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November 7, 2012

Ms. Kerri Voumvakis
Acting Director, Policy & Research
City of Toronto, City Planning Division
Metro Hall – 55 John Street – 23rd Floor
Toronto, Ontario
M5V 3C6

Dear Ms. Voumvakis:

**Re: Request to Reconsider the Land Use Designation
Leslie Lakeshore Developments Inc.
731 Eastern Avenue
Northwest Corner of Lake Shore Boulevard East and Leslie Street
City's Municipal Comprehensive Review and Five-Year Official Plan Review**

Introduction

We are the planning consultants representing Leslie Lakeshore Development Inc. ("Leslie Lakeshore"), the owner of 731 Eastern Avenue ("subject lands"), located at the northwest corner of Lakeshore Boulevard East (Lakeshore) and Leslie Street (Leslie), in the City of Toronto. Leslie Lakeshore provided a brief letter to you on May 7, 2012 which made the general request that a Regeneration Area or Mixed Use Areas designation be applied to the subject site as part of the ongoing City Official Plan (City OP) Review and municipal comprehensive review.

Since the initial May 7, 2012 correspondence to your Department, the City has released the consultant report, Sustainable Competitive Advantage and Prosperity - Planning for Employment Uses in the City of Toronto, August 2012 prepared by Malone Given Parsons. In addition, your Department reported on September 13, 2012 to the City's Planning and Growth Management Committee (PGM) with a report dated August 27, 2012 entitled Official Plan Review: Employment Use Policies. PGMC endorsed a number of policy directions from the August 27, 2012 report as the basis for public consultation.

On November 8, 2012 the Planning and Growth Management Committee (PGMC) will consider a further October 23, 2012 staff report entitled, Planning for a Strong and Diverse Economy: Official Plan/Municipal Comprehensive Reviews - Draft Policies and Designation for Employment. In this staff report, staff's preliminary assessment and draft policy direction for 731 Eastern Avenue is for it to be designation *Retail Employment Areas*.

Arising from this, we are pleased to provide this further communication to you, on behalf of Leslie Lakeshore. This correspondence, together with the attached IBI Group study is

provided as our client's ongoing input into the City's municipal comprehensive review and the 5-Year Official Plan Review. Section 1.3 (Findings, page 3) of the IBI Group study provides a range of site specific, area specific, and City-wide dynamics and circumstances that lead IBI Group to conclude:

"Based on the analysis carried out, IBI Group supports a land use change on the subject site to accommodate mixed use development."

We invite you to please review the IBI Group study and below, we will augment the information provided by IBI Group, in support of the City's consideration for broadened land uses on the subject site including a Mixed Use Areas or Regeneration Areas designation for the subject site.

The Subject Site and Its Land Use Context

The subject site has approximately 1.44 ha with large frontages facing Lakeshore and Leslie, and a small amount of frontage facing Eastern Avenue, at the northwest portion of the subject site. Access to the subject site is through a signalized intersection on Leslie that is shared with the Loblaws across the street to the east and from an unsignalized Eastern Avenue driveway, located very close to the corner of Eastern Avenue and Mosley Street.

The site is currently developed with a combined Tim Hortons/Wendy's, 1 storey restaurant building, including a drive through element located between the restaurant and the Lakeshore street frontage that was constructed in 1998, together with an approximate 2900 m², 1 storey supermarket (Price Choppers), constructed in 2003, following the OMB approval of Leslie Lakeshore's Official Plan Amendment (OPA) and Zoning By-law Amendment (ZBA) applications. The remainder of the site is occupied by a large paved surface parking lot, where the number of parking spaces was based on an older parking standard of 1 space per 28 m². The overall density of the site is low, reflecting its large area devoted to surface parking and its small amount of floor space relative to its large site area.

The intersection of Lakeshore and Leslie has evolved in the last decade into a node of retail and service commercial land uses serving the broader community. The Loblaws supermarket at the northeast corner, which pre-dates the development of the subject site, contains approximately 9,352 m² of space, while the southwest corner contains the Canadian Tire store, anchoring a larger retail centre which includes a Shoppers, Brick Mattress store, a TD Canada Trust, a Starbucks and other retail and service uses. This retail centre application was filed following the closure of the large Brewers Retail warehouse building and after receiving OMB approval in 2003, following a settlement with the City, of its site specific OPA and ZBA applications.

A short distance to the east, east of Coxwell Avenue, is the recently completed neighbourhood by Tribute Communities, including a large community park stretching along Lakeshore and Coxwell. This mixed density residential community, located on the former Greenwood Racetrack lands, contains a mix of residential building types and has inserted a large new population of people into the area.

Planning Discussion

The subject site, with a large proportion of its site area devoted to surface parking and vehicular circulation is, by today's urban design and planning standards, under-utilized. Notwithstanding the subject site's as-of-right zoning for many years to permit a range of other employment uses, with a density for those uses of up to 5 times FSI, these other employment uses have not materialized on this site and as the attached IBI report indicates, nor has it materialized on many other under-utilized employment sites in the area.

The subject site is located at the edge of the South of Eastern Employment District where sizable sites have been devoted solely to retail and service facilities, catering to frequent and infrequent shopping needs of the community, clustered at the signalized intersection of Lakeshore and Leslie. This current commercial node is located very close to parks, the Downtown, transit, the lake front and other shopping areas. This context, combined with the long-term lack of market for the more traditional employment uses, and the under-utilization of the subject site, begs the question about the appropriate future use of the subject site. As IBI Group indicates, there has been, and will likely continue to be, a lack of demand for the traditional employment uses for this area, resulting in our view of, a disconnect between the existing land use and zoning permissions of the subject site and the market prospects for this site.

In the context of the review now taking place by the City, an opportunity exists to broaden the range of land uses on this site, with the goal of better utilizing its land base and its surrounding infrastructure, and to contribute toward making a more complete community in this part of the City. The staff recommendation of allowing a fully range and scale of retail uses on this site is good a step forward. However, we ask for further consideration of whether the Retail Employment Area designation is the most suitable policy direction for this site. With a Retail Employment Areas designation, the subject site would be utilized solely for employment uses and likely, solely for retail employment uses.

In our opinion, a better fit between market opportunity, land use policy and zoning permissions for this site, would include the opportunity for mixing the development of the site with residential use permission. The context, infrastructure and land uses have started in the last decade which can and should be augmented with uses that can realistically and appropriately realize an area where the concept and vision of live-work-play on site, and in close proximity to the site, becomes a practical reality. Clearly the alternative, which is the current and recommended situation, is the segregation of single purpose land uses through Official Plan policy and the zoning by-law, where single purpose destinations are created, which increase automobile dependency, and reduces planning, urban design and community building opportunities of permitting mixed use in such areas without compromising the utility of the remaining employment area to the west.

From a land use perspective, the municipal comprehensive review currently being conducted by the City is a suitable vehicle by which to evaluate options for this site. Such a review has the scope to examine this site in the context of the South of Eastern Employment District and in the context of an overall approach to City building through its Official Plan Review.

In our opinion, the vision needs to be attainable and needs to mesh with the City's vision of completing communities, creating alternatives to the automobile, reducing automobile dependency, and increasing the overall quality of life for the residents of Toronto.

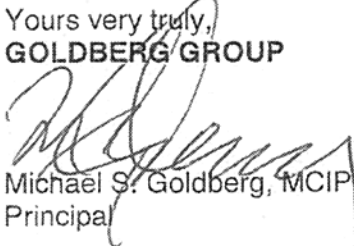
The last decade in Toronto has seen many new format mixed use developments, where retailers no longer command surface parking, enabling the land to be better utilized by locating parking underground and by stacking and mixing of commercial and residential uses. This is an effective manner to enable the intensification of a site, and includes all forms of commercial uses, together with residential uses.

If the employment objectives for the area and/or site can be realized with a mixed use approach, with the appropriate Official Plan policies in effect, it is entirely appropriate to consider this alternative for this site in this context. Such an approach will create the employment, suitable for the site and area, as well as creating an urban environment that addresses and satisfies modern-day City building goals and objectives. Toronto has been very successful with this mixed use approach in other former employment areas such as Liberty Village and in other mixed use projects throughout the City, yet we recognize that these are fundamental factors that need to be further examined, as part of this ongoing review by the City and we look forward to participating with you, on behalf of Leslie Lakeshore.

Thank you for providing this opportunity to provide this input and we look forward to ongoing participation in this review. In addition, we would appreciate being formally notified of any future report and/or meeting concerning this topic area.

Should you have any questions or require additional information, please contact the undersigned at 416-322-6364 Ext. 2100.

Yours very truly,
GOLDBERG GROUP


Michael S. Goldberg, MCIP, RPP
Principal

cc: Chair and Members of Planning and Development Committee
Leslie Lakeshore Developments Inc.
IBI Group
Paul DeMello

CRAFT Development Corporation

**731 EASTERN AVENUE EMPLOYMENT LAND
CONVERSION STUDY**

REPORT

NOVEMBER 5, 2012



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1. INTRODUCTION BACKGROUND AND SUMMARY OF FINDINGS

IBI Group was retained by Craft Development Corporation to examine current markets conditions of the South of Eastern Employment District and the impact of changing the land use designation of 731 Eastern Avenue from employment to mixed use.

The report is structured into the following sections:

Section 2 reviews the site specific information and establishes the Neighbourhood Context of the South of Eastern Employment District, including 2011 Employment Survey results.

Section 3 reviews the current GTA Industrial Market and the GTA manufacturing sector outlook.

Section 4 considers other City of Toronto redevelopment initiatives.

1.1 Background – Planning Policy

1.1.1 PROVINCIAL POLICY

The Provincial Policy Statement (PPS, 2005) and the Places to Grow (the Growth Plan) set out the importance of employment lands to the prosperity and balance of the region. They contain policies which protect and preserve employment lands, increasing the requirements to justify a conversion, stating it can only happen through a Municipal Comprehensive Review. The Province also recognizes that policies alone are not sufficient, and municipalities must review their existing employment areas regularly to determine if the current uses are still relevant, or are they more appropriate for a mix of office, retail, residential and other uses.¹ The City of Toronto is currently undertaking their five year Official Plan Review which includes a municipal comprehensive review, of their employment lands. This IBI Group assessment is designed to provide input into that municipal comprehensive review process.

1.1.2 CITY OF TORONTO POLICY

The City of Toronto's Official Plan protects employment lands and uses through land use designations, zoning and the institution of 20 Employment Districts.² Employment Districts are a part of the City's larger growth management strategy, and are large areas which are exclusively made up of Employment Area lands. They are designed to sustain current employment along with accommodating growth and meeting the future employment needs of the City. Employment Districts are protected and promoted by the City in order to create tax revenue for the City, remain competitive within the region, allow diversity in the economic base and provide employment opportunities for City residents.

Through policy, the City and the Province protect these districts from conversion and the encroachment of non-economic functions such as large scale retail uses and places of worship. They acknowledge that like South of Eastern area, some districts will require marketing and infrastructure investment to make them more competitive in the regional economy. (OP, 2.2.4) They

¹ Ministry of Public Infrastructure Renewal. (2008) Planning for Employment in the Greater Golden Horseshoe – Background Paper, May 2008. P. 25

² Originally there were 17, but the geographically diverse Don Valley Parkway Corridor was divided, along with the centre city.

also recognize that it is not enough to have lands set aside for employment, Employment Areas need to function well and be attractive to firms. (OP, 4.6)

The City, as part of its statutory Five Year Review of the Official Plan, begun in May of 2011, includes a review of Employment lands. *Sustainable Competitive Advantage and Prosperity – Planning for Employment Uses in the City of Toronto*, (by Malone Given Parsons et al) a report commissioned to inform the review, is currently being considered by the Planning and Growth Management Committee, with an additional report on Employment Land conversion released in November, 2012. The aforementioned report in part addresses the current conversion applications and requests received by the City in anticipation of the Municipal Comprehensive Review. The City has suggested that employment land should be preserved, but accepts as the character of Employment Areas varies across the City, it will be necessary to have more specific policies for some local areas.³

The Consultant's report suggests that office along with retail, service and institutional uses will generate significant employment in the City, and will need to be accommodated in a variety of locations and forms.⁴ Employment Areas contribute to the wealth of the City, and suggests removing the distinction between Employment Areas and Employment Districts.⁵ The City, it argues, should continue to preserve, and prevent "sensitive" uses from locating in Employment Areas, restricting retail and non-industrial development to arterial edges.⁶ Overall the report sees the majority of growth in the office sector, and it recommends that the City strengthen Official Plan policies to target new office space construction.

City of Toronto has also begun to address the retail and service sector as an important part of the City's employment base. Currently one quarter of the City's jobs come from the retail or service sector, and this number is expected to grow with the demands of an increasing population.⁷ The Consultant's report predicts that the City will need to accommodate 11 to 23 million additional SF of retail and service space by 2031.⁸

Pressure to meet the needs of the growing population will necessitate that the City provide areas capable of absorbing retail and service growth. The City has outlined a number of opportunities within their current studies, such as mixed use areas, vertical stacking options, and the arterial edges of Employment Districts.⁹ The edges of a number of Employment Districts have already become "commercial ribbons or concentrations" according to the City, and it is looking to designate additional areas within the Employment Areas to provide for retail commercial uses and services.¹⁰

1.2 Proposed Development

Craft Development Corporation is proposing that the 731 Eastern Avenue site be redeveloped to a mixed use development, consisting of retail, office, and residential units. Currently the site has two retail uses, a Tim Horton's/Wendy's and a Price Chopper. The current use provides approximately 99 jobs on site.

Craft is proposing a development which will provide residential units, including affordable rental. The development will also feature additional retail, including community art space. This mixed use

³ City of Toronto (2012) Staff Report – Official Plan Review: Employment Uses Policies, August 27, 2012 p. 13

⁴ Malone Given Parsons Ltd.(2012) *Sustainable Competitive Advantage and Prosperity – Planning for Employment Uses in the City of Toronto – Executive Summary* August 2012, p. xvi

⁵ Ibid. p. xxii

⁶ Ibid. p. xxi

⁷ Ibid. p. ix

⁸ Ibid. p. xi

⁹ City of Toronto (2012) Aug 27, 2012 p. 2, 7

¹⁰ Ibid. p. 2

development will result in the site maintaining current jobs, and potentially increasing the jobs on site to approximately 400. (See section 2.4.3)

1.3 Findings

- The proposed redevelopment of the site to allow for mixed use development has the potential for more than quadruple the number of jobs on site. Further, the future job potential on site will likely be more diverse in its composition.
- The South of Eastern Employment District has experienced a significant decline of jobs. The District lost 3,100 jobs between 2006 and 2011. This has occurred despite the City's initiatives to strengthen the area's employment and economic activity.
- The City's data suggests a strong manufacturing presence in South of Eastern. Manufacturing activities are typically preferred by municipalities as they attract a skilled labour force and provide a variety of economic spinoffs. A detailed review of the South of Eastern area reveals that a significant number, if not all, of "manufacturing" jobs are in fact transportation and warehouse jobs due to the presence of the Canada Post South Central Letter Processing Plant.
- Overall the City of Toronto has experienced a significant decline in manufacturing jobs, a total of 58,200 between 2001 and 2010. The greatest job losses in the last decade occurred in the manufacturing sector. (LUAC classification)
- The South of Eastern Employment District lacks the key locational attributes to attract and support traditional employment, including: modern industrial buildings, good transportation access to both suppliers and markets, and compatible neighbouring uses.
- The site is currently used for retail purposes. These are not considered traditional "industrial" uses. Over the last 17 years that Craft Development has owned the site, it has never been used for industrial purposes and has been unable to attract an industrial user.
- The former City of Toronto (which includes South of Eastern) comprises 4.5% of the overall GTA Region's industrial space inventory, overall the City of Toronto has 36% of the total GTA Region's industrial floor space inventory, the balance is located outside the City of Toronto. There is no new industrial construction in the Central GTA despite land vacancies in several Employment Areas.¹¹ The central area of Toronto has had no industrial construction over the last five years. Many of the current buildings in Toronto are located in areas surrounded by non-employment uses and the building stock is considerably older than other Employment Areas.
- Historically the Employment District of Liberty Village and South of Eastern were combined. Liberty Village, a former industrial area, has now been transformed into a successful mixed use community which today accommodates a diverse range of jobs. South of Eastern has similar characteristics and is in transition to a mixed use community.

Based on the analysis carried out, IBI Group supports a land use change on the subject site to accommodate mixed use development.

¹¹ DTZ Barnicke. (2012) Q2 2012 *Industrial Market Update*, Greater Toronto Area

2. CONTEXT AND BACKGROUND

2.1 Local Context

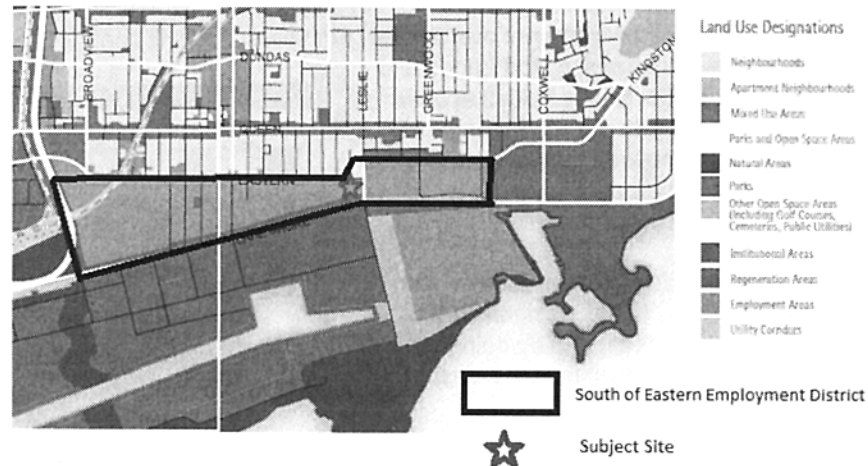


Figure 1 – South of Eastern Land Use

This 1.4 hectare site is located at 731 Eastern Avenue. Access to the site is via Eastern Avenue or Leslie Street. The site is currently designated Employment Area and is within the City's Employment District designation. The site is currently zoned IC D5 N1, an Industrial zoning which allows a variety of warehousing, manufacturing, retail and some institutional uses.

The site is currently occupied by two retail stand-alone uses; a Tim Hortons/Wendy's (with a drive thru) and a Price Chopper grocery store, approximately 37,700 sf in total GFA. To the east of the site is an 85,000 SF Loblaws Superstore and a Burger King with a drive-thru. On the south side of Lakeshore Blvd., south of the site is another large format retail development which consists of retail chains including Canadian Tire, Marks Work Warehouse, Shoppers Drug Mart, along with a number of service retail uses including banks. To the north there is a mixed use building. To the west, there is a vacant film and television studio with a large lot.

The site is a former industrial site, which was vacant upon purchase by the current owners in the 1990's. There was a brief tenancy by Hyundai in the eighties, but the site remained predominantly vacant with the owners unable to find a suitable industrial tenant to lease the existing building, and they were unable to market the site for industrial use. In 1998 a Tim Hortons/Wendy's was built. In 2001 the Official Plan was amended to Industrial – Commercial, with a commercial cap to allow the construction of a Price Chopper in 2003.

It is worthwhile noting that the site is currently accommodating retail and fast food restaurant uses. While permitted by the City, the uses generally do not reflect "industrial" use of the site. The current owners have had control over the site for 17 years and have been unsuccessful in attracting an "industrial" use.

2.2 Neighbourhood Context

2.2.1 SOUTH OF EASTERN EMPLOYMENT DISTRICT

The site at 731 Eastern Avenue is located in the South of Eastern Employment District; it is one of only two Employment Districts located in the former City of Toronto. The surrounding area has been undergoing significant redevelopment over the last ten years, and will continue to transition with the development of the neighbouring Port Lands and the West Don Lands. The heavy industrial uses which once favoured South of Eastern and adjacent areas, have moved many of their operations either to suburban GTA/other locations or overseas.

The South of Eastern Employment District is an area in transition. The City has designated it within its Employment Areas, and by doing such has preserved its employment purpose despite its changing strategic appeal to traditional employment users. There are currently limited traditional industrial or manufacturing jobs in this district; many of the current uses are retail, service, institutional or related to the film industry.

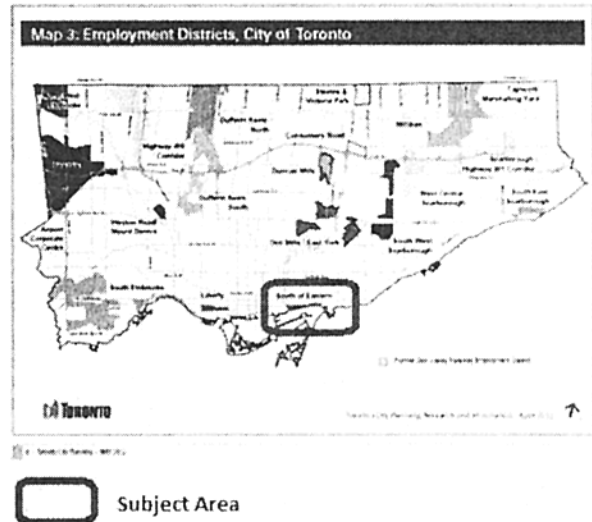


Figure 2 – Employment Districts

The City has been active in trying to re-invest in this area and encourage more industrial uses. Citing the success of the other Employment District in the former City of Toronto, Liberty Village, located west of the financial core, the City began to incentivize the area. The Liberty Employment District has had a 30% increase in jobs between 2002 and 2009, while the South of Eastern Employment district has seen a 31.7% decline in employment. The City established a Community Improvement Plan (CIP) in South of Eastern in 2008. The Plan seeks to provide financial incentives for Brownfield remediation and/or the development of specific employment uses to assist the Employment District.

The CIP acknowledges that the South of Eastern Employment District is attractive to private residential and retail investment, but there are market challenges to attracting employment uses targeted by Employment Districts.¹² The City cites the lack of amenities and transit as dissuading business, in particular office to locate in this Employment District. Through the CIP, the City is seeking to attract business start-ups. Additionally, they have targeted specific sectors of the market such as the film industry, information technology and other knowledge-based industries and cultural industries.¹³

The City of Toronto's Economic Development, Culture and Tourism Department together with the Toronto Film Board attracted the return of the film industry to the City through grants, public-private partnerships and tax incentives.¹⁴ In 2011 the production companies spent \$1.13 billion filming in location in Toronto. The South of Eastern Employment District can be characterized as having a film industry presence which is directly a result of this industry targeting. There are a number of film studios, suppliers and associated businesses located in South of Eastern, such as Cinespace.

¹² See City of Toronto By-Law No. 517-2008 p. 6

¹³ Ibid. p. 7

¹⁴ City of Toronto (2007) "Bounce Back to Fast Forward: Strategic Plan For Toronto's Screen-based Industry", September 2007

To the South, the City of Toronto, through the Toronto Port Lands Company, helped build a studio facility on a 4.5 hectare Brownfield site for Pinewood Studios. Unfortunately, the development of the Pinewood Studio by the City saw the Toronto Film Studios move from its Eastern Avenue location in 2009, leaving a substantial vacancy along Eastern Avenue. There is currently an application to replace this predominantly vacant site with 4 buildings: 2 auto dealerships and 2 service retail buildings.

Along Eastern Avenue, east of Leslie Street, there are a number of institutional employment uses, including Canada Post, the Toronto District School Board, the City of Toronto and Toronto Fire Services. The balance of the Employment District includes large-scale retail uses, including two car dealerships (Subaru and BMW), and two grocery stores (Loblaws and Price Chopper). Additionally there are some multi-tenant industrial buildings which support a variety of smaller businesses. There is significant residential presence scattered amongst the various employment uses.

Industrial vacancies appear to be low in the current inventory, but there are vacant lots and buildings which currently have development applications on them. (See section 2.4.2). One significant project currently being marketed by First Gulf Corporation is the former Unilever plant, 21 Don Valley Parkway. This 28.5 acre site, which is currently vacant, has 220,000 SF of warehousing and approximately 240,000 SF of office.¹⁵ The plant has been non-operational for a number of years¹⁶, and along with the existing buildings, there is additional land with the site for possible expansion. The office portion in particular, will require significant retrofitting due to its age and several years of vacancy in order to appeal to the current office market.



Figure 3 – 21 Don Valley Site

The City has spent considerable time and effort to attract employment uses to the South of Eastern Employment District. The City singled out this district in its current examination of Employment Areas policies as it has not flourished despite previous investments.¹⁷ The City of Toronto in 2010 requested that Liberty and South of Eastern, both of which have faced pressure to convert to non-employment uses, be studied separately to see “how can a legacy industrial area preserve its remaining strengths, while beginning a transition to an economically sustainable long-term future.”¹⁸ This Study will be informed by the current Official Plan Review and municipal comprehensive review.

2.2.2 RESIDENTIAL

The South of Eastern Employment District is located in close proximity to the Downtown. The area is bordered to the north by single family homes. Additionally, there are existing residential uses within the Employment District on the side streets of Logan Avenue, Mores Street and Carlaw

¹⁵ Source: First Gulf Marketing Material.

¹⁶ The Unilever site is an example of a manufacturing site which is no longer viable for traditional industrial uses. The Lever Bros powder detergent manufacturing plant closed in 2003, mainly due to advancements in liquid detergent products and other issues. Following, the plant (not the land) was sold to Pensler Capital Corp. Labour and market issues resulted in bankruptcy in 2009. A large billboard on the plant roof generates the revenue for the site. Billboards, though often good sources of revenue, can inhibit development due to terms of their leases.

¹⁷ City of Toronto (2010) Staff Report, May 3, 2010 (Pg10026) p. 14

¹⁸ Ibid.

Avenue There are currently proposals which will increase the number of residential units within the Employment District. (See 2.4.2)

Employment Areas and Employment Districts, according to the City of Toronto's Official Plan, should be "designed, buffered or separated as necessary to mitigate adverse affects from noise, vibration, traffic, odour and other contaminants, and to promote safety and Security. (OP, Employment District sec. 6)

The potential for conflict with residential neighbours over land uses can make an Employment Area less desirable to traditional industrial users who may create excessive noise and require truck access to their sites off residential streets. As seen in the Morse Avenue illustration, the shipping area is only buffered by a laneway used by residential and employment users. Industrial users would see this shipping arrangement as logistically difficult and therefore render these industrial buildings less desirable.

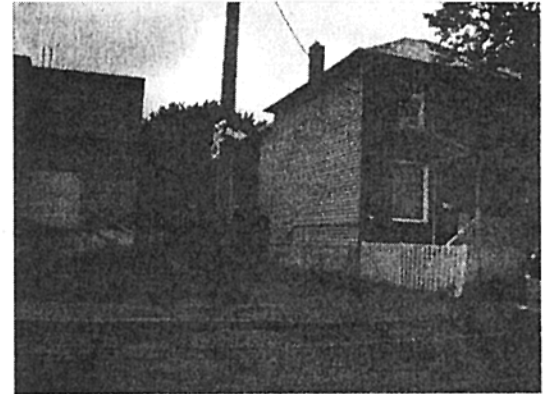


Figure 4 – Morse Avenue

The redevelopment of the West Don Lands, another industrial area in the midst of transformation will bring significant housing units to the area. The Athlete's Village being built for the 2015 Pan Am Games will eventually be converted into residential units comprised of both market and affordable housing. There are also a number of residential developments occurring immediately north of the Employment District along Carlaw Avenue, Leslie Street and Broadview Avenue.

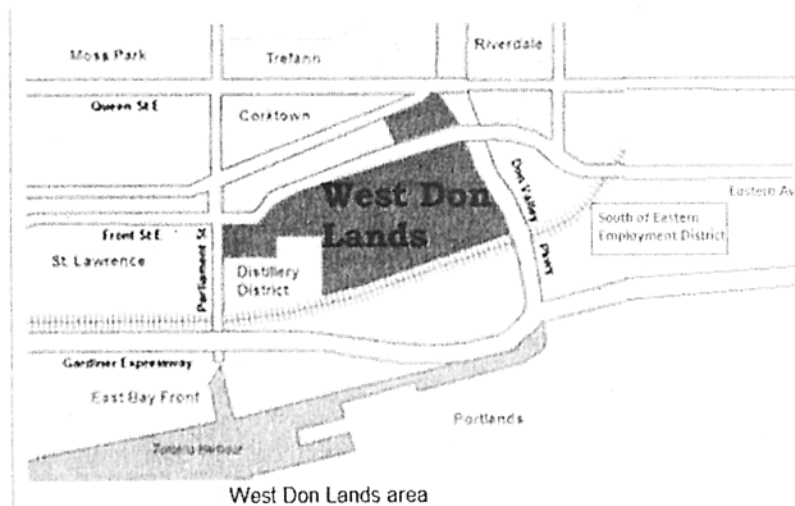


Figure 5 – West Don Lands Context

2.2.3 TRANSPORTATION

Transportation and access to other markets, clients and suppliers are essential to users who are looking for locations to support their businesses. The logistics and warehousing industry, which is attracted to employment areas, seek locations which are in good proximity to neighbouring markets and supply chain networks. Desirable sites also have good highway access along with buildings

with good shipping capacities and modern clear heights. The location of South of Eastern, east of the downtown core, is a difficult site for access, and the proximity of residential uses can create conflicts over truck parking, site accessibility and noise.

Lakeshore Blvd., to the south provides access to downtown and a connection to the Queen Elizabeth Way and the Don Valley Parkway. These routes are typically congested with commuter traffic at both peak and off-peak times and are not ideal for the transportation of goods. The City of Toronto states that Employment Districts should be strategic locations which provide accessible sites for business. (OP 2.2.4) The South of Eastern Employment District is a significant distance from other Employment Districts and does not have the transportation amenities to appeal to the needs of many current industrial land users.

There is currently limited public transit in the area, with the bulk of service coming from the 501 Queen Streetcar and the Pape 72 bus which runs along Carlaw from Pape Station. The redevelopment of the West Don Lands and the proposed plans for the Port Lands will bring greater access to transit infrastructure to South of Eastern, creating greater connections between these new neighbourhoods and the rest of the City. This increase in population will result in increased traffic in the area, which will appeal less to traditional employment users.

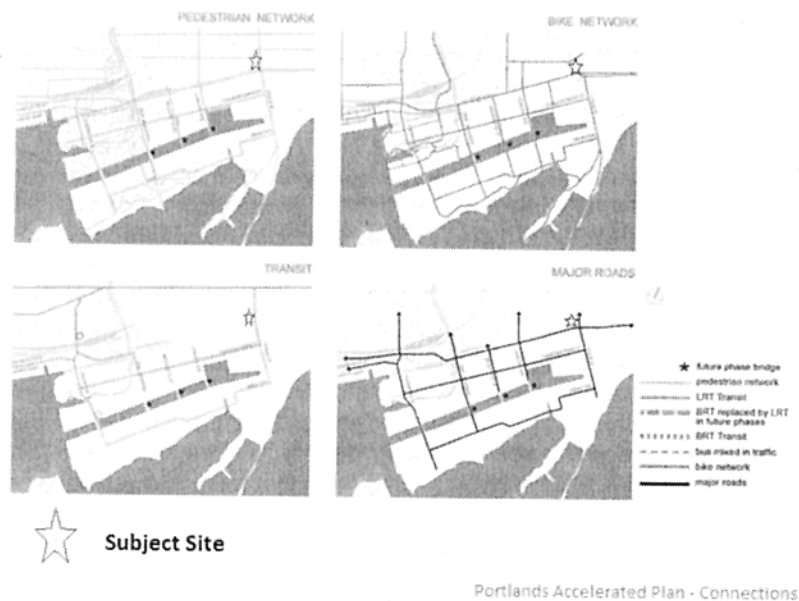


Figure 6 – Port Lands Connection Map

2.3 History of South of Eastern Employment District

The City of Toronto unlike the rest of the GTA, has virtually no greenfield development opportunities; having almost fully developed the majority of their employment lands. The City's current employment lands are the result of the City's historical economic development which focused on traditional industries, particularly manufacturing. Buildings in Toronto's employment districts are significantly older in the centre of the City, with newer nodes visible nearer to the edges of the City. As Hemson Consulting, in their 2006 review of the City of Toronto's *Employment Lands*

Strategy states, this historical development has created a wide range of built forms, from large facilities, stand alone offices, industrial multiples and single purpose industrial buildings.¹⁹

The employment lands in the eastern-Toronto inner city currently referred to as South of Eastern, represent an industrial building stock which is significantly older than the other Employment Districts. This area developed pre 1940, and the lots and building sizes are some of the smallest in the City.²⁰ Recent applications to redevelop lands in South of Eastern, and plans for the future Port Lands are part of a larger shift from the area's historical industrial employment base to an urban mixed use environment.

The changing nature of employment and industrial real estate needs has lead to the pressure to convert or redevelop some of these smaller sites located in close proximity to downtown to retail, residential or office uses or some combination of such uses. These smaller lots and buildings can no longer address current industrial needs for larger, modern warehousing and distribution space. Traffic congestion in and out of these older industrial areas, along with non-industrial uses has made these sites difficult to reconcile with current market requirements. The existence of significant large scale retail and other "non employment" uses on or surrounding the site has further detracted from the viability of these areas for "industry" use, making them less appealing to current and potential users.

Further to the north and east of the urban core are Employment Districts and Areas that were established much later in Toronto's economic history. These sites represent much larger tracts of land, and have larger, more modern facilities. These areas represent a significant opportunity for the City to attract manufacturing, warehousing and logistics users, as they have the elements that industrial users are looking for in locations; highway accessibility, access to markets, large tracts of land and a newer building stock. Historically, proximity to ports and railways often guided industrial location choice. Generally, the current industrial economic market, which faces a transformation from manufacturing and small scale industrial facilities, to warehousing, and distribution centres, looks for different locational qualities, often located in newer markets in the 905 region.

"Non-industrial" employment, such as retail, office and service are increasingly locating in urban, former industrial employment lands due in part to their relatively lower costs and existing infrastructure. The smaller buildings, once suited to industry, are being redeveloped to fill non-traditional office nodes for smaller entrepreneurs. Their proximity to residential areas has also encouraged users who are seeking employees for "creative class" positions who are more likely to seek an urban live-work environment. This redevelopment and adaptive reuse of former industrial buildings and areas will help the City meet the employment needs of its residents along with creating greater employment densities in areas no longer suited to traditional industrial employment. Liberty Village is a prime example of this transformation of an older, urban industrial area.

With respect to Liberty Village, the Urban Design Guidelines for the area note:

The KLV [King Liberty Village] lands were formerly a thriving industrial centre but by the early 1980's had become a vacant brownfield site as various industries, like Inglis Manufacturing relocated to outlying areas such as Mississauga or closed. By the late 1980's the KLV lands were a collection of derelict, blighted properties and were providing little to no tax base to the City of Toronto, and no viable social-economic activity.

Further, the City's website notes:

¹⁹ Hemson Consulting Ltd. (2006) *Long Term Employment Land Strategy – City of Toronto – Phase 1*, March 2006.

²⁰ Ibid. p. 21

By the early 1980's, industry moved out or closed and the lands become a vacant brownfield site. A process began in 1999 to transform this former industrial site into a new downtown community that connects to the surrounding community.

The King Liberty neighbourhood will be a mixed-use community with live/work buildings, offices, residential and retail uses that will be contained in a mix of building types including townhouses, towers and mid-rise buildings.

Liberty Village generates more jobs as a mixed use community than it did as an industrial area.

In our view, the South of Eastern employment area has a similar history to Liberty Village and is well positioned to transition to a mixed use area.

2.4 South of Eastern Current Conditions

2.4.1 EMPLOYMENT SURVEY 2011

The City of Toronto's Employment Survey is conducted every year to determine not only how many jobs are in the City but also categorizes these jobs into six sub-sectors of employment; Manufacturing, Retail, Service, Office, Institutional and Other. These codes are based upon LUAC's (Land Use Activity Codes) standard developed by the Regional Information Systems Working Group of the Regional Planning Commissioners of Ontario. In contrast, most municipalities and economic analysts use NAICS (North American Industry Classification Systems) as a coding standard. Approved by Canada, the United States and Mexico, this coding system allows for data analysis and comparisons across municipal, provincial and national boundaries. The LUAC consists of 316 three digit land use codes, whereas the NAICS numbering system employs a possible 2,093 six-digit code which helps create greater industry detail.

Statistics Canada uses NAICS as a standard. This classification system undergoes regular minor revisions in order to address new and emerging industries. NAICS are designed to capture production-oriented processes, which make them adept in the analysis of industrial performance. With NAICS the first two-digits identify the 20 major economic sectors. LUAC's focuses on overall economic activity and attempt to emphasize the relationship between the activity and the land use. They use nine major activity codes, and have two digit subsections which further indicate the occupational activity. The City of Toronto, when *analyzing* data for their Employment Surveys, categorizes the nine initial codes into six employment subsections.²¹

In the City of Toronto's report on the 2011 Employment Survey²², the City states that they have attempted to incorporate NAICS into their data collection process, providing each business a NAICS code in *addition* to a LUAC. This process was according to the City, 95.7% successful.²³ Even with the attempts to incorporate NAICS into the system, there are significant differences which impact data when considering employment within South of Eastern, and the changing GTA economy.

From 2010 to 2011 the City's overall employment was up 1.5%. The City's largest share of jobs is found in the Office sector (47.7%), followed by Institutional, Service and Retail. Manufacturing currently represents 11% of employment in the City, and has declined significantly over the last ten

²¹ The LUAC codes' ten sections: Residential; Resource Production; Resource Extraction; Manufacturing; Terminal, Storage and Transportation and Communications; Shopping, Services, Repairs, Servicing and Rentals; Office; Institutions; Entertainment and Recreation, which are combined to make six sectors.

²² City of Toronto (2012) *Profile Toronto – Toronto Employment Survey 2011*, May 2012

²³ Ibid. p. 13

years. Historically the greatest growth has been seen in Institutional with the greatest losses in Manufacturing.²⁴

City of Toronto Job Sectors 2001 to 2011:

Employment	Total Number of Employees			Net Change 2006 - 2011	Growth Rate		
	2001	2006	2011		2001 - 2006	2006 - 2011	2001-2011
Manufacturing	186,800	155,200	128,600	-58,200	-16.9%	-17.1%	-31.2%
Retail	142,600	149,800	141,600	-1,000	5.0%	-5.5%	-0.7%
Service	146,800	145,500	155,500	8,700	-0.9%	6.9%	5.9%
Office	601,500	584,200	627,900	26,400	-2.9%	7.5%	4.4%
Institutional	176,400	205,500	219,800	43,400	16.5%	7.0%	24.6%
Other	32,300	38,000	43,900	11,600	17.6%	15.5%	35.9%
Total	1,286,400	1,278,200	1,317,300	30,900	-1%	3%	2.4%

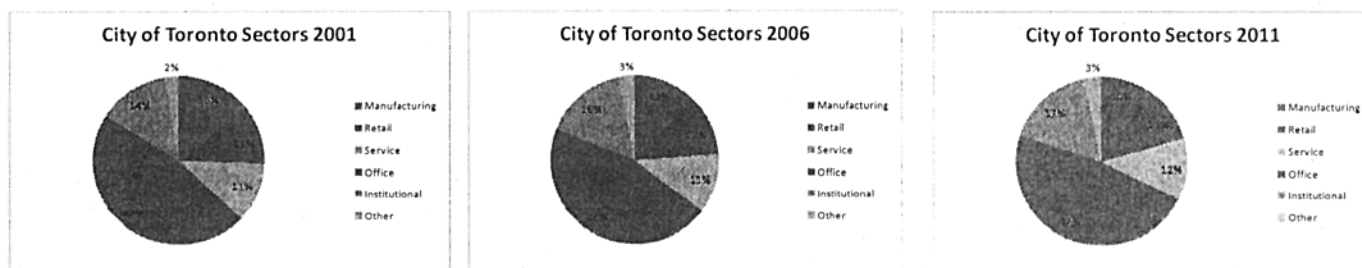


Figure 7 – Job Sectors, 2001, 2006, 2011

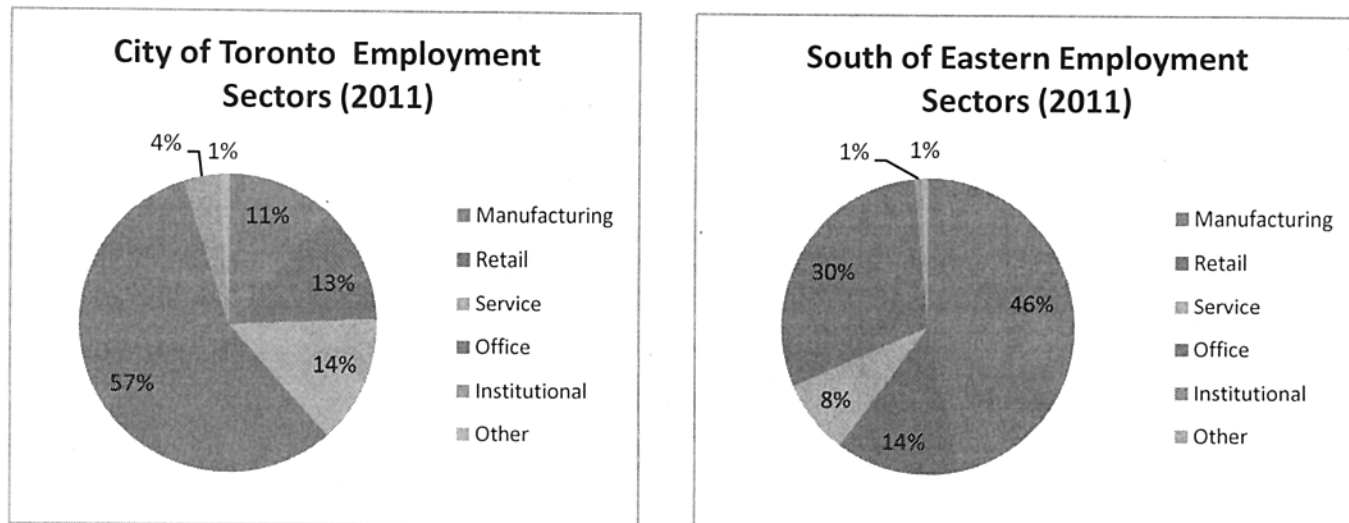
The results from this survey help planners and economic development understand employment trends across the City. The information is also broken down by Employment District. The 20 Employment Districts represent 7,734 net occupied and vacant hectares.²⁵ The current employment in the Employment Districts according to the 2011 Employment survey is 356,900 jobs, representing approximately 37% of the current jobs. This has shrunk from 385,400 jobs in 2006.²⁶ This relates to an employment density of 46 jobs per net hectare across all of the Employment Districts.

Looking at the Sector breakdown of the City of Toronto overall in comparison to the South of Eastern Employment District, it is apparent that this Employment District's employment is comprised of a significantly larger portion of manufacturing (which includes warehousing), at 46% than the City at 11%. Office employment comprises the majority of jobs in the City at 57%; this compares to 30% in South of Eastern

²⁴ The City has just completed the 2012 Employment Survey, but currently IBI Group only has the results of the 2011 Employment Survey. The 2012 results are expected until December 2012 at the earliest

²⁵ Source: Hemson, Summary of all Employment Districts, from *Long Term Employment Strategy Phase 1*, March 2006

²⁶ City of Toronto – *Profiles*, May 2012, p. 9

Employment Sectors:²⁷**Figure 8 – Employment Sectors – City of Toronto & South of Eastern**

In the instance of this District, two of the major employers in the area, Canada Post and their sorting plant on Eastern, and the film studios are categorized differently by the two classification systems. The LUAC codes classify the Canada Post location as a manufacturing use, giving it a LUAC code of 476. The "4" signifies "Manufacturing – Printing, Reproduction and Data Processing". The NAICS system considers this use to be a part of the "Transportation and Warehousing" sector by giving it a code of 499. The City's employment survey puts all of these uses into the manufacturing category.

As one of the larger employers in the area, this then attributes a considerable number of jobs to manufacturing which creates the impression of a manufacturing hub. Due to privacy considerations we are unable to determine how many jobs within the facility are attributed to what LUAC, but the nature of this system is to tie activity and land use. Regardless, this creates (a) the impression of a strong manufacturing sector that is most likely coming from one use which is unlikely to expand, (b) is not truly a manufacturing activity, and (c) is a Crown corporation.

In the case of the film industry in South of Eastern, there is a more significant disparity in how the City categorizes this use. The LUAC for film studios categorizes as "Communications and Media" which makes them an office use. The NAICS codes on the other hand categorize these uses as "Information and Cultural Industries" and segregate them within their own sector. This coding reflects the uniqueness of the industry, and its importance to the City's economy.

The City's overall employment sectors have been changing over the last decade, with Manufacturing decreasing by 31.2%, and Service, Office and Institutional growing 5.9%, 4.4% and 35.9% respectively. This is representative of larger changes in the type of employment that is locating in the City of Toronto, and the employment sectors that are growing in Ontario.

Looking at employment trends over the last ten years, in the City there has been a consistent decline in manufacturing jobs, before and after the economic downturn in 2008/2009. Retail was also impacted in the last five years, with Institutional and Other showing the strongest growth.

²⁷ Source: City of Toronto *Employment Survey*, 2011

According to the 2006 Census, across Ontario the occupational groups with the most job gains were Finance and Administration, with almost half of the total net employment gains²⁸. Although Statistics Canada uses more detailed categories than those produced through the LUACs in the City's Employment Survey, it is apparent that manufacturing across the province has been shrinking since before the recession and continues to do so in Toronto.

Despite having a percentage of manufacturing jobs that exceeds the City average, employment within the South of Eastern Employment District is declining. From 2006 to 2011 3,100 were lost jobs in the Employment District, a net change of -43.7%, whereas all Employment Districts across the City experienced a net change of -7.4% over the same period. The South of Eastern Employment suffered the greatest losses across the City over the last five years, and a -14.9% loss of total employment from 2010 to 2011.²⁹ Given its manufacturing orientation according to LUAC data, the continued job decline in the area is not surprising.

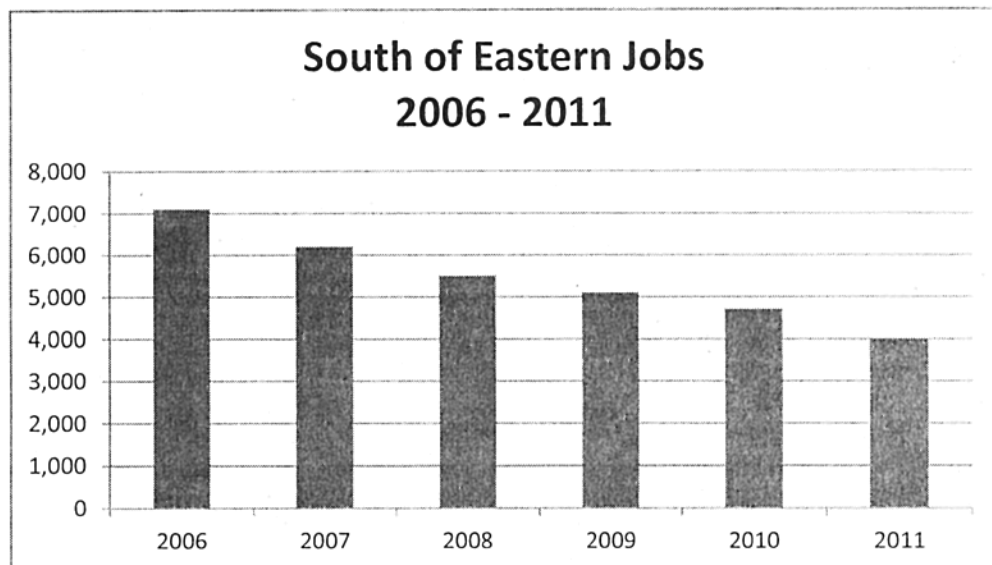


Figure 9 – South of Eastern Jobs 2006 to 2011

²⁸ Employment Ontario. The Ontario Labour Market in 2006.
<http://www.tcu.gov.on.ca/eng/labourmarket/currenttrends/docs/annual/annual2006.pdf>

²⁹ City of Toronto. *Employment Survey 2011*, p. 9

2.4.2 DEVELOPMENT APPLICATIONS

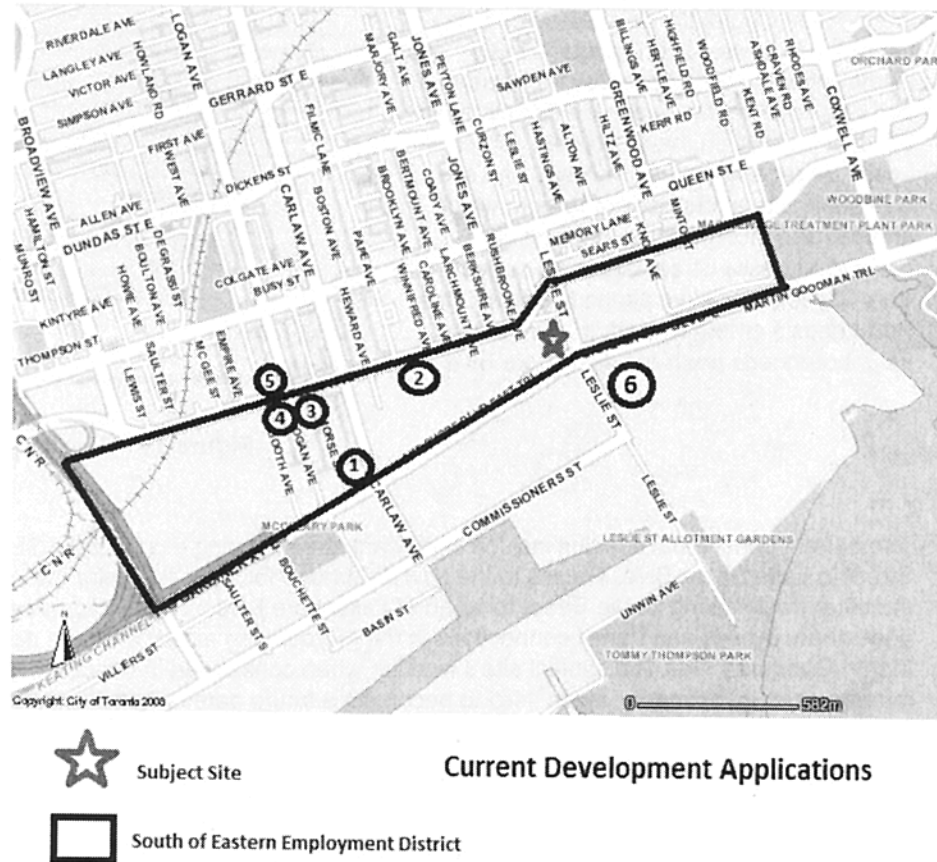


Figure 10 - Development Applications Map

Currently there are a number of active Development applications in the South of Eastern Employment District. The majority of the applications contemplate non-traditional employment uses such as service-retail, car dealerships and mixed-use facilities. The City is not reviewing any of these applications at the current time, but is waiting until the completion of the Official Plan Review and the municipal comprehensive review. Concurrently, planning staff is reviewing the accelerated Port Lands plan as a part of their review of the South of Eastern Employment District. Also of note, the Weston Bakery site located just outside the South of Eastern Area has an OPA and ZBA submitted to allow for mixed use development comprised of residential and retail.

The subject site is located at an intersection in the City, currently undergoing significant design changes to capitalize on the intersection's potential as a Gateway to the future Port Lands. The Toronto Transit Commission's Ashbridges Bay Maintenance and Storage Facility, due to be completed in 2013, is located on the south-east corner of Leslie Street and Lakeshore Blvd. The site was subject to a design competition, which emphasized incorporating the recently completed Leslie Street Greening project. This City-lead initiative aimed to connect the Port Lands's emerging park system to the neighbourhoods north of Lake Shore Blvd.

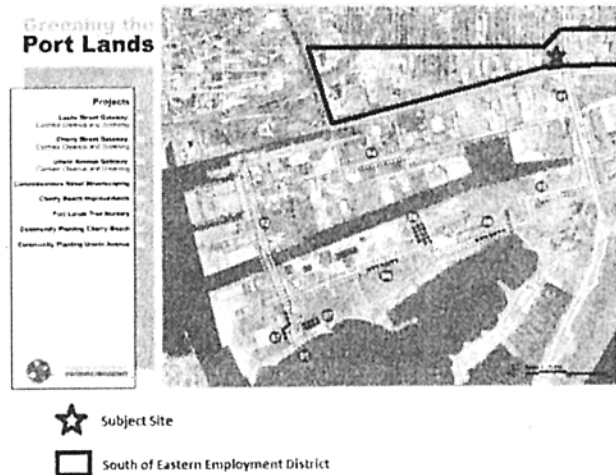


Figure 11 - Greening the Port Lands Map

The current conceptual designs include significant streetscaping along Leslie Street from Queen Street to Lake Shore Blvd. Access to the new Ashbridge facility will require the construction of streetcar tracks along Leslie Street to south of Lakeshore Blvd. These improvements will increase pedestrian, cycling and transit connections in the surrounding areas, and add access points to the Martin Goodman Trail. The subject site's location when considered in concert with the design and infrastructure investments, lends itself to becoming a future gateway site, and its land uses should reflect this future significance to the area.

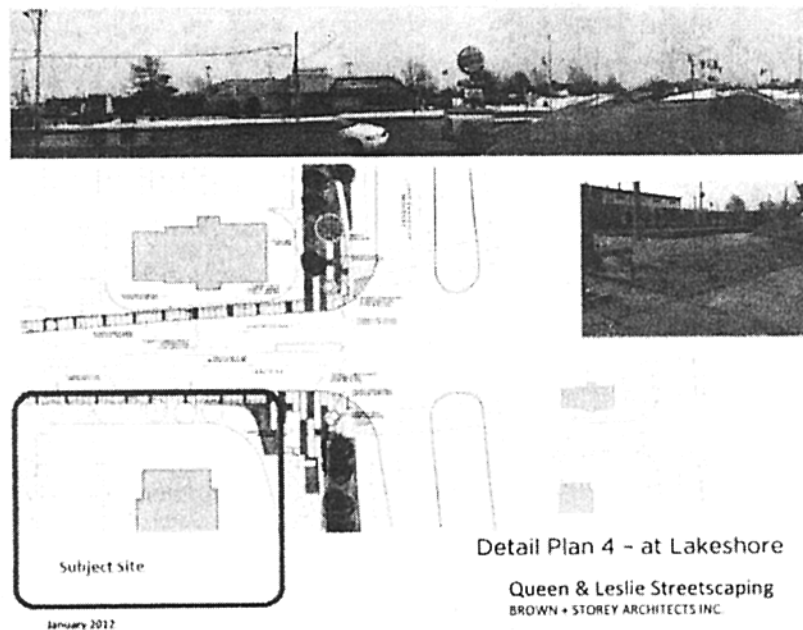


Figure 12 - Lake Shore Blvd & Leslie Streetscaping Concept

	Address	Description
South of Eastern		
1	21-25 Morse Street	<ul style="list-style-type: none"> • Site Plan approval for a 4 Storey Rock Climbing Gym • Currently a parking lot • Currently designated Employment Area
2	629, 633 and 675 Eastern Avenue³⁰	<ul style="list-style-type: none"> • Site Plan approval for 4 buildings, total of 7876 SM • 2 Auto dealerships and 2 service retail • Maintain current vacant film building • Current Designation Employment Area
3	495-499 Eastern Avenue	<ul style="list-style-type: none"> • Demolition of 2 garages for 1 storey photo studio
4	459 Eastern Avenue	<ul style="list-style-type: none"> • OPA and Rezoning for two-6 storey mixed use development with commercial, institutional and residential uses including 71 live-work lofts • Currently a parking lot • Currently designated Employment Area
North of Eastern		
5	462 Eastern Avenue	<ul style="list-style-type: none"> • OPA and Rezoning for a 7 storey mixed-use building with 266 residential units with retail at grade • Current location of Weston Bakery • Currently designated Employment Area
South of Lakeshore Blvd		
6	Leslie and Lakeshore Blvd W.	<ul style="list-style-type: none"> • Development of the TTC's Asbridges Bay Streetcar Maintenance and Storage Facility • Will require the construction of streetcar tracks along Leslie Street • Scheduled completion: Early 2014

2.4.3 POTENTIAL FUTURE EMPLOYMENT AND EMPLOYMENT DENSITIES

The City has sought to preserve employment lands such as South of Eastern for industrial employment uses, to accommodate growth and attract jobs. Currently employment in South of Eastern is declining. This land for industrial users is less appealing due to transportation options, locational constraints and current trends in building typology and a host of other reasons.

³⁰ Recently in the news there has been some discussion of a return to filming in this location despite the applications. To date this has not come to fruition.

The South of Eastern Employment District is an excellent opportunity for the City to create greater employment density through redevelopment, and provide job opportunities for future employment. Employers would benefit from the existing residential and retail to the north, along with the bike paths and public transit routes established throughout. The potential growth in the Port Lands will help create a new neighbourhood and South of Eastern will be a part of connecting new neighbourhoods including the West Don Lands with the rest of the City.

Approval of the proposed developments in the South of Eastern Employment District creates an opportunity for greater job density through mixed use buildings. New mixed use development along with the redevelopment of Unilever would provide the area with 800,000 SF of new employment floor space, while maintaining existing employment.³¹ Based on estimated current density assumptions, this would result in almost 1,500 new jobs in an area where jobs have declined 43% over the last five years.

Two scenarios, which assume a low and a high range of SF per employee, demonstrate that allowing mixed use development would result in an increase in jobs as well as hence job density. Figure 11 demonstrates that based on proposed applications (as summarized in Figure 12), allowing for space vacancy and a SF range per employee, between 1,200 and 2,400 additional jobs would be generated, increasing the total number of jobs in South of Eastern to between 5,200 and 6,400. As well, there is potential to increase the overall employment density in the range of 23% to 38%. South of Eastern Employment District has lost 3,100 jobs since 2006, and is in continued decline despite the City's investment in the area.

Scenario 1 (High)		Scenario 2 (Low)	
Total Land Supply (ha)	72.80	Total Land Supply (ha)	72.80
Existing Jobs (2011)	4,000	Existing Jobs (2011)	4,000
Existing Job Density (2011)	54.95	Existing Job Density (2011)	54.95
Proposed Additional Jobs (high)	2,400	Proposed Additional Jobs (low)	1,198
Total Employment Density (high)	87.95	Total Employment Density (low)	71.41
Total Employment (high)	6,400	Total Employment (low)	5,198
% Change	37.53%	% Change	23.05%

Figure 13 – Development Scenarios – High and Low

³¹ Includes the proposed site redevelopment of 731 Eastern Avenue.

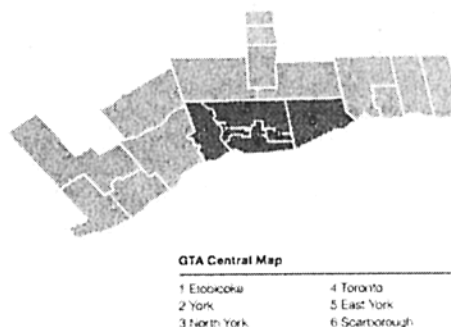
The three proposed developments in South of Eastern, and the redevelopment of the Unilever plant would provide a wide variety of employment to the City. These increases and densities should be viewed as "order of magnitude" and demonstrate that mixed use development can assist in generating job growth.

		731 Eastern Ave.	21 Don Valley	629-275 Eastern Ave.	459 Eastern Ave.
Office Component					
Square Footage		0	240,000	0	23,272
with 10% Vacancy			216,000		20,945
Space Per Worker					
200 per worker			1,080		105
500 per worker			432		47
Warehouse Component					
Square Footage		0	200,000	0	0
with 10% Vacancy			180,000		
Space per Worker					
500 per worker			360		
1000 per worker			180		
Retail Component					
Square Footage		200,000	0	85,000	19,377
with 10% Vacancy		180,000		76,500	17,439
Space per Worker					
350 per worker		514		219	50
550 per worker		327		139	32
Institutional Component					
Square Footage		0	0	0	41,829
with 10% Vacancy					37,646
Space per Worker					
500 per worker					75
900 per worker					42
Total SF	809,478	200,000	440,000	85,000	84,478
Total SF with Vacancy	728,530	180,000	396,000	76,500	76,030
Total High	2,403	514	1,440	219	230
Total Low	1,198	327	612	139	120

Figure 14 – Proposed Development Job Breakdown

3. CURRENT GTA INDUSTRIAL MARKET

In the Greater Toronto Area Industrial Market in the First Quarter (Q1) of 2012, demand for industrial space was moderate according to CBRE Limited. Modern distribution warehousing buildings, with higher clear heights were in higher demand in the sluggish market, and thus newer buildings in Mississauga out performed older industrial stock in Toronto and Scarborough. According to brokerage reports, these older buildings have "fewer transportation advantages than is required to make them more appealing to the active transportation and warehousing sector".³²



The Industrial real estate market was significantly impacted by two global factors in the last decade: (1) the 2008/2009 economic downturn which deeply impacted manufacturing and (2) the increase in gas prices, which had many logistics companies who focus on just-in-time delivery seeking more economical means of transportation and more efficient locations. This led to a renewed interest in land which was serviced by rail, which in turn spurred development surrounding the Vaughan and Brampton intermodal terminals.

The former City of Toronto (which includes South of Eastern) comprises 4.5% of the overall GTA Region's industrial space inventory; this is a relatively small share. Overall the City of Toronto has 36% of the total GTA Region's industrial floor space inventory. The balance of the industrial floor space inventory or 64% is located outside the City of Toronto. There is no new industrial construction in the Central GTA despite land vacancies in several Employment Areas.³³ The central area of Toronto has had no industrial construction over the last five years. Many of the current buildings in Toronto are located in areas surrounded by non-employment uses and the building stock is considerably older than other employment areas.

The GTA West, has a current inventory of 322,205,851 SF, or 42%, with an additional 2,271,640 SF currently under construction, the majority in Brampton, Milton and Mississauga. The current Industrial market, which is increasingly moving from major manufacturing to distribution and warehousing has sought newer product in the growing 905 market. Relatively lower costs, a competitive leasing market, highway access and modern buildings have made this product more appealing than much of the current Toronto inventory.

Availability in the Central GTA varies, but there was no new industrial construction in Toronto as of the Second Quarter of 2012. Etobicoke has the largest industrial inventory in the City with 80,350,364 SF and an availability rate of 8.06%. Central Toronto has significantly less industrial product, and an availability rate of 0.96%. York, East York, North York and Scarborough have a combined inventory of almost 160 million square feet and an average availability rate of 5.8%.³⁴

Rental rates for industrial product in Central GTA continue to be the lowest in the GTA, despite having the lowest availability. Central GTA Net Rates Average \$4.04 per SF, in contrast, with the GTA West which has an average rental rate of \$5.00, with a vacancy rate of 6.72% and over two million SF under construction.³⁵ Limited availability has not impacted demand, which would push typically rental rates higher, and landlords have been unable to match the current GTA average of \$4.88 psf.

³² CBRE. (2012) *Market View- Toronto Industrial*, First Quarter 2012.

³³ DTZ Barnicke. (2012) *Q2 2012 Industrial Market Update*, Greater Toronto Area

³⁴ Ibid.

³⁵ Ibid.

This in part due to the age and physical characteristics of some of the current Central GTA's industrial stock.

There is currently limited leasing availability within the South of Eastern Employment District, with the exception of the Former Unilever Plant, which was recently purchased by First Gulf. This site, currently marketed by First Gulf will, as discussed, require significant investment, and the landlord would most likely only consider reinvestment in the building with a significant tenancy.

Although availability rates have stayed around 1% in Toronto, and despite a moratorium on Development Charges on Industrial construction there has been no new industrial construction in Toronto.

The GTA's industrial market is consistently strong. Vacancy was higher in the GTA East which traditionally less geographically desirable.

Municipality/ Market	Inventory (Sq Ft)	Availability Rate	GTA Market Share (%)	Under Construction (Sq Ft)	Building Completions (Sq Ft)	Weighted Average Net Rent (\$psf annum)
GTA WEST	323,205,281	6.93%	42.1%	2,271,640	47,855	\$5.05
CENTRAL	278,300,165	5.18%	36.6%	0	0	\$4.28
Toronto	34,575,669	0.96%	4.5%	0	0	\$7.40
GTA NORTH	138,039,576	5.92%	18%	43,912	281,675	\$5.10
GTA EAST	28,047,872	11.43%	3.7%	0	0	\$5.11
GTA TOTAL	767,592,892	6.28%	100%	2,315,552	329,530	\$4.88

Figure 15 – Second Quarter 2012 GTA Statistics

The majority of growth came from the West and the North, which continued to construct new industrial buildings along with having steady vacancy rates. These areas are in demand due in part to this new construction, 400-series highway access and supply-chain links to the GTA.

GTA Central³⁶

	Q2 2008	Q2 2009	Q2 2010	Q2 2011	Q2 2012
Inventory SF	305,462,156	277,950,644	278,072,878	278,072,878	278,300,165
Availability	2.66%	6.0%	5.3%	5.1%	5.8%
Weighted Net Rent	\$5.26	\$4.52	\$4.26	\$4.15	\$4.28

Figure 16 – GTA Central Industrial Statistics 2008 to 2012

There has been relatively little industrial construction over the last four years in the City of Toronto; in fact the inventory of industrial space has decreased. Lease rates have decreased despite the limited supply and low availability rates. The Central area currently has 36.6% of the market share, with Toronto representing 4.5% of the overall GTA industrial market.

³⁶ Ibid.

Toronto - Industrial³⁷

	Q2 2008	Q2 2009	Q2 2010	Q2 2011	Q2 2012
Inventory SF	34,575,669	34,575,669	34,575,669	34,575,669	34,575,669
Availability	0.7%	1.7%	0.6%	1.1%	0.96%
Weighted Net Rent	\$6.00	\$6.22	\$5.90	\$5.15	\$7.40

Figure 17 – Toronto Industrial Statistics 2008 to 2012

Toronto, like the Central GTA has seen no industrial construction in the last four years, even with availability around 1%. Rental rates have increased over the last year, which may be attributed to the willingness of non-industrial users to pay for more industrial spaces, which offer attractive locational qualities for non-industrial or quasi-industrial users.

3.1 Municipal Tax Rates

A comparison of current tax rates in the GTA demonstrates that despite the City's protective approach to employment land, they lack the competitive advantage of lower taxes in comparison to much of the Western GTA. These areas, such as Mississauga, Vaughan, Brampton and Milton, offer not only lower tax rates, but have significant other strategic advantages of western location, greenfield opportunities, more modern building types and lower rent. Logistics companies, a growing segment of users of employment lands, are very cost sensitive along with locationally selective. Toronto's industrial tax rates put it at a competitive disadvantage. The tax rates coupled with relatively higher assessment values result in Toronto having overall higher property taxes for industrial property. As an on-going operating cost, higher property taxation is a disincentive to prospective users.

Allowing mixed use development in older Employment Districts, as was done in Liberty Village, will not only increase employment densities, allow for new businesses, but it will also provide a diversified and increased tax base for the City of Toronto.

2011 Industrial Tax Rate	
City/Town	Tax Rates
Hamilton	5.169879
Oshawa	4.7633
Whitby	4.1634
Oakville	3.2967
Burlington	3.2022
Toronto	3.1876
Milton	3.008
Brampton	2.8047
Mississauga	2.557
Richmond Hill	2.232
Vaughan	2.2315
Markham	2.1193

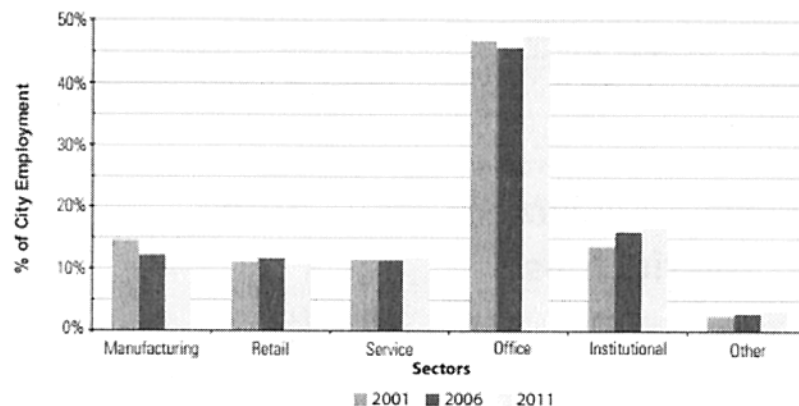
³⁷ Ibid.

3.2 GTA Industrial / Manufacturing Outlook

Traditional manufacturing activities are attracted to areas where there is a configuration of like businesses and modern facilities with superior goods-transportation networks.

The goods production sector is currently in decline. According to Statistics Canada, the goods-producing sector, which includes manufacturing, transportation and warehousing, decreased as a percentage of overall growth from 1998 to 2010.³⁸ The Service producing industry increased in the same period. In the Toronto CMA, the decline in goods-producing labour and the increase in service-produced labour were even more pronounced. The Toronto CMA has seen Manufacturing's percentage of overall growth reach -16% while professional services, F.I.R.E.³⁹, and education have increased 18.9%, 19.1% and 12.7% respectively.

The City of Toronto's Employment Survey demonstrates that over the last ten years there has been a similar trend represented across the City. Manufacturing has seen a -31.2% decline in the last decade, whereas Service and Office have increased 6.9% and 7.5%.



The City of Toronto's central Employment Districts directly reflect these trends. Without the geographic strategic advantages of the western GTA, the lack of highway interchanges, the close proximity to residential and the overall trend towards mixed-use redevelopment in the surrounding areas, South of Eastern has little to attract what is a dwindling sector. Land within the City core is a valuable resource that can be used to attract growing employment sectors, help provide jobs for a growing population and tax revenues for the City through mixed-use development.

³⁸ Source: statistic Canada

³⁹ Finance, Insurance, Real Estate and Services

4. REDEVELOPMENT INITIATIVES

4.1 Liberty Village

The Liberty Employment District was historically combined with South of Eastern as a Central or Waterfront Employment Area. This Employment District is a 45 hectare Brownfield redevelopment which has created a successful mixed-use community. This area has been able to increase its employment numbers significantly over the last five years through redevelopment.

This once faltering industrial area has become a successful Employment District which has captured many small and entrepreneurial businesses including some film uses such as animation. Proximity to downtown and new residential developments along King Street West along with former industrial cache has encouraged a number new of knowledge-based businesses to located here.

The current Employment Survey demonstrates that infrastructure investment and the conversion of industrial buildings to non-industrial employment uses have resulted in an increase of 1,500 jobs between 2006 and 2011, 8,100 in total. Liberty's dominant sector is with Office, with a sub-sector of Business Services. Liberty Village has continued to experience employment growth, with 47 new establishments in 2009.⁴⁰ The recent closing and sale of the Canada Bread building, on Fraser Street, will create new opportunities to convert a former industrial/manufacturing building into a location for new employment.

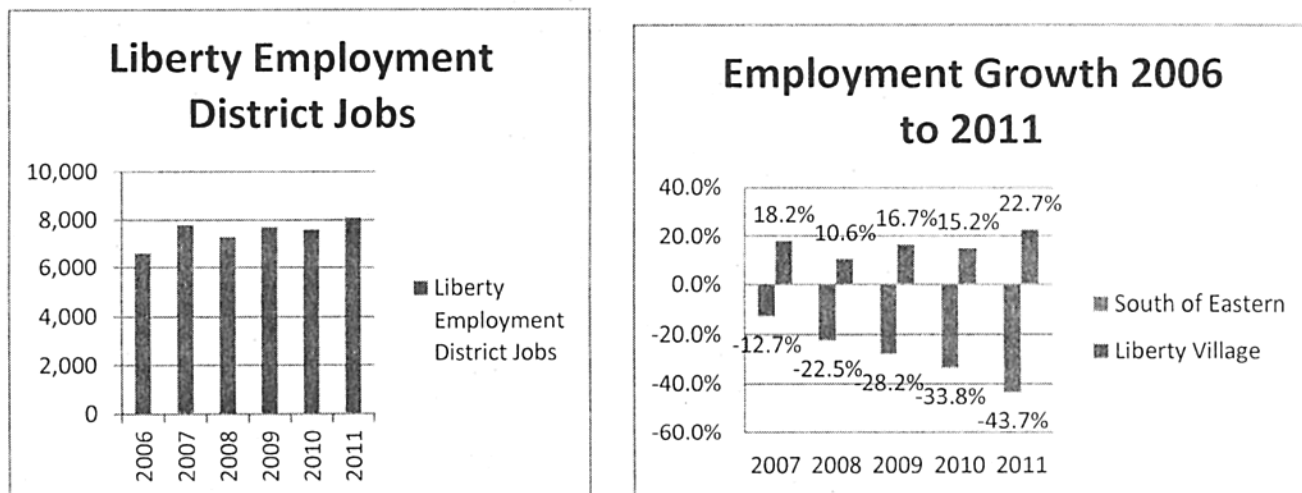


Figure 18 – City of Toronto Liberty Village Employment Growth

⁴⁰ City of Toronto (2010) Staff Report, May 3 2010 (Pg10026) p. 14

A comparison of Liberty Village and South of Eastern Employment Districts shows how the re-imagination of employment lands can not only achieve greater employment densities, but achieve the City's goals of complete communities.

4.2 Port Lands

South of the South of Eastern Employment District is the Port Lands. Historically this area was created with infill, and served as a major place of industry. Currently there is limited industrial use, and a number of vacant lots along with potentially contaminated sites. Consisting of over 400 hectares, this area is in the process of being re-imagined as a mixed use area. The current proposal, which will be taken to Executive Council in the Fall of 2012, envisions this area as a source for major residential and employment growth. The current proposal has 4.5 million SF of office, 9,700 residential units, 1.4 million SF of urban retail and a hotel of 450 beds.⁴¹

As a former industrial and port location, the Port Lands offer unique challenges to redevelopment. There is currently little infrastructure in place, and this will pose a significant difficulty in the phasing and funding of the redevelopment. Additionally there are existing industrial users including LeFarge Canada, and the Port Authority which must be accommodated and eventually relocated. The Don River is also in the process of being realigned and flood plains considerations are being planned in concert with the Toronto Regional Conservation Authority. City Planning staff is conscious of the impact the redevelopment of the Port Lands will have on the viability of the South of Eastern Employment District, and have begun a review of the current acceleration plan, as part of their review of the viability of South of Eastern as an Employment District.

port lands revitalization

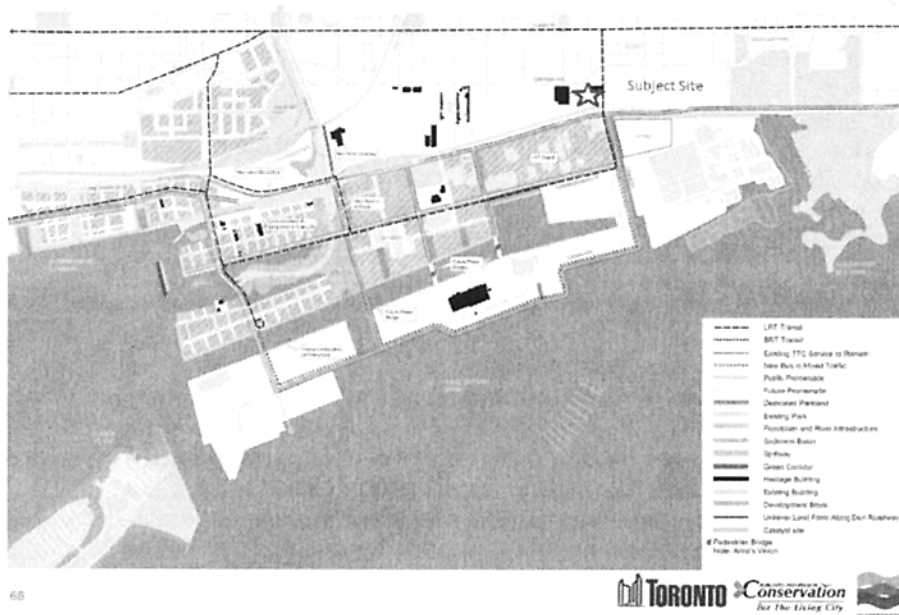


Figure 19 – Conceptual Port Lands Map

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⁴¹ City of Toronto (2012) Media Briefing, August 8, 2012 (Moderate numbers)