To: Chair and Members Economic Development and Planning Committee PED07056(a)

From: Lee Ann Coveyduck General Manager Planning and Economic Development Department

Date: February 19, 2007

Re: Addendum Report - Comprehensive Employment Land Study (Phase 1) (City Wide) (PED07056(a))

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Council Direction:

That Report PED07056 respecting the Comprehensive Employment Land Study, prepared by Hemson Consulting be received.

That prior to the release of the Hemson Study for public comment, staff, in conjunction with the appropriate consultants, bring forward an Addendum to the report, respecting brownfield development. This Addendum shall include, but shall not be limited to, consideration of the following items:

- the costs of brownfield development compared to greenfield development, including the use of financial incentives, and what these might be;
- the problems and opportunities associated with brownfield development for Hamilton, including a review of similar experiences of some comparable cities across North America and Europe;
- an increase in the target density of employees per net hectare to a number closer to the average of neighbouring communities in the GTA; and,
- a scenario where there is an increase in the percentage of major office employment as compared to employment land jobs and population related employment.

That staff bring an estimate of the timing and cost for completion of the above-mentioned Addendum to the Planning and Economic Development Committee at its meeting of February 20, 2007.
Information:

1. Why was the Study Undertaken?

The Provincial Policy Statement (PPS) requires a ‘comprehensive review’ of all employment lands be accepted by a Council prior to ANY decision on private applications for re-designating industrial land to other uses, or future consideration of urban boundary changes.

The new Planning Act requires ALL parties to either accept Council’s ‘comprehensive review’ or appeal the related Official Plan policies to the Ontario Municipal Board (OMB). No private applications can be considered or be appealed thereafter.

A ‘comprehensive review’ must provide a technical basis for defensible employment land decisions.

A ‘comprehensive review’ is key evidence at any future Ontario Municipal Board (OMB) hearing on urban boundary and / or industrial land redesignations. It is essential that the methodology and results be technically correct.

The method used in the Hemson Study has been applied in Durham, Peel, Halton and York Regions. The method has been successfully defended at the OMB.

The Study provided key inputs into the City’s “Growth Related Integrated Development Strategy” (GRIDS) and the related infrastructure master plans.

2. What Does the Study Recommend?

The Province has assigned Hamilton a higher job growth forecast than previous local estimates.

The City needs to retain all designated industrial land for employment uses.

Currently designated industrial land in the City is insufficient to meet long-term job growth needs.

By 2031 it is reasonable to expect 120 ha of City brownfields to be redeveloped. (This is approximately 5-7% of the City’s forecasted employment land jobs).

The density of jobs in City industrial areas is lower than Provincial targets, but a 20% increase is expected as the local economy improves.

The City should take advantage of areas with the best transportation to meet the demands of most Ontario industries.

Preferred new areas for employment land designation are located south of the Glanbrook Industrial Business Park, or adjacent to Highway No. 6 and the Airport.
3. Implications of No Comprehensive Review

Staff recommended that the Hemson Study be received and followed immediately by community consultation before it is applied in further Official Plan work. This is consistent with the approach used in the Building A Strong Foundation, VISION 2020 Renewal, GRIDS and Rural Official Plan processes.

The February 1, 2007 Economic Development and Planning Committee motion withheld the Study from public consultation until new research on brownfield issues is complete.

The implications of not proceeding with consultation on the Study are:

a) Official Plan Work Program

The employment land review is an essential to other urban planning issues.

Retail uses now permitted or proposed in employment areas have a significant bearing on City-wide Commercial Policy options.

Industrial sites throughout the City have a direct bearing on Residential Intensification opportunities and policy options.

Existing homes within and adjacent to all industrial areas have a significant impact on future industrial uses and site development costs. This requires a comprehensive policy response that will be delayed.

City employment land is fragmented into many parcels which impede modern site assembly and servicing. This requires a comprehensive policy response that will be delayed.

Residential and property fragmentation issues are not shared by Hamilton’s neighbouring / competitor municipalities.

b) Development Review

Three (3) applications to convert employment lands to other uses have been filed. Three (3) more applications are expected shortly. In the absence of an approved ‘comprehensive review’, the City cannot make decisions on these applications.

c) Economic Development Strategy Update

The Economic Development Strategy adopted in 2004 is now being updated. New policy recommendations were scheduled for early summer. Public / stakeholder consultation on the Comprehensive Employment Study was intended to inform the Economic Development Strategy update.
d) Provincial Liaison

The Ministry of Public Infrastructure and Renewal (MPIR) is starting a Sub-Area Assessment (SAA) of all employment land within the Greater Golden Horseshoe. The Study was intended to be part of the City’s input to the Province on employment land supply issues and future priorities.

4. New Brownfield Studies:

a) Background

The City’s ERASE Program has supported redevelopment of 25.5 ha of industrial land since 2000, resulting in a job density of 13.7 jobs/ha.

Not all current industrial lands are ‘brownfields’. Site contamination (if any) is unique to each developed industrial property.

Contamination impacts can range from inconsequential to severe. For an industrial site redeveloping to a new industrial use, remediation is usually straightforward. For a heavy industrial site redeveloping to an institutional or open space use, remediation impacts are usually severe.

To assess redevelopment costs versus greenfield options, one must assess both site contamination conditions AND specific new use characteristics.

The Province has recently announced draft legislation on brownfield issues. City staff participated in technical consultations on this legislation. The legislation focuses on remediation procedures and liability issues. It does not address taxation reform or targeted funding programs that are a key feature of brownfield renewal performance in other countries.

Staff has previously reported on brownfield assistance issues and options to Council on several occasions.

The ERASE Program already provides ‘leading edge’ financial assistance for brownfield redevelopment in Ontario and reflects the limits of City's financial capabilities.

Any local forecast on industrial land job density and the share of office to other job types requires expert judgement, as City trends have been strongly negative in the last quarter century and changes are dependant upon Provincial-GTA relationships.

The Committee’s motion implies completion of the following:

- Historic land use inventory.
- Assesses site contamination risk / potential from the emission profiles associated with previous and current land uses.

- The Historical Land Use Inventory Study is in process, therefore there are no additional costs. $150,000 is already budgeted - 50% a Federation of Canadian Municipalities’ (FCM) grant and 50% from the City. The Study will be completed by September 2007.

b) Research on Brownfield Redevelopment in Other Countries

NOTE: This component is not recommended by staff. There is a high potential for duplication of work already performed by the City and other agencies. General data is easily summarized for public consultation purposes and this can be accomplished at no extra cost. However, if Council wishes to go further, then the following steps are required:

- Analysis of selected cases relevant to Hamilton;
- Document local brownfield constraints (market perception, liability, remediation process and financing, ownership fragmentation);
- Document Federal and State policy relevant to comparable cases elsewhere;
- Contrast cases elsewhere with City issues; and,
- Recommendations on further actions or policy.

The associated cost and timing for this additional work is as follows:

- Consultant required – estimate of $35,000; and,
- Five (5) months – can be concurrent with a).

c) Brownfield / Greenfield Comparisons

In order to undertake comparisons, the following work is required:

- Individual brownfield site analyses and after-use estimates are required.
- Land use conflicts and remediation rules will preclude open space, institutional or residential uses on most sites.
- Document primary redevelopment demand (mainly heavy and logistics industries).
- Compare greenfield opportunities and costs for selected redevelopments.
- Access to port, rail, road network in support of selected redevelopments.
- Financial and policy incentives to reduce brownfield / greenfield development disparities.
The associated cost and timing for this additional work is as follows:

- Consultant and staff resources required – estimate of $50,000 for consultant; and,
- Six (6) months, after completion of Historic Land Use Inventory.

d) Peer Review of Industrial Density and Office Assumptions

There are two (2) options to undertaking a Peer Review of the Job Density and Office sector analyses in the Hemson Study. These options are as follows:

**Option 1:**

- Consultant information review, assumptions used and professional opinion;
- Cost of $15,000; and,
- Three (3) months concurrent with any other program activities.

**Option 2:**

New Technical Analysis:

- Update Region’s Office Space and Employment Inventory (circa 1990);
- Inventory and evaluate approved, unbuilt sites for future office use;
- Compare Hamilton’s job density and office conditions / forecasts to those of western GTA and neighbouring communities;
- Recommendations on assumptions used in the Hemson Study;
- Consultant and staff required – estimate of $40,000;
- Office Space and Employment Inventory – estimate of $55,000; and,
- Seven to nine months, partly concurrent with Historic Land Use Inventory.

5. Summary

The Economic Development and Planning Committee’s motion could require new studies with the following cost and timing implications:

- Estimated to cost up to $180,000;
- Require eight to ten months for a report to Committee;
- Delay for overall Official Plan Reform Program by six to seven months;
- The City’s deadline of June 2009 for adoption of a new Official Plan (OP) will be jeopardized. The time available for public input on a final draft OP document is most impacted.

6. SUGGESTION SOLUTION:

Councillors have expressed a sentiment that an alternative procedure be found to address the intent of the Committee’s recommendation without impeding progress on the overall Official Plan Program or incurring significant costs. In this context, staff would recommend the following:
a) Proceed with the public consultation on the Hemson Study;
b) Complete the Historic Land Use (Brownfields) Inventory and re-assess the estimate on the supply of brownfield redevelopment land used in the Hemson Study by the Fall;
c) Include generalized information on the Brownfield Redevelopment Program differences between Hamilton and other communities in North America and Europe from previous reports;
d) Direct staff of the Economic Development Division to prepare an information report outlining the general difference between brownfield and greenfield costs; and,
e) Engage a new consultant to peer review assumptions and analyses used in the Hemson Report in respect to employment land development densities and the office job component of the employment forecast. (Cost: $15,000).

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