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June 12, 2017

City  
City of London  
300 Dufferin Avenue  
London, Ontario  
PO Box 5035, N6A 4L9

Council

To: Mayor Brown and Councillors

Dear Sirs/Mesdames:

Re: Official Plan Amendment Application by the City of London  
Wonderland Road Community Enterprise Corridor Land Use Designation in  
the Southwest Area Secondary Plan (the "Application")  
File No.: O-8731

York Developments Inc. and North American Development Group own the lands municipally known as 3313-3405 Wonderland Road South and 1789 Wharnccliffe Road South, London.

On June 4, 2017, Stikeman Elliott LLP submitted a letter of concern on our behalf to the Planning & Environment Committee with respect to City staff's recommendation to remove the retail commercial cap of 100,000 square metres within the Wonderland Road Community Enterprise Corridor land use designation ("WRCEC") of the Southwest Area Secondary Plan ("SWAP"). Our position remains that there is no market or land use planning justification for the removal of the commercial cap at this time. A copy of the letter, dated June 4, 2017, is enclosed.

At the Planning & Environment Committee, held on June 6, 2017, a number of questions and points were raised, which we would like to address in this letter.

1. How much (and when) can additional commercial space be absorbed?

- There has been no quantitative analysis in any of the market reports available to date that provides this information.

- The lack of any impact analysis is precisely the reason why Council cannot make an informed decision at this time.
2. If the commercial cap is removed, are there any restrictions on the amount of commercial space that can be developed in the WRCEC?
    - No. Once the commercial cap is removed, there are no limitations on the amount of commercial space that can be permitted at the rezoning stage. An unlimited amount of commercial space can be proposed by an applicant and still remain in conformity with SWAP. A market study would not be required to support the proposed commercial development.
    - Contrary to staff's claim that the removal of the commercial cap will encourage more mixed use development, it is evident that the removal of the cap will simply lead to an oversupply of commercial space. Based on the application materials submitted by Decade and Southside, these applications only propose commercial uses.
    - This is a critical decision that Council is being asked to make. The uncontrolled development of commercial space may result in serious adverse market impacts within the WRCEC, SWAP and the City of London.
  3. Is it appropriate to revisit the OMB's decision in the SWAP proceedings by removing the commercial cap?
    - No. It is not appropriate for the Council to remove the commercial cap without adequate market analysis and to reverse the OMB's decision to approve the commercial cap.
    - Although the commercial cap policy was ultimately settled by the parties in the SWAP proceedings, the OMB still had to consider whether the commercial cap represents good planning and is in the public interest. In approving the commercial cap, the OMB found that the commercial cap represents good planning and is in the public interest.
  4. Would removal of the cap better align the WRCEC policies with the Shopping Area Place Type in The London Plan?
    - No. The removal of the cap is not consistent with several policies of The London Plan, including the Shopping Area Place Type policies, as summarized on pages 5-6 of the Ward Land Economics Inc. letter dated June 2, 2017.
    - Contrary to the Staff Report, the Shopping Area Place Type policies do identify commercial caps and total retail gross floor area maximums are specified. For example, Shopping Area policy 889 specifies that "The total retail gross floor area permitted in the West Five Special Policy Area will be 30,000 square metres." Policy 900 specifies that "Retail uses will not exceed 16,000 m2...".
  2. Do the market studies prepared for the City, Southside, and Westbury demonstrate need for an additional 146,000 sq.m. (1,600,000 sq.ft.) of commercial space in the WRCEC south of Bradley Avenue as directed by The London Plan policy 881 (2)?

- **No.** None of the market studies demonstrate need for an additional 146,000 sq.m. (1,600,000 sq.ft.) of commercial space in the WRCEC south of Bradley Avenue.
  - Based on the 2016 Kircher market study (page 2 and 88), approximately 246,000 sq.m. (2,650,000 sq.ft.) of commercial space could be built in the WRCEC south of Bradley Ave resulting in a net addition of 146,000 sq.m. (1,600,000 sq.ft.) to the already permitted 100,000 sq.m. (1,080,000 sq.ft.) of commercial space.
  - This is a significant amount of additional commercial space—more than the size of White Oaks Mall and Maisonville Place combined.
  - The need for this space has not been assessed or demonstrated by any of the market studies. Based on the City’s market study *“The warranted total space is substantially less than that reflected by current retail development proposals as well as the theoretical expansion of existing developments...”* (page 3). Therefore, since supply is much greater than demand, there is no need for additional commercial space in the WRCEC at this time.
3. **Do the market studies demonstrate that an additional 146,000 sq.m. (1,600,000 sq.ft.) of commercial space in the WRCEC will not undermine or detract from the planned function of an existing Shopping Area or any other place type shown in the City Structure Plan and on Map 1 as directed by The London Plan policy 881 (2)?**
- **No.** The market studies do not demonstrate that an additional 146,000 sq.m. (1,600,000 sq.ft.) of commercial space in the WRCEC south of Bradley Ave. will not undermine or detract from the planned function of an existing Shopping Area or any other place type in The London Plan.
  - The market impact resulting from a net addition of 146,000 sq.m. (1,600,000 sq.ft.) of commercial space has not been assessed by any of the market studies.
  - None of the market studies provide a quantitative impact evaluation of increasing the commercial cap at this time, as per the Southside or Westbury applications.
  - The Kircher market study (page 3) advises that the total warranted space is substantially less than the total potential space that could be built. Since supply is much greater than demand, it follows that removal of the cap would result it in too much space permitted too soon which would cause impact on the City’s existing and planned commercial areas.
4. **What have we learned if too much space is permitted too soon?**
- If too much space is permitted too soon, then the City risks significant impact on existing and planned retail commercial areas including the WRCEC and SWAP, existing shopping centres, the downtown, other commercial areas, and the planned Transit Villages. Based on the Kircher market study, *“...substantial overbuilding can be costly and inefficient, as clearly illustrated by the history of Westmount Mall which lost most retail space on its second level and Pond Mills Square, which has closed.”*

- Significant negative impact leads to undermining and detracting from the planned function of commercial areas, store closures, and job losses which is not in the public interest nor is it consistent with The London Plan.

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Given the magnitude of the consequences that may result from the removal of the commercial cap and the insufficient analysis of the market demand and impact of such a proposal, we request that (1) the proposed removal of the commercial cap be refused; or (2) the proposal be sent back to City staff for further analysis and review.

Please contact the undersigned if you have any questions. Thank you for your attention to this matter.

Yours truly,

Ali Soufan

Attachment

cc. Steve Bishop, *North American Development Group*  
Carol Wiebe, *MHBC*  
James Harbell & Maggie Bassani, *Stikeman Elliott LLP*  
Mimi Ward, *Ward Land Economics Inc.*