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Information Item No. 2
Audit and Finance Standing Committee
April 19, 2023

TO: Chair and Members of Audit and Finance Standing Committee

SUBMITTED BY: **-ORIGINAL SIGNED-**

Denise Schofield, Acting Chief Administrative Officer

DATE: April 14, 2023

SUBJECT: **Corporate Real Estate Development Audit – Industrial Lands Action Plan**

INFORMATION REPORT

ORIGIN

This report originates with:

1. February 8, 2022 Council Information Report Ragged Lake Industrial Land Supply Information Report.
2. On December 14, 2022 Audit and Finance Standing Committee, the Committee passed the following motion: Action Plan on Corporate Real Estate Development Audit (Item 12.2.1 – Councillor Hendsbee) THAT the Audit and Finance Standing Committee direct the Chief Administrative Officer to prepare a staff report on an action plan to address the recommendations within the Corporate Real Estate, Development and Sale of Industrial Lands, Land and Building Acquisition and Disposal Audit by March 1, 2023.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, SNS 2008, c 39 (*HRM Charter*), Part VIII, Planning & Development

HRM Charter clauses 61(5)(b), 233(1)(a), and subsections 71(1) and 233 (2) which state:

- 61(5) The Municipality may:
- (b) sell property at market value when the property is no longer required for the purposes of the Municipality;
- 71(1) The Municipality may:
- (a) solicit and encourage the establishment and development of new, and the establishment, development and expansion of existing institutions, industries and businesses in and around the Municipality;

- (b) publicize the advantages of the Municipality or any part of the Municipality and the surrounding areas as a location for the establishment and expansion of institutions, industries and businesses;
- (c) pay grants to a body corporate for the purpose of promoting the Municipality or any part of the Municipality and the surrounding areas as a location for institutions, industries and businesses;
- (d) prepare and disseminate information about the Municipality or any part of the Municipality and the surrounding areas for the assistance of institutions, industries and businesses intending locate or expand in the Municipality or the surrounding area.

233(1) The Municipality may...

- (a) acquire and assemble land for the purpose of carrying out a development consistent with the municipal planning strategy, whether the development is to be undertaken by the Municipality or not; or

(2) The Municipality may subdivide, rearrange and deal with lands described in clause (1)(a) as if it were a private owner and may sell the lands subject to any building restrictions or easements that the Council requires to ensure the development is consistent with the municipal planning strategy.

EXECUTIVE SUMMARY

The purpose of this report is to provide an update to the current supply and demand for industrial employment lands and to outline the plan forward to ensure the municipality meets its goal of ensuring a sufficient supply of industrial lands as well as addressing the related recommendations from the 2022 Corporate Real Estate, Development and Sale of Industrial Lands, Land and Building Acquisition and Disposal Audit.

HRM is currently not meeting the demand for industrial lands and is likely missing economic development opportunities by not having immediately developable lands available. The municipality's supply of industrial lands has not kept pace with market and regional growth and it is now more than ever imperative to expedite the processes for ensuring a competitive supply of industrial employment land appropriately planned and designated for both the short and long-term.

To that end staff undertook the 2020 Industrial Employment Lands Strategy (IELS) to provide a forward-looking assessment and forecast for industrial employment land supply requirements in HRM. This report highlights the findings of that study, and the ongoing work being undertaken by Corporate Real Estate (CRE) and Planning & Development through the second five-year review of the Regional Plan¹, to support planning for HRM's industrial employment land supply.

The IELS is the long-term management framework to ensure HRM's industrial land supply is healthy. The industrial land demand (absorption) is forecasted at an average of 53 net acres per year. To that end, HRM needs to provide a balanced inventory of shovel-ready and zoned developable vacant industrial employment lands sufficient to meet market that demand.

The timely planning and build out of Burnside, Aerotech, and Ragged Lake, as discussed in this report, will allow Council to meet and exceed its industrial land supply goal of up to 50-100 acres per year.

¹ <https://www.shapeyourcityhalifax.ca/regional-plan>

BACKGROUND

Municipal Industrial Employment Land Supply

As HRM continues to grow, it is increasingly important to ensure the Municipally-owned industrial employment land supply is designated, zoned, and developed to keep pace with demand and economic growth. There are two different and distinct functions that the Municipality has in assessing industrial land supply. Real Estate is focused on ensuring there are sufficient Municipally-owned industrial lands available for development. Planning & Development is responsible for assessing the entire employment and industrial land-base – both HRM-owned and privately owned industrial lands – and implements Regional Council policies for industrial land use.

The Regional Municipal Planning Strategy (Regional Plan) identifies the need for industrial employment lands. Policy EC-5 states: “where HRM has identified lands that may be suitable for industrial uses, amendments to secondary planning strategies and land use by-laws shall be initiated to allow for the intended uses and to ensure that these lands remain available while minimizing conflicts with existing or future incompatible uses in the vicinity.”

In support of the second five-year review of the Regional Plan², and to ensure a sufficient supply of industrial lands, staff from Planning and Development and Real Estate worked together on the 2020 Industrial Employment Lands Strategy (IELS) to provide an assessment and overall forecast for industrial employment land supply requirements in HRM. This report highlights the findings of that study, and the ongoing work being undertaken by Corporate Real Estate (CRE) and Planning & Development to support planning for HRM’s industrial employment land supply. The IELS is the long-term framework to ensure HRM’s industrial land supply is healthy.

After the IELS, in December 2022 the Office of the Municipal Auditor General completed an Audit titled *Corporate Real Estate Development and Sale of Industrial Lands – Land and Building Acquisition and Disposal*. This report provides Council with an interim update on the staff actions, current and planned, that support the goal of ensuring a sufficient long-term supply of industrial land, including detail on how demand is forecasted to be met along with timelines and actions. While the audit contained a number of recommendations, a key focus was on the supply of industrial lands. As a result, staff have initially focussed on those recommendations and this report outlines interim actions to initially address those recommendations. The balance of the Audit recommendations and further update will be addressed through a subsequent report and Corporate Real Estate business plan initiatives.

DISCUSSION

Municipal Role in Industrial Employment Land Supply

Based on the market analysis presented in the Industrial Employment Lands Strategy (IELS), the private sector is not considered sufficiently strong and economically viable to support large-scale industrial employment land development in Halifax. As such, it is expected that HRM will need to remain as the primary developer of industrial/business areas in Halifax to provide market choice in serviced industrial employment lands. The majority of Canadian Cities were found to play a role in the provision of industrial employment lands.

The competitiveness of HRM’s export-based economy is partly determined by the availability and quality of its developable industrial employment lands. One of the most important site selection criterion that can be influenced by HRM is an ample supply of suitable, vacant, serviced (and serviceable) industrial land that is available for purchase and absorption.

The evaluation and ongoing monitoring of a suitable supply of vacant, serviced and zoned industrial

² <https://www.shapeyourcityhalifax.ca/regional-plan>

employment land should not focus merely on the total acres of available land. Critical to ensuring the economic competitiveness of the region is that land is available that meets the needs of a constantly evolving market. In Halifax, this includes a variety of sizes and locations primarily within the urban setting, adjacent and with direct access to provincial highways, and locations on both sides of the Harbour.

Demand for Industrial Lands

Future demand for industrial employment lands within HRM is driven by forecast employment growth. Over the 2019 to 2039 forecast period, the IELS projected that Halifax's employment base is expected to expand by approximately 21%, increasing to 262,500 jobs in 2029, and 282,400 jobs in 2039. Employment growth over the period is expected across a wide range of sectors driven by continued diversity of the regional economic base and steady local population growth. The industrial employment base is forecast to account for approximately 25% of total employment growth. HRM's industrial employment lands are anticipated to accommodate 36% of the total employment growth over the 2019 to 2039 forecast period, totaling approximately 17,500 jobs. *Since the completion of the IELS in 2020, the actual population and employment growth in HRM has surpassed the assumptions/estimates utilized in the IELS.*

It is recognized that a portion of forecast employment on industrial lands growth will be accommodated through intensification based on the range of underutilized industrial lands identified. Over the 2019 to 2039 period, the IELS estimated that 10% of employment growth on urban industrial employment lands is expected to be accommodated through intensification, comparable to recent trends observed in other major centres throughout Canada. Moderate infill and expansion of existing developed sites within developed industrial areas has been occurring to-date and is expected to continue as Halifax matures and industrial land prices continue to appreciate.

In accordance with the assumptions made above, industrial land demand (absorption) is forecast to total approximately 1,052 net acres over the 2019 to 2039 period, representing an average of 53 net acres per year. To that end, HRM needs to provide a balanced inventory of shovel-ready and zoned developable vacant industrial employment lands that is sufficient to meet market demand in the short to medium term.

With market shifts, there has been a substantial increase for larger lot configurations to accommodate e-commerce, logistics and other related uses. In recent years, staff have received a number of inquiries for 50-85 acre lots for single users and as high as a preliminary 200-acre inquiry for a single use development. Inquires for 15 to 25 acres lots have been common over the past decade.

Current Municipal Industrial Employment Land Supply

The current industrial market is not unlike the current housing market where supply simply cannot keep pace with demand and continued economic growth. The industrial employment land supply shortage has been projected for a period of time only compounded further by the global pandemic which resulted in a surge in industrial land demand driven largely by shifting e-commerce and logistics strategies during the pandemic.

It is now more than ever imperative to expedite the processes for ensuring a competitive supply of industrial employment land appropriately planned and designated for both the short and long-term.

Market choice of shovel-ready industrial lands and future expansion are key factors in the industrial site selection process. As a general rule of thumb, in order to allow for proper market functioning, it is recommended that a minimum five-year supply of serviced industrial lands (by various sizes, zoning and locations) is available at all times throughout the forecast period.

It is recommended that a minimum of 20 years zoned, and serviceable lands be maintained which are able to be developed "as of right", subject to final subdivision approval.

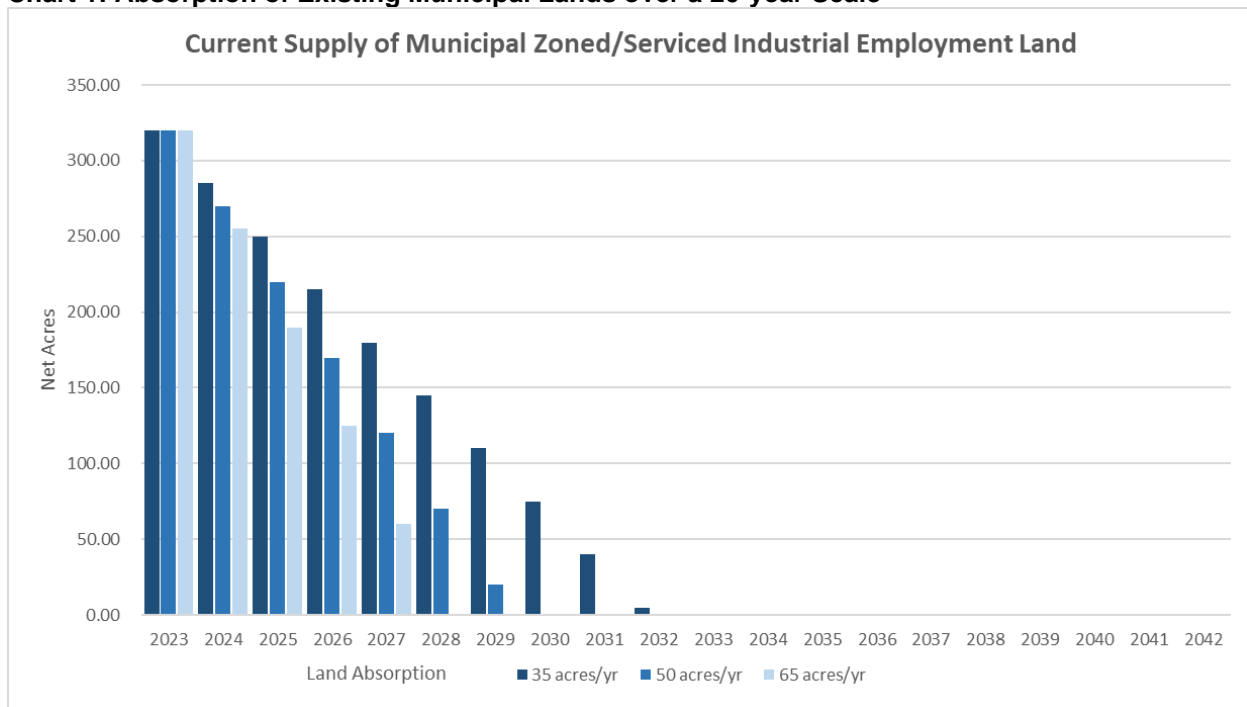
Table 1: Current Supply of Municipal Industrial Employment Lands

Available Lot Inventory	0 acres effectively (0 years supply)	All remaining 2022/23 inventory has sold or under deposit in the process of final sale.
New Inventory Under Construction	120 net acres (1.5 to 2.5 years supply)	New lot inventory likely to be available for purchase* in Q1 2024.
Zoned and Serviced “As of Right” Expansion Lands for Future lot inventory	200 net acres (3 to 4 years supply)	Lands of Phase 13-2 and 13-3 Burnside

The current available lot inventory indicated in Table 1 above is attributed to a number of factors. With Phase 13 being the only adequately zoned/serviced supply of Municipal industrial lands, the timing of the provincial access to Phase 13 had a substantial impact. A surge in market demand also impacted overall supply, however, planning for supply/demand is a key objective and the surge in market demand should be looked at more as an outcome rather than a contributing factor. Timing for development approvals also contributed and offers the opportunity for some process improvements.

Chart 1 below illustrates the general timeline anticipated for the depletion of the existing supply of zoned municipal industrial lands. The graph illustrates a range of annual absorption (sales) of 35 to 65 acres. The IELS estimated an annual demand of 53 acres per year.

Chart 1: Absorption of Existing Municipal Lands over a 20-year Scale



While the linear projection above indicates the existing municipal land supply should be available until 2028-2029, this does not provide much time for HRM to bring new serviced lot inventory online before the existing supply is exhausted. It is also important to note that market selection of a variety of sizes and locations is currently not meeting market demand and will become increasingly limited each year until new supply options are brought online.

Table 2: Recommended Future Supply of Municipal Industrial Employment Lands

Location	Acres	Status/Comments
Proposed Phase 14 Burnside	427 gross acres	<ul style="list-style-type: none"> - Acquired in 2015 with Regional Council direction to seek industrial zoning and servicing. - Through the Regional Plan Review, Phase 14 lands will be designated for industrial use. - P&D to clarify the specific scope of the background studies needed to prepare an RFP and inform decisions about the expansion of the urban service boundary expansions and related zoning. - Due to substantial topography and wetlands the net acres available will be less than otherwise may be expected.
Ragged Lake Expansion	2,000 gross acre study area	<ul style="list-style-type: none"> - Completed the environmental systems study with the watershed study underway. - P&D to clarify the development scenarios and specific scope of the background infrastructure studies needed to prepare an RFP (Traffic and Water/Sewer)
Aerotech	1700 gross +/-acres	<ul style="list-style-type: none"> - P&D is currently undertaking a review of existing zoning applied to the Aerotech Business Park³, targeting spring 2023 to bring proposed amendments to Regional Council. - This change in land use to meet market demand will result in approximately 130 net acres of shovel ready land functionally zoned and serviced. - The remainder of lands presently zoned AE-1 will be included with the new industrial zoning designation either with on-site servicing or extension of the urban service boundary

2022 Audit Results

*Industrial Lands: Development and Sale
Long-term Plans Not Sufficient, Other Aspects Effectively Managed*

Better coordination between Corporate Real Estate and Planning and Development to meet Regional Council’s strategic initiative of “Ensuring a sufficient supply of industrial lands.” HRM lacks sufficient long-term plans on how to meet future demand for HRM’s industrial lands. There are some short and medium-term plans to expand three of HRM’s business parks, but the plans lack detail and do not have estimated timelines for all key milestones. Other aspects of the development and sale of HRM’s industrial lands are effectively managed.

The Audit offered two key recommendations to ensure HRM meets expected demand for industrial lands.

Recommendation 1

HRM should develop long-term plans detailing how to meet expected demand for industrial lands, including estimates of when lands will be ready for sale. This should include implementing key recommendations from the 2020 consultant report on HRM’s industrial land strategy.

Recommendation 2

³ <https://www.halifax.ca/business/planning-development/applications/case-22009-aerotech-business-park>

Property, Fleet and Environment and Planning and Development should work together to develop detailed plans, with estimated timelines, for completing all work required to expand Aerotech, Ragged Lake and Phase 14 of Burnside Business Parks.

Staff agree with the above recommendations. Bringing new industrial zoned and serviced lands online is a substantial undertaking with distinct processes requiring substantial deliverables by both CRE and P&D as well as HRM Public Works. As a Council priority outcome under economic prosperity, having a shared plan and accountabilities for delivering outcomes is critical. For the CRE program delivery, HRM Public Works plays a critical role in in-house engineering and project managing the design, external consultants, tendering and construction processes.

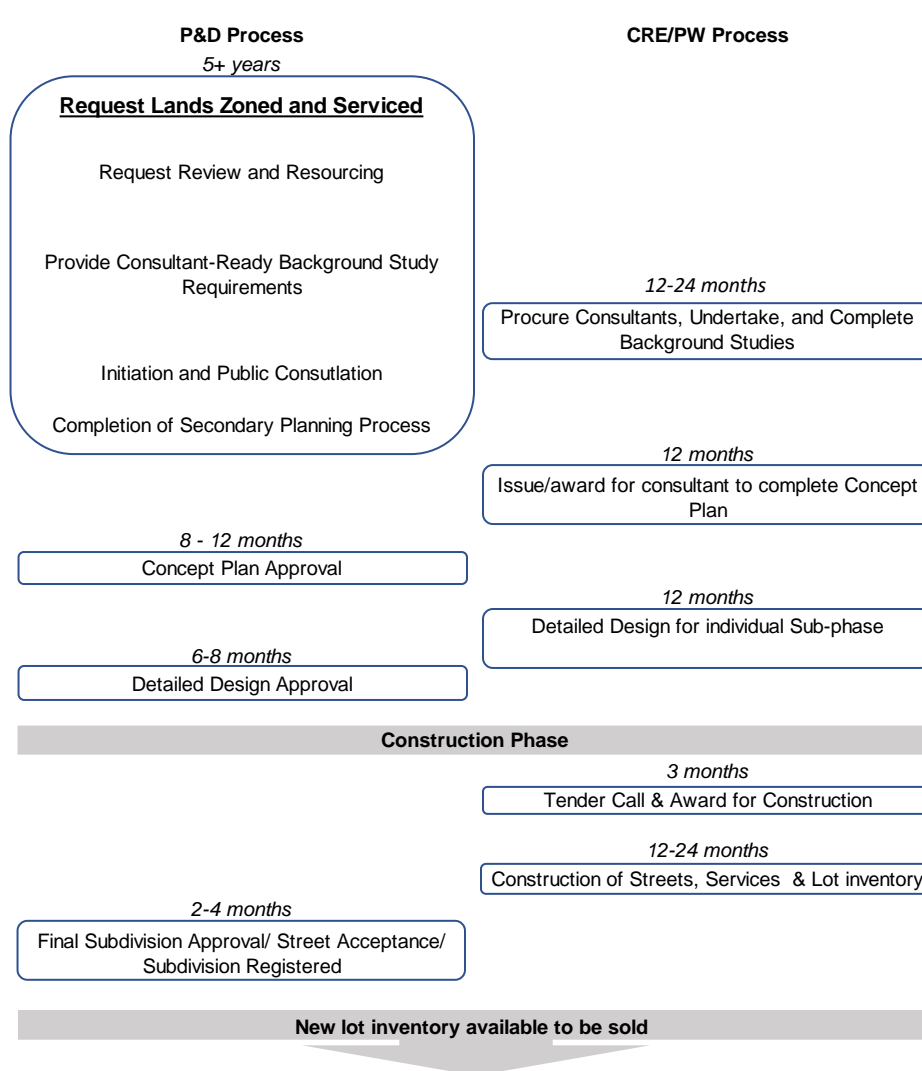
The timelines required to enable land use permissions (designation and zoning) and the servicing for new industrial lands, or re-zoning existing lands, are quite extensive. The formal MPS amendment process can be a substantial effort, depending on background study needs, whether an expansion to the urban service boundary is required, stakeholder engagement requirements, and staff resourcing constraints. Based on previous experience, major industrial employment expansion projects can take in the range of 10 years from initial request to final completion. Ragged Lake expansion, Burnside Phase 14, Burnside re-zoning, and Aerotech re-zoning have all been generally operating in the 10-year process range.

HRM is bound by the same processes and requirements as private developers. A number of P&D process requirements and approvals need to be completed prior to advancing the stages of new construction planning, design and tender/construction. The major steps and requirements are as illustrated in Chart 2 below and need to occur in sequence.

While there may be some opportunities to overlap some of these processes, the risk would be to the developer (HRM in this case) project budget, timelines, and consultant redesign, in advancing design work outside of the process requirements.

The submission, review and approval process under the Subdivision By-law is coordinated by Planning & Development, however the process requires feedback from a number of other internal and external business units and agencies. The Municipal Industrial Land program often experiences extensive timelines in the review and approval process that can have significant impacts on deliverables.

Chart 2 – Milestones in Bringing New Industrial Lands to Market



Recommended Action Plan for Municipal Lands

As part of the initial work on the recommendations, HRM Corporate Real Estate, Planning & Development and Public Works will:

1. Collaborate to provide an inclusive plan and timeline estimates for new municipal industrial employment land supply. Attachment 2 provides a general draft plan format to capture key milestones and deliverables along with estimated timelines for completion.
2. Collaborate to determine what process improvements may be made to the required application submission and approval processes, including the potential for overlapping some stages.
3. Work collaboratively to resolve issues or delays in the submission and approval processes to better control and predict timelines for deliverables.

4. HRM Corporate Real Estate will provide an annual status update to Regional Council.

Overall Strategic Directions for Industrial Employment Land Use Planning & Development in Halifax

The IELS included a series of policy recommendations and action items to inform both CRE's and Planning & Development's work to develop supportive industrial land use planning policy and regulations. A detailed description of these recommendations is found in the IELS Executive Summary (Attachment 1). The table below summarizes the key recommendations and indicates how HRM staff will approach this work along with timelines.

IELS Recommendation	Proposed HRM Action/ Approach	Status/Timeline	On Track
<p>1. Land Use Policy Streamlining: Develop a clear definition and a policy hierarchy of Industrial Employment Areas according to the types of industrial employment areas HRM envisions planning for and developing in the long-term and based on the market demand analysis.</p>	<ul style="list-style-type: none"> The Regional Plan Review has proposed to revise Regional Plan policy to better protect and plan for long-term industrial land needs, including identifying and designating industrial employment areas based on industry type (for example light industry, general/heavy industry, marine industry). 	<ul style="list-style-type: none"> Ongoing and on track. The Burnside Rezoning project established a series of industrial zones that can be used as a model for other industrial areas. The Regional Plan Review will further clarify industrial lands policy. Following public consultation, a revised Regional Plan is expected to come to Regional Council later in 2023. 	<p>Yes</p>
<p>2. Accommodating Industrial Uses: The IELS highlighted gaps in planning regulations that do not currently support the desired industrial uses in HRM Industrial Parks. In particular:</p> <ul style="list-style-type: none"> The Aerotech Park AE-1 Zone should be expanded to permit a range of permitted industrial uses such as warehousing, logistics, distribution. The I-3 Zone that applies to Bayers Lake and Ragged Lake should be limited to prestige industrial uses such as advanced manufacturing, warehousing, and multi-tenant industrial uses, and not allow for open 	<ul style="list-style-type: none"> Regional Council initiated a review of the planning policy and regulations for the Aerotech lands on November 23, 2021.⁴ Adjustments to the I-3 Zone for Bayers Lake and Ragged Lake will be undertaken through the Plan & By-Law Simplification program and secondary planning. 	<ul style="list-style-type: none"> P&D is targeting spring 2023 to bring forward amendments for the Aerotech lands. The Regional Plan Review will establish a framework for zoning amendments for other industrial areas such as Bayers Lake and Ragged Lake. 	<p>Yes</p>

⁴ <https://www.halifax.ca/business/planning-development/applications/case-22009-aerotech-business-park>

storage.			
<p>3. Permissible Non-Industrial Uses: Carefully consider which non-industrial uses (major commercial, community and institutional uses) should be considered, so as to not jeopardize the industrial employment land base.</p>	<ul style="list-style-type: none"> • Non-industrial uses will be considered carefully as industrial zoning is reviewed through various projects. This was a major consideration during the review of the zoning for Burnside and City of Lakes Business Park. 	<ul style="list-style-type: none"> • This is an ongoing action. • Regional Plan policy will establish that non-industrial uses should be carefully considered on industrial lands. 	<p>Yes</p>
<p>4. Protection of Industrial Employment Areas: Develop clear policy to protect industrial employment lands in the region and clear criteria for when conversion is warranted.</p>	<ul style="list-style-type: none"> • The Regional Plan Review has proposed to revise Regional Plan policy to better protect and plan for long-term industrial land needs. 	<ul style="list-style-type: none"> • On track. 	<p>Yes</p>
<p>5. Accommodating Future Growth Within Existing Industrial Employment Areas: A significant share of Halifax's forecast employment growth is expected to be accommodated on industrial employment lands and there is a need to maximize development potential of HRM's industrial areas.</p>	<ul style="list-style-type: none"> • HRM Corporate Real Estate and Planning & Development will work together to plan for future growth, including: <ul style="list-style-type: none"> - Aiming to accommodate 10% of future employment growth on urban industrial employment lands through intensification. - Monitoring intensification development in industrial areas - To support the continued use of urban industrial properties, non-conforming use clauses could be examined for industrial properties. - With respect to water and transportation, ensure that serviced lands are provided the appropriate level of servicing. - Working with landowners of large infill or redevelopment sites to assess interest in developing the lands and assessing feasibility of development. 	<ul style="list-style-type: none"> • This work will begin as part of the Regional Plan Review. 	<p>Yes</p>

<p>6. Market Choice in Industrial Employment Lands: In order to allow for proper market functioning, HRM should work to ensure that a minimum five-year supply of serviced industrial employment land is available at all times throughout the forecast period.</p>	<ul style="list-style-type: none"> • Through the Regional Plan Review and Plan & By-Law Simplification, HRM will ensure that permitted uses within the applicable LUBs reflect the nature and intended use within HRM's industrial areas. • With planning of future growth areas, including Burnside Phase 14 and Ragged Lake Industrial Expansion, encourage the development of smaller (less than 2 acres) and larger (5 acres and above) parcels, to broaden market choice for industry sectors. 	<ul style="list-style-type: none"> • Through the Regional Plan Review, and on an ongoing basis, CRE and P&D will work together to ensure sufficient industrial land is designated and zoned for industrial use for short-, medium- and long-term use. 	<p>Yes</p>
<p>7.1 Plan for Long-Term Industrial Employment Land Growth</p>	<ul style="list-style-type: none"> • Over the short term (1 to 5 years) it is recommended that HRM service and develop Phase 13 of the Burnside Industrial Park; • Phase 14 of Burnside Industrial Park should be designated for Industrial use and serviced by HRM. • Over the medium term (5 to 10 years), Ragged Lake Industrial Reserve should be designated, serviced and subdivision development approvals in place for a broad range of industrial, office, and employment-supportive uses. • Undertake a more comprehensive land-use and growth management study over the medium term to assess candidate sites for consideration of HRM to accommodate longer term industrial land needs. 	<ul style="list-style-type: none"> • Phase 13-1 under construction with Phases 13-2 and 13-3 to follow. • The Regional Plan Review will designate Phase 14 for industrial use. • CRE and P&D are working together on the Ragged Lake planning process. • Phase 5 of the Regional Plan intends to explore areas needed for future growth. P&D will lead this work and work with CRE. 	<p>Yes</p>
<p>7. Role of Municipality in Industrial Employment Land Development: HRM should continue as a municipal developer of industrial employment lands</p>	<ul style="list-style-type: none"> • Corporate Real Estate will continue its role and review as necessary 	<ul style="list-style-type: none"> • Ongoing monitoring 	<p>Yes</p>
<p>8. Monitoring Industrial Employment Land Development Activity and Needs</p>	<ul style="list-style-type: none"> • Corporate Real Estate and Planning & Development will work together to develop process and monitoring development activity and needs 	<ul style="list-style-type: none"> • TBD 	

<p>9. Marketing Initiatives to Promote HRM Industrial Land Development</p>	<ul style="list-style-type: none"> Process being developed by Corporate Real Estate 	<p>Ongoing and on track. CRE works closely with the Halifax Partnership, Provincial and Federal partners in marketing/promoting HRM Lands. Continued collaboration and enhancing the deliverable will be reviewed and enhanced year over year.</p>	<p>Yes</p>
<p>10. Protecting Halifax's Marine Industrial Uses</p>	<ul style="list-style-type: none"> Through the Regional Plan Review and Plan & By-Law Simplification Program, staff will ensure that policy and regulations protect and support marine industrial uses 	<ul style="list-style-type: none"> Following public consultation, a revised Regional Plan is expected to come to Regional Council later in 2023. 	<p>Yes</p>

FINANCIAL IMPLICATIONS

There are no direct financial costs from this Report. Potential financial implications related to the information provided in this report would mainly be lost opportunity costs in nature.

The addition of an Industrial Lands Program Specialist position has been included in the 2023/24 budget.

HRM's industrial land development is based on a self-funded model whereby the Business Parks Reserve Q616 fully funds the construction of new industrial lot inventory. As the municipal lot inventory is sold, it in turn funds the next phase of development. As the last review of this model for the reserve was completed in 2013, staff will be conducting an updated review of assumptions within the next year to ensure its continued sustainability.

RISK CONSIDERATIONS

HRM is currently in the position of missed economic development opportunities due to the undersupply of industrial employment lands. The risk to HRM not quickly advancing the planning for additional land supply is the loss of economic development and commercial assessment growth opportunities.

Future Economic Development Opportunities

To be able to successfully compete for future economic development opportunities of this nature, HRM will need to consider efforts and means to quickly zone and service additional industrial employment lands especially in planning for larger lot size opportunities of 50 acres and up. Staff has been forecasting this need for some time and this message has also been conveyed to HRM from clients as well as provincial and federal economic development agencies.

The remaining lands of Burnside are challenged due to elevation and other site-specific characteristics that make it difficult to create large lots especially without a specific Purchaser in advance. Additionally, Phase 13 is the last remaining industrial zoned and serviced land in Burnside. The market requires a good variety of choices within HRM, including location and size of shovel-ready lot opportunities.

COMMUNITY ENGAGEMENT

The supply of industrial employment lands is a key priority outcome of Regional Council under Economic prosperity. The 2020 Industrial Employment Lands Strategy (IELS) is available to the public on HRM's Regional Plan Review website under Themes and Directions.

The planning, zoning and servicing of new industrial employment lands will involve public participation through the required processes including the Regional Plan Review.

ATTACHMENTS

Attachment 1 – Executive Summary – Halifax Industrial Employment Lands Strategy (IELS)

Attachment 2 – Draft Plan and Timelines for new Municipal Industrial Land Inventory

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.

Report Prepared by: Michael Wile, Manager, Acquisitions, Disposals and Industrial Lands, Corporate Real Estate, PF&E 902.476.9162



Executive Summary

Watson & Associates Economists Ltd., in association with WSP Canada Inc., was retained by HRM Corporate Real Estate Division (CRE) to prepare the Halifax Industrial Employment Lands Strategy (IELS). The goal of this assignment is to provide a comprehensive long-term review of Halifax's industrial employment land needs to inform the Regional Plan, to help HRM compete for industrial employment, and to provide data and guidance to support Regional Council's Economic Development priorities.

The IELS was developed within a market, economic and planning lens context. This study provides direction to the CRE's business strategy and model and also forms an important background document to guide Halifax Regional Municipality's (HRM's) Regional Plan Review with respect to industrial areas and industrial employment lands.

The results of this study will provide HRM with a comprehensive assessment of current industrial market conditions and trends, anticipated growth patterns, and market opportunities and disrupters that are anticipated to influence employment growth and associated industrial employment land requirements in the Municipality over the next two decades.

This study provides an analysis of short-term and longer-term industrial supply opportunities, and forecast market demand for industrial employment lands. The study also provides a comprehensive assessment of the investment readiness of Halifax's industrial areas, along with industrial employment land strategic recommendations and policy direction to guide planning and development of the Municipality's industrial areas.

Halifax's industrial areas were last examined comprehensively in 2008 through the HRM Business Parks Functional Plan study. The IELS updates and expands on the 2008 study recognizing the structural changes that have occurred in the macro economy over the past decade and HRM's economic base which has expanded and evolved over that time period requiring the need to address future long-term industrial employment land needs in the Municipality.

Industrial employment lands are an integral part of Halifax's economic development potential and accommodate a significant share of the Municipality's businesses and employment. Industrial employment lands accommodate primarily industrial uses (e.g. manufacturing, distribution/logistics, transportation services), as well as specific



commercial and institutional uses (e.g. office, service, ancillary/accessory retail) which generally support the industrial/business function of the industrial area. In contrast to other land uses (e.g. commercial and mixed-use areas), industrial employment lands accommodate export-based employment sectors that cannot be easily accommodated in other areas of the Municipality.

Development typically accommodated on industrial employment lands generates relatively strong economic multipliers. In addition, industrial employment lands development typically generates high-quality employment opportunities, which can improve local socio-economic conditions (i.e. live/work opportunities). Furthermore, achieving non-residential growth adds to a community's assessment base. Industrial development also tends to produce more positive net fiscal benefits for the community than other types of development (e.g. residential and retail).

Through development of its industrial employment land base, HRM will be better positioned to build more balanced, complete, and competitive communities. For Halifax to continue to be competitive and attractive to a broad range of industrial and commercial sectors, HRM needs to ensure that it has a sufficient supply and market choice of serviced industrial employment lands.

This review is necessary to ensure that there is an adequate supply of industrial employment lands by type and location to accommodate long-term demand and to satisfy HRM's employment and economic objectives. To ensure that Halifax's industrial areas remain competitive, this study also examines existing industrial land policies, land-use regulations and other guiding documents within the context of anticipated economic trends, sustainable development objectives and industry demand patterns.

The following provides a summary of key study findings:

Halifax's Industrial Employment Lands Profile

Halifax's industrial base is largely a combination of HRM (municipally) developed and provincially/privately developed business and industrial park areas. Halifax has 13 industrial and business parks. This includes five municipally developed parks – Aerotech Business Park, Bayers Lakes Business Park, Burnside Industrial Park, City of Lakes Business Park and Ragged Lake Business Park. Halifax also has eight private and provincially developed industrial parks. This includes five within the Urban Service Area – Atlantic Acres Industrial Park, Bedford Commons, Beechville Industrial Park,



Sackville Industrial/Business Park and Woodside Ocean Industrial Park and three within the rural area – Eastern Shore Industrial Park, Musquodoboit Industrial Park and Sheet Harbour Industrial Park.

Halifax's industrial and business parks are diverse and have wide ranging physical and economic characteristics and varying market potential. Burnside Industrial Park is by far the largest with respect to developed land area and employment and business activity and has been the most active with respect to development activity and land absorption over the past decade. Many urban industrial areas including Atlantic Acres Industrial Park, Beechville Industrial Park, City of Lakes Business Park and Woodside Ocean Industrial Park are approaching buildout. Industrial areas including Burnside Industrial Park, Bedford Commons and Bayers Lake have the majority of vacant urban industrial land supply in the Municipality. Privately held vacant industrial employment lands in Bedford Commons and Bayers Lake, however, are anticipated to accommodate non-industrial uses (i.e. commercial, institutional and mixed-use) based on recent development trends, current land use permissions, and interest of private developers with land holdings in the subject areas.

Trends in Industrial Park Land-Use Planning and Development

Halifax's developed industrial employment lands are largely located within the Regional Plan's (RP+5) Business/Industrial Park secondary designation areas, as delineated in the Plan's Generalized Future Land Use overlay. Halifax has approximately 3,370 net acres (1,364 net ha) of developed industrial employment land within Industrial Park designated areas (municipally, provincially, and privately owned). This includes 3,080 net acres (1,246 net ha) within the Urban Service Area, 110 net acres (45 net ha) within rural industrial areas and 180 net acres (73 net ha) within the Airport area. A number of lands are used for industrial purposes outside of delineated business park areas, particularly in rural areas which also permit commercial or residential options, and have not been included in this report's metrics regarding industrial employment land because the report's focus is on dedicated areas designated primarily for industrial land use. For example, Halifax also has additional industrially zoned lands with significant holdings in Eastern Passage.

Halifax accommodated an average of 539,000 sq.ft. (50,075 sq.m) of development within industrial parks annually over the 2009 to 2018 period. Over the past five years, development within Halifax's Industrial Parks has accounted for 44% of municipal-wide



non-residential development, expressed in building G.F.A. (gross floor area), comprised largely of industrial space as well as some commercial and institutional building development. Over the past decade, approximately 564 net acres (228 ha) of industrial employment lands have been absorbed in Halifax, averaging approximately 54 net acres (22 net ha) per year.

The traditional use of industrial zoning in HRM has been broad in application, permitting retail, office, commercial, service uses, as well as manufacturing. Where zoning has permitted both industrial and commercial uses, commercial uses have been outcompeting price points for industrial lands. If the zoning is too broad, the higher margin land uses will dominate and generally outcompete industrial development, particularly in areas with good transportation access. Bayer's Lake, Dartmouth Crossing and Bedford Commons illustrate this trend. Land absorption in Bedford Commons, for example, has accounted for the largest share of the privately developed industrial lands and focused solely on retail, office, institutional and recreational-related development. Industrial land policies and regulations, and other guiding documents play a key role in guiding development activity.

To help inform this study, a series of stakeholder consultations was undertaken and a review of best practices in industrial land development and land-use planning practices in other relevant North American jurisdictions was completed.

The stakeholder consultations conducted through this study identified the need for stronger and more consistent policy directions with respect to industrial employment land development in Halifax and stronger protections from conversions (i.e. industrial employment lands to non-employment uses) where warranted. These consultation sessions also highlighted the importance of proactive planning of infrastructure and service provisions to support industrial employment land development, looking for sites suitable for industrial development in proximity to the port, as well as reaffirming the role of CRE in industrial employment land development.

Key highlights from the best practices review included: the importance of protection and preservation policies at a higher government level in order to permeate into local level land-use policies; establishing monetary and non-monetary incentives to support industrial employment land development; providing services and infrastructure to industrial lands to add more shovel-ready industrial lands to the Municipality's inventory; developing a systematic approach to considering the conversion of industrial lands to



non-employment uses; and specifying the form, nature, and amount of non-industrial uses permitted on industrial lands in order to mitigate the growth of non-industrial uses in these areas.

Role of HRM in Industrial Land Development

Halifax has a strong and successful history of municipal industrial land development. HRM through CRE continues to be the primary industrial land developer in the Municipality, assembling and servicing land. The Municipality is responsible for subdivision design, infrastructure development and land sales. HRM has developed five industrial parks including Aerotech Business Park, Bayers Lake Business Park, Burnside Industrial Park, Ragged Lake Business Park and Atlantic Gateway – Halifax Logistics Park.

CRE's development efforts over the past decade have focused on the Burnside Industrial Park due to steady market demand and lack of municipal supply opportunities on the Halifax side of the harbour. HRM's current inventory of industrial parcels available for development and sale are concentrated in Burnside Industrial Park with some additional inventory available in Ragged Lake.

Based on the market analysis presented herein, the private sector is not considered sufficiently strong and economically viable to support large-scale industrial employment land development in Halifax. As such, it is expected that HRM will need to remain as the primary developer of industrial/business areas in Halifax to provide market choice in serviced industrial employment lands. Industrial land prices, however, have increased to the point where potential public-private partnerships under certain conditions may be possible.

Opportunities to Accommodate Growth within HRM Industrial Areas

The competitiveness of HRM's export-based economy is partly determined by the availability and quality of its developable industrial employment lands. One of the most important site selection criteria that can be influenced by HRM is an ample supply of suitable, vacant, serviced (and serviceable) industrial land that is available for purchase and absorption.

Halifax has approximately 2,474 net acres (1,001 net ha) of developable vacant industrial employment land. Based on a further review, it was determined that Halifax



has 363 net acres (147 net ha) of shovel-ready industrial land including 220 net acres (89 net ha) within the Urban Service Area.

Market choice of shovel-ready industrial lands and potential for future expansion are key factors in the industrial site selection process. As a general rule of thumb, in order to allow for proper market functioning, it is recommended that a minimum five-year supply of serviced industrial lands (by various sizes, zoning and locations) is available at all times throughout the forecast period. Despite the overall availability of shovel-ready vacant industrial employment land identified above, market choice is limited with respect to parcel mix and geographic location, as summarized below:

- **Limited Supply of Larger Sized Parcels** – Although HRM has a relatively healthy supply of medium-sized parcels (i.e. 2 to 5 acres), there is a limited number of small sites (i.e. less than 2 acres) and larger vacant industrial land parcels (i.e. 10 acres and greater) available for development.
- **Lack of Geographic Diversity** – The majority of shovel-ready land supply is located in Burnside Industrial Park and the Aerotech Business Park and there is a lack of urban supply of industrial lands in other geographic locations including Halifax, Bedford, and Sackville.

Further, the perceptively broad range of land uses permitted under at least some major industrial zones creates a false sense of how much land is available for, protected for, and dedicated to the industrial market.

HRM needs to provide a balanced inventory of shovel-ready and zoned developable vacant industrial employment lands that is sufficient to meet market demand in the short to medium term.

Halifax Growth Outlook and Urban Industrial Employment Land Needs

Economic growth within HRM over the long term is anticipated to be relatively strong, building on the economic expansion experienced over the past five years. There are a number of regional growth drivers that contribute to this including, but not limited to, the Municipality's growing importance as a regional centre, the presence of a skilled labour force, major infrastructure projects and federal and provincial investments, the record-breaking progress of the Halifax Stanfield International Airport (HSIA) and economic diversification initiatives of the Port of Halifax, synergy with post-secondary and government institutions, and quality of life that has been apparent in Halifax.



Future demand for industrial employment lands within Halifax is ultimately driven by forecast employment growth. A broad range of factors are anticipated to drive future employment growth in Halifax over the long-term period. These factors will not only impact the rate and magnitude of growth but will also influence the form and density of non-residential development and corresponding demand for industrial lands.

Over the 2019 to 2039 forecast period, Halifax's employment base is expected to expand by approximately 21%, increasing to 262,500 jobs in 2029, and 282,400 jobs in 2039.¹ Employment growth over the period is expected across a wide range of sectors driven by continued diversity of the regional economic base and steady local population growth. The industrial employment base is forecast to account for approximately 25% of total employment growth. HRM's industrial employment lands are anticipated to accommodate 36% of the total employment growth over the 2019 to 2039 forecast period, totalling approximately 17,500 jobs.

Building on recent and historical trends, it is anticipated that future industrial absorption in Halifax will be comprised of a broad range of industrial uses, including logistics/distribution, warehousing, manufacturing and construction. These industrial uses are expected to place downward pressure on employment densities over the longer term.

Halifax's knowledge-based sectors will continue to expand, accommodated largely through office development and multi-tenant commercial development. Most of these sectors have relatively high employment densities which should generate relatively high average employment densities on industrial employment lands in relation to the existing municipal-wide average. Further, continued upward pressure on industrial land values, driven by the continued long-term strength of the local and regional economies, will also encourage increased land utilization and corresponding higher employment densities relative to what has been experienced in the past.

Based on a review of recent development trends and the forecast land-use mix accommodated on industrial lands, an overall average density of 15 jobs per net acre (37 jobs per net ha) is forecast over the 2019 to 2039 period for urban industrial lands within Halifax.

¹ Watson & Associates Economists Ltd.



It is recognized that a portion of forecast employment on industrial lands growth will be accommodated through intensification based on the range of underutilized industrial lands identified. Over the 2019 to 2039 period, an estimated 10% of employment growth on urban industrial employment lands is expected to be accommodated through intensification, comparable to recent trends observed in other major centres throughout Canada. Moderate infill and expansion of existing developed sites within developed industrial areas has been occurring to-date and is expected to continue as Halifax matures and industrial land prices continue to appreciate.

In accordance with the assumptions made above, industrial land demand (absorption) is forecast to total approximately 1,052 net acres (426 net ha) over the 2019 to 2039 period, representing an average of 53 net acres (21 net ha) per year.

In accordance with the existing supply of designated developable urban industrial employment lands identified versus long-term demand, HRM has an insufficient supply of designated urban industrial lands to meet long-term needs to 2039. Based on the land needs analysis, a minimum of 510 net acres (206 net ha) of additional developable urban industrial employment land is required to accommodate forecast employment growth to 2039. While HRM is expected to have sufficient vacant industrial land to meet short-term need (i.e. through 2024), the anticipated shortfall in land supply is expected to become pronounced over the longer term, with a shortfall in industrial land supply of 106 net acres (43 net ha) by 2029, which is anticipated to increase to 302 net acres (122 net ha) by 2034.

The identified net land need does not reflect site-specific takeouts, including open space, arterial roads/rail, stormwater ponds and easements. Further, it does not reflect future land vacancy. Assuming a vacancy adjustment of 15% and a 75% net to gross ratio, this translates into a minimum requirement of 802 gross acres (325 gross ha) of additional urban industrial employment land by 2039. It is important to note that this does not take into account non-developable environmental features.

Continued structural changes in the global economy and technological advancements will require municipalities to be increasingly responsive and adaptive to changing industry needs and disruptive forces. Over the forecast period, demand for Halifax's industrial employment lands will be driven by a number of key industrial sectors including manufacturing, goods movement (transportation, distribution/logistics, wholesale trade) and construction. Industrial employment lands are also expected to



accommodate some office-based employment driven by growth in knowledge-based employment sectors including business services, and professional and technical services including engineering and environmental services, and research and development. It is also expected that the share of employment-supportive uses (i.e. retail and personal service uses) will continue to account for a notable share of development demand within Halifax's Industrial Areas.

As previously mentioned, over the next 20 years, HRM has a need to expand its urban serviced industrial employment lands base to accommodate forecast employment growth on industrial employment lands. HRM has a number of potential new growth areas to accommodate future industrial lands development.

Regarding the location of future industrial lands expansion areas consideration should be given to a number of factors. Industrial/business parks require good access to regional transportation networks, on-site infrastructure including roadways and utilities, a critical mass or complementary industries, and available zoned and shovel-ready land.

Strategic Directions for Industrial Employment Land Use Planning and Development in Halifax

Building on the comprehensive technical analysis provided herein, as well as a broad review of best practices in other municipal jurisdictions, a series of policy recommendations and action items are provided below.

- 1. Land-Use Policy Streamlining** – Develop a clear definition and policy hierarchy of Industrial Employment Areas according to the types of industrial employment areas HRM envisions planning for and developing in the long-term, and based on the market demand analysis undertaken in this study. The Industrial Employment Areas policy hierarchy is recommended to be independent of the type of industrial/business park (i.e. municipally developed or privately developed) and implemented through the Regional Plan. It is also understood that HRM intends to continue their Secondary Planning and Land Use By-law Simplification project by reducing the number of plan areas, and creating overarching plans for similar planning regions, such as the suburban and rural portions of the Municipality. In reviewing the existing industrial zones, definitions and provisions between land-use policy and regulations applied to similar lands



in different communities can vary widely. Consistency in naming and in the definitions of permitted uses would be particularly helpful for parties seeking to site properties for an industrial land use.

2. Accommodating Industrial Uses – through review of HRM’s municipally developed industrial parks and market assessment, gaps were identified which have led to the subsequent recommended actions:

- a. With respect to Aerotech Business Park, expand range of permitted industrial uses within the AE-1 Zone to include warehousing uses to accommodate logistics/distribution related functions; and
- b. With respect to Bayers Lake and Ragged Lake I-3 Zone, permitted industrial uses should be limited to prestige industrial uses including advanced manufacturing, warehousing and multi-tenant industrial uses and not allow for open storage.

3. Permissible Non-Industrial Uses – To ensure that the integrity of Halifax’s industrial employment lands base is not jeopardized over the long-term, the provision for select commercial, community and institutional uses within industrial areas should be assessed carefully. Overall, there is a need to recognize that some non-industrial uses may be needed to assist in the creation of a stimulating environment for the workers, but be careful that these non-industrial uses do not become large or start to shift land towards non-industrial activities. HRM should provide stronger direction regarding industrial employment-supportive uses in industrial employment areas by:

- a. Introducing more defined policy direction in the Regional Municipal Planning Strategy that outlines the goals and objectives related to employment-supportive uses in Industrial Employment Areas (e.g. non-industrial, non-office uses should be of limited scale, or focused on serving businesses and employees in the Employment Areas). Such uses should minimize potential land-use conflicts and support a viable mix of commercial and industrial land uses; and
- b. Considering the introduction of more defined criteria or descriptions regarding the appropriate type, size and location of complementary non-industrial uses in Industrial Employment Areas (e.g. eating



establishments, daycares, personal and health care services and smaller-scale, service-oriented businesses) at strategic and accessible locations in existing and future Industrial Employment Areas, where appropriate.

With respect to updates of specific LUB, the following is recommended:

- a. Within Aerotech Business Park AE-3 zone, the permitted use of retail stores should be limited to accessory and ancillary retail uses of less than 40,000 sq.ft.;
 - b. The range of permitted commercial uses in I-3 (General Industrial) Zone within Bayers Lake and Ragged Lake should be narrowed to prohibit large format retail uses. Permitted commercial uses should be limited to accessory and ancillary retail uses, employment supportive uses (e.g. hotels, restaurants) and office uses; and
 - c. Within Burnside Expansion Area I-2 zoning, allow for standalone office uses within gateway locations.
- 4. Protection of Industrial Employment Areas** – It is recognized that there is a need to preserve Halifax’s industrial employment lands for employment uses. It is also recognized, however, that under some circumstances, a conversion may be justified for planning and economic reasons, but such decisions must be made using a systematic approach and methodology. It is recommended that HRM:
- a. Provide policy which guides the Regional Municipal Planning Strategy with respect to the protection of industrial employment lands;
 - b. Through the Regional Municipal Planning Strategy provide policies to protect industrial areas from fragmentation in order to prevent the encroachment of institutional and commercial uses into industrial lands;
 - c. Determine which industrial parks will be serviced by transit, water, and wastewater services and plan permitted land uses accordingly. Policy needs to protect both serviced (urban) and unserved (rural) industrial lands;



- d. Create a Regional Plan policy in order to make it clear under what circumstances industrial land conversions will be considered;
- e. Develop an approach to evaluating requested conversions on employment lands. This evaluation approach should introduce specific considerations to help evaluate the appropriateness of converting sites from employment to non-employment uses within the broader context of municipal-wide industrial employment land needs. Specific considerations should include location, site size, configuration, marketability, future expansion potential, etc.;
- f. Develop land use, density, and transition policies in LUB to buffer and protect industrial employment lands from encroachment by other land uses;
- g. Halifax should separate out the land use designations and zoning between commercial and industrial employment lands to clarify what can be counted as within the industrial land supply. Both Dartmouth Crossing and Bayer's Lake have areas that should be counted as commercial rather than industrial lands;
- h. Both HRM Planning and CRE to be involved in the evaluation of and comment on industrial land conversions, and the impact of conversions on Halifax's ability to meet future industrial growth;
- i. HRM's deep port is a competitive advantage that should be protected. As such, the recommendation is to maintain private sites with deep water access for marine industrial uses; and
- j. HRM should create a policy to limit the encroachment of institutional uses into municipally developed industrial/business park employment lands. These lands represent a significant land holding of more affordably priced land in the region because it is developed at cost. Industrial/business parks have become an affordably priced land option for regional recreational infrastructure development. The placement of non-profit and government offices or service centres, particularly during cycles of lesser industrial demand, has placed several uses with high transit demand in industrial parks. This has eroded the ability of the region to provide a



compelling argument for transit investment and making it financially difficult to provide services overall.

5. Accommodating Future Growth Within Existing Industrial Employment

Areas – A significant share of Halifax’s forecast employment growth is expected to be accommodated on industrial employment lands and there is a need to maximize development potential of HRM’s industrial areas. Recommended actions:

- a. HRM should aim to accommodate 10% of future employment growth on urban industrial employment lands through intensification;
- b. HRM should monitor intensification development in industrial areas on a go forward basis by tracking the location of building permit activity on industrial lands;
- c. HRM should undertake an industrial intensification strategy to effectively assess and evaluate intensification potential and opportunities to ensure that HRM can meet the identified intensification target;
- d. To support the continued use of urban industrial properties, non-conforming use clauses could be examined for industrial properties. Package A of Centre Plan would require most expansions of non-conforming uses to be by development agreement. This is likely an unnecessarily restrictive approach to the continued operations of urban industrial properties under Package A lands. Light industrial uses could have provisions to be able to expand their zoning provisions by an as-of-right approach;
- e. With respect to water and transportation, ensure that serviced lands are provided the appropriate level of servicing. Costs to maintain the pipes can be lost to businesses that are not generating revenue to pay for this; and
- f. Work with landowners of large infill or redevelopment sites to assess interest in developing the lands and assessing feasibility of development.



6. Market Choice in Industrial Employment Lands – One of the most important site selection criteria that can be influenced by HRM is an ample supply of suitable, vacant, serviced (and serviceable) industrial land that is available for purchase and absorption. This inventory must provide a balanced market choice of sites, by site size and zoning across all the Municipality’s industrial areas.

Recommended actions:

- a. In order to allow for proper market functioning, HRM should work to ensure that a minimum five-year supply of serviced industrial employment lands (by various sizes, zoning, and location) is available at all times throughout the forecast period;
- b. Ensure that permitted uses within the applicable LUBs reflect the nature and intended use within HRM’s industrial areas; and
- c. With planning of future growth areas including Burnside Phase 14 and Ragged Lake Industrial Expansion, encouraging the development of smaller and larger (less than two acres and five acres and above) parcels, to broaden market choice for industry sectors.

7. Plan for Long-Term Industrial Employment Land Growth – The industrial land demand forecast identifies a need for an additional minimum of 802 gross acres (325 gross ha) of industrial employment land in the urban service area by 2039, with industrial land supply in the urban area reaching a shortfall between 2024 and 2029. As a result, HRM needs to plan for additional industrial employment lands, beyond those currently designated within the urban service area. Recommended actions:

- a. HRM will need to strategically plan for the development of new industrial expansion areas to accommodate the medium- to longer-term industrial land needs:
 - i. Over the short term (1 to 5 years) it is recommended that HRM service and develop Phase 13 of the Burnside Industrial Park (400 gross acres or 162 gross ha);
 - ii. Over the medium term (5 to 10 years), Ragged Lake Industrial Reserve be designated and serviced for a broad range of Industrial,



office and employment-supportive uses. Ragged Lake Industrial Reserve offers an opportunity for HRM to provide a greater market choice of parcel sizes including sites for larger industrial development; and

- iii. Over the longer term (10+ years), it is recommended that Phase 14 of Burnside Industrial Park (425 gross acres or 172 gross ha) be designated for Industrial use and serviced by HRM. It is recommended that HRM designate, service and develop the lands for industrial employment uses to accommodate industrial, office and employment-supportive uses.
- b. Based on preliminary directions provided herein and background work completed for this study, undertake a more comprehensive land use and growth management study over the medium term to assess likely candidate sites for consideration of HRM to accommodate longer term industrial land needs;
- c. Halifax needs to be able to take a proactive approach to identify and acquire properties suitable as future industrial employment lands. CRE should be informed with internal reviews of new highway extensions to examine industrial potential/consideration of acquisitions. In the near term, the extension of Highway 107 offers lands that may be suitable for this purpose;
- d. Halifax should consider having an approach to connecting potential buyers with brownfield sites for land areas that could support a major industrial relocation (on the scale of +/- 300 acres). Stakeholder interviews indicated that there is interest; and
- e. Once potential industrial employment land is identified to accommodate future growth, master planning is relevant and desirable.

8. Role of Municipality in Industrial Employment Land Development – HRM has a strong tradition of successful municipal industrial/business park development. Historically, industrial land prices in Halifax have been too low to facilitate broad private-sector development of industrial lands, requiring HRM through the CRE to act as a land developer. CRE has been responsible for the



majority of industrial employment land development in Halifax, and has accounted for the majority of industrial, office and employment supportive development on industrial land in the Municipality yielding strong assessment and employment growth for Halifax. Though industrial employment land prices are expected to continue to appreciate over time, it is not expected that land prices will reach levels to permit wide-scale private-sector development of industrial employment lands over the forecast period. From a market demand perspective, HRM through CRE will need to be involved in industrial land development for the foreseeable future, though there may be opportunities to partner with external parties on select projects through public-private partnerships. Recommended actions:

- a. HRM through the CRE continue its role as a municipal developer of industrial employment lands in Halifax for the foreseeable future focusing longer term development efforts in Burnside Industrial Park (Phase 13 and 14), Ragged Lake and Aerotech Business Park;
- b. CRE is the primary developer of industrial/business parks and as such, should acknowledge their role in planning and designing for industrial, office and employment-supportive uses through the planning permissions framework and plan for development beyond industrial uses to include a broader range of development opportunities; and
- c. Establish minimum building to lot coverage requirements and require reasonable full development of the site for all industrial employment land parcels sold by CRE.

9. Monitoring Industrial Employment Land Development Activity and Needs –

Effectively accommodating employment land development over the longer term requires the implementation of programs and mechanisms to accurately receive, catalogue and assess industrial development information, as well as to assess the available supply of employment lands within Halifax. The data collected and presented in this study offers HRM with a base from which to work, but the HRM will need to continue to update and monitor the information on a regular basis.

Recommended actions:



- a. HRM needs to regularly monitor Industrial Employment Land development against the demand analyses set in this Study, to facilitate market trend analysis. It is recommended that CRE in collaboration with the Planning Division develop a technical database of industrial employment land development in HRM. This database should monitor the current supply of industrial employment land, recent development activity (e.g. inquiries and pre-consultations, applications under review, and application approved, and industrial employment land building permits. This would be able to provide HRM Planning and CRE the ability to, for example, track its supply and make decisions on whether it should be increased, understand where industrial employment land inquiries and pre-consultations are concentrated to anticipate future industrial employment land development or planning policy amendment needs, and use the building permits as a way to understand where industrial employment land development is most feasible and/or desirable;
- b. Building on baseline data provided in this study, develop a system for tracking and monitoring Industrial Employment Land supply and demand data, to assist with longer-term planning and land needs forecasting;
- c. HRM needs some mechanisms to get feedback from the market. HRM should adopt a formal communication approach to engage with private industrial developers on a regular basis and as development opportunities arise. HRM should also consider administering short surveys to prospective industrial developers during the inquiry and site selection phase and at the point of deciding to and to not select a site. The purpose of the surveys is to collect qualitative data for future planning processes for HRM's industrial employment areas. This would compliment establishing a formal communication approach and provide a formal way for HRM Planning and CRE to document the needs of industrial developers, trends in industrial employment land development, and challenges to development.

10. Marketing Initiatives to Promote HRM Industrial Land Development –

Building on the recommendations and findings of the IELS, HRM, in collaboration with other Economic Development stakeholders, should undertake a more comprehensive approach to marketing existing municipally developed shovel-



ready industrial lands in Halifax. This would include highlighting the competitive advantage of Halifax as a location for industrial investment in a targeted manner. Marketing efforts should be geared towards the broader strengths and opportunities of Halifax, as well as specific target sector investment attraction efforts. Recommended actions:

- a. An effective place-branding for HRM's industrial/business parks to raise their profile and impact regionally, nationally and internationally. The branding will help create a unique identity for Halifax's industrial employment lands and differentiate them from offerings in competitor municipalities. The branding component should incorporate the strengths/opportunities that Halifax offers and be oriented to target industry sectors;
- b. A business attraction package which would include a municipal-wide investment profile and profiles for each of Halifax's key industrial/business parks, including Burnside Business Park, Aerotech Business Park and Bayers Lake. The profiles would contain information on location, parcel availability and pricing, sector information and planning and servicing;
- c. Development of sector-based initiatives with specific focus on key growth sectors, as identified in the Halifax Strategic Plan 2016-2021; and
- d. Continue supporting and encouraging collaboration of the Atlantic Gateway Committee to assist in playing to the strengths of the various landholders in the region.

11. Protecting Halifax's Marine Industrial Uses – Around Halifax Harbour and throughout Halifax, waterfront lands that have suitable frontage and depth for cargo vessels are rare and are increasingly in demand for residential and recreational development. Given the small amount of strategically located industrial lands with this waterfront access, it is important to protect existing and suitable marine industrial areas, particularly where these lands have easy access to existing rail or port facilities. Recommended actions:

- a. Use land use protections for key industrial employment lands in the Centre Plan Area, particularly for marine industrial properties. HRM needs a clear policy on maintaining key ocean based industrial land resources from development speculation, particularly in the Centre Plan area. Our



understanding is that under Centre Plan Package B changes, the larger zoning for the Regional Centre will be revised. The Harbour Employment Area sub-designation could specify that these uses are particularly important to protect; and

- b. Halifax's Secondary Plan and By-law Simplification project will likely result in new zones as Community Plan Areas are consolidated. This has sometimes resulted in underutilized industrial lands becoming rezoned to commercial or residential uses during the community planning processes. It is recommended that HRM be cautious during these projects to ensure that areas suitable for marine industrial uses remain zoned as such in order to prevent the encroachment of non-compatible land uses.

INDUSTRIAL EMPLOYMENT LAND - NEW MUNICIPAL LOT INVENTORY

	F'2022-23	F'2023-24	F'2024-25	F'2025-26	F'2026-27	F'2027-28	F'2028-29	F'2029-30	F'2030-31	F'2031-32	F'2032-33
	Current Yr	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Burnside & City of Lakes											
Phase 13-1 Burnside	-	Nov-23									
Phase 13-2 Burnside		Jun----->Dec									
Phase 13-3 Burnside			Jun-24	Sep-25							
Aerotech Industrial Park											
Rezoning Process		Dec-23									
Design & Construction - dependent upon final amount of land zoned and serviced.											
Tender for, and Consultant Complete, Concept Plan		12mos ----->									
Concept Plan Approval			<----- 6mos								
Tender for, and Consultant Complete, Detailed Design				24mos for multiple sub-phases							
Sale of Existing Lot inventory under new Zoning		Jan-1 ----->									
Tender for Construction/Award					June start	Sep					
Proposed Phase 14 Burnside											
Planning Process/Requirements from P&D to Zon	TBD by P&D	Jun-23									
Approved Zoning/Servicing for Phase 14											
Design & Construction											
Tender for, and Consultant Complete, Concept Plan				12 months							
Concept Plan Approval					< 6mos						
Tender for, and Consultant Complete, Detailed Design						24 mths for multiple sub-phase					
Detailed Design Approval						6mos->					
Tender for Construction/Award							June start				
Ragged Lake											
Background study requirements from P&D		Apr-23									
Completion of Studies & MPS Initiation											
MPS/Secondary Planning Process					12 months						
Design & Construction											
Tender for, and Consultant Complete, Concept Plan					12 months						
Concept Plan Approval						< 6mos					
Tender for, and Consultant Complete, Detailed Design							24 mths for multiple sub-phase				
Detailed Design Approval							6mos->				
Tender for Construction/Award								June start			
Shovel-Ready Lot Inventory - Net Acres											
Beginning Land Inventory	50.0	0.0	65.0	110.0	155.0	100.0	45.0	50.0	55.0	120.0	125.0
	0.9 yr supply	0 yr supply	1.2 yr supply	2 yr supply	2.8 yr supply	1.8 yr supply	0.8 yr supply	0.9 yr supply	1 yr supply	2.2 yr supply	2.3 yr supply
Existing Industrial Zoned and Serviced Supply											
New Construction Net Acreage											
Phase 13-1 Burnside	start	120.0									
Phase 13-2 Burnside		Start	100.0								
Phase 13-3 Burnside			start	100.0							
Proposed Supply Awaiting Industrial Zoning/Servicing											
Phase 14 Burnside - Multiple Subphases							60.0		60.0		60.0
Aerotech - dependent upon final acres zoned/serviced		existing once rezoned	120		start	50.0		50.0		50.0	
Ragged Lake - Multiple Subphases							start	60.0	60.0	60.0	60.0
<i>*Phasing scope will be determined at design</i>											
Total "URBAN" Industrial Supply - Excluding Aerotech											
Inventory Additions	-	120.0	100.0	100.0	-	-	60.0	60.0	120.0	60.0	120.0
Acres Sold	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
Ending Land Inventory	0.0	65.0	110.0	155.0	100.0	45.0	50.0	55.0	120.0	125.0	190.0
Absorption of 55 Acres	55	0 yr supply	1.2 yr supply	2 yr supply	2.8 yr supply	1.8 yr supply	0.8 yr supply	0.9 yr supply	1 yr supply	2.2 yr supply	2.3 yr supply

*Focus on "urban" locations which makes up the substantial market demand. Aerotech will serve a smaller yet important percentage of the market.