



Presentation to the Committee of the Whole
September 20, 2011

Industrial Land Development Strategy Update



Assignment

As directed by the Chief Administrative Officer, the assigned task was to:

1. Review, update and, where appropriate recommend revisions to the Industrial Land Development Strategy so that it aligns with Council's economic development priorities;
2. Propose changes to the Official Plan and Zoning By-law that could be initiated in the short-term to facilitate the I.L.D.S. and support economic development; and
3. Identify matters such as expansion of the Urban Growth Area for industrial development purposes that should be addressed through the upcoming Official Plan update.



Council Directions

- October 26, 2009, in conjunction with its endorsement of the priority of strategic economic initiatives proposed by the LEDC, a direction to Civic Administration and the LEDC to report on industrial land supply and demand;
- November 9, 2009, in conjunction with its discussion of a financial impact analysis of a proposed industrial park development on Wilton Grove Road (Sun Life Financial) a direction to the Civic Administration to prepare an updated I.L.D.S.



Purpose of the I.L.D.S.

- Current I.L.D.S adopted by Council in June 2001
- Objectives:
 1. Provide direction for land acquisition and servicing to maintain a ready supply of serviced and serviceable, competitively-priced municipal industrial lands at strategic locations;
 2. Facilitate and expedite land use planning and development approval processes in support of industrial development;
 3. Aggressive, targeted marketing of Municipal industrial lands.
- Objectives should carry forward
 - Municipal investment in the I.L.D.S. is necessary to support the LEDC's efforts to promote economic development



Most Assumptions Still Valid

1. Lack of incentive for private sector industrial land development necessitates municipal involvement;
2. City cannot expect to recover land acquisition and servicing costs for the foreseeable future;
3. An aggressive up-front land acquisition program will help to contain long-term costs of the I.L.D.S.
4. Council has and will continue to maintain its commitment to implement the infrastructure works necessary to support the I.L.D.S.



What Has Changed

- Economic downturn starting in 2008;
- Advanced servicing work to take advantage of senior government infrastructure funding;
- Renewed focus on economic development priorities;
- Support for “Economic Gateway” concept and increased municipal industrial land acquisition and servicing in the 401 corridor;
- A trend towards larger industrial sites being purchased;
- Industries are making greater demands for grading and other site preparation works as conditions to the purchase of lands;
- Recent sales and commitments and a potential for future sales that would significantly reduce the inventory of available serviced industrial lands.



City of London Industrial Land Sales 1996 - 2010

	Year	Amount (ha)	Price (000's)	Price / ha (000's)
Pre I.L.D.S.	1996	.6	90	150
	1997	4.0	555	139
	1998	6.0	993	166
	1999	4.5	766	170
	2000	3.3	504	153
	2001	5.2	510	98
1996 – 2001 Total		23.6	3,418	
1996 – 2001 Average		3.9		145
Post I.L.D.S.	2002	14.6	1,595	109
	2003	31.8	3,930	124
	2004	20.6	2,502	121
	2005	4.7	671	143
	2006	3.9	582	149
	2007	35.2	4,463	127
	2008	10.0	1,325	133
	2009	0	0	0
	2010	7.7	1,209	156
2002 – 2010 Total		128.5	16,277	
2002 – 2010 Average		14.3		127



City of London Industrial Land Purchases

Land Purchase Locations	Area / ha.	Year(s)	Cost (net per ha.)
Innovation Park	242	2001 – 2003	\$22,696
Forest City Industrial Park	72	2001, 2004	\$32,555
Skyway Industrial Park	69.6	1992 – 2000	\$40,815
River Road Industrial Park	21	1975 – 2001	\$60,466
Trafalgar Industrial Park	173	1976 – 1984	\$14,324
Huron Industrial Park	102	1992	\$18,575
London Enterprise Park	13.8	1992	\$38,453



Municipal Industrial Park Time and Servicing Costs

Location	Timing		Servicing Costs / ha	
	2001 I.L.D.S. Estimate	Actual	2001 I.L.D.S. Estimate	Actual
Innovation Park (175 net ha) -Phase 1 -Phase 2 -Phase 3 -Phase 4	2005 2014 2014+ 2014+	2005 2008 2010 2009	\$241,230	\$189,340
Forest City Industrial Park (59 net ha) -Phase 1 -Phase 2	2002 2006	2002 2003	\$156,355	\$159,341
Skyway Industrial Park (53 net ha) -Phase 1 -Phase 2	2002 2008	2004 2010	\$88,832	\$203,051
Huron Industrial Park (102 ha)				
Oxford Business Park (12 ha)				



Comparison of Industrial Land Inventory vs. I.L.D.S. Targets

2001 ILDS Targets				Current Inventory		Gaps
Type	Characteristics	Location	Amount	Location	Amount	
Large Block for a major industry	Zone, readily serviceable	Ready access to 401, 402 or VMP; rail access preferred	20+ ha	Huron St.	102 ha	-
General Industrial	Zone, serviced, available in large blocks	Ready access to 401, 402 or VMP	15 ha.	Skyway	7.6 ha	7.4
	Zoned serviceable	Ready access to 401, 402 or VMP	15 ha	Huron St / Oxford Business Park	12.1 (Oxford Business Park) 15+ ha (Huron St)	0
Light Industrial	Zoned, serviced, available in a variety of block sizes	Ready access to 401, 402 or VMP; min. 50% in 401 / VMP south corridors	40	Innovation Park / Trafalgar Park / Forest City Industrial Park	132.1	0
	Zoned, readily serviceable	Ready access to 401, 402 or VMP; min. 50% in 401 or VMP south corridors	40	Innovation Park	Met by current inventory of zoning & service LI lands in Innovation Park	0
Prestige Industrial	Zoned, serviced	401 and VMP south corridors, direct exposure	20	0		0
	Zoned, readily serviceable	401 and VMP south corridors, direct exposure	20	NW quadrant VMP/Hamilton Road	0	0



Recommendations

A. Planning Policies

1. Identify in the Official Plan, an area of long-term economic development interest (OP Update)
2. Revise the economic development goals, objectives and strategies in the Official Plan to more closely align with Council's current strategic priorities and economic development initiatives (OP Update)
3. Encourage the province to undertake a regional growth plan for Southwestern Ontario
4. Review the potential for Office Business Park designations in the Hwy. 401/402 corridors (OP Update)
5. Expand the Urban Growth Area in the 401/402 Corridor (OP Update)



Recommendations (cont'd)

6. Continue to pursue the extension of Veterans Memorial Parkway to Wilton Grove Road and add this link to Schedule “C” of the Official Plan (OP Update)
7. Delete Policy 2.6.8 vii) (reference to the Southside STP) from the Official Plan (OP Update)
8. Consider policies to allow greater opportunity to develop “dry” industrial uses at strategic locations in the Hwy 401/402 corridors that are not readily serviceable (OP Update)
9. Review the allocation and mix of permitted uses in the Industrial land use designations; increase the supply of “General Industrial” lands (OP Update)
10. Consider policies to support an “eco-industrial” park in the corridor linking W12A to Hwy 401 (OP Update)
11. Review and revise the Zoning regulations for industrial lands (post OP Update)



Industrial Land Inventory and Land Acquisition

12. Adopt the revised I.L.D.S. targets:

Industrial Land Use Designation	Existing Targets (ha.) (aggregated)		Proposed Targets (ha) (the inventory to be available at any given point in time)	
	Unserviced	Serviced	Unserviced	Serviced
General Industrial	35	15	20	30
Light Industrial	50	50	30	60
Office Business Park	10	10	15	15
Other (Land Bank)	0	0	100	0
Total	95	75	165	105



Industrial Land Inventory and Land Acquisition... Cont'd

13. Allocate \$4M in 2012, 2013 and 2014 Capital Budgets and \$2 M per year for 2015 – 2020 for industrial land acquisition – subject to annual review.
14. Increase assumed rate of industrial land sales from 10 ha/year to 15 ha/year.



Marketing of Industrial Lands

15. Review the industrial land pricing strategy based on an independent land valuation and review of pricing and incentives in other municipalities.

Industrial Land Servicing

16. Give a high priority to the servicing of industrial lands on the north side of Huron Street near London Airport;
17. Initiate a ten year capital program for industrial land development (planning and servicing) for a minimum of 100 ha. of land at an approximate cost of \$20M to \$25M per 100 ha. (excluding land, including contribution to DC funds); adjust program annually based on land inventory and demand factors.



Co-ordination and Facilitation

18. Establish an I.L.D.S. Co-ordinating Committee to be led by a senior management person who will be responsible for reporting on I.L.D.S. implementation
19. Review the range of uses that qualify for the industrial use exemption under the Development Charges By-law
20. Consider the merits of creating a municipally-owned Industrial Land Development Corporation to buy, service and sell industrial lands to be funded, after start-up, through tax increment financing



Summary

- Anticipate a minimum three year process from land acquisition through land development; therefore current actions must anticipate supply/demand factors in 3 – 5 years time;
- Land sales and commitments over the past twelve months (approx. 50 ha) together with potential sales would significantly tighten the current supply of serviced and available industrial land;
- The significant cost of land acquisition and servicing will necessitate priority setting and a focused strategy; the area of first priority should be in the VMP/401 East corridor through expansions of the Forest City and Innovation Industrial Parks;
- Steps to evaluate and implement an expansion of the Urban Growth Area for industrial purposes should be consistent with provincial (PPS) and municipal (OP) policies; a rationale for expansion can be established;
- A strong municipal commitment to industrial land acquisition, servicing and marketing is critical to the success of the City's economic development priorities and objectives;
- The primary measure of the I.L.D.S. should be the number of jobs created. For example, from 2003 through 2008, development within F.C.I.P. resulted in 1,000 direct jobs, 650 indirect jobs and 350 construction jobs. (2009 I.L.D.S. Monitoring Report)