

## **ATTACHMENT 3: REQUESTS TO CONVERT *EMPLOYMENT AREAS* - PROCESS, POLICIES AND REQUIREMENT**

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A major component of the MCR is the consideration of conversions and removals of *Employment Areas* for non-employment uses or the broadening of permissions on a site-specific basis. While it is important to retain lands designated *Core Employment Areas* and *General Employment Areas* to accommodate and support economic growth, unique opportunities may arise where important city-building objectives may warrant a conversion to permit a broader mix of uses, including new residential uses, provided Official Plan objectives for change areas are addressed.

Growth Plan 2020 Policy 2.2.5.9 permits the conversion of *Employment Areas* through a MCR and lists the tests that need to be considered before any conversion of lands designated as *Core* or *General Employment Areas*. Official Plan policies clarify that the following proposals are also considered to be conversions:

- A redesignation of land from an *Employment Area* designation to any other designation;
- The introduction of a use that is otherwise not permitted in an *Employment Area*;
- The introduction of a use that may be permitted in a *General Employment Area* into a *Core Employment Area*; and,
- A redesignation of a *Core Employment Area* into a *General Employment Area*.

The Council-approved work plan for the conformity exercise and MCR established August 4, 2020, as the MCR commencement date. Proponents could submit requests to convert lands in one of two ways: a complete application for an Official Plan Amendment; or a written request with supporting material to the City Planning, subject to a \$20,000 user fee established under Chapters 441 and 442 of the Municipal Code. In both cases, proponents were required to include a response to the Growth Plan and Official Plan conversion tests, including the submission of a Compatibility/Mitigation Study that was subject to a peer review.

In addition, some sites were added to the MCR process either through a complete OPA application received during the MCR, or as directed by motions adopted by Planning and Housing Committee. Conversion requests associated and located within local planning studies were also included in the MCR process.

There is strong alignment between the Growth Plan 2020 policy and Toronto's Official Plan Policies 2.2.4.14 to 2.2.4.18, which provide Conversion and Removal Policies for *Employment Areas* in addition to those set out in the Growth Plan 2020. The Official Plan policies are discussed in detail below.

Staff have completed Final Assessments for the remaining conversion requests, which are provided in Attachment 2 to this report. The Final Assessments include:

- A summary of the request;
- site and locational characteristics,
- details of the area of employment;

- findings from the engagement process;
- findings from the compatibility/mitigation studies and peer review process
- rationale for recommendations; and
- staff's recommendation.

## **Engagement**

Upon receipt of each conversion request, staff prepared a Preliminary Assessment for the purpose of consultation with stakeholders and the public. Staff have undertaken engagement including meetings and discussions with the proponent and their representatives, neighbouring businesses, major facility operators, industry, businesses organizations, Torontonians, and other interested stakeholders.

As part of staff's due diligence, the potential impact on surrounding lands and businesses, including the potential to adversely affect the overall viability of an *Employment Area* and the maintenance of a stable operating environment for business and economic activities was considered.

City staff arranged meetings with each requestor and their representatives, including those considered incomplete as well as conversions proposed through Official Plan Amendments. Staff met with most of the requestor groups, with the number and length of meetings varying for each request, depending on the nature and complexity of the request. In addition, staff communicated with requestors via phone and email.

City councillors were briefed by staff with respect to the conversion request process in the context of the MCR. Where a councillor's ward includes conversion requests, the briefing included details and staff's recommendations for each request. Councillors whose wards are included in the Chapter 7 Site and Area Specific Policy Review, were offered briefings to discuss staff's recommendations.

Prior to the Planning and Housing Committee's statutory public meeting, staff held a statutory open house, to discuss recommended changes to land use designations and SASPs. The draft OPA was also posted online for public information and feedback in advance of the open houses and statutory public meeting.

## **Compatibility/Mitigation Studies and Peer Review Process**

A Compatibility/Mitigation ("C/M") Study was required to support each conversion request. The purpose of the C/M Study is to assess whether a proposed sensitive land use will affect the overall viability of *Employment Areas* and major facilities. The C/M Study follows the City's Terms of Reference and Official Plan policies and identifies potential mitigation options to address compatibility.

Each C/M Study was peer reviewed by the City. The objective of the peer review was to provide Council with independent, expert, third party assessments of the potential land use compatibility issues as well as proposed mitigation measures for each site that was subject of a conversion request. The scope of the review is to evaluate the completeness of the Study's methodology, findings, recommendations, and use of applicable standards and guidelines.

In most cases, the Peer Review of the C/M Study determined that some required information and assessment was not provided with respect to such things as: complaint history, stationary noise, air traffic noise, traffic noise, air quality, vibration, industrial/commercial operations in the vicinity and justification for the classification of a major facility. In most cases, the Peer Reviewer was not able to confirm that the C/M Studies fulfil the City's Terms of Reference for C/M Study requirements. Also, in most cases, the Peer Reviewer could not confirm that the proposed conversions are compatible within the existing *Employment Area*. Any follow up material submitted in response to the Peer Review was not sent to the Peer Reviewer for further review, but staff considered it as part of their evaluation of the conversion request.

As part of the consideration of compatibility, outreach was done to local industry including those with existing provincial Environmental Compliance Approvals ("ECA") and Environmental Activity and Sector Registrations ("EASR"). This was done to better understand the impact of introducing additional sensitive uses within the *Employment Area*. Industrial operations may be required to implement mitigation measure at the source in order to comply with their various approval certificates. Despite compliance, the introduction of new residential or other sensitive uses nearby could result in new complaints regarding noise, odours and vibration impacts. The burden of additional mitigation measures, which are often financially onerous, would fall to the existing industrial operation. The introduction of sensitive lands uses within the *Employment Area* has the potential to impact the continued operation and expansion of existing businesses.

Consideration was also given to the D-6 Guidelines, which are applied to industrial facilities in order to prevent or minimize compatibility issues as a result of the introduction of sensitive uses. In the Guidelines, facilities are categorized as Class I, Class II or Class III Industrial Facilities. A potential influence area (the areas within which adverse effects may be experienced) is applied depending on the category: 70 metres, 300 metres, and 1000 metres for Class I, Class II and Class III respectively. Minimum separation distances of 20 metres, 70 metres and 300 metres are also recommended by the guidelines for each of the categories.

## **Consideration of Conversion Requests**

### **Employment Study**

Each conversion request was considered against the broader context of the *Employment Area* it is located in. The City retained Hemson Consulting Ltd., with Cushman & Wakefield, to carry out an employment study and economic analysis of the City's *Employment Areas* and office market ("Employment Study"). The Employment Study, completed in April 2022, included detailed profiles of all 23 of Toronto's *Employment Areas*. The profiles illustrate the geographic context along with statistical summaries of employment and development trends as well as an estimation of commuting patterns for that part of the local workforce who live within Toronto.

The Employment Study included the value of building permits within the *Employment Areas*, as a metric to gauge the level of non-residential investment, and thereby confidence, in the area. On average across the 23 *Employment Areas*, the value of new industrial building permits average over \$48 million annually, renovations average \$39

million annually and structural/other permits average \$26 million annually. Also, new building non-residential gross floor area averages nearly 22,500 square metres annually while addition/renovations of existing non-residential gross floor area averages nearly 10,000 square metres annually.

The Employment Study showed that the City's *Employment Areas* are healthy with considerable investment in new buildings and improvements, and overall low building vacancy rates. *They* are also a key contributor to the quality of life for Torontonians, reflected by the significant share of jobs held by city residents in these areas.

### **Addressing Official Plan Conversion and Removal Policies for *Employment Areas***

In staff's review of requests to convert lands within *Employment Areas*, both cumulatively and individually, careful consideration was given to whether or not the proposed conversion requests meet the considerations set out in the Conversion and Removal Policies for *Employment Areas* in Official Plan.

It is critical to ensure that *Employment Areas* provide certainty for businesses and economic activities. The introduction of sensitive land uses into *Employment Areas* can force industry to alter their operations, particularly when the environmental certificates that industries operate under are affected, or complaints are lodged about adverse effects from industrial operations.

Where conversions are granted, the prospect of potential future conversions can lead to uncertainty and reduced investment in business operations, degrading the viability of the *Employment Area*. This could have a cumulative impact on the overall viability of an *Employment Area* and its planned function. Potential conversions were therefore carefully considered.

There are several attributes of employment lands and their location that can help determine the potential impact that a conversion on those lands would have on the broader *Employment Area* of which they are a part. When determining the affect that a potential conversion would have on the viability of an *Employment Area*, staff considered numerous site characteristics in the context of the larger *Employment Area*, such as:

- are the lands part of a broader contiguous *Employment Area*;
- *are the boundaries of the Employment Area* well-defined;
- are the lands strategically situated within the *Employment Area* in terms of access and visibility;
- are the lands located so that they provide buffering or separation between the employment uses and areas where sensitive uses are permitted (for example, *General Employment Areas* can provide this for *Core Employment Areas*);
- are the lands unique in terms of size or location;
- do the lands contribute to a variety of parcel sizes within the *Employment Area*; and
- are the lands part of a cluster with surrounding business establishments, or do they provide for opportunities for similar or related employment uses to cluster.

The Growth Plan 2020 only permits the conversion of employment lands where it has been demonstrated that there is existing or planned public service facilities to accommodate the proposed uses. The Official Plan conversion and removal policies also require consideration of community services and facilities within the area where the conversion is being requested. Convenient access to public service facilities for people of all ages and abilities is an important component of creating complete communities.

For each conversion request for residential uses, staff surveyed the distance between the conversion site and the existing community services in the area. Many of the conversion requests are in areas where the introduction of residential uses would not provide residents with convenient access to local stores, schools, services and public service facilities. In most cases, accessing existing facilities would require walking very long distances, crossing through the *Employment Area*, and crossing major streets or even highways.

Good transit access makes *Employment Areas* more attractive to businesses, by providing transportation options for workers and businesses. Transit accessible *Employment Areas* play a key role in providing Torontonians equitable access to employment opportunities. The timing and certainty of access to higher order transit has been carefully considered in the analysis of each employment land conversion request. City Council has adopted over 130 delineations for Major Transit Station Areas (MTSAs) and Protected Major Transit Station Areas (PMTSAs). The delineations been submitted to the Minister of Municipal Affairs and Housing for approval, as the approval authority. To date, no decision has been received. The Growth Plan minimum density targets for PMTSA/MTSAs are targets for jobs as well as residents. Where the conversion requests in Attachment 2 of this report are in PMTSA/MTSAs, the existing and permitted development within the PMTSA/MTSAs meets or exceeds the minimum population and employment target as set out in the Growth Plan.

The Growth Plan 2020 requires municipalities to preserve lands adjacent to or near major goods movement facilities and corridors, including major highway interchanges, as areas for manufacturing, warehousing and logistics. The Official Plan builds on this requirement by requiring *Employment Areas* in the vicinity of existing major transportation infrastructure such as highway interchanges, ports, rail yards and airports to be preserved for employment uses that could rely on major transportation infrastructure for the movement of goods. Access for businesses to key transportation infrastructure and how quickly goods can be moved, has an impact on the efficiency and success of the many businesses that rely on goods movement.

The importance of preserving employment lands near major goods movement facilities and corridors is growing. The Transportation & Warehousing industry alone has grown considerably in recent years, partly owing to the growth of e-commerce. To overcome increasingly dense Toronto neighbourhoods, industry trends suggest that growth will continue in "last-mile" compact distribution facilities. As part of OPA 591, Council adopted a new policy to further reinforce the importance of centrally situated sites with access to highways and major roads (see Policy 3.5.3.7a)).

Conversion requests are therefore assessed on strategically preserving lands near a major goods movement facilities and corridors, as well as their impact on the capacity

and functioning of the transportation network and the movement of goods for existing and future employment uses.

The data provided by the Employment Study illustrates how healthy and successful Toronto's *Employment Areas* are, and how wide-ranging the uses located within them are. In reviewing conversion requests, staff considered what uses would be replaced, how this would affect nearby businesses and the larger *Employment Area*. For example, consideration was given to whether the conversion request would remove land from an *Employment Area* with low vacancy rates where finding space for existing and new businesses may be an issue. Consideration was also given to what effect a conversion request would have on providing certainty for existing operations that want to expand, or new businesses looking to locate.

### **Non-Residential Gross Floor Area (GFA)**

In Site and Area Specific Policies (SASPs) where conversion is recommended, the requirement for minimum non-residential gross floor area is intended to ensure the replacement and/or growth of space for employment purposes as part of each recommended conversion. Securing minimum amounts of non-residential GFA, including employment GFA, helps to ensure that the previously designated *Employment Areas* can continue to provide an economic function, while accommodating additional housing across the city.

As demonstrated by the LNA, the city requires the lands designated as *Employment Areas* to be maintained or intensified to ensure the city maintains lands and opportunities for employment intensification.

This minimum non-residential GFA is secured as a percent of total GFA or a specific amount of GFA measured in square metres. On larger sites, where development may be phased, the SASPs recommend approaches to phasing that put in place residential to employment ratios. This ensures that the employment GFA will be developed in advance of or concurrent with residential GFA, providing a level of land use certainty that will support a diverse mixed-use community.

### **Affordable Housing**

Upon staff determining that the proposed conversion can satisfy the Growth Plan 2020 and Official Plan policy "tests", staff applied multiple policies that seek to establish mixed use and mixed-income communities.

Section 2 (j) of the *Planning Act* requires that municipalities have regard for matters of provincial interest including the adequate provision of a full range of housing, including affordable housing.

The PPS 2020 includes policies on housing matters, including the need to accommodate an appropriate affordable and market-based range and mix of housing types and providing for an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents. The Growth Plan 2020 provides a strategic framework for managing growth

and environmental protection including supporting the achievement of complete communities, with access to a diverse range of housing options, and supporting a range and mix of housing options, to serve all sizes, incomes and ages of households.

A key objective of the Official Plan is to provide a full range of housing in terms of form, tenure and affordability across the City and within neighbourhoods. Official Plan Building New Neighbourhoods policy 3.3.1.e requires that new neighbourhoods will have a comprehensive planning framework reflecting the Plan's city-wide goals as well as the local context. The framework should include a strategy to provide affordable housing. Affordable housing is a key component of inclusive neighbourhoods and ensures that essential workers can afford to make their home in the city.

The provision of affordable housing also supports the HousingTO 2020-2030 Action Plan, approved by City Council in December 2019. The Action Plan sets a bold target of securing 40,000 new affordable rental homes by 2030, which is being advanced through various means and opportunities.

Conversion requests provide a unique opportunity for the provision of affordable housing. As residential permissions are recommended to be introduced where none previously existed, it is important that these future communities are inclusive and include affordable housing. As the urgency around the provision of affordable housing has grown, so too has the expectation from Council and local communities that affordable housing be included in new developments. The cost of providing affordable housing as part of a conversion request can be offset by the increase in land value that is generally achieved when lands are redesignated from *Employment Areas* to a designation that permits residential uses. Each SASP securing a minimum amount of affordable housing indicate that these units may be secured through a Municipal Housing Project Facility Agreement, which would make these units exempt from the Community Benefits Charge (CBC).