

APPENDIX 'A'

Terms of Reference

Town of Markham

Employment Area Intensification Study

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1.0 OVERVIEW

The Town of Markham wishes to retain a firm or a consortium of firms to provide advice on:

1. The physical potential for the intensification and/or redevelopment of existing developed lots in employment areas for Employment Land Employment (ELE) jobs that are located within the Town's Built Boundary established by the Province of Ontario;
2. The factors that would affect the likelihood of intensification and/or redevelopment occurring for ELE jobs, with those factors including market demand, suitability of building stock, economic viability, land use restrictions, parcel configuration and nature of ownership, as well as changes in technology, demography, climate and resource availability;
3. The actions the Town might consider taking pursuant to the Planning Act, Municipal Act and Development Charges Act to provide incentives for intensification and/or redevelopment for ELE jobs within existing employment areas; and, capital improvements to infrastructure which may increase the likelihood of intensification and/or redevelopment for ELE jobs (such as municipal parking lots or garages, improvements to roads and sidewalks, improvements to public transit, bike infrastructure and district energy)

The overall intent of the project is to determine how many of the additional ELE jobs allocated to the Town of Markham by the Region of York could reliably be forecast to be accommodated within the Built Boundary before 2031 on lands that are already the site of some development as opposed to available vacant lands within the current settlement area or potential future lands outside the current settlement area.

For the purposes of this exercise, ELE lands in Markham are those lands that are within the Business Park, Business Corridor and General Industrial designations. Figure 1 attached shows the location of these designations and the location of the Built Boundary. The majority of jobs within these designations are expected to be ELE and Major Office Employment (MOE) jobs. It is also expected that a small percentage of Population Related Employment (PRE) growth will also occur within these designations in the future, as they have in the past. PRE uses on ELE lands are characterized by retail uses that are associated with manufacturing, warehousing and office uses as well as facilities that are ancillary to these uses.

2.0 BACKGROUND

2.1 GROWTH PLAN

In June 2006 the Province of Ontario approved the Places to Grow Plan for the Greater Golden Horseshoe (the "PTGP" or "the Growth Plan"). The new Growth Plan requires all upper, single and lower-tier municipalities within the Greater Golden Horseshoe to modify and update their Official Plan documents and bring them into full conformity

with policies and targets of the new Provincial Plan by June 2009. In addition, the Growth Plan gives municipalities the responsibility for achieving key elements of its planning framework, characterized generally by a shift in the amount and location of growth, toward greater intensification and higher densities. One of the key elements of the Growth Plan is articulated in Section 2.2.2.1 f) which states that *"population and employment growth will be accommodated by....ensuring the sufficient availability of land for employment to accommodate forecasted growth to support the GGH's economic competitiveness."*

Schedule 3 of the PTGP includes the population and employment forecasts for 16 upper and single tier municipalities in the GGH, including York Region. Section 2.2.1.1 of the PTGP requires that these forecasts be used for all upper- and single-tier municipalities for the purposes of planning and managing growth in the Greater Golden Horseshoe. Table A below, extracted from the PTGP, summarizes the 2001 to 2031 forecasts determined by the Province, and allocated to York Region which are to be used for all planning purposes. These forecasts represent the policy numbers which York Region is formally required to plan for. These numbers are intended to be incorporated within the Region's updated Official Plan. The Province has indicated that they may revise the forecasts in five years (i.e. 2011).

Table A: Employment and Population Forecast for York Region ("Schedule 3")

Year	Employment	Population
2001	390,000	760,000
2011	590,000	1,060,000
2021	700,000	1,300,000
2031	780,000	1,500,000

Source: Places to Grow Plan, 2006

Based on the above "Schedule 3" forecasts, it is anticipated there will be an additional 390,000 jobs in the Region between 2001 and 2031. An additional 740,000 people are expected in this time period. This translates into one job per 1.9 persons population growth.

Based on the most up-to-date planning forecasts provided by the Region, which are included within the Draft Region of York Official Plan, the Town of Markham will need to accommodate an additional 95,800 jobs between 2006 and 2031. The numbers in the draft Region of York Official Plan will be finalized in late 2009, however on the date of preparing this Terms of Reference, the breakdown of the 95,800 jobs were as follows [Table B]:

Table B: Employment Forecast for Town of Markham

	2006	2031	Growth
Major Office	47,400	88,700	41,300
Employment Land	50,000	86,500	36,500
Population Related	47,500	73,300	25,800
Total	144,900	248,500	103,600

Region of York, 2009

In its April 9, 2008 report, the Region acknowledges that “it is difficult to predict the level of intensification that should be expected on employment lands. As such, there is a need to plan for employment land requirements based on forecasted demand that excludes an intensification component. The timing and amount of employment land intensification relies on a variety of market driven conditions.” In this report, York Region affirms that it “will continue to encourage the intensification of population and employment lands where possible.”

2.2 MARKHAM EMPLOYMENT LAND SUPPLY

The Town of Markham’s supply of market ready vacant land is only sufficient to accommodate the immediate employment growth (and economic development) needs of the municipality. Generally, the location of sites that are zoned and serviced, and which have draft or registered approvals in place, tend to be those located in the southern end of the Town, whereas most of the lands in North 404 area, which represent the future growth area, are still subject to zoning and land servicing.

However, the current availability of ± 200 hectares of market ready employment land would only support about 8 to 10 years of development, on the basis of 20 - 25 net hectares of land absorption per year. The Town recognizes that this is not an optimal situation from an economic development perspective. On this basis, the servicing and pre-zoning new additional building capacity within of already designated employment lands in the short term will help to ensure that Markham’s competitive position is maintained.

According to the ELS (Phase 1) Study, the municipality has a total industrial land supply of $\pm 1,525$ net ha of industrial (employment) land, including ± 485 net ha of vacant and $\pm 1,040$ net hectares occupied.

It was indicated in the Employment Lands Strategy (ELS)(Phase 1) report, May 2009, prepared by urbanMetrics and Meridian Planning that an employment area is typically considered to be fully built out when it achieves an 85% to 90% occupancy level. Once this level is achieved, it is quite likely that certain residual parcels will likely remain “structurally” or “frictionally” vacant over the long-term as a consequence of specific site development constraints and/or other encumbrances such as irregular lot patterns or fractious land ownership patterns.

The ELS (Phase 1) report also assessed employment land needs to 2031 and 2051, based on the Region of York employment allocation and an assessment of land supply for employment uses within the current Town of Markham urban boundary. The assessment of land needs was based on assumptions respecting the type of employment expected to 2031 in the Town of Markham and in this regard, it is anticipated that about 62,000 new jobs will be in the Major Office Employment (MOE) category, an additional 53,000 jobs will be in the Employment Land Employment (ELE) category and an additional 10,000 jobs will be in Population Related Employment (PRE) category.

The results of the ELS (Phase 1) analysis suggest that:

1. Markham will begin to experience a competitive shortfall of land as early as 2016. The extent of this shortfall is expected to fall somewhere between 40 to 80 net hectares (or 50 to 125 gross hectares).
2. Over the 2008 to 2031 period, the extent of this shortfall will continue to grow. If no additional industrial lands are provided, the Town of Markham will clearly experience a serious shortfall of industrial land over the 2031 planning horizon. The analysis suggests that the extent of the shortfall is in the order of 315 to 415 net hectares (or 395 to 520 gross hectares).
3. Over the extended, 2051 longer term planning horizon, the extent of this shortfall will continue to increase if no industrial lands are added. By 2051, Markham will require a total of 680 to 785 net hectares (or 850 to 980 gross hectares) in addition to the lands that are presently designated.

The majority of the MOE expected in the Town of Markham could be accommodated within the Town's urban area. It was further concluded that there is an adequate land supply within the current urban boundary for additional PRE. However, it is recognized that additional residential lands will create a market and demand for additional PRE in close proximity to the new residential areas. On this basis, it has been assumed by the Town that the PRE needs of the Town in these newer residential areas would be accommodated within the residential areas themselves. In other words, the intent of the Town is to integrate all future PRE in urban expansion areas with residential uses.

With respect to ELE, it was concluded that there would be a shortage of land within the current urban boundary for primarily ELE prior to 2031. On the basis of a number of assumptions, it was then recommended that 315 to 415 net hectares of additional employment land be added to the urban area for use and absorption by 2031. It was also recommended that a strategic employment area containing lands required post 2031 also be identified and that as a first principle, these strategic employment lands be located adjacent to existing or future pre-2031 employment areas.

The above analysis concluded that there is a need to increase the employment land supply in the Town of Markham. The analysis considered the potential for job growth on the 234 vacant parcels of land identified by the Town in 2008. These 234 vacant parcels have a land area of 485 net hectares. It was also assumed in the analysis that an employment area is considered to be fully built out when it reaches an 85 to 90 percent occupancy level. As a result, while there may be vacant lands in these employment areas, they may not develop for a number of reasons. However, these vacant lands have been taken into account for the purposes of the analysis carried out by the Town. To some extent, the inclusion of all vacant lands in the inventory for the purposes of forecasting land needs is a very conservative approach with respect to minimizing the amount of land required for future employment purposes.

3.0 REQUIRED TASKS

One possible source of employment land that requires more study is the possibility of utilizing existing developed sites or the reconfiguration of properties to provide additional opportunities for development. The determination of what may be feasible, and reliably probable, in this respect is the focus of this Terms of Reference and is what essentially the Town is looking for advice and recommendations on. In this regard, this Terms of Reference identifies six primary tasks, which are to:

1. Undertake a physical capacity analysis and identify potential infrastructure constraints to intensification and/or redevelopment;
2. Determine the feasibility of expanding existing buildings and/or redeveloping existing sites and what impact this may have on future employment potential;
3. Determine the economic viability of the intensification and/or redevelopment of developed properties generally and with specific regard to Markham;
4. Based on Tasks 1 to 3, identify the reliable probability (i.e. market response) of accommodating employment, by type, via intensification and/or redevelopment, as an alternative to development on current or additional vacant lands;
5. Identify implementation tools that may stimulate intensification along with a quantified cost/benefit analysis of each; and,
6. Determine whether the policy recommendations made in the May ELS (Phase 1) Report will have an impact on intensification and/or redevelopment potential and make further policy recommendations.

Below is a discussion of these tasks.

3.1 CAPACITY ANALYSIS

Markham Council has asked Staff to reassess the existing employment areas in the Town based on criteria provided to staff by the selected consultant. In other words, Town staff will work with the consultant to carry out the technical analysis required based on the information it does have in its possession. As a result, the role of the consultant in this context is:

- to provide staff with the parameters of the technical review of the existing employment areas that would be carried out,
- to work with staff in completing the analysis and
- to provide findings and recommendations using the analysis along with other work to be completed by the consultants.

Some additional factors to consider could include:

- Comparing the current lot coverage of industrial parcels to determine potential lot area to accommodate additional development up to a logical maximum coverage of 40%.
- The potential for severance of unused portions of a lot, given the frontage of the lot on a public street and its configuration (it is recognized that minimum lot frontage requirements may need to be varied in some cases).
- The implication of ownership on intensification or redevelopment (Plan of Condominium versus single-ownership with rental units).
- The physical location of buildings on a lot and the feasibility of their expansion as a result (for example, if a building only occupies half of the frontage, it is assumed that the expansion potential would be higher than if it occupied the majority of the frontage and the only expansion potential is to the rear).
- Review of the (sewer, water, stormwater and transportation) infrastructure to determine whether there are any infrastructure issues that may need to be addressed in order for investment and reinvestment to occur. Identify potential constraints in terms of 'red flags' that need to be considered on a go-forward basis.
- Sustainable development requirements and features.

Table D: Number of Developed Parcels per Category of Industrial Designation

Business Park Area	Business Corridor Area	General Industrial Area
196	357	368

Table D [above] identifies the number of developed parcels within each ELE designation to be examined. The above analysis would be carried out on a designation by designation basis and would focus on the Business Park, Business Corridor and General Industrial designations only. The product of this task would be an understanding of the intensification and/or redevelopment potential from a purely physical perspective, without other factors such as market, economic viability or others being considered. The product in this regard would therefore be considered the “first cut” round at estimating the potential intensification and/or redevelopment potential.

3.2 FEASIBILITY OF BUILDING EXPANSION OR REDEVELOPMENT

Notwithstanding the capacity analysis carried out per the above, the nature of the existing building stock will have an impact on the feasibility of expansion and intensification or redevelopment. For example, with the exception of major office development, most employment land employment occurs within single-storey buildings, with a few exceptions. As a result, there are two components to this task. The first relates to the type of employment expected and the type of building that employment will require in the future. Specifically, is the type of employment expected only feasible within single storey buildings, or is it feasible for certain types of employment to be located in multi-storey buildings?

In this regard, suggestions have been made in some quarters that there is a considerable amount of intensification potential within existing employment areas if additional storeys were added to existing buildings. It is recognized that in the late 1800's and early 1900's, a considerable amount of manufacturing did occur in multi-storey buildings. In addition, warehousing and distribution operations were also similarly housed in multi-storey buildings. However, this reality changed in the 1950s and 1960s with the advent of suburban employment areas and the need to provide space for internal storage systems and access to larger trucks for distribution purposes. While there continue to be examples of multi-storey employment land employment buildings, such a building form is not very common today. As a result, the selected consultant is expected to provide their expert advice on the feasibility of developing multi-storey buildings on currently developed lands for the types of employment expected within Markham.

The second component of this task involves the determination of the feasibility of either adding a second storey, expanding existing buildings or redeveloping employment sites within employment areas based on the nature of the building stock on existing parcels in the Town of Markham. Specifically, does the existing building stock lend itself to being expanded or redeveloped, given the building construction, the timing of construction, and the need to accommodate other site requirements (eg. Parking, access, loading, setbacks, and landscaping)?

While an assessment of each existing building is very much beyond the scope of this analysis, it is expected that a number of building typologies would be developed in the context of this analysis, with these typologies being represented in Markham and an opinion rendered on the likelihood/feasibility of expanding different types of buildings. It will be up to the consultant to develop these typologies, however some of the factors which may distinguish building types include age of construction (life-cycle assessment), energy efficiency, height, configuration, development standards and location of building in relation to lot lines.

The product of this task will be an opinion on the feasibility/likelihood of expansion or redevelopment of existing buildings and sites within the Town's employment areas based on building typology and an understanding of the existing building stock within employment areas. Given that the Town's employment areas have developed at different points in time, an opinion on whether certain employment areas have greater potential than others is also required. This opinion would also take into account the expected types of employment in Markham in the future and the implications of those types of employment on building and floor space needs. The consultant is also expected to provide pro-forma examples for each building typology for each circumstance (expansion vs redevelopment).

3.3 ECONOMIC VIABILITY AND MARKET RESPONSE

Layered on top of the physical capacity of employment areas for intensification is the economic viability of intensifying any property within the existing employment areas. With single use properties, there is only typically a need to expand to grow the business or consolidate operations. In addition, single-users of property do not typically enlarge buildings for the purposes of renting space to another business.

However, if such a single-use property had excess property, it may be considered desirable to consider a severance.

With respect to multiple use properties there are two categories (single-ownership and multiple-ownership). The first involves a single-ownership situation with multiple rental units, with the sizes of these units being flexible depending on the type of tenant. Expansion to these types of buildings to generate additional income would be much more feasible than in a circumstance where a building was divided into condominium units.

Given these realities, the consultant is expected to review how economic factors may have an impact on the intensification of property. In this regard, there are two scenarios. The first being a circumstance where a building is expanded vertically or horizontally and the second being a circumstance where a building is demolished and replaced with a larger building. It is recognized as well that the market is cyclical and on this basis, the opinion of the consultant on how a strong market or weak market for space will affect decision making with respect to intensification is also required. In this regard, the relative availability of vacant land for new development may be a factor in retaining current accommodations compared with redevelopment.

Other examples of intensification where the market demand existed should be identified as case studies for review by the Town. Examples should be identified for comparison purposes and common elements between the examples should be highlighted. The product of this task will be an opinion on the economic viability of intensification or redevelopment in various parts of the Town of Markham, given the nature of expected employment and the reality of the market. The nature of the existing building stock, the extent to which existing buildings are tenanted and/or occupied, and the economic factors that would stimulate such an investment, are all factors which play into the economic viability and market probability of intensification and or redevelopment of existing buildings.

3.4 ROLE OF THE MUNICIPALITY

The role of the Municipality in terms of stimulating intensification and redevelopment should be explored. Below is a list of some possible actions for consideration:

1. The Town of Markham to develop floor space and enter the market to stimulate the siting of new businesses as a strategic investment by the Town.
2. Pre-zone all vacant employment land, if not already pre-zoned with a Holding provision subject to site plan approval, and any other unresolved matters such as servicing.
3. Modify zoning by-laws to eliminate unnecessary restrictions on development.
4. Streamline the site plan approval process to either eliminate the need for site plan control for certain types of development or delegate all site plan approvals to staff.

5. Prepare a series of Community Improvement Plans for defined employment areas which provide the basis for the provision of loans or grants to businesses wishing to improve or expand existing buildings.
6. Consider tax increment financing strategies either in conjunction with a Community Improvement Plan or pursuant to the Municipal Act.
7. Reduce or eliminate Development Charges payable for certain types of development within employment areas.

The consultant should look at the various tools and approaches and/or incentives available to the municipality. In this regard, the consultant is requested to consider all available tools and/or incentives and others as required and determine whether any or all of them could be considered by the Town. In addition, the potential cost of these tools should also be identified by order of magnitude to understand the potential financial implications.

The consultant will also be required to offer an opinion on whether some or all of these tools will actually stimulate investment and reinvestment and whether the benefit will outweigh the cost. In this regard, benefit is not only the additional assessment, but it is the additional employment and type of employment that may be generated as a result.

The end product will include a discussion of the benefits and shortcomings of the noted tools.

3.5 CHANGES IN POLICY FRAMEWORK

The ELS (Phase 1) dated May 2009 contained an extensive list of possible modifications to the Town's Official Plan. The intent of these modifications overall is to ensure that the policy framework is applied correctly and that the policy framework generally matches either the planned function or the existing function of the Town's various employment areas. It is anticipated that additional work on the employment area policy framework will be undertaken in the fall and winter of 2009/2010. Comments on the effect of the suggested changes in the May 2009 Report on the probability of investment and reinvestment in the Town's existing employment areas is required. The consultant is also expected to recommend any policy modifications which will have a positive effect on market response to increasing intensification of existing employment areas.

4.0 DELIVERABLES

- 2 Stakeholder consultation meetings
- 2 presentations to Development Services Committee as outlined in the workplan
- Preliminary technical report or a series of technical reports that is (are) considered by Town staff as appropriate which include:
 - o the capacity analysis,

- the feasibility analysis (including sample pro formas for building typologies),
- the viability/market response analysis,
- municipal incentive analysis,
- policy recommendations.
- Final report with recommendations.

5.0 CONSULTATION

5.1 STAKEHOLDERS

The Town is interested in securing the views of stakeholders on the intensification and/or redevelopment of employment areas. These stakeholders include commercial real estate agents, commercial and industrial land developers, owners of multi-tenant buildings, all other landowners, the tenants themselves and other business organizations in the Town. It is proposed that two formal sessions with stakeholders be held as part of the process. The first session could be held at the initiation of the process and the purpose of this session to obtain any preliminary views from those in attendance on the issues that should be considered in the context of the analysis to be completed. The second session could be held after the initial analysis has been carried out and when some preliminary conclusions have been reached. This analysis and the conclusions would be shared with the stakeholders and their input sought prior to the finalization of the technical report. Consultants bidding are invited to suggest alternative arrangements to solicit views of stakeholders.

The consultant will work with the Town to identify stakeholders and then inviting them to these two sessions will rest with the Town of Markham. The Town will also make all the arrangements with respect to space and refreshments. It is expected that the selected consultant will facilitate the meeting in a manner which achieves the best results. It is also the expectation of the Town that this stakeholder consultation will take place at a combined workshop co-ordinated with the Eco-Industrial component of the current Green Print Study (Community Sustainability Plan) underway.

In addition to the above, the consultant is expected to meet with up to 10 individual stakeholders as required through the process.

5.2 DEVELOPMENT SERVICES COMMITTEE

It is also expected that the selected consultant will make two presentations to the Development Services Committee (preliminary findings at the conclusion of the project).

6.0 NATURE OF EXPERTISE REQUIRED

It is the expectation of the Town that the project team include:

6.1 PLANNING EXPERTISE

A member of the study team should have a planning background and should:

- be a Registered Professional Planner
- have an excellent understanding of Provincial Policy and the recent shifts in Provincial Policy, particularly as it relates to employment lands
- be aware of how current policies are proposed to be implemented in the Greater Golden Horseshoe in a number of other municipalities
- be knowledgeable about the land use planning context in the Town of Markham, at least as expressed through its Official Plan.
- have basic knowledge of the feasibility of developing land and the factors that need to be considered to assist in determining feasibility.
- be familiar with the preparation and interpretation of zoning by-laws
- be aware of the various components of the Planning Act, Municipal Act and Development Charges Act that could be considered in the context of developing a strategy for the intensification of existing Employment Areas in the Town.

6.2 EMPLOYMENT LAND MARKET EXPERTISE

A member of the Study Team must understand the economics of developing land and the factors that need to be considered with respect to land development from an economic viability perspective. This individual should also possess market expertise: understand how the employment land market operates; market dynamics of employment land accommodation from a developer's perspective, a landlord's perspective, a company operations' perspective and the financial issues surrounding these perspectives. This individual should also be able to find and analyze other examples of intensification and/or redevelopment in the Greater Golden Horseshoe as examples for the Town of Markham to consider. In this regard, this individual must be able to identify what economic factors led to the intensification and/or redevelopment of employment lands in those cases and whether those factors exist or may exist in the future in the Town of Markham, either generally or in specific areas. This study member will understand and what the market wants and is willing to deliver.

6.3 EMPLOYMENT FORECASTING EXPERTISE

A member of the Study Team should be very knowledgeable about the methodologies used by the Province and then the Region of York with respect to forecasting employment growth and employment growth by type. This individual should also be aware of current trends with respect to employment and be able to offer opinions on how the employment picture may change in the future. In addition, this individual should also be able to offer opinions

on the nature of employment growth anticipated in Markham specifically and what impacts that may have on the potential for intensification in the future.

6.4 ARCHITECTURAL EXPERTISE

A member of the Study Team will be required to have expertise in the design and development and reuse and/or expansion of existing buildings in Employment Areas. This person should have an understanding of the general feasibility of expanding existing buildings either vertically or on the ground, given the nature of the building stock in Markham and the types of employment expected in the Town.

7.0 WORK PLAN

In order to facilitate the review of proposals, the following tasks below are expected to be carried out and budgeted for the consideration of the Town:

1. Start up meeting with staff;
2. Review of existing Policy framework (Provincial, regional, Town of Markham, including a review of Urban Metrics/Meridian Employment Lands Strategy (Phase 1) dated May 2009) and familiarization with the Town's existing Employment Areas;
3. Meeting #1 with stakeholders;
4. Capacity Analysis
 - a. Establish criteria for physical capacity analysis;
 - b. Work with Town on completion of capacity analysis;
 - c. Review existing infrastructure and identify constraints.
5. Review feasibility of building expansion and/or redevelopment;
6. Review economic viability and the market response of intensification and/or redevelopment;
7. Review Planning Act, Municipal Act and Development Charges Act and identification of possible tools and/or incentives for intensification and/or redevelopment;
8. Determine impacts of intensification and/or redevelopment on proposed policy framework and make recommendations;
9. Prepare a preliminary report[s] and Meet with staff to discuss findings;
10. Meeting #2 with stakeholders to present preliminary findings;
11. Presentation #1 to Development Services Committee of preliminary findings
12. Preparation of draft final report for staff review;
13. Meet with staff to discuss draft final report;
14. Prepare final report; and,
15. Presentation #2 final report to Development Services Committee.

A detailed work program will be finalized by the chosen consultant prior to commencing the project.

8.0 TIMING AND BUDGET

- 6 months to completion
- \$80,000.00 excluding GST.