

O-8014: INDUSTRIAL LANDS REVIEW
P. YEOMAN

TO:	CHAIR AND MEMBERS – STRATEGIC PRIORITIES AND POLICY COMMITTEE
FROM:	JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER
SUBJECT:	O-8014: INDUSTRIAL LANDS REVIEW MEETING ON TUESDAY, DECEMBER 4, 2012

RECOMMENDATION

That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken regarding the Industrial Lands Review:

- a) the attached Industrial Lands Study and the associated Planning Staff report **BE RECEIVED** for information, and that this information **BE CIRCULATED** for public and agency consultation; and,
- b) following a public consultation process, Planning Staff **BE DIRECTED** to prepare an Official Plan Amendment for the expansion of the Urban Growth Area for the designation of approximately 500 hectares of new Urban Reserve Industrial Growth lands.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

March 5, 2012	Strategic Priorities and Policy Committee, "Status of the 2011 Industrial Land Development Strategy Update"
January 23, 2012	Investment and Economic Prosperity Committee, "Developing a Strategic Investment and Economic Prosperity Plan"
November 16, 2011	Finance and Administration Committee, "Industrial Land Purchase Strategy – Confidential"
September 20, 2011	Committee of the Whole, "Industrial Land Development Strategy Update" R. Panzer, Consultant.

PURPOSE

As required by the Planning Act and the Provincial Policy Statement for any comprehensive expansion to an Urban Growth Boundary, the attached report, prepared by consultant Rob Panzer, assesses future demand and the existing supply to evaluate the anticipated need for industrial lands and the associated need to expand the Urban Growth Boundary. Both the Industrial Land Study and the recommendations contained within this staff report will be circulated for public and agency comment in preparation for an Official Plan Amendment to expand the Urban Growth Area for the inclusion of new industrial lands.

BACKGROUND

For more than a decade, the City of London has fostered growth in its industrial sector through the Industrial Land Development Strategy (ILDS) – a comprehensive approach to the planning, acquisition, servicing and marketing of industrial lands. In September, 2011, a report was provided to the Committee of the Whole to update City Council on the progress of the ILDS and recommendations for the Strategy for future years. One of the recommendations made was the need to assess future industrial land demand and supply factors to evaluate the need to expand the Urban Growth Area for the inclusion of new industrial lands. The Industrial Lands Study provides the background information for a recommended expansion to the Urban Growth Area for approximately 500 hectares of new industrial lands.

ANALYSIS

The following sections summarize the major findings of the Industrial Lands Study (attached as Appendix 1). Information on industrial land demand and the supply of vacant industrial lands is provided prior to an evaluation of future industrial land needs based on a 20 year timeframe as established in the Provincial Policy Statement.

Demand

In order to determine the amount of land that is anticipated to be required for industrial development, Altus Group Economic Consulting prepared projections of industrial space demand as part of the City of London growth projections study. Altus determines industrial demand by forecasting future industrial employment and expected floor space required to accommodate new workers. The required industrial floor space per period is calculated by applying a ratio of building space per employee (between 900 and 910 square feet/employee, depending on the period). The Altus industrial space projections serve as foundational information for the determination of industrial land demand requirements.

As part of the Industrial Lands Study, a review was conducted of the average amount of a parcel that is covered by industrial buildings. Generally, industrial buildings were found to be single-storey and to occupy 23% of the area of an industrial parcel once fully built out. As a result, when the projected floor space of future industrial buildings is divided by 0.23, the amount of land required to support the industrial buildings can be determined.

Two adjustments have been made to the projected demand of industrial land. First, it is assumed that 25% of future industrial floor space will be accommodated through the intensification of existing industrial sites. The intensification assumption covers both the re-development of older industrial sites for new industrial uses and the expansion of existing industrial operations on existing industrial lands that have not been fully built out. This assumption recognizes that future industrial land development will not completely occur on greenfield lands, nor by industrial users that are new to London.

The second adjustment provides for a 10% contingency for the projected industrial land demand. Industrial land development can be difficult to predict and is strongly tied to changes in the global, national, and regional economies. The application of a contingency factor provides flexibility in the event that London experiences demand for industrial lands that exceeds the Altus projections. Given the new economic development efforts being pursued by the London Prosperity Plan and the past success of the Industrial Land Development Strategy, there is a strong possibility that industrial demand may be higher than projected. Additionally, as noted in the Industrial Lands Study, average annual industrial land sales for the past 10 years have been almost double the future average annual amount of land projected for new development. A 10% contingency factor provides for additional land beyond the amount

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projected to be required for industrial buildings in order to accommodate the industrial land sales trend should it continue in the future.

TABLE 1: PROJECTED DEMAND FOR INDUSTRIAL LAND

Period	Floor Space Required [sqm]	Allowance for Intensification (25%) [sqm]	Floor Space on Vacant Lands [sqm]	Greenfield Land Area Required (0.23 FAR) [sqm]	Greenfield Land Required [ha]	Contingency (10%) [ha]
2011-2016	241,800	60,500	181,300	788,300	78.8	86.7
2016-2021	221,300	55,300	166,000	721,700	72.1	79.3
2021-2026	231,600	57,900	173,700	755,200	75.5	83.1
2026-2031	276,200	69,100	207,100	900,400	90.0	99.0
20 Year Demand Total	970,900	242,800	728,100	3,165,600	316.4	348.1
2031-2036	339,500	84,900	254,600	1,107,000	110.7	121.8
2036-2041	374,800	93,700	281,100	1,222,200	122.2	134.4
30 Year Demand Total	1,685,200	421,300	1,263,900	5,495,200	549.5	604.5

As noted in Table 1, the Industrial Lands Study projects the need for 316 hectares of greenfield lands for industrial development over a 20 year period (and 550 hectares of greenfield land over a 30 year period). With the added contingency, the projected demand equates to 348 hectares required for the 20 year planning period, as permitted under the Provincial Policy Statement.

Supply

City Staff maintain an inventory of vacant industrial lands located throughout London. Each year, the Industrial Vacant Land Inventory is updated to remove lands that have been subject to a building permit, and/or have been purchased from one of the City's industrial business parks. For the purposes of the Industrial Lands Study, the Industrial Vacant Land Inventory as of December 31st, 2011 was used to correspond with the first year of the Altus demand projections. Recognizing that a sizable amount of industrial lands were subject to re-designation for non-industrial uses through the Southwest Area Plan (SWAP), these lands where applicable were removed from the Industrial Vacant Land Inventory and transferred to the residential and commercial vacant land inventories.

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Table 2 provides a summary of industrial vacant lands by land use designation. As noted in the Industrial Lands Study, the bulk of the City’s supply of vacant industrial lands consists of lands that are designated for Light Industrial uses. Overall, there are currently 1276 hectares of vacant industrial land located throughout the city, with 52% of the supply serviced and available for the immediate construction of industrial buildings.

TABLE 2: VACANT INDUSTRIAL LAND INVENTORY SUMMARY

Land Use Designation	Area (ha)	Serviced (ha)	Unserviced (ha)
Urban Reserve Industrial Growth	121	0	121
General Industrial	307	218	89
Light Industrial	789	428	361
Office Business Park	59	13	46
Total	1276	659	617

The Industrial Lands Study also notes several significant concerns associated with London’s industrial land supply. First, the city’s vacant industrial lands are heavily weighted towards small parcel sizes. Table 3 provides a summary of the number of parcels by hectare ranges derived from the Industrial Vacant Land Inventory. Approximately 50% of industrial parcels in the Inventory are less than 1 hectare, whereas only 10% of the supply is over 10 hectares. Given recent trends of industrial users seeking larger parcel sizes, the industrial vacant land supply appears to provide limited potential to meet these demands in the future. In fact, the City may find itself unable to accommodate the needs of larger industrial users much sooner than the overall count of vacant industrial hectares would indicate. Given that many of these smaller parcels are also surrounded by built industrial lands, opportunities for land assembly to form larger parcels are likely to be minimal.

TABLE 3: VACANT INDUSTRIAL LAND BY PARCEL SIZE

Lot Size (ha)	Number of Parcels	Number of Serviced Parcels	Number of Unserviced Parcels
< 1.0	162	161	1
1.0 – 1.9	45	43	2
2.0 – 4.9	69	61	8
5.0 – 9.9	21	18	3
10.0 – 14.9	16	12	4
15.0 – 19.9	6	3	3
20.0 +	10	3	7
Total	329	301	28

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Second, there are challenges associated with the five major clusters of the City's vacant industrial land supply:

- Lands in the vicinity of the London International Airport are substantially removed from Highway 401 access, and a large portion of the vacant land supply in this area is unserviced.
- City-owned lands in the Veterans Memorial Parkway corridor are being quickly acquired by industrial users. Expansions of these industrial parks, however, are challenged by several large landowners that have expressed limited interest in making their lands available for future acquisition by the City.
- The Forest City Industrial Park located at the southeast corner of Highbury Road and Highway 401 has proven to be very popular with industrial users and is now almost completely built out. Potential exists for a new industrial park within the existing Urban Growth Area at the northeast corner of Highbury Road and Highway 401, however these lands require an area planning process to prepare them for development and are constrained by significant wetland features and a hydro corridor that impacts future industrial parcel formation.
- Vacant Industrial lands in the Exeter Road/White Oak Road area consist primarily of privately-owned small lot industrial subdivisions. While these will accommodate some of the projected industrial demand, the City has not pursued industrial land development in this area in the past and the lands are deemed to be ill suited for large scale industrial users due to parcel size limitations and natural heritage constraints in the area.
- A number of vacant parcels are found in the older areas of London, primarily clustered around the Canadian National and Canadian Pacific Railways, east of Downtown London. These lands hold limited potential for future industrial users and provide opportunities for evaluation through area planning processes (e.g., the McCormick Area Study underway) for re-designation and re-development to non-industrial uses in support of the City's efforts for increasing residential intensification. Additionally, there are likely numerous parcels located in these areas that host vacant industrial buildings (and, by extension, vacant industrial lands) that are not currently captured in the City's vacant industrial lands inventory. Future evaluations of these lands through area planning studies will provide more refined data of vacancy in these older industrial areas, providing support for new industrial lands as a result of the re-designation of these older industrial areas.

Finally, the Industrial Land Study notes that the number of designated industrial lands city-wide has been reduced from the amount of land designated for industrial uses by Official Plan Amendment 88 and the establishment of the Urban Growth Area. In the intervening years, there has been a net reduction of 107 hectares of industrial lands through individual applications as well as the refinement of land use designations that occurred through area planning processes. Further, the Southwest Area Plan will re-designate 345 hectares of industrial lands to residential and commercial purposes. As noted in the October 15th, 2012 report to the Planning and Environment Committee, the re-designation of the SWAP industrial lands was for the following reasons:

Removal of Industrial Lands -

In order to complete communities, protect natural heritage lands, avoid future land use conflicts, and remain economically competitive, areas of land currently designated as “Light Industrial” and “Urban Reserve-Industrial Growth” are proposed to be re-designated to other land use designations through the Southwest Area Secondary Plan.

i) Light Industrial

In the general area of Bradley Avenue to the north, White Oak Road to the east, Dingman Road to the south and Wonderland Road South to the west, existing industrial uses with a Light Industrial designation are proposed for re-designation to non-industrial uses. These lands are legacy industrial lands from the Town of Westminster that were designated prior to annexation by the City of London. Through the Southwest Area Secondary Plan, the re-designation of the “Light Industrial” lands is deemed necessary and desirable in order to re-allocate the amount of land occupied by these areas to strategic locations along the Highway 401/402 corridor. In order to remain economically competitive at the local, regional, provincial, national and global levels, the City of London needs to capitalize upon opportunities to shift its supply of industrial lands to locations that provide a competitive advantage and are attractive to future employers. Additionally, the current locations of these legacy industrial lands are optimal for future residential and commercial development to support growth in the southwest portion of the City of London.

Fronting Wonderland Road South, between Southdale Road West and Exeter Road, 28 hectares of “Light Industrial” lands are proposed for re-designation to the “Wonderland Road Enterprise Corridor” designation. These lands are located immediately south of an existing major commercial node (Southdale/Wonderland) and there are approved low and medium density residential lands under construction to the east. The location of the industrial lands along Wonderland Road South represents a challenge to the future development of Wonderland Road South as an important gateway into the City of London. Future uses along Wonderland Road South in this area will have a community focus – they will support a commercial and residential corridor that stretches from the Urban Growth Boundary to the south and to Southdale Road West to the north. As a result, the continuation of a “Light Industrial” designation for these lands would result in an industrial island that is surrounded by non-industrial uses. There is significant potential for future land use conflicts as the Southwest Area continues to build out, challenging the viability of these lands for industrial uses. It is also noted that no objections to the re-designation have been received from the subject land owners.

A total of 23 hectares of designated “Light Industrial” land north of Exeter Road, between Wonderland Road South and White Oak Road are proposed for re-designation to residential uses. These lands are not contained in an industrial park, but rather front directly onto Exeter Road. Although designated, a total of 15 hectares (65% of the designated lands) are vacant and un-built, with a large portion being utilized for the Dreamers sports fields. A future natural heritage linkage to the east provides a boundary between these “Light Industrial” designated lands and those existing at the intersection of White Oak Road and Exeter Road. To the north of the “Light Industrial” designated lands, the future land use is proposed for low density and medium density residential. In order to complete the future Central Longwoods neighbourhood, and to avoid future land use conflicts, the re-designation of these “Light Industrial” lands is recommended. No objections to the re-designation of these lands have been received by Planning Staff.

To the south of Exeter Road, between Wonderland Road South and White Oak Road, a total of 30 hectares of “Light Industrial” lands are proposed for re-designation to residential uses. Currently, the bulk of these lands are occupied by a small older industrial business park. Although designated for “Light Industrial” uses, several

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businesses operating on these lands are commercial in nature. Future land uses surrounding this development are proposed for low density and medium density residential, with the exception of “Light Industrial” to the east, separated by a natural heritage corridor. While the existing “Light Industrial” uses are expected to be viable in the immediate future, it is deemed desirable to re-designate these lands for low and medium density residential uses. The re-designation will support the future South Longwoods neighbourhood to the south of these lands and will avoid future land use conflicts that could emerge if the “Light Industrial” designated lands were re-developed into more intensive uses.

Recognizing the short-term viability of the light industrial lands proposed for re-designation north and south of Exeter Road, the Southwest Area Secondary Plan identifies these lands as “Transitional Industrial.” The Secondary Plan contains policies in section 20.5.10.2 that enable the existing industrial businesses to operate, while demonstrating that the long-term intent for these lands is for non-industrial uses.

ii) Urban Reserve – Industrial Growth

Much of the existing “Urban Reserve – Industrial Growth” (URIG) land located in the proposed “Wonderland Road Enterprise Corridor”, Central Longwoods neighbourhood and South Longwoods neighbourhood is recommended for designation to non-industrial uses. Further, the Brockley settlement is proposed for re-designation from “URIG” to “Rural Settlement”. A total of 264 hectares of “URIG” lands are subject to re-designation. With the exception of the Brockley settlement, these lands are currently vacant and undeveloped and are not supporting industrial uses. In order to foster community development throughout the Southwest Area Secondary Plan, a non-industrial designation is preferred for these lands. Additionally, the “URIG” designated lands adjacent to Dingman Drive, and east of Wonderland Road South, south of Exeter Road are significantly constrained by natural heritage features that limit the suitability of these lands to support large-scale industrial users. Finally, it is recommended to re-designate these lands in order to support the development of new industrial lands along the Highway 401/402 corridor as part of the City of London’s Industrial Land Development Strategy.

A total of 22 hectares of “URIG” designated lands are proposed for re-designation to “Rural Settlement” to recognize the Brockley settlement in the Official Plan. The re-designation to “Rural Settlement” is consistent to the treatment of Brockley as a settlement special policy area in the former Town of Westminster Official Plan.

While the lands currently designated “Urban Reserve-Industrial Growth” are included in the City’s Vacant Land Inventory, these lands may not develop for industrial uses. The designation serves as an indication of the future long-term intent for these lands; however, the ultimate designation is to be confirmed through the completion of a secondary plan.

The re-designation of industrial lands represents 452 hectares of land that was believed to be available for industrial uses at the time that the Urban Growth Area was established. An expansion of the Urban Growth Area for new industrial lands would return these 452 hectares into the City’s supply of industrial lands to best position London to meet the demands of future industrial users.

Macro-level Evaluation of Land Needs

Future industrial land needs are established by evaluating the ability of vacant lands to accommodate anticipated demand for industrial land over the projection period. As noted in the Industrial Lands Study – and summarized in Table 4 – there are sufficient vacant lands for industrial land development to 2031 (including lands excluded for infrastructure such as roads and stormwater management facilities). As of this date, there will be potentially 823 hectares of

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vacant industrial land available in the City’s industrial vacant land inventory for future development. Extending the projection period another 10 years indicates that almost 50% of the city’s vacant industrial land supply will still be undeveloped.

TABLE 4: PROJECTED SUPPLY OF VACANT INDUSTRIAL LAND

Year	Projected Demand for Industrial Land (ha)	Remaining Vacant Industrial Land (ha)
2011	-	1171
2016	87	1084
2021	79	1005
2026	83	922
2031	99	823
2036	122	701
2041	134	567

From a macro-level quantitative evaluation of demand minus supply, there appears to be sufficient land within the City of London Urban Growth Area to meet the needs of future industrial users. However, there are a significant number of variables involved in the evaluation of future industrial land needs that provide a strong rationale for the need for an expansion to the Urban Growth Area for new industrial lands.

Important Variables Influencing Industrial Land Needs

The quantitative findings of the Industrial Lands Study are significantly influenced by variables related to industrial land development. The following sections describe the effects that changes to assumptions can produce when evaluating industrial land needs and support the expansion of the Urban Growth Area for new industrial lands.

Land Sales vs. Land Consumed through Construction

As noted in the Industrial Lands Study, there appears to be a trend of industrial users purchasing significantly more land than they require for their immediate needs. Essentially, the additional land is being held as a “land bank” by the owners for future expansions of their operations.

When calculating future need for industrial land, the demand side of the equation is based on the amount of land deemed required to accommodate industrial building construction and expansions. No explicit adjustments have been made to the anticipated demand to account for future land banking by industrial users. While some of the additional land purchases will likely to be accounted for in the contingency factor applied to demand calculations and the amount of construction that may occur through intensification, there may be need for additional lands for larger purchases that is difficult to model in the determination of future industrial land needs. However, the desire for land banking supports a need for a sizeable quantity of industrial lands to accommodate this trend and to be flexible in meeting the requests of prospective industrial businesses.

Parcel Size and Differing Industrial Users

London is fortunate to have a healthy variety of industrial land users that wish to locate in our city. Our industrial sector ranges from small machine repair shops to large-scale food processing plants, for example. In order to ensure that the City's industrial sector remains vibrant and diverse, the City of London needs to provide a range of parcels sizes to serve the needs of differing industrial users.

As noted in the Industrial Lands Study, the industrial Vacant Land Inventory is comprised heavily of parcels that are less than 5 hectares in size. In fact, approximately 50% of industrial parcels in the Inventory are less than 1 hectare, whereas only 10% of the supply is over 10 hectares. Given the trend noted above of a demand for larger parcel size, the City needs to look for opportunities to enhance its ability to offer a greater supply of large-parcel sites in marketing its industrial lands. The high percentage of small industrial lots within the industrial Vacant Land Inventory skews the determination of supply. While a sum of the available vacant lands does appear to provide sufficient supply to meet anticipated industrial demand, the development potential of a large portion of these lands is suspect due to parcel size limitations.

While there are still several large tracts of undeveloped greenfield designated industrial lands within the Urban Growth Area, the inclusion of new industrial lands will provide the City with greater choice and flexibility in providing additional sites for large industrial users.

Availability for Acquisition

The City's ability to purchase new lands for development is a key factor in industrial land development. A high-level examination of supply and demand assumes that all undeveloped lands in the Vacant Land Inventory can be purchased and can be acquired for a reasonable purchase price. As noted in the Industrial Lands Study, however, Realty Services has found it challenging to acquire new industrial lands as the number of designated large vacant parcels declines over time. Some landowners of large tracts of existing designated industrial lands are not interested in selling their land, and wish to retain it for agricultural production. Since the City is not likely to expropriate this land, it is essentially unavailable for acquisition over an unknown time horizon. The constraints resulting from land availability also impact the ability of private, non-City of London industrial developers to secure industrial lands to sell and limit the future growth in the number of private industrial developers in the city.

Acquisition challenges are difficult to model in a land needs study without using an arbitrary discounting factor or the undesirable identification of lands that are difficult to acquire. As a result, industrial lands added to the Urban Growth Area would provide new opportunities for acquisition and may encourage previously unavailable sites to become acquirable as increased competition for purchasable industrial lands motivates property owners to market their site.

Intensification

Analysis performed for the Industrial Lands Study demonstrated that only 10% of total industrial construction (both new build and additions) for 2007-2011 was accommodated on lands within the built area boundary established as part of the 2007 Official Plan Review Land Needs Study. The ability of lands within the built area to accommodate future industrial development is questionable. Older industrial areas in the city are challenged with small parcel sizes and obsolete industrial buildings. Further, the location of many of these older industrial areas in the core of the city renders them less desirable for users that are seeking quick access to the Highway 401/402 corridors for ease of shipping and receiving of products. While these areas will be able to serve the needs of some smaller industrial users, they have limited potential to meet the needs of larger-scale logistics, manufacturing and warehousing industrial users. Many older industrial areas in London are likely better suited for conversion to residential/mixed use development in order to advance the City's goals of encouraging a compact city through

increasing residential intensification.

Intensification will also manifest through additions and expansions of existing industrial operations on sites owned by industrial users, but not yet built upon. Should the trend continue of industrial users purchasing larger properties to land bank for future expansion, there may be less demand from these industrial users to purchase additional vacant lands. As a result, the assumption of 25% intensification in the determination of future industrial land demand can also serve to account for industrial expansions on existing sites.

Assumptions about industrial intensification present challenges when considering an assessment of future industrial land needs. Should older areas of the city prove to be undesirable for industrial users (or be deemed to be more desirable for re-development for residential uses), limited intensification may occur within the City's built area boundary. Additionally, future expansions of existing industrial users on under-utilized industrial lands are difficult to predict for quantity and timing. In order to be best positioned to meet the needs of future industrial users, the challenges associated with intensification provide additional arguments for the inclusion of new industrial lands within the Urban Growth Area.

Desirability of Sites

Since the Urban Growth Area was established in the late 1990s, the City has been aggressively developing industrial lands for sale to foster growth in London's industrial sector. In particular, the planning, acquisition and servicing of industrial parks in the southeast portion of the city's Urban Growth Area has proven highly successful with the quicker than anticipated build-out of the Forest City Industrial Park and the phases of the Innovation Park. The nature of industrial operations places significant emphasis on access to transportation corridors with minimal barriers to direct highway access. The importance of industrial land availability in strategic locations cannot be overstated.

As noted in the Industrial Land Study, although a quantitative evaluation of future industrial land needs does demonstrate that the city will theoretically have a sufficient supply of industrial lands to meet anticipated future demands, the desirable industrial sites will diminish over time. Without new options for strategically-located industrial lands, the City will increasingly be in a challenging position of not being able to offer sites to meet locational needs of new industrial users seeking to locate in London or existing industrial businesses that are seeking different sites to meet the changing nature of their respective operation. With the inclusion of new industrial lands in the Urban Growth Area, the City of London can ensure that it is well positioned to continue to be a desirable location for industrial users.

DISCUSSION

As recommended by the Industrial Lands Study, Planning Staff recommends the initiation of an Official Plan Amendment to expand the Urban Growth Area by approximately 500 hectares for lands to be designated for industrial uses. The following section expands on the rationale provided for an Urban Growth Area expansion outlined in the Industrial Lands Study.

Securing London's Competitive Advantages

London is well positioned to be the leading Ontario centre in tomorrow's industrial economy. Our city's location attracts companies that wish to access multiple markets from a single, centralized plant and/or warehouse. Companies benefit from quick transit to the American Mid-West via Highway 402, the US industrial core via Highway 401 (and the upcoming construction of the new bridge at the Windsor/Detroit border crossing), and the American East Coast markets via Highway 403. Additionally, London is in close proximity to the Greater Toronto Area – one of North America's fastest growing urban areas. Our city offers companies multiple options to access markets in order to grow their businesses. Finally, our city is fortunate to have excellent

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multimodal transportation networks. Prospective industrial users are able to take advantage of London's International Airport, three major cargo rail lines, and direct access to two of the province's most utilized highways.

The recently-endorsed Altus Economic Consulting growth projections report also indicated that London has the potential to gain from future industrial users being unable to find appropriate sites in the Greater Golden Horseshoe due to the province's Growth Plan and Greenbelt Plan. As these policy frameworks do not apply to the London area, our city has the opportunity to attract major industrial users that are considering multiple Ontario locations.

New industrial lands would permit London to capitalize on its competitive advantages. Strategic areas throughout the City should be designated for future industrial land uses in order to ensure that these lands are available to permit the City to protect and preserve its future economic prosperity.

Replacing Re-designated Industrial Lands

As noted in the attached Industrial Land Study, a total of 452 net hectares of industrial lands have been removed from the total number of industrial lands designated through the City's last large Official Plan review process – Vision '96/Official Plan 88. When these lands were included in the Urban Growth Area at the time of its establishment, it was explicitly assumed that these lands would need to be available in order to provide the City of London with sufficient lands for future industrial development. Although the removal of these industrial lands was justifiable (London Economic Development Corporation Staff indicated that these lands were not suitable and attractive for industrial development) and appropriate for their re-designated uses (completing residential communities), the result has been a significant reduction in London's industrial land supply that has not been replenished to date.

An Official Plan Amendment to include an additional 500 hectares of new industrial lands through an expansion to the Urban Growth Area would address the reduction of industrial lands that occurred through re-designation. The City also has the opportunity to make a strategic choice about the location of these lands to avoid any potential future re-designation of the new industrial lands to non-industrial uses.

Ensuring Locational Choice

When the City of London's industrial lands were designated following the Vision '96 process, the concentration of industrial activity was chosen for the eastern part of the city, along Airport Road/Veteran's Memorial Parkway between the London International Airport and Highway 401. This location was deemed desirable to maximize investments in infrastructure to support industrial development that had been made in the eastern part of the city, and to provide strong linkages to two major transportation modes. Most of the industrial lands in the Veterans Memorial Parkway corridor were subsequently designated for light industrial uses (e.g., light manufacturing, warehousing, and office business parks) with servicing infrastructure designed to correspond with such land uses. Few opportunities were located adjacent to the Highway 401/402 corridor to serve the needs of logistics-type industrial users. Sites for heavy industrial uses were provided west of the airport along Huron Road.

As noted in the Industrial Lands Study, experience has demonstrated that the City's industrial land supply suffers from several locational deficiencies. First, a limited portion of the available industrial land supply is located in close proximity to the Highway 401/402 corridors, and even less has direct Highway 401 exposure. Second, there is the need to provide industrial lands with less intense servicing that could accommodate the needs of logistics-type users that have high land demands, but limited water/sanitary/storm infrastructure needs. Third, the City's industrial land supply is very limited in the western portion of London, with a lack of designated lands located at the strategic Highway 401/402 node. Finally, the limited number of General Industrial lands to serve more heavy industrial users is a cause for concern, especially given

that the bulk of the available supply is located in a single location in the city.

New industrial lands would provide opportunities to address the locational limitations identified above. Recognizing the need for locational choice sought by industrial users interested in locating in London, the City can strategically allocate the new industrial lands to improve its economic development readiness for the future.

Enabling Affordable and Available Land Acquisition

Reductions in London's industrial land supply produced by land sales and re-designations results in an ever-shrinking pool of land available for acquisition by the City of London. Supply constraints can also be heightened due to the reluctance of property owners to make their lands available for sale. Given that the Corporation is the principal industrial land developer in the city, the lack of market competition also affects the price paid for each hectare of land purchased and encourages land speculation. When combined, these factors can significantly increase the cost to the municipal taxpayer for acquiring new industrial lands.

Increasing the city's supply of vacant industrial lands through an Urban Growth Area expansion provides a means to address concerns associated with availability and land costs. New alternatives are made available to maximize the potential for acquiring affordable and available industrial lands. As a result, the City of London is better able to ensure its land supply is prepared to meet the needs of new industrial users.

Maximizing Strategic Investments in Infrastructure

Over the past 10 years, the City of London has invested heavily in the infrastructure required for industrial land development. Due to the exemption of industrial buildings from the payment of development charge fees, the funding of infrastructure costs has been borne by London taxpayers through the City's capital budgets. In certain locations, built infrastructure has the potential to serve new industrial development on lands outside of the existing Urban Growth Area. The inclusion of new industrial lands at these locations would enable the City to maximize its previous investment in infrastructure improving efficiencies in service provision.

In the next five years, the Province of Ontario and the City of London will be funding upgrades to Highway 401 interchanges located at Veterans Memorial Parkway and Highbury Road South, as well as a new interchange at Wonderland Road South. These interchanges are important strategic investments to provide new and/or enhanced transportation linkages for future industrial users. It is prudent for the City to link future expansions of its industrial land supply to these interchange improvements to support the provincial and municipal infrastructure investments.

Phasing New Development Over Time

The City of London is committed to phasing and staging growth in a responsible manner. Although the expansion of the Urban Growth Area for approximately 500 hectares of new industrial lands would provide the City with flexibility in responding to the needs of new industrial users, it is anticipated that the entire new supply would not be made available for development within the short-term. In the past, the City has used an Industrial Reserve designation to phase the development of new industrial lands. Once the new industrial lands have been identified for inclusion in the Urban Growth Area, a phasing plan will be included with the Staff recommendation (and/or a completed Secondary Plan, if required) to balance the need for flexibility with the need to manage the physical development of new industrial lands. The phasing plan will also be tied to the servicing strategy for future industrial land development to ensure that harmony exists between these two key aspects of the Industrial Land Development Strategy.

PROPOSED PROCESS

Staff is recommending the following process related to the Industrial Lands Study:

- **Public Consultation:** To date there has not been any public consultation regarding future industrial land needs. With Council direction, Staff will circulate the Industrial Lands Study and associated Staff report for public review and comment. Staff will provide notice that the City is considering suggestions for where the Urban Growth Boundary should be expanded to allow for additional industrial lands. Should landowners wish to submit their lands for consideration as a site for an expanded Urban Growth Area for future industrial uses, Staff will receive this information for evaluation and report this information to Council. The timeline for public consultation will be January – February 2013.
- **Staff Review of Candidate Industrial Sites for Inclusion:** Staff have begun collecting data for future industrial areas outside of the existing Urban Growth Area. The Industrial Lands Study provides criteria that can be used in evaluating candidate lands for inclusion. Staff will place significant emphasis on the desire to maximize investments that have previously been made in industrial growth areas, as well as the desire to provide multiple locational choices for future industrial users. Proposals received for additions to the Urban Growth Area to allow for industrial uses from members of the public will be reviewed as part of the Staff assessment. Evaluation of future industrial sites has commenced and will be complete by the end of mid-2013.
- **Recommended Urban Growth Area Expansion:** It is intended that a recommendation to the Strategic Priorities and Policy Committee for an expansion of the Urban Growth Area will be brought forward by mid-2013. The meeting will also serve as a public participation meeting according to the requirements of the *Planning Act*.
- **Future Processes:** Once Council has adopted the inclusion of new industrial lands, Planning Staff will initiate planning processes (including a secondary plan, if required) for some or all of the newly added industrial lands in order to make them available for development as quickly as possible. These planning processes will provide direction for the comprehensive development of the subject lands through an evaluation of natural heritage features, future road connections, development blocks, and detailed servicing and financing requirements. It is anticipated that these planning processes will be complete by the end of 2014. It should be noted that these studies can only be completed if funding is approved to cover the costs of these studies in future budgets.

CONCLUSION

The Industrial Lands Study has provided a comprehensive evaluation of the City of London's industrial land needs for the 20 year period of 2011 to 2031. Numerous issues associated with

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industrial land demand and supply have been identified, along with factors that impact the ability of existing lands within the Urban Growth Area to accommodate future industrial users.

As recommended by the Industrial Lands Review, the City of London would be best served by an expansion to its Urban Growth Area of approximately 500 hectares for new industrial lands. Such an expansion will enhance the City's industrial vacant land inventory in order to be strongly position to meet the needs of future industrial users and to continue to ensure that London is the major industrial centre of Southwestern Ontario.

A process has been identified for the expansion of the Urban Growth Area incorporating opportunities for public consultation and the evaluation of candidate industrial sites by City Staff. It is anticipated that the process associated with an Urban Growth Area expansion will be complete by mid-2013 and that secondary planning for the new industrial lands will be completed, making them available for development, by the end of 2014.

PREPARED BY:	SUBMITTED BY:
PAUL YEOMAN PLANNER/RESEARCH ANALYST PLANNING DIVISION	GREGG BARRETT, AICP MANAGER, POLICY PLANNING AND PROGRAMS, PLANNING DIVISION
RECOMMENDED BY:	
JOHN M. FLEMING, MCIP, RPP MANAGING DIRECTOR, PLANNING & CITY PLANNER	

November 23, 2012
PY/py

Appendix 1: R. Panzer, *Industrial Lands Study*, November 2012

Cc: A. Zuidema, City Manager
J. Braam, Managing Director, Engineering and Environmental Services & City Engineer
M. Hayward, Managing Director, Corporate Services & City Treasurer
P. White, President, London Economic Development Corporation

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APPENDIX 1: R. PANZER, *INDUSTRIAL LANDS STUDY*, NOVEMBER 2012