

RE: Employment Land

To: Hon. Peter Van Loans, Aird & Berlis
David Charezenko, Bousfields

Cc:

From: Peter Thoma, urbanMetrics

Date: February 8, 2024

File: Haven on the Queensway: 1543-1551 The Queensway & 66-76 Fordhouse Blvd

urbanMetrics has been retained by the owners of land in the City of Toronto's west end (Etobicoke). The land is located in the vicinity of the Queen Elizabeth Expressway (QEW) and Kipling Avenue. The lands are known municipally as 1543-1551 The Queensway & 66-76 Fordhouse Blvd. (referred to herein as, "the subject lands"). The owners have retained a team of consultants, including: design, land use planning, transportation, engineering and legal counsel to evaluate the re-development potential of a rectangular parcel of land comprising 2.16 hectare (5.3 acre) of land which are currently used for a wide variety of non-residential purposes.

urbanMetrics has been asked to provide economic advisory services related to the impact(s) or redesignating land from an Employment Area designation to an alternative use.

The owners ("Haven on the Queensway", "Haven") are seeking development permissions to support an innovative mixed-use project that would include a social enterprise anchor serving individuals and household in-need. The social enterprise is currently operational, however, due to increasing need, its mandate is growing and requires additional capacity to adequately support a growing clientele of families and individuals in need of more health and social service supports.

The subject lands are are being positioned, by the owners and the development team as a candidate for the Community Infrastructure & Housing Accelerator (CIHA) program – a new policy tool stemming from the Province's *More Homes for Everyone Act*, 2022. We

understand, too, that the ability for Haven to proceed with its development concept, which includes a full range of housing (i.e. upwards of 1,185 units, including affordable rental, affordable ownership, and market ownership), will require supporting documentation that appropriately addresses key Provincial and City of Toronto policy provisions concerning the “conversion” of lands from an Employment Areas to Mixed Use designation.

urbanMetrics has been asked to support this specific dimension of the Haven application.

urbanMetrics has worked extensively over the past twenty-five years on several large redevelopment projects within the QEW corridor and more broadly throughout south Etobicoke. These projects overwhelmingly demonstrate a shared interest by the development community – as well as local area residents, businesses and community groups – to accelerate the regeneration of lands that are no longer supporting their legacy land-use function. In recent years many large parcels, with similar locational and functional attributes to the subject lands, have been successfully repositioned to support growth pressures while simultaneously taking direct advantage of existing community assets/infrastructure such as transit, roads, schools, healthcare, shops and services, etc.

The Mixed-Use concept being advanced by Haven represents the ‘next chapter’ in a series of on-going, incremental – and *necessary* – planning policy refinements that systematically put people, community and high-quality place-making ahead of a “wait-and-see”, regulatory approach to growth management.

Our Position

The Employment Areas designation that applies to the subject lands should be updated to reflect the current planning, economic, and social reality. The existing land use and zoning provisions place untenable and unnecessary constraints on the subject lands. Clearly, a Mixed-Use designation as proposed by Haven would foster substantial economic and social benefits which together provide far greater and more enduring impacts than the unlikely “prospect” of attracting future manufacturing or warehousing jobs at some later, undefined date.

urbanMetrics has carefully reviewed the existing conditions on-site and the patterns of land-use change within the QEW/Queensway corridor between Park Lawn Road and The West Mall (CF-Sherway Gardens). In our opinion, the proposed Haven development would yield *more* on-site economic activity in terms of individuals and organizations delivering vital community services relative to the estimated 50 to 100 in-situ jobs that presently exist. More importantly, creating ~1,185 housing units on the site would provide direct and on-going stimulus to nearby commercial businesses by establishing a more localized customer base for shops and services established along the Queensway over the past 25 years. It would also strengthen local workforce conditions, providing enhanced opportunities for building sustainable, localized workforces.

The Proposed Project Addresses Policy Conversion Tests

A Mixed-Use designation would be required to help facilitate residential and transit supportive intensification at this location. The proposed change in use represents an employment land conversion. Conversions of employment land are permitted under the Growth Plan within the context of a Municipal Comprehensive Review (MCR).

Toronto OPA 644 represents part of that MCR process, while Policy 2.2.5.9 of the Growth Plan sets out the five policy tests to support and enable employment land conversion. Specifically:

1. The need for the conversion.
2. The lands are not required over the Plan horizon for the employment purposes for which they are designated.
3. Municipality will maintain sufficient lands to accommodate forecasted employment growth.
4. Proposed conversion will not adversely affect the overall viability of the employment area
5. There are sufficient infrastructure and public services available to accommodate growth.

The following sections address the conversion tests required to support the redesignation of the subject lands to facilitate a mixed-use development.

1. There is a demonstrated need for the conversion.

There is a clear need for the conversion of the subject lands to accommodate residential development as part of the City of Toronto's response to the growing housing crisis.

Recent research indicates that while the Province and the City have made some progress in addressing barriers to housing development and increasing supply, the Province of Ontario is failing to reach its 10-year (2021-2031) target of 150,000 new homes annually. Despite hitting its own target, the City of Toronto has reinforced its commitment to providing further housing supply upgraded its HousingTO affordable unit target from 40,000 to 65,000 units broken down into 6,500 rent-geared-to income, 41,000 affordable rental and 17,500 rent-controlled market homes. Meeting these ambitious yet necessary targets will require consistency in efforts to deliver housing.

The Province's Housing Task Force several important policy recommendations that municipalities should implement to indirectly increase the housing supply, two of which are particularly relevant to the subject lands:

- ✓ Recommendation 4: Permit as-of-right conversion of underutilized commercial properties to residential or mixed-use.

- ✓ Recommendation 10: Designate or re-zone all land along transit corridors as mixed commercial and residential use.

While there has been some progress within the City of Toronto toward the acceleration of alternative and affordable housing options, the City's recent 'upgrading' of its own housing targets represents an acknowledgement that additional housing beyond the targets has beneficial social and economic implications. It is likely too that Toronto will be called upon to do additional heavy lifting going forward with respect to the provision of even more housing. It is noteworthy that many 905 are municipalities – including nearby Mississauga – did not meet their housing targets in 2023, and deteriorating conditions within the broader housing sector (precipitated by higher interest rates, elevated home prices, high rents, etc.). Many developers have been forced pause projects, precisely at a time when housing needs in Toronto have never been greater.

The provision of *affordable* housing continues to be problematic. The City of Toronto, despite best intentions, is still falling well behind on the delivery of new social or deeply affordable units. According to a recent study by the Canadian Urban Institute, housing wait lists in Toronto continue to swell. By 2031, it is estimated that 120,000 households will find themselves on the waitlist for affordable (social) housing. This number is expected to reach 135,000 by 2041. Toronto finds itself in the precarious position that the number of households on the waitlist today exceeds the total inventory of housing units available within the entire universe of affordable housing units in Toronto (~90,500).

The re-designation of the subject lands to Mixed-Use does not fix the problem but would contribute favourably toward a better outcome for residents. The development of the subject lands as proposed would facilitate the “up-zoning” of underperforming lands to help introduce a diverse array of housing units, including affordable housing, along a major arterial roadway that is well-served by public transit, and within walking/cycling distance of hundreds of jobs within a broad cross-section of key sectors vital to Toronto's long-term well-being, including: food processing, film production, transportation and retail/wholesale trade.

2. The lands are not required over the horizon of this Plan for the employment purposes for which they are designated.

The subject lands today include approximately 5,540 square metres of light industrial, flex, office, and retail/service commercial space.

Based on the City of Toronto's standard employment densities (employment yields) the subject lands could notionally support somewhere in the order of 150 employees if fully optimized. That being said, a review of the existing site conditions carried out in conjunction with the ownership suggests current totals of somewhere between 50 to 100 employees (max) across all in-situ businesses.

The current function of the subject lands does not support, nor are they directly linked to, the health of the broader Employment Area within which they are located.

The individual properties comprising the subject lands are unsuitable for large format industrial uses due to the existing parcel fabric, irregular shape, and their proximity to residential uses on Algie Avenue. These constraints, in our professional opinion, limit the potential redevelopment options for the site, as a new “state-of-the-art” industrial or warehouse-oriented facility is unlikely to choose to locate on the site. Changes which have taken place in the past twenty to thirty years may enable some incumbent/entrenched users to “soldier on”, but it is unlikely that a new user would express confidence in the subject lands as an ideal location to establish a new industrial or logistics-based business. There are other sites in Etobicoke better positioned to support such a (hypothetical) user.

We recognize that it may be possible that other users, such as creative industries, artist studios and design workshops, may be attracted to this area, but the lack of flexible structures on the subject lands would mean building this type of space “on spec”. This development option requires significant risk tolerance and delivers limited reward. In other words, it simply wouldn’t pencil. We also recognize that the site could be cleared and resurfaced for the purposes of creating outdoor storage for surplus inventories such as vehicles, trucks, trailers, heavy/oversized equipment, and construction materials. That said, we don’t believe that these uses support the full potential of The Queensway as transitioning urban corridor.

urbanMetrics has undertaken a close review of current commercial and industrial spaces either for sale or lease throughout the South Etobicoke employment area. Our research has identified multiple *other* sites that would be rated more highly – and thus make more attractive candidate site options for future industrial and warehouse-based uses, if and when required.

The concept plan envisions approximately 4,200 square metres of commercial and community use space. This space could reasonably support up to 130 full-time equivalent (FTE) positions. The non-residential component of the concept plan will provide important community services and amenities that support a growing local residential community. It represents an intensification of the population-related services currently using the lands, providing additional amenities and services to a growing residential population along the Queensway, and reinforcing the City’s commitment to addressing the housing crisis.

It is our professional opinion that the proposed Mixed-Use designation being sought by the ownership would not eliminate – or negate – the underlying economic function of the site. Instead, it simply seeks to add additional built capacity, which in turn will strengthen the socio-economic linkages between the site and the surrounding land uses.

3. The municipality will maintain sufficient employment lands to accommodate forecasted employment growth.

The subject lands currently accommodate a mix of low-intensity commercial, office, and light industrial uses that are not entirely reflective of the economic activities intended to be protected via an Employment Areas designation.

In general, the current composition of business activities on-site are permitted via the secondary land uses within Employment Areas; those able to support the 'core industrial uses' typically associated with employment land development. However, the subject lands are not suitable for the development of so-called core industrial uses, such as manufacturing or large-format distribution based on their relatively small size, irregular shape, and the presence of sensitive land uses on Algie Avenue. As such, the redesignation of the site does not, and would not impact the City of Toronto's ability to accommodate traditional Employment Areas uses especially those which have specific, large-format site requirements and direct impacts on surrounding sites.

Ensuring an adequate supply of land for employment purposes is a priority for land use planning in the Greater Toronto Area (Greater Golden Horseshoe). However, supporting economic growth and job creation requires more than an adequate supply of land. Economic growth and stability require workers and workers require housing.

The proposed Mixed-Use designation would not impede the function of the broader employment area. Instead, it would simply provide improved linkages between businesses and households. Simply put, the conversion of the site to permit residential uses, developed in tandem a suite of wrap-around community support services will not impede or negate employment growth – or prosperity - in Toronto.

There is a growing consensus that high housing prices and low housing supply is constraining economic growth in the GTA and across Ontario.

Recent reports from RENX suggest that the challenges of attracting and retaining employees has begun to negatively impact industrial leasing in Etobicoke. A lack of affordable housing options within the City of Toronto is also widely cited as a pervasive Human Resource (HR) challenge for employers, including many large public and private sector organizations. Escalating prices and lack of housing supply make hiring in Toronto exceedingly difficult. Simply put, the future need for employment land cannot be economic imperative that drives home prices and rents to unsustainable levels.

4. The proposed uses will not adversely affect the overall viability of the employment area or the achievement of minimum intensification and density targets.

The long-term viability of the Employment Area will not be negatively impacted by the proposed conversion. Simply stated, the composition of most businesses presently found along the Queensway serve households (consumers), not other businesses.

The largest employers in the immediate vicinity are best described as commercial enterprises supported by residents of city and the surrounding region. IKEA, Canadian Tire, Mercedes Benz, Audi, Sobey, et.al., are there because of access to customers and the ability to develop large store formats. A number of obsolete (former) industrial buildings

have been re-purposed to support population serving uses, including recreation spaces such as, Queensway Badminton Club and Kings Court Basketball Etobicoke as well as public storage facilities such as Dymon Storage and U-Haul.

A mixed-use designation on the subject lands would reduce friction in the labour market and in order fulfillment, strengthening the economic linkages of nearby businesses. An acute example of this is the current use of 66 Fordhouse Drive, which operates as a low-density final-mile logistics hub for Hello Fresh Meal Kit Delivery and maintains a partnership with Haven on the Queensway, donating excess meal kits to Haven's food bank and street-outreach operations.

Hemson's 2022 report *Future of Toronto's Employment Areas and the Office Market* recognizes the importance of protecting employment lands to ensure a sufficient supply of large parcels buffered from sensitive land uses. However, it identifies the key criterion in considering conversions is to "ensure the continuation of the economic function of the lands and broader area, while at the same time achieving other city building objectives."

Hemson concludes that Toronto's economy will need to support approximately 300,000 jobs on employment land in 2041 to maintain a diversified economy, a modest increase from present levels. The subject lands will continue to sustain employment, including occupations in the food, health and education related sectors. If developed as a Mixed-Use project, the subject lands are likely to support *more* employment than the preservation of the status quo.

Considering the existing scale of activity on the subject land and the composition of business on in the immediate area – and on adjacent/neighbouring lands, it is reasonable to conclude that the proposed mixed-use designation will have no adverse effects on the viability of the employment area.

5. There is sufficient existing or proposed infrastructure and public services facilities to support the redesignation.

This section of the conversion tests will be addressed by another qualified professional from the development team.

The Bottom Line

In terms of the "employment land conversion policy tests" we see **no meaningful economic or land use planning imperative to suggest that the preservation of these lands under the existing Employment Area designation supports the public interest.** The concept which is being put forward by Haven will most certainly deliver greater, more enduring and more wide-ranging social and economic impacts than maintaining the status quo or holding out for a permitted or as-of-right use to materialize at some later date. The Mixed-Use concept for the subject lands provides a compelling

case for strengthening an area that is already undergoing transition. We would also note that the proposed Mixed-Use concept provides a direct and meaningful pathway to create and sustain employment on site (upwards of 150 employees) and would reasonably yield more workers than many other potential uses that could be integrated as-of-right such as public storage facility, vehicle dealerships or more big-box stores.

Next steps

It is our understanding that the Haven planning and development team will be meeting with the City of Toronto for additional consultations and meetings on this file in the days and weeks ahead.

urbanMetrics welcome the opportunity to discuss any employment/conversion related issues or concerns that may arise through these discussions. If you or any other members of the development team or Toronto City Staff have any questions or comments, please feel free to contact us.

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