

Economic Development Strategies to Retain and Attract Investment to the Scarborough District

Date:	November 13, 2007
To:	Scarborough Community Council
From:	Director, Business Development and Retention, Economic Development, Culture & Tourism Division
Wards:	Wards 35 to 44
Reference Number:	

SUMMARY

Economic Development Culture and Tourism (EDCT) has been asked to report back on the various investment attraction strategies being currently employed as they relate to the Scarborough District. These strategies can best be described in the following manner.

EDCT is actively promoting and marketing the Scarborough advantage as a leading area for ICI investment. Much of the recent investment which has taken place in Toronto has occurred in Scarborough. It is EDCT's intention to market this good news story and seek to attract more investment.

Secondly staff are focusing on stimulating local growth through expansion of local firms. This will be accomplished by core staff activities such as corporate care, increasing the attractiveness of Toronto's business climate, introducing business-friendly initiatives such as the concierge service.

Finally Economic development staff will be identifying next generation growth opportunities through in depth corporate interviews. The objective of these interviews will be to identify key business lines, with good growth potential, global mandates and supply chain linkages. This then arms our promotion activities to specifically target potential firms who would benefit from a Scarborough location.

Financial Impact

There is no financial impact of this report.

DECISION HISTORY

At the October 2, 2007 meeting of Scarborough Community Council, a presentation was given by the Director of Business Development and Retention. The presentation was on the current status of economic development in Scarborough.

<http://www.toronto.ca/legdocs/mmis/2007/sc/decisions/2007-06-26-sc07-dd.pdf>

<http://www.toronto.ca/legdocs/mmis/2007/sc/agendas/2007-10-02-sc09-ar.pdf>

A request was made for the Director, Business Development and Retention to report back to Scarborough Community Council on “a strategy to identify and attract prospective companies to the Scarborough District, such report to also include an incentive strategy as part of this activity; and a strategy to protect and enhance the Retail Sector/Malls in Scarborough.”

<http://www.toronto.ca/legdocs/mmis/2007/sc/decisions/2007-10-02-sc09-dd.pdf>

This report will speak to the attraction and retention strategies of Economic Development in Scarborough. The strategy to protect and enhance the retail sector will be dealt with by a report entitled “Strip Plaza Rehabilitation” by the Director of Small Business and Local Partnerships.

COMMENTS

Scarborough Has an Attractive Business Environment

Scarborough’s economy is a dynamic business environment. The Scarborough community is a well positioned business environment which has an established corporate profile as well as opportunities for new companies to locate or expand. Scarborough is characterized by the following attributes:

- Conveniently located between the Greater Toronto Area’s major east-west highways, 401 and 407.
- District is in high demand and accommodates a variety of heavy, light and multi-tenant industrial uses.
- Excellent access to skilled labour force of 1.2 million workers.
- Serviced by surface public transit.
- Toronto’s last tract of undeveloped industrial land is located in northern Tapscott. Approximately 350 developable acres of land will be serviced in 2007.
- One of Toronto’s newer industrial areas with modern building stock.

A summary of Scarborough District significant projects in 2007, (year to date) is shown in Table 1. In addition to the physical expansions or investment projects, there are several projects for which land is being acquired, serviced and developed where no specific investment has yet been determined. It is to be expected that these projects will be substantial.

Table 1

2007 Summary of Investment Activity, Work in Progress

Company Name	Activity	Square Footage / Acreage
Pharma Medica Research, Sheppard Ave. E.	Phase 3 medications testing	105,000 square feet
Viva Magnetics Neilson Rd.	CD and DVD casings	104,000 square feet
Sealy Canada Ltd. Milner Avenue	New industrial building	130,000 square feet
Bank of Montreal, Victoria Pk. And Steeles Ave. E.	Financial services, data processing	204,500 sq.ft -Data centre, six storeys 90.000 sq.ft -Utility building,
The Landmark, Steeles Ave. E.	Retail condominiums	406,000 square feet (phases 1, 2)
F.T. Reisman & Associates, Midland /Silver Star	Industrial / commercial / retail development,	11 Acres
Baif Developments Steeles/Markham	Land development,	21.5 acres
M&R Properties / Bradgate Investment, Markham Rd. and Steeles	Retail / Commercial mix	11 Acres

(Source: Business Development & Retention Unit, 2007)

While Scarborough has seen steady growth as indicated in the above chart which summarizes 2007 key investments, there is an opportunity to undertake a number of focused activities to ensure that future growth continues and ideally is increased.

Promoting the Scarborough Advantage

Staff proposes to actively market to local ICI real estate brokers and development firms as to the many positive aspects of doing business in Scarborough. Highlighting these opportunities to the marketplace is key to keeping Scarborough top of mind.

Currently staff undertake the following marketing initiatives to highlight successes and opportunities. EDCT achieve this objective through 2 City publications; the Signature Sites brochure and the Employment District profiles. The Signature Sites brochure highlights larger development and redevelopment sites across Toronto. In the 2007 brochure, 28 out of 76 sites listed are located in the Scarborough District.

A second marketing initiative are the Employment District Profiles containing economic indicators for Toronto's 34 employment districts including Scarborough District's 9 employment districts. Each profile highlights: location map, advantages, largest employers, employment, land uses, employment clusters, manufacturing and office presence, building permit activity, investment activity and vacant sites. Both publications are available on the City's web site.

In addition to local marketing initiatives, a key focus of investment promotion in 2008 will be continuing to expand the City's investment attraction activities outside of North America and into Europe and Asia through active attendance at:

- MIPIM (International Market for Real Estate Professionals) in Cannes, France, functions as a global market place, and provides a unique opportunity for industry decision-makers to meet, develop long-term relationships and showcase their latest development projects;
- CoreNet Global Asia and European Summits. CoreNet Global is the world's premier association for corporate real estate and related professionals. As a global learning organization, CoreNet is the industry thought and opinion leader.

In order to capture international investment, staff have also been involved in proactively assisting the development community in the Tapscott Employment area to create a supply of greenfields opportunities. A consortium of landowners has completed the western phase of approval applications for the servicing of much of the vacant land west of Tapscott Road within the Tapscott Employment District. The servicing encompasses an area of approximately 200 acres. It is expected that when all services are complete and the area is fully built out employment totals could exceed 8,500

Stimulating Additional Local Growth

The second strategy staff is focusing on, is stimulating local growth through expansion of local firms. One of Economic Development's main objectives is the retention and expansion of local businesses and maintaining a positive business environment within Scarborough. Staff accomplishes this objective through the execution of a corporate care initiative. Local businesses (primarily, but not limited to medium to large size manufacturers), are contacted to identify and address their needs and growth requirements. Staff assist companies through municipal processes during expansion phases as well as resolve company problems in day to day operations.

In addition the program provides a point of contact for the business community to the City of Toronto which is vital for the long term commitment of companies to Scarborough. Economic Development advocates on behalf of Toronto's business community by: catalyzing growth through new investment (both new buildings and expansions), business problem resolutions, and provides a positive business environment through policy development.

Complementing the City of Toronto Official Plan policies, Council recently adopted the Long-Term Employment Land Strategy which speaks to and supports the protection of employment districts in Scarborough. Some of the key initiatives from this report are to:

develop a financial incentives package for industrial and office investment; explore alternative sources of funding for capital reinvestment in employment districts, and; adopt a ‘no net loss’ policy of employment space when the City is faced with an application to redesignate employment lands. The recommendations in the strategy intend to retain and grow the City’s employment base and to achieve employment targets as set out in the Official Plan.

In order to enhance Toronto’s competitiveness specifically with the surrounding 905 municipalities, Council considered and adopted a City-wide financial base incentive package as identified in the Enhancing Toronto’s Business Climate Report at the October 23, 2007 City Council meeting. This base incentive would be approximately a 20% reduction in the municipal share of a new industrial, office or hotel development tax class across the City. The base financial incentive is seen as a key component to address the issue of competitiveness as well as employment and investment intensification. It is being recommending that the City promotes its 20% Base Incentive for the construction of new industry, office, hotel facilities along with existing heritage and green support programs.

In addition to the base incentive, staff is recommending the development of additional tax increment incentive categories across the City for specific economic activities linked to key sectors of the City’s economy and related to public policy objectives. These targeted sectors will provide the future opportunities Toronto will require to provide for value added jobs and assessment growth. Developing additional incentives to support these sector development initiatives as well as employment growth, will jointly support multiple City objectives related to employment intensification, environmental leadership, export development and economic and community development.

In order to secure this investment into Scarborough and as result of an initiative through the Mayor’s Advisory Committee on Economic Competitiveness, the ‘Concierge Service program’ has been implemented in order to fast track projects with major economic benefits to the City. This program was implemented by staff across the City in order provide high customer service to a number of high profile industrial/commercial projects.

Finally, with respect to programs and incentives for the retail sector in the Scarborough community, the Small Business and Local Partnerships unit helps to maintain a positive shopping environment in the Scarborough District through several programs including support for Business Improvement Areas (BIAs), the Commercial Façade Grant program and the Mural program. New incentives have also been introduced to this business sector as well. The Enhancing Toronto’s Business Climate report recommended and Council adopted the creation of a small retail class which lowers the tax rate for the first \$1 million of assessment.

Identify Next Generation Growth Opportunities

Finally the third strategy to ensure continued success in Scarborough’s employment lands will be to be identify next generation growth opportunities. Interviews are being conducted during the corporate care outreach program already in place, in order to

identify new business lines, global mandates and supply chain linkages. From this analysis staff will be better able to identify key clusters and to target firms within these clusters as ideal investment candidates as having a need to locate in Scarborough.

Economic Development has developed a Green Economic Sector Development Strategy to maximize investment opportunities and become a world leader in the emerging green industries sector. The implementation of the strategy will identify new enterprises needed to meet the growing demand for green goods and services. Scarborough could become an excellent location for these types of operations.

District energy opportunities are being identified as well. Scarborough's employment districts will be assessed with respect to district energy opportunities. The establishment of local district energy districts may become a significant feature in attracting new business operations. This will be a key piece of infrastructure which companies will be considering during investment decisions.

Sector and strategic partnerships activities are also identifying new growth opportunities as well. For example a number of pharmaceutical investments have been fielded by staff this year and Scarborough has actively been marketed for potential sites.

Conclusions

Scarborough has provided a unique and positive business environment for many companies. However like many areas of Toronto it is encountering stiff competition from not only 905 jurisdictions, but jurisdictions around the world. Retention and attraction of investment to Scarborough will in large part rest on Scarborough's continued and future attractiveness as a place to do business.

EDCT staff will continue to provide valuable assistance and guidance to the business community and to internal City staff as well. With the addition of a consolidated support programs, Scarborough will continue to lead the way in ICI investment and employment growth in Toronto.

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