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EXECUTIVE SUMMARY

Overview. The Business Parks Functional Plan is one of the mechanisms for implementing HRM's Regional Municipal Planning Strategy, which was approved in 2006. The Business Parks Functional Plan (BFPF) serves as a strategic plan for the future expansion of business parks within HRM, and provides detailed management guidelines for the Burnside Business Park.

Scope of Work. The study reviewed a number of background documents, including land use policy and plans, previous land use planning studies, HRM's economic strategy, and various related studies. Research was conducted on relevant development trends.

Consultation. Interviews were conducted with the development community and HRM staff; consultants met three times with the Greater Burnside Business Association (GBBA) and with the Bayers Lake Business Association. A presentation was made at a GBBA luncheon, and an invited stakeholder workshop was held to solicit input from the Greater Burnside business community. Key issues revealed by the consultations included: outdated zoning, a poor quality of experience for park employees, outdated infrastructure standards, poor access to and within parks by transit and active transportation, lack of amenities for employees, traffic congestion, low land inventories, and the need to improve overall communication with HRM staff.

Business Park Supply. There are thirteen (13) business parks in HRM owned by the municipality and the province, plus an additional three owned by the private sector. The HRM owns and operates six (6) business parks in HRM (Burnside, City of Lakes, Bayers Lake, Aerotech, Ragged Lake, and Lakeside), while the Province manages seven (7) parks (Sackville, Woodside, Aerotech, Bedford, Eastern Shore, Musquodoboit Harbour and Sheet Harbour) through Nova Scotia Business Inc. (NSBI). The three privately owned parks in HRM, Dartmouth Crossing, Bedford Commons, and West Bedford Business Campus, include a total of 950 acres of land, and focus on providing for retail and office uses. More than half of this private sector land reserve will need to be set aside for roads and wetlands, or has already been sold.

As of the Spring of 2008, there were 363 acres of serviced land available for sale within the municipal and provincial business parks, with HRM controlling about two thirds of this total. There are also an additional 4,622 acres of lands in the combined land reserves for both groups, with HRM controlling 94% of this supply. The dominance of HRM in business park development reflects the Province's move to slowly divest itself of business park land within HRM. However, of the 4,347 acres of reserve land owned by HRM, most of this land is not available for development due to wetland protection

and roads, servicing and locational constraints, or is slated for other purposes (e.g., airport runways). When these amounts are excluded, the net amount of land available for sale is just 2,385 acres, and much of this is located in parks that have significant servicing constraints (i.e., Aerotech and Ragged Lake). There are now only 630 net acres of land in the Burnside Reserve (i.e., the net amount of sale after the exclusion of roads and wetlands), which, based on historic absorption rates, should last 15 to 20 years before it is completely built out.

In summary, there is a shortage of well located and serviced industrial land within HRM, and no clearly defined process to acquire new lands for expansion.

Demand for Business Park Land. Records indicate that 2,428 acres of business park land has been sold since the early 1960s, with HRM parks accounting for 1,760 acres, or 72% of this total. HRM has been selling an average of 50 acres a year since 2000, with Provincial sales accounting for another 18 acres per year. Sales of land in the private business parks are not confirmed, but appear to average 80 acres per year for the three year period 2005-2007. Therefore, total demand has averaged 150 acres per year from 2005 to 2007.

During the past decade, land consumption has increased substantially due to more stringent environmental regulations that require the exclusion of wetlands; site development criteria that require rear loading doors (and therefore a larger lot); and the general lack of serviced land for large developments (such as jails, composting plants, soccer fields, etc) that are now directed towards municipal business parks.

Financing Business Park Development. HRM is the major developer of business park land within HRM. As a general rule, the construction of new business park land is financed using sales proceeds from HRM's land reserve account. From time to time, additional funds can be leveraged/borrowed for special projects (e.g., the extension of Wright Avenue); however, during peak periods of activity, the Business Parks Office (TPW) does not have enough working capital to finance the road infrastructure to keep up with demand. The emergence of the private sector in the development of the Bedford Commons, Dartmouth Crossing and Bedford West Business Campus offers the potential to leverage these developers for certain development types: retail and office space, for example.

HRM Business Park Office staff manage new development, including the development of concept plans, infrastructure planning and lot sales, while the HRM Planning and Development Department manages the development approval process under the applicable municipal planning strategies and land use by-laws. Pricing for lots in HRM's Business Parks is based on market value, and recovers the costs of lot preparation and

marketing and sales costs. Regional Council sets land prices in Business Parks. Lots are sold for the development of business facilities only.

Review of Development Trends. A literature review of trends in North American business parks was conducted to understand the issues that HRM faces. Major trends include:

- Most (80%) of new office construction in North American cities is located in the suburbs, although there is still strong demand in some employment sectors for office uses downtown. Certain businesses need to be downtown (e.g., nearshore financial services), while others will only consider suburban locations (e.g., Research in Motion in HRM). HRM needs to be able to respond to both.
- Retail evolves in response to changes in economic and societal conditions. There is a gradual shift to add entertainment and lifestyle elements to big box retail developments. This shift responds to the increasing number of time-challenged Baby Boomers who want to eat and be entertained while shopping. The difficulties in implementing this concept in Atlantic Canada are our harsh winter weather and modest income levels.
- Warehouse space is evolving in order to respond to changes in the logistics supply chain. Rising fuel costs are placing emphasis on rail, and improved truck distribution systems (tandem/double trailers). As a result, transportation infrastructure needs to accommodate larger trucks. Inland ports and logistics hubs are being created adjacent to distribution gateways; this is an opportunity for HRM to leverage the Port of Halifax.
- Real estate development in general is incorporating more mixed use. While residential uses are incorporated into high end business parks (office and retail space), residential uses are not compatible with traditional light industrial and warehouse space (e.g., manufacturing and distribution).
- As cities grow, large parcels of serviced land for commercial development become scarce. As a result, many businesses move to centrally located business parks. This steady increase in demand is generating concern in some municipalities about the need to preserve industrial land.

Survey of Canadian Business Parks. A survey of business parks in Canadian cities was undertaken to understand what issues are facing other municipalities, and how they are addressing them. The most significant issues identified included: the huge demand for new infrastructure, the need for more public transportation, incompatibility of land uses, erosion of industrial land for other uses, and overloaded road infrastructure/traffic. These issues are similar to those being faced by HRM at the present time.

The Role of HRM and the Private Sector. In the 1960s and 1970s, it was believed that municipal and provincial involvement in business park development was needed to provide a consistent supply of affordably priced land. Initially, several companies developed private industrial parks; however, as government began selling land at a subsidized price, the private sector could no longer compete and government bought out these parks. The Municipal Government Act after amalgamation required HRM to eliminate land subsidies, and since 1996, land prices have slowly risen to market rates. Recently, the province made a policy decision to extricate itself from the development of new business parks, although it continues focus on its two major business parks in HRM (Woodside and Sackville), and has an interest in leveraging the port at Sheet Harbour.

The study notes that there is a disconnect between HRM's business park development strategy and its economic development policy (which targets the growth of the port, the defence sector, life sciences, and nearshore financial, for example). HRM has recently created the Halifax Atlantic Gateway Logistics Park to address the logistics sector, but more work is needed to target other key growth areas. Given the recent emergence of the private sector in the retail and office markets, and HRM's inability to keep up with the demand for business park land during peak periods of demand, HRM should revise its policy objectives for business parks. The consultants recommend the following:

- Allow the private sector to take the lead role in the development of land for retail and office space. Any development of this type of land should be secondary to HRM's main focus.
- HRM to focus primarily on the development of general and light industrial land.
- HRM to partner with various stakeholders to focus on core economic growth segments (e.g., Halifax Port Authority and/or a logistics park developer for an expanded logistics park; Halifax Airport Authority for aviation and aerospace product).
- The Greater Halifax Partnership (GHP) to take a lead role in ensuring alignment between economic growth policies of HRM and its business park activity.

Future Demand for Office Space. Employment projections for the period from 2010 to 2026 indicate that the HRM economy will generate another 23,000 jobs over the next two decades. As these projections do not include a large influx of nearshore financial jobs, however, the total number could be higher. When these projections are converted into jobs, the low level estimate is a demand for 1.7 million SF of new office space in the Capital District and Halifax Peninsula over the next two decades. While the availability of land in the downtown has been questioned, there appears to be

more than enough business park land for suburban office space to meet this demand, especially with the involvement of the private sector in this segment of the economy.

Future Business Park Expansion. An analysis on lands within HRM was conducted to identify locations suitable for the construction of new business parks. The analysis suggests that there are some areas with good suitability for future business park uses; however, these areas are not abundant, therefore there is some urgency about securing the potential for future business park uses in these areas.

- The remaining Burnside lands show high suitability for business park use. Lands to the north of Burnside also show good potential for business park use.
- The suitability analysis shows substantial areas of suitable land remaining in Aerotech Business Park, but municipal servicing is severely constrained, thereby dramatically reducing the capability of this land. As well, much of this land is needed for the HIAA's third runway project.
- Bedford West Business Campus shows limited suitability for industrial development because of its proximity to existing residential uses; however, the office campus uses are well located, and should not present a conflict with residential uses.
- The remaining lands in Bayers Lake Business Park show unfavourable suitability for business park uses, although they can be developed if the sales price is high enough to cover the extraordinary development costs (from the blasting of bedrock).
- Ragged Lake Business Park remains almost completely undeveloped. The analysis shows good suitability for the proposed mixed use community previously identified in the Western Common Plan. The local MPS documents designate this area for a mixed use office campus, residential, and recreational development adjacent to a large wilderness area, although currently there is no servicing capacity for the majority of these lands.

Functional Plan: HRM Business Parks

Currently, HRM fulfills the need for the development of small, affordably priced, serviced lots for local businesses. Job creation by small businesses is a core part of the HRM economy, and HRM plays a valuable role in making affordably priced land available. For this reason, HRM should continue to play an active role in the development of business park land.

The following is a summary of the study's recommendations for the expansion and management of business parks within HRM.

Proposed HRM Business Park Policy Objectives. If HRM re-focuses its development efforts on specific market sectors, it can more effectively leverage the capacity of the

private sector. HRM should focus its efforts on general industrial lands, leave retail development primarily to the private sector, and let the private sector focus on the development of suburban office campus lands.

Residential Development and Business Parks. The Regional Municipal Planning Strategy identified an opportunity for residential development in the area north and east of the Burnside Business Park and City of Lakes Business Park. Given the short supply in the industrial land reserve, the difficulty in finding good quality serviced land for industrial development, and the potential for incompatibilities, HRM should not promote residential development in or around industrial land uses. This means that HRM should not permit residential development on or adjacent to lands that are designated for industrial development, and residential development should not displace potential industrial land uses. (In addition, there are significant areas of existing affordable residential housing suitable for Burnside employees close to the park; these areas, however, require improved transit and active transportation access to the park.) Medium and high density residential uses, however, are compatible with an office/business environment and would be possible on privately-owned land in the Business Campus designation of Burnside. This arrangement would also help to meet the regional goals of balancing jobs and housing.

Rationalizing Existing Business Parks. High level recommendations include:

- Given the limitations of Aerotech for HRM, sell some lands to the HIAA for the development of a third runway and partner with the HIAA to develop the remaining lands for airport support uses;
- Allow additional retail uses in Bayers Lake, but retain enough land for light industrial uses on the Halifax side of the Bedford Basin;
- Prepare a master plan for Bayers Lake (including recommendations for Ragged Lake); and
- Given the potential of Sheet Harbour for marine industrial uses, prepare a master plan for this Park that leverages the existing port facility.

Partnerships. HRM should use partnerships to leverage its ability to meet its economic growth objectives. For example:

- Create key sector advisory groups for the business parks;
- Partner with the Halifax Port Authority and/or a logistics park developer to expand the existing Halifax Atlantic Gateway Logistics Park in Burnside to Phase 13;
- Partner with the Halifax International Airport Authority (HIAA) to fully develop the Aerotech Park;

- Partner with the federal and provincial governments to create office incubator space downtown; and
- Use the skills of the HRM Business Parks Office to assist HRM in redeveloping the Cogswell interchange.

There are other strategies that HRM should consider to leverage its development capacity, including partnerships with the private sector to build out certain parks, and finance road construction. Council approval to use debt financing (used by other municipalities) would also assist HRM during peaks in construction activity.

Downtown/Suburban Office Balance. Although suburban office locations are often perceived as unfair competition for the downtown core, a complementary mix of downtown and suburban office locations is required to service HRM's diverse and growing office market. The study suggests that HRM should encourage downtown vitality by ensuring there is a supply of office space for those firms that require it (such as nearshore financial service companies), and by working with the Province and the federal government to rationalize government use of downtown office space. Office development in suburban locations should also be managed through height restrictions. Expanding the existing MetroLink bus service is also a key strategy to ensure that downtown remains a competitive office environment.

Land Banking. The study identified the need for HRM to acquire more than 2,000 acres of raw land in the near term (augmenting the existing reserve) to assure an adequate supply of serviced industrial land for the next 50 years.

Land Pricing and Sales. Over time, and as the market allows, land prices should reflect the replacement cost of raw land and, ideally, the net useable area of the lot being sold. Costs can be lowered and land efficiencies increased by reducing the land required per building. HRM should tailor their site preparation for the users; for example, offering pre-blasted, graded and serviced lots to small users and large un-graded parcels to large developers, who can then masterplan and develop their site in a coordinated manner.

Marketing and Sales. The Greater Halifax Partnership has a role to play in the marketing and promotion of HRM business parks, by coordinating the liaison groups for key sectors and ensuring sector growth is included in business park land planning. The HRM website is a useful informational tool, provided that it is updated frequently. HRM should enter into a marketing and servicing agreement with the Province for the Provincial Business parks in HRM, in order to make serviced lands available to the business community in these locations. Land auctions for new phases are suggested to ensure the continued transparency of the sales process, and to increase the amount of competitive bidding, which will maximize sale prices.

Transportation. Given the level of discontent with existing transportation options in Burnside and Bayers Lake, HRM should commission an alternative transportation plan for both parks, and undertake a streetscape planning study for core areas of the parks. With regard to bus routes, HRM should allocate sufficient resources to Metro Transit to allow them to improve route planning (possibly a re-allocation of existing bus routes). Burnside also requires an internal bus shuttle and bus terminal.

Functional Plan: Burnside Business Park

The Functional Plan suggests the need to provide more clarity on the types of land uses that are allowed within Burnside and other parks such as Bayers Lake. The principles that underlie the Generalized Future Land Use plan for Burnside are: protecting industrial land; differentiating the uses currently permitted in industrial areas and giving priority to light industrial uses; and securing land for future industrial development.

- The **Light Industrial** designation provides for a range of traditional industrial park uses such as warehousing and distribution, and light manufacturing. This designation covers most of the existing development in the older sections of the park.
- The **General Industrial** designation provides for a range of industrial uses (for example, heavy manufacturing, metals fabrication and food processing) that need to be separated from the rest of the park to minimize their impact on other users. Commercial and office uses are discouraged.
- The **Harbour Industrial** designation protects areas along the Harbour with deep water access for uses such as shipping, ship repair, and offshore supply.
- The **Distribution** designation provides for inter-modal freight transfer, distribution warehousing and trucking that require oversized road infrastructure.
- The **Business Campus** designation directs office uses and business services to the business campus area. Design standards will ensure a high quality environment.
- The **Commercial** designation provides for commercial and office uses to front major streets throughout Burnside and in Dartmouth Crossing.
- The **Harbour Commercial/Residential** designation allows for a mix of commercial and residential uses along the shallow portion of the Bedford Basin.
- The **Environmental/Open Space** designation is intended to protect valued natural areas, primarily watercourses and wetlands.

Major recommendations supporting the Land Use Plan include:

- Differentiated land use zones and, potentially, a site plan review process should augment or replace the current site development standards.

- Infrastructure standards should differ based on proposed land uses. For example, roads need to be wider in the Distribution Industrial area to facilitate truck traffic. Development density in the Business Campus needs to be increased with minimum heights, maximum parking ratios, and an increased level of urban infrastructure (sidewalks, benches, etc), in order to make this area more functional.
- The Dartmouth MPS should be amended to allow for the expansion/rationalization of the current City of Lakes Business Park.
- The RMPS should be amended to re-designate the area between Burnside and the Rocky Lake quarry as urban settlement and business/industrial park to enable its future use as serviced business park land.
- Current parking requirements should be reduced in the Business Campus.
- HRM should create an advisory body to inform major decision making in the Burnside and Bayers Lake Business Parks.
- Liaison groups for key economic sectors should provide input to ensure that HRM business parks provide the infrastructure needed to grow these sectors. The GHP would coordinate the activities of these liaison groups.
- Funding for the GBBA should be formalized in order to leverage the activities of this group.
- Transportation to and within Burnside should be improved, including introducing a free shuttle bus within the park and building a central bus terminal.
- The improvement of regional road connectivity to Burnside should be a priority in HRM's Transportation Master Plan.
- HRM should continue to support development in Burnside that is more sustainable through initiatives that include the following:
 - supporting the continuation of development focused on eco-efficiency,
 - supporting the development of an energy strategy,
 - encouraging the construction of LEED certified and energy efficient buildings,
 - commissioning an alternative transportation plan,
 - instituting a no idling policy for vehicles, and
 - introducing green infrastructure where possible.

