



# INFORMATION REPORT

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	September 16, 2015
<b>SUBJECT/REPORT NO:</b>	Bayfront Strategy: Bayfront Industrial Area, A Strategy for Renewal, Phase 1 - Market Opportunities Study (PED14117(b)) (Wards 2, 3 and 4) (Outstanding Business List Item)
<b>WARD(S) AFFECTED:</b>	Wards 2, 3 and 4
<b>PREPARED BY:</b>	Michelle Sergi Manager of Community Planning (905) 546-2424 Ext. 1281  Steve Robichaud Director of Planning and Chief Planner
<b>SUBMITTED BY:</b>	Jason Thorne General Manager Planning and Economic Development Department
<b>SIGNATURE:</b>	

## Council Direction:

In September 2014, General Issues Committee (GIC) (September 17, 2014) and Council (September 27, 2014) approved the work plan for the Bayfront Strategy and directed staff to proceed with the Study (Report PED14117(a)).

## Information:

Hamilton's Bayfront Industrial Area is a focus for major manufacturing and steel related uses and is an economic driver for the City of Hamilton. It is a multi-modal transportation hub with direct access to the port, rail and major highway connections and is strategically located on the largest Great Lakes port. Questions have been asked about the long term viability and direction for the area. The Bayfront Strategy will review the constraints and opportunities for the area and will set a long term direction for the future of the Bayfront.

The Bayfront Strategy is to be completed in two phases and include a public and stakeholder consultation program. Phase 1 is a review of the market opportunities associated with the Bayfront and is to provide a basis or framework for moving forward with Phase 2 of the study. Phase 2 will look at the short, medium and long term (30+

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years) opportunities associated with the Bayfront as an employment area and review opportunities to provide for other land uses in the area. The intent of the Strategy is to ensure the effective use of the Bayfront and to identify and assist with opportunities to strengthen this City asset and assist with any transition required over time to maximize its benefit to the adjacent community and to the City as a whole.

To gain expert advice on the opportunities associated with the Bayfront, Deloitte was retained to carry out Phase 1. The Phase 1 Study is now complete. The Executive Summary of this Study is attached as Appendix “A” to this Report. Due to its size, the full Study is available for viewing in hard copy in the Office of the City Clerk, Hamilton City Hall, 71 Main Street West, 1<sup>st</sup> Floor, Hamilton, Ontario and will also be available on the City of Hamilton website as part of the General Issues Committee agenda of September 16, 2015.

Phase 1 Scope of Work

The Phase 1 work included the following:

- A current situation assessment which includes the collection and review of background information, a review of the economic context and growth outlook, and a review of the commercial real estate market and implications for the Bayfront. It considered matters including redevelopment potential, brownfields, Hamilton Port lands, steel and manufacturing industry, and a review of the Bayfront relative to other business parks / employment areas in the City;
- Market soundings with key market participants were conducted to gain insight on redevelopment options and implications of significant land use change. Participants included large national and international real estate experts, the Hamilton Port Authority, Waterfront Toronto, representatives from the steel and auto industries, the Province and the City; and,
- Case studies were carried out on a variety of international industrial redevelopment projects. Redevelopment potential was reviewed with respect to available public and private financial incentives, impact of location, transportation, infrastructure, etc. A common set of success factors have been identified.

The findings of the Phase 1 study have been documented in a baseline report (see Appendix “A”) – to identify strategic market opportunities over the short, medium and long term. The report will inform the development of Phase 2 of the strategy. It will serve as a baseline and framework.

### Key Findings

The study identified a series of opportunities and constraints related to the future direction for the Bayfront.

From an opportunities perspective, the broad growth outlook for the GTHA and Hamilton is anticipated to drive the demand for real estate in the Bayfront and the City as a whole. The area's strategic location with direct connection to inter-regional and international transportation corridors situates the Bayfront as an attractive area for investment and intensification. The Port is an asset that supports a wide range of important sectors. The steel sector and advanced manufacturing are performing well and available water and transportation infrastructure make the area appealing to a range of industrial users.

With respect to constraints, it is anticipated that the market demand for new industrial and office will be, for the most part, accommodated in greenfield areas, therefore, Bayfront competes for a smaller part of the overall market. The lands that are currently used for heavy industrial uses are distributed across the Bayfront and make repurposing existing facilities difficult. The presence of heavy industry, and the appearance and perception of the Bayfront as a heavy industrial area acts as a barrier to attracting new industries. Uncertainty and costs related to potential land contamination are also constraints to redevelopment.

The report concludes that the Bayfront will remain an employment area for at least the short to medium term and very likely beyond. Significant land use change is a long term proposition. The overarching goal should be to maintain a strong position in legacy manufacturing and steel sectors while growing and expanding into new and innovative sectors. The following six strategic directions are recommended:

1. Establish a vision for the Bayfront;
2. Ensure AEGD and other greenfield supply comes to market soon;
3. Encourage more efficient use of existing land and building supply, work with land owners and consider selected conversion;
4. Consider targeted site acquisition to acquire an element of public control;
5. Establish a program to bring any acquired sites to market; and,
6. Explore program management options such as the creation of a steering committee.

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Next Steps

Phase 2 of the project will utilize and expand on the recommendations from the Market Opportunities Study. A consultant or consortium of firms will be retained through a request for proposals process which will be initiated after the Market Opportunities Study is considered by Committee and Council. The successful proponent will be required to consult and collaborate with Phase 1 consultants, Deloitte, throughout Phase 2. The study will look at the short, medium and long term potential and opportunities for the Bayfront. The short and medium terms work will focus on opportunities associated with employment uses, the mix of employment uses and the transition to other forms of employment uses. The long term perspective will consider employment and other potential uses in the Bayfront. The study will identify the obstacles associated with achieving the short, medium and long term visions for the Bayfront.

The key components of Phase 2 include:

- A stakeholder and public consultation and communication plan;
- Development of the short, medium and long term visions for the Bayfront;
- Brownfield review and analysis;
- Conditions review and gap analysis related to infrastructure and transportation;
- Financing assessment related to infrastructure, transportation and potential incentive programs;
- Land use review; and,
- Development of a strategy and action plan.

The results of Phase 2 of the study will be presented to Council. It is estimated that Phase 2 will take approximately 18 months to complete once the successful consultant has been retained.

Appendices

- Appendix “A” – Bayfront Strategy: Bayfront Industrial Area, A Strategy for Renewal, Phase 1 - Market Opportunities Study