

REPORT

Planning and Development

To: Mayor Johnstone and Members of Council
Date: March 17, 2025

From: Jackie Teed, Director,
Planning and Development
File: EDMS #2664008

Item #: 2025-91

Subject: Lower Twelfth Street Area Study Update

RECOMMENDATION

1. *THAT the Parks and Recreation Master Plan, the updated Employment Strategy and exploration of potential institutional uses be completed, and staff report back to Council on the implications of this work to the Lower Twelfth Street Plan, prior to completing the Evaluation Framework necessary to begin processing the catalyst project applications, as recommended by the City's Senior Management Team.*
2. *THAT the Lower Twelfth Street work continue to prioritize spaces for users such as artists, crafts people, artisans, and other creators, recognizing the inclusion of these spaces likely requires trade-offs with other public benefits (e.g. amount of affordable housing), and higher residential densities to support project viability.*
3. *THAT the preliminary Massing Principles and Massing Concept in Attachment 1 of the March 17, 2025 report titled "Lower Twelfth Street Area Study Update", including building heights ranging from 6 to 15 storeys at the northern portions of the study area, and heights up to 40 storeys at the southern end of the study area, be used to guide planning for the Lower Twelfth Street area and the catalyst applications, recognizing these would exceed the legislated densities within Transit-Oriented Development Areas, but potentially reduce the proposed heights and densities being proposed by all the catalyst projects.*
4. *THAT staff further explore changing the Official Community Plan designations of some properties on the outer edges of the study area to enable development of townhouses or multi-unit residential buildings to provide an appropriate transition between the study area and adjacent blocks.*

PURPOSE

To seek Council’s endorsement in principle on key questions for the Lower Twelfth Street area study, and to seek Council’s support to complete key current City studies and report back on their implications for the area, prior to proceeding with next steps of the study.

SUMMARY

The Lower Twelfth Street area (Lower Twelfth) has been under study since January 2024 to establish an Evaluation Framework for catalyst development applications. The area had been designated in the Official Community Plan (OCP) as an area for further study that would focus on ‘ultra-light’ industrial uses with supporting residential. Since adoption of the OCP, the development landscape has shifted considerably, particularly as it relates to Provincial legislation around financing growth and housing approvals. This includes a Provincial mandate for significant population growth throughout the city that was not previous anticipated in the City’s land use, infrastructure and amenity planning.

Two consultant studies were originally launched for the Lower Twelfth area that are now complete or nearing completion – a Market Analysis and an Urban Design Analysis. A key finding of the analysis to date is that if development proceeds consistent with the Market Analysis and Urban Design Analysis, the area could result in approximately 3,500 housing units with about new 6,000 residents. Proposals from the catalyst developers currently exceed these study findings and would increase the number of housing units to approximately 6,000 units with 10,000 new residents.

At this time, staff is seeking Council endorsement of the following:

1. Adding a stage of work to the project work plan and timeline, as recommended by the Senior Management Team, to allow other currently ongoing City studies to inform the Lower Twelfth study, and ensure development of this area is able to meet community needs.

Outcomes of the Market Analysis and initial work on the Urban Design Analysis were presented to the City’s Senior Management Team who recommends that the following key City work be completed and their findings be used to inform the Lower Twelfth study: the Parks and Recreation Master Plan, Employment Strategy, and exploration of the potential need for larger institutional uses to be included in the area. This work is anticipated to be completed by summer 2025, which would enable the Lower Twelfth Evaluation Framework, which is required to proceed with early review of the catalyst projects, would be complete end 2025/early 2026, at the earliest.

2. Confirmation of the OCP vision for the mix of “ultra-light” land uses supported by residential in the Lower Twelfth area.

The Market Analysis aimed to define “ultra-light” use and to identify a mix of potential uses that are suitable for the Lower Twelfth area. The analysis included a high level financial feasibility test to determine the relationship between employment space and residential density. The proposed mix of uses will require residential densities that are higher than mandated in the Transit Oriented Development (TOD) Area that covers the lower half of the study area, and may result in trade-offs for other Council priorities, like affordable housing, particularly if the employment spaces are to be offered at affordable lease rates.

3. Endorsement in principle of the neighbourhood massing approach, that would see the highest buildings closer to Downtown transitioning down to the lower density edges of the study area.

The Urban Design Analysis includes a massing study for how the area may develop in future. This work suggests that the area could be a candidate for significant population growth, which would enable realizing the OCP vision but is more growth than anticipated by the TOD Area. It also suggests that the highest buildings and densities closest to Downtown and Columbia Square, which will already bring significant growth. The heights and densities illustrated in the massing diagram are less than proposed by the catalyst projects.

4. Exploring changing the OCP designation of some properties on the outer edges of the study area.

As the neighbourhood massing approach is finalized, some areas immediately adjacent to the Lower Twelfth could be considered for development of townhouses or multi-unit residential buildings to provide an appropriate transition between the study area and adjacent blocks.

BACKGROUND

Study Area Designation

The Lower Twelfth Street and Sharpe Street area is identified as a special study area in the OCP. The OCP anticipates the area to become a new mixed-use district with “non-traditional mixes of uses including ultra-light industrial, residential, retail and service commercial within individual buildings and projects.” This means there are no land use designations on these properties, and any rezoning would also require an OCP amendment. To generally open the area up for redevelopment, the OCP requires that a master plan be completed, which would then be implemented by a City-led OCP amendment to put the new land uses and design guidelines in place. This would provide the policy framework against which rezoning applications would be reviewed by staff,

and considered by Council. The OCP also allows for catalyst projects to be considered in advance of the City developing a master plan.

Previous Council Direction

As the City has received multiple development enquiries and applications across the study area, analysis of the whole study area is required, instead of just a single catalyst project in one part of the area. Given this, staff proposed the following steps to advance both the planning in the area and the catalyst projects, which Council endorsed in January 2024:

1. Invite interested catalyst projects to participate in developing high level planning for the area. The interested catalyst projects were required to contribute funds for the City to engage consultants on this planning work;
2. Establish high level planning for the area, including an Evaluation Framework, working with the catalyst projects and consultants;
3. Conduct public engagement;
4. Seek Council endorsement of the high level planning and Evaluation Framework;
5. Proceed with applying the Evaluation Framework to the catalyst projects to advance review of their applications. Only participating projects would benefit from this early review;
6. Concurrently proceed with using the high level planning for the area to update the OCP for the study area, subsequently opening the area up generally for redevelopment

The study focuses on the Lower Twelfth Street properties, with an update on the Sharpe Street properties to follow at a later date.

New Provincial Legislation

The Province has introduced changes to legislation impacting housing approvals and financing growth across the city that must now inform the Lower Twelfth study, including:

- Housing Target Order which sets higher than previous growth expectations, with implications to community needs for all of the infrastructure and amenities that make a livable city;
- Generally, growth can occur throughout the City at higher densities and in locations that were not previously anticipated in the OCP, requiring the City to reevaluate existing infrastructure and amenity planning and development;

- Significant changes to financing growth tools available to municipalities mean the City must reevaluate and develop a new city-wide financing growth strategy;
- The study area itself is partially within a legislatively-designated TOD Area. However, given that the sites are currently zoned for industrial uses, the City is not mandated to enable any specific densities or heights.

Lower Twelfth Area Study

Over the past year, work on the Lower Twelfth Evaluation Framework has advanced. Two studies were initiated and are completed or are nearing completion: Urban Design Analysis and Market Analysis and Financial Feasibility. The Urban Design Analysis takes into consideration Council's Strategic Plan and policies, Market Analysis findings, catalyst application ideas, site analysis, past area plans, and precedent research. It explores improved connections, public space network opportunities, biodiversity and green infrastructure, and a general approach to building height and massing. Proposed building height and massing principles, and a preliminary massing concept are included in Attachment 1.

The Market Analysis and Financial Feasibility took into consideration the mix of non-residential uses suitable to locate in the area given the context, and an evaluation of market conditions and emerging trends uses in the region and New Westminster. It identifies a list of land uses potentially suited to the area, consistent with the uses identified in the OCP land use designation. It also includes design considerations for the different uses, and high-level financial feasibility testing to determine how much non-residential floor area could be achieved without significantly impacting other Council objectives for amenities and affordable housing. The financial feasibility testing is high level and is intended to inform land use targets in the Lower Twelfth Evaluation Framework. A summary of this work is included in Attachment 2.

A key finding of the analysis to date is that if development proceeds consistent with the Urban Design and Market Analysis, the area could result in **approximately 3,500 housing units with about new 6,000 residents**. The study also indicates that approximately 3,500 jobs could be provided in the area. Proposals from the catalyst developers currently exceed these study findings and would increase the number of housing units to **approximately 6,000 units with 10,000 new residents**.

DISCUSSION

Senior Management Team Review

In December 2024 and January 2025, the study findings were shared with the City's Senior Management Team, which is made up of the City's Chief Administrative Officer, Departmental Directors and Deputy Directors. The Senior Management Team reviewed the work in the context of the number of significant changes to housing and

development legislation that have occurred since the study area was put in place in 2017. The Senior Management Team recommended further consideration and discussion with Council, particularly in light of the potential growth of the area:

- Extensive changes in housing and development policy and regulation have significantly impacted development considerations across the city, such as: increased growth requirements across the City, the need to identify infrastructure and amenities required to maintain a livable city, and a challenging financing growth climate.
- Columbia Square has recently received three readings, which will already bring significant new density immediately adjacent to the Lower Twelfth area.
- Lower Twelfth is about 50% within Tier 3 (permitting 8 storeys) of a TOD Area, and about 50% outside of the area. The catalyst projects, located both within and outside of the TOD Area, have proposed significantly higher densities and heights than the TOD Area would permit. Confirmation from Council of density expectations, both within and outside of the TOD Area, is warranted.
- Serving the existing and new population will require significant additional parks and recreation amenities.
- The significant population growth in the area will require jobs. The jobs landscape has significantly changed in the last few years, and the needs of the community are currently being examined in the city-wide employment strategy.
- The area includes some of the City's last, large, not-protected-for-industrial properties. The City has a responsibility to consider if there are other uses needed in the city, such as large scale institutional uses which may include higher education and governmental uses not previously contemplated by the OCP, that require large parcels.
- The timing of work on Lower Twelfth will need to be extended to integrate outcomes from: a) parks and recreation strategy; b) the city-wide employment strategy; and, c) exploration of potential large institutional needs.

It is anticipated the above work would be completed at the earliest by the end of summer 2025. As a result it is anticipated that the Evaluation Framework necessary to begin reviewing the catalyst projects will not be complete until the end 2025/early 2026, at the earliest, depending on the outcomes of the above.

Preliminary Land Use Mix and Neighbourhood Massing Findings

To advance work parallel to completing the above noted additional studies, staff is seeking preliminary Council feedback on two aspects that are drivers for the future planning: land use mix and neighbourhood massing (building form and height).

Land Use Mix

The OCP envisions Lower Twelfth as “an area that includes a non-traditional mixes of uses including ultra-light industrial, residential, retail and service commercial”, including “spaces for users such as artists, crafts people, artisans, and other creators,” with “adaptive reuse of existing heritage buildings and provision of affordable maker spaces”. Since this vision was set almost a decade ago, and particularly since the launch of the area study, there have been various changes to the development context, including: legislation, market feasibility of development, elevation of the housing crisis, financing growth gaps, etc. As such, re-confirmation of the land use vision for the area is warranted at this time.

Consistent with the OCP vision for the area, the Market Analysis aimed to define “ultra-light” and identify a range of suitable uses for the Lower Twelfth area. This includes ensuring those uses would complement but not draw energy away from Downtown, such as by limiting retail to key areas, and office to smaller, lower class uses (e.g. not ‘Class A’ office in towers which is more suitable Downtown).

The proposed mix of uses would include Production, Distribution and Repair (PDR) Uses, Creative Uses, traditional Office Uses, Institutional Uses and some focused Commercial and Retail Uses to support the new residents (refer to Attachment 2). It should be noted that, in order to accommodate a rich mix of uses and particularly enable Creative Uses, which generally require lower rents than more traditional uses like office or retail, trade-offs may be required as it relates to other identified Council priorities.

Key early outcomes identified from this approach are:

1. Some of the desired users can only afford lower lease rates and in order to achieve a mix of uses, therefore residential density is required to make projects financially feasible in the current development market, particularly if a proportion of the employment space should be ‘affordable’.
2. The proposed PDR uses generally have lower jobs per sq. ft. of floor area, and preliminary analysis indicates that approximately 3,500 jobs at full build out could result, as compared to a similar build out with a focus on retail and office uses that could generate closer to 5,000 jobs.

Neighbourhood Massing

The Urban Design Analysis has identified preliminary neighbourhood massing (building form and height). Key early outcomes are:

- 1. A variety of building heights and forms are proposed across the study area, transitioning from the greatest heights and densities near Downtown and Columbia Square transitioning down to Stewardson Way, and to adjacent lower density residential edges. This includes heights ranging from 6-15 storeys at the northern portions of the study area and; heights up to 40 storeys at the southern end of the study area. Diagrams of the proposed massing are included in Attachment 1.
- 2. To create a proper transition of building heights from the study area to surrounding areas, some adjacent properties could be considered for slightly additional density, i.e. increasing from Residential Ground Oriented (RGO) to Residential Apartment (RM) designation. This will also allow for a better transition between buildings/uses in the study area and the surrounding neighbourhood. Similarly, this would allow the work to include more comprehensive edge planning in terms of street/lane network between study area and adjacent blocks.
- 3. Towers will be designed and located to protect public views to the Fraser River, meet separation requirements, consider unit livability and light access, and ensure the solar performance of parks and key public spaces.

Seeking to enable enough density to align with the economic feasibility testing to ensure the mix of affordable “ultra-light” employment space can be achieved, which is more density than enabled through the TOD Area covering the lower portion of the area, and could result in **approximately 3,500 housing units with about new 6,000 residents.** This is somewhat reduced density in comparison with the initial proposals from the catalyst developers which would increase the number of housing units to **approximately 6,000 units with 10,000 new residents. Should Council endorse the proposed massing principles, this would result in reduced height and density in comparison with the initial catalyst proposals.**

STAFF RECOMMENDATIONS

Staff is seeking Council endorsement in principle of the following, for the basis of proceeding with the study area work:

- 1. *THAT the Parks and Recreation Master Plan, the updated Employment Strategy and exploration of potential institutional uses be completed, and staff report back to Council on the implications of this work to the Lower Twelfth Plan, prior to completing the Evaluation Framework necessary to begin processing the catalyst project applications, as recommended by the City’s Senior Management Team.*

2. *THAT the Lower Twelfth Street work continue to prioritize spaces for users such as artists, crafts people, artisans, and other creators, recognizing the inclusion of these spaces could requires trade-offs with other public benefits (e.g. amount of affordable housing), and higher residential densities to support project viability.*

3. *THAT the preliminary Massing Principles and Massing Concept in Attachment 1 of the March 17, 2025 report titled "Lower Twelfth Street Area Study Update", including heights ranging from 6 to 15 storeys at the northern portions of the study area, and heights up to 40 storeys at the southern end of the study area, be used to guide planning for the Lower Twelfth area and the catalyst applications, recognizing these would exceed the legislated densities within Transit-Oriented Development Areas, but potentially reduce the proposed heights and densities being proposed by all the catalyst projects.*

4. *THAT staff further explore changing the OCP designation of some properties on the outer edges of the study area to enable development of townhouses or multi-unit residential buildings to provide an appropriate transition between the study area and adjacent blocks.*

NEXT STEPS

The following next steps are anticipated:

1. Completion of Additional Studies – These studies will result in plan refinements to be completed prior to public engagement. The work on additional studies will take place through Summer 2025.
2. Public and Nations Engagement: Public engagement is anticipated in Fall 2025. Engagement opportunities would include: a dedicated Be Heard webpage, a public open house, meetings with key committees including the Advisory Planning Committee (APC) and Community Heritage Committee (CHC), and Nations referral or additional meetings subject to their level of interest. Feedback gathered during this step will be used to revise the Evaluation Framework (including guiding principles and illustrative plan) prior to Council consideration.
3. Approval: Council endorsement of the Evaluation Framework, including principles and illustrative plan, will set expectations for projects in the area, and conclude the detailed review of the catalyst applications. Council consideration of the Evaluation Framework is anticipated for Winter 2025/2026.

Once the Evaluation Framework is endorsed by Council, an implementation plan would be determined in order to complete the OCP amendments. Further engagement may be required to finalize the Lower Twelfth Master Plan. Implementation may also include adjustments to existing zoning, development of plans to deliver required amenities and infrastructure, transportation network improvements, and development of area-wide design guidelines.

The catalyst development applications would be processed concurrently with the Lower Twelfth Master Plan implementation referenced above. Council endorsement of the Evaluation Framework is expected to unlock the catalyst sites allowing them to move through the review process in an expedited manner.

FINANCIAL IMPLICATIONS

Rezoning applications in Lower Twelfth include a master planning fee. To help advance these catalyst applications and other related developments, a temporary Senior Planner position was created in the 2024 Operating Budget, which is 100% offset by the master plan application fees; this position has been filled. In 2024, the catalyst developers funded the consultant studies to initiate planning work for Lower Twelfth. The studies were scoped and are managed by City staff. As a result, Lower Twelfth planning has had no direct impact on the City’s Financial Plan.

Development in the Lower Twelfth area may result in additional growth. Planning for the area will need to consider how additional amenities and infrastructure can be provided through development, to limit any impacts to the City’s financial resources.

INTERDEPARTMENTAL LIAISON

Staff across multiple departments have been engaged in creating an Evaluation Framework for Lower Twelfth area. The same staff team would then review any subsequent development applications. The team includes staff from Planning and Development, Engineering including Transportation; Parks and Recreation; Economic Development; and other groups as required including the Fire Department.

OPTIONS

The following options are presented for Council’s consideration:

1. *THAT the Parks and Recreation Master Plan, the updated Employment Strategy and exploration of potential institutional uses be completed, and staff report back to Council on the implications of this work to the Lower Twelfth Plan, prior to completing the Evaluation Framework necessary to begin processing the catalyst project applications, as recommended by the City’s Senior Management Team.*

2. *THAT the Lower Twelfth Street work continue to prioritize spaces for users such as artists, crafts people, artisans, and other creators, recognizing the inclusion of these spaces likely requires trade-offs with other public benefits (e.g. amount of affordable housing), and higher residential densities to support project viability.*

- 3. *THAT the preliminary Massing Principles and Massing Concept in Attachment 1 of the March 17, 2025 report titled “Lower Twelfth Street Area Study Update”, including heights ranging from 6 to 15 storeys at the northern portions of the study area, and heights up to 40 storeys at the southern end of the study area, be used to guide planning for the Lower Twelfth area and the catalyst applications, recognizing these would exceed the legislated densities within Transit-Oriented Development Areas, but potentially reduce the proposed heights and densities being proposed by all the catalyst projects.*

- 4. *THAT staff further explore changing the OCP designation of some properties on the outer edges of the study area to enable development of townhouses or multi-unit residential buildings to provide an appropriate transition between the study area and adjacent blocks.*

- 5. *THAT Council provide staff with alternative direction.*

Staff recommend Options 1-4

ATTACHMENTS

Attachment 1 - Urban Design Analysis
Attachment 2 - Market Analysis

APPROVALS

This report was prepared by:
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This report was reviewed by:
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