

Employment Lands Study City of Hamilton

Response by Hamilton Chamber of Commerce

The Hamilton Chamber of Commerce applauds the efforts by the City to prepare a long term comprehensive strategy to ensure that the City of Hamilton will be able to take advantage of emerging opportunities to be the best city in Canada to raise a child, promote innovation, engage citizens, and provide diverse economic opportunities.

The Chamber believes that the fundamental premise for establishing a foundation upon which all other aspects of our community can be built, is the establishment of a strong economic base. In order to lay that foundation, it is imperative that we, as a community, strive to achieve employment objectives to not only offset the job losses we have been experiencing over the past few decades, but to turn the corner and develop Hamilton as a community of job creation.

A component of that strategy is rooted in land development policies that provide for sufficient employment lands to provide appropriate opportunities for expansion of existing businesses and to create a diverse and attractive setting for new business investment. A successful strategy has two elements. The first is to ensure sufficient level of job creation to balance residential growth. The second is to establish a diverse and adequate land base to accommodate investment opportunities.

In terms of employment opportunities, the Chamber believes that the projection by the City, which we understand is derived primarily from the Province, is too low. In terms of striving for desirable and achievable targets, the Chamber would suggest that instead of the 59,000 jobs projected to the year 2031, the City should be pursuing a target of 95,000 jobs. As part of that effort, we agree with conclusions in the background studies which suggest that we have to overshoot the target of net jobs to compensate for any job losses that may continue over that time.

In terms of ensuring an effective supply of employment lands, the Chamber agrees with all of the background studies undertaken by the City which conclude that the only way to accommodate the long term employment needs of the City is by designating additional employment lands at the airport. Hamilton is in the enviable position of having the luxury and ability to expand its employment land base in a planned comprehensive manner to meet long term needs. Some municipalities surrounding the City of Hamilton, including all of Niagara, Burlington and Oakville, are unable to expand their urban boundaries to accommodate additional employment lands. As a result, Hamilton has a unique opportunity that is not afforded to every municipality in the GTA. Care must be taken to manage that opportunity wisely.

In addition, there is a tremendous urgency to moving forward quickly. Late last year, the Chamber prepared a response to the Urban Structure Plan as part of the Hamilton Official Plan Review. In that document, we outlined the reasons why Hamilton is now finding itself the centre of attraction for a whole new wave of investment opportunities. We as a community have to be ready for this opportunity which is now on our doorstep.

In terms of establishing an appropriate land base, the first recommendation from the Chamber is to plan for the employment target of 95,000 jobs as opposed to 59,000 jobs. Given that this exercise involves establishing and achieving desirable targets, the land base calculation must be formulated on the basis of the best possible outcome for the City of Hamilton, which the Chamber feels is the creation of 95,000 jobs.

Our second recommendation is based on our concern with the density projection being used by the City to project future land needs. Clearly, the more intense the density projection, the less land that will be designated for long term use and the greater the chance that the City may continue to lose out on investment opportunities which have bypassed our community in the past.

It is understood staff is recommending a density of 37 workers per hectare, which is consistent with Provincial projections for intensification in urban areas but much higher than current conditions. While every effort should be made to increase intensification in urban areas, it will be important for employment planning purposes to differentiate between mathematical projections and reasonable expectations.

From the background studies prepared by consultants, there appears to be a consensus that it is not likely that 37 jobs per hectare is an achievable target for Hamilton. It is noted from a peer review report at the City of the Comprehensive Employment Study by MKI Consultants in September 2007, that the projected densities in the employment areas are not likely to happen for a number of reasons.

On page 11 of the report, there is a reference to an employment study by Hemson undertaken in 2006. In referring back to the Hemson report, MKI notes that Hemson identified a number of challenges that would likely mean that the City would not achieve an employment density of 37 jobs per hectare. The MKI report then went on to conduct an in depth analysis to identify other reasons why this employment density will not be achieved. They noted on page 12 of the report:

"After reviewing a number of factors related specifically to the Hamilton market, these factors are likely to drive down overall densities and employment lands. We therefore do not see employment densities increasing in areas dominated by the sectors above. As such, the central issue is not whether these sectors will increase in density, but whether or not offices or employment areas can increase overall densities to achieve the overall forecast density of 37 jobs per hectare."

While general employment targets in this range may make sense for Toronto and other communities, they ignore the reality of the Hamilton economic base. While there are forms of intensive industrial uses, much of Hamilton's current and future economy will be based on its strategic location. As a result, much of the new development we are experiencing now and anticipating in the future includes space extensive warehouse uses which do not generate substantial employment densities. Further, we have seen substantial reductions in jobs for many major manufacturing operations which operate from the same land base they did 20 or 30 years ago with half or fewer employees.

It is our understanding from reviewing the background studies, that the only way to achieve this kind of density is for Hamilton to experience a significant increase in office development over the next 20 years. While this is certainly a commendable goal, and one that is entirely supported by the Chamber, certainly in the short term, it is unrealistic to assume that the City will be producing 110,000 sq.ft. of new major office development every year for the next 20 years, which is required to meet these projections.

The study noted, for example, that over the period 1999-2007, office development at the City increased by an average of approximately 83,000 sq.ft. per year. While this is close to the projection by Hemson, this included 269,000 sq.ft. in one office building and another 150,000 sq.ft. associated with expansion at Mohawk College. Without these special one-time events, office space absorption over the past 8 years has been approximately 30,000 sq.ft. per year.

The Chamber is excited about future economic prospects for the City in terms of office development with ongoing initiatives to rejuvenate the downtown area. We are also excited about the opportunities afforded by the McMaster Innovation Park. We feel that these initiatives, together with development of appropriate lands around the airport, will go a long way to spur new investment in office buildings in the Hamilton area in the long term. However, this will take some time to achieve in terms of providing sufficient employment lands.

It is important to have projections and the Chamber would not be opposed to using these numbers as pursuable targets. The problem and danger, however, is when these numbers are then used in a formula that produces an unrealistic and unhealthy supply of employment lands around the airport.

That is, if by using artificially high projections for office development, a resulting projection of 37 jobs per hectare is used for employment areas, there will not be sufficient employment lands to achieve long term targets. For example, simply using a number that is more reflective of existing conditions than future expectations for employment areas of 31 jobs per hectare means a difference of 15-20%. Having projections off by this level of magnitude creates a potentially serious problem and could undermine the very objectives the entire planning exercise is trying to achieve in terms of providing sufficient employment lands. It is wrong to restrict industrial development at the airport because of

faulty and unrealistic expectations of office development that will not occur at the rates projected, certainly the short term.

Therefore, at the end of the day, the amount of industrial land designated in the business park is a direct function of future expectations of office employment. What is being said in the report, essentially, is that the City does not need a lot of land at the airport because employment will be generated by the construction of 110,000 of office space every year for the next 20 years. While there is a statistical link between these two components, ie. it meets the artificially set projections of the Province, there is no functional relationship to suggest that if the City begins to have success in attracting office space downtown, there should be less land designated for employment uses at the airport.

While perhaps not intended, the formula introduced by the Province and adopted by the City, promotes a situation whereby what is seemingly an unrealistic expectation of a greater amount of office development results in less land being set aside for employment uses. That is, the higher the projection of office uses, the less employment land is to be designated for future growth. The Chamber believes that the reverse may be true, i.e., if there are sufficient lands designated around the airport and employment uses develop as expected around the airport, this will increase demand for office space in the downtown area through increased need for support service for businesses, including lawyers, accountants, and financial institutions. Therefore, the success of economic growth at the airport can have a positive effect on the downtown.

It is understood that the entire premise for pursuing an unrealistic density is that as employment density decreases, the City will have to increase residential density to unacceptably high levels. The Chamber can appreciate this concern, however, it appears to be a backward approach to planning for appropriate land use opportunities for employment growth. If this avenue were pursued, ie. the City adopted a lower employment strategy and hence had to increase residential densities, the mix of residential opportunities would be skewed toward high density accommodation. The Chamber agrees this would be not only unachievable but could change the fabric of the City.

Again, there appears to be no functional relationship between these elements and is solely the product of the untested and unsubstantiated mathematical calculations generated by the Province.

It is understood that the position of the planning staff is that even if the projections are off, as we all suspect, adjustments can be made throughout the planning process. Based on previous experience with long term planning exercises, the Chamber is very concerned about the ability of the planning process to make adjustments to adapt to market trends. These adjustments can only take place during a 5 year review and the adjustment process itself can take 2 or more years to complete. If during that time the City was approached with a significant opportunity for economic development from new investment, those making such investments would likely not be able to wait out the time period required to make such adjustments. In short, we do not believe the planning process can

match the pace of investment decisions and building schedules for employment users. Even the current approval process for lands already within the Urban Area tests the patience of development proponents.

More importantly, even if adjustments were recognized and attempted, and a need for more industrial lands was desirable, the City would be faced with the same dilemma in the future of having to increase residential densities to undesirable levels to accommodate reduced density employment areas. If these adjustments are not tolerable now, they will be even less tolerable in the future. At that time, the Chamber believes that even the projected residential densities, as they are now, may not be achieved.

In light of this analysis, it is recommended by the Chamber that the long term economic health of the community be protected by ensuring sufficient land is set aside for long term employment needs of the City. This should be based on the target projection of 95,000 new jobs as suggested by the Chamber, and upon a realistic expectation of employment density of 31 jobs per hectare. This would allow for the long term flexibility needed by the City to accommodate future interests and expectations from employment investment and would maximize the probability of the City being able to achieve employment targets.

In terms of implementation strategy, it is important that the long term expectations are clearly articulated in planing documents and that appropriate land area be identified to accommodate this form of development. Given the uncertainties associated with any projections and the need to minimize premature development of lands that could be used for agricultural purposes in the meantime, it is recommended that a staging policy be put in place. This would ensure that existing agricultural resources are protected and sustained until lands are needed for development.

In this fashion, adjustments can still be made as development unfolds. The difference in this scenario, however, is the adjustments are much easier to make in that they will simply be modifying staging policies as opposed to revisiting the complications of urban boundary review.

It is understood that projections are imperfect and adjustments are required. The concern of the Chamber is that not only is the uncertainty of projections minimized by using current information in the best possible way, but also to clearly understand the implications of each option.

Given the option presented by the Chamber, there is no risk or downside, lands not required for employment purposes can continue to be used for agricultural purposes. In that way, even if the land absorption requires 50 years, so be it. Alternatively, however, if absorption is completed in 15-20 years, that would be considered a good thing.

The Chamber option also provides more certainty, not only to potential investors, but also to land owners surrounding the airport. The staging policies and projections can provide some level of certainty as to when certain lands may be developed. By way of an under designation, not only is the timing uncertain, the long term limits of development are unclear. This not only reduces uncertainty for land owners, it also makes it difficult to undertake long term planning for infrastructure needed to accommodate this form of development.

Approximately 15 years ago, the Region of Hamilton Planning Committee and Council were presented with an opportunity to begin to open up airport lands for redevelopment. A representative on behalf of the land owners suggested that the lands on the south side of Airport Road immediately abutting the airport be considered for employment purposes. At that time, the Province was planning a new highway from the 403 to link to Highway 6 South in Caledonia (Highway 6 New), and expectations for future development at the airport were high.

The response of staff and the Council of the day was that additional lands at the airport were not needed and that there were sufficient opportunities for future employment in all of the area business parks including Glanbrook, Stoney Creek, Flamborough and Ancaster.

After experiencing years of frustration with economic opportunities who want to locate near the airport being forced to locate in Brantford, Cambridge and Burlington, and now finding that the City is at least 10 years behind in opening up lands that should have been available when the highway was constructed, the City is finding that the planning process is desperately trying to play catch-up with the realities of investment opportunities.

The City now has an opportunity to rectify that deficiency and to ensure that we no longer are behind the curve in terms of providing appropriate opportunities. We now have a choice to make. We can either repeat the mistakes of the past or, alternatively, we can move forward with a bold, long-term plan to ensure the long-term needs of our community are met. It is now Hamilton's turn to reverse the employment decline that we have experienced over the last few years. We have one opportunity to establish a long-term plan. Let us make sure that we do it properly.