
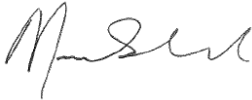




INFORMATION REPORT

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| TO: | Mayor and Members General Issues Committee |
| COMMITTEE DATE: | June 1, 2022 |
| SUBJECT/REPORT NO: | Annual Update on Economic Development Action Plan (PED22104) (City Wide) |
| WARD(S) AFFECTED: | City Wide |
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COUNCIL DIRECTION

To report back on the progress of implementing the 2021-2025 Economic Development Action Plan (EDAP) on an annual basis, providing an overview and update on the status of the 77 action items and 13 stretch targets within.

INFORMATION

1. Overview

On October 27, 2021 Hamilton City Council approved the 2021-2025 Economic Development Action Plan (PED21001). This strategy identified six priorities facilitating a skilled and adaptable workforce; enhancing digital infrastructure and services; growing business and investments; moving goods and people; revitalizing priority areas and placemaking; building transformational projects. This update serves as a scorecard on each of those priority areas, noting the completed, in development, and not yet started action items from within the EDAP's 77 action items and its 13 stretch targets.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Annual Update on Economic Development Action Plan (PED22104)
(City Wide) - Page 2 of 10**

Overall, 10 of the EDAP's 77 action items were completed in 2021, with 15 awaiting initiation and the remaining 52 in various stages of development. Table 1. provides a high-level breakdown of these actions grouped by each EDAP priority area. It should further be noted among the completed action items that there are some which represent finite projects (e.g. document production or strategy creation) and others that represent ongoing work. This report notes the difference between the two in section 2.

Table 1: EDAP Action Item Scorecard

| EDAP Priority Area | Action Items Completed in 2021 | Action Items in Development in 2021 | Action Items Not Yet Started In 2021 |
|---|--------------------------------|-------------------------------------|--------------------------------------|
| Skilled and Adaptable Workforce | 3 | 6 | 2 |
| Enhancing Digital Infrastructure & Services | 1 | 6 | 2 |
| Growing Business and Investment | 1 | 14 | 3 |
| Moving Goods and People | 1 | 9 | 3 |
| Revitalizing Priority Areas and Placemaking | 3 | 7 | 3 |
| Building Transformational Projects | 1 | 10 | 2 |
| All EDAP Actions | 10 | 52 | 15 |

Table 2. provides a high-level summary of the progress on the EDAP's stretch targets, where data from 2021 could be secured. Several of the targets require extensive calculation by City staff and external partners. Where data are not available, Staff have provided current estimates. Subsequent annual updates on the EDAP will facilitate these data.

**SUBJECT: Annual Update on Economic Development Action Plan (PED22104)
(City Wide) - Page 3 of 10**

Table 2: EDAP Stretch Target Scorecard

| Stretch Target | 2021 Update | Current Status |
|---|---|-----------------------|
| 1. Add seven million square feet of new Industrial/Commercial space | 2,683,882 square feet added | On target |
| 2. Generate a total of \$2.5 billion in Industrial/Commercial construction value | \$717,247,894 generated | On target |
| 3. Increase new gross commercial/industrial assessment by 1.5 % per year | 3.2% increase in assessment in 2021 (\$204 million) | On target |
| 4. Triple the municipal tax assessment on the Stelco lands | 2021 assessment: \$42,270,000 | TBD |
| 5. Increase Hamilton's shovel-ready land supply by 500 acres | 2021 data available Q3-Q4 2022 | TBD |
| 6. Increase immigration to Hamilton by 25% by 2025 (2019 IRCC reported immigration admissions for Hamilton as the baseline) | 5,455 immigrants to Hamilton in 2021 – a 67.8% increase on the 2019 benchmark | Achieved |
| 7. Create and maintain a list of 1,000 living wage employers in Hamilton | Identified 240 self-identified living wage employers | On target |
| 8. Achieve an average ground-floor commercial storefront occupancy of 90% across the Business Improvement Areas | Average of BIA Occupancy: 93.18% | Achieved |
| 9. Reduce downtown office vacancy rate to pre-pandemic levels (2019 as benchmark) | 2021 Vacancy Rate: 12.9% (1.0% above the 2019 rate) | Behind Target |
| 10. Invest a minimum of \$1 million in tourism development from the Municipal Accommodation Tax (MAT) program | Municipal Service Corporation to collect MAT funds approved. On target to create MAT program. Implementation date TBD | On target |
| 11. Attract five major events that generate a total combined economic impact of at least \$50 million | 1 major event hosted in 2021, economic impact data available Q3-Q4 2022 | On target |
| 12. Increase transit ridership to pre-pandemic ridership levels by 2023 | 2021 ridership (revenue rides): 9,717,119 - 44.9% of 2019 benchmark | Behind Target |
| 13. Generate \$1 million in direct City revenue from film production activity within Hamilton | \$957,408 in revenue generated in 2021 | On target |

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2. Update on Achieved Action Items

The completed items under the facilitation of a skilled and adaptable workforce include:

Action Item 1 (AI1): Approve and implement the Hamilton Immigration Partnership Strategy (Ongoing activity);

AI1 was completed with the launch of a new Hamilton Immigration Partnership (HIPC) Council and committee structure. This new structure expanded the HIPC membership, and allowed the implementation of the HIPC strategic plan;

Action Item 3 (AI3): Design and deliver an annual Local Economy and Workforce Needs business survey. (Ongoing activity);

AI3 was completed in December of 2021 in partnership with Workforce Planning Hamilton. Economic Development and Workforce Planning Hamilton are committed to ongoing delivery of this survey for the duration of the EDAP, with plans to do a comprehensive review of the survey's design and methodology in late Q2/early Q3 of 2022; and,

Action Item 4 (AI4): Assign a Workforce Development "lead" within the Economic Development Division.

AI4 was completed in late Q4 of 2021 with Karol Murillo, Senior Business Development Consultant, assigned as Economic Development's workforce lead. A staff workgroup has been struck to support this action item throughout the duration of the EDAP's life span. Expected goals for 2022 include the issuing of an RFP for the creation of the workforce strategy, itself.

The completed item under enhancing digital infrastructure and services is:

Action Item 19 (AI19): Develop and implement a Virtual Business Investment and Sales Tour Program. (Ongoing activity).

AI19 was completed over two development phases in 2021. Economic Development staff have expectations to continue adding a depth of features to the tool over the coming three years.

The completed item under growing business investment is:

Action Item 24 (AI24): Create and implement an economic development marketing strategy.

**SUBJECT: Annual Update on Economic Development Action Plan (PED22104)
(City Wide) - Page 5 of 10**

AI24 was completed in late Q4 of 2021 as a five-year document intended to compliment the EDAP. Economic Development staff will review this strategy at annual intervals.

The achieved item under moving goods and people is:

Action Item 48 (AI48): Work with airport partners to attract new international air cargo operators, increase and expand air routes and intensify newer fuel efficient and noise reduction air fleet. (Ongoing activity).

In support of AI48, TradePort and the City of Hamilton worked to attract investments from DHL and Amazon in the Airport Employment Growth District in 2021. Additionally, modern aircraft with increased fuel efficiency and wider bodies have increased cargo capacity while reducing trips into and out of the John C. Munro Hamilton International Airport. Moreover, older aircraft have been retired and replaced with new planes that have reduced engine noise compared to their predecessors.

The achieved items under revitalizing priority areas and placemaking:

Action Item 55 (AI55): Develop and implement a program to retrofit and modernize underutilized storefront and office spaces (e.g. pop-ups);

In support of AI55, Economic Development Staff developed the Commercial Vacancy Assistance Program. This plan was approved by Council as part of Hamilton's Community Improvement Project Plan in Q3 of 2021 as a two-year pilot program. Ongoing monitoring and reporting is expected in 2022;

Action Item 58 (AI58): Support and foster placemaking projects (including the delivery and evaluation of the Placemaking Grant Pilot Program and encouragement of pedestrianization and open street initiatives) (ongoing activity);

In support of AI58, The Placemaking Grant Pilot Program approved by Council in July 2020, funds community-led placemaking projects that animate public spaces across the city. The Placemaking Grant Pilot Program was made possible by a \$100K donation from the Patrick J. McNally Foundation;

The two-year program launched in January 2021 and accepted applications from groups of residents and local non-profit organizations. During the first application intake 30 grant applications were submitted by the community. In May 2021, \$47,530 in total funding was awarded to 13 projects; and,

Action Item 62 (AI62): Revise incentive programs to support the achievement of climate change targets (i.e. supporting the depaving of parking lots to green space, supporting charging stations).

In support of AI62, Economic Development Staff revised the Revitalizing Hamilton's Commercial Districts Community Improvement Plan. The various programs within the plan were updated to incentivize environmental sustainability in new and existing buildings within the city's commercial areas. These changes were approved by Council in Q3 of 2021.

The achieved items under building transformational projects include:

Action Item 66 (AI66): Create landmarks and enhance prominent public places and facilities across the City through the use of design competitions and integrated art (e.g. Copps Pier). (Ongoing Activity); and,

In support of AI66, Tourism and Culture Staff have identified public art as an ongoing activity for the duration of the EDAP. In 2021 Simon Frank's Watershed was selected for installation at Copps Pier Park. Additional pieces were selected for 2022 installations.

3. Update on Stretch Targets

Stretch Target 1: Add Seven Million Square Feet of New Industrial Commercial Space

2021 saw the City of Hamilton add 741,622 square feet of commercial space and 1,942,260 square feet of industrial space for a total of 2,683,882 square feet of new combined industrial and commercial space. This figure represents approximately 35.7% of the stretch target, and subsequently positions the stretch target as a very likely to be met within the life span of the EDAP.

Stretch Target 2: Generate a total of \$2.5 billion in Industrial/Commercial construction value

In 2021 the City of Hamilton achieved \$491,376,348 in industrial construction values and \$225,871,546 in commercial construction values. The combined \$717,247,894 permit value represents 28.7% of this stretch target. Given this figure it is very likely that the stretch target will be met within the lifespan of the EDAP.

Stretch Target 3: Increase new gross commercial/industrial assessment by 1.5 % per year

In 2021, the gross assessment of the industrial and commercial classes combined increased by \$204 million which is equivalent to 3.2%, far exceeding the 1.5% target. Some of the new developments across the City include the L3 Harris facility, the Bridgestone distribution centre and developments around the airport lands including the DHL facility.

Stretch Target 4: Triple the municipal tax assessment on the Stelco lands

In 2021 the Municipal Property Assessment Corporation assessed Stelco: Hamilton Works property at 386 Wilcox St. was assessed at \$42,270,000. A hearing of assessment appeals took place in February of 2022, with a pending decision expected later in 2022. This decision is likely to impact assessed values for 2022 and 2023.

Stretch Target 5: Increase Hamilton's shovel-ready land supply by 500 acres

At the time of this report's production the 2021 data were not yet available. A report to council on the 2021 land supply is expected in Q3-Q4 2022. The 2020 data note that there were 612.6 acres of shovel ready land (i.e. land that is both vacant and fully serviced) within the City of Hamilton's industrial lands. Table 3. breaks the shovel ready land down by business park.

Table 3: Employment Area Inventory 2020

| Industrial Park | Shovel-ready land (acres) |
|---|----------------------------------|
| Airport District Employment District | 60.39 |
| Ancaster Industrial Park | 73.17 |
| Bayfront and East Hamilton Industrial Areas | 98.92 |
| Dundas Industrial Area | 0.00 |
| East Hamilton Industrial Area | 23.92 |
| Flamborough Industrial Business Park | 67.78 |
| Red Hill North Industrial Business Park | 49.84 |
| Red Hill South Industrial Business Park | 152.93 |
| Stoney Creek Industrial Business Park | 77.05 |
| West Hamilton Innovation District | 8.60 |
| Total | 612.60 |

Stretch Target 6: Increase immigration to Hamilton by 25% by 2025 (2019 IRCC reported immigration admissions for Hamilton as the baseline)

Data from Immigration Refugees and Citizenship Canada (IRCC), noted below in Table 4, captures Hamilton's share of Canada's immigrants. These data invite some caveats: notably, the 2020 data is somewhat deflated giving the impact of the COVID-19 pandemic on admissions into the country. Consequently, the 2021 data are somewhat inflated as IRCC attempted to work through an immigration backlog. Thus, the 67.8% increase between 2019 and 2021 should only be seen as a measure of profound early success if they carry over at this level into a second year.

Table 4: Employment Area Inventory 2020

| 2019 Immigration to Hamilton | 2020 Immigration to Hamilton | 2021 Immigration to Hamilton |
|-------------------------------------|-------------------------------------|-------------------------------------|
| 3,250 | 2,200 | 5,455 |

Stretch Target 7: Create and maintain a list of 1,000 living wage employers in Hamilton

Economic Development Staff created a first step toward generating this list by creating an option for employers to self-identify as living wage employers in the recent Hamilton Business and Workforce Needs Survey. Among the 915 qualified responses to that survey 240 employers self-identified as living wage employers with 101 consenting to follow-up and having their information shared with partner organizations in Hamilton for verification.

This living wage question will be maintained as a fixture of future annual deliveries of the Hamilton Business and Workforce Needs Survey. Economic Development staff are also exploring the capacity to market a micro-survey focused on identifying living wage employers through the Economic Development Newsletter, direct email campaigns, and social media campaigns.

Stretch Target 8: Achieve an average ground-floor commercial storefront occupancy of 90% across the Business Improvement Areas

The average ground floor storefront occupancy across all of Hamilton's BIAs stood at 93.18% in 2021. With the rollout of the My Main Street program in Hamilton, City staff are working to support businesses operating in the city's through the current challenge of recovering from the COVID-19 pandemic.

Stretch Target 9: Reduce downtown office vacancy rate to pre-pandemic levels (2019 as benchmark)

In Q4 2021 there was 5,631,982 sq. ft. of office space available in the Downtown Urban Growth Centre, with 728,670 sq. ft. of that space vacant. These results totalled a 12.9% office vacancy rate, which is an increase of 1.0% compared with the 2019 survey results. This is the second time in two years that the office vacancy rate has increased, and this trend can largely be attributed to the COVID-19 pandemic and the changes in workplace arrangements across all sectors as seen through employees working from home and the growth of hybrid/remote work arrangements.

Stretch Target 10: Invest a minimum of \$1 million in tourism development from the Municipal Accommodation Tax program

Council approved the Municipal Accommodation Tax (MAT) in 2021. This authorized the business case for implementing and applying MAT funds and provided authorization for staff to create the Municipal Service Corporation that will collect MAT funds.

Staff in Tourism and Culture anticipate presenting a report before the end of 2022 that will seek Council's approval on a by-law that will put the MAT into effect.

Stretch Target 11: Attract five major events that generate a total combined economic impact of at least \$50 million

As the tourism sector starts to recover, Hamilton has had success in rescheduling paused major events and attracting new ones.

New attracted major events in 2021 include: the 2022 Tim Hortons NHL Heritage Classic; FIFA World Cup Men's Qualifier; ISU World Synchronized Skating Championships 2022 and 2023 110th Grey Cup.

Hamilton hosted one major event in 2021, the 2021 Grey Cup.

Stretch Target 12: Increase transit ridership to pre-pandemic ridership levels by 2023

The data in Table 6. demonstrates the extent to which the COVID-19 pandemic led to a measurable decline in HSR revenue ridership. It should be noted that the 2020 data included two months of pre-COVID-19 ridership trends, which served to inflate the overall 2020 count compared to 2021.

Table 5: HSR Annual Ridership

| 2019 Revenue Ridership | 2020 Revenue Ridership | 2021 Revenue Ridership |
|-------------------------------|-------------------------------|-------------------------------|
| 21,659,817 | 11,782,746 | 9,717,119 |

Preliminary monthly data from 2022 does suggest that ridership trends are beginning to increase. February 2022 reported 969,532 rides, a 56.3% increase from the 620,361 rides reported in February 2021. Should this trend hold it is quite likely that the 2022 data will report a considerable increase in ridership.

Stretch Target 13: Generate \$1 million in direct City revenue from film production activity within Hamilton

Table 6. captures the 2020 and 2021 direct City revenues from film production activity. As has been noted with previous data, the COVID-19 pandemic had an impact on slowing film production in Hamilton and around the world. However, gains in 2021 can be seen as the result of City staff implementing a number of continuous improvements since 2019, including more proactive film attraction activities. Early indicators for 2022 suggest demand for filming in Hamilton will continue at a very high level.

Table 6: City Revenue from Film Production

| 2020 Direct City Revenues | 2021 Direct City Revenues |
|----------------------------------|----------------------------------|
| \$382,095 | \$957,408 |

4. Next Steps and Concluding Remarks

Staff will provide the next Economic Development Action Plan annual update report in Q2 of 2023. This report will provide an update on the action items completed in 2022 and an update on any achieved stretch goals.

In the interim, Staff will continue to communicate the results of the Economic Development Action Plan to the public through strategic outreach (including media releases, interviews, familiarization tours, and event sponsorship), website promotion (including the City of Hamilton website, InvestinHamilton.ca, Tourism Hamilton, and the Hamilton Business Centre) e-newsletters, (including InvestinHamilton's e-newsletter, Tourism and Culture's e-newsletter, and updates provided to Hamilton's chambers of commerce and Business Improvement Areas) and through various social media channels.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED22104 – Status Update on All EDAP Action Items

AD/NS/CBJ/jrb