

STAFF REPORT: Employment Land Strategy

DATE: September 17, 2019

Purpose

This report describes a proposed scope, schedule and budget for an Employment Land Strategy for the City of Greater Sudbury.

Background

On May 2, 2019 Council considered the Development Charges By-law and strategic options for Development Charge rate reductions, aligned with Council's policy objectives. At that meeting, Council discussed other options to encourage growth within the commercial and industrial sectors. In that regard, the Finance and Administration Committee passed resolution FA2019-30 which directed staff to prepare a report on "the scope and schedule to undertake an employment land strategy and Community Improvement Plan and report back to Finance and Administration Committee no later than September 2019."

This report responds to this direction. An Employment Land Strategy would ensure that the City of Greater Sudbury is well positioned to respond to emerging economic opportunities and can continue to support a diversified economy now and into the future. The strategy would consider:

- Future economic and labour force trends;
- Demand for employment and available workforce;
- Employment land supply;
- Feasibility of development; and,
- Incentives to meet anticipated demand.

Like many communities, the City of Greater Sudbury has successfully navigated the transition from a resource-based economy to a more diversified, service-based economy over the last 40 or more years. Many factors collectively contributed to the success of this transition including a clear vision, good policies, strong partnerships, desire to leverage research and technology and a continued focus on strategic economic development opportunities.

Today, Greater Sudbury's economy is characterized as a diversified economy built on its historic foundation in the mining industry. The mining sector has evolved to include a large hub of mining supply and service companies which have international innovation stories that cross multiple sectors. The healthcare and education sectors have also been large contributors to Greater Sudbury, creating regional hubs that now represent some of the City's largest employers. Health Sciences North (HSN) is the city's largest employer with 3,900 employees and 250 physicians, handling over 500,000 patient visits per year. Greater Sudbury has matured as the educational capital of northern Ontario with three post-secondary institutions including Laurentian University, Cambrian College and Collège Boréal. The city is also the centre of retail activity for northeastern Ontario, being a trading and service hub for approximately 466,000 people living within a 160 km (100 mile) radius of Greater Sudbury. Tourism as well as Film and Television play important roles in the local economy and efforts continue to build on evolving sector development.

Municipalities have a responsibility to plan for and promote employment growth in their communities to improve quality of life for their residents. Like Greater Sudbury, municipalities use policy tools and infrastructure investment decisions to create a platform that supports investment and employment growth.

The City, through policy tools such as its Strategic Plan, Official Plan and infrastructure and service master plans, and fiscal tools such as the annual budget process and Development Charge By-law, has created a flexible framework that promotes investment and employment growth.

The City also takes a more active role in the employment land market through the Valley East and Walden Industrial Parks. These municipally-owned parks have allowed the City to support significant Industrial/Commercial/Institutional (ICI) investment and associated growth in the City's assessment base. Between 2009 and 2018, the City sold 12.7 acres of land with a value of \$1.478 million in the Valley East Industrial Park.

These policy and fiscal tools, combined with our quality of place, labour force characteristics, and other external variables, all contribute to Greater Sudbury's overall attractiveness and economic competitiveness. From an investment attractiveness point of view, the addition of the emerging mining supply & services sector to the long-standing mining industry in Greater Sudbury provides a solid foundation for attracting new businesses, and is a key competitive advantage in a crowded global investment attraction marketplace. Our bilingual work force is also a key competitive advantage, 39% of Greater Sudburians are bilingual (i.e. French and English). In recent years the City has also emphasized increasing immigration rates to grow and diversify the labor pool and workforce.

Notwithstanding, the City of Greater Sudbury cannot rest on its laurels. It must continually refine its approach to ensure that the community remains competitive now and into the future. The City, working with property owners, prepared detailed studies for two industrial areas (i.e. LaSalle/Elisabella and Fielding Road) to determine the infrastructure upgrades required to support business investment and growth, and the cost sharing framework between the City and property owners. While the recommendations of these studies did not result in the signing of cost sharing agreements and implementation of upgrades, the studies provided important insights into the difference between existing municipal infrastructure capacity and land use planning permissions and the cost to upgrade the infrastructure. Staff continue to work with owners in these areas as opportunities arise. Continued informal feedback from developers and investors suggests that the current supply of industrial land is not in the right location or inadequately serviced to support growth. This feedback also suggests that elements of the City's land use planning and fiscal frameworks could be adjusted to further stimulate growth and investment.

An Employment Land Strategy will provide the City of Greater Sudbury an opportunity to examine these concerns in more detail and ensure that its land use policies, fiscal policies and infrastructure and services are aligned and consistent with best practices. It also provides the opportunity to explore the role of municipal industrial parks within a modern economy.

The City, working with its partners, stakeholders and the public, has undertaken a number of plans and studies in recent years that provide a strong foundation to undertake an Employment Land Strategy.

City Strategic Plans

Strategic Plans, including Council's *Corporate Strategic Plan: 2019-2027* and its *Community Economic Development Plan From the Ground-Up: 2015-2025* (FTGU) have been approved by Council in recent years.

The Corporate Strategic Plan identifies six strategic initiatives, three of which directly link to the development of an Employment Land Strategy:

1. Asset Management and Service Excellence
2. Business Attraction, Development and Retention
4. Economic Capacity and Investment Readiness

Actions have been identified to address each of the priorities, which will also serve to advance Greater Sudbury's standing as a centre of excellence in economic, social and environmental innovation. Specifically, under strategic initiative 1, priority 1.4 "Reinforce Infrastructure for New Development", action B proposes to ensure the City has an adequate supply of serviced employment land and incentive framework in place to stimulate investment, development and job creation.

The Employment Land Strategy will help accomplish the action items identified in FTGU; for example, objective 5.2 seeks to strengthen support structures to address business growth and succession challenges in the Mining Supply and Service Sector through action items. These items include promoting industrial land development opportunities across the City (e.g. Greater Sudbury Airport, Walden Industrial Park, Fielding Road), and addressing financial and policy incentives and business support programs offered by the City to ensure a competitive landscape for the mining supply and services sector.

Official Plan and Related Background Studies

The City has undertaken a number of studies and plans which provide a more robust assessment of the current land supply, particularly with respect to their serviceability and financial viability over their lifecycle as contemplated by the Provincial Policy Statement. These studies, many of which are background studies to the recently approved Phase 1 of the Official Plan, include the Growth and Settlement Discussion Paper, Water/Wastewater Master Plan and the Transportation Study Report. More recently, the Outlook for Growth to 2046 provides projections of anticipated population and employment growth in the City. These reports and others (e.g. Digital Strategy) would be considered and inform the land supply recommendations made through the Employment Land Strategy.

Development Incentives

The City, through its Community Improvement Plans (e.g. Downtown, Town Centre, and Brownfields) and recently approved Development Charge By-law, provides incentives to support commercial and industrial development within the community.

An Employment Land Strategy would also provide the City of Greater Sudbury with an opportunity to consider existing and future change occurring within the macro economy (that is, large-scale or general factors such as interest rates and GDP) that influence regional and local economic conditions and trends. Recent publications, such as those released by Policy Horizons Canada (see Reference 10), suggest that technology is significantly changing the very nature of employment, and will continue to do so. In the future, virtual work and the "gig economy" will be far more prevalent.

As a result, individuals may not necessarily need to live where they work. This change will bring significant opportunity. Greater Sudbury, for example, could have the ability to position itself as the global centre for remote mining, with skilled technicians located in Greater Sudbury operating equipment in mines across the world. This change is also likely to lessen demand for traditional brick and mortar commercial and industrial spaces and land, and will shift the way that we think about planning our community.

An Employment Land Strategy would also allow the City to consider how its land use planning, fiscal and infrastructure tools align with changing provincial policies and infrastructure investment decisions. For example, the proposed Provincial Policy Statement states that municipalities shall promote economic development and competitiveness by “facilitating the conditions for economic investment by identifying strategic sites for investment, monitoring the availability and suitability of employment sites, including market-ready sites, and seeking to address potential barriers to investment.” Similarly, the proposed rehabilitation of Highway 17 from the Highway 69 interchange westerly to the Fielding Road area, affords the City an opportunity to assess the cost of municipal infrastructure upgrades and potential return on investment for such upgrades in this important employment area. The employment land strategy would identify and highlight these types of opportunities and how they may align with the City's policies and planning tools.

Finally, from a competitive perspective, a strategy would allow Greater Sudbury to remain on par with other places in Ontario that are undertaking similar strategies such as Thunder Bay, Kingston, and Hamilton.

Study Scope

Goals and Objectives:

An Employment Land Strategy would provide the City with the focus necessary to respond to these issues and opportunities. In particular, it can provide more specific information on future employment demand and where it is expected to occur, to ensure that our policy and infrastructure frameworks remain aligned with our growth objectives. Another key aspect of this project is developing relationships with the private sector who owns the employment land, enabling the City to better maintain an inventory of employment land and providing a missing link that has been a barrier to investment in the past.

The main goals of the Strategy would be as follows:

- a) To improve the City's economic competitiveness and encourage the development of employment land;
- b) To ensure that the Employment Land Strategy, policies and incentives support projected economic growth and development; and,
- c) To maintain an employment land inventory by applying a planning methodology that promotes the provision of an appropriate land supply.

The primary deliverable of the project would be an Employment Land Strategy, which would include a detailed methodology used to develop the employment land inventory and allow for regular monitoring of the supply of employment land.

Through the strategy, the existing land supply and future land requirements would be analyzed to identify gaps and constraints, making recommendations on how to address these matters through strategic investments. Issues, such as overly restrictive or broad/permissive zoning regulations and land use policies, would be identified and recommendations made to improve the regulatory and policy framework.

A competitive analysis would also be completed to assess the City's land supply relative to its competition and make recommendations that could improve the City's competitive advantage. The analysis will include price comparison of municipal and employment land (including sale and/or lease prices) and review of best practices and processes for the sale and/or lease of employment land by the City's peers.

The Strategy will also make recommendations that address the following:

- a) the amount, type, location and attributes of employment land required to meet anticipated growth and demand today and in the future;
- b) the staging or phasing of any new employment areas;
- c) the identification of priority sites best positioned to meet short term demand and strategic opportunities;
- d) changes to the Official Plan policies, zoning regulations and other development policies and guidelines that will encourage and support appropriate employment land development, intensification and investment (e.g. community improvement plan, secondary/tertiary planning for industrial subdivisions, appropriate site plan/development standards);
- e) the need for servicing and infrastructure upgrades required to facilitate development of existing and future employment land including the estimated cost of such upgrades; and,
- f) best practices and/or policies for partnering with the private sector on the servicing, development and sale of employment land.

Study Team

Pending Council's approval, the Employment Land Strategy will be undertaken by a consultant with experience in projects of this type, secured through a competitive process and overseen by CGS staff. From an administrative perspective, a Steering Committee, Project Sponsor, Project Manager and Working Group would be created for this project. The Steering Committee will consist of ELT members. The Project Sponsor will be the General Manager of Growth and Infrastructure. The Project Manager will be a Senior Planner from the Planning Services Division. The Working Group will consist of staff from Planning Services, Economic Development, Infrastructure Capital Planning (representing both Transportation and Water/Wastewater) and Finance.

Study Cost and Schedule

Given the scope above, it is estimated that the proposed Employment Land Strategy will cost approximately \$250,000 to complete. This estimate is consistent with other municipal precedents.

Should Council direct the preparation of a business case, staff will consult with Federal and Provincial colleagues to determine whether senior level government grants can be accessed to help offset a portion of the study cost impact on the municipal tax base.

Resources

1. Council Corporate Strategic Plan: 2019-2027, <https://www.greatersudbury.ca/city-hall/reports-studies-policies-and-plans/>
2. Growth and Settlement Discussion Paper, <https://www.greatersudbury.ca/linkservid/70EEB281-E406-496A-CEB798AA1A980D5C/showMeta/0/>
3. From the Ground Up: 2015-2025, <https://www.greatersudbury.ca/city-hall/reports-studies-policies-and-plans/>
4. Water/wastewater Master Plan, <https://www.greatersudbury.ca/city-hall/reports-studies-policies-and-plans/>
5. Transportation Study Report, <https://www.greatersudbury.ca/live/transportation-parking-and-roads/road-plans-and-studies/transportation-master-plan/>
6. Outlook for Growth to 2046, <https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=22944.pdf>
7. Official Plan, <https://www.greatersudbury.ca/city-hall/reports-studies-policies-and-plans/official-plan/>
8. Provincial Policy Statement 2019, <https://news.ontario.ca/mma/en/2019/07/proposed-changes-to-the-provincial-policy-statement.html>
9. Resolution of Finance and Administration Committee dated August 2, 2019: <https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1420&itemid=rec>
10. Policy Horizons Canada, The Changing Nature of Work, <https://horizons.gc.ca/en/2016/06/01/the-changing-nature-of-work/>