

SUBJECT: Draft Official Plan 2012 – Employment Conversion and Redesignation Applications

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RECOMMENDATION:

- 1) That the report and staff presentation entitled “Draft Official Plan 2012 – Employment Conversion and Redesignation Applications” dated May 21, 2013, be received;
- 2) That Committee allow for deputations by applicants following the staff presentation, and prior to consideration of the staff report and recommendations;
- 3) That the following applications to redesignate employment lands to a non-employment land use, as described in Appendix B to this report, be denied, and that the land use designations currently proposed for these properties in the 2012 Draft Official Plan be reflected in the final Official Plan:
 - a) Lindvest Properties (Cornell) Ltd – File No. OP 12-132870
 - b) Neamsby Investments Inc – File No. OP 13-108448
 - c) Times Group Corporation – File No. OP 13-131100
 - d) Box Grove Hill Developments Inc – File No. OP 13-108173
 - e) Cathedral Town Ltd (Cathedral) – File No. OP 13-114066
 - f) Jolis Investments (Ontario) Ltd – File No. OP 13-114950
 - g) Wemat One Ltd – File No. OP 13-113480
 - h) Holborn Properties – File No. OP 13-116651
 - i) Kings Square Ltd – File No. OP 10-116596
 - j) Romandale Farms Ltd (Future Employment Area) - File No. OP 13-114027
 - k) Catholic Cemeteries, Archdiocese of Toronto (Future Employment Area) – File No. OP 13-116842
- 4) That Committee confirm direction provided on March 19, 2013 for consideration of residential or mixed use development on the former Canac site in Thornhill (Condor Acquisition Ltd, File No. OP 13-108797, described in Appendix B) in light of the employment conversion analysis in this report;
- 5) That any additional applications proposing conversion or redesignation of employment lands to non-employment uses received prior to Council adoption of the Official Plan, be considered by Committee within the context of the analysis in this report (i.e., the cumulative impact) prior to the adoption of the Official Plan;
- 6) And that staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

A number of requests have been received to convert or redesignate approximately 120 hectares (300 acres) of employment lands to non-employment uses. Provincial policy restricts consideration of employment conversion requests to the time of a municipal comprehensive review, which is currently underway. The purpose of this report is to address 12 official plan amendment applications for employment land conversion or redesignation received as part of the Official Plan Review and to obtain Committee/Council direction on these requests for the purpose of finalizing land use designations in the new Official Plan. The 12 applications are identified in Appendix 'A' and 'B'.

In order to assist Committee in their determination of whether the lands in question should be removed from the employment land supply, this report provides the following information:

- Markham's requirement to plan for employment lands to 2031 and beyond;
- how the Draft Official Plan accommodates forecast employment growth to 2031, and ensures protection of employment lands;
- the impact of the conversion requests on the City's ability to achieve the employment forecasts, and maintain a strong and competitive economy, as well as the impact on the residential land budget;
- additional community planning and economic development objectives related to employment lands;
- assessment of the 12 applications with respect to potential loss of employment land; and
- recommendations and next steps.

The current Official Plan Review determined that Markham's current employment lands, plus the new employment lands proposed in the urban expansion area, are all required to meet employment forecasts to 2031. Although the York Region Official Plan provides only a total employment forecast figure for Markham, the Regional land budget on which the forecast is based, contains forecasts for three broad employment types: major office (MOE), industrial (ELE) and population-related (PRE). Markham must demonstrate that each type of employment is planned for and can be accommodated. Notwithstanding the forecasts, it is in Markham's interest to ensure economic viability and diversity, and the opportunity for jobs across all employment types, with a sufficient land supply provided for each employment type.

If approved, the employment conversions/redesignations being requested would hinder Markham's ability to meet the forecasts, especially the forecasts for industrial (ELE) jobs. Although individually the impact of each application on the total employment lands supply may appear manageable, cumulatively and as measured against vacant employment land supply, the impact is substantial, and a serious threat to achieving employment forecasts. Of the approximately 750 net hectares of vacant employment lands designated to accommodate the employment forecasts to 2031, approval of the conversion/redesignation requests would result in a loss of approximately 120 hectares, representing approximately 18% of the total vacant employment lands needed to accommodate the employment forecasts. To put this land area in context, approximately 230 net hectares have been added in the Future Urban Area for employment uses – if the 120 net hectares under consideration for conversion/redesignation is to be made up elsewhere in the City, it would require an additional urban expansion area approximately half the size of the 'Future Employment Area' lands in north Markham.

In addition to the impact on the employment land budget, the employment conversion/redesignation requests also have an impact on the residential land budget. The total number of additional residential units proposed is approximately 5,700 units, representing

additional population of approximately 12,000 people. This is roughly equivalent to one-third the population planned for in the entire 'Future Neighbourhood Area' in north Markham.

Council should be aware that the Ontario Municipal Board is in the process of determining the amount of urban expansion land required in Markham to 2031, as part of the ROP 2010 and ROPA 3 appeals. The landowners who are asking the OMB to add more land to ROPA 3 could argue that any employment land that is converted within the existing and proposed urban boundaries should be compensated for by adding that amount of land outside the proposed ROPA 3 boundaries.

The Growth Plan provides specific direction regarding the conversion of employment lands. Policy 2.2.6.5 states that municipalities may permit conversion of lands within employment areas to non-employment uses, only through a municipal comprehensive review where it has been demonstrated that the following six tests have been met:

- a) there is a need for the conversion,
- b) the municipality will meet the employment forecasts allocated to it by the Growth Plan,
- c) the conversion will not adversely affect the overall viability of the employment area, and achievement of the intensification target, density target and other policies of the Plan,
- d) there is existing or planned infrastructure to accommodate the proposed conversion,
- e) the lands are not required over the long term for the employment purposes for which they are designated, and
- f) cross-jurisdictional issues have been considered.

The 12 Official Plan Amendment (OPA) applications received are described in detail in Appendix B, including each applicant's justification for how the 6 tests for conversion have been addressed. Staff comments on the applicants' justification are also provided.

Based on the analysis in this report, the staff recommendation is to deny the conversion and redesignation applications put forward in this report for the following reasons:

- need has not been demonstrated – applicants generally justify the need for removal of employment lands by asserting that residential development will help to achieve Markham's residential intensification targets or provide for short term ground-related housing; staff maintain that Markham's residential intensification targets can be easily achieved without the proposed residential development and the urban expansion area will provide for ground-related housing; however, all of the employment lands are needed to achieve the employment targets
- staff are not satisfied that employment targets will be met by the proposed developments – applicants either assume higher density employment types such as office on less employment land within their proposed developments, or suggest that employment lost from their proposals can be made up on other employment lands in Markham; staff feel the higher density employment assumptions are generally not achievable, and some other locations assumed to accommodate displaced employment are themselves the locations of conversion applications
- staff are not satisfied that the conversions/redesignations will not affect the viability of the employment area – in some cases, the remaining employment lands no longer provide the critical mass needed to ensure the success of an employment area, or limit the types of businesses that could locate within them; in other cases, the proposed uses introduce

sensitive uses that could limit the types of employment uses that would be attracted to adjacent employment lands

- staff are of the opinion that all employment lands in Markham are required over the long term to provide potential locations for a variety of economic activities, not just office and retail, in order to maintain and grow a strong and vibrant economy

The tests regarding infrastructure capacity and cross-jurisdictional factors are generally not at issue with these applications, although there may be some localized impacts that would need to be addressed.

In addition to the Growth Plan tests, there are other community planning and economic development objectives that would not be achieved if the conversion/redesignation applications are approved, such as the provision of a range of live-work opportunities in east Markham with the employment lands in Box Grove and Cornell, and the focus of major office employment along rapid transit corridors (Hwy 7 and Yonge Street). In addition, it is important to maintain the Hwy 404 corridor and certain areas of the Hwy 407 corridor as key employment areas as has historically been the direction of Markham Council and as directed now by Provincial and Regional policy.

Notwithstanding staff's recommendations for denial, if Council direction on any of the applications is that conversion or redesignation be considered, the OPA application will then proceed through the regular OPA application process, including submissions of any required technical studies and holding a Public Meeting for the application, to determine appropriate site-specific land use policies and requirements for development.

The direction from Council on the employment conversion applications will be incorporated in a revised Official Plan (e.g., through identification of deferral areas if necessary) which is intended to be brought forward for Council adoption prior to the summer recess. Once adopted by Markham Council, the Official Plan will be forwarded to York Region for approval. All employment conversion applications are subject to approval by York Region. The Region must be satisfied that the employment forecasts for each employment type assigned to Markham can be achieved before the Official Plan is approved.

A number of the applicants have requested an opportunity to address Committee at the May 21, 2013 DSC meeting. It is suggested that Committee allow for deputations following the staff presentation and prior to consideration of the staff report and recommendations.

PURPOSE:

The purpose of this report is to address applications for employment land conversion or redesignation received as part of the Official Plan Review and to obtain Committee/Council direction on these requests for the purpose of finalizing land use designations in the new Official Plan.

BACKGROUND:

In the March 19, 2013 staff report (considered by DSC on April 9, 2013), which provided an overview of comments received on the Draft Official Plan, staff identified a number of requests received to redesignate certain employment lands.

The requests can be categorized as follows:

- a) Employment conversions/redesignations – redesignations which would result in removing lands from an existing employment designation in the current urban area (e.g., from 'Industrial' to either 'Residential' or 'Commercial');
- b) Requests for a non-employment designation in the Future Urban Area – redesignation of lands from the 'Future Employment Area' designation to the 'Future Neighbourhood Area' or other designation in the Draft Official Plan; and
- c) Requests to redesignate lands in the current urban area from one employment designation to another employment designation (e.g., 'General Industrial' to 'Business Park Area').

Conversion requests and requests to remove employment designations in the Future Urban Area (the first two categories) are summarized in Appendix 'A'. At the time of the March 19, 2013 report eight requests were identified. Since that time, an additional four requests have been submitted. The employment land components of the 12 properties in question total approximately 120 hectares at minimum, and potentially up to approximately 150 hectares.

Ten of these requests involve the redesignation of current employment lands to non-employment uses, that is, employment conversions. Provincial policy stipulates that municipalities may only consider employment conversions at the time of a municipal comprehensive review. Markham's current Official Plan Review constitutes a municipal comprehensive review. Part of the review entails the development of a land budget to determine how the population and employment forecasts assigned to Markham in the 2010 York Region Official Plan (ROP 2010) and the associated Regional land budget, will be accommodated.

In the March report, staff indicated that the lands designated within the Draft Official Plan (comprised generally of existing employment lands plus identified new employment lands in the urban expansion area) were just sufficient to accommodate the employment growth assigned to Markham by the Region. Staff indicated serious concern over the ability to accommodate the 2031 employment forecasts on remaining employment lands, if any of the proposed employment conversions and redesignations are allowed to proceed. Because of this concern, staff recommended in the March report that these applications, and any additional employment conversion applications submitted, be considered in more detail by Committee for direction on whether these lands should be considered for non-employment designations/uses in the new Official Plan.

In order to consider conversion requests as part of the current municipal comprehensive review, staff have required the submission of an official plan amendment (OPA) application for each of the properties in question. The request for an OPA application for these employment-related redesignation requests is consistent with the requirement that OPA applications be submitted for any significant land use change request in the new Official Plan - staff have no basis for making a determination on detailed land use and development requirements in the absence of a planning application review process.

The employment OPA applications are being considered in a two-step approach, the first step being consideration by Council of the appropriateness of the conversion/redesignation of employment lands. As part of the first step, proponents have been asked to submit an application with sufficient justification to address the six tests for conversion as set out in the Growth Plan (outlined in Section 1.1 below). If Council is prepared to consider removal of any of the properties in question from the employment lands supply, the OPA applications would then proceed in accordance with standard application processing procedures (the second step). The

proponent would then be required to submit any additional required studies (e.g., servicing and traffic studies) to support the proposed new use(s), and the application would proceed in the usual manner, including the holding of a Public Meeting for the application.

This report seeks Committee/Council direction on the first step only, that is, whether the lands should be considered for removal from the employment land supply. In order to assist Committee in their determination of whether the lands in question should be considered for removal from the employment land supply, this report provides the following information:

- 1) Markham's requirement to plan for employment lands to 2031 and beyond, including Provincial and Regional policy requirements;
- 2) how the Draft Official Plan accommodates forecast employment growth to 2031, and ensures protection of employment lands;
- 3) the impact of the conversion/redesignation requests on the City's ability to achieve the employment forecasts, and maintain a strong and competitive economy; as well as the impact on the residential land budget;
- 4) additional community planning and economic development objectives related to employment lands;
- 5) assessment of the 12 applications with respect to potential loss of employment land; and
- 6) recommendations and next steps.

OPTIONS/DISCUSSION:

1.0 Markham's Requirement to Plan for Employment Lands

Markham's requirement to plan for employment lands is based on Provincial policy as implemented through York Region policy and the Regional Official Plan (2013). Even before current Provincial policy came into effect, Markham had a history of placing a priority on ensuring a strong and competitive economy, building on the City's success as a diverse and major employment centre in York Region. Provincial, Regional and Markham policy regarding the importance of protecting employment land supply is outlined in more detail below.

1.1 Provincial Policy Direction for Protecting Employment Lands

The Province introduced a new policy framework in the mid 2000s which places a greater emphasis on the protection of employment lands within municipalities. This new policy direction was reflected in the 2005 Provincial Policy Statement (PPS), the 2006 Growth Plan for the Greater Golden Horseshoe (Growth Plan), and modifications to the Planning Act (Bill 51) in 2007. The new policy direction was partially a response to the loss of employment lands through conversion to other uses following a downturn in the economy in the 1990s. The combination of a downturn in the manufacturing sector and resulting vacancies, with strong growth in residential and commercial (big box) retail markets, put pressure on the vacant employment land supply to be converted for these uses.

Conversion of employment lands is problematic in at least two respects. Once employment lands are converted to another use, the lands are lost from the supply of available land for employment uses. In addition, the new non-employment uses can also destabilize adjacent employment lands by increasing their value (and therefore decrease their viability as affordable land for large land-intensive business operations), or making it difficult for existing employment uses to continue functioning or expanding because of compatibility issues with newly introduced non-employment uses, such as residential.

In order to prevent compromise of the long term employment land supply, the Province made protection of employment lands a priority in order to protect the future economic well-being of the Province and the Greater Golden Horseshoe. The protection of employment lands also works hand-in-hand with provincial policy direction to create complete communities that offer more options for living and working in close proximity, thereby reducing travel times and the need for continuous expansion of the urban area.

Provincial Policy Statement (2005) and Planning Act (2007)

Section 1.3.1 of the PPS requires that municipalities promote economic development and competitiveness by:

- providing for an appropriate mix and range of employment opportunities (including industrial, commercial and institutional uses) to meet long term needs,
- providing opportunities for a diversified economic base including maintaining a range and choice of suitable sites for employment uses which support a wide range of economic activities and ancillary uses, and take into account the needs of existing and future businesses,
- planning for, protecting and preserving employment areas for current and future uses, and
- ensuring the necessary infrastructure is provided to support current and projected needs.

Section 1.3.2 also specifically provides for the protection of employment lands by stipulating that planning authorities may permit conversion of lands within employment areas to non-employment uses only through a comprehensive review, and only where it has been demonstrated that the land is not required for employment purposes over the long term, and that there is a need for the conversion.

Municipalities must keep their official plans up to date with the PPS and all decisions of Council 'shall be consistent with' the PPS. The policies of the PPS continue to apply after adoption and approval of a municipal official plan.

In addition to the PPS, the *Planning Act* was amended to introduce new provisions to protect employment lands by requiring municipalities to confirm or amend their policies dealing with areas of employment, including designations and policies dealing with conversion by means of a 5-year review to the Official Plan. The *Planning Act* allows municipalities to deny requests for employment land conversion, without the possibility of applicants appealing to the Ontario Municipal Board, unless they occur during the course of a municipal comprehensive review.

Growth Plan for the Greater Golden Horseshoe

The Growth Plan provides employment forecasts to 2031 that municipalities must plan to achieve, as well as policies that relate to the provision of a range of employment types and the protection of employment lands, similar to the PPS. The Growth Plan includes policies that speak to the importance of a range of employment uses as being vital to achieving complete communities. These include, among others:

- ensuring the availability of sufficient land for employment to accommodate forecasted growth to support the Greater Golden Horseshoe's economic competitiveness;
- planning and investing for a balance of jobs and housing to reduce the need for long distance commuting;
- developing complete communities with a diverse mix of land uses, a range and mix of employment and housing types, high quality open space and easy access to local stores and services;

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- planning intensification areas to cumulatively attract a significant portion of population and employment growth;
 - providing a diverse and compatible mix of land uses, including residential and employment uses, to support vibrant neighbourhoods;
 - planning urban growth centres (e.g., Markham Centre, the Langstaff Gateway) to, among other things, accommodate a significant share of employment growth, and serve as high density major employment centres attractive to significant employment uses;
 - directing Major Office and institutional uses to urban growth centres or areas with frequent or higher order transit services;
 - protecting employment lands from conversion to other uses;
 - identifying significant employment areas including prime industrial lands;
 - designating and preserving lands within settlement areas in the vicinity of existing major highway interchanges, as areas for manufacturing, warehousing, and associated retail, office and ancillary facilities.

These policies are meant to help municipalities plan for economic growth and ensure that the Greater Golden Horseshoe continues to be an important centre of business, manufacturing, agriculture, research, education and culture. The aim is to help municipalities anticipate and plan for population and employment growth, and to assist in accommodating skilled workers, attracting new investment, creating new opportunities, and increasing the diversity of jobs and economic activity.

Municipalities are required to bring their Official Plans into conformity with the Growth Plan. The Places to Grow Act, which enables the Growth Plan, also requires that all municipal planning decisions be in conformity with these policies.

Municipal requirements regarding conversion of employment lands

The Growth Plan builds on the conversion policy in the PPS (Policy 1.3.2 mentioned above) by including a more detailed policy regarding conversion. Growth Plan Policy 2.2.6.5 states that municipalities may permit conversion of lands within employment areas to non-employment uses, only through a municipal comprehensive review where it has been demonstrated that the following six tests have been met:

- a) there is a need for the conversion;
- b) the municipality will meet the employment forecasts allocated to it by the Growth Plan;
- c) the conversion will not adversely affect the overall viability of the employment area, and achievement of the intensification target, density target and other policies of the Plan;
- d) there is existing or planned infrastructure to accommodate the proposed conversion;
- e) the lands are not required over the long term for the employment purposes for which they are designated; and
- f) cross-jurisdictional issues have been considered.

Policy 2.2.6.5 also states that for the purpose of this conversion policy, major retail uses are considered non-employment uses.

1.2 York Region Requirements for Protecting Employment Lands

The 2010 Regional Official Plan contains policies to conform to this new provincial planning framework. The ROP assigns a total employment forecast of 240,400 jobs for Markham by 2031, representing 31% of the Region's forecast employment.

The ROP requires that Markham protect, maintain and enhance the long term viability of all employment lands designated for employment land uses. The ROP provides for consideration of employment land conversion provided that a municipal comprehensive review has been completed in accordance with the applicable policies, forecasts and land budget of the Region.

Other relevant ROP policies include the provision for a limited amount of ancillary uses on employment lands provided that the proposed use is designed to primarily service businesses in the employment lands. As well, the ROP policies provide for local municipalities to determine the location, amount and size of ancillary uses on employment lands that is commensurate with the planned function, size and scale of the overall employment land area.

1.3 Markham's Strategy for Protecting Employment Lands

An overview of the opportunities and challenges Markham faces in ensuring a strong and competitive economy are outlined in the Markham Economic Strategy (Markham 2020), and the Employment Lands Strategy undertaken to inform the employment policies of the new Official Plan.

Markham 2020, the City's Economic Development Strategy, identified 4 key employment sectors for Markham to pursue:

- Convergence of Information and Communication Technology and Life Sciences;
- Information, Entertainment and Cultural Industries;
- Professional, Scientific and Technical Services; and
- Finance and Insurance.

The Strategy identified that companies that are part of these key sectors, are located in a wide range of building types and forms, reflecting the variations in accommodation preferred by a high proportion of smaller companies. It also identified that Markham's competitiveness is constrained by the limited and diminishing supply of appropriately sized and located employment lands available for development, particularly for sale to end-users.

To remain competitive, Markham would require a development-ready land supply that can serve the growth needs of existing businesses as they transition through the growth cycle from small to larger space requirements, and adapt to changing functional and technological building requirements.

The Employment Lands Strategy (ELS) provided an analysis of the employment forecasts assigned to Markham by the three broad employment types used by the Province and Region in preparing the forecasts. The employment types include:

- Major Office Employment (MOE) – employment located in large office buildings, provided for in employment areas or in community areas; the Growth Plan directs MOE to centres and corridors along rapid transit routes;
- Employment Land Employment (ELE) - employment related to manufacturing, processing, warehousing and distribution uses (typical of traditional industrial activities occurring in Markham business parks); requires large, serviced land areas near major transportation routes;

- Population Related Employment (PRE) – employment that clearly serves the population and the traveling public (e.g., retail, service, institutional uses); generally located within communities but a small amount also provided for in employment areas.

The ELS recommended that all lands designated for employment be protected from conversion to major retail and residential uses. In particular, the study concluded that protecting Markham's employment land supply must remain a high priority in dealing with applications that seek to convert major parcels of industrially designated land for non-office or non-employment uses. Industrial lands are the most vulnerable to conversion. The report states that conversion of employment lands to other uses, including major retail will only serve to accelerate the City's pending industrial land deficit and for that reason Markham should avoid all conversions to its current employment land base.

The ELS represented a balanced approach to meeting Markham's employment growth needs to 2031, with a variety of choices for accommodating the key identified sectors of Markham's economy. The recommendations were endorsed by Council as the basis for the employment land use designations and policies in the Draft Official Plan.

2.0 How the Draft Official Plan accommodates the employment forecasts and protects employment land supply

The Draft Official Plan provides a range of land use designations and policies that provide for a land supply sufficient to accommodate the employment forecasts, as well as policies intended to protect the employment land supply. This section outlines how the land use designations accommodate the forecasts by type and the impact of the conversion/redesignation requests on the supply of land.

2.1 Employment Land Supply - how much employment land do we need?

The employment forecasts assigned to Markham by the Region were developed through a Regional land budget exercise, part of the Regional municipal comprehensive review that led to the new Regional Official Plan. The forecast employment for Markham forms part of the employment and economic development strategy for York Region and establishes Markham's role and contribution to this strategy in responding to the forecasts and policies in Provincial Plans.

Forecasts were developed for the three employment types mentioned previously: Major Office Employment (MOE), Employment Land Employment (ELE), and Population-Related Employment (PRE), as shown in Table 1.

Table 1			
Forecast Employment Growth in Markham by Employment Type, 2006 to 2031			
Employment Type	2006 (total)	2006-2031 (additional)	2031 (total)
Major Office	47,300	37,500	84,800
Employment Land	50,000	33,000	83,000
Population Related	47,500	25,100	72,600
Total Employment	144,800	95,600	240,400
Source: York Region			

To ensure economic viability and diversity, and the opportunity for jobs across all employment types, a sufficient land supply must be provided for each employment type. The forecasts for Markham specifically identify employment types, and it is not sufficient for applicants to demonstrate that only the total forecast employment can be accommodated - it must be demonstrated that each type of employment, contributing to the identified mix of employment, is planned for and can be accommodated. In addition, the Official Plan must incorporate policies that will ensure an adequate supply of land will be retained over time to accommodate the forecasts established for Markham. Table 1 is included in the Draft Official Plan.

Job forecasts are translated into land area through the application of a density assumption for each type of employment (jobs per net hectare) as shown in Table 2. A minimum of 2,259 hectares are needed to accommodate the Region's forecast employment for Markham. Of the total, over 60% (1,383 ha) of the lands are required to accommodate ELE (industrial) jobs.

Table 2				
Translation of the Job Forecasts to Land Supply Requirements *				
	Jobs	Average Jobs/Net Hectare	Hectares	%
Employment Type				
Major Office	84,800	205	414	19
Employment Land	83,000	60	1,383	61
Population Related*	34,600	75	462	20
Total Employment	202,400		2,259	100
<i>* Not including population-related jobs within communities</i>				
<i>All numbers are approximate.</i>				
Source: City of Markham				

The net densities used to forecast land requirements are relatively high in a York Region and GTA context. Unlike some densities employed to estimate land requirements, they do not incorporate a contingency factor. Nor does this forecast presently add land to the estimated requirement to incorporate a contingency factor. The land area resulting from the application of these densities is therefore the minimum requirement.

2.2 How do the Draft Official Plan land use designations accommodate the required employment lands?

The Draft Markham Official Plan establishes land use designations intended to accommodate the forecast ELE, MOE and PRE employment. One or more types of employment and differing amounts of employment are associated with each designation, consistent with the intended function of the designation, including:

- 'Employment Lands' designations:
 - Lands within the 'Business Park Employment', 'Business Park Office Priority', 'General Employment' and 'Service Employment' designations, accommodating employment uses
- 'Commercial' - employment lands that accommodate mainly PRE uses
- 'Mixed Use' designations:
 - Lands within the 'Mixed Use Mid Rise', Mixed Use High Rise', Mixed Use Office Priority', 'Mixed Use Health Care Campus' and 'Mixed Use Heritage Main Street' designations that may accommodate some employment uses but also accommodate residential or other uses
- 'Future Employment Area' designation – lands within the Future Urban Area intended for employment uses

Table 3 and Table 4 illustrate how the 2031 employment forecast for each employment type is accommodated through the land use designations in the Draft Official Plan - by jobs in Table 3 and by land area in Table 4. As some designations may also be used for other purposes, the land area in these cases is also identified. The employment generated for the land area assigned to each designation is shown, as well as the assignment of total land area and total employment to each category. Where appropriate, recent Council decisions or directions that affect the land supply or assignments of employment are reflected in the assignments.

Table 3					
Distribution of 2031 Job Forecasts within Draft Official Plan Land Use Designations					
	'Employment Lands' *	'Future Employment Area'	'Commercial'	'Mixed Use' ** (incl 'Future Neighbourhood Area')	Total
Employment Type					
Major Office	72,700 (86%)	-	-	12,100 (14%)	84,800 (100%)
Employment Land	70,800 (85%)	12,200 (15%)	-	-	83,000 (100%)
Population Related***	10,400 (30%)	1,700 (5%)	6,700 (19%)	15,900 (46%)	34,700 (100%)
Total Employment	153,900 (76%)	13,900 (7%)	6,700 (3%)	28,000 (14%)	202,500 (100%)
* Includes the 'Business Park Employment', 'Business Park Office Priority', 'General Employment', and 'Service Employment' designations					
** Includes the 'Mixed Use Mid Rise', Mixed Use High Rise', Mixed Use Office Priority', 'Mixed Use Health Care Campus' and 'Mixed Use Heritage Main Street' designations, and Mixed Use areas with the 'Future Neighbourhood Area'					
*** Not including population-related jobs within 'Residential' designations.					
All numbers are approximate.					
Source: City of Markham					

The following observations are of particular relevance to the conversion and redesignation requests and illustrate the importance of the 'Employment Lands' and 'Future Employment Area' lands in accommodating forecast employment:

- The minimum 2,259 hectares of land required to accommodate the employment forecasts by type (not including residential areas) are provided for within the 'Employment Lands',

'Future Employment Area', 'Commercial' and 'Mixed Use' designations in the Draft Official Plan;

- the majority of the forecast employment (83%) is accommodated in 'Employment Lands' or 'Future Employment Area' designations;
- the majority (86%) of major office employment is accommodated within 'Employment Lands' designations (a large portion of these lands are in Regional Centres and Key Development Areas);
 - the remaining 14% is accommodated in 'Mixed Use' designations, which also provide for a number of uses other than major office;
- ELE (industrial) jobs are accommodated only in the 'Business Park', 'Business Park Office Priority', 'General Employment', 'Service Employment' and 'Future Employment Area' designations:
 - 100% of the lands within the 'General Employment' designation are required to accommodate forecast ELE jobs;
 - in addition, 78% of the lands within the 'Business Park' designation, 90% of the 'Future Employment Area', and 24% of the 'Service Employment' lands, are required to accommodate ELE forecasts.

Therefore for ELE, it is not just removal/loss of 'General Employment' lands that is of concern - removing lands from the 'Business Park', 'Service Employment' and 'Future Employment Area' designations also substantially affects Markham's ability to achieve ELE employment forecasts.

- PRE employment is accommodated primarily within the 'Mixed Use', 'Service Employment' and 'Commercial' designations, with a small amount also provided for in the 'Business Park Employment' designation.

Table 4 illustrates that the 2031 forecast employment by type shown in Table 1 can be accommodated within the land use designations proposed in the Draft Official Plan.

The assignments of employment by type are in balance with the available land in the designations and consistent with the planned function of each designation. Table 4 illustrates that there is no surplus of land available to accommodate more employment, or to compensate for the removal of land for non-employment purposes.

The Draft Official Plan provides policies and land use designations which can accommodate a broad range of employment opportunities. Designations were carefully designed to distinguish the planned function of the lands and to reduce possible land use conflicts. This ensures viability of employment lands for the long term, and to ensure that different types of employment continue to be viable. Policies are also included regarding the conversion of employment lands, similar to the Growth Plan policies.

Table 4							
Lands within Draft Official Plan Land Use Designations which Accommodate 2031 Employment (hectares)							
	Business Park/ Business Park Office Priority	General Employ- ment	Service Employ- ment	Future Employment Area	Commercial	Mixed Use * (incl 'Future Neighbourhood Area')**	Total
Total Hectares Designated in Draft Official Plan	841	593	240	226	89	270	2,259
Minimum Lands Required to Accommodate Forecast Employment by Type to 2031 (hectares)							
Employment Type							
Major Office	286	0	69	0	0	59	414
Employment Land	533	593	54	203	0	0	1,383
Population Related	22	0	117	23	89	211	462
Total	841	593	240	226	89	270	2,259
Surplus/(Deficit) compared with Total Hectares Designated	0	0	0	0	0	0	0
<i>* Additional Mixed Use lands are assumed for non-employment uses.</i>							
<i>** Subject to confirmation of number and density of major retail jobs in 'Future Neighbourhood Area'</i>							
<i>All numbers are approximate.</i>							
Source: City of Markham							

3.0 Impact of the employment conversion and redesignation applications on Markham's vacant employment land supply

Given that the designated employment lands in the Draft Official Plan are just sufficient to accommodate forecast employment, if approved, the employment conversions/redesignations being requested would hinder Markham's ability to meet the forecasts, especially the ELE forecasts. Although individually and as measured against the total employment lands supply, the impact of each application may appear manageable, cumulatively and as measured against vacant employment land supply, the impact is substantial, and a direct threat to achieving employment forecasts.

Of the approximately 675 net hectares of vacant designated employment lands available to accommodate the employment forecasts to 2031, approval of the conversion/redesignation requests would result in a loss of approximately 120 hectares, representing approximately 18% of the total vacant employment lands needed to accommodate the employment forecasts (see Table 5). To put this land area in context, a total of approximately 230 net hectares have been added in the Future Urban Area for employment uses – if the 120 net hectares under consideration for conversion or redesignation is to be made up elsewhere in the City, it would require an additional urban expansion area approximately half the size of the 'Future Employment Area' lands in north Markham.

Table 5					
Impact of Conversions/Redesignations on Employment Lands Supply (% of Vacant Employment Lands Required)					
	Business Park/Business Park Office Priority	General Employment	Service Employment	Future Employment Area	Total
Total Hectares of Vacant Land Required to Accommodate Forecasts	322	90	35	226	673
Total Hectares subject to requests for conversion/redesignation	57	21	7	35	120
As % of Vacant Land required	18%	23%	20%	15%	18%
<i>All numbers are approximate.</i>					
Source: City of Markham					

Of particular concern is that approximately 65 ha of the vacant employment lands under consideration for conversion/redesignation are development ready, i.e., serviced. There is a short supply of undeveloped and serviced employment lands available in the City's inventory. Approval of all of the applications could result in a 25% loss of the serviced undeveloped employment inventory, representing a loss of short term economic opportunities for the City.

Most of the applications involve the potential loss of ELE jobs. Although the submissions supporting the conversion/redesignation applications offer differing opinions on the loss of total jobs resulting from the proposals, and recognizing that assumptions may be different than the assumptions used in the City's analysis, the end result is a net loss in ELE in the order of approximately 5,500 jobs. These jobs would need to be accommodated elsewhere in the City. Given the tight land supply and the high number of jobs the only viable location would be a further expansion of the urban area. It should be noted that assuming a transfer of ELE jobs to other municipalities within the 2031 planning horizon is not an option, as most other York Region municipalities have recently adopted or approved Official Plans that align with their assigned growth forecasts.

The proposed additional office jobs resulting from the applications are in the order of almost 4,000 jobs. These office jobs are in addition to the MOE jobs already planned for, and which already account for 70% of the forecast MOE growth within the Region. This raises questions of whether Markham can actually capture a larger office market than already assumed in the Region's forecasts. As Council and staff have seen in the past, if the anticipated market for office development does not materialize, pressure may be exerted to have the lands approved for retail or residential development. The result could be the further erosion of employment lands for both major office and industrial jobs. Of concern as well, is the potential loss through conversion of office jobs within rapid transit corridors.

3.1 Impact on Markham's residential land budget and potentially the Future Urban Area

In addition to the impact on the employment land budget, the employment redesignation requests also have an impact on the residential land budget. As indicated in Table 6, the total number of residential units proposed is approximately 5,700 units, representing additional population of approximately 12,000 people. This is roughly equivalent to one-third of the population planned for in the entire Future Urban Area. The majority (70%) of the units are apartments, with the remaining 30% being ground-related housing types.

This additional population was not anticipated in the allocation of Markham's 2031 population forecasts, particularly in consideration of the amount of expansion land needed to accommodate the forecast 2031 population. Nor are the additional units required to achieve the City's intensification targets.

Table 6				
Additional Residential Units Proposed in Conversion/Redesignation Requests				
	Property	Total	Ground-Related	Apts
A.	Lindvest Properties (Cornell)	3,176*	317*	2,858*
B.	Neamsby Investments (14 th Avenue)	654	654	0
C.	Times Group (Leitchcroft)	2,830	68	2,762
D.	Box Grove Hill Developments (Box Grove)	193	193	0
E.	Cathedral Town (Cathedral)	192	192	0
F.	Jolis Investments (Woodbine North)	120	8	112
G.	Wemat One Ltd (Commerce Valley)	550	0	550
H.	Holborn Properties (Cathedral)	131	131	0
I.	King Square (Woodbine North)	650	0	650
L.	Condor Acquisitions (Thornhill)	108	108	0
	Subtotal	5,428	1,354	4,074
J.	Romandale Farms (Elgin Mills Rd)	275	275	0
K.	Catholic Cemeteries (19 th Ave)	n/a – proposed cemetery		
	Total	5,703+	1,629+	4,074+
* The number of dwelling units on the Lindvest lands currently designated for employment use are proposed to not result in an increase in total units within the limits of the application; therefore the units are not included in the totals.				

Council should be aware that the Ontario Municipal Board is in the process of determining the amount of urban expansion land required in Markham to 2031, as part of the ROP 2010 and ROPA 3 appeals. The landowners who are asking the OMB to add more land to ROPA 3 could argue that any employment land that is converted within the existing and proposed urban boundaries should be compensated for by adding that amount of land for employment uses outside the proposed ROPA 3 boundary. The significant increase in residential units that would result from the conversion requests would also complicate the land budget and urban boundary issues currently before the OMB – for example it could be argued that part of the lands currently being shown for residential expansion would no longer be needed for residential or should only be included if for employment uses.

4.0 Community planning objectives and economic development considerations

In addition to assessing the impact of the conversion/redesignation requests against achievement of the employment forecasts assigned by the Region, it is equally important to assess the applications against the good planning objectives and community vision outlined in the Official Plan and underlying secondary plans.

Markham has a history of planning for a balance of housing and employment uses, especially with access to major transit and road networks, in an effort to build complete communities. For example, the Box Grove and Cornell communities were planned with a critical mass of employment lands centred around the Hwy 407 and Donald Cousens Parkway interchange to provide live-work opportunities in the east end of Markham and to reduce outbound commuting. In addition, the employment lands in Leitchcroft, Commerce Valley and Cornell are planned around the Hwy 7 rapid transit corridor, and continue to make sense to support transit-oriented job opportunities.

Markham's economy has also benefited greatly by the presence of Hwy 404 and Hwy 407, and Markham has historically reserved lands along these corridors for employment uses. The requirement to plan and protect for employment uses in the corridors adjoining 400-series highways, is directed in Provincial policy and in the ROP.

Determining appropriate locations for employment, and preserving and wisely managing the land supply to accommodate employment are essential to ensuring that forecast employment growth can occur and that Markham will retain a competitive advantage in attracting and retaining businesses that will contribute to a strong and vibrant local economy. These actions contribute to achieving the objectives set out in the Draft Official Plan regarding live-work balance and supporting investment in rapid transit.

Some of the factors and priorities that are essential to incorporate into decisions about planning for employment in Markham are as follows:

- Securing and preserving a supply of employment land sufficient in amount, location and diversity is essential to accommodating forecast employment, and ensuring that Markham will be economically competitive in retaining and attracting new industrial and office development. The loss of land that accommodates wealth-generating industrial and office employment (which deliver the greatest economic returns and tax assessment), to other uses that contribute less to the City's economy, or that potentially increase costs to the City, will impact long term prosperity.

- Industrial and office uses are far more location sensitive than retail/service and residential uses. Their location requirements establish the necessity of protecting land suited to accommodating industrial employment and preferred locations for office development. There is no imperative to use land needed for industrial and office employment for other purposes.
- New office development located in the Yonge Street and Hwy 7 corridors and served by regional rapid transit has the greatest chance to be large scale and successful. Office development displays higher densities of people than any other form of development including residential and retail/service uses. The resulting potential in transit riders is correspondingly higher and provides the greatest support to transit investment.
- Provision for some office development away from regional rapid transit corridors complements other employment uses in business parks and diversifies mixed-use development. Relatively little land is required in such locations, but should be accorded priority in relation to visibility and accessibility to the highway and arterial road systems. There will likely never be sufficient office market demand in Markham to require all business park land for office use. The balance of the lands in business parks are needed for and must be devoted to, industrial uses.
- There is sufficient land designated in the draft Official Plan to accommodate Markham's forecast industrial employment, but there is not sufficient land (i.e., no oversupply) to allow for any reduction. Any land removed from the current supply within the current urban area that cannot be replaced within the urban area, can only be compensated for by the addition of land in the urban expansion area. Simply changing the job type forecast to assume more high density office jobs on less land, as suggested by some applicants, would not be consistent with job forecasts by type, and is likely not achievable nor economically viable.
- Lands required for industrial use must be protected from the intrusion of economically competitive uses and conflicting sensitive uses that threaten a sustained environment for viable, competitive business operations.
- Markham enjoys a supply of designated employment land and a stock of relatively new, well-maintained industrial buildings that provide a competitive choice of accommodation that is an economic advantage for the City. Maintaining and building on this advantage over the long term to the benefit of existing and new businesses is critical to the economic success and sustainability of Markham. Economic vibrancy is identified as a sustainability priority in the Greenprint, which can be supported by providing for a diverse range of business types and sizes.
- The incremental loss of smaller employment land parcels can lead to destabilization of a larger employment land area. This is evidenced in the Highway 404 corridor between Hwy 7 and Major Mackenzie Drive, which was initially planned for strictly employment uses between Hwy 404 and Woodbine Avenue, and has seen the loss of employment land to residential and commercial uses over time.

5.0 Assessment of Individual Conversion/Redesignation Applications

The 12 individual Official Plan Amendment applications received to date for conversion/redesignation of employment lands are described in detail in Appendix B, including the applicant's justification for how the six Growth Plan tests for conversion have been addressed. Staff's comments on whether the 6 tests have been satisfactorily addressed are also provided.

Based on the analysis in this report, the staff recommendation is to deny the conversion and redesignation applications put forward in this report for the following reasons:

- need has not been demonstrated – applicants generally justify the need for removal of employment lands by asserting that residential development will help to achieve Markham's residential intensification targets or provide for short term ground-related housing; staff maintain that Markham's residential intensification targets can be easily achieved without the proposed residential development and the urban expansion area will provide for ground-related housing. However, all of the employment lands are needed to achieve the employment targets. A shortfall in employment lands also makes Markham less competitive and possibly jeopardizes opportunities for the city's economy.
- staff are not satisfied that employment targets will be met by the proposed developments – applicants either assume higher density employment types such as office on less employment land within their proposed developments, or suggest that employment lost from their proposals can be made up on other employment lands in Markham; staff feel the higher density employment assumptions are generally not achievable, and some other locations assumed to accommodate displaced employment are themselves the locations of conversion applications
- staff are not satisfied that the conversions/redesignations will not affect the viability of the employment area – in some cases, the remaining employment lands no longer provide the critical mass needed to ensure the success of an employment area, or limit the types of businesses that could locate within them; and in other cases, the proposed uses introduce sensitive uses that could limit the types of employment uses that would be attracted to adjacent employment lands. Critical mass is important to those industries that like to locate close to other businesses where there are synergetic relationships, or to those businesses that like to locate close to where there is nearby land available for expansion. The loss of employment lands and introduction of sensitive uses represents a loss of future economic opportunities, and a loss of growth options for existing industries.
- staff are of the opinion that all employment lands in Markham are required over the long term to provide potential locations for a variety of businesses, not just office and retail, in order to maintain and grow a strong and vibrant economy

The tests regarding infrastructure capacity and cross-jurisdictional factors are generally not at issue with these applications.

In addition to the 6 conversion tests, additional site-specific arguments put forward for justifying conversion or redesignation proposals are as follows:

- the conversion/redesignation represents a small fraction of land or job loss for the City
- there is an economic shift away from manufacturing occurring in the Markham economy

-
- the site has unique characteristics that make it unsuitable for employment
 - the proposal will have a positive fiscal impact for the City
 - the proposal responds to the City's new OP, the Region's OP, the PPS, and the Growth Plan

Staff offer the following comments in response:

- Each application on its own, if compared with the total employment land supply, may appear manageable in impact. But as shown in the analysis above, the cumulative impact of all of the conversion/redesignation requests represent approximately 18% of the total vacant employment land supply. To put this land area in context, the 120 net hectares under consideration for conversion/redesignation, if to be made up elsewhere in the City, would require an additional urban expansion area approximately half the size of the 'Future Employment Area' lands in north Markham.
- With respect to an economic shift away from manufacturing, Markham is required to accommodate the ELE forecasts assigned by the Region. As well, it is in Markham's interest to continue to plan to accommodate a range of employment uses over long term business cycles. Changes in the market for the different employment types will be monitored and reflected in the next Regional 5-year review.
- Some of the sites that are suggested as being unsuitable for employment are among the very few vacant sites remaining in Markham with high visibility on Hwy 407 and Hwy 7; with respect to other sites that are adjacent to residential areas, there are examples in the City where certain types of employment uses have successfully been developed adjacent to residential neighbourhoods.
- With respect to fiscal impact, the development of lands for employment use also has a positive impact on the City's overall finances and the residential tax rate. Property taxes collected on employment lands help take away the pressure from the residential tax base to pay for the City's services and functions, so that the residents are not burdened with paying for the bulk of these costs.
- The land use designations and urban structure proposed in the Draft Official Plan also responds to the ROP, Growth Plan and PPS, and on a more considered and comprehensive basis than the site specific applications.

6.0 Recommendation and Next Steps

Because conversions of employment lands can only be considered as part of a municipal comprehensive review, staff are requesting Council direction on the applications prior to finalizing the new Official Plan. Based on the forgoing analysis, the staff recommendation is to deny the conversion/redesignation applications as outlined in this report.

A number of the applicants have requested an opportunity to address Committee on May 21, 2013. It is suggested that Committee allow for deputations following the staff presentation and prior to consideration of the staff report and recommendations.

As mentioned above, if Council direction on any of the applications is that conversion or redesignation be considered, the OPA application will then proceed through the regular OPA application process, including submissions of any required technical studies and holding a Public Meeting for the application, to determine appropriate site-specific land use policies for the site.

The direction from Council on the employment conversion applications will be incorporated in a revised Official Plan (e.g., identification of deferral areas if necessary) which is intended to be brought forward for Council adoption prior to the summer recess.

Once adopted by Markham Council, the Official Plan will be forwarded to York Region for approval. All employment conversion applications are subject to approval by York Region. The Region must be satisfied that the employment forecasts for each employment type assigned to Markham can be achieved before the Official Plan is approved. This could raise significant issues of employment forecasts, land budget, urban boundary and land use designations, all within the context of *Planning Act* requirement that the Markham Official Plan must conform to Provincial policy and the new Regional Official Plan.

FINANCIAL CONSIDERATIONS:

To be considered in the recommendation report for adoption of the Official Plan.

HUMAN RESOURCES CONSIDERATIONS:

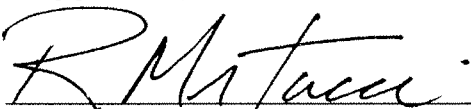
To be considered in the recommendation report for adoption of the Official Plan.

ALIGNMENT WITH STRATEGIC PRIORITIES:

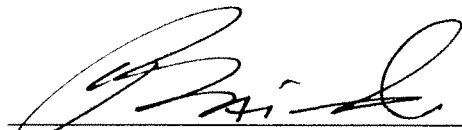
The Draft Official Plan relates to all strategic priorities of Building Markham's Future Together, and specifically addresses the Growth Management priority.

BUSINESS UNITS CONSULTED AND AFFECTED:

The Economic Development and Legal Departments have been consulted regarding the recommendations of this report.

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' Figure 1: Location of Employment Conversion and Redesignation Requests
Table 1: Summary of Employment Conversion and Redesignation Requests

Appendix 'B' Assessment of Employment Conversion and Redesignation Applications