





# INFORMATION REPORT

<b>TO:</b>	Mayor and Members City Council
<b>COMMITTEE DATE:</b>	June 14, 2023
<b>SUBJECT/REPORT NO:</b>	2022 Economic Development Action Plan Update (PED23095) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Adam Durrant (905) 546-2424 Ext. 4486
<b>SUBMITTED BY:</b>	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	
<b>SUBMITTED BY:</b>	Carrie Brooks-Joiner Director, Tourism and Culture Planning and Economic Development Department
<b>SIGNATURE:</b>	

## COUNCIL DIRECTION

N/A

## INFORMATION

### Overview

On October 27, 2021 Hamilton City Council approved the 2021-2025 Economic Development Action Plan (EDAP) (PED21001). This Strategy identified six priority areas of work: 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,

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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.

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and not yet started action items from within the EDAP's 77 action items and its 13 stretch targets.

As of the end of 2022, 25 of the EDAP's 77 action items were completed, with 12 awaiting initiation and the remaining 40 in various stages of development.

Table 1. provides a high-level breakdown of these actions grouped by each EDAP priority area. Appendix "A" to Report PED23095 this Report, provides a progress scorecard on each action item. Among the completed action items 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 in Section 2.

**Table 1: EDAP Action Item Scorecard**

<b>EDAP Priority Area</b>	<b>Completed in 2021</b>	<b>Completed in 2022</b>	<b>In Development in 2022</b>	<b>Awaiting Start as of 2022</b>
<b>Skilled and Adaptable Workforce</b>	3	1	5	2
<b>Enhancing Digital Infrastructure and Services</b>	1	4	2	2
<b>Growing Business and Investment</b>	1	4	10	3
<b>Moving Goods and People</b>	1	3	7	2
<b>Revitalizing Priority Areas and Placemaking</b>	3	2	7	1
<b>Building Transformational Projects</b>	1	1	9	2
<b>All EDAP Actions</b>	<b>10</b>	<b>15</b>	<b>40</b>	<b>12</b>

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Table 2a and 2b provide a high-level summary on the EDAP's stretch targets.

**Table 2a: EDAP Stretch Target Scorecard Part 1**

<b>Stretch Target</b>	<b>2022 Update</b>	<b>Current Status</b>
<b>Add seven million square feet of new Industrial/Commercial space</b>	2021 - 2,683,882 square feet added 2022 - 1,094,860 square feet added <b>Total - 3,778,742 square feet added</b>	Trending Ahead of Target
<b>Generate a total of \$2.5 billion in Industrial/Commercial construction value</b>	2021 - \$717,247,894 generated 2022 - \$326,145,645 generated <b>Total - \$1,043,393,539 generated</b>	On target
<b>Increase new gross commercial/industrial assessment by 1.5 % per year</b>	3.2% increase in assessment in 2021 (\$204 million) <b>3.4% increase in assessment value in 2022 (\$284.5 million)</b>	Trending Ahead of Target
<b>Triple the municipal tax assessment on the Stelco lands</b>	2021 assessment: \$42,270,000 <b>2022 assessment: \$42,270,000</b>	Behind target
<b>Increase Hamilton's shovel-ready land supply by 500 acres</b>	2020 shovel-ready supply: 637.5 Acres <b>2022 shovel-ready supply: 546.85 Acres</b>	Behind target
<b>Increase immigration to Hamilton by 25% by 2025 (2019 Immigration Refugees and Citizenship Canada (IRCC) reported immigration admissions for Hamilton as the baseline)</b>	5,405 immigrants to Hamilton in 2021 – a 52.3% increase on the 2019 benchmark 4,530 immigrations to Hamilton in 2022 – a 25.3% increase on the 2019 benchmark <b>Average increase across 2021 and 2022: 38.8%</b>	Achieved - Ongoing

**Table 2b: EDAP Stretch Target Scorecard Part 2**

<b>Stretch Target</b>	<b>2022 Update</b>	<b>Current Status</b>
<b>Create and maintain a list of 1,000 living wage employers in Hamilton</b>	255 self-identified living wage employers identified in 2021 368 self-identified living wage employers identified in 2022 <b>Working list total: 623 employers</b>	On target
<b>Achieve an average ground-floor commercial storefront occupancy of 90% across the Business Improvement Areas</b>	2021 Average of BIA Occupancy: 93.2% <b>2022 Average of BIA Occupancy: 89.3%</b>	Trending Behind Target
<b>Reduce downtown office vacancy rate to pre-pandemic levels (2019 as benchmark)</b>	2021 Vacancy Rate: 12.9% (1.0% above the 2019 rate) <b>2022 Vacancy Rate: 13.3% (1.4% above the 2019 rate)</b>	Behind Target
<b>Invest a minimum of \$1 million in tourism development from the Municipal Accommodation Tax Program</b>	MAT collection initiated on January 1, 2023.	TBD
<b>Attract five major events that generate a total combined economic impact of at least \$50 million</b>	7 major events attracted within the scope of the 2021-2025 EDAP <b>Realized economic impact from 4 held events 2021-22: \$21,000,000</b>	On Target
<b>Increase transit ridership to pre-pandemic ridership levels by 2023</b>	2021 ridership (revenue rides): 9,972,964 46.0% of 2019 benchmark <b>2022 ridership (revenue rides): 15,216,234 70.3% of 2019 benchmark</b>	Trending to Target
<b>Generate \$1 million in direct city revenue from film production activity within Hamilton</b>	\$957,408 in revenue generated in 2021 \$721,207 in revenue generated in 2022 <b>Total 2021-2022: \$1,678,615</b>	Achieved - Ongoing

## **Update on Action Items Achieved in 2022**

### **The completed item under the Facilitation of a Skilled and Adaptable Workforce priority includes:**

Action Item 2 (AI2): Review the CityLAB Program for the purposes of potential continuation and expansion; and,

CityLAB was approved during the 2022 budget cycle (CM21009) and began operating as a permanently funded Program. Activities to refresh CityLAB's Strategic Plan occurred in 2022 with a focus on exploring opportunities to broaden the scope of the Program. CityLAB's recent work on Black Indigenous and People of Colour (BIPOC) Entrepreneurship is aligned to A Just Recovery for Hamilton (2021)'s focus on investing in workforce development opportunities for Black, Indigenous, racialized communities, people with disabilities and 2SLGBTQIA+ communities.

### **The completed items under the Enhancing Digital Infrastructure and Services priority include:**

Action item 13 (AI13): Complete a city Digital Strategy;

The request for proposals for Digital Strategy went to market in April of 2022 with work beginning in Q3/Q4 of 2022. The completed Strategy (CM23010) was presented to Council and approved at the February 2023 General Issues Committee;

Action item 16 (AI16): Develop and Implement expanded Public Internet Access initiatives (Ongoing Project);

The Public Spaces and Parks Wi-Fi Project was completed with support from the Canadian Healthy Communities Initiative Grant application that was approved in June 2021 (FCS21020(a)). Digital, Innovation and Strategic Partnerships is engaged in ongoing work to identify additional opportunities for public internet initiatives over the lifespan of the EDAP;

Action item 17 (AI17): Develop and implement Digital Divide/Equity Initiatives (Ongoing Project);

The Public Spaces and Parks Wi-Fi project also helped support Digital Divide/Equity within Hamilton. In addition, the Digital Equity based stream for the Community Enrichment Fund pilot was approved in August 2022 (CM22015/GRA22003) with successful grant applicants to be awarded in 2023. Digital, Innovation and Strategic Partnerships is engaged in ongoing work to identify additional opportunities to support the Digital Divide/Equity initiative over the lifespan of the EDAP;

Action Item 18 (AI18): Expansion of Digital Main Street partnerships to support the growth. (Ongoing Project); and,

The Hamilton Business Centre signed a new, two-year Program commitment with Digital Main Street to deliver version 4.0 of the Program in Hamilton. Current Program goals include disbursement of more than \$2,000,000 by the end of the contract in 2024.

Each of these four action items are closely aligned to A Just Recovery for Hamilton (2021)'s focus on increasing public internet access as a key component to inclusive city building.

**The completed items under the Growing Business and Investment priority include:**

Action Item 26 (AI26): Complete a feasibility study on a food business incubator to provide space, training, resources and distribution assets for entrepreneurs to access wholesale or retail markets;

A final Report and presentation was provided to staff via a project team from the University of Toronto's Masters of Urban Innovation Program, with the recommendation that an incubator was not feasible given the substantial financial and administrative capacities to operate. The Report anticipated that a city-run incubator would experience challenges in financing machinery, equipment, and staff;

Action Item 28 (AI28): Create and implement a Life Sciences Sector Strategy (Ongoing Project);

The Life Sciences Sector Strategy was finalized in December 2021 with a Report received by General Issues Committee (GIC) (PED22033) in February 2022;

Action Item 30 (AI30): Initiate and implement an updated Advanced Manufacturing Sector Strategy - including Aerospace, Electrical and Autonomous vehicle opportunities (Ongoing Project);

The Advanced Manufacturing Sector Strategy was subsequently retitled the Manufacturing Strategy as to be inclusive of existing manufacturing strengths in Hamilton – work commenced in May 2022 with a Report received by GIC (PED23005) in January 2023;

Action Item 34 (AI34): Update the City of Hamilton's Foreign Direct Investment Strategy (Ongoing Project); and,

The Foreign Direct Investment Strategy began work in July 2022 with work completed in December 2022 and a Report received by GIC (PED23033) in April 2023.

**The achieved items under the Moving Goods and People priority include:**

Action Item 40 (AI40): Finalize the Truck Route Master Plan;

The Truck Route Master Plan was approved in April of 2022 (PED19073(c)). This was followed by signage and by-law changes for a March 2023 implementation of the Plan;

Action Item 42 (AI42): Expand micro-mobility travel options such as Bike Share and E-scooters (Ongoing Project);

A partnership was approved in February 2022 between the City of Hamilton and Bike Share (PED20109(d)). A request for proposals for commercial e-scooter operators was issued in Q2 2022 with a Commercial Pilot Program which launched in April 2023;

Action Item 44 (AI44): Continue to investigate the potential for on-demand transit services to provide or supplement regular public transit services to, from and within employment areas and community nodes, using the Flamborough On-Demand Service as a pilot; and,

The On-Demand Transit Pilot Program ran from September 2021 to September 2022. A post pilot period ran from September 2022 to November 2022, when the Program was transitioned to a hybrid service model. An April 3, 2022 Report to Council (PW23023) proposed to continue hybrid service.

**The achieved items under the Revitalizing Priority Areas and Placemaking priority include:**

Action Item 57 (AI57): Conduct analysis and consultations regarding the potential implementation of the Small Business Property Tax Subclass;

A May 2022 Report (FCS22031) to the GIC recommended not to adopt the optional Small Business Property Tax Subclass given challenges of implementation, expected costs, and uncertainty of benefits to the business community;

Action Item 59 (AI59): Transition the operating and capital obligations of the city's Entertainment Assets to Hamilton Urban Precinct Entertainment Group and facilitate the private sector's renovation/redevelopment of the Downtown Entertainment Precinct; and,

In 2022 the City of Hamilton and the Hamilton Urban Precinct Arts and Entertainment Group (HUPEG) successfully executed lease agreements, which include the obligation of HUPEG to assume operating arrangements for entertainment facilities.

**The achieved item under the Building Transformational Projects priority include:**

Action Item 68 (AI68): Implement the Bayfront Strategy (Ongoing Project); and,

The Bayfront Industrial Area Strategy Phase 2 (PED14117(d)) was received by at General Issues Committee on September 21, 2022. Staff in Business Investment and Sector Development have been identified to monitor the implementation of the actions contained within the Strategy.

**Update on Stretch Targets**

**Stretch Target 1: Add seven million square feet of new industrial commercial space**

The City of Hamilton added 119,479 square feet of commercial space and 975,382 square feet of industrial space for a total of 1,094,861 square feet of new combined industrial and commercial space. During the first two years of the 2021-2025 EDAP, Hamilton has added 3,778,742 square feet of combined industrial and commercial space. This figure is approximately 54.0% of the five-year stretch target.

**Stretch Target 2: Generate a total of \$2.5 billion in industrial/commercial construction value**

In 2022 the City of Hamilton achieved \$217,474,115 in industrial construction values and \$108,671,530 in commercial construction values. Adding the combined \$326,145,645 from 2022 with the \$717,247,894 reported in 2021 totals \$1,043,393,539 in construction value, or 41.7% of this five-year stretch target in years one and two.

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

In 2022 the gross assessment of the industrial and commercial tax classes increased by \$284.5 million, which is equivalent to 3.4%. This exceeded the 1.5% target and was higher than the 3.2% increase recorded in 2021. The most significant development was the Amazon Fulfillment Centre which is now the property with the third-largest single assessment in the city. Other notable developments include the expansion of the DHL facility, Corbec Ontario, and the Lincoln Electric Facility (formerly Burlington Automation).



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

In 2022 the Municipal Property Assessment Corporation assessed Slate Group's (formerly Stelco's) property at 386 Wilcox St. at \$42,270,000. This is consistent with the assessed value in 2021. An economic impact analysis conducted by Ernst and Young anticipates that the conversion of the 800 acres of industrial land, purchased by Slate Group, to an industrial park has the potential to inject \$3.8 billion into the Ontario economy. This Plan positions Stretch Target 4 as having a feasible – if long term – path to completion.

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

In 2020 Hamilton's business parks housed approximately 637.5 acres of shovel ready lands. A 2022 update ((PED16161(b)) to this inventory reports 546.8 acres of shovel ready land within Hamilton's business parks. A total of 90.7 acres shovel ready lands were absorbed in 2021 and 2022; however, no new lands were added in 2021 and 2022. Table 3. provides a breakdown of shovel ready lands, noting that additional shovel ready lands are not expected to be added to the West Hamilton Innovation District and both Dundas and East Hamilton industrial parks over the duration of the EDAP.

**Table 3: Employment Area Inventory 2020-2022**

<b>Business Park</b>	<b>2020 Acres</b>	<b>2022 Acres</b>
<b>AEGD</b>	29.7	25.9
<b>Ancaster</b>	89.0	85.3
<b>Stelco/Bayfront</b>	98.8	98.8
<b>Flamborough</b>	69.2	54.4
<b>Stoney Creek</b>	106.3	93.4
<b>Redhill North and South</b>	244.6	189.0
<b>Total</b>	<b>637.5</b>	<b>546.8</b>

**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., reflect Hamilton's share of Canada's immigrant population. This data notes a 52.3% increase between 2021 and 2019 and a 25.3% increase between 2022 and 2019. Combined, these years produce an average 38.8% increase in immigration to Hamilton over the 2019 benchmark.

**Table 4: Immigration to Hamilton**

<b>2019 Immigration to Hamilton</b>	<b>2020 Immigration to Hamilton</b>	<b>2021 Immigration to Hamilton</b>	<b>2022 Immigration to Hamilton</b>
3,425	2,185	5,405	4,860

As immigration to Hamilton has increased, so too have the Hamilton Immigration Partnership Council's (HIPC) activities to promote a welcoming and safe community. HIPC's 2022 activities (PED22111) and current 2023 activities (PED23096) reflect key recommendations under A Just Recovery for Hamilton's (2023) calls for tackling systemic racism.

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

In 2022 Economic Development Staff delivered the Employer One Survey (Formerly Hamilton Workforce and Business Needs Survey) in partnership with Workforce Planning Hamilton. This survey collected insights from 368 employers who self-identified living wage employers.

Since 2021, a total of 623 employers have now self-identified as living wage employers. 2023 will see this list shared with partner organizations in Hamilton for further verification and validation.

Economic Development's efforts under this stretch target, combined with careful review of investment inquiries where city-held employment lands are concerned, are making efforts toward meeting A Just Recovery for Hamilton (2021)'s recommendations for quality jobs and compensation.

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

Table 5. provides an update on the ground floor occupancy in Hamilton's BIAs. The average ground floor storefront occupancy across all of Hamilton's BIAs stood at 89.3% in 2022. This is down from the 93.2% reported in 2021.

The current data notes seven of Hamilton's BIAs with ground floor occupancy above 90%. City Staff are leveraging expansions of the My Main Streets Program, participation in vacant storefront activations, and targeted incentives through Community Improvement Project Areas to work to increase occupancy in Hamilton's BIAs.

**Table 5: Average BIA Occupancy**

<b>2021 Average</b>	93.2%
<b>2022 Average</b>	89.3%

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

As of Fall 2022, approximately 13.3% of the Downtown Urban Growth Center total office square footage was vacant. Table 6. provides historical context on this figure, which has increased since the 2019 benchmark. Economic Development staff have met with major downtown landlords to review current priorities and rental trends (PED23081) and have recently secured new commercial real estate software that allows for more timely and comprehensive estimates of office vacancy at the city-wide and ward level.

**Table 6: Office Vacancy, Downtown Urban Growth Center**

<b>Year</b>	<b>Vacancy Rate</b>	<b>Total Vacant Sq. Footage</b>	<b>Total Square Footage</b>
<b>2019</b>	11.9%	667,720	5,598,287
<b>2020</b>	12.5%	705,269	5,645,283
<b>2021</b>	12.9%	728,670	5,631,982
<b>2022</b>	<b>13.3%</b>	<b>690,789</b>	<b>5,196,050</b>

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

In 2022, Council approved a by-law (PED20009(c)) to initiate collection of the Municipal Accommodation Tax as of Jan 1, 2023. The EDAP update for 2023 will have initial results from this Program.

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

Hamilton has attracted seven major events to be hosted within the lifespan of the 2021-2025 EDAP:

- 2021 Grey Cup;
- 2022 NHL Heritage Classic;
- 2022 ISU World Skating Championships;

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- 2022 FIFA Men's World Cup Qualifier;
- 2023 Canadian Country Music Awards (CCMAs);
- 2023 Grey Cup; and,
- 2024 Canadian Open.

The four events hosted in 2021 and 2022 realized an estimated economic impact of \$21,000,000. This figure is below the anticipated economic impact for these events, which is largely due to restrictions on public gathering and international travel that were in place during the COVID-19 pandemic. Future events can be expected to have larger audiences and economic impact in the absence of COVID-19 restrictions, and it is expected that the financial stretch target will be met by 2025.

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

Table 7 breaks down the annual number of revenue-generating rides on Hamilton Street Rail (HSR) between 2019 and 2022.

**Table 7: HSR Annual Ridership**

<b>2019 Revenue Ridership</b>	<b>2020 Revenue Ridership</b>	<b>2021 Revenue Ridership</b>	<b>2022 Revenue Ridership</b>
21,659,817	11,782,746	9,972,964	<b>15,216,234</b>

Ridership in 2022 represents a 52.3% increase over 2021's ridership – a figure that was heavily impacted by the COVID-19 pandemic and associated restrictions. The 2022 level is 70.3% of the ridership reported in 2019, the last complete pre-pandemic year.

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

Table 8. captures the 2021 and 2022 direct city revenues from film production activity. In two years, the City of Hamilton has earned \$1,678,615 from film production, exceeding the stretch target with three years remaining in the current EDAP. These results reflect the fact that film production was able to continue during the pandemic, and that film continues to be a growth industry in Hamilton, with record production volumes in 2021 and 2022.

**Table 8: City Revenue from Film Production**

<b>2021 Direct City Revenues</b>	<b>2022 Direct City Revenues</b>	<b>EDAP 2021-2025 Total</b>
\$957,408	\$721,207	\$1,678,615

### **Next Steps**

Economic Development's next Report to Council on the 2021-2025 EDAP is anticipated in late Q2 of 2024. This mid-term Report will focus reviewing action items and stretch goals that have not reached a completed status, noting:

- Those which are expected to be completed within the scope of the 2021-2025 EDAP;
- Those which are, by their nature, beyond the scope of a Five-Year Economic Development Strategy; and,
- Those which are at risk of being not being completed within the 2021-2025 EDAP and will require a mitigation strategy.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report PED23095 – Status Update on all EDAP Action Items

AD/rb