

June 14, 2023

Honorable Steve Clark  
Minister of Municipal Affairs and Housing  
[minister.mah@ontario.ca](mailto:minister.mah@ontario.ca)

**Re: ERO 019-6813 – Rethinking Industrial Lands Protection under the Proposed Provincial Planning Statement**

Dear Minister,

On behalf of Canadian Manufacturers & Exporters (CME) and its members, I am writing to provide input on the proposed Provincial Planning Statement (PPS) and follow up on my request to meet to discuss the protection of industrial lands in Ontario.

Recent months have highlighted the importance of having a ready supply of lands to support economic growth, from large-scale manufacturing of EV batteries to re-shoring of critical manufacturing of personal protective equipment (PPE) and vaccines. As encouraging as those large-scale projects have been, they should not eclipse the needs of other Ontario manufacturing operations.

In recent years, too many of companies, especially in the greater Golden Horseshoe Area have been pushed to other regions as municipalities have rezoned industrial lands to residential use in pursuit of new tax revenues. Many manufacturers have also faced “not-in-my-backyard” attitudes and requests to limit operations from ever closer residents. This has resulted in both increased costs and investment uncertainty in impacted areas.

We expect that the removal of the Provincially Significant Employments Zones (PSEZ) and Municipal Comprehensive Review processes in the proposed policy will only exacerbate those trends. **Therefore, CME urges the government of Ontario to use the additional time it has given itself with the extended consultation period and amend the proposed PPS to improve protections for employment areas. These provisions should be meaningfully discussed with stakeholders before implementation in the Fall.**

The enclosed provides our recommendations to establish a more balanced policy for land planning in Ontario. We urge you to include these provisions into the proposed Provincial Planning Statement so that essential manufacturing operations can be protected as much needed housing is secured for its workers.

Sincerely,



Dennis A. Darby, P.Eng., ICD.D  
President and CEO

CC Honourable Doug Ford, Premier of Ontario  
Honourable Victor Fedeli, Minister of Economic Development, Job Creation and Trade

## Canadian Manufacturers & Exporters Submission Proposed Provincial Planning Statement

Ontario manufacturers support bold measures to densify communities and improve the supply of housing, so our sector can get the workers it needs to be successful. There is an urgency in that regard. In the CME's 2022 [Labour and Skills Survey](#), Ontario manufacturers reported that labour and skills shortages in the sector cost Ontario's economy almost \$4 billion in the last year.

Such policies must be balanced by corresponding protections for employment areas. People need housing as well as quality employment in their communities to pay for this housing. **As such, the proposed Provincial Planning Statement (PPS) should prioritize the utilization of existing residential areas for additional housing while minimizing the disruption to critical, scarce, and sensitive protected industrial lands.**

To accomplish this, provincial land use policies must include clear provisions and safeguards to deter speculation and encroachments. These provisions are absent from the current draft PPS circulated for input. In fact, existing protections for employment and industrial lands are proposed to be removed, inviting more disruption for Ontario manufacturers in the future.

To provide appropriate certainty for companies to attract the investment needed to propel our sector forward, CME recommends the following:

1. **Design areas of employment to fulfill the original policy intent of Provincially Significant Employment Zones (PSEZs) and push further where this framework fell short**

According to preliminary analysis conducted by the Toronto Region Board of Trade, there were hundreds of requests to convert industrial lands to residential in the Greater Toronto Area during the current Municipal Comprehensive Review (MCR). While a small number of conversions are being approved, these requests and the land speculation associated with them drive up property values, which increases costs and uncertainty for manufacturers.

This is happening because key industrial areas south of highway 401 in the Toronto area were omitted from the original designation of Provincially Significant Employment Zones (PSEZ) in 2019. Further, the province never acted on the original policy intent which was to provide long-term certainty for these areas and protect them from re-zoning. Without enforcement mechanisms, the policy became less relevant.

The removal of the Municipal Comprehensive Review is expected to only exacerbate the situation, as it will mean conversion requests for employment lands can now occur at any time.

What will replace the current framework for employment lands protection is not yet clear. On p.2 of the document outlining the implementation approach for the new PPS, there is mention of **possibly** identifying "select PSEZs or portions of PSEZs for the sole purpose of protecting lands exclusively for employment uses through an alternative approach (e.g., section 47 of the Planning Act)". This lack of clarity suggests a willingness to let more industrial areas be converted in absence of an explicit guidance issued by the province to protect them.

While CME is not opposed to the idea of using MZO's to protect employment lands, we are concerned that the current wording suggests a very limited scope for the policy. Such a laissez-faire approach is concerning, as the re-shoring of our industries is happening now, and once an industrial area is converted to residential use, it is usually gone forever. We will not get another opportunity to get it right.

To be effective, an employment area framework must be comprehensive and provide enhanced protections to deter speculation driving up costs for manufacturing operations. As such, the new process should:

- **Provide ability for both municipalities AND the province to create new employment areas.** The province should retain a say and provide specific direction for planning in those areas to be implemented in coherence with economic development strategies. Consultation with other departments such as MEDJCT should also remain explicitly mandated when a subtraction from an existing Area of Employment is proposed.
  - **Enshrine long-term protection against conversion of industrial areas deemed critical (10 years or more) to provide additional planning and investment certainty.** The longer areas are explicitly protected, the stronger the signal to companies that those areas be relied upon to operate, therefore increasing certainty that costly equipment and real estate will deliver a return on investment.
  - **Retain the current five-year limitation on when conversions can occur.** Previously, the Municipal Comprehensive Reviews (MCR) allowed municipalities to preserve a holistic view by consolidating requests every five years. With this process effectively removed, conversions can now occur at any time, leading to a 'death by a thousand cuts' effect where incremental encroachments erode industrial areas over time.
  - **Differentiate across various areas of employment types.** Building on successful approaches in Sydney, Australia and the London area in the UK, the PPS should provide differentiated guidance for different types of industrial lands, moving away from the current 'one-size-fits-all' approach. Where it makes sense, light industrial can act as a buffer between heavy industry and residential, allowing intensification in a more coherent way.
2. **Explicitly prioritize the intensification of existing residential areas to end creeping encroachments on areas of employment**

The proposed, modified definition of 'areas of employment' enables conversion of employment zones to residential development. The implementation is left to municipalities, which in our experience often pursue short-term residential tax revenue maximization to the detriment of long-term economic planning. **As a general principle, residential development should take place in designated residential areas before employment land conversions are permitted.** Not doing so may result in an over-designation of residential land and undermine densification efforts, while also compromising the availability of employment lands.

3. **Include broader provisions to include appropriate buffer space between residential and industrial areas**

Section 2.8.1.3. of the policy currently provides that residential uses shall be permitted on lands for employment outside of employment areas. In some case however, development on adjacent land may be problematic and lead to encroachments, impacting industrial operations. We would welcome more flexible language leaving room for appropriate exclusion zones to be created for other motives than public health and safety. For example, a company may need to be further removed from residential developments if it requires nighttime operations, generates noise or emissions.

4. **Consult on a fully developed framework to protect industrial areas of employment prior to implementing the consolidated Provincial Planning Statement**

The proposed process using s. 47 of the Planning Act (Ministerial Zoning Orders) needs to be fully detailed and take effect simultaneously with the new policy. At this time, there is simply too little known about the proposed framework to determine if it will be adequate and effective. We believe the policy must be crafted with explicit involvement of manufacturers to preserve operations and ability to attract investment for the future. There also needs to be a mechanism for ongoing consultations with relevant stakeholders on appropriate land use planning policies and designations.