
For Information

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REPORT TITLE: **EMPLOYMENT POLICIES AND TRENDS OVERVIEW**

FROM: Andrew Farr, Acting Commissioner of Public Works

OBJECTIVE

To provide an overview of the employment planning policy framework in Peel and trends that will guide updated employment policies as a part of the Peel 2041 Official Plan Review.

REPORT HIGHLIGHTS

- The broader Greater Toronto and Hamilton Area market is in the midst of a structural employment shift.
- The Peel economy is transitioning from goods production to goods movement and the service-knowledge based sector.
- New provincial plans emphasize the importance of identifying and protecting Employment Areas for short- and long-term job creation.
- Land use policies need to reflect the changing spatial patterns and location of employment.
- The Region of Peel Employment Strategy discussion paper provides recommendations and strategies to support the Region in achieving its employment forecasts to 2041.
- Updated Regional employment policies will address the need for criteria-based flexibility to accommodate a broader range of uses in strategic areas.

DISCUSSION
1. Background

The broader Greater Toronto and Hamilton Area (GTHA) market is experiencing a shift in job growth by employment sector as how people choose to work, and the location of job opportunities evolves. The shifts merit a review of the Region's employment policies to ensure they provide the appropriate flexibility to respond to market changes and provide sufficient opportunities for employment growth. Through the Peel 2041 Official Plan Review, the Region is reviewing its employment planning policy framework.

In 2019, the Region of Peel commissioned the MOWAT Centre to undertake a study titled "Rethinking Municipal Finance for the New Economy". The report included conclusions that the Peel economy is in transition and has shifted from goods production to good movement

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including manufacturing plants being replaced by warehouses and distribution centres. In addition, the service sector continues to expand with an emphasis on knowledge-based jobs.

On October 10, 2019 Regional Council passed Resolution 2019-926, requesting that staff bring forward a report on the nature of employment and jobs, including the potential for more flexible employment policies to reflect the changing nature of employment. This report is in response to the resolution.

2. Policy Context

The *Planning Act R.S.O 1990* (the *Planning Act*) identifies 'adequate employment opportunities' and 'the protection of the financial and economic well-being of the Province and its municipalities' as matters of Provincial interest.

To protect these matters of provincial interest, the term 'areas of employment' is defined in the *Planning Act* as an area of land designated in an official plan for clusters of business and economic uses, such as:

- manufacturing uses
- warehousing uses
- office uses
- retail uses associated with the uses mentioned above; and
- facilities ancillary to the uses mentioned above.

The concept of 'areas of employment' is further regulated by the Provincial Policy Statement, 2014 (PPS) and A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2019 (Growth Plan). These provincial documents provide directions on how municipalities must protect and accommodate employment growth for 'areas of employment'. The official plan policies of municipalities must be consistent with the PPS and conform to the Growth Plan.

The Region of Peel Official Plan currently conforms to the policies of the PPS, 2005 and Growth Plan, 2006 by protecting for 'areas of employment'. The Regional Official Plan requires the local municipalities to designate lands for employment in their official plans and specify permitted employment uses.

New Provincial Direction on Employment

In 2019, the Province released A Place to Grow: Growth Plan for the Greater Golden Horseshoe and a draft Provincial Policy Statement, 2019. The two provincial plans provide enhanced direction on how municipalities should plan to accommodate employment. The provincial plans introduced the following considerations:

Provincially Significant Employment Zones: A policy framework that allows the Minister to identify areas of high economic output and impact that are strategically located to be protected to ensure employment lands that are critical to the local and provincial economy are identified. The areas will provide opportunities for improved coordination between land use planning, economic development, and infrastructure investment to support job creation.

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Regional Employment Area Designation: Upper-tier municipalities are now required to identify and designate ‘employment areas’ for protection in Regional Official Plans. Once designated, Employment Areas may only be converted through a Municipal Comprehensive Review undertaken by the Region.

Minimum density targets for Employment Areas: Upper-tier municipalities will establish minimum density targets for all Employment Areas within settlement areas.

Retail and office uses in locations supported by active transportation and transit: Municipalities must direct retail and office uses to areas supported by active transportation and existing or planned transit.

Protection of Employment Areas beyond planning horizon: The draft PPS, 2019 does not limit municipalities from planning for Employment Areas beyond the 25-year horizon that are outside of settlement area boundaries for strategic long-term protection.

Review existing Employment Areas: The draft PPS, 2019 encourages municipalities to assess the planned function of existing Employment Areas.

The new provincial policies emphasize the importance of identifying and protecting Employment Areas for short- and long-term job creation while directing employment uses that generate higher densities such as commercial, retail, and office to areas supported by active transportation and existing/planned transit.

3. Employment Trends

Over the past 15 years, the broader Greater Golden Horseshoe has been in a period of structural economic change as employment growth once driven by the manufacturing sector shifts to more service and knowledge-based industries. Various macro-economic trends including globalization, automation, and industry efficiencies have led to an overall decline in the amount of manufacturing jobs. The same forces have driven rapid growth in the warehouse and distribution, retail, and professional and technical service sectors. Appendix I provides an overview of employment growth trends in the Region.

Notwithstanding these trends, the industrial sector will continue to be critical to the economic health of the Region. Peel’s Employment Areas benefit from access to 400 series highways, the Pearson International Airport, and close border access. While jobs are a good measure for employment, they do not capture the other benefits Employment Areas provide such as supporting the existing tax base, providing a diversified land base, leveraging existing and planned goods movement and freight infrastructure, aligning with provincial investments, and supporting local opportunities for employment services such as Ontario Works.

On the other side of these trends, growth in the service-knowledge based employment sectors, inclusive of retail, finance and insurance, educational services, and healthcare and social assistance are on the rise. An educated labour force responding to the creative knowledge-based economy and the need to provide services for a growing population are a few of the driving forces.

While the service-knowledge based sectors are driving the new economy, this has not translated to new office development in the Region. In recent years, the Region has not

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been meeting its employment forecasts, with a lack of office development being one of the contributing factors. One of the challenges facing the Region and many of the 905 municipalities is the shift of office development from suburban locations to urban environments such as downtown Toronto. Between 2000 and 2008 the suburban GTA municipalities accounted for 92 per cent of new office supply, whereas in the last 10 years this share has declined to 41 per cent (Cushman and Wakefield, 2018).

A review of active non-residential development applications in Peel points to these trends as a significant portion of the Gross Floor Area in the development pipeline is attributed to proposed industrial development and major office and retail/commercial uses make up a much smaller component. It should be noted that high industrial Gross Floor Areas do not translate to significant jobs due to lower employment densities generally associated with employment area development.

As Peel looks forward to 2041, it is anticipated these trends will continue as a greater proportion of jobs in Peel will be captured in the service-knowledge based sectors and the demand for industrial space to accommodate warehousing will continue. With an increased focus on service-knowledge based sectors to accommodate jobs in Peel, there will be a need to direct these uses to areas that can support sustainable modes of transit with amenities to attract and retain businesses in the service-knowledge-based sectors. However, the competition for these uses is anticipated to be strong across the GTHA as provincial policy direction is resulting in the creation of numerous mixed-use urban centres in Strategic Growth Areas which will be competing for office development.

Employee Space and Land Needs

As Peel plan for new employment growth and the changing nature of employment, staff see a shift in how people work and where jobs are located. This includes home-based employment and no fixed place of employment. The continued advancement of automation and efficiency in industrial facilities may impact planning assumptions about the amount of jobs that will be accommodated in Employment Areas. Employment growth in the transportation, logistics, and warehousing sectors further exacerbated the trend, as these facilities are typically land extensive and require locations in new Employment Areas.

Employment growth in the service and knowledge-based sectors are supported by a workforce that is accommodated in denser built forms. Historically, these jobs have been located in business and office parks near 400 series highways, of which Peel has seen growth such as the corporate centres in Mississauga. However, office-based uses are now seeking urban environments that provide access to a knowledge based labour force, transit, urban lifestyles and amenities. Some service-knowledge sector jobs do locate in traditional Employment Areas. While these uses typical provide more jobs and increased densities, they can have the negative impact of creating land use compatibility issues that impact the ability of existing or potential new industries to operate.

These trends point to changes in the pattern and location of employment. Broad structural changes across employment sectors are challenging existing land use polices and the ability of municipalities to accommodate service-knowledge based employment uses in Employment Areas and urban environments.

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4. Employment Strategy Discussion Paper

In 2017, the Region undertook an Employment Strategy Discussion Paper as a part of the integrated approach to planning and managing growth. The report was accompanied by a Transportation Strategies Discussion Paper and presented to Council in October of 2017 as part of the draft Growth Management Regional Official Plan Amendment. The report addressed provincial policies and market trends and concluded with strategies and recommendations to mitigate risks and position the Region to meet its employment forecasts to 2041. This included the need to protect existing Employment Areas and develop Regional policies for strategic employment areas that will be planned through Settlement Area Boundary Expansion to support the Region's goods movement corridors and facilities.

The report concluded that there will be challenges for the Region to meet its employment forecasts to 2041, but risk can be mitigated by implementing a series of strategies targeted at the different employment sectors supported in Peel. The recommendation and strategies will be considered through the Region's employment policies and other implementation mechanisms.

Appendix III provides an overview of the discussion paper strategies and recommendations presented in the report. The full report can be found on the Region of Peel website: peelregion.ca/planning/officialplan/pdfs/employment-strategy-discussion-appendix-v.pdf.

5. Planning 2041 – Employment Policy Directions

The Region is currently undertaking the Peel 2041 Official Plan Review, through the review, the employment policies and other section of the plan will be updated to address provincial plans, employment trends, and the employment strategy recommendations. Based on preliminary research, Staff will be looking to advance the following policy directions:

- Designate Employment Areas for protection in the Regional Official Plan;
- Plan for new Employment Areas to be accommodated through Settlement Area Boundary Expansion;
- Map Provincially Significant Employment Zones;
- Establish location-based criteria for Employment Areas where increased flexibility for retail, commercial, and office uses are appropriate;
- Direct higher density employment uses to areas with existing or planned transit to align transit and infrastructure investment; and
- Provide directions on planning for employment lands within Major Transit Station Areas

Draft Employment Area mapping was presented to Council in October 2017. The Region's current proposed Employment Area mapping is provided as Appendix IV and staff will be working with local municipal staff and stakeholders through the Peel 2041 Official Plan Review to consult on the mapping, evaluate employment conversion requests, and further develop draft employment policies.

It is anticipated that Council will receive the draft employment policies and a recommended Official Plan schedule for formal statutory public consultation later in the process.

EMPLOYMENT POLICIES AND TRENDS OVERVIEW**CONCLUSION**

Employment within Peel and the broader GTHA continues to evolve as the proportion of manufacturing jobs decreases and the proportion of employment in the logistics/warehousing and service-knowledge based sectors increases. These shifts are challenging the locational characteristics of employment, specifically in the service-knowledge based sectors. To better prepare Peel to address the continued evolution of employment, a policy framework is required that balances the protection of existing and future Employment Areas with the implementation of policies that allow flexibility in strategic locations supportive of complete communities. Updated employment policies will be developed and presented to Council through the Peel 2041 Official Plan Review.



Andrew Farr, Acting Commissioner of Public Works

Approved for Submission:


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APPENDICES

Appendix I - Employment Growth Trends Overview
 Appendix II - Employment Strategy Discussion Paper – Recommendations Overview
 Appendix III - Draft Regional Employment Area Mapping

For further information regarding this report, please contact Adrian Smith, RPP, Acting Chief Planner & Director, Regional Planning and Growth Management, Ext 4047.

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