

Subject: Niagara Region's Employment Area Strategy: Background Report and Recommendations

Report to: Planning and Economic Development Committee

Report date: Wednesday, May 13, 2020

Recommendations

1. That Report PDS 14-2020 **BE ENDORSED**; and
2. That Report PDS 14-2020 **BE CIRCULATED** to the local municipal Planning Directors and Ministry of Municipal Affairs and Housing.

Key Facts

- The purpose of this report is to inform Council of the completion of the *Niagara Employment Area Strategy: Background Report and Recommendations* (the "Strategy") and the employment-related work plan for the new Niagara Official Plan.
- The purpose of the Strategy was to identify, map, and comprehensively understand Niagara's existing traditional employment clusters.
- Regional staff conducted extensive engagement with local area municipal planning staff and industry stakeholders from Niagara and the broader Greater Toronto Hamilton Area to develop the Strategy.
- The Strategy mapped 31 employment areas across Niagara that will be implemented as a schedule into the existing Regional Official Plan ("ROP") through Regional Official Plan Amendment 16 ("ROPA 16"), to be advance at a later time.
- The next step is the preparation of an Official Plan Employment Policy Paper (the "OP Paper"), which will build on the Strategy's recommendations. The OP Paper will set out the items to be incorporated in the new Niagara Official Plan.

Financial Considerations

The costs associated with the Strategy are accommodated within the Council approved project budget for the new Niagara Official Plan.

Analysis

This report is split into five sections to set out the relationship between the Strategy and the Region's broader employment-related work plan. The sections are as follows:

1. Provincial Policy Direction and Context
2. Niagara Region's Employment Area Strategy
3. Official Plan Employment Policy Paper
4. Regional Official Plan Amendment 16
5. New Niagara Official Plan

1. Provincial Policy Direction and Context

Recent changes to Provincial policy, including *A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2019* (the "*Growth Plan*") and the *Provincial Policy Statement, 2020* (the "*PPS*") have modernized employment planning in Ontario.

1.1 Planning for Employment

The *Growth Plan* requires the Region to plan a forecasted employment growth of 265,000 jobs by the year 2041.

These jobs are allocated across the lower-tier municipalities in Niagara through the Province's Land Needs Assessment Methodology (the "LNA"), a complex calculation that allocates the forecasted employment growth. The LNA sets out the forecasted employment growth in four categories:

- major office employment;
- employment land employment;
- population-related employment; and
- rural land employment.

The identification of "employment areas" is critical in employment planning. These are defined in the *Growth Plan* and *PPS* as:

those areas designated in an official plan for clusters of business and economic activities including, but not limited to, manufacturing, warehousing, offices, and associated retail and ancillary facilities.

The *Growth Plan* also directs upper- and single-tier municipalities, including Niagara Region, to identify and plan for employment areas separate from other job-producing areas, such as employment lands and mixed use areas. Therefore, the Region's work, and the subject of this Report, is primarily focused on employment areas over other lands that provide jobs.

The purpose of an employment area designation is to protect the long-term viability of on-site employment uses, allowing them to operate, grow, and expand without restriction from encroaching non-employment land uses.

Employment areas are also used to calculate land supply for major office employment and employment land employment, noted above. This is used to strategically plan for job growth within these categories.

1.2 New Rules on Employment Conversion

There are specific rules to change from an employment use to any other uses. The rules differ depending on the Regional and local designation of the lands.

Under the previous *Growth Plan (2017)*, employment uses could only be considered for conversion at the time of a municipal comprehensive review ("MCR"). The new *Growth Plan (2019)* now permits employment conversions prior to a MCR. In the Region's case, the new Regional Official Plan (ROP) is the "MCR".

The exception to this permission however is for lands located in a provincially significant employment zone ("PSEZ"). Lands in a PSEZ can only be converted at the time of the Region's next MCR.

The concept of a PSEZ was introduced in the new *Growth Plan (2019)*. PSEZs are:

areas defined by the Minister in consultation with affected municipalities for the purpose of long-term planning for job creation and economic development. Provincially significant employment zones can consist of employment areas as well as mixed-use areas that contain a significant number of jobs.

There are currently no PSEZs identified in Niagara Region. PSEZs were, for the most part, mapped based on existing employment areas identified in upper- and single-tier official plans. Since the current ROP does not have employment areas mapped - no PSEZs were identified.

Detailed employment conversion policies are provided in the draft ROP Amendment 16 ("ROPA 16"). Amongst other things, ROPA 16 incorporates the new employment conversion processes in the existing ROP.

ROPA 16 is discussed in more detail in section 4 of this report.

2. Niagara Region's Employment Area Strategy

2.1 Purpose

The existing ROP does not clearly recognize Niagara's employment areas.

In December 2018, the Region retained MHBC Planning to prepare the Employment Area Strategy.

The purpose of the Strategy was to identify, map, and comprehensively understand Niagara's existing clusters of businesses and economic activities relating to traditional employment uses, including but not limited to industrial, manufacturing, transportation / warehousing logistics, and major office.

The Final Strategy is attached as Appendix 1.

Amongst other things, the Region worked with MHBC to identify the location of employment areas based on existing, and often historical, land use designations from local official plans and zoning by-laws.

Employment areas identified through this Strategy are proposed to be introduced as a schedule to the existing ROP through ROPA 16, and will be further examined through the Region's Official Plan Employment Policy Paper ("OP Paper") for implementation into the new Niagara Official Plan.

2.2 Relationship between Employment Lands and Employment Areas

Employment lands are parcels designated for employment uses within a *local* municipal official plan and/or zoning by-law. The Region has a limited policy framework relating to employment lands since they have historically been primarily a local matter.

Employment *areas* are made up of employment *lands*, but not all employment *lands* are in employment *areas*.

Employment lands located outside of employment areas typically have or are designated for employment uses that can be more easily integrated with other land uses.

2.3 Relationship to the Region's Past and Current Employment Initiatives

The Strategy was informed by the Region's previously completed employment-related studies and strategies, including its MCR work.

A visual of the timeline for these initiatives is provided in Figure 1.

Figure 1: A timeline of the Region's past and current employment-related work plan.

2011 - 2014	2015 - 2016	2017 - 2018	2019 - 2020	2021
<ul style="list-style-type: none"> ✓ Phase I: Gateway Employment Lands Study. ✓ Phase II: Non-Gateway Employment Lands Study. 	<ul style="list-style-type: none"> ✓ MCR Phase 1 & 2: Employment Background Trends & Analysis. ✓ MCR Phase 3: Preferred Growth Option. ✓ Employment land identification. 	<ul style="list-style-type: none"> ✓ Initiation of the Employment Area Strategy. ✓ Engagement with Area Planners. ✓ Employment area mapping & analysis. 	<ul style="list-style-type: none"> ➤ Engagement with Area Planners & industry stakeholders. ➤ Endorsement of the Employment Area Strategy. ➤ Adoption of ROPA 16. ➤ Endorsement of the Official Plan Employment Policy Paper. <p>WE ARE HERE.</p>	<ul style="list-style-type: none"> ➤ Completion of the new Niagara Official Plan.

2.4 Stakeholder Engagement

Regional staff have conducted extensive engagement with local area municipalities and industry stakeholders, including:

- individual meetings with each local municipality to identify employment lands that should be included within employment areas;

- hosting two stakeholder group workshops, one with industry and one with local municipal planners, to review draft employment area policy direction and mapping;
- hosting four public information centres (“PICs”) as part of the new Niagara Official Plan to solicit public input on employment areas, amongst other things; and
- hosting an industry stakeholder update and question and answer session to discuss the draft recommendations of the Strategy and its next steps for implementation.

This engagement directly shaped the Strategy’s mapping and recommendations.

Additional consultation details are provided in the section below.

2.4.1 Engagement with Local Municipalities

In the summers of 2018 and 2019, Regional staff met, individually, with planning staff at each local municipality to discuss locations and characteristics of existing traditional employment clusters that would meet the definition of an employment area.

Employment lands were identified based on existing uses and planned land use designations within official plans and zoning by-laws. Employment areas were then identified based on employment lands that were clustered together.

Engagement with local municipalities lead to the delineation of the 31 employment areas identified in the Strategy.

2.4.2 Stakeholder Workshops

In October 2019, the Region hosted two workshops lead by MHBC – one for local municipal area planners and one for industry stakeholders and economic development offices.

Similar materials were presented during each workshop, including draft employment area mapping, a high-level assessment of Niagara’s employment area characteristics, and discussion questions to gather feedback in developing policy direction and recommendations.

2.4.3 Public Information Centres for the New Niagara Official Plan

In November 2019, Regional staff presented draft elements of the Strategy during PICs for the new Niagara Official Plan.

Regional staff attended four PICs, one in each of the Town of Fort Erie, Town of Grimsby, City of Niagara Falls, and City of Thorold.

Materials shown during PICs included display panels that illustrated the Strategy's draft elements, including a visual of Niagara's 31 employment areas, as well as considerations used to map these areas.

2.4.4 Industry Stakeholder Update and Question & Answer Session

In February 2020, Regional staff hosted an industry stakeholder employment update and question and answer session. The purpose of the session was to provide direct communication to the industry about the Region's employment-related work plan.

Matters discussed included the progress and next steps of the Strategy, the OP Paper, ROPA 16, and the new Niagara Official Plan.

The session was well attended with approximately 40 attendees, and included a 25 minute presentation, followed by a 1 hour question and answer period.

2.4.5 Individual and Site-Specific Engagement

Regional staff received several municipal and private requests contemplating modifications to mapped employment area boundaries. These are described further in the Strategy.

As previously noted, the boundaries of employment areas were established after extensive review by Regional staff, its consultant, and detained consultation with local municipal planners.

However, the boundaries and amount of designated employment area lands may be updated soon if revised employment forecasts are provided by the Province.

The review of requests for changes to employment area boundaries is ongoing. The appropriate stage to make decisions on these requests is after receiving direction from the Province on revised forecasts and, correspondingly, after the Region has taken further steps with its LNA. Council's endorsement of the Strategy is important to ensure Regional staff have direction to move forward with employment planning in this way.

In terms of municipal requests, the City of Thorold, at its December 17, 2019 meeting, passed the following motion:

Niagara Region staff explore the appropriateness of a potential employment conversion, with respect to 5.46 acres of land located at 1686 Beaverdams Road, for future residential development through the Region's ongoing Municipal Comprehensive Review process...

Subsequently, the Region, City and the landowners have met, individually and collectively, to discuss the request. No determinations have been made as to the appropriateness of a conversion based on the information available. As noted above, this request, along with others, will be further considered as part of the Region's LNA work and new Niagara ROP policy at a later date.

Additionally, the Town of Fort Erie requested an expansion to one of its employment areas. This request is supported by the Town's locally adopted Fort Erie Industrial Land Strategy. The Region and Town have had discussions about its request; further analysis is ongoing as part of the new Niagara ROP policy work.

2.5 Best Practices Review: Understanding Employment Area Characteristics

The Strategy includes a municipal best practices review to understand the role and function of employment areas within municipal planning policy.

The review included a blend of upper- and single-tier municipalities located within the Greater Golden Horseshoe ("GGH"), as well as two that share direct cross-border infrastructure with the United States: the City of Windsor and City of Sarnia.

The review revealed that Niagara is the only upper- or single-tier municipality in the GGH that does not currently identify / map employment areas in its ROP. This deficiency needs to be corrected in order to be competitive with other jurisdictions.

The review also demonstrated that Niagara shares attributes with other GGH employment areas, including direct or close access to major goods movement infrastructure, such as airports, ports, highway interchanges, and active rail corridors.

Additional observations are set out in the Strategy.

2.6 Niagara's Employment Areas Characteristics

The Strategy includes a strengths, weaknesses, opportunities, and challenges ("SWOC") analysis of Niagara's 31 employment areas.

The SWOC analysis found that, similar to GGH municipalities, Niagara's employment areas tend to be located in close proximity to major goods movement facilities and corridors.

Niagara's access and proximity to goods movement assets is unique given its location to the Welland Canal and cross-border trade infrastructure. Niagara's employment areas offer advantageous geographic benefits for inter-regional trade and attracting a range of large-scale traditional employment uses which rely on freight movement and storage.

The SWOC analysis also found that Niagara's employment areas have specific challenges.

For example, many of Niagara's employment areas are generally comprised of small or irregular sized parcels incapable of accommodating large-scale employment uses.

Where larger vacant parcels exist, they often possess encumbrances such as contamination, absence of available connections to municipal servicing infrastructure, or fragmentation caused by natural heritage features increasing development risk.

Additional observations are set out in the Strategy.

2.7 Recommendations and Policy Direction

The Strategy offers recommendations on how employment areas should be incorporated into the new Niagara ROP. Although the Strategy does not recommend specific policy language, it provides direction on matters relating to:

- employment areas;
- employment lands;
- intensified employment uses in employment areas;
- employment-supportive uses in employment areas; and
- future employment areas and PSEZs.

The recommendations are discussed in the Strategy. They also influenced draft materials of ROPA 16 and will be explored further in the OP Paper, as discussed in sections 3 and 4 of this Report.

3. Official Plan Employment Policy Paper

The purpose of the OP Paper is to determine how all employment-related matters, including employment lands and employment areas, will be considered and implemented into the new Niagara ROP.

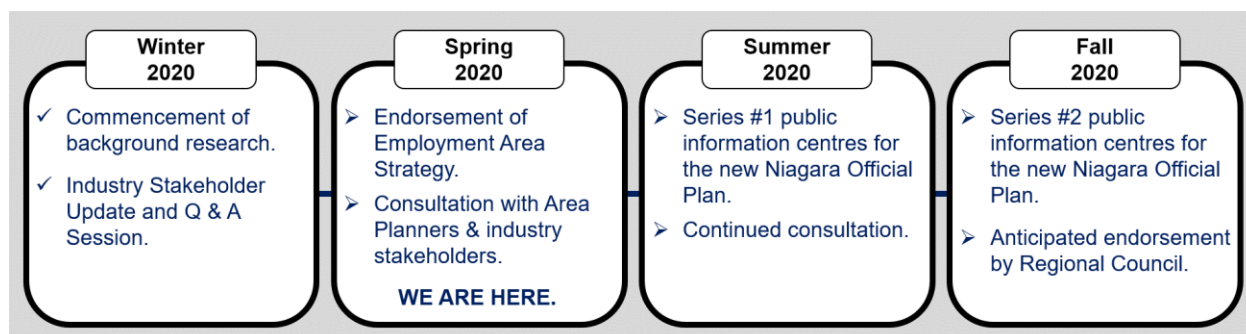
The OP Paper seeks to implement recommendations of the Strategy through incorporation into the new Niagara ROP.

Specifically, the OP Paper will:

- Determine density targets for each of Niagara's identified employment areas.
- Refine employment area boundaries based on the Region's ongoing Land Needs Assessment work and site-specific considerations.
- Establish a consistent approach to identify and implement future employment areas and PSEZs.
- Produce a standardized set of conversion criteria for municipal review.
- Offer direction on how and the extent to which the Region's employment-related incentive programs will be incorporated into policy.

A visual of the OP Paper's timeline is provided in Figure 2. This timeline may change as a result of unforeseen delays caused by the COVID-19 emergency.

Figure 2: A timeline of key milestones associated to the Official Plan Employment Policy Paper.



Regional staff are in the process of drafting the OP Paper and will provide an overview of its status and components during the new Niagara ROP Public Information Centres this summer.

4. Regional Official Plan Amendment 16

ROPA 16 will be the subject of a report planned for Planning and Economic Development Committee this summer.

The Region initiated ROPA 16 to address its existing employment policies which are inadequate and do not conform to Provincial policy.

ROPA 16 amends section 3 “Employment”, section 4 “Managing Growth”, and section 15 “Definitions” of the existing ROP to update matters relating to employment areas, PSEZs, and conversion.

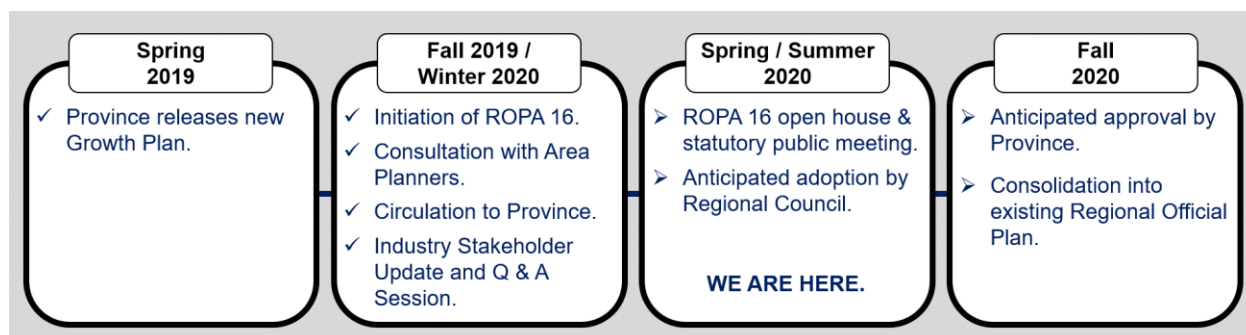
The Amendment also implements a new schedule, Schedule G3 - Employment Areas, that establishes mapping for Niagara’s 31 employment areas as identified through the Strategy.

These changes will bring the existing ROP in to conformity with the *Growth Plan*.

The draft Amendment is available online at: niagararegion.ca/ropa16.

A visual of ROPA 16 timeline is provided in Figure 3. As noted above, this timeline may change as a result of the COVID-19 emergency.

Figure 3: A timeline of key milestones associated to ROPA 16.

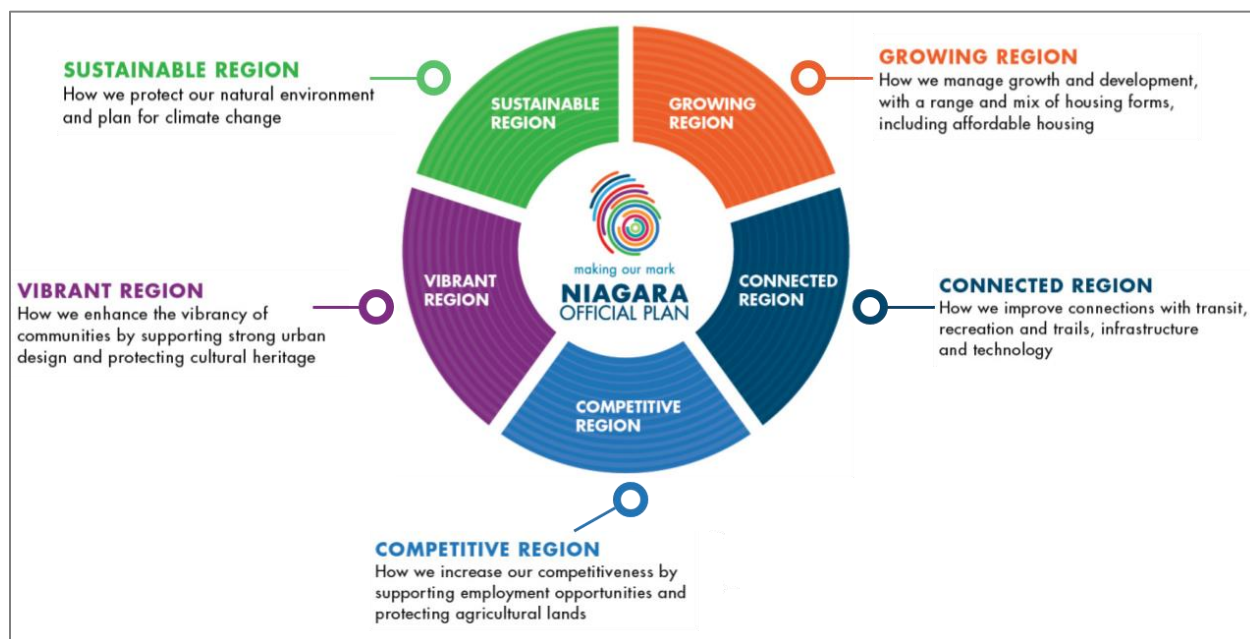


5. New Niagara Official Plan

The Region's Employment Area Strategy, OP Paper, and ROPA 16 will inform the policies of the new Niagara ROP.

A visual of the policy themes for the new Niagara ROP are shown in Figure 4.

Figure 4: Policy themes of the new Niagara Official Plan.



The Region's employment initiatives will predominantly be reflected within the "Competitive Region" policy theme, although there is a relationship to other policy themes.

Alternatives Reviewed

The *Planning Act, 1990*, requires Official Plans to conform to, be consistent with, or not be in conflict with, Provincial policy. The *Growth Plan* requires the Region to designate and protect employment areas for employment uses over the long-term.

This Strategy delineates the boundaries of Niagara's employment areas and sets up the process for ROPA 16 to proceed. Additionally, ROPA 16 will bring the existing ROP into conformity with the *Growth Plan* on matters relating to conversions and PSEZs, amongst other things.

Relationship to Council Strategic Priorities

The Strategy helps to achieve the following Strategic Priorities:

- Business and Economic Growth; and
- Responsible Growth and Infrastructure Planning.

The identification and protection of employment areas helps the Region plan for the long-term growth and supports the viability of traditional employment uses (i.e. industrial, manufacturing) and allows municipalities to make evidence-based decisions to target industrial sectors and plan for capital improvements.

Other Pertinent Reports

PDS 33-2019, Growth Management Program Update for the New Official Plan

PDS 35-2019, Employment Policies Update: Project Initiation Report

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Appendices

Appendix 1 Niagara Region's Employment Area Strategy:
Background Report and Recommendations

Pages 14 - 140