

Subject: Development of 82, 86-90 Broadway

Department: Community Services

Division: Economic Development

Report #: CMS-2022-018

Meeting Date: 2022-08-08

Recommendations

That report CMS-2022-018 dated August 8, 2022 regarding Development of 82, 86-90 Broadway be received;

And that Council direct staff to complete a 2023 capital budget submission for consulting services required to oversee and manage all elements of a detailed proposal call and related processes for the development of 82, 86-90 Broadway.

Background and Analysis

At its November 9, 2020 meeting, Council received a report and presentation by N. Barry Lyon Consultants Ltd. (NBLC) with respect to potential development opportunities for the Town-owned properties at 82, 86-90 Broadway. The consulting firm provided Council with a report that: reviewed the feasibility of developing the site as a multi-use facility; provided three possible design concepts and financial considerations of each design; and outlined and evaluated potential ownership structures.

It was identified that at the time, all three development scenarios would require subsidization to move forward and the details about financial impacts of each option were provided to Council in a closed session. At that meeting, Council expressed interest in a design scenario that featured a 4-storey, 40,300 s.f. building on Broadway (35,300 sf. residential and 5,000 sf retail/commercial space at ground level) together with a residential 8-storey, 84,600 sf building on Armstrong St. This development scenario included the provision of private residential parking underground and 152 public parking spaces, including 68 parking spaces within a structure (40 at grade level and 28 spaces within a second storey deck) and 84 spaces within an underground garage.

While this design concept was acknowledged to be more complex, it was identified as an option that could offer greater economic impact to the downtown, require fewer underground parking spaces and support Official Plan intensification targets. It was also noted that from a financial perspective, this option would require the greatest amount of subsidization to move forward.

Different ownership structures were also evaluated within the context of financial appeal. From a development perspective, a sale of the land, with agreements in place to provide specific design elements to be defined by Council, was presented as being the most marketable option, more likely to product the desired outcomes and offering less risk to the Town than any other options presented.

Without making a commitment to any specific design scenario or ownership structure, Council then directed staff to move forward with initial tasks to prepare the site for potential, future sale. In 2021, the completion of an Economic Impact Study, Phase I and II Environmental Site Assessments, and a Pay for Parking Evaluation Study were all undertaken.

At its January 10, 2022 meeting, Council received a report from the Economic Development office that summarized activities that had been undertaken to date with respect to the potential development. To re-cap briefly, results of an Economic Impact Study that was presented in a closed Council session in August 2021 demonstrated that long-term benefits would result from the development of the properties. Results of Phase I and II Environmental Site Assessments indicated that there was no need for remediation of the properties. The Pay for Parking Analysis indicated that no steps should be taken to implement paid parking in the downtown in the near future due to a lack of consistently high parking demand as well as a recognition of the need to support downtown businesses as they recover from the impacts of the pandemic over the next several years.

Staff were directed to return to Council following adoption of the Community Improvement Plan (CIP) when potential incentive programs and new design guidelines to encourage private sector investment in the downtown could then be available. The CIP, exclusive of the proposed Design Guidelines, was adopted by Council at its July 11, 2022 meeting.

Community Improvement Plan/Design Guidelines

One program outlined within the new CIP that could help to incent private sector investment is the Industrial and Commercial Development Charge Deferral Interest Grant Program.

This program reduces the immediate capital outlay required for a project through a deferral of part of the municipal Development Charge (DC) applicable to the development. The incentive eases capital/cashflow requirements associated with the development while also supporting the municipality's goals through increased assessment and the new and productive uses that the developed land brings.

The program provides a deferral of 50% of the Town's applicable Development Charges levied on commercial/industrial developments for a maximum of 18 months. The interest that would have been generated as a result of the DC deferral – up to a maximum of \$15,000 with specific conditions - would also be applied to the applicant's account and a grant for the equivalent portion would be provided from the CIP reserve. This CIP program could be turned on or off for specific development projects as deemed appropriate by Council and the 82, 86--90 Broadway project may be a suitable project in the future. While application and administrative processes will need to be developed to implement the incentive on a case-by-case basis, the Industrial and Commercial Development Charge Deferral Interest Grant Program could provide incentive to developers, if needed, at time of development.

Design guidelines have also been created to complement the CIP and when approved by Council, can be incorporated into any new development within the downtown. The guidelines define and explain the desired architecture, planning, and landscape design elements that will guide development scenarios within the Downtown and they provide a tool to assist with the evaluation of any future development proposals received.

Considerations and Direction

A re-development of 82, 86-90 Broadway that included the development of buildings at Broadway and at Armstrong Street could have positive effects on the wider community, contributing to increased assessments, a greater range and supply of housing choices, increased parking availability, and a healthier downtown through increased commercial space and consumer spending.

Should Council wish to move forward with the project in the immediate future, further decisions will be required with respect to confirming the development scenario and ownership structure preferred, the level of subsidization that Council is prepared to contribute to the project - if any, and the required level of engagement with the BIA regarding their requirements for the property's dispersal.

The property is located within the heart of the town's historic downtown and if developed, will be a significant and impactful landmark. As such, any new, mixed-use development should be carefully executed to ensure that the existing heritage buildings are preserved and complemented and that the cultural character inherent to the area is honoured while also creating vibrant, new commercial and residential opportunities to serve the needs of residents and visitors.

To ensure the selection of a developer that will meet the objectives of attracting the best technical and financial offer in a fair and transparent manner, it is recommended that a capital budget be established to hire a consulting firm to oversee all aspects of the development proposal process and call - through to selection of the successful developer. Work completed by the selected consulting firm would include, but not be limited to:

Goals and objectives - Work with the Town/Council to review, refine and establish goals and objectives for the project, including establishing financial objectives and defining the level of any subsidization that Council is prepared to contribute to the development. Define the required level of engagement and consultation with the BIA and ensuring steps taken to ensure a mutually agreeable approach to the development. Clearly identifying the level of engagement and degree of control sought in overall outcomes and for the preferred design scenario along with any required inclusions in the development (150 parking spaces, percentage of commercial vs residential space, specific uses etc.). Confirmation of ownership structure to be obtained.

Work Plan – Deliver an overall schedule with timelines and tasks to be completed to establish the new space(s). Define approach to soliciting interest from potential developers and timing for the development selection process.

Engagement – Establish a communications protocol and communicate and report to Council as needed, ensuring that requirements are articulated to a high level of specificity to assist with the RFP development. Interact/negotiate with the Orangeville BIA, Heritage Orangeville and other stakeholders throughout the process. Solicit interest from prospective developers through outreach, communication and interviewing to create a qualified short list of candidates.

Manage RFP Process - Administer and manage all aspects of the RFP process. Identify and collect potential due diligence documents for dissemination to potential developers. Develop the RFP documents which clearly: outline project details, reflect Council's requirements, provide submission requirements and methodology, evaluation criteria and processes, timelines, and tasks to be completed for delivery of the new space. Assemble and administer all key information to be disseminated to potential developers as required for bidding. Respond to questions and participate in analyse and evaluation of all bids received. Assist Town to negotiate final terms of agreement.

Consulting services required to manage the development call proposal and related processes is estimated to cost approximately \$130,000. Legal costs associated with the execution of all procurement and legal agreements would also be required and are estimated to total approximately \$30,000, resulting in total consultation fees of \$160,000.

Strategic Alignment

Orangeville Forward – Strategic Plan

Priority Area: Sustainable Infrastructure/Economic Vitality

Objective: Plan for growth/Stimulate tourism and cultural development

Sustainable Neighbourhood Action Plan

Theme: Land use and planning

Strategy: encourage mixed use development

Notice Provisions

N/A

Financial Impact

Moving forward with next steps in the development project would have a 2023 capital budget impact of approximately \$160,000 in 2023.

Respectfully submitted

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Attachment(s): None .