

EXECUTIVE SUMMARY

The purpose of this study is to examine and evaluate the impact of development on film and screen industry studios in the Port Lands and the South of Eastern Employment District (the “Study Areas”). Toronto’s on-screen industries are experiencing a period of strong growth and heightened investment interest, while at the same time finding suitable facilities to accommodate the surging demand has become increasingly difficult. Low vacancies amongst the City’s existing supply of studio production facilities are resulting in a rising demand to develop new studio infrastructure, with a specific need for more purpose-built studio space if Toronto’s on-screen industry is to remain globally competitive.

The Study Areas have long been the central base for most of the on-screen industry’s production activities, housing many of the City’s premier studio locations including Pinewood Studios, Cinespace Studios and the Revival 629 Convergent Media Centre. Between the concentration of existing studio infrastructure, strong locational advantages offered by proximity to the popular shooting locations in the downtown and a supply of undeveloped sites, the Study Areas represent a unique land use and economic development opportunity to help meet the need for additional studio space through the development of a cluster of convergent media and related industries.

For some years the City has been engaged in planning the revitalization and redevelopment of the Study Areas through numerous Council-endorsed policies and plans, completed environmental assessments, and plans and studies that are currently under development. These plans and policies support the City’s goals of supporting the area’s current and future employment activity, including for studio and associated uses, while also enabling the development of both vibrant new communities in appropriate locations and employment clusters. In the context of the most recently proposed plans the flexibility that larger studio complexes would have for future development and operation will become somewhat more limited. At the same time, market speculation will also increase the pressure on both potential and existing studio sites, if not sufficiently protected from other land uses.

Given the economic activity created by the on-screen industry and its positive spinoffs to the broader market, it is crucial to understand the impacts the City’s revitalization

plans will have on existing film and screen production uses, as well as their future growth prospects. To this end, this study:

- Assesses the state of existing film and screen industry studios and related infrastructure in the Study Areas;
- Examines the potential impacts of development plans and trends on industry activity and growth; and
- Identifies opportunities and concerns as they relate to the innovative development of successful on-screen industry infrastructure.

The Study provides an evaluation of the Study Areas as a potential hub of world-class film studio infrastructure, accounting for a wide array of factors which affect the feasibility and operation of film studio developments, including comprehensive review of local and international market factors, land use and infrastructure considerations and consultation with industry experts and stakeholders.

A summary of the key findings of the report are as follows:

The Study Areas Present an Ideal Economic Opportunity for Toronto's On-Screen Industries

- There is a clear need for additional studio production space if Toronto's on-screen industry is to take advantage of both domestic and international demand. Low vacancy rates across the City present a barrier to entry for many producers, resulting in investment being directed towards other markets.
- A diverse mix of studio space and quality is necessary to support all types of production. Studio space comes in many forms; from industrial warehouses converted for production use to purpose-built sound stages featuring a wide range of amenities and features. Different types of space meet the needs and budgets of different productions. Industry feedback indicates new purpose-built space would be preferable as it is better suited to meet a range of industry needs and could attract a wider range of productions.
- The Study Areas remain a key location for Toronto's on-screen industry with the potential to further strengthen their position as a global destination for media and entertainment production. The Port Lands and South of Eastern Employment District are Toronto's premier studio location with the clear potential to further develop as a first-class media production hub. Major firms in the industry already

have a presence, the infrastructure foundations are established, and additional new entrants are interested in locating there.

- Planned initiatives in the Study Areas will create opportunities for new land uses and businesses which could complement on-screen industry activity, creating a sense of place and increasing the attractiveness of the cluster as a destination for domestic and international productions.
- The City owns a number of large sites in the Study Areas which could be ideally suited for the development of new studio infrastructure via land lease to a prospective developer and operator.
- The on-screen industry is growing, clean, and provides well-paid employment opportunities with many positive spin offs. At the same time, it also helps to raise the global profile of the City.

Key Constraints Must Be Recognized

- Planned revitalization initiatives in the Study Areas will result in the loss of some existing studio space as required infrastructure improvements are constructed and new development pressures mount.
- Market pressure stemming from the introduction of new development opportunities in the South of Eastern Employment District, including the potential redevelopment of the Unilever Precinct as a major office and retail hub, are spurring the sale of some existing studio operations. If these studio facilities are redeveloped for non-studio uses and no alternative facilities are developed to offset their loss, the net loss of studio production space could have a significant impact on the Study Areas' potential as an attractive hub for industry uses.
- Prospective studio developers have indicated a strong preference to develop new purpose-built studio complexes in the Study Areas. Feedback from these developers, industry experts and a case study review of other studio examples suggests that a larger site will be required in order to facilitate all of the stages and ancillary uses necessary to warrant the investment required, preferably a minimum of 10 acres in size.
- Between geographical constraints, a fractured land ownership pattern and required infrastructure improvements to the area, there are only a limited number of opportunity sites within the Study Areas that meet the suggested site size criteria for studio complex development. Additional challenges related to developing on leased land, site consolidation and the eventual introduction of

sensitive land uses nearby may negatively impact the feasibility of some potential studio sites.

- The Study Areas represent the City’s most desirable location for the industry, but not the only location for such activity. Other options may lack the locational advantages offered by the Port Lands and South of Eastern, but nor do they face as many constraints. Given the mobility of the industry, any loss in momentum to the area’s development as a studio hub may spur potential users to consider other locations. This could fracture the industry and scatter the development of future studio infrastructure across the City and Greater Toronto Area, further undermining the potential advantages offered by clustering.

Recommendations for the Further Development of a World Class Cluster of Studio Uses

Should the City of Toronto seek to further the development of a first class hub of studio industry uses within the Study Areas, the Study recommends the following steps be taken:

- 1. Seek to maintain existing studio uses as a condition of development where possible**

To limit the risk of a significant net loss of studio activity in the Study Areas, the City may consider a requirement that existing studio infrastructure be retained or replaced on sites planned for redevelopment. This may require implementation of a specific policy similar to the City’s office replacement policy under OPA 231.

- 2. Encourage TPLC to consider longer leases for studio developments**

Where the City is considering leasing land for studio development, the length of lease will have a significant impact on project feasibility. Developers interviewed over the course of the study indicated that 20 to 25 year leases are barely sufficient if they are to recover their capital investments and that shorter lease terms discourage higher quality development. A minimum lease term of 40 to 50 years is recommended.

- 3. Encourage the consolidation of developable parcels for studio complex uses**

Planned improvements to the Study Areas will realign portions of the existing lot pattern and transportation network in order to improve vehicle circulation and economic opportunities through the creation of new development blocks. To encourage the development of studio complexes on some of these new sites, the City may wish to consider closing some existing public right-of-ways that will no

longer be necessary in order to encourage the consolidation of some public and privately owned parcels into sizes and configurations better suited for studio complexes.

4. Encourage and incent flexibility and innovation in site design

As the owner of many of the potential studio development sites within the Study Areas, the City could consider offering incentives such as preferable lease provisions, or financial support to developers who demonstrate a willingness and ability to construct studio facilities in support of the broader economic goals for the area. This could include incenting developers to construct studio facilities which creatively adapt to the challenges in the area, such as building denser studio facilities on smaller lots or across multiple proximate sites separated by public roadways. Financial support could include approaches such as offering the City's IMIT Tax Increment Equivalency Grant to new studio development or having the City act as a guarantor for loans.

5. Limit the potential for speculation on sites ideally situated for studio complex development

In order to limit increased land costs on sites ideally suited for studio complex development, the City should restrict residential uses on these larger viable sites as it proceeds with the preferred land use direction. In particular, it should seek to protect these development parcels through the precinct planning process in areas where a mix of land uses are proposed nearby.

6. Examine the potential for studio infrastructure on the Ports Toronto site

Another potential location for developing studio infrastructure in the Study Areas is on the federal ports site south of the Ship Channel. The site is well removed from other conflicting uses and may offer a viable alternative to sites in other parts of the Study Areas.

Given the size of the parcel and scale of port and cruise ship operations, there is a possibility that Ports Toronto could consider leasing off a portion of the site along Cherry Street for other uses. Approaching Ports Toronto and the Federal government regarding this concept would require a coordinated effort between the City of Toronto and a prospective studio developer. Additionally, a study would need to be completed by Ports Toronto that would demonstrate that the lands are not required for future port purposes.