



Hemson Consulting Ltd

1000 – 30 St. Patrick Street, Toronto, ON M5T 3A3

416-593-5090 | hemson@hemson.com | www.hemson.com

MEMORANDUM

To: Jason Bevan, Director, City Planning Strategies, City of Mississauga

From: Russell Mathew, John Hughes and Michael Skelly

Date: May 15, 2025

Re: Mississauga Local Land Economic Assessment

SUMMARY OF FINDINGS

- Hemson Consulting was retained by the City of Mississauga to prepare a Local Land Economic Assessment of the City's employment lands to assist in responding to future landowner conversion requests and to support the preparation of staff advice to Council.
- The Provincial Planning Statement, 2024 (PPS, 2024) no longer requires conversions of Employment Areas to permit non-employment uses to be undertaken as part of a municipal comprehensive review and is now solely a local municipal matter. The PPS, 2024 also introduced a new policy regarding land use compatibility for lands within 300 metres of Employment Areas which seeks to avoid or minimize potential land use conflicts.
- The City of Mississauga has an estimated 480 net hectares of vacant employment lands as of mid-2024. The forecast employment land employment growth and the expected land absorption balance to no surplus or shortfall.
- Significant amounts of employment land were converted to allow-mixed-use development in recent years as part of the recent Peel Region Municipal Comprehensive Review, totaling 251 hectares with another 10 hectares under consideration. The effect on long-term planning for employment resulting from these conversions is softened because the vast majority of the lands were in retail and commercial uses. Additional conversion requests will most likely involve Employment Area lands used for more industrial type uses.
- The City of Mississauga has an abundant residential intensification supply potential of approximately 370,000 units in comparison to forecast housing unit growth of approximately 100,000 units from 2021 to 2051 in a base scenario forecast and growth

of 170,000 housing units in the forecast scenario which incorporates achievement of Mississauga's housing target.

- There are a number of risks to the City associated with Employment Area conversions including: potential loss of jobs at the location of the conversion, destabilization of the broader Employment Area, negative impacts on the operations and viability of existing nearby Employment Area businesses and inability to service or costly servicing for the new land uses on the converted lands especially for water, wastewater or transportation services.
- Conversions tend to have a negative financial impact on the City due to the lower net municipal tax revenue versus operating cost and the potential widespread destabilizing effects that result from conversions which often arise from the associated financial incentives for landowners to seek conversions.
- In addition to the conversion criteria in the PPS, 2024, it is recommended that the City have additional criteria in its Official Plan to evaluate residential conversion applications. The criteria address whether the proposed site for conversion is suitable for residential uses. Considerations would include proximity to an existing residential community and community facilities and amenities, access to neighbourhood retail and commercial uses and whether an excessive degree of mitigation of environment impact would be required from neighbouring Employment Area uses.

A. INTRODUCTION

Hemson Consulting was retained by the City of Mississauga to undertake a Local Land Economic Assessment of the City's employment lands from a planning policy and long-term growth perspective. This memorandum is a companion report to the Cushman and Wakefield Employment Land, Office and Retail Market Analysis report. The Cushman and Wakefield report provides a critical foundation to the policy and long-term growth perspective of Hemson's work.

As this memorandum was being finalized, the trade war with the United States has begun with the imposition of some US tariffs and Canada's initial retaliatory tariffs and non-tariff retaliation and with every appearance of forthcoming significant escalation. Clearly, this is a major economic disruption, but it is of an unknowable scale, depth or duration. The further effects that there may be on employment and land and building markets are even more uncertain and will depend a great deal on the duration of the disruption. Since this memorandum is primarily focussed on the longer-term, we are making no specific

adjustments for this current disruption. In such a moment of great economic uncertainty, it is not prudent to rush to any planning decision based on speculation about possible effects on land and building markets.

B. BACKGROUND

The City of Mississauga is receiving an increasing number of requests from landowners to convert lands within Employment Areas to non-employment uses (mainly residential). As well, applications and inquiries are being made to change lands designated for office uses, outside of Employment Areas. The justifications commonly cited for the conversion requests are the need to create additional housing to support the Province's assigned municipal housing target for Mississauga as well as the perceived weak office market resulting from the long-term economic effects and realignment of workplace arrangements associated with the COVID-19 pandemic.

The City has requested an analysis of the employment land, office and retail markets to respond to landowner conversion requests and to assist in the preparation of future advice to Council. To address these needs, this memorandum considers the following questions:

1. What are the recent Provincial legislative and policy changes regarding Employment Areas?
2. Does Mississauga have sufficient land to meet forecast employment land and residential needs?
3. What are the risks associated with Employment Area conversions?
4. What are the high level financial impacts of non-residential versus residential development?
5. How should the City of Mississauga assess individual land use conversion requests including potential criteria for the City's Official Plan?

C. RECENT PROVINCIAL LEGISLATIVE AND POLICY CHANGES RELATED TO EMPLOYMENT AREAS

The Province made changes to the *Planning Act* in 2023 and released a new Provincial Planning Statement which came into force on October 20, 2024, both of which specifically define an Area of Employment as excluding commercial (retail and office) and institutional uses that are not associated with the permitted manufacturing, research and development

and warehousing uses. Planning authorities are able to allow the continuation of now-prohibited uses, if the use was lawfully established on the day prior to the *Planning Act* amendment coming into force on October 20, 2024. PPS policies are primarily implemented by incorporation into municipal official plans, which then direct municipal planning decisions. In November 2024, the City passed an Official Plan Amendment (OPA) to the in-force Mississauga Official Plan to allow continuation of lawfully established land uses within Employment Areas. The OPA is now in force and effect. The Employment Area definition, the continuation of lawfully established land uses in Employment Areas and other employment-related policies of the new PPS, 2024 are incorporated into the new Council-approved Mississauga Official Plan 2051. The new Official Plan by-law was approved by Council on April 16, 2025 and subsequently forwarded to the Minister of Municipal Affairs and Housing for approval.

Regarding conversions of Employment Areas to permit non-employment uses, the former Provincial Growth Plan would allow lands to be converted only if the conversion application at least met a series of criteria in the Growth Plan. Such a conversion was only allowed to be undertaken by the Region as part of a municipal comprehensive review (official plan review) and the decision could not be appealed to the Ontario Land Tribunal (OLT). The PPS, 2024 contains similar criteria, described below, but allows for a conversion to be considered by planning authorities at any time. The City of Mississauga is now the sole planning authority, so conversions are no longer a Regional matter. A Council decision declining a conversion request may not be appealed, unchanged from the former Growth Plan.

The criteria for removing lands from Employment Areas in Section 2.8.2.5 of the PPS, 2024 are similar to the criteria in the former Growth Plan with the main differences being the removal of references to minimum intensification and density targets as these were not included in the PPS, 2024, plus the addition of an important new criterion requiring the consideration of land use conflict between continuing and planned industrial use and the potential new residential uses introduced through conversion. The conversion section of the PPS, 2024 is as follows:

- 5 Planning authorities may remove lands from *employment areas* only where it has been demonstrated that:
 - a. There is an identified need for the removal and the land is not required for *employment area* uses over the long term;
 - b. The proposed uses would not negatively impact the overall viability of the *employment area* by:

1. avoiding, or where avoidance is not possible, minimizing and mitigating potential impacts to existing or planned *employment area* uses in accordance with policy 3.5;
 2. maintaining access to major goods movement facilities and corridors;
- c. Existing or planned infrastructure and public service facilities are available to accommodate the proposed uses; and
 - d. The municipality has sufficient employment lands to accommodate projected employment growth to the horizon of the approved official plan.

The ability to remove lands from Employment Areas for non-employment uses at any time means that the City will likely experience an increased level of conversion requests from landowners. As has long been the case, most such applications will be to remove lands from Employment Areas and to redesignate to mixed use including residential uses. A key difference for the City now is that the analysis associated with the conversion criteria will need to be updated regularly to make ad hoc decisions on conversion applications, rather than the in-depth analysis and comprehensive consideration of applications every 5 to 10 years, as has been the case in the recent past.

The new criterion on land use compatibility for employment conversions references policy 3.5 of the PPS, 2024. That policy states the following:

3.5 Land Use Compatibility

1. Major facilities and sensitive land uses shall be planned and developed to avoid, or if avoidance is not possible, minimize and mitigate any potential adverse effects from odour, noise and other contaminants, minimize risk to public health and safety, and to ensure the long-term operational and economic viability of major facilities in accordance with provincial guidelines, standards and procedures.
2. Where avoidance is not possible in accordance with policy 3.5.1, planning authorities shall protect the long-term viability of existing or planned industrial, manufacturing or other major facilities that are vulnerable to encroachment by ensuring that the planning and development of proposed adjacent sensitive land uses is only permitted if potential adverse affects to the proposed sensitive land use are minimized and mitigated, and potential impacts to industrial, manufacturing or other major facilities are minimized and mitigated in accordance with provincial guidelines, standards and procedures.

The PPS, 2024 also introduced a new policy regarding land use compatibility and employment areas for lands specifically within 300 metres of Employment Areas:

- 3 In addition to policy 3.5, on lands within 300 metres of employment areas, development shall avoid, or where avoidance is not possible, minimize and mitigate potential impacts on the long-term economic viability of employment uses within existing or planned employment areas, in accordance with provincial guidelines.

The new policies on land use compatibility (including as incorporated into the Employment Area conversion criteria) are seeking to avoid or minimize land use conflict between specific industries and new developments. Importantly, from a broader policy perspective, the new PPS, 2024 policies directly recognize that the long-term viability of an Employment Area relies on land use compatibility (or, put another way, land use conflicts undermine the long-term viability of Employment Areas). These policies provide additional strength to Mississauga's policies to preserve its Employment Areas for employment uses and for these areas to continue to grow and flourish in the future.

D. IS THERE SUFFICIENT PLANNED DEVELOPMENT POTENTIAL TO MEET 2051 EMPLOYMENT AND RESIDENTIAL FORECASTS

The adequacy of Mississauga's available land and planned development potential for employment space and residential units to meet forecast growth to 2051 is assessed in this section of the memorandum and depends on the type of employment and the type of residential units.

i. Cushman & Wakefield's Broad Market Outlook for Office, Employment Land and Retail Is a Foundation for Hemson's Policy Analysis and Forecast

The general outlook for the office, employment land and retail markets in Mississauga has been provided by Cushman & Wakefield. The *Employment Land, Office and Retail Market Analysis* has been prepared as a companion report. Cushman & Wakefield confirm from their market perspective that there will be demand for new retail space in conjunction with population growth and confirming Hemson's view that retail and commercial space, as needed can be provided as part of existing retail concentrations and as part of new mixed-use development. Similarly, Cushman & Wakefield see a sufficient market demand to build out most of the small remaining vacant land supply, which is described below.

The office market in Mississauga, in Cushman & Wakefield's view, is similar to other office markets across the GTA having experienced significant challenges during the height of the

pandemic but more recently has been showing strong signs of recovery. The recovery in the office market is largely supported by return-to-office mandates being implemented in both the private and public sectors. The report states that Mississauga will continue to be a preferred suburban office market, building upon the key site selection factors that have been the foundation of its growth. The completion of the Hazel McCallion Line along with other enhanced amenities and services will support continued growth of Mississauga's office market.

ii. Vacant Employment Land Supply

There are four types of employment to consider and assess the adequacy of planned supply:

- Major office employment (employment in buildings of 1,860 m² or more) is far denser than any other type of employment, requiring very little land. Though not large, the lands required for office uses in the corporate centres is considered part of the employment land demand. Offices are also allowed in downtown and other mixed-use areas where there is far more supply potential available than required to meet office demand in these areas. However, in the mixed-use areas, many landowners have a greater interest in pursuing high-density residential development as residential typically has a higher value and more immediate returns compared to office development.
- Employment land employment is all employment occurring in Employment Areas except for the major office in these areas treated separately, above. Employment land employment is accommodated mainly through development of industrial-type buildings on vacant lands in Employment Areas along with a limited amount of intensification. Because urban lands in Mississauga are nearly all developed, the potential growth in employment land employment is a quite limited addition to a very large employment base. The on-site employment at Lester B. Pearson International Airport is also part of employment land employment, though is treated separately for the purposes of assessing land.
- Population-related employment is primarily commercial and institutional employment in the community area of the city. Growth is primarily driven by the provision of services to the growing population and is accommodated primarily as expansions on existing development or by the provision of new non-residential space within larger mixed-use developments. Either way there is more than sufficient development potential to accommodate space growth.

- Work at home employment by definition does not require any non-residential development space.

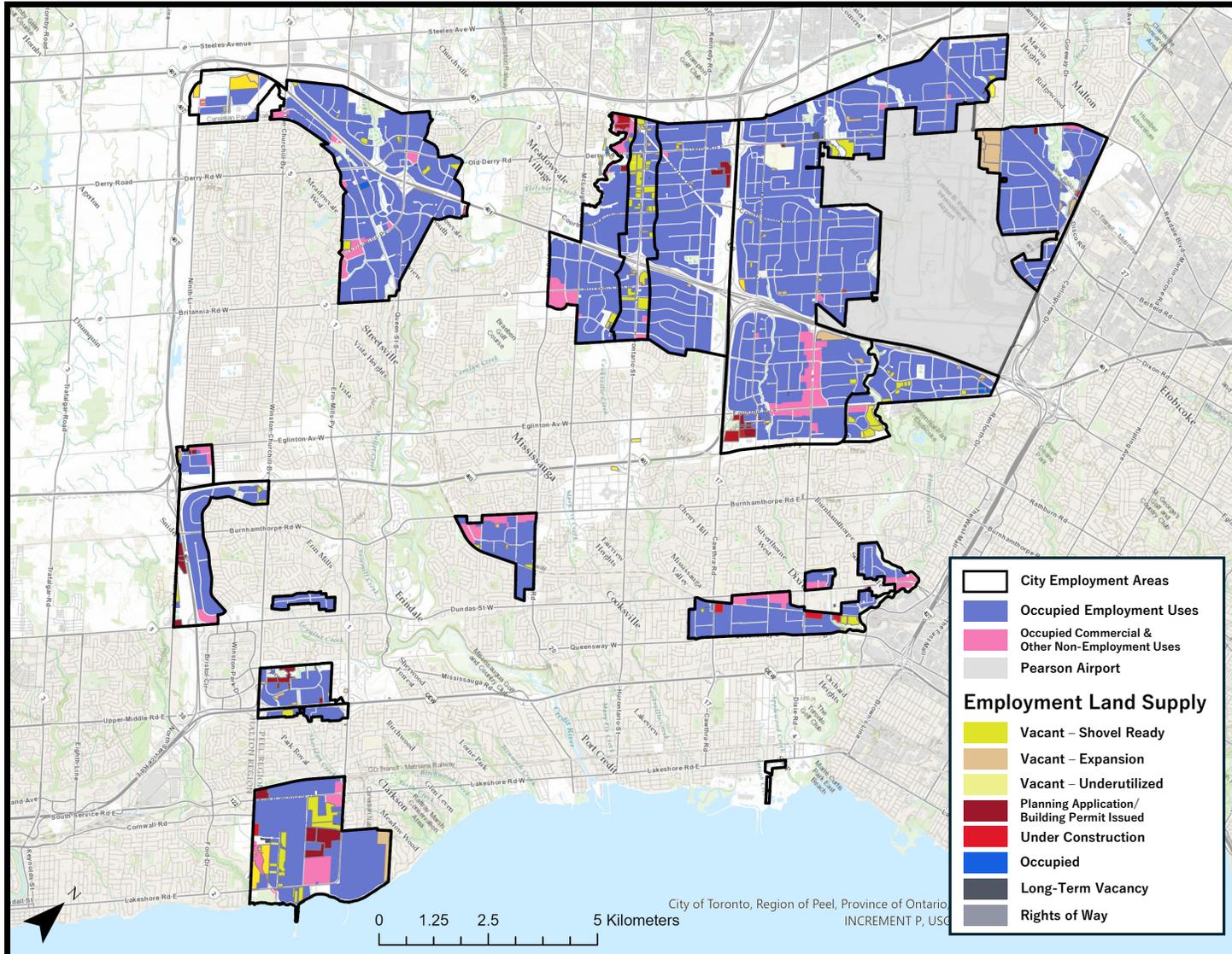
The result is that the only analysis of land supply that needs to be undertaken for employment is of the lands in Employment Areas. The analysis first looks at the available vacant land supply, followed by the allocation of job growth to Employment Areas and a brief discussion of how recent conversions of employment lands are addressed.

Using mapping and data provided by City of Mississauga Planning staff, a year-end 2023 estimate of vacant employment lands in Mississauga was generated. The supply represents all identified vacant developable lands in Employment Areas in accordance with the Employment Area boundaries shown in the City of Mississauga Official Plan 2051.

There is an estimated 480 net hectares of vacant employment land in Mississauga as of year-end 2023, as shown in Table 1. Map 1 shows the location of this vacant supply in Mississauga. The following adjustments were made to the employment land supply of 544 hectares provided by City staff to yield the 480 hectares in the table:

- 18 hectares removed from the vacant inventory as very unlikely to develop. These are rights-of-way or small odd-shaped or inaccessible parcels and are shown on Map 1 as “long-term vacancy”.
- 13 hectares of land removed from the vacant inventory on parcels now occupied, rather than vacant, based on mid-2024 aerial photography. These are shown on Map 1 as “occupied” or “under construction” and are now included in the occupied land supply. As a result, the effective date of the available supply is mid-2024, rather than the year-end 2023 of the initial data from the City.
- 33 hectares of land is removed from the vacant inventory as a gross to net adjustment on large parcels that would likely be subdivided at the time they are developed. This adjustment assures the vacant inventory is all expressed in terms of net hectares. The net to gross adjustment removes lands to account for local roads, stormwater management facilities and other non-developable lands at the time of subdivision.

Map 1: Mississauga Employment Land Supply – Year-end 2023



Lands removed are 15% for parcels over 10 hectares in size and 10% for parcels between 5 and 10 hectares, on the assumption that parcels smaller than 5 hectares would be subdivided with new local road rights-of-way.

- Approximately 95 net hectares or 20% of the vacant supply is shown as expansion lands and are held as part of an adjoining property. These parcels would not develop until they are needed for expansion purposes, or the owner decides they are surplus to long-term needs; many of these parcels have been sitting vacant for decades. The lands are still included in the supply, but it does need to be recognized that these parcels are not generally available on the open market. The largest of these parcels is a portion of the Pearson Airport site at the corner of Airport Road and Derry Road which had been proposed for development a number of years ago, but the GTAA has not pursued development and it is unknown if or when it will. The other large parcel is along the east side of the Petro-Canada refinery and neither Suncor nor its predecessor companies have pursued development of these lands in the more than 75 years since the refinery was built. These parcels are denoted on Map 1 as Vacant - Expansion or Vacant – Expansion / Severance.

The concluding 380 hectares in Table 1 are shown on Map 1 as Building Permit or Application, if there is application on the lands. If not, the parcels are shown either as Vacant – Shovel Ready or Underutilized, as appropriate. The expectation of these categories would be that the lands with applications or permits issued would most likely be developed sooner, followed by the Shovel Ready lands and the Underutilized lands more likely later.

Table 1: Mississauga Employment Land Supply Estimate, Mid 2024

	hectares
Total Employment Area vacant land identified by City at year end, 2023	544
Less non-developable lands	(18)
Less lands that have become occupied during 2024	(13)
Less lands for local roads and utilities on large parcels likely to be subdivided at time of development	(33)
Total vacant Employment Area land supply	480
Less expansion lands (vacant portion of an existing developed property held for future expansion or development)	(95)
Total vacant lands – excluding expansion lands	385

Source: City of Mississauga, adjustments by Hemson Consulting

iii. Accommodating Forecast Major Office and Employment Land Employment Growth

The current approved growth forecast for the City of Mississauga was prepared as part of the Region of Peel's MCR work. As part of forecast work undertaken for Peel Region last year, two forecast scenarios were prepared:

- Scenario 1 is an adjusted version of the 2051 approved Regional Official Plan forecast that reflects recent development activity and areas identified by local municipalities as short-term priorities for growth. These adjustments primarily affect the local distribution of housing and population within the City. The City-wide forecast totals for population and employment at 2041 and 2051 in the Regional Official Plan and Scenario 1 are identical.
- Scenario 2 is a higher growth scenario that build upon Scenario 1 and incorporates achievement of local municipal housing targets in Mississauga and other City residential and employment growth objectives.

The Scenario 1 forecast is used for the analysis in this report. Table 2 shows the forecast expectations for all lands within Mississauga's Employment Areas as shown in the Mississauga Official Plan 2051 through development to 2051:

- The total net land area within the Employment Areas both occupied and vacant land is 6,900 hectares.
- A 3% long-term vacancy rate is applied to the total land area to reflect lands expected to remain vacant to 2051, totalling 210 hectares. A 3% long-term vacancy in employment land is a standard assumption for fully developed communities (the City of Toronto is about 3% vacant in its Employment Areas). These lands include the non-developable lands shown in Table 1, plus most of the expansion lands also shown in Table 1. The remainder being sites that the owners do not develop for their own reasons. There are a number of parcels that have been counted as vacant (from a planning perspective), but are being used for storing trucks or equipment, which the owners may well view as occupied and not available for development.
- The 480 hectare vacant supply from Table 1 less the 210 hectare long-term vacancy means development of 270 hectares of the vacant supply between now and 2051.
- In Scenario 1, major office employment is forecast to grow by 37,000 by 2051 from a 2023 base of 114,000 jobs. Of the 37,000 growth, 28,000 is expected within Employment Areas. Of the 28,000 growth, about 8,000 are expected to be

accommodated within existing vacant space or through expansions on existing sites. 20,000 growth is anticipated in new major office buildings on vacant lands, mainly in the corporate centres, and would occupy about 110 hectares.

- Employment land employment is forecast to grow by 9,500 jobs to 2051, comprised of 4,000 at Pearson Airport and 5,500 in Employment Areas. The 5,500 is a very small amount of growth, 2.5%, on the existing employment land employment (excluding Pearson) of 224,500. This limited growth is precisely because the overall employment land supply is almost fully developed. The 5,500 employment land employment growth at 35 employees per net hectare amounts to 160 hectares of development which is the remaining amount to be absorbed to “balance” the land budget.

It is not accidental that the forecast employment land employment growth and the expected land absorption balance to no surplus or shortfall. Because employment land employment is so closely tied to the land it occupies, the forecast was prepared based on a notion of the capacity of the nearly-fully-developed with little vacant supply to accommodate growth.

Table 2: Estimate of Required Employment Land to Accommodate Growth to 2051

Employment Land Demand and Supply Estimates	Estimate
Total Employment Land Area in Mississauga	6,900 net ha
Adjustment for Long-Term Vacancy (3%)	210 net ha
Estimated Total Occupied Employment Land in 2051	6,690 net ha
Employment Land Supply	480 net ha
Remaining Supply after removing Long-Term Vacancy	270 net ha
Approximate employment land absorbed for office uses	110 net ha
Remaining supply for employment land employment growth	160 net ha
Forecast Employment Land Employment Growth 2024 to 2051	5,500 jobs
Density	35 jobs per net ha
Land Requirement	160 ha
Surplus/Deficit	0 ha

Taking account of all employment in the Employment Areas, that is, major office employment and employment land employment there would be total employment in the Employment Areas of 353,000 on a total land base (including the 3% vacant supply) of 6,900 net hectares, yielding an employment density of 51 employees per hectare. This is a little higher than the Mississauga Official Plan target density of 45 employees per hectare of Employment Area.

iv. Significant Amount of Employment Land Was Converted to Allow Mixed-Use Development in Recent Years.

There are three types of employment land conversions addressed here. The first is approved conversions of lands primarily in industrial uses that are then expected to redevelop over time to non-Employment Area uses, phasing out any of the industrial uses. The second type of conversion are approved already through the Regional MCR or are in the Mississauga Official Plan 2051 that are occupied primarily by retail and highway commercial uses and, in some cases, institutional uses. All of these lands could, in theory, have been developed with all of the same uses but within the Community Area rather than the Employment Area, suggesting that it may not have been necessary to have placed these lands into the Employment Area at the time it was defined. The third type of conversion are those that have been proposed but have yet to be taken to Council for approval.

The first type of employment land conversion, lands accommodating industrial development and employment, are tied to an intensification assumption behind the figures in Table 2. The lands, because they have been converted, are not included in the 6,900 net hectares in Table 3. The employment, however, is still counted as part of employment land employment. Doing so implies intensification in Employment Areas that compensates for the more industrial-type employment land and employment that is expected to change to other uses over the planning period. There is a total of 32 hectares of such lands, all fully developed and shown in the top section of Table 3. There are about 1,200 employment land employment jobs on these lands. As these lands redevelop, it is assumed that the equivalent number of jobs will be replaced in the Employment Areas.

As shown in Table 3, there was a total of 250 hectares converted from Employment Area through the recent Regional MCR work and in the preparation of the new Mississauga Official Plan 2051. As noted above, 35 net hectares are industrial in character. The other 215 hectares converted are almost entirely in retail and highway commercial uses and can continue in that current use until such time as the areas may redevelop for mixed uses including residential and possibly replacement commercial space; the residential portion would not have been permitted had the lands remained within an Employment Area. These recent Employment Area land conversions in retail and commercial uses are listed in the lower part of Table 3.

Table 3: Recent Employment Area Land Conversions

Recent Employment Area Land Conversions	Area (ha)
Converted lands in industrial uses or commercial uses typical of industrial areas	
Rangeview (Lakeview area see note)	25
Dixie EA (Mattawa Avenue)	<u>10</u>
Total converted lands in industrial uses	35
Converted lands in retail and highway commercial uses	
Dixie EA, Dixie-Dundas Growth Node and MTSAs to the east and west	76
Western Business Park, Dundas MTSAs, west of Erin Mills Parkway	77
Meadowvale CC, Meadowvale Smart Centre near Lisgar GO Station	26
Mavis-Erindale, 11 ha at the south end on Dundas Street	10
Mavis-Erindale, 5 ha at 1100-1170 Burnhamthorpe Road	5
Gateway (West) EA, South of Rodeo Drive – Regal Drive	13
Northeast (East) EA, south side Drew Road, west of Airport Road	7
Churchill Meadows, Eglinton east of Ninth Line	<u>1</u>
Total converted lands in retail and highway commercial uses	215
Total Recent Conversions	250

Note on Lakeview Area Conversions:

At the time that the Employment Areas were first defined in the Mississauga 2011 Official Plan, there were about 190 hectares in the Lakeview Employment Area. In stages, these lands were all converted out of Employment Area, save for the 13 hectares remaining in the Lakeview Innovation Corridor. A total 177 hectares was converted. In the table, only the 28 gross hectares (25 net hectares) of industrial employment in Rangeview has been included as a conversion. The 149 hectares converted by not included in Table 3 are comprised of:

- 27 hectares of the Arsenal lands, that were never developable and are now designated green space;
- 42 hectares of the Lakeview Wastewater Treatment Plant and 14 hectare site of the Water Filtration Plant, both of which are now designated as Utility lands and do not require the protection an Employment Area; and
- 65 hectares of the OPG Lakeview Generating Station which operated from 1962 to 2005 and was demolished in 2007. The site was never regular open market employment land in the sense of all of the other lands described in this report.

Including any of these 149 hectares in Lakeview in Table 3 would have created unnecessary confusion and not advanced the Employment Area conversion discussion.

There is still one request for conversion of Employment Area lands outstanding from the preparation of the new Mississauga Official Plan 2051, shown in Table 4. The Clarkson MTSA site being considered for conversion is within the Southdown Employment Area and the 8 hectare site is the GO Station parking area south of the railway line, including a large relatively new six-storey parking garage. The northwest corner of Southdown Road and Royal Windsor Drive adjacent to the GO parking is occupied by a few small restaurants, retailers and a bank branch. The greatest concern with this suggested conversion probably lies in the potential incursion of a sensitive use into the Southdown Employment Area, which is currently well-bounded by the arterial roads and the railway. Southdown is noted for accommodating a number of heavy industries. While a 300 metre distance separation from the edge of the conversion site (per the PPS, 2024 policies on distance separations from Employment Areas) does not take in any of the heavy industries, the City should give very careful consideration as to the wisdom of introducing residential uses into Southdown.

Table 4: Outstanding Requests for Employment Area Land Conversion

Conversion Site	Area (ha)
Clarkson MTSA	10
Total	10

With or without the additional site at 10 hectares, the total approved conversions at 250 hectares amount to a very significant conversion of Employment Area. The 250 hectares representing about 3.5% of the Employment Area in Mississauga prior to the conversions. However, the effect on long-term planning for employment in the City is softened because the vast majority of the lands were in retail and commercial uses, which do not need to be in Employment Areas. These conversions removed nearly all of the retail and highway commercial land that had been on the periphery of Employment Areas. Almost any substantial applications for Employment Area conversion that the City will receive in the future will very likely be on Employment Area lands used for more industrial purposes or, if not, the lands would almost certainly be adjacent to lands in industrial uses. Proximity of sensitive uses, such as residential, to Employment Area industrial-type uses directed at minimizing land use conflict is now a stated policy matter in the PPS, 2024 concerning residential development in general and concerning any proposed removal of lands from the City's Employment Area.

v. City Has an Abundant Residential Intensification Supply Potential

In response to the Province's housing targets for large and fast growing municipalities to achieve the goal of 1.5 million homes by 2031, the City of Mississauga developed an Action Plan for New Housing which was endorsed by Council along with a pledge to meet the Province's target of 120,000 homes by 2031. The Action Plan states that the City has an estimated 2023 planned capacity of approximately 246,000 housing units in the Urban Growth Centre, MTSAs/Strategic Growth Areas, Re-imagining the Mall sites, the Lakeview/Uptown Major Nodes and through intensification in neighbourhoods. This estimate was based on master plans, the previous official plan as amended and zoning permissions. The Council adopted new Official Plan now enables a supply of 370,000 additional residential units by 2051 in the entire City. Of note is that the vast majority of the City's housing supply potential is through intensification and redevelopment as there is very limited remaining vacant greenfield residential land in Mississauga (made up of scattered remaining greenfield sites, the largest of which are Britannia Farms or the lands on the west side of Ninth Line)

As already noted, the assessment of the adequacy of supply of residential to meet forecast growth should be considered by housing unit type. Any additional growth in single detached units, most of the growth in semi-detached housing and about one-quarter of the growth in rowhouses will occur on the remaining vacant low and medium density residential lands in the City. The build-out of these vacant lands is the basis of the forecast of singles and most of the semis and a portion of the rowhouses. Therefore, the supply of these types is, by definition, adequate. From a 2021 base, this supply to be built-out by 2051 amounts to about 2,200 singles and semis and about 4,300 rowhouses, of which about one-quarter of the rows are in the Ninth Line lands.

As a community that is largely built out, the vast majority of the supply potential in Mississauga is intensification and over 90% of the identified intensification potential is in apartment units. A significant amount of this potential is planned for the Downtown Core, where Council has already approved rezoning applications for 37,000 units and a further 52,000 units can be constructed in the area as-of-right, for a total of nearly 90,000 units.

To assess the adequacy of supply, it can be compared to the two forecast scenarios, already described for employment. The higher Scenario 2 forecast incorporates the municipal housing targets and is approximately 170,000 new housing units from 2021 to 2051. The Scenario 1 forecast which is used in the Mississauga Official Plan 2051 indicates growth of approximately 100,000 new units over the same period.

There is a more than adequate supply potential in the City in the Council-adopted Official Plan with a surplus unit potential of approximately 200,000 units with the highest forecast scenario (370,000 potential less 170,000 forecast demand).

There are a few important implications of the large surplus supply potential for the City:

- Few of the planned intensification areas will be built out by 2051. Most will be in the range of one-third to three-quarters built, depending which scenario is applied. It is quite likely that many of the areas, such as some of the newly planned MTSA's will see little or no development over the next 30 years. The completion of planned higher density development often takes many decades (e.g. Erin Mills Town Centre opened 36 years ago, but the high-density residential area to the south was all built in the last 10 years).
- A long development period is not a problem in itself. However, if there are many such areas where a significant amount of upfront infrastructure is required, it may be under-utilized for some time and the period required for realizing development charge revenue may be longer than expected. Prudent infrastructure planning means phasing such infrastructure as much as possible.
- It is important for decision makers to understand the amount of development that does occur is the demand for units, that is the number purchasers and tenants that would buy or rent units in Mississauga. As long as there is a range of locations and unit sizes and quality generally available in the supply, an increase in the supply potential will not affect demand and will not result in more units being developed. What new supply can do is shift the location of what development does occur, but it cannot create net new population and units.
- The last matter of importance to decision makers regarding the residential supply is that there is more than a sufficient supply potential for residential uses, while Employment Area lands are all required for employment purposes. In the current circumstance, it would be exceedingly difficult for an application for conversion to permit residential uses to meet the PPS, 2024 first criterion for conversion: "There is an identified need for the removal and the land is not required for *employment area* uses over the long term."

E. PLANNING AND DEVELOPMENT RISKS ASSOCIATED WITH EMPLOYMENT AREA CONVERSIONS

The conversion of Employment Area lands to permit residential or other sensitive uses can present a number of issues for a municipality and for firms within the Employment Areas. These are among the reasons that Ontario has had policies directly addressing the conversion of Employment Areas in the *Planning Act* and the PPS, since the mid-2000s. The issues of concern with conversion include the following:

- If converted Employment Areas are currently occupied, there will be a loss of jobs at that location. In most cases, the type of employment and economic activity can only occur in an Employment Area and would not be replaced on a converted site. The Employment Area jobs will typically have an associated set of skills and experience, entirely different from the new jobs that may occur on the site following redevelopment (typically retail and service jobs).
- Conversions will typically be a site at the edge of an Employment Area. Once a conversion occurs into the area, it has a high potential to destabilize the broader Employment Area by leading to additional Employment Area conversions reducing and fragmenting the Employment Area.
- The destabilization occurs because of the higher value associated with residential permission over existing Employment Area uses encourages other nearby owners to seek a similar speculative gain. The speculation undermines the health of Employment Areas as places of employment as owners begin to shift from being landlords who maintain and re-invest in industrial properties to a focus on the prospect of gains from future land use change. The blight sometimes created by disinvestment in industrial properties further destabilizes the area.
- Destabilization of the broader Employment Area can also occur on the interior lands not subject to conversion speculation through the introduction of potential land use conflicts associated with the new residential or other sensitive land use on the converted employment lands. New land use conflict of this type is likely to be set off by an existing facility seeking to expand its operations, its operating hours or a change in production process on lands now adjacent to residential uses. Ultimately, this could affect the operations and viability of existing nearby Employment Area businesses.
- A similar effect can also occur with changes in tenancy. Once a residential or other sensitive use has been introduced, it limits the range of uses that may be permitted on adjacent lands in the future due to noise or odor, for example. The result is a narrowing

range of industrial tenants that may occupy the lands, potentially reducing its value as employment land, which then encourages further conversion speculation.

- The loss of employment associated with the Employment Area conversion could compromise the ability of a municipality to meet its forecast employment growth or other economic development objectives, which is further compounded by the potential for further Employment Area conversions resulting from the initial conversion.
- Existing and planned infrastructure such as water, wastewater or transportation may be unable to accommodate the new land uses on the converted employment lands.
- Depending on its proximity to existing residential communities, adding residential development in an Employment Area could be costly to public services, not just for residential-based City services, both also for the school boards and other service providers.
- Although it may be theoretically possible in some cases for residential lands to convert back to employment uses, a practical matter, this is extremely unlikely to occur once lands are converted from employment lands to residential. As a result, the converted lands are permanently lost from the City's employment land inventory.
- Some landowners secure conversions, without necessarily intending to develop residential uses in the near term but rather use the conversion as a land value uplift for future land sale or financing purposes.

In assessing any proposal for employment land conversion, the above potential implications need to be considered as part of the City's evaluation process. As well, the above do all relate to the matters in the PPS, 2024 criteria for removal of lands from an Employment Area.

F. MUNICIPAL FINANCE CONSIDERATIONS FOR EMPLOYMENT AREA CONVERSIONS

Conversions of land planned for non-residential uses to permit residential uses can have a significant financial impact. They may have both short to medium term impacts on land in the surrounding area but also long-term City-level implications. The impacts stem from the influence that conversions have on real estate prices and development timing. For the City, changes in use alter both revenues and costs.

i. Real Estate Market Factors

The overarching reason for landowners to seek approval for conversions is that land for residential uses is usually more valuable than for the planned non-residential use. An indication of this is that while the current price employment land for single-storey industrial type buildings is in the order of \$3 million per acre, land for high-rise residential condominiums is \$18 million or more an acre. In addition, conversions may be desirable from a timing perspective as residential developments can deliver substantial returns relatively quickly in a strong market.

For the City, conversions have property specific municipal finance implications. More broadly, the market for all non-residential land in the vicinity may also be affected. For example, when conversions are approved, prospective non-residential users whose operational characteristics may attract criticism from residential users may be less likely to locate in the area. With reduced demand, the value of land for non-residential uses would soften, increasing the potential gain from conversions and attracting interest from speculators who will have little interest in investing in buildings for the long term.

Because of the potentially destabilizing effect on non-residential areas, conversion applications warrant very careful consideration from the financial perspective of not only the City but also the real estate market.

ii. Municipal Tax Revenue Implications

Municipal tax revenues vary significantly depending on land use. On a per acre basis the differences are often very significant because of wide variances in the density of development – low for single storey industrial buildings but much more for high-rise buildings. A more useful basis for comparison are the taxes per person amounts (population or employees). For example, based on 2025 tax rates, a typical new apartment condominium generates around \$670 per person. In comparison, new office and industrial buildings yield approximately \$490 per employee and \$1,270 per employee respectively.

iii. Operating Cost Considerations

While it is relatively straightforward to calculate and compare municipal tax revenues for different land uses, determining the comparative cost of providing the City's municipal services is more difficult. Some services such as recreation and libraries are almost entirely benefit residents. In comparison, roads and transit are used by both residents and businesses (employees).

An analysis of the 2025 budget using a high-level allocation model indicated that the cost per resident of municipal services was approximately \$778. In contrast, for the non-residential sector, the cost per employee was \$325. These values can be compared to the revenue generated through 2025 weighted assessment from each sector of \$699 per capita and \$444 per employee respectively. The cost differential is keeping with the results of many fiscal impact analyses which have shown that it costs more to provide municipal services to the residential sector.

There are two key observations that can be made regarding the financial implications of conversions.

- Firstly, there are very substantial financial incentives for property owners to seek conversions and the speculative potential increases the more conversion are permitted. While benefits accrue to individual landowners, the destabilizing effect tends to be widespread, ultimately reducing the City's inventory of non-residential land.
- Secondly, from the City's net municipal tax revenue versus operating cost perspective, conversions are likely to be disadvantageous. They reduce the City's supply of land for uses that generate surpluses and replace them with residential development that generates less revenues than the cost of services they require.

The financial implications of conversions are an important input to the overall evaluation process.

G. KEY CONSIDERATIONS IN REVIEWING CONVERSION APPLICATIONS

The PPS, 2024 provides criteria to be used by municipal planning authorities in considering removal from Employment Areas as outlined above. The policy is structured to give municipalities a strong authority to decline applications for the conversion of Employment Areas lands. In particular the policy states that planning authorities “may” remove lands from Employment Areas subject to the stated criteria. This provides the minimum standard needed to allow a conversion, but creates no obligation to approve a conversion, even if the application does meet the criteria. Further, the decision of Council on an employment land conversion application is final, as it may not be appealed to the Ontario Land Tribunal.

The PPS, 2024 criteria for Employment Area conversions are focused on the question of whether a site should remain in an Employment Area and on the relationship between the proposed conversion site and the remainder of the Employment Area should the lands be removed. The PPS, 2024 policies address the proposed new land use on a conversion site when it states that “there is an identified need for the removal …”. Presumably the answer to identified need is some variation on “housing crisis.” There is also a criterion on the sufficiency of existing and planned infrastructure for the new land use. The key planning question related to the new residential uses that is still left unaddressed, is whether or not it will be a good place for people to live.

The PPS, 2024 criteria have been incorporated in the City’s Mississauga Official Plan 2051 and address the key matters related to the removal of lands from an Employment Area. In order for Council to be able to make a decision with complete and comprehensive information, the following considerations respecting the proposed residential uses should be included in evaluations undertaken by the City for conversion applications. The objectives of the criteria are aimed at assessing whether the site proposed for conversion will be a pleasant living environment for future residents.

- Is the site proposed for conversion suitable for residential uses?
- Is there an excessive degree of mitigation of environmental impact required from neighbouring industries (noise, dust, odor, lighting) that brings into question whether the overall environment at this location is suitable for residential use?
- Is the site adjacent to an existing residential community with which it will be fully integrated over time?
- Are there nearby community facilities and amenities such as schools, parks, recreation centres and libraries that meet or are planned to meet the City or school board standards for safe accessibility from the site?
- Is there reasonable access to neighbourhood retail and commercial uses from the site?
- Is the site serviced by frequent transit and appropriate road transportation infrastructure to accommodate the proposed residential use and to minimize conflict between industrial and residential traffic?
- What are the municipal finance impacts associated with the conversion including servicing costs?

The combination of the new PPS, 2024 criteria for Employment Area conversions carefully applied along with an additional set of criteria of the type listed above that address the quality of the future residential environment would provide complete and comprehensive information for Council to make future decisions regarding Employment Area conversions and any residential community arising from a conversion.