

Summary of Research on an Enterprise Zone as an Innovative Concept for Employment Areas

Transportation System Planning – November 2020

Executive Summary

This document provides an update on the Peel Region Goods Movement Strategic Plan 2012-2016 Action Item # 21 pertaining to a freight village, and a pending action item from Regional Council September 12, 2019 related to examining the feasibility of incorporating an enterprise zone within Peel Region.

In 2018, Regional staff completed a two-phase study exploring the feasibility of an enterprise zone in Peel and assessing the opportunities and challenges related to intensification of employment areas:

- Phase 1: “The Peel Enterprise Zone Business Case”; and
- Phase 2: “The Goods Movement Intensification Assessment”.

The studies were conducted under the guidance of the Peel Goods Movement Task Force.

The findings of the studies indicate that the enterprise zone concept could help to support future business and employment opportunities within the goods movement sector, strengthened by proximity to key transportation nodes and the availability of existing and planned supporting infrastructure. Research concerning the enterprise zone concept will help inform planning for employment growth, particularly related to employment land uses including office, retail, hi-tech, science and technology. This work provides valuable information that can be used as background material for the Regional Official Plan Review – Peel 2041+.

1. Background

Peel's employment sector is trending away from traditional goods production (manufacturing) and moving towards goods movement, the service sector (i.e. tourism, hospitality, financial, accounting, legal and education services) and knowledge-based sectors (i.e. pharmaceutical, health, biotech, new material, information technology, medical equipment companies). This transition requires innovative policy and land use solutions to allow Peel and local municipalities' to effectively plan for and attract employment growth. The Region of Peel and local municipalities have been undertaking multiple efforts to address the challenges related to planning for employment growth. These efforts include establishing the Term of Council Priority to “Enhance Support for Employment”; updating the Regional Official Plan employment policies and implementing the Peel Region Goods Movement Strategic Plan 2012-2016 (Goods Movement Strategic Plan).

The Goods Movement Strategic Plan 2012-2016 includes Action Item #21 that identifies the need to further study the concept of a ‘freight village’. Regional staff worked on implementing this action item under the guidance of the Peel Goods Movement Task Force

(Task Force). In 2018, a two-phase study exploring the feasibility of an enterprise zone concept in Peel was completed.

The freight village model is a master-planned cluster of freight and logistics activity that provides employment and economic contributions to the local economy. The idea started in the 1960s as a simple transportation distribution centre. With globalization and supply chain management, this model has shifted towards the concept of an enterprise zone, which is a more fully developed vision of an intermodal transfer area located near several modes of transportation including road, rail, water and air. An enterprise zone acts to consolidate freight transfer locations and promote economies of scale.

The main purpose of an enterprise zone is to:

- Reduce truck trips on municipal roads to free up additional capacity for safe and efficient commuter travel;
- Incorporate more elements of the supply chain into the same site (i.e. insurance, banking, postal, free/foreign trade zone areas, fuel and maintenance facilities and restaurants);
- Maximize integration of goods movement activities with other uses and activities within the zone; and
- Provide employment opportunities in proximity to residential areas.

2. Results and Outcomes of Studies on Enterprise Zones and Employment Intensification Findings

Building on the Peel Region Goods Movement Strategic Plan work and with the guidance of the Peel Goods Movement Task Force (Task Force), a two-phase study was completed in 2018 to explore the feasibility of an enterprise zone in Peel, and assess the opportunities and challenges of intensifying employment areas in Peel.

- Phase 1: “The Peel Enterprise Zone Business Case” was undertaken to assess the feasibility of an enterprise zone in a greenfield context.
- Phase 2: “The Goods Movement Intensification Assessment” was undertaken to assess intensification of employment areas within Peel.

In addition to these two studies, Regional staff undertook environmental scans and collected feedback from the goods movement industry, Regional Councillors and local municipal staff.

a) The Peel Enterprise Zone Business Case, Phase 1

The purpose of Phase 1 was to assess the technical feasibility of an enterprise zone in Peel Region using a case study. In order to use a site-specific case study, a sample location in the Region of Peel was required.

The selection process of a general location for the case study started by performing an employment land needs assessment for the goods movement sector. It was determined that significant demand for developable land to support the goods movement sector will

exist by 2041, and specifically that 2,100 hectares will be necessary to support growth of over 39,200 jobs in this sector.

Since an enterprise zone requires large, unconstrained plots of land, identifying a sample site was focused on undeveloped greenfield areas designated for urban uses or neighbouring areas that may be designated for this purpose. Four general locations were identified for further analysis including one in Brampton (Bram West) and three in Caledon (Victoria, Tullamore and Bolton). Suitability analysis of these locations was based on a set of six guiding principles, including:

- Availability of a large contiguous area of greenfield land available, preferably on employment designated land;
- Availability of serviced land or planned to be serviced lands, in terms of water and wastewater infrastructure;
- Proximity to existing or planned capital improvements in transportation infrastructure;
- Proximity to existing or planned major highways;
- Proximity to existing or planned rail intermodal facilities; and
- Separation from conflicting land uses.

Further evaluation and stakeholder consultation narrowed the list of samples sites, which were then examined using the following criteria:

- Site proximity to key transportation nodes (rail intermodal in particular);
- Site proximity to transit;
- The availability of non-transportation infrastructure needed to support the development of the site (specifically existing water services); and
- Market demand, meaning the site's appeal to industry and potential tenants.

The Tullamore general location was selected as the preferred sample site for the study, and staff undertook a detailed analysis of the following:

- The needs for water, wastewater, storm water and roadway infrastructure;
- The possible governance models that could be applied for implementing an enterprise zone including public-sector investment, private-sector investment and public-private partnership;
- The fiscal impacts on the Region's operating and capital costs associated with the possible creation of an enterprise zone; and
- The economic impacts to the Peel's economy that could result from an enterprise zone (short-term) and employment creation and spending that could result from an enterprise zone (long-term).

The results of the case study indicate that an enterprise zone concept in Peel Region is feasible, provided transportation infrastructure improvements are implemented to accommodate safe and efficient truck movement and to account for increased traffic volumes, specifically, those projects outlined in the Region's Long Range Transportation Plan.

The Region is projected to grow to a total of 970,000 jobs by 2041. Part of these jobs will be accommodated through growth in the goods movement sector. An enterprise

zone in Peel could attract 11,000 of these jobs with a cumulative economic contribution of \$1.1 billion by 2041.

Furthermore, results suggest that a private-public-partnership could be considered to implement a potential enterprise zone in Peel Region based on a cross-jurisdictional scan of similar development models.

Overall, Phase 1 suggests that an enterprise zone may help planning for employment areas in Peel by accommodating the goods movement sector in a master-planned urban form that efficiently uses existing transportation infrastructure while minimizing impacts to the community.

b) The Goods Movement Intensification Assessment, Phase 2

Following the completion of the Peel Enterprise Zone Business Case Phase 1, staff conducted an assessment of the opportunities and challenges of intensification related to goods movement-oriented employment areas from the perspective of planning and growth management. The assessment studied employment intensification applicable to the goods movement sector within the Region's established designated employment areas.

The study provided a better understanding of recent industry trends shaping development patterns in the transportation sector especially related to just-in-time delivery, last mile logistics, technology and eCommerce. These were reviewed against existing conditions within the Region's established employment areas, suitable for employment intensification. This included a detailed evaluation of future development opportunities and challenges in the transportation sector within selected priority employment areas.

The results of the study indicate:

- Three priority areas were identified for employment intensification including the Northeast Employment Area and Gateway Employment Area in the City of Mississauga, as well as the Bramalea Employment Area in the City of Brampton;
- Employment intensification within the three priority areas is anticipated to occur through redevelopment, expansions, infill and re-occupation of vacant industrial buildings;
- The Gateway Employment Area offers the greatest potential to accommodate goods movement businesses within existing facilities given the size and age of the existing building stock;
- Future technological trends, such as autonomous vehicles, may generate further demand for warehouse consolidation; and
- Review of density trends within occupied industrial buildings within the past several years suggest employment intensification in the industrial sector is likely to be minimal over the next decade and beyond.

The study concludes that land use supporting goods movement will see greater intensification if complemented by nearby or co-located office, research and community land uses.

c) Additional Regional Research

Regional staff undertook an environmental scan of enterprise zones supporting the technology and bio-technology sectors based on feedback from the Goods Movement Task Force, and alignment with Peel's local municipal economic development plans and employment priorities.

Technology parks connect industry with government and local universities to drive innovation and growth, promote technology-led economic development for the community, and serve as an incubation hub for start-ups to promote future growth.

Bio-technology parks have designated areas that facilitate research in biological technology, often include laboratory space and other assets to assist entrepreneurs and researchers with their work, and attract corporations conducting health science research by providing them an environment conducive to success.

Some of the best-known examples of the above parks include the Stanford Technology Park in Palo Alto, California, Biotech City in Montreal, Quebec, and Biotech in South San Francisco, California.

The above findings support the concept of an enterprise zone in Peel where diversified employment land uses could coexist for mutual benefit, such as office, retail, hi-tech, science and technology.

3. Conclusion

An enterprise zone could help to support future business and employment opportunities within the goods movement sector.

Research concerning the enterprise zone concept will help inform planning for employment growth, particularly related to employment land uses including office, retail, hi-tech, science and technology.

As a next step, work related to the two-phase study "The Peel Enterprise Zone Business Case" and "The Goods Movement Intensification Assessment" will be used as background material to help inform the Regional Official Plan Review – Peel 2041+.