

CONFIDENTIAL

Appendix C: Commercial Needs Assessment

**Southeast Courtice Secondary Plan
and Environmental Assessment**

Municipality of Clarington, Ontario

May 1, 2020

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C. Commercial Needs Assessment

C.1 Key Take-Aways

- Significant population growth in SE Courtice and surrounding areas due to new development will drive demand for new retail services in the local area.
- Policy with the Clarington Official Plan encourages new retail development within SE Courtice and surrounding Secondary Plan areas in a variety of forms to provide for retail commercial services in close proximity (800 m) of new residents.
- Current retail development at Courtice Main Street, as well as SmartCentres Bowmanville and central Oshawa are located in close proximity to SE Courtice and can be expected to meet a significant share of future demand for retail services. Additional retail floor space planned for the corner of Highway 2 and Trulls Rd. can be expected to provide the majority of new floor space to service demand generated by future population growth.
- Given competing and future planned supply, retail uses within the SE Courtice Secondary Plan area will be modest and focus largely on servicing the day-to-day convenience needs of residents. Projections indicate demand for between 10,600 and 13,300 square metres of retail space at build-out of the Secondary Plan.

C.2 Purpose

The SE Courtice Secondary Plan provides a development framework for future growth of the Municipality of Clarington within an area identified for future growth within the Municipality's Official Plan. The aim of the plan is to facilitate future development in a manner that meets or exceeds Clarington's goals regarding sustainability, community-orientation, and orderly growth.

This background report will provide analysis and recommendations to facilitate greater understanding of the anticipated future commercial floor space demand within SE Courtice as it relates to the needs of future residents. This future demand will be assessed against current and planned retail developments elsewhere in the community to support the right-sizing of the proposed commercial components of the SE Courtice Plan to support the overall health of future commercial operations and facilitate the provision of locally-focused services near future residents.

C.3 Policy Direction

Existing legislation, plans and policies guiding land use planning in the Municipality of Clarington (Clarington) as it relates to the SECSP study area include the Planning Act, the Provincial Policy Statement (2020), the Growth Plan for the Greater Golden Horseshoe (2019, the Regional Municipality of Durham's Official Plan and the Clarington Official Plan (2018).

The current policy and regulatory context as it relates to mixed use & commercial development within the Southeast Courtice Secondary Plan area is presented in the sections below.

C.3.1 Provincial Policy Statement (2020)

The PPS 2020 provides high level policy direction on matters of provincial interest related to land use planning including commercial and mixed-use development. Key policy direction includes creating and sustaining strong, liveable, healthy and resilient communities that protect the environment while supporting long-term economic prosperity by:

- Managing and directing land use to achieve efficient and resilient development through land use patterns that accommodate an appropriate range and mix of residential; improve the mix of employment, commercial and housing uses to shorten commute journeys and decrease transportation congestion by promoting the use of active transportation and transit (1.1.1, 1.8.1).
- Promoting opportunities for economic development and community investment-readiness; enhancing the vitality and viability of downtowns and main streets; providing opportunities to support local food, and promoting the sustainability of agri-food and agri-product businesses by protecting agricultural resources, and minimizing land use conflicts (1.7.1)

C.3.2 Growth Plan for the Greater Golden Horseshoe (2019)

Establishing population and employment forecasts for all upper and single-tier municipalities in the Greater Golden Horseshoe (GGH), the Growth Plan provides a framework for growth management and environmental protection through to 2041. Key policy direction includes;

- Transit supportive strategic growth areas where nodes and corridors shall be the focus for investment in regional public service facilities, as well as commercial and for accommodating higher-density mixed uses in a more compact built form such as detached and semi-detached houses on small lots as well as townhouses and walk-up apartments, multi-storey commercial developments, and apartments or offices above retail. (2.2.3 & Definitions 7)
- A land use pattern that encourages the efficient use of land, walkable neighbourhoods, mixed land uses (residential, retail, workplace, and institutional) all within one neighbourhood, proximity to transit and reduced need for infrastructure, achieving the objectives of a 'complete community' that offers and supports opportunities for people of all ages and abilities to conveniently access most of the necessities for daily living, including an appropriate mix of jobs, local stores, and services, a full range of housing, transportation options and public service facilities. (2.2.1.4 & Definitions 7)

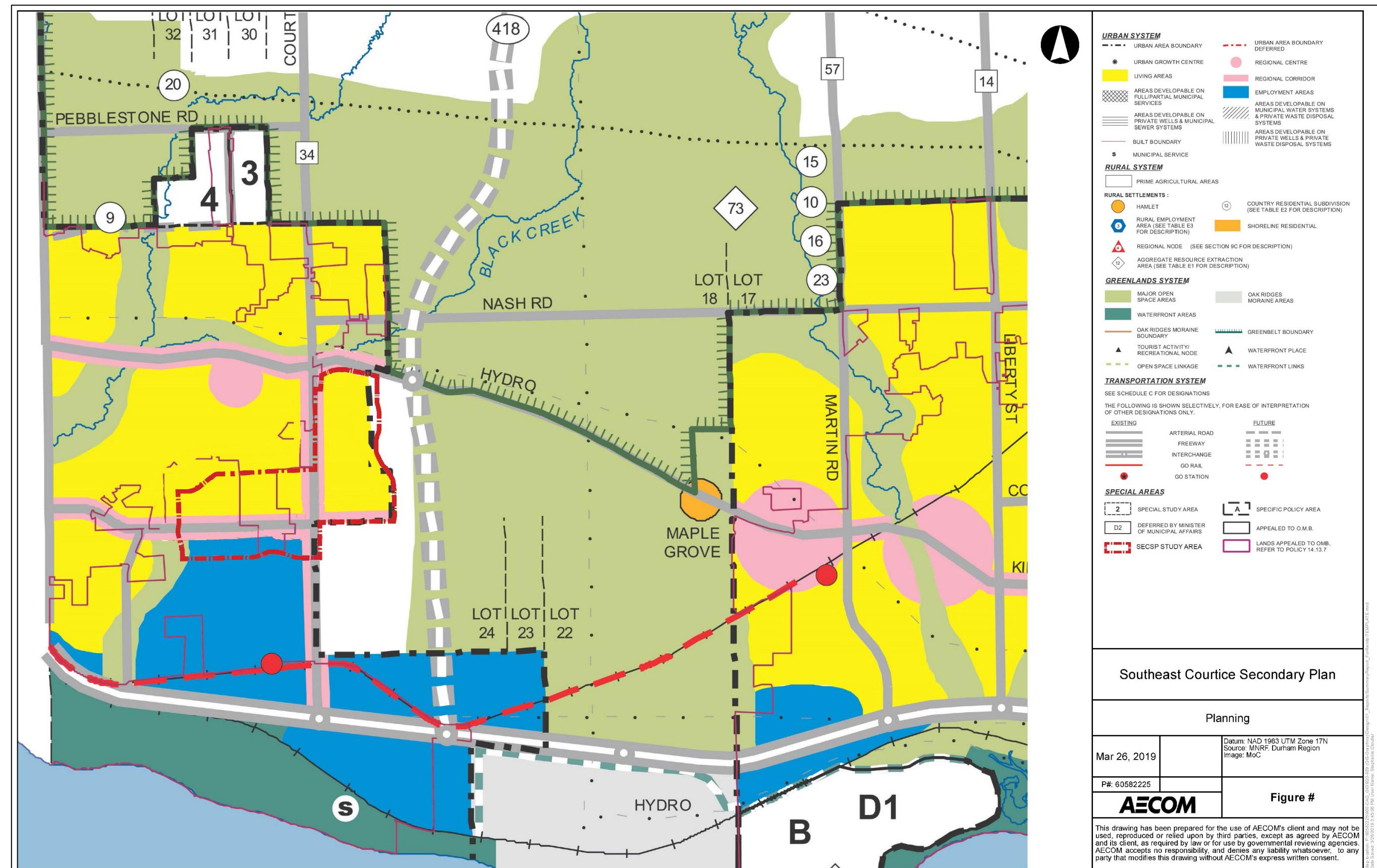
C.3.3 Durham Regional Official Plan (2017)

Note: Durham Region is current undertaking a Municipal Comprehensive Review and any directions provided by the Region through their process will be integrated with respect to projections, targets, etc.

The Regional Official Plan (ROP) defines the intent and establishes growth management policies for the region of Durham. Intended to support key provincial and regional policy directives, the ROP establishes considerations for the preparation of secondary plans and includes the consideration of a diverse and compatible mix of land uses to support vibrant neighbourhoods and open spaces (7.3.14). Key policy direction as it relates to the development of commercial and mixed use areas include;

- In 'living areas', commercial uses shall be concentrated into Centres and Corridors (8B.2.3, 8.3.6). Corridors are considered the main arteries of the Region's urban structure. Bloor Street, Courtice Road and Highway 2 are identified as Regional Corridors and Arterials passing through the SECSP study area (8A1.4).
- Existing shopping centres shall be encouraged to redevelop with a full array of compatible uses, particularly residential uses, in accordance with any other relevant provisions of this Plan (8.3.7).
- Commercial proposals of 56,000 m² or larger (individual or cumulative) or one that would have the potential to negatively impact the planned function of a Regional Centre will require the preparation of a retail impact study for assessment by the region. (8.3.8)
- *Agri-business* uses of a commercial nature, such as farm markets, auction barns, and feed stores, that support and directly service agriculture, shall be encouraged to locate in Urban Areas. (10A.2.6)
- The creation of residential units above commercial uses, with preference being given to *development* located adjacent to arterial roads and/or in close proximity to transit routes. (4.3.2)

Figure C-1: Durham Region OP – Schedule A – Regional Structure + SE CSP



C.3.4 Clarington Official Plan (2018)

C.3.4.1 Summary

The OP, prepared in accordance with the Planning Act, to guide and manage development in Clarington to the year 2031, outlines specific goals, objectives and policies for designated land use areas including commercial and mixed-use zones. Regional centres are intended to provide a full range of choice in goods and services for local residents and businesses with vibrant Corridors that serve not only as connections between Urban and Village Centres but also as places of transit oriented, higher density and mixed use development to successfully achieve the goal of complete communities. (10.2.1 / 10.1.2 / 10.2.5).

Key principles providing direction for policies to achieve the economic goal and objectives of a healthy and prosperous community, where businesses and governments collectively balance growth with the protection of its natural environment, are outlined below:

Sustainable Development, Healthy Communities & Growth Management

- Economic Vitality through a competitive, adaptable economic environment will be promoted to encourage investment and diversity of employment opportunities. (2.2.2)
- Balanced Growth with job creation will be a priority to complement residential growth. (2.2.3)
- Encourage compact urban form that supports transit, walking and cycling; promote an efficient settlement pattern through an emphasis on infill and redevelopment, higher densities and a mix of uses and match the Municipality's financial resources. (2.2.3)

Prosperous Community

- To balance employment and residential growth by attaining 1 job for every 3 residents in Clarington by the year 2031 (7.2.1)
- To understand the important relationships between the economy and the environment and seek a balance that is sustainable. (7.2.8)
- Encourage appropriately scaled new retail commercial developments, through phasing and scheduling, based on population growth (7.3.2)

C.3.4.2 General Policy Direction

The study area, predominantly residential is located at the far east end of the Courtice Urban Area, in close proximity to the Courtice Urban Centre along Highway 2 and Courtice Employment lands to the south. Below are key policy directions that apply more broadly to all commercial, retail and mixed land use development within the study area and its immediate context.

- Urban & Village centres shall be the main focal points of economic, social and cultural activities, encouraging additional development and intensification of the

Bowmanville and Courtice Urban Centres and the Courtice Main Street Corridor prior to consideration of the expansion of existing Centres or designating new Centres. Neighbourhood Centres may be designated through the secondary planning process and/or by amendments to this Plan (10.3.3).

- Regional corridors have been identified as Priority Intensification Areas and primary locations to accommodate growth and the greatest mix of uses, heights and densities (4.3.5).
- Clarington supports a density of 50 residents and jobs per gross hectare within Greenfield Areas and encourages mixed use developments in Greenfield Areas (4.5.1). [Note: The Region of Durham is undertaking a review of its Regional Official Plan. The Region has indicated that it supports the Municipality establishing density targets based on Growth Plan 2017 targets: 60 residents and jobs combined per hectare]
- As part of the Municipality's program of *streetscape* improvements, developers or owners of commercial properties will be encouraged to assist in the creation of a high-quality public realm through contributions to street tree planting and street furniture in addition to landscaping improvements on private lands. (10.3.7)
- The Municipality reserves the right to request a Retail Market Demand Study for any proposed commercial development to ensure that the size and scale of the proposed development aligns with the planned function of the designation and to also ensure that there are no *negative impacts* on the Municipality's planned commercial structure (10.3.9).
- Create vibrant and sustainable urban places through new neighbourhoods designed to create a distinct neighbourhood identity with regard for consistency of overall community character while providing for a variety of housing types and supportive land uses, including commercial and community facilities (5.4.2).
- Secondary plans shall generally be supported by a commercial needs and impact analysis when commercial uses are proposed intended to assess existing conditions, capacity and area specific considerations (23.3.10).

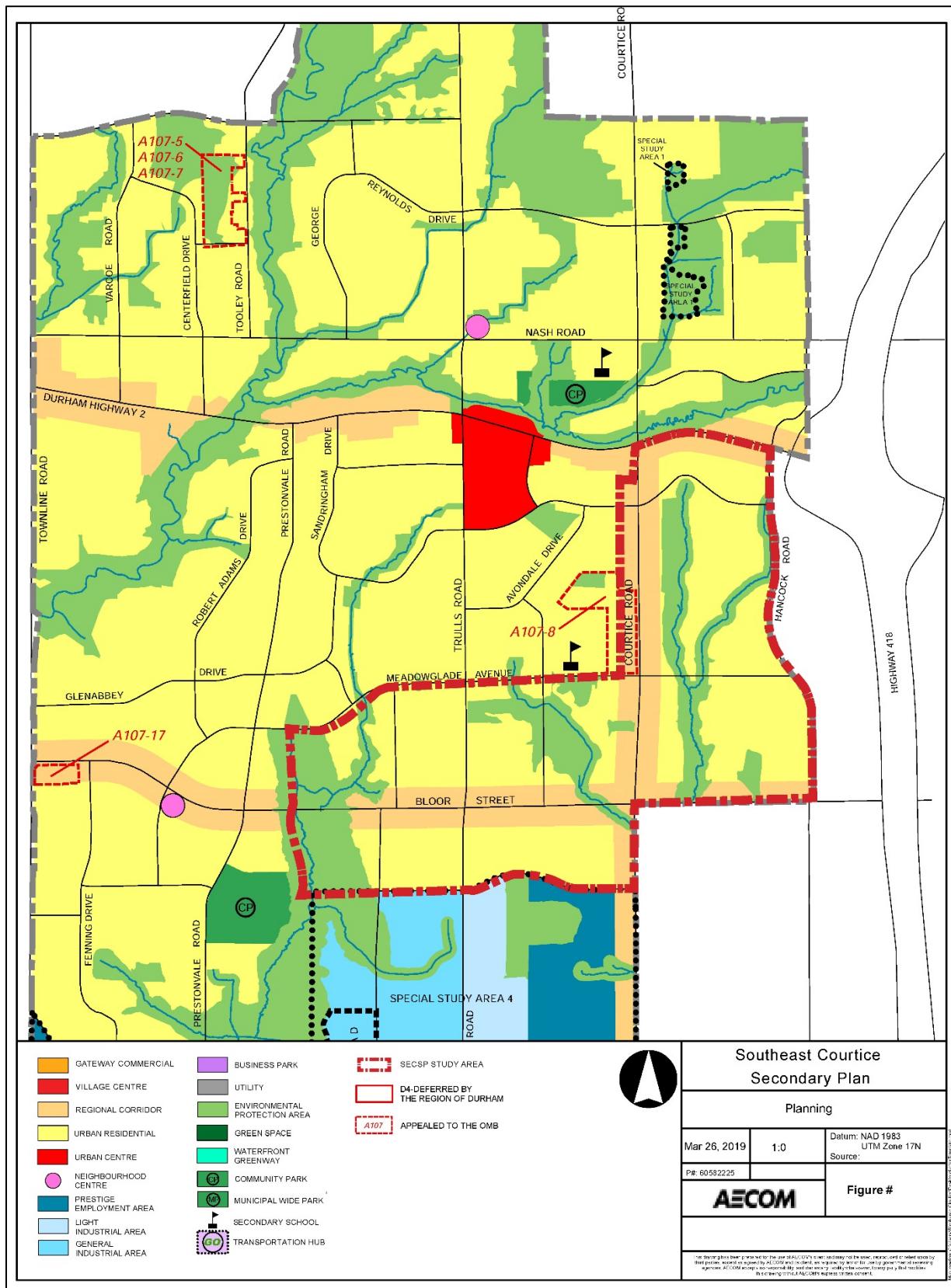
C.3.4.3 Specific Policy Direction for the Study Area

Below is a description of key policy directions as it pertains to specific parts of the study area as shown on **Figure C-2**.

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Figure C-2: COP Policy Map A2- Land Use Courtice Urban Area + SECSP



Regional Corridors

Regional Corridors are Priority Intensification Areas and will have the highest densities, tallest buildings and greatest mix of uses within the study area. The SECSP study area includes three Regional Corridors: Durham Highway 2, Bloor Street, and Courtice Road.

- These corridor areas will be mixed use with buildings of 3-12 storeys, to achieve a minimum density of 85 units per net hectare.
- All new Commercial Development within Urban Centres, Regional and Local Corridors and Waterfront Places shall be a minimum height of two storeys. (10.3.5)
- Along Regional Corridors, non-residential units shall not exceed 600 square metres and the total amount of non-residential floor space shall not exceed 3,000 square metres per site. Where a Secondary Plan is in place, the more detailed policies of the Secondary Plan take precedence (10.6.6)

Urban Residential

The predominant use of lands designated Urban Residential in the Clarington OP are for housing purposes. Other uses may be permitted which are compatible with residential uses, including small scale service and neighbourhood retail commercial uses, home-based occupation uses, parks, schools, and community facilities (9.3.1, 9.3.2).

- The Plan permits small scale service and retail commercial uses of generally no more than 250 square metres of gross leasable retail floor area, to serve the population within the immediate area. It houses a limited variety of items for daily necessities or offers services that serve the surrounding residents. The site shall not have direct access to a Type A arterial road, have parking located at the side or rear of the building and ensure no adverse impacts on the surrounding neighbourhood (9.3.2).
- *Home-based occupation* uses are permitted as an *accessory use* to a residential dwelling so long as it does not exceed the equivalent of 30% of the habitable area of the residence, change the residential character of the structure, is completely contained within the *dwelling unit*, excluding garage space; ensures no exterior display of merchandise or outside storage of goods or materials associated with the said use, uses signage in compliance with the provisions of the Sign By-law, is not a public nuisance due to noise, glare, dust, odours, vibration, hours of operation, interruption of communication signals, or traffic generation; limits employees to those residing in the *dwelling unit* plus one additional person and has adequate off-street parking (9.3.3).

C.3.5 Green Development Framework & Implementation Plan

To meet the needs of a quickly growing population in a sustainable manner, Clarington Council established a partnership with the Region of Durham to create 'Priority Green', a framework to promote the development of environmentally responsible, compact and complete new neighbourhoods throughout the community. Recommended criteria as they apply to the

preparation or an update of a Secondary Plan and in specific to commercial & mixed use development are outlined below:

- Residential areas are recommended to be within an approximate 800 m walking retail/convenience commercial use; pharmacy/medical facility and institutional use (daycare).

Provide safe and direct routes for pedestrians to transit, commercial areas that encourage use of active transportation modes.

C.4 Existing Conditions

C.4.1 Existing and Future Supply

While the SE Courtice site is predominantly greenfield, some existing and proposed retail nodes located in close proximity to future development either currently offer or have the potential to provide competing supply of retail services to future residents.

This includes the existing Courtice West Shopping District. Stretching between Townline Road to just east of Darlington Road, this area includes the Townline Centre (anchored by a FreshCo market), the Kingsway Village Shopping Centre in across the border in Oshawa (anchored by a Wal-Mart Supercentre and a No Frills grocery store) as well as a collection of smaller retail and service commercial spaces. In total, the Courtice West Shopping District includes an estimated 22,471 square metres of retail and service floor space with a strong emphasis on grocery, food and other convenience goods.

The Courtice area is also home to a future retail concentration located on the southeast corner of Trulls Road and Highway 2. This node is planned for future commercial development as part of a mixed-use Urban Centre. A Secondary Plan for these lands provides for a threshold or maximum floor space allocation of approximately 30,000 square metres for retail and service uses. This represents a significant future retail node and, by policy, will be the primary service centre for the Courtice area into the future. A current application has provided for approximately 9,280 square metres of development, however this application covers only approximately 1/3 of the lands designated for Town Centre uses and so future retail supply is expected in the coming years.

There are also a number of existing smaller retail nodes in around the Courtice area. These include centres at:

- 1500 Highway 2 at Centrefield Drive
- 1656 Nash Road at Trulls Road
- Highway 2 at Prestonvale.
- Highway 2 at Courtice Road
- Prestonvale Plaza (Bloor Street/Rosswell Drive) – A new convenience plaza with residential above

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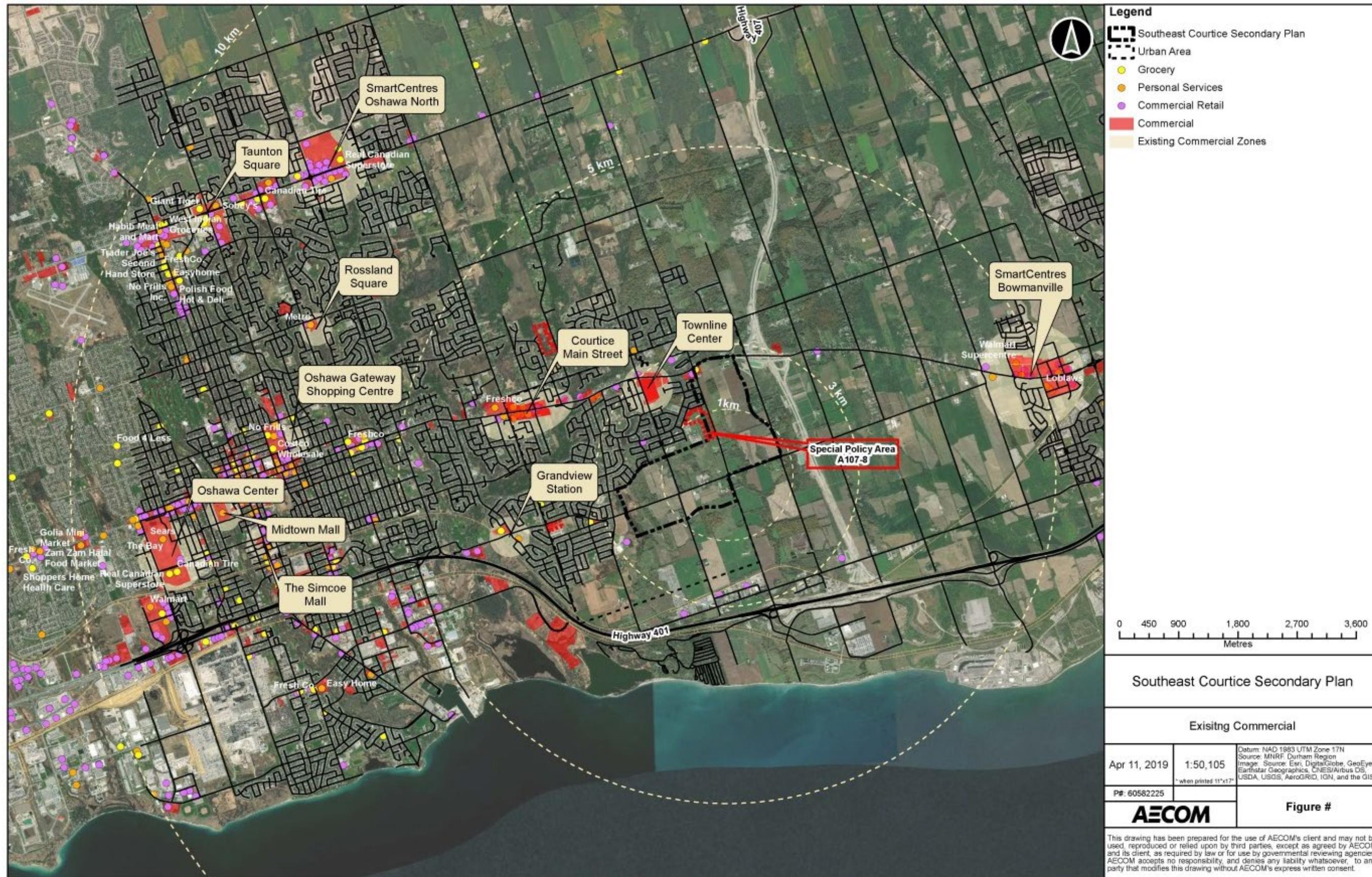
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■ **Glenabbey Drive at Townline Road S**

Beyond the immediate Courtice area, several additional retail nodes can be easily accessed from sites within the SE Courtice plan area. These include a significant retail concentration located less than 10 km to the west within central Oshawa that includes a range of smaller retail centres, streetfront retail and several major shopping centres anchored by the 120,000 square-metre Oshawa Centre.

To the east, future populations with the SE Courtice will be served by the 33,500 square metre SmartCentres Bowmanville location anchored by a Wal-Mart Supercentre and a Canadian Tire outlet.

Figure C-3: Competing Retail Supply



Overall, given the scale, number and proximity of these nodes to future population growth in SE Courtice, it is expected that existing and planned retail floorspace will accommodate a significant share of retail spending to future Courtice residents, decreasing the overall market share of any new retail floorspace to be developed within the SE Courtice Secondary Plan area.

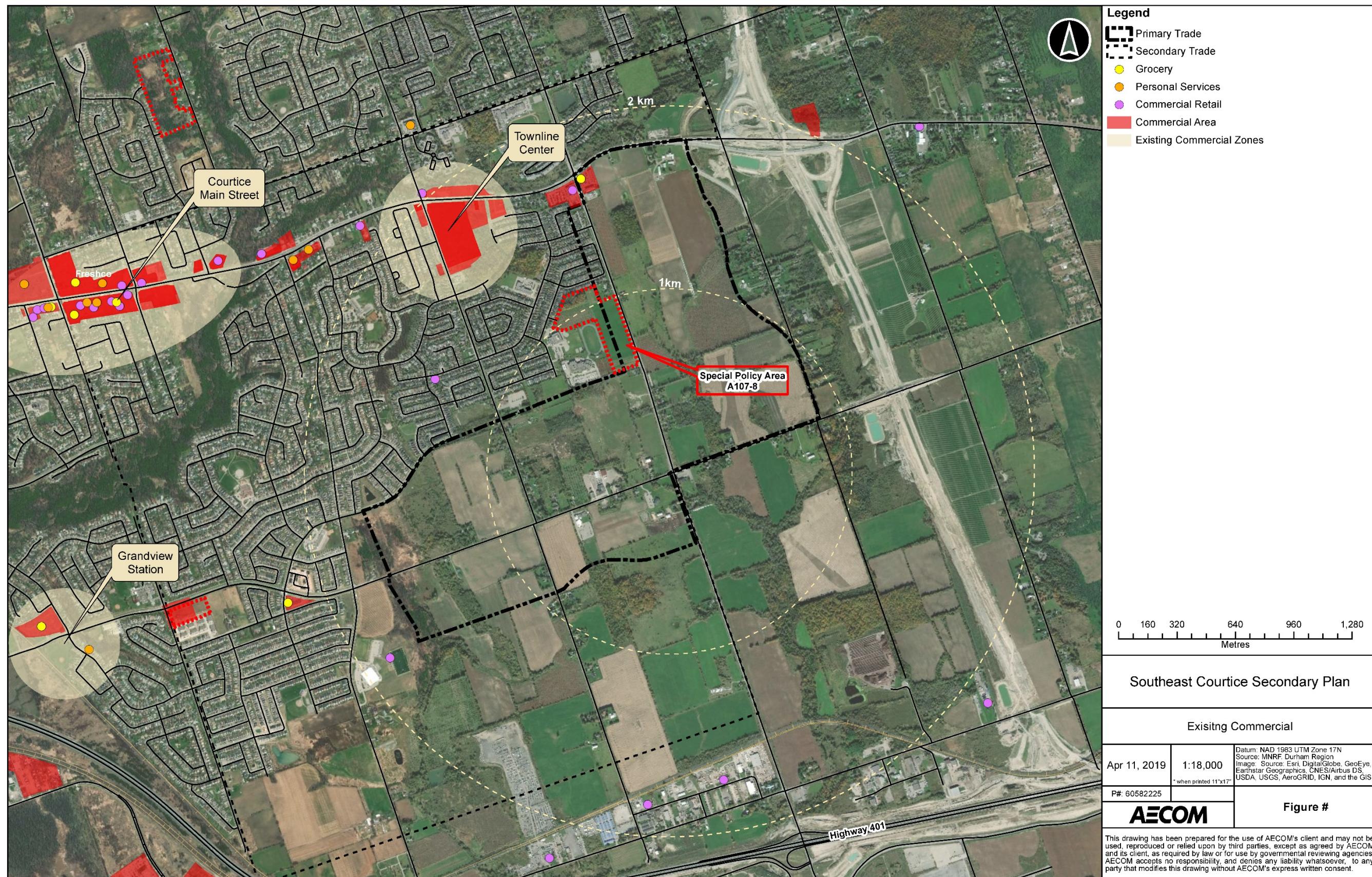
C.4.2 Market Share Estimates

While an increasing population driven by the development of the SE Courtice plan will generate additional retail spending, it is expected that a portion of that new spending will accrue to existing retail uses, as well as to the future Town Centre. While there is likely some potential for future residents of SE Courtice and its immediate surroundings to spend a share of the retail dollars within the community on groceries, convenience items, restaurants and other staple goods, it is likely that they will continue to drive to one of several regionally-focused retail areas to purchase more of the majority of goods specifically in the home improvement, department store and automotive categories. This reality is reflected in policy, given the focus on the Town Centre and the more local-serving orientation of the scale of retail envisioned in the Official Plan within the Regional Corridors. Determining the exact scale of retail development within these mixed-use areas will be a key factor in ensuring that this floor space can be successful and support the Municipality in meeting its policy goals of a complete community and providing retail services in close proximity to new residents.

Overall, this policy approach and the outcome of existing retail distribution indicates strongly that both the Primary and Secondary trade areas for future retail uses within the SE Courtice secondary plan area will be delineated very closely to the neighbourhood boundaries. A delineation of the Primary and Secondary trade areas assumed for this study is provided in **Figure C-4**.

Policy direction and competing supply also impact the projected market share of future retail spending within these Primary and Secondary Trade areas. It is assumed that the majority of retail spending will occur at larger retail nodes beyond the Secondary Plan boundaries. As such, a lower assumed market share is projected for each merchandise type to reflect this eventuality.

Figure C-4: Primary and Secondary Trade Area Delineation



Based on these assumptions, the market share of retail spending within the Primary and Secondary Trade areas by retail category is assumed to be as per the chart below.

Table C-1: Estimated Market Share By Trade Area

Merchandise Type	Primary Trade Area Estimated Market Share	Secondary Trade Area Estimated Market Share
Department Store Type Merchandise	10%	5%
Automotive Goods	10%	5%
Home Improvement Goods	20%	10%
Grocery and Convenience	40%	15%
Personal Services	50%	25%
Restaurant and Liquor	30%	15%

Based on these assumed market shares, total annual retail spending potential for retail and/or commercial services space within SE Courtice can be projected when combined with local per capita spending and population growth projections.

C.4.3 Household Income Estimates

Household income determines the amenities each household can afford and the amount and type of services supported within the local area. Over the period shown, Clarington's median household income (at more than \$95,783) has been consistently higher than figures for Ontario as a whole (\$74,287) and Canada (\$70,336) as a whole.

Clarington's higher average household income translates into a higher per capita annual spending on retail goods and commercial services estimated at \$12,846. The chart below offers a breakdown of average per capita spending by Regina residents on goods and services by merchandise type.

Table C-2: Estimated Per Capita Retail Spending By Category

Merchandise Type	Per Capita Retail Spending by Category
Department Store Type	\$3,893
Automotive Goods (Non-Vehicle Sales)	\$3,216
Home Improvement Goods	\$847
Grocery and Convenience	\$2,524
Personal Services	\$1,102
Restaurant and Liquor	\$1,264
TOTAL	\$12,846

Based on the trade area delineations, retail spending is anticipated to come primarily from the estimated 5,817 future residents of the SE Courtice Secondary Plan area. However, some spending on retail services within SE Courtice will come from existing residents within the

already developed areas nearby. This area has a current population of 16,653 which is anticipated to grow based on current plans to approximately 21,490 by 2031.

Table C-3: Estimated Trade Area Population Growth

Primary Trade Area	2016 Pop*	2031 Pop**	Net Increase
Primary Trade Area	714	6,531	5,817
SE Courtice Sec Plan Area	714	6,531	
Secondary Trade Area	16,653	21,494	4,841
Avondale	2,525	3,131	
Emily Stowe	5,444	5,587	
Penfound	5,830	5,830	
Bayview	2,854	4,881	
SW Courtice Sec Plan Area	0	2,064	

Notes: *Census of Canada, 2016

**Forecast of future population based on Official Plan housing unit estimates

By compounding expected market share, population growth and per capita spending by category, a total retail spending potential estimate at build-out can be calculated. This indicates the possible total retail spending that could be undertaken by residents within the two trade areas within retail spaces located within the SE Courtice plan area. Based on the assumptions made within this calculation, a break down of total retail potential by category is provided below.

Table C-4: Retail Spending Potential by Category

Merchandise Type	Total Spending Potential
Department Store Type Merchandise	\$6,726,325
Automotive Goods	\$5,556,605
Home Improvement Goods	\$2,926,893
Grocery and Convenience	\$14,731,326
Personal Services	\$9,520,178
Restaurant and Liquor	\$6,551,818
TOTAL	\$46,013,145

This amount of total retail spending potential will support retail floor space based on a floor space productivity for each retail merchandise type. For example, stores dealing in general or “department store-type” merchandise will require approximately \$2,500 in spending per square metre of leasable floorspace annually to be viable. Dividing total spending per category by these productivity rates provides an estimate of supportable floor space.

Table C-5: Floor Space Productivity Requirements by Category

Merchandise Type	Required Revenue per Square Metre	Sensitivity Analysis: +25% Revenue Per Square Metre
Department Store Type Merchandise	\$2,500	\$3,125
Automotive Goods	\$3,500	\$4,375
Home Improvement Goods	\$2,500	\$3,125
Grocery and Convenience	\$5,000	\$6,250
Personal Services	\$3,500	\$4,375
Restaurant and Liquor	\$3,000	\$3,750

These outcomes were analyzed for sensitivity by adding 25% to the required per square metre productivity for each product type. These increased productivity levels are laid out in the table above.

Based on these assumed productivity requirements and the associated sensitivity analysis, the spending potential for SE Courtice's Primary and Secondary Trade Areas will support between 10,600 and 13,300 square meters of retail floor space. A breakdown of supportable floor space by merchandise type is provided below.

Table C-6: Summary of Floor Space Demand by Category

Merchandise Type	Total Spending Potential	Required Revenue / Square M	Required Revenue / Square M (+25%)	Supportable Square M	Supportable Square M (+25%)
Department Store Merchandise	\$6,726,325		\$3,125	2,152	2,691
Automotive Goods	\$5,556,605	\$3,500	\$4,375	1,270	1,588
Home Improvement Goods	\$2,926,893	\$2,500	\$3,125	937	1,171
Grocery and Convenience	\$14,731,326	\$5,000	\$6,250	2,357	2,946
Personal Services	\$9,520,178	\$3,500	\$4,375	2,176	2,720
Restaurant and Liquor	\$6,551,818	\$2,500	\$3,125	1,747	2,184
Total	\$46,013,145	---	---	10,639	13,299

C.5 Opportunities/Constraints & Related KPIs

The SE Courtice Secondary Plan area and its adjacent neighbourhoods are expected to see significant population growth over the next two decades. It is expected that an additional 5,817 residents will locate to the SE Courtice plan area and an additional 4,841 new residents will locate surrounding neighbourhoods and secondary plan areas as these areas fully build out. This additional residential population creates demand for additional retail square footage.

Current policy encourages mix of land uses within SE Courtice which includes some commercial uses focused along the Regional Corridor. The aim of the policy also looks to locate retail services within 800 m of new residents.

At the same time, a number of existing and planned retail developments adjacent to SE Courtice or easily accessible to it provide strong competition for future retail spending by new

residents. Policy direction as well as the scale of competing floor space can be expected to drive retail uses within the SE Courtice Secondary Plan area toward smaller-scale, more locally-serving retail uses.

While Clarington residents tend to exhibit higher than average per capita retail spending than elsewhere in the province, the competitive landscape and policy considerations mean that overall retail spending in SE Courtice by future residents will be constrained due to a lower market share of spending occurring within future retail space within the plan area.

Given these constraints, it is expected that retail spending within the plan area will drive demand for between 10,600 and 13,300 square metres of retail floor space. Given this scale of development it is likely that retail uses will focus largely on the day-to-day convenience needs of residents with an emphasis on personal services and food-related purchases. It should be noted though that demand does exist for approximately 2,950 square metres of food and convenience floor space. Floor space at this scale could support a smaller-scale or specialty grocery store which could provide an anchor to retail activities within the neighbourhood supporting the health and vitality of other retail uses.

C.6 Recommendations / Next Steps

While this study provides a high-level assessment of future retail potential with the aim of “right-sizing” land use policy and future zoning to future demand, it is recommended that larger-scale retail development be subject to a more comprehensive retail impact study.