parlours (see Section 5.17.7)	○					
Transportation Depot	○					○
Uses, Industrial (Accessory)	○	○				○
Vehicle Body/Repair Shop						○
Vehicle Sales Establishments		○				
Veterinarian Clinics	○	○		○		

Wholesale Establishments	○	○		○		
RESIDENTIAL						
Dwelling, Single Detached	○*	○	○			
Dwelling, Semi Detached	○*		○			
Dwelling, Duplex	○*		○			
Dwelling, Converted	○	○	○	○		○
Dwelling, Townhouse	○*		○			○
Dwelling, Apartment	○	○	○	○		○
Dwelling Units in combination with a permitted non-residential use	○	○	○	○		○

* As existing on the date of this By-law coming into effect.

Amendments affecting the table above: ZBA [4]

Of these zones, the C1 zone is the most permissive, but specifically does not permit auto-oriented uses which the Official Plan directs to highway and arterial areas, supporting the vision of a more pedestrian oriented Downtown.

Special provisions for commercially zoned lands were also reviewed as part of this document review. The following special provisions have been reviewed in further detail:

Heritage Place Mall

14.82 Notwithstanding the definitions in Section 4 of this by-law, the following definition shall be used for the purposes of determining uses in the Regional Shopping Centre (C5) Zone:

Regional Shopping Centre shall mean a group of commercial uses conceived, designed, developed and managed as in inter-dependent and inter-related unit whether by a single owner or tenant or by a group of owners of tenants, acting in collaboration, intended to serve the urban community in which it is located and the surrounding regional market area outside the urban limits *A Regional Shopping Centre must include all of the following retail uses: Major/traditional Department Store, a supermarket, ancillary retail and service stores; and may include a Discount/Promotional Department Store.*

This provision is currently not being met as the anchor department store at Heritage Place Mall closed in 2017. Therefore this study will explore the feasibility of this special provision as well as the Official Plan policies for Heritage Place Mall.

Residential Uses in the Downtown Core

14.84 Notwithstanding the provisions of the Core Commercial (C1) Zone and for lands shown on Schedule A, Zoning Maps 7 and 8, dwelling units must be in combination with permitted non-residential uses and shall be located above the first storey with the exception of entrances thereto.

Further to the above, a residential unit and entrance thereto may be permitted on the first storey in accordance with the following:

- a) The non-residential use and store front shall be maintained.
- b) The residential unit shall not exceed 45% of the gross floor area of the first storey of the non-residential use located on the same building on a lot.
- c) A separate entrance to the residential unit shall be required and shall not be from the store front or by way of common access through the non-residential use.

Note, this provision applies only to a portion of the Downtown area and not all C1 areas.

Heritage Grove

14.89 Notwithstanding the list of uses permitted in the C2 Zone, no person shall use any lot or erect, alter or use any building or structure for any purpose except one of more of the following uses:

- a) Retail stores according to the North American Industry Classification System (NAICS) limited to the following categories:
 - i. Furniture, Home Furnishings and Electronics
 - ii. Pharmacies and Personal Care Stores
 - iii. Clothing and Accessories
 - iv. General Merchandise
 - v. Miscellaneous Retail
- b) Service Uses limited to the following categories:
 - i. Medical and dental clinics and laboratories
 - ii. Tool or party rental
 - iii. Veterinary services
 - iv. Fitness centres
 - v. Restaurants with or without drive-through services
- c) Amusement arcade
- d) Billiards and/or bowling
- e) Movie theatre

Special provision 14.89 also specifies permitted floor areas:

Maximum Gross Floor Area (GFA) under section a) and b) = 17,443.7 m²

Any combination of retail uses permitted under Section 14.89.1(a) shall be subject to a maximum GFA of 14,865.7 m² with no single use having a unit size less than 697 m² GFA; and subject to the following GFA distribution:

- a) Furniture, Home Furnishings and Electronics – Max. 3,716.6 m²
- b) Pharmacies and Personal Care Stores – Max. 1,393.6 m²
- c) Clothing and Accessories – Max. 3,716.4 m²
- d) General Merchandise – Max. 2,322.8 m²
- e) Miscellaneous Retail – Max. 4,645.5 m²

14.89 further notes that a total of 5 individual retail stores with no minimum unit size may be permitted, provided they do not exceed 2,230 m² in aggregate and provided that the maximum GFA distribution per category is maintained as noted.

Radbourne Industrial Zoning

14.75 Notwithstanding the provisions of the General Industrial (M1) Zone and for lands shown on Schedule A, Zoning Map 12, the lands are identified with the suffix (A) or (B) and the following provisions shall apply:

- A) Notwithstanding the provisions of the General Industrial (M1) Zone, the following provision shall be applied to the lands identified as 14.75 (A):
 - i. Notwithstanding the M1 Zone, the following uses shall also be permitted:
 - a) Light industrial uses; Industrial malls;
 - b) Warehouse and Storage Uses excluding open, bulk above-ground storage of liquids and gases; Wholesale establishments;
 - c) Banks, Offices, Broadcasting studio;
 - d) Animal shelters; Veterinarian's Clinic;
 - e) Repair stores; Service uses; Repair of recreational, farm and heavy machinery and/or vehicles, Welding shops
 - f) Automotive service stations;
 - g) Truck, Bus or Railway terminals; Courier's depot;
 - h) Athletic or recreational establishments;
 - i) Utility Service Buildings and uses;
 - j) A dwelling unit accessory to a permitted use used by a custodian or similar employee;
 - k) Assembly halls; Private clubs;
 - l) Automotive repair establishment; Automotive washing establishment; Automotive sales establishment; Farm implement dealership;
 - m) Commercial schools; Schools
 - n) Ambulance depot;
 - o) Public uses;
 - p) Horticulture Nursery;

- q) Retail store selling lumber, homes improvement supplied, swimming pools or safety supplies, Monument sales establishments; Retail stores accessory to a permitted use;
 - r) Rental uses; Catering services;
 - s) Tattoo parlour; Body piercing establishment in accordance with Section 5 of this By-law;
 - t) Uses on a stand-alone basis that are permitted in an Industrial Mall in an M1 Zone;
 - u) Place of entertainment or Amusement;
 - v) Agricultural uses existing as of November 3, 1976;
 - w) Household pet grooming service;
 - x) Existing single-detached dwelling and accessory buildings and structures.
- B) Notwithstanding the provisions of the General Industrial (M1) Zone, the following provision shall be applied to the lands identified as 14.75 (B):
- i. Notwithstanding the M1 Zone, the following uses shall also be permitted:
 - a) Light industrial uses; Industrial malls;
 - b) Warehouse and Storage Uses excluding open, bulk above-ground storage of liquids and gases; Wholesale establishments;
 - c) Banks, Offices, Broadcasting studio;
 - d) Animal shelters; Veterinarian's Clinic; Household pet grooming service;
 - e) Repair stores; Service uses; Repair of recreational, farm and heavy machinery and/or vehicles, Welding shops
 - f) Automotive service stations;
 - g) Truck, Bus or Railway terminals; Courier's depot;
 - h) Athletic or recreational establishments;
 - i) Utility Service Buildings and uses;
 - j) A dwelling unit accessory to a permitted use used by a custodian or similar employee;
 - k) Assembly halls; Private clubs;
 - l) Automotive repair establishment; Automotive washing establishment; Automotive sales establishment; Farm implement dealership;
 - m) Commercial schools; Schools
 - n) Ambulance depot;
 - o) Public uses;
 - p) Horticulture Nursery;
 - q) Retail store selling lumber, homes improvement supplied, swimming pools or safety supplies, Monument sales establishments; Retail stores accessory to a permitted use;
 - r) Rental uses; Catering services;
 - s) Tattoo parlour; Body piercing establishment in accordance with Section 5 of this By-law;
 - t) Uses on a stand-alone basis that are permitted in an Industrial Mall in an M1 Zone;

- u) Place of entertainment or Amusement;
- v) Agricultural uses existing as of November 3, 1976;
- w) Household pet grooming service;
- x) Existing single-detached dwelling and accessory buildings and structures;
- y) Parking areas or Outside Storage Areas accessory to Industrial Uses located with 50.0 m of the subject lot;
- z) Miniature Golf facilities; Driving Ranges.

The City's Zoning By-law directs uses and regulations to each of the commercial nodes in order to direct growth over time. Additional details related to the permitted use and regulations to implement the Official Plan would be further assessed and clarified as part of the Zoning By-law update. In order to add new lands to one of the commercial zones, a retail impact study may be required, which is discussed further below.

2.5 Other Supporting Plans & Studies

2.5.1 Owen Sound Strategic Plan, 2015 – 2020

The Strategic Plan for the City of Owen Sound was finalized in 2015 and represents a vision to the year 2020. The development of the Strategic Plan included significant consultation with the public through public meetings, working sessions, comment cards and on-line surveys. The Plan sets the overall direction for development within the City, and thereby guides the creation of the policies within the Official Plan and the Asset Management Plan. The Strategic Plan is founded on a vision and mission statement and underlying values that are intended to help guide future decision-making.

The four pillars of the City's Strategic Plan include: Economy, Environment, Finances, and Society and Culture. In particular, the goals related to the Economy Pillar are relevant to this Commercial Policy Review.

Goal Statement: We will strive to have a prosperous local economy that serves our community as well as Grey and Bruce Counties in our role as the regional centre. We will proactively attract new investment opportunities, enhance tourism opportunities and work with our businesses, industries and institutions in order to retain and expand our local businesses and job opportunities.

Relevant action items as it relates to this study include:

- Continue to promote the downtown;
- Diversify the economic base of the City by attracting new businesses and investment;
- Facilitate streamlined development approvals process;
- Encourage a broad range of shopping opportunities and foster a strong and balanced commercial district as the Regional Centre; and
- Implement the Downtown River Precinct Plan.

The City's Official Plan and Zoning By-Laws demonstrate a commitment to these goals and action items by prioritizing the Downtown Area and designating it as a central shopping area for the City. Furthermore, the requirement for Retail Impact Studies (for rezoning of lands outside of the Downtown) requires applicants to consider impacts of new commercial/retail developments, and how they would potentially impact the Downtown area.

2.5.2 Downtown Revitalization Study, 2017

The Downtown Revitalization study was undertaken in partnership with the City of Owen Sound, the Business Enterprise Centre, the Owen Sound Downtown Improvement Area (OSDIA) and the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). The study undertook research that included:

1. A building and business owner survey;
2. A customer origin survey; and
3. A resident survey.

Key findings from the study are summarized below:

- The number one response when asked what new businesses or services customers would like to see in the Downtown was: restaurants, bars or outdoor cafés (but not fast food). This was followed by demand for clothing retailers.
- Main reasons for being downtown include banks, shopping and coffee/food/lunch
- Owen Sound has a relatively high total daytime population of 40,816 which creates demand for businesses such as restaurants, bars, financial institutions, dry cleaners, florists, coffee shops, business supply stores, retailers and specialty stores
- 83% of Downtown stakeholders were planning to either stay the same, or expand downtown, demonstrating a commitment to staying downtown by those who are located there.
- Key strengths raised by stakeholders included: unique businesses and services, small size, central location and helpful merchants and service providers
- Assets of Downtown highlighted by residents included the unique businesses and services, as well as the beauty and cleanliness/decorating and flowers
- Prevalent weaknesses included parking and parking tickets as well as loiterers

These recent findings provide additional input when considering commercial policies specifically for the Downtown area. These results indicate that residents, business/building owners and customers value the Downtown as a unique shopping experience. The results suggest there is demand for more businesses such as restaurants, bars or outdoor cafés, food retailers and clothiers.

2.5.3 **Commercial Needs Study, 2002**

In 2002, the City retained The Climans Group Inc. to complete a Commercial Needs Study. The primary objective of this study was to recommend a series of commercial policies that would guide the development and use of commercial lands through the City of Owen Sound's Official Plan. The Study included detailed market research and an analysis of the City's commercial infrastructure, and relationship to the wider trade area.

At that time, it was concluded that the commercial structure of the City is able to meet the needs of residents and visitors for a broad and appropriate range of goods and services. However, it was recognized that the Downtown does not offer any large contiguous parcels of land to support large scale commercial development. Therefore, new commercial development in the Downtown is assumed to consist of infill and mixed-use development.

The study resulted in the Official Plan designating three additional commercial land use designations: Regional Shopping Centre, East City Commercial and West City Commercial. It also established the requirement for the retail study to ensure balance and that each area maintained planned function.

The study further concluded that the 2002 area of designated commercial land would be sufficient. However, it was noted that not all designated commercial lands are suitable for the range of uses and projected locations in which demand was predicted to arise. A limited number of parcels of land could actually accommodate new formats of stand-alone retail space or projects that require large parcels of land. Other constraining factors identified for several parcels include poor location, inadequate servicing and requirements for environmental remediation.

In conclusion, the report found it appropriate to modify the Official Plan to prescribe policies for the introduction of new commercial land. The report further concluded that applicants should "bear the burden of demonstrating...that pre-designated and zoned lands are inadequate or not appropriate for future development."

2.5.4 **Market Study Guidelines, 2008**

Section 8.4.3 of the Official Plan describes the requirements for retail impact studies. Guidelines for these studies were developed by the City, in consultation with a market expert and peer review consultant. These "terms of reference" have been used by various consultants for the City in order to provide consistent analysis of various proposals over time. The Market Study Guidelines include the following components:

1. Delineation of Study/Trade area

2. Current and Projected Retail Sales
3. Floor Space Inventory (Existing and Planned)
4. Market Analysis and Implications

An existing policy in the Official Plan was developed that requires a peer review of commercial proposals, which is paid for by the developer.

Overall, these guidelines serve as a template for retail impact studies and ensure consideration is given to the impacts of new/expanded commercial development. Particular emphasis is placed on the impact of new commercial development on the City's Downtown commercial area. This approach is recommended to be maintained with the potential for modification as further discussed in this report.

2.5.5 Retail Impact Studies

Retail Impact Studies have been completed for various developments within the City, based on the four market tests outlined in the City's Official Plan and guidelines discussed above. These studies are useful in providing information as it relates to the market and commercial needs. The general themes of the studies and conclusions were considered in context of the policy framework and recommendations for modifications to the policies. Information from these studies should continue to be inventoried and used to inform future reviews.

3.0 RETAIL & COMMERCIAL TRENDS

3.1 Retail Development Trends

The retail sector is dynamic and constantly changing in response to the marketplace. From a demand perspective, E-commerce (including changes in the way consumers are shopping and where they are shopping), socio-economic conditions, diversifying lifestyle patterns and evolving population and household demographics are some of the many factors that are influencing Canadian retailing. From a supply perspective, Provincial policies and the tightening of land supply is resulting in a significant change to retail built form, particularly in fast growing urban areas with transit.

This section of the report addresses general retail trends and their implications for retail development in Owen Sound.

3.2 Consumer Preferences

In terms of consumer preferences, there are many key trends that influence retailing and the retail real estate development industry. In a city as diverse as Owen Sound, many of these consumer preferences conflict with each other:

Price and convenience: Consumers are becoming more price conscious. More households are placing a greater emphasis on value retailing. The price of the product or service is often noted as the most important determinant of where people shopped.

Quality and service: There is a divergent trend relating to shopper preferences. Many consumers do not necessarily want more selection / choice or one-stop shopping; they want a curated and solution-oriented choice of retailers to suit their needs. On the other hand, time pressed consumers are often seeking one-stop shopping for convenience oriented merchandise such as grocery and health products.

Experiential retail / services: E-commerce, while only a small part of the overall retail economy, plays a significant role in consumers' shopping patterns. Transactional shopping purchases are being made on-line, when it's convenient to the shopper. Therefore, when a consumer goes shopping, the expectation is for an "experience" that cannot be replicated on-line. This experience may be fulfilled through unique offerings at retailers or through the physical design of centres.

Increased services: Consumers are buying more services compared to retail merchandise goods, including food services. Many retailers offer services as part of their complete package.

3.3 Evolution of Retail Formats

The majority of retail development in Canada, and in particular, Owen Sound, over the past 25 years has either been in the form of grocery-anchored neighbourhood centres or power centres. Both forms of developments have typically been single storey developments with a building to land coverage of 25% or less. This development format reflected the supply of commercial designated land, which in the past has typically been abundant. In urban centres, where commercial supply is diminishing and denser residential development is occurring, there has been a gradual shift towards urban intensification and compact mixed-use commercial developments.

This shift is a result of the tightening of land supply and has forced developers to examine different concepts. Some of these development options are outlined below.

3.4 Mixed-Use

Mixed-Use developments are at the forefront of urban development. At its most basic description, mixed-use developments comprise different land uses within a vertical or horizontal plan.

As an example, a vertical mixed-use building could include retail on the ground level and office, hotel or residential uses in the floors above. Vertical mixed-use is typically located in urban centres and around transit nodes. From a retailer perspective, there are several challenges associated with vertical mixed-use formats such as potential second floor locations, multi-floor retail units, parking and loading restrictions as well as accessibility considerations. Generally, Canadian retailers have yet to fully embrace the challenges.

Horizontal mixed-use typically refers to the mix of uses on a master planned site versus in individual buildings. It should be noted that mixed-use developments may not be appropriate in all areas. There are several issues relating to this type of development, including conflict between residential and commercial units, physical format issues and accessibility. Furthermore, successful mixed-use developments typically require high levels of pedestrian traffic and therefore can be a challenge in suburban and lower density locations.

3.5 Urban Retail Intensification

The City of Owen Sound has undeveloped commercial land options and therefore, the market support for intensification is limited. In addition, there has not been significant policy direction supporting intensification in the City. Future retail commercial development could continue to be economically feasible as single level concepts. In dense urban environments, a constrained supply of undeveloped commercial land would most likely result in intensification; however, in Owen

Sound, the current population density may not be sufficient to support intensification opportunities throughout the City.

The underlying principle of retail development, “location, location, location” continues as the primary factor behind urban retail intensification. The success of shopping centres / retail nodes is driven by location and therefore, consumer accessibility. Existing retail locations that offer the best access, visibility and exposure characteristics, remain the most valuable for shopping centres / retail nodes in general, and for intensification opportunities in particular.

As population densities increase and Transportation Demand Management (TDM) initiatives including public transit infrastructure are realized, the emphasis on catering to the automobile-oriented customer will be diminished for some shopping formats. The potential for intensification is related to accessibility in the form of roads, transit or nearby residential / employment populations. Ultimately, intensification is a direct result of land economics. Increased customer accessibility leads to the potential to achieve greater investment returns through more efficient land uses. Accessibility, in the forms outlined above, provides incentive for intensification of shopping centre sites and other sites within retail nodes.

In Owen Sound, the Regional Shopping Centre and East City Commercial Area serves the surrounding countryside. The surrounding rural areas are not served by transit, therefore shoppers are anticipated to continue to rely heavily on vehicle-oriented trips.

3.6 Retailer Initiatives

There are several retail trends that have implications on the tenanting of retail developments. Some of these trends are briefly discussed below.

Blurring of Retail Channels

In the past, most retailers tended to concentrate on one line of merchandise. For example, grocery stores focused on food and drug stores focused on health-related products. Recent changes in retailing have resulted in a tendency to create a 'one-stop' shopping experience to increase market share. Many retailers, which previously offered specific product lines, now offer a much wider range of merchandise. In Owen Sound, these retailers include Shoppers Drug Mart, Walmart Supercentre, Canadian Tire and Winners, as well as many others. The impact in terms of retail development is that there are fewer retail tenants available to anchor these centres.

Consolidation

Many major Canadian chains have increased their scale through acquisitions. Examples include:

- Canadian Tire Limited \$0.8 billion acquisition of the Forzani Group (which includes retailers such as SportChek and Atmosphere);
- Sobeys Inc. \$5.8 billion purchase of Canada Safeway Inc.;

- Leons Furniture Ltd. \$0.7 billion purchase of The Brick Ltd.;
- Loblaw Companies Limited \$12.4 billion purchase of Shoppers Drug Mart Corporation; and,
- Lowe's Companies Inc. \$3.2 billion purchase of Rona Inc.

The Centre for the Study of Commercial Activity at Ryerson University has noted that the top three retail organizations (Weston, Walmart and Empire (the parent of Sobeys)) account for 29% of all retail sales in Canada. This concentration, which has resulted in such large retail companies, has led to limited demand for new retail locations, as retailers may choose to serve a broader market from fewer locations offering a wider range of merchandise.

Category Killers

Commentary regarding store closures in chains such as Best Buy / Future Shop and Staples has indicated that closures are due, at least partially, to the influence of e-commerce. However, it is noted that, in many cases, these closures are instead indicative of the evolutionary process of streamlining these business models.

These types of mid-box retailers will continue to operate in the Canadian marketplace. The best retailing locations in the largest markets will continue to be served by larger format retailing venues providing greater product selection, more customization options, showrooming, on-site pick up and interactive service. Many of these retailers are investigating the role of their physical space and adding services such as "click and collect", contributing to the performance of their existing real estate portfolio.

Foreign Retailers in Canada

The Canadian marketplace has a long history of 'foreign' retailers operating in Canada, particularly from the United States. The relative stability of the Canadian marketplace in recent years has made Canada one of the more attractive locations for the expansion plans of various major international retailers including Marshall's, Lowe's, Zara, H&M, J. Crew, Muji, Uniqlo, Restoration Hardware and Crate & Barrel. There has been considerable interest in the Canadian market from International Retailers in recent years. Since 2015, there have been nearly 100 new foreign retailers opening in Canada. Selected major chain openings in 2016 include Saks Fifth Avenue and Saks Off Fifth (fashion), Muji (fast fashion) and Warby Parker (eyewear). International retailers that opened in 2017 include Miniso (value oriented housewares), Cheesecake Factory (restaurant) and Dyson (home appliance).

The expansion of these retailers continues to drive demand for retail space. However, it is noted that many of these new-to-Canada retailers operate in smaller spaces, with limited locations, typically in major markets, such as Toronto and Vancouver. These retailers have not yet been attracted to secondary markets, such as Owen Sound.

Fashion / Department Stores

In terms of Canadian stores, Simons, Holt Renfrew and Harry Rosen continue to expand and renovate stores. Other US department store chains that have shown interest in the Canadian market include JC Penny, Kohl's and Bloomingdales. However, given Target's exit from Canada in 2015, and Sears Canada closing in 2017, these department stores may no longer be as aggressive with their Canadian expansion plans. It is not likely that there are department store chains considering opening new locations in Owen Sound.

The term "fast fashion" refers to a recent phenomenon in the apparel industry, whereby production processes are expedited in order to get new trends to the market as quickly and cheaply as possible. Examples of retailers that have capitalized on fast fashion include H&M, Uniqlo, Zara, Forever 21 and Top Shop. An Urban Planet location recently opened in Owen Sound.

Off price retailers such as Winners, Marshalls and Saks Off Fifth have also rapidly expanded throughout Canada. Fast fashion and off-price retailers are largely responsible for the demise or restructuring of many retailers who are unable to adapt to the rapidly changing environment.

Experiential Retail

Perhaps the most influential trend shaping physical tenancies is experiential retail. Retailers and service providers are recognizing that transactional shopping is moving on-line and therefore there is a shift to provide a more interactive shopping experience in physical stores. This has resulted in brands opening their own stores to provide an experience and "branding" to further drive online sales. Examples include Microsoft, Samsung, Dyson, Burton Snowboards and Breitling watches.

Increased Services

Consumer expenditures on services are increasing relative to retail goods. The two main beneficiaries of this trend are health & wellness services and food services. Food services, including restaurants and food halls/markets, are the fastest growing segment in the service industry. Restaurants and food services are seen as key components of a shopping centre's tenant mix as they increase consumer dwell time, which typically leads to higher expenditures.

The health & wellness space includes the proliferation of micro fitness locations such as Orange Theory Fitness, Soul Cycle and Barry's Bootcamp. GoodLife Fitness recently opened in Owen Sound's Heritage Place Mall. There are also a number of retailers that are starting to provide health & wellness services along with their existing retail product lines.

Shrinking store sizes

Store sizes have been shrinking as result of factors such as:

- Cost efficiencies and leaner management;
- Consumer shopping more often and buying less;

- Omni-channel opportunities mean retailers do not need as much space to store inventory as previously; and,
- New formats moving in to urban locations are adjusting their store size and configuration to fit into the urban fabric.

3.7 E-Commerce

In the retail real estate environment, the impact of E-commerce (on-line shopping) on existing retail nodes and the future demand for retail space is perhaps the most discussed topic. The impact of E-commerce is also often overstated, in part due to the lack of reliable data available in Canada. Recent changes at Statistics Canada has resulted in the timely release of accurate data relating to the Canadian market.

The purpose of this section is to provide an overview of the magnitude of e-commerce, the direction of the industry and its potential impacts on the demand for future retail space.

E-commerce includes the following three areas:

- 1) **Pure Play** – These are E-commerce operations that do not have physical stores, examples include eBay and Wayfair.
- 2) **Omni-Channel** – This is the evolution of multi-channel retail where retail stores are integrated into the E-commerce experience. This experience is best described as:

“With an omni-channel retail platform, online or e-commerce sales are no longer viewed as a threat to physical stores. However, there must be recognition that the role of the store has now changed. It is no longer just a point of sale but also a fulfillment centre, a showroom for experiencing the products, and a strong branding mechanism. In addition, a well-presented store provides a difficult to quantify “halo” effect that enhances the image of the retailer in its trade area.”¹

“The term “omni-channel” recognizes that online and store consumers are not separate cohorts and that consumers shop symbiotically across all channels. Omni-channel retail is focused on the customer—one customer—whose needs must be met in the right way, at the right time, with the right offer at the right price, in the right place. Omni-channel has liberated time and place for the consumer—and the right approach varies not only with different consumers, but also with time, mood and consumption purpose. It is more complex now, because the consumer has more control. The liberation of time and place also extends the consumer shopping journey pre- and post-visit to a store. The transaction no longer must take place in the store, but that does not necessarily diminish the role that the store plays in crafting sales. Indeed, its role as a point of differentiation—be that

¹ ICSC Retail Property Insights Vol. 23, No.1, 2016, “Liberation of Time and Place” for the Consumer: Recent Omni-Channel Trends.

ambience, staging or great customer service—has increased. The multi-faceted role of the store is not new.”²

- 3) **Multi-Channel** – This is the precursor to Omni-Channel retailing. Multi-Channel retailing is where retailers sell goods through their physical stores, through separate E-commerce sites and other avenues such as pop-up stores. Each channel operates as a single entity with little to no coordination between the channels often affecting the customer experience with the overall brand.

With the realization that the customer wants the omni-channel experience, pure play internet retailers are recognizing the importance of physical stores (clicks-to-bricks). Examples of pure play internet retailers opening physical stores include Warby Parker (optical) and clothing stores such as Frank + Oak and Indochino.

In addition to omni-channel benefits, technology is also being used to enhance the physical store experience. Amazon announced the physical grocery store known as Amazon Go. Using “just walk out” technology, shoppers can simply pick up items and walk out of the store with no requirement for check-outs and automatic billing through their Amazon account. Amazon is planning up to 2,000 Amazon Go stores. It is unclear if there are plans to open these stores in Canada.

In Canada, on-line shopping still represents a small share of overall retail trade, E-commerce accounts for approximately 3.3% of all retail trade in 2015. This figure includes pure play, multi-channel and omni-channel sales. It should be noted that other estimates calculate the on-line share at closer to 6.0%. Although E-commerce is expected to increase in the future, it represents a small portion of overall retail sales.

The online survey for this review indicates that online shopping is becoming increasingly popular in Owen Sound and the surrounding Region. 80% of survey respondents indicated they shop online, with 49% indicating the shop online a few times a month. However, responses indicate that 60% of respondents still prefer traditional/in-store shopping because it provides an opportunity to observe the quality of a product (e.g. try on clothes, test a product, etc.).

3.8 Retail Centres in Transition

Given the combination of retail trends outlined above, particularly the effects of E-commerce and the decline in the number of anchor tenants, many retail centres are being remerchandised and redeveloped. Although in some centres, the former anchor tenants are being closed, the shopping centres themselves remain in prime real estate locations. Many centres in Canada, particularly those in smaller markets, are redeveloping anchor tenant space and, as a result, refocusing the role of the shopping centre.

² Op. Cit.

The closure of department stores chains Target, Zellers and Sears are recent examples of the circumstances that have resulted in the reformatting of many shopping centres. Target acquired the leasehold interests of Zellers in 2011. Target opened in 133 of the 220 former Zellers stores in 2013. Heritage Place Mall in Owen Sound was one of the Zellers locations that was not retained by Target.

Target closed its 133 former Zellers locations and 7 new stores (a total of 140 stores representing approximately 16 million square feet) in 2015. Similarly, the closure of Sears, which was completed in 2017, has resulted in 14 million square feet of retail space becoming available. These closures resulted in a major increase in vacant space in the Canadian retail marketplace.

There has been a wide range of redevelopment options realized for these former department store spaces. Some redevelopment scenarios include:

- Subdividing the space into a limited number of “small box” retailers. Tenants such as Giant Tiger (Owen Sound), Dollarama, Winners, Sport Chek, The Brick, Goodlife Fitness (Owen Sound) and others have been strong replacement tenants for the former department store space. In many cases, the shopping centre is performing at higher levels with the new tenancies than in the past.
- The former Target / Zellers space has also been redeveloped into ancillary retail space, connected to the in-line mall. Examples include Kildonan Place in Winnipeg and Burlington Mall.
- Some of the former Target spaces have been fully occupied by other major tenants, such as Walmart, Lowes Home Improvement and Canadian Tire.
- Similarly, Sears spaces have been retenanted with major retailers such as Nordstroms and Saks.
- In other locations, particularly smaller markets, existing retail space has been repurposed for non-retail uses. There is a wide range of uses, such as office space, self storage, medical centres, call centres, entertainment, “pop up” temporary retail space, car dealerships and others that operate within former anchor retail locations.

Owen Sound’s Heritage Place Mall is a retail centre in transition. The policy review will consider this.

3.9 Excess Retail Space

In Ontario, there are examples of undeveloped retail sites that have been redesignated for other purposes. In many cases, the reduction in the number of anchor tenants in combination with smaller store sizes has resulted in the requirement for less retail land than was previously contemplated. For example, in some planned retail centres, the contemplated “Phase 2” of the

retail centre has not come to fruition and as a result, the Phase 2 lands have been converted to other uses.

There are also examples in Ontario of existing retail centres, where some (or all) of the retail space, has been demolished and replaced with residential uses. In other examples, higher density residential uses are being added to the existing parking facilities of shopping centres. This replacement often occurs in conjunction with new or improved transit systems. It is anticipated that more designated but unbuilt retail sites will be converted to other uses, including residential, in the future. This trend is particularly anticipated to relate to retail sites that are not in prime locations, such as those not located on major arterial roads or highways.

3.10 **Summary of Retail Real Estate Trends**

The retail real estate landscape is undergoing unprecedented change. Technology, in conjunction with consumer trends and government regulations, is resulting in major changes in the manner in which consumer needs are being met. These changes impact retail development forms and the planning regime within which retailing operates in Canada.

It is generally accepted that retail space, on a per capita basis, will not continue to increase as has been experienced in the past. As a result, market demand for new retail facilities will be generated primarily by population and expenditure growth. In a market such as Owen Sound, forecast market growth is limited. Therefore, there may be limited demand for a net increase in retail commercial land. However, demand for “bricks and mortar” retail will continue to exist and to thrive in certain conditions. Locational factors remain critical to retail success and the distribution of retail goods, in a variety of retail formats, continues to contribute to a thriving, vibrant and liveable City.

4.0 PUBLIC & STAKEHOLDER CONSULTATION FINDINGS

4.1 Introduction

Public consultation was an important component of the Retail and Commercial Policy Study. Interested stakeholders were invited to engage through the Working Session held at the Harry Lumley Bayshore Community Centre on March 21st, 2018. In addition, interested stakeholders were invited to participate in an online survey. The survey was posted on the City's website on March 23rd and closed April 18th, 2018. The survey was distributed through social media and City staff delivered information to key stakeholders to promote the survey.

The purpose of the consultation phase was to invite feedback on the following:

- Current trends impacting Owen Sound's retail development;
- Understand where consumers purchase food vs. non-food products;
- Types of stores, services or retail formats that are underrepresented in the Owen Sound marketplace;
- Recent retail growth within the City's commercial nodes;
- Opportunities for the Downtown commercial area;
- Supporting the commercial function and business opportunities in the Downtown area; and
- Role of the private sector in maintaining/growing Owen Sound's commercial and retail sector.

Online Survey

The survey was completed by 348 respondents. Survey results indicate that a majority (66%) of survey respondents are residents of Owen Sound. 15% are residents of Georgian Bluffs, followed by 4% in Meaford, 4% in Chatsworth, 2% in both Warton and Port Elgin, and 6% indicating "other." This is reflective of Owen Sound's role as a regional economic hub.

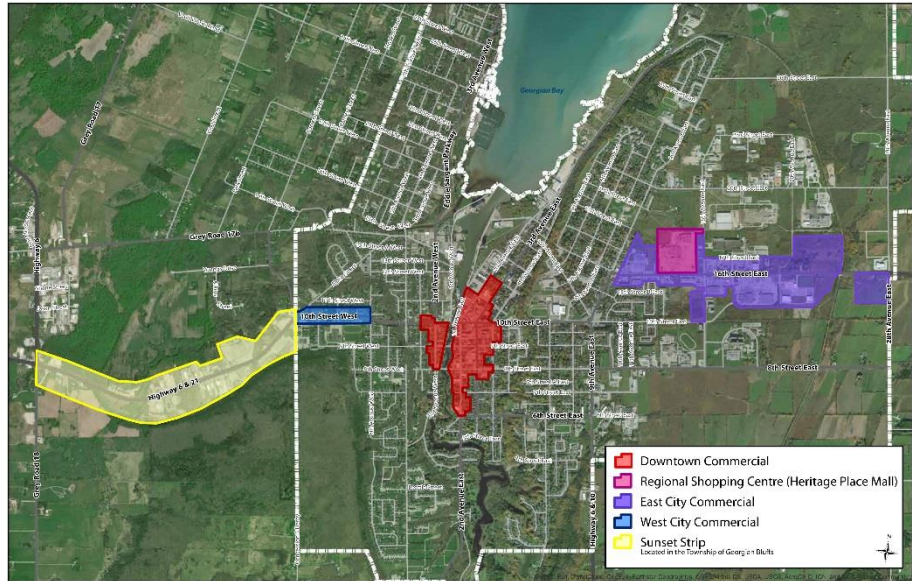


Figure 1: Owen Sound Commercial Nodes

The following results have been summarized under key themes identified through both the online survey and stakeholder working sessions. Overall, it was found that in some cases survey respondents did not differentiate between the City's West City Commercial Area and the Sunset Strip (Township of Georgian Bluffs). This has been noted in the summary of survey findings where applicable. Figure 1 was provided to survey participants in order to highlight the City's commercial nodes.

4.2 Food Store Purchases

Consumers in Owen Sound purchase a majority of their food-related goods in Owen Sound. As can be seen on Figure 1 below, **75% of survey respondents indicated that they conduct 75-100% of their food-store shopping in Owen Sound.**

When asked to indicate which grocery stores they frequent most in Owen Sound, 17.6% of respondents indicated they visit Zehrs a few times a week, while 39% indicated they visit Zehrs a few times a month.

While located in the Township of Georgian Bluffs, many respondents also indicated that they frequently shop at No Frills and Foodland. This suggests that the chart below may include these stores.

Approximately what percentage of your food store shopping is done in Owen Sound?

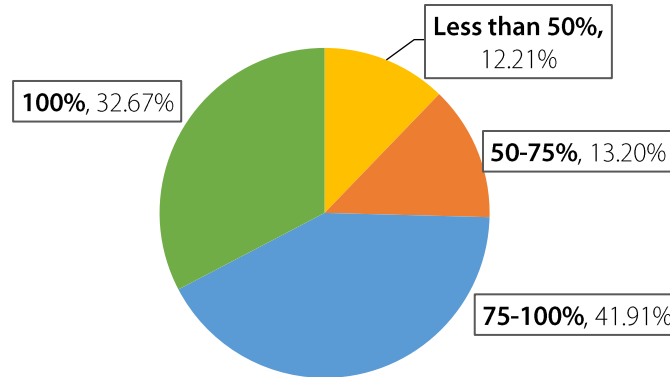


Figure 2: Food store shopping in Owen Sound

	Never/Rarely	Once a month or less	A few times a month	A few times a week
Food Basics	42.6%	24.3%	25.0%	8.1%
Walmart	36.0%	33.2%	22.7%	8.0%
Metro	39.8%	23.8%	27.6%	8.8%
Zehrs	19.7%	23.7%	39.0%	17.6%
Farmers' Market	64.4%	21.1%	13.4%	1.1%

Table 3: Frequency of Food Store Shopping in Owen Sound

Respondents were also asked to indicate where they conduct food store shopping outside of Owen Sound:

- **50% of respondents indicated that they frequent food stores in Port Elgin**
- **47% of respondents indicate that they frequent food stores in the Township of Georgian Bluffs (presumably No Frills and/or Foodland).**
- **45% shop at food stores in the Greater Toronto Area (GTA)**
- 35% shop at food stores in Kitchener
- 30% shop at food stores in Barrie
- 30% shop at food stores in Meaford
- 29% shop at food stores in Southampton
- 26% shop at food stores in Warton
- 25% shop at food stores in Collingwood
- 17% shop at food stores in Hanover

Survey respondents were also asked to indicate which area of Owen Sound they visit for food store purchases in order to understand which commercial nodes are frequented most. **Results indicate that, on average, respondents make 46% of their food store purchases in the East City**

Commercial area. This is reflective of the large grocery retailers found in this area (Zehrs and Walmart). Results also show that:

- An average of 24% of food store purchases are made in the West City Commercial area;
- An average of 21% of food store purchases are made in the Downtown Commercial Area;
- An average of 17% of food store purchases are made in Regional Shopping Centre/Heritage Place Mall; and
- An average of 32% of food store purchases are made 'elsewhere'.

Key Findings & Considerations:

- A majority of food store purchases are made in Owen Sound in the East City Commercial Area and Mall
- If shopping outside of Owen Sound, food store purchases are also made in Port Elgin, Township of Georgian Bluffs and the GTA
- Note: Responses suggest that consumers do not all differentiate between Owen Sound and Sunset Strip (Foodland, No Frills) which is located in Town of Georgian Bluffs or the East City Commercial and the mall.

4.3 Non-Food Store Purchases

Non-food store purchases include items such as clothing, electronics/computer items, furniture and household items. Compared to food store purchases, Owen Sound consumers make a larger portion of their non-food purchases outside of Owen Sound. Figure 2 below indicates that **6% of survey respondents make 100% of their non-food purchases in Owen Sound** (compared to 33% of respondents making 100% of food purchases in Owen Sound). **Cumulatively, 69% of respondents make over 50% of their non-food store purchases in Owen Sound.**

However, 30% of survey respondents indicated they are purchasing 50% of their non-food goods outside of Owen Sound.

Approximately what percentage of your non-food store shopping is done in Owen Sound?

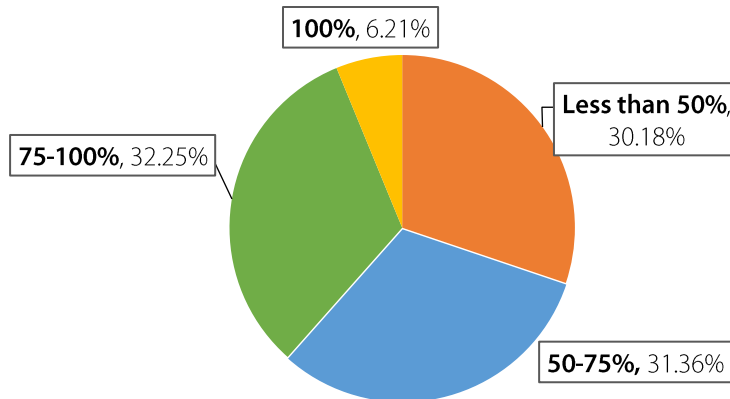


Figure 3: Non-food store shopping in Owen Sound

Respondents who indicated they shopped outside of Owen Sound were also asked to indicate where they conduct non-food store shopping:

- **84% shop at non-food stores in the Greater Toronto Area (GTA)**
- 59% shop at non-food stores in Barrie
- 42% shop at non-food stores in Collingwood
- 40% shop at non-food stores in Port Elgin
- 37% shop at non-food stores in Kitchener

This indicates that a large number of Owen Sound consumers are making purchases outside of Owen Sound, particularly in larger urban centres such as the GTA and Barrie. However, most purchases by respondents are made in Owen Sound.

Survey respondents were also asked to indicate which area of Owen Sound they visit for non-food store purchases in order to understand which commercial nodes are frequented most. **Results indicate that, on average, respondents make 44% of their non-food store purchases in the East City Commercial area.** This is reflective of the large big-box retailers found in this area (Winners, Walmart, Home Depot, etc.). This is the largest retail node with the most variety and availability of retail goods.

Results also show that:

- An average of 22% of non-food store purchases are made in the Downtown Commercial Area;
- An average of 18% of non-food store purchases are made in Regional Shopping Centre/Heritage Place Mall;
- An average of 12% of non-food store purchases are made in the West City Commercial area; and
- An average of 29% of non-food store purchases are made 'elsewhere'.

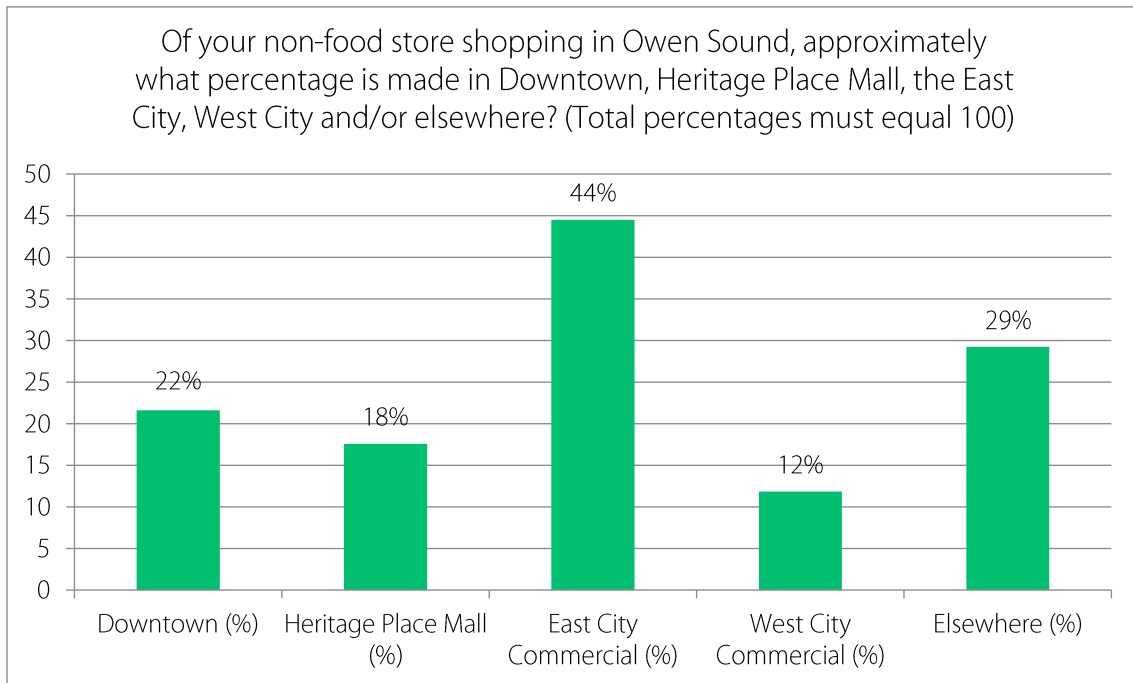


Figure 4: Non-food shopping in Owen Sound

These results indicate that a majority of non-food purchases are made in the East City Commercial area, followed by the Downtown Commercial area. This demonstrates that consumers making purchases in the commercial node designated for large format retail uses and intended to serve as a regional destination.

Key Findings & Considerations:

- Owen Sound consumers make a larger portion of their non-food purchases outside of Owen Sound compared to food; However most purchases are made in Owen Sound
- A majority of non-food store purchases are made in the East City Commercial Area, with a significant portion of purchases also happening in the Downtown area; and
- If shopping outside of Owen Sound, a large portion of non-food store purchases are made in larger urban centres such as the GTA and Barrie.

4.4 Online Purchases

To understand impacts of shift towards growing online purchases, survey respondents were asked to describe their online spending habits. **80% of survey respondents indicate that they shop online.**

Respondents were also asked if they prefer traditional (in store) shopping or online shopping:

Do you prefer traditional (in store) shopping or online shopping?

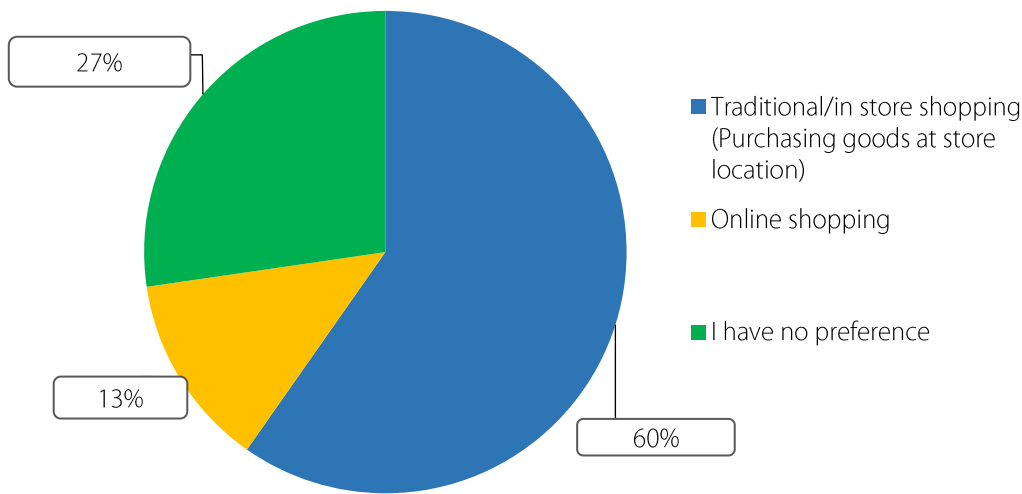


Figure 5: Preference of Traditional Shopping vs. Online Shopping

While online shopping is evidently popular in Owen Sound, there is still a preference for in-store shopping. When asked to provide additional feedback, respondents indicated that they use online shopping when something is not available locally. For those who prefer in-store shopping, reasons include:

- Service experience
- Seeing items/touching items/assessing the quality of a product in person
- Shipping costs can be expensive
- Choose to support local businesses
- In-store experience is more enjoyable
- Shipping times can be long

Table 4 below shows that a majority of respondents shop online a 'few times a month':

Rarely (a few times a year)	Sometimes (a few times a month)	Often (once/twice per week)	Very often (multiple times per week)
30%	49%	16%	5%

Table 4: How often respondents shop online

Typical online purchases are shown in Figure 6 below:

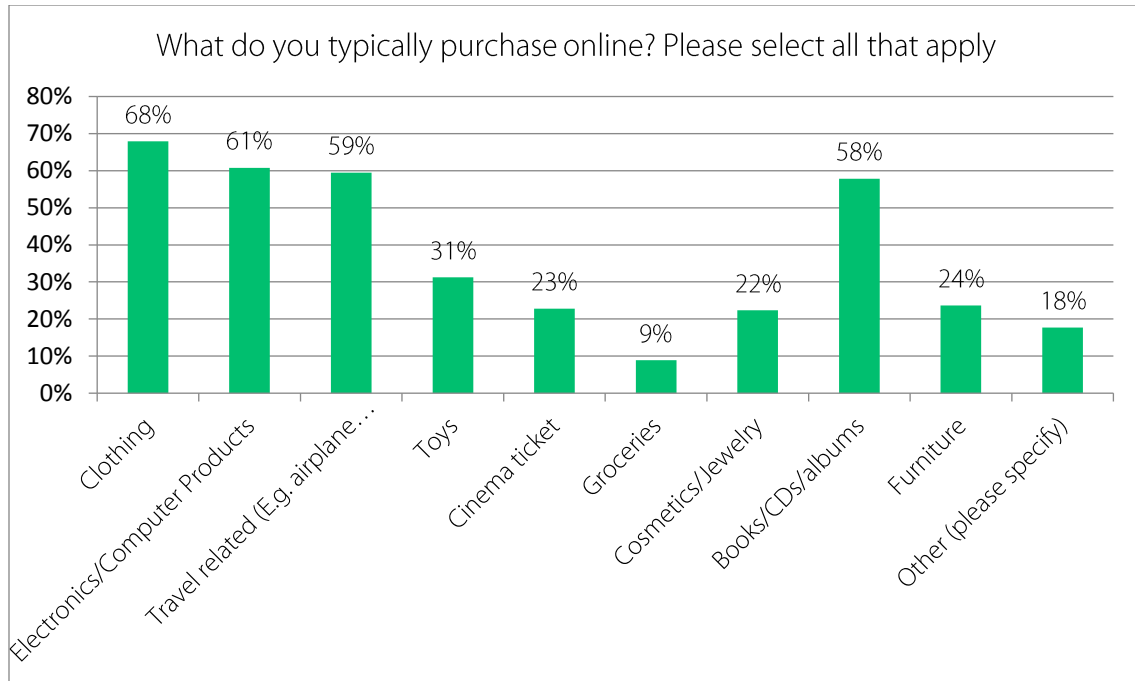


Figure 6: Online Purchases

Popular online purchases include:

- Clothing
- Electronics/computer products
- Travel related (airplane tickets, hotels, car rentals)
- Books/CDs/Albums

Key Findings & Considerations:

- Survey respondents indicate that online shopping can provide a wider diversity of products compared to Owen Sound's retail sector.
- Price is a central consideration when deciding to purchase online or in-store.
- Survey respondents choose to shop online when an item is not available locally, however in-store shopping is still preferred as consumers like to see the product prior to purchasing.
- Some survey respondents noted that they prefer to spend their money at stores locally rather than online.

4.5 Downtown Commercial Core Area

74% of survey respondents shop/visit the Downtown Commercial area of Owen Sound. The following table shows how often respondents visit the Downtown Commercial area:

Rarely (a few times a year)	Occasionally (a few times a month)	Often (once/twice a week)	Very often (multiple visits during the week)
24%	39%	21%	16%

Table 5: How often respondents shop Downtown

Respondents were asked to describe what they like about the stores and services in the Downtown Commercial area. Below is a summary of comments:

- Specialty stores with unique goods/services
- Customer service, friendly staff
- Supporting local businesses
- Walkability, convenient to access
- Heritage buildings and aesthetic
- Many services/stores in one area
- "Heart of the City"
- Small town feel
- Unique experience
- Restaurants and culture
- Park once, but shop in multiple stores
- Stores sell quality items

Below is a summary of comments indicating what respondents dislike about the Downtown Commercial area:

- Parking (parking tickets)
- Limited selection; lack of diverse stores and services
- Vacant store fronts
- Expensive/higher prices
- Inconvenient/inconsistent hours of operation (closed evenings and Sundays)
- Safety
- Large retail spaces are difficult to lease/rent to new tenants
- High vehicular traffic

When asked to provide feedback on what could be improved in the Downtown Commercial area, comments include:

- Free/reduced parking
- Extended hours of operation
- Safety measures (reduce loitering)
 - Lighting on darker streets
- Incentivize new businesses to open through feasible lease/rental agreements
- Reduce restrictions/red tape for developing heritage buildings
- Beautification (flowers, sidewalks, signage)
- Diversity of stores

- Safer roads/sidewalks during the winter

70% of respondents access the Downtown area by driving, followed by 25% who access by walking/cycling.

In terms of the services/stores most visited in the Downtown Commercial area, popular destinations include:

Services

- PharmaPlus
- Shoppers Drug Mart
- Banks

Stores

- The Rocking Horse
- Metro
- Lawson’s Health Food
- Looney Tooney
- Becker Shoes
- Garb & Gear, Source for Sports
- Sweetpea Wholesome Baby
- Rona Fulfords Hardware
- Foto Art Camera & Frame Shop
- Riverside Yarns

Key Findings & Considerations:

- Owen Sound’s Downtown Commercial area is a hub for commercial and cultural activity
- Parking is a key issue
- Downtown is the centre for specialty stores/quality service and provides a unique shopping experience
- Respondents shop Downtown more frequently than they shop online or at the mall

4.6 Regional Shopping Centre (Heritage Place Mall)

76% of survey respondents shop/visit the Regional Shopping Centre of Owen Sound. The following table shows how often respondents visit Heritage Place Mall:

Rarely (a few times a year)	Occasionally (a few times a month)	Often (once/twice a week)	Very often (multiple visits during the week)
50%	39%	20%	2%

Table 6: How often respondents shop in the Regional Shopping Centre (Heritage Place Mall)

This indicates that a low percentage of respondents visit Heritage Place Mall regularly, but they do visit throughout the year.

Respondents were asked to describe what they like about the stores and services in Heritage Place Mall. Below is a summary of comments:

- Affordable stores
- Easy to park
- Indoor, accessible year-round
- Convenient and consistent hours
- Variety of stores in one building
- Ability to shop for groceries at Food Basics

Below is a summary of comments indicating what respondents dislike about Heritage Place Mall:

- Lack of variety/diversity in stores
- Lower quality merchandise
- Teen-oriented stores
- Rapid turnover in stores
- Not a unique shopping experience
- Easier to shop online than go to the mall
- Vacant spaces
- Feels empty
- Closure of Sears

When asked to provide feedback on what could be improved in Heritage Place Mall, comments include:

- Need a larger retailer (Suggestions include Old Navy, Ikea, Home Sense)
- Improve the food court
- Attract popular stores for all ages
- Reduce vacancies
- Need a department store to replace Sears (E.g. The Bay)
- Improve quality of goods sold
- More luxury items
- Updates/renovation to modernize the mall

In terms of the services/stores most visited in the Heritage Place Mall, popular stores include:

- | | |
|------------------------|--|
| • SportsCheck | • Urban Planet |
| • Giant Tiger | • West 49 |
| • Food Basics | • Boathouse |
| • Coles | • Bluenotes |
| • Nutritional House | • Women's Clothing Stores (La Senza, Suzy Shier) |
| • Cell Phone Companies | • Sunrise Records |
| • Children's Place | • EB Games |
| • Maurice's | |

Key Findings & Considerations:

- Survey respondents indicated there is a lack of diversity in stores at Heritage Place Mall. There is demand for more popular stores that would better serve Owen Sound and surrounding area.
- Respondents indicated that the Mall is in need of modernization (new stores; renovations).
- The closure of Sears has had a significant impact on Heritage Place Mall, and has made the mall feel 'empty' to consumers.
- Respondents recognize the need for an "anchor" though not all respondents indicated it needs to be a major department store.

4.7 East City Commercial

98% of survey respondents shop/visit the East City Commercial Area of Owen Sound. The following table shows how often respondents visit this commercial node:

Rarely (a few times a year)	Occasionally (a few times a month)	Often (once/twice a week)	Very often (multiple visits during the week)
11%	48%	28%	13%

Table 7: How often respondents shop in the East City Commercial Area

It is evident that respondents shop regularly shop in the Easy City Commercial area.

Respondents were asked to describe what they like about the stores and services in East City Commercial Area. Below is a summary of comments:

- Affordable stores
- Easy to park
- Variety of stores, including clothing and household/home decor
- Convenient and consistent hours
- Open late and open Sundays
- One stop shopping
- Large, spacious stores
- Good selection and inventory of products

Below is a summary of comments indicating what respondents dislike about East City Commercial Area:

- Lack of variety/diversity in stores (Big Box stores)
- Lower quality merchandise
- Wish there was more in this area
- Too spread out
- Not locally owned

- Traffic; Not walkable
- Walmart is too busy now that Sears is closed
- Take business away from Downtown
- Not convenient location for all (West end residents)
- Not unique; Could be anywhere
- Better planning for abutting lots would have helped with high traffic

When asked to provide feedback on what could be improved in the East City Commercial area, comments include:

- More stores/options (Suggestions include Costco, Old Navy, Ikea, Home Sense, Chapters/Indigo)
- Buses to serve more stops more often
- Address poor road conditions
- Better connections between parking lots (Winners and Home Depot to Canadian Tire)
 - Staircase between Home Depot and Michaels
- Improve traffic flow within the parking lots and introduce traffic calming measures
- Consider adding more left turning lanes along 16th Street
- More greenspace; More trees
- Fill vacant spaces before building more in East City

In terms of the services/stores most visited in the East City Commercial Area, popular stores include:

- Walmart
- Home Depot
- Michaels
- Canadian Tire
- Dollarama
- Value Village
- Winners

Key Findings & Considerations:

- The East City Commercial Area provides consumers with accessible, affordable stores that operate during convenient and consistent hours.
- The diversity of stores concentrated in this area has created a 'one-stop shop' area for consumers.
- Survey respondents indicated they would like to see more variety in terms of Big Box stores (Costco, Old Navy, Home Sense, etc.)
- Feedback also indicated that connections between retail stores could be improved to enhance traffic flow and pedestrian experience. West City Commercial

4.8 West City Commercial

67% of survey respondents shop/visit the West City Commercial Area of Owen Sound. The following table shows how often respondents visit this commercial node:

Rarely (a few times a year)	Occasionally (a few times a month)	Often (once/twice a week)	Very often (multiple visits during the week)
35%	47%	15%	3%

Table 8: How often respondents shop in the East City Commercial Area

33% of respondents indicate that they do not visit/shop in the West City Commercial Area. When asked to describe why they do not visit/shop in this node, answers included:

- Not many stores
- Stores that are there are not relevant
- What is available there is available in other areas
- Shop at No Frills and Foodland, but these are in Georgian Bluffs
- Traffic getting across the City is a deterrent
- Transit access is limited/poor
- Out of the way for walking/cycling

Respondents were asked to describe what they like about the stores and services in the West City Commercial Area. Below is a summary of comments:

- Convenient
- Easy to park
- Serves West end residents
- Specialized stores
- Less busy than the East end

Below is a summary of comments indicating what respondents dislike about the West City Commercial Area:

- Lack of variety/diversity in stores
- No gas station
- Traffic congestion
- Not many stores/services
- Unattractive area of Owen Sound
- Not a walkable area
- Giant Tiger is gone (however, this was originally located in Georgian Bluffs)
- Individual strip malls are unappealing

When asked to provide feedback on what could be improved in the West City Commercial Area, comments include:

- Bring in some new stores and services (Restaurants)
- More variety
- Extend hours
- More advanced green lights to safely turn left into stores
- Some larger stores (Big Box)
- Less industrial looking (more greenspace)
- Improve bus service to this area
- LCBO on the West side
- Improve traffic flow
- Improve road conditions
- Remove old buildings that are in disrepair

In terms of the services/stores most visited in the West City Commercial area, popular stores³ include:

- M&M Meats
- Health Food Store
- Chef Wok
- Pet Valu
- Dominoes
- Little Caesar
- Palantir Computers
- Deals Surplus
- Winexpert
- Tim Hortons
- Shear Experience

**Please note, several respondents indicated they frequent stores which are located in Township of Georgian Bluffs. This suggests respondents did not differentiate between West City Commercial and the Sunset Strip.*

Key Findings & Considerations:

- The West City Commercial Area does not attract many respondents due to the limited stores/services offered in this node.
- Compared to the other nodes, respondents indicated that the West City Commercial area is less accessible for walking/cycling and transit.
- Survey respondents indicated this area is less appealing than other commercial nodes.
- Again, it is noted that respondents did not differentiate between West City Commercial and the Sunset Strip (Georgian Bluffs).

³ Respondents also suggested the following popular stores/services which are located in Township of Georgian Bluffs: Staples, Quick Lube, Beer Store, Home Hardware, Galaxy Cinema, Deals Surplus, Subway, Deals, TSC Store, McDonalds and Westside Bowl.

4.9 Additional Feedback

Survey respondents were also asked to provide input on the types of retailers/commercial activities they would like to see in Owen Sound (that do not currently exist). **Based on responses, there is additional demand for larger, big box retailer such as Costco.** Other suggestions include:

- Homesense
- Old Navy
- The Bay
- Ikea
- Starbucks
- Asian/Ethnic Food Stores
- Chapters
- Lee Valley
- Cabelas / Bass Pro Shop
- Clothing stores (H& M, Forever 21, American Eagle, Additionelle, Victoria Secret, Roots, Lululemon)
- Best Buy
- Make-up/bath stores (Bath & Body, Sephora, Lush)
- More specialty food stores
- Toys R Us
- Goodness Me
- Booster Juice
- Pita Pit
- Movie theatre (Downtown)
- Bridal store
- Apple Store
- A department store Downtown
- Gas station in the West end
- Pet Supply store Downtown

Other suggestions/Feedback:

- More convenient hours of operation downtown
- More healthy food options
- Local food stores
- More bistros/outdoor cafes
- Family friendly businesses
- Family-owned/local ownership
- Independent restaurants
- Commercial areas are too spread out (East, West, Downtown)

Table 9 below indicates survey respondents' opinions based on the following question:

Do you agree that the City of Owen Sound should continue to have policies that protect the commercial businesses in the Downtown area?

	Strongly Disagree	Disagree	Agree	Strongly Agree
Percentage of respondents	10%	20%	49%	21%

Table 9: Survey respondent support for policies protecting Downtown Commercial area

70% of survey respondents agree-strongly agree that the City should continue to have policies that protect the commercial businesses in the Downtown area.

Additional comments emphasized the need for a balanced approach in terms of both promoting and protecting the Downtown area. While several acknowledged Downtown Owen Sound is the heart of the City, some feel that this area should not receive “special treatment” over other commercial areas. Others reiterated they would like to see more revitalization (less storefront vacancies) before additional big box retailers open in the East City Commercial area.

Survey respondents were provided an opportunity to give final thoughts on developing a vision and principles for commercial development in the City. Comments included:

- Address downtown parking issues
- Fill vacant spaces before expanding
- Leverage the waterfront (cafes, restaurants, tours, etc.)
- Remediate/revitalize deteriorating buildings
- Improve support for active transportation to access commercial areas
- Consider open street events
- Promote Owen Sound’s businesses and services (E.g. Amazon website for Owen Sound services and goods)
- Open Downtown for business on Sundays
- Snow removal
- Incentivize businesses to rent Downtown
- Improve traffic flow
- Create resource that aggregates all vacant commercial space in Owen Sound and share with interested parties
- Continue building interest in events/festivals in Downtown area
- Incentivize businesses to locate near waterfront
- Improve East Harbour Area to attract boat tourists who can come shop in Owen Sound
- Improve transit connections to West end of City (and Sunset Strip)
- Find ways to promote Owen Sound to broader demographics (not just a City for Seniors)
- Balance future development with greenspaces
- Loyalty program for shopping Downtown
- Better access/connectivity between Downtown and Waterfront area

- Learn from other areas. E.g. Send staff/Councilors on 'field trips' to other Cities that have vibrant retail/commercial areas and Downtowns

4.10 Stakeholder Working Session

Below is a summary of the facilitated discussion held on March 21st, 2018 at the Harry Lumley Bayshore Centre. Stakeholders were invited to provide feedback on Owen Sound's retail and commercial assets as well as trends impacting the Region.

Comments from the County of Grey have also been integrated into the summaries below as the provided feedback based on the seven questions posed at the working sessions.

Question 1: What trends do you observe impacting Owen Sound's retail development?

- Lack of pride in ownership (facades downtown)
- Older businesses; little succession planning for the future
- Economic changes – loss of major employers in the area
- Services offered by businesses continues to reduce
- Homeless population growing in Downtown area
- Online shopping/E-Commerce
- High rent for retailers
- Minimum wage increase; This impacts employers and the cost of services
- Aging population of shoppers; May result in less spending
- Niche services have to compete with online shopping
- Declining population
- Small businesses challenged to compete with larger retailers
- Resizing of brick and mortar stores
- Less car dependence for shopping in the Downtown area
- More experience based shopping vs. cost factor (Millennials may partake in the shopping and may choose to pay more for such experiences, rather than just basing their purchases on cost)
 - E.g. May choose to pay more for ground coffee if location provides opportunity to see how the product is prepared
 - People may choose not to own a car but still participate in outings (more frequent shopping/dining experiences)
- Lower than average income and demographics of older residents – may not attract national chains
 - This may create an opportunity for smaller business owners
- Growth of larger retail power centres
- Smaller box stores that are half warehouse; Combining services where future operations may include manufacturing on-site

Question 2: What types of stores, services or retail formats are underrepresented in the Owen Sound marketplace?

- More/variety of restaurants
- More destination restaurants (Take advantage of the harbour nearby)
- More investment in attracting people to the waterfront
- Seniors needs services
- Create excitement in Owen Sound's downtown
- Nice furniture store
- A "market" venue Downtown (micro retail opportunity)
- More clothing stores (men, women and children)
- Niche food markets
- Butcher shops
- Specialty wine shop/LCBO downtown
- Mid-range as opposed to high end
- Boutique businesses
 - Specialized, experience-based stores/restaurants/services
- Far too many low end/bargain retailers
- Regional box stores are underrepresented and many regional residents leave the area to shop; This leakage could be reduced by allowing more retail to function and respond to the needs of consumers

Question 3: What opportunities exist for Downtown? What should its role and function be within the City's commercial structure?

Role and Function of Downtown

- Downtown is a niche market, with staff who have specific knowledge/skills
- Walking district; historical/cultural function; Preserve the Owen Sound history
- Downtown is a public space for people to socialize, interact with the arts/cultural community, and do business in a safe/pleasant environment
- Downtown as the artistic hub for Owen Sound and wider Region
- Downtown is a key destination with numerous niche stores and services, in one general location Downtown is the financial hub of the City
- Offer a variety of goods and services with unparalleled convenience (all within walking distance)

Planning & Design of Downtown

- A well-defined Downtown is important
- Continue to encourage larger/Big Box development in the East end
- Continue to develop and implement more permissive municipal policies allowing (and encouraging) side walk cafes
- Streamline planning processes for Downtown developments
- Opportunity for shared space retail

- Improvements to the streetscape on 9th St. East between 1st Avenue West and 3rd Avenue East.
 - Attract more entrepreneurs to vacant space near the Roxy Theatre
 - Grow the entertainment district
 - Upgrade lighting near the Roxy Theatre
- More consistency in streetscape features
- The Downtown should allow for maximum mixed-use and be the preferred place for service businesses, and small businesses
 - This is best done by creating a positive, welcoming and flexible environment
 - The Downtown needs to be integrated into the harbour, with policies that maximize residential development as residential development acts as a catalyst for commercial and retail growth
 - With newer developments, such as the Sydenham condos, a variety of commercial and retail options should be encouraged to support residential investment.

Other Opportunities to Consider

- Work with existing, successful business owners and entrepreneurs to target and attract investment in Owen Sound
- Downtown needs to extend operating hours – After 5:00 pm and Sundays

Question 4: Should the City of Owen Sound continue to have policies that protect the commercial function and business opportunities in the Downtown area?

- Revitalize the residential area Downtown – bring more people there
- Bingo Hall deconstruction
- Difficult to control market conditions
- Prescriptive zoning policies do not work to improve commercial area
- Enhance/promote rather than protect
- City should focus on policies/zoning that enhances/complements what already exists Downtown
- Policy establishes role and function
- It is important to consider the intent of the policies. Policy evaluation and monitoring can assist in determining a best-practice approach, by assessing whether the policies are in fact achieving the intended outcome.
 - The City should have policies that encourage investment, provide incentives for investment, and allow for flexibility in zoning

Question 5: What do you think the City of Owen Sound could do keep the Downtown area strong and vibrant?

- Longer operating hours / Open Sundays
- Implement the Downtown Revitalization Plan
- Public awareness of knowledge and experience held in Downtown

- Bring people Downtown (tourism, residential development)
- Collect input on why people do not visit Downtown
- Property standards
- Through Official Plan and Zoning Reviews, the City can provide a greater list of uses (commercial/mixed-use) for buildings in Downtown, specifically buildings that remain vacant
- Need to identify ways to increase number of residential units above stores
- Provide incentives for maintaining shops/restaurants/services in the Downtown (reduced taxes, reduced municipal utility rates, broader BIA programs, small business loans, etc.)
- More opportunities to get around the Downtown (more frequent transit services/smaller shuttle busses)
- Accommodate more public parking
- Enforce building codes to ensure better quality housing opportunities
- More offices; attraction and retention of professionals
- Signage on the hills directing people to the heart of the City
- Expansion of activities on the waterfront
- Expansion of activities with the Gallery, The Library, Grey Roots
- Celebrate and preserve the architecture
- Create an environment where people want to live, work, and play
- The City should encourage stronger incentives for mixed-use development, updating residential stock and promoting new residential development
- It may be viable to attract large anchors to the Downtown, where land assembly may be required to facilitate this process
- Additional consideration should be given to the 11th Street bridge, as this plays a pivotal role in connection the East and West sides of the City, meanwhile showcasing the Sydenham and the harbour
 - Enhancing pedestrian, cycling, and other forms of active transportation infrastructure in this area may promote further foot traffic and entice business owners to invest in the area

Question 6: What role does the private sector play in the maintenance and growth of Owen Sound’s commercial and retail sector?

- High speed internet (S.W.I.F.T/South Western Integrated Fibre Technology Project)
- Process with City is challenging for private sector
- Consider attraction and retention strategies for businesses, but in partnership with City incentives (E.g. Tax incentives to commercial and retail properties so tenant rents can be more affordable)
- Private housing development will help Owen Sound overall
- A highly cooperative attitude from the City – it has to be a joint effort
- Private sector is the engine of the economy
- Small businesses pay taxes to 3 levels of government; Creates employment and provide opportunity to spend money and stimulate economic activity

- Landlords with restrictive leasing arrangements that disallow Sunday/Holiday openings is a deterrent (City can't play much of a role in this)
- Private sector drives development and investment, not local government
 - Policies should encourage development by not trying to be overly prescriptive in its form and function

Question 7: What role should the City play to support a strong commercial sector now and into the future?

Planning & Policy

- City can work to achieve inclusive, expansive or complementary zoning (rather than prescriptive zoning) or “interpretation of” for all commercial areas
- Permissive policies for creative business approaches
- Pass more flexible zoning in the Downtown and provide more robust incentives
- Staff should ensure there is adequate supply of zoned commercial lands that allow for competition
- The City can ensure that development decisions are more flexible in terms of use/regulations, particularly for Downtown
- Consider removing the requirements for market studies
- The City should embrace the west side commercial strip as an important anchor for attracting regional residents to shop in our market and further consider impact of future growth nodes such as the Sydenham Heights area

Collaboration/Partnerships (Public-Private)

- More collaborative efforts with developers
- Cooperative and collaborative
- Encourage the chamber of commerce to champion a “support local business” as an ongoing campaign
- Support for development is important
- Include the DIA as the lead on all matters relevant to the Downtown
 - Meet regularly with strip mall owners and mall management
- City can provide incentives for commercial/retail properties with small businesses

Community Improvement/Beautification

- Invest in downtown infrastructure
- Infrastructure for technology
- Close street to create temporary patios/events
- Expand the DIA service area to increase the DIA budget and scope
- Create a sense of place – especially in the summer
- Work/live spaces in the Downtown will continue to be important options
- CIP – Façade and structural program
- Clean streets/flowers/well maintained

- Enforce businesses to clean up façade, remove sign after they leave
- Beautification with DIA
- Expand the façade and structural improvement program
- Public transit needs to be improved
 - Uber subsidy? Other opportunities to consider.
 - Provide a competition/awards for innovation and creativity among participants of the program
- Property standards/building code enforcement – in the Downtown specifically

The feedback heard through both the online survey and public working session informed the policy analysis and recommendations put forward in this report.

5.0 COMMERCIAL POLICY ANALYSIS & OPTIONS

The following section includes a review and analysis of the City’s commercial policies as they relate to planned function and structure. As stated earlier, there are six commercial designations in Owen Sound’s Official Plan. However, four (Downtown Commercial Area, East City Commercial Area, Regional Shopping Centre and West City Commercial Area) have been reviewed in depth as they are the areas most utilized by Owen Sound residents and regional consumers. Based on this analysis, four policy options have been considered and the recommended policies are discussed further in section 6.0.

5.1 Policy Options

The City could consider various options related to the commercial policy framework. Options to consider are discussed below:

Table 10: Policy Options and Considerations

Policy Option	Considerations
<i>Do nothing and maintain current policies</i>	<ul style="list-style-type: none"> • Current policies have a planned function for commercial areas that direct retail and commercial growth to specific geographic areas of the City • Section 4.4.2.9 outlines the tests required to be met for a rezoning of the East City Commercial Area or an expansion of the East City Commercial Area or Regional Shopping Centre. • Recent requests for changes to uses and store size considerations have required review and interpretation of Official Plan policies, and in some cases have created policy conformity challenges. • Feedback suggests the need to provide flexibility to take advantage of commercial/retail opportunities when they arise.
<i>Amend Policy Framework to remove commercial hierarchy and planned function</i>	<ul style="list-style-type: none"> • A commercial hierarchy establishes and supports the planned function of commercial areas by logically directing the form of development to land areas that can accommodate it. • Removing the commercial hierarchy and planned function results in no policy direction of the planned function related to the types and location of commercial uses.

	<ul style="list-style-type: none"> • Feedback demonstrates support for continuing to have a planned function with direction to ensure that the downtown continues to have a vibrant and strong commercial role.
<i>Modify commercial hierarchy, planned function of commercial areas, and commercial land use designations</i>	<ul style="list-style-type: none"> • The commercial hierarchy, planned function and land use designations were originally modified in 2006 to meet the City’s vision for a vibrant Downtown area, and Regional shopping draw. • Based on a review of past information and general analysis of projected population and commercial space, designating additional lands for commercial use is not recommended. • A complete repeal and replacement of the current policy framework is not warranted.
<i>Maintain commercial hierarchy, planned function and land use designation with policy modifications</i>	<ul style="list-style-type: none"> • Opportunity exists to add further direction into policies related to planned function and general commercial hierarchy. • Some commercial areas should be considered for modified policy direction and clarification. • Regional Shopping Centre policies require modification, as there are current policy conformity issues relating to store closures. • Consideration to policies associated with the timing and need for Retail Impact Study may address comments on flexibility.

5.2 Analysis & Findings

This section provides a summary of key findings based on the analysis of the current commercial policy structure and function. The analysis and findings are based on the project team experience in policy analysis, a review of previous studies, review of recent commercial applications in the City and consideration of feedback received from the public input sessions.

1. **Commercial hierarchy is still relevant for the City**

- The Downtown Area permits a diverse range of uses to provide a “full range of commercial, institutional, recreational, and residential uses.” Stakeholder feedback confirms that the Downtown is the social, cultural, business and recreational focal point of the City. This is further reflected by the higher percentage of survey respondents that travel Downtown by foot/bicycle. The Official Plan and Zoning policies for Downtown permit a broad array of uses and mix of uses.
- The current hierarchy also directs larger format retail to the East City Commercial Area which is designated as the major automobile related commercial area in the

City. The East City Commercial area is a regional destination and provides consumers with convenient shopping opportunities (large, big box format). It is also the area with the lots sized to accommodate large format retail.

- The rationale for designating three additional commercial nodes after the 2002 Commercial Needs Study (The Climans Group Inc.) remains relevant for the City, as:
 - The East City Area remains a major concentration of commercial development and a key retail destination in the City for the presence of large format retail space, attracting consumers from a wide region. This area is the logical location for concentrating commercial growth (16th Street/Highway 26 link).
 - Heritage Place Mall was recognized as the “principal enclosed regional mall” in the City. At the time, it was recommended to preserve the commercial function that was performed by Heritage Place Mall through the designation as a Regional Shopping Centre. While the uses within the Mall have evolved, the intent is to continue to provide a Regional Shopping Centre as an attraction for investment.
 - The West City area was recommended for designation for its role in providing some physical “balance” to the commercial structure in Owen Sound. The West City area was not intended to rival the Downtown or East City area, but was proposed to be designated as a commercial node because its location warranted commercial intensification over an extended period of time and it provides a prime location or main gateway to the City via 10th St. West (connecting link). The function of the West City area remains a component of the commercial development within the City.
- The City’s policies balance the vision of maintaining a viable downtown while maintaining the Regional draw to the City as a whole.
- It is our opinion that the efforts to develop a hierarchy for the City’s commercial lands has been an effective way to guide commercial and retail development to the appropriate location within the City. The hierarchy establishes opportunity for a balanced commercial framework for to provide access to commercial and retail areas for all residents.
- The land use designations facilitate the support and preservation of the City’s Downtown business area. The Downtown continues to be a strong commercial node and has been maintained as a relatively strong commercial area.

2. *Planned function and policy direction remains appropriate*

- The planned function is the planning policy basis to guide decisions on planning applications and development within the City. The City’s current planned function

of six commercial designations remains appropriate as it provides residents and visitors with a range of commercial and retail experiences.

- The planned function for each designated area directs commercial development to the areas that can best accommodate it, and considers size, form and use.
 - Smaller format, specialized/niche retailers and services are found in the Downtown area which are enhanced by the unique heritage features found in this area.
 - Larger format retailers are found in the East City area which can accommodate large, automobile-related retailers
 - The Regional Shopping Centre includes Heritage Place Mall. The provision stating that the Regional Shopping Centre must include specified uses will be discussed further below.
 - Smaller format stores/services are found in the West City Commercial area. Limited lot depths and proximity to adjacent residential areas make this node not conducive to large scale retail development.
 - Arterial commercial areas provide for local convenience shopping and certain specialized uses, and have minimal impact on adjacent residential development.
 - Opportunities to link the Downtown and waterfront through mixed-uses are provided by the Waterfront Mixed-Use designation.

- The planned function and policy direction for commercial uses recognize Owen Sound's role as a regional commercial hub for the surrounding area by designating commercial and directing regional consumers to appropriate areas of the City. The East and West City nodes act as entrances to the City. Similarly, the arterial commercial area of the City provides consumers with convenient access to retailers and services for day to day needs.

- It is recommended that further clarification on the planned function and modifications to the policy framework be considered as follows:
 - Establishing store size permissions in the East City Commercial Area that would not require amendment or retail study
 - Considering a broader range of uses and mix of uses within the Regional Shopping Centre
 - Referencing additional functions (i.e., tourism) within the downtown area.

3. Commercial land use designations address area, form and function of the City

- The City's commercial and retail policies outlined in the Official Plan affirm the significance of commercial development in Owen Sound and the City's role as a regional commercial hub. Commercial designations in the Official Plan are organized within a hierarchical structure.

Downtown Commercial Area

- The Downtown Commercial area permits a diverse range of commercial and non-commercial uses. Feedback indicates that residents/developers feel there are development restrictions in the Downtown area that may perpetuate vacant retail spaces. For example, the concentration of buildings with heritage status in the Downtown makes large scale development challenging. At the same time, respondents cited the unique experience and “heart of the City” small town feel as key draws to shopping in this area.
- Need to consider opportunities to better promote the Downtown area. A balanced approach between promotion and protection was suggested through consultation. It is clear, however, that the Downtown should continue to be supported and considered in future commercial/retail decisions (70% of survey respondents agree the Downtown should be protected).

Heritage Place Mall

- Heritage Place Mall does not conform with the City’s Official Plan at this time, as it does not contain a Major Department Store.
- The future of Heritage Place Mall needs to be considered further. At the time of this study, the mall is for sale. While the designation as a Regional Shopping Centre remains appropriate, consideration should be given to modifying policies to facilitate the long-term existence of Heritage Place Mall.
 - Revise policies to require food store and minimum size of anchor store;
 - Consider if the mall needs to be “enclosed”;
 - Permit residential uses for future mixed-use development; and
 - Clarify existing policies as when an RIS is needed.

East City Commercial

- The East City area of the City is the appropriate node to expand/intensify retail and commercial development. This area has generally evolved to serve Owen Sound and the wider region. Survey results suggest the area is functioning as planned.
- The recent and continued growth resulting from the Sydenham Heights area should continue to be monitored.
- The form and function of development in the East City area is appropriate, as it permits a range of commercial uses, while also permitting higher density residential. This designation should continue to accommodate future expansion as provided for in Section 4.4 of the Official Plan.
- Survey results indicate there is demand for Big Box stores in Owen Sound. As the East City area is the appropriate node for larger format retail, consideration should be given to modifying policies to clarify the types of large format retail that are

envisioned for this area (through the inclusion of a definition of large format retail and minimum store sizes).

West City Commercial

- The West City Commercial designation remains appropriate as it provides for arterial commercial development, linking the City to the Sunset Strip in Georgian Bluffs.
- Limited lot depths and proximity to residential neighbourhoods is a challenge for permitting larger stores as this would result in compatibility issues (e.g. traffic) or disruption of established residential neighborhoods. It is not recommended for expansion.

4. Current policy framework requires modification and clarification to adequately consider and address changes in market trends

- As retail formats and consumer preferences continue to evolve, traditional commercial uses such as malls may need to consider alternative uses/functions. In our experience, office use, high density residential and recreational uses are being considered at other malls in Ontario for repurposing due to changing consumer preferences. (E.g. Cambridge Centre to include community facility and bowling alley).
- The current policy framework provides a hierarchy for commercial development in order to maintain the planned function of the Downtown area. There is an opportunity to modify some policies in a manner to maintain the current hierarchy, but remove emphasis on other commercial nodes competing with the Downtown area. It is our opinion that the impact of competition alone is perhaps not an appropriate planning consideration. This was also reflected by survey respondents who felt that the Downtown should not necessarily receive “special treatment.” While the Downtown should continue to be designated as the social, cultural and recreational hub for the City, Official Plan policies can highlight a more balanced approach to commercial and retail growth in the City by outlining incentives and approaches for promoting the Downtown, rather than protecting it from new competition/retail growth.
- A commercial land needs analysis was not specifically prepared as part of this policy review. While this report and analysis did not investigate commercial land needs, data provided by the City indicates that vacant retail space continues to be available for infill and existing designated commercial lands still have opportunity for intensification and build out.
- The current policy framework provides direction on when and how retail impact studies should be prepared. These studies have been a useful resource in assessing impacts of proposed development, however, our review indicates that these studies may be a deterrent for investing in commercial development/growth in Owen

Sound. It is recommended that consideration be given to refining what triggers a market study. For example, some municipalities use an amount of proposed gross floor area or percentage of proposed expansion to determine when a detailed RIS is required.

- Further consideration can also be given to establishing a minimum size of retail/commercial development gross floor area in the East City area, so as not to compete with the Downtown area.

5. Policy modifications proposed to continue to support and encourage development or intensification of commercial areas

- Survey responses indicate respondents complete most of their shopping in Downtown Commercial Area, Regional Shopping Centre (mall) and East City Commercial area. These are meant to be the main commercial designations to support the regional function of Owen Sound as a regional centre. This supports the recommended policy approach to maintain the current policy structure and hierarchy, with modifications to provide additional direction.
- With the proximity of the Downtown to Owen Sound's harbour/waterfront area, further linkages should be drawn between the role of tourism and Owen Sound's commercial areas. (Section 7.7.2 of the Official Plan)
- As stated above, feedback indicates that RIS's may be a deterrent for attracting potential commercial/retail development. However, policies requiring RIS for large retail commercial developments should continue to be required as part of the requirements to support Zoning by-law amendments for certain development.

6. Monitoring is important to inform decisions and future commercial review process

- As part of the City requirements to maintain an up-to-date policy document in the form of the Official Plan the commercial policy review was undertaken. Updates to the Official Plan are to occur every ten (10) years and the review of commercial policy should occur at that time.
- It is recommended that the City continue to collect information associated with the changes to the commercial structure and building/space inventory through data associated with other approvals, such as site plan, building permits, variances, etc. City staff have done a thorough job in collecting and maintaining a general set of data, which was valuable for consideration in this review. Continued collection of this information will allow for ongoing monitoring of the commercial structure and will inform a future analysis of commercial needs that could form part of a future review. It is recommended that Official Plan policies include direction on monitoring levels of vacant commercial space to ensure that future development proposals do not outgrow available vacant spaces.

- It is recommended that the need for a detailed commercial policy and land use needs analysis be reviewed and considered on a five (5) to ten (10) year basis by City staff with a recommendation to Council on the need for a detailed or scoped review.
- It is important to consider the intent of the policies. Policy evaluation and monitoring can assist in determining a best-practice approach, by assessing whether the policies are in fact achieving the intended outcome.
 - The City should have policies that encourage investment, provide incentives for investment, and allow for flexibility in zoning

7. Survey results and information important to inform other City, agency and County considerations

- There were numerous comments that directly informed the analysis and considerations in this report and that current Official Plan policies can provide direction and respond to through the decision making process. Directing resources to implementation of the recommendations herein will respond to these.
- Further there are a number of comments that have a common theme that are directed for consideration to external associations and the County, such as those identified in the following table:

Table 11: Stakeholder Comments and Potential Collaborators

Comment	Direction for Consideration
• Extended hours of operation in downtown	• City, Chamber of Commerce & DIA
• Reduced / free parking in downtown	• City, Chamber of Commerce & DIA
• Update / modernization of the mall with additional variety	• Policy recommendations suggested.
• Improved / more frequent transit access to commercial areas	• City staff
• More greenspace / trees in commercial areas and connections through parking areas	• City staff consideration through site plan review process
• Connection of waterfront and downtown	• City to continue to implement existing studies, such as Downtown River Precinct Plan and Harbour and Downtown Urban Design/Master Plan, through staff resources and budget considerations
• Incentives for downtown stores and to support investment and filling of vacant spaces	• City, DIA and owners through implementation of Community Improvement Plan and associated

	funding opportunities. Education of existing opportunities may be needed (Community Improvement Plan).
<ul style="list-style-type: none"> • Establish a vision or marketing strategy for the Downtown 	<ul style="list-style-type: none"> • City, DIA, Chamber of Commerce, owners through separate consultation or process
<ul style="list-style-type: none"> • Identify market areas that are missing to eliminate financial loss from other communities/online shopping 	<ul style="list-style-type: none"> • City, DIA, business owners

8. Zoning By-law review and update important to implement policy changes and recommendations

- The City Zoning By-law also regulates the use of lands, buildings and structures and will need to be updated to address policy changes to ensure conformity with the Official Plan, following the Official Plan five-year review.
- Additional details related to the permitted use and regulations to implement the Official plan would be further assessed and clarified as part of the Zoning By-law update.

6.0 POLICY RECOMMENDATIONS & IMPLEMENTATION

Based on an analysis of Owen Sound's commercial policy function and hierarchy, review of existing market trends, public input and best practice review, the **recommended approach is to maintain the commercial hierarchy of areas and update certain policies within the existing hierarchy.**

Policy modifications to consider include:

- Clarification of the planned function of areas (intended function and form) through a general commercial policy section in the Official Plan. This should explain the hierarchy, general permitted uses and the form of development expected. Establishing the function for commercial areas in Owen Sound can be included in this section.
- Incorporation of policy language to strengthen the direction to maintain the planned function of the Downtown in order to provide for long-term viability and vitality. Wherever feasible, consider opportunities to promote and enhance the downtown area and build upon its linkage to the harbour and mixed use areas. This can be furthered by creating linkages between tourism policies and the commercial policies, specifically as it relates to promoting the Downtown Commercial Area as a tourist attraction.
- Consider adding flexibility into policies (e.g. providing criteria that triggers Retail Impact Studies for certain retail applications for expanding commercial development);
- Assess/modify policy framework associated with the Heritage Place Mall (Regional Shopping Centre). There is a need to consider flexibility in order to attract investment in this area. Policy could be revised to include language on multifunctional uses.
- Provide further policy direction on the location for high density residential uses in the East City Commercial area and connect to the relevant design policies and considerations.

Below are the recommendations to be considered in the upcoming five-year review of the Official Plan. [Appendix A](#) includes a summary of the specific policies proposed to be considered/revised based on key findings and recommendations. Seven (7) modifications are recommended, and numbered accordingly below.

6.1 General Commercial Policy

- The current structure of the Official Plan includes higher level goals and objectives for the Plan under goal areas such as environmental integrity, economic vitality, managing growth, quality of life, etc. It is recommended that minor revisions be made to the *Goals and Objectives* section of the Official Plan to further establish the importance of the Downtown Commercial Area.
- The City should consider including general policies that establish the City's commercial hierarchy and overall planned function and vision for Owen Sound's commercial development prior to section 4.2 (Downtown Commercial).
- This section should establish the planned hierarchy and function of all six commercial designated areas.
- Clarity should be provided to encourage new commercial facilities to not jeopardize the planned commercial function of the commercial areas defined in the Official Plan.
- This general commercial section of Official Plan should also create a linkage to the commercial opportunities related to Owen Sound's harbour area in proximity to the Downtown area.
- City staff should review specific permitted uses in each area through Official Plan update to ensure they reflect and support the planned function of the area and hierarchy overall.

Based on these recommendations, the following modifications are proposed:

- 1) Amend Section 3.2 Economic Vitality to modify polices as follows:
 - 3.2.2.9 Maintain and enhance the viability and vitality of the Downtown Commercial core as the primary economic, commercial, financial, cultural, tourism and employment focus of the City and the Region.
 - 3.2.2.12 Attract and promote the development of new businesses and economic activities that are not currently available in the City to help maximize employment and commercial opportunities in the City.
- 2) Add a new Section 4.2 General Commercial after 4.1 and renumber the policies in Section 4 accordingly.
- 3) Add the following policies in Section 4.2 General Commercial:

- 4.2.1 A comprehensive commercial framework is established for the City with a series of commercial land use designations to provide for an appropriate diversity of commercial land uses to meet the needs of the City's residents, employees and businesses. Commercial land use designations have been established in the form of an hierarchy with distinct planned functions for each commercial area.
- 4.2.2 Lands designated commercial are shown on Schedule 'A' – Land Use Plan. The commercial designation is further divided into a hierarchy of commercial areas, including:
- Downtown Commercial
 - Regional Shopping Centre
 - East City Commercial
 - West City Commercial
 - Arterial Commercial
 - Waterfront Mixed Use
- 4.2.3 The planned function for each commercial designation is described in the policies for each commercial designation. It is not the intent of this Plan to permit all commercial uses in every commercial designation and permitted uses within individual commercial designations may be further defined in the Zoning By-Law.
- 4.2.4 All commercial development shall be consistent with the City's urban design objectives and policies as set out in this Plan and any supporting implementation studies or documents.
- 4.2.5 Drive-through facilities may be associated with restaurants, banks and other commercial uses and may be permitted on lands designated for commercial use outside of the Downtown. Provisions to permit and/or regulate drive-through facilities will be included in the Zoning By-law.

4) Amend Section 4.2.3.1 as follows:

- 4.2.3.1 In order to maintain the Downtown as an active, vibrant City Centre, the City will promote the planned function of the Downtown as the primary and vibrant retail and commercial node in the City. The City will plan and implement appropriate supporting programs to market the Downtown retail area and to promote building and parking improvements. New development should be permitted which supports and contributes to a focused and successful commercial area.

6.2 Retail Impact Studies

- As mentioned above, RIS's may act as a deterrent for future commercial growth in Owen Sound. Feedback indicates that consideration should be given to establishing a criteria that triggers the need for retail impact study. For example, a minimum gross leasable floor area could be used as a criteria for determining when an RIS is required by a proponent.
- There may also be uses that are permitted generally that would not trigger RIS such as auto-oriented uses and entertainment type uses.
- For development outside of the Downtown area, Regional shopping Centre and East City Commercial area, a threshold of less than 465 metres squared and greater than 1,400 metres squared could be considered to require an RIS for a new or existing use.
- The market study guidelines should still continue to be used in order to guide how RIS's are prepared and reviewed as a consistent basis for analysis of various proposals that may come forward.

Based on these recommendations, the following modifications are proposed:

5) Amend Section 4.4.2.9 as follows:

- 4.4.2.9 Should a rezoning of the East City Commercial designation or an expansion to the East City Commercial designation be proposed for the uses listed in Section 4.4.1.1 a) and b) that are less than 465 m² and greater than 1,400m², the City shall require the following information and studies acceptable to the City:
- a) A market analysis of the need for the proposed development and the impact of the proposed use on the commercial hierarchy and planned function of the City, including all commercial areas within and close to the City.

**Note, the tests outlined in Section 4.4.2.9 also apply to an expansion of the existing Regional Shopping Centre.*

6.3 Regional Shopping Centre (Heritage Place Mall)

- It is evident that Heritage Place Mall is in need of revitalization in order to sustain its planned function. Based on this policy review, there is a need for policies that will attract investment and invite revitalization of the Mall.

- This review supports the current policy that one Regional Shopping Centre is sufficient to service Owen Sound and surrounding area. Given the current trends, however, the policies are prescriptive:

Section 4.3.1.1 a) states that *the Regional Shopping Centre must include: a major Department Store, a Supermarket, ancillary retail and service stores and a Discount/Promotional Department Store.*

- Based on this policy, Heritage Place Mall does not comply with the City's Official Plan as there is currently no major department store.
- It is recommended that this provision be removed and replaced with more permissive language that includes options for multi-use development. This will position the Regional Shopping Centre to take advantage of unique mixed-use opportunities, should they arise.

Based on these recommendations, the following modifications are proposed:

6) Amend Section 4.3 as follows:

4.3 Regional Shopping Centre

The Regional Shopping Centre is a commercial designation that contains the existing Heritage Place Mall and is planned to serve as a location for a range of commercial uses, including retail, entertainment uses and appropriate residential.

4.3.1 Permitted Uses

4.3.1.1 Within the area designated Regional Shopping Centre, a Regional Shopping Centre and accessory uses may be developed subject to the following conditions:

- a) The Regional Shopping Centre should at a minimum include one or all of the following uses to maintain the function as a regional shopping centre: a Major Department Store, a Supermarket or a Discount/Promotional Department Store;
- b) The Regional Shopping Centre may permit residential uses, subject to an Official Plan Amendment with appropriate studies, to create a well-balanced and integrated, mixed use commercial centre.

Section 4.3.1.2 a), which outlines the definition of *Regional Shopping Centre*, should be revised to continue supporting the regional function of Heritage Place Mall while creating flexibility for the types of uses permitted.

7) The definition of *Regional Shopping Centre* should be amended as follows:

4.3.1.2 (a) *Regional Shopping Centre* – A group of commercial uses conceived, designed, developed and managed as a single interdependent and inter-related unit intended to serve the City and the surrounding regional market area, including one or all of the following: a Major Department Store, Discount Promotional Department Store, Supermarket and ancillary retail and service uses.

6.4 East City Commercial

- Residential uses are permitted in the East City Commercial node. However, it is recommended that further provisions be added (part c and d) to require additional analysis of land use compatibility (e.g. noise and traffic impacts) as well as the implementation of the City's urban design policies.

8) Amend Section 4.4.2.9.1 as follows:

4.4.2.9.1 Residential uses permitted in Section 4.4.1.1 (c) subject to provision of the following:

- a) Adequate parking for residential and non-residential uses.
- b) Appropriate buffering and/or integration of the residential uses and other permitted uses.
- c) Analysis of land use compatibility considerations, such as noise and traffic.
- d) Implementation of urban design policies and objectives of this Plan.

6.5 Monitoring Commercial Needs

- Monitoring the supply of vacant commercial lands will help in the assessment of new commercial developments. It is recommended that the City continue to collect information associated with changes to the commercial structure and building inventory through approvals associated with other approvals, such as site plan, building permits, variances, etc.
- While the City already collects data related to commercial vacancies, City staff should continue to make an effort to monitor commercial land supply on a regular five-year basis.

Note: These recommendations identify potential modifications to the policies as generally noted in the report. Additional modifications may be proposed and considered at the time of an amendment to fully implement the City's Official Plan Review process.

7.0 CONCLUSION

A review of the City's commercial and retail policies in Owen Sound indicates that the current policy framework and planned function on the City's commercial nodes has been effective in directing commercial and retail growth in the City. There is an opportunity to provide clarification and direction within the Official Plan policies to help promote the Downtown area while balancing future development in the other commercial nodes.

This retail and commercial policy review was informed by stakeholder consultation and analysis of ongoing market trends. Specific policy recommendations have been put forward for consideration with the upcoming Official Plan five-year review.

The key findings of this policy review include the following:

- The commercial hierarchy remains relevant as it guides commercial and retail development to the appropriate node based on proposed use, and establishes a balanced commercial framework for the City.
- The land use designations of the Official Plan facilitate the support and preservation of the City's Downtown Commercial Area. The Downtown continues to be a strong commercial node and is anticipated to improve through the continued implementation of the City's Downtown Revitalization Strategy, Downtown River Precinct, Harbour and Downtown Master Plan.
- The City's current planned function remains appropriate as it provides residents and visitors with a range of commercial and retail experiences (smaller, niche stores/services Downtown; larger format, convenience shopping in the East City Commercial area).
- The planned function and policy direction for commercial uses recognize Owen Sound's role as a regional commercial hub for the surrounding area by designating commercial areas and directing regional consumers to appropriate areas of the City that can accommodate higher volumes of traffic.
- A review of market trends and stakeholder feedback confirms that retail trends are impacting Owen Sound's retail sector (e.g. online shopping, evolution of formats, blurring of channels). As retail formats and consumer preferences continue to evolve, traditional commercial uses such as malls may need to consider alternative uses/functions.

- There is an opportunity to modify policies in a manner that maintains the current hierarchy, but removes emphasis on other commercial nodes competing with the Downtown area. The impact of competition alone is not an appropriate planning consideration. However, policies can provide support for balanced commercial and retail growth in the City.
- The current policy framework provides direction on when and how retail impact studies should be prepared. Feedback through public consultation suggests that these studies may be a deterrent for investing in commercial development/growth in Owen Sound.
- Survey respondents and workshop participants indicate they are shopping in the Downtown Commercial Area, Regional Shopping Centre and East City Commercial area. These areas are intended to be the main commercial designations to support the regional function of Owen Sound as a commercial centre.
- It is recommended that the need for a detailed commercial policy and land use needs analysis be reviewed and considered on a five (5) year basis by City staff with a recommendation to Council on the need for a detailed or scoped review.
- Survey feedback indicates there are other key players in the City to be included in future discussions around commercial policy and implementation, including the Downtown Owen Sound Business Improvement Area and owners of Heritage Place Mall.

These findings led to the overarching recommendation that the City should maintain their commercial hierarchy, planned function and land use designations, while modifying some policies to provide additional direction and clarification.

Please note, the endorsement of this report is support in principle of the policy directions proposed. Policy changes will be further considered through the Official Plan five-year review, which includes a separate process and significant opportunities for public input.

APPENDIX A | Recommended Policy Modifications

- 1) Amend Section 3.2 Economic Vitality to modify polices as follows:
 - 3.2.2.9 Maintain and enhance the viability and vitality of the Downtown Commercial core as the primary economic, commercial, financial, cultural, tourism and employment focus of the City and the Region.
 - 3.2.2.12 Attract and promote the development of new businesses and economic activities that are not currently available in the City to help maximize employment and commercial opportunities in the City.
- 2) Add a new Section 4.2 General Commercial after 4.1 and renumber the policies in Section 4 accordingly.
- 3) Add the following policies in Section 4.2 General Commercial:
 - 4.2.1 A comprehensive commercial framework is established for the City with a series of commercial land use designations to provide for an appropriate diversity of commercial land uses to meet the needs of the City's residents, employees and businesses. Commercial land use designations have been established in the form of an hierarchy with distinct planned functions for each commercial area.
 - 4.2.2 Lands designated commercial are shown on Schedule 'A' – Land Use Plan. The commercial designation is further divided into a hierarchy of commercial areas, including:
 - Downtown Commercial
 - Regional Shopping Centre
 - East City Commercial
 - West City Commercial
 - Arterial Commercial
 - Waterfront Mixed Use
 - 4.2.3 The planned function for each commercial designation is described in the policies for each commercial designation. It is not the intent of this Plan to permit all commercial uses in every commercial designation and permitted uses within individual commercial designations may be further defined in the Zoning By- Law.

- 4.2.4 All commercial development shall be consistent with the City's urban design objectives and policies as set out in this Plan and any supporting implementation studies or documents.
- 4.2.5 Drive-through facilities may be associated with restaurants, banks and other commercial uses and may be permitted on lands designated for commercial use outside of the Downtown. Provisions to permit and/or regulate drive-through facilities will be included in the Zoning By-law.
- 4) Amend Section 4.2.3.1 as follows:
- 4.2.3.1 In order to maintain the Downtown as an active, vibrant City Centre, the City will promote the planned function of the Downtown as the primary and vibrant retail and commercial node in the City. The City will plan and implement appropriate supporting programs to market the Downtown retail area and to promote building and parking improvements. New development should be permitted which supports and contributes to a focused and successful commercial area.
- 5) Amend Section 4.4.2.9 as follows:
- 4.4.2.9 Should a rezoning of the East City Commercial designation or an expansion to the East City Commercial designation be proposed for the uses listed in Section 4.4.1.1 a) and b) that are less than 465 m² and greater than 1,400m², the City shall require the following information and studies acceptable to the City:
- a) A market analysis of the need for the proposed development and the impact of the proposed use on the commercial hierarchy and planned function of the City and the County, including all commercial areas within and close to the City.
- *Note, the tests outlined in Section 4.4.2.9 also apply to an expansion of the existing Regional Shopping Centre.*
- 6) Amend Section 4.3 as follows:
- 4.3 Regional Shopping Centre
The Regional Shopping Centre is a commercial designation that contains the existing Heritage Place Mall and is planned to serve as a location for a range of commercial uses, including retail, entertainment uses and appropriate residential.
- 4.3.1 Permitted Uses
4.3.1.1 Within the area designated Regional Shopping Centre, a Regional Shopping Centre and accessory uses may be developed.

- a) The Regional Shopping Centre should at a minimum include one or all of the following uses to maintain the function as a regional shopping centre: a Major Department Store, a Supermarket or a Discount/Promotional Department Store;
 - b) The Regional Shopping Centre may permit residential uses, subject to an Official Plan Amendment with appropriate studies, to create a well-balanced and integrated, mixed use commercial centre.
- 7) Section 4.3.1.2 a), which outlines the definition of *Regional Shopping Centre*, should be revised to continue supporting the regional function of Heritage Place Mall while creating flexibility for the types of uses permitted.

The definition of *Regional Shopping Centre* should be amended as follows:

4.3.2.1(a) *Regional Shopping Centre* – A group of commercial uses conceived, designed, developed and managed as a single interdependent and inter-related unit intended to serve the City and the surrounding regional market area, including one or all of the following: a Major Department Store, Discount Promotional Department Store, Supermarket and ancillary retail and service uses.

- 8) Amend Section 4.4.2.9.1 as follows:

4.4.2.9.1 Residential uses permitted in Section 4.4.1.1 (c) subject to provision of the following:

- a) Adequate parking for residential and non-residential uses.
- b) Appropriate buffering and/or integration of the residential uses and other permitted uses.
- c) Analysis of land use compatibility considerations, such as noise and traffic.
- d) Implementation of urban design policies and objectives of this Plan.

Note:

This Appendix identifies potential modifications to the policies as generally noted in the report. Additional modifications may be proposed and considered at the time of an amendment to fully implement the City’s Official Plan Review process.