

## 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 (BPPF) serves as a strategic plan for the future expansion of business parks within HRM, as well as providing 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 Key issues revealed by the consultations included: outdated zoning, a poor quality of experience for park employees, outdated infrastructure standards, poor access to and within parks by transit and active transportation, lack of amenities for employees, traffic congestion, land use incompatibilities, low land inventories, and a need to improve overall communication on these issues by 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 reflects the Province's move to slowly divest itself of provincial business park land within in HRM. However, of the 4,347 acres of reserve land owned by HRM, most of this land is not available for development due to the exclusion of land for wetlands protection and roads, or is slated for other purpose (e.g., airport runways) or has severe servicing and locational constraints. 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 (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 may last 15 to 20 years before it is exhausted.

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 indicated that 2,428 acres of business park land has been sold since the early 1960's, 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 the exclusion of wetlands, site development criteria that require rear loading doors (i.e., you need to purchase a larger lot to allow this), and the general lack of serviced land for large developments (e.g., jails, composting plants, soccer fields, etc).

*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 through sales proceeds from HRM's land reserve account. From time to time, additional funds can be leveraged 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 financial capacity 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 offer the potential to leverage the private sector for certain development types (i.e., retail, office space, etc).

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 manage 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 to recover 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 is in the suburbs, although there is still strong demand in some sectors for office uses downtown. Certain business need to be downtown, while others will only consider suburban locations. 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.

- 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.
- Real estate development in general is incorporating more mixed use. While residential is incorporated into high end business parks (office and retail space), this type of use is not compatible with traditional light industrial warehouse space (i.e., the nuts and bolts of Burnside).
- 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 raising the 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 land use issues identified include: the huge demand for new infrastructure, the need for more public transportation, incompatibility of land uses, erosion of industrial land for other uses, and 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. As industrial land was sold at a subsidized price, the private sector could not compete for this type of business. Amalgamation and the Municipal Government Act required HRM to eliminate land subsidies, and since 1996, land prices have slowly been brought up to market. The province has also made a policy decision to extricate itself from the development of new business parks, although it continues to own land in two major business parks in HRM (Woodside and Sackville), and has an interest in developing the port at Sheet Harbour.

The study notes that there is a disconnect between its business park development strategy and HRM's 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 consultant recommends 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 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. Calculations show that there will be a demand for 1.7 million SF of new office space in the Capital District and Halifax Peninsula over the next two decades. 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, so 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 show good potential for business park use and represent a substantial opportunity to provide for continued development of this business park.
- The suitability analysis shows substantial areas of suitable land remaining in Aerotech Business Park. Areas of high suitability are adjacent to and west of the park, but access to municipal services are severely constrained, thereby dramatically reducing the capability of this land.
- 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 use.
- 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.
- 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.

This study indicates that there are lands available to provide for future business park uses of various kinds, including industrial, office campus, knowledge park, retail, life sciences, and

aerospace uses. A sector that does not seem to be well supported by this analysis is marine industrial and offshore.

### **Functional Plan: HRM Business Parks**

HRM fulfills the current 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 provides 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.

*Rationalizing Existing Business Parks.* High level recommendations include:

- Given the limitations of Aerotech for HRM, sell these lands to the HIAA, and use the resulting funds to acquire land in more suitable locations;
- Allow additional retail uses in Bayers Lake; but retaining land for light industrial uses.
- Prepare a detailed area 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.

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

- Creating key sector advisory groups for the business parks;
- Partnering with the Halifax Port Authority to expand the existing Halifax Atlantic Gateway Logistics Park in Burnside;
- Partnering with the Halifax International Airport Authority (HIAA) to fully develop the Aerotech Park;
- Partnering with the federal and provincial governments to create office incubator space downtown; and,
- Using the skills of the HRM Business parks office to assist HRM in redeveloping the Cogswell interchange.

There are other strategies for HRM to leverage its development capacity, including partnerships with the private sector for the build out of certain parks and to finance roads. Debt financing (used by other municipalities) would also assist HRM during peaks in construction activity.

*Downtown/Suburban Office Balance.* 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. Expanding the Metrolink service is also key to supporting a competitive downtown.

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

*Land Pricing and Sales.* Land prices should reflect the replacement cost of new land and 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 to users; for example, offering large un-graded parcels to large developers and pre-blasted, graded and serviced lots to small users.

*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 are suggested for new phases of development, to encourage a transparent sales process and to increase competitive bidding to 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 resources). Burnside also requires a internal bus shuttle and terminal.

#### **Functional Plan: Burnside Business Park**

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.
- The **Heavy Industrial** designation provides for warehousing and distribution, and obnoxious or hazardous uses. Commercial and office uses are discouraged.
- The **Harbour Industrial** designation protects areas along the marine waterfront for use such as shipping, ship repair, and offshore supply.
- The **Distribution Industrial** designation provides for inter-modal freight transfer, distribution warehousing and trucking that require oversized road infrastructure.
- The **Office Park** designation directs office uses and business services to City of Lakes Office Park. Design standards will ensure a high quality environment.

- The **Commercial** designation provides for commercial and office uses to front major streets and throughout Dartmouth Crossing.
- The **Harbour Commercial Residential** designation allows for a mix of commercial and residential uses along a portion of the Bedford Basin.

Major recommendations supporting the Land Use Plan include:

- Differentiated land uses zones and a site plan review process should replace site development standards;
- Infrastructure standards should be stratified to fit proposed land uses. For example, roads need to be wider in the Distribution Industrial area to facilitate truck traffic. Development density in the City of Lakes/Office Park needs to be increased with minimum heights, maximum parking ratios, and an increased level of urban infrastructure (sidewalks, benches, etc).
- The MPS should be amended to allow for the expansion of the City of Lakes Business Park;
- New site planning criteria should include reducing current parking requirements and removing the current height limits in City of Lakes;
- Creating an advisory body to inform major decision making on Burnside and Bayers Lake;
- Input from the key economic sectors through liaison groups should inform decision making;
- Funding for the GBBA should be formalized; and
- Transportation to and within Burnside should be improved, including introducing a free shuttle bus within the park and building a central bus terminal.