Agenda – Executive Policy Committee – April 16, 2019

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 1, 2019

Item No. 5 Employment and Commercial Lands Study

STANDING COMMITTEE RECOMMENDATION:

On April 1, 2019, the Standing Policy Committee on Property and Development, Heritage and Downtown Development did not concur in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the Employment and Commercial Lands Study (Attachment A) be received as information.

2. That the Winnipeg Public Service be directed to work with industry stakeholders to develop an Employment Lands Financial Strategy and Competitiveness Analysis.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda – Executive Policy Committee – April 16, 2019

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – April 1, 2019

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 1, 2019, the Standing Policy Committee on Property and Development, Heritage and Downtown Development did not concur in the recommendation of the Winnipeg Public Service and recommended:

1. That the Employment and Commercial Lands Study be received as information.

2. That the Winnipeg Public Service be directed to work with industry stakeholders to develop an Employment Lands Financial Strategy and Competitiveness Analysis.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

and submitted the matter to the Executive Policy Committee and Council.

The Standing Policy Committee on Property and Development, Heritage and Downtown Development received submissions in opposition to the matter from the following persons:

- Danielle Brodeur, submitted a communication dated March 27, 2019.
- Josh Lemer, submitted a communication dated March 27, 2019.
- Christine Trickey, submitted a communication dated March 28, 2019.
- M. Berger, on behalf of the South St. Boniface Residents Association submitted a communication dated March 28, 2019.
- Michelle Berger, submitted a communication dated March 28, 2019.
- Gary Tessier, submitted a communication dated March 30, 2019

On February 4, 2019, the Standing Policy Committee on Property and Development, Heritage and Downtown Development laid over the matter to its meeting on April 1, 2019.

ADMINISTRATIVE REPORT

Title: Employment and Commercial Lands Study

Critical Path: Standing Policy Committee on Property and Development, Heritage, and Downtown Development - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Smith	J. Kiernan	N/A	D. McNeil

EXECUTIVE SUMMARY

The purpose of this report is to share the findings of the *Employment and Commercial Lands Study* (the "Study"), undertaken to support the ongoing OurWinnipeg review. Key findings from the Study are as follows:

- The City faces a large shortfall of serviced employment lands to accommodate forecasted growth over the next 20 years;
- City competitiveness is being compromised by the fact that serviced industrial lands are not sufficiently being brought on-stream and that there is currently no clear vision or strategy to do so;
- Capital Region municipalities are becoming increasingly competitive;
- Existing *OurWinnipeg*/*Complete Communities* policy does not adequately protect and manage existing employment lands;
- There is more than enough vacant commercial land available in the city to accommodate forecasted growth over the next 20 years, and that this surplus will inhibit retail intensification.

The Study also provided more than 20 strategic recommendations, including the development of an Employment Lands Financial Strategy and Competitiveness Analysis. It is recommended that the Public Service work with stakeholders to advance these studies.

RECOMMENDATIONS

1. That the *Employment and Commercial Lands Study*, as identified in Attachment A, be approved and that the Winnipeg Public Service be directed to proceed with the work described therein.

2. That the Proper Officers of the City of Winnipeg be directed to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On October 26, 2016, Council concurred in the recommendation of the Executive Policy Committee and directed the Public Service to advise the Province of Manitoba that the City of Winnipeg had commenced its review of *OurWinnipeg* as required by *The City of Winnipeg Charter*.

In February 2017, the Public Service engaged a consulting team led by Watson & Associates Economists Ltd. to undertake an *Employment and Commercial Lands Study* in support of the review of *OurWinnipeg* and the *Complete Communities Direction Strategy*. The Study has been finalized and its findings are being shared to promote awareness.

IMPLICATIONS OF THE RECOMMENDATIONS

The Study will be used to inform the Public Service's ongoing review of *OurWinnipeg* and the *Complete Communities Direction Strategy*.

The Study also provided more than 20 strategic recommendations, including the development of an Employment Lands Financial Strategy and Competitiveness Analysis. It is recommended that the Public Service work with stakeholders to advance these studies.

There are no immediate financial implications associated with this report.

HISTORY/DISCUSSION

Study Findings

The City faces a large shortfall of serviced employment lands (i.e. lands that can accommodate a broad range of industries critical for economic development) to accommodate forecasted growth over the next 20 years.

- While the City has sufficient designated land to accommodate employment growth well past the study period, it only has approximately six years' worth of vacant serviced employment lands. The City is anticipated to require an additional 446 net hectares to 2036.
- This matter is not immediately pressing – the consultants recommend that the City maintain a five-year supply of serviced employment lands – but lands will need to be brought on-stream in a timely and predictable manner and parcel size and location will need to meet industry demands.

City competitiveness is being compromised by the fact that serviced industrial lands are not sufficiently being brought on-stream and that there is no clear vision or strategy to do so.

- From 2011 to 2016, an average of 14 hectares of greenfield (i.e. shovel-ready) employment land per year were absorbed in the City. In comparison, the Town of Milton, ON and the City of London, ON have averaged 17 hectares per year. The City of Edmonton and the City of Calgary have averaged 91 and 72 hectares respectively. In addition, 63% of new industrial

gross floor area (GFA) from 2012-16 have been accommodated as expansions of existing operations, which is unsustainably high. These low absorption rates combined with a high percentage share of expansions support stakeholders' claims that the City is not sufficiently competitive.

- While it was beyond the scope of this study to fully investigate this, stakeholders attributed this in part to the City's limited investment in regional enabling infrastructure as well as the absence of a strategy and/or comprehensive infrastructure master plan to instill market confidence.

Capital Region municipalities are becoming increasingly competitive.

- Over the last five years, the City of Winnipeg has accounted for only 1/3 of new industrial GFA in the Capital Region (vs. ~ 90% of all new residential units).
- While historically it could be said that industrial development in the Capital Region RMs were low-order and unserviced, that is increasingly not the case. Employment areas in Rosser, Macdonald, Headingley, and Ritchot are now able to offer water and wastewater servicing (and soon West St. Paul) in industrial parks of increasingly high design standards. Development in Rosser has also been buoyed by the construction of CentrePort Canada Way.
- The existing supply of serviced employment lands on the market in the Capital Region far exceeds what is available in the City. As of March 2018, there was 19 hectares of serviced employment lands on the market in Winnipeg versus 116 hectares in the surrounding RMs.
- The consultant recommended that the City consider loosening its servicing requirements for land drainage and road surfacing to increase competitiveness with other Capital Region RMs.

There is more than enough vacant commercial land available in the city to accommodate forecasted growth over the next 20 years.

- Accordingly, it is anticipated that there will be limited market-related incentive to develop retail commercial space in multi-level or mixed-use formats in much of the city in the near term. There may be opportunities for retail intensification in the longer term, post-2026.

The existing Complete Communities policy does not adequately protect and manage existing employment lands.

- Despite being critical to the economic well-being and assessment base of a city, industrial land is typically assessed at a lower value than commercial or residential development so it is often targeted to be converted to other uses. Development plans from most jurisdictions recognize this and include policies providing protection to employment lands. *OurWinnipeg* does not currently provide policies to adequately protect employment lands.
- Over time, employment lands across North America have evolved to accommodate a wider range of uses. For example, there is a benefit to providing commercial amenities to service an area's employees. However there is a risk that, without proper safeguards, these uses can undermine the main industrial intent of employment area by creating land use conflicts and raising property values. The consultants recommended that this be better managed.

- Similar and more recently, employment lands have increasingly accommodated commercial uses that do not fit well within other commercial designations and benefit from their large sites and low land prices. These uses include car dealerships, self-storage facilities, places of worship, and indoor playgrounds. While these uses are legitimate and need to be accommodated, insufficient management also risks eroding a city's supply of employment lands.
- Office development may also erode a city's supply of employment lands. The study cited a number of jurisdictions that limit major office development to downtowns or, when accommodating major office developments in suburban locations, limiting them to strategic areas whose high employment densities can be serviced by quality transit.

Stakeholder engagement

- The work of the consulting team was bolstered by two stakeholder engagement sessions attended by brokers, property managers and developers, and representatives from institutions, key industry sectors, other levels of government, and government-affiliated organizations. The first session was held on June 13, 2017 where, after the consultant shared some preliminary research results, participants gave input on recent and emerging trends, future opportunities, and land supply considerations. The second session was held on November 27, 2017, where the findings of the draft report were presented.
- At the second workshop, stakeholders insisted that more analysis needed to be done to understand development activity and land supply in the surrounding Capital Region. As a result, the study's scope of work was adjusted accordingly.
- The Public Service will continue to engage stakeholders as it develops policies for the new *OurWinnipeg* and *Complete Communities Direction Strategy*.

Financial Strategy and Competitiveness Analysis

The Employment and Commercial Lands Study suggests that the City is not maximizing its competitiveness because its industrial lands are not being sufficiently brought to market. It recommends undertaking a Financial Strategy and a Competitiveness Analysis for its employment lands to:

- Better understand how its advantages compare to other municipalities (including in the Capital Region);
- Determine how competitiveness varies in different quadrants of the City;
- Consider the benefits of the City proactively installing local services to enable shovel-ready development; and
- Identify a phasing strategy for new employment lands with recommendations for the phasing of enabling Capital projects.

These studies (or study) could also consider the City's ideal role in the provision of vacant serviced industrial land within the larger Capital Region.

FINANCIAL IMPACT

Financial Impact Statement Date: November 9, 2018

Project Name:

Employment and Commercial Lands Study

COMMENTS:

There are no financial implications associated with this report.

"Original Signed By"
Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Two stakeholder engagement sessions attended by industry stakeholders were held in June and November, 2017.

OURWINNIPEG POLICY ALIGNMENT

The urban structure for *OurWinnipeg* provides a vision for growth and development of the city and differentiates areas based on their ability to accommodate growth and change. Employment Lands and Commercial Lands sections in the *Complete Communities Direction Strategy* speak to these issues, while relevant policies can also be found in sections relating to other urban structure elements such as Downtown, Centres, and Corridors.

Supporting Direction and Enabling Strategies of Section 01-1 City Building in *OurWinnipeg* include:

- Monitor and maintain an up-to-date understanding of Winnipeg's land supply and evolving urban structure, updating the structure through local planning processes as described in Complete Communities or through *OurWinnipeg* amendments, as required.
- Ensure that a sufficient supply of developable land emerges at an appropriate pace and that the supply remains well distributed both in terms of geography and scale to ensure a competitive market.
- Ensure Winnipeg's Employment Lands provide for a wide range of market opportunities, accommodating new investment and economic development while contributing an abundance of job opportunities for our citizens.
- Continue to monitor and maintain an adequate supply of both employment and commercial lands that is aligned to marketplace preferences.

The existing *OurWinnipeg* and *Complete Communities Direction Strategy* was informed by the City of Winnipeg Comprehensive Employment Lands Strategy (2008) and the City of Winnipeg Commercial Land Strategy (2009), which were prepared as supporting background studies.

SUBMITTED BY

Department: Planning, Property, and Development
Division: Urban Planning
Prepared by: Michael Pyl
Date: December 5, 2018
File No:

Attachments:

Attachment A - City of Winnipeg Employment and Commercial Lands Study