



**DEVELOPMENT VARIANCE PERMIT APPLICATION NO. PL2022-110
2414 ISLAND HIGHWAY EAST, ELECTORAL AREA E**

RECOMMENDATIONS

1. That the Board approve Development Variance Permit No. PL2022-110 to vary the servicing requirements for a tourist retail store in the Commercial 5 zone to enable the operation of a cannabis retail store, liquor retail store, and nine hotel units within the existing building, subject to the terms and conditions outlined in Attachment 2.
2. That the Board direct staff to complete the required notification for Development Variance Permit No. PL2022-110.

BACKGROUND

The Regional District of Nanaimo (RDN) has received an application from Paul Manhas on behalf of the Arlington Inn Ltd. to vary the servicing requirements in the Commercial 5 (CM5) zone to permit a cannabis retail store, liquor store, and nine hotel rooms. The subject property, legally described as 'A' That Part of Lot 3, District Lot 79, Nanoose District, Plan 2576, Shown Outlined in Red on Plan 472-R, Except Part in Plan 41577, and is zoned Commercial 5 (CM5), subdivision district 'J', pursuant to the "Regional District of Nanaimo Land Use and Subdivision Bylaw No. 500, 1987" (Bylaw 500). The property is approximately 1.05 hectares and is adjacent to rural residential and vacant commercially zoned properties.

The subject property contains an existing building with a liquor store of 130 m², nine hotel units, and a dwelling unit for a caretaker. Previous hotel units have been converted over time to the dwelling unit for the caretaker and a sitting area for the hotel. The applicant also proposes a cannabis retail store of 177 m² in a portion of the building previously used for a pub. The cannabis retail store has received a licence from the Liquor and Cannabis Regulations Branch (LCRB). Under zoning, both the cannabis and liquor retail stores are considered a 'tourist store'. The property is connected to a well and onsite sewage disposal.

At the May 24, 2022 Board meeting, the RDN Board approved a resolution to the LCRB to approve a licence for a cannabis retail store at the Arlington Inn provided specific conditions are followed, including ensuring the property is in compliance with the site area requirements in the CM5 zone. Zoning site area requirements prescribe minimum required area and servicing for each use on the property. As the property is not connected to a community water or community sewer system, the property is too small to meet the site area requirements for a cannabis retail store, liquor retail store and the nine hotel units. The property requires 11,200 m², of site area to accommodate the two retail stores and nine hotel units. To begin operation of the cannabis retail store, the property owner must either discontinue the use of two hotel units or receive a variance to the site area requirements in the CM5 zone.

Proposed Development and Variance

The proposal is to vary the site area and servicing requirements of the CM5 zone to permit the operation of the cannabis retail store and continue the use of the existing liquor retail store and nine hotel units. With no community services, the proposed and existing uses would require 11,200 m² of site area whereas the property is 10,500 m². A variance to the site area and servicing requirements for the proposed cannabis retail store (tourist store) would reduce the site area requirements to permit the existing and proposed uses. The variance for the subject property is proposed as follows:

- Section 3.4.15(k) – Permitted Uses and Minimum Site Area – to vary the minimum site area requirement for tourist store with no community services from 2,000 m² to 800 m²; to enable two tourist stores and nine hotel units within the existing building.

Land Use Implications

“Board Policy B1.5 Development Variance Permit, Development Permit with Variance and Floodplain Exemption Application Evaluation” (Policy B1.5) for the evaluation of development variance permit applications requires that there is an adequate demonstration of an acceptable land use justification prior to the Board’s consideration. The applicant has provided a land use justification consistent with the policy demonstrating the public benefit of the variance. As the operation of the proposed cannabis retail store will require two of the hotel units to be discontinued in use, the applicant has provided a justification that the hotel is currently used for temporary occupancy for people transitioning to a permanent residence elsewhere. Given limited shelter options in the region, the applicant identifies that the short-term accommodation is necessary. The variance will permit all nine units to continue to be used for short term accommodation.

As zoning requires that the hotel units be for temporary accommodation, the applicant has identified the units are not continuously rented by the same occupants and that occupants transition out of the units as they find permanent accommodation. The hotel units do not contain kitchen facilities and are not designed for year-round residency. As the hotel does not have the facilities to accommodate year-round accommodation and the occupants use the units short term in the transition to permanent accommodations, it is consistent with the Bylaw 500 definition of hotel for “providing accommodation on a temporary basis”. Only the caretakers suite appears to be for residential use, which is the one permitted dwelling under zoning.

The site area and servicing requirements within the commercial zones have been in effect since the adoption of Bylaw 500. When Bylaw 500 was adopted, the site area and servicing requirements would have reduced the onsite servicing demands of development at a time when there was limited areas covered by the building inspection service and provincial agencies had limited oversight of onsite servicing. Since this time, the *Drinking Water Protection Act* require source approval of water systems providing water to the public, building inspection has been introduced to the entire regional district, and the *Water Sustainability Act* requires licencing for any use of groundwater other than domestic use.

In support of the application and to address servicing implications, the applicant has provided a copy of the permit to operate the water supply system from Island Health, a permit to construct a sewage disposal system from Island Health, and an application for a groundwater licence with the Province of BC. As these authorizations would address the purpose of the original site area and servicing requirements in Bylaw 500, the variance to the requirements is not anticipated to have negative impacts. All of the uses on the property can be serviced by the existing water and wastewater systems.

Public Consultation Implications

Pending the Electoral Area Services Committee's recommendation and pursuant to the *Local Government Act* and the "Regional District of Nanaimo Development Application and Notification Procedures and Bylaw No. 1845, 2022", property owners and tenants of parcels located within a 100 metre radius of the subject property will receive a direct notice of the proposal and will have an opportunity to comment on the proposed variance prior to the Board's consideration of the application.

FINANCIAL IMPLICATIONS

The proposed development has been reviewed and has no implications related to the Board 2022 – 2026 Financial Plan.

STRATEGIC PLAN ALIGNMENT

While the hotel units are only used for short term accommodation, the current use provides transitional shelter for people while they are finding housing. This is in keeping with Key Strategic Area 3.0 of the 2019 – 2022 Board Strategic Plan, which is to provide affordable housing to residents.

REVIEWED BY:

P. Thompson, Manager, Current Planning
L. Grant, General Manager, Planning and Development

ATTACHMENTS:

1. Subject Property Map
2. Draft Development Variance Permit