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Site-Specific Employment Area Conversion Requests Staff Report to Council

Report Number: 2019-64

Department(s): Planning & Building Services

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Meeting Date: June 17, 2019

Recommendations

1. That the report entitled Site-Specific Employment Area Conversion Requests dated June 17, 2019 be received; and,
2. That Council support the Site-Specific Employment Area Conversion Requests submitted to York Region regarding the following properties:
 - a. 520, 521, 550 & 630 Newpark Boulevard (Weston Consulting)
 - b. 20 properties within the Mulock Station Area Secondary Plan (Town of Newmarket); and,
3. That Council not support the Site-Specific Employment Area Conversion Request submitted to York Region regarding the following property:
 - a. 1240 Twinney Drive & 1250 Davis Drive (Rice Group); and,
4. That the report entitled Site-Specific Employment Area Conversion Requests dated June 17, 2019 be submitted to York Region as input to the Municipal Comprehensive Review; and,
5. That Attachment 2 to the report entitled Site-Specific Employment Area Conversion Requests dated June 17, 2019, be submitted to the province; and,
6. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Purpose

The purpose of this report is to provide Council with recommendations and associated rationale regarding each employment area conversion request submitted to the Region on privately held properties in Newmarket.

Background

As Council is aware, the Region is completing a Municipal Comprehensive Review (MCR), and as part of this review, are considering requests for employment area conversions.

This review, and the MCR in general, is being undertaken in response to a 2017 Growth Plan requirement, which states that employment area conversion requests can only be considered through MCRs, and provides a series of criteria that each request must satisfy. As Council is aware, a new Growth Plan was released by the provincial government and became in force and effect on May 16, 2019. Although the extent of the changes in this Plan as compared with the previous 2017 version are extensive, the changes to the series of conversion criteria (formerly Section 2.2.5.9, now Section 2.2.5.10) are minimal. These criteria are:

“The conversion of lands within employment areas to non-employment uses may be permitted only through a municipal comprehensive review where it is demonstrated that:

- a) there is a need for the conversion;*
- b) the lands are not required over the horizon of this Plan for the employment purposes for which they are designated;*
- c) the municipality will maintain sufficient employment lands to accommodate forecasted employment growth to the horizon of this Plan;*
- d) the proposed uses would not adversely affect the overall viability of the employment area or the achievement of the minimum intensification and density targets in this Plan, as well as the other policies of this Plan; and*
- e) there are existing or planned infrastructure and public service facilities to accommodate the proposed uses”.* (2019 Growth Plan, Section 2.2.5.10)

Due to the recent release of the new Growth Plan, the assessments undertaken by private landowners and York Region were completed under the 2017 Growth Plan. However, as noted, the extent of the changes made to the relevant criteria policy section are minor and therefore the assessments remain supportable.

York Region has prepared and endorsed an additional 9 conversion criteria, resulting in a total of 14 “Employment Area Conversion Criteria”.

“Employment Areas” are defined in the 2017 Growth Plan and the 2019 Growth Plan as: *“Areas designated in an official plan for clusters of business and economic activities*

Site-Specific Employment Area Conversion Requests

including, but not limited to, manufacturing, warehousing, offices, and associated retail and ancillary facilities.”

Newmarket has 8 such Employment Areas which accommodate a total of 14,100 jobs. These areas encompass 253 hectares, generally located in areas along Bayview Avenue, Mulock Drive and abutting Highway 404. Manufacturing accounts for over one third of employment in these areas, with just over 5,000 jobs. Nearly 50% of these jobs are in the automotive manufacturing subsector, however more recently (over the past ten years), the majority of job growth has been driven by the health care and social assistance, educational services and professional, scientific and technical services sectors.

As part of the Region’s MCR process, local municipalities have been requested by the Region to assess each conversion request against the 14 criteria and clearly indicate a ‘pass’ or ‘fail’ on each. Of the 14 total criteria, the 5 provided by the Growth Plan as well as an additional 2 provided by York Region are considered ‘hard stops’ and requests will not be considered any further if these 7 criteria are not met.

Local municipal recommendations are now required to be provided to the Region. Regional staff will be providing recommendations on each request to Regional Council in the fall of 2019, with a region-wide draft employment forecast.

Discussion

A total of three Employment Area conversion requests have been submitted to the Region involving lands in Newmarket. Planning staff have assessed each of the three requests against these 14 criteria and formulated a recommendation on each. The 14 criteria provide a basis for a comprehensive examination of each request, assessing the merits of each from an economic, social and environmental perspective. Individual assessments for each request are attached to this report (Attachment 1).

The following sections provides a summary and recommendation for each conversion request:

1. 1240 Twinney Drive & 1250 Davis Drive

Summary:

Request submitted to the Region by the Rice Group. Such a conversion is required to permit the consideration of a future application to re-designate the subject properties from the 'Business Park - Mixed Employment' land use designation to another land use designation(s) that would specifically permit residential uses on the two properties.



Comments:

As background information, in 2012, a site-specific zoning by-law was approved which permitted the lands to be developed for non-employment (ancillary retail and service) uses, subject to limitations of cumulative floor areas of these uses. The purpose of non-employment floor area limitations was to ensure that the lands could possibly accommodate employment uses in the future. The lands are currently being developed for these non-employment uses, subject to the floor area limitations however, residential uses as per the conversion request, were not initially contemplated, would exceed the cumulative floor area limitations of these non-employment uses, and are not permitted by the site-specific zoning. Further, residential uses may pose a compatibility concern with existing or future employment uses on abutting lands.

As per the assessment in Attachment 1, the conversion request does not satisfy most of the conversion criteria. Of note, the results of the assessment show that such a conversion: may adversely affect the current or future viability of the employment area through compatibility issues between existing or planned employment uses on the surrounding lands and the contemplated residential use (criterion 3); challenge the achievement of the area's employment density targets (criterion 5); compromise the Region's/local municipality's supply of large sized employment area sites which allow for the accommodation of land extensive employment uses (criterion 11); and the lands are visible from and adjacent to a 400-series highway (criterion 13).

The most significant concerns regarding a conversion in these lands relate to land use compatibility, the site's strategic size and location, and the planned land uses and density targets. Residential uses, as contemplated, would likely present compatibility issues resulting from the abutting existing and potential future manufacturing, warehousing and other transportation-reliant employment uses. Further, the properties are of an adequate size and location for more traditional employment uses that

capitalize on its strategic proximity to Highway 404. Finally, the area is identified by the Region as a Major Transit Station Area (Davis BRT Corridor) and all of its associated density is identified to be achieved through employment uses (160 jobs per hectare); no residential population is envisioned for this area.

Recommendation:

Do not support the conversion request.

2. 520, 521, 550 & 630 Newpark Boulevard

Summary:

Request submitted to the Region by Weston Consulting on behalf of 521 Newpark GP Limited and 630 Newpark GP Limited, the registered owners of the subject properties. Such a conversion is required to permit the consideration of a future application to re-designate the subject properties from the 'Business Park - Mixed Employment' land use designation to another land use designation(s) that would permit a mixed-use and residential redevelopment.



Figure 1 - Aerial Photo of the Subject Lands

Comments:

The subject lands were initially developed for industrial employment purposes at a time when there was little surrounding development. However, as over the past number of decades, Newmarket's urban footprint has grown to encompass the area. Currently, residential uses either exist or are under consideration for all of the abutting lands except for a commercial area which partially abuts the lands to the south. Due to this changing context, there is a need to reassess the lands.

As per the assessment in Attachment 1, the conversion request satisfies most of the conversion criteria. Of note, the results of the assessment show that such a conversion could address potential compatibility issues that may emerge between the area's industrial employment uses and abutting residential uses (criterion 8); and there is a justifiable need for conversion (criterion 7) in the form of a significant external influence being the introduction of the Mulock Station in proximity to the conversion area. A portion of the lands are within 800m of the future Mulock Station which further supports the notion of establishing a more transit-supportive land use/density planning framework. Finally, the lands are neither ideal for traditional / transportation-reliant employment uses because they are not located along a 400-series highway or any other goods movement corridor.

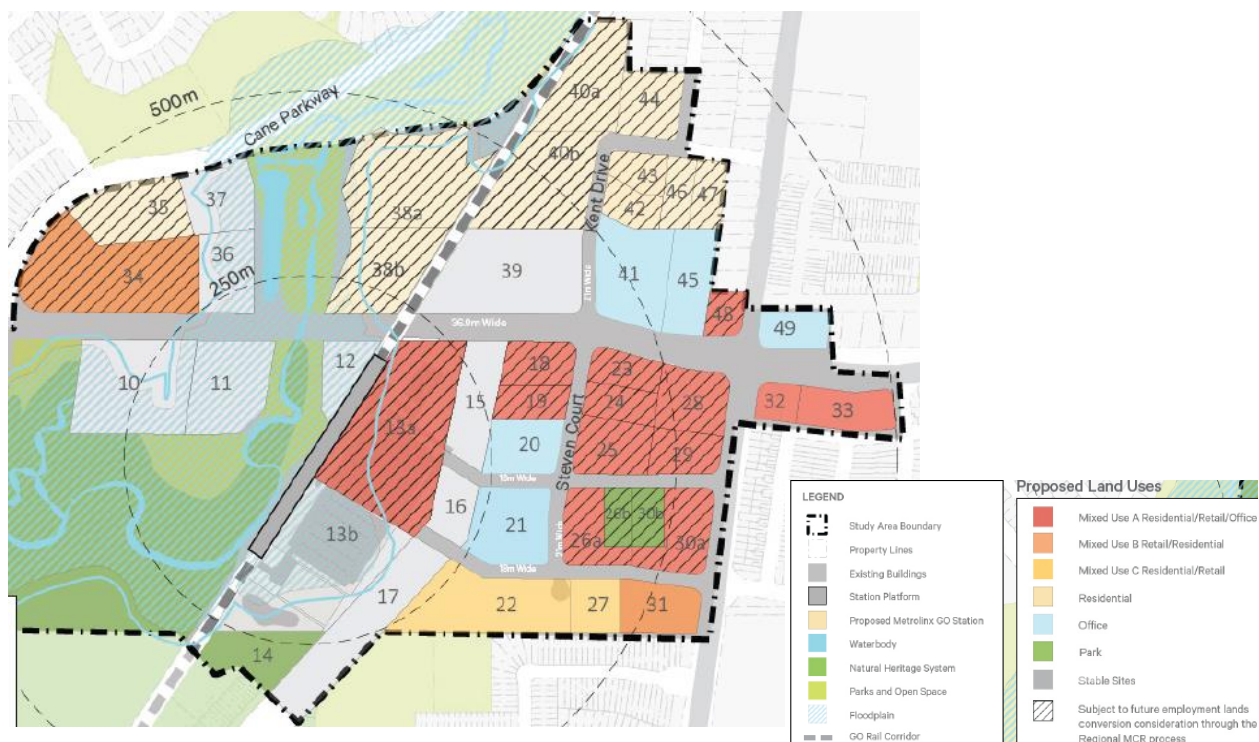
Recommendation:

Support the conversion request.

3. 20 Properties within the Mulock Station Area Secondary Plan

Summary:

Request submitted to the Region by the Town of Newmarket. This request involves 20 properties that are currently used strictly for employment uses but are being considered for additional uses through the Mulock Station Area Secondary Plan process. The 20 properties are shown below in hatching:



Because the Mulock Station Area Secondary Plan is still underway, there remains a possibility that the specific properties subject to the Employment Area conversion request may change. Staff will update Regional staff if such a change occurs.

Comments:

The Town is currently undertaking the Mulock Station Area Secondary Plan in order to implement a transit supportive planning regime on and around the station site. The Vision for this study states:

“The Mulock GO Station Area will be a transit-supportive node within the Town of Newmarket, providing safe, comfortable and convenient access to the future GO station by foot, bicycle, bus and car from surrounding neighbourhoods. It will be a place with a broad mix of uses, providing homes for new residents, providing new places of work in immediate proximity to the GO station, and continuing to provide retail uses that serve the local population. This mixed-use and higher density node will be supported by a vibrant and high-quality public realm that is well connected to the existing network of parks and open spaces within and in the vicinity of the station area.”

As per the assessment in Attachment 1, the conversion request satisfies all of the conversion criteria. Of note, the results of the assessment show that such a conversion: would plan for a greater number of jobs than what currently exists (criterion 3); supports the achievement of the area’s people and employment density targets (criterion 5); there is a justifiable need for conversion (criterion 7) in the form of a significant external influence being the introduction of the Mulock Station in proximity to the conversion area; and the lands are not visible from or adjacent to a 400-series highway (criterion 13).

Recommendation:

Support the conversion request.

A Provincially Significant Employment Zone (PSEZ) in Central York

As noted in Information Report PCI-19-04, Newmarket’s employment areas along Highway 404 satisfy the province’s Provincially Significant Employment Zone (PSEZ) criteria. These areas are needed over the long-term to provide local jobs for the community and this in turn reduces commuting distance for Newmarket residents and therefore reduces greenhouse gas emissions. The vast majority of the current Provincially Significant Employment Zones are located in southern parts of York Region and other parts of the GTHA.

However, these areas are vulnerable to conversion pressure and the additional level of protection provided by the PSEZ will help protect these areas from conversion to non-employment uses. Specifically, and as noted earlier in this Report, the new Growth Plan

provides that Employment Area conversions are only permitted through a MCR subject to meeting a series of conversion criteria. However these conversions can also be considered in advance of an MCR where other criteria are met, but not if the conversion request includes any lands that are within a PSEZ. Therefore the PSEZ offers additional protection to address conversion pressure.

Based on the above rationale, correspondence was previously submitted from the Town to the province as part of the consultation on the then-proposed changes to the Growth Plan, requesting the consideration of the Town's employment area along Highway 404 as a PSEZ. This letter recommended that the updated Growth Plan include the Town's Highway 404 employment areas (as well as similar areas in Aurora) as a PSEZ in the central part of York Region. Unfortunately, this did not occur and the new Growth Plan does not include a Central York PSEZ.

The new Growth Plan includes a definition for Provincially Significant Employment Zones:

“Areas defined by the Minister in consultation with affected municipalities for the purpose of long-term planning for job creation and economic development. Provincially significant employment zones can consist of employment areas as well as mixed-use areas that contain a significant number of jobs.”

As per this definition, “mixed-use areas that contain a significant number of jobs” are now permitted in PSEZs. However it is staff's understanding that these “mixed-use areas” refer to mixed-use *employment* areas (i.e. a mix of industrial and institutional uses) and do not include residential uses. Therefore, the establishment of a PSEZ would continue to offer protection to the Town's employment area along Highway 404 from conversion to other land uses and as such, staff continue to see value in the establishment of such a zone in order to protect against conversion pressure.

The creation of a Provincially Significant Employment Zone in central York Region will protect employment close to the significant and growing populations of Newmarket, Aurora and East Gwillimbury. Furthermore, the notion of creating a PSEZ along the Town's Highway 404 Employment Areas is generally consistent with the Region's “Comments on Proposed Amendment 1 to the Growth Plan” report dated Feb 21, 2019.

Although a Central York PSEZ was not included in the new Growth Plan, in a letter dated May 15, 2019, the province has indicated that they will be reviewing ‘requests for reconsideration’ to add new zones. To help process these reconsiderations, the province has asked for demonstrable municipal support, such as a council endorsed letter, that outlines local support for the request. It is being recommended through this report that the attached letter (Attachment 1) be submitted to the province to formally request this reconsideration.

Economic Development Office Comments

In the preparation of this report, the Town's Economic Development office was consulted. Economic Development would not recommend a conversion of the Newpark lands, as described in the following paragraphs.

In 2018, Newmarket recorded its highest number of jobs ever, reaching 42,858 (York Region Annual Employment Survey). Data show the health and social services sector and the business services sector have experienced the largest growth trends over the past decade (58% and 45% increases, respectively). However, Newmarket is also a desirable location for more traditional employment uses, such as manufacturing, that are located within the eight identified employment areas.

Manufacturing employment has increased 22% since 2010, rising from 4,268 to 5,270 in 2018. This growth is mostly comprised of "Advanced manufacturing" businesses that rely on technology, robotics, engineering design and skilled labour to produce high value-added products for world markets. The recent relocation of Celestica to Newmarket, which is not included in the 2018 employment numbers, is an excellent example. Approximately half to three-quarters of its current local labour force are classified as skilled labour such as engineers, technologists, computer design and manufacturing operators.

Manufacturing comprises 37% of the 14,100 total jobs in our designated employment areas. The balance of employment is largely within the business services sector and to a lesser extent, the health care sector and public services sector. Additional ancillary retail is also permitted in these areas, primarily to service nearby workers.

Newmarket's employment areas are experiencing strong demand from various sectors that is putting increasing pressure on land and building availability. Lack of vacant employment lands and good quality industrial buildings are significant constraints to future employment growth. This is why Newmarket's modest supply of both needs protection from employment land conversions.

This will be further exacerbated by the anticipated development of the 45 acre Stackhouse Drive/Harry Walker Parkway properties owned by Tricap. With the Rice Group 30 acre property at the corner of Davis Drive and Harry Walker Parkway already down-zoned to permit a percentage of non-employment uses, and with this developer's further request for conversion as identified within this report, the Tricap land is Newmarket's last remaining large block of vacant employment lands. It is positive that these lands are being developed for employment uses that will create good jobs for Newmarket residents, but it will lead to an eventual levelling off of employment growth, particularly in the manufacturing sector, once full development is achieved.

Communities strive to achieve a healthy balance of 1 job for every two residents. This is commonly expressed as a ratio of 2:1 population to employment. Including home-based businesses, Newmarket currently exceeds this ratio (1.9:1). As our population grows to

over 100,000 residents over the next decade, Economic Development's goal is to exceed 50,000 jobs in order to retain this healthy balance. This will require an increase of approximately 4,000 jobs from today's levels-i.e., an average of 400 jobs per year.

Based on the above analysis, Economic Development agrees with Planning's employment land conversion recommendations and related comments for the Mulock Station Secondary Plan area and 1240 Twinney Drive and 1250 Davis Drive (Rice Group). Economic Development does not, however, recommend the Employment Land conversion recommendation for 520, 521, 550 and 630 Newpark Boulevard as this area's role as a current and future employment generator is essential to meeting our employment targets.

The Newpark Boulevard area is home to 1,760 jobs. It has the highest employment density in Newmarket at 93 jobs per hectare compared to our average density within our employment areas of 67 jobs per hectare. Applying these average and maximum density ranges to a full build-out scenario of the Tricap properties on Stackhouse Drive/Harry Walker Parkway, it can be anticipated that 1,200-1,700 jobs will be created, resulting in a net loss of jobs should the Newpark conversion request occur. Even if a small portion of the Newpark lands fronting on Bayview remain designated as employment as envisioned, the Town will at best achieve a break-even employment scenario.

Economic Development recognizes that the Newpark Boulevard area, when viewed from today's perspective, is not ideal employment land given the residential growth that has occurred over the years. These lands are too important, however, to our future employment stability and ongoing growth as Newmarket approaches build-out. Economic Development also advises that there are no viable options to replace the Newpark area jobs by essentially moving them to a "more desirable" employment area due to our current employment land constraints. The Town can best meet our employment targets over the next decade by retaining these jobs while increasing employment as build out of the Tricap and Rice properties proceeds, augmented by new office development on our corridors as market conditions and tenant demand improve.

Employment created from office development on Newmarket's corridors may eventually surpass employment growth within our existing employment areas. Reconsideration of employment land conversions may therefore be more appropriate as a longer term strategy but at this time, Economic Development staff feel it is important that Newmarket maintain sufficient employment lands to meet our employment targets.

Planning staff acknowledge this concern. However, subject to the Region's work through the MCR on future employment land needs at the Regional level, the conversion passes all but one of the 14 conversion criteria. The conclusions of the full assessment contained in Attachment 1, combined with future employment trends such as a strong growth in the service and knowledge-based jobs that are not as land-extensive, provide the basis on which Planning staff can continue to recommend supporting the request.

Conclusion

For the rationale outlined in this report, Planning staff are recommending supporting two of the three employment area conversion requests submitted to the Region within geographic areas of Newmarket. Further, Planning staff are recommending that correspondence be submitted to the province requesting the re-consideration of Newmarket's Highway 404 employment areas as part of a Central York PSEZ.

Business Plan and Strategic Plan Linkages

Well-Planned & Connected:

- Planning and managing growth through long-term plans and strategies, supported by short-term action plans.

Consultation

Internal consultation has taken place with Economic Development. Economic Development's comments have been incorporated into this Report.

Human Resource Considerations

None.

Budget Impact

There is potential for a significant impact on the tax assessment base through the possibility of re-designating lands from employment designation to other land use designations.

Attachments

Attachment 1 – Individual Assessments of each of Newmarket's Conversion Requests

Attachment 2 – Letter to the province requesting the re-consideration of the Central York Provincially Significant Employment Zone

Approval

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Site-Specific Employment Area Conversion Requests

Commissioner of Development & Infrastructure Services

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