

# Attachment-12 Commercial Function Study Peer Review Memo

Figure 1: Commercial Function Study Peer Review Memo 1 of 8



## Technical Memorandum

<b>To</b>	Lindsay Sulatycki, MCIP, RPP, Senior Development Planner City of Guelph
<b>From</b>	Brad Post, MCIP, RPP, Senior Project Coordinator; and Jamie Cook, MCIP, RPP, Managing Partner Watson & Associates Economists Ltd.
<b>Date</b>	March 5, 2024
<b>Re:</b>	Peer Review of Commercial Function Study for 115 Watson Parkway North Guelph – Revised Study and Development Concept

Fax  Courier  Mail  Email

Further to your request, Watson & Associates Economists Ltd. (Watson & Associates) has conducted a Peer Review of the revised Commercial Function Study for the development proposal at 115 Watson Parkway North prepared by urbanMetrics inc. (urbanMetrics), dated October 17, 2023.

The findings of our peer review based on the revised Commercial Function Study and new development concept for 115 Watson Parkway North Guelph are detailed below.

### 1. Background

#### Purpose of the Commercial Function Study and Peer Review

Watson & Associates was retained in May 2023 to undertake a Peer Review of the Commercial Function Study, 115 Watson Parkway North, dated May 1, 2023, prepared by urbanMetrics. The Commercial Function Study was prepared by urbanMetrics on behalf of Guelph Watson Holdings Inc. to support an Official Plan (O.P.) and Zoning Bylaw Amendment application for 115 Watson Parkway North in Guelph. The Commercial Function Study is a requirement of this application since the mixed-use development proposed by the applicant triggers City of Guelph O.P. policy 9.4.2.1, paragraphs i) and ii), which state:

“Commercial function studies shall be required as part of a complete application for development proposals for Commercial Mixed-use Centres, Neighbourhood Commercial Centres and Mixed-use Corridors that propose to:

- i) provide commercial gross floor area at less than .15 FSI; or

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- ii) reduce the commercial gross floor area existing at the time of the application by more than 25 per cent; or
- iii) provide less than 6,500 square metres of commercial gross floor area cumulatively of all buildings within the designation for lands designated Commercial Mixed-use Centre.”

According to City of Guelph O.P. policy 9.4.2.2, the requirements of a Commercial Function Study shall address the following:

- i) “The availability of commercial space to meet the daily and weekly needs of the surrounding community especially for food store, food-related store and/or drug store;
- ii) Opportunities for additional commercial floor space to be provided elsewhere and thereby sustain the local provision of commercial floor space within the designation and immediate surrounding area;
- iii) Impacts on the ability of residents and employees in the area to use active transportation options to access commercial shopping areas and commercial services; and
- iv) Role of the commercial space in creating a community focal point.”

The City of Guelph’s Zoning Bylaw (2023)-20790, April 18, 2023, section 7.3.2 provides further details on the minimum commercial gross floor area requirements for a Commercial Mixed-use Centre (CMUC) Zone:

- (a) Minimum commercial gross floor area (GFA)
  - (i) Not less than 25% of the commercial gross floor area (GFA) existing on the date of the passing of this by-law.
  - (ii) Where no commercial gross floor area (GFA) exists, on the effective date of this by-law, the minimum commercial gross floor area (GFA) shall be 0.15 floor space index (FSI).<sup>[1]</sup>

Prior to urbanMetrics carrying out the required Commercial Function Study, urbanMetrics prepared a Terms of Reference (dated September 22, 2023) for City of Guelph staff to review. The Terms of Reference outlines the scope and approach to be undertaken by urbanMetrics in carrying out the Commercial Function Study. The Terms of Reference was reviewed and agreed upon by City of Guelph planning staff. A key

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<sup>[1]</sup> City of Guelph, Zoning Bylaw (2023)-20790, April 18, 2023, p. D-41. On April 18, 2023, City Council approved the new Zoning Bylaw (2023)-20790; however, Zoning Bylaw (2023)-20790 is currently under appeal. Any application made during the appeal period must comply with both City Zoning Bylaws (1995)-14864 and (2023)-20790.

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component of the Peer Review conducted by Watson & Associates included a review of the urbanMetrics study against the Terms of Reference for that study.

The Watson & Associates Peer Review Report provided comments for the consultant and applicant to consider, as the Commercial Functional Study did not fully demonstrate the requirements set out above in City of Guelph O.P. policy 9.4.2.2 for a Commercial Function Study and did not fulfil the Terms of Reference for the Commercial Function Study which was agreed upon by City of Guelph staff and urbanMetrics.

Since the completion of the Peer Review prepared by Watson & Associates, the proposed development concept has changed and includes a larger provision for commercial G.F.A. in the site plan. Furthermore, the Commercial Function Study prepared by urbanMetrics was revised in October 2023 to reflect the new concept, as well as to address comments that Watson & Associates provided in its Peer Review Report.

The purpose of this Peer Review report is to review the revised commercial Function Study prepared by urbanMetrics, dated October 17, 2023, and examine the following from a municipal point of view:

- Conduct a critical review of the revised Commercial Function Study;
- Determine if the Commercial Function Study addresses the previous peer review comments provided by Watson & Associates;
- Assess the methodology and analysis provided; and
- Provide comments on whether the Commercial Function Study adequately addresses O.P. policy 9.4.2.2.

#### Findings of Previous Peer Review

As previously discussed, Watson & Associates prepared a Peer Review Report, dated August 2, 2023, for the original Commercial Function Study, which was prepared in May 2023 by urbanMetrics for the development proposal at 115 Watson Parkway North. The Peer Review Report identified that the development proposal for 115 Watson Parkway North is short by approximately 457 sq.m (approximately 4,900 sq.ft.) in meeting the minimum commercial threshold for the York/Watson Parkway/Starwood Community Mixed-Use Centre (CMUC).

Furthermore, the Commercial Function Study prepared by urbanMetrics did not fully demonstrate that the amount of commercial G.F.A. proposed in the mixed-use development meets the daily and weekly needs of the surrounding community, especially for food stores, food-related stores, and/or drug stores. Determining the adequacy of the commercial space proposed in the development concept would have been better explained in the Commercial Function Study through a review of the anticipated population relative to existing and proposed commercial space, such as a commercial G.F.A. per capita assessment. The Terms of Reference prepared by urbanMetrics suggested that the Commercial Function Study would include “a detailed

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demographic, competitive and market analysis.”<sup>[1]</sup> Based on a review of the urbanMetrics Commercial Function Study, a detailed demographic, competitive, and market analysis was not carried out, as there is no reference to population and other demographic information. In order to better understand this issue, Watson & Associates carried out a high-level review in the Peer Review to examine if the proposed amount of commercial space and population anticipated on the subject site would improve upon the commercial space per capita in the area. The results of that high-level analysis indicated that the estimated yield of the population and commercial G.F.A. from the proposed mixed-use development (115 Watson Parkway North – the Subject Site) is anticipated to decrease the commercial floor space per capita of the area.

The Peer Review Report identified that the proposed development was short by approximately 457 sq.m (approximately 4,900 sq.ft.) of commercial G.F.A. as set out in City of Guelph O.P. policy 9.4.2.1 for a CMUC. While the shortfall may appear to be small, it is important to recognize that 457 sq.m could accommodate up to three additional small stores (assuming an average store size of 140 sq.m or 1,500 sq.ft.), which would increase the commercial offerings of the area. Furthermore, adding 457 sq.m to the development proposal would provide the opportunity to accommodate a larger footprint of a commercial unit than that identified in the proposed site plan. A larger footprint could provide the opportunity to accommodate a small grocery store, a specialized food store, or a large drug store. The site plan prepared by the applicant at that time proposed to divide the 1,500 sq.m (16,200 sq.ft.) of commercial G.F.A. between two areas within the development (i.e., the largest commercial unit size would be 600 sq.m (or 6,500 sq.ft.), limiting the opportunities for a small grocery store or drug store which typically require at least 930 sq.m to 1,390 sq.m (10,000 to sq.ft. to 15,000 sq.ft.) of building space.

## 2. Review of Revised Development Concept and Commercial Function Study

### Proposed Revised Development Concept

As previously discussed, since Watson & Associates’ Peer Review Report, dated August 2, 2023, was prepared, the development concept has been revised and now includes a larger provision for commercial G.F.A., nearly doubling the amount of commercial G.F.A. The new development concept includes approximately 2,790 sq.m (approximately 30,000 sq.ft.) of commercial G.F.A., up from 1,500 sq.m (approximately 16,200 sq.ft.), an increase of 86% or 1,290 sq.m. (approximately 13,900 sq.ft.). The revised concept includes more commercial space along the frontage of Watson Parkway, as illustrated in Figure 1 in the pink coloured blocks. The increase in commercial frontage in the northeast will better tie into the existing non-residential developed uses to the west side of Watson Parkway, including the Guelph Public

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<sup>[1]</sup> Commercial Function Study, 115 Watson Parkway North, dated May 1, 2023, prepared by urbanMetrics inc., pp. 15 and 18.

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Library. Overall, the revisions to the development concept significantly increase the prominence of the commercial space, providing for a range of commercial opportunities and a better integration with the surrounding area.

Figure 1  
Proposed Development Concept



Source: urbanMetrics Commercial Function Study (October 2023), based on Site Plan provided by Turner Fleisher (April 21, 2023). For illustration purposes only.

### Review of Official Plan Requirements

As previously discussed, the City of Guelph O.P. provides a minimum commercial G.F.A. requirement for each CMUC node in the City to protect the commercial function of mixed-use sites.<sup>[1]</sup> The City's CMUCs are each planned to accommodate a minimum commercial G.F.A. of 6,500 sq.m (approximately 70,000 sq.ft.).<sup>[2]</sup> According to the City of Guelph O.P., proposals for the development of a CMUC at less than 6,500 sq.m of commercial G.F.A. cumulatively of all buildings within the designation will require an amendment to the O.P. supported by a Commercial Function Study.<sup>[3]</sup>

<sup>[1]</sup> City of Guelph Commercial Policy Review, Stage 2 Preferred Policy Framework Report prepared by Macaulay Shiomi Howson Ltd., in association with Tate Economic Research Inc. and Brook McIlroy Inc., February 2018, p. viii.

<sup>[2]</sup> City of Guelph Official Plan, policy 9.4.3.18.

<sup>[3]</sup> City of Guelph Official Plan, policy 9.4.3.9.

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As summarized in Figure 2, based on a desktop review of the York/Watson Parkway/Starwood CMUC, Watson & Associates has identified that the CMUC has approximately 4,965 sq.m (approximately 53,000 sq.ft.) of existing non-residential G.F.A. as documented in the Peer Review Report, dated August 2, 2023. It is estimated the CMUC would require an additional 1,957 sq.m (21,100 sq.ft.) to meet the minimum commercial G.F.A. requirement. Based on the revised development concept, the commercial G.F.A. allocation is approximately 2,790 sq.m (approximately 30,000 sq.ft) which exceeds the O.P. policy requirement by 833 sq.m (approximately 9,000 sq.ft.). As a result, the proposed commercial development exceeds in meeting the minimum commercial threshold for the York/Watson Parkway/Starwood CMUC.

Figure 2  
York/Watson Parkway/Starwood Community Mixed-use Centre  
Commercial Floor Space Requirements Versus Existing and Proposal

Calculation	Item	Estimated Commercial Gross Floor Area, sq.m
Existing Commercial Space: <sup>[1]</sup> <ul style="list-style-type: none"> <li>Guelph Public Library (1 Starwood Drive)</li> <li>AT Hair and Nails Spa (105 Starwood Drive)</li> <li>Tax and Accounting (119 Starwood Drive)</li> <li>The Potery – Cannabis (111 Starwood Drive)</li> <li>Wildflora + Co (115 Starwood Drive)</li> <li>House of Frizz (119 Starwood Drive)</li> <li>The Chiropractor (109 Starwood Drive)</li> <li>Futures Kids Zone and LIFT Fitness (919 York Road)</li> </ul>	A	3,685
Commercial Space Under Constuction: <sup>[2]</sup> <ul style="list-style-type: none"> <li>78 Starwood Drive</li> </ul>	B	858
Total Commercial Space – Existing and Under Construction	C = A + B	4,543
Proposal (15 Watson Parkway North) – Commercial Floor Space Allocation <sup>[3]</sup>	D	2,790
<b>Total</b>	<b>E = D + E</b>	<b>7,333</b>
<b>Minimum Official Plan Requirement for Commercial Floor Space in the Community Mixed-use Centre<sup>[4]</sup></b>	<b>F</b>	<b>6,500</b>
<b>Difference</b>	<b>G= F - E</b>	<b>+833</b>

<sup>[1]</sup> Based on a desktop review by Watson & Associates Economists Ltd. Business operating names or tenants identified may have changed since the desktop review. Includes all non-residential gross floor area within the York/Watson Parkway/Starwood Community Mixed-use Centre except the Royal Canadian Legion which is classified as a non-commercial use as discussed in this report.

<sup>[2]</sup> Based on a review of site plan by City of Guelph planning staff. Only includes gross floor area that is exclusive for commercial uses, i.e., excludes live/work gross floor area.

<sup>[3]</sup> As identified in proposal by Guelph Watson Holdings Inc. and a concept plan for the development at 115 Watson Parkway North ("Subject Site").

<sup>[4]</sup> Based on City of Guelph Official Plan, policy 9.4.3.18.

Source: Watson & Associates Economists Ltd.

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### Review of Revised Commercial Function Study

The revised Commercial Function Study has largely been updated to reflect the proposed new development concept, including the provision of commercial G.F.A. The Commercial Function Study does not address the following comments raised in Watson & Associates' Peer Review Report, dated August 2, 2023:

- The study does not fulfil the requirements of the agreed-upon Terms of Reference promising for “a detailed demographic, competitive and market analysis.”<sup>[1]</sup> Based on a review by Watson & Associates of the revised urbanMetrics Commercial Function Study, there is still no reference to population and other demographic information. Determining the adequacy of the commercial space proposed in the development concept would have been better explained in the Commercial Function Study through a review of the anticipated population relative to existing and proposed commercial space, such as a per capita assessment. Despite this, based on Watson & Associates' high-level assessment, the revised development concept has provided a better balance of commercial and residential uses and likely contributes towards improving the amount of commercial G.F.A. per resident. As previously discussed, the commercial G.F.A. has increased by 1,290 sq.m. (approximately 13,900 sq.ft.) or by 86% compared to the previous development concept.
- The trade area delineation should capture the entire York/Watson Parkway/Starwood CMUC. The trade area delineation still only extends to Victoria Road in the revised Commercial Function Study. It is important to consider the York/Watson Parkway/Starwood CMUC as a cohesive node within the City's urban structure. This should be a key consideration for future Commercial Function Studies prepared for the City that each CMUC is planned as a cohesive node.

### 3. Conclusions

The new development concept includes approximately 2,790 sq.m (approximately 30,000 sq.ft.) of commercial G.F.A., up from 1,500 sq.m (approximately 16,200 sq.ft.), an increase of 86% or 1,290 sq.m. (approximately 13,900 sq.ft.). Overall, the revisions to the development concept significantly increase the prominence of the commercial space in the concept plan, providing for a range of commercial opportunities and a better integration with the surrounding area. While the proposed development plan does not provide details on the revised proposed yield of housing units, it is assumed that the development concept has led to a better balance of residential and commercial uses and, therefore, will likely contribute towards a higher amount of commercial G.F.A. per capita for local residents.

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[1] Commercial Function Study, 115 Watson Parkway North, dated May 1, 2023, prepared by urbanMetrics inc., pp. 15 and 18.

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Furthermore, based on the revised development concept, the commercial G.F.A. allocation is approximately 2,790 sq.m (approximately 30,000 sq.ft) which exceeds the O.P. policy requirement by 833 sq.m (approximately 9,000 sq.ft.). As a result, the proposed commercial development exceeds in meeting the minimum commercial threshold for the York/Watson Parkway/Starwood CMUC.

While the revised Commercial Function Study, dated October 17, 2023, does not address all of Watson & Associates' comments in our Peer Review Report, dated August 2, 2023, the revisions to the development concept have significantly increased the allocation of commercial G.F.A. beyond the minimum requirements set out in City of Guelph O.P. policy 9.4.2.1 and contribute towards a better balance of commercial and residential uses for this area.