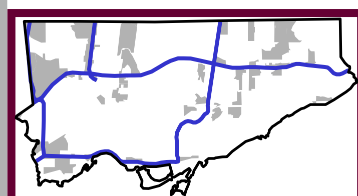
LONG-TERM EMPLOYMENT LAND STRATEGY
CITY OF TORONTO

Phase 2 Report

Prepared for:
Toronto Economic Development Corporation
in cooperation with
City of Toronto Economic Development Office





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January 31, 2007

Ms. Judy Dunstan
Manager, Incubators and Economic Development Programs
Toronto Economic Development Corporation (TEDCO)
Metro Hall
55 John Street, 7th Floor
Toronto, Ontario
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Dear Ms. Dunstan:

Re: Long-Term Strategy for Retaining Employment Land and Stimulating New Investment

We are pleased to submit the following report that sets out a strategy to retain employment land and stimulate new investment in the *Employment Districts*. This will be a challenge but one that needs to be met in order to achieve the Province's vision for economic growth and the employment target in the City's Official Plan. We trust that our recommendations will be of assistance.

Yours Truly,

HEMSON CONSULTING LTD.

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EXECUTIVE SUMMARY

This report provides an analysis of the supply and demand for employment land in the City of Toronto. Conclusions are provided on the adequacy of the supply and actions that are required to stimulate new investment and employment intensification. The conclusions are as follows:

- The entire supply of land in the City's *Employment Districts* is required to achieve the growth forecast contained in the Provincial *Growth Plan for the Greater Golden Horseshoe* or the higher target in the new *City of Toronto Official Plan*.

- In order to achieve the higher target contained in the City's Official Plan, however, not only is the entire land supply in the *Employment Districts* required, but significant new space will also need to be added through intensification and redevelopment: up to 6.7 million m^2 of new building space.

- Protecting the existing land supply is only the starting point for achieving this goal. Further policy and program support is required to promote an increased efficiency in land use. Particularly, financial and other economic development support is required to improve the competitiveness of the *Employment Districts*.

- Case studies in other communities have revealed that Toronto is currently a leader in maintaining the level of employment in these areas and has the opportunity to stand even farther apart by intensifying employment in its *Employment Districts*.

If this objective and the employment target in the Official Plan are to be achieved, three initiatives must be undertaken:

- First, efforts must be made to provide certainty in land use in the *Employment Districts*.

- Second, a full range of financial incentives must be applied if the Official Plan target is to be achieved. Also to achieve the target, Toronto must continue its current program of financial incentives through the Community Improvement Plan (CIP) framework and lobby senior levels of government for additional capabilities such as the ability to bonus and set different tax classes as well as other actions to stimulate investment, such as reducing the education tax differential with the 905.

- Finally, additional economic development support must be provided in order to maintain the competitiveness of these areas for both existing and new users, including any physical or infrastructure improvements that are required.

Our key recommendations are summarized in the table on the following pages. High level strategies have also been prepared for two *Employment Districts:* Weston Road/Junction and Dufferin Keele North. In the Weston Road/Junction *Employment District*, efforts must focus on retaining the former Kodak site for continued employment use. In Dufferin Keele North, efforts must focus on retaining land in the proposed new subway corridor for employment intensification.

Summary Recommendations Long-Term Employment Land Strategy to Achieve the Employment Target in the Official Plan City of Toronto		
Recommendation	**Program Description**	**Possible Implementation Tools**
1. Provide certainty in land use	Toronto must build on the new Provincial policy context for protecting employment land	Continue to develop policy actions that make it clear that redesignation is not an option Provide intervenor funding Implement a "no net loss" policy Apply conditional zoning to achieve employment intensification Regulate demolitions
	Pressure for the conversion of employment land outside the *Employment Districts* also needs to be addressed	Develop an approach and specific policies to address applications to convert employment land both within and outside the *Employment Districts*

Summary Recommendations Long-Term Employment Land Strategy to Achieve the Employment Target in the Official Plan City of Toronto		
Recommendation	**Program Description**	**Possible Implementation Tools**
2. Provide financial incentives to new and existing users	Council has endorsed a plan for reducing taxes and enhancing the business climate.	Pursue these initiatives
	Continue and expand current program of financial incentives	Implement Community Improvement Plans (CIP) across all of the City's *Employment Districts* that include Tax Incremental Equivalent Grants (TIEGs), grants or loans and Tax Increment Financing (TIFs). Provide development ready sites for sale or lease Exempt new users from building and planning fees and parkland dedication Implement a "windfall" tax, whereby a fee is levied to the landowner for conversion of employment land These funds could be used by the City, through TEDCO, to pursue a more aggressive site acquisit-ion, assembly and site remediation program. Lobby the Provincial and Federal Governments for enhanced financial tools and to take other actions necessary to achieve the employment target contained in the Official Plan and the objectives of the Provincial Growth Plan

Summary Recommendations Long-Term Employment Land Strategy to Achieve the Employment Target in the Official Plan City of Toronto		
Recommendation	**Program Description**	**Possible Implementation Tools**
3. Provide additional economic development support	A range of Economic Development support programs are already in place	Continue providing existing support programs
	Additional support programs are proposed	Expand support programs directed at: • Incubators and labour force development • Streamlining the approvals process • Partnerships with other levels of government • Branding and marketing, including focussed outreach and engagement of the business community • Highlighting the role employment land plays in supporting transit use
	Expanded efforts may be required	Intensify municipally-held land and facilities Provide infrastructure such as district heating, power and telecommunications Undertake marketing campaign to promote employment intensification and new investment Undertake area revitalization specific to local roads and public space Provide training and educational resources

TABLE OF CONTENTS

I INTRODUCTION **1**

A. Study takes into account new provincial policies 2
B. Analysis of land supply is focussed on the employment districts 3
C. This report is organized into five chapters 5

II THE ENTIRE SUPPLY OF LAND IN TORONTO'S EMPLOYMENT DISTRICTS IS REQUIRED TO ACCOMMODATE FUTURE DEMAND **7**

A. Toronto's Employment Districts Are Nearly Fully Developed 8
B. Significant New Space must Be Added to Achieve the City's Employment Target 13
C. At a Minimum, the Entire Supply of Land in the Districts Is Required 17

III POLICY AND PROGRAM SUPPORT IS REQUIRED TO STIMULATE NEW INVESTMENT AND EMPLOYMENT INTENSIFICATION **20**

A. Toronto Has Maintained Employment in the Districts 20
B. Toronto Has the Opportunity to Be a Leader in Employment Intensification 24
C. Financial Assistance Will Be Required to Stimulate New Investment 28

IV THREE MAIN INITIATIVES NEED TO BE UNDERTAKEN **33**

A. Certainty in Land Use Is the First Action That Is Required 34
B. Financial Incentives must Be Provided to New and Existing Users 36
C. Additional Economic Development Support Is Also Required 40

V A HIGH-LEVEL STRATEGY HAS BEEN DEVELOPED FOR THE WESTON ROAD/JUNCTION AND DUFFERIN KEELE NORTH EMPLOYMENT DISTRICTS **42**

A. Strategy for Weston Road/Junction Should Focus on Former Kodak Site 42
B. Strategy for the Dufferin Keele North Should Focus on Proposed New Subway Extension 47
C. Recommendations Provide for a Range of Policy Options 51

APPENDIX **59**

I INTRODUCTION

The City of Toronto Economic Development Corporation (TEDCO) together with the City Economic Development Office and in consultation with the City Planning Division have retained Hemson Consulting Ltd. to prepare a long-term strategy to protect employment land and stimulate new investment in the *Employment Districts*.

Phase 1 of the study was completed in March 2006 and provided a discussion of the supply and demand for land in the *Employment Districts* and implications for continued employment growth in the City. Toronto City Council received the Phase 1 report for information on June 14, 2006. This is the final report of the study, which summarizes the Phase 1 conclusions and recommends a set of initiatives that the City can take to retain employment land and stimulate new investment in the *Employment Districts*.

The study is being undertaken in recognition of the key role employment land plays in accommodating economic development. Like other mature communities in the Greater Toronto Area and Hamilton (GTAH), the City of Toronto is under pressure to permit employment land to be redeveloped for other urban uses. This is a matter of concern because it has implications for achieving the City's employment targets and many other important goals:

Employment land contributes to a better live-work relationship. This has environmental benefits when fewer residents need to commute to job opportunities outside the community.

- Providing employment land in the community also provides a greater diversity in the land base, allowing flexibility in responding to economic changes. The development of employment land also represents a net fiscal benefit to Toronto over the long term.

- Employment land plays a major role in accommodating jobs. In the City of Toronto, the *Employment Districts* accommodate about 30% of the City-wide employment. An additional 30% is accommodated in the Downtown with the remaining 40% accommodated in the other centres and scattered locations across the City.

- Because it plays such a large role in economic development, employment land is important to: the City's future economic prosperity and competitiveness; its ability to continue to provide high quality jobs and generate wealth and investment; and its continued long-term fiscal sustainability. Regardless of its level, economic activity in Toronto returns significant tax benefits to the City.

There are also concerns about the loss of employment land because the supply is finite. Unlike many suburban communities, Toronto's employment land supply is nearly fully developed. While this makes it difficult for Toronto to compete for certain types of large scale industrial-type uses, Toronto remains attractive to many other uses that value a city location within the GTAH. Recognizing the pressure to convert employment land to other uses and that there are economic implications, Toronto is developing a long-term strategy to protect its employment land and to stimulate new investment in the employment districts.

There are some employment lands in the central part of the City that remain attractive for new economy uses in a mixed-use setting, such as the Kings. Even so, there continues to be pressure to convert land in the *Employment Districts* to non-economic activity. Recognizing that this pressure is at odds with the vision in the new *City of Toronto Official Plan* and *Economic Development Strategy*, Toronto is taking action on a number of fronts to improve the competitiveness of the *Employment Districts*. This study is being undertaken in support of these efforts.

A. STUDY TAKES INTO ACCOUNT NEW PROVINCIAL POLICIES

The employment land strategy for Toronto is developed within the context of the Province's new policies which have important implications. The key policies are contained in *Places to Grow* and the new *Provincial Policy Statement* (PPS), both of which have brought much greater attention to the importance of economic diversity and to protecting employment land.

- *Places to Grow* is the Provincial Growth Plan for the Greater Golden Horseshoe (GGH). Preserving employment land for future economic opportunities is a key policy direction of the Province's plan.

  There is a strong emphasis on providing an adequate supply of employment land for a variety of non-residential uses to ensure the vitality of the GGH and provincial economy. A range of other policies is provided to guide development, including a set of forecasts to be used as the basis for planning and managing growth.

- The forecast for Toronto is for continued job growth at a time when employment in many other central cities in Canada and the U.S. is either stable or declining, especially the types of jobs on employment land. *Places to Grow* also anticipates that downtown Toronto will remain the focus of major office employment within the broader economic region.

- The new PPS also provides clear direction on employment land. Prescriptive processes and policies are set out for the redesignation of employment land to other urban uses, including a set of specific criteria that must be met in order to remove land from planned employment areas.

Also important are proposed reforms to the Ontario Municipal Board contained in the *Planning and Conservation Land Statute Law Amendment Act* and the *Stronger City for a Stronger Ontario Act* (also known as the *City of Toronto Act)*. The key elements in this regard are:

- Reforms to the *Planning Act* restrict appeals to the Ontario Municipal Board with respect to employment land. Under the proposed reforms, appeals would not be permitted when a municipality refuses to remove land from an area of employment, even if other land is proposed to be added. The only exception is when a planning authority has undertaken a Comprehensive Review.

- The new *City of Toronto Act* will expand Toronto's authority. In the past, the City could only make laws in policy areas that were expressly prescribed by the Province. In the new *Act*, the City gains "permissive" powers: the authority to enact legislation in any policy area unless restricted from doing so, which includes powers to provide any service or thing the City considers to be in the public interest.

These are new policy tools that will enable the City to better withstand pressure for the conversion of employment land to other uses.

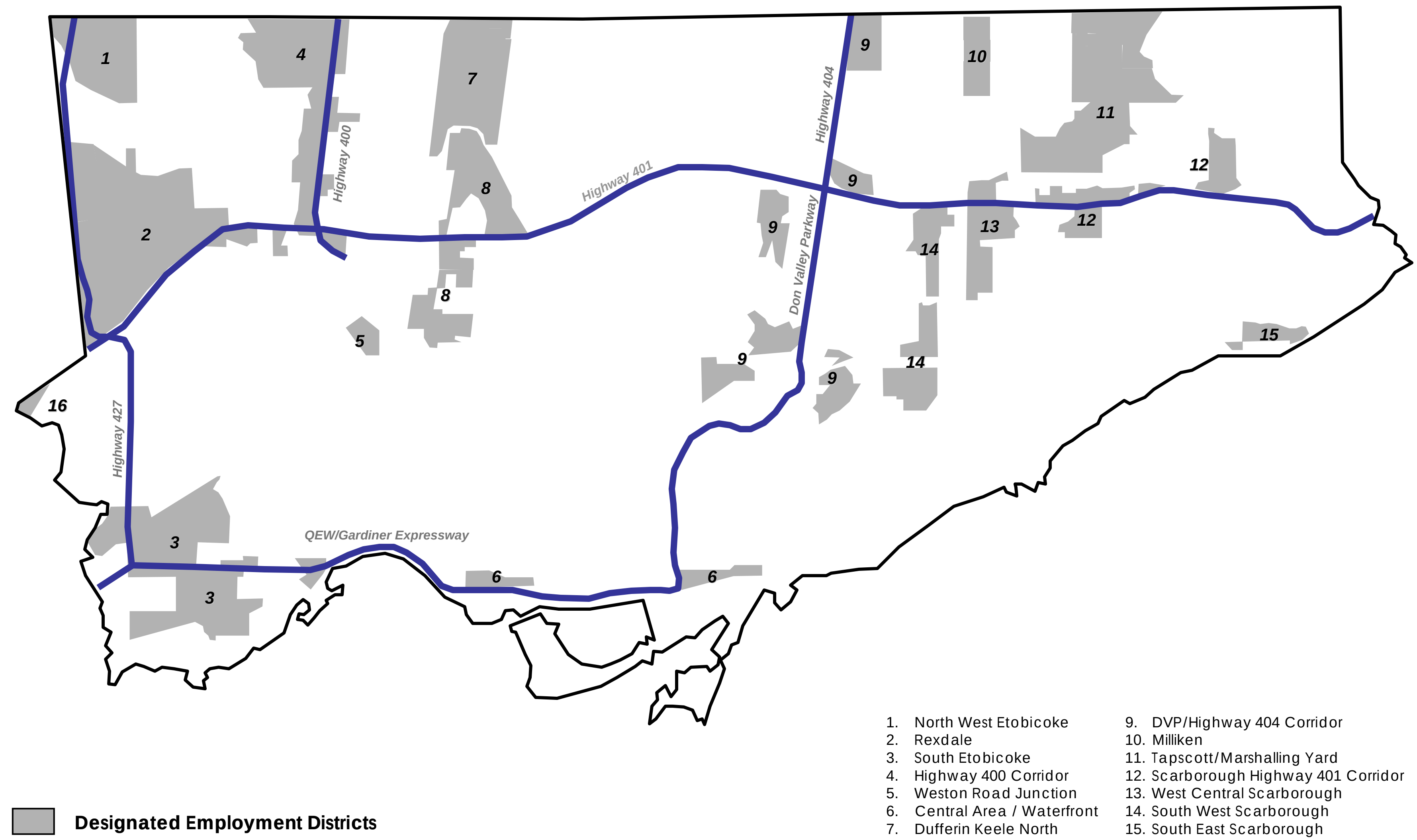
B. ANALYSIS OF LAND SUPPLY IS FOCUSSED ON THE EMPLOYMENT DISTRICTS

The analysis of the employment land supply is undertaken within the broad framework of the new Official Plan, adopted by Council in November 2002, modified by the Ministry of Municipal Affairs in March 2003 and enacted by the Ontario Municipal Board in July of 2006.

The Official Plan seeks to direct future growth within an urban structure made up of the *Downtown* (including the Central Waterfront), the *Centres*, the *Avenues* and the *Employment Districts*. The *Employment Districts* are illustrated on the map on the following page.

CITY OF TORONTO DESIGNATED EMPLOYMENT DISTRICTS

MAP 1



1. North West Etobicoke
2. Rexdale
3. South Etobicoke
4. Highway 400 Corridor
5. Weston Road Junction
6. Central Area / Waterfront
7. Dufferin Keele North
8. Dufferin Keele South
9. DVP/Highway 404 Corridor
10. Milliken
11. Tapscott/Marshalling Yard
12. Scarborough Highway 401 Corridor
13. West Central Scarborough
14. South West Scarborough
15. South East Scarborough
16. Airport Corporate Centre

Source: City of Toronto Official Plan, Map 2 – Urban Structure, November 2002 (as modified by Minister)

(Map is conceptual and not to scale)

The *Employment Districts* are large areas comprised exclusively of lands where the *Employment Area* land use designation applies.[1] Within Toronto's urban structure, the *Employment Districts* are planned as a major focus of job intensification (Section 2.2). There is, however, additional land that is designated as an *Employment Area* land use, but is not identified in the urban structure as part of the *Employment Districts*.

The urban structure, including the *Employment Districts*, is the durable feature of the urban landscape — the City's vision for what it will look like in 25 years. The focus of the analysis on the *Employment Districts* is intended to assist the City in implementing its planned urban structure and *Economic Development Strategy*. It should not be taken to suggest that the other *Employment Areas* are unimportant. The *Employment Area* designations outside of the *Employment Districts* remain important locations for existing and future potential economic activity.

[1] *The Employment Districts are a structural element of the plan, like the Avenues and the Centres. This is distinct from the Employment Area designation, which is the underlying land use designation establishing the general uses to implement the strategy and zoning by-law.*

C. THIS REPORT IS ORGANIZED INTO FIVE CHAPTERS

The purpose of this report is to recommend a series of short- and long-term initiatives that the City of Toronto can take to retain employment land and stimulate new investment in the *Employment Districts*. It is organized into five chapters:

- The first chapter provides an introduction to the report, including the policy context and the organization of the analysis.

- The second chapter summarizes the findings of the Phase 1 report, which discusses the supply and demand for land in the *Employment Districts*, and the implications for continued employment growth, prepared by Hemson Consulting Ltd. in March 2006 and available under separate cover.

  The second chapter includes a discussion of the new building space that will need to be added to the *Employment Districts* to achieve the employment target set out in the Official Plan, including the amount that will need to occur through infill and redevelopment.

- The third chapter discusses the type of actions that would be required to stimulate new investment and employment intensification.

It includes a discussion of case studies that were undertaken to identify tools or policies that other communities have used to achieve employment intensification and a pro forma analysis to estimate the extent of financial subsidy that would be required to make the *Employment Districts* in Toronto more competitive for new development.

- The fourth chapter recommends the main policy initiatives that are required to achieve the employment target in the Official Plan, including financial incentives for new development.

- The final chapter sets out a recommended approach and high-level strategies for two areas in the City: the Weston Road/Junction and Dufferin-Keele North *Employment Districts*.

II THE ENTIRE SUPPLY OF LAND IN TORONTO'S EMPLOYMENT DISTRICTS IS REQUIRED TO ACCOMMODATE FUTURE DEMAND

This chapter summarizes the findings of the Phase 1 report, which undertook an analysis of the supply and demand for employment land in Toronto and implications for continued growth in employment. In discussing the demand and supply relationship for employment land it is very important to understand that Toronto is different than the surrounding 905 areas, where greenfield development land exists.

Unlike the 905 area, Toronto's employment land supply is nearly fully developed and is occupied by an older building stock. Aside from a small amount of greenfield land in north-east Scarborough, there are few opportunities to provide a large supply of new development sites. This results in a complex relationship between investment, job growth and the use of built space, which has key implications for understanding the nature of future demand:

- Across the GTAH there is a significant overall demand for new building space to accommodate jobs. A significant amount of this demand is for industrial-type buildings in suburban business park environments. Within the GTAH, most communities' ability to accommodate employment depends on providing a competitive supply of greenfield sites. This is mainly the result of the Ontario economy's focus on goods production and distribution activities.

- There will continue to be demand for Toronto's building stock from a wide range of economic uses that value a city location — it is just different than in the 905 area. In a suburban environment, employment growth is accommodated in a relatively predictable manner related mostly to the absorption of greenfield sites. The existing 905 building stock is new enough that it is not yet experiencing the cycle of use and re-use that is occurring in Toronto.

- In contrast, most of Toronto's recent employment growth has occurred in its developed *Employment Districts* through more intensive use and re-use of existing buildings. Some *Employment Districts* in central Toronto have evolved to accommodate office, retail and new technology uses through "brick and beam" renovations. Others have recycled into major retail concentrations, such as the Weston Road–Junction area and the Golden Mile in Scarborough.

- The occupied supply of land and buildings in Toronto is very large, so employment rises and falls more as a result of changes in factors such as employment density and technological change than the development and redevelopment of existing sites.

- Because the employment base in Toronto is so large, even small shifts in factors such as the floor space per worker can potentially produce a large effect on total employment. Under this dynamic, the changing occupancy pattern and fluctuations in employment are part of the natural life-cycle of building stock, including periodic vacancy.

Because of the complex relationship between jobs and the use of built space in Toronto, the market for employment land is driven more by the dynamics of the built supply than the overall demand for space. Even the highest forecasts of growth, such as the forecast contained in the Official Plan, suggest that Toronto would only accommodate about one-tenth of the GTAH growth in the sectors concentrated in the *Employment Districts*.[1]

If Toronto had a large supply of greenfield employment land, attracting this level of growth would not be a great challenge. However, this is not the case, so the ability to attract this demand is dependant on the attractiveness of the existing development areas to accommodate growth through more intensive use and redevelopment. In the current market and policy environment, this will be a challenge. At a minimum, the entire supply of land in the *Employment Districts* is required to accommodate future demand.

[1] *Refers to employment land employment by geography, which is made up primarily of industrial-type employment, but also includes some major office and population-related employment in certain locations.*

A. TORONTO'S EMPLOYMENT DISTRICTS ARE NEARLY FULLY DEVELOPED

The key feature of Toronto's *Employment Districts* is that they are all nearly fully developed. The age and character of the *Employment Districts* reflects the different waves of industrial urbanization that have occurred in the City, beginning at the turn of the century and progressing through the pre-war period and early suburban development during the 1950s, 1960s and 1970s:

- Closest to central Toronto, the *Employment Districts* are oldest and were developed when goods movement was primarily by rail. Many buildings in these areas have now been recycled to office or commercial and retail use.

- Highway-oriented *Employment Districts* are located along Highway 401 in central Etobicoke, Scarborough and along the Highway 400 corridor and Don Valley Parkway. This latter corridor is dominated by offices and occupied at very high employment densities.

- Near the edges of Toronto, particularly in north-eastern Scarborough, the *Employment Districts* are newest and most similar to the abutting 905 employment areas. The pattern of development in many of these areas is nearly indistinguishable from the surrounding suburban built form.

1. An Estimated 93% of Land in Toronto's Employment Districts Is Occupied

A common perception of Toronto's *Employment Districts* is that they are obsolete, in decline and significantly vacant. Contrary to this perception, land in the City's *Employment Districts* is close to being fully occupied, with very few greenfield sites remaining to be developed:

- Of the total supply of 7,730 net ha, an estimated 7,180 net ha are developed and 550 net ha are vacant. The total supply is well distributed throughout the City, from the very large Rexdale and South Etobicoke *Employment Districts* to smaller areas in Scarborough and the central city.

- The high level of occupancy is a good indicator of the health and stability of the employment districts. Densities are similar to the 905 area: about 45 jobs per net ha. This suggests that Toronto is not that different from the 905 area with respect to the intensity at which jobs are accommodated on employment land.[1]

- Despite an apparently large amount of vacant land, however, only a very small amount is considered readily available for development. An estimated 90 net ha is greenfield employment land in the Tapscott and Milliken areas in north-east Scarborough, where servicing is proceeding and development is underway.

[1] *Density excludes major offices. For full details on the supply analysis the* Phase 1 Background Report *prepared in March 2006.*

Toronto's greenfield employment land supply is shown on the map on the following page. The balance — an estimated 460 net ha — is made up of small scattered sites that are typically a challenge to develop. This is discussed in more detail in the Phase 1 report. Toronto's overall *Employment District* land supply is summarized below.

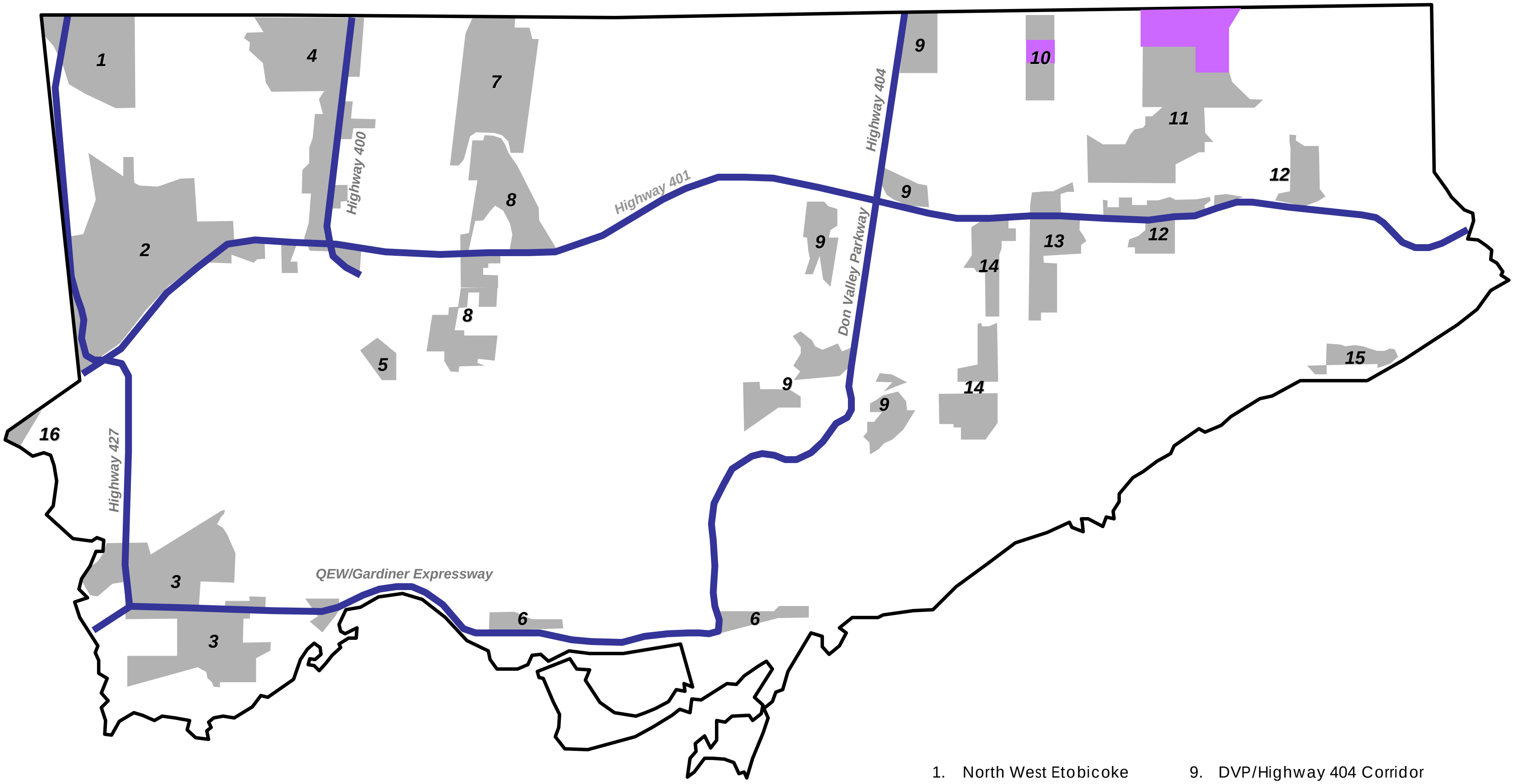
Table 1
Summary: City of Toronto Employment District Land Supply, Year-End 2004 Estimate

Component of Estimate	Net Ha
Total Land Supply	7,7,30
Occupied	7,180
Vacant	550
Vacant Land Supply Is Made up of:	
Greenfield Supply in Tapscott	80
Greenfield Supply in Milliken	10
Total Greenfield	90
Other Vacant Supply (including long-term vacancy)	460
Total Vacant Supply	550
Total Occupied and Vacant Supply	7,730
Share Occupied	93%
Share Vacant Greenfield	1%
Share Other Vacant	6%

Source: Hemson Consulting Ltd. based upon Assessment Data, City Planning Division

GREENFIELD EMPLOYMENT LAND OPPORTUNITIES

MAP 2



Occupied (including scattered small vacant sites)

Vacant (greenfield land)

1. North West Etobicoke
2. Rexdale
3. South Etobicoke
4. Highway 400 Corridor
5. Weston Road Junction
6. Central Area / Waterfront
7. Dufferin Keele North
8. Dufferin Keele South
9. DVP/Highway 404 Corridor
10. Milliken
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13. West Central Scarborough
14. South West Scarborough
15. South East Scarborough
16. Airport Corporate Centre

Source: Hemson Consulting Ltd.

(Map is conceptual and not to scale)

2. Employment Districts Contain a Wide Variety of Different Building Types

Within Toronto's *Employment Districts*, there is a great diversity of built form and economic uses. This is unlike the 905 area, where virtually all of the functions on employment land are accommodated in large, single-storey buildings, industrial multiples or major office buildings.

The *Employment Districts* in Toronto contain a wide range of buildings, from large-scale modern industrial facilities to older buildings, industrial multiples, warehouse and distribution uses and small stand-alone offices and single-use industrial buildings. The small stand-alone industrial building is an interesting feature of the Toronto building stock and is generally not found in the 905.[1]

An important observation from the varying age and built stock is that all of the *Employment Districts* contain a range of building types. Each of the *Employment Districts* has a dominant building age group reflecting its initial development, but also a certain amount of newer stock. This pattern demonstrates how most employment areas develop — over a very long period of time to reach full build-out.

[1] *These types of buildings are ideal for smaller or start-up uses that require a stand-alone building but do not have the resources to buy or lease a new facility. For additional detail, including illustrations of the type of building accommodated in Toronto's Employment Districts, see the* Phase 1 Background Report, *prepared by Hemson Consulting Ltd. in March 2006.*

3. Diversity in Built Stock and Competitive Land Pricing Are Advantages

The nature of Toronto's *Employment Districts* presents a number of challenges and opportunities for accommodating new development. Because the supply is mostly occupied, it is difficult for Toronto to compete for certain types of large-scale industrial-type uses that require large buildings on large sites.

However, while the relative lack of vacant supply makes it difficult for Toronto's *Employment Districts* to compete for certain types of large industrial-type uses, the *Employment Districts* have other advantages. The diversity of the land and building stock, combined with other advantages such as proximity to the downtown and a public transit system providing access to a large labour force, make the supply attractive to a very wide range of economic uses. For example:

- Older buildings near the downtown are attractive to a range of culture, art, new media and technology and commercial uses, as evidenced by "brick and beam" conversions in the "Kings", King-Dufferin and other scattered areas in central Toronto.

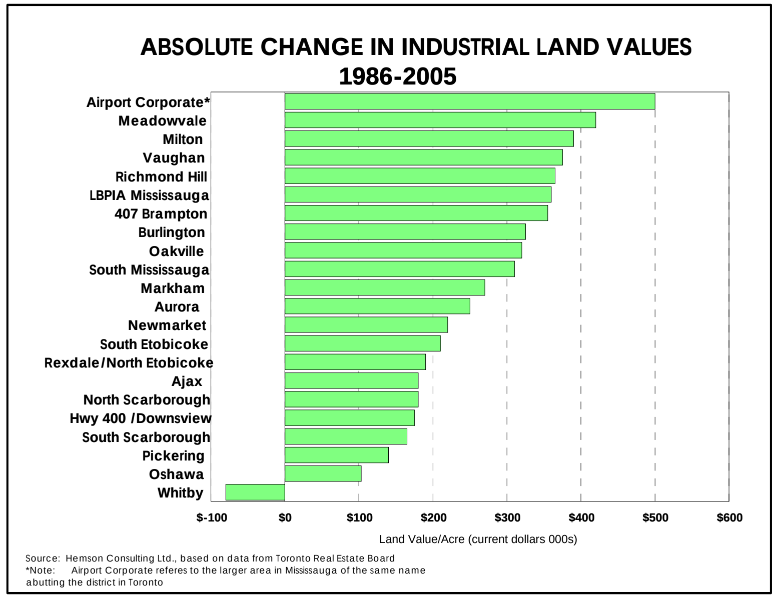
- Older, lower cost industrial buildings in other *Employment Districts* are attractive to a wide range of start-up businesses. Older industrial space can play a key role as informal business incubators as well as provide important "graduation space" for new firms that are expanding.

- Older areas are attractive to a wide range of service and office-type activities, including activities "servicing the service sector,[1]" which include uses such as commercial printing, file storage and destruction, janitorial services and other uses tied to the office market.

  Older industrial buildings are also attractive for a range of other commercial and retail activities for which relatively cheaper space is an advantage, such as the textile wholesale, design and manufacturing cluster emerging in the Dufferin Keele South *Employment District*.

In addition to the advantages of an older and relatively cheaper building stock, the changing regional land supply situation provides other opportunities.

As illustrated by the graph below, the value of industrial land has risen rapidly in the GTA, particularly in the City of Mississauga around the airport and in the City of Vaughan. Industrial land in Toronto is inexpensive relative to these locations, particularly near the edges of the City abutting the 905. Over time, as the differential in land value widens, vacant or underutilized sites in these locations are expected to become more attractive for development.



Given these advantages, the existing stock of land and buildings is an important economic asset that should be maintained — vacant or otherwise. Vacant buildings are part of the natural lifecycle of the stock, as they are continually recycled and reused for different uses.

Maintaining these opportunities is key to achieving Toronto's objectives for employment growth. As discussed in the next section, a significant amount of new development will need to be accommodated in the *Employment Districts* for Toronto to achieve the target contained in the Official Plan.

[1] *For additional detail on the notion of activities servicing the service sector see the* Future of City Industry *report, prepared by Hemson Consulting Ltd. for the former City of Toronto as background to* Cityplan '91.

B. SIGNIFICANT NEW SPACE MUST BE ADDED TO ACHIEVE THE CITY'S EMPLOYMENT TARGET

Long-term demand for employment land in the City of Toronto is defined by two growth outlooks: the forecast of growth in the Province's growth plan, *Places to Grow*, and the target for growth contained in the Official Plan. Both of these documents expect continued growth across the City of Toronto as a whole to 2031, but with a key distinction:

- The forecast in the Provincial Growth Plan, *Places to Grow*, is a market-driven forecast based upon development patterns and policies in place at the time the forecasts were prepared.
- The outlook provided in the Official Plan is a target inserted by the Minister of Municipal Affairs and Housing based upon the GTA regional forecasts released in 2000.[1]

For the purposes of this study, we are concerned primarily with the employment target in the Official Plan and the implications of achieving this target for the *Employment Districts*.

1. New City of Toronto Plan Contains an Ambitious Target for Employment Growth

The Official Plan was adopted by the City of Toronto Council in November 2002. On March 17, 2003, the Minister modified and approved in part the Official Plan. One of the most significant modifications was the inclusion of specific population and employment targets that Toronto should accommodate a minimum of 3 million new residents and 1.835 million jobs by the year 2031.[2]

The source of the employment target included in the Official Plan is a set of regional forecasts recommended by the GTA Population and Projections Steering Committee (or GTAC, comprised of the Office of the GTA, the City and the GTA Regions) in March of 2000. They differ from the forecasts contained in *Places to Grow* in two key respects:

- Real estate and policy constraints are not considered. The forecasts were prepared using a method based largely upon growth by economic sector. This differs from the *Places to Grow* forecast in that constraints related to land availability and policy limitations are not incorporated into the growth outlook.

[1] *For additional detail, including illustrations of the type of building accommodated in Toronto's Employment Districts, see the "Phase 1 Background Report" prepared in March 2006.*

[2] *Section 2.1 Policy 2*

- The distribution of the regional forecast is based on trends by economic sector. Details are available in the background report, *Flashforward: Projecting Population and Employment to 2031 in a Mature Urban Area.*[1] The forecast is summarized in the table below.

Table 2
Toronto Share of the GTA Regional Employment Forecast Contained in Background Research to *City of Toronto Official Plan* (in 000s)

Year	Employment	Cumulative Growth
1996	1,300	-
2001	1,455	155
2006	1,535	235
2011	1,615	315
2016	1,665	365
2021	1,720	420
2026	1,775	475
2031	1,835	535
Growth 1996 to 2031	535	n/a

Source: *Flashforward,* City of Toronto, June 2002

[1] Flashforward: Projecting Population and Employment to 2031 in a Mature Urban Area,, *June 2002, Toronto Urban Development Services. For additional discussion on the forecasts contained in the Official Plan and* Places to Grow, *see the* Phase 1 Background Report.

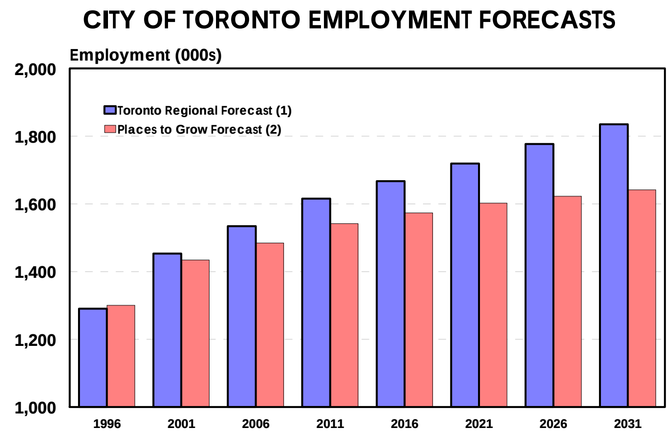
In contrast, the growth forecast contained in *Places to Grow* is the outlook that is anticipated to occur in the absence of policy initiatives undertaken by the City or Province to achieve higher growth, particularly as it relates to employment land in Toronto. The forecast for the City of Toronto in *Places to Grow* is summarized below.

Table 3
City of Toronto Growth Forecast Contained in *Places to Grow*

Year	Employment (000s)	Cumulative Growth
1996	1,300	-
2001	1,440	140
2006	1,490	190
2011	1,540	240
2016	1,570	270
2021	1,600	300
2026	1,620	320
2031	1,640	340
Growth 1996 to 2031	340	n/a

Source: *The Growth Outlook for the Greater Golden Horseshoe* Hemson Consulting Ltd, Reference Forecast, Compact Scenario

As illustrated by the following graph, the forecast contained in the Official Plan is significantly more ambitious than the forecast set out in *Places to Grow.*



Source:

(1) Regional employment forecast contained in background research to the City of Toronto Official Plan, as provided in *Flashforward: Projecting Population and Employment to 2031 In a Mature Urban Area*.
(2) City of Toronto forecasts contained in "Places to Grow"

The general expectation for future growth in employment by economic sector, as reflected in the background research to the Official Plan, is for declines in the more "traditional" economic sectors, such as primary activities and wholesale trade, balanced by growth in services, particularly Business Services, Accommodation, Food and Beverage, and Finance, Insurance and Real Estate (FIRE). This is consistent with the experience of many other central city areas in Canada and the United States.

2. Achieving This Target Has Major Implications for Employment Districts

From a geographic perspective, rapid growth in services suggests that employment in large office buildings as well as population-related employment will need to grow significantly to achieve the target. There are also, however, implications for the *Employment Districts*:

- While much of Toronto's office employment is accommodated in freestanding major office buildings, there are also office-type uses accommodated in non-traditional forms in the employment districts, such as smaller stand-alone structures and industrial multiples.

- Likewise, while a significant component of Toronto's population-related employment is accommodated in the Centres and along main streets, many other commercial and retail activities are scattered throughout the *Employment Districts* in the form of large format power centres as well as older buildings that have been reused for retail and other local-serving uses.

Not only will employment in the office and population-related sectors need to grow to achieve the Official Plan employment target, so will employment in the *Employment Districts*. The next section discusses the estimate of new building space that will need to be added in the *Employment Districts* to achieve the employment target.

3. Up To 6.7 Million m^2 of New Space Will Need to Be Added

The estimate of new space that will need to be added to the *Employment Districts* is undertaken from three perspectives, in order to provide a range on future demand:

- The high end of the range is based upon the assumption that the geographic distribution of employment in the City will not vary in the next 25 years. [1] From this perspective, employment in the *Employment Districts* would need to grow by 112,000 jobs or 6.7 million m^2 of new building space.

- The mid-range estimate is based upon an expectation that the sectoral mix of new space in the future will be different than the existing base, likely with more office-type uses at a higher density, meaning a slightly lower than 30 %proportion of employment growth. From this perspective, employment in the *Employment Districts* would need to grow by an estimated 70,000 jobs in about 3.5 million m^2 of new building space.

- At the low end, the *Places to Grow* forecast anticipates stability in the level of employment in industrial-type activities which are a large part of the employment in the *Employment Districts*.

  Across the entire geographic area of the City of Toronto, employment growth is forecast to occur mainly in major office and population-related employment. Some of these jobs will be accommodated within the *Employment Districts*. For the purposes of this analysis, an estimate of 25,000 jobs is considered reasonable to represent the growth that is expected.

As a matter of comparison of these three outlooks, the high end of the forecast range would mean attracting to the City of Toronto about 11% of the industrial-type employment growth in the GTAH over 2001 to 2031 period. The mid-range estimate would mean attracting about 7 %of this type of activity, whereas the low end is for stability in industrial-type activities.[2]

In the current market and policy environment, achieving significant new development in the *Employment Districts* will be a challenge. As discussed in the next section, at a minimum the entire supply of land is required to accommodate future demand.

[1] *This is the distribution referred to earlier of Employment Districts accommodating 30% of the City-wide employment, an additional 30 % accommodated in the Downtown with the remaining 40 %accommodated in the other centres and scattered locations across the City.*

[2] *For the full analysis, see the* Phase 1 Background Report *prepared in March 2006.*

C. AT A MINIMUM, THE ENTIRE SUPPLY OF LAND IN THE DISTRICTS IS REQUIRED

Given the range of new space demand in the *Employment Districts*, there is the question of how and where this development will be accommodated. Toronto will be able to accommodate some demand on greenfield land supply, but not enough to achieve the employment target. Most of the new space requirement will need to be accommodated through redevelopment and intensification of existing areas.

At a minimum, the entire supply of land in the *Employment Districts* is required. Protecting the current supply will put Toronto in a position to achieve the low end of growth outlook, the *Places to Grow* forecast. In order to achieve a greater level of employment growth, such as the target contained in the Official Plan, not only will the existing supply need to be protected, but additional policy intervention will be needed to improve the attractiveness of the existing land and building stock for new investment.

1. Significant New Space Will Need to Be Added Through Intensification

As discussed in the Phase 1 report, Toronto will need to accommodate up to 6.7 million m^2 of new space in the *Employment Districts* to achieve the employment target in the Official Plan. The distribution is as follows.

- Some future demand will be accommodated on the greenfield supply. It is estimated that the City's remaining greenfield land supply of 90 net ha in northeast Scarborough, at 40 %coverage and standard industrial-type use, would accommodate an estimated 360,000 m^2 of new development.

- It is estimated that development of half of the remaining vacant supply (including long-term vacancy) would accommodate 1.4 million m^2, at 60 %coverage, reflecting a mix of industrial and office use.[1]

- The balance — up to 5 million m^2 — will need to be accommodated through reuse, redevelopment and intensification in existing areas. A somewhat lower amount of space would need to be accommodated through reuse and redevelopment under the outlook provided in *Flashforward*, roughly 3.5 million m^2, which is based on a changing sectoral mix over time.

[1] *This is considered optimistic, given that the experience of most other communities is that the "tail end" of the land supply is very slow to develop.*

Under either of outlooks associated with the Official Plan, in the order of millions of m^2 of new space will need to develop in the *Employment Districts* to achieve the growth forecast contained in the Official Plan.[1] Under the low end of the demand range in *Places to Grow*, there is no remaining space demand to be provided through expansion, infill and intensification. The forecast employment growth (of all types) is expected to be accommodated on the existing *Employment District* land supply.

2. Protecting the Existing Land Supply Is Only the Starting Point for Achieving This Goal

Toronto must protect the existing land supply to achieve even the low end of the demand forecast. The *Places to Grow* forecast of 1.64 million jobs by 2031 is based upon a continuation of Toronto's current policies to protect the employment land supply. The *Employment Districts* must be protected to retain existing employment and accommodate at least the incremental growth anticipated by this forecast.

If Toronto cannot protect the *Employment Districts* there will be little hope of achieving this forecast or the target now contained in the Official Plan. If conversions do occur, Toronto should ensure that programs are in place to assist the City in acquiring other employment land within the *Employment Districts* to offset the loss.

[1] *For the full detailed analysis see the* Phase 1 Background Report *prepared in March 2006.*

3. Further Policy Intervention Is Required to Achieve a Higher Growth Forecast

To achieve a higher growth forecast, not only must Toronto protect the land supply, it must also promote an increased efficiency in land use — either by way of "freeing up"land, or encouraging new investment, redevelopment of existing sites and employment intensification.

The policy context in the Official Plan provides a greater certainty in the land use outcomes in the *Employment Districts* and reinforces the planned urban structure for accommodating growth. This, combined with new Provincial policies, will provide much stronger tools to address pressure to convert employment land. Toronto will need to use these tools to protect employment land in order to achieve even the *Places to Grow* forecast.

Achieving significant new growth on developed employment land will be a much greater challenge. The pattern in most other communities is one of a gradual decline. To achieve a different pattern in Toronto will require a concerted effort on behalf of policy and decision makers to improve the market attractiveness of the existing land and building supply in the *Employment Districts*. We turn to this issue in the next chapter.

A significant amount of new building space will need to be added to the *Employment Districts* to achieve the employment target in the Official Plan. Up to 5 million m^2 of new development will need to occur through reuse and intensification in largely built-up areas. While a somewhat lower space demand would need to be accommodated under the outlook provided in *Flashforward* — about 3.5 million m^2 — this is still a significant amount of intensification.

Historically, however, intensification within the *Employment Districts* has not been a significant contributor of growth in Toronto or in other communities. Some redevelopment has been occurring, but not at the level that will be required to achieve the employment targets contained in the Official Plan. The stability in employment has, however, provided a job base for new residents.

Accommodating increased levels of development will be a challenge and this reinforces the need for policy initiatives to stimulate new investment. The next section turns to a discussion of the actions that are required to achieve this planning objective.

III POLICY AND PROGRAM SUPPORT IS REQUIRED TO STIMULATE NEW INVESTMENT AND EMPLOYMENT INTENSIFICATION

This chapter discusses the type of policy and program support that is required to stimulate new investment and employment intensification in the *Employment Districts*.

The City of Toronto has been successful in maintaining the level of employment in its *Employment Districts* over time, much more so than many other large cities in the United States where the pattern has been one of decline. All of the other communities studied for this assignment are addressing the issue of the loss of employment land, but no evidence was found of any policies that have yet succeeded in *increasing* employment in developed employment areas.

Toronto has the opportunity to stand even further apart from other communities by intensifying the *Employment Districts*. A range of policy and program options is available to achieve this objective. However, what will ultimately be required is financial assistance to close the gap between the cost of development and projected investment value of new development. This further highlights the importance of protecting the existing land and building supply.

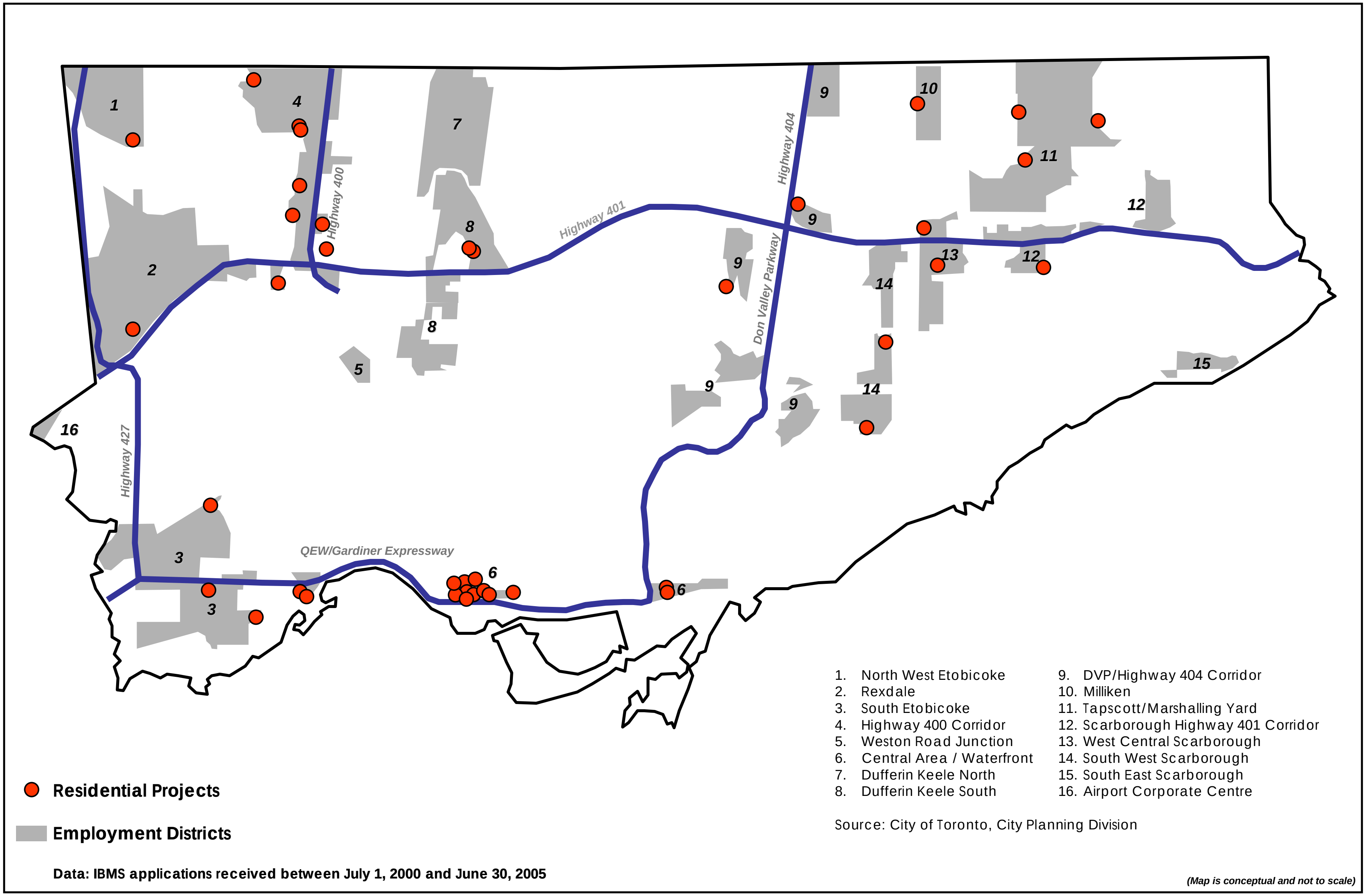
A. TORONTO HAS MAINTAINED EMPLOYMENT IN THE DISTRICTS

The City of Toronto has been very successful in maintaining the level of employment in its *Employment Districts*. As discussed in the Phase 1 report, employment land in Toronto has been under pressure for conversion to other uses for many years. As shown on the map on the following page, pressure is currently occurring in all of the employment districts, particularly in smaller areas and those at the interface with surrounding residential development.

The main factor driving conversion pressure is the value gap between residential and non-residential uses. Residential land is worth more to the private landowner in virtually every circumstance. The return on investment is quicker and the land can be developed more intensely. Pressure for conversion is a concern because it has the potential to detract from the City's capacity to achieve its employment targets, as well as the broader urban structure vision set out in the Official Plan to concentrate new residential development in the mixed-use *Centres* and *Avenues*.

LOCATION OF APPLICATIONS FOR CONVERSION TO RESIDENTIAL USES

MAP 3



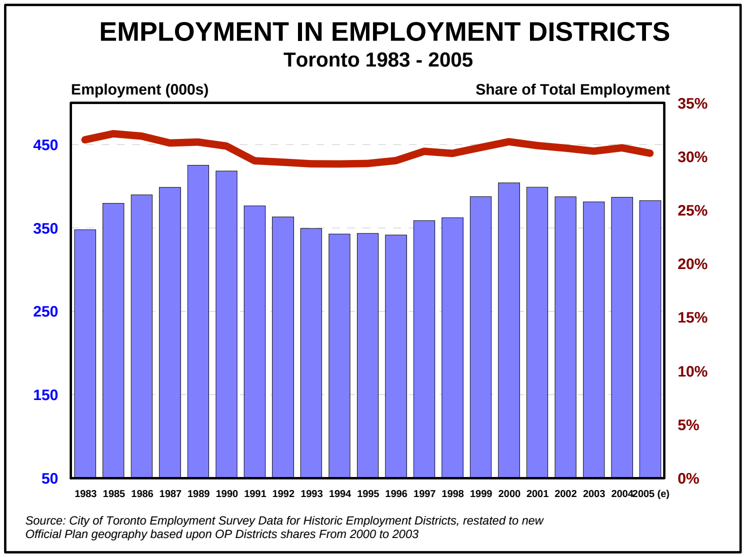
The combination of a strong market for residential development and an old, pre-amalgamation policy context for employment land has made addressing pressure for conversion difficult. Until recently, this market and policy environment made the City's plans vulnerable to challenge on a site-by-site basis. While Toronto has now modernized the policy context for employment land, these efforts were frustrated for many years by appeals to the newly adopted Official Plan.

Considering these challenges, Toronto has been remarkably successful in maintaining stability in employment in the *Employment Districts* over time. Not only has employment remained stable, core economic base activities have been healthy and growth is occurring in many other types of higher-value service activities.

Investment continues to occur in the *Employment Districts*, despite the fact that only a very small amount of the vacant land supply is considered readily available for development. The fact that Toronto has been able to maintain a stable level of employment sets the City apart from many other large urban areas in the United States.

1. Toronto's Employment Districts Have Shown Remarkable Stability in Employment

Over the past 20 years, the *Employment Districts* have maintained a range of employment of between approximately 350,000 and 400,000 jobs and an average share of about 30% of the City's total employment. This is considered strong performance during a period when a large share of GTAH total employment growth has occurred in suburban business parks. This is shown below.



2. Core Economic Base Activities Remain Healthy and Other Service Activities Are Growing

Manufacturing is the largest employment category in the *Employment Districts*, making up approximately one-third of the jobs in these areas. When combined with related services and support activities, these core economic activities make up over half of the total employment.[1] The following trends appear to be underway:

- The pattern of sectoral change shows significant growth in commercial activities, including office uses of various types and retailing.

- At the same time, a wide range of manufacturing activities has grown. Some sectors of manufacturing have declined along with related office uses, but these losses have been replaced with higher value manufacturing in a range of service industries, particularly technical and business services.[2]

This is a positive indicator of the economic health of the *Employment Districts* and their continued viability as a location for business formation.

[1] Historical Profile of Employment Districts, 1991 to 2000 *Toronto Urban Development Services, March 2002*

[2] *For more detail on the top gainers and losers by economic sector in the employment districts, see the Phase 1 background report prepared in March 2006.*

Toronto stands apart from most other North American central cities, not only in its ability to continue to grow in some more traditional industrial sectors, but also to replace job losses, when they occur, with other service sector activities.

Given these trends and the limited land supply, future growth potential in the *Employment Districts* is likely to be more concentrated in office and commercial activities than in the more traditional industrial sectors. The City of Toronto Economic Development Office expects that manufacturing growth will likely continue internally within existing companies.

3. Investment Continues to Occur in the Employment Districts

Despite the fact that only a very small share of the total vacant land supply is considered readily available for development, investment continues to occur in the *Employment Districts*. On a City-wide basis, Toronto has averaged a 25% share of the GTAH value of industrial permits over the past 20 years (1985 to 2005).

Toronto has managed to maintain in excess of 30 %of the GTA market in recent years. This is a large proportion of industrial investment for an area often perceived to be obsolete or not of significant relevance in the broader GTAH marketplace.

Between 1999 and 2005, Toronto accommodated over 500,0000 m^2 of new industrial space, occupying 140 net ha of employment land.[1] On occupied land, the industrial vacancy rate declined significantly during the 1990s as the economic recovery took hold and remains low, suggesting a continued use and reuse of the existing building stock.

Clearly, the City of Toronto's current policies to attract and retain economic activity in the *Employment Districts* have been implemented very effectively. In some United States cities, notably Detroit and Chicago, vast industrial areas have been abandoned while new production and service facilities have arisen in suburban locations on greenfield sites.[2]

The fact that Toronto has been able to avoid this pattern sets it apart from many large central cities in the United States. Many of the communities studied for this assignment are also addressing the issue of the loss of employment land, but few, if any, have succeeded in increasing employment in these locations.

[1] *For a fuller discussion of new investment in the employment districts, see the Phase 1 background report prepared in March 2006.*

[2] *Persky, J., and Wiewel. W.,*The Distribution of Costs and Benefits Due to Employment Deconcentration*, published in Urban Suburban Interdependencies, Lincoln Institute of Land Policy, 2000.*

B. TORONTO HAS THE OPPORTUNITY TO BE A LEADER IN EMPLOYMENT INTENSIFICATION

In order to identify what additional actions Toronto could take in order to stimulate investment and employment intensification in the districts, a number of case studies were undertaken. Eight large urban areas were examined: New York, Boston, Chicago, Baltimore, San Francisco, Peel Region, Montreal and Detroit. Full details are provided in the Appendix to this report.

Great care must be taken in comparing Toronto to these communities. All have different characteristics in terms of their size, institutional arrangements with respect to taxation and governance and the composition of the economy. Because of these differences, drawing direct parallels is extremely difficult.

What is clear, however, is that a wide range of initiatives is being undertaken to address the issue of pressure to convert employment land. 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. Within this context, Toronto has opportunity to stand apart from other communities by intensifying employment in the *Employment Districts*.

1. Toronto Is Not Alone in Having to Deal with Pressure to Convert Employment Land

All of the communities studied are concerned about the loss of employment land from central city employment areas, or in the case of the Region of Peel the various industrial designations in the Cities of Mississauga and Brampton and the Town of Caledon. Summarized below are the main concerns about employment land.

- All of the communities examined recognize that industrial and employment lands provide a wide range of job opportunities and pay scales.
- Industrial land was recognized by most communities as key to the long term economic health of the community and its ability to attract, accommodate and retain new investment.
- Most communities also recognize that employment and industrial land are important to a viable business sector and tax base, allowing the City to adapt to shifting market trends and economic cycles.

The only community that is currently debating the merits of maintaining central city employment areas is the City of San Francisco, which is analogous to the former City of Toronto because it is a small central portion of large urban area. San Francisco currently suffers from an acute shortage of residential land that some argue represents a greater economic cost to the community than would the loss of employment land to address it. Details are provided in the Appendix to this report.

2. All Communities That Were Examined Are Taking Action to Address the Situation

Each of the communities studied either has or is in the process of putting policy initiatives in place to address the loss of employment land. The initiatives that are being undertaken can be grouped into one of three categories: efforts to provide certainty in land use, financial incentives to users, and economic development support services. Each of these broad initiatives are discussed below.

a) Efforts to Provide Certainty in Land Use

Efforts to provide a greater certainty in land use generally involve the designation of areas with the intent of providing guaranteed long-term use and strict rules for conversion. Among others, examples include:

- The *Industrial Business Zones* (IBZ) in New York City, where rezoning for residential uses is strictly prohibited. The City also discourages illegal conversion of industrial property through the use of monitoring, inspection and financial penalties.
- The *Permanent Manufacturing Districts* in the City of Chicago, where no residential uses are permitted.
- A policy goal of "no net loss" of industrial space in the City of Boston.

- The creation of a 500-acre industrial park by the City of Baltimore, including access improvements and remediation of brownfield sites.

b) Financial Incentives to Users

Financial incentives are provided through a range of mechanisms in the communities studied. Among others, examples include:

- A one-time relocation tax credit for industrial companies relocating to an IBZ in the City of New York and other cost reduction initiatives, including sales tax waivers and real estate tax reduction.

- A range of initiatives in the City of Chicago, including exemption from taxes, funding for infrastructure, Tax Increment Financing (TIF), tax exempt bonds and low interest financing for certain projects.

- The provision of loans for businesses in, or relocating to, the City of Boston through the Boston Local Development Corporation, as well as property tax incentives, deductions and credits and funding for brownfield remediation.

- The *Revolving Loan – Working Capital Loan Fund* in the City of Baltimore to assist in the acquisition and improvement of lands, facilities and equipment, as well as tax credits, TIF, public land acquisition and funding for brownfield remediation.

- The *Industrial and High Technology Facility Tax Abatement Program* in the City of Detroit in addition to other tax relief programs such as the *Obsolete Property Rehabilitation Tax Abatement* program, TIF and the *Urban Land Fund*.

c) Economic Development Support Services

Economic development support services encompass a wide range of initiatives. Among others, examples include:

- In the City of New York, the provision of City-owned space and land for new investment, active marketing efforts and services to assist in employee recruitment, screening and training.

- In the City of Chicago, the *Industrial Area Improvement Program* that promotes the viability of industrial areas by improving infrastructure and eliminating hazardous conditions.

- In the City of Boston, the provision of assistance to business owners in accessing information and technical assistance and assistance with workforce training.

- In the Region of Peel, the preparation of the report titled *Understanding Employment Land in the Region of Peel* to improve the understanding of employment land on a regional basis and increase the profile of the issue with decision-makers.

3. Toronto Can Stand Apart from These Communities by Intensifying Employment in the Districts

There is ample evidence that a wide range of initiatives is being undertaken to address concerns over the loss of employment land. The City of Toronto is taking action in virtually all of these areas:

- The Official Plan provides much stronger and clearer policies and therefore seeks to establish a much greater certainty in land use though the *Employment Districts* as a specific element of the urban structure.

- The City has begun to offer a number of financial incentives through the Employment Revitalization Program and most recently the New Toronto Employment Centre Pilot Project.

- A range of support services is available through Economic Development, including: business registration, advisory services and educational resources, including vacant land information and other materials related to promotion and marketing of Toronto to new business.

However, no evidence was found of any policies in other cities that have yet succeeded in *increasing* employment in these areas on a community-wide basis. On the contrary, employment on employment land in many of these communities has declined significantly over time.

Toronto, therefore, has been very successful in maintaining the level of employment in the *Employment Districts*. The City appears to be a leader in public sector initiatives to attract investment and retain employment in central city areas and now has the opportunity to further stand apart from other communities by intensifying employment in the districts.

Ultimately, what will be required to achieve these objectives is financial assistance to alter the development economics, and hence market attractiveness, of these areas for new development. The underlying problem is development economics and competition from higher value land uses. In Toronto, the value difference between industrial and residential land produces a strong incentive for landowners to seek a conversion in permitted use.

Accordingly, the next section turns to a discussion of the pro forma analysis and the estimate of the level of financial assistance that may be required to make Toronto's *Employment Districts* more competitive for new development.

C. FINANCIAL ASSISTANCE WILL BE REQUIRED TO STIMULATE NEW INVESTMENT

As discussed in the Phase 1 report, the City of Toronto has a number of advantages and opportunities for economic development because of its role as a central place and the very rapid economic and demographic growth forecast for the GGH.[1] In order to capitalize on these opportunities, however, there must be incentives for landowners to invest in the City's *Employment Districts*.

The *Employment Districts* are highly desirable locations for business formation but face some significant challenges in attracting additional investment. Currently, the cost of development for new buildings exceeds the revenue that can be achieved. To stimulate significant additional investment and employment growth, this cost gap would need to be closed. A financial subsidy is required to stimulate the development of new space: a conclusion that highlights the importance of maintaining the existing supply of land and buildings for continued employment use.

[1] *A SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) was undertaken and is discussed in more detail in the Phase 1 report.*

1. Industrial and Office Development Pro Formas Have Been Prepared

A pro forma analysis has been prepared to illustrate the development economics of new projects in the *Employment Districts*. The pro forma analysis compares the difference between the cost of development and anticipated value of a new project once leased. The focus is on estimating this gap and hence the extent of subsidy that would be required to make the *Employment Districts* more competitive. The following base assumptions are incorporated into the analysis:

- Sites have road access;
- Servicing is available;
- No demolition work is required;
- Site remediation, including any contamination issues, will be the responsibility of landowners and, as in any normal market environment, would be accounted for through site sale price;
- Developers will be liable for various municipal charges at the standard rates; and
- Excluding property taxes and other charges and fees, the cost of constructing the actual facility will be similar to other comparable locations in the GTA.

In consultation with TEDCO, together with the City Economic Development Office and City Planning Division, five development scenarios — two office scenarios and three industrial scenarios — were developed:

- A pure office development on Consumers Road in the City of Toronto in the Don Valley Parkway corridor;

- A pure office development in the Airport Corporate Centre in the City of Mississauga;

- A prestige industrial development — defined as a building that has a high proportion (40%) of office space within the facility — in the Keele and Sheppard area in the City of Toronto, at the southern end of the Dufferin Keele North *Employment District*;

- A standard industrial development in the Weston Road/Junction *Employment District* in the City of Toronto; and

- A standard industrial development in the Highway 427 area in the City of Vaughan.

Both pure office building scenarios are for a 10 storey, 9,300 m^2 (100,000 sq.ft.) facility at 60% coverage, with surface parking and no retail at grade. This is consistent with typical office development in employment areas as opposed to locations such as the financial core. The prestige industrial scenario is based on a 4,600 m^2 (50,000 sq.ft) facility at 40% coverage, with a 40% office area inside the building.

Both standard industrial building scenarios are for a 7,000 m^2 (75,000 sq.ft.) facility at 40% coverage with 10% accessory office space to a mid-range quality of finish.

2. In the City of Toronto, Most New Development in the Districts Is Not Economically Competitive

The pro forma analysis suggests that most new development in the *Employment Districts* would not be economically competitive from the perspective of the private landowner or investor. In summary:

- For the scenarios tested, the analysis indicates a shortfall of revenues between the net present value of the cost of developing new buildings and their leased-up investment value, for both the pure office and industrial scenarios examined.

- This does not include the greenfield component of new space demand, which will be subject to different development economics than infill or redevelopment.[1]

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[1] Land costs would likely be lower due to the availability of larger parcels and the buildings would be more competitive with the surrounding 905 area given their location. In turn, they would be able to achieve higher rents. The combination of lower land costs and higher rents would make new projects more viable.

The results are shown in terms of the absolute difference between the development cost and projected investment value of the project in metric — per m^2. The detailed analysis, however, is undertaken in imperial measures, consistent with the prevailing real estate analysis convention of measuring input factors such as of land and charges per unit of built space in this fashion. Full details are provided in the Appendix to this report.

a) Pure Office Development Scenarios in the City of Toronto and Mississauga

There would be shortfall of an estimated $74 per m^2 for a new, pure office development on Consumers Road. By comparison, for a new pure office development in the Airport Corporate Centre in the City of Mississauga, there would be a surplus of an estimated $68 per m^2. This is shown below.

Table 4

Summary of Results for Office Development Pro Forma

Net Present Value of:	Consumers Rd. Toronto	Airport Corporate Centre, Mississauga
Development Cost Projected Investment Value	$1,554 per m^2 $1,480 per m^2	$1,867 per m^2 $1,935 per m^2
Absolute Difference	($74) per m^2	$68 per m^2

Source: Hemson Consulting Ltd. 2006

b) Prestige Industrial Scenarios in the Keele-Sheppard and Weston Road/Junction in the City of Toronto

For both a new prestige industrial development in the Keele-Sheppard area and a new standard industrial development in the Weston Road/Junction *Employment District* in the City of Toronto there would be a shortage, ranging between an estimated $24 and $31 per m^2. This is illustrated in the following table.

Table 5

Summary of Results for Toronto Industrial Development Pro Forma

Net Present Value of:	Prestige Industrial Keele Sheppard	Standard Industrial Weston Road/Junction
Development Cost Projected Investment Value	$1,102 per m^2 $1,078 per m^2	$873 per m^2 $842 per m^2
Absolute Difference	($24) per m^2	($31) per m^2

Source: Hemson Consulting Ltd. 2006

c) Standard Industrial Development Scenario in the Highway 427 Area of the City of Vaughan

By way of comparison, for a new standard industrial development in the Highway 427 area in the City of Vaughan the net present value of the cost of development and the projected investment value are reasonably in balance, with a small surplus shown. This is shown below.

Table 6 Summary of Results for Vaughan Industrial Development Pro Forma	
Net Present Value of:	Prestige Industrial Highway 427 Vaughan
Development Cost Projected Investment Value	\$976 per m^2 \$982 per m^2
Absolute Difference	\$6 per m^2

Source: Hemson Consulting Ltd. 2006

Depending on the mix of industrial and office development, the pro forma analysis suggests that there is a shortage between the cost of development and projected investment value which ranges between \$24 and \$74 per m^2 of new building space.

This is the minimum investment that would be required. Additional demolition and site remediation costs would likely be involved for infill and redevelopment projects that would constitute the majority of new development activity. As a result, from the perspective of achieving the employment target contained in the Official Plan, the relatively higher density office and prestige industrial building types would be the most desirable types of new investment to subsidize.

3. Analysis Highlights the Importance of Maintaining the Existing Supply of Land and Buildings

It is clear that a financial subsidy is required to make the *Employment Districts* more competitive for new development, with higher density development being preferred. This, however, would not necessarily guarantee that new investment or employment intensification would actually occur. The subsidy would only serve to equalize the cost of development and projected revenues, which may not be enough to attract the necessary level of interest from the private sector.

Additional incentives may be required to overcome the reluctance of developers to undertake new projects in the *Employment Districts* instead of 905 locations with which they are more familiar. In addition, new businesses may hesitate to invest for other reasons, including the visual appearance of older buildings, land use conflicts, or uncertainty over site conditions.

Unlike most new construction, however, the existing supply of buildings *is* currently economically viable — older buildings at lower rents remain competitive and attractive to a wide range of uses. In contrast, in most cases it is simply not economically competitive to bring new industrial or office space to market in the *Employment Districts*.[1]

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[1] *It is our understanding that a number of portfolio transactions have taken place in Toronto in recent years, reflecting the ongoing viability and attractiveness of older industrial space as an investment and the challenges associated with new construction.*

New investment continues to occur in the *Employment Districts* and Toronto has been very successful in maintaining the level of employment in the *Employment Districts*. This is a challenge that few, if any other communities appear to have met. Toronto has the opportunity to further stand apart from other communities by not only maintaining, but intensifying employment in the *Employment Districts*.

Ultimately, in order to make the *Employment Districts* more competitive for new development, direct financial assistance would be required. This highlights the importance of maintaining the existing supply of land and buildings as the most cost effective method to accommodate future demand, as well as the need to provide additional and program support to encourage intensification and new investment in the *Employment Districts*.

The final chapter recommends the initiatives that need to be undertaken to meet this objective as part of the City's long-range employment land strategy.

IV THREE MAIN INITIATIVES NEED TO BE UNDERTAKEN

By way of brief review, two main conclusions have been reached thus far in the report:

- First, at least the entire supply of land in the *Employment Districts* is required to accommodate future demand for employment growth in Toronto.
- Second, in order to achieve the employment target contained in the Official Plan, not only must the *Employment District* land supply be protected, Toronto must provide additional policy support to maximize its development potential.

  Specifically, a financial subsidy and additional incentives are required to stimulate new investment.

A review of other communities also showed that Toronto is a leader in maintaining employment in central city employment areas, and has the opportunity to stand even further apart from other communities by intensifying employment in the *Employment Districts*.

To achieve this objective, and the employment growth forecast contained in the Official Plan, the City of Toronto must maintain and improve the competitiveness of the *Employment Districts* for new development. Three main initiatives need to be undertaken.

- The first and most critical step is to provide certainty in land use. Toronto must build on the new provincial policy context for protecting employment land. Toronto must also address pressure for the conversion of employment land outside the *Employment Districts*. There may be potential for economic growth on employment land outside the *Employment Districts* where there are also locations with older, smaller buildings that may serve to incubate new economic activity
- Second, financial incentives must be provided to new and existing users to encourage additional investment. There are many direct and indirect incentives available, all of which Toronto is currently using in its economic development efforts. These efforts must continue and be expanded over time.
- Third, additional economic development support is required to maintain the competitiveness of the *Employment Districts*. Many initiatives are currently being offered, which include targeted investments in infrastructure and marketing and educational programs. Like the financial incentives, these efforts must also continue and be expanded over time.

The recommended initiatives are discussed in more detail below.

A. CERTAINTY IN LAND USE IS THE FIRST ACTION THAT IS REQUIRED

Providing certainty in land use is the first and most critical action that is required to stimulate new investment in the *Employment Districts*. Certainty in land use will not have an immediate effect on the market but is required to set the foundation for continued employment use over the long term for a number of reasons:

- First, it will reduce pressure for conversion. The greater the certainty in land use, the higher the risk of achieving a conversion which reduces the speculative value for residential use. This will improve the development economics for employment use.

- When certainty in land use is brought into doubt, the opposite occurs — land values rise because of speculation on higher value use and there is an increased economic incentive for landowners to pursue a change in use. This makes land more expensive and limits the potential for employment use.

- Long-term certainty in land use also makes the area more attractive for new and existing employment uses. International companies watch encroachment and land conversion trends closely in evaluating potential locations.[1]

- Without certainty in land use, existing firms tend to begin the cycle of disinvestment. Buildings are left to fall into disrepair, become progressively less attractive for new users and may at some point be demolished. Once this occurs, the likelihood of redevelopment for continued economic use is very low.

To provide certainty in land use, the vacant and occupied supply of land in the *Employment Districts* must be protected. The policy context in the Official Plan, combined with new Provincial policies will provide strong tools to address pressure to convert employment land. Toronto needs to build on these policies to protect the *Employment Districts*. Toronto will also need to develop an approach for addressing pressure to convert employment land to other uses outside the *Employment Districts*.

1. Toronto Must Build on the New Provincial Policy Context for Protecting Employment Land

From a planning policy perspective, protecting the supply of land in Toronto's *Employment Districts* should be easier now that recent changes in Provincial Policy and the City's Official Plan have brought a much greater emphasis to the issue:

- The Province's growth plan, *Places to Grow*, is clear on the importance of preserving employment land for future economic opportunities.

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[1] Industrial Land Use Analysis *City of Baltimore, Maryland, November 2003*

- Likewise, the PPS is also clear on protecting employment land. Prescriptive processes and policies are set out for the redesignation of employment land to other urban uses, including a set of specific criteria that must be met in order to remove land from planned employment areas.

- In particular, under both the new PPS and Growth Plan employment land may only be removed from its planned designation through a comprehensive review.

Toronto needs to build on the new provincial policy context for protecting employment land. Key actions to this end could include:

- The development of a policy position that makes it clear that redesignation is not an option,

- The provision of "intervenor funding" to assist users or other stakeholders with addressing applications to convert employment land.

- The implementation of a "no net loss" policy, whereby, should a piece of employment be converted in one part of the City an equally competitive amount of employment land would need to be provided by the applicant in another.

- The implementation of conditional zoning, to ensure higher density built forms are achieved through employment intensification.

- Demolition control, whereby the demolition of existing buildings would be strictly regulated, recognizing that once demolition occurs, the prospects of redevelopment or reuse are significantly reduced.

2. Pressure for Conversion Outside the Employment Districts Also Needs to be Addressed

Within the context of the very rapid population growth that is forecast for the GGH, Toronto will continue to remain an attractive location for residential development. Given the speculative residential value and size of many employment land sites in the City, they will remain attractive targets for conversion to residential or other uses over the life of the Official Plan.

In particular, there is likely to be strong pressure to convert land in the *Employment Area* designations, outside the *Employment Districts* . Landowners have already begun to interpret the policies in the Official Plan as indication that these areas are no longer important to the City for continued employment use. The City will need to develop an approach and specific policies to address applications to convert employment land both within and outside the districts.

B. FINANCIAL INCENTIVES MUST BE PROVIDED TO NEW AND EXISTING USERS

In addition to protecting the land supply, financial incentives must also be provided to stimulate new investment. Toronto is already using many tools to stimulate new investment and Council has recently endorsed a plan to reduce taxes and take even further actions to enhance the business climate. The new *City of Toronto Act* will provide additional opportunities to stimulate new investment. Toronto should continue to offer its current range of initiatives and take advantage of opportunities to expand the "toolbox" that is available to stimulate new investment.

1. Toronto is Already Using Many Tools to Stimulate New Investment

There are three main tools that are available to the City of Toronto under the current legislative and regulatory frameworks:

- Financial incentives provided under Community Improvement Plans (CIP) which may include Tax Increment Equivalent Grants (TIEG) and other tools, such as: exemptions from building permit and planning fees, or reductions in parkland dedication (in cases where the requirement has not been met through previous development on a site);

- The sale or lease of publicly held land, which could include conditions related to the achievement of specific policy objectives, such as employment intensification. This is normal practice in many smaller communities outside the GTA where there is a larger and more direct municipal role in the industrial land market; and

- Other economic development support programs, including the marketing and promotion of employment land and training and education programs.

Toronto is already using many of these tools to provide financial incentives as well as other economic development initiatives to support existing users and new development. A summary of the tools that are currently used in Toronto and other communities is provided in Appendix A.

Specifically, the City of Toronto has established programs to provide direct and in-kind financial incentives, is involved through TEDCO in the sale and ownership of industrial land and provides other programs to help employment areas maintain their competitiveness. For example:

- Toronto recently implemented the New Toronto Employment Centre Project, which contains a program of tax incremental grants, where businesses that make specified investments receive a grant that is equal to a portion of the increase in municipal taxes that results from their investment.[1]

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[1] Enhancing Toronto's Business Climate, It's Everybody's Business, *Deputy City Manager and Chief Financial Officer*

This program has already met with success, stimulating a major new investment and employment growth in the South Etobicoke *Employment District*.[1]

- In addition, TEDCO is actively involved in the ownership and leasing of employment land within the former City of Toronto.

  TEDCO has a mandate to aggressively pursue businesses and development opportunities within the City and will continue to play a key role in the marketing and development of employment land in the *Employment Districts* and elsewhere in the City.

2. Council Has Also Endorsed a Plan for Reducing Taxes and Enhancing the Business Climate

In addition to financial tools currently in use, the City of Toronto has identified the need for additional tools and sources of revenue to maintain the City's competitiveness within the economic region:

- The need for additional tools is based in part on the City's *Economic Development Strategy* that was completed in July 2000, which provides a broad framework for action to improve the liveability and quality of life in the City through economic growth.

- One of the directions of the strategy is to ensure Toronto's fiscal sustainability by narrowing the gap between non-residential taxes in the City and surrounding 905 regions and stimulate new industrial and commercial expansion.

To implement this direction, Toronto has developed a long-term plan for reducing taxes and enhancing the business climate. A number of tax policy and cost competitiveness initiatives have been endorsed by City Council as part of the recommended *Action Plan to Enhance Toronto's Business Climate*[2]. These include:

- Property Tax Fairness initiatives, such as: a 15 year plan to correct the current imbalance in commercial, industrial and multi-residential tax ratios; reducing Toronto's business education tax rates; adopting a 5% capping on taxes; the creation of a new retail tax class for neighbourhood retail; and tax rebates for heritage properties.[3]

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[1] *Refers to the new Canpar parcel sortation and distribution facility in South Etobicoke. The facility represents a major new investment in a mature Employment District and has been recognized for excellence in overall industrial design and environmental friendliness by the National Association of Office and Industrial Properties (NAIOP).*

[2] Policy and Finance Committee and Economic Development and Parks Committee Joint Report 2, Clause 1 *considered by City Council on October 26, 27, 28 and 31, 2005.*

[3] *The gap between non-residential taxes in the City and surrounding regions is also being narrowed by two property tax policies: the Business Education Tax Reduction program and a*

- Business Cost Competitiveness Initiatives are also proposed, such as lower tax rates for new office, hotel and industrial development; tax abatement for a portion of new office space during initial lease-up; new tax credits; expansion of Tax Increment Equivalent Grant programs in CIP areas; and waiving building permit fees for new office, hotel and industrial development.

3. *City of Toronto Act* Provides Additional Tools to Stimulate New Investment

In addition to the current and proposed tools, the new *City of Toronto Act* could provide further tools to stimulate new investment. The *Act* gives the City some new revenue generating abilities and expanded powers to provide financial incentives within the Community Improvement Plan (CIP) framework:

- The *Act* gives Toronto broad permissive authority to raise new taxes, except in areas that are specifically prohibited, such as income tax, wealth or gas tax. Under the new *Act*, Toronto has the ability to raise additional revenue by taxing the sale of alcohol and tobacco or levying other types of taxes to support broader policy objectives.

  For example, Mayor Miller has recently announced that Toronto is considering the possibility of implementing parking lot surcharges in downtown Toronto and North York's city centre to promote transit use and improve air quality. This type of initiative could also improve the competitiveness of the *Employment Districts* by reducing road congestion and, in turn, improving the accessibility of these areas.

- The *Act* also gives the City an expanded power to provide financial incentives through the CIP framework. Under the new *Act*, Toronto has an expanded authority to provide financial incentives and grants or loans within the context of a CIP without Provincial approval.

While there is agreement that the new *City of Toronto Act* may enable Toronto to better deal with its financial management and accountability and transparency of its operations, how the *Act* will be implemented remains to be seen. Notwithstanding, the new legislation does give the City expanded revenue generating powers and greater abilities to stimulate new investment.

4. Toronto Must Continue and Expand the Program of Financial Incentives

The current program of financial incentives has clearly met with success, in particular the program of tax incremental grants in the New Toronto Employment Centre Project. In the short term, Toronto should expand this approach to include all of the *Employment Districts*:

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legislative restriction on municipal levy increases. Non-residential tax rates are higher in the City than in the surrounding areas, but the gap has narrowed and will continue to do so in the future. For additional detail see Protecting Toronto's Employment Districts, Toronto Sufferance Truck Terminal *prepared by Hemson Consulting Ltd. in April 2003. Page 16.*

- The first step should be to implement CIPs across all of the City's *Employment Districts* to encourage reinvestment and job creation, taking advantage of the expanded ability to do so under the *City of Toronto Act*.

  Designating all of the Employment Districts as CIPs would allow the City to direct funds and improvement policy initiatives to theses areas, including tax increment equivalent grants (TIEG) and grants or loans for facade improvements or capital improvements.

- Toronto could also seek to expand the current program of incentives designed to reduce the cost of doing business, including reduction of fees, development charges and operating costs wherever possible.

- Toronto could implement a "windfall tax", or levy, whereby a condition of employment land conversion would be a fee or penalty charged to the landowner based on a share of the property value increase achieved through the conversion.

- The "windfall tax" revenues could be used, by the City, through TEDCO, to pursue a more aggressive program of site acquisition, assembly and site remediation, replacing the lost area and taking a more direct financial involvement in the development of the *Employment Districts*.

Over the long term, Toronto must work towards expanding even further the "toolbox" available to stimulate new investment. Many of the new tools proposed as part of Council's plan to enhance the business climate will require changes to the existing legislation, particularly those related to reducing the business education tax rate or the creation of a new tax class.

Toronto must continue to lobby the Provincial and Federal Government for increased financial capabilities to attract new users that are considering locations in the *Employment Districts* or locations on other employment land in the City, including:

- Further abilities to bonus as a means of providing direct financial assistance to new users;

- The ability to set new tax classes, for example a tax class that would apply to development within the *Employment Districts* that would be lower than current tax ratios, similar to the approach being taken in the proposed action plan for retail uses; and

- The authority to provide larger tax rebates, for example on vacant space in new non-residential buildings until first occupied than the levels currently permitted.

C. ADDITIONAL ECONOMIC DEVELOPMENT SUPPORT IS ALSO REQUIRED

In addition to financial support, the City must continue to provide economic development support to maintain the competitiveness of the *Employment Districts* Many initiatives are currently being offered that, like financial incentives, must continue and be expanded over time.

1. A Range of Economic Development Support Programs is Already in Place

The City of Toronto Economic Development Office works in partnership with local stakeholders through the Employment Revitalization Program to identify strategic opportunities for revitalization and provide a range of direct and in-kind financial assistance, including:

- Commercial and Industrial Facade Grants;
- The Rehabilitation Grant Program;
- The Capital Improvement Program;
- The Banner and Mural Program;
- The Commercial Research and Grant Program;
- The Community Festivals and Special Events Program; and
- Crime and Safety Audits.

The City of Toronto Economic Development Office also produces the *Signature Sites* brochure. This document plays a key role in bringing significant development and redevelopment sites and other available space in Toronto to the attention of the development community. In combination with other initiatives, it is an important tool for attracting new investment.

2. Additional Support Programs Are Proposed

Also flowing from the findings of the City's 2000 *Economic Development Strategy* and Council's plan for enhancing the business climate, a number of additional economic development support programs have been proposed, which include:

- Incubators;
- Labour force development initiatives;
- Streamlining the development process;
- Partnerships with other levels of government;
- Branding and marketing initiatives; and
- A focussed outreach and engagement program.

The City has also recommended the establishment of a *Mayor's Economic Competitiveness Advisory Committee* and the formation of an *Executive Inter-divisional Economic Growth Team* to evaluate and improve programs and services to enhance investment and economic growth in Toronto. [1]

More recently, in June 2006, the City also recommended the establishment of a working group to meet with the Province and discuss the future of employment land in Toronto.

3. These Efforts Must Continue to Be Provided and Expanded Over Time

Like the various financial incentives currently being offered, the City's economic development support programs have also clearly met with a demonstrated success. Current programs must be continued, the proposed programs must be implemented and additional support initiatives provided. This could include:

- Intensification of municipally held land and facilities;
- The provision of infrastructure, such as district heating, power and telecommunications;
- A marketing campaign to inform existing users and landowners of the City's intent to achieve employment intensification and new investment;
- Targeted area revitalization of local roads and public space improvements; and
- Programming connections, including on-site employment and training.

Taken together, the current and proposed initiatives will help to further stimulate new investment in the *Employment Districts* as well as other sectors of the Toronto economy, such as major offices and retail development. The City must continue to provide these types of incentives as part of its ongoing economic development initiatives.

In order to assist the City in developing long-range plans for the *Employment Districts*, the next chapter turns to a discussion of how these broad initiatives can be implemented at the specific area level. High level strategies are proposed for two areas in the City — the Weston Road/Junction and Dufferin Keele North *Employment Districts*.

[1] Policy and Finance Committee and Economic Development and Parks Committee Joint Report 2, Clause 1 *considered by City Council on October 26, 27, 28 and 21, 2005, pages 17 to 18.*

V A HIGH-LEVEL STRATEGY HAS BEEN DEVELOPED FOR THE WESTON ROAD/JUNCTION AND DUFFERIN KEELE NORTH EMPLOYMENT DISTRICTS

High level, area-specific strategies have been developed to illustrate how the approach discussed in the previous chapter can be applied at a more specific geography. In consultation with TEDCO, together with the City Economic Development Office and City Planning Division, two *Employment Districts* were chosen for further consideration — Weston Road/ Junction and Dufferin Keele North — as shown on the map on the following page.

The strategies focus on the unique opportunities that exist to stimulate new investment and employment intensification in each of the two areas:

- In the case of the Weston Road/Junction *Employment District*, the main opportunity is the site of the former Kodak film facility, which represents a significant opportunity for reuse or redevelopment; and
- In the case of the Dufferin Keele North *Employment District*, the main opportunity is the sites along the proposed new subway extension from Downsview Station to York University, which could support higher density employment forms through improved transportation access.

A high level approach for capitalizing on the opportunities in the Weston Road/Junction and Dufferin Keele North *Employment Districts* is discussed below. A method for developing more detailed strategies for these and other *Employment Districts* is also recommended.

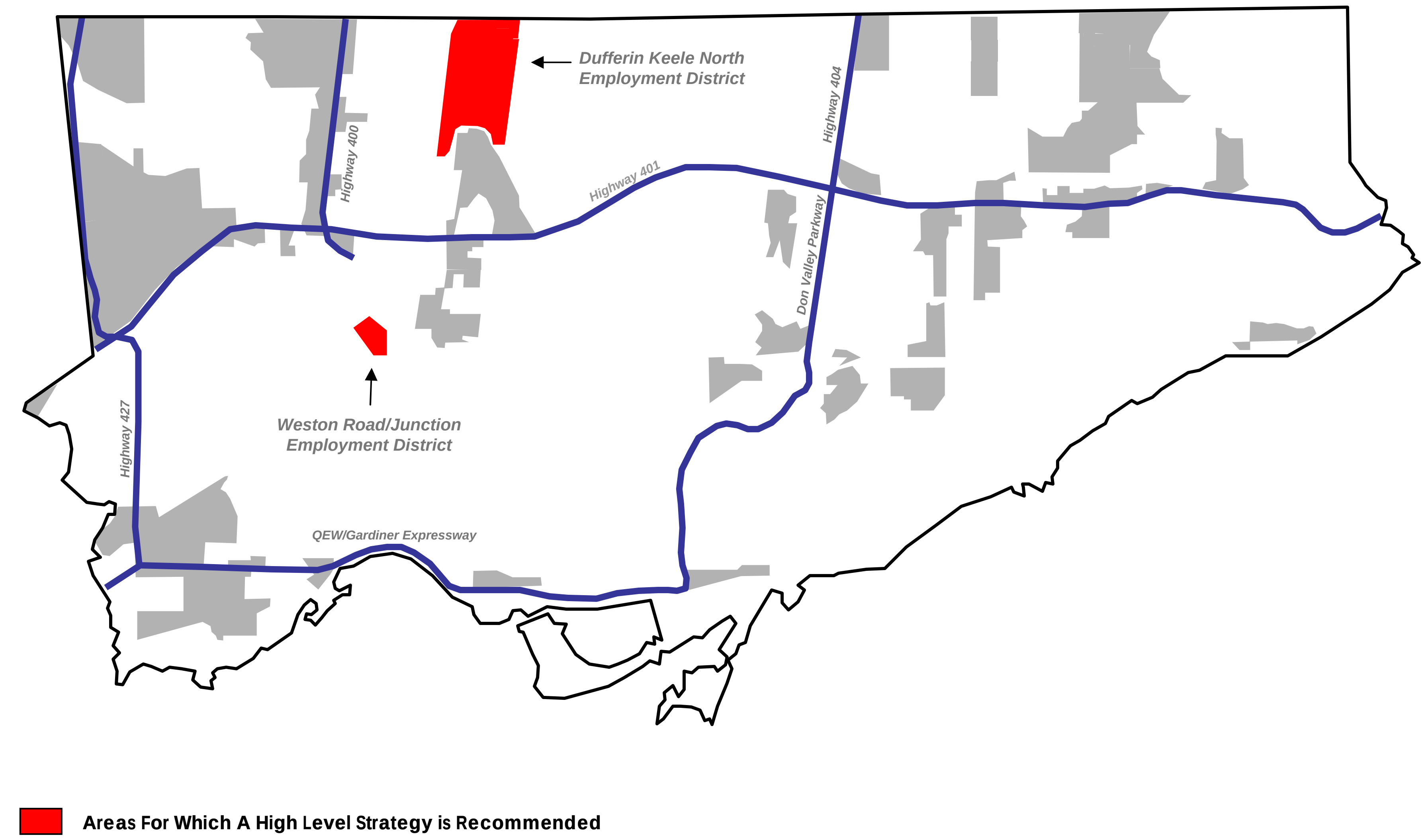
A. STRATEGY FOR WESTON ROAD/JUNCTION SHOULD FOCUS ON FORMER KODAK SITE

The Weston Road/Junction *Employment District* is relatively small and almost fully developed, reflecting its favourable positioning for employment use. There is a major opportunity for re use or redevelopment on the site of the former Kodak Film facility, where operations have recently ceased. Combined with the other vacant land in the *Employment District*, redevelopment of the former Kodak site could accommodate up to 6,000 new jobs.

Actions should be taken to ensure that the site remains in employment use, notably the active resistance of any application for conversion to residential use. Such a conversion would mean the loss of a major employment intensification opportunity and could also lead to a destabilization of the remaining employment land in the area.

WESTON ROAD/JUNCTION AND DUFFERIN KEELE NORTH EMPLOYMENT DISTRICTS

MAP 4



Source: City of Toronto Official Plan, Map 2 – Urban Structure, November 2002 (as modified by Minister)

(Map is conceptual and not to scale)

1. Weston Road/Junction *Employment District* Is Small But Well-Suited as Employment Land

At a total area of 60 net ha, the Weston Road/Junction *Employment District* is one of the smallest *Employment Districts* in the City. It is a relatively older area, with most of the built stock developed between 1950 and 1969. As discussed in the Phase 1 report, an estimated 86% of the total land supply is currently occupied, with only 10 net vacant ha that could be developed for new employment uses.

The nearly fully developed nature of the Weston Road/Junction *Employment District* reflects its favourable positioning for a range of economic uses. The area is well suited for employment land uses because of its locational advantages, which include:

- Good road access, including access to Highways 400, 401 and 407 and the Allen Expressway;
- Close proximity to downtown Toronto and the Pearson International Airport;
- Access to public transit, including a number of surface transit routes such as the Weston GO Station; and
- Access to a large market and a large, skilled labour force.

Although employment has declined in recent years[1], this has been due in large part to the investment decisions of the dominant employer in the area; Kodak Canada. The facility officially closed in 2005 following a period of workforce reduction. The area continues to be attractive for development, however, as evidenced by the ongoing health of the remaining industrial users and a recent proposal for a new self storage facility.[2]

2. Site of the Former Kodak Facility Presents a Major Reuse or Redevelopment Opportunity

The site of the former Kodak facility is located at the intersection of Eglinton Avenue West and Black Creek Drive. This is shown on the map on the following page. The site is approximately 20 ha in size, and contains 10 buildings totalling in excess of 100,000 m^2 (or approximately 1 million square feet).

According to the City Economic Development Office, it could be an ideal site for a potential business campus or major institutional use, and accommodate a range of industrial or office-type uses.

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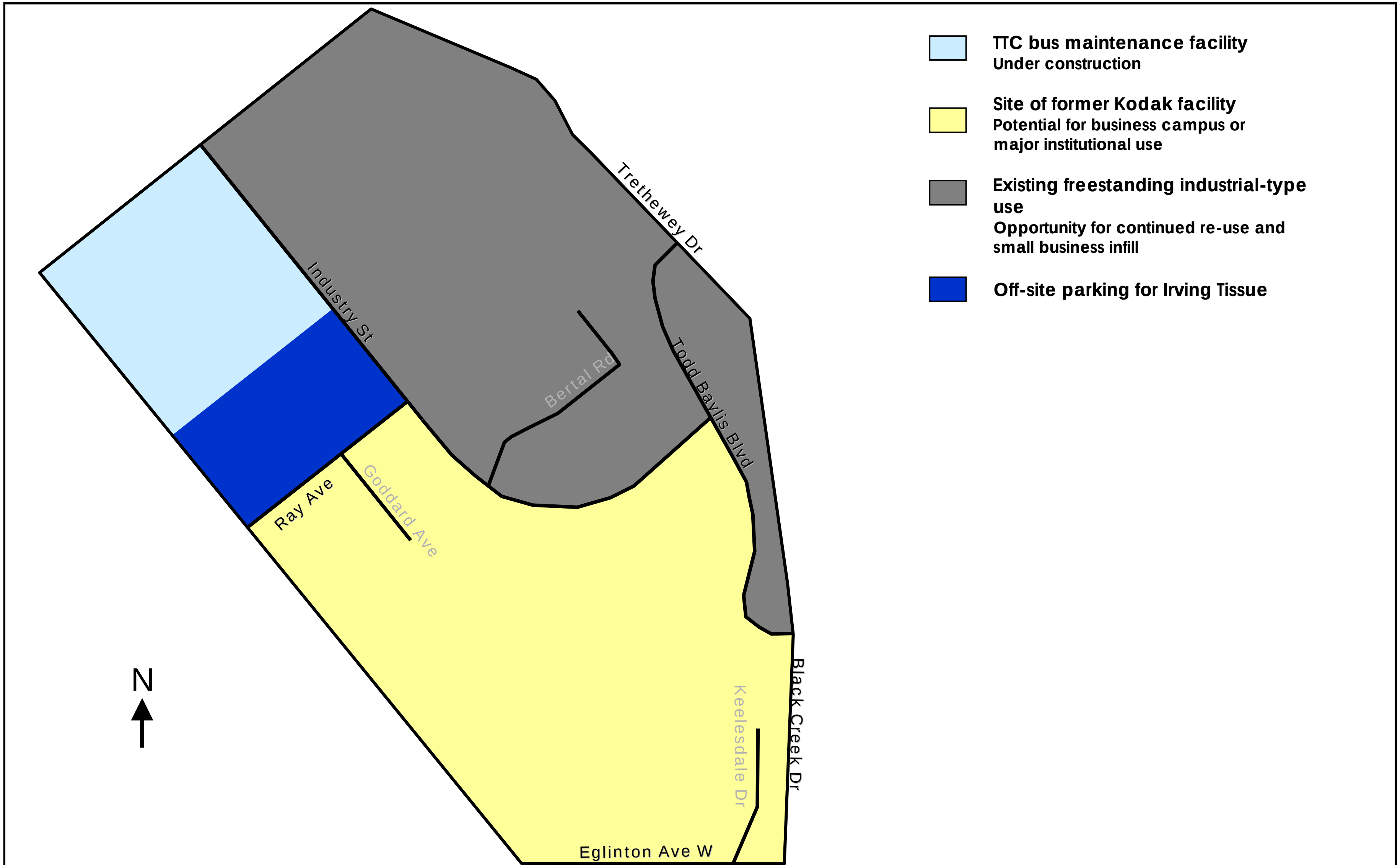
[1] *According to the 2004 and 2005* Toronto Employment Survey, *employment in the Weston Road/Junction* Employment District *has declined from 3,150 jobs in 2000 to 1,550 jobs in 2005.*

[2] *According to planning staff, there is currently a proposal to construct one three-story and three one-storey buildings at a newly proposed self storage facility on Todd Baylis Drive.*

OPPORTUNITIES FOR EMPLOYMENT INTENSIFICATION IN THE WESTON ROAD/JUNCTION EMPLOYMENT DISTRICT

MAP 5



Source: Hemson Consulting Ltd.

NTS

When combined with the existing vacant supply of 10 net ha in the district, a total of 30 net ha could potentially be developed for employment use. Based on the range of development scenarios described in the Phase 1 report, this total land area could accommodate up to 6,000 jobs:

- At 40% coverage, 30 net ha would translate into 120,000 m^2 of new building space. At 80 m^2 per employee for new standard industrial-type space, this land area could accommodate 1,500 jobs;

- Also at 40% coverage, but at a higher-density of 60 m^2 per employee for new prestige industrial-type space, the land area could accommodate 2,000 jobs; and

- Under a pure office scenario, the land area could accommodate even more jobs. At 60% coverage, 30 net ha would amount to 180,000 m^2 of new building space. At an estimated 30 m^2 per employee for new office development, the land area could accommodate 6,000 jobs, nearly two-thirds of which would be the former Kodak site.

Additional jobs could also potentially be accommodated through the continued use and reuse of the existing free-standing industrial buildings located in the northeast area of the *Employment District*. According to the City Economic Development Office, this area provides good opportunities for infill and the development of a small business centre. Maintaining certainty in land use will be important for capitalizing on this opportunity.

3. Actions Should Be Taken to Ensure that the Site Remains in Employment Use

In order to move towards the target for employment contained in the Official Plan, the City of Toronto should take appropriate action to ensure that the former Kodak site remains in employment use, and is ideally reused or redeveloped with a higher intensity use. Particularly, the City must actively resist any attempts to convert the site to residential use. The following points warrant attention.

- Should the site be redesignated to residential use, not only would this result in the loss of a major opportunity for employment intensification, it could also have major destabilizing effects on the remainder of the *Employment District*.

- If such a redesignation increases the value expectations of neighbouring landowners, this would have the effect of undermining the normal leasing and long-term investment approach of other landowners and ultimately tenants.

- When property speculation, rather than long-term investment, becomes the primary motivation of land-owners the area becomes destabilized.

This risk of destabilization is particularly high in the Weston Road/Junction *Employment District*, given the relatively small size of the area and the dominance of the Kodak site within the overall land base. The City should take all actions available to retain the site for continued employment use.

B. STRATEGY FOR DUFFERIN KEELE NORTH SHOULD FOCUS ON PROPOSED NEW SUBWAY EXTENSION

Like the Weston Road/Junction *Employment District*, the Dufferin Keele North *Employment District* is also a mature, fully developed area, reflecting its favourable positioning for employment use. Locational advantages include: good road access, proximity to the downtown and access to a large market and skilled labour force. The area also has good access to York University and the University of Toronto Institute for Aerospace studies.

Unlike the Weston Road/Junction *Employment District* however, Dufferin Keele North is a much larger and more fully developed area. There are no large parcels that appear to be immediately available for redevelopment in the short term. However, the potential extension of the Spadina subway could generate many opportunities for employment intensification over the longer term.

Actions should be taken to ensure that sites along the proposed new subway corridor are retained for employment use. Similar to the Weston Road/Junction area, conversions to residential use in Dufferin Keele north would mean the loss of employment intensification opportunities and could lead to a destabilization of the remaining employment land in the area.

1. Dufferin Keele North is a Large and Fully Developed Employment District

At a total net area of 630 ha, the Dufferin Keele North *Employment District* is one of the larger *Employment Districts* in the City. It is also somewhat newer than the Weston Road/Junction *Employment District*, with most of the built stock developed primarily in the decades between 1960 and 1980.

As also discussed in the Phase 1 report, an estimated 96% of the total land supply is currently occupied, with only 25 net vacant ha that could potentially be developed with new uses. Based on the range of development scenarios identified in the Phase 1 report, this supply could accommodate between 1,250 and 5,000 jobs:

- At 40% coverage, 25 net ha would translate into 100,000 m^2 of new building space. At 80 m^2 per employee for new standard industrial-type space, this land area could 1,250 jobs;
- Also at 40% coverage, but at a higher-density 60 m^2 per employee for new prestige industrial-type space, the land area could accommodate nearly 1,700 jobs; and
- Under a pure office scenario, the land area could accommodate even more jobs. At 60% coverage, 25 net ha would amount to 150,000 m^2 of new building space. At an estimated 30 m^2 per employee for new office development, land area could accommodate 5,000 jobs.

As with the Weston Road/Junction *Employment District*, additional jobs could also potentially be accommodated through the continued use and reuse of the extensive areas of freestanding industrial buildings located throughout the area. Maintaining certainty in land use will be important for capitalizing on this opportunity.

Employment has remained stable over recent years, reflecting the areas ongoing attractiveness as an employment land location.[1] According to the City Economic Development Office, there has been a significant amount of new investment in the area over recent years, over $400 million in building permits since 2002, including new facilities for York University, a commercial plaza and new manufacturing and self storage facilities.

2. Proposed Subway Extension Could Provide Many Opportunities for Employment Intensification

While there are relatively few short-term redevelopment opportunities in Dufferin Keele North, over the longer term the proposed extension of the Spadina subway from Downsview Station to Steeles Avenue could provide many opportunities for employment intensification.

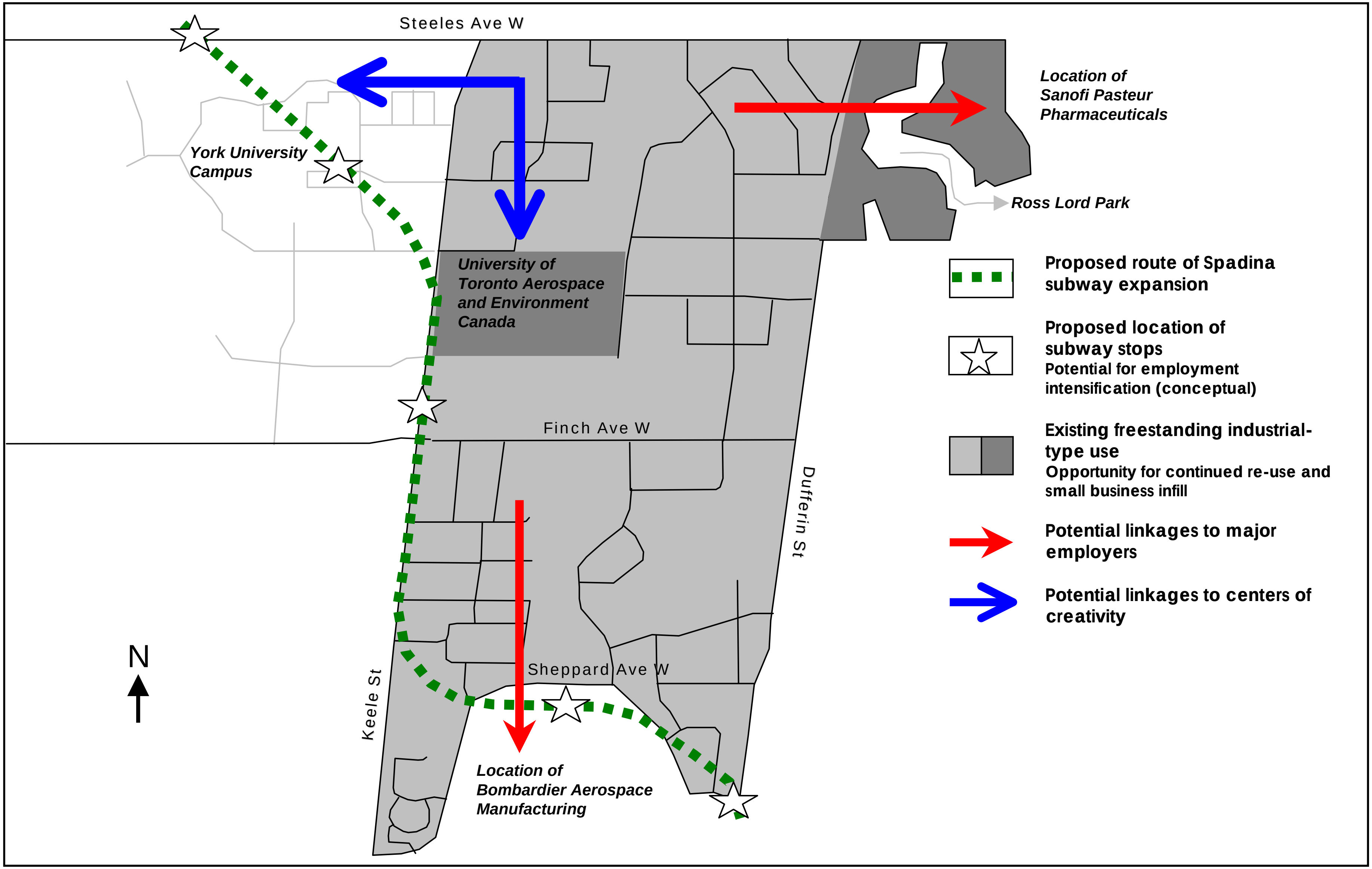
Currently, the preferred route of the proposed extension traverses the southern edge of the Dufferin Keele North *Employment District* west, turning north up Keele street towards York University.[2] This is shown on the map on the following page.

[1] *According to the 2004 and 2005* Toronto Employment Survey, *employment in the Dufferin Keele North* Employment District *has declined only marginally from 31,500 jobs in 2000 to 31, 300 jobs in 2005.*

[2] Spadina Subway Extension – Downsview Station to Steeles Avenue, Environmental Assessment, *Toronto Transit Commission, 2006.*

OPPORTUNITIES FOR EMPLOYMENT INTENSIFICATION IN THE DUFFERIN KEELE NORTH EMPLOYMENT DISTRICT

MAP 6



Source: Hemson Consulting Ltd.

NTS

The proposed infrastructure investment would be a major access improvement to the area. This improvement in transportation access, combined with the area's existing attractiveness for investment, represents a major opportunity for employment intensification. According to the City Economic Development Office:

- The Dufferin Keele North *Employment District* contains a significant concentration of advanced manufacturing, engineering and technical services, including furniture and fixture manufacturing activities.

- There is the potential for a "centre of excellence" to be established in the area to provide economic development support to existing users and promote the development of a furniture manufacturing cluster.

- There is the potential for key industry linkages with major employers such as the large pharmaceutical firm Sanofi Pasteur and a large base of existing industrial users, including Bombardier, located just outside the *Employment District* to the south. There is the potential to strengthen these linkages and promote the development of more advanced manufacturing and related activities in the area.

- There is also the potential for linkages to key centres of creativity, particularly the University of Toronto Institute for Aerospace studies, Environment Canada and York University that is located directly to the west. There is the potential to strengthen these linkages and promote the development of higher-order employment uses over time.

3. Actions Should be Taken to Ensure Sites in the Corridor Remain in Employment Use

The extent to which Toronto will be able to take advantage of opportunities for employment intensification along the proposed new subway corridor, and other sites in the Dufferin Keele North *Employment District*, will be determined mainly by the City's ability to address applications to convert employment land.

One of the most common arguments in support of applications to convert employment land to residential use is that it would support transit use. A new subway line along the edge of the *Employment District* would therefore provide many opportunities for landowners to argue for conversions to residential. Notwithstanding our concerns with this type of argument[1], it tends to be very compelling.

Once the first conversion is approved it would be very difficult to refuse others, because the precedent for conversion and its main justification (promoting transit use) would have been set. Like with Weston Road/Junction *Employment District*, further conversions would result in a loss of employment intensification opportunities and could destabilize other parts of the area.

[1] *Transit actually works best where destinations include concentrated employment opportunities, such as central Toronto and other nodes along the Yonge Street Corridor. This is contrary to the popular planning perception that the success of transit depends mainly on the density of residential development.*

C. RECOMMENDATIONS PROVIDE FOR A RANGE OF POLICY OPTIONS

Consistent with the broad policy initiatives recommended for all of the *Employment Districts*, ensuring certainty in land use is the first step to stimulating new investment in both the Weston Road/ Junction and Dufferin Keele North Employment Districts. In addition, a full range of financial incentives must be provided as well as other economic development support to maintain the competitiveness of the two areas. Additional work, however, is required to determine the specific actions that are required to achieve the City's vision for these two areas.

1. Ensuring Certainty in Land Use Is the First Step for Both Employment Districts

There is little question that, over the long term, both the Weston Road/Junction and Dufferin Keele *North Employment Districts* will be subject to pressure for conversion:

- Weston Road/Junction is likely to come under conversion pressure due to its small size and the recent availability of the Kodak site; and

- Dufferin Keele North is likely to come under conversion pressure due to its proximity to the potential new subway extension.

The built stock in both areas is for the most part older and in many cases purpose-built and difficult to adapt to new uses. This is particularly the case with the former Kodak facility in the Weston Road/Junction *Employment District*. If existing buildings cannot be reused, demolition and site remediation costs would make the redevelopment of the site for employment use even more challenging. This situation will give landowners continued hope of achieving a change in use:

- Buildings may be held in an underutilized or vacant holding use for some time, pending applications for conversion to other uses, particularly in the Weston Road/Junction *Employment District*; and

- The remaining vacant sites may also be held from the market in anticipation of residential development, particularly along the proposed new subway route in the Dufferin Keele North *Employment District*.

Once applications for conversion are made, certainty in long-term land use will be brought into question and the likelihood of redevelopment for employment will be greatly diminished.

As a first step for either *Employment District*, the City of Toronto must actively resist the conversion of employment land either now or at the time of the Official Plan review. Key actions could include:

- Continue the development of a policy position that makes it clear that redesignation is not an option, either now or in the future.

Likewise, the City may also want to consider developing a policy position that clarifies the role employment land plays in supporting transit use to balance the predominant perception that residential use is the main determinant of the success of transit.

- The provision of "intervenor funding" to assist users or other stakeholders address applications to convert employment land.
- The implementation of a "no net loss" policy, whereby, should a conversion take place in one location, an equally competitive amount of employment land would need to be provided by the applicant in another location.
- The implementation of conditional zoning, to ensure higher density built forms are achieved through employment intensification.
- Demolition control, whereby the demolition of existing buildings would be strictly regulated, recognizing that once demolition occurs, the prospects of redevelopment or reuse for employment are reduced.

The main challenge will not a be a lack of policy direction, but rather the ability of the City of Toronto to implement these policies and have them upheld at the Ontario Municipal Board when the Official Plan is reviewed or applications for conversion are made. A concerted effort will be required to educate decision makers on the City-wide importance of protecting employment land and implications for the City's future competitiveness.

2. A Range of Financial Incentives and Economic Development Support Could be Provided

In addition to ensuring a long-term certainty in land use, the City must continue to provide a full range of financial incentives allowed under current legislation to stimulate new investment in the *Employment Districts*. As a starting point, along with the other *Employment Districts* , both Weston Road/Junction and Dufferin Keele North must be designated as a Community Improvement Plan (CIP) area to direct grants to these locations.

The City could also seek to provide expanded incentive programs in both areas over time. Key additional actions could include:

- Expanding the current program of incentives designed to reduce the cost of doing business;
- Implementation of a "windfall tax", or levy, whereby a condition of employment land conversion would be a fee or penalty charged to the landowner based on some share of the property value increase achieved through the conversion; and
- The development of a more aggressive program of site acquisition and assembly of remnant vacant lands or underutilized parcels, replacing the lost area and taking a more direct financial involvement in the development of the *Employment Districts*.

Incentives could be provided for building upgrades or land could be offered for sale with conditions related to the achievement of specific policy objectives, notably the achievement of higher density building forms or, if the City so chooses, growth in specific industries or economic clusters.

Under a municipal development scenario, for example, sites in both *Employment Districts* could be readily brought to market for employment use.

Over the long term, Toronto must continue to lobby the Provincial and Federal Government for increased financial capabilities, including:

- Further abilities to bonus as a means of providing direct financial assistance to new users;

- The ability to set new tax classes; for example, a tax class that would apply to development within the *Employment Districts*; and

- The authority to provide larger tax rebates; for example, larger rebates on vacant space in new non-residential buildings until first occupied than the levels currently permitted.

In addition to financial incentives, the City must continue to provide the existing program of Economic Development support to maintain the competitiveness of the *Employment Districts* that includes the marketing of sites, infrastructure improvements and other educational and training resources. Key additional actions could include:

- Intensification of municipally held land and facilities;

- The provision of infrastructure, such as district heating, power and telecommunications;

- A marketing campaign to inform existing users and landowners of the City's intent to achieve employment intensification and new investment;

- Targeted area revitalization of local roads and public space improvements; and

- Programming connections, including on-site employment and training.

Given the very wide range of potential options for economic development support, however, the question is not one of availability but rather which specific actions are likely to be the most practical and effective to stimulating investment and achieving the City's vision for the area. Additional work is required to determine the specific actions required.

3. Additional Work is Required to Identify the Specific Actions Likely to be Most Effective

From a strategic perspective, it is clear that the City of Toronto must ensure certainty in land use and provide as much financial and economic development support as possible to stimulate new investment and employment intensification in the *Employment Districts*, and move towards the employment targets contained in the Official Plan. Additional work, however, is required to identify the specific actions that are likely to be the most effective in achieving the City's vision. For example:

- Additional work is required to identify what actions are required to ensure that the site of the former Kodak facility is retained for employment use in the Weston Road/Junction *Employment District*.

  The City may want to consider entering into discussions with the new landowners regarding options for a potential business campus or major institutional use, including financial incentives or other support opportunities.

- Additional work is required to identify what actions would be required to establish a centre of excellence in the Dufferin Keele North *Employment District*, to capitalize on opportunities for additional manufacturing investment or take advantages of key linkages within and outside of the areas.

  The City could also undertake a more detailed analysis of key trends by built form or economic sector. This would apply to either the Weston Road/Junction or Dufferin Keele North *Employment Districts*.

  Interviews should be undertaken with users in both the Weston Road/Junction and Dufferin Keele North *Employment Districts* to identify specifically what types of financial or economic development initiatives are likely to be the most effective for stimulating new investment.

Additional work is also required to prepare future area strategies for other *Employment Districts*, in order to move towards achieving the employment target in the Official Plan. The following template is recommended:

- Describe the current situation, including a profile of existing users, built form, densities, major user, physical characteristics and land uses.

- Based upon the current situation, identify the main opportunities and trends, including recent development trends, employment trends, density trends, trends in built form and building use, sector and regional trends, opportunities for redevelopment and implications for infrastructure investment.

  As with the two *Employment Districts* considered in this report, interviews with existing users in other districts should be undertaken to identify the main impediments to new investment.

- Based upon the main opportunities, trends and potential impediments to new investment and employment intensification, identify the vision and growth targets for the area.

  At a minimum the targets should be to maintain the existing land base and level of employment given the level of new building space that will need to be added to the *Employment Districts* to achieve the target in the Official Plan. Additional targets or objectives may also be set regarding industrial diversification, particular types of built forms or economic sector or cluster performance.

- Based on the vision and growth targets for the area, determine the tools that are likely to be the most effective to stimulate new investment and employment intensification in each *Employment District*.

Achieving significant new investment and employment intensification in the *Employment Districts* will be a challenge but one that must be met to achieve the Province's vision for economic growth in the urban centres and the target contained in the City's Official Plan.

At a minimum, the City must seek to ensure certainty in land use and provide a full range of financial and economic development support. Toronto is already a leader in maintaining employment in central city employment areas and has the opportunity to stand even further apart from other communities by intensifying its *Employment Districts*.

We trust that the conclusions and strategies recommended in this report are of assistance in achieving this important planning objective.

<table>
<tr><td colspan="3">Table 7
High Level Strategies For Stimulating New Investment and Employment Intensification in the Weston Road/Junction and Dufferin Keele North Employment Districts</td></tr>
<tr><td>Key Strategic Initiative 1</td><td colspan="2">General Actions Required</td></tr>
<tr><td rowspan="4">Seek to provide certainty in land use as the foundation for continued employment use over the long term.</td><td colspan="2">• Develop a policy position that makes it clear that redesignation is not an option, including a policy for employment land outside the Employment Districts;
• Provide "intervenor funding";
• Implement "no net loss" of employment land policy;
• Implement conditional zoning, to ensure higher density built forms are achieved through employment intensification; and
• Implement strict demolition control in both areas.</td></tr>
<tr><td colspan="2">Actions Specific to the Employment Districts</td></tr>
<tr><td>Weston Road/Junction Employment District</td><td>Dufferin Keele North Employment District</td></tr>
<tr><td>The key focus must be on retaining the former Kodak Site for employment uses.

The City may want to consider entering into discussions with the current landowner to discuss financial and economic development support options for the site.</td><td>The key focus must be on retaining the land supply along and around the potential new transit corridor to York University for more intense forms of employment.

The City may want to consider developing a policy position that clarifies the role employment land plays in supporting transit.</td></tr>
</table>

<table>
<tr><td colspan="3">Table 8
High Level Strategies For Stimulating New Investment and Employment Intensification
in the Weston Road/Junction and Dufferin Keele North Employment Districts</td></tr>
<tr><td>Key Strategic Initiative 2</td><td colspan="2">General Actions Required</td></tr>
<tr><td rowspan="4">Provide full range of financial Incentives to stimulate Investment, including those that may not yet be available in current legislative environment.</td><td colspan="2">In the short term, provide the greatest amount and range of financial incentives available under the current legislation.
• Implement Community Improvement Plans (CIP)s
• Expand current program of incentives to reduce the cost of doing business
• Implement a "windfall tax", or levy
• Develop a more aggressive program of site acquisition and assembly
In the long term, continue to lobby senior levels of government for greater financial capacities, including:
• The ability to bonus;
• The ability to set new tax classes; and
• The authority to provide larger tax rebates.</td></tr>
<tr><td colspan="2">Actions Specific to the Employment Districts</td></tr>
<tr><td>Weston Road/Junction Employment District</td><td>Dufferin Keele North Employment District</td></tr>
<tr><td>A full range of financial incentives must be provided with a view to retaining the site for employment use. To achieve this objective, the City must continue to use existing tools and lobby senior levels of government for expanded tools.</td><td>A full range of financial incentives must be provided with a view to retaining employment sites along the new transit corridor. To achieve this objective, the City must continue to use existing tools and lobby senior levels of government for expanded tools.</td></tr>
</table>

Table 9

High Level Strategies For Stimulating New Investment and Employment Intensification in the Weston Road/Junction and Dufferin Keele North Employment Districts

<table>
<tr><td>Key Strategic Initiative 3</td><td colspan="2">General Actions Required</td></tr>
<tr><td rowspan="4">Provide Economic Development support to maintain competitiveness of the area</td><td colspan="2">Expand support programs directed at:

• Marketing of sites and the City-wide importance of employment land;
• Infrastructure improvements such as district heating, power and telecommunications;
• Educational and training resources;
• Incubators and other labour force development initiatives;
• Streamlining the development process;
• Partnerships with other levels of government;
• Branding and marketing initiatives and a focussed outreach and engagement program;;
• Intensification of municipally held land and facilities;
• Employment area revitalization (local roads and public space improvements); and
• Programming connections, including on site employment and training.</td></tr>
<tr><td colspan="2">Actions Specific to the Employment Districts</td></tr>
<tr><td>Weston Road/Junction Employment District</td><td>Dufferin Keele North Employment District</td></tr>
<tr><td colspan="2">Additional work is required to identify the specific actions that are required to achieve the City's vision for the area. The first step should be a set of interviews with existing users to identify the actions likely to be the most effective in stimulating new investment. Further analysis is also required on trends by economic sector, built form, densities and implications for infrastructure.</td></tr>
</table>

APPENDICES

Details on Case Studies and the Pro forma Analysis

APPENDIX A

Case Study Details

APPENDIX A: CASE STUDIES

In order to identify what additional actions Toronto could take to stimulate investment and employment intensification in the employment districts, a number of case studies were undertaken. Eight large urban areas were examined: New York City, Boston, Chicago, Baltimore, San Francisco, Peel Region, Montreal and Detroit.

For each of the urban areas a large literature review was undertaken, focussing primarily on municipal documents and other available information. In addition, consultation with key municipal official was conducted in order to fill information gaps when possible.

Based on this work a number of key conclusions can be drawn. These conclusions are summarized below, followed by a summary table and detailed description of each case study.

A. TORONTO IS NOT ALONE IN DEALING WITH PRESSURE TO CONVERT EMPLOYMENT LAND

Pressure for the conversion of employment land is occurring in all of the communities studied. The situation is not unique to Toronto, but rather seems to be occurring in many large, old, central urban areas, currently experiencing high levels of growth. The following key points warrant attention:

- With the exception of Peel Region, which is not a central city, most urban areas studied have experienced a decline of industrial employment in recent decades.

- Most are presently experiencing significant levels of population growth. As a result, pressure to convert industrial land and infringement is common and occurring even in those areas where growth pressures are not as great.

- In recent years, all urban areas studied have lost some industrial land supply to conversion.

- Of the eight urban areas initially chosen to study, Chicago and New York appear to be the most similar to Toronto. They both have little to no greenfield industrial land available as well as having very active residential markets, which are infringing on employment lands and adding pressure for conversion.

- The city of San Francisco is unique amongst the communities studied. Like others, the actual City of San Francisco is very small and does not have much employment land or industrial employment, while at the same time is experiencing a shortage of residential land and pressure to convert non-residential land. However, San Francisco differs in that it is debating the future of its industrial land on a city-wide basis. The debate is whether addressing the shortage of residential land, by allowing the conversion of industrial land, serves a greater economic function than protecting their industrial areas.

- The San Francisco debate has interesting implications for the City of Toronto.

B. ALL COMMUNITIES ARE TAKING SOME ACTION TO ADDRESS THE SITUATION

Most of the urban areas studied, with the exception of Montreal, have identified industrial retention and/or attraction as an issue and have in place or are formulating initiatives. The following key points warrant attention:

- The most proactive urban areas have developed either lead organizations (departments, committees and task-forces) and/or comprehensive plans that deal specifically with industrial employment retention and attraction.

- Most urban area's initiatives and programs are aimed not only at industrial businesses, but also commercial and office businesses.

- Most urban areas, especially those with limited amounts of vacant industrial land, are more focussed on retaining and expanding existing businesses, rather than attracting new businesses.

- The policies and strategies fall into three main categories: providing certainty in land-use, financial incentives and other.

- Creating zones or areas with designated boundaries that permit only employment uses is viewed as the most likely method to guarantee certainty in land-use.

- Financial incentives appear to be much more heavily favoured in the urban areas studied than providing certainty in land-use.

- One reason for this is that all of the U.S. cities studied receive a significant amount of state and federal funding for such initiatives, as well being able to participate in state or federally initiated programs.

- There are a considerable amount of financial incentive tools available. Most are comprised of either a favourable loan, tax exemptions or credits, or outright funding.

- Most of the U.S. cities studied have large amounts of brownfields, that are the focus of numerous financial incentives.

- A range of other initiatives include; assistance in marketing, training and recruiting, and infrastructure improvements.

C. NO URBAN AREA HAS SUCCEEDED IN INCREASING INDUSTRIAL EMPLOYMENT

Despite the variety and amount of different initiatives and policies, none of the urban areas studied have reported any definitive success in both increasing or retaining industrial employment in the city as a result of their policies and initiatives. The following key points warrant attention:

- None of the urban areas have any real measure of success. Even Chicago, which has the longest running program, cannot definitively say any initiative has been successful.

- Toronto appears to be doing the same, if not more, than the other urban areas studied toward the retention and attraction of industrial employment.

- Toronto has a demonstrated success, that no other urban area, with the exception of Peel Region, has. Toronto has managed to maintain its industrial employment base, while at the same time losing some of their industrial land supply.

- All other urban areas studied have seen both decline in their industrial employment and land supply.

Provided on the following pages are a summary table and detailed reviews of each urban area case study. Four main pieces of information are provided:

- Background – highlights the urban areas history, land supply, growth, economy and current pressures;

- Initiatives – outlines all initiatives and policies under municipal jurisdiction;

- Comparison to Toronto – provide commentary on the similarities and differences between the two urban areas, and finally;

- Information Review – provides sources and links to information used to compile the summaries.

City of Toronto Employment Land Strategy: Case Studies
Range of Policy Initiatives

	Chicago	Boston	New York City	Baltimore	San Francisco	Detroit	Toronto
Lead Committee/Department/Taskforce			X	X		X	
Single Comprehensive Program (umbrella for all or most industrial initiatives)		X	X				
Specific Initiatives to Provide Certainty in Land Use (Does not include official plans or land-use bylaws)							
Designated Boundaries of Areas With Land-use Restrictions	X		X		X		X
Prohibits or Restricts Residential Development	X	X	X	X			
Restricted Uses Require Senior or Council Approval	X	X	X	X			
Discourage Illegal Conversion of Industrial Property			X				
Make City Owned Land Available for Industrial Space		X	X	X			X
Specific Financial Incentives							
Relocation Incentive to Remain or Move to Specific Area		X	X	X			
Lower Cost of Development or Maintenance of Industrial Property (tax credits, loans)		X	X	X		X	X
TIFS = Tax Increment Financing (TIEG in the case of Toronto)	X			X		X	X
Brownfield Incentives		X		X		X	X
Exemption from or Credits for Various Taxes (property, sales, income)	X	X		X		X	
Employer Wage and Training Credits	X			X			
Low Interest or Flat Loans	X	X					
Industrial Revenue Bonds (tax-exempt bonds issued by city on behalf of businesses)	X	X					
Research & Development Financing or Tax Credits	X						
Industrial Façade Improvement Funding	X			X			X
Business Improvement (other than Façade improvement)	X						X
Support Services							
Core Infrastructure (power, water, roads, highways) Improvement in Specific Areas	X			X			
Marketing of Industrial Areas		X	X			X	X
Provide Assistance in Accessing Incentives, Complying with Regulations and Business Opportunities		X	X			X	X
Provide Training, Material and Customer Service Assistance	X	X	X		X		X
Provide Employee Recruitment, Screening and Training Services		X	X		X		
Provide Relief on Parking Violations for Fleet Vehicles			X				
Maintenance of Industrial Areas (landscaping, sidewalks, signage etc)	X	X	X				X
Provide Assistance in dealing with Trash and Industrial Waste			X				
Other (Specifically related to industrial retention and attraction)							
State or Provincial Incentives	X	X	X	X		X	
Federal Incentives	X	X	X	X	X	X	

Note: This table is intended to illustrate core features of urban area initiatives that are either entirely or partially targeted towards industrial land and businesses. It must be understood that an "x" means that the urban area has either some or all of the initiatives outlined in the specific category. All industrial initiatives are undertaken within specific local conditions and regulatory environments that are not presented in this table.
Montreal and Peel Region are not included in this table as they currently do not have any initiatives in place.

NEW YORK CITY

A. BACKGROUND

- 1950 New York City had 2,000,000 industrial Jobs
- Presently less than 500,000
- Industrial Jobs represent 15% of New York City Employment

Growth Outlook New York City Source: New York Metropolitan Transportation Council		
	2005	2030
Population	8,209,000	9,492,000
Households	3,089,000	3,591,000
Employment	4,177,000	5,243,000

- New York City experiencing growth pressures
- Real estate market is very competitive
- Mounting shortage of housing, especially low and middle income
- Very large difference in land value between employment land and residential land, residential much more valuable.
- Increasing pressure to convert employment land to residential
- Housing and mixed-use development occurring in former industrial areas

B. INITIATIVES

The City of New York has recognized the importance of the industrial sector to the economy of the City. As a result a task force was convened in early 2005 to develop a city-wide policy that would support the City's industrial base. The policy strengthens the City's competitive position by creating a coordinated set of initiatives that would address the greatest risk factors: inadequate industrial space, prohibitive costs and an unfriendly business environment.

The City has established the Office of Industrial and Manufacturing Businesses to oversee and coordinate policy. In addition, the Industrial and Manufacturing Business Council was created to serve as a public private partnership to advise on industrial policy and foster strategic thinking about needs and opportunities.

It should be noted that many of the initiatives below are still in the development stages and are yet to be implemented.

1. Land Use Certainty

- Designated Industrial Business Zones (IBZs) - Any rezoning for residential uses is strictly prohibited.
- The City will conduct separate IBZ planning studies to identify issues and opportunities for each area.

- The City will discourage illegal conversion of industrial property by; increasing monitoring and inspection, increase financial penalties, issue stop work and other violations for illegal activity at construction sites, and propose legislation creating a new violation with higher financial penalty for illegal conversions.

2. Financial Incentives

- A one-time relocation tax credit for industrial companies relocating to an IBZ, the credit will cover relocation expenses of up to $1,000 for each industrial job relocated.

- Lower costs of real estate production and maintenance - this is done by offering developers mortgage recording and sales tax waivers for acquisition, construction and/or renovation of industrial space.

- Provide real estate tax reduction for new, renewal or expansion leases for industrial space in certain areas.

3. Other

- The City will continue to provide space to industrial businesses in properties owned, controlled or sold by the City and will continue to office City-owned parcels of land to industrial businesses seeking to build their own facilities.

- Commercial Fleet Parking Violations Pilot Program - reduces rates for violation fines for industrial fleet vehicles.

- Each IBZ has a NYC Business Solutions Centre with dedicated counsellors for industrial businesses, and will have access to training, material and customer service systems and will help companies access incentives, comply with regulations and take advantage of business opportunities.

- Will actively market IBZs to new, expanding or relocating businesses.

- Ombudsman program to assist industrial businesses outside of IBZs.

- Launch an intensive regulation education campaign.

- Expand employee recruitment, screening and training services.

- Form an Industrial Energy Consumer Coalition - represent industrial users in regulatory cases.

- Administer Biannual “Industry NYC” surveys.

C. COMPARISON TO TORONTO

New York City is the most comparable of the urban areas studied to Toronto. Both cities are forecast to grow considerably; there are large differences in land values; there is little to no new potential supply of industrial land; both have large, very successful surrounding suburban areas; and both are dealing with redesignation and infringement pressures.

There are some differences between the two. Most apparent is the difference in size, with NYC having almost 4 times the population as Toronto. The cities economies are very different, with much lower percentage of employment involved in industrial activities. In addition, like most other U.S. cities in the study, the state and federal governments offer far more support, primarily financial, for various programs/initiatives. Finally, the focus of the City's initiatives is on the retention of industrial jobs not on the attraction.

D. INFORMATION REVIEW

Protecting and Growing New York City's Industrial Job Base: New York City Industrial Policy, Parthenon Group LLC for the City of New York, January 2005.

Making it in New York: The Manufacturing Land Use and Zoning Initiative, The Pratt Institute Centre for Community and Environmental Development for The Municipal Art Society of New York, May 2001.

Zoning to Kill Manufacturing, and the Assault on Greenpoint, Tom Angotti, Gotham Gazette, May 2003.

Zoning to Protect Manufacturing, Adam Friedman, Gotham Gazette, April 2003.

CHICAGO

A. BACKGROUND

- Part of the "Rust Belt"
- City has lost a considerable amount of industrial employment in recent decades
- 1970 city had 500,000 industrial jobs, total metro area 950,000
- 1996 city had 160,000 industrial jobs, total metro area 640,000
- Manufacturing employees 15% of Chicago private sector workforce

Growth Outlook Cook County Source: Northeastern Illinois Planning Commission		
	2000	2030
Population	5,377,000	5,938,000
Households	1,974,000	2,225,000
Employment	2,842,000	3,318,000

- Chicago experiencing growth pressures
- In the midst of a booming residential market, significant amount of condo development
- Housing prices have risen significantly
- Large difference in land value between employment land and residential land, residential much more valuable.
- Increasing pressure to convert employment land to residential
- Many buildings being converted into condos
- shortage of industrial land in City due to encroachment of residential and commercial activity through rezoning

B. INITIATIVES

The City of Chicago, as well as some of it's surrounding areas, has recognized the need to retain their industrial jobs since the late 1980s. By 1988 the City had created Enterprise Zones, Permanent Manufacturing Districts and Industrial Tax Increment Financing Zones. Today the City has an industrial retention policy focussed on supporting regions of the city with high concentrations of industry.

1. Land Use Certainty

- Permanent Manufacturing Districts (PMDs) - provides that no residential uses will be permitted in any of the districts, as well as other specific uses and restrictions on an area by area basis.

2. Financial Incentives

- Enterprise Zones - certain ordinances, codes and tax regulations are waived for industrial and commercial businesses in specific areas (ex. exemption from city and state sales tax on building materials, machinery and other related equipment).

- Industrial Corridor Program - For 25 area corridor plans are developed by local community and business leaders (Local Industrial Retention Initiative) to ensure each is safe, accessible & functional, competitive & Marketable, manageable and attractive. The City provides funding for implementation through direct funding and prioritization of related infrastructure projects.

- Tax Increment Financing (TIF) - Provides financial assistance to stimulate private investment in designated areas. Works by capturing the incremental increase in property value brought about by the improvement of the designated area and reinvesting the revenues back into the area. Examples of eligible expenses include; land acquisition, environmental remediation, building rehabilitation and repair, signs or awnings, streetscaping and other public infrastructure improvements and job training.

- Small Business Improvement Fund (SBIF) - Matching TIF grants to help small and medium sized industrial and commercial companies improve their facilities.

- TIF Works - businesses located within Chicago's TIF districts can access funds for workforce development.

- Empowerment Zone Program - offers special financing and tax incentives for qualified businesses (employer wage credits, tax deductions).

- Property Tax Incentives - Reduce property tax assessment levels, primarily industrial properties.

- Industrial Revenue Bond - Tax-exempt bonds issued by the City on behalf of an industrial company, long-term, low interest rate financing.

- Bank Participation Loans - Low interest financing for certain project costs.

- Business Infrastructure Assistance Program - Grants to industrial firms to cover some of the cost of approved infrastructure improvements.

- Industrial Facade Rebate Program - Rebates on the costs of improvements to the main exterior facade of industrial buildings.

- Industrial Street and Alley Vacation Program - Enables industrial firms to purchase or lease underutilized city streets or alleys at reduced prices.

- Micro Loans and fixed-interest rate loans.

3. Other

- Industrial Area Improvement Program - Promotes the viability of industrial areas by improving roadways and eliminating hazardous conditions that may hinder industrial operations.

- Right of Privilege Program - Industrial firms are allowed to install and operate gates in adjacent streets and alleys.

C. COMPARISON TO TORONTO

Chicago is similar to Toronto in a number of ways. They are both experiencing tremendous residential growth, especially in condos; both have large differences in land values; there is little to no new potential supply of industrial land in the central city; both have large, very successful surrounding suburban areas; both are dealing with redesignation pressures, and both cities economies are quite similar in that they both have large manufacturing bases. It should also be noted that unlike most other American cities, Chicago is not only interested in retaining industrial employment, but also in attracting new large industrial users to the City, much like Toronto.

However, there are also significant differences. The first is that while both are forecast to grow in the future, the rate of growth is much larger in Toronto. While vacant industrial land is in short supply in both cities, Chicago has a considerable supply of vacant or underutilized industrial buildings, as result of large plant closures and layoffs in the past decades. As a result, Chicago has been actively involved in attracting and retaining industrial employment for over 15 years. No other city that was studies as been as active for as long. Finally, like most other U.S. cities in the study, the state and federal governments offer far more support, primarily financial, for various programs/initiatives.

D. INFORMATION REVIEW

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Industrial Retention and Development, Greater Northwest Chicago Development Corporation. http://www.gnpdc.org/indret.thml

Financial Incentives, World Business Chicago (Chicago Economic Development).
http://wwwworldbusinesschicago.com/busres/incentives/incentives.asp

Industrial Retention Programs: Chicago's North River Industrial Corridor, Economic Development Handbook, Anna Sokol, University of Michigan, Winter 2005.

Making it in New York: The Manufacturing Land Use and Zoning Initiative, The Pratt Institute Centre for Community and Environmental Development for The Municipal Art Society of New York, May 2001.

BOSTON

A. BACKGROUND

- Prior to 1960 the industrial sector provided most of Boston's jobs
- 1969 there were roughly 116,000 industrial jobs in the City of Boston
- In 2000 roughly 47,000 in Manufacturing, Wholesale Trade and Construction
- Represents 8.2% of Boston employment
- Boston primarily a service orientated economy

Growth Outlook Greater Boston Area Source: Metropolitan Area Planning Council		
	2000	2030
Population	4,306,000	4,664,000
Households	NA	NA
Employment	2,344,000	2,552,000

- Boston experiencing growth pressures
- Strong demand for residential
- Boston has very little employment land relative to other urban areas
- Only 5% of Boston's land is classified industrial, a decline of 38% since 1962
- Very large difference in land value between employment land and residential land, residential much more valuable.
- Increasing pressure to convert employment land to residential
- Significant amount of unchecked conversions of industrial space to residential and commercial

B. INITIATIVES

Boston has recognized the importance of its industrial base for quite some time, but has only acted on the need to maintain and grow this base since 2001. This was the year the City's Back Street Program was created, intended to attract and retain manufacturing, wholesale, construction, commercial services, logistics and food processing businesses in the City. The comprehensive program works in conjuncture with the Boston Redevelopment Authority.

1. Land Use Certainty

- City has adopted a goal of no net loss of industrial space.

- The City will develop nearly 500,000 sq.ft. of industrial space for lease. City also owns and operates 2 industrial parks in the City: Boston Marine Industrial Park and Alsen Maples Industrial Park.

2. Financial Incentives

- Boston Industrial Development Financing Authority - Tax-exempt bonds to finance capital needs resulting from expansion.

- Boston Local Development Corporation - Provides loans for businesses in, or relocating, to the City.

- Back Street Backup Loan Program - Favourable financing to eligible businesses. Favourable and flexible terms and conditions on loans.

- Economic Development Incentive Program - Creates Economic Opportunity Areas, within which certain projects may be eligible to receive property tax incentives, tax deductions and tax credits.

- EZ Bonds - Tax-exempt bond financing for businesses located with Boston's Empowerment Zone (targeted area of Boston, made up of residential, commercial and industrial).

- BRA Brownfields Program - Funding for assessment and cleanup of contaminated property.

3. Other

- Business Managers for each of the Back Street Areas and will act as ombudsmen. Will assist businesses in accessing information, technical assistance and funding.

- Workforce Training Fund/Express Program - Provides up to a minimum of $15,000 a year to match training expenses of employers with up to 50 employees.

C. COMPARISON TO TORONTO

Boston is similar to Toronto in a few ways. Both are experiencing residential growth; both have large differences in land values; both have large, very successful surrounding suburban areas, and both are dealing with redesignation pressures. Boston is also interested in attracting new large industrial users to the City.

There are significant differences between Boston and Toronto. The first is that while both are forecast to grow in the future, the rate of growth is much larger in Toronto. There is a much larger supply of vacant land, as a percentage of total industrial land, in Boston. The economies of the cities are much different, with Boston much less reliant on industrial type employment and more focussed on service industries, universities and government. There is also a significant difference in size. While the metropolitan areas are relatively similar, the City of Boston is only a quarter of the size of the City of Toronto. Finally, like most other U.S. cities in the study, the state and federal governments offer far more support, primarily financial, for various programs/initiatives.

D. INFORMATION REVIEW

Economic Planning Initiative: Industrial Fact Sheet, Boston Redevelopment Authority, Summer 2001.

Industrial and Operations Jobs in Boston, Boston Redevelopment Authority, February 1999.

City of Boston - Office of Business Development
http://www.cityofboston.gov/dnd/OBD

Boston Connects - Boston Empowerment Zone
http://www.cityofboston.gov/bra/bostonex/index.htm

City of Boston - Back Streets
http://www.cityofboston.gov/bra/backstreets

BALTIMORE

A. BACKGROUND

- Baltimore has lost one-third of its population since 1950
- Between 1950-1990 Baltimore has lost over 75,000 jobs, or 2/3 of its manufacturing employment
- This loss has led to vacant and under-utilized properties across the city
- Nearly one-third of its industrial land is under-utilized

Growth Outlook Greater Baltimore Region
Source: Maryland Department of Planning

	2005	2030
Population	2,608,000	2,848,000
Households	NA	NA
Employment	1,353,000	1,418,000

- Baltimore experiencing some growth
- Strong demand for residential
- Large amount of employment land, although limited amount of employment land with good access and large parcels
- Significant difference in land value between employment land and residential land, residential much more valuable
- Increasing pressure to convert employment land to residential, especially on employment land close to water
- Large amounts of redevelopment for residential and office purposes
- Significant encroachment on industrial areas
- Large amount of vacant industrial lands are contaminated

B. INITIATIVES

The City of Baltimore, despite decades of industrial decline, does not have a comprehensive plan. It has used a piecemeal, or a site-by-site approach. There is presently now a call for a broader strategy. Any and all efforts are led by the City's economic development department - Baltimore Development Corporation.

1. Land Use Certainty

- City has created a 500 acre industrial park. It has improved vehicular access to the area, removed obsolete buildings and remediated brownfield sites.

2. Financial Incentives

- Revolving Loan/Working Capital Loan Fund - funds to assist in the acquisition and improvement of lands, facilities and equipment.

- Empowerment Zone 50/50 Loan Program - Loan program targets businesses currently located, or willing to locate, within Baltimore's federally designated Empowerment Zone.

- City General Obligation Bonds - "brick and mortar" improvements.

- Enterprise Zone Real Property Tax - 10 year credits against local real property taxes on property improvements.

- Property tax exemption for manufacturing and R&D businesses.

- One Maryland Tax Credit - Tax Credits provided by state can be used against state income, insurance premium or financial institution franchise tax.

- Job Creation Tax Credit - income tax credits to business owners who create at least 25 jobs in certain areas.

- Enterprise Zone Income Tax Credits.

- Tax Increment Financing (pilot program) - provides funds for activities such as public land acquisition and improvements, construction of streets, utilities and other infrastructure, and pre-development costs.

- Facade Improvement Grant Program - matching grants and design assistance.

- Baltimore Brownfield Financing Fund - favourable financing (below market loans, grants) to assist with clean-up and redevelopment.

- Brownfields Property Tax Credit - tax credit of 50-70% of the increase in City property taxes attributable to clean-up.

3. Other

None

C. COMPARISON TO TORONTO

The City of Baltimore does not have many similarities with the City of Toronto. The similarities that are most important to this study are that there is a large difference between residential and industrial land values, both have very successful surrounding suburban areas and both are dealing with redesignation and encroachment pressures.

The cities of Baltimore and Toronto are very different. The City of Baltimore is considerably smaller than Toronto and is forecast to experience only a fraction of the growth in the future. There is a much larger supply of vacant land, as a percentage of total industrial land, in Baltimore. An example is the Carroll-Camden Industrial Park, a newly created 500 acre business park located within the City. The City, in certain industrial areas, is also encouraging redevelopment from industrial uses, in areas it sees as undesirable. Baltimore also suffers from an extremely large amount of Brownfield sites. As far as its strategy is concerned, Baltimore has yet to develop any sort of initiative or strategy for land-use certainty. Finally, like most other U.S. cities in the study, the state and federal governments offer far more support, primarily financial, for various programs/initiatives.

D. INFORMATION REVIEW

City of Baltimore Development Corporation
http://www.baltimoreredevelopment.com/busassist.html

Industrial Land Use Analysis, Baltimore Development Corporation, November 2003.

Vacant Properties in Baltimore: Strategies for Reuse, Eric Friedman, January 2003.

Subsidising the Low Road: Economic Development in Baltimore, Good Jobs First, September 2002.

DETROIT

A. BACKGROUND

- Detroit population has halved since the 1960s
- 10,000 residents are still leaving every year
- Michigan has lost over 150,000 manufacturing jobs in the past 15 years
- Detroit lost 39% of its manufacturing jobs in the 1980s
- Detroit economy still very much industrial
- 17% of Southeast Michigan economy is involved in manufacturing

Growth Outlook Southeast Michigan Source: Southeast Michigan Council of Governments		
	2005	2030
Population	4,937,000	5,401,000
Households	1,925,000	2,248,000
Employment	2,780,000	3,110,000

- City population and employment expected to continue to decline, in favour of suburbs
- City's real estate market is not competitive
- Marginal difference in land value between employment land and residential land
- Some pressure to convert employment land to residential, only in prime locations (along waterfront)
- Large amount of vacant and underutilized industrial land.

B. INITIATIVES

The decline of Detroit's industrial sector has been well documented and has been occurring for over 30 years. While the City does not have a comprehensive plan, it has a number of initiatives that are intended to retain and attract industrial employment in the City. All of the programs fall under the jurisdiction of the Detroit Economic Growth Corporation, formed in 2003.

1. Land Use Certainty

None

2. Financial Incentives

- Industrial and High Technology Facility Tax Abatement - up to 12 years of real and personal property tax reduction. This falls under *The Plan Rehabilitation and Industrial Development Districts Act*.

- Personal Property Tax Abatement - 100% reduction on personal property taxes on new personal property over certain period of time.

- Brownfield Redevelopment Program - businesses that locate on contaminated, functionally obsolete or blighted land can receive tax credit of up to 10 years of the real and personal investment made at site. Can also receive reimbursement on development and business costs related to remediation, site preparation and demolition.

- Obsolete Property Rehabilitation Tax Abatement.
- Michigan Economic Growth Authority - Businesses are able to receive tax credit against the Michigan Single Business Tax.
- Tax Increment Financing - local community may capture all state and local property tax on eligible property (contaminated, blighted or functionally obsolete).
- Renaissance Zones - areas where virtually all state and local taxes are waived for up to 15%.
- Urban Loan Fund - program designed to encourage a bank to finance a business or development that would not be eligible for conventional financing.

3. Other

None

C. COMPARISON TO TORONTO

Much like Baltimore, the City of Detroit and the City of Toronto do not have many similarities. The only similarities are that both cities have very successful surrounding suburban areas and both have economies that are similar in their reliance on the manufacturing sector.

The cities of Detroit and Toronto are very different. The City of Detroit is much smaller than Toronto and is forecast to experience declines in population, households and employment over the next 30 years. Detroit does not have any of the associated problems with increased population growth, such as shortage of land or large differences in land value. There is a very larger supply of vacant and underutilized land, as a percentage of total industrial land, in Detroit. Detroit also suffers from an extremely large amount of Brownfield sites. A large part of its industrial initiatives deal directly with contaminated or blighted sites. Detroit has yet to develop any sort of initiative or strategy dealing with land-use certainty. Finally, like most other U.S. cities in the study, the state and federal governments offer far more support, primarily financial, for various programs/initiatives.

It should be noted that unlike other cities studied Detroit, in a number of industrial areas, is actually encouraging redevelopment from industrial uses to other uses.

D. INFORMATION REVIEW

Detroit Economic Growth Corporation
http://www.degc.org/main

SAN FRANCISCO

A. BACKGROUND

- San Francisco has lost a large amount of its manufacturing employment
- Total employment in the City is 608,00 in 2001
- Eastern Neighbourhoods are where all of the City's industrial lands are located
- 25% of Eastern Neighbourhoods land area is industrial
- Roughly 45,000 people are employed in industrial jobs in Eastern Neighbourhoods
- Represents 7% of San Francisco employment
- Industrial employment in Eastern Neighbourhoods are expected to increase to 51,000 in 2030
- San Francisco primarily a service and high-tech orientated economy

Growth Outlook Bay Area Source: Bay Area Metropolitan Transportation Commission		
	2000	2030
Population	6,784,000	8,780,000
Households	NA	NA
Employment	3,754,000	5,226,000

- City experiencing tremendous amount of growth
- Strong demand for residential
- Severe shortage of housing and residential land - borderline housing crisis
- Difference in land values is largest in the United States
- San Francisco has very little industrial land relative to other cities
- Increasing pressure to convert employment land to residential
- Numerous warehouses in Eastern Neighbourhoods have been converted to office and R&D facilities, supporting the City's high-tech sector.
- Of the 56 office projects approved between 1995-2001, 21 were located in the Eastern Neighbourhoods

B. INITIATIVES

The City of San Francisco is unlike other cities studied. That is it does not have any sort of comprehensive plan or initiatives that deals with the attraction or retention of industrial land, nor has it decided that it is in its best interest to do so. The City is currently studying what industrial businesses should remain in San Francisco; whether those businesses need the isolation of single-use "Industrial Protection Zones;" and, if so, how much land should be in these zones.

Some see the debate as whether there is a need to maintain and protect the current supply of industrial land and employment in the city or whether the market should be left to decide the best use for lands in the City. Is there anything wrong with the central city containing primarily residential, service/ office and institutional uses, with the surrounding areas containing the more land intensive, industrial uses? Others see the debate as being whether it is better economically for the City to address the residential shortage, by allowing for the conversion of industrial lands, or whether it is better to protect and retain industrial land and employment.

The City' General Plan, adopted in 1995, does contain a section on commerce and industry, which sets out objectives and policies that address the broad range of economic activities, facilities and support systems that constitute San Francisco's employment and service base. The plan is designed to serve as a comprehensive guide for both public and private sectors when making decisions related to economic growth and change. Some of its relevant policies are provided below.

Policy 2.1 - Seek to retain existing commercial and industrial activity and to attract new such activity to the city.

Policy 4.3 - Carefully consider public actions that displace existing viable industrial firms.

Policy 4.4 - When displacement does occur, attempt to relocate desired firms within the City.

Policy 4.5 - Control encroachment of incompatible land uses on viable industrial activity.

Policy 4.10 - Enhance the working environment within industrial areas.

It must be noted that these policies have no legal status and up to this point have done very little in protecting industrial land in the Eastern Neighbourhoods.

C. COMPARISON TO TORONTO

San Francisco is similar to Toronto in that there is no new potential for industrial lands, and the large difference in value between residential and industrial land due primarily to shortages of residential land. Both also have large, very successful suburban areas.

San Francisco is different to both Toronto and the rest of the urban areas studied. The principle difference is that San Francisco has yet to firmly identify industrial retention and attraction as a priority. Outside of this, while both cities have large differences in land values and have little to no vacant residential supply, San Francisco is on the verge of crisis, where the price of any residential unit and rental prices are beyond the reach of most of the population. Interestingly, as a percentage total industrial land San Francisco has more vacant industrial land. The economies of the cities are much different, with San Francisco much less reliant on industrial type employment and more focussed on service industries and R&D. There is also a significant difference in size. While the metropolitan areas are relatively similar, the City of San Francisco is only a third of the size of the City of Toronto.

D. INFORMATION REVIEW

Community Planning in the Eastern Neighborhoods: Rezoning Options Workbook, San Francisco Planning Department, February 2003.

Profiles of Community Planning Areas: San Francisco's Eastern Neighbourhoods, San Francisco Planning Department, January 2002.

General Plan, Plan Element: Commerce and Industry, San Francisco Planning Department
http://www.sfgo.org/site/planning_index

Planning for Housing in San Francisco, San Francisco Planning Department, September 2005.

Supply/Demand Study for Production, Distribution, and Repair (PDR) in San Francisco's Eastern Neighborhoods, City and County of San Francisco, April 2005.

The Industrial Lands Debate, The Housing Action Coalition, September 2002.

REGION OF PEEL

A. BACKGROUND

- The Region of Peel is part of the Greater Toronto-Hamilton Area
- Comprised of 3 municipalities, all "suburbs" to City of Toronto
- City of Mississauga becoming more of a mature, self-serving City
- The Region's economy is industrially dominated
- 319,000 industrial jobs in Peel in 2003, roughly 56% of total employment

Growth Outlook Region of Peel
Source: Growth Outlook for the Greater Golden Horseshoe

	2001	2031
Population	1,030,000	1,640,000
Households	310,000	540,000
Employment	530,000	870,000

- Region's population and employment forecast to grow significantly
- Residential land values much larger than industrial
- Large amount of Industrial land, 11,900 hectares
- Over 4,000 hectares is vacant
- Residential land supply is almost depleted in some areas
- Some pressure to convert employment land to residential, especially in southern part of Region.

B. INITIATIVES

The Region of Peel does not have any sort of comprehensive plan or any initiatives that deals with the attraction or retention of industrial land, however the city has recently identified the issue as a priority for future consideration. The recently completed *Understanding Employment Land in the Region of Peel* (Hemson Consulting Ltd., 2005) recommends that Peel develop a strategy to protect the vacant and occupied employment land supply, and specifically develop policies to address pressure to convert employment land to other uses. The Region is currently developing such a strategy.

C. COMPARISON TO TORONTO

The Region of Peel and the City of Toronto are similar in that they are both part of a larger economic area that is the Greater Toronto Area, and as such have similar growth projections and pressures. Both receive little to no assistance from the province and federal government in attracting and retaining industrial employment.

The Region of Peel's economy is much more industrially dominated. As a result the Region has a much larger supply of industrial land, especially vacant land. Furthermore, unlike Toronto the Region of Peel is a suburban area, with no central business district.

MONTREAL

A. BACKGROUND

- Total employment in the City of Montreal was 920,000 in 2005
- Montreal very much an Industrial dominated City
- 290,000 jobs are in trade and manufacturing, 32% of employment
- Manufacturing employment has dropped by 26,000 since 2001

- City population and employment forecast to grow steadily
- Residential land values much larger than industrial
- Large amount of Industrial land
- Some pressure to convert employment land to residential

B. INITIATIVES

The City of Montreal presently has no plan or initiatives designed to attract or retain industrial employment. Its recently released economic development strategy does not make any mention to the need to protect its industrial land. Rather the City plans to focus on core clusters, including aerospace, information technology, tourism and textiles. In this sense the city plans to take great efforts to help attract and expand businesses in these and other industries. Vacant and available industrial land will be important in attracting these businesses. Industrial land and employment, while recognized as important, is yet to be the focus of any sort of city-wide strategy.

C. COMPARISON TO TORONTO

Toronto and Montreal are similar in that both their economies have large industrial components. Furthermore, both have large, successful, suburban areas that attract a significant amount of population and employment growth. Both cities receive little to no assistance from the province and federal government to attract and retain industrial employment.

The two cities are very different. Primarily because Montreal has yet to identify industrial retention and expansion as a priority. Furthermore the City of Toronto is growing much more rapidly and has much smaller supply of vacant or underutilized employment land.

D. INFORMATION REVIEW

Success@Montreal: *City of Montreal Economic Development Strategy*, City of Montreal, June 2005.

2005 Economic Report: Ville de Montreal, City of Montreal, 2005.

APPENDIX B

Pro forma Analysis Details

Summary Inputs for Proforma Analysis

TEDCO Toronto Employment Land Analysis	*NPV Shortfall/Surplus Per square foot*	($6.88)	$6.34	($2.20)	($2.83)	$0.61
		North York	Mississauga	North York	York	Vaughan
Scenario		1	2	3	4	5
Municipality		Toronto	Mississauga	Toronto	Toronto	Vaughan
Building Type		Pure Office	Pure Office	Prestige Industrial	Standard Industrial	Standard Industrial
Location		Consumers Road	Airport Corporate	Keele Sheppard	Weston Road/Junction	Highway 427
LAND COST (Note 1)						
Per Acre		$450,000	$700,000	$425,000	$415,000	$475,000
HARD COSTS - Construction Costs For Building (cost per square foot) (Note 2)						
	Base Costs					
Office Buildings (10-20 Storeys Shell Only)	$100.00	$100.00	$100.00	-	-	-
Standard Industrial Building	$46.00	-	-	$46.00	$46.00	$46.00
Office Area (Independent but Attached)	$115.00	-	-	-	-	-
Office Area (Inside Industrial Building)	$73.00	-	-	$73.00	-	-
Retail	$78.00	-	-	-	-	-
DEVELOPMENT CHARGES (Cost Per Square Foot) (Note 3)						
Office		$0.22	$8.28	$0.22	$0.22	$5.38
Retail		$7.27	$8.28	$7.27	$7.27	$9.09
Industrial		$0.22	$6.44	$0.22	$0.22	$5.38
Land Area Development Charges (per acre)		-	$20,634.39	-	-	$3,196.62
PROPERTY TAX RATES (Note 3)						
Commercial Vacant Rate		2.84%	1.79%	2.84%	2.84%	1.65%
Industrial Vacant Rate		2.85%	2.03%	2.85%	2.85%	1.72%
BUILDING PERMIT FEES Per Square Foot (Note 3)						
Office		$1.28	$0.97	$1.28	$1.28	$0.81
Retail		$1.04	$0.79	$1.04	$1.04	$0.65
Industrial		$0.66	$0.44	$0.66	$0.66	$0.50
Planning Application Fees (Site Plan Control)		$2,065.94	$1,500.00	$2,065.94	$2,065.94	$3,790.00
Additional Fee Per Square Foot if		$0.20	$0.14	$0.20	$0.20	$0.11
Building Over 500 sq.m. or 5,400 sq.ft						$0.04
Maximum Fee For Industrial and Office		-	$30,000.00	-	-	$11,370.00
Cost Summary						
	Land Cost	$19.93	$31.00	$26.27	$25.65	$27.26
	Construction Cost	$122.69	$131.42	$70.54	$51.25	$57.02
	Financing Cost	$6.53	$6.97	$1.84	$1.34	$1.48
	Builder Fee and Profit	$14.91	$16.94	$9.86	$7.82	$8.79
	Total Cost	$164.06	$186.34	$108.51	$86.06	$96.64
REVENUES (Note 4)						
Net Rent Office		$13.00	$17.00	-	-	-
Net Lease Rate Industrial		-	-	-	$6.00	$7.00
Net Lease/Rent Flex Space		-	-	$8.00	-	-

NOTES TO SUMMARY INPUTS

Note 1	Land prices are based on Toronto Real Estate Board 2005 GTA *Industrial Land Areas and Values* and review of available data on land sales in the area
Note 2	Hard costs are based on the Toronto Real Estate Board 2006 Rough Guide to Construction Costs and discussions with industrial developers in Toront
Note 3	Develompent charges, property tax rates and building permit fees are based on available municipal information
Note 4	Revenues are based on discussions with realtors and a reivew of available informaion rents and lease rates in the area

Pure Office Building in the City of Toronto, Consumers Road

CITY OF TORONTO LONG TERM EMPLOYMENT LAND STRATEGY

PURE OFFICE BUILDING IN THE CITY OF TORONTO

INPUT ASSUMPTIONS		
Location:	Consumers Road	
Site Area:	3.8	acres
Gross Building Size	100,000	sq.ft.
Floor Plate	10,000	sq.ft.
Building Height	10	storeys
Density	0.6	times coverage
Office GFA	100,000	sq.ft.
Retail GFA	0	sq.ft.
Parking	Surface	
Inflation Rate For Costs	2.5%	
Inflation Rate For Revenues	3.5%	
Financing Rate	5.0%	
Capitalization Rate	7.5%	
NPV Discount Rate	5.0%	

Pure Office Building in the City of Toronto, Consumers Road

PER UNIT COSTS			
COSTS	**Per Unit Costs**	**Project Costs**	**Percent**
LAND COST			
Land cost per acre (2005)	$450,000		
Land	$17 per sq.ft. of bldg	$1,721,763	10.5%
Carrying Cost (6%)	$3 per sq.ft.	$271,393	1.7%
TOTAL LAND COST	**$20 per sq.ft.**	**$1,993,156**	**12.1%**
CONSTRUCTION COSTS			
A. Hard Costs			
Office	$100.00 per sq.ft.	$10,000,000	61.0%
Retail	$0.00 per sq.ft.	$0	0.0%
Sub-Total	**$100.00 per sq.ft.**	$10,000,000	61.0%
Site Servicing Costs	$0 per acre $0.00 per sq.ft.	$0	0.0%
Total Hard Costs	***$100.00 per sq.ft.***	***$10,000,000***	***61.0%***
B. Soft Costs			
Consultants (10% of hard construction cost)	$10.00 per sq.ft.	$1,000,000	6.1%
Contingency (3% of hard construction cost + consultants)	$3.30 per sq.ft.	$330,000	2.0%
Marketing (leasing costs)	$7.00 per sq.ft.	$630,000	3.8%
Development Charges			
Office	$0.22 per sq.ft.	$22,000	0.1%
Retail	$0.00 per sq.ft.	$0	0.0%
Property Taxes			
Property Tax Rate	2.84% Com Vacant Land Rate		
Assessment (60 Per Cent of Land Value)	$1,033,058		
Taxes (3 years)	$0.88 per sq.ft.	$88,153	0.5%
Land Transfer Tax	1.50% Of assessed land value $0.15 per sq.ft.	$15,496	0.1%
Cash in Lieu of Parkland	2% Of land value $0.34 per sq.ft.	$34,435	0.2%
Fees			
Building Permit - Office	$1.28 per sq.ft.	$128,295	0.8%
Building Permit - Retail	$0.00 per sq.ft.	$0	0.0%
Planning (site plan control)	$20,521.45 per application	$20,521	0.1%
Total Soft Costs	***$22.69 per sq.ft.***	***$2,268,901***	***13.8%***
TOTAL CONSTRUCTION COSTS	**$122.69 per sq.ft.**	**$12,268,901**	**74.8%**
FINANCING COSTS			
Financing (6% of hard and soft costs)	5.00% $6.53 per sq.ft.	$652,674	4.0%
BUILDER'S FEE AND PROFIT	10.00% of Total Construction and Land Value $14.91 per sq.ft.	$1,491,473	9.1%
TOTAL COSTS	**$164.06 per sq.ft.**	**$16,406,204**	**100.0%**

Pure Office Building in the City of Toronto, Consumers Road

TIMING OF COSTS						
	Net Present Value		Year			Total Accumulated Costs
COSTS	In $ 2004	0	1	2	3	4
LAND COST						
		$1,721,763				
Land	$1,487,324			$0	$0	$1,721,763
			$86,088	$90,393	$94,912	
Carrying Cost (6%)	$234,439			$0	$0	$271,393
TOTAL LAND COST	**$1,721,763**					
CONSTRUCTION COSTS						
A. Hard Costs						
				$3,416,667	$7,004,167	
Office	$9,001,908			$0	$0	$10,420,833
				$0	$0	
Retail	$0					$0
Sub-Total	**$9,001,908**			$3,416,667	$7,004,167	$10,420,833
				$0		
Site Servicing Costs	$0					$0
Total Hard Costs	***$9,001,908***			$3,416,667	$7,004,167	$10,420,833
B. Soft Costs						
			$333,333	$341,667	$350,208	
Consultants	$885,614			$0	$0	$1,025,208
			$110,000	$112,750	$115,569	
Contingency	$292,252			$0	$0	$338,319
			$315,000	$322,875		
Marketing	$551,020			$0	$0	$637,875
Development Charges						
Office			$22,000			
Retail			$0			
Sub-total	$19,004			$0	$0	$22,000
Property Taxes						
Vacant Commercial Land			$29,384	$30,119	$30,872	
Taxes	$78,070			$0	$0	$90,375
			$15,496			
Land Transfer Tax	$13,386			$0	$0	$15,496
					$36,179	
Cash in Lieu of Parkland	$31,252			$0	$0	$36,179
Fees						
Building Permit - Office			$128,295			
Building Permit - Retail			$0			
Planning (site plan control)			$20,521			
Total Fees	$128,553			$0	$0	$148,816
Total Soft Costs	$1,999,152		$974,030	$807,411	$532,828	
TOTAL CONSTRUCTION COSTS	**$11,001,059**		**$974,030**	**$4,224,077**	**$7,536,994**	
FINANCING COSTS						
Construction Financing (7%)	$563,487		$24,351	$131,170	$299,307	$197,846
Costs Before Profit	$13,286,310					
BUILDER'S FEE AND PROFIT (10%)	$1,147,721			$0	$0	$1,328,631
TOTAL COSTS	**$14,434,031**					

Pure Office Building in the City of Toronto, Consumers Road

REVENUES				
Leasable Building Area (90 Per Cent of Gross Area)				
Office	90,000 sq.ft.			
Retail	0 sq.ft.			
Occupied Space (Based upon 8 Per Cent Vacancy)				
Office	82,800 sq.ft.			
Retail	0 sq.ft.			
Net Rental Rates ($2006)				
Office	$13.00	per sq.ft.		
Retail		per sq.ft.		
Projected Net Rental Rates in 2008			**$ 2006**	**$ 2009**
Office	$14.41	per sq.ft.	$1,076,400	$1,193,424
Retail	$0.00	per sq.ft.	$0	$0

Project Investment Value	**Net Present Value In $ 2004**
Office	$13,745,659
Retail	$0
Total	**$13,745,659**

TIMING OF REVENUES					
	Net Present Value	**Year**			
REVENUES	**In $ 2004**	**0**	**1**	**2**	**3**
Office	$13,745,659		$0	$0	$15,912,319
Retail	$0				$0
Total	**$13,745,659**				

SUMMARY OF RESULTS				
NPV Project Investment Value Less NPV Costs	**-$688,372**			
NPV of Development Cost Per Sq.Ft.	**$144**	per sq.ft.	$1,554	per sq.metre
NPV of Project Investment Value Per Sq.Ft.	**$137**	per sq.ft.	$1,480	per sq.metre
Shortfall/Surplus	**-$7**	per sq.ft.	-$74	per sq.metre

CITY OF TORONTO LONG TERM EMPLOYMENT LAND STRATEGY

PURE OFFICE BUILDING IN THE CITY OF MISSISSAUGA

INPUT ASSUMPTIONS		
Location:	Airport Corporate	
Site Area:	3.8	acres
Gross Building Size	100,000	sq.ft.
Floor Plate	10,000	sq.ft.
Building Height	10	storeys
Density	0.6	times coverage
Office GFA	100,000	sq.ft.
Retail GFA	0	sq.ft.
Parking	Surface	
Inflation Rate For Costs	2.5%	
Inflation Rate For Revenues	3.5%	
Financing Rate	5.0%	
Capitalization Rate	7.5%	
NPV Discount Rate	5.0%	

Pure Office Building in the City of Mississauga, Airport Corporate

PER UNIT COSTS			
COSTS	**Per Unit Costs**	**Project Costs**	**Percent**
LAND COST			
Land cost per acre (2005)	$700,000		
Land (Note 1)	$27 per sq.ft. of bldg	$2,678,298	14.4%
Carrying Cost (6%)	$4 per sq.ft.	$422,167	2.3%
TOTAL LAND COST	**$31 per sq.ft.**	**$3,100,465**	**16.6%**
CONSTRUCTION COSTS			
A. Hard Costs			
Office	$100.00 per sq.ft.	$10,000,000	53.7%
Retail	$0.00 per sq.ft.	$0	0.0%
Sub-Total	**$100.00 per sq.ft.**	$10,000,000	53.7%
Site Servicing Costs	$0 per acre $0.00 per sq.ft.	$0	0.0%
Total Hard Costs	***$100.00 per sq.ft.***	***$10,000,000***	***53.7%***
B. Soft Costs			
Consultants (10% of hard construction cost)	$10.00 per sq.ft.	$1,000,000	5.4%
Contingency (3% of hard construction cost + consultants)	$3.30 per sq.ft.	$330,000	1.8%
Marketing (leasing costs)	$7.00 per sq.ft.	$630,000	3.4%
Development Charges			
Office	$8.28 per sq.ft.	$827,553	4.4%
Retail	$8.28 per sq.ft.	$0	0.0%
Land Area Development Charge	$0.79 per sq.ft.	$78,950	0.4%
Property Taxes			
Property Tax Rate	1.79% Com Vacant Land Rate		
Assessment (60 Per Cent of Land Value)	$1,606,979		
Taxes (3 years)	$0.86 per sq.ft.	$86,142	0.5%
Land Transfer Tax	1.50% Of assessed land value $0.24 per sq.ft.	$24,105	0.1%
Cash in Lieu of Parkland	2% Of land value $0.54 per sq.ft.	$53,566	0.3%
Fees			
Building Permit - Office	$0.97 per sq.ft.	$97,000	0.5%
Building Permit - Retail	$0.79 per sq.ft.	$0	0.0%
Planning (site plan control)	$14,682.51 per application	$14,683	0.1%
Total Soft Costs	***$31.42 per sq.ft.***	***$3,141,999***	***16.9%***
TOTAL CONSTRUCTION COSTS	**$131.42 per sq.ft.**	**$13,141,999**	**70.5%**
FINANCING COSTS			
Financing (6% of hard and soft costs)	5.00% $6.97 per sq.ft.	$697,467	3.7%
BUILDER'S FEE AND PROFIT	10.00% of Total Construction and Land Value $16.94 per sq.ft.	$1,693,993	9.1%
TOTAL COSTS	**$186.34 per sq.ft.**	**$18,633,924**	**100.0%**

Pure Office Building in the City of Mississauga, Airport Corporate

TIMING OF COSTS						
COSTS	**Net Present Value In $ 2004**	**Year 0**	**1**	**2**	**3**	**Total Accumulated Costs**
LAND COST						
		$2,678,298				
Land	$2,313,615			$0	$0	$2,678,298
			$133,915	$140,611	$147,641	
Carrying Cost (6%)	$364,684			$0	$0	$422,167
TOTAL LAND COST	**$2,678,298**					
CONSTRUCTION COSTS						
A. Hard Costs						
				$3,416,667	$7,004,167	
Office	$9,924,603					$10,420,833
				$0	$0	
Retail	$0			$0	$0	$0
Sub-Total	**$9,924,603**			$3,416,667	$7,004,167	$10,420,833
				$0		
Site Servicing Costs	$0			$0	$0	$0
Total Hard Costs	***$9,924,603***			$3,416,667	$7,004,167	$10,420,833
B. Soft Costs						
			$333,333	$341,667	$350,208	
Consultants	$885,614			$0	$0	$1,025,208
			$110,000	$112,750	$115,569	
Contingency	$292,252			$0	$0	$338,319
			$315,000	$322,875		
Marketing	$551,020			$0	$0	$637,875
Development Charges						
Office			$827,553			
Retail			$0			
Land Area Development Charge			$78,950			
Sub-total	$783,072			$0	$0	$906,503
Property Taxes						
Vacant Commercial Land			$28,714	$29,432	$30,168	
Taxes	$76,289			$0	$0	$88,314
			$24,105			
Land Transfer Tax	$20,823			$0	$0	$24,105
					$56,278	
Cash in Lieu of Parkland	$48,615			$0	$0	$56,278
Fees						
Building Permit - Office			$97,000			
Building Permit - Retail			$0			
Planning (site plan control)			$14,683			
Total Fees	$96,476			$0	$0	$111,683
Total Soft Costs	$2,754,160		$1,829,338	$806,724	$552,223	
TOTAL CONSTRUCTION COSTS	**$12,678,763**		**$1,829,338**	**$4,223,390**	**$7,556,389**	
FINANCING COSTS						
Construction Financing (7%)	$605,023		$45,733	$153,605	$299,774	$198,355
Costs Before Profit	$15,962,084					
BUILDER'S FEE AND PROFIT (10%)	$1,378,865			$0	$0	$1,596,208
TOTAL COSTS	**$17,340,949**					

Pure Office Building in the City of Mississauga, Airport Corporate

REVENUES				
Leasable Building Area (90 Per Cent of Gross Area)				
Office	90,000 sq.ft.			
Retail	0 sq.ft.			
Occupied Space (Based upon 8 Per Cent Vacancy)				
Office	82,800 sq.ft.			
Retail	0 sq.ft.			
Net Rental Rates ($2005)				
Office	$17.00 per sq.ft.			
Retail	per sq.ft.			
Projected Net Rental Rates in 2008			**$ 2006**	**$ 2009**
Office	$18.85 per sq.ft.		$1,407,600	$1,560,631
Retail	$0.00 per sq.ft.		$0	$0

Project Investment Value	**Net Present Value In $ 2004**
Office	$17,975,093
Retail	$0
Total	**$17,975,093**

TIMING OF REVENUES

		Year			
REVENUES	**Net Present Value In $ 2004**	**0**	**1**	**2**	**3**
Office	$17,975,093		$0	$0	$20,808,417
Retail	$0				$0
Total	**$17,975,093**				

SUMMARY OF RESULTS		
NPV Project Investment Value Less NPV Costs	**$634,144**	
NPV of Development Cost Per Sq.Ft.	**$173.41** per sq.ft.	$1,867 per sq.metre
NPV of Project Investment Value Per Sq.Ft.	**$179.75** per sq.ft.	$1,935 per sq.metre
Shortfall/Surplus	**$6.34** per sq.ft.	$68 per sq.metre

CITY OF TORONTO LONG TERM EMPLOYMENT LAND STRATEGY

PRESTIGE INDUSTRIAL BUILDING IN THE CITY OF TORONTO

INPUT ASSUMPTIONS		
Location:	Keele Sheppard	
Site Area:	2.87	acres
Gross Building Size	50,000	sq.ft.
Density	0.4	times coverage
Office GFA	20,000	sq.ft.
Industrial GFA	30,000	sq.ft.
Inflation Rate For Costs	2.5%	
Inflation Rate For Revenues	3.5%	
Financing Rate	5.0%	
Capitalization Rate	7.5%	
NPV Discount Rate	5.0%	
NPV Discount Rate Per 6 Month Period	2.5%	

Prestige Industrial Building in the City of Toronto, Keele-Sheppard

PER UNIT COSTS			
COSTS	**Per Unit Costs**	**Project Costs**	**Percent**
LAND COST			
Land cost per acre (Based on 2005 Land Values)	$425,000		
Land	$24 per sq.ft. of bldg	$1,219,582	22.5%
Carrying Cost	$2 per sq.ft.	$93,774	1.7%
TOTAL LAND COST	**$26 per sq.ft.**	**$1,313,357**	**24.2%**
CONSTRUCTION COSTS			
A. Hard Costs			
Office	$73.00 per sq.ft.	$1,460,000	26.9%
Industrial	$46.00 per sq.ft.	$1,380,000	25.4%
Sub-Total (excludes parking provision)	**$56.80 per sq.ft.**	$2,840,000	52.3%
Site Servicing Costs	$0 per acre $0.00 per sq.ft.	$0	0.0%
Total Hard Costs	***$56.80 per sq.ft.***	***$2,840,000***	***52.3%***
B. Soft Costs			
Consultants (10% of hard construction cost)	$5.68 per sq.ft.	$284,000	5.2%
Contingency (3% of hard construction cost + consultants)	$1.87 per sq.ft.	$93,720	1.7%
Marketing (leasing costs)	$3.00 per sq.ft.	$144,000	2.7%
Development Charges			
Office	$0.22 per sq.ft.	$4,400	0.1%
Industrial	$0.22 per sq.ft.	$6,600	0.1%
Property Taxes			
Property Tax Rate	2.84% Com Vacant Land Rate		
Assessment (60 Per Cent of Land Value)	$731,749		
Taxes (3 years)	$1.25 per sq.ft.	$62,442	1.2%
Land Transfer Tax	1.50% Of assessed land value $0.22 per sq.ft.	$10,976	0.2%
Cash in Lieu of Parkland	2% Of land value $0.49 per sq.ft.	$24,392	0.4%
Fees			
Building Permit - Office	$1.28 per sq.ft.	$25,659	0.5%
Building Permit - Industrial	$0.66 per sq.ft.	$19,816	0.4%
Planning (site plan control)	$10,766.95 per application	$10,767	0.2%
Total Soft Costs	***$13.74 per sq.ft.***	***$686,771***	***12.7%***
TOTAL CONSTRUCTION COSTS	**$70.54 per sq.ft.**	**$3,526,771**	**65.0%**
FINANCING COSTS			
Financing Rate	5.00% $1.84 per sq.ft.	$92,057	1.7%
BUILDER'S FEE AND PROFIT	10.00% of Total Construction and Land Value $9.86 per sq.ft.	$493,219	9.1%
TOTAL COSTS	**$108.51 per sq.ft.**	**$5,425,404**	**100.0%**

Prestige Industrial Building in the City of Toronto, Keele-Sheppard

TIMING OF COSTS						
	Net Present Value		Year			Total Accumlated Costs
COSTS	**In $ 2006**	**0**	**0.5**	**1**	**1.5**	**0**
LAND COST						
		$1,219,582				
Land	$1,132,503			$0	$0	$1,219,582
			$30,490	$31,252	$32,033	
Carrying Cost	$87,079			$0	$0	$93,774
TOTAL LAND COST	**$1,219,582**					
CONSTRUCTION COSTS						
A. Hard Costs						
				$498,833	$1,010,138	
Office	$1,401,229			$0	$0	$1,508,971
				$471,500	$954,788	
Industrial	$1,324,450			$0	$0	$1,426,288
Sub-Total	**$2,725,679**			$970,333	$1,964,925	$2,935,258
				$0		
Site Servicing Costs	$0					$0
Total Hard Costs	***$2,725,679***			$970,333	$1,964,925	$2,935,258
B. Soft Costs						
			$95,850	$97,033	$98,246	
Consultants	$270,343			$0	$0	$291,130
			$31,631	$32,021	$32,421	
Contingency	$89,213			$0	$0	$96,073
			$72,900	$73,800		
Marketing	$136,226			$0	$0	$146,700
Development Charges						
Office			$4,400			
Retail			$6,600			
Sub-total	$10,215			$0	$0	$11,000
Property Taxes						
Vacant Commercial Land			$21,074	$21,334	$21,601	
Taxes	$59,439			$0	$0	$64,009
			$11,113			
Land Transfer Tax	$10,320			$0	$0	$11,113
					$25,314	
Cash in Lieu of Parkland	$23,507			$0	$0	$25,314
Fees						
Building Permit - Office			$25,659			
Building Permit - Industrial			$19,816			
Planning (site plan control)			$10,767			
Total Fees	$52,226			$0	$0	$56,242
Total Soft Costs	$651,487		$299,810	$224,189	$177,582	
TOTAL CONSTRUCTION COSTS	**$3,377,166**		**$299,810**	**$1,194,522**	**$2,142,507**	
FINANCING COSTS						
						Year 2.0
Construction Financing (7%)	$85,475		$3,748	$18,773	$42,086	$27,451
Costs Before Profit	$4,682,223					
BUILDER'S FEE AND PROFIT (10%)	$434,791			$0	$0	$468,222
TOTAL COSTS	**$5,117,014**					

Prestige Industrial Building in the City of Toronto, Keele-Sheppard

REVENUES			
Leasable Building Area			
Office (Assumes 90 per cent of Gross Area)	18,000 sq.ft.		
Industrial	30,000 sq.ft.		
Occupied Space (Assumes Full Occupancy of Net Area)			
Office	18,000 sq.ft.		
Industrial	30,000 sq.ft.		
Net Rental Rates ($2006)			
Office	$8.00 per sq.ft.		
Industiral	$8.00 per sq.ft.		
Projected Net Rental Rates in 2008		**$ 2006**	**$ 2008**
Office	$8.42 per sq.ft.	$144,000	$151,648
Industrial	$8.42 per sq.ft.	$240,000	$252,747

Project Investment Value	**Net Present Value In $ 2006**
Office	$1,877,606
Industrial	$3,129,343
Total	**$5,006,949**

TIMING OF REVENUES					
	Net Present Value	**Year**			
REVENUES	**In $ 2006**	**0**	**0.5**	**1**	**1.5**
Office	$1,877,606		$0	$0	$2,021,976
Industrial	$3,129,343		$0	$0	$3,369,960
Total	**$5,006,949**				

SUMMARY OF RESULTS		
NPV Project Investment Value Less NPV Costs	**-$110,066**	
NPV of Development Cost Per Sq.Ft.	**$102.34** per sq.ft.	$1,102 per sq.metre
NPV of Project Investment Value Per Sq.Ft.	**$100.14** per sq.ft.	$1,078 per sq.metre
Shortfall/Surplus	**-$2.20** per sq.ft.	-$24 per sq.metre

Prestige Industrial Building in the City of Toronto, Weston Road/Junction Area

CITY OF TORONTO LONG TERM EMPLOYMENT LAND STRATEGY

STANDARD INDUSTRIAL BUILDING IN THE CITY OF TORONTO

INPUT ASSUMPTIONS		
Location:	Weston Road/Junction	
Site Area:	4.30	acres
Gross Building Size	75,000	sq.ft.
Density	0.4	times coverage
Office GFA	7,500	sq.ft.
Industrial GFA	67,500	sq.ft.
Inflation Rate For Costs	2.5%	
Inflation Rate For Revenues	3.5%	
Financing Rate	5.0%	
Capitalization Rate	7.5%	
NPV Discount Rate	5.0%	
NPV Discount Rate Per 6 Month Period	2.5%	

Prestige Industrial Building in the City of Toronto, Weston Road/Junction Area

PER UNIT COSTS			
COSTS	**Per Unit Costs**	**Project Costs**	**Percent**
LAND COST			
Land cost per acre (Based on 2005 Land Values)	$415,000		
Land	$24 per sq.ft. of bldg	$1,786,329	27.7%
Carrying Cost	$2 per sq.ft.	$137,352	2.1%
TOTAL LAND COST	**$26 per sq.ft.**	**$1,923,681**	**29.8%**
CONSTRUCTION COSTS			
A. Hard Costs			
Office	$46.00 per sq.ft.	$345,000	5.3%
Industrial (Building Cost Includes 10 Per Cent Office)	$46.00 per sq.ft.	$3,105,000	48.1%
Sub-Total (excludes parking provision)	**$46.00 per sq.ft.**	$3,450,000	53.4%
Site Servicing Costs	$0 per acre $0.00 per sq.ft.	$0	0.0%
Total Hard Costs	***$46.00 per sq.ft.***	***$3,450,000***	***53.4%***
B. Soft Costs			
Consultants (5% of hard construction cost)	$2.30 per sq.ft.	$172,500	2.7%
Contingency (marginal contingency for standard industrial)	$0.50 per sq.ft.	$0	0.0%
Marketing (marginal leasing costs)	$0.50 per sq.ft.	$37,500	0.6%
Development Charges			
Office	$0.22 per sq.ft.	$1,650	0.0%
Industrial	$0.22 per sq.ft.	$14,850	0.2%
Property Taxes			
Property Tax Rate	2.84% Com Vacant Land Rate		
Assessment (60 Per Cent of Land Value)	$1,071,798		
Taxes (1.5 Years)	$0.61 per sq.ft.	$45,729	0.7%
Land Transfer Tax	1.50% Of assessed land value $0.21 per sq.ft.	$16,077	0.2%
Cash in Lieu of Parkland	2% Of land value $0.48 per sq.ft.	$35,727	0.6%
Fees			
Building Permit - Office	$1.28 per sq.ft.	$9,622	0.1%
Building Permit - Industrial	$0.66 per sq.ft.	$44,585	0.7%
Planning (site plan control)	$15,644.20 per application	$15,644	0.2%
Total Soft Costs	***$5.25 per sq.ft.***	***$393,884***	***6.1%***
TOTAL CONSTRUCTION COSTS	**$51.25 per sq.ft.**	**$3,843,884**	**59.6%**
FINANCING COSTS			
Financing Rate	5.00% $1.34 per sq.ft.	$100,423	1.6%
BUILDER'S FEE AND PROFIT	10.00% of Total Construction and Land Value $7.82 per sq.ft.	$586,799	9.1%
TOTAL COSTS	**$86.06 per sq.ft.**	**$6,454,788**	**100.0%**

Prestige Industrial Building in the City of Toronto, Weston Road/Junction Area

TIMING OF COSTS						
	Net Present Value		**Year**			**Total Accumulated Costs**
COSTS	**In $ 2006**	**0**	**0.5**	**1**	**1.5**	**0**
LAND COST						
		$1,786,329				
Land	$1,658,784			$0	$0	$1,786,329
			$44,658	$45,775	$46,919	
Carrying Cost	$127,545			$0	$0	$137,352
TOTAL LAND COST	**$1,786,329**					
CONSTRUCTION COSTS						
A. Hard Costs						
				$117,875	$238,697	
Office	$331,112			$0	$0	$356,572
				$1,060,875	$2,148,272	
Industrial	$2,980,012			$0	$0	$3,209,147
Sub-Total	**$3,311,124**			$1,178,750	$2,386,969	$3,565,719
				$0		
Site Servicing Costs	$0					$0
Total Hard Costs	***$3,311,124***			$1,178,750	$2,386,969	$3,565,719
B. Soft Costs						
			$58,219	$58,938	$59,674	
Consultants	$164,205			$0	$0	$176,830
			$0	$0	$0	
Contingency	$0			$0	$0	$0
			$18,984	$19,219		
Marketing	$35,475			$0	$0	$38,203
Development Charges						
Office			$1,650			
Retail			$14,850			
Sub-total	$15,322			$0	$0	$16,500
Property Taxes						
Vacant Commercial Land			$15,434	$15,624	$15,820	
Taxes	$43,530			$0	$0	$46,877
			$16,278			
Land Transfer Tax	$15,116			$0	$0	$16,278
					$37,077	
Cash in Lieu of Parkland	$34,430			$0	$0	$37,077
Fees						
Building Permit - Office			$9,622			
Building Permit - Industrial			$44,585			
Planning (site plan control)			$15,644			
Total Fees	$64,864			$0	$0	$69,851
Total Soft Costs	$372,942		$195,266	$93,780	$112,571	
TOTAL CONSTRUCTION COSTS	**$3,684,066**		**$195,266**	**$1,272,530**	**$2,499,540**	
FINANCING COSTS						
						Year 2.0
Construction Financing (7%)	$93,070		$2,441	$18,408	$47,549	$32,025
Costs Before Profit	$5,563,465					
BUILDER'S FEE AND PROFIT (10%)	$516,623			$0	$0	$556,347
TOTAL COSTS	**$6,080,088**					

Prestige Industrial Building in the City of Toronto, Weston Road/Junction Area

REVENUES				
Leasable Building Area (Assume fully leasable)				
Office	7,500	sq.ft.		
Industrial	67,500	sq.ft.		
Occupied Space (Assumes Full Occupancy)				
Office	7,500	sq.ft.		
Industrial	67,500	sq.ft.		
Net Rental Rates ($2006)				
Office	$6.00	per sq.ft.		
Industrial	$6.00	per sq.ft.		
Projected Net Rental Rates in 2008			**$ 2006**	**$ 2008**
Office	$6.32	per sq.ft.	$45,000	$47,390
Industrial	$6.32	per sq.ft.	$405,000	$426,511

Project Investment Value	**Net Present Value In $ 2006**
Office	$586,752
Industrial	$5,280,766
Total	**$5,867,518**

		TIMING OF REVENUES			
	Net Present Value		**Year**		
REVENUES	**In $ 2006**	**0**	**0.5**	**1**	**1.5**
Office	$586,752		$0	$0	$631,868
Industrial	$5,280,766		$0	$0	$5,686,808
Total	**$5,867,518**				

SUMMARY OF RESULTS			
NPV Project Investment Value Less NPV Costs	**-$212,570**		
NPV of Development Cost Per Sq.Ft.	**$81** per sq.ft.	$873 per sq.metre	
NPV of Project Investment Value Per Sq.Ft.	**$78** per sq.ft.	$842 per sq.metre	
Shortfall/Surplus	**-$3** per sq.ft.	-$31 per sq.metre	

CITY OF TORONTO LONG TERM EMPLOYMENT LAND STRATEGY

STANDARD INDUSTRIAL BUILDING IN CITY OF VAUGHAN

INPUT ASSUMPTIONS		
Location:	Highway 427 Expansion Area	
Site Area:	4.30	acres
Gross Building Size	75,000	sq.ft.
Density	0.4	times coverage
Office GFA	7,500	sq.ft.
Industrial GFA	67,500	sq.ft.
Inflation Rate For Costs	2.5%	
Inflation Rate For Revenues	3.5%	
Financing Rate	5.0%	
Capitalization Rate	7.5%	
NPV Discount Rate	5.0%	
NPV Discount Rate Per 6 Month Period	2.5%	

Standard Industrial Building in the City of Vaughan, Highway 427 Expansion Area

PER UNIT COSTS			
COSTS	**Per Unit Costs**	**Project Costs**	**Percent**
LAND COST			
Land cost per acre (Based on 2005 Land Values)	$475,000		
Land	$27 per sq.ft. of bldg	$2,044,594	28.2%
Carrying Cost	$2 per sq.ft.	$157,210	2.2%
TOTAL LAND COST	**$29 per sq.ft.**	**$2,201,804**	**30.4%**
CONSTRUCTION COSTS			
A. Hard Costs			
Office	$46.00 per sq.ft.	$345,000	4.8%
Industrial (Building Cost Includes 10 Per Cent Office)	$46.00 per sq.ft.	$3,105,000	42.8%
Sub-Total (excludes parking provision)	**$46.00 per sq.ft.**	$3,450,000	47.6%
Site Servicing Costs	$0 per acre $0.00 per sq.ft.	$0	0.0%
Total Hard Costs	***$46.00 per sq.ft.***	***$3,450,000***	***47.6%***
B. Soft Costs			
Consultants (5% of hard construction cost)	$2.30 per sq.ft.	$172,500	2.4%
Contingency (marginal contingency for standard industrial)	$0.50 per sq.ft.	$0	0.0%
Marketing (marginal leasing costs)	$1.00 per sq.ft.	$75,000	1.0%
Development Charges			
Office	$5.38 per sq.ft.	$40,342	0.6%
Industrial	$5.38 per sq.ft.	$363,076	5.0%
Land Area Development Charges	$0.18 per sq.ft.	$13,760	0.2%
Property Tax Rate	2.84% Com Vacant Land Rate		
Assessment (60 Per Cent of Land Value)	$1,226,756		
Taxes (1.5 Years)	$0.70 per sq.ft.	$52,341	0.7%
Land Transfer Tax	1.50% Of assessed land value $0.25 per sq.ft.	$18,401	0.3%
Cash in Lieu of Parkland	2% Of land value $0.55 per sq.ft.	$40,892	0.6%
Fees			
Building Permit - Office	$0.81 per sq.ft.	$6,097	0.1%
Building Permit - Industrial	$0.50 per sq.ft.	$33,862	0.5%
Planning (site plan control)	$9,951.99 per application	$9,952	0.1%
Total Soft Costs	***$11.02 per sq.ft.***	***$826,222***	***11.4%***
TOTAL CONSTRUCTION COSTS	**$57.02 per sq.ft.**	**$4,276,222**	**59.0%**
FINANCING COSTS			
Financing Rate	5.00% $1.48 per sq.ft.	$111,046	1.5%
BUILDER'S FEE AND PROFIT	10.00% of Total Construction and Land Value $8.79 per sq.ft.	$658,907	9.1%
TOTAL COSTS	**$96.64 per sq.ft.**	**$7,247,980**	**100.0%**

Standard Industrial Building in the City of Vaughan, Highway 427 Expansion Area

TIMING OF COSTS						
COSTS	Net Present Value In $ 2006	0	Year 0.5	1	1.5	Total Accumulated Costs 0
LAND COST						
Land	$1,898,608	$2,044,594		$0	$0	$2,044,594
Carrying Cost	$145,985		$51,115	$52,393 $0	$53,703 $0	$157,210
TOTAL LAND COST	**$2,044,594**					
CONSTRUCTION COSTS						
A. Hard Costs						
Office	$331,112			$117,875 $0	$238,697 $0	$356,572
Industrial	$2,980,012			$1,060,875 $0	$2,148,272 $0	$3,209,147
Sub-Total	**$3,311,124**			$1,178,750	$2,386,969	$3,565,719
Site Servicing Costs	$0			$0		$0
Total Hard Costs	***$3,311,124***			$1,178,750	$2,386,969	$3,565,719
B. Soft Costs						
Consultants	$164,205		$58,219	$58,938 $0	$59,674 $0	$176,830
Contingency	$0		$0	$0 $0	$0 $0	$0
Marketing	$70,951		$37,969	$38,438 $0	$0	$76,406
Development Charges						
Office			$40,342			
Retail			$363,076			
Sub-total	$374,614			$0	$0	$403,418
Property Taxes						
Vacant Commercial Land			$17,665	$17,883	$18,107	
Taxes	$49,824			$0	$0	$53,655
Land Transfer Tax	$17,301		$18,631	$0	$0	$18,631
Cash in Lieu of Parkland	$39,408			$0	$42,438 $0	$42,438
Fees						
Building Permit - Office			$6,097			
Building Permit - Industrial			$33,862			
Planning (site plan control)			$9,952			
Total Fees	$46,347			$0	$0	$49,911
Total Soft Costs	$762,649		$585,813	$115,258	$120,219	
TOTAL CONSTRUCTION COSTS	**$4,073,774**		**$585,813**	**$1,294,008**	**$2,507,188**	
FINANCING COSTS						
Construction Financing (7%)	$103,284		$7,323	$23,681	$47,919	Year 2.0 $32,123
Costs Before Profit	$6,221,651					
BUILDER'S FEE AND PROFIT (10%)	$577,742			$0	$0	$622,165
TOTAL COSTS	**$6,799,393**					

Standard Industrial Building in the City of Vaughan, Highway 427 Expansion Area

REVENUES			
Leasable Building Area			
Office (Assumes 90 per cent of Gross Area)	7,500 sq.ft.		
Industrial	67,500 sq.ft.		
Occupied Space (Assumes Full Occupancy of Net Area)			
Office	7,500 sq.ft.		
Industrial	67,500 sq.ft.		
Net Rental Rates ($2006)			
Office	$7.00 per sq.ft.		
Industrial	$7.00 per sq.ft.		
Projected Net Rental Rates in 2008		**$ 2006**	**$ 2008**
Office	$7.37 per sq.ft.	$52,500	$55,288
Industrial	$7.37 per sq.ft.	$472,500	$497,596

Project Investment Value	**Net Present Value In $ 2006**
Office	$684,544
Industrial	$6,160,894
Total	**$6,845,438**

TIMING OF REVENUES

	Net Present Value		**Year**		
REVENUES	**In $ 2006**	**0**	**0.5**	**1**	**1.5**
Office	$684,544		$0	$0	$737,179
Industrial	$6,160,894		$0	$0	$6,634,609
Total	**$6,845,438**				

SUMMARY OF RESULTS		
NPV Project Investment Value Less NPV Costs	**$46,044**	
NPV of Development Cost Per Sq.Ft.	**$90.66** per sq.ft.	$976 per sq.metre
NPV of Project Investment Value Per Sq.Ft.	**$91.27** per sq.ft.	$982 per sq.metre
Shortfall/Surplus	**$0.61** per sq.ft.	$7 per sq.metre