

Employment Land Strategy

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Recommended by:	General Manager of Growth and Infrastructure

Report Summary

This report and presentation provides a recommendation regarding the City of Greater Sudbury Employment Land Strategy.

Resolution

THAT the City of Greater Sudbury approves the Employment Land Strategy recommendations outlined in the report entitled, "Employment Land Strategy", from the General Manager of Growth and Infrastructure, presented at the Finance & Administration Committee meeting on August 9, 2022;

AND THAT the City of Greater Sudbury directs staff to prepare an implementation plan for the identified infrastructure upgrades in the strategic employment areas identified in the Employment Land Strategy, including a Business Case to undertake Detailed Design as part of the 2023 Budget;

AND THAT the City of Greater Sudbury directs staff to implement land use planning recommendations identified in the Employment Land Strategy including:

- Developing an Employment Land Community Improvement Plan for Council's consideration in 2023;
- Preparing Official Plan amendments as part of Phase 2 of the five-year review of the Official Plan and Zoning by-law amendments for Council's consideration in 2023.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

The Employment Land Strategy aligns with Council's Strategic Priorities. Two of the pillars of the 2019-2027 City of Greater Sudbury Strategic Plan are "Business Attraction, Development and Retention" and "Economic Capacity and Investment Readiness". Specifically, goals 2.2.C, "create plans that leverage the full capacity of the Greater Sudbury and Northern Ontario Mining Cluster to support further integration and expansion", and 4.2.D "ensuring that municipal capital project priorities appropriately consider economic impacts and the potential for private development" are applicable. Priority 1.4 Reinforce Infrastructure for New Development, specifically directs the completion of a strategy as follows: B. "Ensure the City has an adequate supply of serviced employment land and incentive framework in place to stimulate investment, development and job creation." The main goals of the Employment Land Strategy directly align with these

priorities.

The recommendation to encourage employment land development within the existing designated land supply is consistent with the CEEP goal of achieving energy efficiency and emissions reductions by creating compact, complete communities.

Financial Implications

There are no financial implications associated with this report.

Summary of Findings and Key Messaging

The Employment Land Strategy provides key recommendations to ensure that Greater Sudbury is well positioned to be investment-ready and able to support and attract industrial, commercial and institutional development and job growth over the next 25 years. Key findings and recommendations include:

- Greater Sudbury is currently well served with ample designated and zoned industrial and commercial land, both vacant and underdeveloped, to meet anticipated demand through the 2046 forecast horizon.
- It is crucial to ensure the availability of a broad range of land options in terms of location, size, land pricing, servicing.
- Investments in water and sewer infrastructure are needed to ensure the City's strategic employment areas are "shovel ready" for future investment and job creation.
- The cost of the infrastructure investments in the strategic employment areas will have a positive return on investment over the next 50 years.
- The City can facilitate the development of employment lands through land use planning tools such as community improvement plans and amendments to the Official Plan and Zoning By-law.
- Policy changes can be made to strengthen the position of Downtown Sudbury as a competitive area for development in alignment with the Downtown Master Plan as the foundational strategic tool.
- While there may be opportunities on a case-by-case basis for the City to acquire or divest employment land in order to facilitate efficient land use planning and to promote economic development, the report identifies that there is no immediate need identified for the City to directly intervene in the market through large-scale land acquisition to support economic development opportunities.

The Employment Land Strategy indicates that the City is already taking important steps to improve the current land use planning framework and that these efforts will strengthen Greater Sudbury's competitiveness and investment readiness, namely:

- The City has undertaken and is in the process of completing a number of amendments or initiative that facilitate economic development including:
 - Community Improvement Plans;
 - Recent amendments to the 'Shopping Centre Commercial (C5)' Zone;
 - Up-zoning along the Lasalle Corridor (the first Corridor Study completed as part of the Nodes and Corridors Strategy), and
 - Amendments to both residential and commercial parking rates.

- Minor policy amendments are recommended to further strengthen the existing framework.
- In addition, a draft Strategic Core Areas Community Improvement Plan has been presented to Council which would consolidate the Downtown and Town Centre CIPs and update the incentive programs offered. The new and updated incentive programs were developed based on a review of current best practices as well as consultation with previous applicants and the Downtown community.
- The Employment Land Strategy builds on how we are using the Population Projections and Water Wastewater Master Plan.
- With these tools, the City can now integrate infrastructure plans with the newly developed Return on Investment (ROI) Analysis tool for help in strategically directing infrastructure investments.

Background

On September 17, 2019, Council directed staff to proceed with the development of an Employment Land Strategy and that the required maximum funding of 250 thousand dollars be provided by the Greater Sudbury Development Corporation (GSDC) through resolutions FA2019-58 and FA2019-58-A1. The main goals of the study are to:

- Improve the city's economic competitiveness and encourage the development of employment land;
- Ensure that the Employment Land Strategy, policies, and incentives, support projected economic growth and development; and,
- Maintain an employment land inventory by applying a planning methodology that promotes the provision of an appropriate land supply.

In addition to these goals, the study reviews infrastructure needs and municipal financing, as well as matters related to land economics and industrial and commercial real estate trends.

Following the City Council resolution FA2019-58-A that the required maximum funding of \$250,000 be provided by the Greater Sudbury Development Corporation (GSDC), on October 9, 2019, the GSDC approved a motion approving the funds for the project through the Community Economic Development (CED) Committee. The motion reviewed and endorsed the proposed approach for the development of the Employment Land Strategy on October 3, 2019.

The development and enhancement of Employment Land remains an important priority for Greater Sudbury's economic prosperity and aligns with the goals of the economic development strategic plan, 'From the Ground Up', as related to job creation, business expansion and investment attraction. The motion cited that the GSDC should also remain a key stakeholder in the development and implementation of the Employment Land Strategy.

Eight strategic industrial areas were identified across the City due to the density of industrial activities and capacity to accommodate new industrial growth. The areas reviewed in detail were:

- Fielding Road/Duhamel Road
- Lasalle/Elisabella
- National Street
- Maley Drive
- Coniston
- Kingsway
- Ceasar Road
- Valley East

The overarching purpose of the Strategy is to ensure that the City of Greater Sudbury is well positioned to

respond to employment land needs, foster economic growth and can support a diversified economy now and into the future. The Employment Land Strategy that considers employment land designation, zoning and servicing to meet anticipated demand.

Selected Consultant

Through a competitive process, the City received three submissions for the completion of the Employment Land Strategy, and Cushman & Wakefield was ultimately selected as the successful consultant to undertake the development of the Strategy. As a well-known and experienced firm, Cushman & Wakefield provides market and land asset strategies to Canada's leading public and private sector institutions and corporations. They combine robust economic and financial analytics with a current understanding of market realities to deliver achievable business and real estate strategies and solutions.

Andrew Browning, a Professional Land Economist from Cushman & Wakefield, was the Project Manager and has assembled a consultant team with a wide range of experience, including Metro Economics, the Planning Partnership, the Niagara Planning Group, SCS Consulting Group and the Altus Group. The Consultant Team's experience includes the development of an Employment Land Strategy for the City of Thunder Bay, Municipal Comprehensive Review of Employment Lands for the City of Mississauga and the Niagara Gateway Economic Zone and Centre Employment Lands Strategy.

Stakeholder Consultations

Deemed a priority, consultation with private and public sector stakeholders was initiated early in the study by the consultant. Consultations included one-on-one interviews, small group discussions, and larger working group meetings.

The scope of participants included the following:

- City of Greater Sudbury staff from various departments;
- Greater Sudbury Development Corporation (GSDC);
- City of Greater Sudbury Mayor and City Council members;
- Representatives from Atikameksheng Anishnawbek and Wahnapiatae First Nation;
- Various community groups, institutions, and infrastructure providers (Chamber of Commerce, Laurentian University, Cambrian College, Collège Boréal, Health Sciences North, and Greater Sudbury Airport);
- Various local business and major employers (including Glencore and Vale); and,
- Local real estate market participants (developers, landlords, brokers, and appraisers).

The initial outreach was conducted to gauge the current employment land situation and to inform the consultant's background review. Once the land supply analysis had been completed, further consultation was held with various local businesses and major employers, as well as real estate market participants (developers, landlords, brokers, and appraisers), to guide the development of strategic recommendations.

Further to the consultation conducted by Cushman Wakefield, staff in Economic Development and Planning Services actively sought feedback from the community across all sectors. The City's OverToYou platform was promoted and used to engage with the community. Comments and suggestions that were received were shared with Cushman Wakefield to consider throughout the process. The majority of submissions pertained to requests to expand the settlement boundary or re-designate lands. Re-designation of specific parcels of land is outside the scope of this strategy. The strategy does identify a possible framework for boundary adjustments, which will be considered as part of the 2023 work plan.

Given the significance of the mining supply & services cluster of businesses along Fielding Road, Economic Development staff also conducted in-depth consultation with business owners in that area. Results of staff-initiated consultations not only benefited the development of the Employment Land Strategy but will continue to inform its implementation.

All stakeholder consultation was conducted on a confidential basis, such that comments will not be attributed back to an individual or organization.

Key Recommendations and Implementation

The Employment Land Strategy provides a series of recommendations that will help position the City to attract future growth and to seize opportunities for employment land development.

Land Use Planning

Official Plan

While the community has a significant surplus of designated employment land, the City must plan for a breadth of opportunities in a number of locations with varying levels of site sizes and servicing to provide a maximum range of site selection for prospective investors.

- The report recommends a policy framework for adjustments to the Settlement Boundary that allow for flexibility to align the Official Plan designations with existing servicing provided that there is no net increase (i.e., addition in industrial land in one area will require removal of industrial land in another).
- It is further recommended that given the excess supply of industrially designated land, the City should support policies that would allow for the conversion of industrial lands to commercial provided that a sufficient inventory of industrial land is maintained.
- With respect to Institutional provisions, it is suggested that more supportive policies aimed at ongoing expansion and the attraction of new and more diverse institutions could ensure their ongoing success.

These recommended policy changes can be incorporated as part of Phase 2 of the five-year review of the Official Plan.

Zoning

Several changes to the current zoning provisions are recommended, including

- Combining the M1-1 and M1 zones (light industrial designations) and renaming them to be included with the commercial hierarchy of zones
- Enhancing the C2 zone to accommodate more built-forms which will allow this zone category to accommodate a more significant component of new job projections
- Adjusting the residential building height permission to be consistent with the permitted office height in the C4 zone; and
- Streamlining the number of zones which would reduce the time required for landlords and prospective occupiers to re-tenant a vacant premises.
- While there is a limited amount of M3 (heavy industrial) lands, it is not recommended to preemptively rezone additional lands as it is difficult to predict desired location.
- Consideration should be given to all rezoning applications where such development is compatible with adjacent land uses.

These recommendations can be undertaken as part of the City's 2023 work plan.

Downtown

The Employment Land Strategy recognizes that the City's Downtown Master Plan is the guiding document directing the evolution of the area. The objective of this Plan is the grow employment, create destination attractions, and make the Downtown a centre for learning and living. The Planning policy regime in the Official Plan is appropriately flexible and clearly establishes the importance and primacy of its role as the centre of the city.

However, the Strategy also recommends that a more aggressive approach to revitalization could be considered, which would include three lenses:

1. Ensuring that long-term political support for and investment in the Downtown Master Plan – including municipal infrastructure and public service facilities – are in place in advance of development applications;
2. Reducing the cost of development with the recognition that the cost of development in the downtown can be more costly than in a greenfield areas; this can be achieved through review and monitoring of the Downtown Community Improvement Plan;
3. Reducing risk in the development approval process by expediting the planning approval regime in the Downtown, recognizing the challenges related to demolition, potential contamination and so on.

The Employment Land Strategy noted that City staff have already been prioritizing downtown efforts in alignment with revitalization and business support and attraction efforts. Specifically, a draft Strategic Core Areas Community Improvement Plan has been presented to Council which would consolidate the Downtown and Town Centre CIPs and update the incentive programs offered. The new and updated incentive programs were developed based on a review of current best practices as well as consultation with previous applicants and the Downtown community.

Employment Land Community Improvement Plan

A Community Improvement Plan (CIP) that offers financial incentives for developing industrial employment lands is recommended:

- The CIP could be City-wide, with additional incentives targeting areas where the City has made significant investment in new services.
- Eligibility criteria could include a minimum building permit value, minimum floor area and/or minimum number of new jobs created.
- Programs could include municipal fee rebates and Tax Increment Financing, similar to the current CIPs programs offered by the City.

It is anticipated that the development of the CIP would take place as part of the 2023 work plan.

Infrastructure

Additional water, wastewater and utilities infrastructure is required to facilitate industrial land development through the 2046 forecast

While the Strategy identified that there is an excess of designated employment land, the status of servicing and infrastructure capacity varies.

The Strategy concludes that there is demand for roughly 35-50 net hectares of industrial land from 2021-2046. However, to ensure the community is competitive for investment attraction into the future, the Employment Land Strategy recommends ensuring that a suitable supply of at least 100 net hectares be available to accommodate anticipated demand and provide a broad range of options among prospective occupiers in terms of location, land pricing, servicing, and planning designation/permitted uses.

The eight strategic industrial areas listed above were reviewed in detail from a water, wastewater and utilities perspective to determine what infrastructure upgrades may be required to increase the viability of attracting new investment.

- Both the Kingsway and Ceasar Road industrial areas have the required infrastructure in place to accommodate new development.
- Recent improvements to Coniston infrastructure are anticipated to meet the current projected needs of the Coniston Industrial Park. Upgraded servicing for the remaining Coniston industrial lands depends on a larger and not directly related infrastructure project and therefore a return-on-investment calculation was not undertaken at this time.
- The remaining five industrial areas – Fielding/Duhamel Road, Lasalle/Elisabella, National Street, Maley Drive and Valley East – have varying capital requirements and longer term operating and lifecycle costs. The return-on-investment calculator determined that these upgrades would result in a neutral or positive return on investment over a 50 year period.

Return-On-Investment Calculator

The Employment Land Strategy recommends investment in infrastructure improvements in each of the strategic employment areas. The Strategy further recommends that both industrial real estate market considerations and municipal finance/return on investment outcomes be evaluated when deciding upon an infrastructure investment plan to support economic growth. To support this analysis, a high-level Return on Investment (ROI) Analysis was completed that provides the prospective revenue and cost implications of servicing each of the eight identified priority areas.

Key modeling inputs to the return-on-investment analysis were land area (an additional 125 gross ha (100 net hectares) are recommended city-wide through 2046), site coverage (assumption of 20% coverage), employment density (31.25 jobs per gross hectare (25 job per net hectare), and infrastructure servicing costs by employment area. The analysis found that based on anticipated growth to 2046, additional development potential within the strategic industrial areas, and capital costs to service the areas, return on investment was neutral or more often than not a positive and that the cost of the infrastructure investment would be re-couped through increased development and assessment in those areas.

A summary of municipal finance tools that could be used as funding mechanisms for these infrastructure projects was provided, including Development Charges which allows for the recovery of growth-related costs needed by new development, whether they be city-wide or area-specific, front-ending financing and debt financing.

The return-on-investment analysis concluded that the required infrastructure investments will generate a positive rate of return investments.

Conclusions and Next Steps

While the overall strategy has confirmed that Greater Sudbury is well positioned for growth, the implementation of the recommendations made through the Employment Land Strategy will ensure that the City is able to attract and respond to development and investment opportunities as they arise.

Greater Sudbury has opportunities to realize additional employment growth within the identified strategic industrial areas and in order to capitalize on these, infrastructure improvement will be required along with changes to the City's land use policy framework.

Staff is requesting council receive the Employment Land Strategy and direct staff to prepare an implementation plan for the identified infrastructure upgrades. Staff are also seeking direction to undertake the identified land use planning recommendations as part of the 2023 work plan.

Greater Sudbury has already taken a number of important steps to facilitate growth and development within our employment lands, including recent amendments to the Zoning By-law and development of the Strategic Core Areas Community Improvement Plan. Additionally, this Study demonstrates that the City can make strategic infrastructure investments that can realize a positive return. The approach recommended by the

Study, combining policy and infrastructure recommendations, will further work already taken by the City setting the stage to attract investment.

Resources Cited

Employment Land Strategy Proposal, Finance and Administration Committee, September 17, 2019 <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=30025>

Employment Land Strategy Update, Finance and Administration Committee, September 15, 2020 <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=39131>

Proposed Zoning By-law Amendment for Commercial Parking Standards and the Shopping Centre Commercial Zone, Planning Committee, December 14, 2020 <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=38427>

Residential Parking Standards Review - Proposed Zoning By-law, Planning Committee, September 13, 2021, <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=41732>

Lasalle Boulevard Corridor Plan and Strategy - Recommended Zoning By-law Amendment, Planning Committee, November 8, 2021, <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=42401>

Nodes and Corridors Strategy - Phase Two, Planning Committee, April 25, 2022, <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=44046>

Community Improvement Plan Plans and Incentive Programs webpage <https://www.greatersudbury.ca/do-business/planning-and-development/community-improvement-plans-and-incentive-programs/>

Strategic Core Area Community Improvement Plan, Planning Committee, June 27, 2022 <https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=47015>