



Report to: Development Services Committee

Date Report Authored: June 14, 2011

SUBJECT: Employment Land Employment (ELE) Intensification Study
PREPARED BY: Elisabeth Silva Stewart, Senior Planner, Policy & Research

RECOMMENDATION:

- 1) That the report entitled "Employment Land Employment (ELE) Intensification Study" be received;
- 2) That the following attachments to the above noted report be received:
 - Employment Land Employment (ELE) Intensification Study dated May 9, 2011, prepared by Meridian Planning attached as Appendix 'A';
 - Development Services Committee report dated June 16, 2009, prepared by Staff entitled 'Employment Lands Strategy (Phase 1)' attached as Appendix 'B';
 - Employment Lands Strategy (Phase 1) prepared by urbanMetrics and Meridian Planning attached as Appendix 'C';
- 3) That Staff consider the findings of the Employment Land Employment (ELE) Intensification Study and the Employment Land Strategy (Phase 1) report as input into the development of employment policies for the new Markham Official Plan;
- 4) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Development Services Committee directed staff to initiate the Employment Land Employment (ELE) Intensification study at the time of considering the Employment Lands Strategy (Phase 1) in June 2009. This staff report is intended to provide an overview of the findings of the ELE Intensification Study (Appendix A).

The purpose of the ELE Intensification Study was to determine how many of the additional Employment Land Employment (ELE) jobs allocated to Markham by the Region of York could reliably be forecast to be accommodated on developed ELE properties within the current urban area, through intensification, before 2031. ELE includes employment in manufacturing, processing, warehousing and distribution related uses typical of traditional industrial activities occurring in Markham business parks.

Stakeholders, comprising real estate professionals, developers and ELE business operators were consulted in focus groups. All groups generally believed that the potential

for existing ELE properties to intensify to accommodate additional ELE employment was minimal. The real estate brokers and developers viewed the introduction of mixed-use as a means to increase employment densities within employment areas, whereas the business owners/operators viewed this form of development with concern, based on the introduction of potential land use conflicts. There was no disagreement that mixed use development would not increase, and could reduce ELE densities.

The Study looked at 593 developed industrial and warehouse properties and 75 developed office properties. Properties developed with smaller scale office buildings were examined separately from ELE properties because it was assumed that if these properties demonstrated any potential for intensification it would be for additional office employment, not industrial or warehouse employment.

The ELE Intensification Study reported its findings on coverage, floor area ratios, number of storeys, intensification history between 1999 and 2009, physical expansion potential of existing ELE Properties, site limiting factors, and the intensification potential of existing ELE properties to reach its conclusions.

The ELE Intensification Study concluded that there is little intensification potential for ELE properties in Markham, as most of the properties are developed to their maximum potential. The study also points out that it is purely speculative to predict how much job growth is possible through intensification, and that relying upon any intensification number to make decisions on the amount of new employment land required to accommodate forecast ELE employment growth may have an impact on Markham's ability to accommodate future ELE employment opportunities. These conclusions are generally consistent with findings and recommendations of the ELS (Phase 1) study regarding land budget and intensification.

Although the benefits would be very limited, the Town could consider revisiting its Zoning By-law Standards within ELE employment areas in order to encourage ELE intensification. The Town should also consider limiting permission for sensitive uses (such as day cares, places of worship, private schools, offices not associated with manufacturing or warehousing uses, restaurants, banks, and medical clinics). These conclusions are consistent with studies from nearby jurisdictions.

Staff recommends that the Development Services Committee receive the ELE Intensification Study (attached in Appendix A) and direct Staff to use it as input into the work of the Town's new Official Plan. As receipt of Markham's ELS (Phase 1) Study was deferred until the completion of this ELE Intensification Study, staff also recommends that Development Services Committee receive the ELS (Phase 1) staff report and Study (attached as Appendices B & C) and also use the ELS (Phase 1) as input into the policy work to be done in support of the new Official Plan.

PURPOSE:

This report informs the Development Services Committee regarding the findings of the Employment Land Employment Intensification Study (Appendix A) and recommends that these findings and those of the Employment Lands Strategy (Phase 1) be used as input to the development of policies for the new Town of Markham Official Plan.

BACKGROUND:Employment Lands Strategy (Phase 1)

The Employment Lands Strategy (ELS) (Phase 1) report incorporated estimates of future requirements for employment land and outlined possible approaches to policies relating to employment land uses for a new Official Plan. The estimates in the ELS (Phase 1) incorporated the employment forecasts prepared by the Region of York for Markham, based on three standard categories of employment used in preparing forecasts and the estimation of employment land requirements.

The employment categories employed by the Region are:

- Major Office Employment (MOE) includes employment located in office buildings with a gross floor area of 1,860 square metres (20,000 square feet) or more
- Population Related Employment (PRE) includes uses that clearly serve the population and the traveling public.
- Employment Land Employment (ELE) includes employment in manufacturing, processing, warehousing and distribution related uses typical of traditional industrial activities occurring in Markham business parks.

Inherent in the land budget exercise of the ELS (Phase 1) was the assumption that ELE job densities in Markham would attain an average of 60 employees per net hectare over the forecast period to 2031, a slight increase in the estimated 2006 Town average of 58, and higher than the average 2006 ELE density of 50 for York Region. The assumed density of 60 employees per net hectare represented in effect, an expectation of modest intensification of ELE in Markham of approximately 3.5%.

On June 16, 2009 the Development Services Committee considered a Staff report entitled "Employment Lands Strategy (Phase 1)" (Appendix B). The report recommended that the Employment Lands Strategy (Phase 1) be received, and that the recommendations of the study be endorsed in principle as the basis for the Employment Lands component of the Growth Management Strategy, and that the Employment Lands Strategy (Phase 1) form the basis for Phase 2 work – implementation of the Employment Lands Strategy through the new Official Plan. DSC deferred the staff report regarding Employment Lands Strategy (Phase 1) Study to a September 2009 DSC meeting.

On June 23, 2009, staff presented an update on the work for the Growth Management Strategy. At that meeting, the Development Services Committee directed Staff to prepare a Terms of Reference for a study to examine the potential for intensification of ELE on existing employment lands in Markham to accommodate forecast ELE employment growth.

The Terms of Reference for Employment Land Employment (ELE) Intensification Study were received by the Committee on September 22, 2009. The Terms were based on determining how many of the additional ELE jobs allocated to Markham by the Region of York could reliably be forecast to be accommodated on developed ELE properties within the current urban area, through intensification, before 2031.

OPTIONS/ DISCUSSION:

Employment Land Employment (ELE) Intensification Study:

The purpose of the Study was to determine how many of the additional ELE jobs allocated to Markham by the Region of York could reliably be forecast to be accommodated on developed ELE properties within the current urban area, through intensification, before 2031. The ELE Intensification Study is attached as Appendix "A".

What We Heard:

Stakeholders were consulted through focus group sessions as part of the ELE Intensification Study. The focus group sessions were held on November 9th 2010 at the Markham Convergence Centre. Stakeholders were organized into three groups: real estate industry professionals directly involved in sales and/or leasing of employment lands within Markham, developers of employment lands within Markham, and current landlords/landowners and businesses involved in using the Town's ELE properties for their day to day operations. Valuable insights into the opportunities and challenges faced by the different facets of the real estate industry and Markham businesses were gained. A summary of the comments made by each of the groups is included in Appendix 2 of the ELE Intensification Study (Appendix A).

All groups generally believed that the potential for existing ELE properties to intensify to accommodate additional ELE employment was minimal and that ELE intensification potential on the existing properties within the Town was very limited. Considerable discussion focused around the economics of intensifying existing ELE properties. The return on investment was not deemed to be attractive without a change from an ELE use to something other than ELE employment. The market was generally also viewed as not being conducive to supporting the intensification of existing ELE properties because of the competitive supply of greenfield employment lands throughout the GTA.

The concept of introducing new mixed uses (eg. retail, entertainment, residential) to replace the current uses on ELE properties was raised at each of the stakeholder sessions. Each group had a different opinion on the appropriateness of mixed-use within ELE employment areas of the Town. The introduction of mixed-use typically involved the addition of PRE uses, or redevelopment with PRE uses. The real estate brokers and developers viewed mixed-use as a means to increase densities within employment areas, whereas the business owners/operators viewed it with concern, based on the introduction of potential land use conflicts. The introduction of PRE uses would of course not contribute to any increase in ELE employment, and might in fact reduce the current amount of ELE employment. Furthermore, some indicated that permitting residential

development in some key areas along corridors would stimulate additional development, but again not ELE development.

The issue of land use compatibility with sensitive uses (such as day cares, places of worship, private schools, offices not associated with manufacturing or warehousing uses, restaurants, banks, and medical clinics) was discussed at the session with the landowners/business operators group. Some business owners indicated that introducing these potentially sensitive uses have the effect of limiting their potential to expand or continue operating at their existing locations due to their potential inability to acquire necessary Certificates of Approval from the Ministry of the Environment once there are sensitive uses nearby.

Study Focus:

In considering the intensification potential of developed ELE properties, the Study took four primary factors into consideration:

- the physical capacity of properties to support additional ground floor space through the extension of existing buildings,
- the potential for vertical expansion of existing buildings (adding additional floors),
- the potential of properties to be severed to create additional properties for development opportunities; and
- the economic viability of intensifying through additions to existing buildings either vertically or horizontally.

The Study looked at all existing developed ELE properties within the urban area that might have the potential to add ELE employment through intensification, with the exception of the following:

- vacant properties and properties that are currently the site of outdoor storage type uses, the potential development of which had already been accounted for through the employment forecasts of the Employment Lands Strategy - Phase One,
- MOE buildings greater than 10,000 square metres gross floor area,
- properties developed with PRE uses that are unlikely to be intensified for ELE uses; examples include properties already developed with single purpose retail and service uses such as restaurants, hotels and places of worship, and
- ELE properties developed as condominium; these properties were found to have generally been purpose built, to their maximum potential, and because of their multiple ownership present more complicated administrative and legal issues associated with their alteration and the modification of an existing Plan of Condominium.

As part of the analysis, properties developed with smaller scale office buildings were examined separately from ELE industrial/warehouse properties. It was assumed that if these properties demonstrated any potential for intensification it would be for additional office employment in new buildings on the same site, not industrial or warehouse employment.

Findings:

The study identified and analyzed 593 developed industrial and warehouse properties and 75 developed office properties.

Coverage and Floor Area Ratio:

- Among the industrial and warehouse ELE properties, the average coverage Townwide was 38%, with about 55% of the properties having lot coverages between 35% and 45%.
- Within the office properties, it was noticed that as floor area ratios increased, coverage generally decreased. This relationship appears to be directly related to the provision of at-grade parking. The average coverage for this type of property was 23% while the average floor area ratio was 47%.

Number of Storeys:

- ELE industrial/warehouse properties are 1 storey with some having mezzanine offices for a portion of the front of the buildings.
- While office properties typically range between 1 and 6 storeys, the average height is 2 storeys.

Intensification history between 1999 and 2009:

- ELE industrial/warehouse properties were the site of 23 additions, during the previous 10 years, producing 46,930m² of gross floor area representing 1.7% of the entire ELE industrial warehouse floorspace in the study area.
- Office properties were the site of 2 additions producing 250m² of gross floor area.

Physical Expansion Potential of existing ELE Properties:

- Expansions in existing ELE industrial warehouse properties are likely to occur either through expansion of a single use building or expanding a use within a multiple unit building. Expansions of ELE industrial/warehouse properties are generally easier through expansion at-grade rather than vertically, due to impacts on roof assembly and the walls. In most cases these ELE industrial/warehouse buildings were not designed to structurally support additional storeys.
- The practice of adding additional floors to office buildings is extremely rare, and has never occurred in Markham. Expansions would likely take the form of an additional building separate from the initial building.
- Factors considered in physical expansions include:
 - economic viability of expanding, compared with relocation,
 - the purpose of additional space needed,
 - the timing of the need for the additional space, and
 - the amount of additional space required.

Site Limiting Factors:

- ELE industrial/warehouse properties and office properties have limiting factors derived from the operational site requirements and site design considerations associated with these specific uses such as:
 - space required to meet parking requirements,

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- space required for loading and unloading,
 - space required for traffic movements on-site,
 - landscaping requirements,
 - side yard and rear yard setback requirements,
 - protection of environmental features,
 - on-site stormwater management requirements,
 - fuel storage, garbage and recycling requirements,
 - fire access route requirements,
 - parcel and building configurations, and
 - land use compatibility with neighbouring users (eg. nearby sensitive uses).

Intensification Potential:

- Potential for expanding existing industrial warehouse buildings through at grade additions is very limited as a result of site requirements that limit the building footprint.
- Adding additional floors is highly unlikely (with the exception of mezzanines) on industrial/warehouse properties.
- Potential for horizontal and vertical expansions of office buildings is also highly unlikely because most are purpose built for the size they are at the time of construction. Additional development on office properties would likely be in the form of adding an additional building to the property.
- Limited potential exists for new lot creation on limited numbers of properties within the existing employment areas.

ELE Intensification Study Conclusions and Recommendations:

The ELE Intensification Study concludes that there is little intensification potential for ELE industrial/warehouse properties in Markham as most of the properties are developed to their maximum potential. Furthermore, the Study points out that it is purely speculative to predict how much job growth is possible through intensification, and that relying upon any intensification in making decisions on the amount of new employment land required to accommodate forecast ELE employment growth may have an impact on Markham's ability to accommodate future ELE employment opportunities. These conclusions are generally consistent with findings and recommendations of the ELS (Phase 1) study regarding land budget and intensification.

Although the benefits would be very limited, there are some things the Town could consider doing in order to encourage ELE employment intensification. The ELE Intensification Study recommends that the Town consider reviewing its zoning by-law standards and permissions for sensitive uses within ELE employment areas. Specifically, building standards within zoning by-laws that apply in employment areas could be revised to facilitate increased building heights, and floor area ratios. The Study suggests that permissions for sensitive land uses within employment areas should be more limited after a review of the Town's zoning by-laws has been carried out.

Other Jurisdictions:

The ELE Intensification Study conclusions are consistent with other findings by the Region of York and the City of Toronto which examined the potential for ELE employment intensification.

As part of the preparation of land budgets for future employment growth the Region of York explored the potential for employment land intensification. The Region concluded that there may appear to be theoretical potential to add ELE employment through intensification. However due to a variety of market conditions, the timing and amount of employment land intensification could not be relied upon to warrant inclusion in forecasting future land needs.

A 2007 study, Long-Term Employment Lands Strategy, for the City of Toronto observes that “intensification within the Employment Districts has not been a significant contributor to growth” and that “there are no examples however of any tools or policies that have yet resulted in increased levels of employment, or employment intensification on a community-wide basis in developed employment areas”.

Staff Recommendations:

On April 12, 2011, Council authorized Staff to initiate work on the new Markham Official Plan. Policies relating to employment are currently being considered in the development of the new Markham Official Plan. The ELE Intensification Study’s findings as well as the ELS (Phase 1) recommendations and directions serve as input into that policy work. Staff recommends that DSC receive the ELE Intensification Study attached in Appendix A and direct Staff to use it as input into the work of the Town’s New Official Plan.

As receipt of Markham’s ELS (Phase 1) Study was deferred until the completion of this ELE Intensification Study, Staff also request that DSC receive the ELS (Phase 1) and direct Staff to use the recommendations in that Study as input into the policy work to be done in support of the new Official Plan. The ELS (Phase 1) Staff Report together with the ELS (Phase 1) study are attached as Appendices B and C to this report.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

Not Applicable.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

This study aligns with the strategic priority of Growth Management within Building Markham’s Future Together.

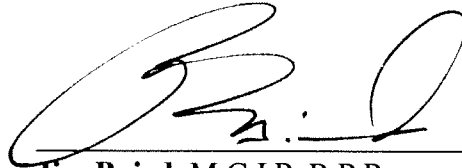
BUSINESS UNITS CONSULTED AND AFFECTED:

Not Applicable.

RECOMMENDED BY:



Rino Mostacci, M.C.I.P., R.P.P.
Director of Planning and Urban Design



Jim Baird, M.C.I.P., R.P.P.
Commissioner of Development Services

ATTACHMENTS:

Appendix A - Employment Land Employment (ELE) Intensification Study
Appendix B – DSC Report dated June 16, 2009 regarding the Employment Lands
Appendix C – Employment Lands Strategy (Phase 1)

