

Technical Memorandum



To: Charlie Toman, Program Lead, Policy Planning and MCR, City of Hamilton, Lauren Vraets, Senior Planner - Long Range Planning, Sustainable Communities Section, Planning Division
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From: Antony Lorus and Amna Khan

Date: January 6, 2025

Subject: Land Use Quadrant Assessment of Fifty Road and South Service Road, Stoney Creek, and consideration of Employment Conversion Request for 1400 South Service Road

Our File: 22-5276

Dillon Consulting Limited has been retained by the City of Hamilton to undertake a land use review and assessment of the south-east quadrant of the Queen Elizabeth Way (QEW) and Fifty Road and South Service Road area and consider the proposed conversion of the lands at 1400 South Service Road (the "Subject Site") to non-employment use.

An updated assessment of Employment Area land needs (the Employment LNA) to 2051 is also being undertaken as a separate but related assignment. The basis for the land use quadrant review arises out of Council's request to further assess the need for conversion on the Subject Site, taking into account several key factors, such as: the City's planned urban structure and economic objectives, new Provincial planning policies, long-term Employment Area land needs, the planned role and function of the Subject Site and potential impacts on surrounding lands for development.

The purpose of this memorandum is to set out the results. The overall conclusion is that the proposed conversion is not appropriate and does not represent good land use planning. In our view, the Subject Site should remain in an Employment Area designation. Our key findings to support this conclusion are set out below and explained in more detail in the sections that follow.

Overview of Key Findings

The Proposal

- Materials submitted by the Applicant describe the proposal as a "mixed-use concept". However, **the proposed development is for primarily residential use**, with approximately 88% of the total floor area allocated to high-density apartments.
- The development concept includes the accommodation of approximately 420 jobs in a range of office, retail, and service commercial uses and "work from home". Nevertheless, in our view the **proposal represents a net loss of jobs** from an Employment Area perspective.

The Policy Context

- The new Provincial Planning Statement (PPS, 2024) has introduced many changes to the way municipalities in Ontario plan for growth. Notwithstanding, in our view, **the new PPS continues to prioritize specific areas for intensification and the protection of strategic employment sites**, especially in proximity to major goods movement corridors.
- The City of **Hamilton has identified the strategic areas for residential intensification** in Official Plan Amendment No. 167 (OPA 167). These are the Strategic Growth Areas illustrated in the Urban Hamilton Official Plan (UHOP) Urban Structure Schedule E (“Schedule E”): including the Downtown and forthcoming Major Transit Station Areas (MTSAs) along the future Light Rail Transit (LRT), other Nodes and Corridors and the existing Neighbourhoods.
- **There is an ample supply of housing units designated to accommodate future intensification** in these locations. There is enough potential available supply to meet future demand in the planned MTSAs and Downtown alone. Additional supply is available in other areas through ‘Gentle Densification’ including multi-plexes and attached or stand-alone accessory units (i.e., laneway houses) in the Neighborhoods identified on UHOP Schedule E.
- The **Subject Site is located within the greenfield area** of the City, as identified on UHOP Appendix G. The Subject Site is not located within the “Built-up Area” boundary – as indicated in the materials submitted by the Applicant -- and not relevant to the City’s numeric targets for intensification. While the proposal may add residential units generally within the Urban Area, these units would not be counted towards meeting the City’s intensification target.

Employment Area Land Needs

- Preliminary results from the forthcoming updated Employment LNA (2024) indicate a shortage. **There is a need for approximately 185 ha or 450 acres (developable land area) over the period to 2051**, based on the current in-force UHOP policy instruments and designated Employment Area land supply. The City of Hamilton is currently in the process of assessing the implications of the new PPS and *Planning Act* changes to the definition of Employment Areas in the UHOP. The assessment is not expected to increase the available Employment Area supply in the existing urban area.
- **The Subject Site is very well-suited for employment uses**, particularly those uses that value superior transportation access and high visibility from a major highway and goods movement corridor, the Queen Elizabeth Way (QEW). It is also part of one of the last remaining large vacant greenfield areas within the QEW corridor, which has historically been one of the City’s most successful locations for business park and industrial-type development.

Planned Role and Function of the Subject Site

- Materials submitted by the Applicant describe the Subject Site variously as being at the edge, fragmented and isolated from the existing Employment Area locally. However, from a broader regional or cross-jurisdictional perspective, **the Subject Site forms part of a much larger and nearly contiguous corridor of active employment use** extending across lower Hamilton into the Town of Grimsby and Niagara Region to the east.
- The **Subject Site is one of the last and most marketable greenfield sites remaining within the Stoney Creek Business Park** based on its size and locational advantages such as transportation access, exposure and visibility from the QEW corridor, and general suitability for development. Together with the balance of the southeast quadrant of the QEW and Fifty road interchanges, the lands represent the last large vacant greenfield Employment Area supply potential in the business park.
- **The planned role and function of the Subject Site is for employment use.** The Subject Site is located within the Fruitland-Winona Secondary Plan Area, where significant residential growth is planned to occur though a mix of housing intended to balance the built form character of the existing community with the need for denser housing forms and supporting retail at appropriate locations. The planned role and function of the Subject Site has always been for employment uses within the Secondary Plan area.

Potential Impacts on Surrounding Lands

- **Conversion of the Subject Site would limit opportunities for future employment growth** in the Stoney Creek Business Park. Permitting residential uses at this location would make it more difficult to achieve the City's objectives for the remaining lands within the southeast quadrant of the QEW and Fifty road interchange. The employment uses proposed could be accommodated in any number of other locations in the community. The supply of high-quality Employment Area sites, on the other hand, is finite and in short supply.
- There is a risk that **conversion to non-employment use in this location would set a precedent for higher land values** and, in turn, increased interest in future residential uses within the south-east quadrant of the Queen Elizabeth Way (QEW) and Fifty Road. This outcome would make the City of Hamilton's economic development objectives more difficult to achieve.
- There is also the **potential for destabilization of the broader QEW employment corridor in Hamilton and Niagara Region**, as other landowners begin to see the prospects of future land use and approvals transitioning into higher-value residential use: making existing buildings and vacant sites less financially attractive for employment use and, as a result, leading to greater landowner interest and conversion pressure for non-employment use.

1.0 The Proposal – Overview of the Application

Losani Homes (1998) Ltd. (“Losani” or “the Applicant”) has submitted an application to develop the Subject Site with primarily high-density residential use along with associated office and retail/service commercial space. From the City’s perspective, there is a unique interest in the Subject Site because it is one of the few remaining large vacant greenfield parcels along the QEW corridor that is generally recognized as one of the most successful (i.e., fully developed) Employment Area locations within both the City of Hamilton and broader metropolitan area.

1.1 Background and History

Beginning in 2019 the City of Hamilton initiated a review of its Employment Area land needs as part of the Municipal Comprehensive Review (MCR)-GRIDS 2 process including a review of Employment Area conversion requests. In August 2021, the Applicant submitted an Official Plan Amendment and Zoning By-law (OPA/ZBA) Amendment for a mixed-use development at 1400 South Service Road. These lands were part of several applications that were considered.

Since 2019, the Subject Site has been considered at multiple intervals during the MCR-GRIDS 2 process. City of Hamilton staff have consistently held that conversion of the Subject Site to non-employment use is not appropriate, and the site should be maintained in an Employment Area designation as outlined in Staff Report PED17010(k) dated April 20, 2022. However, as recommended by staff, the General Issues Committee (GIC) deferred the decision to allow for additional review and feedback.

In June 2022, Council adopted Official Plan Amendment No. 167 (OPA 167) implementing the “No Urban Boundary Expansion” (No UBE) growth strategy, including the Subject Site within the City’s Employment Area designation in accordance with staff recommendations. In November 2022, the Ministry of Municipal Affairs and Housing (MMAH) approved OPA 167, with modifications, including the removal of 1400 South Service Road from an Employment Area designation. In October 2023, the Minister of Municipal Affairs and Housing announced that it would be reversing their decision, which would have the effect of returning the Subject Site to its original employment designation.

In November 2023, the OPA and ZBA submitted by the Applicant in August 2021 was appealed to the Ontario Land Tribunal (“OLT”) for non-decision. On December 6, 2023, Bill 150 (the Planning Statute Law Amendment Act, 2023) received royal assent enacting the Official Plan Adjustments Act, 2023. The effect of this legislation includes restoring the No UBE growth strategy and returning the Subject site to its original designation and requirement to develop in accordance with the policies approved through OPA 167. It is also worth noting that during this process, City of Hamilton Council supported maintaining 26 of the 77 modifications to the UHOP but did not include the conversion at 1400 South Service Road, as outlined in Staff Report PED23252.

The key dates, reports and milestone decisions associated with the application for the Subject Site are provided in **Attachment 1**.

Losani Homes (1998) Ltd. (“Losani” or “the Applicant”) is seeking to redesignate and rezone the Subject Site to “Mixed Use High Density” in the UHOP (File No: ZAC-21-039 and UHOPA-21-018). The concept includes two 16-storey residential apartment buildings and two 8-storey residential apartments, with a total of approximately 1,000 residential units and 85,210 sq. m. gross floor area combined.

Additionally, the proposed development includes a 3-storey office building with a gross floor area of 10,233 sq. m. fronting on to South Service Road, and two small 1-storey commercial buildings with an approximate gross floor areas of 1,000 sq. m. combined. The concept is described as a “complete mixed-use community” including a “range of office, retail/service commercial, and residential uses”¹. However, based on overall floor area a primarily high-density residential use is being proposed:

- The four residential high-rise buildings range in size between approximately 20,000 sq. m. and 22,000 sq. m. for total of approximately 85,000 square meters.
- The total amount of office and commercial space is approximately 10,200 square metres and 1,000 square metres, respectively, for a total of approximately 11,200 square metres of.
- Based on this allocation, the residential component represents approximately 88% of the total space proposed as summarized in below in Table 1.

Table 1 - Gross Floor Area Distribution of the Proposed Development.

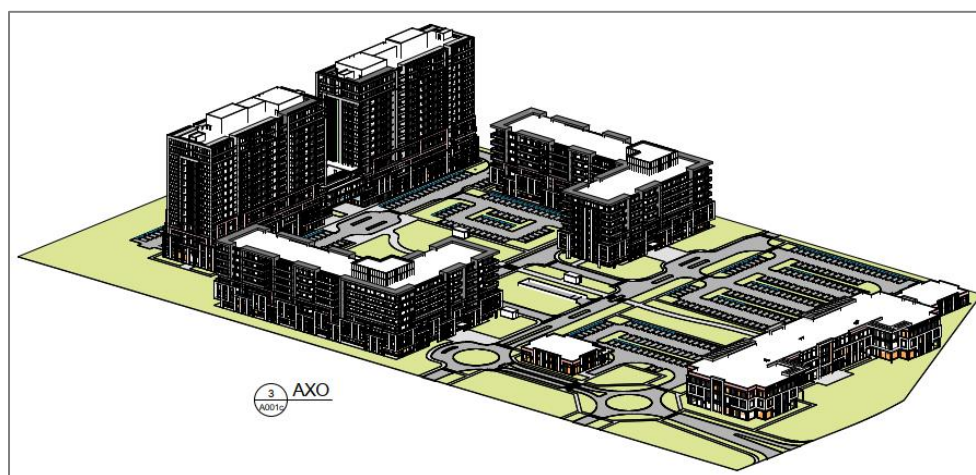
Proposed Building(s)	Intended Use	Gross Floor Area (sq. m.)	Percentage of Total Floor Area
Building A, B, C, D	Residential	85,210	88%
Building E, G	Commercial	966	1%
Building F	Office	10,273	11%
Total Buildings	All uses	96,448	100%

Source: Dillon Consulting limited 2024 based on Chamberlain Architect Services Ltd. (July 20,2021). *Site Plan* (Prepared for Losani Homes Ltd.).

The emphasis on residential use within the overall development concept is also apparent from a building massing perspective, as illustrated below in Figure 1.

¹ MHBC. (August 2021). *Planning Justification Report* (Prepared for Losani Homes Ltd.); Urban Metrics Inc. (July 28, 2021). *1400 South Service Road – Employment Areas Market Needs Assessment* (Prepared for Losani Homes Ltd.).

Figure 1 - 3D Rendering of the Proposed Development



Source: Chamberlain Architect Services Ltd. (July 20, 2021). Site Plan (Prepared for Losani Homes Ltd.).

1.3 Estimated Employment Generation

In the materials submitted by the Applicant, it is indicated that the proposed development could accommodate approximately 420 jobs in a range of office, retail, and service commercial type uses and Work from Home employment. The office and commercial space included in the proposal would be in the form of 'flexible' space including the accommodation of warehouse and showroom/retail uses similar to the general pattern observed elsewhere along the Queen Elizabeth Way (QEW) corridor in the Stoney Creek Business Park.

It is also noted that the intent of the proposed retail/service commercial space would be to provide more locally serving functions. The Applicant's consultants have stated that the amount of space would not be "significant enough" to compete with the larger District Commercial site designated on the other side of Fifty road as part of the Fruitland-Winona Secondary Plan Area. However, the key conclusion seems to be that the 420 jobs that could be accommodated by the proposed development would be more than expected under the current designation (between 183 and 233 jobs).²

1.4 Net Loss of Employment Potential

From a City-wide economics perspective, the key issue to be addressed is not simply the total amount of employment that could be generated by the proposal, but rather the number of jobs by type and range of economic activities involved, particularly those that require a location within designated Employment Areas as opposed to other land use designations elsewhere in Hamilton.

² Urban Metrics Inc. (July 28, 2021). *1400 South Service Road – Employment Areas Market Needs Assessment* (Prepared for Losani Homes Ltd.).

In this case, the type of jobs proposed – primarily office, retail, and service commercial activities – do not require a location within a designated Employment Area. These jobs could be accommodated within existing Strategic Growth Areas identified in the UHOP. The amount of major office space proposed in particular (10,000 + sq. m) is at a scale well in excess of the 4,000 sq. m gross floor area threshold defining “major offices”, which are directed to the Downtown Urban Growth Centre. The proposed employment uses also take up only a relatively small proportion of the overall land area as shown in Figure 1: much of the Subject Site is to be occupied by residential use.

Since only a small portion of the Subject Site is proposed to generate jobs that could be accommodated elsewhere in the community, at a minimum the proposal represents an under-utilization of economic potential from an employment perspective and a misalignment with planning policies that direct these uses elsewhere. The full range of jobs and economic activities that tend to occur within the designated Employment Areas generally cannot be accommodated in other areas or land use designations within the community: especially large industrial-type activities that require separation from sensitive uses such as residential. As a result, in our view conversion would mean a net loss of employment potential from a City-wide perspective.

2.0 The Policy Context

Many changes have been made to the Provincial planning policy framework in recent years, mainly to accelerate the provision of new housing supply to address the affordability crisis, supported by the goal of building 1.5 million homes in Ontario by 2031. These changes include Bill 23 (the More Homes Built Faster Act), Bill 162 (the Get It Done Act) and Bill 185 (the Cutting Red Tape to Build More Homes Act) and others. Most recently a new PPS has been released which introduces substantial changes to how municipalities in Ontario plan for growth, including changes to forecasting and employment-related policies that have yet to be fully implemented.

2.1 The New Provincial Planning Statement

The province released the final version of the new PPS in October 2024 after a lengthy period of consultation on two prior drafts. The new PPS replaces and integrates *A Place to Grow: Growth Plan for the Greater Golden Horseshoe* (the Growth Plan, 2019) and the 2020 PPS into a single document that applies across all municipalities in Ontario.

The 2024 PPS introduces new policies and definitions, carries forward and in some cases modifies policies and definitions from the 2020 PPS and incorporates and modifies a number of existing *Growth Plan* policies and definitions. Notwithstanding these changes – some quite significant – the new PPS continues its long-standing emphasis on prioritizing specific areas for intensification and protecting strategic sites for employment use, especially along major goods movement corridors.

Although the specific wording may differ, many of the key policy directions set out in the 2020 PPS and *Growth Plan* are carried forward into the new PPS. These include:

- The recognition that **Municipal Official Plans are the most important vehicle for implementation** of the PPS and for achieving comprehensive, integrated, and long-term planning: including the coordination of cross-jurisdictional matters to promote mutually beneficial outcomes with other planning authorities (Chapter 1 Introduction “Role of the Provincial Planning Statement”).
- The **concept of “Strategic Growth Areas”** as a focus for accommodating significant population and employment growth, providing a focal point for community-related employment and cultural use, and supporting transit (PPS Section 2.4.1 – General Policies for Strategic Growth Areas). Specific policy direction is provided to encourage intensification within the MTSAs (Section 2.4.2 Major Transit Station Areas) and on lands adjacent to existing and planned frequent transit corridors (Section 2.4.3 Frequent Transit Corridors).
- The broad policy **direction to promote economic development and competitiveness** by, among other matters, identifying strategic sites for investment, monitoring the availability and suitability of employment sites, and addressing barriers to investment (PPS Section 2.8.1 – Supporting a Modern Economy).
- The **need to plan for, protect and preserve Employment Areas** for current and future uses including protecting Employment Areas that are located in proximity to major goods movement facilities and corridors (PPS Section 2.8.2.1/2.8.2.2 Employment Areas). And,
- The **need to carefully consider and limit the removal of lands from Employment Areas** (i.e., Conversion) to cases where specific tests have been met, including the need to demonstrate the municipality has sufficient employment lands to accommodate projected employment growth to the horizon of the approved official plan (PPS Section 2.8.2.5 Employment Areas)

Two of the more significant structural changes made in the new PPS are: the introduction of a new direction for municipalities to base their population and employment growth forecasts on the population projections published by the Ministry of Finance (which are currently higher than the previously issued *Growth Plan* forecasts) and the change in the definition of Employment Areas.

The new PPS definition of “Employment Area” is of particular note since it excludes institutional and commercial uses including retail and office not associated with the “primary employment use” of the designated Employment Area. City of Hamilton staff are in the process of assessing the implications of these changes to determine how best to update current policies and zoning, as outlined in Staff Report PED24203. As such, it is not yet clear how the PPS changes will affect the overall supply and demand for Employment Areas on a City-wide basis. Nevertheless, in our view the spirit of the new PPS (among other matters) remains to protect strategic employment sites within major goods movement corridors and to carefully consider the removal of lands from an Employment Area designation.

As noted, of particular importance to this matter from a land use planning perspective is the City's adoption of the No UBE growth strategy, which seeks to accommodate all forecast growth in population and employment within the current Urban Boundary.

More specifically, approximately 80% of the total forecast housing growth forecast of 110,000 housing units to 2051 will need to be accommodated through intensification. Although intensification may be encouraged throughout the Built-up Area (Section 2.4.1.1) the designated Employment Areas are not identified as a location that should be considered to accommodate this type of growth.

Rather, the fundamental land use planning objective is to focus intensification within the City's primary Strategic Growth Areas, as set out in UHOP Section 2.4.1 *General Residential intensification Policies*, reproduced below for convenience.

In accordance with UHOP policy, the residential intensification target of 80% or 88,280 housing units shall generally be distributed through the Built-up Area as follows:

- a) The Downtown Urban Growth Centre shall be planned to accommodate approximately 30% of the intensification target.
- b) The Urban Nodes and Urban Corridors identified in Section E.2.0 - Urban Structure, excluding the Downtown Urban Growth Centre, shall be planned to accommodate approximately 40% of the residential intensification target.
- c) 30% of the residential intensification target is anticipated to occur within the Neighbourhoods as illustrated on Schedule E – Urban Structure. City of Hamilton staff is in the process of consolidating all residential zones into the City's Comprehensive Zoning By-law 05-200 as part of the Residential Zones project to facilitate the delivery of the 27,000 housing units that are to be developed within the Neighbourhoods through intensification.

Of particular significance is the policy-directed distribution of intensification to the Downtown and other Urban Nodes and Corridors, including the forthcoming establishment of multiple MTSA's along the planned Light Rail Transit (LRT) line and GO Transit rail stations. Significant intensification (30% of the total new units required) is also allocated to the existing Neighbourhoods as 'missing-middle' housing (i.e., Additional Dwelling Units) and other Gentle Densification such as lot splits, permitted locations for six units internal to neighbourhoods, and multiplex conversions.

There is a significant potential supply of housing units already in place to accommodate future residential intensification in identified priority locations. The *Residential Intensification (RI) Supply Update* originally undertaken by City staff as part of the March 2021 LNA identified a total of 72,300 potential units to 2051, as summarized in Table 2 below.

Table 2 - Residential Intensification Opportunities to 2051 by Policy Area.³

Policy Area	Metric	Short-Term (2021 to 2031)	Long-Term (2031 to 2051)	Total
Downtown	Units	9,700	14,000	23,700
	Share	36%	31%	33%
Other Nodes & Corridors	Units	4,200	18,300	22,500
	Share	16%	40%	31%
Neighbourhoods (includes Waterfront)	Units	12,700	13,400	26,100
	Share	47%	29%	36%
Total Units		26,000	45,700	72,300

Source: City of Hamilton, Residential Intensification Supply Update (March 2021)

Since the March 2021 Residential Intensification (RI) supply update was completed, further analysis has been prepared to estimate long-term development potential within Hamilton's 19 planned MTSA's along the future LRT corridor and GO Transit Stations as part of the GRIDS 2 process. The results are set out in the 2023 *Major Transit Station Areas* report prepared by Dillon Consulting.⁴

The MTSA boundaries established through the 2023 analysis encompass the entire Downtown Urban Growth Centre as well as much of the unit potential for the other Nodes and Corridors and a portion of the City-wide potential for Gentle Intensification in existing Neighbourhoods. As shown in Table 3 below, the 2023 work estimated a total build-out potential of roughly 115,000 new units.

The 2023 estimates of unit potential are currently being updated including adjusting the boundaries for some of the MTSA's to refine the ridership area and capture any additional trip generators that were not considered as part of the 2023 work. Although the analysis has yet to be finalized, the updated estimates are expected to indicate a somewhat higher overall unit potential for intensification than shown in the 2023 work.

Further intensification potential is also in place outside of the MTSA corridor in the other Nodes and Corridors as well as within existing neighbourhoods, including along the Waterfront. Based on the work originally identified in the 2021 RI Supply update, these locations would add approximately 25,000 units to the MTSA total, which is likely a conservative estimate given more recent approvals for increased heights in the West Harbour Area and trend of higher density proposals within the Built-up areas on the mountain along primary and secondary arterials.

³ City of Hamilton. March 2021, *Residential Intensification Supply Update*. Report available at <https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=250990>

⁴ Dillon Consulting Ltd. (2023) *Major Transit Station Areas Final Report*. Report available at <https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=379229>

Table 3-Estimated Build-out Unit Potential Within MTSA

Major Transit Station Areas (MTSA)	New Units Within Intensification Areas	"Gentle Densification" Units	Total Units
McMaster University	2,440	1,130	3,570
Longwood	2,980	860	3,840
Dundurn	3,180	670	3,850
Queen	6,510	830	7,340
James/Downtown Hamilton GO Station	4,240	80	4,320
Mary	3,540	120	3,660
Wellington	5,140	560	5,700
Wentworth	5,000	1,240	6,240
Sherman	2,480	1,330	3,810
Scott Park	4,890	1,370	6,260
Gage Park	2,720	1,080	3,800
Ottawa	5,960	1,350	7,310
Kenilworth	5,930	2,170	8,100
Queenston	3,560	1,210	4,770
Parkdale	4,630	1,370	6,000
Nash	7,940	620	8,560
Eastgate	11,150	700	11,850
Confederation	11,230	50	11,280
West Harbour	3,460	1,020	4,480
Total	96,990	17,760	114,740

Source: Dillon Consulting Limited 2024

Explanatory Note: The results of the 2023 MTSA work are reported in terms of total population figures, which are derived from the application of appropriate Person Per Unit (PPU) factors to the unit yields generated through the modelling process explained in the 2023 report. Intensification potential for this assessment is shown in terms of total units for comparison to the proposed development concept. These figures also represent a full "build-out" scenario to illustrate total unit potential, rather than specific allocations to the 2051 horizon.

Taken as whole, the overall potential is significant: a total of over 140,000 units as shown in Table 4 below. It should be noted that this total includes the prior estimates of unit potential to 2051 prepared as part of the 2021 RI supply update, which are likely understated since they do not reflect a full-build out scenario. It is also important to recognize the current slowdown and correction that is occurring in the high-rise apartment market, which has delayed the launch of many projects including the recently approved 45-storey tower in Hamilton’s west harbour area.⁵

Notwithstanding, from a long-range planning perspective, there is a more than adequate potential supply to accommodate future demand for 88,300 units through intensification to 2051, subject to good planning principles and the provision of adequate servicing and infrastructure capacity.

Table 2- Updated Intensification Potential by Policy Area

Component	Total Units
2023 MTSA Estimated Build-out Potential, New Units Within Intensification Areas and Gentle Densification	114,740
Additional Potential in Secondary Nodes and Corridors outside the MTSA's (based on 2021 RI Supply Update)	8,075
Additional Potential in Neighbourhoods outside the MTSA's, including the waterfront (based on 2021 RI Supply Update)	17,665
Total Intensification Supply Potential	140,480
Total Units Required under No UBE Growth Strategy	88,300

Source: Dillon Consulting Limited 2024, based on analysis prepared as part of the *Major Transit Station Areas Report*, 2023 and updated information from City of Hamilton staff. Includes unit potential from 2021 RI Supply updates to 2051 that are likely understated since they do not reflect full build-out.

Within this context, is important to clarify that the Subject Site is located within the greenfield area of the City of Hamilton. The Planning Justification Report prepared for the Applicant indicates otherwise: that the subject site is within the delineated Built-up Area and, as such, supports intensification targets and growth policies in the provincial and City planning policy framework⁶, which is not correct. The Subject Site is located outside the “Built-Up Area” identified in UHOP Appendix G, and therefore forms part of the greenfield area which is not relevant to the City’s numeric targets for intensification. Any residential development added at this particular location would represent new units within the Urban Boundary, yes: however, these units would not count towards meeting targets for intensification within the Built-up Area under either the UHOP or Provincial policies.

⁵ ‘It’s disappointing’: Market woes delay west harbour redevelopment. Retrieved from: https://www.thespec.com/news/hamilton-region/its-disappointing-market-woes-delay-west-frui-redevelopment/article_73ec7f3c-9021-54ed-bc8d-443e94881276.html

⁶ MHBC. (August 2021). *Planning Justification Report* (Prepared for Losani Homes Ltd.)

3.0

Employment Area Land Needs

As noted, the City of Hamilton initiated a review of its Employment Area Land needs in 2019. In March 2021 the LNA was completed, which estimated scenarios for Community Area (mainly residential) and Employment Area land needs over the period to 2051.⁷

From an Employment Area perspective, the conclusion was that supply and demand were largely in balance and no additional lands were required. However, this conclusion was based on optimistic expectations about the future density and pattern of growth, including full development of the existing vacant land supply (i.e. no long-term vacancy within existing designated areas) which is optimistic from a market perspective. It was also recognized at the time that many factors could shift the balance of supply and demand into a shortage position and that additional lands may need to be provided to ensure the City's ability to accommodate growth over the period to 2051.

3.1

Updated LNA Prepared as a Separate but Related Assignment

The updated Employment LNA is being undertaken as a separate but related assignment to provide a broader context for the Land Use Quadrant Review and inform our conclusions on the appropriateness of the proposed conversion and development concept. An updated Community Area LNA is not being prepared at this time since the need for additional lands is not relevant under the policy-based No UBE growth strategy: all of the forecast growth in population and employment is to be accommodated within the existing Urban Area over the period to 2051.

As noted, the new PPS introduces a new definition of Employment Area that will have implications for the amount and type of designated Employment Lands within the community. The City of Hamilton staff is currently working to assess the implications of these changes and determine the appropriate path forward for implementation. Accordingly, the overall effects on the supply and demand for Employment Area lands is not yet clear. However, as noted, the assessment is not expected to increase the available Employment Area supply in the existing urban area. And from an economic perspective in our view the spirit of the new PPS remains to protect strategic employment sites in major goods movement corridors and to carefully consider the removal of lands from an Employment Area designation.

As a result, for the purposes of this review the proposed conversion of the Subject Site and updated Employment LNA is based on the current in-force UHOP policy instruments and designated Employment Area land supply. The City-wide implications of the changes introduced by the new PPS are being addressed in the next steps of the Employment LNA, alongside the City staff process to determine the preferred path to implementation including any adjustments to existing Employment Area boundaries and the application of higher Ministry of Finance growth forecasts to the analysis.

⁷ The three scenarios were Growth Plan Minimum, Increased Targets and the Ambitious Density scenario that was ultimately recommended by staff for approval as the basis for long-range planning to 2051.

As explained in the March 2021 LNA, Employment Area land need was based on the net occupied and vacant supply, meaning the area of the building and building lot excluding roads, storm water management and non-developable lands. The employment capacity of Employment Areas at the plan horizon was estimated and compared to the forecast of Employment Area jobs in 2051 and conclusions reached on the surplus or shortage of supply to accommodate demand. The updated Employment LNA follows the same method of analysis, with key changes noted below. Results are preliminary and subject to change on review and the availability of new information.

Updated Supply Analysis

The supply analysis undertaken for the March 2021 LNA was based on information provided by the City of Hamilton, including high-level mapping of the core environmental constraints (major Natural Heritage System (NHS) lands) that are removed from the developable area to estimate capacity for job growth. For the updated Employment LNA (2024) the City has undertaken more detailed mapping of the core constraints, including additional NHS lands and expanded stream system areas that were not captured in the 2021 supply analysis. A small adjustment for existing residential uses has also been made in the supply update, mainly affecting the Stoney Creek and Bayfront Industrial Area.

The NHS mapping changes result in a larger area of core environmental constraints to be removed from the developable area and, in turn, a reduction of roughly 200 gross ha of lands that are available to accommodate jobs compared to the 2021 LNA. Since 2021, approximately 100 ha of Employment Area lands have also been absorbed through development. However, absorption does not change the results from a land needs perspective because the LNA is based on the total estimated capacity at the forecast horizon without regard to intervening events since the forecast was adopted.

Unlike absorption within the existing inventory, however, the NHS mapping changes do affect results because they reduce the total amount of lands available to accommodate growth to 2051 and, in turn, the estimated capacity for employment. A summary of the updated Employment Area land supply as currently designated in the UHOP is provided in **Attachment 2a**.

Updated Demand Outlook

The demand outlook is based on updated forecasts of employment to 2051 by type UHOP Policy Area prepared by Hemson Consulting Ltd. in December 2024. The forecasts are set to reach the current in-force UHOP total of 357,000 jobs in 2051, reproduced for convenience in Table 5 below.

Since the current UHOP forecasts remain in-force until such time as they may be updated, the potential implications of the higher Ministry of Finance projections have not been addressed. As noted, the City-wide implications of the changes introduced by the new PPS are being addressed in the next steps of the Employment LNA, including a higher growth forecast and changes to the definition of Employment Areas in the UHOP. The assessment of the new PPS definitional change in particular is not expected to increase the available Employment Area land supply in the existing urban area.

Table 5 – Total Employment Forecast (OPA 167)

Year	Total
2021	238,000
2031	271,000
2041	310,000
2051	357,000
Change 2021- 2051	119,000

Source: UHOP Chapter A – Introduction

Revisions have been made throughout the updated forecast to reflect changes since the March 2021 LNA was prepared, including the release of the 2021 Census employment, related labour force figures and results from the City’s 2023 Employment Survey. From the perspective of the growth outlook for employment by type and by policy area, the major change that has been made is to the level of Work at Home employment, which has been increased over the entire forecast period due to the post-COVID rise in remote work and other hybrid work arrangements.

The forecast for the designated Employment Areas has been updated within this context, based on the current UHOP policies that include a limited amount of major office and accessory retail and commercial use. Preliminary results are summarized in Table 6 below.

Table 6 – Updated Forecast Employment by Policy Area

Year	Employment Area	Community Area	Rural	Total
2021	52,100	171,400	14,400	238,000
2031	68,000	190,000	14,000	271,000
2041	86,900	208,400	14,800	310,000
2051	108,700	232,700	15,600	357,000
Change 2021- 2051	56,600	61,300	1,200	119,000

Source: Hemson Consulting Ltd, November 2024 based on analysis of Statistics Canada Census Place of Work data and City of Hamilton Employment Survey. Totals may not add due to rounding.

Explanatory note: Totals are to the Census Definition of Employment including usual place of work, work at home and an assigned portion of the GTHA “no fixed place of work” employment. The Munro Airport is located within the rural area of Hamilton for planning purposes and is therefore not an urban employment area. However, because of the use and scale of the Airport, employment at the Airport Facility itself (not within the Airport Employment Growth District (AEGD)) is considered to be part of Employment Land Employment (by type) and treated separately within the Rural Employment category for land use planning purposes. Employment at the Airport and associated aviation-related uses at the facility is estimated to be approximately 2,000 jobs and is expected to double to 4,000 jobs over the period to 2051, which is included in the Rural employment totals shown above. The total Employment Area forecast at 2051 (108,700 jobs) that is shown above represents the forecast total for the Urban Employment Areas excluding the Munro Airport facility.

Capacity Estimates and Supply/Demand Reconciliation

The capacity to accommodate job growth is estimated on an area-by-area basis, structured to achieve the City-wide UHOP target of 29 jobs per ha. The Bayfront industrial Area is set to achieve a density of 21 jobs per ha, which translates into approximately 6,000 net new jobs over the period to 2051 consistent with the approach taken in the March 2021 LNA.

No specific adjustment has been made for the jobs that are anticipated to be generated by the Slate Asset Management proposal for the Stelco lands, since the timing to bring these lands to market is unclear.⁸ However, the potential jobs are largely captured within the density expectation to 2051. A summary of the updated capacity estimates is provided in **Attachment 2b**.

The updated analysis includes an adjustment for “long-term vacancy” of 5% of the total supply to reflect the observed reality that not every parcel of land develops or redevelops into its planned use. The long-term vacancy adjustment is not a “contingency factor”, which would be the addition of more land than is required to maximize choice and competition in the market. Comparing the estimated capacity of the designated Employment Areas to forecast employment in Table 6 indicates a **shortage of approximately 185 ha or 450 acres (developable land area) over the period to 2051**. A summary of the preliminary LNA results is provided in **Attachment 2c** and shown below in Table 7.

Table 7 – Employment Area Supply and Demand Reconciliation to 2051

Component of Employment Area Land Needs Analysis	Result
Forecast Total Employment - 2051	108,700
Estimated Employment Area Capacity - 2051	104,000
Surplus / (Shortage) at Plan Horizon	(4,700)
Blended Density Factor Jobs per Net ha (see Note in source)	32.0
Associated Net Land Requirement (Net New Required)	147 ha
Gross Land Needs at an 80% “Net to Gross Factor”	185 ha
Gross Land Needs shown in acres	450 acres

Source: Dillon Consulting Ltd. 2024 based on forecasts prepared by Hemson Consulting Ltd. and City of Hamilton Geographic Information System (GIS) information. Note that the blended density applied to the job capacity shortage in 2051 is based on 75% at 30 job per net ha (AEGD) and 25% at 38 jobs per net ha for the Business Parks.

Within the context of the No UBE growth strategy, this result indicates that existing supply of designated Employment Area lands is a very important resource for maintaining economic competitiveness. As noted above, use of the current Ministry of Finance forecasts, other things being equal, would suggest an even larger shortage over the period to 2051. However, the full impacts of these changes on a City-wide basis are currently being assessed and yet to be determined.

⁸ The current proposal is understood to be for roughly 11, 239 square metres of industrial, office and commercial space gross floor area, which would translate into approximately 9,200 jobs at full development. This is a high-level estimate based on current Development Charge (DC) rate of 1,200 sq. ft per employee as noted in the applicable background report documents from Watson and Associates 2023.

Generally speaking, the supply of vacant employment lands with direct access to major highways has become increasingly constrained across established areas within the metropolitan region, which is why preservation of such sites continues to be a key priority from a land supply and Provincial land use planning policy perspective. This imperative is recognized by the continued emphasis in the new PPS on protecting strategic employment sites, including those in close proximity to major goods movement corridors, and on the need to carefully consider the removal of lands from Employment Areas.

3.3 Subject Site is Well Suited for Employment Use

The Subject Site has many locational advantages, including direct access to South Service Road and the nearby arterial road network, a major goods movement corridor and highway interchange and high-profile signage opportunities and visibility from the QEW. Visibility and exposure are particularly significant, given that the QEW corridor has long demonstrated its market appeal for employment-related investment throughout the Greater Toronto and Hamilton Area (GTHA) and Niagara Region.

In addition to its locational advantages, the Subject Site is large, relatively flat and understood to be free of significant constraints to development for employment uses. Although Fifty Creek runs through the abutting site to the east, these types of natural features are increasingly attractive to businesses seeking "campus-style" facilities that value access to open space as a part of their competitive advantage. In our view, the adjacent natural heritage feature system and visibility from the QEW make the Subject Site well-suited for new business investment. The Subject Site is also bounded by key infrastructure and surrounding non-Employment Area uses including:

- To the North: South Service Road, Queen Elizabeth Way (QEW), low-density residential uses, and Fifty Point Conservation Area.
- To the East: Fifty Creek, agricultural uses, natural open space, active outdoor aggregate operation (DVC Aggregates)
- To the South: Canadian National (CN) Rail Line, hydro corridor, agricultural uses, natural open space; and
- To the West, a Vacant parcel owned by the Province of Ontario (Ministry of Transportation) and Fifty road.

In our view, this local land use context further enhances the potential of the site to accommodate future business park and industrial-type uses, especially those requiring separation from sensitive uses such as residential. In the materials submitted by the Applicant, it is similarly recognized that the location of the proposed development directly off South Service Road where visibility and accessibility to passing traffic can be maximized "puts them in an attractive commercial position."⁹ Notwithstanding the new PPS definition for Employment Areas, there does not appear to be any fundamental disagreement over the suitability of the Subject Site for employment use.

⁹ Urban Metrics Inc. (July 28, 2021). *1400 South Service Road – Employment Areas Market Needs Assessment* (Prepared for Losani Homes Ltd.).

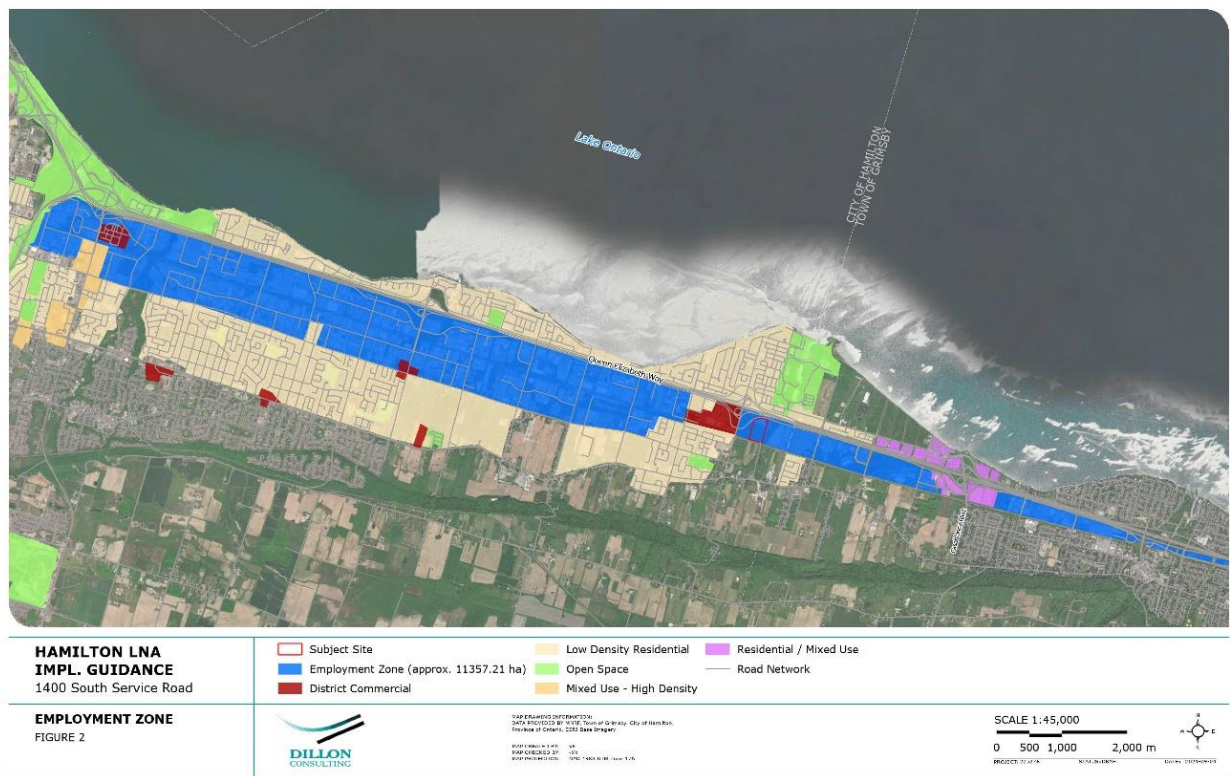
4.0 Role and Function of the Subject Site

From a broader land use perspective, the role and function of the Subject Site has always been to develop for employment uses, notwithstanding the various changes to the underlying employment designation over time, nor the new PPS employment related policies or changes to the definition of Employment Area: it remains well-suited for this purpose.

4.1 Part of an Established Corridor of Employment Uses

From a broader land use perspective, the Subject Site forms part of larger and mostly contiguous corridor of designated Employment Areas spanning from Hamilton to Niagara Region. City staff have made a similar observation in their reporting on the proposed conversion (Reports PED17010(k), (p) and (r)). As illustrated in Figure 2, this corridor extends approximately 14 km from East Hamilton along the QEW and into the Region of Niagara through the Town of Grimsby.

Figure 2 Hamilton to Grimsby Employment zone corridor.¹⁰



¹⁰ Dillon Consulting Ltd. (2024). *Map of Employment Zone*.

There may be some interruptions in the specific types of employment use permitted within the corridor, notably the District Commercial site noted previously as well as the mixed-use node around the approved Grimsby GO Transit station. However, we are not aware of any significant high-density residential use in the area: only scattered pockets of legacy “enclave” low density residential uses (similar to the Bayfront Industrial Area).¹¹ It is also worth noting that the bulk of the QEW corridor towards the GTHA West is nearly fully developed with a range of employment uses: another compelling indicator of the areas’ overall competitiveness for new development.

In the materials submitted by the Applicant, the south-east Quadrant of lands at QEW and Fifty Road (including the Subject Site) is described variously as “fragmented”, “isolated” and surrounded by various non-Employment Area uses. The Applicant’s submission opines that this condition will likely result in the site remaining vacant for an extended period whereas the proposed development could support new jobs at a much earlier date.¹² In contrast, we consider surrounding land use conditions as an advantage for more ‘traditional’ industrial uses such as manufacturing, transportation or warehousing.

In our view, there is no reason to expect that the Subject Site could not be taken up by these types of uses, notwithstanding debates over the anticipated timing of development. As an indication of current market interest, it is understood that an active application for development is in progress for a site at Kelson Avenue in the Town of Grimsby. The proposal is for three large industrial warehouses with a gross floor area of nearly 60,000 sq.m, located as shown below in Figure 3.

Figure 3 – Location of Active Industrial Development Application in Grimsby



¹¹ It is understood from City staff that the District Commercial site nearby has areas that have been carved out and made "Neighbourhoods" for maisonette and other uses that may fall into a broad higher-density category, but not at the scale being proposed for the Subject Site.

¹² Urban Metrics Inc. (July 28, 2021). *1400 South Service Road – Employment Areas Market Needs Assessment* (Prepared for Losani Homes Ltd.).

4.2 One of the Last Remaining Greenfield Development Parcels in the Stoney Creek Business Park

The Subject Site is located within the Stoney Creek Business Park, historically one of the City's most successful locations for industrial-type development, as shown by its near full occupancy. From a land supply perspective, the Stoney Creek Business Park is over 90% developed.

The current net occupied and vacant supply in the Stoney Creek Business Park is approximately 600 ha, of which 545 ha are occupied and 55 ha are vacant – indicating that the currently designated land supply is almost fully developed. As shown in Table 5 below, the remaining vacant supply consists primarily of small, scattered parcels especially in the area west of Fifty Road along the QEW towards Burlington. Most vacant sites are under 1.0 ha in size with very few large parcels remaining.

Table 5 - Distribution of vacant land parcels by Net Area in Stoney Creek Business Park (2023).¹³

Vacant Land Net Area (ha)	Number of Parcels
0.01 – 0.50	26
0.51 – 1	7
.01 – 3	4
3.01 – 5	3
> 5	3
Total	43

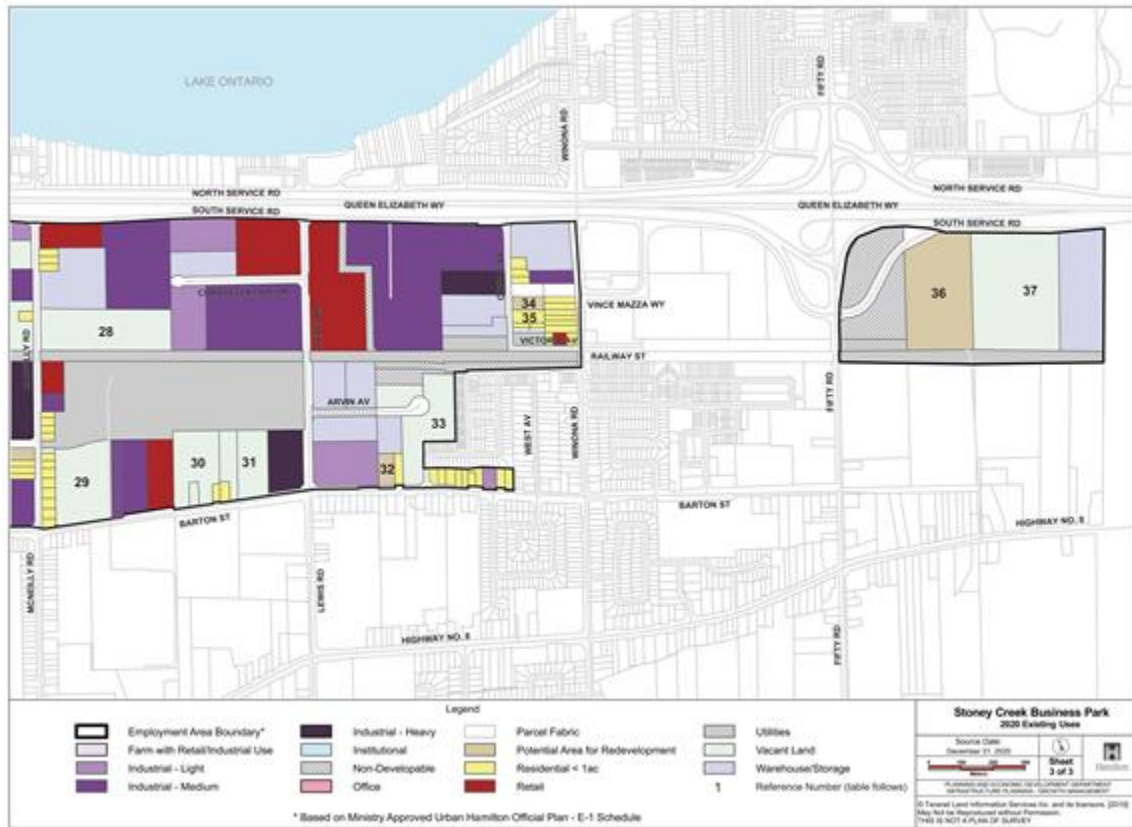
Source: City of Hamilton

The Subject Site and properties to the east (shown as Parcel 36 and 37 in Figure 3 on the following page) comprise one of the last remaining large vacant greenfield parcels of land in the Stoney Creek Business Park, and along the City's portion of the QEW corridor more generally.

Located to the east of these two vacant parcels is an existing aggregates storage yard that could also potentially also be redeveloped for industrial-type use. Taken as a larger block, the Subject Site alongside lands to the east comprise a total potential land area of over 20 ha: a site size large enough to be attractive to a range of significant business park and industrial uses. Apart from the southeast quadrant of the QEW and Fifty road with vacant parcels of 7.26 ha (the Subject Site) and 9.90 ha in size (Parcel 37 below) the remaining land supply is effectively fully developed.

¹³ City of Hamilton. (2023). *Employment Area Inventory*.

Figure 3 - Existing Land Use in the Eastern Portion of Stoney Creek Business Park, 2020.¹⁴

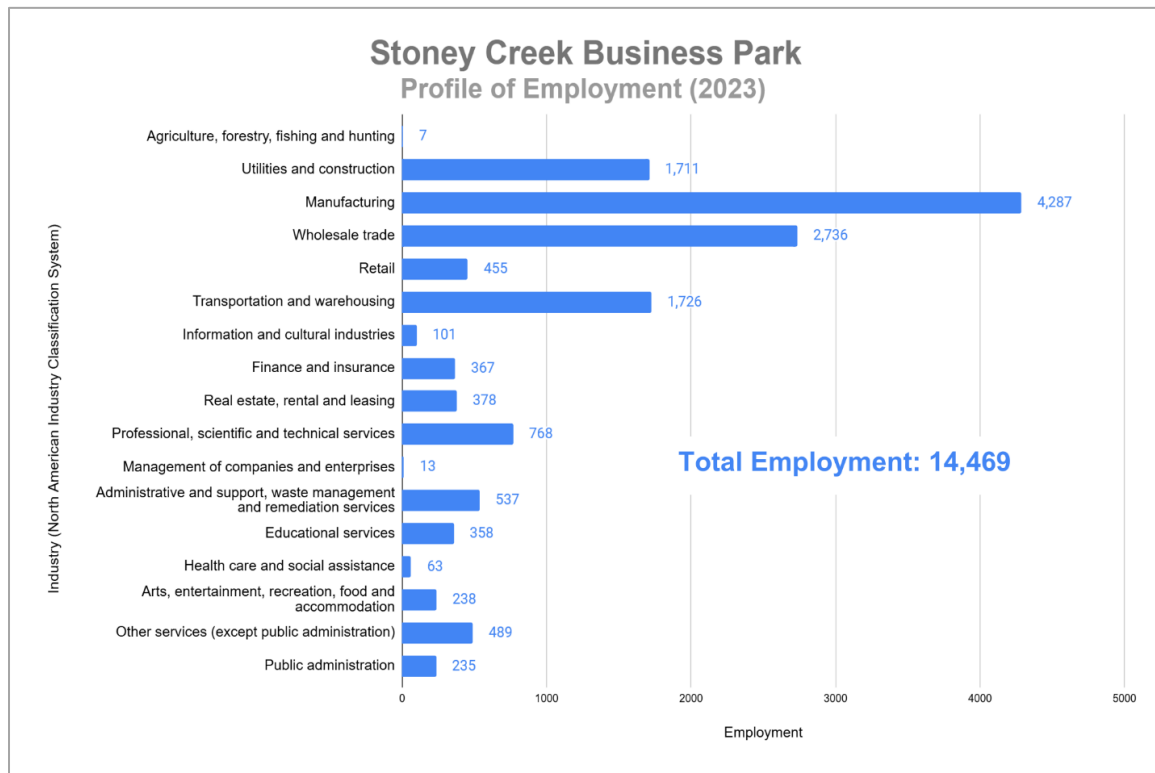


In this context, the Subject Site represents one of the last and most marketable greenfield sites remaining within the Stoney Creek Business Park based on its size, locational advantages, transportation access, exposure and visibility from the QEW corridor and general suitability for development. Along with the balance of the southeast quadrant of the Fifty road interchanges, these lands represent the last large vacant greenfield potential in the business park, though the Applicant may take issue with the specific range of permitted uses and anticipated timing of development.

This pattern of nearly full land occupancy with only small, scattered vacant parcels remaining (except for the Subject Site and other lands noted above) is consistent with the area's history as a very successful location for new business investment. As shown in below Figure 3, the Business Park currently accommodates nearly 15,000 jobs with a focus on Manufacturing, Wholesale trade, Transportation and Warehousing and Utilities and Construction.

¹⁴ City of Hamilton. (2020). Employment Area Inventory. Retrieved from <https://www.hamilton.ca/sites/default/files/2023-05/employment-area-inventory-2020.pdf>.

Figure 3 – Profile of Employment in the Stoney Creek Business Park ¹⁵



4.3 Long-Planned Function to Accommodate Employment Uses

The Subject Site is located within the Fruitland-Winona Secondary Plan, an area that is already planned to accommodate significant population growth: approximately 15,400 people at a density of 70 persons/jobs per ha. The current expectation is for the development of a mix of housing types including medium density units to accommodate future demand. The vision is for a built form that balances the character of the ‘small-town’ community of Fruitland-Winona with the need to provide denser housing forms and supporting local retail at appropriate locations.

It is understood that medium-density housing is directed to a portion of the *District Commercial* site and generally along Barton Street. Otherwise, and from a broader Urban Structure perspective, most future high density residential units are strategically directed to the Downtown Urban Growth Centre and other nodes and corridors, including the MTSA to support investment in rapid transit. It is also worth noting that, the Fruitland-Winona Secondary Plan Area (formerly known as the Stoney Creek Urban Expansion or ‘SCUBE’ area) has been subject to a lengthy process of study and consultation that began in 2003 with the approval of (then) Regional Official Plan Amendment 14 (ROPA 14) and the Stoney Creek Official Plan Amendment 99 (OPA 99).

¹⁵ Based on information from the City of Hamilton 2023 *Employment Survey*

Since 2003, a more than 20-year process of detailed technical analysis and planning assessment has been undertaken to establish the land use, transportation and infrastructure requirements and development standards (among others) to guide an appropriate form of development in this location. From the outset of this lengthy and comprehensive process, the planned function of the southeast quadrant of QEW at Fifty Road has always been to accommodate employment uses with the City's broader system of business park and industrial lands. Over time, some changes have been made to the permitted uses on the Subject Site, for example in 2008 a settlement was reached to permit a travel plaza (the "Flying J" proposal) and associated uses catering to the traveling public. However, the underlying employment designation and strategic focus on employment has consistently been maintained as part of the City's long-standing vision for these lands.

It is understood that applications have been approved to allow residential uses near the District Commercial site as envisioned in the Fruitland-Winona Secondary Plan, but in the form of more medium density housing including ground-related forms and lower-rise apartment units. These approvals provide options for greater residential density and in a built form that is considered appropriate within the context of the overall vision for the area. Within this unique community and local planning context, there is some question as to the suitability of adding significant additional high-density units on the Subject Site. Approval of high-density residential on the Subject Site also has a number of potential impacts on surrounding lands that need to be taken into account.

5.0 Potential Impact on Surrounding Lands

In our view, conversion of the Subject Site limits opportunities for future employment in the area. There are also concerns with land use compatibility and the appropriateness of adding significant additional residential units at this particular location in the community. Conversion to non-employment use also carries the risk of setting a precedent and potentially increasing the land value expectations of the other landowners in the area and, in turn, generating interest for additional residential developments. This outcome would not be in the City's best economic interests.

In our view, the proposed conversion is also not consistent with the spirit of the UHOP and new PPS tests for conversion nor policy directions to protect the supply of strategic employment sites in close proximity to major goods movement corridors such as the QEW.

5.1 Limiting Opportunities for Future Employment

As noted, the long-standing role and planned function of the lands in the southeast quadrant of QEW and Fifty Road is to accommodate a range of business park and industrial-type use which are set out by the current Employment Area designation. Notwithstanding the new PPS employment policies and definitional changes, there appears to be no fundamental disagreement over the competitiveness and marketability of the Subject Site to accommodate employment uses.

From a land use planning perspective, the Subject Site forms a substantial part of the last remaining large vacant greenfield area within the Stoney Creek Business Park that is otherwise occupied by active industrial and commercial use. As long as these existing employers remain operational, there are very few other opportunities to accommodate a major new employment use along the QEW corridor in Hamilton. Given these conditions, development of the subject site for primarily residential use would make it more difficult to achieve the City's objectives for the remaining lands within the southeast quadrant of the QEW and Fifty road interchange.

5.2 Land Use Compatibility

There is some concern with the compatibility of significant high-density residential uses on the Subject Site within the existing and planned local land use context. The site is currently located in an area with limited pedestrian connectivity, transit access, and proximity to essential services such as schools, community centers, and medical facilities. UHOP policies, particularly Section E.3.6.4, emphasize that high-density residential uses should be located within safe and convenient walking distances to these types of facilities. In this particular case:

- There are no existing or planned community facilities, schools, or local commercial uses within a reasonable walking distance (approximately 300 metres).
- Public transit services are limited, and
- The southeast quadrant of Fifty Road and the QEW are not part of any currently approved Transit Master Plan or Capital plan, As a result, future residents would likely rely on private automobiles to meet their daily needs.

While the Fifty Road and QEW area may have previously been identified as a future multi-modal transit hub, actual transit investment has taken a different path. The planned GO Transit rail stations were ultimately constructed at Centennial Parkway (Confederation GO Station) and Casablanca Road in Grimsby (Grimsby GO Station) instead. The UHOP continues to show plans for higher-order transit along Highway 8 with a terminus at Fifty Road and Barton Street, however the timing of this infrastructure has yet to be determined through the (Re)Envision HSR phasing strategy to 2032.

The UHOP Urban Structure and 2024 PPS both prioritize intensification within the Strategic Growth Areas (SGAs) including the Downtown and MTSAs in particular. These areas have been identified as a focus for growth based on their capacity to accommodate higher densities as a result of existing and planned infrastructure investments. Within this context, the proposed conversion represents a major departure from the planned land use and function of the south-east quadrant of Fifty Road and the QEW as well as the overall vision for the Fruitland-Winona community. There are also concerns with the introduction of a sensitive use at this location in relation to the Provincial D-6 Guidelines for separation distances. In our view, the proposed development has the potential to introduce a land use that is incompatible with currently allowable uses on vacant lands to the east and west, which include a range of Class II industrial activities. We would also question the Applicant's characterization of future noise impacts as "minor" as well as the suitability of the proposed mitigation measures.

5.3

Risk of Precedent

The introduction of residential uses within an established area of designated employment lands could also set a precedent for future development. As a higher value land use, the approval of residential development on the Subject Site could lead to an interest in further residential approvals for other sites within the business park in Hamilton and potentially beyond to the east in Niagara.

As a result, there is a real risk that additional Employment Area sites along the QEW corridor in Hamilton and Niagara will come under conversion pressure. This risk arises as other landowners start to see the prospects of future land use changing to higher value residential use. Over time, this makes existing buildings and available sites less attractive for continued employment use from a financial perspective and, in turn, greater landowner interest and pressure for more residential development. According to materials submitted by the applicant, the owner of the Subject Site has already developed a concept plan that illustrates potential extension of uses into adjacent lands.¹⁶

The potential for increased land value expectations amongst other landowners is one of the primary reasons underlying the well-established Provincial planning policy objective to carefully consider the conversion of employment areas to non-employment uses. Protecting an appropriate supply of lands for employment purposes is required not only to accommodate new business investment, but also to reduce speculative pressure for future residential land use: thereby keeping land prices competitive with other business park and industrial lands and, in turn, allowing potential future users to purchase lands or invest in new buildings with the assurance of continued value in maintaining and reinvesting in the properties for continued employment use.

5.4

Implications for the City's Planned Urban Structure

Within this context, there is no need to provide additional residential unit capacity on the Subject Site to achieve the City's planning objectives. There is an ample supply of potential residential intensification opportunities in the Strategic Growth Areas as well as the existing Neighbourhoods through various forms of Gentle Densification. On the contrary, converting the Subject Site to further increase the residential unit supply produces at least two undesirable planning results:

1. First, it reduces a limited and finite resource (high-quality Employment Area sites along a major goods movement corridor) to provide a range of employment uses than can be accommodated in any number of other locations within the community; and
2. Second, it unnecessarily increases the supply of residential sites in an unplanned location, and for uses that the City of Hamilton has directed to other parts of the urban structure, particularly residential intensification to support development of the Strategic Growth Areas.

¹⁶ Urban Metrics Inc. (July 28, 2021). *1400 South Service Road – Employment Areas Market Needs Assessment* (Prepared for Losani Homes Ltd.).

The combined effect would be to make the City's planned urban structure for both residential and employment more difficult to achieve. The conversion would also diminish the City's capacity to achieve its economic objectives by reducing the supply of Employment Area lands in a location that is very well-suited for this purpose to provide a range of uses that could be provided in other locations. In our view, this is not in the City's best long-term economic interests.

5.5 Consistency with the UHOP and Provincial Tests For Conversion

Both the new PPS and UHOP set out tests for the conversion, or removal of lands from an Employment Area Designation. The UHOP references the prior *Growth Plan* conversion tests, which are superseded by the new PPS. However, the new PPS continues to emphasize the need to limit the removal of lands from Employment Areas to cases where specific tests have been met, including the need to demonstrate sufficient lands are available to accommodate employment growth to the plan horizon.

Specifically, PPS Section 2.8.2.5 Employment Areas sets out that Planning authorities may remove lands from employment areas only where it has been demonstrated that:

- a) there is an identified need for the removal and the land is not required for employment area uses over the long term;
- b) the proposed uses would not negatively impact the overall viability of the *employment area* by:
 1. avoiding, or where avoidance is not possible, minimizing and mitigating potential impacts to existing or planned employment area uses in accordance with policy 3.5;
 2. maintaining access to major goods movement facilities and corridors;
- c) existing or planned infrastructure and public service facilities are available to accommodate the proposed uses; and
- d) the municipality has sufficient employment lands to accommodate projected employment growth to the horizon of the approved official plan.

In our view, the proposed conversion is not consistent with either the spirit of the UHOP or new PPS tests for conversion, for the following reasons:

- There is no need to remove the Subject Site from an Employment Area designation to provide additional high-density residential units. The UHOP clearly directs residential intensification to specific locations within the planned Urban Structure, those being the Strategic Growth Areas as well as existing Neighbourhoods identified on Schedule E. There is an ample supply of potential units to accommodate growth in these locations over time.
- The Subject Site is required for Employment Areas uses given its strong locational advantages and position within one of the City's most successful locations for business park and industrial-type development. The Subject Site occupies a sizeable portion of the last remaining vacant greenfield area for development in the Stoney Creek Business Park and is required to serve its long-standing role and planned function, which is to accommodate employment uses exclusively.

- The proposed residential uses would negatively impact the overall viability of the employment area by limiting opportunities for future employment and introducing the risk of setting a precedent for higher value uses that could lead to an interest in further residential approvals on abutting parcels to the east in Hamilton and potentially beyond in the Region of Niagara. This outcome would not be in the City's best economic interests, nor would it have regard to the broader PPS direction to coordinate cross-jurisdictional matters to promote mutually beneficial outcomes with other planning authorities.
- From a land use compatibility perspective, the proposed high-density residential uses would not be appropriate nor consistent with the local context and represents a major departure from the planned function of the south-east quadrant of Fifty Road and the QEW. While the mitigation of site-specific compatibility issues such as noise might be possible, in our view this is not a sufficient justification to supersede the spirit of the new PPS in this regard, which is to protect strategic employment sites in major goods movement corridors.
- Existing or planned infrastructure and public service facilities are not available to accommodate the proposed uses. The Subject Site does not benefit from the level of pedestrian connectivity, transit access, and proximity to community services normally associated with this scale of residential development. Although transit services are being considered for the commercial area nearby, there are no implemented transit improvements at this time that support the intensity of development proposed for the site.
- The municipality does not have sufficient employment lands to accommodate projected growth to the approved plan horizon.

Both the new PPS and UHOP policies direct significant growth and development to the Strategic Growth Areas, those being the MTSAs, Downtown and other Nodes and Corridors. Further intensification is directed to the existing Neighbourhoods in a range of Gentle Densification housing forms such as multi-plexes and attached or detached accessory units. There is more than enough supply potential already in place to accommodate future intensification envisioned for these areas.¹⁷

The supply of high-quality Employment Area sites, on the other hand, is constrained. Preliminary results from the Employment LNA indicate a shortage of approximately 185 ha over the period to 2051, which makes the remaining designated supply an increasingly important resource for maintaining economic competitiveness and achieving the City's economic objectives. Notwithstanding the employment-related policies or change in the definition of Employment Area, in our view the spirit of the new PPS remains to project strategic employment sites within major goods movement corridors and carefully consider the removal of lands from an Employment Area designation. In this sense, even if the preliminary results from the Employment LNA did *not* indicate a shortage over the period to 2051, we would still be of the view that the Subject Site should be retained in an Employment Area designation.

The Subject Site is one of the last remaining large vacant greenfield parcels within the Stoney Creek Business Park, one of the City's most successful locations for industrial and business park development. It also forms part of a larger area of vacant lands at the southeast quadrant of the QEW and Fifty Road and is part of a nearly continuous corridor of active employment use through Hamilton and beyond. Conversion of the Subject Site would limit opportunities for future employment uses in this area.

There is also a risk that conversion would set a precedent for higher land values and, in turn, increased interest in further residential conversions of Employment Areas sites in the area, which is not in the City's best economic interests. While the proposal may advance broader objectives for intensification, it does not necessarily follow that significant additional residential units must therefore be provided at this particular location. Based on the foregoing, our conclusion is that the proposed conversion is not appropriate and does not represent good land use planning. The Subject Site should remain in an Employment Area designation.

¹⁷ As a final note to this broader conclusion, it is important to reconfirm we remain of the view that there is a risk the No UBE growth strategy adopted by Hamilton Council does not meet Provincial planning policy requirements. There are several reasons that lead us to this concern that are discussed in more detail in the materials prepared for the March 2021 LNA and available under separate cover. Within the context of the City's policy-directed distribution of intensification to the Strategic Growth Areas, however, there is an ample potential supply in place. The question of whether land use planning policy can facilitate the necessary shift in market demand and force the production of the units required to achieve the UHOP forecasts to 2051 is another matter.

Attachment 1

Key Dates and Timelines

City of Hamilton

*Land Use Quadrant Assessment of Fifty Road and
South Service Road, Stoney Creek and consideration
of Employment Conversion Request for 1400 South
Service Road*

January 2025 – 22-5276



1400 South Service Road – Key Dates and Timeline

As part of the most recent Municipal Comprehensive Review (MCR) process, the City completed a review of its employment land needs, including a review of employment land conversion requests. The Subject Site at 1400 South Service Road was reviewed and assessed at multiple times over the course of the GRIDS 2 process, however, as a result of the need for more information, to date, no decision has been made on the future land use permissions for 1400 South Service Road. The following summarizes the key dates/milestones associated with the site:

- November 20, 2019:** The draft Employment Land Review report presented to General Issues Committee (GIC) (Report PED17010(f)) with a recommendation to commence public consultation on the Employment Land Review report and other matters related to GRIDS 2. This report included an initial analysis of lands designated “Employment Area” within the UHOP and identified lands which may warrant conversion to non-employment uses. As part of the review, a conversion request by Losani Homes for 1400 South Service Road was considered in this initial assessment and was screened out from the process, as the area was not considered be on the edge of an employment area.
- August 4th 2021:** A finalized version of the Employment Land Review (Report PED 17010(k)) was presented to GIC. The conversion request for 1400 South Service Road was further assessed by staff and took into consideration additional materials provided by the applicant with regard to a mixed-use development on the Subject Site. Staff maintained their opinion that the site was not on the edge of an employment area, that the need for the conversion had not been justified, and that conversion would fragment the broader employment area block. Council passed a motion amending the recommendations to Report PED17010(k) to defer making a decision on 1400 South Service Road (as well as five other properties) until later in the MCR process, pending a further evaluation of additional materials to be submitted by the requestors.
- August, 2021:** Applicant submitted an Official Plan Amendment and Zoning By-law Amendment for a mixed-use development at 1400 South Service Road consisting of two 16-storey multiple dwellings, two 8-storey multiple dwellings, one 3-storey office building, and two 1-storey commercial buildings.
- November 9, 2021:** Council adopted a No Urban Boundary Expansion Growth Option to accommodate the City's forecast population and employment growth to the year 2051. While the No Urban Boundary Expansion Growth Option included consideration of the 53.5 hectares of employment land conversion endorsed by the approval of Report PED17010(k), the lands at 1400 South Service Road and five other employment conversion candidate sites continued to be deferred for further review.
- April 20, 2022:** Staff presented the findings and recommendations for the six deferred employment land conversion requests (PED17010(p)). As part of this report, Staff recommended that the lands at 1400 South Service Road be maintained as employment designated lands and proposed a new site-specific policy for the Fruitland Winona Secondary Plan to outline the requirements for consideration of a future conversion during the next municipally initiated comprehensive review process. The GIC deferred decision-making on the proposed site-specific policy for 1400 South Service Road to allow for additional time for the applicant to meet with the City and provide feedback to the City on an alternative site-specific policy.

- **May 4, 2022:** Following up on the deferral motion resulting from PED17010(p) in April 2022 Staff presented Report PED17010(r) to the General Issues Committee recommending that the City complete a land use review and assessment for the area surrounding 1400 South Service Road (south-east quadrant of the Queen Elizabeth Way and Fifty Road) as a later phase of the City's current Municipal Comprehensive Review. Any decisions on employment conversion for the Subject Site were to be deferred until the assessment was complete. This recommendation was approved by the General Issues Committee.
- **June 2022:** Council adopted Urban Hamilton OPA 167 and Rural Hamilton OPA 34 to implement the November 2021 No Urban Boundary Expansion Growth framework. As part of OPA 167, the lands at 1400 South Service Road remained within the City's employment area designation as per the recommendations of PED17010(p) in May 2022.
- **November 4, 2022:** Ministry of Municipal Affairs and Housing (MMAH) issued its decision on OPA 167 which included 77 modifications to the Urban Hamilton Official Plan. MMAH modification 60 removed 1400 South Service Road from the City's "Employment Area" element of Schedule E – Urban Structure and identified it as part of the "Neighbourhoods" element, modification 63 redesignated the subject lands from "Business Park" to "Mixed Use – High Density" on Schedule E-1 – Urban Land Use Designations. No changes were made to the land use designation or policies affecting the subject lands in the Fruitland Winona Secondary Plan.
- **October 23, 2023:** The Minister of Municipal Affairs and Housing announced that the Province would be reversing its decision on the Urban Hamilton OPA 167 and Rural Hamilton OPA 34, including the conversion of the subject lands from employment to non-employment designation.
- **November 8, 2023:** The applicant filed a notice of appeal with the Ontario Land Tribunal (OLT) concerning the proposed OPA and ZBA for 1400 South Service Road. The basis for the appeal was the City's failure to make a decision within the statutory timeframe prescribed by the Planning Act. In the notice, the appellant reiterated their position that the proposed conversion of the lands from employment to mixed-use high-density was consistent with applicable planning policies and should be approved.
- **December 6th, 2023:** Bill 150 receives Royal Assent and has the effect of re-instating the Council-approved No Boundary Expansion Growth Option Urban Hamilton OPA 167 and Rural Hamilton OPA 34. The City re-engages with the remaining portions of its GRIDS 2 work program to implement the No Urban Boundary Expansion Growth Option to 2051.

Attachment 2

Preliminary Employment Land Needs Analysis (LNA) Results

City of Hamilton

*Land Use Quadrant Assessment of Fifty Road and
South Service Road, Stoney Creek and consideration
of Employment Conversion Request for 1400 South
Service Road*

January 2025 – 22-5276



Attachment 2a: Preliminary Land Supply by Designated Employment Area City of Hamilton 2023 (ha)

Preliminary Land Supply by Designated Employment Area City of Hamilton 2023 (ha)		Total Parcel Land Area	Utilities + ROW	Non Developable Lands	Vacant + Potential Redevelopment	Core Constraints	Developable Lands	2023 Total Occupied	2023 Occupied w/o Residential	Adjust to Net Vacant	2023 Occupied + Net Vacant	2051 Total Occupied	2051 Occupied + Net Vacant
Airport Facility (urban)	Not included in ES EA data (rural)	556	-	-	-	-	-	556	556	-	556	556	556
Special case Urban	Bayfront Industrial Area	1,461	82	1	42	-	42	1,335	1,316	42	1,377	1,316	1,358
Other Central	East Hamilton	192	27	10	7	0	7	148	148	7	155	148	155
	Stoney Creek	677	54	24	57	4	53	542	519	53	595	519	573
	West Hamilton Innovation District	46	-	1	13	2	11	32	32	11	43	32	43
	Dundas Industrial Area	18	-	1	0.17	0	0	16.9	16.9	0.07	17	16.9	17
Total Other Central		933	81	36	77	6	71	739	716	71	811	739	788
Developing Greenfields	Ancaster	221	11	9	77	6	70	124	124	65	189	124	189
	Flamborough	168	4	32	47.6	4.3	43.3	85	84	40	125	85	125
	Red Hill North	259	25	9	54	13	42	170	168	39	209	170	209
	Red Hill South	369	63	21	158	10	148	127	123	137	264	127	264
Total Developing Greenfields		1,017	103	71	336	33	303	507	500	280	787	507	787
Future Growth Area	Airport Employment Growth District	1,131	55	40	886	151	735	150	112	587.8	738	150	738
Total Designated Employment Area Land Supply (ha)		5,098	320	149	1,341	190	1,151	3,287	3,200	981	4,268	3,268	4,227
Total Urban EA Supply (Excluding land at HIA)		4,542	320	149	1,341	190	1,151	2,731	2,644	981	3,712	2,712	3,671

Source: Dillon Consulting Limited 2024 based on information from the City of Hamilton.

Attachment 2b: Preliminary Updated Land Supply by Area and 2051 Employment Capacity Estimates

Preliminary Updated Land Supply by Area and 2051 Employment Capacity Estimates								
Draft as of December 2024		2023		Jobs per Net ha		2051 Capacity		2023-51
		Jobs	Total Occupied Land (ha)	2023	2051	Total Net Occupied and Vacant Land (ha)	Total Jobs	Growth
Airport Facility (in Rural Area) To Be Updated		2,000	556	3.6	7.2	556	4,000	2,000
Bayfront Industrial Area		22,384	1,316	17.0	21.0	1,358	28,517	6,133
Central Urban Areas	Category total	37.1 jobs per net ha						
	East Hamilton	4,455	148	30.1	30.0	155	4,659	204
	Stoney Creek	14,469	519	27.9	35.0	573	20,042	5,573
	West Hamilton Innovation District	2,682	32	83.8	85.0	43	3,660	978
	Dundas Industrial Area	851	17	50.3	50.3	17	855	4
	Hester Industrial Area	Removed from Inventory						
		22,457	716	31.3	37.1	788	29,216	6,759
Developing Greenfield Areas	Category total	37.6 jobs per net ha						
	Ancaster	3,646	124	29.4	32.5	189	6,142	2,496
	Flamborough	1,356	84	16.1	35.0	125	4,385	3,029
	Red Hill North	7,322	168	43.6	44.0	209	9,182	1,860
	Red Hill South	2,789	123	22.7	37.5	264	9,900	7,111
		15,113	500	30.3	37.6	787	29,609	14,496
	Category total	30.0 jobs per net ha						
Airport Employment Growth District (AEGD)		3,110	112	27.7	30.0	738	22,131	19,021
Total City		65,064	3,200	20.3	26.8	4,227	113,472	48,408
Total Urban (Less Hamilton Airport Facility)		63,064	2,644	23.8	29.8	3,671	109,472	46,408
Total Urban (Less Hamilton Airport Facility) Adjusted for 5% Long-Term Vacancy Factor						3,487	103,999	40,935

Source: Dillon Consulting Limited 2024 based on information from the City of Hamilton.

Attachment 2c: City of Hamilton Employment LNA Updated Estimates

City of Hamilton Employment LNA Updated Estimates		Draft December 2024
December 2023 Total Occupied Land Supply	2,644	net ha
Mid 2023 Base Census Employment Area Total Jobs	63,064	jobs
City-wide Emp Area density 2023	23.8	j/ha
City-wide Emp Area density 2016	24.3	j/ha
2016 Total Occupied and Net Vacant Land Supply	3,900	net ha
2023 Total Occupied and Net Vacant Land Supply	3,671	net ha
2023 Total Occupied and Net Vacant Land Supply Adjusted for 5% Long-Term Vacancy Factor	3,487	net ha
UHOP Employment Area Density Target (City-wide)	29.8	jobs per net ha
Employment Area Capacity at UHOP Target Density	103,999	jobs
Forecast Total Jobs in 2051 Employment Areas (Demand)	108,700	
Shortage/Surplus in Employment Capacity	- 4,701	
Weighted Average Density of Future Growth	32	jobs per net ha*
Estimated Shortage/Surplus	-147	net ha
Net to Gross Factor	80%	
Estimated Gross Employment Area Lands Needs to 2051	184	gross ha
	454	gross acres

*Average density is based on 75% of the capacity shortage at 30 jobs per net ha (AEGD density) and 25% at 38 jobs per net ha (Business Parks density) as shown in Table A3 of the UHOP.

Source: Dillon Consulting Limited 2024 based on information from the City of Hamilton.