SUBJECT: Downtown Office Strategy (PED09315) (Ward 2)

RECOMMENDATION:

a) That staff be directed to implement the Downtown Office Strategy attached as Appendix A to Report PED09315.

b) That Downtown and Community Renewal Division staff be directed to establish a Terms of Reference to guide the Downtown Office Strategy Stakeholder Implementation Task Force.

c) That Downtown and Community Renewal Division staff report back to the Economic Development and Planning Committee on the outcome of Strategy implementation as part of the Division’s 2010 Annual Report to be presented in Q1 2011.

d) That the item respecting the “Downtown Office Attraction Strategy” be identified as completed and removed from the Economic Development and Planning Committee’s Outstanding Business List.

Tim McCabe
General Manager
Planning and Economic Development Department
EXECUTIVE SUMMARY:

As per the Corporate Strategic Plan, the Downtown Office Strategy has been prepared with the primary goal to decrease the office vacancy rate by 25% in the Downtown Core based on a 2008 baseline by January 2011. The 2008 baseline inventory accounts for a vacancy rate of 15%. Report PED09315 recommends that staff be directed to implement the Strategy attached hereto as Appendix A. The Strategic Actions set out in the Strategy involve collaborative efforts concerning data sharing and monitoring, marketing, and new/revised incentives for office development and tenant attraction. Maintaining a clean and safe environment is of vital importance to efforts to attract and retain office tenants and others to Downtown; it is clear through consultation that a greater effort is required. The Strategy supports related initiatives that contribute to the continued enhancement of the Downtown environment.

Establishing a Stakeholder Implementation Task Force is also recommended; interest in participating has been expressed through the consultation conducted to date. Downtown and Community Renewal Division staff will report back to the Economic Development and Planning Committee on the outcome of the Strategy implementation as part of the Division’s 2010 Annual Report to be presented in Q1 2011. As a result of Report PED09315, it is recommended that the item concerning the “Downtown Office Attraction Strategy” be deleted from the Economic Development and Planning Committee’s Outstanding Business List.

BACKGROUND:

Development and implementation of the Downtown Office Strategy is one the Downtown and Community Renewal Division’s Work Plan objectives, in accordance with the City’s Corporate Strategic Plan. Its goal is one of several performance measures for the Planning and Economic Development Department adopted by City Council in December 2008, and is contained in the Corporate Strategic Plan as a “desired end result.” Specifically, the goal of the Strategy is to decrease the office vacancy rate by 25% in the Downtown Core based on a 2008 baseline by January 2011. Expected outcomes and benefits arising from Strategy implementation are outlined in the Strategy document, appended to Report PED09315, in the “Origin and Purpose” section.

The Strategy also addresses a motion brought forward by the Economic Development and Planning Committee regarding the development of a “Downtown Office Attraction Strategy,” currently on the Committee’s Outstanding Business List. The content of the motion includes: 1) direction to staff to prepare a report regarding the development of a downtown office attraction strategy; 2) direction for the strategy to investigate new and innovative incentives to recruit new companies to the City’s core; and 3) direction that the report be included in the Community Redevelopment component of the City’s new Economic Development Strategy now in progress. Report PED09315 and the appended Downtown Office Strategy provide the requested report; the Strategic Actions to be implemented through the Strategy include the development of new/revised incentives; and the Downtown Hamilton section of the Community Redevelopment component of the draft Economic Development Strategy includes the implementation of the Downtown Office Strategy as a short term deliverable. Report PED09315 therefore
recommends that the item concerning the “Downtown Office Attraction Strategy” be deleted from Economic Development and Planning Committee’s Outstanding Business List.

**ANALYSIS/RATIONALE:**

The Downtown Office Strategy’s geographic focus is the Downtown Hamilton Community Improvement Project Area, which coincides with the Downtown Hamilton Urban Growth Centre as delineated in the Council adopted Urban Official Plan. The area includes properties within and abutting the block bounded by Hunter Street, Queen Street, Cannon Street and Victoria Avenue, and properties abutting James Street north to the CN railway and south to Charlton Avenue.

Within the Strategy Area, over five (5) million square feet of office space has been inventoried, including 93 buildings each containing at least 5,000 square feet of office space use. Over 771,000 square feet is vacant, accounting for a vacancy rate of approximately 15 percent.

The Downtown Office Strategy presents a set of Strategic Actions to implement and support the goal of reducing Downtown office vacancies. The Strategic Actions are structured in four themes, to be implemented under the guidance of a proposed Stakeholder Implementation Task Force. The four themes are noted below; greater detail is provided in the “Strategic Actions” section of the Strategy document appended to Report PED09315.

1. Data Collection and Maintenance
   It is essential to establish a procedure through which data will be collected and maintained on a consistent basis in order to track the vacancy rate performance measure in the future.

2. Marketing Tools and Partnerships
   These strategic actions include collaborative marketing tools and programs that support efforts to attract new tenancies and reduce the office space vacancy rate in Downtown Hamilton.

3. Financial Incentives and Tax Policy:
   Potential new and revised financial incentive programs are proposed to support the re-tenanting/rehabilitation and development of Downtown office space. Additional funding sources will be explored; for example, the Province now provides matching education tax assistance to brownfield remediation projects through its new Brownfields Financial Tax Incentive Program. The Province should be encouraged to make a similar contribution to other tax increment equivalent grant programs, such as the Enterprise Zone Grant Program, where the City provides a grant equivalent to the municipal portion of the tax increase resulting from development, based on pre-development and post-development assessments.

4. Continued Enhancement of the Downtown Environment
   The Strategy acknowledges that the state of the downtown environment, in terms of providing streets and public spaces that are attractive, inviting, clean and safe, is
important to Downtown’s ability to attract and retain residents, employees and visitors. The downtown environment can affect the success of marketing efforts for new and existing tenants in downtown office buildings. The Strategy supports related initiatives that contribute to the physical, economic and social health of Downtown Hamilton.

**ALTERNATIVES FOR CONSIDERATION:**

No alternatives to Report PED09315’s recommendations are proposed. The development and implementation of the Downtown Office Strategy has been identified as a key activity in the Council approved Corporate Strategic Plan. If the recommendation to implement the Downtown Office Strategy, attached as Appendix A to Report PED09315 is not approved, the business attraction and retention functions of the Downtown and Community Renewal and Economic Development and Real Estate Divisions will continue, albeit without the guidance provided by the Strategy.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial** – Costs directly related to the implementation of the Downtown Office Strategy will include the production and distribution of marketing tools. $30,000 from the Planning and Economic Development Department’s Economic Development Initiative Account 811010-55440 has been earmarked for implementation of the Downtown Office and Marketing Strategies in 2010.

Cost implications associated with new financial incentive programs that may be introduced though Strategy implementation will be identified and reported to the Economic Development and Planning Committee prior to Council approval of related amendments to the Downtown and Community Renewal Community Improvement Plan as required. It is important to note that $50,000 of the $100,000 identified for the Hamilton Heritage Property Grant Program in the 2010 Downtown Capital Block Funding will be reallocated to pay the interest cost of a new financial incentive program in 2010. Additional program funding will be requested through the 2011 Downtown Capital Block Fund.

**Staffing** – Staff within the Planning and Economic Development Department can implement the Downtown Office Strategy and co-ordinate the proposed Stakeholder Implementation Task Force.

**Legal** – Strategic Actions relating to the use of financial incentives are subject to the provisions of relevant legislation including the Municipal Act and the Planning Act. Council approved programs offered within a Community Improvement Project Area and through the associated Community Improvement Plan may provide loans and grants as per Section 28 of the Planning Act. Sub-section 28(7.1) defines eligible community improvement costs as those “related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities.”
Sub-section 39(1) of the Ontario Heritage Act allows Council to provide loans and grants to the owner of designated heritage property for costs relating to the alteration of such designated property.

**POLICIES AFFECTING PROPOSAL:**

The Downtown Office Strategy is affected by land use policies that direct significant office development to the Strategy Area, which coincides with the Downtown Hamilton Urban Growth Centre identified in the Council adopted Urban Official Plan and the Places to Grow Growth Plan for the Greater Golden Horseshoe. The Downtown Office Strategy will help to implement those plans and their growth objectives.

Places to Grow directs municipalities to locate major office buildings “in urban growth centres, major transit station areas, or areas with existing frequent transit service, or existing or planned higher order transit service”. (Places to Grow, Section 2.2.6.4) It defines “major office” as “freestanding office buildings of 10,000 sq. m. [approximately 108,000 sq. ft.] or greater, or with 500 jobs or more”.

The Downtown Hamilton Urban Growth Centre, and therefore the Strategy Area, is described in the Urban Official Plan as the “pre-eminent centre in Hamilton for commercial and office development”. Regarding jobs, Section E.2.3.1.4 states that “The Downtown Urban Growth Centre shall function as a major employment centre for the City. Major business, professional and government offices shall be directed to the Downtown”.

The Strategy Area also coincides with the Downtown Hamilton Community Improvement Project Area. Properties within this area may be targeted for new and/or revised financial incentive programs offered through the Downtown and Community Renewal Community Improvement Plan. The existing programs encourage new construction and the renovation/conversion/improvement of residential and commercial/office buildings.

**RELEVANT CONSULTATION:**

Relevant consultation has included staff from the Economic Development and Real Estate Division and the Hamilton Municipal Parking System. Staff has conducted individual meetings with several Downtown office building and property owners/managers, and a group strategy session with property owners/managers and realtors. Interest in participating in the proposed Stakeholder Implementation Task Force has been expressed through this consultation.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No

Both Provincial and City planning policy and growth objectives for Downtown Hamilton include an increase in the number of residents and jobs. The office employment to be promoted through
implementation of the Downtown Office Strategy is a key component of future Downtown job growth. It will provide employment opportunities for local residents and attract new residents.

Environmental Well-Being is enhanced. ☑ Yes ☐ No

Reduced vacancy/increased occupancy in Downtown buildings makes more efficient and effective use of existing infrastructure, and provides employment opportunities in an area served by existing and planned transit services.

Economic Well-Being is enhanced. ☑ Yes ☐ No

Reducing the downtown office vacancy rate increases building value and assessment. New office tenants provide Downtown jobs and businesses that may utilize other local services and amenities (e.g. print shops, restaurants).

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No

Implementing the Downtown Office Strategy enables high performing staff to engage and share knowledge with local business and property owners, working together toward the common goal of improving Downtown.

AW:vk
Attach. (1)
CITY OF HAMILTON

DOWN TOWN OFFICE STRATEGY

Planning and Economic Development Department
Downtown and Community Renewal Division

November 9, 2009
1.0 ORIGIN AND PURPOSE

Development and implementation of an office space strategy for Downtown Hamilton is one the Downtown and Community Renewal Division’s Work Plan objectives, in accordance with the City’s Corporate Strategic Plan. Implementation of the Downtown Office Strategy is expected to reduce office vacancy in Downtown by supporting re-tenanting efforts (i.e. building rehabilitation and marketing) and facilitating conversion of vacant space to other uses where desirable and feasible. Specifically, the goal of the Strategy is:

- To decrease the office vacancy rate by 25% in the Downtown Core based on a 2008 baseline by January 2011.

The goal is one of several performance measures for the Planning and Economic Development Department adopted by City Council in December 2008, and is contained in the Corporate Strategic Plan as a “desired end result.”

Successful implementation of the Strategy is also expected to contribute to additional performance measures, including increasing the number of Downtown residential units and increasing Downtown property taxes and non-residential assessment. The Strategy would help to increase the number of residential units in cases where it may facilitate the conversion of vacant office space to residential use. The Strategy would contribute to the desired increase in Downtown property taxes where it results in property improvements and investment that lead to increased assessed values.

Additional benefits arising from Strategy implementation can include:

- Increasing rental income for building owners, from new office/commercial tenants and/or potentially from residential tenants/condo sales in the event of vacant building conversion;
- Reusing and revitalizing underutilized buildings, making more effective use of existing infrastructure;
- Improving Downtown’s image through building improvements and the reuse of long term vacant space in significant, highly visible buildings;
- Increasing office employment jobs, continuing the diversification of Hamilton’s economy, and providing increased workplace opportunities for young graduates;
- Providing a daytime population of businesses and employees requiring support services and commercial amenities, creating potential spin-off jobs in other sectors and reducing ground floor commercial vacancies;
Increasing the number of Downtown residents, directly through conversions and indirectly by making Downtown living more attractive – additional Downtown employees may choose to live close to work;

Improving the Downtown information database for marketing initiatives and performance measurement; and

Contributing to the realization of growth objectives for the City of Hamilton that include an increase in both residents and jobs in Downtown.

Ultimately, the Strategy will be a success when new tenants and the new jobs they provide are attracted to Downtown, resulting in demand for space that reduces vacancies and supports the development of new office space.

2.0 CONTEXT

This section of the Strategy identifies the Strategy Area, highlights the findings of the office space inventory, reviews the applicable land use policy and financial incentive programs currently available, and reviews the consultation conducted to date. This background informs an analysis listing strengths, weaknesses, opportunities and threats (SWOT analysis) relating to the Downtown office market.

2.1 Strategy Area

The Downtown Office Strategy’s geographic focus includes properties within and abutting the block bounded by Hunter Street, Queen Street, Cannon Street and Victoria Avenue, and properties abutting James Street north to the CN railway and south to Charlton Avenue, as illustrated in Figure 1. The inventory of office space, discussed in the following section, has been compiled from buildings within the Strategy Area.
This Strategy Area has been delineated to coincide with the Downtown Hamilton Urban Growth Centre, as per the Council adopted Urban Official Plan, and the Downtown Hamilton Community Improvement Project Area. Properties within the Strategy Area therefore are targeted for various financial incentive programs offered through the Downtown and Community Renewal Community Improvement Plan. These programs encourage new construction and the renovation/conversion/improvement of residential and commercial/office buildings. The area is also subject to land use policies that support significant office development in the City’s Urban Official Plan, Downtown Hamilton Secondary Plan, and the Province of Ontario’s Places to Grow Growth Plan for the Greater Golden Horseshoe. The existing policy and program contexts are discussed in greater detail in the following sections.

2.2 Inventory

A 2008 base inventory was compiled from existing assessment data; the inventory of larger scale, private Downtown office buildings prepared annually by Blair Blanchard Stapleton Limited; various web-based Multiple Listing Service (MLS); historic office reports prepared by the former Regional government; and the Downtown and Community Renewal Division’s current photo inventory database of ground floor office/commercial uses. For inventory and data analysis purposes, buildings containing at least 5,000 square feet of office space use are included in the Downtown office inventory.

- The inventory includes over 5 million square feet of office space in 93 locations.
- Over 771,000 square feet is vacant, accounting for a vacancy rate of approximately 15 percent.
- About three quarters (76%) of the vacant space is contained in large office buildings each over 100,000 square feet; these 14 buildings account for 60% of the total inventory.

**Figure 2. Downtown Office Inventory Summary**

<table>
<thead>
<tr>
<th>Size Range of Office Building</th>
<th>Inventoried Space</th>
<th>% of Total Inventoried Space</th>
<th>Vacant Space</th>
<th>% of Total Vacant Space</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices &gt; 100,000 sq.ft.</td>
<td>3,057,300</td>
<td>60%</td>
<td>584,400</td>
<td>76%</td>
<td>14</td>
</tr>
<tr>
<td>Offices between 50,000 and 100,000 sq.ft.</td>
<td>788,400</td>
<td>16%</td>
<td>64,300</td>
<td>8%</td>
<td>10</td>
</tr>
<tr>
<td>Offices between 20,000 and 50,000 sq.ft.</td>
<td>726,300</td>
<td>14%</td>
<td>60,600</td>
<td>8%</td>
<td>22</td>
</tr>
<tr>
<td>Offices between 10,000 and 20,000 sq.ft.</td>
<td>308,200</td>
<td>6%</td>
<td>41,500</td>
<td>5%</td>
<td>22</td>
</tr>
<tr>
<td>Offices &lt;10,000 sq.ft. (&gt;5,000 sq.ft.)</td>
<td>180,200</td>
<td>4%</td>
<td>20,400</td>
<td>3%</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,060,400</strong></td>
<td><strong>100%</strong></td>
<td><strong>771,200</strong></td>
<td><strong>100%</strong></td>
<td><strong>93</strong></td>
</tr>
<tr>
<td><strong>Total Vacancy Rate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>15%</strong></td>
</tr>
</tbody>
</table>
The vacancy rate may fluctuate as office space is vacated and retenanted, and as new supply is either added through new construction or conversion of other types of space to office uses, or removed from the supply through demolition or conversion to non-office uses. In the future for example, the Lister Block will be added to the inventory when its rehabilitation to occupied office use is complete, and City Hall will no longer be accounted for as vacant space once renovations are complete and City staff move back into the building. The respective increase in new occupied space and decrease in vacant space would lower the vacancy rate; however, it likely may be offset by new vacancies created elsewhere as City staff move from leased space that may not be immediately retenanted.

In addition, the inventory totals above do not include the vacant federal National Revenue Building at 150 Main Street West, as it has been proposed for other uses and is no longer part of the supply. If the building was added to the total inventory, the vacancy rate would increase to 18 percent.

Within the inventory, there are 70 “private competitive” buildings that market leasable space, representing 73% of total inventoried space, and including space leased by government in private buildings. The balance includes 15 “private non-competitive” buildings, where space is used completely by the private owner (5%), and eight (8) “public” buildings owned and occupied by government and public agencies (22%).

Figure 3. Downtown Office Inventory Distribution by Type
The vacancy rate for the “private competitive space” in Downtown Hamilton is over 17 percent. Reported vacancy rates for competitive office space in 2008 varies in other southern Ontario markets, as provided in Figure 4 below.

**Figure 4. 2008 Market Snapshot for Other Areas**

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Office Vacancy</th>
<th>CBD Class A Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Toronto Area</td>
<td>7.0%</td>
<td>4.1%</td>
</tr>
<tr>
<td>London-Windsor-Sarnia</td>
<td>14%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Niagara</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Waterloo-Wellington</td>
<td>6.5%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Source: DTZ Barnicke and Conference Board of Canada, as reported in Canadian Perspectives 2009 Online (http://www.dtzbarnicke.com/canadianperspectives2009)

DTZ Barnicke notes that the GTA market reached historic low vacancy during 2008; however, overall demand has declined in 2009 due to the recession, resulting in projected increased vacancies in various markets.

### 2.3 Recent Development

In Downtown Hamilton, newer construction and redevelopment of longstanding vacancies includes the following projects, accounting for nearly 366,000 square feet of office space since 2003. The list indicates that there has been limited development of new, speculative private competitive space in Downtown Hamilton in recent years:

- **The John C. Munro building**, completed in 2003, is a nine storey federal government office on Bay Street across from Copps Coliseum. Its development resulted in the relocation of federal employees from the National Revenue building that remains vacant at 150 Main Street West. The building is now owned by the federal government.
- **The new office building** at the northeast corner of Main Street East and Hughson Street was purpose built for a long term lease to MacGillivray Chartered Accountants and Business Advisors in 2003.
- **The new office building completed in 2003 at 135 Hunter Street East** was also purpose built for a single tenant, leased to the Canadian Centre for Occupational Health and Safety, a federal government agency reporting to the Minister of Labour.
- **The former Bank of Montreal** at the southwest corner of Main Street West and James Street South was restored and expanded in 2005 with a long term lease to the Gowlings law firm. The historic building was home to a nightclub during part of its vacant period.
- **The most recent development** in the Downtown office market involved the complete renovation and one storey addition to the former Hamilton-Wentworth Regional Health Department building at 1 Hunter Street East. The project was completed in 2008 and is fully leased to tenants including Simpson Wigle and Vine Group.

The previous period of major Downtown office development was during the late 1980’s. The first phase of Commerce Place at 1 King Street West was completed in 1987, followed by phase two next door at 21 King Street West. These two buildings combine to account for over 370,000 square feet. The Eaton Centre was opened in 1989 as a retail...
commercial shopping centre; however, following the demise of the Eaton department store chain, the rebranded City Centre now contains a significant office component. The City currently leases over 160,000 square feet in the City Centre; over half of that space will be vacated by City staff upon return to City Hall.

The conversion of office space to residential use has occurred in several buildings over the past decade:

- The Pigott and Sunlife buildings, on James Street South, north of Main Street, were converted to residential units in 1996, maintaining an office component on the first two floors, including office space for Crawford Adjusters.
- The top floors of the former Century 21 tower at Main Street East and Catharine Street were converted in 1998, above existing residential floors. Commercial office space remains at the base of the complex, now known as Landmark Place.
- The former Professional Arts Building at 155 James Street South was converted to the Residences on Augusta for seniors in 2002.
- The Alexandra Square and Undermount office buildings were redeveloped as Chateau Royale during 2003, on James Street South adjacent to the GO Station.
- The Core Lofts redevelopment began in 2004, after Bell Canada vacated and sold its office building at 66 Bay Street South to consolidate employees in the Robert Thomson Building at 110 King Street West.

The Royal Bank that once stood adjacent to the Pigott Building on James Street South was demolished in 2001 and is now a vacant lot.

### 2.4 Policies Affecting Growth

The Province’s Places to Grow Growth Plan directs municipalities to locate major office buildings “in urban growth centres, major transit station areas, or areas with existing frequent transit service, or existing or planned higher order transit service.”¹ It defines “major office” as “freestanding office buildings of 10,000 sq. m. [approximately 108,000 sq. ft.] or greater, or with 500 jobs or more.”² The Growth Plan aims to site large, higher density office buildings where they can best take advantage of existing and planned services, infrastructure, and transit. As indicated below, urban growth centres are to serve as high density employment centres and accommodate a significant share of population and employment growth.

- “Urban growth centres will be planned:
  a) as focal areas for investment in institutional and region-wide public services, as well as commercial, recreational, cultural and entertainment uses;
  b) to accommodate and support major transit infrastructure;
  c) to serve as high density major employment centres that will attract provincially, nationally or internationally significant employment uses; and,

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¹ Places to Grow Growth Plan for the Greater Golden Horseshoe, Section 2.2.6.4
² Ibid., Section 6, Definitions
d) to accommodate a significant share of population and employment growth.”

Hamilton’s Council-adopted Urban Official Plan establishes a hierarchy of urban nodes and corridors within a defined urban structure. One specific goal of the Plan is to “plan for and promote the Downtown Hamilton Urban Growth Centre as the pre-eminent centre in Hamilton for commercial and office development.” The Plan targets a minimum gross density of 250 residents and jobs per hectare for the area by 2031.

Hamilton’s population and employment forecast, as shown in Figure 5, indicates a future population of 660,000 and 300,000 jobs by 2031.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>540,000</td>
<td>230,000</td>
</tr>
<tr>
<td>2021</td>
<td>590,000</td>
<td>270,000</td>
</tr>
<tr>
<td>2031</td>
<td>660,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>

Source: Urban Hamilton Official Plan and Places to Grow Growth Plan

Downtown population growth is planned to account for a significant share of the City’s overall residential intensification target. Regarding future population, “it is anticipated that the Downtown Urban Growth Centre will accommodate approximately 20% of the City-wide residential intensification over the time period of [the] Plan which equates to a range of 5,000 to 6,000 dwelling units.” At the time of the 2006 census, the area was home to approximately 10,900 residents.

Regarding jobs, the Plan states that “The Downtown Urban Growth Centre shall function as a major employment centre for the City. Major business, professional and government offices shall be directed to the Downtown.” These types of offices are reflected in the 2006 census place of work data for Downtown Hamilton. About one quarter of the 20,000 jobs in the area are in public administration, as illustrated in Figure 6.

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3 Places to Grow Growth Plan for the Greater Golden Horseshoe., Section 2.2.4.4
4 Hamilton Urban Official Plan, Section E.10k
5 Ibid., Section E.2.3.1.10
6 Ibid., Section E.2.3.1.4
7 Note that this data is aggregate from the four (4) central census tracts (36, 37, 48, 49) that together most closely align with the boundaries of the Downtown Hamilton Secondary Plan, from Queen Street to Wellington Street, between Cannon Street and Hunter Street. This area is smaller than the Downtown Urban Growth Centre and the Strategy Area.
The Urban Official Plan does not allocate the forecasts to specific areas within the City; however, the Employment Area Land Budget Update analysis prepared for the City by Hemson Consulting in September 2009 breaks down the employment forecast by land use type. It projects growth of 13,000 jobs City-wide in the “Major Office” category, from 14,500 in 2006 to 27,500 in 2031. Hemson defines “major office” employment to include jobs contained within free-standing buildings over 20,000 net square feet in size, which differs from the Growth Plan definition. The Hemson report notes that a period of slower growth can be expected over the 2006 to 2011 census period to acknowledge current economic conditions; otherwise, it concludes that the long-term economic outlook for the Greater Toronto Area and Hamilton (GTAH) remains positive.

The Downtown Urban Growth Centre should be able to capture a portion of this forecast 13,000 office jobs. Assuming a range of 180 to 300 office jobs per square foot, approximately 2.3 to 3.9 million square feet of office space throughout the City would be required to accommodate these employees. While this is a rather modest increase for the City over the forecast period to 2031, it recognizes the competitive nature of the major office market. High density office nodes in particular tend to cluster in specific

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8 Employment Area Land Budget Update, prepared by Hemson Consulting, September 2009, p. 13
9 The average company occupying office space in the GTA, with the exception of call centres, dedicates approximately 180 to 250 square feet of space to each employee, according to DTZ Barnicke, GTA Office Quarterly Report, Fourth Quarter Highlights 2008. Other industry forecast standards provide for 300 sq. ft. per office worker.
GTA locations and do not require an extensive land base.\(^\text{10}\) This development form is different from the future industrial-commercial development expected in Hamilton’s business parks and industrial areas, where forecast growth is poised to take advantage of dwindling land supply in the western GTA.

To discourage larger offices from locating outside the Downtown Urban Growth Centre, the Urban Official Plan establishes various limitations on future types of office development in other part of the City. Offices permitted within commercial and employment area land use designations outside of the Downtown Mixed Use Area are to be capped at 10,000 sq. m. or less by the Official Plan and/or Zoning By-law.

### 2.5 Existing City Financial Incentive Programs

#### 2.5.1 Downtown and Community Renewal Division Programs

There are currently five (5) financial incentive programs administered by the Downtown and Community Renewal Division available to properties within the Downtown Hamilton Community Improvement Project Area, which coincides with the Downtown Urban Growth Centre and the Strategy Area. These financial incentive programs support new construction and/or provide assistance for building renovations and improvements.

Four (4) of the programs area administered through the Downtown and Community Renewal Community Improvement Plan, including the Enterprise Zone Grant Program, Hamilton Downtown Property Investment Program, Main Street Housing Loan and Grant Program, and BIA Commercial Property Improvement Grant Program. The loans and grants that a municipality may provide within a community improvement project area, in accordance with an approved community improvement plan, must be for the eligible costs of the community improvement plan. Section 28(7.1) of the Planning Act defines such costs as those “related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities.”

**Enterprise Zone Grant Program**

The Enterprise Zone Grant Program is the most relevant incentive for commercial office development and redevelopment. It provides a tax increment equivalent grant to projects that construct new or expand/renovate existing residential and/or commercial land and buildings, including offices. Existing buildings must have at least a 50% annualized vacancy rate to be eligible. Based on pre-development and post-development assessments, the five year grant is equivalent to 100% of the municipal realty tax increase during the first year, 80% in year two, 60% in year three, 40% in year four, and 20% in year five.

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\(^{10}\) The Hemson report notes that “it will be difficult for the City of Hamilton to accommodate significantly more major office employment than is anticipated in the updated forecast. The GTA office market is highly competitive and the existing office nodes have well-established roles in the regional market and an abundant capacity to accommodate development.” (p.14)
The following completed projects utilized the Enterprise Zone Grant Program for the new office construction, or the renovation or conversion of existing office space:

- New construction for the Canadian Centre for Occupational Health and Safety at 135 Hunter Street East;
- New construction for MacGillivray Chartered Accountants and Business Advisors at 33 Main Street East, upon the site of the derelict Imperial Building, formerly known as 25 Hughson Street South prior to demolition;
- Conversion of the former Bell Canada office building to 103 residential units at 66 Bay Street South, now known as Core Lofts;
- Renovation of the former Bank of Montreal for Gowlings, one of Canada’s largest national law firms, at 1 Main Street West, formerly 52 James Street South;
- Renovation of the multi-tenant commercial office building 100-110 James Street South;
- Renovation and expansion of the former Hamilton-Wentworth Health Department headquarters to a multi-tenant office building at 1 Hunter Street East, formerly known as 74 Hughson Street South.

*Hamilton Downtown Property Investment Program and Main Street Housing Loan and Grant Program*

While the Hamilton Downtown Property Investment Program and Main Street Housing Loan and Grant Program are oriented to residential development, they do support the option of converting vacant office space to dwelling units. They also provide funds to new residential construction projects and the renovation of existing residential units. The Hamilton Downtown Property Investment Program provides a loan calculated on the basis of 25 percent of a project’s cost to construct budget, including uses accessory to the residential development. The Main Street Housing Loan and Grant Program provides a loan calculated on the basis of $10,000 per dwelling unit, to a maximum of $200,000 per property; the grant portion provides up to $5,000 per property for professional fees paid.

The Hamilton Downtown Property Investment Program, in its previous form as the Hamilton Downtown Residential Loan Program, provided loans to the following completed projects that converted vacated office buildings to residential use. The projects also received Enterprise Zone grants:

- Chateau Royale, which involved the conversion of the former Alexandra Square and Undermount office buildings to 198 residential units at 135-143 James Street South; and
- The Residences on Augusta, providing 90 residential units for seniors at the former Professional Arts Building at 155 James Street South.

*Commercial Property Improvement Grant Program*

The Commercial Property Improvement Grant Program supports physical and aesthetic enhancements to commercial building façades and entranceways. Eligible properties must be located within a Business Improvement Area. The Downtown Hamilton BIA,
International Village BIA, King West BIA, and portion of the Main West Esplanade BIA are located within the Strategy Area.

The fifth program administered by the Downtown and Community Renewal Division is the Hamilton Heritage Property Grant Program, provided as per Section 39 of the Ontario Heritage Act. The program provides grants up to $150,000 for the conservation and restoration of heritage features of properties designated, or eligible for designation, under Parts IV or V of the Ontario Heritage Act. It also funds work required to restore heritage buildings to structural soundness. This program has helped to fund improvements to Downtown buildings including the historic Right House (Park Place) at King Street East and John Street North.

2.5.2 Other City Programs

Additional funding programs for heritage buildings offered through the Planning and Economic Development Department include the Commercial Heritage Improvement and Restoration Program (CHIRP), which provides matching grants to a maximum of $20,000 for restoration of heritage attributes on designated commercial properties. The Hamilton Community Heritage Fund sources an interest free loan up to a maximum of $50,000 for restoration of heritage attributes on designated properties. These programs would be available to Downtown office buildings provided that they are designated under the Ontario Heritage Act.

Other financial incentives offered by the City include those managed by the Economic Development and Real Estate Division. The ERASE (Environmental Remediation and Site Enhancement) Program offers financial incentives to stimulate the environmental remediation of brownfield properties within the City’s Urban Area boundary. The LEED Grant Program provides assistance relating to the incremental construction cost, consultation, energy modeling and certification fees required to achieve LEED (Leadership in Energy and Environmental Design) certification. It currently applies within the City’s designated business parks and industrial areas; however, a pending program amendment would expand its geographic focus to include industrial and commercial buildings, including offices, throughout the Urban Area, including Downtown. The program would help with building retrofitting to improve air quality and reduce energy consumption to LEED standards, as per the rating system by the Canadian Green Building Council.

An additional program pending is the Hamilton Downtown/West Harbourfront Remediation Loan Pilot Program. Eligible projects involve the remediation of property being developed/redeveloped for residential or residential/commercial use within the Downtown Hamilton Community Improvement Project Area or the West Harbour (Setting Sail) Secondary Plan boundary. The program offers a low interest loan equal to 75 percent of the remediation costs that qualify under the criteria of the ERASE Redevelopment Grant Program, provided in progress payments to a maximum of $100,000 per property. Projects must qualify for financing under the ERASE Redevelopment Grant Program and/or the Enterprise Zone Grant Program as the loan is
secured by an assignment of grant payments. Grant payments will be applied directly to the remediation loan until the loan is repaid, with any balance then to the proponent. In the event that the development/redevelopment of the property has not proceeded within five years of the remediation being completed, or the proponent invalidates their grant program qualification, the loan must be repaid in annual installments over no longer than a three year period.

2.6 Consultation

Staff has conducted individual meetings with several Downtown office building and property owners/managers, including a group strategy session with realtors and property owners/managers representing over two thirds of the private competitive inventoried office space. The messages heard are summarized below and in the SWOT analysis in the following section.

Interest in Downtown office space from potential tenants is reported to be neutral at best or declining, which in part reflects the current impact of the recession and an overall upward trend in commercial vacancy rates across the country. Tenants expect low lease rates that are not sustainable for the landlord and do not want to walk to parking spaces. It was suggested that the Strategy will need to attract new tenants from outside the City rather than resulting in a shifting around of local tenants. It was noted that 50% vacancy requirement for the Enterprise Zone Grant Program makes most existing buildings ineligible for the program.

Concerns expressed include the continuing hesitation of banks to lend for building and tenant improvements, high realty taxes and heating and hydro costs. It is hoped that the City will discourage McMaster University from wooing office tenants to the McMaster Innovation Park that are not related to that development’s intended research and development focus. It is apparent that the high cost of the Lister Block deal and the development of the new federal Canada Place office building are sore spots in the minds of many other Downtown property owners.

Some Downtown office building owners have their own security cameras and maintenance staff to clean graffiti and sidewalks in front of their buildings. It was noted that the issues of cleanliness and security must be addressed or future marketing efforts will be less fruitful. Concerns were expressed that the ability to lease office space to new tenants, and retain existing ones, is constrained by the environment outside, particularly in the Gore Park area.

The need to focus efforts on retenanting vacant Downtown office space was also identified by focus groups providing input to City staff as part of the ongoing Downtown marketing and communication strategy. The level of awareness of City financial incentive programs is not as strong as it could be. The programs were perceived to be more supportive of residential development than other uses, although it was realized that more downtown residents would support other uses. The groups also identified the need for greater effort related to cleanliness and security, particularly in Gore Park. It was
noted that the Downtown Safety and Cleanliness Task Force is not as strong as it used to be, and lacks participation.

2.7 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Strengths
- Accessible by transit (HSR hub, GO, VIA stations)
- Road network operates at a high level of service with easy access to Highway 403
- Accessibility within minutes to all three (3) levels of government offices and courthouses
- Available business service amenities (e.g. print shops, restaurants, exercise clubs)
- Access to post-secondary academic institutions and a skilled labour pool
- Relatively low lease rates are attractive to tenants (although not sustainable for landlords)
- Existing Enterprise Zone Grant Program provides tax increment equivalent grants to support new office space development and the rehabilitation of Downtown space with an annualized vacancy rate of 50% or more
- No development charges in the Downtown Hamilton Community Improvement Project Area
- Wireless network available in Downtown
- Few office centres in Hamilton outside of the Downtown
- Heritage character of the Gore
- Recent and ongoing upgrades to Downtown hotel accommodation for business travel and out of town guests

Weaknesses
- Level of leasing interest/inquiries reported by office building owners/managers is quiet, flatlined, localized
- Cleanliness and safety concerns and perceptions, including loitering and graffiti
- Lack of parking adjacent to major buildings (although parking is available several blocks away)
- Older downtown office stock may have higher operating costs and be less energy efficient
- Low lease rates expected by tenants are not sustainable for landlords, and are unlikely to support the business case for new office development
- Conversion of vacant or derelict space to new uses such as residential may be constrained by building form and structure that limits access to windows and light
- Low percentage of available Class A office space and an abundance of lower Class office space
- No major real estate brokerage firms are tracking the Hamilton market

Opportunities
- Future rapid transit will increase accessibility
- New Official Plan policy directs major office development to the downtown, and places limits on the scale and size of offices elsewhere
- Potential linkages to the local district energy plant
• Pending expansion of the City’s LEED grant program to include Downtown commercial office buildings
• Available green/energy efficient incentives and programs offered by local utilities and other government agencies
• Increased awareness among commuters of the personal and societal costs of a long, daily travel into the central Toronto area

Threats
• Development economics may place pressure to approve new office development in suburban areas that is more suited to locate Downtown
• High cost of providing parking Downtown relative to other areas
• Strategy must achieve bringing new tenants to Downtown rather than relocating existing ones within Downtown
• Competition – “richer” municipalities such as Mississauga are aggressively attracting desirable tenants out of Downtown Toronto

3.0 STRATEGIC ACTIONS

The Strategic Actions outlined in the Downtown Office Strategy are structured in four (4) themes:

1. Data Collection and Maintenance
2. Marketing Tools and Partnerships
3. Financial Incentives and Tax Policy
4. Continued Enhancement of the Downtown Environment

These themes and the associated strategic actions are discussed below. A Stakeholder Implementation Task Force is also proposed.

3.1 Data Collection and Maintenance

Objective: To collect accurate information required to monitor performance measures on a consistent basis.

It is necessary to establish and maintain an accurate inventory of Downtown office space, both occupied and vacant, in order to determine whether the goal of decreasing the Downtown office vacancy rate is being achieved. The inventory will also assist City staff to quickly answer inquiries from prospective tenants about available space and direct them to the appropriate contacts.

Moving forward, it is essential to establish a procedure through which data will be collected and maintained on a consistent basis. The ability to do so is vital to ensuring accurate information can be tracked in the future, and is dependent on establishing ongoing relationships with key stakeholders. It is recognized that buy-in and a willingness to participate and share information are important success factors for the Strategy.
• **Identify and meet with key stakeholders** (e.g. Downtown office property owners and primary leasing managers) and get their commitment to work with the City and each other on a collaborative marketing program that sees any new tenants Downtown as a win. To this end, staff has already initiated meetings with various stakeholders who have indicated a willingness to participate.

• **Establish a reporting protocol for data collection.** It is proposed that a direct email request will be sent to key stakeholders on a quarterly basis for updating those records relevant to the stakeholder. This information will include at a minimum the total gross leasable area of the building and the gross leasable vacant space. While the reporting of inventory changes as they occur will be welcomed, the use of a direct email request is recommended to help sustain the exchange of data over the longer term.

• **Expand the inventory database** to include smaller office spaces (i.e. less than 5,000 square feet in gross leasable area) to provide a more complete picture of total office space in the Downtown. This is a longer term action to initiate once the database reporting protocol has been established for the larger offices. It would involve an update of the commercial inventory conducted in 2004 to support the Hamilton Commercial Strategy Study prepared for the Growth Related Integrated Development Strategy (GRIDS) and the new Official Plan process.

• **Support efforts to have a full employment survey conducted on a consistent basis.** At present, place of work data from the Census conducted by Statistics Canada every five (5) years is the primary statistical source used to determine employment levels; however, the data provided is based on a 20 percent sample of population. The City, through the Planning and Economic Development Department’s Strategic Services – Special Projects Division and GIS Planning and Analysis Section, has partnered with the Regional Information Systems Working Group (RISyWG) to put forward a proposal to the Province for funding to conduct a region-wide employment survey for the Greater Toronto Area and Hamilton (GTAH). This information is essential for accurately tracking and reporting the density of people and jobs per hectare in the Downtown Urban Growth Centre.

• **Get a major real estate brokerage firm to start tracking the Hamilton market.** At present, there is very limited reporting of Hamilton’s commercial office and industrial market by major national real estate brokerage firms such as Colliers, Cushman & Wakefield, DTZ Barnicke and CBRE. At present, Hamilton is “off the radar” of the quarterly and annual office market reports prepared by these firms, whereas markets in the Greater Toronto Area, Waterloo-Wellington (Kitchener, Waterloo, Cambridge, Guelph), Southwest Ontario (London, Windsor) and Niagara Region are featured. The data collection and maintenance to be provided through the Downtown Office Strategy may serve as a starting point for getting such firms to begin tracking and reporting Hamilton’s office market to broader exposure.
3.2 Marketing Tools and Partnerships

Objective: To enhance/create marketing tools that support efforts to attract new tenancies and reduce the office space vacancy rate in Downtown Hamilton.

The following marketing tools will promote Downtown Hamilton as a location for office development and be used to attract new business tenants to Downtown office buildings. Other marketing tools to support Downtown and efforts to reduce the office space vacancy rate will be developed through the overall Downtown Marketing Plan, which will flow from the city-wide Economic Development Marketing Plan that is currently under development. This could include specific mass marketing that presents the benefits of Downtown Hamilton as a location for business and investment, including office uses and development. They will improve awareness of the City’s financial incentive programs including those offered by the Downtown and Community Renewal Division to foster Downtown investment and rehabilitation, and by the Economic Development and Real Estate Division (e.g. ERASE and LEED programs).

- **Prepare a quarterly statistical update of available office space.** The quarterly update sheet will include the current amount of occupied and vacant space, including the vacancy rate. It will provide a list of currently available space and contacts.

- **Prepare an annual update on Hamilton’s downtown office supply.** The update will be incorporated into the Downtown and Community Renewal Division Annual Report, but will also serve as a standalone document that can be distributed as a marketing tool. The annual update will incorporate the year’s quarterly statistical updates as well as the following elements:
  - a summary of the quantitative Downtown office space inventory that highlights change from the previous year;
  - a qualitative assessment that describes Downtown Hamilton’s office environment, particularly the vacancies;
  - a list of planned and pending projects and conversions, noting how they would affect the Downtown office supply (e.g. future City offices in the vacant Lister Block; Education Square);
  - a scan of downtown office characteristics in competitive locations/municipalities (e.g. size, market rents, class of space, vacancies) for benchmarking purposes, and also to identify the introduction of new development incentives related to downtown office space elsewhere; and,
  - discussion highlighting issues and concerns that may affect market potential and efforts to reduce the vacancy rate.

- **Compile a portfolio of redevelopment opportunities** including vacant sites to promote new development in the Downtown.

- **Design and implement changes to the Invest in Hamilton website’s Site Selector tool** that will increase the visibility of, and provide more direct access to, Downtown Hamilton office space listings. The existing Site Selector tool is a collaborative effort.
between the Regional Commercial Council of the Realtors Association of Hamilton-Burlington (RAHB) and the City of Hamilton's Economic Development and Real Estate Division.

- **Identify target markets, by industry and geography**, including those specific sectors that drive office demand: finance, insurance and real estate (FIRE); business, professional, scientific and technical services; administrative and support services; and, information and cultural services, including new media. Business and agencies seeking a lower cost alternative to GTA office space will also be targeted.

- **Develop a calling/visitation plan to pursue identified target markets.** The visitation plan could include participation by Downtown office stakeholders to present a collaborative marketing approach to the target markets and potential tenants.

- **Continue to work with McMaster University and Mohawk College to establish increased presence in Downtown.** McMaster University’s Centre for Continuing Education is now located in the former Hamilton-Wentworth Courthouse at 50 Main Street East; however, there is opportunity for additional facilities in the Downtown.

- **Target additional post-secondary academic institutions, both private and public, such as Brock University** to explore the potential of locating additional facilities in Downtown Hamilton. Brock University currently operates a Faculty of Education composed of the Pre-service Department, Graduate Studies in Education and Continuing Education at the Brock University Hamilton Campus. It is located in the east end of the City at the former Briarwood School on King Street East near Rosedale Avenue. Brock University has noted it is intended that the use of the Hamilton Campus will expand as other faculties seek opportunities to offer courses within this geographic area and other initiatives are developed through the Faculty of Education.

The positive effect of post-secondary education facilities on a Downtown environment is evident in the City of Brantford. As noted in the Downtown Brantford Master Plan, “Over the past five years more than $20 million has been invested into revitalization efforts in the core. Much of this investment has been made possible through a successful partnership between the City of Brantford, Laurier University and Nipissing University. Both universities have worked to deliver a student-centred satellite campus in the Downtown. This institutional-led expansion has to date resulted in the development or refurbishment of at least six buildings, with more planned over the next two years. However, perhaps more important than the physical renewal has been the social and economic renewal that has accompanied the infusion of almost 2000 students and 80 staff into the core. This infusion has brought life to the streets and attracted new businesses to the Downtown.”

- **Develop a relocation information package** to be provided to new Downtown office employees if relocation is required, building upon that prepared for employees of the CANMET Materials Technology Laboratory moving from Ottawa to McMaster.
Innovation Park. This package could include “give-aways” such as coupons for overnight hotel stays, restaurants and cultural venues, to assist the executives and employees of prospective companies to see the “big picture” of Hamilton and what is has to offer.

3.3 Financial Incentives and Tax Policy

Objective: To provide effective financial tools that support the re-tenanting/rehabilitation and development of Downtown office space.

The financial incentive programs administered by the Planning and Economic Development Department are designed to facilitate new construction, provide assistance for building renovations and improvements, and support environmental remediation of land and buildings. The Department seeks to continuously improve its programs by responding to feedback received by applicants and potential investors. Significant program changes are implemented through the appropriate Community Improvement Plan amendment process where required, as per the Planning Act and subject to Council approval. Moving forward, the following strategic actions will be pursued through the Downtown Office Strategy:

- **Facilitate the use of existing Downtown development incentive programs** by working with owners to assess the health of individual buildings and identify options and explore future development opportunities:
  - Conduct a series of outreach meetings with individual building owners to discuss the future of their space and opportunities for expansion/rehabilitation/conversion
  - Determine where existing office space may be better suited for conversion to other uses and prepare proposals to present to individual building owners.

- **Implement revised and new financial incentive programs** to support office development or owner/tenant improvements to office space, helping to achieve the Downtown Office Strategy goal and related benefits. New and/or revised programs to consider could include:
  - reducing the 50% annualized vacancy requirement to access Enterprise Zone Grant Program funding, depending on the level of investment proposed;
  - collaborative incentives for attracting new business (e.g. the property owner/landlord agrees to give the first six months rent free, and the City provides a low cost loan/grant combination for leasehold improvements – the type of loan that is difficult to obtain from a bank).

- **Encourage the Provincial Government to provide provincial education tax relief to additional tax increment equivalent grant programs.** Through the Enterprise Zone Grant Program, the City provides a grant equivalent to the municipal portion of the tax increase resulting from development, based on pre-development and post-development assessments. The Province should be encouraged to make a similar contribution of the education portion of the tax increase, as it now does with the new Brownfields Financial Tax Incentive Program (BFTIP). This grant would provide for
local tax dollars being invested in the local community. For example, the BFTIP provides matching education tax assistance to brownfield remediation. As promoted by the Province, the program “is an initiative of the government of Ontario to encourage the cleanup and redevelopment of brownfield properties. It provides provincial education property tax assistance to match municipal property tax assistance for cleanup of eligible brownfield properties. Under the program, the province can cancel all, or a portion of the education property taxes of a property for up to three years. Municipalities can apply for an extension prior to the termination of the tax assistance. Municipalities apply on behalf of property owners and must also be qualified under the program before the owner can receive provincial assistance.”

- **Partner with the province to establish a funding pool that supports growth in Downtown Urban Growth Centres which implement Places to Grow policies.** Explore the potential for a job creation fund that municipalities could access to provide funds to companies looking to set up offices in designated urban growth centres/community improvement project areas. For example, loans could be provided at a nominal interest rate to cover the cost of leasehold improvements, which currently banks do not want to lend against because it has no security value. The loans could be for 90% of the leaseholds and repayable over a five (5) year term.

- **Encourage the province to locate provincial government and associated agency offices in Downtown Hamilton,** to support the designation of Downtown Hamilton as an Urban Growth Centre.

**3.4 Continued Enhancement of the Downtown Environment**

**Objective:** To support related initiatives that contribute to the physical, economic and social health of Downtown Hamilton

The Strategy acknowledges that the state of the downtown environment, in terms of providing streets and public spaces that are attractive, inviting, clean and safe, is important to Downtown’s ability to attract and retain residents, employees and visitors. The downtown environment can affect the success of marketing efforts for new and existing tenants in downtown office buildings.

- **Support the efforts of the Downtown Cleanliness and Security Task Force.** The Task Force’s focus is Downtown cleanliness and safety. It has been instrumental in securing funds for enhanced cleanliness, undertaken a Downtown security audit, and has promoted a Downtown lighting study.

- **Revive efforts to establish a Downtown parking garage** in accordance with the Downtown Parking Strategy, in partnership with the Hamilton Municipal Parking System and downtown property owners.

- **Support transit initiatives that improve access to Downtown from elsewhere in the City and beyond,** including:

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*Downtown Hamilton Office Strategy*
- Transportation Demand Management initiatives led by the Public Works Department that encourage transit ridership and reduce tenant need for parking spaces;
- Implementation of rapid transit service in Hamilton in partnership with Metrolinx;
- All-day, full service GO transit service between Hamilton and surrounding area.

- **Continue to support Downtown streetscaping improvements**, particularly those that link transit stations with office development.

- **Promote a balanced and complete Downtown community**, continuing efforts to attract additional downtown residents and supporting ancillary services, such as a grocery store, hardware store and hotels.

### 3.5 Implementation Task Force

It is proposed that a Stakeholder Implementation Task Force Committee be established to advance the strategic actions contained in the Downtown Office Strategy. A Terms of Reference will be drafted to guide the committee, and outline its purpose, roles, timing and composition:

- The Committee would serve to: provide data to track progress; pursue co-ordinated marketing; provide input to new and/or revised program development; pursue joint lobbying efforts for new provincial funds; monitor and report on initiatives in neighbouring/competing municipalities.

- It would meet on bi-monthly or quarterly basis.

- It could include: City Council representation, City staff from Planning and Economic Development Department’s Downtown and Community Renewal and Economic Development and Real Estate Divisions; stakeholders including office owners and primary property/leasing managers, real estate professionals – e.g. reps of the Regional Commercial Council of the Realtors Association of Hamilton-Burlington; local brokerage firms (e.g. Royal LePage State Realty Brokerage Commercial Group, Chambers Commercial Real Estate Group); major national commercial brokerages (e.g. Colliers, DTZ Barnicke, CBRE, Cushman Wakefield); downtown BIA representatives.
4.0 PERFORMANCE MEASUREMENT

Downtown and Community Renewal Division staff will report back to the Economic Development and Planning Committee on the outcome of Strategy implementation as part of the Division’s 2010 Annual Report to be presented in Q1 2011. In addition to the annual update on Hamilton’s downtown office supply outlined in Section 3.2, the following performance measures will be discussed to help determine the success of the Strategy:

- To achieve the target of reducing the 2008 baseline Downtown office vacancy rate by 25%, a decrease from 15% to at least 11.25% is required.

- Staff are targeting one presentation/visit per month to a qualified prospect through the target market calling/visitation plan, in partnership with Stakeholder Implementation Task Force members.

- In delivering the Enterprise Zone Grant Program, the Division aims for a minimum of five new applications per year as a performance measure. New and/or revised programs for tenant improvements should be in place and accepting applications. Staff are targeting 3 new program applications.