



Planning and Land Use Committee Report

Date: May 22, 2014 **From:** Jim Handy
Development Agreement Facilitator

Subject: **Rezoning Application #00442 for 253 and 259 Esquimalt Road** – Application to amend the CD-12 Zone, Roundhouse District, to permit distillery and liquor retail store as an accessory use to a distillery or a brewery in Development Area 1

Executive Summary

The purpose of this report is to present Council with information, analysis and recommendations regarding a Rezoning Application for the properties at 253 and 259 Esquimalt Road. The properties are located in Development Area 1 of the CD-12 Zone, Roundhouse District, which permits a range of uses, including light industrial, commercial, retail, breweries and pubs. The application proposes to add a distillery and liquor retail store, as an accessory use to a distillery or a brewery, to the list of permitted uses.

The following points were considered when reviewing this application:

- The proposed distillery use would be relatively small-scale with limited space for manufacturing alcohol.
- The application proposes liquor store retail use but only as an ancillary component to either a distillery or a brewery.
- The proposal is consistent with the *Official Community Plan*.

Staff recommend that Council advance this application to a Public Hearing.

Recommendation

That Rezoning Application #00442 for 253 and 259 Esquimalt Road proceed to a Public Hearing and that City staff prepare the necessary *Zoning Regulation Bylaw* amendments.

Respectfully submitted,


Jim Handy
Development Agreement Facilitator
Development Services Division


Deb Day, Director
Sustainable Planning and Community
Development Department

Report accepted and recommended by the City Manager:


Jason Johnson

Date: May 21, 2014

JH:aw

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1.0 Purpose

The purpose of this report is to present Council with information, analysis and recommendations regarding a Rezoning Application for the properties located at 253 and 259 Esquimalt Road.

2.0 Background

2.1 Description of Proposal

The application proposes to add a distillery and liquor retail store, as an accessory use to a distillery or a brewery, to the list of permitted uses in Development Area 1 of the CD-12 Zone, Roundhouse District.

2.2 Existing Site Development and Development Potential

The current zoning allows for a diverse range of uses at this location, including but not limited to: limited light industrial including processing, manufacturing and assembly, offices, restaurants, retail, breweries and brew pubs, pubs and lounges, tourist facilities, railway operations, artist studios and theatres. The site is currently occupied by the former rail yard buildings and a railway turntable, all of which are Heritage-Designated.

2.3 Land Use Context

The Roundhouse site consists of several parcels situated between Esquimalt Road to the north, Sitkum Road to the east, Kimta Road to the south and Catherine Street to the west. The E&N Railway Right-of-Way bisects the site from the northwest to the southeast.

The application site is located within the CD-12 Zone, Roundhouse District. This Zone identifies sub-areas, referred to as Development Areas, and it is envisaged that the development will be constructed in phases generally consistent with those identified sub-areas. In this instance, the proposal specifically relates to Development Area 1, also referred to as the Commercial Heritage Phase, which is situated in the northeast corner of the Roundhouse site. Victoria West Park and the existing multi-family dwellings are situated to the north of the application site, to the east is Vista Park and multi-family dwellings at Bayview Place and future development phases of the Roundhouse project are located directly to the south and west.

2.4 Legal Descriptions

- Lot 1, Part of the Bed of Victoria Harbour, Victoria District, Plan VIP79333
- Lot 1, District Lot 119, Esquimalt District, Plan 3237 Except Part in Plans 5424, 1461R and 43176
- Lot 1, District Lot 119, Esquimalt District Plan VIP74716
- Lot 2, of the unnumbered part of Esquimalt District, Plan VIP81036
- Lot 52, Section 31, Esquimalt District, Plan 549
- Lot 52A, Section 31, Esquimalt District, Plan 549
- Lot 53, Section 31, Esquimalt District, Plan 549
- Lot 54, Section 31, Esquimalt District, Plan 549
- Lot 55, Section 31, Esquimalt District, Plan 549
- Lot 56, Section 31, Esquimalt District, Plan 549
- Lot 56A, Section 31, Esquimalt District, Plan 549
- Lot 57, Section 31, Esquimalt District, Plan 549
- Lot 58, Section 31, Esquimalt District, Plan 549
- Lot 59, Section 31, Esquimalt District, Plan 549

- All that part of Section 31, Esquimalt District, described as commencing on the east boundary of said Section, at the high water mark of the public harbour of Victoria, 125 feet more or less, in a southerly direction from the south east corner of Lot 52-A, Plan 549, thence northerly along the east boundary of Section 31 to the said south east corner of Lot 52A, thence westerly along the southerly boundaries of said Lot 52A and Lot 52, Plan 549, 86 feet more or less, to high water mark, thence in a south easterly direction following said high water mark to the point of commencement.

2.5 Consistency with City Policy

2.5.1 Official Community Plan, 2012

The application site is located within the Core Songhees Urban Place Designation as outlined in the *Official Community Plan* (OCP). This designation identifies residential, commercial, office, retail, institutional and light industrial uses as being appropriate in this location.

The OCP identifies a vision for the Victoria West Neighbourhood which includes support for an eclectic mix of land uses, including industrial, employment, apartment residential and older neighbourhoods with a range of housing forms.

2.6 Community Consultation

The proposal was presented to the Victoria West Community Association Land Use Committee (CALUC) on March 10, 2014. No comments were received at the time of writing this report, however, should comments be received they can be considered at the Public Hearing.

3.0 Issues

The key issue relates to whether the proposed distillery and accessory liquor retail store uses are appropriate in this location.

4.0 Analysis

4.1 Land Use

The OCP identifies the site as being within the Core Songhees Urban Place Designation and potentially suitable for residential, commercial, office, retail, institutional and light industrial uses. The existing zoning for this part of the Roundhouse site already allows for a wide range of light industrial and retail uses, including artisans, breweries and brew pubs, pubs and lounges, and light industrial uses such as manufacturing and processing. This application proposes to add a distillery and a liquor retail store which would be an accessory use to a distillery or a brewery. If approved, the resulting *Zoning Regulation Bylaw* amendment would allow both breweries and distilleries to be located within Development Area 1 and both of these uses would be allowed a liquor retail store as an accessory use.

The applicant has provided a rationale for the proposed new uses as part of the application submission. The applicant states that the proposal would provide the Roundhouse site with zoning which addresses the requirements of the microbrewery and artisan distillery industries and that these additional uses will not have an impact on how the site is used, designed or configured, as brewery and retail uses are already permitted. The applicant explains that any

distillery would be artisan in nature, with the manufacturing component not exceeding a maximum floor area of 400 m².

Staff concur with the comments provided by the applicant in that the proposed artisan distillery use is compatible with the mix and range of uses that are already permitted at the Roundhouse site and, furthermore, it is considered that the proposed use meets the intent of the OCP. It is also considered reasonable to allow an accessory liquor retail store component associated with a brewery or a distillery. In order to ensure that any operation remains small-scale in nature and to minimize the potential impacts on neighbours, the proposed amendment to the *Zoning Regulation Bylaw* will include regulations limiting the maximum floor area of the manufacturing component to no more than 400 m².

5.0 Resource Impacts

There are no resource impacts anticipated.

6.0 Conclusions

It is considered that the proposal is consistent with the OCP and that the proposed uses are appropriate in this location. Staff recommend that Council approve this application.

7.0 Recommendations

7.1 Staff Recommendation

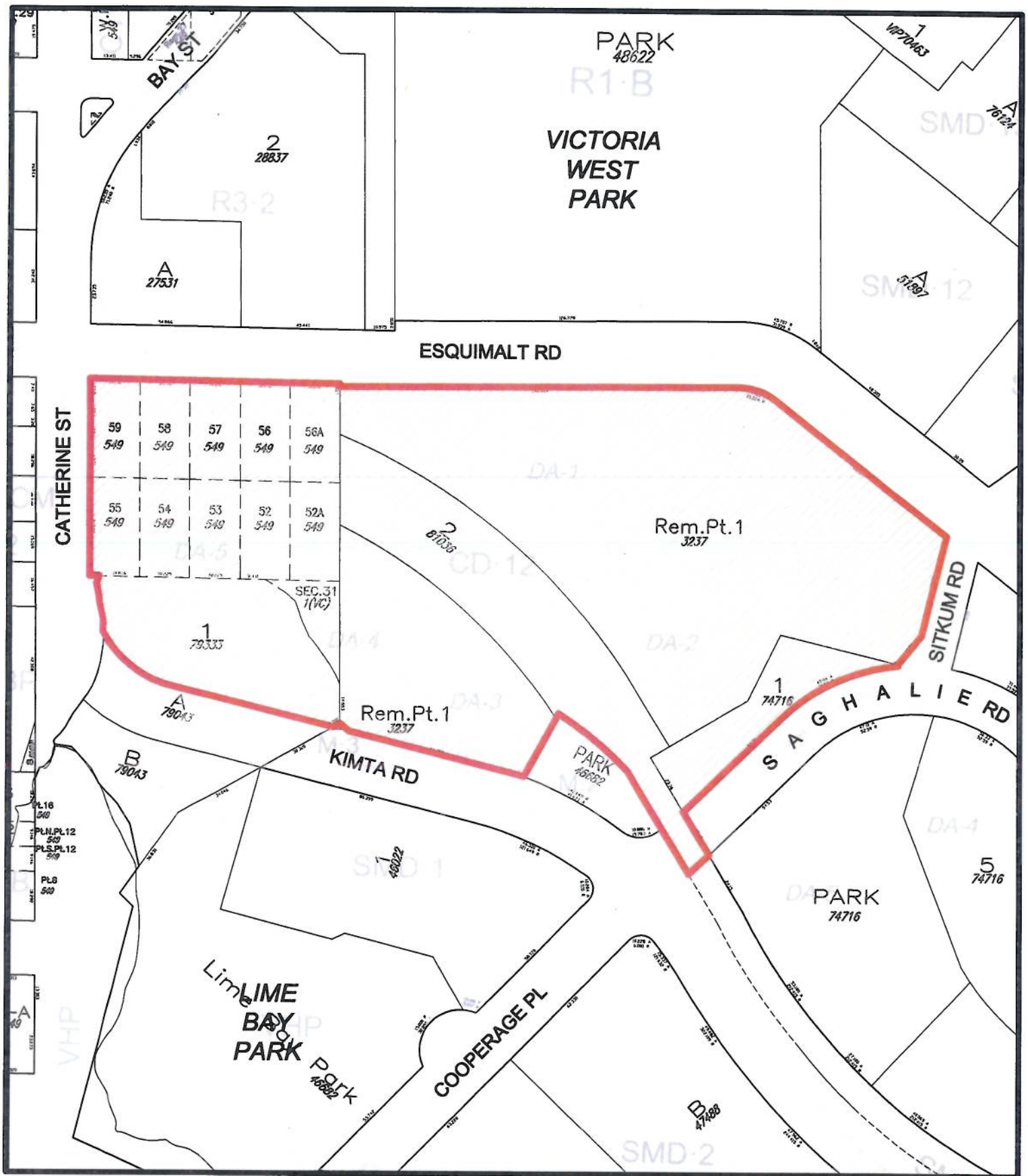
That Rezoning Application #00442 for 253 and 259 Esquimalt Road proceed to a Public Hearing and that City staff prepare the necessary *Zoning Regulation Bylaw* amendments.

7.2 Alternate Recommendation

That Rezoning Application #00442 be declined.

8.0 List of Attachments

- Zoning map
- Aerial photograph
- Applicant's letter dated May 5, 2014,



251-259 Esquimalt Road, 355 Catherine Street,
 200 E&N Rail Line and 210 Kimta Road
 Rezoning #00442
 Bylaw #





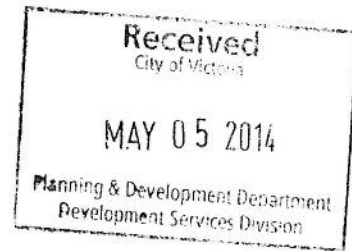
251-259 Esquimalt Road, 355 Catherine Street,
200 E&N Rail Line and 210 Kimta Road
Rezoning #00442

Bylaw #



2 May 2014

City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6



Dear Mayor and Council:

Re: Roundhouse Rezoning Application, Addition of Distillery and Liquor Retail Store as an Accessory Use to a Brewery or Distillery

Focus Equities is submitting a Rezoning Application for the Roundhouse site at 251 Esquimalt Road. The purpose of the Rezoning Application is to add the permitted uses of *distillery* and *liquor retail store as an accessory use to a brewery or distillery* within Development Area 1 (DA-1) of the CD-12 Zone, Roundhouse District. With the restoration of the historic Roundhouse buildings and introduction of new retail buildings now being advanced (under separate Development Permit and Heritage Alteration Permit applications), the site will be transformed into the Roundhouse Marketplace, featuring food and locally produced goods and services.

It has come to our attention that when the Roundhouse properties were rezoned in 2008 with allowance for an envisioned *brewery* and *brew pub*, the zoning did not include the complementary distillery and accessory retail sale uses. The proposed zoning amendment will now provide the Roundhouse site with regulations that match the requirements of the burgeoning microbrewery and artisan distillery industries, allowing us the opportunity to successfully attract interest from potential brewery, brew pub and distillery operators. We believe these additional uses will not have an impact on how the site is used, designed or configured, as the similar *brewery* and *retail* uses are already permitted.

Existing Permitted Uses

In 2008, the Roundhouse lands were successfully rezoned as part of a comprehensive planning process. The process involved significant consultation with the Vic West neighbourhood, various iterations of the development design, and consideration of how to integrate community amenities into the project. The final rezoning concept supports the rehabilitation of the heritage Roundhouse buildings, the addition of new contemporary infill buildings in the railyard precinct and the development of a complement of mixed-use residential buildings.

The vision articulated at the time of the Rezoning – and being advanced now – is the transformation of the Historic Railway Precinct into a commercial retail centre and public gathering place, serving as an amenity for the Vic West neighbourhood and the larger Victoria community. Given the site's industrial history, much inspiration has been taken from successful brownfield redevelopments, such as Granville Island, which have included

the addition of new retail and food retail uses, while continuing to allow some light manufacturing, food production and artisan production studios.

The currently approved uses permitted in DA-1 include the following:

- *artisans;*
- *artist studios;*
- *commercial exhibits;*
- *breweries and brew pubs;*
- *educational facilities;*
- *theatres, auditoriums, gymnasiums and other places of recreation or worship;*
- *interpretive facilities;*
- *limited light industries, including testing, servicing and repair, manufacturing, processing or assembly;*
- *making, processing and assembly of products on a small scale;*
- *offices;*
- *parking facilities, including buildings and places for the parking of vehicles, but excluding impound lots and the storage of damaged vehicles in any yard;*
- *professional services;*
- *pubs and lounges;*
- *railway operations, servicing, and maintenance facilities;*
- *recreational facilities;*
- *restaurants;*
- *retail;*
- *tourist facilities;*
- *trades requiring artisan skills, but not offensively dirty or noisy in their operation including, without limiting this generality, leatherwork, jewelry, weaving, metal sculpture, seamstress work, tailoring, ceramics, stained and beaded glass work, wood work and all forms of graphic art.*

Brewery Operations and Retail Sale of Beer Produced On-Site

Victoria microbreweries such as Phillips, Vancouver Island, Moon Under Water, Spinnakers, Canoe Club, and Swans all include sales of bottles of beer and / or growlers (refillable bottles) on-site. This is a standard industry practice akin to wineries selling bottles of their own wine at their vineyards. As part of a Manufacturing License issued by the Liquor Control and Licensing Branch (LCLB), a brewery is permitted to offer small samples of beer on-site. To be permitted to also sell bottles or growlers of their product, a Manufacturing License holder must apply for an "on-site liquor store" endorsement. This endorsement does not involve consultation with local government or other stakeholders, but does involve consideration of the design of the facility (e.g. safety and adequate separation of retail and production areas) and local government zoning.

As part of a policy change adopted in 2003, the City of Victoria no longer considers the use of *retail* (as is currently allowed in DA-1) sufficient for the retail sale of beer or liquor produced at a permitted on-site brewery or distillery. Instead, an additional permitted use of *liquor retail store as an accessory use* must also be included in the zone. In 2008, our development team was not aware of this zoning nuance. Nor were we aware that at the same time as the Roundhouse Rezoning Application was being completed, Phillips Brewery was also completing a Rezoning Application to add *liquor retail store as an accessory use* to the permitted uses for their brewery on Government Street. This was the first time that this use category was added to the City of Victoria Zoning Bylaw, as breweries such as Vancouver Island, Swans, and the Canoe Club have their liquor sales operations grandfathered as legally non-conforming uses. The permitted use of *liquor retail sales as an accessory use* has been tailored to be consistent with the allowances that accompany a LCLB Manufacturing License with the *on-site liquor store* endorsement, both of which only allow sale of beer or liquor produced on-site.

Roundhouse Marketplace Proposal

A brewery has long been envisioned for the Roundhouse, as it is a use that has industrial and manufacturing elements, strong local production values and integrates well with the Roundhouse Marketplace vision. The historic buildings are particularly well suited to a brewery, as they have very high ceilings that can accommodate brewery equipment and could allow customers to observe components of the production process. Moreover, the storage tanks and piping systems have echoes of the early steam train days of the Roundhouse. The following presents the DP/HAP drawings of the rehabilitated Car Shop, conceptually including brewery storage tanks as icons of the site's continued light-industrial use.



Distillery and Retail Sale of Liquor Produced On-Site

Artisan distilleries, which produce locally made alcohols such as gin, vodka or whiskey, are a growing industry in British Columbia. Similar to the microbrewery industry, artisan distilleries apply their skill and creativity to produce these classic drinks, using locally sourced ingredients. Cocktails made with locally produced liquors are now an increasingly valued accompaniment to locally produced foods and meals. A distillery operator would likely combine on-site manufacturing with complementary business components, such as a tasting area or lounge and retail sales. There are significant synergies between the distillery and brewery industries, which start with some of the same basic ingredients, use similar, if not the same, equipment for much of the production process and share supply and distribution networks. We have been approached by a potential brewery operator who is also interested in distilling as part of the same operation. Regardless of who becomes our eventual tenant, it has become apparent to us that an artisan distillery is an obvious fit within the Roundhouse Marketplace food-focused vision.

A distillery and the retail sale of distillery-produced liquor are similar uses to those already approved for the site and will act as complementary components of the overall potential for the Roundhouse Marketplace. In response to City staff questions about the extent of a potential distillery operation, we emphasize that the proposed use is intended as a craft distillery, not a major industrial operation. Accordingly, we propose that the manufacturing component of the distillery use be limited to a maximum 400 sq.m / 4,305 sq.ft., which represents a floor area equal to about half of the existing floor area of the Car Shop building (total floor area 737.9 sq.m / 7943 sq.ft.). We believe this limitation on the manufacturing floor area reflects the scale of a potential craft distillery operation and is appropriate for the site. We do note that at this time, the project has not secured any specific tenants.

Staff also asked about how the distillery use would fit within the context of the existing and planned neighbourhood setting. Roundhouse is intended as a mixed-use neighbourhood, welcoming continued light-industrial, artisan, commercial, community and residential uses. Similar to the already approved brewery and brew pub uses, we anticipate that a craft distillery would be a welcome addition to the site and an appropriate new use of the historic buildings. Detailed design with respect to interior tenant finishing at the Building Permit stage would address appropriate ventilation and noise mitigation systems to ensure a copacetic result.

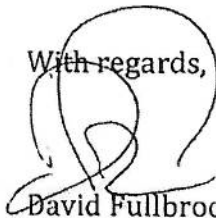
Economic Vitality

Victoria is already a well-known hub of the west coast microbrewery industry and local food movement. These industries are important local employers, support the viability of local farms, and are a draw for visitors to the region. These industries are also significant contributors to the vibrancy and vitality of Victoria's cultural and entertainment scene. Focus Equities is advancing the Roundhouse project and approval of the proposed zoning amendments will be critical to our success in attracting the envisioned dynamic mix of tenants. The addition of distillery and the accessory retail sales of beer or spirits produced

on site will complement the other food production and food retail businesses to be accommodated at the Roundhouse Marketplace and will be an important draw.

Distilling is quickly emerging as a significant element of the local food movement and we are excited by the possibility of welcoming the first distillery in Victoria proper. A Roundhouse distillery could be yet another unique component of this special historical site. The brewery and distilling industries have long and storied histories, as does the CPR Roundhouse. Approval of our Rezoning Application will present an opportunity to merge these histories and contribute to Victoria's future economic vitality.

With regards,



David Fullbrook
Focus Equities