

**APPENDIX B**

Report to: Development Services Committee

Report Date: June 16, 2009

SUBJECT: Employment Lands Strategy (Phase 1)
PREPARED BY: Elisabeth Silva Stewart, Senior Policy Planner

RECOMMENDATION:

That the Employment Lands Strategy (Phase 1) study prepared by urbanMetrics Inc. and Meridian Planning be received;

That the recommendations of the study be endorsed in principle as the basis for the Employment Lands component of the Growth Management Strategy;

That the Strategy recommended in the Phase 1 study form the basis for Phase 2 work – Implementation of the Employment Lands Strategy (through the new Official Plan);

And That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

In mid 2008, the Town commissioned urbanMetrics and Meridian Planning Consultants Inc. to undertake an Employment Lands Strategy (ELS) (Phase 1) study for the Town. The purpose of the Phase 1 study is to offer guidance to Town decisions regarding land requirements to achieve employment forecasts to 2031, and updating the Official Plan policy framework for employment lands. The purpose of this report is to present the findings and recommendations of the ELS (Phase 1), to seek direction from Development Services Committee to incorporate the recommended directions into the Town's Growth Management Strategy, and to move forward and begin Phase 2 of the Strategy.

Markham 2020, the Town's Economic Development Strategy, launched in 2008, identifies key employment sectors for the Town to pursue. The accommodation needs of the 4 key sectors are being taken into account in a new Employment Lands Strategy.

Current Official Plan policies for employment lands are based on 1994 policy recommendations. Although updates have occurred over time, further revisions are needed in order to implement the new Provincial Planning framework, the Regional forecasts to 2031, and the 2008 Economic Development Strategy. Policy updates are also required to ensure direction for the provision of employment lands and accommodation of employees are forward thinking and relevant to new planning directions to 2031.

A new policy context for 'employment lands' has been created by the introduction of the Provincial Policy Statement, followed by the Growth Plan for the Greater Golden Horseshoe, and completed by the revised Scenario Planning Act. This policy framework mandates municipalities to provide and protect sufficient land to accommodate competitive opportunities for employment growth, while promoting intensification and mixed-use development, all within the context of sustainable, complete communities and long term economic prosperity.

Municipal decisions and Official Plans must be in conformity with the new policy direction of these documents. The revised legislation supports municipal employment land decisions from appeals to the Ontario Municipal Board, and legislates a 5-year review of employment land needs which municipalities must undertake.

The Town is forecast to accommodate almost 250,000 employees by 2031 – nearly 90,000 more jobs than are accommodated today. The forecasts place about 90% of the 2031 employment within the Town's current settlement area and continue Markham's central role in accommodating employment within the Region of York. Combined with employment inside the current settlement area, the Region of York has identified a land requirement of 437 gross hectares outside Markham's current settlement area to be phased in over the period to 2031. The Region also identified another 120 gross hectares of land needed for Major Retail uses outside the current settlement area.

The ELS (Phase 1) incorporates assumptions for estimating land requirements which reflect new policy approaches to employment development. Future policy recommendations to be pursued in Phase 2 of the strategy will reflect senior government themes of building complete communities, preserving the employment land reserve, viable intensification and more mixed use development.

The Town's ELS (Phase 1) adheres to the Region of York's endorsed job forecasts for Markham. The ELS (Phase 1) also recommends that accommodation of the forecast employment growth will require approximately 456 gross hectares of business park land, including a market contingency (under the preferred scenario) outside the current settlement area to 2031. Approximately 35 hectares located east of Donald Cousens Parkway has already been identified through the Cornell Secondary Plan, leaving the balance of 421 additional hectares.

The Town's ELS (Phase 1) emphasizes infill and intensification within the existing settlement area, but confirms that development and intensification of existing employment areas cannot accommodate all of the additional jobs assigned to the Town to 2031. The ELS (Phase 1) does not contemplate a land requirement for Major Retail development outside the current settlement area, in the manner contemplated by the Region, as the Town seeks to maximize mixed land use and compact urban development within the existing settlement area.

Phase 1 recommendations and directions include:

- Continue to intensify employment areas, focusing on the Town's Regional Centres, Key Development Areas and business parks.
- Assume average employment densities higher than those of the Province or Region.
- Add 2 priority employment areas outside the current settlement area to locate additional employment lands:
 - previously identified lands east of current Cornell Business Park prior to 2016
 - north and east of Highway 404 and Major Mackenzie Drive as early as 2016.
- Consider an Employment Land Reserve to ensure requirements for employment use beyond 2031 are prioritized over other uses. These lands would only be brought into employment use following an appropriate review.
- Protect all employment lands from conversion to other uses, including major retail and residential uses.
- Encourage major office employment to occur primarily within Regional Centres and in Key Development Areas along high order transit corridors.
- Require future retail development outside the current settlement area take place within a mixed use development context only, as part of new, healthy and sustainable communities.
- Promote new retail/commercial through policies for provision of retail at grade in a mixed use format, particularly in the high order transit corridors and Regional Centres.
- Protect designated commercial lands within the current settlement area to serve the long term retail requirements to 2031.
- Refine and restructure Official Plan policies in Phase 2.

- Confirm and adjust the land budget for employment, if necessary, in Phase 2.

Other items proposed to be dealt with in Phase 2 include:

- Prepare new Official Plan and Secondary Plan policies
- Recommend a Zoning Framework
- Policies to protect employment lands from conversion to other uses
- Strategic employment land reserve policies
- Acquisition or public control of lands in strategic employment lands reserve area
- Public Realm Framework including Urban Design
- Study other available tools and approaches such as Tax Increment Financing, or favourable taxation policies for preferred development forms (eg. 'rewarding' structured parking with a tax break)
- Incorporate other study findings dealing with sustainability.

The ELS (Phase 1) represents a balanced approach to meeting Markham's employment growth needs to 2031, with a variety of choices for accommodating the key identified sectors of Markham's economy. The recommendations in the ELS (Phase 1) reflect a new approach to determining land requirements, the provision of land for business park employment, and the provision of retail uses in mixed use formats, as well as new communities consistent with the new policy context established by the Province and Region. There will also be careful monitoring and adjusting over time in response to changing market conditions as prescribed by the Planning Act. This continuing review will act to protect land now and bring it into use for employment, only when required.

1. Purpose	2. Background	3. Discussion	4. Financial	5. Others (Strategic, Affected Units)	6. Attachment(s)
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PURPOSE:

The purpose of this report is:

- To present the findings and recommendations of the Employment Land Strategy (ELS) (Phase 1) report to Development Services Committee;
- To receive endorsement of the ELS (Phase 1) from Development Services Committee;
- To receive direction from Development Services Committee to incorporate the recommended direction of this report into the Growth Management Strategy; and,
- To seek direction from Development Services Committee to proceed with Phase 2 -Implementation of the Employment Lands Strategy to be based on the recommendations of the ELS (Phase 1) and the Growth Management Strategy.

BACKGROUND:

Employment Lands Strategy (Phase 1)

In mid 2008, the Town commissioned urbanMetrics inc. and Meridian Planning Consultants Inc. to initiate a new Employment Lands Strategy (ELS) (Phase 1) for the Town. The study is to offer guidance in regard to Town decisions with respect to conforming to senior government policy, identifying land requirements to achieve employment forecasts and updating the Town's policy framework for the provision and use of employment lands. This Employment Lands Strategy will support the Economic Development Strategy, Building Markham's Future Together and the Growth Management Strategy.

In November 2008 a Stakeholder Consultation session was held, and on March 31, 2009, the consultants presented their findings to Development Services Committee.

The Committee received the consultant's presentation and directed staff to arrange a Council Workshop to explore more fully the various aspects of the employment lands strategy, and emerging policy framework, with a

focus on strategies to assist in the redevelopment of older existing employment areas.

A workshop was held on May 19, 2009, and included presentations from experts in the field of employment real estate and economics, and planning for employment land, for discussion with members of Council.

Economic Development Strategy

Markham launched its Economic Development Strategy 'Markham 2020' on October 31, 2008. The new Economic Development Strategy identifies strong growth opportunities within 4 key sectors:

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

The Economic Development Strategy provides an action framework to support growth in these 4 key sectors. The Economic Development Strategy identified that Markham's competitiveness is constrained by the limited and diminishing supply of appropriately sized and located employment lands available for development, particularly for sale to end-users. To remain competitive, Markham requires a development-ready land supply that can serve the growth needs of existing businesses as they transition through the growth cycle from small to larger space requirements, and adapt to changing functional and technological building requirements. A diverse range of flexible land supply is regarded as a competitive advantage. However, Markham's existing supply is inadequate especially in regard to a limited supply of larger lots (i.e., greater than 25 acres/10 hectares), new campus style development to serve major single users, and a lack of purchase opportunities by end-users. Markham's employment land owners are predominantly interested in build to suit and lease. These strategic competitiveness weaknesses are to be addressed through preparation of an Employment Lands Strategy.

Existing Official Plan Policies

Current Official Plan policies were based on the Commercial Uses Policy Study of 1994 which were implemented through Official Plan Amendment No.26. Another commercial Policy Review took place in 2004 and found that the policy structure was largely working well. However, some changes were recommended. OPA No.132 was adopted in August 2005. OPA No.132 clarified the planned function for the Business Corridor Area designation. As well, a Neighbourhood Commercial Strategy (endorsed by Council in April 2005) implemented recommendations related to delivery of neighbourhood commercial. Although updates have occurred over time, further revisions are needed in order to implement the new Provincial Planning framework, the Regional forecasts to 2031, the Economic Development Strategy and to ensure Markham policies are forward thinking.

Provincial Planning Policy Statement

In 2005 and 2006 new Provincial planning initiatives were introduced which have created a new planning policy environment for 'employment lands'. On March 1 2005, the new Provincial Policy Statement (PPS) came into effect. Municipalities now must ensure that their policies shall 'be consistent with' the PPS.

Provincial policy promotes economic development and preservation of employment lands. Planning authorities must plan for employment and must promote economic development and competitiveness by:

- providing for an appropriate mix and range of employment opportunities,
- providing opportunities for a diversified economic base including a range and choice of suitable sites for employment which support a range of economic activities,
- planning for, protecting and preserving employment areas for current and future uses, and
- ensuring necessary infrastructure is provided to support current and projected needs.

The PPS also contains stronger employment lands policies intended to protect employment lands from conversion to other uses. The PPS includes a definition of employment areas and a conversion policy. The

policy states that conversion of employment lands will only be permitted where it is demonstrated, through a comprehensive review, that the land is not required for long-term employment uses and there is a need for conversion of the lands to another use.

The PPS also requires that all municipal decisions be consistent with the policies of this document and that municipalities keep their Official Plans up-to-date with the policies of the PPS. The PPS also notes that where there are conflicts, Provincial Plans take precedence over the policies of the PPS.

Growth Plan for the Greater Golden Horseshoe

In June of 2006, the Province introduced the Growth Plan for the Greater Golden Horseshoe (Growth Plan), a 25-year plan directing how municipalities within the Greater Golden Horseshoe will grow. Within the document are specific employment forecasts allocated to the Region of York (as well as other upper tier municipalities) and employment lands policies.

Employment lands policies which relate to the Town include:

- ensuring the availability of sufficient land for employment to accommodate growth to support the Greater Golden Horseshoe's economic competitiveness
- planning and investing for a balance of jobs and housing to reduce the need for long distance commuting
- developing complete communities with a diverse mix of land uses, a range of employment and housing types, and easy access to local stores and services
- planning intensification areas to cumulatively attract a significant portion of population and employment growth
- providing a diverse and compatible mix of land uses, including residential and employment uses, to support vibrant neighbourhoods
- planning urban growth centres to among other things accommodate a significant share of employment growth, and serve as a high density major employment centres attractive to significant employment uses
- directing Major Office and institutional uses to urban growth centres or areas with frequent or higher order transit services
- protecting employment lands from conversion to other uses
- identifying significant employment areas including prime industrial lands
- designating and preserving lands within settlement areas in the vicinity of existing major highway interchanges, as areas for manufacturing, warehousing, and associated retail, office and ancillary facilities
- facilitating the development of transit-supportive, compact built form and minimizing surface parking
- requiring a minimum density for employment lands of 50 employees per hectare and 200 residents/employees per hectare in urban growth centres

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

Amended Planning Act

Bill 51 amended the Planning Act in 2007. Among other things, it introduced new provisions to protect employment lands for the purpose of ensuring the long term economic competitiveness of communities. The provisions also address conversion of employment lands.

The Planning Act now requires municipalities to confirm or amend their policies dealing with areas of employment, including designations and policies dealing with conversion by means of a 5-year review to the Official Plan. Full appeal rights are applicable to the new policies coming out of the 5-year reviews or at any time the municipality alters employment land designations and policies.

York Region Employment Forecasts

York Region has allocated the largest percentage share of employment growth to the southern municipalities, with 31% of the Region's future employment growth being assigned to Markham.

	2006	2031	Growth 2006- 2031	% share of total increase
Major Office Employment	47,400	88,700	41,300	40
Employment Land Employment	50,000	86,500	36,500	35
Population Related Employment	47,500	73,300	25,800	25
Total	144,900	248,500	103,600	100

The Region's forecast employment growth for Markham is shown below on Table 1. The chart shows that the largest increase in employment growth is anticipated to be in Major Office Employment (40%), followed by

Employment Land Employment (35%), and finally Population Related Employment (25%).

Regional Policy Directions

In April 2008, the Region identified that existing 400-Series Highway corridors should be first-priority in identifying future employment lands beyond the existing urban area.

In its report dated June 19, 2008, the Region presented Emerging Policy Directions including a number of key principles for employment planning such as:

- plan for the long term
- identify role of different economic areas
- provide an adequate vacant land supply
- early planning and construction of 400 series highways to support employment
- plan for major retail
- major office uses should be located in regional centres
- include high quality design

These principles, applied to the Region's forecasts for Markham, result in approximately 90% of the Town's 2031 employment being located within the current settlement area.

Region of York Land Budget

The Region's land budget forecast assumes that the majority of Markham's 2031 employment can be located on existing employment lands, and in centres and corridors within the Town's current settlement area. The budget forecast concludes however, that a portion of the employment growth will need to be located in an extension of the settlement area. In addition to population serving employment located within the new residential communities the Region concludes that there is a need for:

- o 437 gross hectares for employment land employment, and

- o 120 gross hectares for major retail employment.

OPTIONS/ DISCUSSION:

Forecasts

The ELS (Phase 1) forecasts are based on accommodating the Region of York's 2031 forecasts for Markham (see Table 1, page 7). The chart illustrates that the greatest share of employment growth will be in the form of Major Office Employment (MOE) followed by Employment Land Employment (ELE) and finally Population Related Employment (PRE).

Currently about 67% of Markham's total jobs are located on INDUSTRIAL designated areas (Business Park Area, General Industrial Area, and Business Corridor Area); the remainder of current employment is located in other designations. By 2031, this share will decrease modestly to 65% due to the intensification of jobs within Regional Centres and Corridors, however, the role of the Town's industrially designated land will remain preeminent, accommodating two thirds of all employment within the Town.

Approximately 51% of the jobs accommodated on the developed Industrially designated land (1040 hectares) are ELE jobs; 44% are MOE jobs and 5% are PRE jobs. The ELS (Phase 1) study assumes that the MOE share within the INDUSTRIAL designation would gradually be reduced as the take-up of MOE within Centres and Corridors increases.

The ELS (Phase 1) recommends that all currently designated land should be retained and protected for employment use and protected from conversion to other uses.

Major Office Areas

The ELS (Phase 1) recommends that new Major Office Employment should be directed to Regional Centres and Key Development Areas along Regional Corridors (53% of the total new MOE jobs), and the remaining new MOE (47%) jobs would occur within the Town's business parks. This assumption approximates a similar assumption in the Region of York's forecasts (50%/50%). This approach is consistent with the provisions of the Growth Plan and the Region's Centres and Corridors policies, which call for more intensive development in these locations. The ELS (Phase 1) identifies that a strong policy programme will be needed to support this approach which redirects a larger share of MOE employment to Centres and Corridor locations. Phase 2 of the Employment Lands Strategy will address a policy programme to support this approach.

Intensification for Employment Areas

The ELS (Phase 1) assumes that average employment densities in Markham will remain higher than the Region's density assumptions and exceed the minimum density requirements of the Growth Plan over the forecast period. The ELS (Phase 1) anticipates that Markham's existing Employment Areas will continue to attract growth through build-out of remaining lands and intensification of existing parcels and/or reuse of buildings. However, this potential to accommodate employment growth is not sufficient to accommodate the 90,000 additional jobs to be added between 2008 and 2031.

Phase 2 of the Employment Lands Strategy will examine and bring forward policies to encourage intensification opportunities within the Town in order to address the approach inherent in the Phase 1 work. Phase 2 will also look at other tools which may also stimulate intensification, including any recommendations to pursue with other levels of government (such as creating favourable taxation policies that reward development forms which contribute to improving density – an example is 'rewarding' structured parking with a tax break).

ELE Land Budget

Approximately 1040 hectares of land currently designated industrial, within the Town is developed. There

remains almost 485 net hectares of industrially designated vacant lands within the current settlement area. However, more than 50% of this vacant land supply is not 'market ready'; only 198 hectares are vacant and 'market ready'. The ELS (Phase 1) assumes that all this vacant land will eventually be developed, and that even with these 485 net vacant hectares developing at higher densities, a shortfall in the ELE land requirement to 2031 remains.

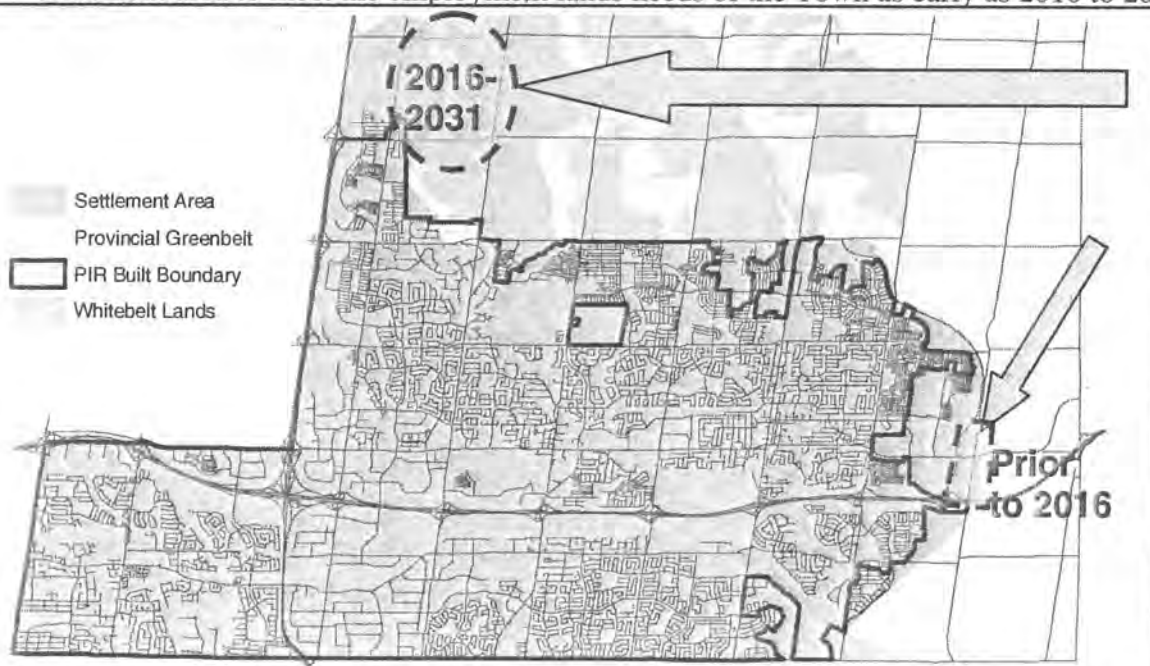
The ELS (Phase 1) provides a forecast of land required for employment to 2031. The preferred or 'reference' forecast scenario identifies a shortfall of 456 gross hectares of land, including a market contingency, in 2031. Approximately 35 hectares of this estimate located east of Donald Cousens Parkway was identified through the new Cornell Secondary Plan and remains to be confirmed. The balance of additional land required is 421 gross hectares. This forecast additional land requirement is close to the Region of York's estimate of 437 gross hectares.

The ELS (Phase 1) study's preferred scenario recommends that a minimum of 456 hectares of employment lands should be brought into the urban area to satisfy the Town's employment needs to 2031. As the specific policies developed by Phase 2 may affect the land budget requirement, the land budget, including the market contingency, will need to be confirmed during Phase 2 and finalized through this work. The ELS (Phase 1) describes that the contingency employed is "to provide the business and investment community with a healthy range of land development options at a variety of locations and price points to sustain on-going industrial development". A monitoring program will also be developed through the work to be done in Phase 2 to help ensure the Town keeps up with its long term industrial land supply needs.

New Employment Areas

The Employment Lands Strategy identifies 2 strategic areas (see Map 1) outside the Current Settlement Area boundary which are ideal candidates for employment uses:

- lands east of the Cornell Business Park area at Highway 7 and Donald Cousens Parkway identified in the Cornell Secondary Plan, to help with the shortfall prior to 2016.
- lands north and east of Highway 404 and Major Mackenzie Drive should be considered for addition to the settlement area to meet the employment lands needs of the Town as early as 2016 to 2031.



Map 1 - Employment Lands Strategy (Phase 1) – Areas To Consider For Employment

Both locations are consistent with the policies of the Provincial Growth Plan and the Region of York's work

regarding land requirements and locational principles for employment.

Specific phasing policies for lands to be brought into the Urban Area will need to be developed. This work can be done through Phase 2 of the Employment Lands Strategy and the new Official Plan.

Employment Land Reserve beyond 2031

The ELS (Phase 1) recommends that the Town consider the creation of a new Employment Lands Reserve for employment land requirements beyond 2031 as it is expected that additional land will be required beyond that timeframe. Although there is an estimate in the ELS (Phase 1) as to the quantum of lands that might be required, the exact amount should be further assessed when the Town begins looking at growth beyond 2031. What is important to consider at this stage is the notion that candidate lands for employment requirements beyond 2031 should be 'protected' from other uses (including residential and retail uses) until needed.

The ELS (Phase 1) recommends locating the Employment Land Reserve immediately next to the new proposed employment node (lands identified north and east of Highway 404 and Major Mackenzie Drive), which would create a unified future employment area 'critical mass'. The ultimate location of this Land Reserve should also take into consideration the routing of the future Donald Cousens Parkway extension, since access to major transportation corridors is vital in locating sustainable employment areas.

The recommendation that these lands be protected for future use in a strategic employment land reserve is rooted in the understanding that for Markham to continue to remain a leader in the retention and attraction of targeted sector employment and investment, it must be able to provide development opportunities to accommodate large, industry-leading businesses whose land requirements call for large lots and campus-style development. The attraction and accommodation of targeted industry clusters is a key objective of the Town's Economic Development Strategy. The provision for a land reserve will signal Markham's commitment to remaining competitive in the pursuit of this objective. Land use other than existing and agriculture within this reserve would be prohibited until the need for the lands for employment use has been addressed in an appropriate comprehensive review.

The specific policies for the land reserve will need to be consistent with the new Regional Official Plan and can be worked out in Phase 2 of the Employment Lands Strategy.

Population Related Employment (PRE) Land Budget

The ELS (Phase 1) indicates that Markham has enough vacant commercially designated land (105 hectares) within the current settlement area to serve a range of retail requirements of the PRE forecast to 2031, as long as the lands remain available for retail use over that term. The report recommends that Markham protect these lands for a range retail development to 2031 and establish a target of 300,000 m² of new retail use on these vacant lands. On this basis, no land budget for new major retail uses is included in the recommendations.

The conclusion regarding the land budget for retail commercial development is also based on the assumption that nodes and corridors will accommodate 25% to 30% (target 147,000 m²) of future commercial space requirements. For this reason, the Employment Lands Strategy (Phase 1) recommends that Markham promote new retail/commercial development including uses at-grade within key nodes and corridors such as the Regional Centres and Key Development Areas. This approach is consistent with senior government policy and will be examined in terms of policy direction in Phase 2 of the Employment Lands Strategy.

The report also recommends commercial uses only be provided for convenience purposes in a mixed-use development context in new communities (lands currently outside the current settlement area). This approach is supportive of healthy and sustainable communities. The report further recommends that development of local and convenience commercial uses outside the current settlement area should be commensurate with and supported by population and employment growth and that such uses would need to demonstrate that they will

not destabilize the planned function of existing and approved commercial facilities. Phase 2 will examine the potential for delivering such a policy.

Phase 2 will develop and refine the policies to protect for the Town's long term retail/commercial needs. A monitoring program will also be developed through the work to be done in Phase 2 to help ensure the Town is informed regarding its long term retail/commercial land supply needs.

Major Retail and the Issue of Conversion

The ELS (Phase 1) concludes that protecting Markham's industrial land supply must remain a high priority in dealing with applications that seek to convert major parcels of industrially designated land for non-office or non-employment uses. The report states that conversion of employment lands to other uses, including major retail, will only serve to accelerate the Town's pending industrial land deficit and for that reason the Town of Markham should avoid all conversions to its current employment land base.

As noted above, the ELS (Phase 1) recommends that Markham should avoid designating any lands outside the current settlement area for the purposes of major retail or any other regionally oriented commercial developments. This is a new approach for Markham and varies from the Region of York's land budget proposal of 120 gross hectares for major retail uses outside the current settlement area in Markham.

There is no doubt that the protection of existing lands designated for employment must be a priority and that approvals for major retail development have significantly impacted the supply of employment land in Markham. There is also a legitimate issue related to the future role and form of major retail as this relates to the changing policy context favouring mixed use development and community planning that reduces reliance on the automobile.

Phase 2 of the Employment Lands Strategy will further refine Markham's approach to future major retail. Phase 2 will also further examine the issue of conversion, establishing criteria to be used, as well as a definition for 'employment area' that clearly excludes major retail. Phase 2 will also work to define any additional policy considerations relating to major retail.

ELS (Phase 1) Inside/Outside Current Settlement Area

The chart on the next page helps to illustrate the ELS (Phase 1) approach to employment on land inside and outside the current settlement area (CSA):

ELS (Phase 1)	Inside CSA	Outside CSA	Staff Comment
	Region's forecasts propose approximately 90% of total employment within the CSA	Region's forecasts propose approximately 10% of total employment outside of CSA	ELS (Phase 1)'s forecast is in line with the Region and the same distribution would be anticipated.
MOE	Focus is on accommodating MOE within Centres and Corridors and existing business parks. All forecast MOE growth can be accommodated.	No MOE development is required.	The ELS (Phase 1) approach is consistent with the Region's approach. ELS (Phase 1) MOE density assumptions are higher than senior governments.
ELE	Anticipates complete development of available lands. Assumes that there will be intensification where practical. Preserve and protect current	Additional land requirement (456 hectares) primarily in north-west Markham to be phased in over the forecast period.	The ELS (Phase 1) approach is consistent with the Region's approach. ELS (Phase 1) land requirement, including market contingency, is close to Region's estimate (437

	land supply.		hectares). ELS (Phase 1) ELE density assumptions are higher than senior governments.
PRE	Anticipates complete development of available lands. Retail component of PRE focussed also in centres, corridors and mixed use development.	Sufficient land for PRE to serve population and employment available in new communities. No separate land budget provision for major retail. Required retail to be accommodated within mixed-use developments; Incorporate retail and service into mixed use in new communities and employment areas.	ELS (Phase 1) approach provides for supporting retail in employment areas. ELS (Phase 1) retail density assumptions are higher than senior governments.

Official Plan Refinements

The policy framework being recommended incorporates defining 'areas of employment' within the Official Plan. The recommended policy framework also entails re-defining the employment designations and determining what types of uses belong within each of the new designations.

Several of the current categories of designation in the INDUSTRIAL and COMMERCIAL designations are proposed to be changed to allow more flexibility in use permissions, while at the same time protecting employment lands from 'conversion' to non-employment uses. The Business Park Area and the Heritage Main Street Area designations are proposed to remain largely unchanged, while all the other categories are proposed to be reviewed to better reflect existing use as well as planned function. The implications of these proposed changes are to be examined in detail during Phase 2. The recommended policy approach will examine what

could be included and the extent of the application of the following designations:

- o **New Markham Centre** designation

A new Markham Centre designation would create a policy environment to support the density requirements to meet Growth Plan requirements and the assumptions in the land budget exercise of the ELS (Phase 1). The ELS (Phase 1) builds in the expectation for Markham Centre will play an important role in the provision of major office buildings and population related employment uses such as institutional and retail and service uses. Work in progress relating to the Markham portion of the Richmond Hill – Langstaff Gateway Regional Centre will determine the policy approach for this Centre.

- o **Maintain the Business Park Area** designation

While no changes to the Business Park Area designation is recommended, some lands designated Business Park Area are being recommended to be reserved for major office uses through zoning implementation.

- o **New Employment** designation

This designation could combine some Business Corridor Area lands with General Industrial Area lands that share common functions today. The new designation would provide greater land use controls that prevent the encroachment of uses that should be located in other areas while at the same time supporting a broad range of industrial functions and business activities.

- o **New Employment Mixed Use** designation

This designation would be applied to locations that have transitioned beyond conventional industrial functions, and/or which now include high concentrations of businesses that provide regionally oriented services. This designation is recommended to remain classified as employment.

- o **New Retail Commercial** designation

Proposing to replace Major Commercial Area and Retail Warehouse Area lands into a new Retail Commercial designation. There may be some lands within the current Business Corridor Area lands which are functioning as Retail Commercial which could also be included in this designation.

- **New Residential Mixed Use designation**

Proposing to designate most of the lands within the Community Amenity Area and some within the Commercial Corridor Area into a Residential Mixed Use designation.

The nature and extent of retail permissions within the new Employment Mixed Use and the Residential Mixed Use designations will be examined within the Phase 2 work program.

Monitoring and phasing policies for phasing in land for employment uses outside the current settlement area will also be examined Phase 2.

Sustainability Issues

Currently new Institutional, Commercial and Industrial (ICI) development is strongly encouraged by the Town to achieve a minimum of LEED Silver. The Town will be looking to raise that standard through the course of the forecast period.

Studies underway in support of this direction include:

- Sustainable Development Standards and Guidelines
- Integrated Community Sustainability Plan (Green Print)
- Markham District Energy Expansion Initiatives
- Master Servicing Study

The conclusions and recommendations of these studies are expected to address a range of sustainability factors and should provide a framework for policy development for employment lands in Phase 2 of the Employment Lands Strategy.

Employment Lands Strategy (Phase 2 – Implementation)

Items to be addressed include:

- New Official Plan and Secondary Plan Policies
- Land budget confirmation
- Employment land conversion policies
- Strategic employment land reserve policies
- Acquisition or public control of lands in strategic employment lands reserve area
- Zoning framework
- Public Realm Framework including Urban Design
- Sustainability Issues
- Studying other available tools and approaches

Phase 2 can commence once the ELS (Phase 1) directions are endorsed. Budget for the Phase 2 work is in place.

Conclusion and Recommendation

The ELS (Phase 1) represents a balanced approach with a variety of choices for accommodation for the different sectors of Markham's economy. The recommendations in the ELS (Phase 1) encompass the requirements of the PPS, Growth Plan and the Region's forecasting related to employment lands.

Phase 2 will develop a monitoring program. This program will enable the Town to make any needed adjustments in response to changing market conditions as prescribed by the Planning Act and to inform phasing decisions for employment lands.

It is staff's recommendation that the ELS (Phase 1) be endorsed as the basis for the more detailed Phase 2 work ahead. The recommendations contained in this Phase 1 will also be incorporated into the Town's Growth Management Strategy.

FINANCIAL TEMPLATE

n/a



ALIGNMENT WITH STRATEGIC PRIORITIES:

Aligns with the strategic priorities of Growth Management, Environment and Transportation/Transit within the Building Markham's Future Together Framework.

DEPARTMENTS CONSULTED AND AFFECTED:

Economic Development

RECOMMENDED BY:

Valerie Shuttleworth M.C.I.P., R.P.P.
Director of Planning & Urban Design

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

ATTACHMENTS:

Appendix A – Executive Summary of the Town of Markham Employment Lands Strategy (Phase 1)
Appendix B - Town of Markham Employment Lands Strategy (Phase 1) – electronic copy only



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In Association With



Town of Markham Employment Lands Strategy – Phase One



Prepared for: Town of Markham

Date: May 2009

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Executive Summary

The Town of Markham Will Remain a Market Leader for Business Attraction and Economic Growth for Years to Come

- The Town of Markham occupies a highly advantaged position within the regional, provincial and national economy.
- Markham has earned the reputation of being a progressive, forward-thinking, business-friendly community that is supported by a visionary economic strategy focused on partnership, innovation and talent. Markham has positioned itself clearly in the hearts and minds of business and the investment community as, *Canada's High Tech Capital*.
- Over the past twenty-five years, Markham has successfully capitalized on its strategic location just 25 minutes north of downtown Toronto. In doing so, it has attracted business investments from top-tier global firms, and is now the Canadian base of operations to some of the biggest, most successful corporations in the world.
- In addition to Markham's cluster of "blue-chip" companies, the Town is also home to a solid base of small and medium sized companies operating in a diverse range of industries, including those that serve local, domestic and international markets. Markham's business community is highly diverse. It includes business in virtually every sector, many of which are directly connected to, or are affiliated with, parent companies in the U.S., Europe or Asia.
- Markham is at the very forefront of the Greater Golden Horseshoe's (GGH's) transition into a globally-significant centre for information technology, innovation, business services and international trade. Any *smart* company looking to do business in the Toronto market will; almost certainly, consider the Town of Markham as one of its prospective locations from which to do business.
- The Town of Markham has a clear sense of itself, and its new economic development strategy, *Markham 2020*, released in 2008, is aggressively focused on driving new corporate investment by companies operating in the technology, health care, financial services and professional services/design industries. Markham also has its sites on expanding its market profile in the area of culture, entertainment, media and other creative based industries.

Markham Must Ensure that its Land Supply and Infrastructure Can Support Its Growth Potential

- Markham's ability to carry forward its well-established track-record of success depends, in large part, on the ability of new and existing companies to find or maintain business sites that provide a high-quality, engaging business environment for their employees.
- The challenge for the Town of Markham, over the long-term, is to ensure that there is a certain degree of balance between the supply of high-quality, competitively priced land which can support business formation; while at the same time, ensuring that existing and future employment areas are simultaneously supported by modern, high quality infrastructure, especially good quality transit. Increasingly, as the Town of Markham (and the region around it) grows in numbers, the availability of efficient and reliable public transit connected to key employment nodes will play a pivotal role in the decision making process of where businesses choose to locate.
- As Markham's residential base continues to grow over the next 25 years, it is fundamentally important that its economy grows in a measured response. While directing job growth and economic activity toward areas that have the highest opportunity to support transit remains a dominant theme in the Town's Growth Management Strategy, additional lands to accommodate new business and emerging industries over the same period are fundamentally important to ensure that a full range of job opportunities are available to Markham residents.
- The Town of Markham understands that a sustainable community is, first and foremost, predicated on the success of connecting Town residents with high-quality local job opportunities. But, Markham is not an island. It's an important regional node that attracts workers from a broad labour market. Improving local and regional transit opportunities that successfully connect its key employment areas with the broader regional labour market will be fundamental to Markham's stated interest in becoming a greener, healthier and more sustainable community.

Getting Ready for a Quarter Million Jobs in the Town of Markham

- Based on recent York Region Population and Employment forecasts (released in June 2008, and developed as part of the York Region Official Plan Update), the Town of Markham is projected to add approximately **139,000 new residents** and **90,000 new jobs** between 2008 and 2031.

- By 2031 Markham will need to physically accommodate a total of nearly 250,000 jobs.
- The ratio of jobs to people, referred to commonly as the *activity rate*, is expected to increase from 56% in 2006 to nearly 60% in 2031. From a growth management perspective, this means that job growth is expected to grow at a faster rate than population growth.
- Compared to other municipalities in the GGH an activity rate above 55% is already considered to be high. Expanding the activity rate upwards to 60% recognizes that the Town of Markham is poised to become an even more important employment node within Toronto's economy. The increase to 60% over the forecast period correctly reflects Markham's true economic potential, and also recognizes the physical capacity that it has to add a high number of jobs.

Markham's Industrial Areas are Integral to the Town's Success

- The Town of Markham's existing *industrial* areas (or "employment areas") are well-positioned to accommodate a significant amount of new economic growth. On-going investment by landowners and business in these areas over the next twenty-five years could involve infill of vacant or underutilized sites with new construction, as well as the adaptive re-use of older buildings with alternative and/or new types of economic activity.
- Mature employment areas in Markham such as Denison-Steeles, Risebrough and Thornlea are vitally important assets to the Town that will help strengthen the long-term competitive position the Town of Markham by providing affordable, timely and flexible options for new business to locate and existing business to expand.
- Markham's three major industrial-type employment land categories - *General Industrial Area (GLA)*, *Business Park Area (BPA)*, and *Business Corridor Area (BCA)* – provide a wide variety of land development and facility options for businesses engaged in manufacturing, wholesale, distribution, construction, research and development, software development, and business services.
- Markham's Business Park Areas are especially well-suited to accommodate large corporate head office-type functions, many of which provide a combination of administrative, product development, design, manufacturing, and distribution functions all under the same roof.

- In Markham, all three industrial land use categories support what is broadly known as **Employment Land Employment** (or ELE), which is now part of the planning lexicon under the Provincial Places To Grow Plan (the Growth Plan).
- It is estimated that approximately 35% of the Markham's total employment base (defined as jobs in Markham) is accommodated in buildings that are characterized as "industrial", "ground-oriented" or "multi-tenant/flex industrial" type buildings. In 2008, the Town of Markham supported about 55,000 ELE jobs. Based on York Region's employment projections, Markham's ELE employment base is expected to grow by nearly 31,500, reaching 86,500 by 2031.
- Over the longer-term, ELE growth is anticipated to grow at a healthy pace, reaching an estimated 107,400 by 2051. While the provincial growth plan does not require municipalities to accommodate growth beyond 2031, as part of this study, we have considered the long term capacity of Markham's land supply, and its ability to physically support on-going economic growth beyond the mandated 2031 planning horizon.

Major Office Buildings Are an Important Feature of Markham's Economic Landscape

- In addition to conventional industrial-type employment, Markham also has similarly large share of its employment base engaged in white collar occupations – that is, jobs found within in major office buildings.
- In 2008, Major Office Employment (or MOE) represented about 34% of all jobs in Markham. Based on York Region's estimates, the Town currently supports about 53,000 jobs in office buildings that are larger than 10,000 square metres.
- Based on York Region's long-range projections for Markham, MOE is expected to reach nearly 89,000 jobs by 2031; continuing to grow upwards to an estimated 115,500 by 2051.
- By 2016, it is expected that the number of jobs within major office buildings in Markham will, for the first time, exceed the number of jobs within more conventional, low-rise, industrial-type buildings.

- Over the 2008 – 2031 forecast period, it's anticipated that the number of MOE jobs in Markham will grow by nearly 36,000 jobs. In physical terms, this translates into approximately 1.0 million square metres (10.7 million square feet)¹ of new office space. For illustrative purposes, 1 million square metres is roughly comparable to *five* First Canadian Place² office towers; or, conversely, about the same amount of office space that exists today. In effect, Markham will need to double the size of its inventory to accommodate growth.
- At the present time, approximately 90% of Markham's major office jobs are in buildings located in the Town's industrial business park areas— particularly sites in the general vicinity of Highway 404 and Highway 7 (including the Allstate Business Park and Commerce Valley). The other 10% are located within the (emerging) Markham Centre area, Warden and Highway 407. Virtually all of Markham Centre's office employment is actually attributed to just three businesses: IBM, Honeywell and Motorola.
- The Markham Centre planning area, which is now designated as an *Urban Growth Centre* under the Province's Places to Grow Plan (aka 'the Growth Plan'), and subject to on-going planning by the municipality and a small group of private sector landowners, is intended to be developed as the *primary* destination for Major Office Employment (MOE).
- The Langstaff area, which is also designated as an Urban Growth Centre under the Growth Plan, is intended to be developed with a significant office component.
- While this area will accommodate several new office buildings going forward, it is also quite likely that other competing uses in Markham Centre – particularly residential - will exert some development limits on the overall amount of office space that can, and will be achieved at this particular location. Going forward, it is strongly encouraged that the policies in the Town's new Official Plan provide direct support, as well as clear incentives and inducements to actively encourage, facilitate and expedite the development of office buildings in Markham Centre to the very full extent possible. Such policies should also be applied to redevelopment sites along Highway 7 and Yonge Street (or Key Development Area), where high density office development can also be achieved. Particular focus should be placed on the development of office uses within walking distance of major transit services - both existing and proposed.

¹ Measured as Gross Floor Area (GFA) on the basis of 28 square metres GFA/employee.

² At 72 storeys, First Canadian Place located at King and Bay Street in Toronto is Canada's largest office complex at 200,000 square meters (2.2 million square feet) of office spaces.

- It is our view that Markham Centre will, over time, evolve into a highly specialized office node, providing opportunities for larger companies to build high-profile signature-type buildings. However, in order for Markham Centre to achieve its full potential, the Town will need to carefully consider new land use policies that help to level the playing field with competing locations that can also support office development. Innovative parking solutions and expanded transit service will be critically important to the successful take up of moderate to large amounts of office space in Markham Centre. Without direct local and regional policy support, however, Markham Centre could potentially build out predominately with residential-type uses.
- Notwithstanding the opportunities in Markham Centre, it is our view that the traditional business park areas of Markham will continue to support the highest number of office jobs - accounting for somewhere in the order of 75% to 90% of the total MOE in the Town by 2031.
- Under our “reference” employment forecast ³ we anticipate that Markham’s 1.0 million square metres of new office space would be relatively evenly distributed between:
 - Markham Centre and under-utilized, non-business park parcels along Highway 7 and Yonge Street (47%), and
 - vacant lands in the Business Park Areas of the Town (53%).
- Development and physical accommodation of new MOE jobs based on typical space yields of 28 sm GFA/employee) would stimulate the development of nearly 475,000 square metres (5.1 million square feet) in Markham Centre plus other Key Development Areas, and 525,000 square metres (5.7 square feet) within existing more traditional business park areas.
- The development of 1.0 million square metres of office space over a 23-year planning horizon (2008 to 2031), translates into approximately 43,500 square metres (468,000 square feet) of new office space per year. This pattern of growth and development is generally consistent with building permit activity for new office construction in the Town of Markham over the past decade. Between 1996 and 2007, for example, new office construction has averaged about 50,000 square metres per year. For illustrative

³ Reference Forecast for employment land requirements assumes that share of major office employment in Markham’s industrial areas will decline gradually from its current level of 90% down to 75% by 2031.

purposes, annual growth of 43,500 square metres would generally translate into three to four new office buildings per year.

Commercial and Institutional Job Growth will also play an important role in Markham's Economy

- While industrial and office employment make up large and important sources of economic growth, the Town will also need to accommodate a healthy share of jobs that can directly support the day-to-day needs of its rapidly growing population base.⁴ Jobs which directly support residents are commonly referred to as, Population Related Employment (or "PRE"). This category represents the third and final category of employment activity that must be considered as part of any long-term land need strategy.
- Population Related Employment (PRE) includes all jobs in government, healthcare and education. It also includes all jobs in retail, food services (restaurants), automotive sales and service, leisure and recreation, and places of worship.
- For the most part, PRE job growth is directly tied to population growth. Typically, PRE jobs grow at a rate commensurate with residential development. For definitional purposes, individuals that work at home are also included in the PRE category. But, for forecasting purposes, this segment of PRE must be excluded from our land needs calculations since these jobs are not supported by industrial, commercial or institutional land requirements.
- In 2008, PRE accounted for about 32% of Markham's total employment base. In total, just over 50,000 jobs within the Town were classified as PRE. This includes about nearly 12,000 individuals that worked at home. Between 2008 and 2031, our forecasts suggest that the total number of PRE jobs in the Town will increase by nearly 23,000 jobs.
- Excluding the growth in work at home segment (which is conservatively estimated at 5,400 new jobs), the actual number of PRE jobs that will require some form of commercial, industrial or institutional land support is estimated at 17,500 new jobs. For long-range planning purposes, the Town will need to be assured it can physically accommodate this level of PRE job growth.

⁴ According to York Region forecasts (prepared in 2008) Markham's population is forecasted to grow from 284,900 in 2008 to 423,500 by 2031. This represents an increase of 138,600 persons.

- Based on our analysis of prevailing employment patterns, approximately 15% of the Town's PRE jobs⁵ are situated within the Markham's industrial areas.
- While there are clearly PRE jobs in all three industrial categories, the Business Corridor Areas, by virtue of their orientation along key arterial roads, account for the largest share of PRE jobs on industrial lands.
- Over the forecast period, we have assumed that the share of PRE jobs on industrial lands will continue to represent about 15% of the PRE employment base. Our assumption takes into account that certain PRE uses will continue to seek out permitted locations within Markham's industrial areas where they can not only serve the needs of nearby workers (i.e. restaurants), they can also take advantage of more favourable (lower) rental rates compared to more conventional commercial sites. Moreover, we have also recognized that certain industrial sites in the Town offer highly attractive locational features in terms size, visibility and proximity to underserved and or growing residential neighbourhoods in Markham. This is a concern in regard to protection of industrial lands, because in many cases, the market opportunity for PRE development on some of the larger industrial sites (especially in the BCA category) can be more immediate and more supportive of PRE based developments.
- Based on our forecasts most of the new PRE jobs within industrial areas will be related to either retail, personal services and restaurants (accounting for approximately 990 new jobs); and automotive related businesses, such as vehicle dealerships and repair services (accounting for approximately 1,100 new jobs). Together these two categories will make up about 90% of the PRE jobs on employment jobs. The remaining 10% will relate to education, day care, leisure/recreation facilities and places of worship. In total, PRE jobs on industrial lands will account for just over 2,300 new jobs over the 2008 to 2031 forecast period.
- The bulk of new PRE jobs will be situated in other parts of Markham that are well-positioned next to/within residential areas, and which, from a land use perspective, can support new commercial and institutional activities as of right. Such areas of Markham would include:
 - *Institutional Sites* (schools, hospital, government employment)

⁵ The 15% share is based on PRE jobs net of those that work at home. In other words, it is 15% of PRE jobs that take place outside of the home on commercial, industrial and institutional lands.

- *Markham Centre* (retail, services, restaurant, private healthcare, government, community and leisure)
- *Key Development Areas on Highway 7 and Yonge* (retail, services, restaurant, private healthcare and leisure)
- *Vacant commercial sites* (retail, services, restaurants, private healthcare and leisure)
- In total, we estimate that the Town of Markham will need to physically accommodate **about 14,350 new PRE jobs on non-residential/non-institutional lands over the 2008-2031 planning horizon**. The commercial lands in the Town of Markham are expected to play a significant role in accommodating these new PRE jobs. Our best estimates suggest that:
 - approximately 8,100 new PRE jobs (56%) will need to be accommodated on the vacant commercial sites over the forecast period;
 - 4,000 PRE jobs (28%) will need to be accommodated within Markham Centre (and underutilized sites along Highway 7 and Yonge Street, including new PRE retail uses in the Markham portion of the Langstaff Gateway); and
 - 2,300 (16%) will need to be accommodated on industrial lands.
- New commercial and institutional development will be required to support PRE job growth, and to ensure that future residents are adequately served by local shops and services. As part of the strategy we considered the physical space requirements, the land requirements as well as the per capita space ratios that would be needed to support an additional 138,600 new Markham residents over the 2008-2031 periods.
- Based on our analysis of existing and future conditions we have determined that Markham should be planning for a net, total increase in the order of 500,000 to 600,000 square metres (5.2 to 6.5 million square feet) of commercial space to support employment growth over the 2008 to 2031 planning horizon.
- Markham Centre, Highway 7 and Yonge Street, including Langstaff Gateway are intended to be built-out with complementary, street-related commercial space. Our estimates suggest that these areas, on a combined basis, should support approximately 140,000 to 155,000 square metres (1.5 to 1.7 million square feet) of new PRE space. This is approximately 25% to 28% of the total new PRE space required in the Town.

- Markham Centre, for example, is now being planned to accommodate upwards of 40,000 new residents. These new residents will need to be served by new, complementary PRE commercial businesses. Using a conservative estimate of 25 square feet (2.3 square metres) per capita for local/convenience oriented merchandise and services (i.e. food, pharmacies, restaurants, personal services, etc.), 40,000 residents stimulate the development of close to 1.0 million square feet (95,000 square metres) of new space. Additional retail/service space would also be supported in Markham Centre by a substantial influx of new office workers.
- While intensification will play an important role in the accommodation of new PRE/commercial space, the majority of PRE growth will ultimately be directed to Markham's vacant commercial sites.
- The Town of Markham currently has approximately 105 net hectares of vacant land designated for commercial development. This amount of land could realistically support, approximately 262,000 to 314,000 square metres (2.8 to 3.4 million square feet) of built space, assuming a build to land coverage factor ranging between 25-30%.
- Recognizing that there is typically one retail/service commercial job for every 400 square feet (37.2 square metres) of built commercial space, **Markham would require somewhere in the order of 300,000 square metres (3.2 million square feet) of new space to support 8,100 new PRE.** This is comparable to the amount of commercial space which could be supported on 105 hectares of vacant land identified above. On this basis, Markham's existing commercial land supply could physically support, all the new retail development warranted by growth to 2031.
- The existing supply however is extremely "tight" and would likely not allow for an adequate provision of vacant commercial land over the duration of the 23 year forecast period. Moreover, the type of commercial space which could be integrated into these areas may be limited by various competing development interests, since much of the vacant land is actually designated as a Community Area which provides for mixture of uses, including medium and high density housing.
- As a strategy, Markham should continue to encourage the timely development of complementary commercial facilities as part of the secondary and community planning process. Based on best practices, we suggest that future commercial facilities in Markham should be planned and evaluated on the basis of 35 to 45 square feet per capita.

- Over the planning horizon, as new residential areas in Markham come on stream it is recommended that the Town encourages developers to make adequate provisions for new retail and service commercial space. While the amount of commercial space will vary according to the presence of existing and proposed commercial space in the local area, applications for new commercial development should clearly demonstrate that there is sufficient market support at the location proposed; and that such facilities will not impact the planned function of other parts of the Town's commercial hierarchy, especially strategic nodes such as Markham Centre.

More Jobs Will Necessitate More Intensive Use of Existing Employment Land

- While Markham can reasonably accommodate all of its PRE-type employment within its vacant commercial land supply and use PRE to guide mixed use in Markham Centre, Langstaff Gateway and elsewhere; our analysis clearly suggests that Markham's industrial areas will require more careful attention. It is our view, that the amount of employment growth being planned over the long term will require the Town to make strategic additions of new land which are capable of supporting a diverse range of economic activity.
- The Town of Markham currently has an industrial (employment) land supply of approximately $\pm 1,525$ net hectares - of which, approximately $\pm 1,040$ net hectares are occupied, and ± 485 net hectares are vacant or underdeveloped.
- Since the early 1980s, business interests in Markham have developed or "absorbed" about 830 hectares of industrial land. This translates into an average absorption rate of approximately 30 hectares per year. In more recent years, land development trends in Markham have compressed somewhat, falling to between 22 to 25 hectares per year.
- Assuming that future development patterns are carried forward at an annual rate of 25 hectares per year, and that all of Markham's industrial areas are fully-serviced on a timely basis, Markham's existing vacant supply of land (i.e. 485 net hectares) would be completely exhausted in less than 20 years. Even taking a more conservative approach whereby 20% of the existing vacant supply remains "structurally vacant" Markham's employment land supply would effectively be exhausted within 15 to 16 years.
- At the present time, the Town of Markham currently has less than 200 hectares of land which are zoned and serviced. These lands are commonly referred to as *market-ready industrial*. An inventory of 200 hectares, employing the same absorption levels, could

potentially be exhausted in less than 8 to 10 years. There is now growing urgency to ensure that more lands in the Town are pre-zoned *and* serviced to ensure that the Town's competitive edge as a top-tier business location is preserved.

- While absorption is one way to evaluate future land requirements, there are some important limitations to this approach, especially when planning over a long time frame. The key problem with the absorption methodology is that it fails to capture the changing role that a municipality plays within a regional employment market over time. For example, industrial lands that were once considered *peripheral* begin to play a more central role as population, highways, public transport and other new infrastructure are introduced.
- The Town has firmly established itself regionally (and *nationally*) as a significant employment cluster for a number of high growth sectors. In turn, this reputation has accelerated the level of interest in Markham as a leading location for business investment, especially for companies in technology-intensive fields. Markham's profile as a business hot-spot has also helped accelerate residential activity as more workers and more business leaders choose to live in the community as well.
- In order for Markham to maintain this positive momentum, the business community will come to expect that a supply of equal - if not better - located lands is available, on an on-going basis, to support future investments. With a diminishing land base, however, investors will ultimately be faced with fewer and fewer "workable" development options. Over time, the sites that remain vacant are those that have some form of development impediment or constraint, such as a compatibility with a neighbouring use, fragmented ownership structures, lack of highway exposure, irregular parcel size, etc.
- The *preferred* method for calculating long-term land need is one that integrates employment growth and a variety of employment densities which are applied to different types of built forms.
- The research and analysis contained within this report strongly suggests that Markham's role as a major employment hub will continue to grow and evolve. Over time, it is fully expected that Markham will take on an even greater role as an *urban* office market in addition to the industrial market in which the Town has competed successfully for many years. Markham will need to maintain an adequate supply of land that is sufficiently large enough to physically accommodate a healthy share of combined ELE (industrial-oriented) and MOE (office-oriented) job growth over the next 25 years.

- The on-going importance of the manufacturing sector cannot, and should not, be overlooked in planning for the Town's economic future. Markham, because of its diversified economic base, and because of its international reputation as a top-tier business community, is precisely the type of place where the province's manufacturing base is most likely to flourish. Markham offers its manufacturing base a strong platform from which to build a successful future. The Town must ensure that it is doing everything possible to secure, protect and accommodate Markham's full economic potential.
- While the vacant employment land supply could "functionally" support the total amount of ELE growth, the net effect would be that no additional MOE or even PRE jobs (both of which are also poised for significant growth) could be physically accommodated in Markham's industrial areas. It is important to keep in mind that in 2008, about 90% of Markham's MOE jobs (or 47,800 office jobs) and about 15% of Markham's PRE jobs (or 5,100 retail/service commercial jobs) are situated on *industrial* land. On a combined basis, there are nearly as many MOE and PRE jobs on industrial lands as there are ELE jobs.
- Based on the analysis prepared in this report, Markham's employment areas will need to accommodate approximately 63% of all new jobs over the planning horizon.⁶ Such an analysis assumes that Markham Centre - along with other Key Development Area along Highway 7 and Yonge Street which can support commercial intensification - are built out expeditiously over the next 20 to 25 years, *and* that they are built at relatively high densities.
- Markham's vacant and developable employment land supply (estimated at 485 net hectares) will be an important, albeit diminishing aspect of Markham's ability to support and maintain high quality employment growth on a go-forward basis. Certain land development opportunities in Markham – such as the Buttonville airport lands, Cathedral, 404 North and the Markham East Highway 407 lands– provide excellent opportunities for business investment. But, these areas are not sufficiently large enough to entirely meet Markham's employment forecasts.
- It is our view that Markham's existing employment nodes, such as Denison-Steeles, Risebrough and Thornlea will continue to adapt and respond to cyclical changes in the economy; and that over time, these areas will play a major defining role in helping Markham to stimulate new entrepreneurial ventures, and attract new fledgling industries

⁶ Excluding work at home.

such as clean technologies and other emerging business opportunities. While new greenfield land development opportunities are required to accommodate economic growth, it will be equally important to manage the existing employment areas, and the quality of the building stock within them, in order to ensure that they can support a fully diversified economy.

The Town of Markham Needs More Than 400 Hectares of New Employment Land By 2031

- For analytical purposes we have “tested” the *total* land supply to determine whether Markham’s existing industrial land base is sufficiently large enough to meet long-term growth requirements associated with 90,000 new jobs by 2031. In other words our analysis is predicated on the total $\pm 1,525$ net hectares of industrial land – rather than simply trying to apportion job growth to the ± 485 net available hectares capable of supporting future development
- The Town of Markham’s employment areas are among the best utilized employment lands anywhere in the GGH. The Town of Markham’s employment areas, excluding properties with major office building, support about 60 jobs for each occupied hectare. By way of comparison, Markham is much “denser” on average than a number of other leading “employment-rich” municipalities such as: Vaughan (47 jobs/ha), Mississauga (44 jobs/ha), Brampton (42 jobs/ha) and Oakville (40 jobs/ha). For long-range forecasting purposes we have assumed that Markham’s employment areas, net of future major office development, will continue to accommodate employment activity at a rate of 60 jobs/net hectare.
- The presence of major office buildings as well as population related employment within Markham’s employment areas provides significant up-lift to the Town’s overall employment density– particularly within the designated BPA and BCA lands. Our best estimate for 2008 indicates that the inclusion of MOE and PRE jobs in addition to ELE employment elevates Markham’s average mixed density level to approximately **103 jobs per net hectare** (calculated as 107,600 jobs/1,040 occupied hectares).
- For long-range forecasting purposes, we have assumed Markham’s employment lands are, and will continue to be, well-positioned to attract additional office development, and that these developments will continue to achieve higher job densities over time. For forecasting purposes we have assumed that Major Office development sites will be able to support about 280 to 285 jobs per net hectare.

- Based on Markham's current land supply estimate of 1,525 net hectares our calculations of future land need - including a very conservative 7.5% adjustment for "market contingency"⁷ - suggests that the Town will reasonably require between 1,840 to 1,940 net hectares by 2031. In other words, even with the available designated vacant lands, including the potential represented by a possible redevelopment of the Buttonville Airport (approximately 48.0 net hectares) for business park purposes, Markham does not currently have sufficient employment land designated within the current settlement area to fully support its allocated employment growth to 2031.
- Markham will therefore require somewhere in the order of **315 to 415 net hectares of additional employment land** to adequately accommodate 2031 growth. On a gross land area basis (i.e. adjusting for additional lands needed to accommodate new roads, services, utility corridors, storm water management and other environmental features – calculated at net area x 1.25), the total amount of new industrial land would be in the order of **395 to 520 gross hectares of new land outside the current settlement area.** By way of comparison, this amount of land is roughly about the same size as the Denison-Steeles Employment Area which is now fully built out.

Markham Needs More Than 850 Hectares of New Employment Land To Accommodate Economic Growth to 2051

- Over the longer-term (2031-2051), the municipality will continue to require new land if it wishes sustain on-going economic growth opportunities over the next 40 years. Our best estimates suggest that Markham would require a total employment land supply of somewhere between 2,200 to 2,300 net hectares by 2051. Markham would therefore require somewhere in the order of 680 to 787 net hectares of additional land. On a gross land basis this would be in the order of **850 to 980 gross hectares of new land outside the current settlement area.**
- A *Regional Land Budget* was recently developed by York Region (January 2009) as part of their Regional Official Plan conformity exercise, as required under the new Provincial Growth Plan.

⁷ Market Contingency is applied as a vacancy safeguard to ensure that there are lands available above and beyond what is immediately required to support current employment activity levels. A 7.5% market contingency is very low compared to what we would normally advocate. This rate has been used as a means to avoid any over designation of land.

- The Region is fully aware that several of its high growth local area municipalities (such as Markham) will require new urban land to support their on-going economic growth potential. The Region's own land forecast for Markham has arrived at a conclusion similar - specifically that the Town of Markham will require new employment lands between now and 2031 which are *outside* its current settlement area boundary. Specifically, the Region has identified a gross land need, exclusive of a "market contingency" for **437 developable hectares** of land outside the current settlement area to be set aside for *employment purposes* in the Town of Markham. The Region's numerical conclusions are generally consistent with analysis prepared above (i.e. 395 to 520 gross hectares of new land in Markham by 2031). The Region, however, has not yet identified longer-term land requirements (i.e. beyond 2031), but it is understood that additional land development capacity remains available above and beyond what is required for both community (residential and retail) and employment land requirements up to 2031.

Provision of High-Performance Employment Areas Will be Key to Accommodating Growth

- Markham's future employment areas should continue to build on the successful principles that have helped Markham establish a strong leadership position in the GGH market for developing high-quality, high-performance business areas. In many ways Markham's employment areas have helped "set the planning bar" for the greenfield development standards now included in Provincial planning policy (50 jobs/hectare).
- Outside of Markham Centre, Buttonville Airport represents one of, if not *the* strongest candidate sites in the Town to establish a large high performing business park area. Redevelopment of these lands (approximately 48 net developable hectares) could provide an excellent opportunity to concentrate a significant amount of future employment activity within a relatively well defined area that could be readily served by transit. Having said that, the development of the Buttonville Airport lands remains highly uncertain at this time. The decommissioning of the airport requires significant planning attention, and remains closely tied to a number of external forces, such as: (i) the advancement of the Pickering Airport over the long-term, (ii) the potential transfer of private aviation activities to Oshawa Airport on an "interim basis", and/or (iii) the ability of Pearson International Airport to adequately serve the commercial needs of private aviation interests on a short to medium term basis while Pickering Airport moves through the regulatory and development process. From a land use perspective

Buttonville Airport should be protected and maintained as a priority employment development opportunity.

- Notwithstanding the potential for both Markham Centre and Buttonville Airport to accommodate new jobs, our analysis clearly indicates that Markham will still need *new* land *outside* the current settlement area to support its 2031 employment forecasts.
- The Town of Markham is looking to establish itself as a leader in the development of ecologically sustainable business environments. The Town is moving forward with District Energy facilities as well as specific waste diversion programs directed at industry. Markham's ability to stake out a clear leadership position in the sustainability arena – either through the development of a “best in class” eco-industrial business park or through the attraction of high profile pioneering companies in the fields of energy, recycling or advanced building material - has the potential to further elevate Markham's stature on a global stage as a centre of excellence for green industry and product innovation.
- The Town is also undertaking several studies in support of sustainability. The conclusions and recommendations of these studies will contribute to identifying sustainable practices to be applied in support of ecologically sustainable business environments.

So, Where Can Markham Logically Expand It's Industrial Land Base?

- The lands outside the current settlement area in Markham which are best suited for future employment uses are clearly those that are contiguous to the currently designated employment areas in the north end of the Town (i.e. the 404 North Employment Area). Lands which should be set aside for employment uses to meet 2021 and 2031 planning requirements should include all developable lands in the vicinity of 19th Avenue, extending easterly toward the Warden Avenue Corridor and southerly toward a corridor paralleling Elgin Mills Road.
- The addition of **350 to 400 net developable hectares** new lands in this area are considered beneficial for the following reasons;

- *Critical Mass*: larger employment areas are generally more successful because they provide greater stability to users, and provide for greater flexibility in terms of developing a range of accommodation opportunities for business activities with differing site size requirements.
- *Proximity to Highway 404*: the lands are well-positioned vis-à-vis Highway 404 which has been and continues to be the primary economic corridor of eastern York Region linking Markham, Richmond Hill, Aurora, Newmarket and Whitchurch-Stouffville.
- *Labour Access*: the provision of new employment uses in North Markham will help improve the live/work relationship for not only Markham residents, but indeed much of York Region's workforce including those in Richmond Hill, Aurora, Newmarket and Whitchurch-Stouffville.
- *Transportation & Transit*: a large new employment node in this area has the potential to alleviate traffic pressures elsewhere in Markham, and would also help minimize the distance travelled by workers living in other built up areas of York Region, including Richmond Hill, Aurora and Newmarket. Employment in this area has the potential to reduce commuting distances and improves the capacity of Highway 404 by enabling counter-flow commuting patterns.

Markham Should Take a Long-Range View of It's Industrial Land Assets

- Provincial and Regional policies designed to better protect the rural landscape around Markham are now firmly in place. These new policies put clear physical limitations on where future urban growth in Markham will occur. The intent of the policies are to encourage smarter, better integrated and more compact communities that help reduce the need for excessively long commuting patterns.
- Based on our assessment of anticipated growth requirements in Markham, there is *now* a window of opportunity that exists to firmly and clearly establish the right amount of employment land in the best possible location. The time in which this window will remain available is uncertain. It is quite possible that if these lands are not "reserved" for employment, that other competing interests such as residential and retail may undermine the objective of achieving a healthy live/work balance in Markham.

- On this basis, it would be prudent to protect the Town's long term interest in accommodating future employment growth now, while at the same time maintaining the ability to make future adjustments over time which may be in the best interests of the Town.
- In light of Markham's on-going need for employment land, and in recognition of a *fixed* and *finite* amount of developable land outside the current settlement area, the Town of Markham should consider the possibility of establishing a new designation in its OP – one that formally protects between 400 and 500 gross hectares of *additional* land for long range employment purposes beyond the current 2031 planning horizon.
- Such a designation would both support and extend the underlying core planning principles of achieving balanced community growth not only in the short to medium term, but indeed well into the future. It is recommended that a *Long-Range Employment Land Reserve, 2031-2051* designation be considered for further study. It is suggested that lands placed in this designation would, in effect, be protected from any form of urban land development, save and except, any potential employment uses that cannot reasonably be accommodated in other parts of Markham, due to factors such as: size, location, compatibility or other mitigating circumstances. The *Long Range Employment Land Reserve, 2031-2051*, could remain in effect until a specified date, at which time the lands would either be formally be designated for employment development purposes, or maintained in their Long Range Employment Land Reserve Status. The opportunity to actually convert these lands for alternative purposes (i.e. to residential or major retail) should be withheld until future planning has determined, the full extent of Markham's 2051 employment growth and land requirements.
- This designation is intended to provide a pre-emptive planning solution – one that seeks to avoid the need for future incremental additions to the land supply that could potentially involve sub-optimal or poorly located sites. At the same time, the designation would also ensure that the best remaining employment lands are not lost to residential and/or retail uses. The intent here is to avoid fragmentation of Markham's employment land supply. It is our opinion that the best lands will continue to be those that are (a) readily accessible to major 400 series highways; (b) connected to other employment areas; and (c) not cut-off or encumbered by intervening residential development patterns around them.