CM-29-20 Appendix A

urbanMetrics inc.
market, economic and strategic advisors

A BURLINGTON MUNICIPAL DEVELOPMENT CORPORATION

Strategic Real Estate Feasibility Analysis

Burlington, Ontario

Prepared for **The City of Burlington**

September 28, 2020

urbanMetrics inc.

market, economic and strategic advisors

CITY OF

Burlington

Executive Summary

Study Purpose

- urbanMetrics was engaged by the City of Burlington to assess the viability, function and structure of a municipal development corporation or other strategic real estate entity to facilitate the development of City owned lands to achieve economic development and city building initiatives.
- The study was undertaken in conjunction with a study conducted by MDB Insight to examine the role of the Burlington Economic Development Corporation.

History of the MDC in Burlington

- The City of Burlington has previously engaged with KPMG LLP and Cresa Toronto Brokerage on strategic real estate functions that could be undertaken by the City or some form of municipal development entity. KPMG LLP conducted a 2013 review of the BEDC's governance and structure, including the potential for the BEDC to have responsibility for development-related activities, while Cresa Toronto Brokerage created a strategic land framework for Burlington that provided a guide to creating and implementing an MDC, evaluating strategic land opportunities, and dealing with unsolicited proposals. While the studies provided the City with guidance, a municipal development corporation or similar entity was never created.
- We have built upon this previous analysis in several ways, including a significant evaluation of the delivery models of municipal development projects in municipalities across Ontario and Canada. Case Studies
- Consideration of delivery models for municipal strategic real estate development have tended to follow a straight-line continuum. At the most basic level, it involves city staff managing municipal real estate assets and projects, often as an adjunct to another department. At the most robust level, strategic municipal real estate development is undertaken by a well funded corporation with a mandate allowing for significant autonomy and self financing from development revenues. We have identified a multi-dimension continuum that illustrates the relationship between development capacity and autonomy, recognizing that some municipal entities such as CreateTO have significant resources and capabilities while remaining under the municipal umbrella.
- The strategic land delivery models evaluated through the case study research are generally categorized into three types: Internal Municipal Project Management, External and Autonomous Development Corporations, and Hybrid Models.
- Internal Municipal Project Management was characterized by the significant influence of municipal political cycles and potential conflict over the dual applicant and approval role of the municipality, balanced by a retention of municipal control and ownership of the asset. External

and Autonomous Development Corporations were largely characterized by a targeted and limited mandate that focused the corporation's resources in a specific geographic area or type of development, and their success is directly impacted by the degree of autonomy with which they operate. Hybrid Models incorporate both aspects of these first two approaches, employing significant internal municipal resources to direct external corporate assets towards municipal objectives.

Stakeholder Engagement

- We engaged with 17 internal and 22 external individual stakeholders over the course of the engagement process. These included commercial developers, residential and mixed-use developers, municipal staff, the BEDC board, local business owners in high growth sectors, and commercial real estate professionals. For the purposes of this analysis city staff and BEDC board members have also been referred to as internal stakeholders, non-City or BEDC interviewees were defined as external stakeholders.
- The first phase of stakeholder engagement resulted in answers as well as gave rise to more questions. We found that overall, there was significant support for the City of Burlington to engage strategically in real estate, with local business owners and property developers able to identify potential positive impacts on their businesses. In addition, the diverse group of respondents identified many disparate types of projects that they would like to see a municipal development corporation or strategic real estate entity undertake.
- In addition to these individual stakeholder engagement sessions, two workshops with key internal decision makers were conducted to help brainstorm and work towards a broad consensus of how to move forward. The first workshop involved the Board of the BEDC, while the second involved City Council and senior Municipal Staff.
- Questions in the stakeholder interviews were tailored to reflect the different backgrounds of each participant, but ultimately followed four key themes, which included: Defining the form, function, and goals of an MDC or similar strategic real estate entity; Perceptions of the municipal attitude to development; The Role of the BEDC; and, Vision for the Future of Burlington

Council and Staff Workshop

- The Council and staff workshop allowed for many of the municipal decision makers to collectively consider the pros and cons of the different strategic land delivery models and resulted in the identification of key areas of agreement as well as important questions to answer.

- Key areas of agreement identified in the workshop included
    - The need for Burlington to expand its strategic real estate capacity and/or capabilities
    - A dedicated real estate entity would be beneficial for the City of Burlington
    - The real estate delivery model needs to be flexible enough to address multiple issues
- Key questions that arose from the workshop included:
    - With how much autonomy should the strategic real estate entity be mandated?
    - What level of financing is available to fund an MDC or similar entity?
    - What will collaboration between the entity and City Staff look like?

Burlington's Strategic Real Estate Opportunities

- The previous work by Cresa had identified a number of City owned real estate opportunities that could represent the type of project undertaken by the chosen strategic land delivery model. These included: two downtown parking lot sites, the Art Gallery of Burlington, and the Burlington Hydro site. As part of this study, we identified several additional opportunities that were not available during the previous work. These included two surplus school sites, the Sims Square Parking lot, and the lands around the three GO Station sites, which have been identified as Mobility Hubs and major transit station areas intended for mixed use intensification.
- The sites identified could offer the City various degrees of benefit. However, all had obstacles and they are not immediately available for development by the City or a related entity. Some sites, such as the Art Gallery, could be costly to develop. The school sites are not owned by the City but could be acquired through the Province's Disposition of Surplus Real Estate process. Other than high density residential development, there is no immediate use identified for the three downtown parking lot sites, although they have strategic value for the community given their prominent locations. Finally, the City has minimal land holdings in the vicinity of the GO Stations.
- As part of our analysis, we prepared hypothetical development scenarios for three of these sites to provide an understanding of the value that could be added through the involvement of a strategic real estate entity. These included an imagined redevelopment of the Art Gallery of Burlington ("AGB") site at 1333 Lakeshore Rd, the purchase and operation of Robert Bateman High School at 5151 New St, and the intensification of the surface parking lot known municipally as Parking Lot 4, located downtown on Elizabeth St.
- The three projects each offer a very different set of benefits and obstacles. All three would involve multiple components and would likely require development partners. Further work would be required to advance these to viable projects, but all three demonstrate the benefits a strategic real estate organization would offer the City.

Opportunities and Limitations with Regards to the Creation of an MDC or other Strategic Real Estate Entity

Opportunities

- There is strong support for a greater strategic real estate function within Burlington.
- The BEDC represents a strong economic development resource and strategic partner.
- The private sector developers who were interviewed generally indicated a willingness to partner with the City on strategic real estate projects.
- The City has a good track record of purchasing land and enhancing the value through the incorporation of important community facilities, including: Paletta Mansion, City View Park, Sims Square, and Spencer Smith Park.
- There are several strategically positioned opportunities within the City, but they would need to overcome certain obstacles to be available for development.

Limitations

- There is no single large scale immediately identifiable land development opportunity in Burlington, such as was the impetus for municipal development corporations in other municipalities.
- The currently identified opportunities would require further due diligence prior to being identified as development projects that would require a municipal development corporation to undertake.
- The creation of a full-scale municipal development corporation under the Municipal Act would involve a significant capital investment and resources, which would challenge the City's current priorities, particularly in light of the COVID-19 Pandemic.
- While there was general support for the ultimate creation a full-scale municipal development corporation, Staff and Council were prudently cautious with respect to a) the autonomy of an organization involved with large scale City assets and b) the financial risk that the City is willing to take on. Most suggested that they preferred a phased in approach rather than starting out with a full municipal development corporation.

Recommended Approach to an MDC

- Given the interest and opportunities coupled with the limitations, we would recommend that the City create an internal strategic real estate structure that would involve the BEDC, as well as other, potential partners, such as Halton Region, other public agencies, private industry and private and public institutions, as required.
- Oversite and strategic direction would be provided by a committee that would ultimately be accountable to Council. The committee would be made up of the Mayor or designate, the City Manager, selected members of Council and appropriate senior staff, with representation from the BEDC. A staff lead, such as the City Manager, would be responsible for managerial leadership. Outside consulting expertise would be engaged as needed.
- The mandate of the organization or partnership would be on leveraging real estate to :
  - Implement city building projects;
  - Maximise opportunities for economic growth and job creation; and,
  - Create opportunities for the development of affordable housing.
- Ultimately this strategic organization should have access to the staff and resources to: seek, identify and develop opportunities into viable projects; to direct the acquisition and disposition of land; undertake development visioning and design; obtain necessary planning approvals; and engage with outside partners.
- Initially, the organization should be tasked with seeking, identifying and developing opportunities into viable projects. As noted, a number of opportunities have been presented through this and previous consulting assignments. These, as well as others that may be identified in the future, need to be more formally prioritized and envisioned.
- This strategic real estate organization would be the first step towards the creation of a municipal development corporation.
- Establishing an internal organization as a first step, achieves a good balance between the opportunities and desire for augmented strategic real estate capabilities and the current obstacles and need for caution. It would:
  - Place a priority corporate focus on realizing strategic land opportunities.
  - Build on and leverage existing skills, relationships and expertise within City and BEDC
  - Enable an interim structure to build organization capacity and deliver key outcomes related to strategic land management.
  - Allow incremental budget resources in 2021/22 to be provided on a “one-time” funding basis, support for Council consideration and approval of detailed operating budget business case.

  - Provide an integrated and accountable organizational structure including a steering committee, designated staff leads and enhanced business process including Council oversight (including both open and closed session reporting)
  - Places a priority corporate focus on realizing strategic land opportunities.

- After an initial start-up period, the organization should be evaluated on an annual basis, with respect to:

  - Job creation, business creation and expansion;
  - City, community and neighbourhood building;
  - Realization of affordable housing opportunities;
  - Fiscal impact (taxes, assessment base, development charges, other fees);
  - Enhancing the profile of the City;
  - Support of the City's Strategic Plan and Planning Policies; and,
  - Cost effectiveness.

1.0 Introduction

urbanMetrics was retained by the City of Burlington as part of a consulting team led by MDB Insight to undertake a review of the Burlington Economic Development Corporation ("BEDC") and to review and analyze the viability of a municipal development corporation ("MDC") in Burlington. MDB Insight's role was to review the BEDC. urbanMetrics' role focused solely on the assessment of the opportunity for an MDC, which involved the following steps:

1. Review and summarize previous work assessing the development of an MDC
2. Review current land development and city-building issues and opportunities in Burlington and how an MDC could support addressing these.
3. Evaluate the current state of strategic land development opportunities for the City.
4. Evaluate the business cases put forward for MDCs in other municipalities to assess viability in the Burlington context
5. Conduct stakeholder engagement process with one on one interviews with internal and external stakeholders, as well as interactive workshops with key internal stakeholders.
6. Create criteria for the evaluation of strategic real estate opportunities incorporating feedback from stakeholder engagement process.
7. Evaluate three of Burlington's strategic land development opportunities based on identified criteria.
8. Identify the key decision points and trade-offs that may need to be considered by a strategic real estate entity seeking to engage in development opportunities similar to those put forward.
9. Provide recommendations to the steering committee on the preferred model and approach to achieve the City's objectives.

2.0 History of an MDC in Burlington

2.1 2013 KPMG Report – BEDC Review of Governance & Structure

In 2013 the City of Burlington engaged KPMG to undertake a review of the Burlington Economic Development Corporation governance and structure. The direction of this review was to evaluate the prospect of BEDC being mandated additional authority to acquire and sell assets to fulfill its economic development mandate, recognizing the constraining effect of the lack of development-ready employment lands on the economic development of the City moving forward. The process incorporated stakeholder consultation on the adoption of recommendations to re-structure the BEDC to engage in land development and "asset enhancement activities" that would "unlock the value of under-utilized real estate holdings". The report then explored the potential structure that would be required to enable the BEDC to acquire assets, enhance value, and bring those assets to market. One of the key conclusions of the report was the recognition that any entity engaging in these functions, which are typically associated with a land development corporation rather than an economic development corporation, needed to have more autonomy from the political structure than was afforded to the BEDC at the time.

After this report was authored, the BEDC was later re-structured to provide a degree of additional autonomy, but the mandate was not extended to provide for the ability to engage in asset acquisition, development, and sales.

2.2 2016 Cresa Report – Strategic Land Framework for Burlington

In 2016 the City of Burlington engaged Cresa Toronto Inc. Brokerage to develop a strategic land framework for Burlington. This process involved several steps including a review of sites and structures used by other municipalities to optimize the management and value creation processes of real estate portfolio. It also provided built form options for identified sites within Burlington including high-level feasibility analyses of several of these options. Additionally, it created a list of potential city-building outcomes and measurement tools to evaluate the worth of potential projects as well as the success of potentially undertaken projects as part of a strategic land management framework. It also outlined a mechanism for dealing with unsolicited proposals. One of the key takeaways from the report was its definition of the models used to deliver the value creation process to a portfolio of real estate assets, several of which are consistent with the MDC case study examples discussed later in this report. While the Cresa report provided good background information for the establishment of an MDC, it did not lead to the establishment of such an organization.

3.0 MDC Case Studies

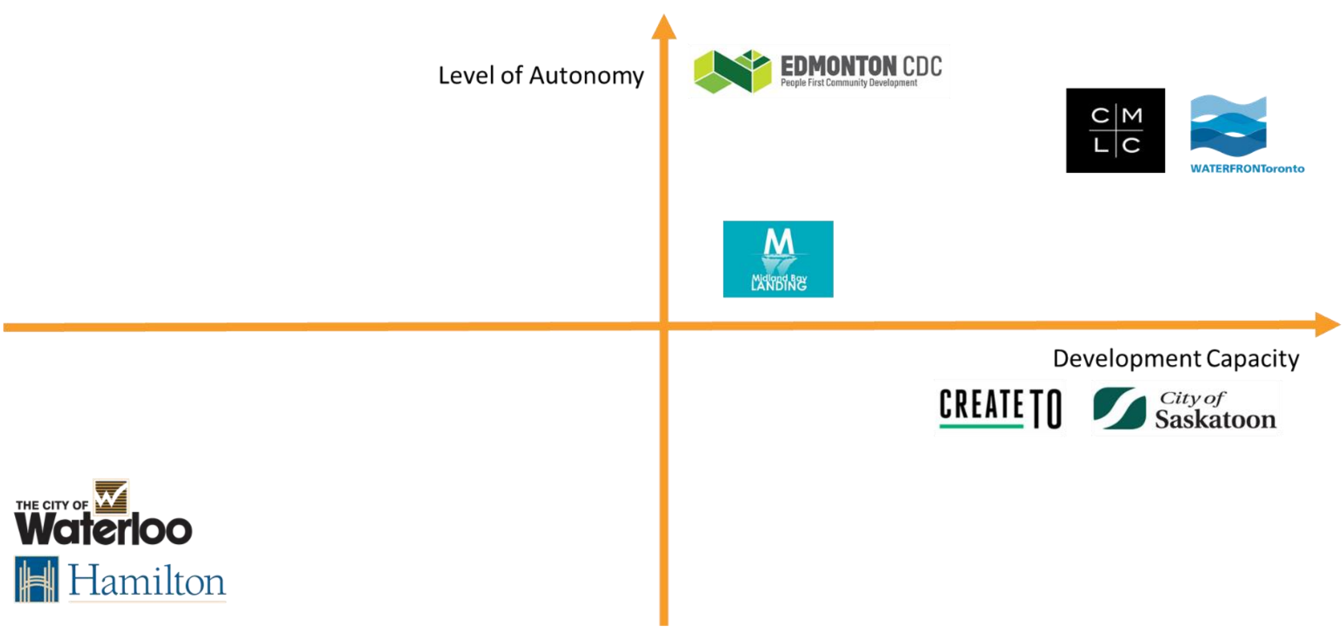
3.1 Introduction

The case studies explored in this section were selected to include a variety of delivery models and projects from municipalities of various sizes across Canada. The projects vary in scope from a single waterfront site in Midland to one of the largest waterfront revitalization projects in the world in downtown Toronto to the municipal division that is the dominant player in residential housing development in Greater Saskatoon. The projects/models considered include:

- City of Waterloo – West Side Employment Lands Development, Waterloo, ON
- City of Hamilton – Pier 8 Redevelopment, Hamilton ON
- City of Toronto – CreateTO Strategic Real Estate Model, Toronto, ON
- City of Saskatoon – Saskatoon Land Development Corp. & Land Bank, Saskatoon, SK
- Town of Midland – Midland Bay Landing Development Corp., Midland, ON
- City of Calgary – Calgary Municipal Land Corporation, Calgary, AB
- City of Toronto – Waterfront Toronto Development Corp, Toronto, ON
- City of Edmonton – Edmonton Community Development Corp, Edmonton, AB

These projects are divided into three groups reflecting the differences in delivery models: Internal Municipal Project Management, External and Autonomous Development Corps., and Hybrid Models.

Figure 3-1: Case Study Entities Autonomy-Capacity Continuum



SOURCE: urbanMetrics inc.

3.2 Internal Municipal Project Management

City of Waterloo – West Side Employment Lands

Purpose

To provide the significant infrastructure necessary to facilitate more development-ready prestige commercial and industrial space in a strategic location within the City of Waterloo, and to ensure that development is conducive to a secondary connection to a nearby residential area while improving existing transportation issues.

Project Summary

In the past, the City of Waterloo has acted as a developer and provided the local business community with an available supply of development-ready land. The City owned, partially owned, or was interested in acquiring a total of approximately 125 acres of land on the western edge of the City of Waterloo. To facilitate growth, the addition of jobs, and increased connections to nearby residential neighbourhoods, a significant amount of transportation infrastructure upgrades were required. This included the extension of a new road and the widening of three existing roads to accommodate an estimated 1,500 peak hour daily trips through the area.

The draft subdivision plan included 10 blocks for business employment and industrial and two blocks for convenience commercial uses. The stated plan was to sell these blocks and/or have them subdivided and sold once the subdivision is registered. The sales strategy is slated to involve a combined effort from the City's economic development office and the region's Waterloo Economic Development Corporation.

The project heavily utilized the analysis and opinion of real estate and planning professionals for certain segments of the process, including urbanMetrics inc., who conducted a preliminary market analysis. Before the process began the City engaged with Coldwell Banker Peter Benninger Realty to complete the development of an employment lands strategy, which resulted in two key documents, Best Practices in Higher Density Employment Lands, and Employment Lands Implementation Plan for City-owned Land.

Identified Roles for the City

One of the key takeaways from the Implementation Plan was an understanding of the identified options as to the role the City could choose to play in the development of the city-owned employment lands. This process, in terms of a delivery model continuum, represents a purely internal municipal project initiative.

City as Developer

In this role, the City could continue as they had done previously and release serviced and development-ready employment land to the business community. This requires the City to undertake the provision of infrastructure and planning approvals prior to any revenue generation.

City as Landlord

This role entails the City entering into long-term ground leases with future tenants. It would provide significant authority into future uses and may provide a source of revenue to continually improve the lands.

City Sells to Private Developer

The City-owned lands could also be sold to a private developer after planning approvals but before servicing. The City could then influence the development through the Official Plan, Master Plans, Subdivision Plans, or purchase and sale agreements.

Governance Overview

As just outlined, the City considered three options for its role in the development of the West Side Employment Lands, Developer, Landlord, or Selling to a Private Developer. The City chose to pursue the role of a developer moving forward, which meant it was responsible for the Master Planning and Subdivision process as well as site servicing in advance of the realization of any revenue.

The project was managed internally and without the creation of a task force or specific team to own the project. Given the nature of such a project, it heavily involved the economic development department, planning department, and legal department. There have been concerns voiced regarding the duality of the City's role in the project, as it is both applicant and approval body, which could lead to allegations of a conflict of interest. These concerns led to the economic development department becoming primarily responsible for the application related portions of the project, and also increased the use of external consultants.

Finance Overview

Initial non-road related estimates for the first 3 years of development were between $200,000 to $250,000 for the geotechnical, environmental monitoring, Phase 1 Environmental Assessment, the Master Plan, and the Plan of Subdivision. In 2019 Waterloo City Council approved $5.4 million to continue development. $1.8 million of this was allocated to buy two parcels at the north end of the area, the rest was allocated for additional consulting and design work, and construction of roads in 2020.

These investments are made based on an awareness of the need for additional development-ready employment land and a need to upgrade infrastructure and are expected to be balanced by the sale of lots, the applicable development charges for private construction in the area, and the economic benefits of up to 8,000 new jobs.

Figure 3-2: Waterloo West Side Employment Lands Visual Summary

Benefits

- The City retains significant control over the development of the land, ensuring municipal concerns are addressed
- Allows for significant public input into the development

THE CITY OF Waterloo

Drawbacks

- Without a dedicated strategic team managing the project, City staff had to work off of the side of their desk
- The City as applicant and approval body created concerns regarding conflicts of interest
- Potential conflicts of interest exacerbated staffing issues as the Planning Department wanted to remain outside the project
- Significant up front expenditures on the City's books

City of Hamilton – West Harbour & Pier 8

Purpose

To facilitate the redevelopment of a geographically, economically, and culturally significant parcel of land as part of the overall economic development of a core area of Central Hamilton, in line with the City's 2020 Masterplan and future growth plans.

Project Summary

The West Harbour area has been the focus of significant attention from the City of Hamilton for more than 30 years. The City has created multiple public parks to provide public access to the waterfront in the area, which was aided in 2000 as the Hamilton Port Authority conveyed the majority of the land associated with several of the piers in the area to the City of Hamilton. As the heavy industry that dominated the area gradually became less prevalent, the City realized that the area represented a significant opportunity for the betterment of the local community and the city.

The City began to undertake the Secondary Planning process for a very complex area, with railway rights of way, significant environmental concerns, and requirements to cohabit with ongoing harbour uses. The Secondary Plan – "Setting Sail" - was initially appealed to the OMB by CN Rail in 2005. The appeal process took more than 7 years and a revised Secondary Plan for the area was approved in December 2012. Following approval, the City segmented the municipally held lands in the area into different parcels, including Pier 8. The City then issued a Request for Qualifications which received 13 submissions. Council approved the evaluation and scoring framework for the RFP Process in July 2017. 5 teams were shortlisted, and the RFP process began, including significant public awareness and public feedback campaigns.

Governance Overview

The project was managed internally through the Department of Planning and Economic Development, with requisite input from a special issue Steering Committee and Hamilton City Council. The process incorporated significant input from third-party consultants, who assisted in the Secondary Planning process as well as the creation of the terms of the RFQ and RFP. One of the issues identified with this approach is that a significant number of otherwise eligible consultants were conflicted out of involvement in the actual development of proposals or offers given their involvement during the earlier stages of the process. This somewhat limited the level of competition for certain consulting services during the competitive proposal development.

Finance Overview

The City funded site remediation and servicing as part of bringing the sites up to being "development-ready", with the intent that these costs are recovered through the standard application of development charges during the development process. Choosing to manage this process internally through internal project management teams, the hiring of external consultants, and the issuing of RFQs and RFPs results in the ability to collect one time revenues in the form of development charges and building and planning permits, but also to generate ongoing revenue streams while maintaining ownership of some lands and control over others.

Figure 3-3: Hamilton West Harbour Pier 8 Visual Summary

Benefits

- Focused mandate
- The City was able to shape the development in line with municipal objectives and public consultation
- Allows for the long term management of a project outside of electoral cycles

Drawbacks

- Without a dedicated strategic team managing the project, City staff had to work off of the side of their desk
- Significant expenditures on 3rd party consultants
- The project will take almost 20 years to realize
- Significant up-front expenditures on the City's books

3.3 External and Autonomous Development Corporations

Waterfront Toronto – Toronto, Ontario

Purpose

To oversee and lead the renewal of more than 800 hectares of Toronto's waterfront in one of the largest waterfront revitalization projects in the world.

Project Summary

Waterfront Toronto is a development corporation created in 2001 through the cooperation of all three levels of government. The City of Toronto, the Province of Ontario, and the Government of Canada all equally funded the corporation and shaped its 25-year mandate to "oversee and lead the renewal of Toronto's waterfront". Waterfront Toronto is responsible for some 800 hectares of the designated waterfront revitalization area stretching from east to west across Toronto's downtown. The three orders of government each committed $500 million in initial capital and transferred ownership of lands within the revitalization area. The 25-year mandate was based on preliminary estimates of the necessary time to complete the full revitalization as planned. These plans accommodated approximately 40,000 new residents, 40,000 new jobs, and untold improvements to quality of life. Projects such as flood control, urban design, transit, and roadway reconstruction also unlocked development potential and encouraged development of adjacent lands outside of the waterfront.

Projects Overview

Since its inception Waterfront Toronto has undertaken many disparate projects including partnerships with other public sector partners such as the TTC and CreateTO, as well as private sector developers. These projects tend to require complex planning and approvals coordination as well as partnership and project management teams. They include works such as; the complete rebuilding of more than 1.7 km of Queens Quay West to incorporate cycling, LRT, and stormwater management infrastructure, the addition of another subway platform and reconfiguration of pedestrian pathways in Toronto's Union Station, the transformation of an underutilized surface parking lot into the urban waterfront Sugar Beach, the construction of several pedestrian bridges and wave decks along the waterfront to encourage walkability and public use of space, and master-planned communities such as the Canary District and Corktown Commons.

Governance Overview

As a tri-government partnership, Waterfront Toronto is accountable to the three levels of government that formed the corporation but is overseen by a 13-member Board of Directors with 4 appointees from each level of government and a jointly appointed chair. The board typically consists of a variety of private and public sector professionals from backgrounds such as real estate development, municipal governance, public policy, the leadership of civic associations and not-for-profits, and the practice of law.

The senior management team on behalf of all staff members including the Design Review Panel, Design Teams, Digital Strategy Advisory Panel, is required to submit annual operational plans that are then set jointly by the governmental partners and the board of directors. Each government approves all of its funding to Waterfront Toronto through detailed and binding contributions agreements, and the same is true of annual corporate spending. These contribution agreements are based on an annual tri-government negotiated long term funding plan, which is subject to approval by Toronto City Council, the Ontario Minister of Infrastructure, and the Federal Minister of Finance.

Figure 3-4: Waterfront Toronto Visual Summary

Benefits

- Concentrates investment in a strategic and geographically specific area
- Allows for an entity to execute a 25 year plan outside of electoral cycles
- Creates a vehicle for multi-government partnership

Drawbacks

- Potentially creates transparency concerns when a private entity engages in very significant and very public projects
- Criticisms as to the amount of power wielded by the appointed Board of Directors

Calgary Municipal Land Corporation – Calgary, Alberta

Purpose

To facilitate the significant infrastructure upgrades necessary to incentivize private development of underutilized land strategically located in downtown Calgary.

Project Summary

The Calgary Municipal Land Corporation was created in 2007 as a wholly owned subsidiary of the City of Calgary. CMLC was tasked with the redevelopment of the Rivers District/East Village, a 115-hectare area to the east of Calgary's downtown core at the confluence of the Bow and Elbow rivers. The primary objective of CMLC was to facilitate the development of the East Village through providing the necessary infrastructure, servicing, and permissions to stimulate private sector development while maximizing the value of the City's landholdings in the area.

The most significant difference between the CMLC and other development corporations in Canada is the CMLC's utilization of a Community Revitalization Levy ("CRL") - a form of tax increment financing ("TIF") as a financing mechanism. It provides a means for a secure stream of income to the CMLC through the segregation of the incremental property tax revenues increases within the Rivers District, which flow to CMLC rather than to the City of Calgary, which still collects the revenues associated with the initial or base value of a given property. In this case, the CRL effectively replaces the municipal and provincial portions of the property tax levied on the incremental assessment values. This limits CMLC's reliance on the sale of land and provides an incentive to ensure the maximization of value is achieved.

Governance Overview

The City of Calgary is the sole shareholder of the Calgary Municipal Land Corporation, but permission from the Province of Alberta to apply the Community Revitalization Levy and have incremental tax revenues accrue directly to CMLC was necessary. The CMLC is governed by a board of directors that are appointed by the City of Calgary, with a business plan and budget that must be annually approved by City Council. The mayor is the sole elected official representative to the board. CMLC is not a development authority as identified in Part 10 Division 4.1 of the Municipal Government Act M-26 RSA 2000, and is required to make all necessary planning applications to The City of Calgary.

Financing Overview

Annual and ongoing operational costs are funded through the CRL which is a form of Tax Increment Financing TIF. This mechanism operates by a defined Community Revitalization Area in the East River District whereby any incremental property tax revenues in that area accrue to CMLC rather than the City of Calgary. The base property tax revenues (i.e. before CMLC investment) are still captured by the City of Calgary. This incentivizes CMLC to create the maximum value possible within the projects and mandate approved by Council, as any infrastructure work that increases land value also positively impacts the next year's operating budget and the organization's cash flow. In addition to the CRL, which net $5.2 million in 2008, the City of Calgary also provided three loan bylaws totaling $192.5 million and sanctioned the book value sale of 7 municipal properties to CMLC.

Projects Overview

CMLC was created with the mandate of developing a specific and pre-defined area, the East River district. Despite its location in proximity to the downtown core, the East River district was underutilized and characterised by vacant industrial and commercial properties and very low densities of jobs and residents. Significant servicing and infrastructure additions and upgrades were required, which significantly increased the complexity and cost necessary for land development. These works had not been undertaken by any private sector developer despite the relatively low cost of land in the area compared to nearby communities. The City of Calgary determined that local infrastructure limitations were so significant that substantial public intervention would be required to prepare land to facilitate or encourage private sector development in the area.

Figure 3-5: CMLC Visual Summary

Benefits

- Created a self-sufficient funding model
- Concentrates investment in a strategic and geographically specific area
- Allows for an entity to execute a long term plan outside of electoral cycles
- Allows for the market to dictate sales and absorption

CMLC

Drawbacks

- Transparency concerns when a private entity engages in very public projects
- Criticisms as to the amount of power wielded by the appointed Board of Directors

Midland Bay Landing Development Corporation – Midland, Ontario

Purpose

To facilitate the development of the Town's most valuable real estate asset, a 16.24-hectare waterfront property formerly occupied by an industrial site, in line with the Town's "Unimin Waterfront Lands Master Plan".

Summary

The Midland Bay Landing Development Corporation “MBLDC” was incorporated on April 11th, 2018. Acquired in 2014, the site presented a strategic opportunity from the Town to create substantial public value in a key area in proximity to the downtown. A key aspect of this decision was the existence of the Unimin Waterfront Lands Master Plan, which had been approved by Council in June 2013. The Town established a steering committee and issued a Request for Expressions of Interest, which led to a Memorandum of Understanding with a private partner. However, due to a variety of factors, the memorandum of understanding agreed upon between the Town and the private partner lapsed, leaving the Town to pursue other options.

Governance Overview

The Town of Midland is the sole shareholder of MBLDC, which is a corporation under the Business Corporations act pursuant to Section 203 of the Municipal Act. The direction and activities of the corporation are set out in a Shareholder Direction and Operating Agreement. This agreement states that the primary purpose of the MBLDC is to “have consideration for…Unimin Waterfront Lands Master Plan and the Town’s Official Plan and to work in collaboration with others to promote economic development in relation to the MBL site”. It further directs the MBLDC to maximize the value of the MBL site for the benefit of the residents of Midland.

Further, the agreement also requires the preparation of a Business Plan in advance of every fiscal year that outlines the proposed actions and financial requirements of the corporation for the coming year, subject to approval by Council. It also requires the presentation of an annual report to the Town CFO which contains all audited Financial Statements, a list of accomplishments, and an explanation of any variances between actual results and the business plan that was in effect for the year.

The corporation is administered by an appointed board of directors consisting of five external members and two Council members, including the mayor or mayor designate.

Financing Overview

The primary capital contribution in the creation of the corporation was the transfer of the subject site, which was purchased in 2014 for $3.4 million. The 2019 operating budget was approximately $277,000, with site preparation work completed at a cost of $250,000 and environmental consulting work completed at a cost of $55,000. The operating agreement also sets out the potential for internal operational loans from the Town to the MBLDC to fund additional operating costs. There is an expectation that as lands are released to private developers the corporation will have the capacity to fund its operations internally, but the Town is currently funding all of the MBLDC’s activities.

Project Overview

The main responsibility of the MBLDC is to facilitate the development of their subject site in accordance with the Master Plan for the area and in such a way as to maximize their value to the people of Midland. For a prime waterfront site in Midland, this naturally lends itself to the creation of public space providing public access to the water, as well as opportunities for economic development encouraging growth in tourism, one of the most important contributors to the Midland economy. As such, the initial tasks for the corporation are to remediate the former industrial site and prepare it for both park space and construction. Currently, work is underway to create a temporary public park on a portion of the site that will serve as an interim use as infrastructure construction continues in other locations within the site.

Figure 3-6: MBLDC Visual Summary

Benefits

- Gives the Town ultimate control to shape development
- Allows for an entity to execute a long term plan outside of electoral cycles
- Allows for the market to dictate sales and absorption

Midland Bay LANDING

Drawbacks

- Public funding does not incentivize quick realization
- Significant up-front expenditures

Saskatoon Land – Saskatoon, Saskatchewan

Purpose

Saskatoon Land evolved out of the City of Saskatoon's land banking efforts to ensure adequate and strategic supply of land for future development. The current mandate is to provide an adequate supply of serviced land, initiate creativity and innovation in urban design, shape urban growth in line with municipal initiatives, and generate profits for allocation to civic projects and programs.

Summary

The City of Saskatoon established a lank bank in 1954 to acquire land for future development, and this land bank has grown into the modern-day Saskatoon Land "SL". It is one of the largest self-financed municipal land development programs in Canada, and all business operational costs are covered by the revenues generated by land sales. Saskatoon Land's mandate to return profits to the City has created concerns about conflicts of interest, as SL is not an external corporation to the City but is a branch of the City of Saskatoon. Given that SL holds between a 40-60% market share of residential development in Saskatoon according to the Saskatoon Region Homebuilders Association, this profit mandate has given rise to allegations that SL's activity inflates lot prices in the region.

Governance

Currently, Saskatoon land operates as a branch of the incorporated City of Saskatoon, and all of the land or properties it engages on are municipally owned and no transfer of ownership occurs. The primary concerns with this governance structure from the private sector are a lack of transparency regarding the collection and allocation of profits from land sales and allegations that Saskatoon Land avoids doing business with the Saskatoon Region Homebuilders Association to reduce costs. The latter issue has contributed to allegations of lower quality and professionalism in exchange for higher municipal profits. These concerns were intended to be addressed after the Home Builders Association asked for an analysis of the pros and cons of the City moving towards an external Municipal Development corporation in 2018, but the report was not deemed ready for publication and no results have been publicly available to date.

Finance

The 2019 fiscal year saw Saskatoon Land generate revenues of more than $20 million based on Net land sales of $17 million, lease revenues of some $2.7 million, and other revenues. Operating expenses totaled some $6.6 million, with the largest expenditure being almost $1.7 million on salaries and benefits.

Project Overview

Saskatoon Land's inventory includes both infill and potential greenfield development sites but is primarily based on single-family homes and commercial and light industrial sites. The majority of SL's single-family home lots are priced and developed with the target market of first-time homebuyers. As of December 1st, 2019, Saskatoon Land held 542 single-family lots in inventory.

Figure 3-7: Saskatoon Land Visual Summary

Benefits

- Gives the Town ultimate control to shape development
- Gives the town the opportunity to manage the supply of residential and commercial industrial lands
- Generates significant revenues for civic investment

City of Saskatoon
Saskatoon Land

Drawbacks

- Significant anti-competitive concerns as the City is the largest player in residential housing construction
- Concerns of a lack of transparency regarding the use of the profits generated

Edmonton Community Development Company – Edmonton, Alberta

Purpose

The Edmonton Community Development Company (ECDC) was created to fill in the gaps left by private-sector economic development, seeking to create and expand economic opportunity for low to moderate income people in Edmonton.

Summary

The Edmonton Community Development Company is a non-profit organization incorporated in the fall of 2017 that provides a wide variety of services to strategic communities including economic development, job training, affordable housing, the construction of social infrastructure, and other developments that create public value. The idea behind the company was started through the Mayor of Edmonton's Taskforce to Eliminate Poverty. The founding principles of the company are a commitment to community engagement, combating poverty at a neighbourhood level, being nimble and entrepreneurial, fostering high leverage partnerships, and concentrating resources within a defined geographic area to maximize local impact.

Governance

The proposal to develop the ECDC was led by a steering committee of community stakeholders including the Edmonton Community Foundation, Homeward Trust, the United Way of the Alberta Capital Region, and the City of Edmonton. The actions of the ECDC are governed by a 5-year strategic plan and annual business plans that are developed with consultation by all of the aforementioned stakeholders. Except for the City of Edmonton, all of the stakeholders are part owners of the ECDC and have representatives on the Board of Directors. The ECDC is currently "incubated" as part of the Edmonton Community Foundation organizational umbrella to ensure it has the operational support to eventually become financially self-sufficient.

Finance

The creation of the ECDC was made possible by the Edmonton Community Foundation, United Way of Greater Edmonton, the City of Edmonton, and other non-profits. The first five-year plan called for some $100,000 in operational start-up capital, $2.275 million in cash, $10.2 million in land contributions from the City of Edmonton, $500,000 for pre-development expenses, and $10 million in financing.

Some of these operational funds were provided as loans through the Edmonton Community Foundation's Social Enterprise Fund, but it is expected that the City of Edmonton will continue to contribute approximately $280,000 annually to cover operating expenses. In total, the City of Edmonton is expected to contribute $2 million over the first five-year strategic plan.

Figure 3-8: ECDC First Five-Year Strategic Plan Operating and Capital Requirements

	Operating Cash	Pre-Development Expenses	In-Kind Donations	Financing Contributions
City of Edmonton	$1,500,000	$500,000	$10,000,000	
Edmonton Community Foundation	$375,000		$180,000	$10,000,000
Homeward Trust	$250,000			
Corporate/Private Foundations	$250,000			
Total	$2,375,000	$500,000	$10,180,000	$10,000,000

SOURCE: Edmonton Community Development Company

Project Overview

The projects undertaken by the ECDC rely on highly leveraged partnerships with other community groups or developers. One example of a successful project is the facilitation of a Community Investment Cooperative that successfully purchased a local strip retail plaza that had become dilapidated and used for criminal or other activities detrimental to the community. The ECDC contributed some $2.8 million to the purchase of the site and worked to help community groups establish the investment cooperative and then work with residents and investors to raise more than $1.1 million necessary to purchase the site. This project is indicative of the community-led nature of the ECDC as they were not initially looking to engage on the site, but community groups and local residents made clear this should be a priority. After internal evaluation and consultation with another developer, the project was not considered viable, but the community response led the ECDC to continue to engage. With the help of the ECDC, the McCauley Development Co-op raised the necessary funds with average contributions of between $5,000 and $10,000, and the site is now community-owned.

Figure 3-9: ECDC Visual Summary

Benefits

- Focused mandate solely on economic development and poverty reduction
- Allows for the execution of a long term plan outside of electoral cycles
- Accountable to communities and creates public value

EDMONTON CDC
People First Community Development

Drawbacks

- Level of autonomy limits municipal funding
- Limited funding reduces the extent to which ECDC can involve itself in larger projects

3.4 Hybrid Approach

CreateTO – Toronto, Ontario

Purpose

To develop City buildings and land for municipal purposes, deliver client-focused real estate solutions to City divisions and ABCs, and streamline the municipal strategic real estate management, procurement, and sales model.

Summary

CreateTO was established on January 1st, 2018, largely representing the bringing together of two previous external development corporations, Toronto Port Lands Company and Build Toronto, under the City of Toronto municipal umbrella. The benefits of an external MDC are still realized under this model, but instead of the corporations being directed by Council, they are directed by CreateTO, which has ownership of the city's strategic real estate functions. Before CreateTO's creation, the management and planning for future uses of the City's real estate assets involved more than 24 agencies, divisions, and corporations.

CreateTO is a multi-disciplinary team of real estate and municipal professionals with a variety of different backgrounds across property management, development, planning, legal practice, land economics, and urban design. These individuals are broken up into teams including Executive Management, Asset Management & Portfolio Strategy, Client & Partnership Relation Management, Development & Major Projects, Property Management, and Corporate Services. These teams both collaborate and operate independently depending on the nature of the project, with different teams owning different processes that often overlap on more complicated projects. This model enables the City of Toronto to adopt a strategic and city-wide approach towards the delivery of real estate services and allow for an emphasis on city building.

Governance

The board is responsible for overseeing the strategic vision and managing the business of affairs of CreateTO and consists of 8 members including 6 public members (one of whom serves as chair), the Mayor or Mayor-designate, and 1 member of Council. The 8 members of the board also serve on the boards of Build Toronto and the Toronto Port Lands Company. Build Toronto, which is a corporation created in 2008 under the City of Toronto Act, 2006, Regulation 609/06, is now a part of CreateTO and is the real estate and development corporation created to "generate value" from the City's real-estate assets with a mandate to "unlock the value in under-utilized lands to attract targeted industries, stimulate the creation of desirable employment, and regenerate neighbourhoods".

Project Example

With its broad mandate and range of operational competencies, CreateTO engages on a variety of disparate projects in all areas of Toronto. One example of a project that leverages CreateTO's resources and business model to enact the will of Council and the City Manager is the HousingNOW initiative. This project will create a mix of affordable, market rental, and ownership housing options on 17 municipally held properties in proximity to transit across Toronto. It has the potential to create more than 12,000 new residential units and more than 4,500 affordable rental units.

The project is led by the City of Toronto Housing Secretariat, established by the City Manager and directed by an Executive Director. It incorporates an inter-divisional project management model that heavily utilizes CreateTO's resources. In this role, CreateTO is living into its mandate to provide "client-focused" real estate services as its expertise enables the Housing Secretariat to work with other municipal boards and agencies to develop feasibility analyses, a portfolio financing approach, and oversee the agreements of purchase and sale and market offerings, which are somewhat unique to each site.

Figure 3-10: CreateTO & HousingNOW Visual Summary

Benefits

- Brings all of the City of Toronto's real estate functions under one umbrella
- Centralizes decision making for ABCs and external corporations
- Leverages experience and expertise of staff in multiple areas

CREATE TO

Drawbacks

- Reduces the agility and entrepreneurialism of the former Toronto Port Lands Corp. and Build Toronto
- Potentially introduces more politicization into strategic real estate decisions, but is designed to mitigate this

3.5 Continuum of Strategic Real Estate Delivery Models

Based on the above case studies and the work contained in the Cresa Report, urbanMetrics has adapted the following continuum of delivery models to identify the general options available to the City.

Figure 3-11: urbanMetrics' Continuum of Delivery Models

Existing City Real Estate Structure and Development Capabilities	New Dedicated City Strategic Real Estate Program	MDC Superlight	MDC Lite – Land Prep Only	MDC Heavy – End to End Development
• Status quo • Primary management role but without significant value creation expertise or activities • Typically rewarded for stewardship and management, not innovation or risk taking	• New dedicated individual or group, or retooling of existing team with an executive "champion" • Focus on value creation and achieving strategic outcomes • Include BEDC, City Planning, Real Estate, and Finance	• Very small dedicated external corporation • Does not directly engage in the development process beyond land assembly • Focused to a single geographic site • Has the ability to be scaled up as needed over time	• Small dedicated external corporation • Target to enhance and unlock value on a small number of sites • Primary "front end" of the development cycle and would vend or JV land with private developers	• Larger corporation and board with more capacity (and overhead) • Target more of an "end to end" development role and would actively JV with developers • Higher risk and higher overheads but if sufficient land assets and throughput then it can be supported

SOURCE: urbanMetrics inc.

"MDC Heavy" - refers to the model that would have a larger more robust organization and Board of Directors and would be a "full service" developer, including investing equity capital into deals and working through the entire development cycle.

The **“MDC Lite” -** model would use a similar organizational structure as “MDC Heavy” but would be involved in the front end of the development process and would make investments into transactions consisting of only equity land contributions.

The **“MDC Superlight” -** is a scaled down model with a smaller organization and smaller Board of Directors and would be involved in a similar model as the “MDC Lite”. While it would have more limited capacity, the MDC has advantages in that it is scalable and would be able to ramp up over time as the balance sheet is established and projects are completed.

4.0 Stakeholder Engagement Review

4.1 Stakeholder Engagement Background

How We Engaged

urbanMetrics conducted a series of one-on-one telephone/video interviews and on-line group workshops as part of the feasibility study. The intent of these engagement exercises was to gain a deeper understanding of policy and market challenges impacting land development in Burlington, and particularly how the participants viewed the potential role of a Municipal Development Corporation (MDC) in assisting the City to address these challenges. The telephone/video meetings ranged between 30 minutes to one hour. Participants were provided with a list of questions they could review prior to the interview, but every interview followed a slightly different line of questioning reflective of each individual's unique perspective. Questions in the stakeholder interviews were tailored to reflect the different backgrounds of each participant, but ultimately followed four key themes, which included:

- **The need to define the form, function, and goals of an MDC**
- **Perceptions of the municipal attitude to development**
- **The Role of the BEDC**
- **Vision for the Future of Burlington**

The insights collected through the consultation process provide the project team with an understanding of the challenges and opportunities that come along with facilitating more municipal involvement in the Burlington real estate market. In addition, to these interviews, a two-hour workshop was held with the Board of the Burlington Economic Development Corporation.

Who We Engaged With

We engaged with 17 internal and 22 external stakeholders over the course of the engagement process. Those included in this thematic review include commercial developers, residential and mixed-use developers, municipal staff, the BEDC board, local business owners in high growth sectors, and commercial real estate professionals. For the purposes of this analysis city staff and BEDC board members have also been referred to as internal stakeholders, non-City or BEDC interviewees were defined as external stakeholders. Where necessary, the stakeholders are divided into three large groups to reflect similar perspectives, City Staff, BEDC Board Members, and External Stakeholders. Interviews were conducted over March, April, and May of 2020 to accommodate the schedules of all participants and ensure a broad and representative response.

4.2 The Need to Define the Form, Function, and Goals of an MDC

The Need for a Clear Plan for an MDC

Successful examples of municipal development corporations are largely characterized by having specific goals based on a certain geography, type of development, or economic motive. The consensus amongst both internal and external stakeholders was that there needed to be a clear plan for the role of the MDC. In particular, how should it influence development in Burlington; what large projects require the intervention of an MDC; and what value the creation of an MDC would look like. Internal stakeholders and local business owners in particular were concerned that without a clear vision, money and time would be wasted.

> "The City needs to determine what value an MDC adds to a partnership, does it have land assets…can it share risk…does it expedite approvals?"

Role of an MDC

In general, an MDC was seen as needed to stimulate investment in strategic parts of the city, to undertake complex development projects that would be difficult for either the City of private sector on their own, and to promote city building. Other roles that were supported more sporadically by the participants included: business attraction and the construction of affordable housing. A number of participants questioned whether the City should be involved in affordable housing, as it was seen as a Regional responsibility. Most participants agreed that the primary role of an MDC should not be to generate revenues for the municipality, as they generally accepted that there would be an added financial cost to real estate development to achieve municipal policy objectives. However, most agreed that the financial prudence and oversight will be key to the success of the organization.

The Desired Functions of an MDC

A general consensus across all stakeholders was that the type or scale of an MDC should follow the desired function of the organization. Without clarification as to what the goal of the MDC is, most respondents did not see a point in creating an MDC. When offered examples of the types of activities undertaken by MDCs in other jurisdictions, the majority of respondents preferred an entity with the capacity to undertake all or most of these activities, such as assembling complex development sites, assisting in remediating brownfield sites, entering into PPP agreements with private companies to develop community uses, providing the vision, leading the planning process on complex developments, and maximizing the value of surplus city owned lands. External stakeholders preferred an organization with a broader mandate and more removed from direct municipal influence, whereas city staff generally preferred a smaller role for the MDC under the umbrella of Staff and Council. The BEDC board voiced several differing opinions.

City Staff

The general perspective of City staff was more conservative than external stakeholders. There was hesitancy to commit too many resources to an idea lacking a clear plan or proof of concept. This also combined with a desire from city staff to have the City of Burlington exert significant influence over a new MDC. Overall, the opinion of City Staff could be categorized as preferring a stepped approach slowly building up the capabilities of the organization while maintaining a high degree of municipal control. Many suggested that an internal strategic group of City staff should be the preferred model for an MDC.

BEDC Board

The BEDC board voiced similar concerns to City staff in terms of not wanting to commit too many resources to an organization lacking a proof of concept. However, when asked to identify what development capabilities they would like an MDC in Burlington to have, the majority of the Board identified most or all of the functions outlined in the workshop materials as being of potential importance, including: assembling complex development sites, assisting in remediating brownfield sites, entering into PPP agreements with private companies to develop community uses, providing the vision, leading the planning process on complex developments, and maximizing the value of surplus city owned lands. In general, the BEDC favoured a strong MDC with the independence to lead the development of strategic projects.

External Stakeholders

The majority of external stakeholders indicated that, should the City ultimately decide to pursue an MDC, the organization should have the mandate and capability to make significant investments in larger projects. While the terminology used to describe the different forms taken by other municipal development corporations (MDC lite, Heavy, etc.) was not used in the external stakeholder interviews, the consensus was a preference for an organization with the capability to engage in all or most of the functions undertaken by MDC's in other jurisdictions. This description largely aligns with the concept of an MDC-Heavy that can work through the entire development process on larger projects.

Skill Sets an MDC Should Bring to Burlington

The most cited skill identified by the participants was experience undertaking complex real estate projects. While it was acknowledged that there is real estate expertise within the City, there was a consensus that this needed to be augmented with experience with projects that would not normally be undertaken by the City. Pending retirement was also seen as eroding the City's in-house expertise.

Visioning with respect to how to develop specific sites was also seen as an important skill required of an MDC. As is discussed later, visioning was viewed on two separate levels – the vision for the organization, which most perceived should be formulated by Council, and the ability to envision an compelling project on a difficult to develop site, which is a key skill that most felt would be required from an MDC.

The Level of Municipal Involvement

Responses varied significantly by stakeholder group when asked about the level of influence the City of Burlington should have over a new MDC. City staff generally leaned towards the highest level of municipal involvement relative to the other stakeholder groups. The BEDC board had more diverse opinions amongst itself but generally preferred a significant level of municipal involvement. External stakeholders largely preferred that the organization had a high degree of autonomy from the City. There was a sense from external stakeholders that too much City involvement would lead to a slower and more involved process.

City Staff

City staff were the most conservative group in terms of how autonomous they saw the MDC as being. A plurality of City staff did not see the need or benefit for another external corporation in Burlington, with many staff preferring an in-house real estate division that brings in some additional expertise in that area. There was a sense that an external organization undertaking real estate development on behalf of the City would create too great a risk both politically and financially.

BEDC Board

The BEDC board, comprised as it is of members from both the public and private sector, had the most varying perspectives on the ideal level of municipal influence on an MDC among the three stakeholder groups. The BEDC Board had the strongest preference of the three groups at seeing the functions or capabilities of an MDC added to an expanded mandate for the BEDC, largely implying that the current level of municipal influence on the BEDC is an acceptable level for an MDC or related entity.

External Stakeholders

The consensus among external stakeholders was that the relationship between an MDC and the City should be clearly defined prior to its inception and that to be successful the City would have to be prepared to let the MDC function with some degree of autonomy. This is largely consistent with successful examples of MDCs in other jurisdictions that some external stakeholders were familiar with.

General Openness Towards Partnerships

One of the key benefits of an MDC is the ability to engage on a more equal footing with private developers. As such, strong partnerships are a necessity for the successful utilization of an MDC in any municipal context. There was general agreement amongst local developers that there is a role for a municipal development arm that can further shape the overall development of Burlington moving forward. Many respondents indicated that they felt that there is the potential for synergies between a public and private developer, and that, done correctly, there are not only ample opportunities to partner, but that the work of an MDC could not only positively impact the community, but also add value to their own projects.

Generally, internal stakeholders were more concerned about any issues arising from direct competition between the private sector and an MDC than external stakeholders were. However, the feeling from external stakeholders was that creating an MDC with a vague mandate to acquire lands and develop them could result in direct competition between the public and private sector. This could serve to make land development prohibitively expensive for the MDC and would diminish the potential for positive partnership between local developers and the MDC.

> "There is a constrained supply of developable land…I believe there would be significant appetite for joint ventures and partnerships if the City is able to unlock sites"

4.3 Perceptions of the Municipal Attitude to Development

A Conflicted Relationship

One theme that became increasingly evident through the course of the stakeholder engagement process was the presence of a conflicted relationship between the City and the development community. Many external stakeholders felt that there was a lack of understanding on the part of the City as to the role of developers in moving Burlington forward and the importance of the construction industry to overall economic development. This sentiment was up against a feeling put forward by some internal stakeholders that developers resisted compromise where broader civic goals interfered with project profitability.

"An MDC looking to partner with developers needs to be sufficiently separated and with the right people on board in order to address a negative perception (of the City)"

The Planning and Approvals Process Exacerbating Development Issues

The planning and approvals process was regularly cited by external stakeholders as a barrier to development. Some external stakeholders felt that while Burlington's process could be slow, it was no different from other municipalities. Some found it superior to the approval process in municipalities such as Oakville. Other external stakeholders felt that Burlington was lagging behind other municipalities such as Hamilton and Brampton, making it a less attractive place to do business. It is important to note that the comparisons that were made related to other municipalities in which the respondents were active. While concerns about the planning and approvals from property developers is not abnormal in any municipality their echoing by local business owners provides some cause for further analysis. Multiple business owners told us that their plans to expand operations in Burlington were either significantly complicated, put in jeopardy, or cancelled as a result of the lack of currently available space that met their criteria and/or the time required to build a custom building in Burlington compared to other municipalities.

"The impact of the MTO and HRCA complicates development, any body seeking to facilitate development should include representatives from these organizations"

The majority of developers felt that while the BEDC understood the issues they were facing, but that its effectiveness was limited by an inability to act as a true third-party intermediary given the relationship between the BEDC and the City. Some developers felt that BEDC had been an effective enough advocate that it had sped up approvals on certain projects. One of the key benefits of an MDC was seen as its ability to work through the planning and approvals process on large projects without the conflict of interest that can arise when a municipal department is undertaking such a project.

4.4 The Role of the BEDC

Advocacy and Relationship with the City

The consensus among external stakeholders was that the BEDC has been a helpful advocate for both growing businesses and developers looking to deliver projects with significant economic benefits. In general, most respondents felt that the BEDC is effective at providing some assistance in the development applications process and attempts to locate suitable sites for growing businesses. However, most respondents also felt that BEDC's close relationship with the City means it is unable to effectively act as a third party in the event that a proposed project requires negotiation between the City and a developer. This was often cited as a potential concern in the event that an MDC is created. The majority of respondents felt that an MDC would need to sufficiently distance itself from the City to be an effective actor and partner in land development in Burlington.

> "BEDC could be even more helpful by being more comfortable in a role as an agitator"

Locational Decisions of Businesses

Comments on the locational decisions of businesses arose from many different stakeholder groups in different forms in relation to each group's differing perspective and priorities. Many local employers cited commuting patterns as a significant part of their locational decisions, saying many employees commute from outside of Burlington due to the relatively high housing prices in Burlington as compared to Hamilton and Milton. Many of these stakeholders felt that there is simply not a large enough working age population in Burlington to attract any sufficiently large employers to support a particularly significant office or light industrial development.

However, multiple stakeholders cited Burlington's attractiveness as a place to live as a factor in their locational preferences. One concern that was raised by multiple external stakeholders was the incompatibility of certain land uses being developed in areas that they felt were a priority. Many business owners felt that they could benefit from synergies with likeminded companies and the development of a business park or campus atmosphere, but that land uses such as places of worship were occupying space that might otherwise foster such an environment. This sentiment was echoed by commercial developers and real estate agents, who felt that prospective clients would find such an area attractive.

"businesses looking for office space want access to retail and park amenities, access to the GO and access to the highway, which are almost impossible to find together"

4.5 Vision for the Future of Burlington

Two Ideas of Vision

One theme that has been drawn into sharp focus through the entire stakeholder engagement process, encompassing workshops, individual interviews, committee meetings, and further discussion, has been the concept of vision. Different parties have differing views as to what exactly vision means, but throughout the stakeholder engagement process, a consensus emerged. Internal stakeholders voiced concerns that the long-term vision for Burlington must always be directed by the City of Burlington and not the private sector. This sentiment was the general consensus among stakeholders, including the private sector, who generally felt they would benefit from a clear understanding of what the City's vision for Burlington is so they can determine what opportunities they have moving forward. These opportunities are where a second conceptualization of vision emerged, as private developers felt they are better placed than the City to conceptualise solutions as to how that vision can be realized on a project by project or site by site basis. This was also viewed as also one of the key benefits of an MDC, as its proximity to the private sector and ability to engage on a more equal footing allows it to creatively solve problems in ways that unlock value in areas that are key to realizing the municipal vision.

The Development of the Mobility Hubs

The general consensus on the development of the mobility hubs around the three GO Stations was that high land prices have created an environment where a significant bias towards residential space in a development is the only way to make a concept financially viable. In addition, these prices would likely hamper an MDC's ability to be an actor in the mobility hubs, so any municipal influence on these areas would have to come through the planning and approvals process. The future of downtown attracted a wide range of opinions from stakeholders, which is reflective of its significance to the Burlington community and the challenges it faces.

"While an MDC might be priced out of engaging in the mobility hubs, it could fill in the gaps of private sector investment, such as by developing 'connectors' between mobility hubs and other built up areas"

Office Development in Burlington

There were differing opinions as to the future and viability of significant office development in Burlington. Many respondents across stakeholder groups acknowledged that the office market in Burlington is not currently strong enough to support the construction of any stand-alone office space. The external stakeholders generally agreed that the development of office space in mixed use projects would have to be subsidized by residential development. Stakeholders raised this point in relation to the mobility hubs, but further emphasized their feeling that they cannot make significant office development work in the current economic environment. Similar opinions were shared in regard to the viability of downtown office development. The consensus was that without high-density residential development it would not be possible to subsidize the construction of new office space in a mixed-use development. Some felt that there may still be potential for low-rise office development along the QEW corridor, but the costs of high-density construction and underground or deck parking for office uses was prohibitive.

The Future of Downtown

There was no consensus opinion as to how the downtown should develop moving forward. Some respondents indicated they did not want or see a future downtown with any significant residential or office intensification, others saw density as one of the only ways to enhance the use of transit, accommodate population growth, and stimulate strong commercial activity, and others actively want a more dense, vibrant, and active mixed-use downtown but were unsure as to how to facilitate this. Regardless of whether they were in favour of downtown intensification or not, there was general agreement that getting more people downtown was key to the success of the downtown as a commercial area, regardless of how it was accomplished.

The Goal of the MDC

Even among those respondents who were very much in favour of the creation of an MDC, the consensus among stakeholders was that an MDC should be a means to an end, not an end in and of itself. Some respondents felt more strongly that, in the absence of a clear goal that the City is trying to reach, they did not see the need for an MDC at all. The general opinion amongst all respondents was that an MDC needs to be geared towards achieving a specific outcome that is part of a larger strategy and vision, but perspectives as to what that specific outcome should be differed across all respondents.

City Staff

City staff voiced concerns about ineffectiveness, wasted time, and wasted money in the event an MDC is created without a concrete strategy for maximizing its effectiveness towards a clear goal. City staff felt that an MDC could be a useful tool towards developing community and civic uses including community centres, parks, libraries, sports facilities, and other uses that may not be a priority for private sector developers.

> "The goal of the MDC should be to fill in the gaps of private sector investment"

BEDC Board

The BEDC board largely felt similarly to City staff, with the caveat that there were more differences of opinion amongst the board than amongst City staff. Some board members saw the MDC as being able to contribute to the develop of large scale projects beyond a single site community centre or library, while others saw it more along the lines of a tool to make upgrades to areas in the form of smaller community uses as part of a larger development plan for Burlington. Some members of the board saw an MDC as a tool for developing employment generating uses on underutilized sites, part and parcel of the mandate of BEDC.

> "An MDC could be part of a larger revitalization strategy, expanding Burlington's network of parks and amenities"

External Stakeholders

External stakeholders had a more aggressive interpretation of what an MDC could do in Burlington, but still saw it as largely responsible for ensuring the provision of land uses and amenities in the public interest. External stakeholders tended to view the MDC through a more transactional lens, such as sharing risk on a partnered project in exchange for the inclusion of amenities or community uses, facilitating larger infrastructure projects, or undertaking larger revitalization plans.

Lack of Development Opportunities

Many participants, both external and internal questioned whether there were sufficient development opportunities to warrant the creation of an MDC. The downtown parking lot sites (including Sims Square) were seen as small and would need high density residential development to subsidize the development of office or civic uses. The art gallery site was seen as being complicated by utility rights-of-way, the proximity of residential neighbourhoods and the cost of relocating the art gallery. One participant, however, noted that the City would benefit from a significant iconic building near the waterfront that would act as a gateway into the City.

Almost all participants noted that land within the mobility hubs would be too expensive to acquire for the City and that the City's role should be to support development through policies, incentives, and municipal infrastructure.

The two school sites – (Lester B. Pearson SS and Robert Bateman HS) were not well known to the development community. City staff identified them as potential acquisition opportunities, particularly the Bateman site, which was cited as a possible community hub. Residential development could be added to reinforce activity on the site and to defray the cost of community uses. At least one City participant suggested that the school sites would also be appropriate for affordable housing. The challenge, however, with regards to the school sites is that the City does not currently own them and it is not guaranteed that they will be able to acquire them given where they stand on the school site disposition priority list.

4.6 Summary

The consensus conclusion across all stakeholder groups was that the form, function, and goals of the MDC need to be clarified before a concrete conclusion as to its feasibility can be made. Given this lack of clarity in certain areas, it is not surprising that there were varying perspectives on many issues, including the four main themes identified through our engagement:

- The need to define the form, function, and goals of an MDC
- Perceptions of the municipal attitude to development
- The Role of the BEDC
- Vision for the Future of Burlington

However, despite the varying perspectives and levels of understanding of an MDC, there were some clear takeaways from the engagement process than can be applied to further analyzing the feasibility of an MDC and answering some of the questions that already existed and have been raised during this process.

Areas of General Agreement

- The MDC should have a clearly defined role in a strategic vision for Burlington.
- City Council should provide the overall vision to guide the MDC
- In the context of the broader City vision, an MDC should bring to the table expertise in envisioning and developing complex real estate projects.
- The creation of an MDC would represent an opportunity for partnerships between the public and private sectors to achieve community goals.

Areas of Differing Opinion

- Without a clear plan or strategy that the MDC can play a measurable role in, there was no consensus as to whether an MDC in a traditional sense was needed or what it should look like.
- There were significant differences of opinion on what function the MDC should serve and the outcomes on which it should be measured.
- The level of municipal influence on the operations of an MDC was the issue which received the most disparate comments across all stakeholder groups. External stakeholders voiced a strong desire for a relatively autonomous external corporation, while City staff were more conservative with some preferred an entity internal to the existing municipal structure.
- Discussion of ideal development scenarios for the mobility hubs and downtown drew very different perspectives from individuals across and within stakeholder groups.
- There was generally an absence of ideas as to current development sites or projects that could be initiated by an MDC.

5.0 Council and City Staff Workshop Review

5.1 Introduction

On Tuesday July 14th, 2020 urbanMetrics in conjunction with City Staff led a workshop to discuss the potential for a municipal development corporation (MDC) in Burlington. The workshop addressed the objectives, form, function and implementation of an MDC in the Burlington context. The workshop involved members of City Council and senior members of City Staff. The workshop lasted approximately 2.5 hours and consisted of three phases. The first phase was an informational presentation by urbanMetrics presenting background information and case study research on the roles of MDCs in other municipalities. The second phase was the formation of three smaller breakout groups that discussed 3 main themes: the principal objectives of an MDC; the skill sets an MDC needs to bring to Burlington to add value to the City; and the nature of the mandate and level autonomy that should direct the MDC moving forward. Each of these groups had a facilitator to moderate the discussion as well as a scribe to ensure that the conversation was accurately catalogued. The third phase was an interactive question and answer presentation by urbanMetrics that provided quantifiable answers to several questions in line with the themes from the breakout groups. Attendance and the division of the breakout groups is illustrated below.

Group 1: Mayor Marianne Meed-Ward, Councillor Rory Nisan, Councillor Shawna Stolte, CIO Christine Swenor, Director Parks & Recreation Chris Glenn

Group 2: Councillor Kelvin Galbraith, Councillor Lisa Kearns, ED Strategy, Risk & Accountability Sheila Jones, ED Environment, Infrastructure & Community Services Allan Magi, EL Customer Experience Angela Morgan, Manager of Realty Services Ron Steiginga,

Group 3: Councillor Paul Sharman, Councillor Angelo Bentivegna, City Manager Tim Commisso, City Solicitor Nancy Shea Nicol, Executive Director Community Planning Regulation and Mobility Heather MacDonald, Executive Director Human Resources Laura Boyd

5.2 Breakout Discussion 1

If an MDC were to exist, what should its principal objectives be?

Group 1:

Group 1 identified a wide variety of potential objectives for an MDC, and largely settled on the concept of a multi-use entity that could engage on multiple fronts. The group generally thought that the principal objective of the MDC should be executing a municipal real estate strategy and allowing the City to be more strategic in its acquisition, management, and sale of real estate assets. The Group also suggested that that strategy should be directed towards place making and city building through the development of quality of life improvements, such as, converting surface parking lots and under-utilised or misused sites.

They indicated that those priorities should be focused on the development of housing, community uses, and commercial opportunities, and that one of the primary ways the MDC would add value would be the ability to combine them effectively in a mixed-use development that benefits the multiple use types contained within it.

Group 2:

Group 2 were of the opinion that any objectives of the MDC must align with the City's long-term goals outlined in the 25-year Strategic Plan, and other documents. However, one overarching objective identified was the ability to provide dedicated resources to act on strategic land acquisitions on behalf of the City. There was some division regarding how many functions or objectives an MDC could effectively take on, with some members of the Group supporting a single purpose transactional entity that can identify and act on the opportunities already identified, while maximizing the full value of the real estate assets currently listed on the municipal balance sheet. Additional objectives identified by members of the group included revenue generation for the city, facilitating "quality of life" improving developments including employment generating projects, as well as actively engaging in the housing market to provide more stability to the Burlington housing market.

Group 3:

Group 3 opined that regardless of their content, the objectives needed to clear, focused, and targeted. Most members of the group agreed that clear objectives needed to align with the strategic vision of Council and should also contribute to measurable economic growth. However, members of the Group then went on to identify many disparate objectives that the MDC could or should orient itself towards. These included revenue generation, economic development, the provision of affordable housing, and city-building. City building was further elaborated resulting in a stated objective of "contributing to the development of amenities and infrastructure supporting tourism, entertainment, quality of life enhancements, and broader community needs.

The strategy outlined by Group 3 followed two basic steps; establish the vision and objectives to what you are looking to accomplish; and then identify the opportunities and evaluate whether and to what extent these would support the objectives

5.3 Breakout Discussion 2

What skill sets should an MDC bring to expand or augment Burlington's municipal capabilities?

The skill sets identified by the three Groups were similar and included a wide array of real estate related technical skills and experience that could contribute to a dedicated real estate resource for the city that brings together private sector residential, commercial and mixed-use experience with municipal expertise. These identified skills are shown below.

As shown, Group 3 also identified similar skill sets or experience profiles that the MDC should bring to the City of Burlington. The main difference between Group 3 and the other two groups was a sharper focus on bringing in private sector experience and having the MDC operate as a private sector entity. The general consensus among Group 3 was that the public interest should have already been thoroughly considered and should be the main driver of the MDC's mandate and the direction given to it by Council. Group 3 largely agreed that one of the main contributions of the MDC should be the ability to act like a private sector entity and identify properties with high potential value added in the area(s) strategically targeted by council.

Figure 5-1: Breakout Group Skill Identification

Skill/Capability	Group 1	Group 2	Group 3
Project Management			
Property Management			
Building Operations			
Real Estate Financing			
Innovative Leadership			
P3 Knowledge			
Risk Management			
Strategic Planning			
Land Use Planning			
Urban Design			
Legal Experience			
Marketing and Sales			
Political/Diplomacy/Collaboration			
Transactional Real Estate Experience			
Creativity and Visioning			
Land Economics			

Questions Raised:

- Does the MDC serve the public or the revenue generating interest? Can it do both effectively?
- Should it look to go outside of the lands we currently own - active development role?
- Should it focus on downtown or outside of the downtown?
- Should it go beyond lands currently owned by the City - i.e. the three GO station hubs to achieve a mix of housing and jobs, as this is where much of the City's growth will be occurring.

5.4 Breakout Discussion 3

What mandate or capabilities do you think a Burlington MDC should have, and what level of autonomy is necessary to achieve this?

Group 1:

Group 1 largely felt that the mandate for the MDC should be explicitly limited and linked to the principal objectives for the MDC identified by council under a 25-year Strategic Plan. They opined that the mandate should fulfill community goals as defined by an elected council and not an appointed board. There was also the general consensus that revenues generated by development or land sales should stay within the corporation to facilitate continued development, rather than paying a dividend to the City. Another specific idea raised by Group 1 was that the MDC should have the ability to secure federal and provincial funding (i.e. be eligible for funding that the City by itself may not be eligible for).

Governance was a much-discussed issue by Group 1, with significant attention paid to the challenge of determining the mandate with so many potentially conflicting objectives. The main point of contention in this discussion was the concept of value, and whether there was a way to combine the public interest and traditional return on investment valuations of projects. An important discussion arose as to whether an MDC would be subject to the same procedural regulations as the private sector, for example: undertaking public engagement and urban design studies. The transparency of the organization was an important facet discussed by members of the group.

Group 1 acknowledged the inherent link between governance and autonomy, and while there was a consensus that some degree of autonomy was needed for the MDC to function, the Group was also not comfortable with the MDC being fully independent. The general thought was that the MDC could be most effective existing not as an internal municipal department and not as a fully independent external corporation, but somewhere in the middle.

Group 2:

Group 2 were of the strong opinion that the overall mandate for the MDC must come directly from Council and be informed by or completely conform to the 25-year strategic plan. Group 2 largely agreed that to entrust an organization with public assets such as municipally held real estate, there had to be a high level of public and governmental trust in the organization, and to achieve this several key elements of the mandate needed to be in place:

- A strong code of ethics
- Enforced transparency wherever possible, with the ability to report to Council in closed session as needed to protect the public interest (i.e. manage the potential for overpaying for real estate)
- Detailed annual plans that outline expected accomplishments
- Streamlined priorities and public consultation
- Capability to act independently on broad range of development decisions

In terms of the level of autonomy that should be granted to the MDC, Group 2's belief was rooted in the need for the MDC to be agile and make decisions quicker than might be permitted if Council approval was necessary for every possible decision. Some members of the group specified that autonomy should be assessed on a project by project basis, with institutional or civic projects or components subject to more council control.

Group 3:

Group 3's discussion on the mandate of the MDC largely focused on learning from experience and maintaining what makes Burlington one of the most desirable Canadian municipalities to in which to live. They achieved a general consensus that the MDC should focus on ensuring that growth makes Burlington better, not just larger. This should be accomplished by building on the amenities that Burlingtonians already love and ensuring that they are accessible to the next 70,000 residents of the City. A significant emphasis was placed on managing intensification in a more environmentally and socially effective way, such as truly mixed-use developments that provide for complete communities and community infrastructure.

Specific aspects of the mandate identified by Group 3 included a phased approach to development that started from the "Control" phase undertaken by staff with minimal autonomy, which would leed to the creation of a strategic real estate plan, the evaluation of opportunities, and the development of a clear business plan. This was followed by the creation of an external corporation that retained earnings with the goal of being self-funded and had the autonomy to both think and act independently within the limits imposed by the business plan as approved by council and the strategic direction embedded in the MDC's mandate itself.

One significant governance related concern that was identified by the Group was what the course of action would be if a proposal championed by the MDC was not given approval by the planning department. Would the application be subject to an LPAT approval or would the MDC have to return to the drawing board and obtain planning approvals from the City, not from the LPAT?

Group 3 also discussed the potential financial constraints facing the City and the MDC in light of the COVID-19 pandemic. The Group discussed that given the potential for a phased in approach and the limited amount of real estate assets that could be transferred to the MDC and sold to fund operations, the City needs to accept the possibility that it will almost entirely fund the MDC for 3-5 years. Despite this, Group 3 felt strongly that the MDC would be a positive addition to the City and that given the work done thus far the plan should not be shelved or delayed and staff and council needed to find a way to make it work.

5.5 Full Group Quantified Engagement

Following the smaller breakout group discussions, the entire group came back together to participate in an interactive quantified engagement question and answer period that allowed for measurable responses to questions on the same themes discussed in the breakout groups. Respondents were able to choose between or rank multiple choice options for five questions.

- **Question 1** – If an MDC were to exist, what should its mandate be focused on?
- **Question 2** – What skill set(s) should an MDC bring to expand or augment Burlington's municipal real estate capabilities?
- **Question 3** – What level of financial or other investment would the City be willing to put into an MDC?
- **Question 4** – What degree of autonomy from the City should the MDC have?
- **Question 5** – Which MDC structure would be most beneficial to a project similar to the AGB example?

Question 1: If an MDC were to exist, what should its mandate be focused on?

The first question focused on the mandate of an MDC, with respondents asking to choose three of the following five answers:

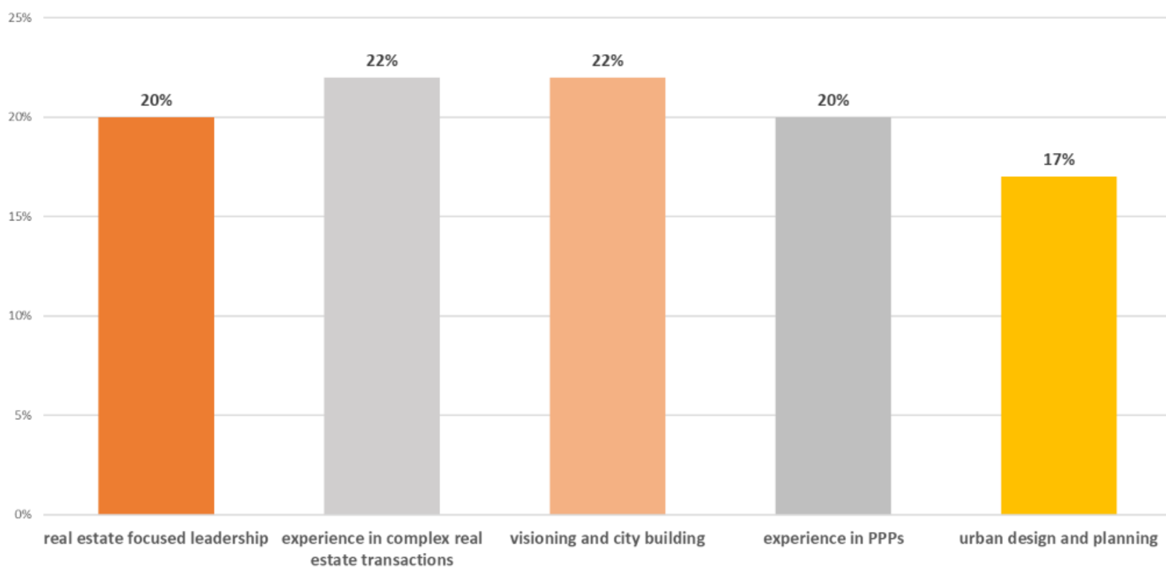
A. Developing Community Facilities
B. Facilitating Employment Generating Development
C. Expanding Parks and the Civic Amenities Network
D. Encouraging Development in Strategic Areas
E. Maximize the Value of City-Owned Real Estate Assets

Unfortunately, unlike the other questions, a technical issue did not allow for the recording of the polling results for this question, although, the verbal commentary after the polling indicated that the responses were balanced fairly evenly. This would suggest that collectively, all five mandates were important to the group.

Question 2: What skill set should an MDC bring to expand or augment Burlington's municipal real estate capabilities?

In Question 2 the respondents could choose up to 5 responses, with each response ranked based on the order of entry, meaning the first response is weighted more than the second, etcetera.

Figure 5-2: Workshop Question 1 Responses - Skillsets to be Added by an MDC



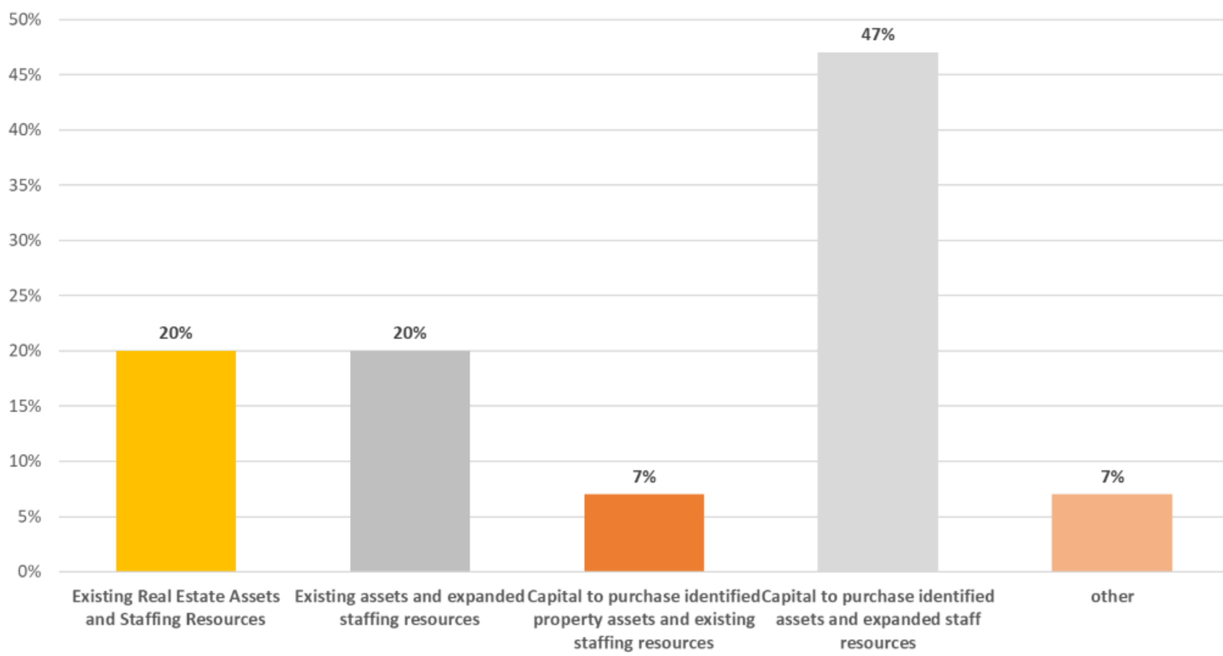
As shown above, all of the skills scored relatively similarly, meaning that not only were they all deemed to be important, but that they are all of relatively equal importance. Experience in complex real estate transactions and visioning and city building scored highest with 22% of total points, and urban design and planning scored lowest with 17% of total points.

Real estate focused leadership and experience in PPPs both scored 20% of the total points. This demonstrates that the MDC is looked at as a vehicle to bring a wide range of real estate related skills to the City of Burlington, and that staffing and personnel decisions related to the MDC will be important in setting it up for success.

Question 3: What level of financial or other investment would the City be willing to put into an MDC?

Question 3 limited respondents to a single selection to better ascertain what the appetite for investment into the MDC is from the perspective of City staff and council.

Figure 5-3: Workshop Question 2 Responses - Recommended Investment by the City

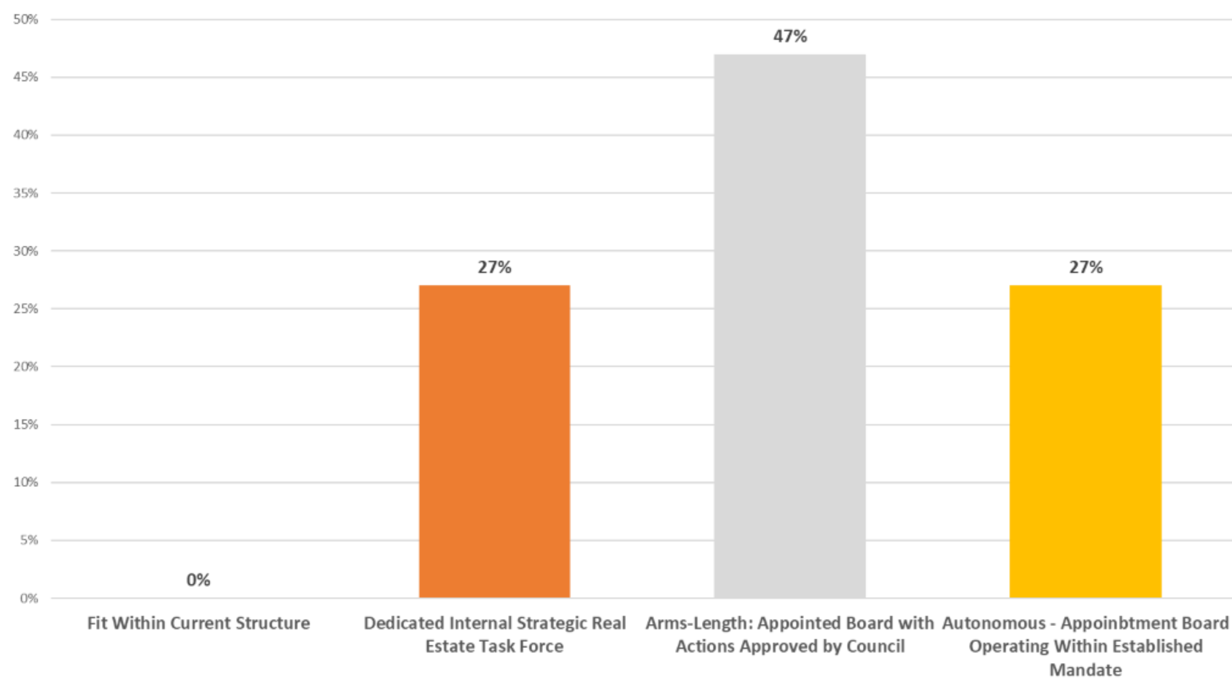


As shown above, 47% of respondents felt that the City should contribute capital to purchase real estate assets identified as part of a strategic plan developed by council as well as expanded staff resources. However, 20% of respondents felt that the City is either unable to or unwilling to contribute additional capital or staffing resources, and a further 20% felt that it would only be appropriate to commit additional staffing resources, but no capital investment. The conversations that took place in the breakout groups seem to support the conclusion that the majority of respondents were of the opinion that despite the desire to have an active MDC, the City, at this time, cannot afford any significant investment the organization. This was particularly true of capital expenditures.

Question 4: What degree of autonomy from the City should the MDC have?

Question 4 again limited respondents to a single answer to better quantify the group's preference for the amount of autonomy that would be needed or appropriate in order for the MDC to be successful.

Figure 5-4: Workshop Question 3 Responses – Autonomy Given to an MDC



As shown above, 47% of respondents felt that an MDC in Burlington should be arms-length but not completely autonomous, with an appointed board and actions approved by council. 27% felt that a more autonomous MDC could be more effective and did not see value in council approval of the MDC's decisions, but preferred that the MDC have the autonomy to operate within the mandate given to it by Council. An additional 27% of respondents felt that an external MDC was either not practical or necessary and preferred the creation of dedicated strategic real estate team or task force within the municipal structure. Overall, 74% of respondents identified an external corporation with an appointed board as the preferred option for an MDC, with differences of opinion as to the approval role of council and the decision-making autonomy given to the MDC's board.

Question 5: Which MDC structure would be most beneficial to a project similar to the AGB example?

Question 5 again presented respondents with the ability to make a single selection. The intent of this question was to gauge the group's interpretation of the case study research and understanding of the types of projects other MDCs engage in and how that could be applied to the Burlington context. The Art Gallery of Burlington example presented earlier in the workshop was a theoretical thought exercise based on previous work conducted by Cresa Toronto and adapted by urbanMetrics for use in this presentation.

The original Cresa concept was based on the assembly and redevelopment of the Art Gallery of Burlington site at 1333 Lakeshore Rd and the moving of the art gallery to another site. The redevelopment plan analyzed by Cresa, illustrated in Figure 4, included almost 30,000 square metres of residential floor area with commercial space occupying the portion of the site currently occupied by the art gallery facility. urbanMetrics' adaptation of the redevelopment plan, as shown in Figure 5, provides for 29,000 square metres of residential floor area incorporating between 100 and 200 large multi-family units as well as the retention of the art gallery on site in a new facility of some 4,645 square metres. It retained the Cresa development proposal for a new park space of approximately 1 hectare.

Figure 5-5: AGB Presentation Example Redevelopment Visualization

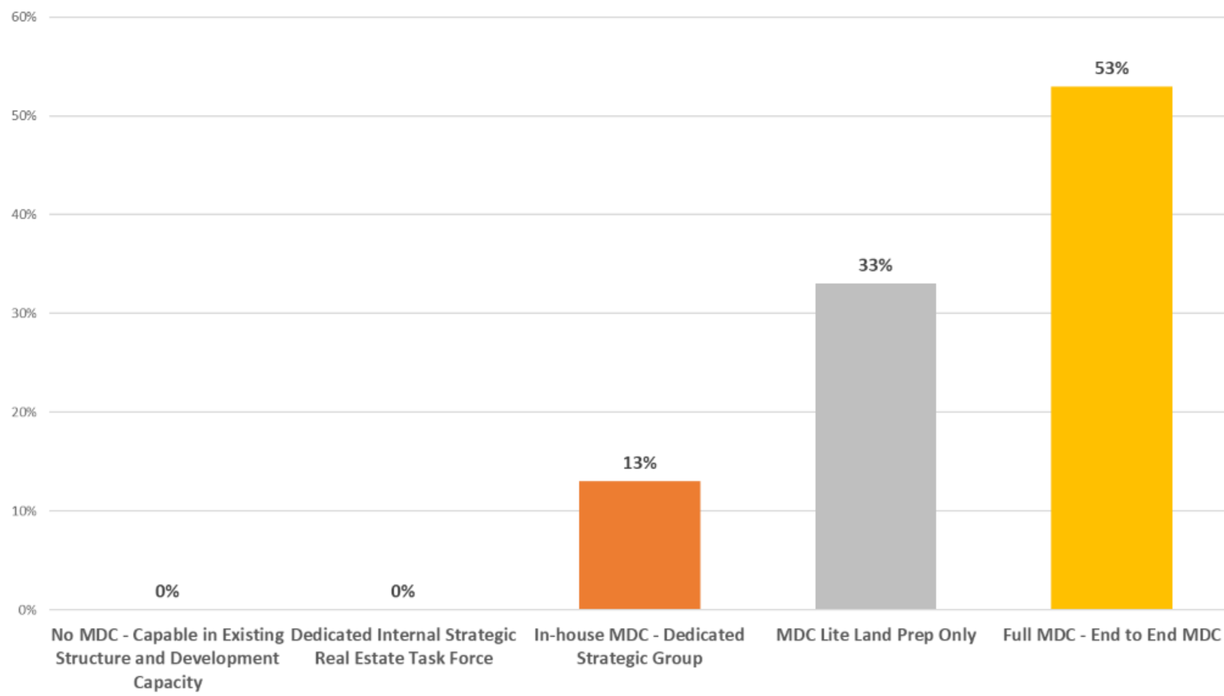
SOURCE: Cresa Toronto – Strategic Land Framework for Burlington (2016)

Figure 5-6: AGB Presentation Example Redevelopment Statistics

Residential Floor Area	29,000 sq. m.
Art Gallery Floor Area	4,645 sq. m.
Total Built Area	34,645 sq. m.
Estimated Site Area	18,000 sq. m.
Floor Area Ratio	1.9

SOURCE: urbanMetrics inc.

Figure 5-7: Workshop Question 4 Responses



As shown in Figure 6 the majority of respondents (53%) felt that a "Full MDC" with end to end development capabilities, in line with the "MDC Heavy" option identified in the Cresa Toronto continuum would be the most effective vehicle for delivering a project incorporating land assembly, multiple use types, infrastructure construction, and a significant residential component. Some 33% of respondents felt that an "MDC lite" engaging in land preparation and facilitating site assembly but leaving construction to private partners, would be the most effective vehicle to deliver a project of this type. Both of these models have delivered similar projects in other municipalities and could therefore represent viable options in this theoretical scenario.

5.6 Workshop Summary

As a summary of the topics discussed during this workshop, Figure 7 illustrates the most commonly noted words taken down by the scribes during the group discussions. As expected, "MDC" is at the heart of the word cloud, but is closely surrounded by community, land, development, housing, council, opportunities, expertise, autonomy, and community, among others.

The wordcloud illustrates some of the key themes and issues from the workshop. These include; consideration of the community, the need to bring additional real estate expertise to Burlington, the role of Council, the identification of multiple priority areas for the MDC to engage in including housing and economic development, the ability to manage a portfolio of properties but also manage revenue streams from each property, and the role of the MDC in identifying and capitalizing on opportunities to create public value.

Figure 5-8: Total Responses Wordcloud

- **Land(s) –** One of the key questions to be answered surrounds the actual land assets on which the MDCs value creation activities would be focused. The City of Burlington owns several parcels of land that could be intensified to accommodate community uses or generate revenue to fund other projects, but these tend to be relatively small or have some obstacles to development. Additional strategic lands are yet to be identified. One of the key tasks that many respondents wanted the MDC to be responsible for is the strategic identification and purchase of lands that could be used to create value in multiple forms.
- **Development & Opportunities –** Respondents identified many different types of development that the MDC could facilitate. These include employment lands that spur economic development, housing development to strategically shape and stabilize growth, and community focused development of public spaces and amenities such as parks and community centres.
- **Community –** One of the key themes that ran consistently through all MDC centred discussion was the people and communities of Burlington. No matter what type of development is being undertaken, there was virtually unanimous agreement that it must be for the benefit of the community, whether it is creating jobs, developing more housing options, or generating municipal revenues to be reinvested into other community projects.
- **Expertise –** Another theme that generated majority agreement throughout the entire workshop was that Burlington needs to create room for augmented real estate expertise to take a more strategic approach to the municipal real estate portfolio and Burlington's development moving forward. In part this is due the need for succession planning for key real estate resources and the need to add expertise that may not be available either internally or from Burlington's current developers.
- **Autonomy & Council –** One of the more contentious topics during the workshop discussions was the debate on the degree of autonomy that the City would be comfortable affording an MDC versus how much autonomy the MDC would need to be successful. The majority of respondents in the quantified engagement session identified an external corporation with an appointed board as the preferred structure, but there was disagreement as to the amount of regulatory or approval power that council should have on a decision by decision basis.
- **Management –** Management became a central theme of discussion during the breakout groups as many stakeholders identified property management and project management skills as expertise that Burlington could benefit from. This reflects the dual objectives of both

maximizing the value of the city's current revenue generating real estate assets and the value of strategically located underutilized sites through development projects.

Key Points of Agreement

- **Burlington needs to expand its strategic real estate capacity and/or capabilities**
  The point that generated almost unanimous agreement was an acknowledgement that Burlington's current organizational structure does not provide for adequate resources dedicated to the management of real estate or the capacity to think about development in a strategic manner. Regardless of where a respondent stood in regard to a municipal development corporation, virtually everyone agreed that the City needed to dedicate more staffing and financial resources to planning for and managing real estate.
- **A dedicated real estate entity would be beneficial for Burlington**
  There was also a consensus that a dedicated strategic real estate resource would be beneficial for both the City and people of Burlington. Many respondents identified disparate opportunities where an MDC could play a role, with most feeling that an MDC could provide additional value or efficiencies when undertaking these projects as opposed to a project managed internally by City staff off the side of their desks. On both sides of this issue there was agreement that a different approach to real estate is required.
- **The MDC needs to be flexible enough to address multiple issues**
  One of the points of agreement across almost all workshop attendees was that Burlington needs to strategically employ the MDC across multiple land use areas including housing, economic and employment generating development, the provision of public infrastructure and amenities, and maximizing the value of existing municipal assets. Some participants felt that an MDC focused on one issue would be more effective, but the number of areas brought up made it difficult for any single topic to dominate discussion.

Key Questions to Answer

- **How much autonomy will the MDC be mandated?**
  One of the most contentious issues throughout the whole stakeholder engagement process, and particular the final workshop, was the level of autonomy that should be given to the MDC. Some participants felt that as a publicly funded entity the MDC should be directed by Council with the vast majority of its actions subject to Council approval. Others felt that the benefit of

an MDC is largely rooted in its ability to act in an agile fashion, a benefit that would be almost completely eroded if its actions required Council approval. The case study research suggests that significant autonomy benefits the efficiency of the MDC, but almost every MDC is constrained by its council given mandate, municipal representation on the board of directors, an annual business plan, and annual financial reporting.

- **What level of financing is available to fund an MDC?**
  The level of financing that the City would be able to contribute to starting an MDC and operating it for a period of time was a contentious topic that is also related to its mandate. Many workshop participants felt that a successful MDC should be able to become self sustaining after a given period of time, particularly if it were permitted to engage in residential development. Others felt that not only was it potentially unreasonable to expect an organization engaged in building public infrastructure to generate a sustained positive cash flow, but that the dual mandate of revenue generation and the public interest could be fundamentally incompatible. There was general agreement that the City of Burlington does not currently possess significant land assets that could be transferred to an MDC to fund its start-up. This left the question of how much money the City can and would contribute, and for how many years, subject to further deliberation by Council and in subsequent budgetary processes.

- **What will collaboration between the MDC and City Staff look like?**
  As a subsidiary corporation of the municipality that created it, any MDC is subject to the will of City Council, City Staff, and the community it represents. During the workshop one concern that arose in multiple groups was the nature of the relationship between City staff, particularly in the planning department, and the staff that would come to work at the MDC. In many case studies, the MDC is undertaking development in line with a Secondary Plan, neighbourhood master plan, or acting in line with plans for a community improvement area. One of the benefits of an MDC as identified by participants and also evident in the case study research is the separation of applicant and approval duties for development projects. Several respondents wondered what the process would be if an MDC led project was rejected by the planning department. Would the City be effectively on either side of the table at an LPAT hearing?

6.0 Potential Strategic Real Estate Opportunities

6.1 Identified Opportunities

Through the course of this assignment, we identified 9 separate potential real estate opportunities that might be considered by an MDC. The location of each site is illustrated in Figure 6-1, below.

Figure 6-1: Potential Strategic Real Estate Opportunities

1. Robert Bateman High School
2. Lester B Pearson Secondary School
3. Parking Lot 3
4. Parking Lot 4
5. Burlington GO
6. Aldershot GO
7. Appleby GO
8. Art Gallery of Burlington
9. Sims Square Parking Lot

Source: urbanMetrics inc.

The opportunities include:

- **Two surplus school sites of approximately 6 hectares each**. Robert Bateman High School is situated in southeast Burlington on New Street in close proximity to Appleby Village Shopping Centre. The school has already been declared surplus by the Halton District School Board. It enjoys good exposure along New Street and is in close proximity to an important community commercial node. Lester B Pearson High School will become surplus shortly. It is situated in central Burlington in proximity to Upper Middle Road. It has minimal street frontage and the site is much more internal to the surrounding neighbourhood, although directly across the street is a small commercial plaza.

- **The two downtown parking lot sites owned by the City together with the Sims Square parking lot.** The two downtown parking lot sites are relatively small – under 0.5 hectares - but are strategically located within the downtown core. Both have strong potential for high density residential development, but to date, there has not been a compelling community or employment use that has been identified for them. As a result, they have been viewed as longer term prospects. Parking lot 3 is adjacent to an older supermarket anchored retail plaza and could be part of a consolidated redevelopment at some point in the future. Like the other two parking lots, the parking lot behind Sims Square, that was recently acquired by the City, has potential as an intensification site. To date there has not been a compelling employment or community use identified for the site.

- **The three GO Station areas** are recognized as Mobility Hubs and are planned for intensification. All three are different in terms of timing and redevelopment potential. The Burlington GO Station area is largely commercial in character is already being developed with high density residential development. The lands around the Aldershot GO Station, although more peripheral to the City, are near to Waterdown village and are also subject to a residential development. The Appleby GO Station is more industrial in character. The City of Burlington has minimal land holdings in these areas, and the cost of acquisition would be very expensive.

- **The Art Gallery of Burlington** building in the downtown is aging and is likely due for renovation or replacement. The 1.7 hectare site is strategically situated on Lakeshore Road across from the Burlington waterfront and adjacent to a small neighbourhood park. The site is, however, partially encumbered by utility rights-of-way, including a hydro corridor, which would reduce its redevelopment potential and add to the cost of development.

While all nine sites offer potential development/redevelopment opportunities, all have obstacles which make them premature as obvious projects for a formal municipal development corporation.

6.2 Strategic Framework

In order to evaluate the prospects for identifying potential opportunities for a project to be considered by a municipal development corporation or similar strategic real estate entity, we have prepared a strategic framework, building on the results of our research and work previously undertaken for an MDC in Burlington.

This framework is based on 6 key factors, Market Viability, Economic Impacts, City-Building Impacts, Community and Stakeholder Impacts, Risk Management Potential, and Municipal Revenue Creation. These factors are then broken into sub-categories where applicable to guide further discussion and eventual decision making.

For illustration purposes, these have been applied to three of the nine opportunity sites, including:

- The Art Gallery of Burlington;
- The Robert Bateman School Site; and,
- Parking Lot #3.

It is important to recognize that these projects are hypothetical to illustrate how an MDC could influence their development and the benefits that they generate. Significant more research and investigation would be required to turn these into viable development opportunities.

Market Viability – Highest and Best Use

The first step in evaluating a potential project or opportunity is to consider the market or financial viability of development. Each site or opportunity is unique and presents potential challenges in the form of policy, geographic and topographic, and market conditions, all of which impact the cost of development and the potential value of the development at completion.

There should also be consideration of the highest and best use for the site. A site initially thought of for civic or institutional uses may also be utilized as a residential or mixed-use development that generates revenues to support the construction of the civic or institutional use on another site. This synergy would support the cost effectiveness of a project to the City and minimize the fiscal impact on taxpayers.

City Building Impacts

Evaluation of a strategic real estate opportunity must also consider the city building impacts of the potential development of the site. These impacts are largely qualitative, as economic or fiscal impacts are captured elsewhere in the evaluation framework. We have put forward five categories that could be evaluated for their impacts on city building.

- **Neighbourhood Regeneration**

  A significant body of research has shown that placemaking and investment in neighbourhoods can positively impact community outcomes. A potential strategic opportunity that is considered by a Burlington MDC could serve to turn an underutilized or vacant site into a community centre, neighbourhood commercial space, a park, or new residential development, which serve to elevate the businesses, residences, and surrounding community.

- **Affordable Housing Facilitation**

  The provision of affordable housing is a largely quantifiable outcome that can be measured through the number of units delivered in a housing development project. Affordable units could be interpreted differently depending on the policy lens applied to the project, such as affordable based on a percentage of average rental rates, attainable based on income levels, as well as municipally specific definitions.

- **Transit-Oriented Development**

  The MDC may participate in projects that help to directly or indirectly direct Burlington's growth by facilitating transit-oriented development. This could take the form of constructing transit infrastructure to link existing transit to new areas or engaging in partnerships to deliver housing and/or mixed-use developments in proximity to the Burlington's MTSAs.

- **Public Realm Enhancement**

  Projects that the MDC will engage in will also impact the public realm. Any project will have an impact on the public realm by affecting the pedestrian experience and place-making potential of the location, but projects developing public space especially so.

- **Infrastructure Impacts**

  Additional development or intensification must be considered through the lens of the existing or planned infrastructure in the area. Different development options will require different infrastructure needs, and any required upgrades or additions to infrastructure should be considered as part of the cost of development of a given site or opportunity. In some cases, the infrastructure or remediation may be too costly for a private developer to undertake up front. As a result, the provision of municipal works to unlock a potential site could represent a partnership opportunity.

Economic Impacts

Job creation, business development, expansion and retention are integral to the work of the Burlington Economic Development Corporation. While not every project would be focused on job creation, the overall work of an MDC should be evaluated based on their ability to enhance the local economy. This may include activities that accommodate new or expanded businesses on under utilised sites, or more indirect activities that serve to highlight Burlington as a premier place to live and work.

Community and Stakeholder Impacts

Projects that the MDC will engage in will impact the community at large as well as specific stakeholders in various ways. The MDC must identify who the relevant stakeholders are, how proximate they are to the project, and what the positive or negative impacts on each stakeholder and the community overall might be.

Risk Management Potential

The management of risk is one of the primary drivers of the value of the MDC. To capture this value, the MDC must thoroughly consider the potential risks in a development project and how to mitigate them. One method of risk mitigation for the MDC is through partnering with private-sector and other public-sector entities. In particular, partnerships help to manage financial risk to the City, allowing the MDC to facilitate the transfer of some project related financial risk to the private partner. However, as a subsidiary of the City of Burlington, the

MDC and the City must consider the qualitative risks of engaging in partnerships and seek to clearly understand potential trade-offs between financial and qualitative risk.

Municipal Revenue Creation

In addition to the financial viability of a given project, the MDC will also engage in projects that have economic or fiscal impacts. These fiscal impacts would include one time impacts in the form of building permits or development charges, and ongoing impacts such as property tax revenue or cash flows arising from municipal ownership of a part or whole of the development. Economic impacts come from a variety of sources such as one-time construction material and labour expenditures that serve as inflows to the Burlington economy, on ongoing flows from jobs created at full build out of the development.

6.3 Art Gallery of Burlington Site – 1333 Lakeshore Rd

The Art Gallery of Burlington site at 1333 Lakeshore Road has long been identified as a potential opportunity for redevelopment or intensification due to the limited portfolio of properties held by the City and the age of the structure on the site. It is our understanding that the building is currently nearing the end of its estimated useful life, providing an opportunity to evaluate the potential redevelopment of the site using the strategic evaluation framework put forward in the previous section. The utility easements and proximity to a stable low-density neighbourhood, however, would minimize the density that could be developed on this site.

The concept plan used to evaluate the potential redevelopment is based on the lower density concept created by Cresa Toronto Brokerage in 2016, which has been adapted to retain the Art Gallery on site. Many of the inputs used to evaluate the concept plan are consistent with those put forward in Cresa's report.

Figure 6-2 illustrates the potential real estate assets resulting from the development concept.

Figure 6-2: Opportunity 1 Concept GFA

Type	GFA
Mid Rise Residential	310,000 square feet
Public Space	50,000 square feet
Underground Parking	31,400 square feet
Total	**391,400 square feet**

SOURCE: urbanMetrics inc., with inputs from Cresa Toronto Brokerage

Financial Viability – Highest and Best Use

The concept plan requires several stages, including the assembly of surrounding sites and the construction of residential units, the new art gallery structure, and the underground parking structure. As shown in Figure 6-3, including a 15% developer profit the estimated cost to the City of Burlington is approximately $15 million. The principal benefit to the City would be in the form of a new Art Gallery building and public amenity space. This is achieved through leveraging a partnership with a private sector residential developer. The residential portion of the development could hypothetically generate sufficient revenue to attract interest from the private sector in undertaking the project, and the MDC could leverage its ability to control access to that potential revenue to obtain two significant real estate assets, a new Art Gallery and commercial space and associated underground parking, for some $15 million net.

Figure 6-3: Order of Magnitude Costs & Revenues

	Development Costs	Development Revenues	Development Profit
Land Acquisition	$5,000,000		-$5,000,000
Residential	$132,000,000	$200,000,000	$68,000,000
Parking	$6,000,000		-$6,000,000
Art Gallery/Commercial	$42,000,000		-$42,000,000
	$185,000,000	$200,000,000	$15,000,000
Developer Profit @ 15%			$30,000,000
Net Cost to Burlington			-$15,000,000

SOURCE: urbanMetrics inc. with inputs from Cresa Toronto Brokerage Limited, Altus Group Construction Cost Guide, and CoStar Realty Inc.

The viability of the project is directly related to the revenue generated by the residential portion of the development. This is the return on investment that facilitates the partnership and enables the sharing of risk and the reduction in the final net cost to Burlington. As shown in Figure 6-4, the per square foot revenue associated with the residential portion of the development significantly changes the net investment potentially required to the City. Our base model has assumed that the residential portion of the development would generate approximately $750 per square foot in revenue after sales commissions. If this was to increase to $850 per square foot, given no significant increase in costs (i.e. an increase in the market average price, rather than developing a higher end product), the City/MDC could be in a position to potentially offset the cost of the project. Conversely, a lower price per square foot could significantly increase the cost to the City.

Figure 6-4: Cost to Burlington Residential Sale Price Sensitivity Analysis

Residential $ per sq. ft.	$650	$700	$750	$800	$850
Net Revenue to City	-$38,000,000	-$26,000,000	-$15,000,000	-$3,000,000	$8,000,000

SOURCE: urbanMetrics inc., with inputs from Altus Data Inc.

The intent of this summary table is to illustrate two key aspects of such a development. Firstly, it is intended to demonstrate how the residential portion of the development drives the feasibility of the project overall, highlighting the prevalence of market risk to this type of development project. Secondly, it is intended to identify the existence of a financial trade off that impacts several city building impacts. Given a project that leverages the revenues associated with residential development to deliver public space or city-building or public-realm enhancements, there exists a trade-off between the affordability of the housing provided and the scale of the public space or city-building properties of the rest of the development. Depending on the success of the residential component, the cost of rebuilding the Art Gallery could be significantly reduced.

As mentioned previously, no operational costs or revenues are associated with this analysis. A high-level overview of the Art Gallery of Burlington's financial statements suggests that the gallery would be operating at a loss without operational contributions from the City of Burlington that are included as public sector revenue on the AGB's financial statements. It would be hoped that the redevelopment of the Art Gallery would enable the AGB to increase earned revenue through a variety of factors including increased gallery revenues, events and functions, and the ability to host more classes and workshops.

City Building Impacts

There are several considerable ways in which the redevelopment of 1333 Lakeshore Rd could positively impact city-building efforts in Burlington.

- Assessment and Employment Growth

  The development of some 310 or more family-sized units on part of the site would help to generate significant ongoing property tax revenues through an expansion of the tax base. In addition, the re-developed art gallery would make better use of the square footage than the existing building, potentially enhancing revenues and employment opportunities.

- Affordable Housing Facilitation

  No affordable housing is included in the development concept devised by Cresa. However, the high-level financial analysis offers the chance for the MDC to evaluate the investment required if affordable housing is included in the development. This would inherently reduce the revenues associated with the residential component of the project, likely necessitating a larger net investment from the MDC and/or the City.

- Civic Infrastructure Renewal

  As mentioned, the existing Art Gallery building is nearing the end of its useful life, and an alternative site for the Art Gallery, which serves an important civic function in Burlington, will have to be found in the years to come. Utilizing the MDC to leverage the involvement of a private sector partner will allow for a revitalization of the site and the renewal of a significant facility in Burlington at a lower level of investment than would be achieved by the City financing reconstruction of the Art Gallery independently.

- Transit-Oriented Development

  While the subject site is not located in the proximity of higher-order transit, it is located on a minor arterial street that operates as a primary bus route that allows for convenient connection to the Major Transit Station Areas within Burlington.

- Public Realm Enhancement

  Potentially the most significant impact that is possible on the subject site is the improvement of the public realm. The site sits across Lakeshore Rd from Spencer Smith Park and the modern building housing Spencer's at the Waterfront restaurant and public uses including the rotary centennial pond, which serves to welcome pedestrians and drivers to Burlington's downtown, which is accessed via the North Shore Blvd E off-ramp from the regional transportation corridor that is the QEW. Completing an equally compelling building across from Spencer Smith Park would serve to enhance this gateway and make a bold architectural statement befitting the Art Gallery and the City of Burlington.

Infrastructure Impacts

The most obvious concern regarding infrastructure and the potential development on the subject site is the existence of the hydro right of way on the west and north-west portion of the site. Given the alteration of the existing park space and its incorporation into the residential and civic land uses the site can accommodate all four uses while still allowing for the intensification of an under-utilized site.

Community and Stakeholder Impacts

There are several community and stakeholder impacts that should be identified and analyzed prior to the finalization of any development proposal on the subject site. Firstly, although the site sits adjacent to existing mid- and high-rise multi-family buildings, there would likely be some degree of community opposition to additional mid-rise development in the area, particularly as this development proposal removes several smaller commercial service outlets located on the west side of the block off of Brock Avenue.

Balancing potential opposition to the development is the positive impact on the largest stakeholder, the Art Gallery of Burlington, and the community at large. Housing the Art Gallery in a custom designed space that serves to accentuate the art and better utilize space for programming and classes would likely positively impact the revenue generating capacity of the Art Gallery, allow more citizens to enjoy the facility, and contribute to a sense of civic pride.

Risk Management Potential

Given the significant revenue potential of this project there is opportunity for a private sector partner to absorb some of the financial risk. Qualitatively, there is a risk that any development will produce a negative response among community members, which could serve to undermine public trust in the MDC or the City. The project would, would therefore require extensive community consultation to maximize benefits to the community and minimize negative impacts.

Municipal Revenue Creation

Municipal revenues would be created from property taxes, development charges, and other planning fees tied to the residential development on the site.

In addition to these impacts, the redevelopment of the Art Gallery could also serve to increase earned revenue, potentially allowing for less operational contributions from the City's budget.

6.4 Robert Bateman High School – 5151 New St

The site of Robert Bateman High School at 5151 New Street in Burlington has been discussed internally as a potential strategic option for the City of Burlington. It is currently occupied by the former High School, with accompanying athletic and aquatic facilities. This is a very preliminary opportunity that has been identified as a location for a community hub, potentially including a library, education facilities, and other community uses. One issue with this site is that, as a former school, it is subject to the traditional process of the school board divesting a site, and there is no guarantee that the City will be able to purchase it since other entities have the right of first refusal.

Financial Viability – Highest and Best Use

If the site were purchased by the City, its development would be to facilitate community, recreational and educational opportunities for the surrounding areas and the City as a whole. The primary use of the site is not inherently revenue generating. However, from a financial standpoint the City or MDC would not need to construct additional recreational amenities on the site and could make efficient use of a structure that is in relatively good shape, if in need of renovation. It should be noted that this is subject to a thorough investigation of the true physical structure, which would be part and parcel of the renovation.

The costs to the City would involve the acquisition of the site at market value and renovation costs of the existing structure. Some revenues could be recovered from the lease of a portion of the space to community partners, such as an education facility. There may also be an opportunity to offset a portion of these costs through the development of market or affordable housing on a portion of the site. This would require a strategic decision on the part of the City.

City Building Impacts

- Assessment and Employment Growth
  As the focus of the development would be on community uses, assessment growth would be secondary. Employment would be created through the community and education uses on the site.

- Affordable Housing Facilitation
  There is potential to incorporate affordable housing onto the subject site, although this would be peripheral to the community hub and subject to the ultimate vision for the site.

- Civic Infrastructure Renewal
  The potential acquisition and development of the subject site could create an important community hub within eastern Burlington, allowing for a wide range of recreational, educational, and community activities enhancing the livability of the surrounding communities.

- Transit-oriented Development
  The subject site is served by two bus routes, Route 4 and Route 10, it is also close to bus stops serviced by Route 25, and to Appleby GO Station. Combined, these offer a relatively strong transit network to allow community members to travel to the site conveniently.

- Public Realm Enhancement
  The acquisition and renovation of the school would significantly contribute to enhancing the public realm in two ways. Firstly, the school is in need of additional renovation that would improve its profile from the street and the neighbourhoods and park to the North, and secondly the re-opening of the facility would serve to re-activate a key part of the community.

Infrastructure Impacts

This possible acquisition and development would likely have minimal effect on existing and/or planned infrastructure due to its location in a built-up area and its recent use as an operating school.

Community and Stakeholder Impacts

Community uses by their nature would likely be less controversial than other forms of development in a neighbourhood setting. Consultation will still be required to identify any specific concerns and to ensure that the uses maximize community benefits.

Risk Management Potential

The majority of the risk in this proposed development on the subject site is financial in nature, due to the costs of site acquisition and redevelopment. Depending on the City's desire to reduce financial costs, other uses, such as residential could be introduced to the concept.

Municipal Revenue Creation

As the uses would be largely civic in nature, there would be minimal tax generation, although some could be available from institutional partners. Lease payments and user fees may also be available depending on the uses and users on the site.

6.5 Parking Lot 4 – Elizabeth St

Parking Lot 4 is another municipally owned site that has been investigated for its development potential in the past. Ultimately the best use for the site would be an activity that would generate economic growth in the downtown and/or represent a City wide amenity to be enjoyed by all residents. However, in the absence of a single major user, we have relied upon a concept plan prepared as part of the Cresa study, which leverages residential development to develop office and commercial uses. The concept plan for the site is based on the work originally conducted by Cresa, incorporating the assumptions put forward in their lower density scenario. The original concept was for a high rise building consistent with surrounding heights that offers 113,000 square feet of residential units, incorporating a mixed-use podium with approximately 21,500 square feet of commercial space, 49,500 square feet of office space and almost 26,000 square feet of public use space. This use mix could be reconfigured to incorporate uses as desired by the City or MDC, as the majority of the value required by the private partner to engage in the project is derived from the residential uses, allowing for flexibility in the non-residential uses. This space could be used to relocate the Art Gallery, house the MDC or City office space, be used as a downtown community space, or many other functions.

Financial Viability – Highest and Best Use

Other than community or institutional uses, the only obviously financially viable component of this concept would be residential with ground floor commercial, which would not achieve minimal civic benefits, other than revenues from the land sale or lease. The market for office space in downtown Burlington is not strong and it is likely that the residential space would be required to subsidize the office space. Given that there is concern over the amount of high density residential development that is occurring in the downtown, there would need to be an acceptable balance of community/office space and residential space in order for this project to be deemed acceptable to the community. Furthermore, the community use would likely have to be of sufficient profile to justify the development of a prime piece of City-owned real estate.

City Building Impacts

- Assessment and Employment Growth
  The concept plan as proposed would facilitate significant increases in the tax revenue generated by the site as well as employment supported on-site by office development and community uses.
- Neighbourhood Regeneration
  The development of the site in a manner consistent with the concept plan could contribute to the beautification of the neighbourhood given a suitably designed and constructed building, with street front amenities.
- Affordable Housing Facilitation
  The residential component is important in terms of making the office space viable. Affordable housing could be added to the site depending on the vision for the development, but it would involve a trade of with financial viability. Furthermore, the cost of developing a high-rise mixed-use building may make it difficult to achieve affordability in housing prices or rents.
- Civic Infrastructure Renewal
  The concept plan as proposed both adds and takes away from civic infrastructure. It removes a surface parking lot, potentially exacerbating the parking issues in downtown Burlington, but the concept could be amended to accommodate some of this parking in the underground parking as part of the development. Development of the site in line with the concept would add a significant amount of space in downtown Burlington for public use, the specifics of which could be evaluated through a public consultation process. This new space could benefit residents of the downtown as well as others visiting the downtown for shopping or recreation, positively impacting civic infrastructure.

- Transit-Oriented Development
  The subject site has strong potential to contribute to transit-oriented development as it sits in the Downtown Core Precinct in proximity to the central Burlington Transit bus hub. The mix of uses conceived of for the site allows members of the public to access their home, place of work, stores or a public place easily via transit or as a pedestrian.

- Public Realm Enhancement
  A well designed and constructed building on the subject site would contribute to improving the public realm by allowing for the more efficient and effective use of a key location in the downtown in a variety of ways that benefit the community. It would also improve the site visually, as its current use as surface parking is utilitarian in nature rather than design focused. Partnership as the owner of the site would allow the MDC or City to impact the design of the structure to a greater degree than in a private developers' application, enabling some municipal control over ensuring that these potential public realm benefits are realized.

Infrastructure Impacts

There are potential concerns with how this theoretical development would impact existing or planned infrastructure. To ensure that a project of this nature is viable, a thorough analysis of the potential impact of all the uses on the site on the existing infrastructure, including traffic and parking would be required.

Community and Stakeholder Impacts

The development concept has the potential for both positive and negative impacts on the community and associated stakeholders. Positively, it would provide additional office, retail, and community space in the downtown, while generating the city building impacts discussed previously. There are two immediately identifiable areas of potential negative impact that would need to be analyzed by the City or MDC and evaluated through public consultation - attitudes towards additional downtown residential development and potential parking impacts.

Risk Management Potential

Both quantifiable and qualitative risk factor into the evaluation of a project such as the concept plan for Parking Lot 4. This project would be expensive to develop, particularly given the need for underground parking on this small site and its mixed-use concept. The City would likely require a development partner willing to undertake a significant portion of the financial risk, which would mean relinquishing some control over the project. This could be a challenging proposition given the sensitivity of downtown residents towards additional residential development. Community consultation would be required, and the City would need to find a development partner who understood and could work with the issues facing the City.

Municipal Revenue Creation

This project as proposed would serve to intensify an existing municipal real estate asset, driving additional revenues flows, from added assessment, taxes and development charges.

Economic impacts from development include the direct impacts associated with construction spending and on-site employment, in which the City or MDC could investigate prioritizing local businesses and employers to maximize Burlington's capture of this economic benefit. There would also be indirect and induced impacts associated with the spillover effects of the spending of this employment income in the downtown.

6.6 Summary

The three projects offer very different benefits to the City of Burlington. All three are complex, likely involving external partners. They all offer different risks and challenges, and would require more detailed analysis before proceeding, but they provide an understanding of what the role of an MDC or similar organization would be in bringing them to fruition.

7.0 Implementation

7.1 Opportunities

There is strong support for a greater strategic real estate function within Burlington, with the BEDC representing a strong economic development resource and strategic partner. The private sector developers who were interviewed also generally indicated a willingness to partner with the City on strategic real estate projects.

The City of Burlington also has a strong track record of strategically acquiring and/or developing parcels for the benefit of the City. Projects, such as Paletta Mansion, Cityview Park, Sims Square, and Spencer Smith Park on the waterfront have all seen their economic value to the community increase significantly since they were initiated by the City.

One of the conclusions from the stakeholder engagement exercises conducted was that the City of Burlington would benefit from additional skills and dedicated capacity to augment its existing efforts in the management and strategic development of real estate assets. This is particularly true in the case of projects that would involve additional development partners and components, such as office, affordable housing, and institutional uses that are outside of the City's core expertise.

7.2 Current Limitations

There are, however, several limitations that impact the feasibility of pursuing the various options for the development of a strategic land model in Burlington. First and foremost, management of the fallout of COVID-19 has impacted the availability of both capital and personnel resources, leaving little additional capacity of either kind to manage the processes associated with creating a formalized external development corporation.

Secondly, traditionally MDC's in other municipalities were created to facilitate the development of a particular block of land or area, normally with associated land assets transferred to an external corporation in addition to or in lieu of a capital contribution. Although there are a number of identified opportunities, there is currently no clearly identified area or parcel of land that is ready to be the focus of an MDC's activities. Combined, these two factors significantly complicate the pursuit of a formal municipal development corporation at this time.

In addition, there seemed to be widespread support for phasing in the City's strategic land capabilities, with the goal of creating a more fulsome MDC once opportunities are further developed and there is momentum and successes from the initiative.

7.3 Measuring Outcomes

Regardless of the delivery model that will be eventually chosen by Council, the stakeholder engagement process and considerable case study research has resulted in some clear priorities for what Burlington should hope to achieve through the realization of a strategic lands model. One of the key lessons taken from these processes was that Burlington's approach needs to be flexible enough to address land-related concerns in multiple strategic areas, each of which needs to be evaluated in order to determine how successful the chosen approach is at driving success in these areas. The key areas which Burlington needs to address with a strategic lands model are:

- Job creation, business creation and expansion;
- City, community and neighborhood building;
- Realization of affordable housing opportunities;
- Fiscal impact (taxes, assessment base, development charges, other fees);
- Enhancing the profile of the City;
- Support of the City's Strategic Plan and Planning Policies; and,
- Cost effectiveness.

Some of these indices are directly measurable, such as the number of jobs and businesses created; the number of affordable housing units created; fiscal benefits to the City; and cost effectiveness. Others are more qualitative in nature, but none the less equally important, such as City, community and neighbourhood building, enhancing the profile of the City and supporting policy direction. Every project will be different in terms of the benefits generated, but the overall role of the organization should be evaluated on its ability to generate these benefits.

8.0 Recommendations

The City should pursue an interim strategic land delivery model that allows for the addition of real estate expertise and creates organizational capacity to manage strategic real estate decisions without requiring the significant up front investment of time and money necessary to create a formalized external development corporation.

Given the current financial constraints felt by many municipalities, including the City of Burlington, resulting from COVID-19, as well as the current lack of dedicated real estate assets that could serve to fund and/or direct the initial operations of a development corporation, it is our opinion that an interim flexible model is the most feasible method by which the City can create a strategic land delivery vehicle. This model should be formally determined by Council but should be flexible enough to address multiple areas as identified by stakeholders including job creation, city building, and affordable housing. The model should also be characterized by the ability to develop and leverage partnerships with private developers, non-profits, and other government agencies, boards, and commissions, as well as being able to obtain grants and other forms of funding from the provincial or federal governments.

The interim strategic land delivery model should be considerate of a potential future transition to a more autonomous external development corporation.

One of the key benefits of an interim flexible model is it allows for the accumulation of additional organizational knowledge and experience that could then be leveraged towards the future success of an external development corporation. In addition, it creates the ability for the City to work towards addressing the current issues facing the creation of a development corporation. This could take the form of land assembly, capital accumulation, or strategic research that identifies an area or significant parcel that a potential future MDC could be mandated to develop in line with the priorities and goals of Council at that time.

Regardless of the delivery model chosen, City Council must develop clear quantifiable strategic outcomes that allow for the evaluation of the strategic land entity.

As identified in the case study research, traditionally an MDC is created with a mandate to develop or redevelop a specific area or parcel of land in line with a secondary plan or masterplan. In the absence of this type of clarity it is necessary for Council to develop concrete ideas as to what they hope a strategic land delivery model will achieve, with quantifiable goals that allow for an unbiased evaluation of its work. This is also an important factor in enabling any potential future transition to an external development corporation, as the business case requirement in the Municipal Act for the creation of such a corporation would be greatly aided by an ability to evaluate the success of the interim model that could lead to its creation.

Recommended Approach to an MDC

- Given the interest and opportunities coupled with the limitations, we would recommend that the City create an internal strategic real estate structure that would involve the BEDC, as well as other, potential partners, such as Halton Region, other public agencies, private industry and private and public institutions, as required.
- Oversite and strategic direction would be provided by a committee that would ultimately be accountable to Council. The committee would be made up of the Mayor or designate, the City Manager, selected members of Council and appropriate senior staff, with representation from the BEDC. A staff lead, such as the City Manager, would be responsible for managerial leadership. Outside consulting expertise would be engaged as needed.
- The mandate of the organization or partnership would be on leveraging real estate to:
  - Implement city building projects;
  - Maximise opportunities for economic growth and job creation; and,
  - Create opportunities for the development of affordable housing.
- Ultimately this strategic organization should have access to the staff and resources to; seek, identify and develop opportunities into viable projects; to direct the acquisition and disposition of land; undertake development visioning and design; obtain necessary planning approvals; and engage with outside partners.
- Initially, the organization should be tasked with seeking, identifying and developing opportunities into viable projects. As noted, a number of opportunities have been presented through this and previous consulting assignments. These, as well as others that may be identified in the future, need to be more formally prioritized and envisioned.
- This strategic real estate organization would be the first step towards the creation of a municipal development corporation.
- Establishing an internal organization as a first step, achieves a good balance between the opportunities and desire for augmented strategic real estate capabilities and the current obstacles and need for caution. It would:
  - Places a priority corporate focus on realizing strategic land opportunities.
  - Build on and leverage existing skills, relationships, and expertise within City and BEDC
  - Enable an interim structure to build organization capacity and deliver key outcomes related to strategic land management.
  - Allows incremental budget resources in 2021/22 to be provided on a "one-time" funding basis, support for Council consideration and approval of detailed operating budget business case.

    - Provide an integrated and accountable organizational structure including a steering committee, designated staff leads and enhanced business process including Council oversight (including both open and closed session reporting)
    - Places a priority corporate focus on realizing strategic land opportunities.

- After an initial start-up period, the organization should be evaluated on an annual basis, with respect to:
    - Job creation, business creation and expansion;
    - City, community and neighbourhood building;
    - Realization of affordable housing opportunities;
    - Fiscal impact (taxes, assessment base, development charges, other fees);
    - Enhancing the profile of the City;
    - Support of the City's Strategic Plan and Planning Policies; and,
    - Cost