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Item No. 3
Halifax Regional Council
February 7, 2023

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Cathie O'Toole, Chief Administrative Officer

DATE: January 26, 2023

SUBJECT: **Former Texaco Refinery/ Valero Lands, Eastern Passage**

INFORMATION REPORT

ORIGIN

On January 25, 2022, the following motion of Regional Council was put and passed:

“THAT Halifax Regional Council recommend that the Chief Administrative Officer be directed to prepare a staff report on the process and implications of including industrial and waterfront lands in Eastern Passage (known as former Texaco Refinery/Valero Lands) for future growth and municipal interest areas.”

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter (HRM Charter)
Part VIII, Planning & Development

BACKGROUND

The former Texaco Refinery/Valero Lands comprise six industrial properties in Eastern Passage approximately 475 acres in size, including a 33-acre water lot. The site operated as a refinery from 1964 to 1997, and then as a fuel and petroleum distribution and storage facility until 2017. The site is being remediated in accordance with the provincial Contaminated Site Regulations, with all salvageable equipment removed, contaminated soil cleaned and hazardous materials removed, and all storage tanks removed except for four on the waterfront lot. The site closure process began in 2022 and is expected to take approximately 2 years.¹ The site has been declared redundant by Valero Energy, which has engaged CBRE to put it on the market as “Halifax Gate.”

In anticipation of the sale and recognizing the site’s prominent location along Main Road in Eastern Passage, Regional Council requested this report to outline the role HRM has in the redevelopment process. This report outlines the site context, the relevant planning policy and development regulations, and related municipal interest areas (industrial lands, park land, and transportation connections).

¹ Arcadis, 2021, “Eastern Passage Refinery Reclamation”.

A summary of the site context is provided in Table 1 below:

Table 1: Site Context

Subject Site	1350 and 1356 Main Road, Eastern Passage (PIDs 00400028; 00400036; 41197393; 40001125; 4000128; 40000895)
Location	Bordering Main Road, Eastern Passage, between CFB Shearwater and Fisherman’s Cove
Regional Plan Designation (Map 1)	US – Urban Settlement for 4 properties on eastern side of Main Road RC – Rural Commuter for PIDs 40001125, 40001281, and 40000895 HARB – Halifax Harbour for 2 properties on western (harbour) side of Main Road
Community Plan Designation (Map 2)	I – Industrial CC – Community Commercial for PID 41197393 CF – Community Facility for PID 40000895
Zoning (Map 3)	I-2 – General Industry P-2 – Community Facility for PID 40000895
Size of Site	473.93 square acres
Street Frontage	672.4 metres on eastern side 323 metres on western side
Current Land Use(s)	Vacant, former industrial site Harbour-side property has four unused tanks remaining PID 40000895 is undeveloped with tree cover Wetlands on the three (four) eastern-side properties
Surrounding Use(s)	North: Vacant, Shearwater Flyer trail East/South: Low-rise, single unit residential on southern end and along Main Road; some minor commercial uses along Main Road West: Autoport lands

Regional Plan Context

In the Regional Municipal Planning Strategy (Regional Plan), the site is designated Urban Settlement, except for the harbour side of Main Road, which is designated Harbour. The Urban Settlement Designation encompasses those areas where development serviced with municipal water and wastewater systems exists or is contemplated under the Regional Plan. The Halifax Harbour Designation supports a range of development opportunities including marine-dependent industrial and commercial uses, transportation uses and facilities including ferries, recreational uses, residential uses, institutional uses and matters related to environmental improvement and protection.

Most of the site falls within the Urban Service Area for piped sewer and water, with the eastern portions bordering Caldwell Road and the Shearwater Flyer trail receiving water service only.

The Regional Plan shows an area of Elevated Archaeological Potential alongside Main Road. There are wetlands on the northern part of the larger lots measuring approximately 38.4 hectares (95 acres). The properties are on the Shearwater flight path.

Two properties (PIDs 40001281 and 40000895) are part of Eastern Passage Conceptual Growth Centre (classified as a Suburban Local Growth Centre).

Ensuring that there are sufficient employment lands available around the harbour and in business parks is a Regional Plan objective. The Regional Plan has policies supporting industrial and business park development, including:

- EC-3 establishes a Business/Industrial Sub-Designation that is applied to all existing business/industrial parks and represents priority areas for an integrated mix of industrial, commercial, service and support uses.
- EC-5 allows for amendments to secondary planning strategies and land use by-laws where industrial lands have been identified, to ensure that these lands remain available while minimizing conflicts with existing or future incompatible uses.

Community Plan Context

The site falls under the Eastern Passage/Cow Bay Municipal Planning Strategy (MPS) and Land Use By-law (LUB). Most of the site falls under the Industrial Designation ("I"), which recognizes the economic benefits that industrial development have had for the community and is intended to support industrial expansion. However, the MPS also notes concerns that industrial activities may have negative impacts on nearby residential and commercial areas, and thus does not permit extending industrial zoning outside of the existing I designation. The Plan also establishes a buffer between any General Industry (100 feet) and Light Industry (50 feet) zone and any other zone.

An area in the southeast portion of the site is designated Community Commercial (CC) to encourage development appropriate to growing a local business and service focus. These lands are zoned C-2 (General Business) Zone to permit general commercial uses, as well as residential and community uses. Permitted uses should reflect traditional waterfront uses and promote tourist related activities. Small scale multiple unit dwellings up to 12 units are permitted as of right, and the C-2 Zone contains standards to help ensure these developments complement community character. Larger scale development can be considered by development agreement with the goal of increasing housing choice while integrating such projects into the community.

The southeastern portion of the site (PID 40000895) is designated CF – Community Facilities, which permits a wide range of community related uses such as schools, churches, clinics, day cares, libraries, museums, community centres, existing residential care facilities, government offices and limited public works. PID 40000895, as well as neighbouring lands owned by the Roman Catholic church, have been specifically identified as a buffer between heavy industrial operations to the north and the built up residential area to the south. This property is zoned P-2 which can consider permitting certain industrial uses by development agreement, provided the use is similar in nature to, or is supportive of existing industrial uses, and that the nature of the use does not inhibit the use of abutting lands for general community purposes.

Industrial Employment Lands Strategy

The Industrial Employment Lands Strategy (IELS) was completed in 2020 to provide HRM with an assessment of industrial market trends and anticipated growth patterns, and to help ensure HRM has an adequate supply of industrial employment lands by type and location. The study found that industrial lands are in demand, particularly in the manufacturing, goods movement (transportation, distribution/logistics, wholesale trade), and construction sectors. However, commercial uses have been outcompeting industrial uses in price, so lands that could accommodate more intensive uses are being lost to commercial uses. It also found that HRM will face a shortfall of industrial land supply in the medium- and long-term if current trends continue.

The Study had a number of recommendations to help HRM protect industrial lands and increase supply, including:

- Create Regional Plan policy to protect industrial employment lands and prevent fragmentation and encroachment of institutional and commercial uses;
- Develop policies on density and transition to buffer industrial lands from encroachment by other land uses;
- Maintain private sites with deep water access for marine industrial uses;
- Limit encroachment of institutional and recreational uses into municipally-developed industrial lands;
- Consider having an approach to connecting potential buyers with brownfield sites for land areas

that could support a major industrial relocation (~300 acres).

The IELS focused mainly on delineated industrial and business parks. It did, however, identify the Valero lands and the former Imperial Oil refinery in Dartmouth as sites close to ports and suitable for industrial development.

DISCUSSION

CBRE's brochure for the Valero lands marketed the site as "Halifax Gate" and outlined a number of unique site attributes:

- Significant size and density – a large industrial site with the ability to develop over 6,500,000 square feet of density.
- Harbour access – a pre-confederation water lot allows for direct shipping to the site.
- Transportation connections – the site offers direct access to highway, harbour and the CN rail connection at the Autoport. The airport's air cargo facility presents opportunities to create a global transit and logistics hub.
- Economics – limited land availability in the region means that industrial net rents have increased by 9.3% since 2016, reaching an all-time high of \$8.54 per square foot.
- Halifax Port benefits – a deep, ice-free harbour with the only Canadian port that can accommodate ultra-class vessels over 350 metres in length. Halifax also offers shorter transportation times as the first inbound and last outbound port in North America, thereby reducing transportation costs.

The economic importance of retaining lands for industrial employment is clear from Regional Plan policy and the IELS. The Valero lands were specifically mentioned in the IELS as being suitable for industrial development and the Halifax Gate listing by CBRE outlines the high potential for the site as a transportation and logistics hub, with its size and access to highway, port and rail. Access to highways and transportation modes is a primary site requirement for all industrial employment sectors, as outlined in the IELS.

Regional Plan Review

The Regional Plan Review was initiated by Regional Council on February 25, 2020. Its Economy and Finance objectives include revising policies around industrial and employment lands, and reviewing appropriate areas for the Business/Industrial Sub-Designation. As outlined in the Regional Plan Review Work Plan², the review will create policies to better protect and plan for long-term industrial land needs using the recommendations of the Industrial Employment Lands Strategy. Key objectives are to protect industrial areas from encroachment of institutional and commercial uses, and introduce policy to direct where and how employment-supportive (non-industrial) uses can be accommodated in industrial employment areas.

Current Development Regulations

Once the Valero lands are purchased, the site owner may choose to submit an application for development. Any development application would be reviewed by staff in the context of existing planning policies and zoning regulations on the site, which are largely industrial. Should an application request uses not permitted under existing policies and regulations, the property owner could apply for an amendment to the LUB, a development agreement, or a rezoning. The considerations Council would evaluate for these processes are set out in the Eastern Passage-Cow Bay SMPS Implementation section. Any such planning application would also include community engagement consistent with the intent of the HRM Community Engagement Strategy.

As part of HRM's development application approval process, any application would be reviewed by a number of review agencies. Below is a summary of some key municipal interest areas for the site.

² <https://www.shapeyourcityhalifax.ca/12651/widgets/131284/documents/86590>

HRM Corporate Real Estate (CRE)

HRM CRE is the primary industrial land developer in the Municipality to assemble and service land. CRE responds to market demand by ensuring an adequate supply of industrial and employment lands. CRE does not create development plans or visions for privately-owned industrial sites, focusing rather on the provision of shovel-ready, serviced land for immediate development opportunities by the private sector.

As the Valero lands are under private ownership, the lands are not part of CRE's strategic plan. HRM's role is to regulate what occurs on the lands through planning policies and zoning. The Business Parks Functional Plan (BFPF), completed in 2008 to be a strategic plan for the future expansion of business parks within HRM, outlines a number of characteristics required for successful business parks:

- Being in or near an existing business park;
- Near population centres/employment base;
- Near rail and highway; and
- Being within the municipal service boundary.

The Valero lands site meets most of these criteria.

Transportation Connections

HRM's Active Transportation (AT) Priorities Plan aims to attract more residents to walking and cycling by building new active transportation greenways, sidewalks and enhanced bicycle facilities. The existing Shearwater Flyer trail borders the top portion of the Valero Lands site, as part of the Trans Canada Trail. The Woodside-Shearwater AT Functional Plan is extending the existing AT Greenway from the Dartmouth Harbourfront Trail to the Shearwater Flyer and Eastern Passage. The concept design options were presented to the Active Transportation Advisory Committee in June 2022, and do not require any access to the Valero lands.

There may be other AT improvements along Main Road over the next five years, such as separated bike lanes. Currently the land available in the existing right-of-way appears sufficient for AT designs, and no impacts to private land, including the Valero lands, have been identified. If more land is needed HRM would work with surrounding landowners on solutions at that time.

Parkland

Eastern Passage Common, a 31-hectare site with a wide range of sport and recreational activities, is located approximately 3 km from the Valero lands. Eastern Passage Common is classified as a District Park, serving the recreation needs of several communities with a population in the range of 10,000 people. A park planning process for Eastern Passage Common took place throughout 2018 and 2019, with Council approving a master plan for upgrades in February 2020. Implementation of that plan is being phased in over time.

Eastern Passage has been recognized as a priority area for an off-leash dog park in the area. Staff identified several potential sites for such a park, and in September 2021 Council approved the creation of a year-round dedicated off-leash park at Shearwater Flyer Park. It is an 8-hectare site abutting the Shearwater Flyer Trail where it crosses Caldwell Road, just before the junction with Hines Road. This is close to the top eastern portion of the Valero lands site. Much of the land in this area is wetlands, offering little opportunity for further municipal use. As mentioned, the Shearwater Trail itself borders the Valero lands so once they have been purchased, staff will work with the property owners to determine if the trail can be integrated into the site as a recreational asset.

With both Eastern Passage Common and the Shearwater Flyer park, as well as a number of playgrounds and neighbourhood parks in the area, Parks and Recreation does not identify any municipal need for the Valero lands.

Conclusion

The Valero lands are a large industrial site in an area that has historically been used for industrial purposes.

It meets many of the criteria for successful business and industrial parks and is being marketed as such. The site was identified in the IELS as suitable for industrial development. There is growing demand for serviced industrial lands in HRM and Council's direction for the Regional Plan Review is to create policies that protect and plan for long-term industrial land needs, using the IELS as a guide. No municipal needs for the site have been identified. Should a planning application be received to change current development permissions, it would be subject to a staff review and community engagement process, before coming to Council for a public hearing and decision.

FINANCIAL IMPLICATIONS

There are no financial implications to this report.

COMMUNITY ENGAGEMENT

There was no community engagement for this report. For any proposed amendment to a Municipal Planning Strategy, the *HRM Charter* requires that Regional Council approve a public participation program. Any changes proposed for the site as part of the ongoing Regional Plan Review would be managed through the engagement program approved by Regional Council on January 25, 2022. Any changes proposed for the site as part of a future site-specific application would require a separate public participation program.

ENVIRONMENTAL IMPLICATIONS

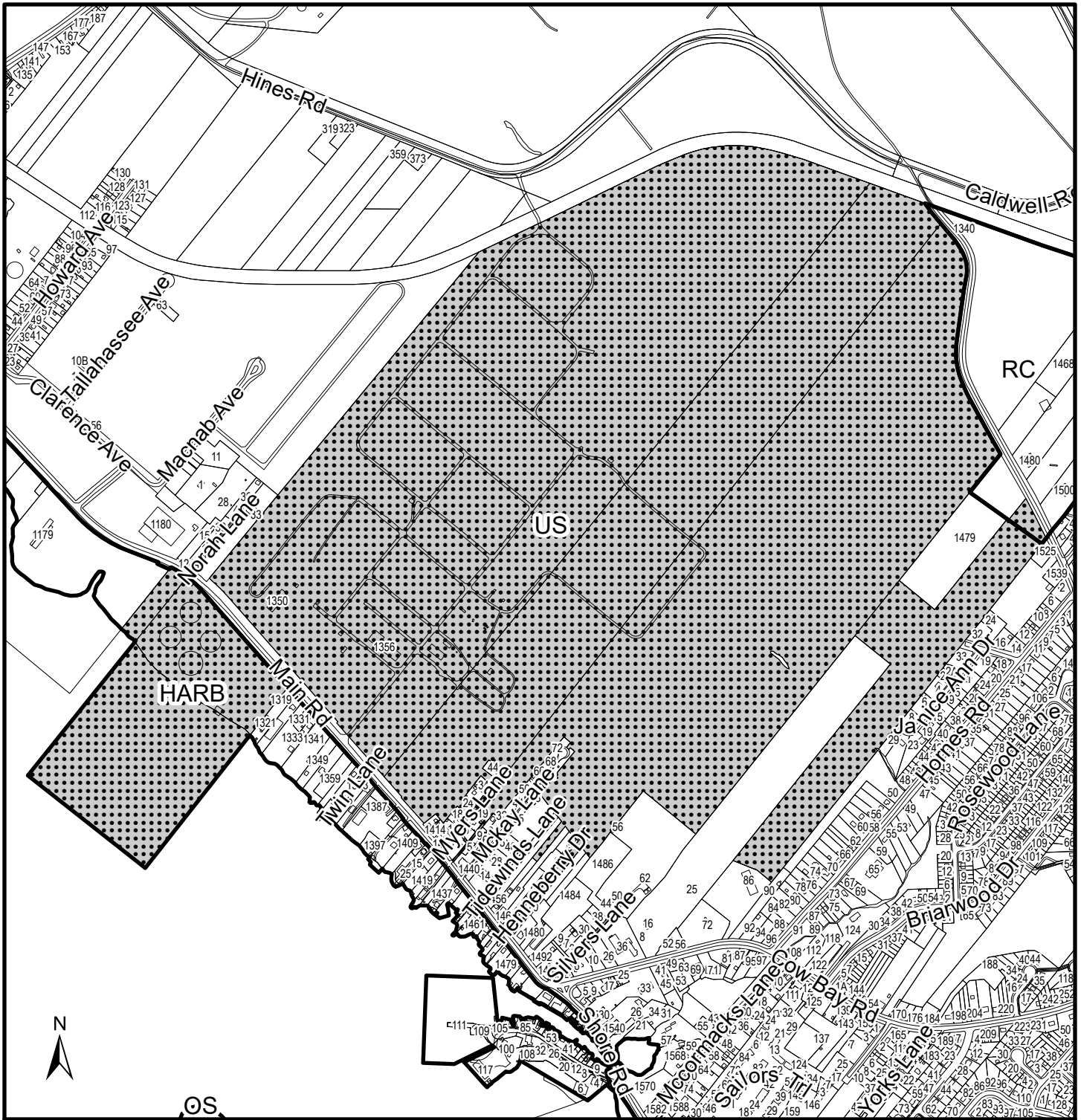
The lands are contaminated and required to undergo a remediation process regulated by NS Department of Environment & Climate Change. Any future planning application would further consider the environmental implications of any proposed development.

ATTACHMENTS

Map 1: Regional Plan - Generalized Future Land Use
Map 2: Eastern Passage/ Cow Bay SMPS - Generalized Future Land Use
Map 3: Eastern Passage/ Cow Bay LUB - Zoning


A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Map 1 - Regional Generalized Future Land Use

Main Rd.,
Eastern Passage

 Subject Area

Regional Designation

- RC Rural Commuter
- US Urban Settlement
- HARB Harbour

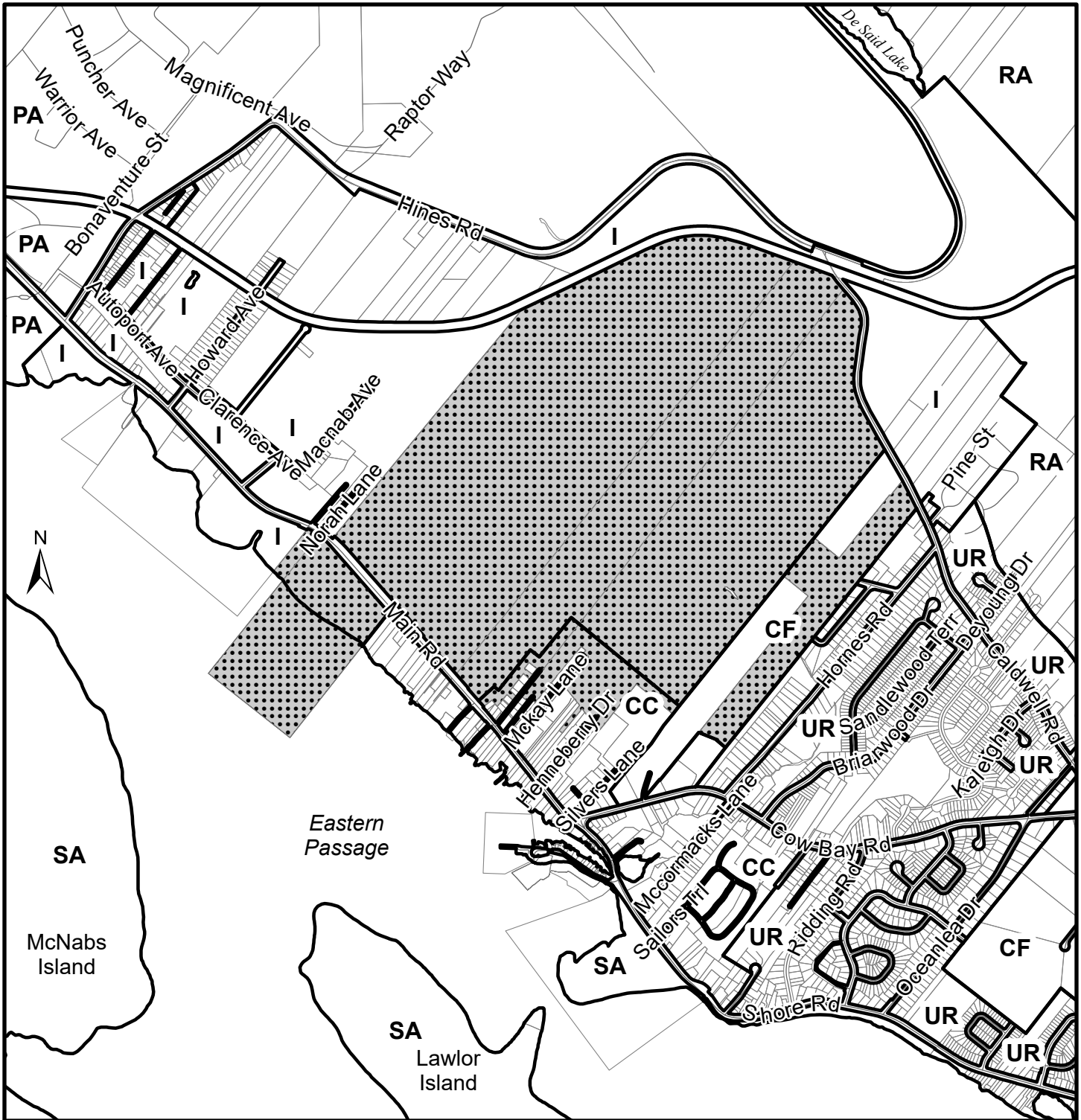
Eastern Passage-Cow Bay
Plan Area

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This map is an unofficial reproduction of a portion of the Generalized Future Land Use Map for the plan area indicated.

The accuracy of any representation on this plan is not guaranteed.




Map 2 - Secondary MPS Generalized Future Land Use

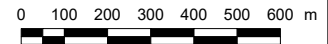
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Main Rd.,
Eastern Passage

Designation

 Subject Area

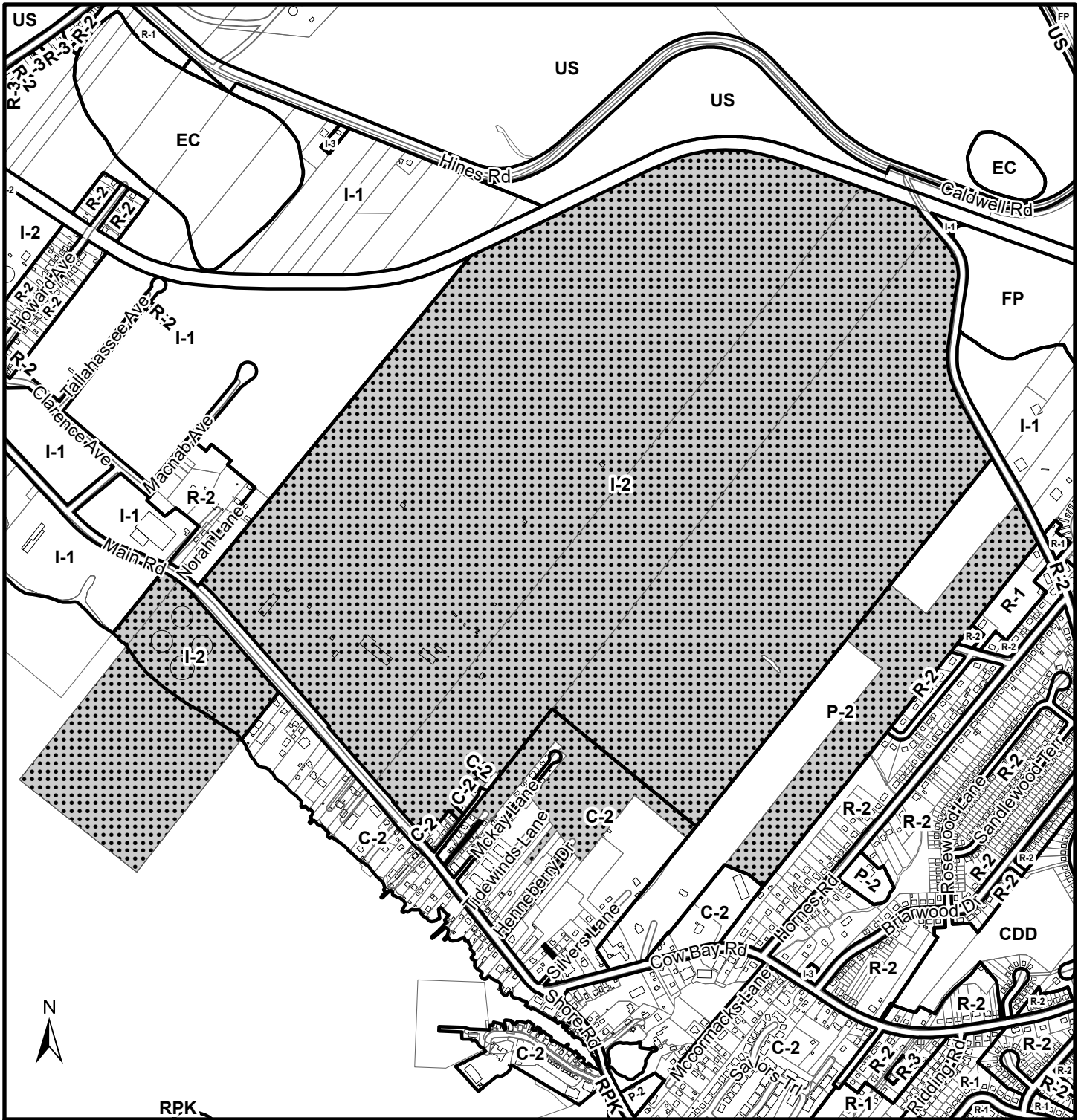
- UR Urban Residential
- RA Rural Area
- CC Community Commercial
- I Industrial
- CF Community Facility
- SA Special Area
- PA Plan Amendment



Eastern Passage-Cow Bay
Plan Area


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Map 3 - Zoning and Location

Main Rd,
Eastern Passage

 Subject Area

Eastern Passage-Cow Bay
Land Use By-Law Area

Zone

- R-1 Single Unit Dwelling
- R-2 Two Unit Dwelling
- R-3 Mobile Dwelling
- C-2 General Business
- C-5 Mixed Use
- I-1 Light Industry
- I-2 General Industry
- I-3 Local Service
- P-2 Community Facility
- RPK Regional Park
- EC Environmental Conservation
- FP Floodplain
- PA Protected Area
- CDD Comprehensive Development District
- US Urban Settlement

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