



Corporate Report

Clerk's Files

Originator's
Files

CD.15.SRR

DATE: June 1, 2015

TO: Chair and Members of General Committee
Meeting Date: June 17, 2015

FROM: Edward R. Sajecki
Commissioner of Planning and Building

SUBJECT: **Funding Request for SRRA Research on the Impact of RER and SmartTrack on Office Development in Mississauga**

RECOMMENDATION: That a funding request by Strategic Regional Research Alliance (SRRA) of \$50,000 to support research, as described in the report titled "Funding Request for SRRA Research on the Impact of RER and SmartTrack on Office Development in Mississauga" from the Commissioner of Planning & Building, dated June 1, 2015, be approved.

REPORT

HIGHLIGHTS:

- The province has made a commitment to deliver Regional Express Rail (RER) which will expand GO Transit rail service to include 15-minute two-way, all-day GO Transit rail service.
- The RER initiative for the Lakeshore, Milton and Kitchener GO Transit rail corridors is one of the City's priority transit projects.
- The proposed SmartTrack plan builds on the RER initiative, with 53-kilometre, all-day, two-way frequent train service including a new heavy rail spur line along Eglinton Avenue West to Mississauga's Airport Corporate Centre.

- Strategic Regional Research Alliance (SRRA) is undertaking research to provide forecasts of office development and employment growth likely to result from RER and SmartTrack. These forecasts will provide input for ridership modeling of SmartTrack/RER.
- This research is valuable given the importance of Office development for the success of the City's future employment growth.
- Research will also support the City's long term planning and infrastructure investment, development of strategies for optimizing the Airport Corporate Centre's Competitive Advantage, improving Tax Revenue Planning, and improving Development Charges Planning.
- Partners supporting the SRRA research include the City of Toronto and York Region contributing \$130,000 and \$50,000, respectively.
- The City of Mississauga has been asked to participate with a \$50,000 contribution.

BACKGROUND:

Regional Express Rail (RER) and SmartTrack

On July 24, 2014, the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*, was passed by the Province and included a \$15 billion commitment to funding transit infrastructure in the Greater Toronto and Hamilton Area (GTHA). The Province made a commitment to deliver Regional Express Rail (RER) which will ultimately expand GO Transit rail service within the GTHA with two-way, all-day GO Transit rail service as frequently as every 15 minutes, through electrification of Provincially owned GO Transit rail corridors.

Metrolinx has a work plan for RER which includes developing the service concept (e.g. frequency, type of service), identifying Infrastructure needs, and developing a phasing plan to determine the optimal sequencing of RER infrastructure and service to all GO Transit rail corridors.

The RER initiative for the Lakeshore, Milton and Kitchener GO Transit rail corridors is identified as one of Mississauga's priority rapid transit projects, with equal importance to the Hurontario Main Street Light Rail Transit project and the downtown portion of the Mississauga Transitway.

The SmartTrack plan proposed by the City of Toronto builds on the RER initiative, with 53-kilometre, all-day, two-way frequent train service operating along two GO Transit rail corridors (Kitchener and Stouffville/Lakeshore East) and a new heavy rail spur line along Eglinton Avenue West to the Mississauga Airport Corporate Centre. The SmartTrack plan proposes 22 station stops, of which 13 are new.

Metrolinx is undertaking a business case analysis to prioritize RER with other Next Wave projects identified in The Big Move regional transportation plan. One of the principal objectives of the business case is to establish the incremental capital and operating cost of the SmartTrack proposal relative to the RER program already initiated by Metrolinx.

A map of the RER/GO Transit rail corridors and SmartTrack plan is attached as Appendix 1.

Strategic Regional Research Alliance (SRRA)

Strategic Regional Research Alliance (SRRA) is a not-for-profit organization, collaborating with both public and private sector organizations to provide strategic, non-partisan public policy research on the connections between infrastructure, land use and future economic welfare of the GTHA. SRRA was formed by the Canadian Urban Institute and Real Estate Search Corporation.

SRRA is working in partnership with the City of Mississauga, Metrolinx, York Region, City of Markham, City of Toronto, Toronto Financial District BIA and a number of private sector participants.

To date, SRRA has undertaken research into the region's needs that has been documented in reports including *A Region in Transition*, *The Business Case for the Regional Relief Line* and *The GTA Nodal Study – Connecting Home to Work*. Future research is proposed on topics such as enhancing transit connections to dispersed office locations (the "last mile" challenge), the importance of office for successful cities,

urbanizing office parks and creating economically sustainable mixed-use environments.¹

Municipal Comprehensive Review (MCR)

To ensure that the City has enough employment land to accommodate future employment growth, a municipal comprehensive review (MCR) is undertaken by the City every five years to assess the capacity of dedicated employment lands to meet employment growth forecasts. A MCR of the City's employment lands was recently undertaken and will be presented to Planning and Development Committee on June 22, 2015.

The MCR confirms that the City has adequate employment lands to meet future needs. However, it cautions that these lands need to be managed closely. Specifically, it suggests a shift from land extensive uses to a priority on office uses, particularly in key locations as identified in Mississauga Official Plan (MOP).

The MCR also acknowledges the challenges facing Mississauga in realizing new office development. Of significant importance is the highly competitive market of the GTHA. Recognizing this, the MCR highlights the importance of creating the climate to retain and attract office development. Examples include the provision of higher order transit as well as pre-zoning lands.

SRRA Research Proposal

SRRA has proposed undertaking research to provide forecasts of office development and employment growth likely to result from the RER and SmartTrack initiatives. These forecasts will consider office areas in Mississauga and provide input to ridership forecasts and transportation impact analysis conducted by the University of Toronto Transportation Research Institute.

Partners supporting the research proposal include the City of Toronto and York Region contributing \$130,000 and \$50,000, respectively. The City of Mississauga has been asked to participate with a \$50,000 contribution. The terms of reference for the research proposal is attached as Appendix 2.

¹ Links to SRRA studies: <http://www.srraresearch.org/research/> and <http://www.srraresearch.org/workinprogress/>.

COMMENTS:

Sustained economic growth is critical to a city and prudent land use planning will ensure Mississauga's continued economic growth success. Mississauga Official Plan (MOP) guides the location for future economic development growth centre priorities, informed by the City's Strategic Plan and Economic Development Strategy. An emphasis has been placed on strategic employment centres, with a focus on new office development as a central component of each.

The City of Mississauga stands to benefit greatly from the proposed SRRA research. The research will analyze the impact of RER and SmartTrack initiatives on the city's future economic growth. Specifically, it will provide insight on the impact of significant investment in transit and an understanding of the city's ability to optimize transit investment to realize the planned office development.

Investment in new transit, such as RER and SmartTrack, is a catalyst for realizing the long term goals for new office development in these areas. Specifically, the movement of people to and from work locations is considered a critical ingredient for attracting new office development.

In addition to the above noted, there are many anticipated benefits with this research. The more significant are described below:

- Improved Planning & Infrastructure Investment
- SmartTrack to Airport Corporate Centre Will Improve Centre's Competitive Advantage
- Improved Tax Revenue Planning
- Improved Development Charges Planning

Improved Planning and Infrastructure Investment:

SRRA's work will provide a new level of analysis on the future office development potential at the Airport, Gateway and Meadowvale Business Park Corporate Centres, all identified in MOP as strategic priorities for future employment uses. The predominant land use encouraged for these areas is in the form of office buildings.

The research will aid the City in developing future land use and transit policies and inform future investment decisions to support the City's long term economic growth. It will also potentially provide the City with a strong business case for advocating for future investment in transit. SRRA's work will rationalize future transit investment and

potentially validate more future investment in transit to serve Mississauga based on evidence that such investment would offer the greatest value and opportunity for the GTHA. Finally, the research will confirm whether or not incentives, beyond transit, would be required to facilitate new office development.

SmartTrack to Airport Corporate Centre Will Improve Centre's Competitive Advantage:

SmartTrack to the Airport Corporate Centre will improve the success of this strategic employment area. The Official Plan policy framework highlights a range of functions for the Centre that, when achieved, will collectively contribute to its success. Key components of this include the Centre remaining a focal point for future investment so that it accommodates a significant share of the City's future employment growth. Closely related to this is the need to ensure that sufficient services and amenities (i.e. transit, non-employment uses) are in place to make the centre an attractive place to work.

The MCR report confirms the Airport Centre has tremendous potential for office development, but acknowledges this is inhibited greatly due to the level of traffic congestion, and absence of effective and efficient transit. As office development is of particular interest to the City's economic growth in the years ahead, receiving employment growth projections with consideration of the relationship between the office market and large transit infrastructure investment would provide a valuable perspective on office demand. The research would be valuable for developing a strategy to optimize the transit investment and to ensure the Airport Corporate Centre remains highly competitive.

Improved Tax Revenue Planning:

With new transit investment and corresponding land use policy to optimize such investments, the city will be putting in place the framework for tax assessment growth. SRRA's research will determine the extent to which the investment in new transit will serve as incentive for new office and associated land uses. Assuming new development would be facilitated, current assessed value of the existing property will rise, along with potential tax revenues. Understanding these implications will ensure better fiscal planning and management.

Improved Development Charges Planning:

With the anticipated enactment of Bill 73, the City will be positioned to establish development charges based on future service levels versus historical levels specifically for Transit. The DC rate will be calculated based on transit service levels planned over a 10 year period, as opposed to using an average 10 year historical service level. The completion of the SRRA research is very valuable for understanding the implications on future development charges revenue.

STRATEGIC PLAN: The research supports the Move Pillar to develop a transit-oriented city and the Prosper Pillar which includes the strategic goal to provide the infrastructure and network of services and opportunities that business requires to thrive.

FINANCIAL IMPACT: A contribution of \$50,000 is required and is unbudgeted. Funds may be allocated from cost centre 26846 which aligns with such research.

CONCLUSION: The proposed research is a prudent investment by the City of Mississauga. It aims to offer new evidence based research to support continued investment in higher order transit and Mississauga's continued employment growth, specifically office type development.

ATTACHMENTS:

- Appendix 1: Map of RER/GO Transit Rail Corridors and SmartTrack
- Appendix 2: Employment and Office Development Analysis for the SmartTrack Review – Terms of Reference for the City of Mississauga, May 31st 2015

Edward R. Sajecki

Commissioner of Planning and Building

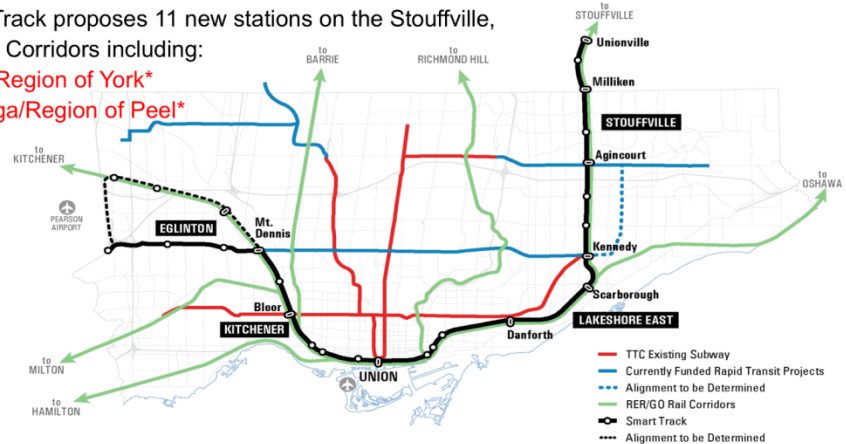
Prepared By: Andrew Whitemore, Director, Policy Planning

Proposed SmartTrack Plan

RER will operate on the GO rail network, providing a 15 min GO service. SmartTrack proposes to add additional stations in Toronto, the City of Markham and Region of York. Working together we want to make more connections across the city and in the region.

Key topics being discussed include:

- Integration of SmartTrack as part of GO network
- Integration with TTC services at GO stations
- New station locations - SmartTrack proposes 11 new stations on the Stouffville, Lakeshore East and Kitchener Corridors including:
 - 1 in the City of Markham/Region of York*
 - 1 in the City of Mississauga/Region of Peel*
- Fare policy
- Eglinton West corridor
- Funding and delivery

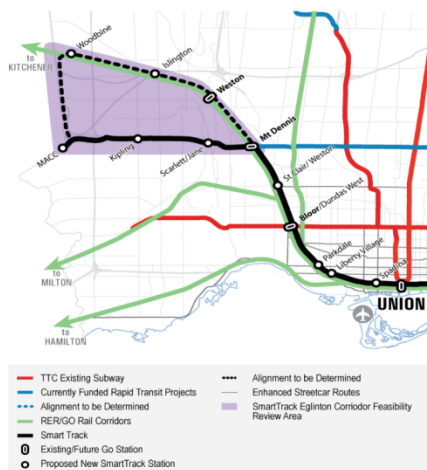


* Will involve future consultation with Cities of Markham and Mississauga and Regions of York and Peel

Proposed Eglinton West Corridor

SmartTrack Service Concepts:

- 15 minute service frequency or better
- All-stop service in both directions
- Electrification
- Integrated fares with GO Transit and TTC



Infrastructure Needs:

- SmartTrack Eglinton Avenue West Corridor Feasibility Review will identify:
 - Route options
 - Major infrastructure requirements for any grade separations, bridges, tunnels and electrification
 - For more information, please see project-specific display boards

The joint City, Metrolinx, TTC review of SmartTrack includes evaluating potential new stations, such as:

- Scarlett/Jane
- Kipling
- Matheson/Airport Corporate Centre (will engage future engagement with the City of Mississauga/Region of Peel)

EMPLOYMENT AND OFFICE DEVELOPMENT ANALYSIS FOR THE RER/SMARTTRACK REVIEW

Terms of Reference for the City of Mississauga

May 31st 2015

Purpose

The purpose of this study is to provide market-driven office development scenarios and forecasts of office building employment growth likely to result from public investment in RER/SmartTrack. These forecasts will include office nodes and clusters in the City of Mississauga and will be used as inputs to the employment projections for the ridership forecasts and transportation impact assessment to be carried out by the University of Toronto's Transportation Research Institute (UTTRI).

- To also provide a review of multi-residential variations from the growth projections prepared by the City of Mississauga's MCR growth projections. Those projections by the City of Mississauga are to be provided for this ridership demand study with the understanding that they are a work in progress, have not been formally adopted and may change before completed in accordance with the Growth Plan conformity process. Strategic Regional Research Alliance (SRRA) will work with the City of Mississauga to co-ordinate this work with the City of Toronto. SRRA will review these forecasts in respect of changes as they affect the potential for RER/SmartTrack.
- To provide market sector peer review by development industry professionals of the office and residential development scenarios and forecasts. This peer review process will include a select group of residential consultants to be approved by the City of Mississauga. Their estimates will also be reviewed by a select group of commercial developers.

The amended forecasts as developed in this process may also be used by the City of Mississauga for other purposes such as input to the Region's Transportation Plan as the City of Mississauga sees fit.

- To assist the City of Mississauga in preparing this data with amendments by SRRA for delivery to UTTRI for the purpose of generating ridership modeling as a result of RER/SmartTrack.

Background

The City of Toronto's Council has directed an accelerated review of the SmartTrack and Regional Express Rail plans, including required planning, environmental assessment, business case analysis, and implementation schedule. Council also authorized the City Manager to retain Strategic Regional Research Associates (SRRA) along with other consultants to assist with this review.

One of the desired outcomes of this work is to facilitate enhanced modeling capacity at the University of Toronto as well as consistency in approach across the Region in terms of data, selection of traffic zones and methodologies used to determine future growth.

There is approximately 33 million square feet of office space in the City of Mississauga, making it second only to the Downtown Core in the City of Toronto in the GTA. For employment to remain viable in the City of Mississauga, a greater level of transit accessibility is required to meet the diverse needs of its employers and employees, many of which are coming north from the City of Toronto. RER and SmartTrack have the potential to transform the City of Mississauga's employment nodes with frequent access to Toronto financial district. RER and SmartTrack will also serve to increase ridership on Miway (formerly known as Mississauga Transit).

Inputs for Ridership Modeling

A foundation for this review is the assessment of future development potential on the SmartTrack/RER corridors and other transit right of ways, as a basis for estimating potential ridership. The assessments may also include planning and economic development policy change recommendations and the potential for evaluating possible financing strategies.

The assessment will inform employment projections for Traffic Zones in the City of Mississauga that impact assessment of development potential related to RER and/or SmartTrack, with support from SRRA as required and where appropriate. There will likely be four projection scenarios, based on GTA and City projections provided by Strategic Projections Inc. for the City Employment Uses Policy Study in 2012:

1. Projection with SmartTrack not implemented;
2. Projection with SmartTrack implemented, utilizing current official plan policies and zoning constraints
3. Projection with SmartTrack implemented, without planning constraints, based on assessments and analysis dictated by site and market potential as determined by private sector stakeholders.

The Projections will consider the employment and population forecasts in Schedule 3 of the Growth Plan for the Greater Golden Horseshoe. SRRA will work with the City of Mississauga to allocate these forecasts for the appropriate traffic zones.

To complete this modeling, the UTTRI requires all residential data as built as of 2011 and projections which conform to the growth plan for 2021, 2031, and 2041. SRRA will assess those projections with the assistance of professionals from the real estate residential development industry and provide a review of the impacts of RER/SmartTrack on those projections.

Scope of Work

The assessment will include the following components:

1. Forecasts of likely office development and employment growth in office buildings that might occur under present conditions and/or planning constraints if SmartTrack is not implemented, and

recognizing the impact of transit projects under construction and development. Data on office space and estimate office employment is provided by SRRA utilizing the data base of Real Estate Search Corporation.

2. Forecasts of likely office development and employment growth in office buildings that might occur if SmartTrack is built, assuming that present conditions and/or planning constraints are amended, if necessary, in order to support greater potential ridership in the corridor; and recognizing the impact of transit projects under construction and development. The amended planning constraints will be developed in collaboration with planning staff at the City of Toronto and the City of Mississauga.
3. Forecasts of office development and employment growth in office buildings will be based on an assessment of 'development risk' to be established and applied by SRRA. 'Development risk' is meant to be applied to the probability of new development proceeding or not proceeding. It does not address risks related to the financial or construction risk of development.
4. The assessment of office development potential and employment growth in office buildings will focus on the SmartTrack/RER corridors and will also include other office nodes and clusters in the GTA and will be assessed using SRRA's established criteria and methodology.
5. The forecasts of likely office development and employment growth in office buildings will be for the years 2021, 2031 and 2041, based on conditions in 2011, as determined by SRRA.
6. The extent of analysis will include: Smart Track to Airport Corporate Centre but will also benefit the Hurontario LRT and other transit investments as seen fit by the City of Mississauga.

Deliverables

1. Ongoing support and input for the employment projections by Traffic Zone in the GTA to be produced by the City of Mississauga.
2. Forecasts of office development and related employment growth around proposed stations on the RER/SmartTrack corridor and in other office nodes in the GTA, for input into the employment projections used for transportation modeling.

This will include a table showing the proportion of office growth in the GTA that will occur in each traffic zone for each 10-year period (2011-21, 2021-31, 2031-41). It will be based on the office development forecast in each office node as determined by SRRA, but will not necessarily constitute a separate development assessment or analysis for each traffic zone.

3. Forecasts of residential growth throughout the City of Mississauga and around proposed stations on the RER/SmartTrack corridor and in other office nodes in the GTA, for input into the projections used for transportation modeling, with input from private sector stakeholders utilizing the SRRA methodology.

This will include a table showing the population in each traffic zone for each 10-year period (2011-21, 2021-31, and 2031-41).

4. A Final Report including:

- i. a review of methodology in the creation of this report;
- ii. the assessment of office and residential development potential around each station; and
- iii. the analysis and assessment of 'development risk by node' as applied to the forecasts of office development in the GTA.

Timing: The Final Report will be completed Summer, 2015.

Confidentiality

The process and methodology will be made available publicly and available for the use of the City of Toronto, the City of Mississauga, Peel Region and Metrolinx. The data is the property of those who provide it and cannot be made available beyond the consultant team without express written consent.

Cost

The cost is \$50,000.