

**RETROFITTING OLD INDUSTRIAL AREAS FOR THE NEW ECONOMY:  
A CASE STUDY OF THE LEASIDE INDUSTRIAL DISTRICT,  
BOROUGH OF EAST YORK, METROPOLITAN TORONTO**

**BY**

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**A Thesis  
Submitted to the Faculty of Graduate Studies  
in Partial Fulfillment of the Requirements  
for the Degree of**

**MASTER OF CITY PLANNING**

**Department of City Planning  
University of Manitoba  
Winnipeg, Manitoba**

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**SUNNY LAM 1997 (c)**

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## **ABSTRACT**

**The rise of the new economy involves many forces of change that have dramatically impacted our environment—in particular, it has caused the decline of old industrial districts. In the context of the new economy, this thesis uses the Leaside Industrial District, located in East York, Metropolitan Toronto, as a case study to examine the viability of areas dedicated exclusively for traditional industries. Also, there is an exploration as to what retro-fitting measures are necessary to economically restructure old industrial districts. The general research method employed is a case study, and includes a review of relevant literature, comparable cases, and secondary data.**

**The results indicate that the deindustrialization of old industrial districts will continue, due to a multitude of unfavorable factors such as the lack of functional industrial space, high operating costs, and residential encroachment. It is therefore recommended that the district establish a new economic base comprised of new media type firms (e.g. digital processing, multi-media, internet). Such firms are ideal targets because they are not adversely impacted by the same factors that cause traditional industries to decline. At the same time, new media-oriented firms represent a thriving aspect of the new economy. In order to attract such firms, the district needs to first remove segregative zoning measures that restrict their entry. Instead, greater land-use flexibility that permits a wide range of uses compatible with existing healthy traditional industries should be encouraged. It is also suggested that the Borough of East York consider means to add value to such locations—primarily by investing in high-speed communications infrastructure. In addition, it is recommended that large, single-use old industrial buildings be redeveloped, and sub-divided into smaller units.**

## **Acknowledgements**

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## TABLE OF CONTENTS

<b>ABSTRACT</b> . . . . .	<b>ii</b>
<b>Acknowledgments</b> . . . . .	<b>iii</b>
<b>List of Figures</b> . . . . .	<b>vi</b>
<b>List of Tables</b> . . . . .	<b>vii</b>

### Chapter

<b>1.0 INTRODUCTION</b> .....	<b>1</b>
<b>1.1 Problem Statement</b> .....	<b>2</b>
<b>1.2 Objectives</b> .....	<b>3</b>
<b>1.3 Hypothesis and Research Questions</b> .....	<b>3</b>
<b>1.4 Defining Characteristics of Old Industrial Districts</b> ..	<b>4</b>
<b>1.5 Significance of Research</b> .....	<b>8</b>
<b>1.6 Method</b> .....	<b>10</b>

### PART I. CASE STUDY CONTEXT

<b>2.0 THE LEASIDE INDUSTRIAL AREA</b> .....	<b>15</b>
<b>2.1 Locational Context</b> .....	<b>15</b>
<b>2.2 Development History</b> .....	<b>20</b>
<b>2.3 Taxes</b> .....	<b>22</b>
<b>2.4 Rental Rates</b> .....	<b>24</b>
<b>2.5 Land Costs</b> .....	<b>25</b>
<b>2.6 Pressure For Development</b> .....	<b>25</b>
<b>2.7 Community Organization</b> .....	<b>27</b>
<b>2.8 Tenure</b> .....	<b>28</b>
<b>2.9 Business Composition</b> .....	<b>31</b>

### PART II. THEORY & PRECEDENTS

<b>3.0 LITERATURE REVIEW</b> .....	<b>42</b>
<b>3.1 Revitalization Theory</b> .....	<b>42</b>
<b>3.1.1 Redevelopment</b> .....	<b>42</b>
<b>3.1.2 Rehabilitation</b> .....	<b>43</b>

3.1.3 Reurbanisation.....	44
3.1.4 Regeneration.....	45
3.1.5 Discussion.....	46
3.2 Evolution of the Economy.....	47
3.3 The New Economy.....	49
3.3.1 Implications for old industrial districts.....	51
4.0 COMPARABLE CASE STUDIES.....	57
4.1 West Don Lands, Toronto.....	58
4.2 Highway 400 Industrial District:City of North York.	59
4.3 Castlefield Design District: City of York.....	61
4.4 Summary .....	63
<b>PART III. ANALYSIS</b>	
5.0 RETROFITTING PERSPECTIVES .....	65
5.1 Retro-fitting in the 1980s.....	65
5.2 Retro-fitting in the 1990s .....	66
5.3 Analytic Matrix .....	68
6.0 PLANNING STRATEGIES .....	71
6.1 Strategy 1:Reurbanisation .....	71
6.2 Strategy 2:Regeneration:New Media Village .....	76
7.0 CONCLUSIONS, RECOMMENDATIONS & IMPLICATIONS	
.....	79
7.1 Nature of Decline in Old Industrial Districts.....	79
7.2 Type of Uses Best Suited for Old Industrial Districts	80
7.3 How Can Old Industrial Districts Be More	
Competitive?.....	81
7.4 Contaminated Soil.....	82
7.5 Existing Traditional Industry.....	83
7.6 Recommendations .....	83
7.7 Implications for Planning, Planners & Planning	
Education.....	85
8.0 REFERENCES AND SELECTED BIBLIOGRAPHY.....	89

## LIST OF FIGURES

<b>Figure</b>		<b>Page</b>
1.	<b>Study Area:Leaside Industrial District.....</b>	<b>16</b>
2.	<b>Aerial photo:Leaside Industrial District and surrounding area.....</b>	<b>17</b>
3.	<b>Municipal context:Leaside Industrial District within the Borough of East York.....</b>	<b>18</b>
4.	<b>Regional context:Metropolitan Toronto and its CBD.....</b>	<b>19</b>
5.	<b>Leaside Industrial District:1931.....</b>	<b>21</b>
6.	<b>Leaside Industrial District:1958.....</b>	<b>21</b>
7.	<b>Average Industrial Realty Taxes.....</b>	<b>23</b>
8.	<b>Commercial Mill Rates for Leaside from 1982-1995.....</b>	<b>24</b>
9	<b>Retail-Warehouse development at Laird and Eglinton.....</b>	<b>26</b>
10	<b>Retrofitted building at 73 Laird Drive.....</b>	<b>29</b>
11	<b>Retrofitted building at 939 Eglinton Avenue East.....</b>	<b>29</b>
12	<b>Deindustrialization of Metropolitan Toronto.....</b>	<b>37</b>
13	<b>Decline of Metropolitan Toronto's Tax Base.....</b>	<b>38</b>
14	<b>Economic Evolution:3 Circles .....</b>	<b>48</b>
15	<b>New Economy Growth.....</b>	<b>51</b>
16	<b>Location of comparable cases within Metro.....</b>	<b>57</b>
17	<b>Existing Zoning:Leaside Industrial District.....</b>	<b>73</b>
18	<b>Proposed Zoning:Leaside Industrial District.....</b>	<b>74</b>

## LIST OF TABLES

Table	Page
1. Analytic Framework for Studying the Leaside Industrial Area.....	12
2. Leaside Industrial District: Number and Type of Business Establishments.....	33
3. Leaside Businesses: Number of Employees .....	34
4. Leaside Business Mix: 1991 .....	35
5. Summary Comparison between the Old and New Economy .....	56
6. Results: Analytic Framework for Assessing the Leaside Industrial Area.....	69

## 1.0 INTRODUCTION

The Leaside Industrial District (LID), established circa 1913, in the Borough of East York, Metropolitan Toronto, is symptomatic of the troubles faced by old industrial districts. In the past, industrial parks such as the LID emerged out of the prosperity created by the industrial revolution; however, in the 1990s those same industrial parks are struggling to cope with rapidly changing times. Today in 1996, in the face of increased global competitiveness, free trade, the recession, and the decreasing emphasis on industries that comprise the old economy (i.e. heavy manufacturing), old industrial parks have slid into decline. The signs of this decline are easily observable: 1. Well-established firms are migrating out to the suburbs and beyond; 2. Buildings remain for sale, or lie vacant for extended periods; 3. The condition of buildings is deteriorating; and 4. There is little redevelopment interest. Clearly, difficult times are ahead for old industrial districts, and revitalization efforts are needed.

Using the Leaside Industrial District as a case study (context in Chapter 2), the goal of this research is to explain the connection between the transition to the new economy and the decline of old industrial districts. In Chapter 3 revitalization theory is reviewed, the new economy is examined in detail, and broad trends in the industrial sector are discussed. Comparable case studies are reviewed in Chapter 4. The next task is an assessment of the current conditions of Leaside, through a market analysis (Chapter 5), relating the findings to the new economy developments. Based on that research key problem areas and opportunities are identified. The final task is the development of alternative strategies aimed at retrofitting the LID for the new economy (Chapter 6).

## 1.1 Problem Statement

As one of North America's oldest planned industrial parks, dating back to 1913, the Leaside Industrial District is typical of many aging industrial parks that are now at a crossroads (Peter Barnard & Associates, 1981:1.1). From a planning perspective, should old industrial parks continue as dedicated industrial districts for traditional uses, given the trend towards a declining 'old' industrial sector, and the increased pressure to develop higher-order alternative uses (offices, residential etc.)?

In terms of the overall economy, the industrial sector has been steadily shrinking in Canada for the past 20 years. This shrinkage is not due to reduced demand for manufactured goods, but the shifting of production capacity from Canada to more competitive countries. Inside Canada, rising wages, high taxes, and restrictive environmental legislation are among some of the major "push" factors that have caused Canadian industries to shift their operations elsewhere. At the same time, attractive inducements such as dramatically lower operating costs, lax environmental legislation in competing countries, and the world-wide trend towards freer trade, are all major "pull" factors that have contributed to the exodus of Canadian industries.

Equally important, the locational attributes of land occupied by old industrial districts have called into question what is the "highest and best" use. Originally, old industrial districts were built on inexpensive farm land located in what was once considered the periphery of the city, or the "suburbs." After several decades of rapid development that same land is now considered by real estate professionals to be prime land for office and retail uses because of its central metropolitan location. With the decline of the old

**industrial districts, many developers believe that it makes sense to convert industrial uses to higher-order alternative uses, specifically, a mix of offices and residential uses. At the same time, existing heavy industrial users consider that particular mix or type of development to be a threat to their operations. The planning dilemma is whether to support traditional industrial uses, despite a declining industrial sector, or whether to allow the gradual introduction of non-industrial uses and thus fundamentally change the composition of old industrial districts.**

## **1.2 Objectives**

**The organizing objectives for the investigation are:**

- i) To identify and analyze the major external and internal factors that lead to the decline of old industrial districts.**
- ii) To determine the current conditions respecting the Leaside Industrial Area.**
- iii) To identify major problem areas that are inhibiting revitalization, however this may be strategised, as well as major opportunities for revitalization.**

## **1.3 Hypothesis and Research Questions**

**It is hypothesized that the decline of industrial parks first developed in the early 1900s, such as the Leaside Industrial District, is linked to the transition from the old to the new economy. During that time, and up to the 1980s, firms involved in traditional industries, such as manufacturing, automobiles, machine tools, textiles, and steel firms, flourished in centrally located industrial parks. However, more recently these industries have lost their lustre, and are now referred to by economists as representative of the**

**“old” economy (Beck,1992). As a result, old industrial districts with a high concentration of “old-economy” type firms are now in decline. At the same time, industries that represent the “new” economy have not been growing in old industrial districts at a fast enough pace to compensate for the closures and move-outs of old economy businesses that belong to the old economy.**

**The purpose of this study involves an investigation of whether old industrial districts should continue to be planned and redeveloped as dedicated districts for traditional uses. In the context of the new economy, options for revitalization will be explored based on either a continuation of the industrial district, or a blend of “reurbanisation” and “regeneration” strategies. The key study questions are:**

- What kinds of uses are best suited for old industrial districts, such as the Leaside Industrial District, given the trend towards the “new economy?”**
- What are some of the inhibitors to attracting those uses to the Leaside Industrial District? And how might those barriers be overcome?**
- How sensitive are existing users to the introduction of higher-order alternative uses (offices and residential)?**
- Can dedicated industrial districts for traditional uses remain competitive in the wake of the new economy?**
- How can old industrial districts become more competitive?**

#### **1.4 Defining Characteristics of “Older Industrial Districts”**

##### **Older Industrial districts**

**The term “older industrial districts”, as used in this study, refers to industrial districts first developed about 50 years ago, located in or near the core of central cities of now metropolitan areas. Early on such areas attracted**

a variety of what would now be considered traditional uses such as: automobile manufacturing, heavy machinery manufacturing, woolen-knitting mills and metal fabricators (Ontario Ministry of Municipal Affairs:1986a). In turn, those industries contributed greatly to the character of older industrial districts. Most of the buildings in older industrial districts were built by long-established traditional users. When they prospered it reflected well on the industrial area as a whole.

However, in the past 20 years the “old industrial” sector has declined, causing many traditional uses to close or to relocate elsewhere. The symptoms of this decline are particularly obvious among older industrial districts because of their high concentration of traditional uses. Today, older industrial districts are characterized by higher vacancy rates, higher property taxes (per square foot) and deteriorating building conditions in comparison with newer industrial districts located on the periphery of metropolitan areas. Other common characteristics of older industrial districts include:

a) Age of buildings

Many buildings in old industrial districts are 40 or more years old, which reflects Canada’s development immediately following World War Two. In those years, the construction of industrial buildings boomed throughout Canada’s metropolitan core areas. By the 1970s most of the building lots in old industrial districts were already well-developed. This left little room for continued construction of new buildings, or expansion. At the same time, many old industrial districts were surrounded by residential uses on all sides. This restricted the outward expansion of old industrial districts and limited the supply of new building lots. As a result, old industrial

**districts remain comprised of a high proportion of old buildings that were built early on during the post-war period.**

**b) Location**

**In the context of how the sites have evolved, old industrial districts are located in areas that are now considered part of the metropolitan core. Originally, when urban areas were small, it was essential that industries locate close to large pools of labour, local markets, and transportation networks that were generally found in core areas. However, the expansion of the railway enabled industries to move well beyond the core to peripheral areas that were comparatively underdeveloped. Within decades, rapid urban growth redefined our definition of the core to include industrial districts that were originally developed in areas considered to be the periphery of the city. (Ontario Ministry of Municipal Affairs,1986b).**

**c) Property taxes**

**In general, old industrial districts located in metropolitan areas pay substantially higher property taxes than industrial districts located in fringe municipalities (Ontario Ministry of Municipal Affairs,1986b). For example, in a recent survey conducted by the Metropolitan Toronto Board of Trade, it was determined that realty taxes for industrial space in Metro Toronto are typically 35% to 50% higher than in the rest of the Greater Toronto Area (GTA) (Board of Trade of Metropolitan Toronto,1994). Even more severe, "commercial realty" taxes in Metro Toronto were typically 45% to 80% higher than comparable properties in the rest of the GTA (Board of Trade of**

Metropolitan Toronto,1994). This realty tax gap between inner metropolitan areas and the outer fringe has existed for at least 20 years, and appears to be widening (Board of Trade of Metropolitan Toronto,1994).

d) **Truck Transportation and Parking**

Over time, truck transportation movement has become increasingly difficult in older industrial districts. Increased traffic congestion and conflicts with non-industrial traffic have compromised the ease of truck movement. This is compounded by the fact that roads and intersections in older industrial districts are relatively narrow compared to modern industrial parks (Ontario Ministry of Municipal Affairs,1986b). Also, older industrial districts generally have inadequate parking for cars and trucks. Many vehicles park illegally on the street, which further restricts traffic flows.

e) **Adjacency to residential uses**

Although industrial districts had their beginnings in relatively underdeveloped areas, those same districts today are typically surrounded by residential uses. Initially, the provision of employment and inexpensive land nearby growing industrial districts provided ideal conditions that encouraged the development of residential uses. Sometimes major employers in industrial districts would sponsor the construction of nearby housing for their employees. For large factory operations, providing housing made sense because it would save them the expense and problems associated with bringing in large numbers of people from other areas.

Within a few years, the combination of early industrial and residential development led to the basis for new fringe municipalities to service new demand.

### 1.5 Significance of Research

A primary concern with industrial parks that are in decline is the impact on the overall economic health of the host municipality. First, industrial uses generate millions of property tax dollars that contribute to the upkeep of local services. For example, the Leaside Industrial District located in East York, Metropolitan Toronto, currently accounts for about \$28.56 million of property assessment, or 10 percent of the Borough's total assessed property value. In terms of net revenue, the municipal tax contribution by industrial uses is much higher than the contribution by residential uses. This is because industrial users pay a higher proportion of taxes, while incurring disproportionately lower servicing costs. The extra taxes collected from industrial districts are then used to support a variety of local services such as road improvements, fire protection, and water supply. Without an industrial base, municipalities would need to compensate for their absence by either reducing the amount of services demanded, or by raising tax rates.

Besides taxes, industrial parks also provide other economic benefits to their host municipality. A major benefit that industrial users provide to their municipality is employment. In the Leaside Industrial District, 300 companies directly employ about 5,300 people. Moreover, this statistic is understated because it does not factor in all the economic and employment spin-offs that industries generate. In the daily operation of business, firms in the area mutually support one another by purchasing each other's products

and services. In turn, employees of these firms buy houses, and consume goods and services, which further stimulates the local economy.

However, these economic benefits associated with older industrial districts have declined since the 1990 recession. Given the intensity of that recession and the slow recovery that followed, businesses were prompted to downsize their operations, and examine ways to cut costs. For many firms the recession highlighted the problems with excessive realty tax in metropolitan areas. Seeking relief from these taxes, and the need for new facilities as part of a downsizing strategy, many firms made the timely decision to relocate. The net effect was that host municipalities in the metro "core" suffered an erosion of their realty tax and employment base (Board of Trade of Metropolitan Toronto,1994).

Equally important, the pressure to develop "alternative, higher order land uses, specifically office, residential and commercial uses fueled the decline of old industrial districts" (Borough of East York, Economic Development Department,1992). This was of particular concern to large-scale heavy manufacturers who considered this pressure to be threatening because it put their business operations and investment at risk. With the development of higher order uses, heavy industrial users anticipate an increased level of political interference that might eventually lead to restrictions on their operations. Following that scenario, residential and office users would likely pressure industrial users to reduce emissions, noise levels, truck traffic, and hours of operation. Under these circumstances, heavy industries would be in jeopardy of losing any investment in their facilities or operations due to possible closure or reduced efficiency. Fearing the worst, heavy industries are increasingly responding in a defensive manner by relocating their operations to areas that are perceived to be more

stable in terms of a welcoming/tolerant attitude. Those comparatively “stable” areas are generally found, for now at least, in the suburbs. As a result, over the past few years the industrial core of affected municipalities has weakened, causing a substantial decrease in tax contributions and employment.

### 1.6 Method

The general research method for this thesis is a case study. As part of this research method, knowledge is amassed from multiple sources that include the following: 1. literature review; 2. comparables; and 3. secondary data.

#### Literature Review

The aim of the literature review is to gain a better understanding of two main topics—the “new economy” and revitalization theories. In particular, relevant academic journals, past planning studies, and recent economic publications are reviewed. Regarding the first topic, the focus is on providing some background information on how the “new economy” evolved, along with a discussion of what the major implications are for “old industrial” districts. As regards revitalization, the literature review has been directed to articulate the correct meaning and usage of the term as it applies to this thesis. In addition, the literature review provides the necessary background for further informing the research questions being investigated.

#### Comparables

Following the literature review, there is an examination of other industrial districts that are comparable to the Leaside Industrial District. Each

comparable is briefly reviewed with the intention of highlighting different approaches to revitalization. Together these cases establish revitalization precedents and illustrate the range of options available to the Leaside Industrial District for consideration. Towards the end of the thesis, these different approaches, and the lessons learned, are used to help formulate the recommendations for action in the Leaside context.

### Secondary Data

Secondary data have been collected for the purpose of conducting a market analysis. Most of the data for the analysis has been obtained from Statistics Canada, current real estate market studies, economic development reports, newsclippings and formal studies of the Leaside Industrial District. As a guide as to what data has been targeted, an analytic framework based on a matrix, created by McLemore, Aass, and Keilhofer in 1975, is used. Since the original matrix was intended to be applied to inner central city residential areas, a few modifications were made to better suit the needs of this study. The modified matrix follows on the next page (Table 1).

**TABLE I**

**Analytic Framework for Studying the Leaside Industrial District**

<b>Dimensions/ Categories</b>	<b>Decline</b>	<b>Stability</b>	<b>Revitalization</b>	<b>Massive Redevelopment</b>
<b>Taxes</b>	Much higher than metro average	Same as metro average	Decreasing	Lower than metro average
<b>Rental Rates</b>	Increasing much less than metro avg.	Same rate as metro average	Increasing at the same rate as metro avg.	Increasing more rapidly than metro avg.
<b>Land Cost</b>	Increasing much less than metro avg.	Same rate as metro average	Increasing at the same rate as metro avg.	Increasing more rapidly than metro avg.
<b>Building Investment</b>	Low	moderate	Strong, but controlled	High
<b>Community Organization</b>	Poorly organized, unstable	Varies	Increasingly well organized	Community has still to form
<b>Tenure</b>	Increasing tenancy	Varies, but often high ownership	Little change	Various mixes
<b>Business Composition</b>	High proportion of traditional industries	Same business mix as metro average	Increasing proportion of strategic businesses that belong to the new economy	High proportion of businesses that belong to the new economy
<b>Commercial and Industrial pressure</b>	Loss of commercial-industrial functions with no replacement	Maintaining industrial and commercial mix	Maintaining industrial and commercial mix	Losing some industrial commercial functions, but gaining others

*Adapted from "The Changing Canadian City" (McLemore, Aass, and Keilhofer:1975)*

For each of the categories, recent statistics and facts are gathered to determine trends. In some cases, such as taxes, rental rates, and land costs, statistics are gathered throughout Metropolitan Toronto in order to make comparisons with the Leaside Industrial District. After all the categories were investigated, the results of the findings are matched against the descriptive criteria relating to the four ideal types: 1. decline; 2. stability; 3. revitalization; 4. massive redevelopment, to "type" the Leaside Industrial District.

According to the authors of "The Changing Canadian City," an exact fit into one of the four basic types of categories would be rare. Instead, "areas often exhibit combinations of two or more types, though they may tend toward one particular pattern" (McLemore, Aass, and Keilhofer:1975). Towards the end of the study, the matrix is revisited and used as a tool to help establish the current nature of the Leaside Industrial District and its state of readiness to adapt from the old to the new economy. For that purpose, the following new headings have been devised: 1. obsolescence; 2. stability; 3. transition; and 4. high probability of industrial regeneration/reurbanisation.

## **PART I. CASE STUDY CONTEXT**

## **2.0 THE LEASIDE INDUSTRIAL DISTRICT**

### **2.1 Locational Context**

The case study focuses on the Leaside Industrial District (see Figures 1 and 2), which is located approximately 4 miles northeast of downtown Toronto in the Borough of East York (see Figure 3), a lower tier municipality within the upper tier Metropolitan Toronto (see Figure 4). For research purposes, the boundaries of the Leaside Industrial District are defined as Eglinton Avenue East (north), Laird Drive (west), and the CN and CPR railway tracks (south & east). Also included are certain developments east of the railway tracks and along both sides of Wicksteed Avenue.

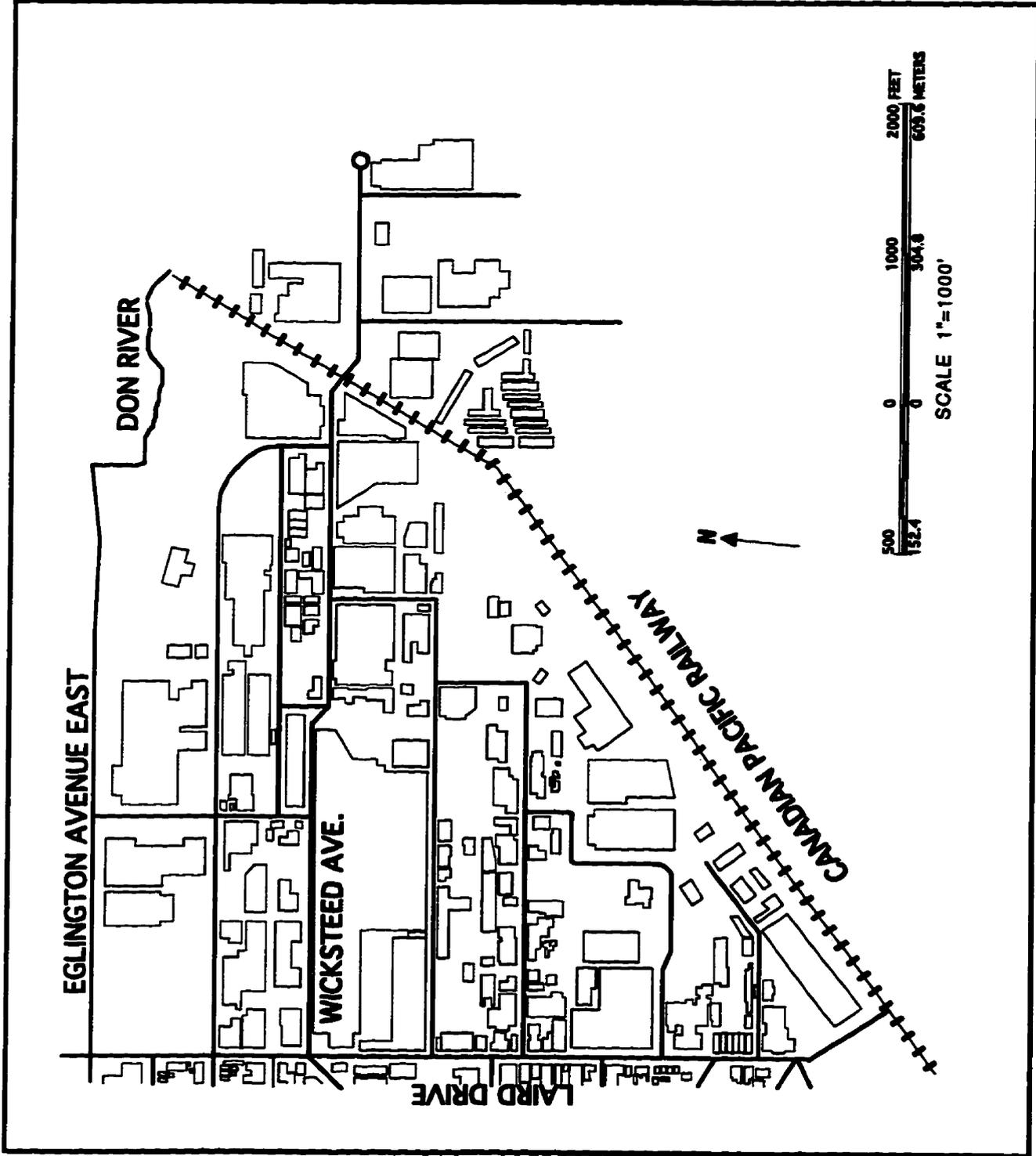


Figure 1. Study Area:  
 Leaside Industrial District,  
 Borough of East York,  
 Metropolitan Toronto

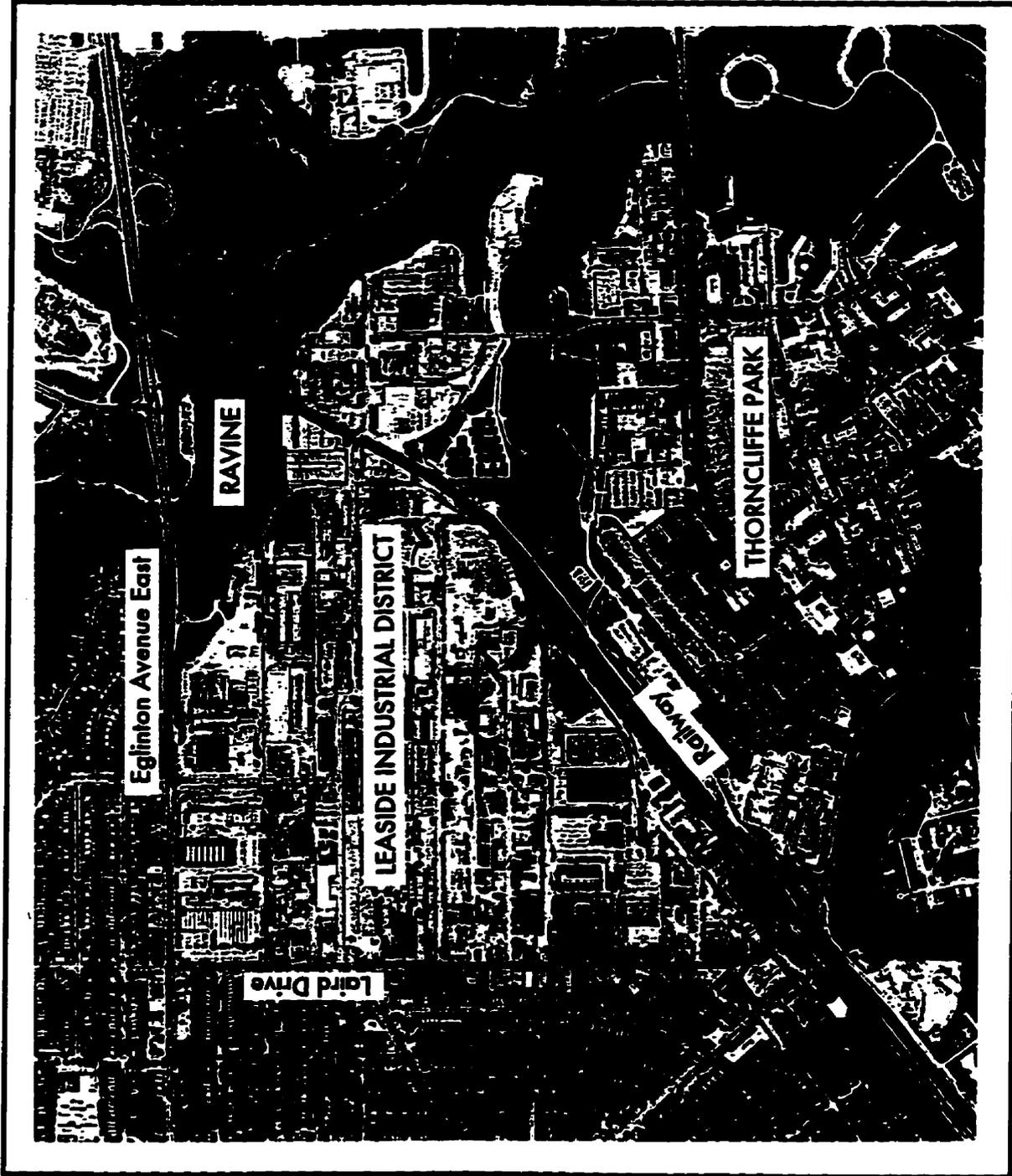
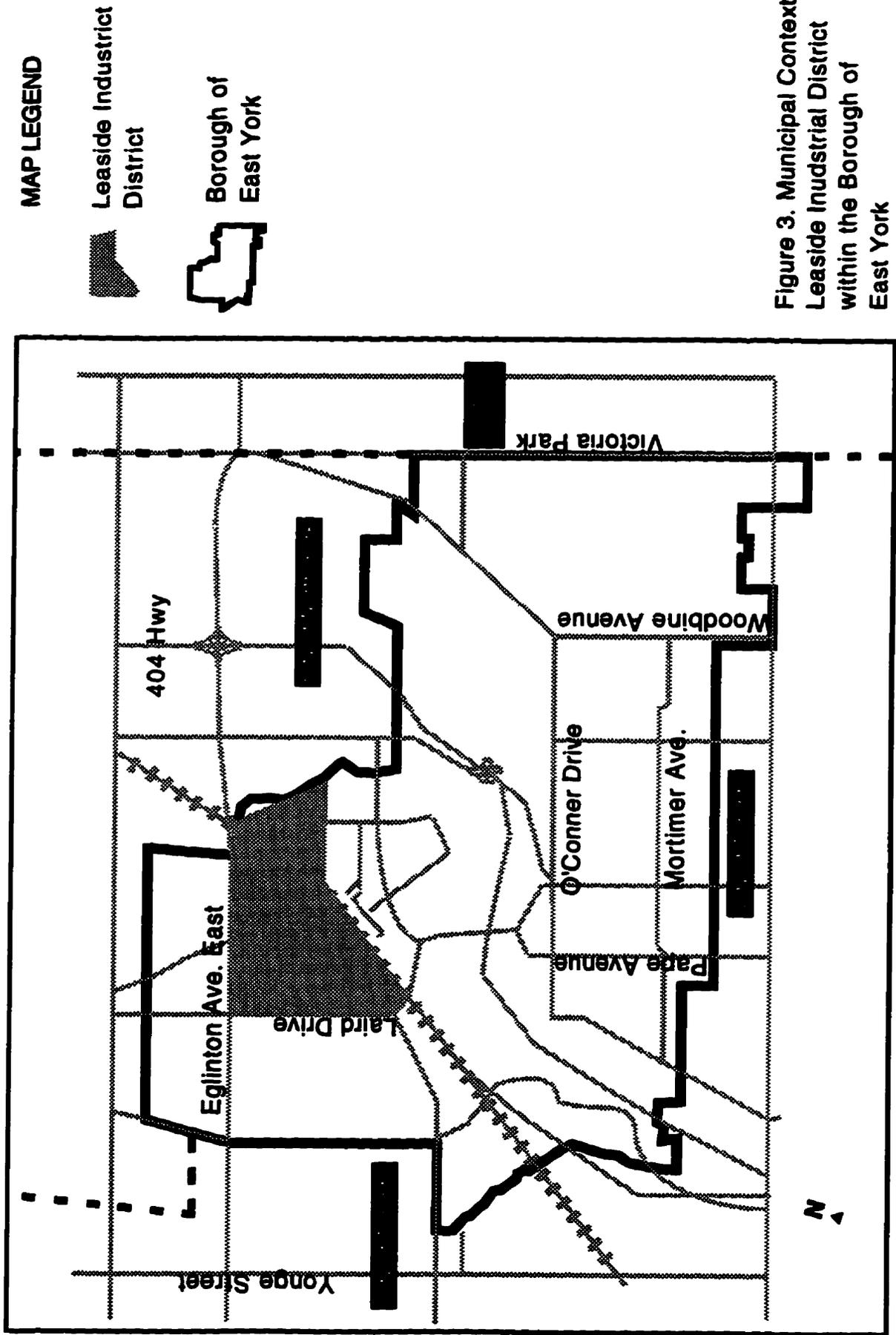


Figure 2. Aerial photo:  
Leaside Industrial District  
and surrounding area



**Figure 3. Municipal Context:  
 Leaside Industrial District  
 within the Borough of  
 East York**

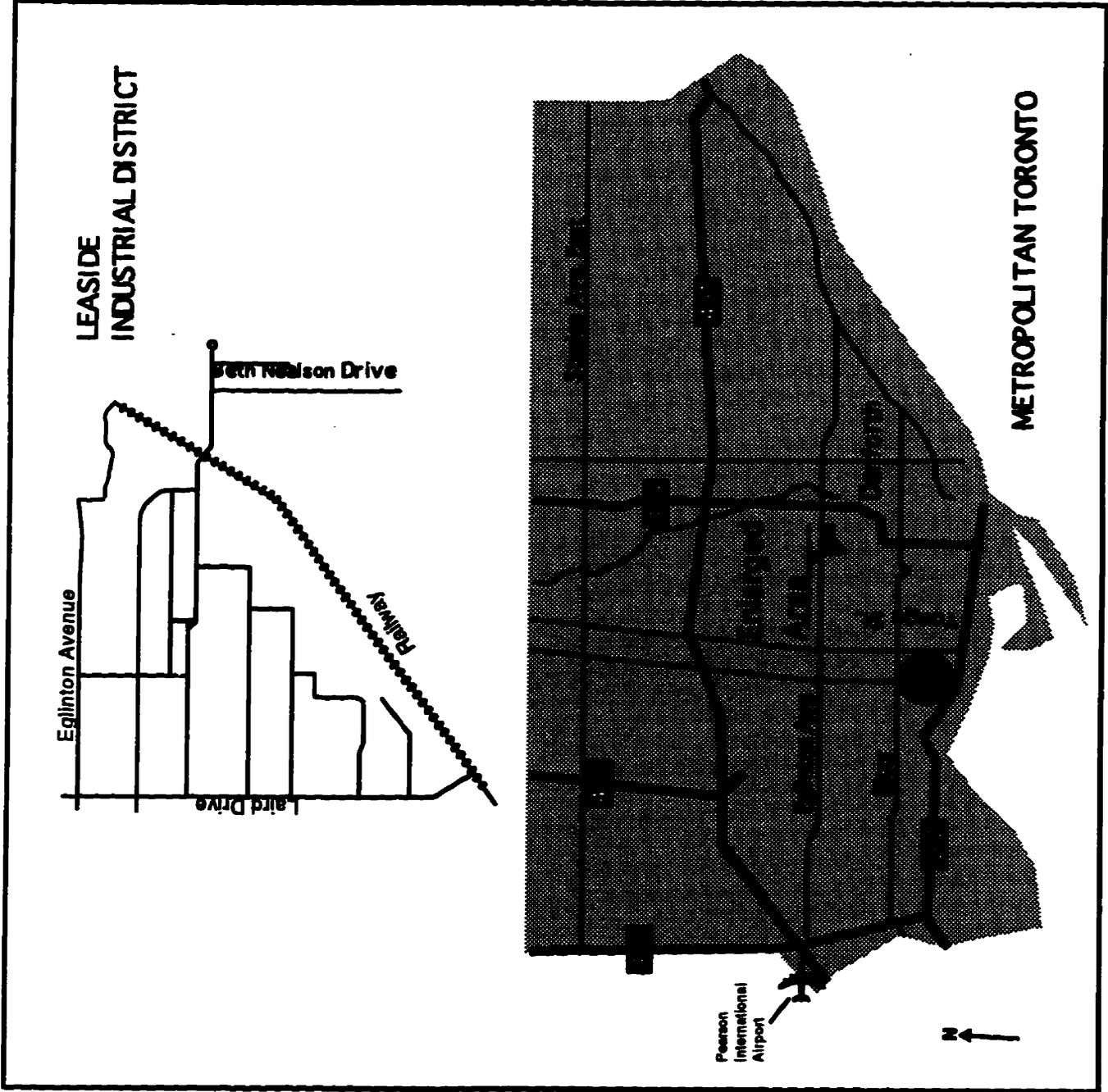


Figure 4. Regional Context: Metropolitan Toronto and its CBD

## **2.2 Development History**

**In the late 19th Century, Leaside began to move beyond its agricultural past and to rapidly industrialize as a result of its well-developed transportation links and the economic development initiatives of a particular company, Canada Wire (see below). During the early 1900s industrialization in Leaside started with the development of a transcontinental rail centre (Donahue,1988). At the time, rail access represented a strong location attraction for industries because it was the most efficient means available to move materials to and from distant markets (Simmons,1974). Any community that had such access was practically assured of growth (Simmons,1974).**

**In addition, improved road access further advanced Leaside's industrial growth. By the mid-1920s, the emerging role of the automobile placed increased pressure on industrial sites to include highway access. In response to this demand, the Leaside Bridge was constructed in 1927, which finally provided "direct access to Kingston Road and points east" (Clay,1958). For many years, this new bridge was credited with stimulating business growth in the Leaside area (Donahue,1988).**

**Equally important, Canada Wire made many contributions to the early building of Leaside. That company built the first manufacturing plant in Leaside in 1913 which launched the development of the town's industrial district (Clay,1958:16). Large in scale, this new factory was intended to replace six smaller plants then located in various parts of the City of Toronto. In order to accommodate its many employees, Canada Wire also took the initiative and began constructing "company homes." With hindsight, these homes can now be seen to have formed the nucleus of the present-day residential district. Gradually, as homes increased in number and industries**

expanded, Canada Wire provided the residential community with essential services, such as water and fire protection (Clay,1958:16).

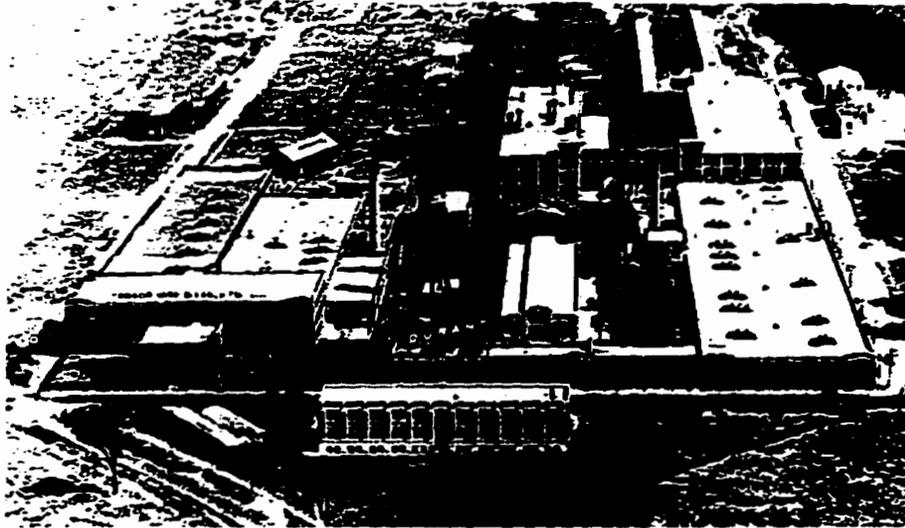


Figure 5. Leaside Industrial District:1931 Canada Wire on the left with the Durant Motors plant on the right (relatively undeveloped)



Figure 6. Leaside Industrial District:1958—developed

Over a period of two decades (1950-1967), Leaside attracted many well-known international firms such as: Coca-Cola, Mercedes Benz, Tremco, and Colgate-Palmolive (East York,1984). Cheap land prices lured industries away from the central city to rapidly growing suburban locations like Leaside. However, this growth eventually slowed down because most of the available industrial land had already been developed. This meant that companies needing large sites had to look elsewhere, in Metro Toronto and beyond (East York,1984). At the same time, in 1967 the Town of Leaside amalgamated with the Township of East York to form the Borough of East York. Leaside's industrial development fortunes continued to wane in the early 1970s as the manufacturing sector began its long-term downward trend resulting in major plant closures. Over 20 years later, conditions have continued to gradually worsen, in particular during the deep recession of the early 1990s which resulted in some major plant closings.

### 2.3 Taxes

Industrial realty taxes in East York (includes Leaside) are reasonably competitive inside Metro Toronto, but are considerably less competitive with municipalities outside of Metro Toronto (see Figure 7). When compared with other municipalities within metropolitan Toronto, East York's property tax charges are in the medium range, at \$1.95 a square foot. In fact, all municipalities within Metro are relatively competitive with each other because the difference between the highest and lowest cost municipality is only 15 cents per square foot (\$1.85 to \$2.00 for Lowest-North York and Highest-Scarborough respectively). However, East York's realty taxes are double what can be typically found outside Metro Toronto. Today, fringe municipalities such as Newmarket and Aurora are offering attractive

commercial realty taxes at approximately \$1.05, and \$1.08 per square foot respectively. At that cost, fringe municipalities have no challengers inside Metro Toronto.

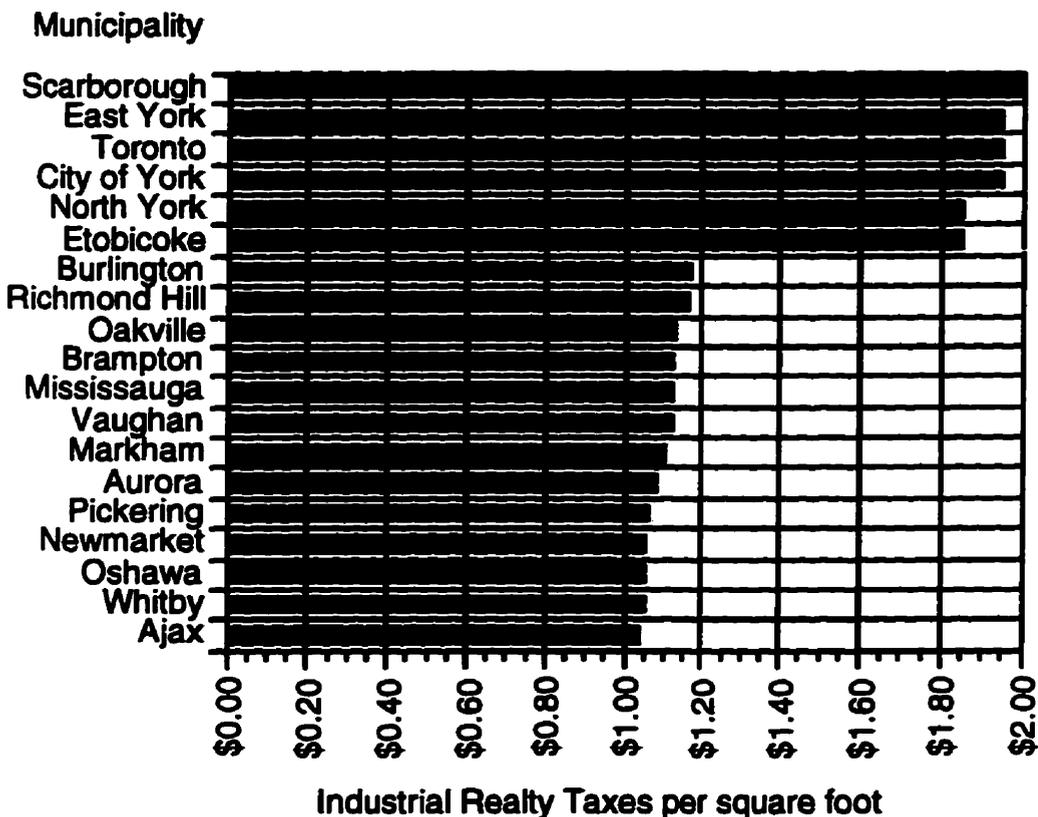


Figure 7. 1994 Average Industrial Realty Taxes P. L. Mason. "Industrial Overview." Insight '95 Industrial Commercial Investment, Toronto: The Toronto Real Estate Board, 1995.

East York's commercial mill rate has progressively increased each year. In the last 13 years, the average annual increase is about 9.36% (based on separate school rates). This pattern of steadily increasing mill rates has continued throughout the 1980s (see Figure 8). However, in recent years (1992-1995), the level of increase in commercial mill rates seems to have slowed somewhat. For the next few years, the mill rate is expected to be stable as East York attempts to lower its operating costs.

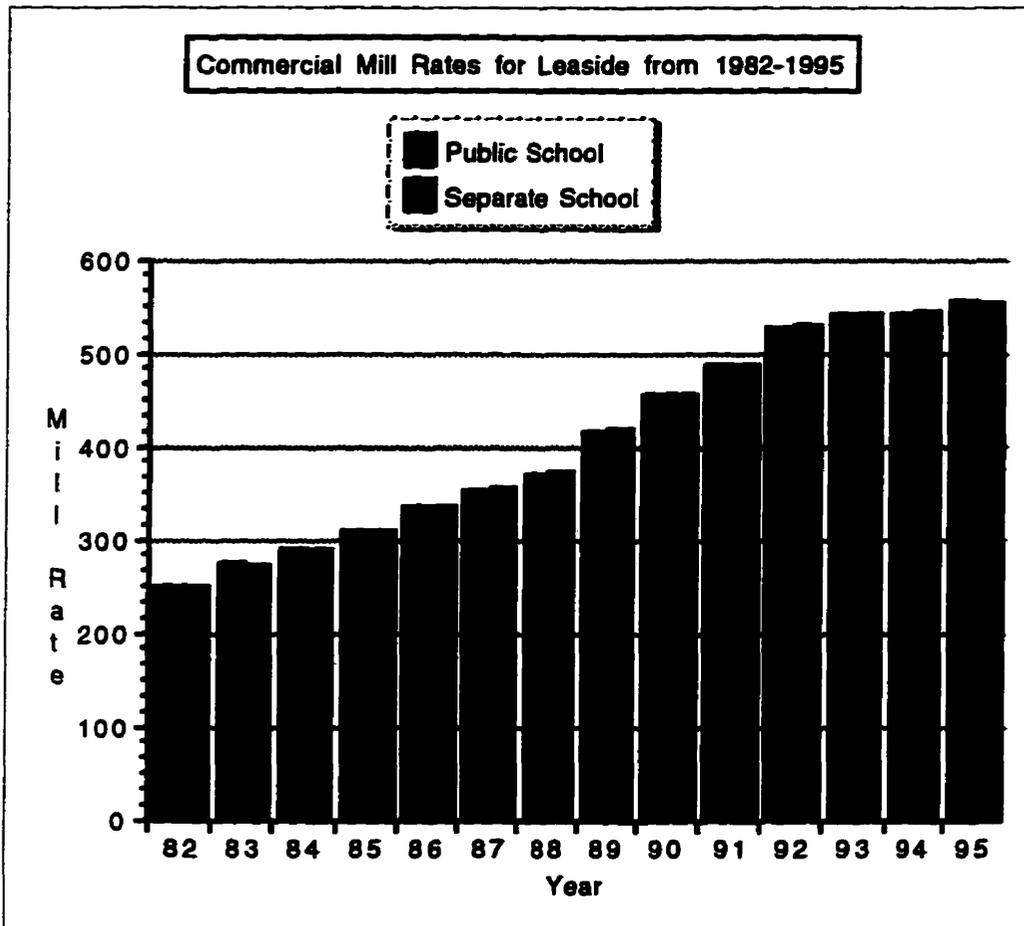


Figure 8. Commercial Mill Rates for Leaside from 1982-1995

#### 2.4 Rental Rates

The rental market for industrial space in Leaside closely mirrors metro-wide trends. In the late 1980s, industrial rents within Metro and including Leaside peaked at around \$5.00 per square foot. Five years later, the average rent has tumbled by about 45%, to a new achievable rental rate of \$2.75 per square foot. Although that correction in the market has remained stable for the last couple of years (1994-1995), actual leasing rates for Metro and Leaside range between \$2.00 and \$3.50 per square foot depending on the following: 1.

location; 2. amount of space required; and 3. features of the building structure. Realtors speculate that, in the next few years, "Metro Toronto's industrial sector may undergo a renaissance, as older buildings are demolished to accommodate user demand for centrally-located space" (Royal LePage,1995).

## 2.5 Land Costs

The exact land cost in the Leaside Industrial District has been difficult to pinpoint because of the limited amount of trade activity over the last four years. The best estimate of land values is about \$240,000 an acre (based on 46% coverage). That cost has remained constant throughout the 1990s and represents the upper-end of the Metropolitan Average (\$150,000 to \$275,000) (including all applicable lot and building levies) (Barnicke J. J. Ltd,1995). Because land costs have remained stable at relatively high levels for an extended period of time, it illustrates that the Leaside Industrial District is still an attractive and valuable business location.

## 2.6 Pressure for Redevelopment

The pressure for redevelopment has been low and limited only to a few established firms or developers. Between 1990 and October 1993, only 14 permits were issued for a value totalling about 5 million dollars. Based on East York trends for commercial/industrial building permit values, it is estimated that investment in Leaside's industrial district has dropped by at least 50% since the late 1980s. Although levels of total investment do not compare with the 1980s, there are signs of improvement. From 1992 to 1994, the number and value of building permits has increased each year.

To date, the only major development currently underway is a retail warehouse at the corner of Laird Drive and Eglinton Avenue East (north-west

part of the study area). Major retail tenants for that project will include Canadian Tire, Future Shop (a consumer electronics retailer) and PetSmart. Although this represents the first major redevelopment project in the Leaside Industrial District, it does not appear to be a major trend. Retailers chose that particular location because the site offered excellent exposure to a high vehicle traffic street (Eglinton Avenue East). In addition, the site was located away from traditional industries. Since there are no other locations within the district with similar qualities, little future demand is expected from "big-box" style retailers (typically retail uses over a million square feet).

Also, a proposal has been submitted by Kosmor Construction Limited to develop a major mixed-use (office and retail) project on a 30 acre site at the corner of Eglinton Avenue and Brentcliffe Road. The project will "consist of 2,268,400 square feet of leasable space in 10 buildings, including 685,000 square feet of commercial 183,000 square feet of light industrial space, and 1,400,400 square feet of residential space, (1500 units)" (Prue,1995:3).

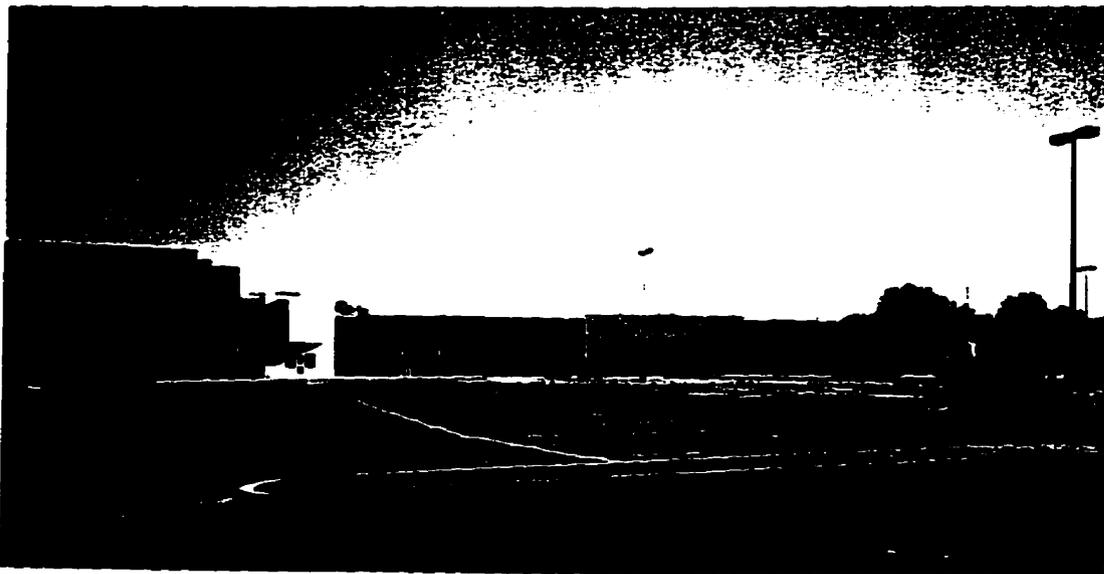


Figure 9. Retail-Warehouse development at Laird and Eglinton:Canadian Tire shown

## 2.7 Community Organization

After a long period of inactivity, community involvement in the Leaside Industrial District now seems to be strengthening. Beginning in 1993, the Leaside Property Owners' Association (LPOA), representing home owners of the neighborhood at-large (see residential area in Figure 2) took the initiative to commission their own study of the Leaside Industrial District. An underlying objective of that study was to stimulate action aimed at improving the district's condition. Shortly after the study was published, the users within the Leaside Industrial District renewed their involvement in the community by resurrecting the Leaside Industrial Park Association (LIPA). A new president was elected, and members started to meet regularly again. Resulting from the meetings, the LIPA organized a well-publicized spring clean-up program in co-operation with the Borough of East York. The LIPA is also attempting to encourage the Borough of East York to undertake additional beautification projects such as landscaping and installing new signage that identifies the district.

In addition, John Godfrey, the Member of Parliament for Don Valley West, has been actively involved in organizing the community around the idea of transforming the Leaside Industrial District into a "new media village." The basic idea is to promote the Leaside Industrial District as a home location for firms involved in the "new media" such as video production, software, graphic arts, and digital imaging companies. Those types of firms are now experiencing rapid growth and are part of the burgeoning new economy. Preliminary studies by the Borough of East York's economic development department are positive, and indicate that the district already has a significant base of new media businesses to build on (Borough of East York, 1996). The organizing process is still in the early stages; however, the

concept of developing a “new media village” has received broad support from the local community and over 30 key stakeholders representing local business, politicians, and bankers are involved as a working group (Matrix Links International Inc,1996).

## 2.8 Tenure

In the last three years (1993-1995), Leaside’s vacancy rate has seen little improvement due to sluggish demand. Between 1993 and 1995 the vacancy rate for industrial space in Leaside remained fixed at 12.5% —and even higher for office space. The difficulty of leasing available industrial space has kept vacancy rates high. In particular, old single-use buildings over 10,000 square feet have been the most challenging properties to lease and typically lie vacant for at least two or more years. Based on recent history, once a large traditional industrial use is vacated, it becomes impossible to attract another industrial use of similar size. In fact “no new major manufacturing firms have set up in the [LID] since 1981” (Clayton Research Associates Ltd.:1988).

A few landlords have coped with this situation by investing in major retrofits to their buildings. At 75 Laird Drive and 939 Eglinton Avenue East, improvements such as partitioning industrial space into smaller units under 1500 square ft, modernizing heating systems, and cosmetic changes, have stimulated interest in these properties (Borough of East York,1995). Still, realtors consider the majority of industrial buildings in Leaside as dysfunctional, requiring retrofitting to enhance their marketability.



**Figure 10. Retrofitted building at 73 Laird Drive**



**Figure 11. Retrofitted building at 939 Eglinton Avenue East**

On the positive side, Leaside has now managed to retain its existing user base while attracting new business from the service sector. This stability comes after two turbulent years in the early 1990s. Between 1990 and 1992 many businesses, prompted by economic pressure, either moved out of the Leaside district or closed down all together. Even in 1993, over 30% of business users surveyed indicated that they planned to move out of the area within five years (Lam and Shaw,1993). However, today existing firms seem to be choosing to stay in the Leaside district (Robertson,1995). As an example of this trend, Winpak Technologies Inc., a major corporation in Leaside, has overturned an earlier decision to relocate outside Metro Toronto. At the same time, small technical and business services-oriented firms (computer graphics and design) have shown some recent interest in relocating from downtown Toronto to the Leaside Industrial District (Robertson,1995). This is still a weak trend, but an important indication that the area may be changing for the better.

For comparison purposes, Leaside's vacancy rate still lags slightly behind the metro average, and far behind municipalities that surround Metro. In the early 1990s Metro's vacancy rate was estimated to be similar to Leaside's at 12.5% (Lam and Shaw,1993). However, since that time, vacancy rates in metropolitan Toronto have fallen to 10.92% while Leaside's vacancy rate has remained unchanged (Mason,1995). And for municipalities that surround Metro, vacancy rates have improved dramatically in the last four years (Royal LePage,1995). The industrial market in fringe municipalities is so strong that some industrial districts are actually "beginning to show signs of supply problems" (Barnicke J. J. Ltd.,1995). In terms of vacancy rate performance, both Leaside and Metro pale in comparison to fringe municipalities.

## **2.9 Business Composition**

**The Leaside Industrial District is characterized by a mix of business uses led by a small core of long-established traditional industries. According to 1994 statistics, over 28% of Leaside's 253 firms are traditional industries that belong to the manufacturing sector (see Table 2). Even more important, in 1994 that sector employed about 74 percent of the Leaside Industrial District's total work force of 6,117 people (see Table 3). Many of those employees work for some of Leaside's largest firms such as Tremco Canada Ltd., Dorothea Knitting Mills, Alcatel Canada Wire Inc., Winpak Technologies Inc. and Colgate-Palmolive Inc. In terms of the number of establishments, the other major industry groups belong to the following: 1. business services (24.5%); 2. retail trade (18.18%); and 3. construction (10.27%) (see Table 4).**

**In general, Leaside's economy still relies heavily on long-established industries that belong to the old economy. Most of Leaside's employees are involved in unskilled and mass-produced work representative of the old economy. Only a few firms in Leaside represent industries that characterize the new economy. Of those firms, most of them are involved in business services, computer graphics, and design work. In addition, Leaside does not have any firms directly involved in any of the other major new economy-oriented industries such as semi-conductors, instrumentation and pharmaceuticals. For that reason, the Leaside Industrial District is particularly vulnerable to further decline because it lacks a strong base of new economic engines to ensure sustained growth.**

**Leaside is already experiencing the impact of an economic transformation. Recent statistics indicate that the manufacturing sector is eroding while there seems to be some growth in 'new economy'-oriented**

firms. Triggered by the recession and restructuring, the number of manufacturing establishments in Leaside's manufacturing sector has declined by 23% between 1989 to 1994 (Lam and Shaw,1993 and Borough of East York,1993). Many of those firms were long-established users that contributed heavily in the past to the Borough of East York's realty tax base and employment. However, during that same time period, "business services" experienced modest growth of 32% (management consulting, computers, accounting, and architectural-related services). Since those businesses are knowledge-intensive, and require a higher than average level of skill, they are considered to be representative of the new economy.

**TABLE 2**  
**Leaside Industrial District:**  
**Number and Type of Business Establishments**

<b>Industry Group</b>	<b>1989</b>	<b>1993</b>	<b>1994</b>	<b>% of Total 1994</b>	<b>1989-1994 % Change</b>
Manufacturing	92	63	71	28.06	-23
Construction	22	28	26	10.27	+23
Transportation/Storage	1	4	2	0.79	+100
Communication	1	1	3	1.18	+300
Wholesale-Trade	18	19	14	5.53	-22
Retail Trade	44	39	46	18.18	+4.5
Finance/Insurance	5	7	7	2.77	+40
Business Service	47	71	62	24.5	+32
Health, Soc. Services	2	3	2	0.79	0
Accom. Food/Beverage	9	10	10	3.95	11
Other Services	11	15	10	3.95	-9
<b>Total</b>	<b>252</b>	<b>260</b>	<b>253</b>	<b>100.0</b>	<b>+0.4</b>

-Illustrates the decline of the manufacturing sector and the growth of the business services sector (Lam & Shaw,1993).

**TABLE 3****Leaside Businesses: Number of Employees**

<b>Industry Group</b>	<b>Leaside 1994</b>	<b>% Leaside</b>	<b>Toronto CMA 1994</b>	<b>% Toronto CMA</b>
Manufacturing	4,527	74.0	11,800	10.5
Construction	175	2.86	12,667	11.27
Transportation/Storage	6	0.01	2,366	2.10
Communication/utilities	47	0.77	572	0.51
Wholesale-Trade	338	5.52	11,653	10.37
Retail Trade	261	4.30	17,122	15.24
Finance/Insurance	72	1.18	10,259	9.13
Business Service	583	9.53	16,389	14.58
Health, Soc. Services	9	0.15	9,379	8.35
Accom. Food/Beverage	58	0.95	7,369	6.56
Other Services	41	0.67	12,802	11.4
<b>Total</b>	<b>6,117</b>	<b>100.0</b>	<b>112,378</b>	<b>100.0</b>

**TABLE 4.**

**Leaside Business Mix: 1991**

<b>Major Industries</b>	<b>% of firms</b>
<b>Manufacturing</b>	<b>28.0</b>
<b>Business Services</b>	<b>24.5</b>
<b>Retail Trade</b>	<b>18.2</b>
<b>Construction</b>	<b>10.3</b>

Lam and Shaw:1993, compiled from East York's Business Directories.

**Analysis**

The 1990s so far has been a time of structural economic change in the Leaside Industrial District. Based on the market data collected, this change has caused the district to exhibit a multitude of characteristics from decline to revitalization. Although the signs of decline have existed for a long time, the first few years of the 1990s represented the greatest loss. During that period Leaside's industrial district lost almost a quarter of its manufacturing sector. That loss provoked community leaders into action and, by the mid-1990s, a concerted effort was made to re-establish stability. Efforts were made to curb realty tax increases, increase community involvement, and rethink the Borough's economic development plan.

To a degree, those efforts made by community leaders have been successful; however, it would not be accurate to say that the district is rebounding back to its traditional strength. The district is still weakened by the exodus of industries in the early 1990s. Industries that have left have not been replaced by new ones, and the growth of the service sector has not been strong enough to fill the void left by the manufacturing sector. In addition,

the district still has a high proportion of traditional industries that may be vulnerable to further decline. Given this situation, the district is best characterized as teetering between decline and stability.

This situation does not appear to be unique to the Leaside Industrial District, but is metro-wide in scope. In general, industries are not moving from Leaside to other districts within Metro, but to fringe municipalities outside metro in the GTA (see Figure 13). In the last five years, the net effect of business move-outs has caused commercial and industrial realty tax revenues to decline in Metropolitan Toronto (including Leaside) while fringe municipalities have enjoyed spirited growth (Spears,1995a). Within Metro, virtually every major industry group except apparel and food has experienced a sharp decline. In contrast, fringe municipalities have enjoyed strong growth in every major industry group except in the area of petrol and chemicals (see Figure 12) (Spears,1995b). As a whole, Metro Toronto (including Leaside) has not been able to maintain its competitive edge and is now losing its industrial base.

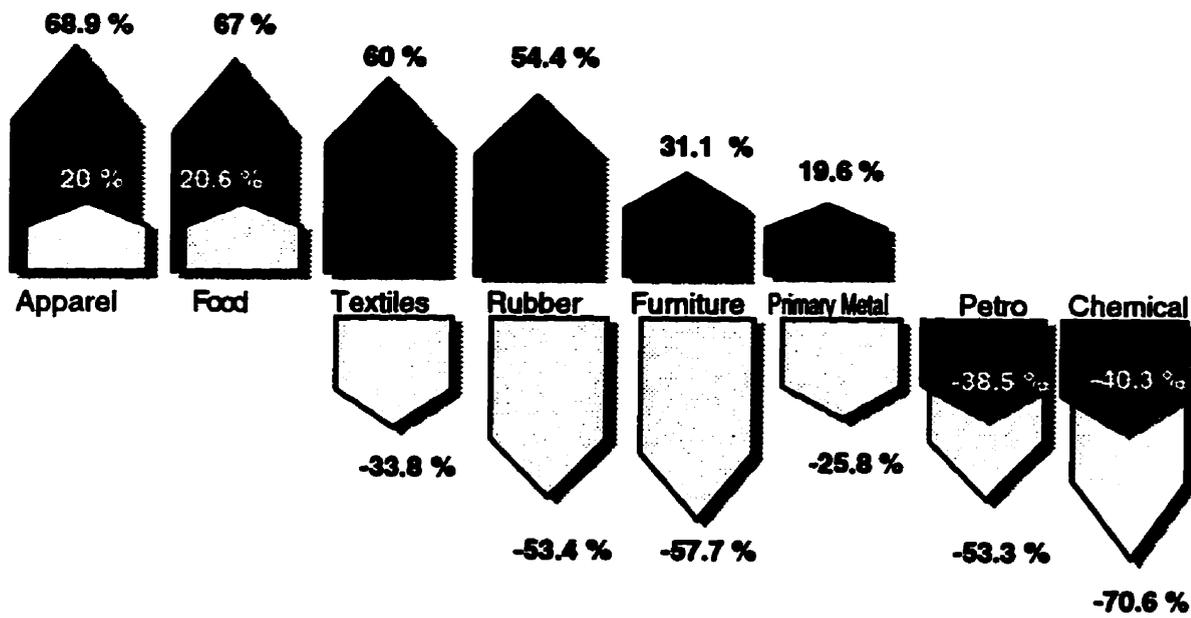
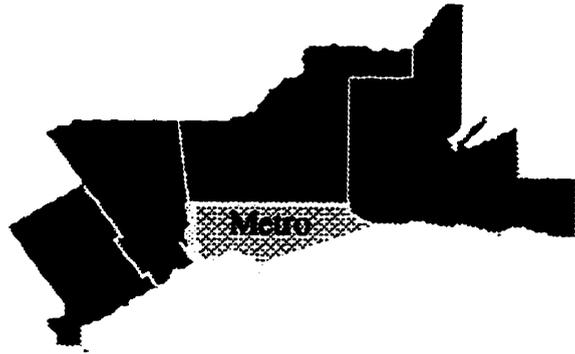


Figure 12. Deindustrialization of Metropolitan Toronto. Spears, John. "Flight to Suburbs." *The Toronto Star*, 10 June 1995, p. 1-2.

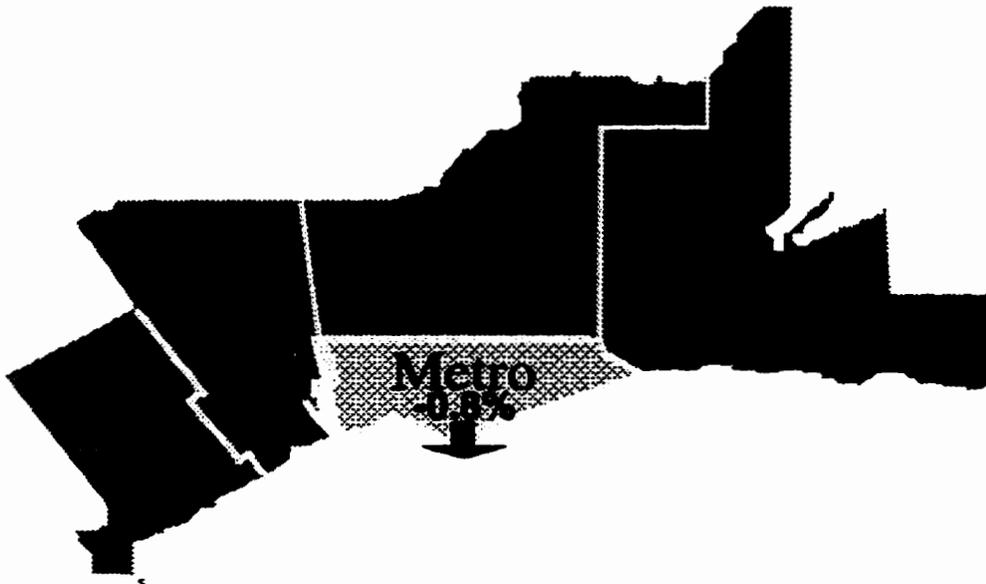


Figure 13. Decline of Metropolitan Toronto's Tax Base. Spears, John. "Making Our Cities Work: Why sharing isn't easy." *The Toronto Star*, 1 April 1995, p. 1 & 8. The Big Shift: Metro Toronto's industrial and business tax assessment base has shrunk over the past five years, while the tax base has grown in the surrounding regions.

The reason is because Metro Toronto no longer offers what traditional industries want—long-term stability and economic value. Regarding the issues of stability, the encroachment of residential and office uses common to most old industrial districts now threatens the long-term operation of heavy industries (Filion & Mock,1991). "As residents become increasingly concerned with their living environments, they are less tolerant towards the noxious impact of industries. And as they mobilize and become politically active, they are often successful in forcing the closure of polluting manufacturing establishments or in bringing about legally required adoptions of pollution control devices" (Filion & Mock,1991). Already, complaints

about excessive noise emissions by the Leaside Property Owners' Association has caused one firm to reduce its evening operating hours.

Moreover, further expansion and development of the Leaside Industrial District has been hindered by the long-standing issue of contaminated soil. Although there has been no substantive proof, many business owners and investors suspect wide-spread soil contamination in the Leaside Industrial district—a condition that likely plagues most old industrial districts in Metropolitan Toronto. For decades, many of Leaside's industries have been involved in the production of hazardous materials that likely were allowed to seep into the soil. In the past, the Leaside district was a major manufacturing site and depot for heavy ammunition. Later, many of Leaside's manufacturers commonly used lead as part of the production process. Today, investors are fearful of the additional costs involved in cleaning-up decades of built-up hazardous waste.

Equally important, Leaside and other industrial districts located in the metro core no longer offer good economic value in terms of taxes, land costs, and building structure for large-scale traditional industries. In each of those three areas, the cost has risen beyond acceptable limits—much better value can be found outside metro Toronto at half the cost. Traditional industries are highly sensitive to high realty taxes because they require large tracts of land. For traditional industries, expansion generally means consuming more land and building horizontally rather than vertically because of the nature of their assembly-line process. In the Leaside Industrial district, high property values and limited supply of land have made that kind of expansion and new construction difficult, if not impossible.

Moreover, most traditional industries consider the existing stock of buildings to be functionally obsolete. Most of Leaside's building stock was

built over 50 years ago and does not compare well to the operating efficiencies of modern buildings. Traditional industries competing in a fiercely competitive marketplace can no longer afford these excessive overhead costs without any return on investment. The advent of computers, internet connections, and fax machines, have all enabled companies to communicate effectively at a low cost without the need for central locations. These are powerful economic reasons why Metropolitan Toronto (including Leaside) is effectively undergoing a process of de-industrialization.

**PART II. THEORY & PRECEDENTS**

### **3.0 Literature Review**

**In this section, there will be a review of major revitalization theories—each reflecting an evolution of ideas and goals. Based on this review, there will be a discussion as to how the term “revitalization” best applies to planning old industrial districts.**

### **3.1 Revitalization Theory**

**“The idea that the urban fabric needs periodic renewal is an extremely old one in planning thought (Smith,1990:192).” To explain that perceived need, a variety of urban revitalization theories have emerged—each possessing its own distinct meaning. This is because each theory advances a different philosophy and approach towards revitalization. It is important to first establish the appropriate meaning of the term “revitalization” as it applies to this thesis. The process of establishing the intended meaning is based on a review of the following leading revitalization theories: 1. Redevelopment; 2. Rehabilitation; 3. Reurbanisation; and 4. Regeneration.**

#### **3.1.1 Redevelopment**

**In Canada, many of the principles and approaches to redevelopment theory are reflected in legislation that begins with the 1944 National Housing Act (Smith,1990:190). This act was created to deal with the problem of slum housing. Simply, the approach was to demolish areas deemed unworthy of saving, and to start afresh. Virtually every building in areas targeted for redevelopment would be leveled, to make room for new uses. The primary targets for redevelopment were ‘slum’ residential areas located in the central city. Once those areas were demolished, new residential buildings were built**

to replace the old. Years later, other uses, besides residential, were permitted as replacements, if supported by planning studies (Smith,1990).

This disruptive “bulldozer” approach to revitalization stems from the conception of the city as an organism—constantly growing and ever-changing. With that conception it is normal that parts of the city would “become obsolete . . . but eventually would become restored to productive use” again (Smith,1990:193). However, this natural process did not always occur. It was believed that some areas were simply dysfunctional and could only become progressively worse over time. Those areas were commonly described as ‘cancers’ that needed to be removed before the condition spread to other parts of the city (Smith,1990). This conception justified the need for radical action. It was also believed that it was in the best interest of existing residents/users to move out of areas targeted for redevelopment, because existing conditions were considered unsafe and unhealthy.

### 3.1.2 Rehabilitation

By 1960, the bulldozer approach to revitalization attracted severe criticism and was soon replaced by rehabilitation (Hodge,1986:86). Rather than engaging in wide-scale demolition, rehabilitation focused on “conservative surgery”—a concept coined by Patrick Geddes decades earlier. Geddes believed that only the worst buildings should be subject to spot removal and every effort should be made to repair or modify existing structures (Hodge,1986:86). Also, efforts were made to improve amenities and stimulate public and private investment in new facilities (Smith,1990). These efforts would “minimize human disruption, and the physical fabric of the city [could] be maintained” (Hodge,1986:86). In short, rehabilitation was about restoring areas and preventing further decline. Later on, rehabilitation

programs evolved into the neighborhood improvement program which went beyond a residential focus and involved all aspects of a community (e.g. commercial buildings, public facilities etc.) but followed the same approach (Smith,1990).

### 3.1.3 Reurbanisation

Reurbanisation involves a comprehensive and balanced approach to planning. Currently, the structure of most metropolitan areas comprises a single dominant core and a few satellite centres linked by transportation corridors. Building on that existing structure, reurbanisation aims to foster the development of multiple centres and corridors through higher densities and infill development (Berridge Lewinberg Greenberg Ltd.,1991a:5). As part of this new structure, a hierarchy of centres (major, intermediate and local) and corridors would be created with appropriate density levels. The development of these centres and corridors is intended to shorten commutes, promote economic activity and increase transportation efficiency, in particular—public transit (Berridge Lewinberg Greenberg Ltd.,1991a:48).

The designation of new centres and corridors is given careful consideration in terms of how well they fit in the broader metropolitan context. Within centres, no particular type of use is favored. Instead, reurbanisation tries to pull together a mix of mutually supporting and complementary uses. By concentrating these uses in centres and linking them together with corridors, it creates a more “urban”-like (rather than suburban) environment.

This mixing of uses extends to old industrial areas, especially with the trend towards the new economy. As the economy shifts, it presents opportunities for “a closer integration of industrial uses with non-industrial

uses" (Berridge Lewinberg Greenberg,1991a:49). Emerging industries that belong to the new economy, such as computer software developers, tend to operate more cleanly, in terms of emitting less air and noise pollutants than traditional industries. This presents an opportunity for the integration of some new industries with "residential, office, retail, and other uses at a much smaller scale and [a] finer grain than was possible with traditional and heavy industry" (Berridge Lewinberg Greenberg,1991a:49).

### 3.1.4 Regeneration

Popularized in the 1980s, regeneration theory is a response to major economic, social, and political changes. Faced with these structural changes, regeneration theorists gear their revitalization efforts towards economics-led solutions, supply-side measures, and developing public/private partnerships to achieve objectives (Berry, McGreal, Deddis,1993). First, regeneration theorists focus on building a new economic base to replace the old. The preference is for policies that foster companies oriented towards "Post-Fordist" production (i.e. high-tech research firms and the service sector). Second, regeneration theory emphasizes the need to treat land in a competitive context as a marketable product. This means stressing improvements to land, access, environment and buildings. Third, regeneration is aimed at creating strong partnerships between the public and private sector (Berry, McGreal, Deddis,1993). Overall, "sparking" the local new economy by sharpening an area's competitive position is the highest priority. It is assumed that once the economy is back on track, all other concerns, such as social and environmental ones will naturally be addressed and resolved (Berry, McGreal, Deddis,1993).

### 3.1.5 Discussion

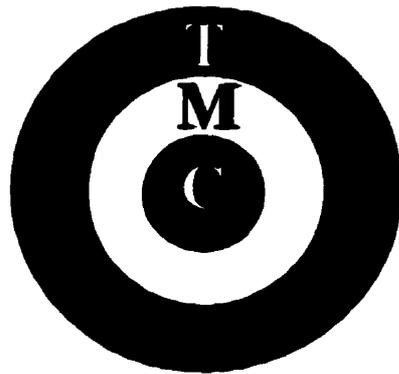
For this thesis, the intended meaning of revitalization should go beyond the notion of restoring the urban fabric, and include measures to tackle the challenges of the new economy. This is where slum clearance and rehabilitation theories fall short. For both of those theories, the emphasis was on rebuilding and repairing the physical environment, yet the root economic and social issues were not directly dealt with. For redevelopment, the key to revitalization was to tear down virtually every building in a given area and to start fresh (Smith,1990). The end result was that occupants of those areas targeted for redevelopment were displaced. This was viewed as an ineffective and a disruptive approach to revitalization (Smith,1990). Responding to that criticism, rehabilitation was intended to be less disruptive through a program oriented towards repairing and preserving existing structures (Hodge,1986:86). Even so, in both cases the emphasis was on the physical environment and not the underlying problem of poverty. As a result, the affected areas often relapsed into physical decay once the specific improvement program was terminated (Hodge,1986:86).

Revitalizing old industrial districts will need to address more than the physical structure of buildings, to include ways to adapt to a dramatically changed economic environment. As contended in this thesis, the root cause of 'old' industrial decline is the transition to the "new" economy. In that context, reurbanisation and regeneration offer two intriguing options for revitalization. First, reurbanisation suggests the possibility of integrating non-industrial uses (residential and commercial) with existing industrial uses. Given the trend towards cleaner industries, this may be a viable option meriting exploration. Second, regeneration emphasizes the need to establish a new economic base to replace the old—with a preference for 'new

economy'-oriented firms. This raises a few questions. What kind of businesses should comprise the new economic base of old industrial districts? What are the barriers to attracting such firms? What can be done to enhance competitiveness? With this approach, the district will remain an area dedicated to business, as opposed to the more mixed-use environment advocated by reurbanisation. In either case, the meaning of revitalization as it applies to this thesis is about adapting to the new economic conditions, and seizing available opportunities.

### 3.2 Evolution of the Economy

In the last 150 years, the North American economy has undergone a number of radical changes that have shaped the way we work and live. In order to understand these changes, economist Nuala Beck uses three concentric circles to describe how the economy has evolved. "Each circle contains certain key, common elements; each makes sense of vast economic changes that otherwise don't fit into a sensible pattern; each is the natural extension of the one preceding" (Beck,1992:20). Starting from the centre, and moving outward, the three circles represent the commodity processing era (C Circle), mass-manufacturing era (M Circle), and technology era (T Circle) (Beck,1992).



**T** Technology Economy 1981-??

**M** Mass-Manufacturing Economy 1918-1981

**C** Commodity Economy circa 1918

Figure 14. Economic Evolution:3 Circles from Nuala Beck, Shifting Gears. Toronto:Harper Collins Ltd., 1992.

In each era or circle, the abundant supply of a key ingredient spurred unprecedented levels of economic growth. During the commodity-processing and the mass-manufacturing eras, the key ingredients were cheap steel and energy, respectively. As the supply of these key ingredients increased due to falling prices, a few strategic industries developed. Initially, these industries were small, but they grew rapidly to become driving forces of the economy. For example, during the commodity-processing era, the availability of cheap steel gave rise to the development of the coal, steel, textiles, and railroad industries. Over time, the entire economy centred around those industries. Later, industries that belonged to the commodities era declined in importance with the beginning of the mass-manufacturing era. Fueled by the availability of cheap energy—primarily large quantities of oil, new economic engines developed. In the era of mass-manufacturing, the gains made by the auto,

machine tools, housing and retailing industries eclipsed the growth made by the preceding era (Beck,1992).

Advancing to the technology era, or third circle, the key ingredient to economic growth has been the large supply of cheap microchips. As a result of the microchip, four new economic engines have developed: computers, "health & medical", communications, and instrumentation. Together, these industries comprise the foundation of what is commonly referred to today as the latest "new economy." This transformation to the new economy began around 1981 and continues to present day. Although "it would be impossible to tell from the general statistics, this new economy is absolutely booming, with no peak in sight (Beck,1992)."

However, the transition from the old economy (mass-manufacturing) to the new economy has caused considerable economic pain. In the transition, large-scale layoffs, plant closings, bankruptcies, and falling house prices have, in the short-run, created hard times. The reason for the rough transition was because change was accompanied by a severe recession and "because the rising new industries typically were unable to make enough of an impact right away to compensate for the rapid decline in the old economy (Beck,1992)."

### 3.3 The New Economy

Is the new economy really all that significant—and what exactly is it? As discussed, the new economy is no longer an emerging force, it is here now and it is undergoing spirited growth. Remarkably, the new economy in Canada "already accounts for 58.9% of our gross domestic product (Beck,1995). In stark contrast, the "old economy only accounts for 12.9% of Canada's gross domestic product. Over a decade of downsizing has resulted in a decline in

old economy industries (Beck,1995).” Although these statistics are eye-opening, the future promises even greater gains for industries that belong to the new economy.

By definition, “the new economy consists of industries that have not peaked structurally. While they ride the normal ups and downs of the business cycle, they are underpinned by long-term structural growth. Recession years are followed by strong and lengthy recoveries to new industry production records” (Beck,1995:21). While continued growth is expected in the new economy, industries that belong to the old economy have already seen their best days and have passed their “peak in terms of contributing to the gross domestic product (Beck,1995:21).” In general, the stars of the new economy include firms that are geared towards semi-conductors, instrumentation and pharmaceuticals. Following is a chart that contrasts the past and projected performance of old and new economies (Figure 15).

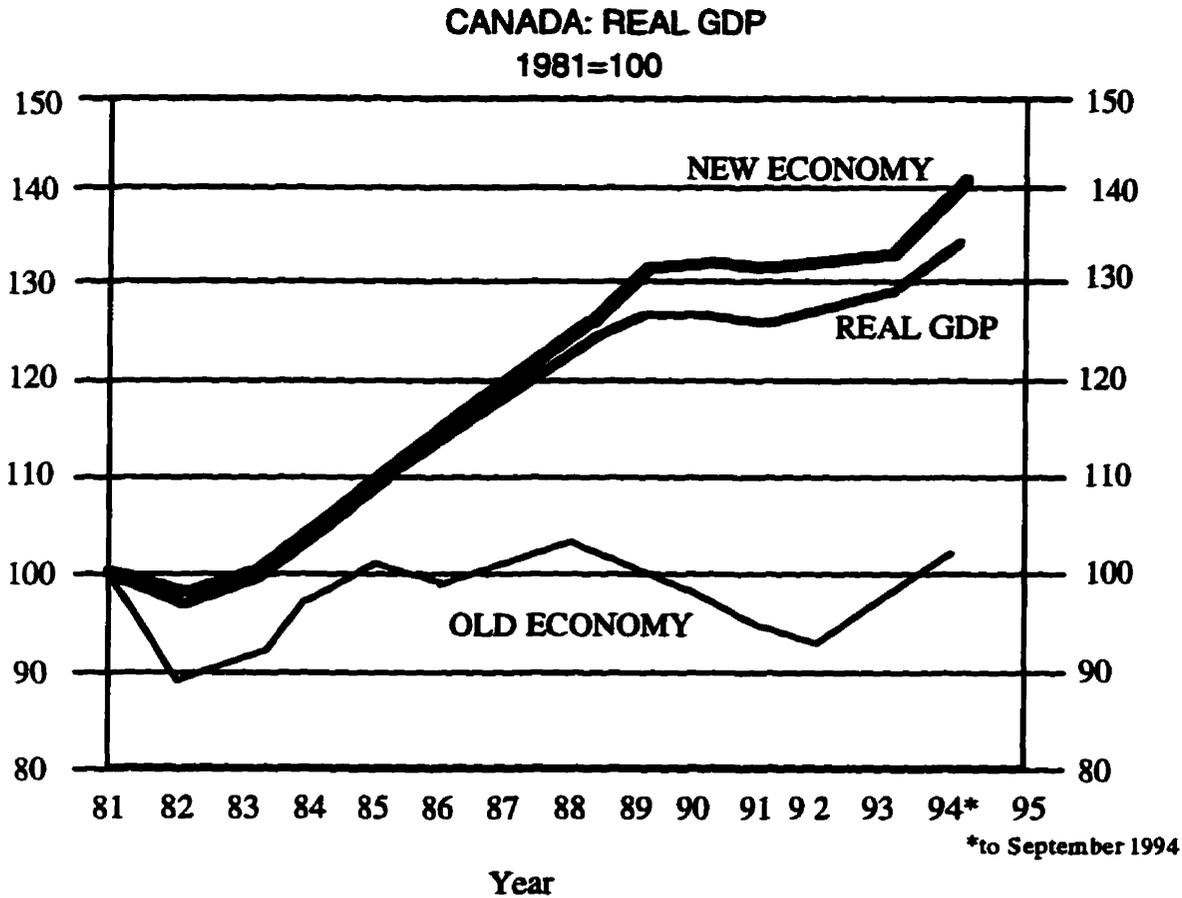


Figure 15. New Economy Growth from Nuala Beck, *Excelerate*. Toronto:Harper Collins Ltd., 1995,pg 22.

### 3.3.1 Implications for Old Industrial Districts

In a rapidly changing world, virtually every business need treasured in the old economy has been re-prioritized in the new economy. In particular, business needs have changed in the following areas: 1. labour; 2. market orientation; 3. infrastructure; 4. location preference; and 5. space requirements (see Table 5). In the context of the new economy, planners need to consider these changed needs when retro-fitting old industrial districts.

First, "the key issue for companies in the 1990s is the skill level of the local workforce (Finkle,1993:49)." Increasingly, companies are looking for a

trainable workforce that is able to assimilate new technologies and processes. This issue of education and work-force development is even considered more important than “traditional tax abatements, structural incentives, or infrastructure when choosing among location alternatives (Finkle,1993:63).” Above all, competitive companies appreciate the substantial cost and time savings involved in locating in communities with a qualified workforce (Finkle:1993). Unfortunately, this new reality does not favor the unskilled labour typically required by old economy-oriented companies.

Second, economic globalization has led to a reduction in demand for North American industrial real estate. “In every sector of the economy, [North American] companies are now competing in an international marketplace (Finkle,1993:131).” Every aspect of our economy is becoming more tightly woven in terms of “finance, trade, technology, the environment, and the movement of people” (Afshar,1994:6). To survive in this intensely competitive business environment, Canadian industries have, en masse, undergone a process of economic restructuring. As part of that process, Canadian companies have merged with other companies, consolidated their holdings, closed down unprofitable industrial plants, and have moved to more efficient buildings. Canadian industries that were able to adapt to a more competitive environment are now able to produce more with less (Filion & Mock,1991:408).

Moreover, the process of globalization has put downward pressure on industrial production in Canada. The reason is because the cost of doing business inside Canada is relatively high as compared to other countries. In a global economy, this fact has put Canada at a disadvantage when competing for business investment. Although globalization has meant better access to distant markets, it has also meant that corporations are more motivated to

search the world for bargain labour, tax incentives and lower transportation costs to enhance competitiveness (Filion & Mock,1991:409). Around the world, many countries are offering industries an irresistible level of competitiveness that cannot be matched in Canada. "For example, in 1986, . . . the hourly compensation (including salaries and benefits) for iron-and-steel manufacturing in Canada was \$16.50, compared with \$2.32 in Korea, and \$1.86 in Brazil (Filion & Mock,1991:409)." With a competitive gap this wide, the international redistribution of production capacity clearly does not favor Canada. Overall, the net effect of business move-outs, downsizing, and closures has decreased demand for industrial space—especially in long established central-city areas that have a high composition of traditional industries (Filion & Mock,1991:409).

Third, the ability to communicate instantly has become a vital part of doing business in the 1990s (Finkle,1993a:3). As part of the transition to the new economy, the emphasis has shifted from producing material goods to information-processing (Castells,1991:13). As a result, most companies are now investing heavily in telecommunications equipment such as digital switches and 'an integrated services digital network' (ISDN) in an effort to enhance connectivity and communication (Castells,1991; and Finkle,1993a). "The message for planners is that [integration of digital] telecommunications is rapidly changing [how] businesses organize and communicate, both internally and within the marketplace" (Jung,1993a). Communities that cater to this demand for digital connectivity by providing high-speed linkages such as fibre optics will have a distinct competitive advantage. The provision of a fibre optic infrastructure is as powerful today in attracting investment as the railway and highways were in the early days of what is now the old economy (Beck,1995).

Fourth, advances in communications technology have diminished the importance of locating in central-cities. "It used to be that people had to go downtown to their company headquarters to work because face-to-face contact was the only kind of contact people had. There was no way to control the workforce or to move work around. But that is not true today (Garreau,1995:16)." We now live in a "wired-world" connected by fax machines, modems, and satellites, that enable corporations to locate anywhere and still stay in-touch. An example of a corporation that is taking full advantage of this new level of connectivity is the Marriott Hotel chain. With the help of computer link-ups, reservation clerks for that hotel chain are no longer tied to the company's headquarters (Garreau,1995:16). "In fact, Marriot's head quarters is in one place and its reservations clerks two hours away in another [location] (Garreau,1995:16)."

Companies in the service sector or those that employ highly trained and educated workers (doctors, engineers, lawyers, accountants, and senior managers), generally have the greatest range of location choice. As discussed, much of that work is information-based and can be done virtually anywhere with the aid of modern communications links. At the same time, the demand for specialized skills and service work has increased from "one third to three quarters of the workforce in all developed countries [over a 40 year period]—and their share is still going up (Drucker,1993:83)." The implication of that trend is greater decentralization in the future. Employers benefit from decentralization by not having to pay premium rents to maintain central-city locations and employees benefit by not needing to endure long commutes (Jung:1993a).

Instead of concentrating on the need to locate centrally as in the past with traditional industries, new-economy oriented companies will give

greater consideration to other variables—especially “quality of life” (Beck,1995). This is because employers realize that highly educated workers tend to be more concerned with the quality of nearby education facilities, safety and amenities. In the interest of retaining and attracting qualified workers, those kind of issues become ever more important in location choice (Beck,1995). If quality of life is a strength in a local community, it should be marketed.

Fifth, the decline of traditional industries will curb demand for industrial space. Simply, fewer traditional industries means less demand for large single-use sites that house long production lines. The demand for industrial space is further reduced with the introduction of new production techniques such as “just-in-time” delivery. Using that production technique, goods are no longer sitting in inventory but are produced and delivered only at the exact times when needed.

Also, as the economy shifts from the production of material goods to information-processing, the total floor area needed by each company has further declined. Much of the work involved in information-processing can be done by fewer people using computers. And some people in that industry are now working from home, thereby saving the cost to lease outside office space. Overall, these trends have dramatically reduced demand for industrial space on a macro level as well as the total floor area of individual units (see Table 5 for a summary of discussion).

**TABLE 5.**

**Summary Comparison between the Old and New Economy**

	<b>Old Economy</b>	<b>New Economy</b>
<b>Economic core (1)</b>	<ul style="list-style-type: none"> <li>• Mass production of material goods</li> </ul>	<ul style="list-style-type: none"> <li>• Information processing</li> <li>• knowledge-based work</li> </ul>
<b>Labour (2)</b>	<ul style="list-style-type: none"> <li>• unskilled</li> </ul>	<ul style="list-style-type: none"> <li>• knowledge worker</li> </ul>
<b>Infrastructure/linkages (3)</b>	<ul style="list-style-type: none"> <li>• railway/highways</li> </ul>	<ul style="list-style-type: none"> <li>• information highway</li> <li>• fibre optics/satellite</li> </ul>
<b>Market orientation (4)</b>	<ul style="list-style-type: none"> <li>• local/domestic</li> </ul>	<ul style="list-style-type: none"> <li>• global</li> </ul>
<b>Location preference (5)</b>	<ul style="list-style-type: none"> <li>• central</li> <li>• emphasis on face-to-face contact</li> </ul>	<ul style="list-style-type: none"> <li>• low cost areas with superb communication links</li> <li>• areas with good quality of life</li> </ul>
<b>Production Process (6)</b>	<ul style="list-style-type: none"> <li>• maintain inventory</li> </ul>	<ul style="list-style-type: none"> <li>• just-in-time delivery</li> </ul>

Compiled by author based on the following references:

(1) (Beck, 1995)

(2) (Finkle,1993; Filion & Mock,1991:409)

(3) (Beck, 1995; Finkle,1993; and Jung,1993a)

(4) (Afshar,1994; Finkle,1993; and Strachan and Strachan,1994)

(5) (Beck, 1995; Drucker,1993; Finkle,1993; Garreau,1995; and Jung,1993a)

(6) (Beck, 1995)

#### 4.0 COMPARABLE CASE STUDIES

The aim of this section will be to review industrial districts with a background similar to the Leaside Industrial district and to explore different approaches to revitalization. For that purpose, the following cases have been selected: 1. West Don Lands; 2. Highway 400 Industrial District; and 3. Castlefield Design District. With the decline of traditional industries, each one of these industrial districts has attempted to expand the range of permitted uses and foster the development of new markets.

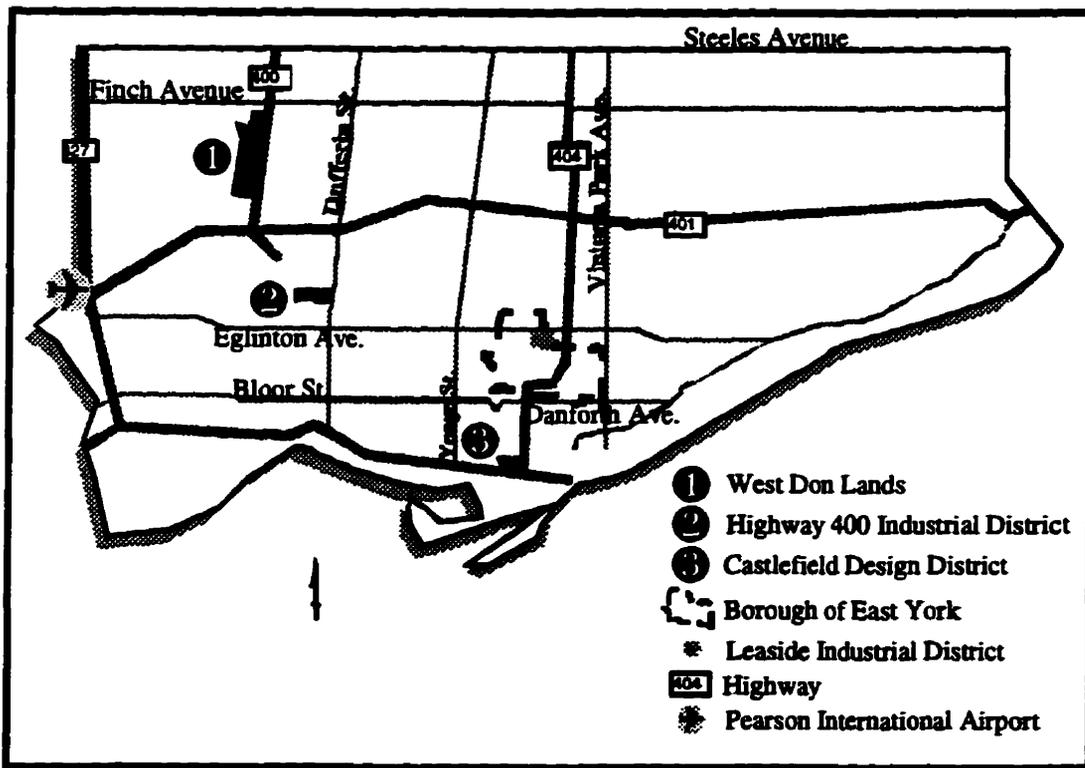


Figure 16. Location of comparable cases, within Metropolitan Toronto.

#### 4.1 West Don Lands, Toronto

The West Don Lands is an old industrial district located just east of Parliament Street and south of Eastern Avenue in the City of Toronto. In the King-Parliament planning area, the district is now part of the City of Toronto's experiment to promote reinvestment, diversity and vitality in older areas (City of Toronto,1995). Similar to the Leaside Industrial district, the West Don Lands was first developed in the early 1900s and later began to decline as traditional industries moved out of obsolete buildings. However, the extent of decline has been much more severe than in the Leaside Industrial district. While the latter still retains a few viable traditional industrial uses, the West Don Lands Area may be considered derelict, and devoid of substantive activity (City of Toronto,1996). Still, the two areas share many common issues and problems. First, municipal officials in both cases need to decide whether to keep their districts dedicated areas for industrial uses, given the decline of traditional industries. Second, both industrial districts have a significant supply of old vacant industrial buildings that are structurally sound. Third, contaminated soil is an issue for both areas.

Strategically, the City of Toronto's approach to dealing with this declining industrial district is to "loosen and simplify planning regulations . . . in order to help facilitate new capital investment in buildings" (City of Toronto,1996). As part of the plan, the zoning by-law promotes greater flexibility of uses, and permits "a full range of commercial, light industrial, institutional, recreational, entertainment, live/work and residential uses"—even within buildings (City of Toronto,1996). Virtually any use is permitted as long as it does not create noise or pollution. This high level of flexibility is possible for the West Don Lands Area because of the lack of heavy industrial activity; however, in the Leaside Industrial district, residential uses will likely

need to be excluded as a permitted use due to the incompatibility with existing traditional users. In either case, having greater flexibility regarding land-use will promote diversity and enable property owners to adapt quickly to market demands (City of Toronto,1996).

In addition, the plan encourages the retention and re-use of old industrial buildings by relaxing planning controls. Although structurally sound, many old industrial buildings have remained vacant for an extended period of time—often for many years. Faced with this difficult situation, some property owners in both the West Don Lands Area and the Leaside Industrial district have opted to demolish their buildings to lower their property tax assessments. To prevent this, the City of Toronto is relaxing its parking and loading requirements for existing buildings, and has eliminated parking requirements for historic buildings (City of Toronto,1996). Also, floor limitations for retail, restaurant, and entertainment uses have been eliminated. It is hoped that these policies, combined with more land-use flexibility, will encourage the retention and re-use of old industrial buildings. Furthermore, the re-use of old buildings minimizes the issue of cleaning-up contaminated soil. This is because the “re-use of existing buildings does not require the same [level of] regulatory measures in respect to soil remediation as new buildings require” (City of Toronto,1996).

#### **4.2 Highway 400 Industrial District:City of North York**

The City of North York located within Metropolitan Toronto has recently released a report that examines the trends and issues that affect its industrial districts (City of North York,1996a). The best comparable discussed in the report is an industrial district located along the Highway 400 corridor bordered by Finch Avenue (north), Wilson Avenue (south), Highway 400

(east) and the Canadian Pacific railway (west). Similar to the Leaside Industrial district, that area has many old industrial buildings. It is estimated that 46.0% of the total number of buildings was built prior to 1970 and was used for traditional industrial purposes. As the economy shifted away from industrial production to knowledge-based businesses (finance, research, computer software and telecommunications), it caused many of the same problems experienced in the Leaside Industrial district. These problems include: 1. a declining base of traditional industries; 2. higher vacancies for old buildings; and 3. higher unemployment.

To address these problems, the City of North York revised its industrial policy to better reflect the dramatic changes in the economy and land/building-use trends. The first major revision was to change the name of its industrial districts to 'employment areas.' This name change symbolizes the City of North York's desire to expand the range of permitted uses. Similar to the Leaside Industrial district, the City of North York has experienced a decline in its traditional industrial user base and now needs to adapt to economic change by diversifying. The traditional approach of separating industrial, commercial and office uses is now outdated and presents a barrier to modern business. Increasingly, "modern businesses are requiring multiple-use buildings where office, showroom, research, manufacturing, warehousing and customer services are provided under one roof" (City of North York,1996a). In order to accommodate these trends, more flexible zoning is needed to "facilitate the retro-fitting of old industrial buildings for new purposes" (City of North York,1996a).

While most of the new policies are directed towards encouraging new uses, North York still intends to "safeguard existing concentrations of viable manufacturing activity and employment" (City of North York,1996a). Similar

to the Leaside Industrial district, traditional industries in North York still contribute substantially to the City's employment base. This fact has prompted the City of North York to take such measures as limiting residential development near existing traditional uses.

At the same time, the City of North York is encouraging new uses that are compatible with existing traditional industries—in particular, information-technology oriented firms. These have experienced high growth and are attracted to the City of North York's combination of lower cost old industrial buildings and advanced fibre-optic infrastructure (City of North York,1996a). As an added attraction, the City of North York's economic development department has initiated a program called the "North York Software Network", which "brings together senior executives of North York companies involved in software development . . . to foster new joint ventures, partnerships, licensing agreements and information exchanges to boost business for the city's information technology companies" (City of North York,1996b). This interest in attracting 'information technology' companies is similar to East York's "New Media Village" initiative, except that the City of North York has moved ahead by accommodating those kind of uses in its official plan through more flexible zoning and by promoting its fibre-optic network.

#### **4.3 Castlefield Design District: City of York**

The City of York's Castlefield Design District located in Metropolitan Toronto is an example of an industrial district that is coping with economic decline. Similar to Leaside, the Castlefield Design District has undergone a process of deindustrialization. In the last 15 years, the Castlefield Design District has lost many of its long-established industrial anchors including:

CCM, Cooper and CIL paints (Steiss,1995). Also, realty taxes in the Castlefield Design District are among the highest in Metropolitan Toronto, and at a comparable rate to Leaside (approximately \$1.90/sq. foot) (Mason,1995). The result has been a substantial increase in extended vacancies—in particular, large single-use buildings.

As a counter-measure to industrial decline, the City of York is targeting emerging industries—specifically design-oriented firms. The City of York's goal is to create an alternative location for the design industry, currently concentrated in downtown Toronto. The first step was to revise its official plan to better accommodate the design industry. The zoning policy is now much clearer in regards to its intent on attracting design firms, and amendments have been made to permit design centres, showrooms, and wholesale warehouses. As a result of this new policy, several buildings have been refurbished.

Also, the City of York assists in the marketing and promotion of design firms in its district. Its economic development department has organized open house tours of its old industrial buildings and markets them to realtors as ideal for the design industry. Also, the City contributes funds to help its design firms attend trade shows. These efforts have been well-received by the design industry, and have encouraged some major firms within Metropolitan Toronto to relocate to the District. As a lesson for the Leaside Industrial district, business apparently can still be attracted to an area despite high taxes if there is a perceived value to be gained.

#### 4.4 Summary

Based on a review of comparable cases, a range of possible revitalization options are available for the Leaside Industrial District. Although a common theme was to attract new uses that would regenerate the economy, each case differed in terms of the degree of land-use flexibility and market focus. In the first case, there was a high degree of land-use flexibility for the West Don Lands district. This level of flexibility was possible because that district no longer had a viable industrial core of traditional uses. In that situation, the issue of land-use incompatibility would be minimized allowing for wider range of acceptable uses including residential and office. Also, by relaxing the parking and floor limitations, it enabled the City of Toronto to attract a diversity of new uses and encourage the immediate re-use of existing buildings.

For the remaining two cases, increased land-use flexibility was still a major goal; however, the degree of flexibility stops short of allowing residential uses because of the issue of incompatibility with traditional uses. Given this, the strategy has been to foster the development of a specific niche industry compatible with existing traditional industries, yet with high potential for future growth. The niche markets targeted were information technology and the design industry for the Highway 400 Industrial District and Castlefield Design District respectively. The particular industries selected were ideal because they had strong growth potential and they fit in well with the particular circumstances of each respective industrial district. For example, in the case of the Castlefield Design District, there was already a core of design firms on which to build. The lesson for the Leaside Industrial District is to identify an area of local strength and foster its continued development by making the necessary regulatory changes and by promotion.

**PART III. ANALYSIS**

## 5.0 RETROFITTING PERSPECTIVES

In the context of industrial districts in decline, the term “retro-fitting” refers to the specific changes needed to bring about revitalization. These changes generally have their underpinnings in various revitalization theories, discussed earlier, which reflect the beliefs and needs of the time. Based on a review of past studies, there has been a noticeable shift from rehabilitation-oriented strategies in the 1980s, to a blend of regeneration and reurbanisation strategies in the 1990s.

### 5.1 Retro-fitting in the 1980s

In the 1980s, rehabilitation-oriented strategies gained in popularity because of the assumption, and hope, that a core of industrial uses could be and should be preserved, because of the employment and tax benefits to the host municipalities. Despite the trend towards a decline in traditional industries in old industrial districts, manufacturing-type firms still provided most of the employment in those areas. Even in the Leaside Industrial district, “manufacturing firms continued to employ more than half of all workers” in the late 1980s (Clayton Research Associates,1988). In order to stop further industrial decline, retro-fitting measures *then* focused on protecting traditional industrial uses from non-industrial uses, improving the physical environment, and improving the function of industrial buildings (Ministry of Municipal Affairs and Housing,1988).

Accordingly, the same strategies were applied to the Leaside Industrial district during the 1980s. It is clear from the 1981 planning study prepared by Peter Barnard Associates (Revitalizing the Leaside-Thorncliffe Industrial Area) that traditional industrial uses were considered viable and worth preserving. As stated in the report:

**“Leaside remains as one of the purer industrial areas in the Metro Toronto [area] in terms of the mix in land uses. We see strong advantages in protecting this exclusive industrial nature and therefore suggest that no office uses be permitted except as accessory to an industrial operation. Similarly, there should be no other commercial uses, even those traditionally associated with servicing industries” (Peter Barnard Associates,1981:4.8).**

**That recommendation, to keep the Leaside Industrial district exclusively for industrial uses, was later incorporated in the Borough of East York’s official plan (Borough of East York,1995).**

**In addition, the Borough of East York focused interest on rehabilitating areas within the industrial district in greatest decline—specifically, the Canvarco Road area. A study of that area conducted on behalf of the Borough of East York recommended spot redevelopment and improvements to the physical environment to stave off further decline. Also, on the basis of a cost/benefit analysis, it was recommended that the zoning for the Canvarco Road area be changed from exclusive industrial use, to permit a limited amount of office uses combined with light-industrial uses. By allowing for some office development during a time of high demand, it was expected to stimulate initial investment interest in the area, that might later be followed by light-industrial development. All those recommendations are consistent with rehabilitation theory in that improvements were not meant to change the industrial character of the district, but to prevent further decline.**

## **5.2 Retro-fitting in the 1990s**

**By the 1990s, the cumulative effect of over two decades of industrial decline, and the growth of the new-economy, created doubt about the continued viability of dedicated industrial districts in metropolitan areas. During the 1990s, planners began to realize that traditional industries no**

longer required expensive central locations to conduct their business, and, for some firms, it was actually a disadvantage because of the close proximity of incompatible uses (i.e. residential) (City of Toronto,1991). As a result, many long-established firms began to relocate their operations to the outer suburbs. This left only a few remaining traditional industries and a serious concern that decline would continue despite protective zoning measures designed to preserve the traditional industrial base. Increasingly, it became apparent that traditional industries were unlikely to return to central locations, because of the lack of market advantages.

At the same time, the preservation of dedicated industrial districts excluded a variety of new growth industries. At the macro level, new economic engines, primarily in the high-tech and service sectors, were beginning to eclipse traditional industries in importance. Unfortunately, old industrial districts were unable to capture that business growth because existing zoning policies were too restrictive and were not designed to accommodate the mixed uses demanded by new-economy oriented firms. Given this situation, some municipalities perceived a need to retrofit their old industrial districts to respond to the decline of traditional industries and adapt to trends in the marketplace that emphasized the new economy.

However the exact design of retrofits depends on the existing conditions of old industrial districts and an exploration of appropriate options. Although reurbanisation theory suggests the possibility of a closer integration of a mix of uses, an assessment still needs to be made as to where those uses might be located and the extent to which they should be integrated. And in terms of regeneration, it raises the question as to what kind of new economic base should be pursued? In the next section, an evaluation is

offered by using the analytic matrix introduced earlier (Table 1), and a map illustrating re-zoning possibilities.

### **5.3 Analytic Matrix**

In this section, the matrix introduced earlier is revisited to assess the current conditions of the Leaside Industrial District, and its competitive ability to adapt to the new economy. Accordingly, some of the categories are revised and additions made to better reflect this dual purpose.

As discussed in Section 3.3.1 and in the comparables, the readiness of old industrial districts to adapt to the new economy will centre on changes in the following categories: 1. economic core; 2. labour; 3. infrastructure/linkages; 4. market orientation; 5. zoning; and 6. quality of life. The inclusion of the above categories represents a significant refinement to the original framework in Table 1, because it takes into account how business needs have changed in the context of the new economy. Accordingly, the greater number of new economy-oriented characteristics exhibited, the higher the probability of industrial regeneration/reurbanisation. Conversely, industrial districts that have a high number of old-economy oriented characteristics are considered obsolete. Based on the market analysis conducted earlier, and personal observations, the characteristics of the Leaside Industrial District can be highlighted within the revised framework.

TABLE 6

Results: Analytic Framework for Assessing the Leaside Industrial District

Dimensions/ Categories	Obsolescence	Stability	Transition	High Probability of Industrial Regeneration/ Reurbanisation
<b>Taxes</b>	Much higher than GTA average	Same as GTA	Decreasing	Lower than metro average
<b>Rental Rates</b>	Increasing much less than metro avg.	Same rate as metro average	Increasing at the same rate as metro avg.	Increasing more rapidly than metro avg.
<b>Land Cost</b>	Increasing much less than metro avg.	Same rate as metro average	Increasing at the same rate as metro avg.	Increasing more rapidly than metro avg.
<b>Pressure for Redevelopment</b>	Low	Low	Strong, but controlled	High
<b>Community Organization</b>	Poorly organized, unstable	Varies	Increasingly well organized	Community has still to form
<b>Tenure</b>	Increasing tenancy	Varies, but often high ownership	Little change	Various mixes
<b>Non Commercial and Industrial pressure</b>	Loss of commercial-industrial functions with no replacement	Maintaining industrial and commercial mix	Maintaining industrial and commercial mix	Losing some industrial commercial functions, but gaining others
<b>Economic Core</b>	High proportion of traditional industries focused on mass production of material goods	Same business mix as metro average	diversifying and high growth of new economy oriented firms	high number of information processing and knowledge based work
<b>Labour</b>	mostly unskilled	mix of skilled and unskilled workers same as GTA	higher percentage of skilled workers than GTA average	mostly knowledge workers and highly skilled
<b>Infrastructure/ Linkages</b>	infrastructure focused on railway and roads and in declining condition	existing infrastructure in good condition; however, no new changes	high demand for fibre-optics /satellite connections, but no such infrastructure is available	fibre-optics/satellite due to increased demand
<b>Market Orientation</b>	primarily local/domestic	mix of local and domestic	increasingly global, but still primarily domestic	global
<b>Zoning</b>	segregative does not allow a high degree of mixed use • focus on maintaining traditional uses	segregative does not allow a high degree of mixed use	relaxing of zoning regulations allowing for some non-industrial uses (office)	high degree of land-use flexibility
<b>Quality of life</b>	low	fair	good and improving	high

Adapted from "The Changing Canadian City" (McLemore, Aass, and Keilhofer:1975)

Based on the current characteristics of the Leaside Industrial district as plotted on the matrix above, the general pattern indicates a vulnerability for continued industrial decline. Although the majority of the characteristics highlighted suggest stability (rental rates, land cost, pressure for redevelopment, labour, infrastructure and market orientation), the district still exhibits signs of decline in critical areas. Two of those areas, high realty taxes and restrictive zoning policies, represent significant barriers that will hinder the influx of new business uses. A third area of concern is the high dependence on traditional industries for employment and realty tax.

Equally important, the district does not exhibit any characteristics that would suggest a significant process of economic transition or industrial regeneration. According to the matrix, the specific characteristics favored by the new economy are absent from the Leaside Industrial district with the exception of a high quality of life. This situation will minimize the probability that new economy-oriented firms will choose Leaside as their preferred business location. Without the entry of new firms to compensate for the decline of traditional industries, it raises doubt about the continued viability of the Leaside Industrial District in its present form. In the next section, there will be a discussion of two possible complementary planning strategies: reurbanisation and "new media village."

## **6.0 PLANNING STRATEGIES**

As contended in this study, the greatest challenge facing the Leaside Industrial District is the need for economic restructuring. For that reason, revitalization strategies such as redevelopment and rehabilitation are not appropriate because they focus only on the symptomatic issue of physical renewal without regard for the underlying economic cause of industrial decline—the transition to the new economy.

With this in mind, the favored revitalization strategies are regeneration and reurbanisation, because they both deal with the impact of the new economy in a complementary manner. While regeneration is primarily focused on establishing a new economic base to replace the old, reurbanisation takes a broader perspective and explores the potential for closely integrating a mix of mutually supportive uses. Both strategies complement each other in that reurbanisation considers the possibility of including uses not explored by regeneration, such as residential, whereas regeneration places relatively more emphasis on the need to nurture future economic growth. In the next section, these strategies are discussed in greater detail.

### **6.1 Strategy 1:Reurbanisation**

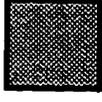
As discussed, the decline of Leaside's industrial core opens up the opportunity to integrate non-industrial uses with existing industrial uses. However this option raises two questions: 1. What kind of non-industrial uses should be integrated?; and 2. To what extent should non-industrial uses be integrated within the district?

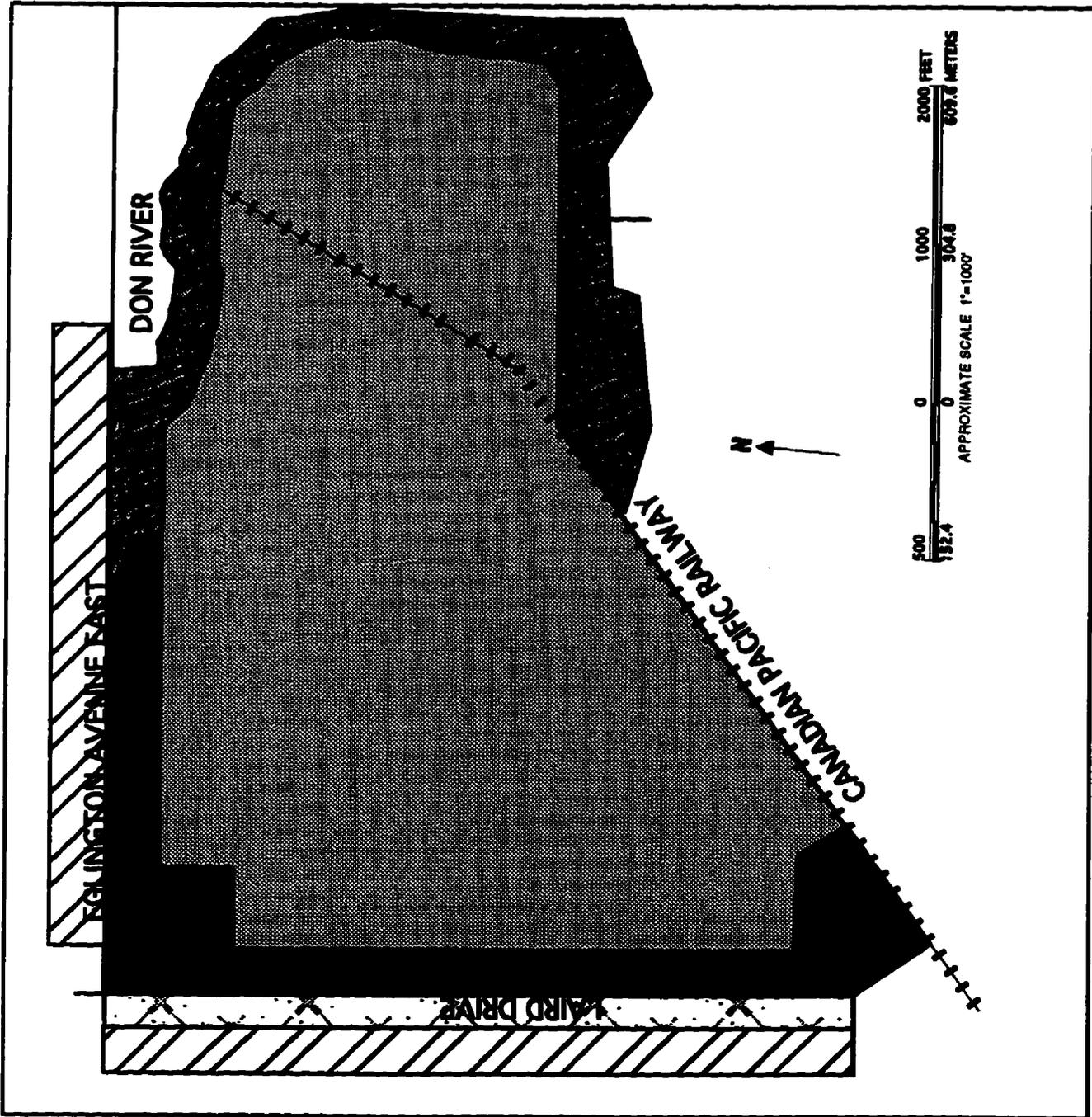
Currently, most of the Leaside Industrial district has been zoned exclusively "General-Industrial" with the aim of preserving traditional

industrial uses. Despite this policy, no new traditional uses have moved to the district in the last 15 years, and the industrial base continues to decline. At the same time, this policy hinders the entry of many new-economy oriented firms which desire a close integration of uses under one roof (clerical, processing, packaging and warehousing). To capture that business market, and to capitalize upon land-use opportunities, the Leaside Industrial District needs to be retrofitted in part through more flexible zoning.

However, the degree of flexibility has its limits in the proximity of a few select traditional uses. These uses generally include metals recycling plants, chemical manufacturing and storage sites. Those uses potentially present a high environmental risk in terms of noxious noise and air emissions that may not be compatible with adjacent uses. In those cases, it is suggested that they be considered a non-conforming industrial use, and be buffered by a 1000 foot "light-industrial buffer." As for the rest of the district, it is suggested that it be renamed as an "Employment Area" as in North York, and be open to any use that does not contribute to noise or air pollution. This will ensure compatibility with nearby traditional industrial and residential uses.

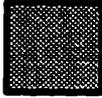
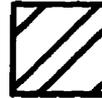
**EXISTING ZONING:  
LEASIDE INDUSTRIAL  
DISTRICT**

-  GENERAL-INDUSTRIAL
-  LIGHT-INDUSTRIAL
-  INDUSTRIAL SPECIAL-COMMERCIAL
-  RETAIL WAREHOUSE
-  RESIDENTIAL
-  RAVINE



**Figure 17. Existing Zoning:  
Leaside Industrial District**

**PROPOSED ZONING:  
LEASIDE INDUSTRIAL  
DISTRICT**

-  NON-CONFORMING INDUSTRIAL
-  LIGHT INDUSTRIAL
-  EMPLOYMENT AREA
-  RETAIL WAREHOUSE
-  COMMERCIAL-GENERAL
-  RESIDENTIAL
-  RAVINE
-  POTENTIAL RESIDENTIAL-MIXED USE

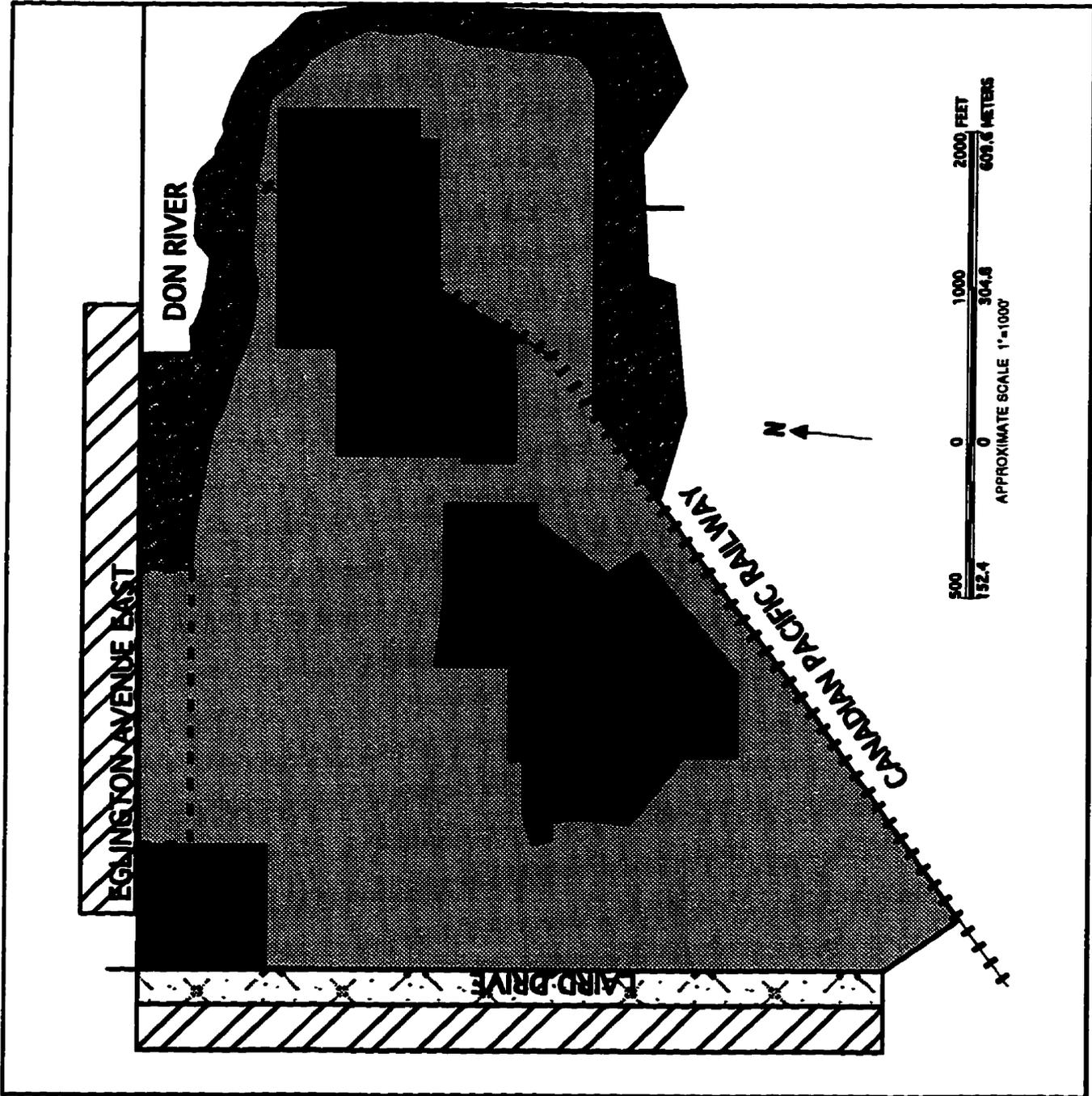


Figure 18. Proposed Zoning:  
Leaside Industrial District

**In addition, the north-east corner of the district at Eglinton Avenue East and Brencliffe has the potential for maximum land-use flexibility. The reason is because this location is furthest away from the industrial core and has the best road servicing. Vehicles are able to enter and exit that section of the district without the need to penetrate other areas where most traditional industries reside. For these reasons, a wide range of land-uses is possible in that area, including residential, as long as such development is kept at low to moderate levels.**

### **Pros**

#### **New Opportunities**

- **Reurbanisation will stimulate new development interest in the district while preserving the existing industrial base.**
- **Many of the existing buildings are considered dysfunctional for traditional industrial and manufacturing users. With a few modifications, those same buildings would be ideal for office or retail space and could attract new users to the district.**

### **Cons**

#### **Unintended Consequences**

- **There is an outside chance that the plan may back-fire and actually cause further economic decline in the short-run. It may cause some firms to prematurely leave, selling their properties to real estate speculators that will pay a premium for the redevelopment potential.**

## **6.2 Strategy 2: Regeneration:New Media Village**

**A second option would be to establish a new economic base and gradually move away from the dependence on traditional industries for economic support. An attractive economic alternative is to develop a "media village" concept, the goal of which would be to focus economic development efforts on attracting a range of firms that offer "new media" services and products (i.e. software, digital imaging, CD ROM, internet). This is an opportunity that has potential since those types of firms do not yet have an established home location in the Greater Toronto Area. Also, Leaside already has a core base of "new media" oriented firms to build on e.g. Partners Imaging, Tier One Communications Corp, The Laird Group and Image Plus Graphics, and O'Hara Systems Inc.).**

**Although the "new media" concept holds much promise, there are some barriers that need to be overcome. The first barrier relates to the condition of Leaside's building inventory. Many of Leaside's large single-use buildings are not ideally suited for new media firms. New media firms are generally small in size (less than 10 employees)—at least in the start-up stage, but they have the potential of expanding in giant leaps of building space within a short period of time. This means buildings would need to be retrofitted to provide small spaces, yet remain flexible enough to accommodate future expansion with ease. As discussed, a few landowners have already taken the initiative to retrofit their buildings and are now leasing their units with greater ease.**

**A second barrier is the lack of high speed communication infrastructure—such as fibre optics. Many firms that belong to the "new media" rely heavily on high-speed communications links such as ISDN lines.**

At present Leaside only has a few buildings that are "wired" for such use. However, that barrier that can easily be overcome with a little investment.

The Borough of East York recently discovered that the Leaside Industrial district is located adjacent to two high-speed communications trunks. The first trunk belongs to Ontario Hydro, and the second one belongs to Metro's emergency services (all 911 calls are routed through that trunk). Based on informal meetings, representatives from Ontario Hydro have indicated that it may be possible to "piggy-back" a high-speed communications network onto their fibre-optic trunk. In short, servicing the industrial district with high-speed communications infrastructure is within easy reach because the Borough has the opportunity to tap into one of two existing high-speed communications trunks.

#### Pros

- Advancing the "new media" concept is a workable strategy for ensuring future growth.
- Enables the Borough to focus their efforts and limited resources in an efficient manner.
- There is a high level of support at the political and community level for a "new media" village.
- New media oriented firms are generally compatible with all existing industrial uses within the district and with nearby residential uses.
- Stimulates short and long term interest in the district.
- Provides an opportunity to re-use available space. The lack of high ceilings do not inhibit "new media" firms from moving in.

## **Cons**

- **There are limited funds to implement this plan. The Borough does not have enough money to fund this project on its own. Other levels of government and the private sector will need to be tapped for additional funding.**
- **New investment in fibre-optic infrastructure will be needed with no guarantee of success.**

## **Unintended Consequences**

- **The perception that the district is turning into a “new media” village may raise concerns from traditional users. They may be concerned that their contribution of tax dollars will be redistributed away from supporting their needs in favor of catering to the needs of “new media” oriented firms.**

## **7.0 CONCLUSIONS, RECOMMENDATIONS AND IMPLICATIONS**

**Based on the results of the analytic framework (see Table 6), the Leaside Industrial District is not presently in position to easily adapt to the new economy and requires active retrofitting intervention. In terms of its economic core, most of the Leaside Industrial District is still centred on traditional industries. Unfortunately, that sector of the economy, on a macro level, has not been performing well, and has experienced gradual economic decline since the 1970s. At the same time, there are a number of key factors that are inhibiting the development of new economy business, including unfavorable economic conditions, segregative zoning, and the lack of modern infrastructure catering to information-based firms (fibre optics). In the next section those factors, and the major findings of this study in relation to the objectives stated at the outset, will be discussed in greater detail.**

### **7.1 Nature of Decline in Old Industrial Districts**

**Primarily, the most important aspect of the new economy that has caused the decline of old industrial districts such as Leaside has to do with the deindustrialization of Metropolitan Toronto. Most of the loss of traditional industries is due to a redistribution of business to fringe municipalities outside Metropolitan Toronto.**

**The reason for this exodus is because recent conditions within Metropolitan Toronto have not favored traditional industries. Historically, industries were attracted to Leaside's large open spaces, inexpensive land, and rail access. After 50 years of urban development, there is now little room for further expansion and land has become expensive to acquire. Also, the railway is not the attraction it once was due to the efficiencies and flexibility of**

truck transportation. Traditional users located in older industrial districts face a host of other growing concerns such as increased environmental awareness, non-industrial traffic penetration, rising realty taxes and residential encroachment. Together, these concerns have compelled traditional users to seek out more suitable locations, commonly found outside Metro Toronto.

The real tragedy is that once these well-established industrial users move away or close down, there are no natural replacements. In the last 20 years, Leaside has been unable to attract any new large-scale traditional uses. Since there is no more open land available for development, new users would need to demolish existing buildings because they are not suited for modern use. This added cost, plus the uncertainty of contaminated soil conditions has deterred investment and replacement industries. From a cost stand-point, it does not make economic sense for an industrial user to redevelop land and take on the risk of environmental clean-up. With this in mind, we should not expect traditional users to return to inner metropolitan areas, even if the old economy regains strength.

## 7.2 Type of Uses Best Suited for Old Industrial Districts

Despite losing the battle to retain traditional industries, old industrial districts such as Leaside seem to have a good chance for attracting *business services* oriented firms—graphic design, advertising, accounting, architecture, film and video production. Some of those firms fall under the broad category of New Media as discussed in strategy 2, and are prime economic development targets. Those types of firms are able to function well in Leaside and are not hindered by residential encroachment, low ceiling heights,

expensive land and high realty tax costs. Small businesses do not consider low ceiling heights dysfunctional because they do not have extensive warehousing needs. And since most business services firms have fairly modest space requirements, they are not as sensitive to high land and realty tax costs. Essentially, the Leaside Industrial district already serves all the basic needs of business service oriented firms— small and reasonably priced units (less than 2000 square feet in retrofitted properties) that are both close to a mix of amenities and to their clients.

### 7.3 How Can Old Industrial Districts Be More Competitive?

We now live in an information-based economy, that thrives on high speed communication links such as fibre optics or satellites. Virtually every new economy oriented firm would benefit from this enhanced communication linkage. In particular, this infrastructure is vitally important to the development of a New Media village as articulated in strategy 2. This business advantage cannot be overstated and is as profoundly important today as having rail access in the industrial age.

Second, the Borough of East York should develop strategic partnerships that are mutually beneficial to all parties. A prime example is a partnership between the Borough, East York Hydro and Ontario Hydro. Those three parties have the resources to create a leading edge fibre optic infrastructure. Ontario Hydro already has a trunk line built for their own use and would benefit by sharing the cost of maintenance with the Borough. As for East York Hydro, they may be interested in exploring the cost savings involved in setting up a state of the art power management system using the fibre optic network. Finally, the Borough would benefit by not having to build the fibre-

optic infrastructure from scratch and by sharing the cost of maintenance with two other parties.

Third, industrial districts should utilize niche marketing and build on existing strengths. From 1989 to 1994, 15 firms belonging to the business services sector have relocated to the Leaside Industrial District (Lam and Shaw,1993). Such firms are a part of the new economy and should be targeted. Specifically, the option of marketing part of the district as a New Media 'village' would be ideal. A small cluster of new media oriented firms already exists and that market is expected to grow substantially in the future. Also, this category is sufficiently broad to capture a range of business categories from graphic arts to the internet.

#### 7.4 Contaminated Soil

One of the most difficult barriers to overcome is the perceived issue of contaminated soil. Before any development can take place, the soil needs to be certified to be free of contaminants; otherwise, the developer will need to incur the cost of clean-up. As discussed, the extent of contaminated soil is unknown in Leaside, which makes it difficult to plan for this issue. Given this situation, the best advice is to treat each new development on a case-by-case basis. If redevelopment of the affected site is a desirable option, it may be necessary to change the zoning to off-set the clean-up costs. This could mean more density, and or a change to a higher-ordered use (from industrial to office/retail). Otherwise, the contaminated site will remain dormant because the cost of development and clean-up would exceed the return on investment.

Still, many of the Leaside's existing buildings are in usable condition without the need for large-scale redevelopment—thereby side-stepping the

potential issue of contaminated soil. By retrofitting industrial buildings to accommodate less space-intensive uses, it retains the original structure while opening up new opportunities for small businesses to lease space.

### 7.5 Existing Traditional Industry

Leaside still has a significant core of traditional industries that contribute to the Borough's realty tax and employment base. Those users are highly sensitive to the introduction of alternative uses that interfere with their operations—in particular, residential development. That is why in strategy 1, the residential component of reurbanisation is introduced only in a limited manner. Traditional industries need to feel that they are not being pushed out—otherwise industrial decline will accelerate with devastating effects. With that in mind, business services and New Media oriented firms are ideal because they mix well with traditional industry and residential uses.

### 7.6 Recommendations

The following recommendations are directed towards the Borough of East York's 'Planning' and 'Works' departments:

#### **Infrastructure**

- Invest in high-speed communications infrastructure and explore the possibility of sharing the cost with a strategic partner such as East York Hydro
- Survey business users to gauge present and potential demand for high-speed communications infrastructure
- Map out areas of demand for such infrastructure to determine priority service areas and or corridors

The following zoning recommendations are directed to the Borough of East York's Planning department.

### **Zoning**

- Develop a new official plan and clearly indicate the intent to protect existing traditional users from incompatible uses, yet promote a range of other compatible uses (see Figure 18) This will stabilize the industrial district and help encourage retention of existing healthy traditional industries.
- Express intent to encourage new economy businesses in official plan, in particular, new media-oriented firms
- Increase land-use flexibility to permit a full range of uses that are compatible with existing traditional industries. Also, increase land-use flexibility within a building and permit a mix of uses.
- Encourage the re-use of old industrial buildings by relaxing parking and loading requirements for historic buildings, as in the case of West Don :Lands, Toronto
- Create design guidelines indicating how large-single use buildings may be sub-divided into smaller units as desired by new economy-oriented firms

It is recommended that the Borough of East York's Economic Development department consider the following:

### **Marketing**

- Change the name of the Leaside Industrial District to 'Employment Area' and/or 'New Media Village'. This will symbolize the change to more flexible zoning and help attract new uses

- **Monitor local business trends and identify emerging markets. Also, assess the feasibility of attracting other new-economy oriented markets**
- **Market the quality-of-life of surrounding areas and neighborhood. This is a key factor that new-economy oriented firms consider when choosing locations.**
- **Focus economic development efforts on attracting a major New Media firm that will serve as an anchor for the district**
- **Market the “New Media Village” concept to realtors**

### **Education**

- **Educate land owners and investors about how to re-use old buildings (subdividing large-single use buildings into small units for multiple uses**
- **Showcase buildings that have been retrofitted**

### **7.7 Implications for Planning, Planners & Planning Education**

**There are many forces at work when speaking about the new economy; however, the net effect on old industrial districts has been a process of deindustrialization and decline. Clearly, the long-term trend has been for traditional industries to move away from centrally located old industrial districts, to suburban locations outside Metropolitan Toronto. This trend has persisted despite zoning regulations designed to preserve the base of traditional industries. At the same time, new economy oriented firms have not been growing at a fast enough rate to replace traditional industries that have left.**

**The implication for planning is that the notion of old industrial districts dedicated for traditional uses are no longer viable and retrofits are**

necessary. For a multitude of reasons, traditional industries recognize that suburban locations offer a better business environment that are unmatched by centrally-located old industrial districts. In general old industrial districts have higher operating costs (realty tax, rental rates), a higher risk of incompatibility issues due to the close proximity of residential uses, aging infrastructure and obsolete buildings. These conditions present a disincentive for existing traditional industries to stay, while creating a barrier for potential traditional users. Although it is possible to improve some of the conditions, it is doubtful that any planning measure will reverse the long term process of deindustrialization. The trend towards declining old industrial districts has been in motion for over two decades, and the existence of nearby residential uses will always be a limiting factor because of the issue of land-use incompatibility.

Although the new economy has contributed to the decline of traditional uses in old industrial districts, it also presents an opportunity to attract a wide range of new growth industries. Ideally, planners should now foster the development of niche industries representative of the new economy such as one of the following: semi-conductors, instrumentation and pharmaceuticals. In order to attract those uses, planners will need to move away from the notion of dedicated industrial districts and segregated uses and instead promote diversity by providing more flexible zoning.

Also, planners need to be aware that the traditional approach to competitiveness has changed due to the advent of the new economy. The focus today is not where your location is, but what it offers. For some firms, the importance of central locations and property tax are secondary to other considerations such as the existence of high speed communication links,

quality of life and access to a skill labour pool. Each of those qualities will add value to old industrial districts.

In addition, planners are directed towards retrofitting, because it implies an adaptive, non-disruptive approach to dealing with old industrial districts. Although few in numbers, traditional industries are still major providers of employment and realty taxes in the Leaside Industrial district. For that reason it would be a mistake to discount their importance and ignore their needs. In terms of adapting to change, it was learned from the comparable cases that it is possible to introduce non-industrial and clean-industrial uses (that do not emit noise or air pollution) to old industrial districts without jeopardizing the existing traditional industry cores. These new uses will complement existing traditional uses and will help ensure long-term stability.

As for planning education, planners need to be equipped with a better understanding of structural changes in the economy and distinguish those results from fluctuations in the business cycle. In the case of the Leaside Industrial District, making the connection between the decline of traditional industries and a structural change in the economy enables planners to act proactively. By conducting a proper market analysis, planners will be able to make more strategic decisions as opposed to blindly hoping for the next rise in the business cycle to resolve economic development issues.

Moreover, in the highly competitive environment of the new economy, planners need to place more emphasis on economic development techniques and strategies as part of their education. Rather than focus on land-use regulation, todays planners need to learn how to "attract and keep investment in a world in which investment can move anywhere electronically in seconds (Afshar,1994:6)." Specifically, planners should learn

**how to prepare strategic plans that add value to their planning area (e.g. fibre-optic infrastructure, improve quality of life) and consult with target industries as to what their needs are, and set about how to meet these needs.**

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