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Planning for Economic Opportunities Outside Ontario's Large Urban Centres

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Planning for Economic Opportunities Outside Ontario's Large Urban Centres

The Situation

- Across the Province of Ontario, there is a notable geographic divide regarding economic growth and development.
- Majority of recent population and employment growth concentrated in Province's two City Regions.
- While the Province is anticipated to attract significant population and labour force growth over the next several decades, most of this growth is not currently directed to Ontario's small and mid-sized municipalities.

Planning for Economic Opportunities Outside Ontario's Large Urban Centres

The Situation

- Many of Ontario's small and mid-sized municipalities have been relatively slow to recover from the 2008/2009 global economic downturn.
- Continued structural changes in the global economy and technological advancements will require these municipalities to be increasingly responsive and adaptive to changing industry needs and disruptive forces.

Disruptive Forces

- Automation/AI
- Aging Population/Labour Force
- Climate Change
- E-commerce
- Globalization
- Sharing Economy
- Urbanization

Planning for Economic Opportunities Outside Ontario's Large Urban Centres

Factors to Consider

- To ensure that Ontario's small and mid-sized municipalities are prepared for the future, a holistic approach is needed when dealing with change management.
- Fundamental to this approach is the need to ensure that municipalities are "investment ready," economically competitive and sustainable.

Demographic and Economic Trends in Ontario

Profile of Ontario's Small to Mid-Sized Municipalities

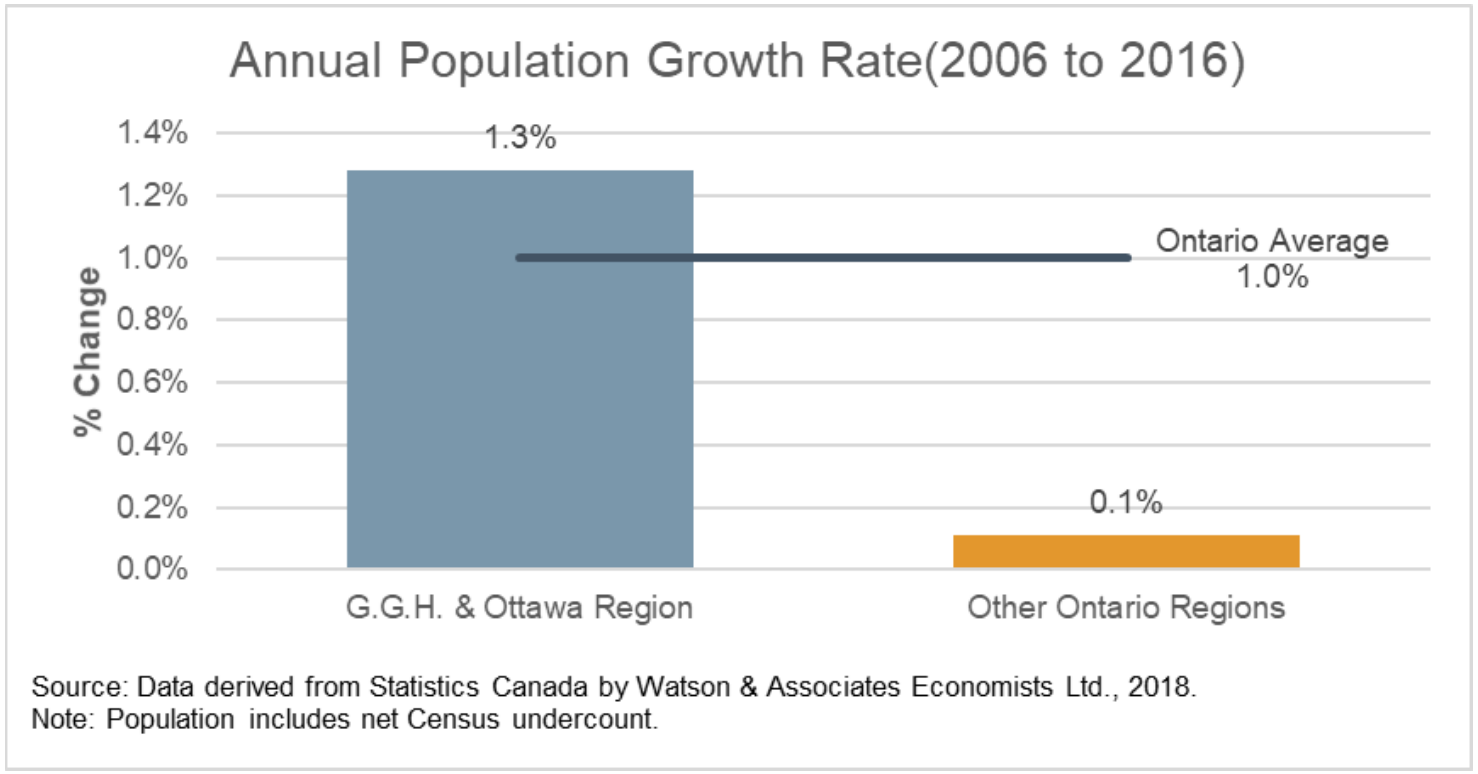
An Important and Diverse Component of the Province

- Communities outside the GGH and Greater Ottawa represent approximately 25% of the Province's population base and 94% of land area.
- Highly diverse range of municipalities, including urban, rural, and First Nations communities.
- Important economically with a strong presence in a range of economic sectors (e.g. mining, forestry, agriculture, manufacturing, tourism, retail, and knowledge-based industries).

Provincial Growth Trends

Provincial Population Growth Trends, 2006 to 2016

- Population growth rate in Ontario's two City Regions has been 12 times greater than the remainder of the Province.
- Population growth in the Province's City Regions has been largely driven by international and provincial migration.

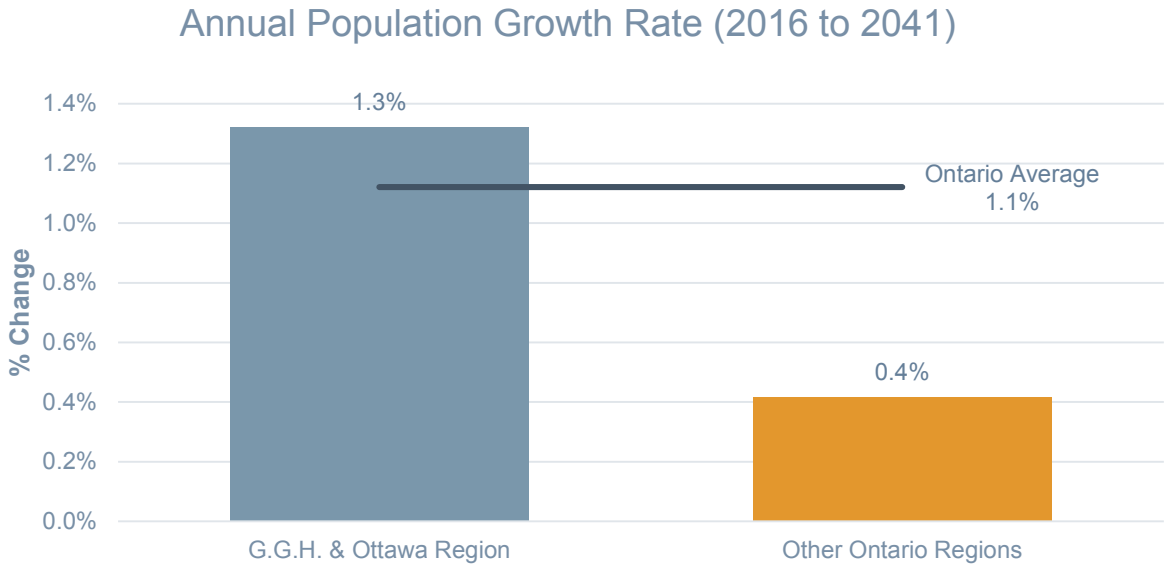


Source: Data derived from Statistics Canada by Watson & Associates Economists Ltd., 2018.
Note: Population includes net Census undercount.

Provincial Population Growth Trends, 2016 to 2041

The Growth Outlook is Improving for Many of Ontario's Regions

- Outside the GGH and Greater Ottawa, the Province's population is forecast to grow at an annual rate of 0.4%.
- Comparatively, this is less than half the provincial average, but about 4 times the historical average between 2006 and 2016.
- However, an aging population and labour force will ultimately limit growth potential.

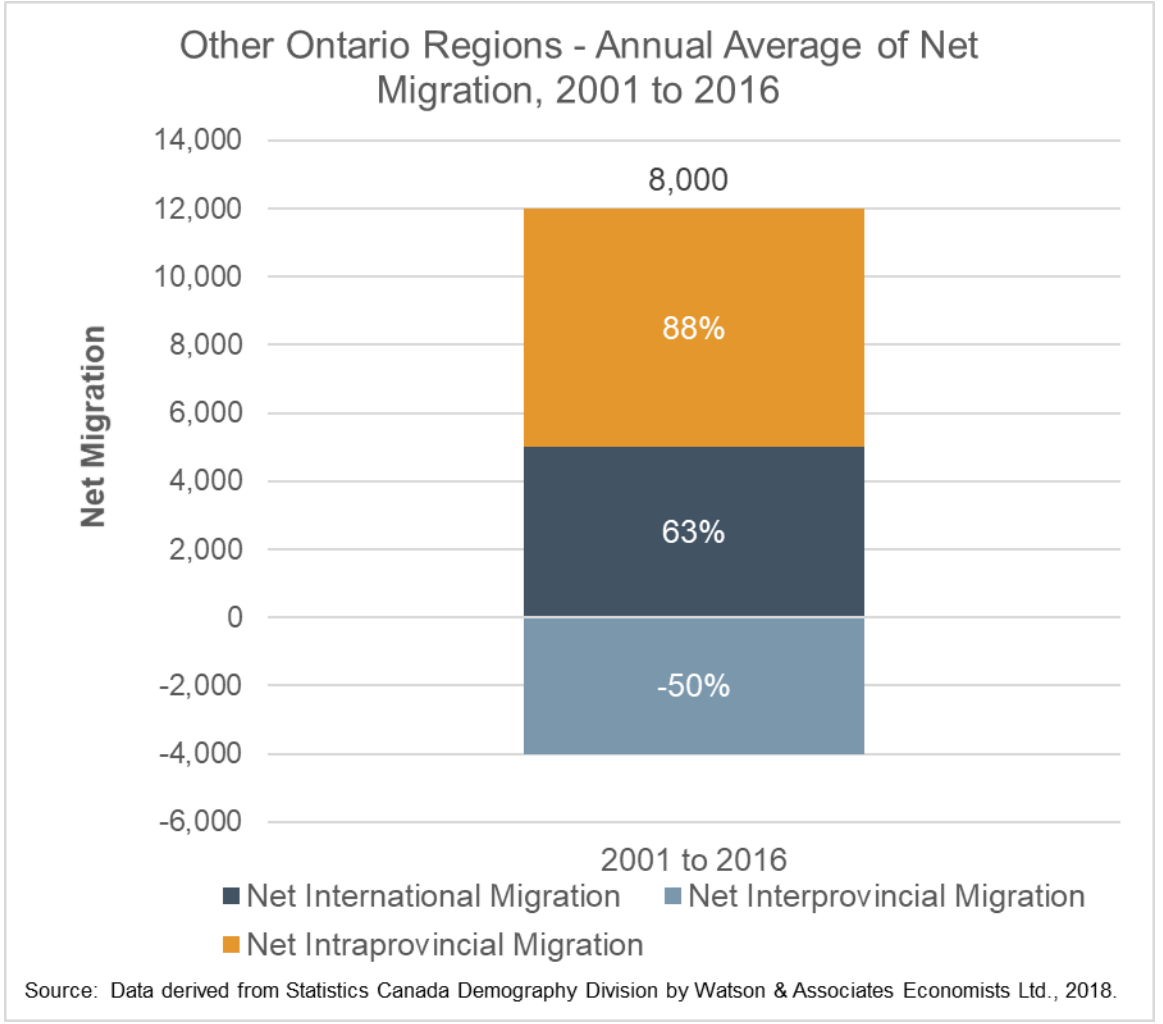


Source: Data derived from 2016 Statistics Canada Demography Division and Spring 2018 Ministry of Finance by Watson & Associates Economists Ltd., 2018.
Note: Population includes net Census undercount.

Components of Net Migration, 2001 to 2016

Limited Net Migration in Communities Outside City Regions

- Over the past 15 years, net in-migration to Ontario (less the GGH and Greater Ottawa) averaged approximately 8,000 per year.
- This represents approximately 9% of total net in-migration from Ontario.
- Net migration will increasingly represent the key driver of population growth.

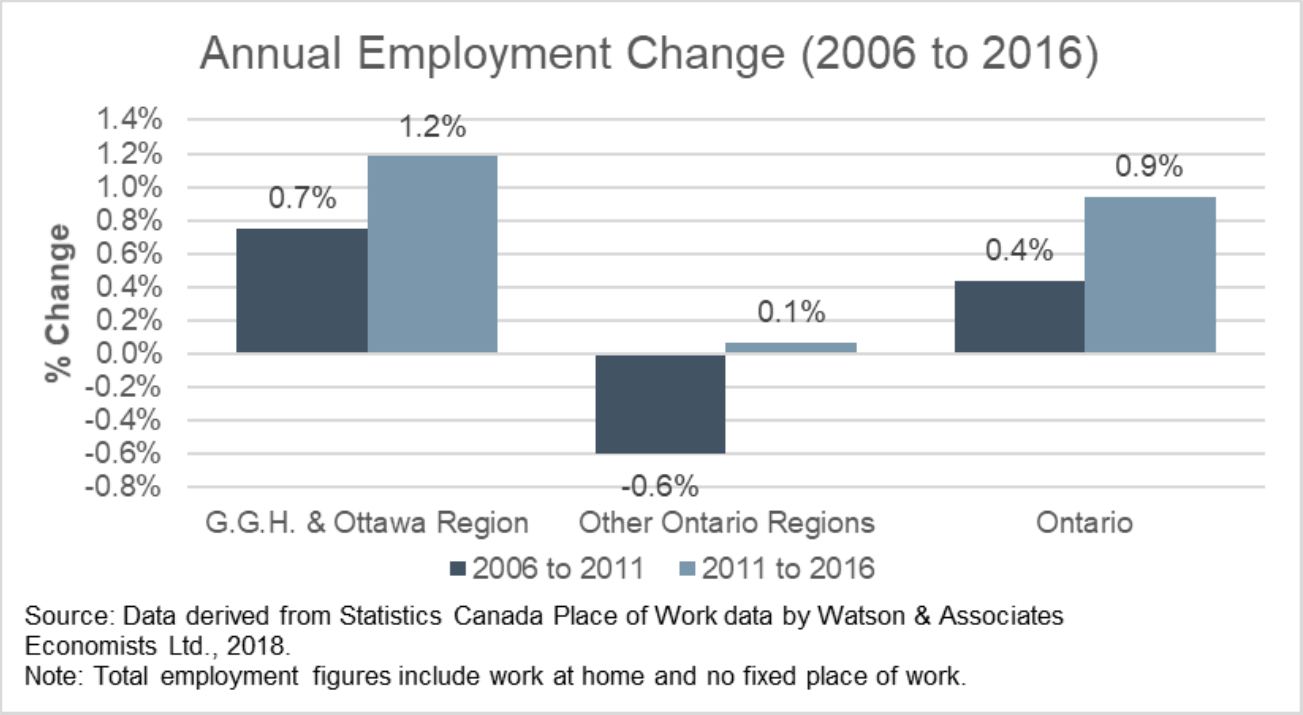


Source: Data derived from Statistics Canada Demography Division by Watson & Associates Economists Ltd., 2018.

Provincial Growth Trends

Provincial Employment Growth Trends, 2006 to 2016

- Over the past decade, employment growth has been concentrated in the GGH and Greater Ottawa.
- Employment levels of Ontario's small to mid-sized municipalities were more negatively impacted by the economic recession of 2008/09.
- Post-recession employment growth rate has been limited for many regions of Ontario.



Source: Data derived from Statistics Canada Place of Work data by Watson & Associates Economists Ltd., 2018.
Note: Total employment figures include work at home and no fixed place of work.

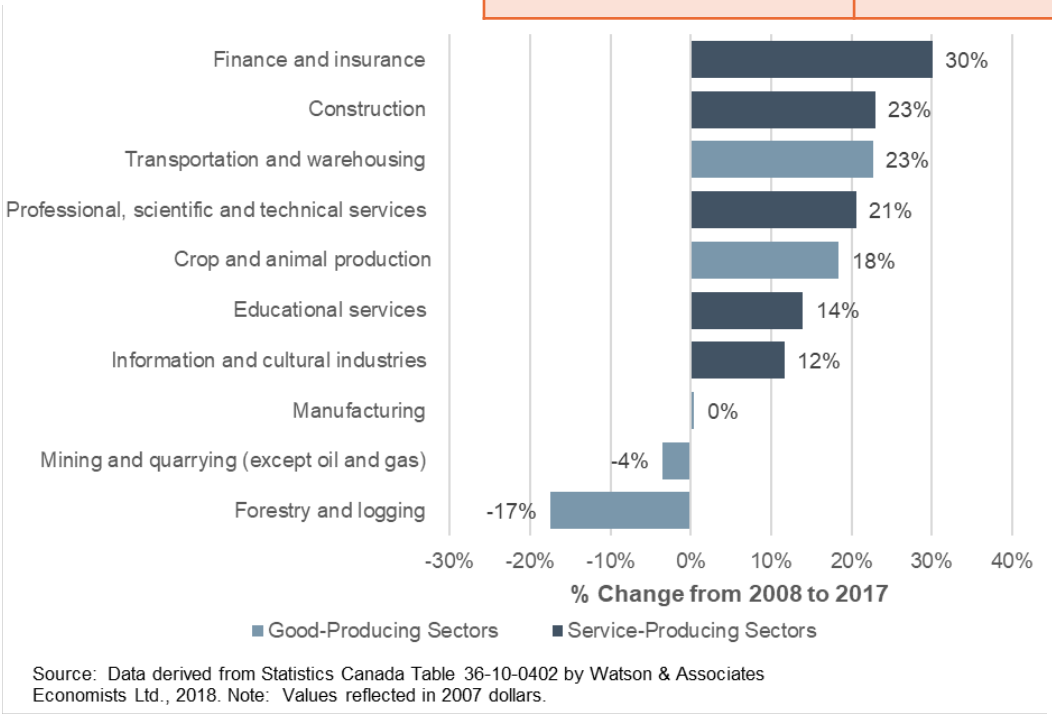
Provincial Economic Growth Amid Structural Change

Economic Growth Focused in Services-Producing Sectors

- Economy gradually shifting from the goods-producing sector (i.e. manufacturing and primary resources) to increasingly services-producing sectors.
- Economic growth increasingly driven by knowledge-based and creative sectors.
- While industrial/primary sectors remain important, they are not driving economic growth to the same extent as in the past.

Ontario GDP Growth by Sector, 2008-2017

Sector	GDP Growth, 2008-2017
Goods-Producing	6%
Services-Producing	21%
Provincial Total	17%

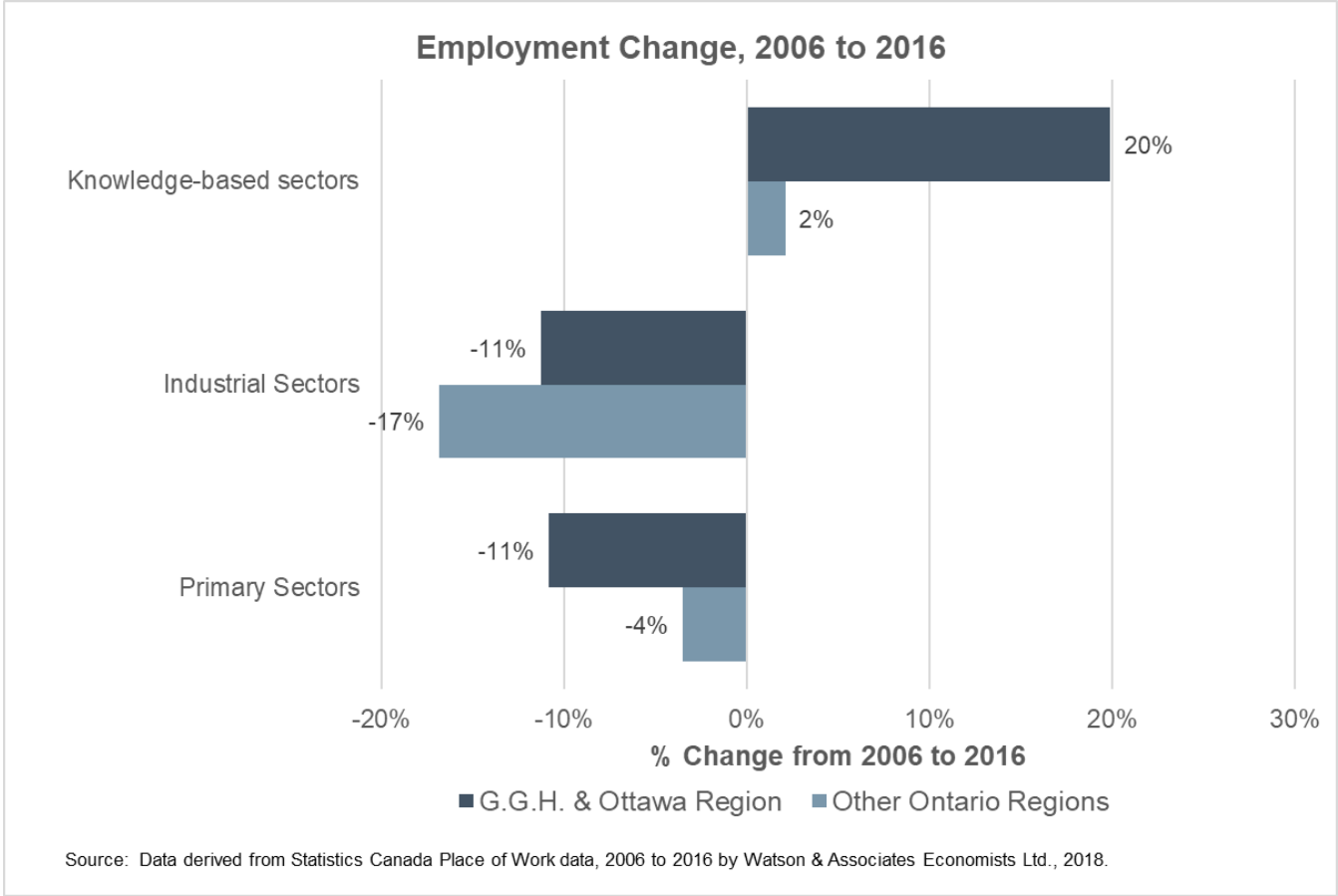


Source: Data derived from Statistics Canada Table 36-10-0402 by Watson & Associates Economists Ltd., 2018. Note: Values reflected in 2007 dollars.

Employment Growth Trends by Major Sector

City Regions vs. Other Regions in Ontario

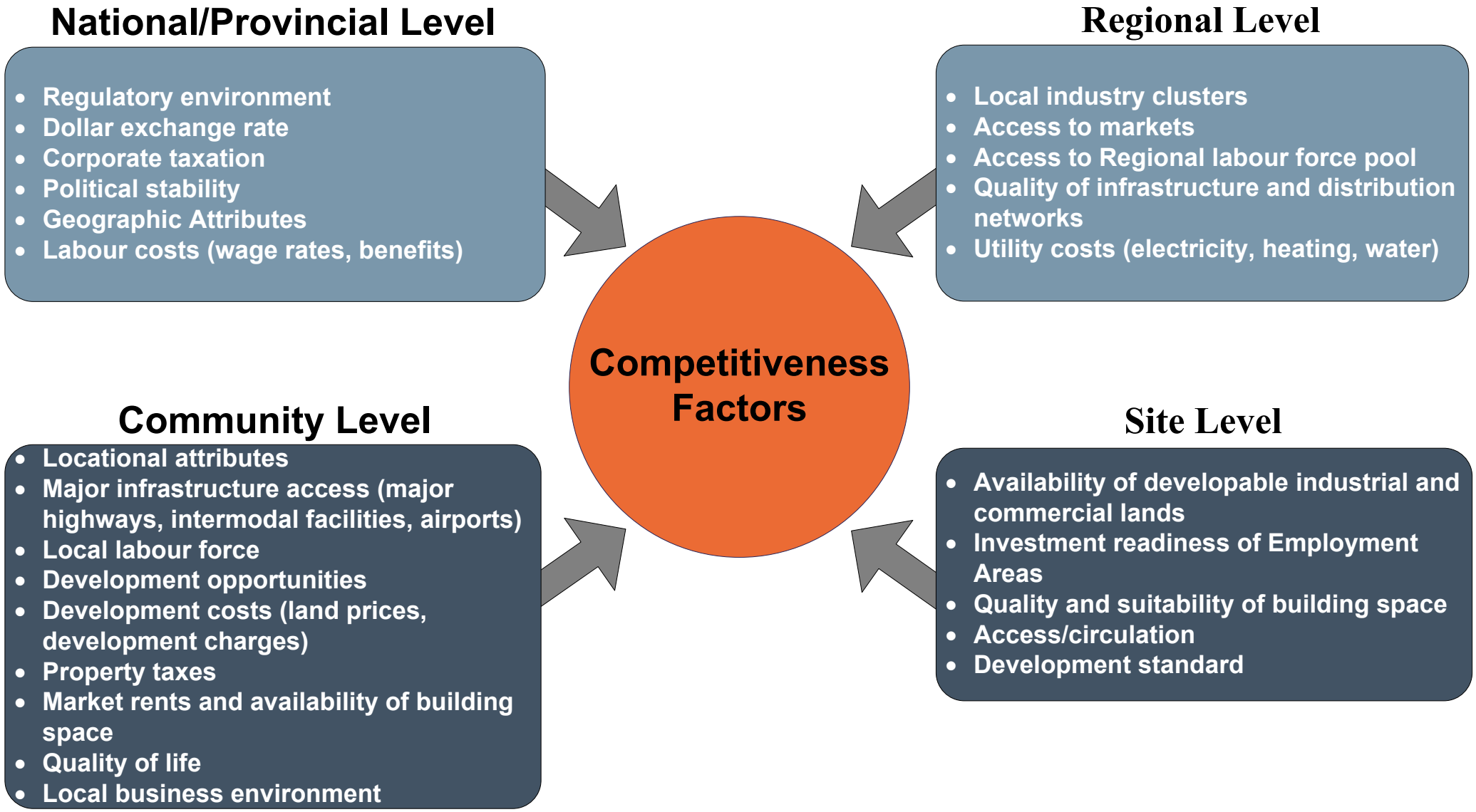
- City Regions have seen significant employment growth in knowledge-based sectors; limited growth in these sectors in other regions of the Province.
- Industrial sector employment has declined, most notably in communities outside City Regions.
- Employment in primary sectors has declined, with the most significant impact on communities outside City Regions.



Source: Data derived from Statistics Canada Place of Work data, 2006 to 2016 by Watson & Associates Economists Ltd., 2018.

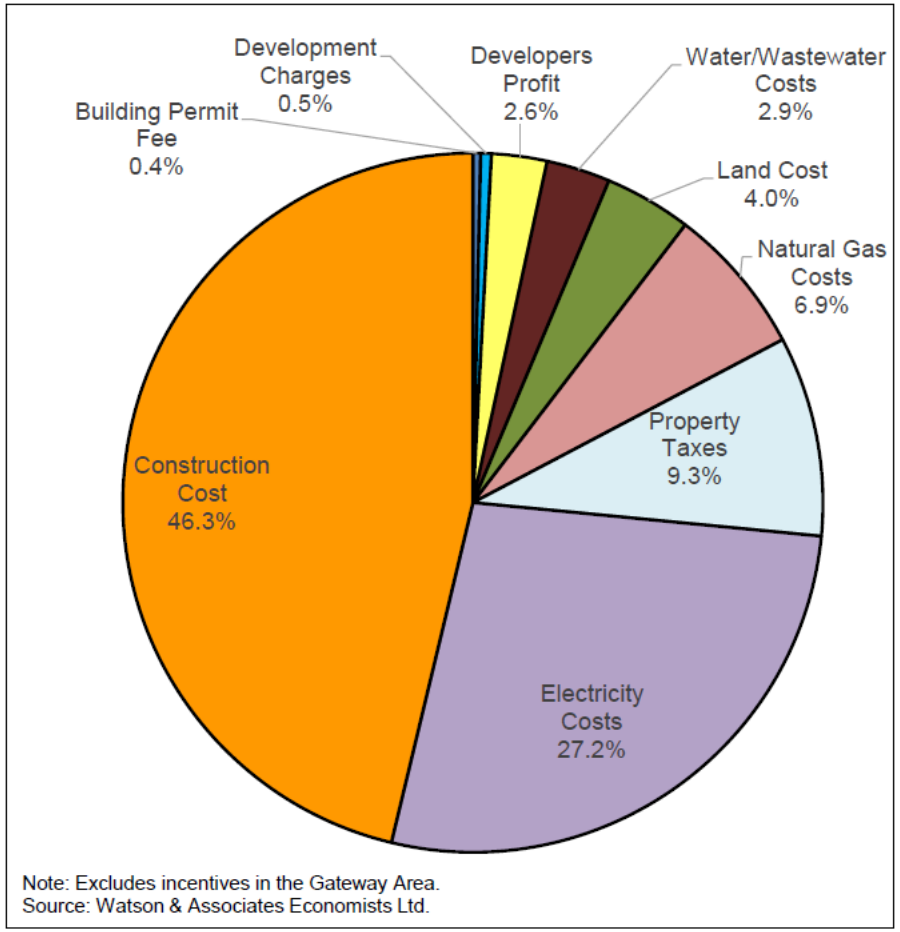
Factors Driving Municipal Competitiveness and Growth Potential

Measuring Competitiveness



The Cost Environment for Industry

- Cost competitiveness remains an important factor in municipal competitiveness:
  - Cost of development – land cost, municipal fees (e.g. development charges), financial incentives; and
  - Operating costs – property taxes, utilities (water, electricity).
- Costs need to be considered within the context of revenue potential, feasibility and Return on Investment.
- Cost of development most important for large-scale industrial enterprises and less important for knowledge-based sectors.



Access to Transportation Infrastructure and Markets

Highly Important Factors to Growing Industrial and Office Sectors

- Need to ensure efficient and effective circulation and movement of goods and people.
- Goods Movement and manufacturing sectors place high importance on access to:
  - Transportation Infrastructure – major highways, intermodal facilities, international airports; and
  - Markets – industry clusters, customers.
- Access to public transit and active transportation modes increasingly important for the office sector.

Providing Market Choice of Developable Land and Building Space

- Availability of developable employment land and building space to accommodate businesses is vital.
- This includes providing a readily available and serviced “shovel-ready” employment land supply, for a range of site selection choices.
- With respect to building space, this includes ensuring market choice of industrial and commercial space for a range of business sizes.

Soft Factors Increasingly Important for Municipal Competitiveness

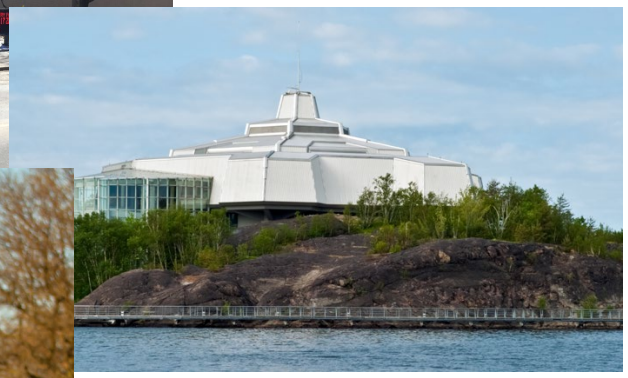
Attracting Labour is Critical to Economic Growth

- Shift towards a more “knowledge-based” economy places greater emphasis on soft factors.
- Businesses placing greater emphasis on proximity/access to skilled labour force pool.
- Municipalities need to ensure that they are an attractive location for working-age people to reside in.
- Emphasis on attracting employees as important as attracting employers.

Quality of Community and Place

Increasingly Important to Attracting Labour

- Cultural, entertainment, recreational and educational opportunities increasingly important within communities.
- Providing for market choice in housing, meeting the needs of a broad range of market segments.
- Maintaining an appropriate level of service standard for municipal services.



Leveraging Opportunities Based on Existing Assets/Strengths

What do Ontario's Small to Mid-Size Communities Offer?

- Well-established industry clusters – opportunities for value added industries.
- Land supply opportunities.
- Competitive cost of development – e.g. land costs, development charges.
- Access to major transportation corridors (e.g. Highways 401, 402 and the Trans-Canada Highway).
- High quality of life – e.g. affordable housing, access/proximity to recreational opportunities, "small town" appeal.
- Targeting assets of both regional and local market areas to raise their profile.

Planning for the New Economy in Ontario's Urban and Rural Communities

Planning for the New Economy in Ontario's Smaller Communities

Market Opportunities within Employment Areas

- Demand expected to largely come from the expansion of existing businesses as opposed to the attraction of new businesses.
- Focus on smaller scale developments.
- Key sectors include:
  - small-scale manufacturing;
  - construction/repair services;
  - utilities, food processing; and
  - agriculture support/value-added services.
- Development feasibility challenges.

Planning for the New Economy in Ontario's Mid-Sized Urban Communities

Market Opportunities within Employment Areas

- Large-scale logistics operations (100,000 to 1 million+ sq.ft.) with integrated office space.
- Future demand related to fulfillment centres, urban warehouses and return centres (reverse logistics) driven by growth in e-commerce.
- Multi-purpose facilities encompassing non-office uses (e.g. R&D, training centres, distribution and warehousing.
- Multi-tenant industrial, office and flex space.
- Employment-supportive uses.

Planning for the New Economy in Ontario's Mid-Sized Urban Communities

Market Opportunities in Urban Mixed-Use Environments

- Increasing market demand in urban mixed-use environments.
- Shift to "knowledge-based" sectors driving demand for office space, which tends to be highly compatible with other land uses.
- Growing importance placed on live/work opportunities, integrated land uses, and access to transit and active modes of transport.
- Increasing market potential for Innovation Districts and intensification of urban nodes and corridors.

Markham Centre

Source: City of Guelph

Planning for the New Economy - Leveraging Existing Assets

Revitalization of Downtown Areas and Main Streets

- The role of the downtown has evolved with less emphasis on traditional retail activity and more emphasis on arts and entertainment, culture, employment and as a place of residence.
- Provide for a balanced mix of commercial, residential, institutional uses, as well as public amenities.
- Focus on place-making, intensification/ redevelopment and promotion as a destination.

Case Studies

Port Stanley Harbour, Central Elgin

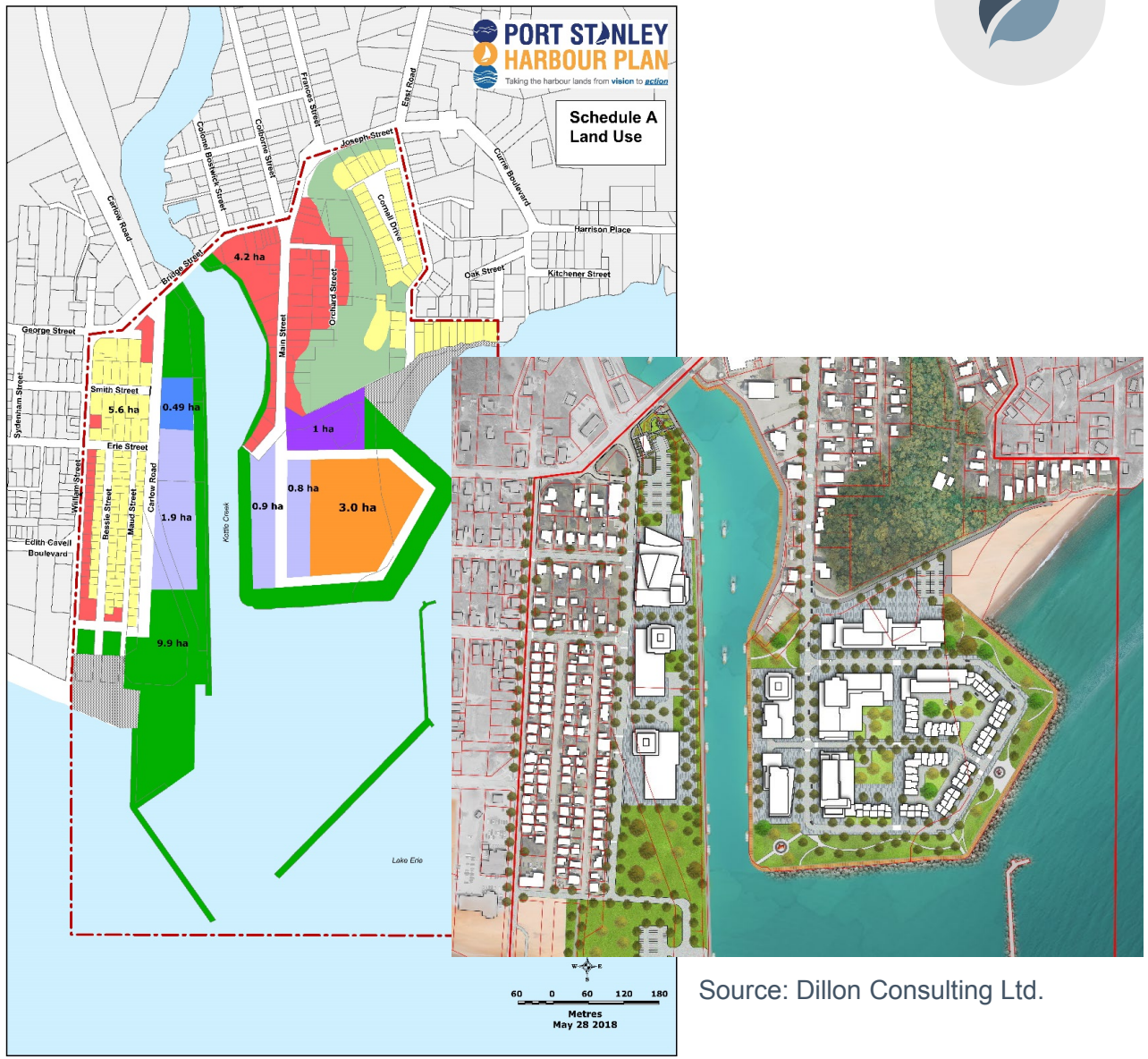
Mixed-Use Waterfront Redevelopment Project

- Secondary Plan for Port Stanley Harbour lands currently in progress.
- Harbour Lands represent a unique development opportunity – developable size and locational attributes.
- Port Stanley has an established downtown and recreational amenities (waterfront, beach) – one of the premier tourist destinations on the north shore of Lake Erie; limited population and employment growth in the past decade.
- Market analysis findings – potential for higher density housing catering to permanent and seasonal residents; expand market choice of housing and strengthen/expand Port Stanley's tourism base and downtown area.

Port Stanley Harbour Redevelopment

Draft Secondary Plan

- One of the place-making principles of the Port Stanley Harbour Plan – support long-term mixed-use development that enhances the livability and sustainability of the community.
- Land-use plan aligned to market potential.
- Private-sector driven development with municipal involvement

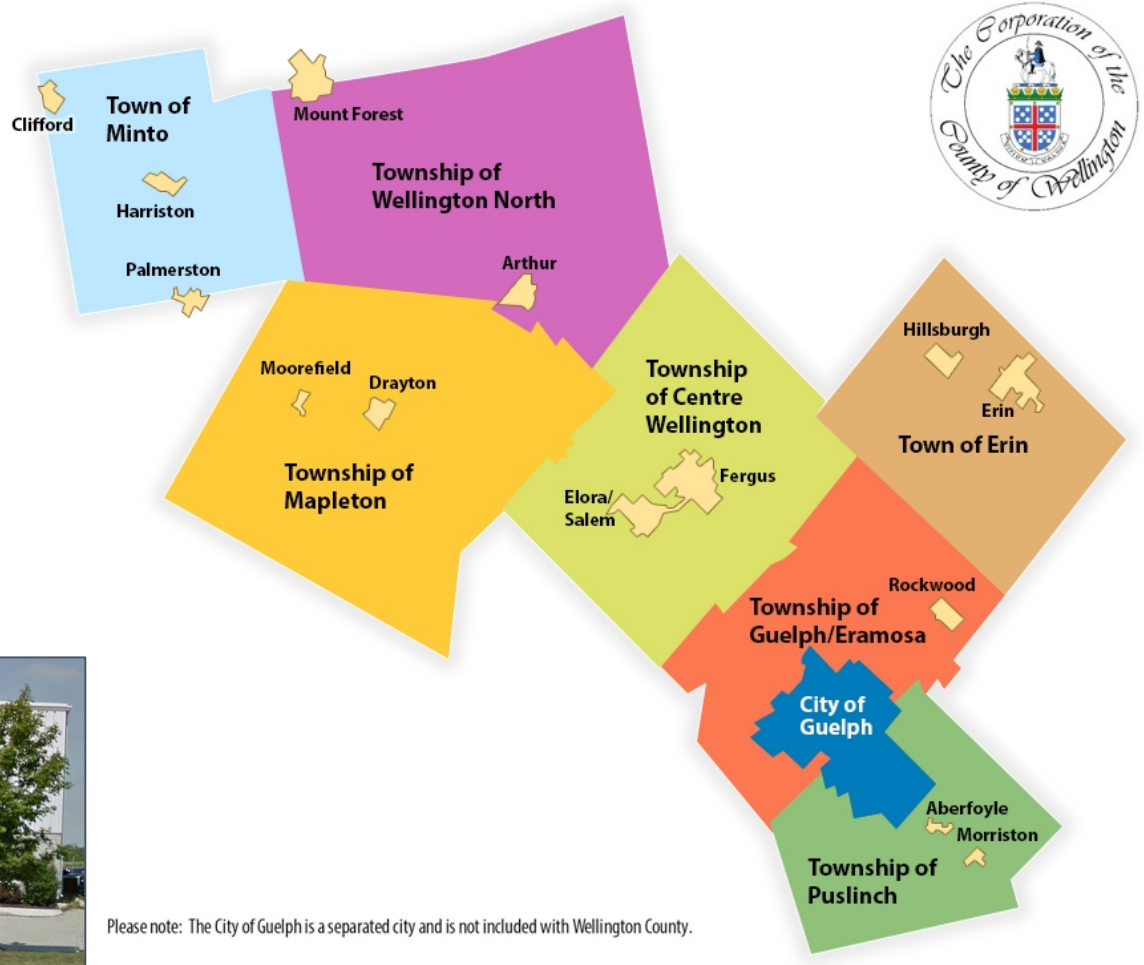


Source: Dillon Consulting Ltd.

Municipality of Centre Wellington – Industrial Business Case

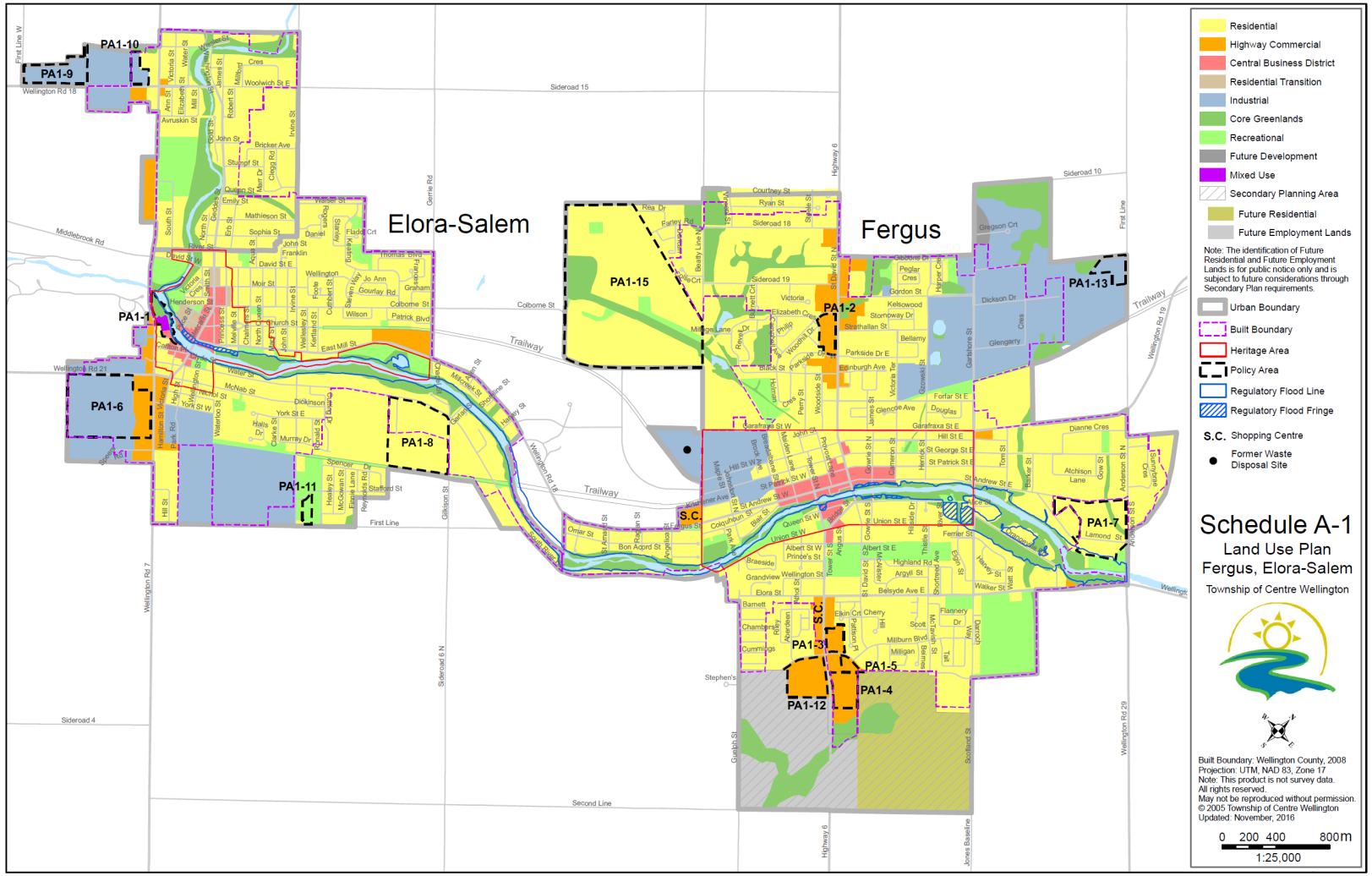
Existing Conditions and Forecast Growth

- 2016 Population – 29,900
- 2016 Employment – 12,000
- 2041 Population – 52,300
- 2041 Employment – 22,800



Municipality of Centre Wellington – Industrial Business Case

Designated Employment Lands



Municipality of Centre Wellington – Industrial Business Case

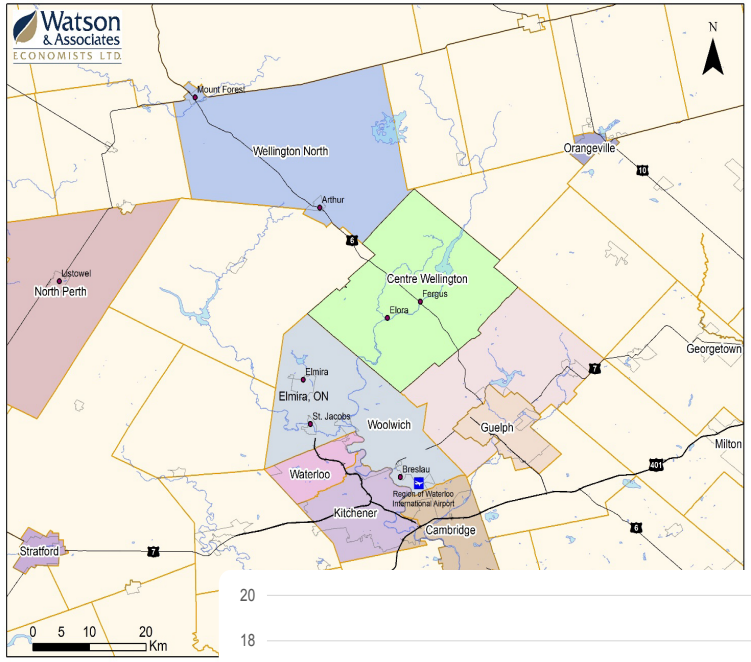
A Case for Municipal Employment Lands Development

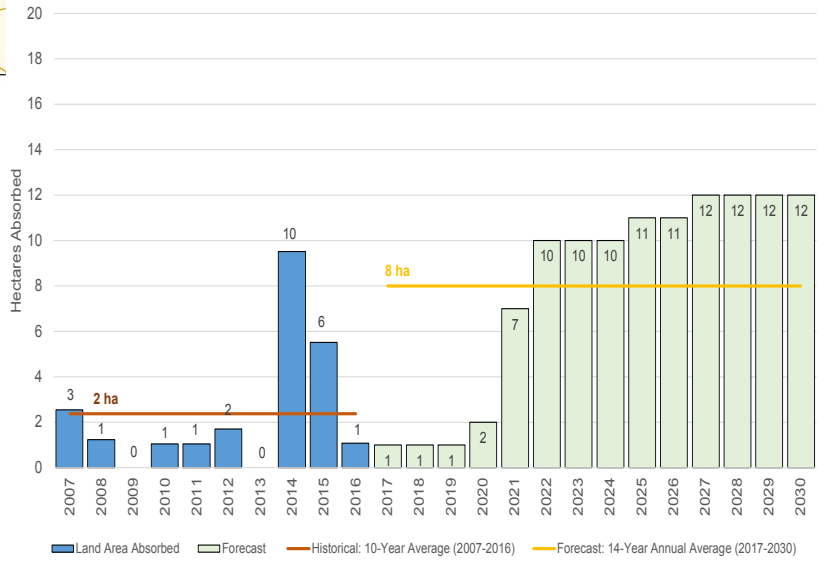
- **Opportunities:**
  - Increase availability and market choice of developable employment land;
  - Higher degree of development control;
  - Higher degree over the timing of development; and
  - Increased marketing potential.
- **Challenges:**
  - Financial commitment and project risk.

Municipality of Centre Wellington – Industrial Business Case

Analysis

- Market Assessment
  - Review of macro-economic trends;
  - Comparator municipality review; and
  - Cost competitiveness analysis.
- Forecast long-term employment land needs and market capture.
- Site selection analysis.
- Hard infrastructure requirements: roads, water, wastewater, stormwater.



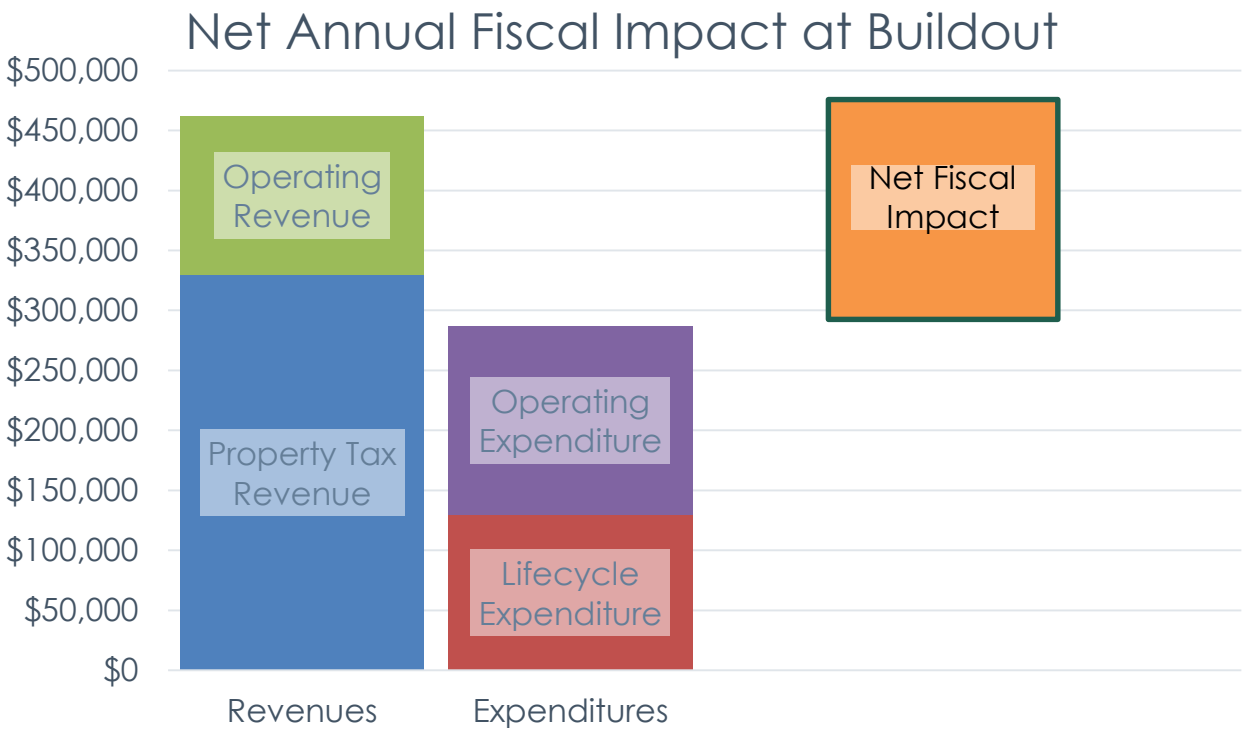


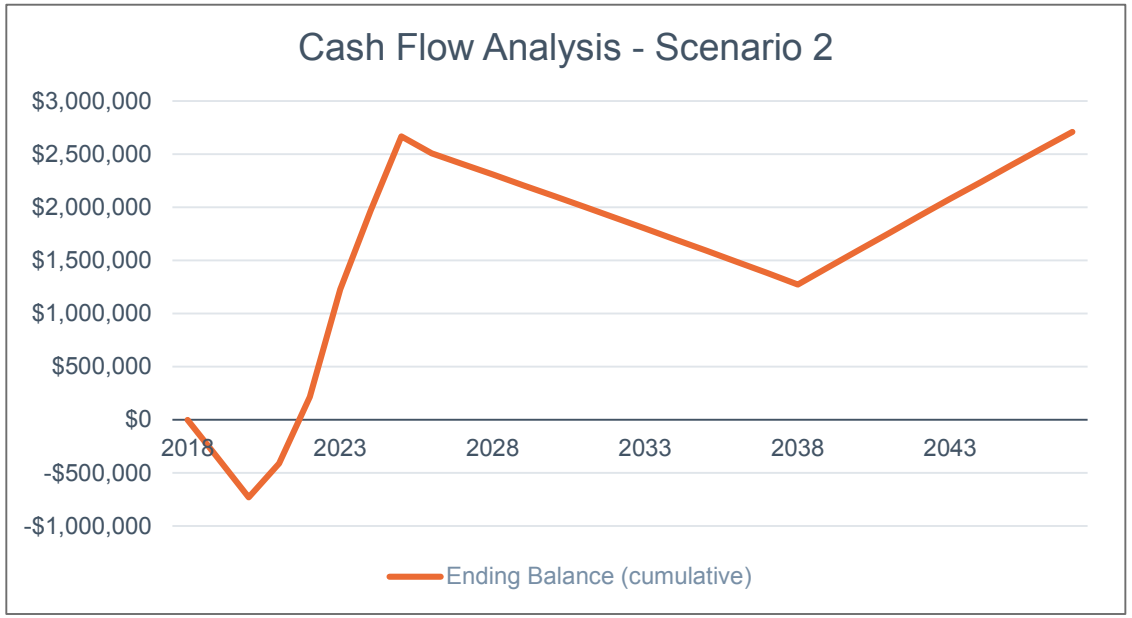
Source: Watson & Associates Economists Ltd., 2017.

Municipality of Centre Wellington – Industrial Business Case

Analysis

- Development Feasibility and Fiscal Impact Analysis.
- Net long-term fiscal impact to the municipality.
- Return on investment (R.O.I.).





What is the Planner's Role?

What is the Planner's Role?

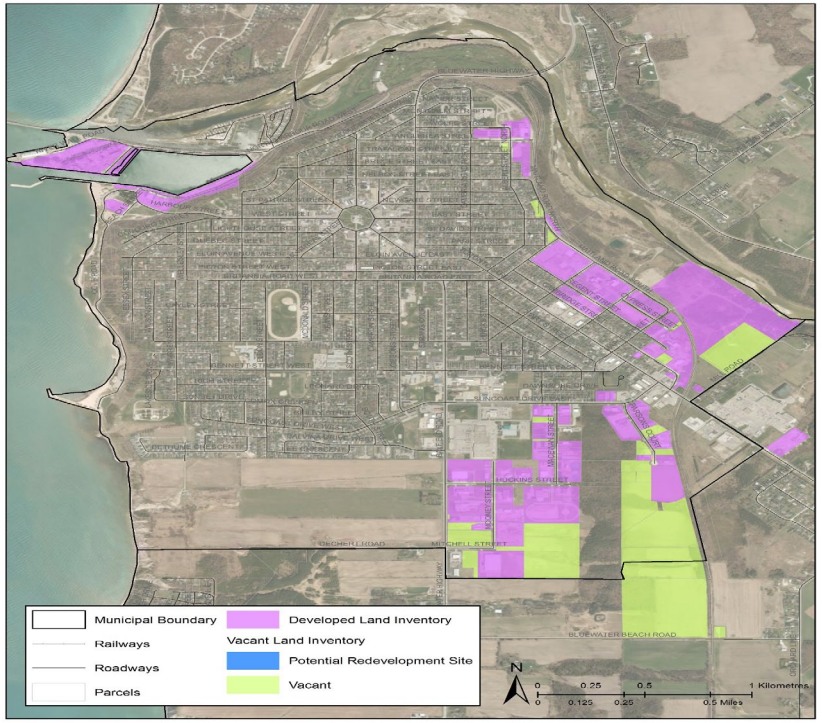
Move Beyond Traditional Employment and Commercial Land Needs Studies

- There is a need for municipalities to move beyond simply addressing long-term land needs and planning policy when preparing employment studies.

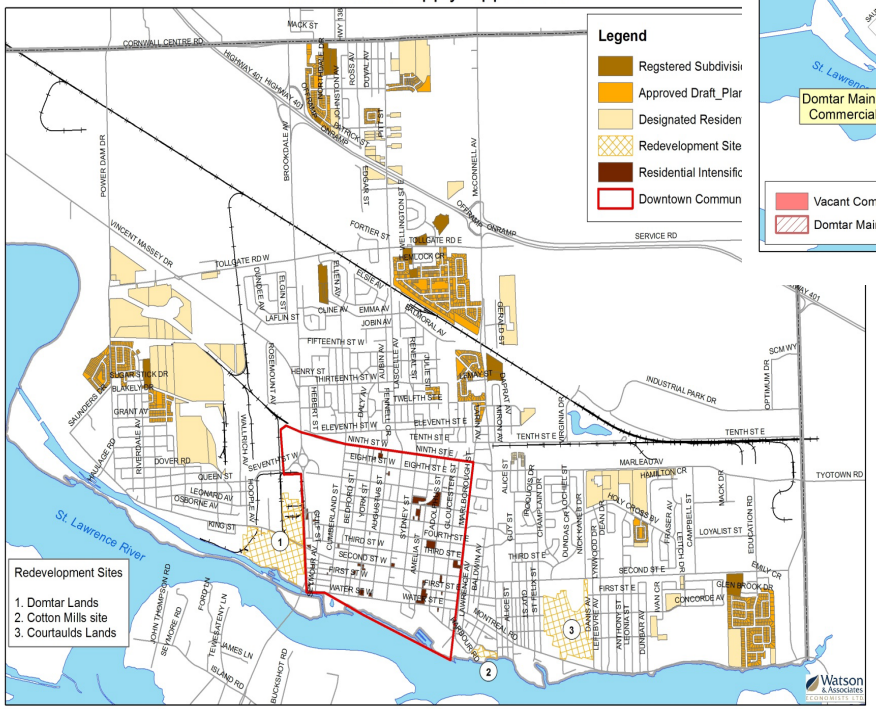
What is the Planner's Role?

Take Stock of Your Inventory

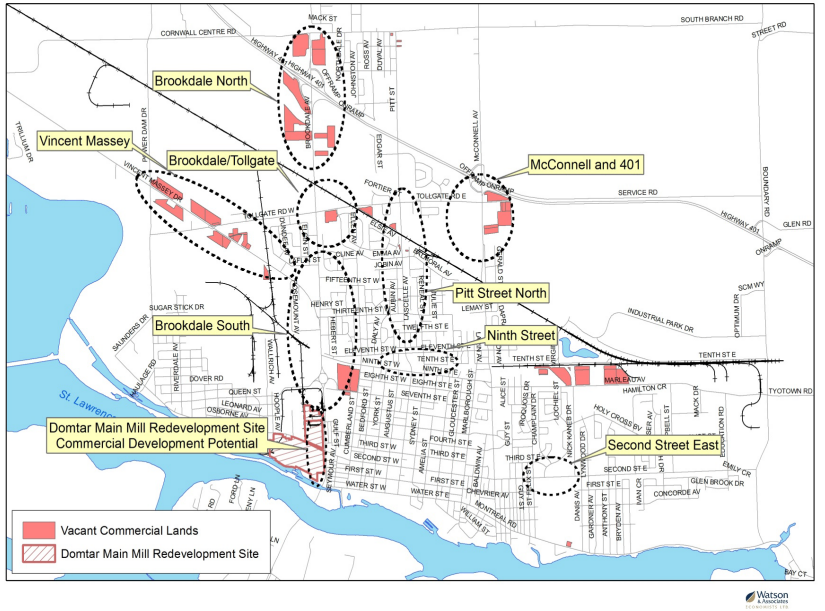
- Developing and understanding your inventory of urban residential and non-residential land is a critical first step in becoming "investment ready" for development.



City of Cornwall
Residential Supply Opportunities



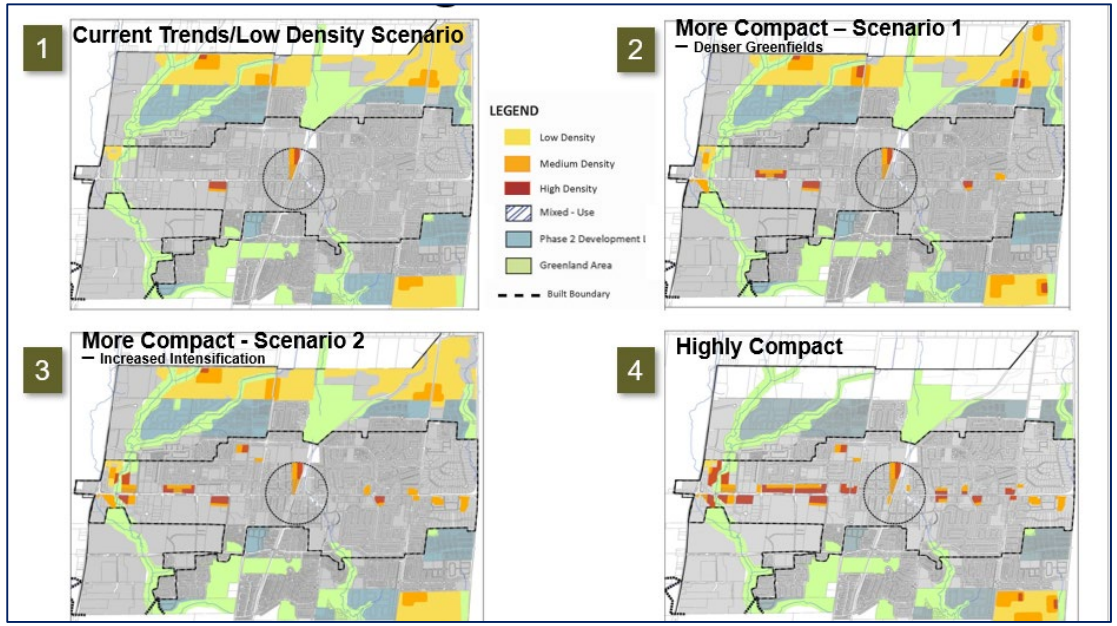
City of Cornwall
Vacant Commercial Lands



What is the Planner's Role?

Evaluate, Prioritize and Visualize

- Evaluate and select preferred growth options.
- Prioritize residential intensification opportunities and redevelopment areas (i.e. phasing).
- Visualize residential and non-residential built form, density and urban design.



Brock Business Park Revitalization Secondary Plan, City of Thorold

Source: Dillon Consulting Ltd.

What is the Planner's Role?

Understand Tomorrow's Industries

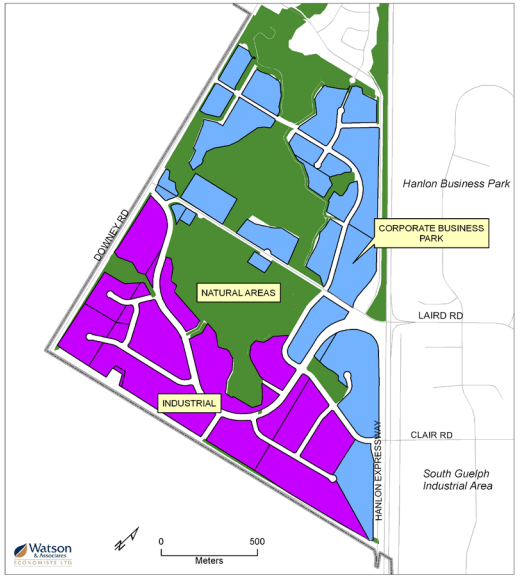
- Land-use planning policies must anticipate the evolving nature of the local and regional economy and reflect the diverse needs of established and emerging industries.

- Land-use policies must also offer a degree of flexibility and nimbleness that allows for relatively rapid responses to disruptive factors, which can be a critical advantage relative to competitive markets.

What is the Planner's Role?

Encourage Livable, Complete and Sustainable Communities

- Reinforce the importance of Employment Areas and mixed-use areas (i.e. environmental and social benefits, economic spin-off effects, etc.).
- Consider eco-industrial/sustainable industrial development policies.
- Recognize the importance of place-making in planning employment and mixed-use areas. This includes provisions for employment-supportive uses, open space, art, culture and civic amenities.



What is the Planner's Role?

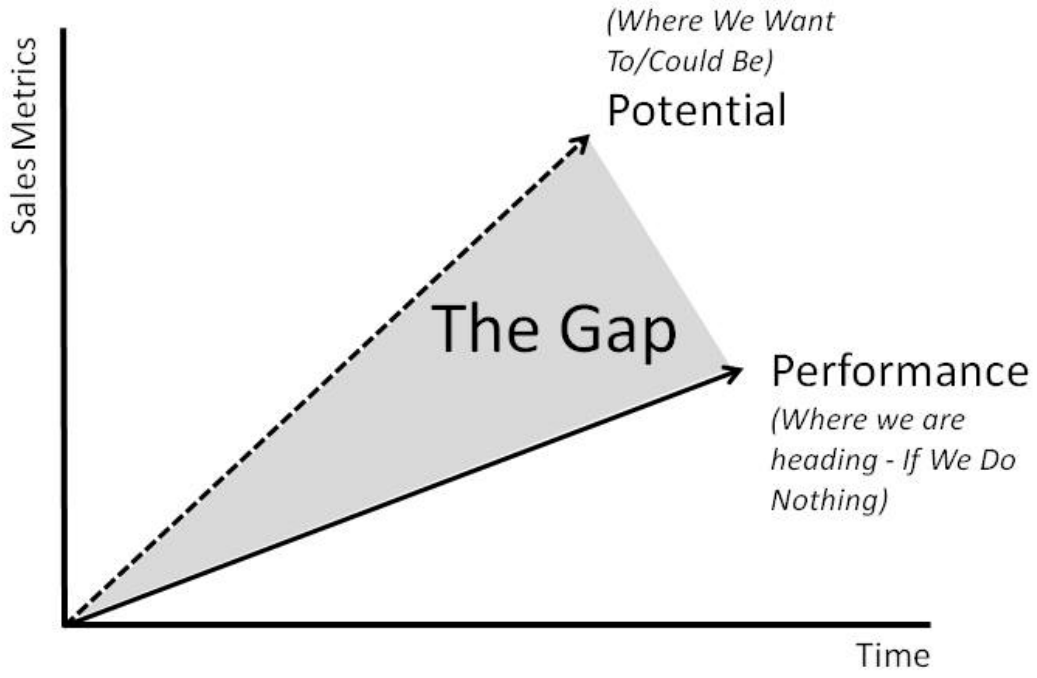
Promote and Provide a Wider Range of Housing Opportunities

- While housing costs are often relatively lower in Ontario's smaller and mid-sized urban areas, there is an urgent need to provide a broader range of housing options to accommodate needed labour in both the goods-producing and services-producing sectors.
- This includes medium- and high-density housing forms (townhouses, low-rise apartments, second suites), as well as a broad spectrum of rental housing options.

What is the Planner's Role?

Explore Planning/Financial Tools

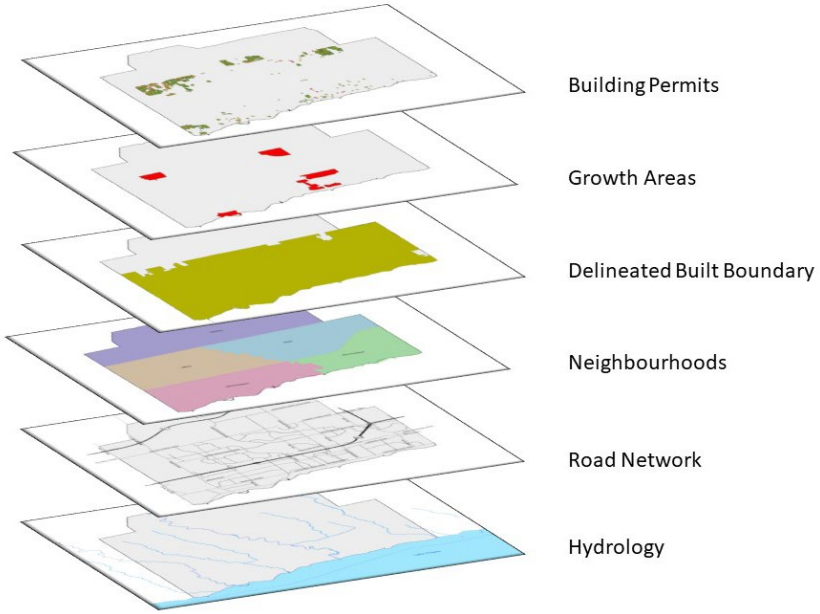
- Understand the business case and feasibility of development through pro forma analysis:
  - Revenue potential, cost of development, return on investment.
- Then explore planning and financial tools (i.e. CIPs, DC exemptions, tax increment financing), if warranted.

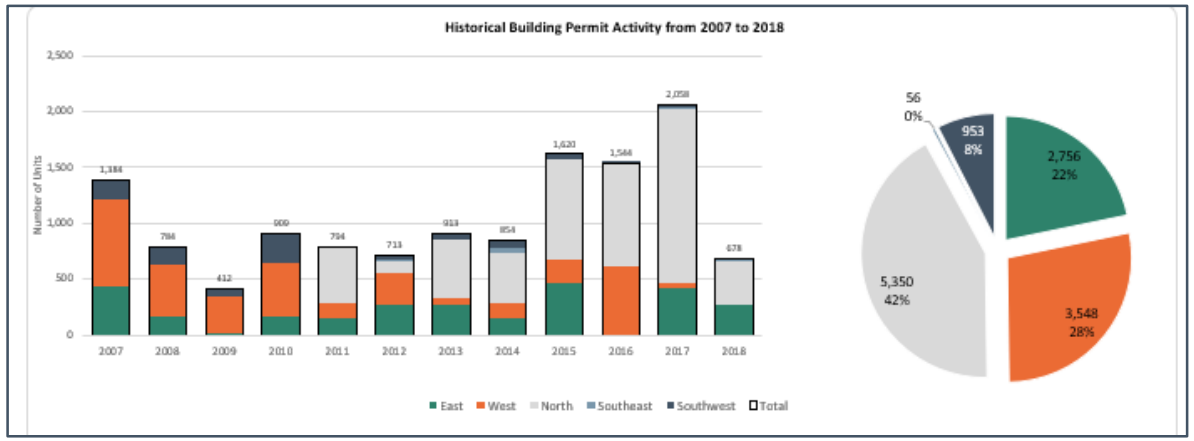


What is the Planner's Role?

Profile Trends, Track Growth, Monitor Performance, Share Data and Information

- Demographic and economic profiles.
- Growth Tracking Models:
  - GIS-based growth monitoring;
  - Performance measures;
  - Scenario development; and
  - Reporting outputs/dashboards.
- Provide resources and develop systems to share data and information.





Thank you

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