



September 15, 2020

John Tassiopoulos, MCIP, RPP  
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Dear John:

**RE: Market-Based Evaluation and Economic Analysis of the Mohawk Lake District Plan (MLDP) Concept Plan**

WSP, in collaboration with AL Urban Design, ASI and urbanMetrics inc. (the “consulting team”) were retained by the City of Brantford to assist in the preparation of the Mohawk Lake District Plan (MLDP), which is a major revitalization study aimed at transforming a prominent former brownfield site into a vibrant mixed-use community.

As part of the consulting team, urbanMetrics has been tasked with reviewing the concept plan for the MLDP prepared by WSP, from a market perspective. This analysis is intended to determine if the amount and type of residential, retail and office space proposed within the concept plan are supportable from a market perspective. In addition to this market-based evaluation, we have also completed an economic analysis of the concept plan. The purpose of this analysis is to highlight the known costs that could be incurred by the City if they retain the MLDP lands, in comparison to potential revenue that could be received by the City if all, or a portion, of the lands are sold for development. The purpose of this economic analysis is to help the City better understand a potential return on investment if the MLDP lands are retained versus sold.

It is important to note that this Economic Analysis was prepared at a time when COVID-19 was impacting the Canadian and global economies. The pandemic has created significant uncertainty about the future in terms of where we will live and work over the short, medium and long-term. While COVID-19 will impact some of the underlying assumptions used in this Economic Analysis, it is

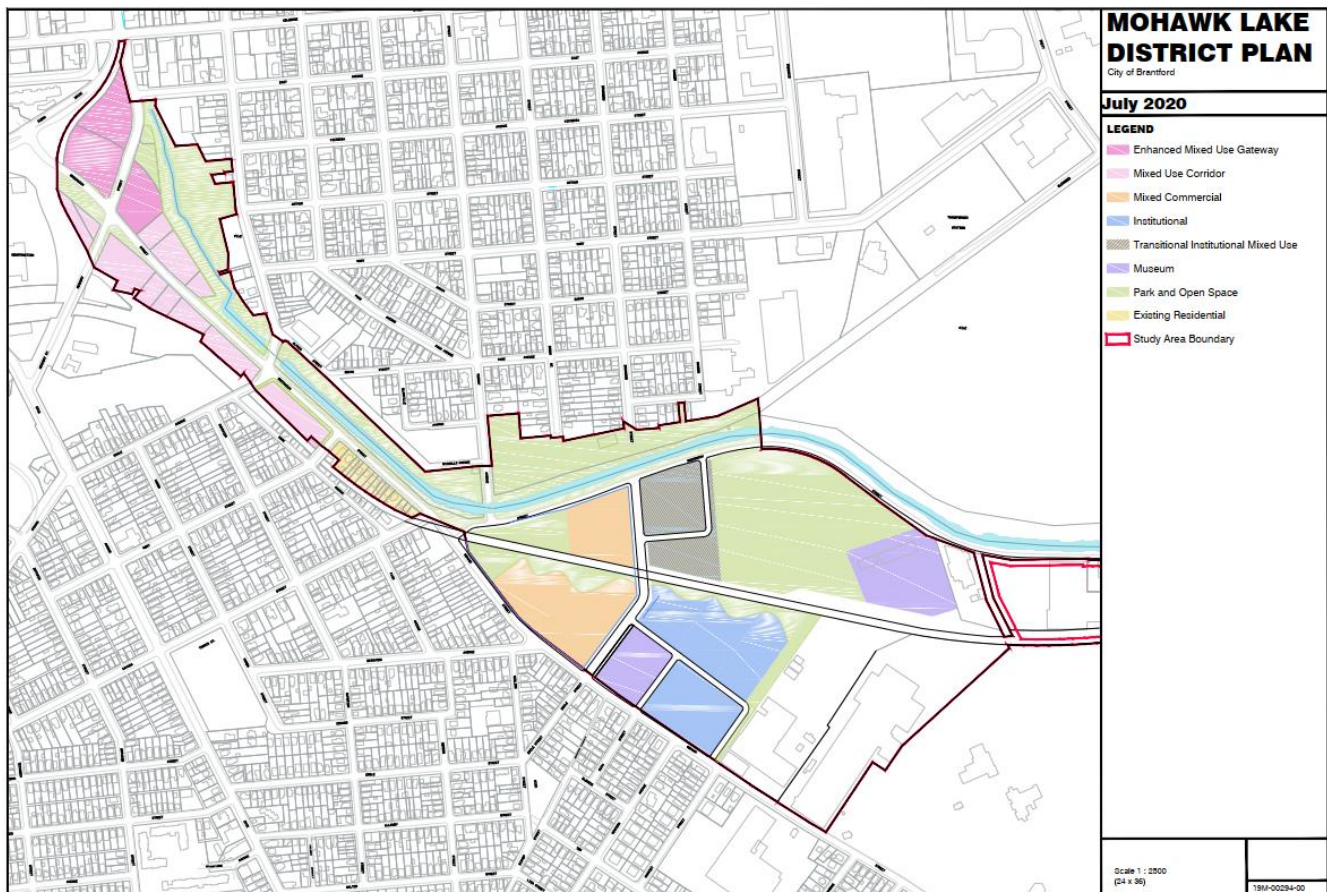
important to recognize that the concept plan for the MLDP is intended to be developed over the next 20+ years.

The following sections summarize the results of our analysis.

## 1.1 Review of MLDP Concept Plan

Figure 1 identifies the concept plan for the MLDP, which was prepared by WSP. We have reviewed the amount and type of residential, retail and office space proposed within the concept plan from a market perspective to determine the amount of time it could take to absorb all the proposed residential and non-residential uses.

**Figure 1: MLDP Concept Plan**

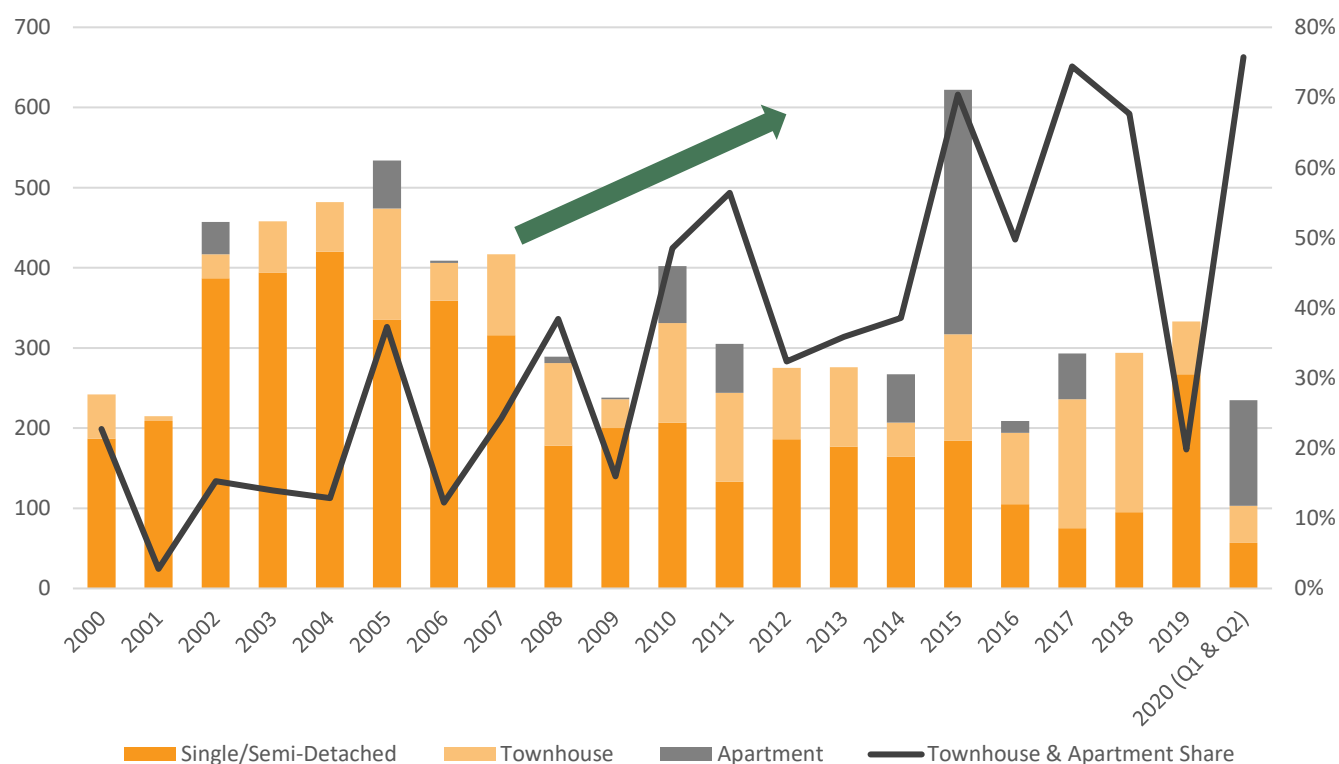


## Residential

The concept plan for the MLDP identifies the potential to accommodate between 25 and 90 townhouse units and between 610 and 960 apartment units at full build-out. The low end of the range is based on the concept plan shown in Figure 1, while the high end of the range is based on an earlier concept plan prepared in September 2019, which envisioned higher densities and mixed-use buildings located along Greenwich Street.

There is growing market support for row (i.e. townhouse) and apartment units in Brantford. As shown in Figure 2, the share of housing starts in Brantford that were either row or apartment units has grown from less than 20% in the early 2000s to over 70% in some recent years. Most of this demand has been for row units, which have averaged nearly 130 starts per year over the past five years. Therefore, the between 25 and 90 townhouse units proposed in the MLDP represent less than one year of demand and would likely be absorbed relatively quickly. Therefore, it is our opinion there is market support for the townhouse units proposed in the MLDP.

**Figure 2: City of Brantford Housing Starts, 2000 to 2020**



SOURCE: urbanMetrics inc. based on data from CMHC.

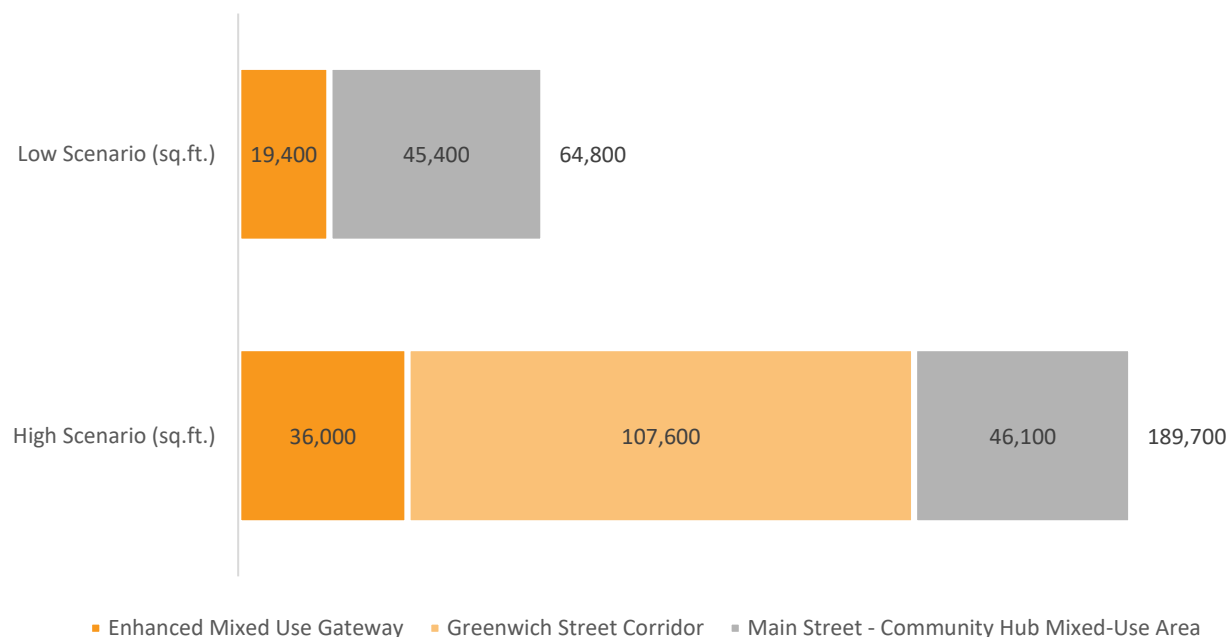
In terms of apartment units, over the past ten years there have been approximately 700 apartment starts in Brantford (about 70 units per year). Therefore, absorption of the between 610 and 960 apartment units that are being proposed in the MLDP would require a further shift towards apartment construction to absorb the units over a reasonable timeframe. The *City of Brantford 2019 Development Charges Background Study* does forecast a shift towards apartment construction, with household growth of approximately 100 units per year between 2019 and 2028. However, even if the MLDP accounted for 50% of apartment absorption in the City, it would take 15 to 20 years to absorb the proposed apartment units. It may be possible for the MLDP to account for a large share of apartment absorption in Brantford, as proximity of the apartment units to downtown Brantford, Laurier University, Conestoga College, as well as a setting along the Mohawk Canal could be desirable to both end-users and investors.

It is also important to note that where possible, parking for the apartment buildings should be provided at-grade or structured to reduce development costs. Requiring underground parking could impact the financial viability of development.

## Retail

The concept for the MLDP proposes between approximately 65,000 and 190,000 square feet of retail and service commercial gross floor area (GFA). Figure 3 shows the breakdown of where the proposed retail and service commercial space is located.

As shown, in the low scenario most of the proposed retail and service commercial space is in the Main Street Community Hub Mixed-Use area. This space is proposed in the base of mixed-use buildings located along Mohawk Street and the proposed new north/south street. In the high scenario, most of the retail and service commercial space is located along the Greenwich Street Corridor in the base of mixed-use residential buildings.

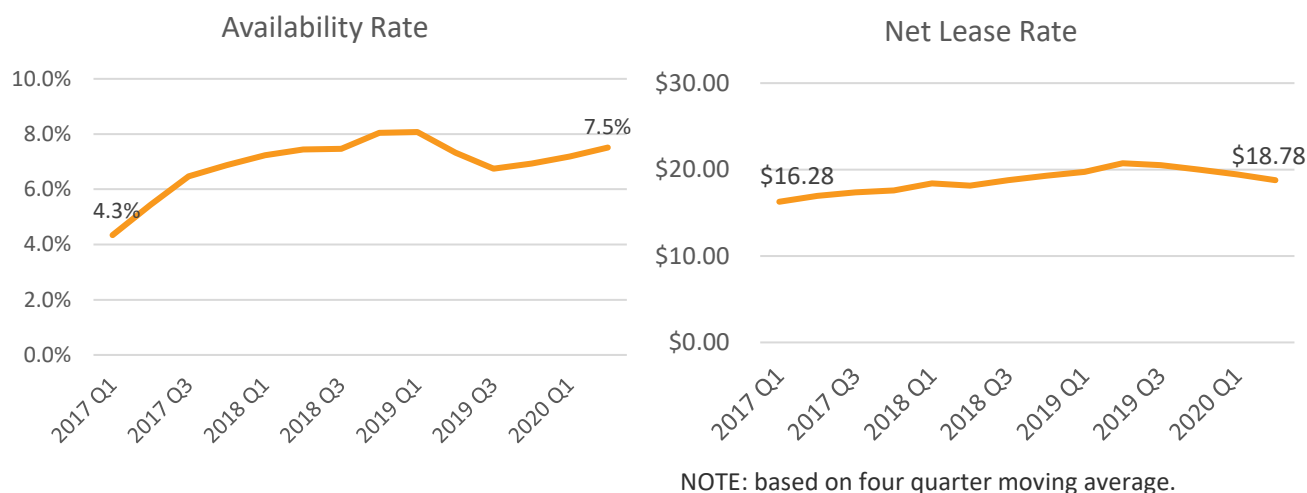
**Figure 3: Distribution of Retail and Service Commercial Space (sq.ft.) by Location, MLDP**

SOURCE: urbanMetrics inc.

To determine if the amount of retail and service commercial space proposed in the MLDP is warranted from a market perspective, we have examined City-wide retail/service commercial vacancy rates and net asking lease rates, as reported by CoStar. We have also estimated the amount of space warranted based on number of residents and jobs that could be accommodated in the MLDP and surrounding community.

As shown in Figure 4, availability rates for retail/service commercial space have stabilized in recent quarters at approximately 7.5%, which is at the upper end of what is typically considered a healthy market.

Net lease rates have trended higher over the past three years and are currently almost \$19 per square foot. Therefore, from a market perspective, there appears to be an opportunity for additional retail/service commercial space in Brantford, particularly in areas of the City that are anticipated to experience population and employment growth. However, it will be important to ensure that the amount of additional retail/service commercial space is warranted by the planned population and employment growth.

**Figure 4: Retail and Service Commercial Availability Rate and Net Lease Rates, City of Brantford**

SOURCE: urbanMetrics inc. based on CoStar data.

To estimate the amount of retail/service commercial GFA warranted in the MLDP from a market perspective, we have adopted the following approach:

- Local Market Area Delineation** – The total market influence attributed to new retail/service commercial space in the MLDP would likely extend over a wide area beyond any precise boundary that can be drawn. However, for the purposes of making reliable estimates of available market support, a specific Local Market Area has been defined. The Local Market Area delineated for the MLDP represents the geographic area from which the proposed retail/service commercial uses are likely to generate much of their sales volume.

The delineation of the Local Market Area was based on a number of factors, including:

- The market influence of existing retail/service commercial facilities located near the site, and elsewhere in Brantford;
- Local and regional access characteristics of the site;
- The location of natural and man-made barriers which could restrict the movement of customers to and from the site;

Based on the factors considered above, we have delineated a Local Market Area for the MLDP, which includes residents living south of Veterans Memorial Parkway / Clarence Street South, between the Mohawk Canal and the Grand River, as shown in Figure 5. The Local Market Area



included approximately 7,100 residents at the time of the 2016 Census of Canada.<sup>1</sup> In addition to these existing residents, the MLDP could accommodate between 1,090 and 1,900 persons and between 1,700 and 1,800 jobs at full build-out. For the purpose of estimating future retail and service commercial space warranted in MTSA at full build-out, we have relied upon these estimates of persons and jobs.

Although the new retail/service commercial space in the MLDP is expected to derive a large portion of its sales volume from the expenditures made by the Local Market Area residents, it is important to note that additional market support will ultimately result from expenditures made by non-Local Market Area residents as well (e.g., local employees, seasonal residents, tourists, and other visitors). These expenditures represent “**inflow**” sales, which will be appropriately recognized in our analysis.

**Figure 5: Local Market Area**



SOURCE: urbanMetrics inc. based on Google Maps.

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<sup>1</sup> Includes 3% net undercoverage.

- **Evaluation of Existing Retail/Service Structure** – As there is currently no existing commercial space in the MLDP, the existing retail/service structure in the Local Market Area has been evaluated in terms of its ability to serve a portion of the retail and service needs of future MLDP residents, as well as residents living in the balance of the Local Market Area. This existing space inventory has been recognized in our evaluation of future warranted space within the MLDP, as these facilities will also be very competitive with any future commercial space that will be located in or near the MLDP.
- **Commercial Needs Analysis** - The future population and employees residing in the MLDP, and the broader Local Market Area has been estimated. Utilizing a space per capita ratio approach, we have estimated the amount of retail/service space warranted in the MLDP.
- **Location of Future Retail/Service Space** - Based on our estimates of the warranted additional retail/service space forecast at build-out, we have identified the most suitable location(s) for this space within the MLDP.

One factor that may impact demand for additional retail/service commercial space in the MLDP is the approximately 80,000 square feet of space in the Brantford Commons shopping centre located at the corner of Market Street South and Icomm Drive, combined with approximately 41,500 square feet of space in the balance of the Local Market Area.

Utilizing an approach commonly used to estimate the future retail/service commercial needs of a community, we have completed a high-level per capita space analysis to assess the retail/service commercial needs of the future residents in the Local Market Area. We have calculated future retail/service commercial needs based on the low and the high population and job estimates provided by WSP for the MLDP.

For this analysis, we have used normal per capita space ratios that we have developed based on commercial inventories carried out in other southern Ontario markets. These ratios have been shown for each retail and service category and in total comprise **41.4 square feet** of space per person.

Based on the low estimate of 1,090 persons and the high estimate of approximately 1,900 persons in the MLDP, we have calculated the amount future retail/service commercial space warranted in the Local Market Area. Our analysis also includes the existing population in the Local Market Area at the time of the 2016 Census (approximately 7,100 persons) and new residents that could be accommodated on vacant lands in other locations in the Local Market Area (approximately 1,000 persons).

Based on the future population of the Local Market Area, future residents will support approximately 380,000 square feet of new retail/service commercial space in the low scenario and 412,600 square feet in the high scenario. It is important to note that this retail/service commercial space will be



supported in all locations, including the City of Brantford and beyond, as detailed in Column B of Figure 3 (low scenario) and Figure 4 (high scenario).

**Figure 6: MLDP Per Capita Commercial Needs Analysis (Low Scenario)**

Commercial Needs - Retail Category	Typical Space Per Capita (Sq Ft)	Total Space Required by LMA Residents (Sq Ft)	LMA Target Capture	Adjusted Space Per Capita (Sq Ft)	Future Space Required by Residents (Sq Ft)	Inflow	Total Warranted Space (Sq Ft)	Existing Space in Local Market Area	Additional Warranted Space (Sq.ft.)
<b>Local Market Area (LMA) Population:</b>	<b>9,162</b>								
<b>Food Store Retail (FSR)</b>									
Supermarket	3.5	32,069	50%	1.8	16,000	50%	32,000	21,500	10,500
Specialty Food	1.5	13,744	10%	0.2	1,400	80%	7,000	5,000	2,000
<b>SUB TOTAL</b>	<b>5.0</b>	<b>45,812</b>		<b>1.9</b>	<b>17,400</b>		<b>39,000</b>	<b>26,500</b>	<b>12,500</b>
<b>Beer/Wine/Liquor (BWL)</b>	<b>0.4</b>	<b>3,665</b>	<b>80%</b>	<b>0.3</b>	<b>2,900</b>	<b>70%</b>	<b>9,700</b>	<b>16,700</b>	<b>0</b>
<b>Non-Food Store Retail (NFSR)</b>									
Selected Automotive	2.5	22,906	0%	0.0	—	70%	—	0	0
Furniture, Home Furnishings & Electronics	3.0	27,487	10%	0.3	2,700	70%	9,000	0	9,000
Building & Outdoor Home Supplies	3.0	27,487	0%	0.0	—	70%	—	6,000	0
Pharmacy & Personal Care	1.5	13,744	50%	0.8	6,900	50%	13,800	3,200	10,600
Clothing & Accessories	2.0	18,325	0%	0.0	—	70%	—	0	0
Department Store	3.5	32,069	0%	0.0	—	70%	—	0	0
Other General Merchandise	3.0	27,487	0%	0.0	—	70%	—	11,600	0
Miscellaneous Retail	2.0	18,325	10%	0.2	1,800	70%	6,000	8,500	0
<b>SUB TOTAL</b>	<b>20.5</b>	<b>187,830</b>		<b>1.3</b>	<b>11,400</b>		<b>28,800</b>	<b>29,300</b>	<b>19,600</b>
<b>SERVICES</b>									
Finance, Insurance & Real Estate	2.0	18,325	10%	0.2	1,800	50%	3,600	800	2,800
Business Services <sup>1</sup>	1.5	13,744	10%	0.2	1,400	70%	4,700	0	4,700
Health Care	1.5	13,744	20%	0.3	2,700	50%	5,400	5,000	400
Cultural, Entertainment & Recreation	2.0	18,325	10%	0.2	1,800	50%	3,600	0	3,600
Food Service & Drinking Places	3.5	32,069	20%	0.7	6,400	70%	21,300	30,600	0
Personal Care	2.0	18,325	20%	0.4	3,700	50%	7,400	5,700	1,700
Other <sup>2</sup>	3.0	27,487	20%	0.6	5,500	50%	11,000	300	10,700
<b>SUB TOTAL</b>	<b>15.5</b>	<b>142,018</b>		<b>2.6</b>	<b>23,300</b>		<b>57,000</b>	<b>42,400</b>	<b>23,900</b>
<b>Vacant</b>								<b>4,900</b>	
<b>TOTAL</b>	<b>41.4</b>	<b>379,326</b>	<b>15%</b>	<b>6.0</b>	<b>55,000</b>	<b>59%</b>	<b>134,500</b>	<b>119,800</b>	<b>56,000</b>

SOURCE: urbanMetrics inc.

NOTES: **A** Professional judgement from other communities  
**B** = A x Future Population  
**C** Professional judgement from other communities  
**D** = A x C

**E** = D x Future Population  
**F** Professional Judgement  
**G** = E / ( 1 - F )

<sup>1</sup> Includes: Professional, Scientific & Technical Services; Selected Office Administration

<sup>2</sup> Includes: Consumer Goods Rental; Selected Educational Services; Social Services; Personal & Household Goods Repair & Maintenance; Civic & Social Organizations

**Figure 7: MLDP Per Capita Commercial Needs Analysis (High Scenario)**

Commercial Needs - Retail Category	Typical Space Per Capita (Sq Ft)	Total Space Required by LMA Residents (Sq Ft)	LMA Target Capture	Adjusted Space Per Capita (Sq Ft)	Future Space Required by Residents (Sq Ft)	Inflow	Total Warranted Space (Sq Ft)	Existing Space in Local Market Area	Additional Warranted Space (Sq.ft.)
<b>Local Market Area (LMA) Population:</b>	<b>9,966</b>								
<b>Food Store Retail (FSR)</b>									
Supermarket	3.5	34,883	50%	1.8	17,400	50%	34,800	21,500	13,300
Specialty Food	1.5	14,950	10%	0.2	1,500	80%	7,500	5,000	2,500
<b>SUB TOTAL</b>	<b>5.0</b>	<b>49,832</b>		<b>1.9</b>	<b>18,900</b>		<b>42,300</b>	<b>26,500</b>	<b>15,800</b>
<b>Beer/Wine/Liquor (BWL)</b>	<b>0.4</b>	<b>3,987</b>	<b>80%</b>	<b>0.3</b>	<b>3,200</b>	<b>70%</b>	<b>10,700</b>	<b>16,700</b>	<b>0</b>
<b>Non-Food Store Retail (NFSR)</b>									
Selected Automotive	2.5	24,916	0%	0.0	—	70%	—	0	0
Furniture, Home Furnishings & Electronics	3.0	29,899	10%	0.3	3,000	70%	10,000	0	10,000
Building & Outdoor Home Supplies	3.0	29,899	0%	0.0	—	70%	—	6,000	0
Pharmacy & Personal Care	1.5	14,950	50%	0.8	7,500	50%	15,000	3,200	11,800
Clothing & Accessories	2.0	19,933	0%	0.0	—	70%	—	0	0
Department Store	3.5	34,883	0%	0.0	—	70%	—	0	0
Other General Merchandise	3.0	29,899	0%	0.0	—	70%	—	11,600	0
Miscellaneous Retail	2.0	19,933	10%	0.2	2,000	70%	6,700	8,500	0
<b>SUB TOTAL</b>	<b>20.5</b>	<b>204,312</b>		<b>1.3</b>	<b>12,500</b>		<b>31,700</b>	<b>29,300</b>	<b>21,800</b>
<b>SERVICES</b>									
Finance, Insurance & Real Estate	2.0	19,933	10%	0.2	2,000	50%	4,000	800	3,200
Business Services <sup>1</sup>	1.5	14,950	10%	0.2	1,500	70%	5,000	0	5,000
Health Care	1.5	14,950	20%	0.3	3,000	50%	6,000	5,000	1,000
Cultural, Entertainment & Recreation	2.0	19,933	10%	0.2	2,000	50%	4,000	0	4,000
Food Service & Drinking Places	3.5	34,883	20%	0.7	7,000	70%	23,300	30,600	0
Personal Care	2.0	19,933	20%	0.4	4,000	50%	8,000	5,700	2,300
Other <sup>2</sup>	3.0	29,899	20%	0.6	6,000	50%	12,000	300	11,700
<b>SUB TOTAL</b>	<b>15.5</b>	<b>154,480</b>		<b>2.6</b>	<b>25,500</b>		<b>62,300</b>	<b>42,400</b>	<b>27,200</b>
<b>Vacant</b>								<b>4,900</b>	
<b>TOTAL</b>	<b>41.4</b>	<b>412,611</b>	<b>15%</b>	<b>6.0</b>	<b>60,100</b>	<b>59%</b>	<b>147,000</b>	<b>119,800</b>	<b>64,800</b>

SOURCE: urbanMetrics inc.

NOTES: **A** Professional judgement from other communities  
**B** = A x Future Population  
**C** Professional judgement from other communities  
**D** = A x C

**E** = D x Future Population  
**F** Professional Judgement  
**G** = E / ( 1 - F )

<sup>1</sup> Includes: Professional, Scientific & Technical Services; Selected Office Administration<sup>2</sup> Includes: Consumer Goods Rental; Selected Educational Services; Social Services; Personal & Household Goods Repair & Maintenance; Civic & Social Organizations

Recognizing that future residents of the Local Market Area will continue to shop in other retail areas, we have estimated target Local Market Area capture rates in Column C, which vary for each store category depending on their normal drawing power (e.g., local versus community wide or regional). It should be noted that for some categories, including: *Department Stores, Building & Outdoor Home Supply and Selected Automotive*, no target capture is assumed since these stores are not likely to locate in the types of ground floor commercial facilities planned for the MLDP. Applying these estimated captures rates from Column C to the per capita figures in Column A results in the adjusted space figures shown in Column D. This results in a total of 6.0 square feet of warranted retail/service commercial space per Local Market Area resident, or some 55,000 square feet of local serving space in the low scenario and 60,100 square feet in the high scenario.

In addition to the sales generated from Local Market Area residents, future retail/service commercial businesses in the community will also generate a portion of their sales from customers living outside the Local Market Area, also known as inflow. Some of this inflow support is expected to come from people visiting the amenities and parks in the MLDP, as well as people working in the new community.

As detailed in Figure 6 and Figure 7, the full build-out of the Local Market Area is expected to result in an overall demand for some **56,000 square feet of local serving retail/service commercial space in the low scenario and 64,800 square feet in the high scenario**. This range of retail and service commercial space is consistent with the amount of space included in low scenario for the concept plan.

It is our opinion that the retail/service commercial space proposed in the Enhanced Mixed-Use Gateway and Main Street – Community Hub Mixed-Use Area have the highest potential of being successful. The retail/service commercial space in the Enhanced Mixed-Use Gateway has an opportunity to leverage its adjacency to Downtown Brantford and the employees that could be accommodated with the proposed office and institutional buildings.

The Main Street – Community Hub Mixed-Use Area also has strong potential to support retail/service commercial space due to its location in proximity to the institutional and office uses proposed in this area of the MLDP. In addition, the large park and event space proposed in this area of the MLDP will also support retail/service commercial uses.

The Mixed-Use Corridor has the least potential to support retail/service commercial space in the MLDP, as this space would largely support local residential uses and is already in close proximity to the Brantford Commons shopping centre. While some ground-floor retail may be supportable along the Mixed-Use Corridor, it should be limited. Another reason to limit the amount of ground-floor retail in the Mixed-Use Corridor is because its inclusion could impact the financial viability of developing the residential uses and impact absorption of these lands.

## Office

The MLDP includes between 462,000 and 595,000 square feet identified as office/institutional space. It is notable that 191,720 square feet of office space has been requested by various community groups, in addition to space for a potential community centre and other institutional space.<sup>2</sup> Therefore, between 160,000 and 207,000 square feet could be available to accommodate market-based office uses. For the purposes of this analysis, we have focused only on the viability of the market-based office space that is being proposed in the MLDP. However, if some of the community groups do not ultimately occupy the office space in the MLDP, it would result in additional market-based office space that would need to be absorbed.

In determining if the amount of market-based office space proposed in the MLDP is warranted from a market perspective, we have examined City-wide vacancy rates and net asking lease rates for office space as reported by CoStar Realty Data. We have also compared the amount of office space

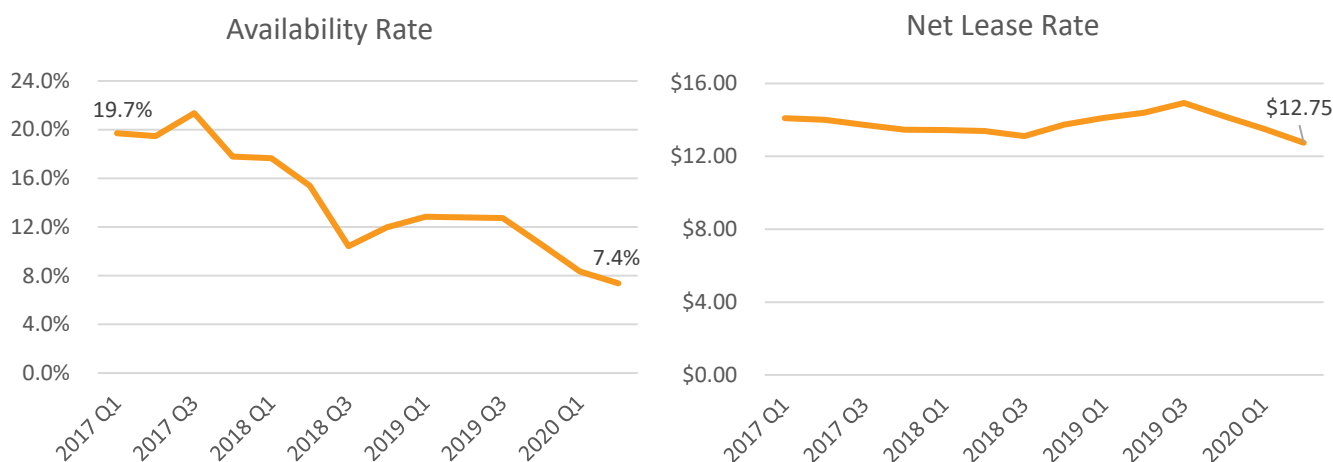
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<sup>2</sup> Table 1 in *Brantford Report No. 2019-265; Mohawk Lake District Plan – Draft Preferred Plan*, June 4, 2019

proposed in the MLDP to the total amount of office space forecast to be accommodated across all of Brantford.

As shown in Figure 8, the vacancy rate for office space in Brantford has been trending lower of the past three years. Over this period, net asking lease rates have been relatively stable. The declining vacancy rate combined with flat net asking lease rates suggests there may be limited demand for additional office space in Brantford.

**Figure 8: Office Availability Rate and Net Lease Rates, City of Brantford**



NOTE: based on four quarter moving average.

SOURCE: urbanMetrics inc. based on CoStar data.

In determining future demand for office space in Brantford, we have relied on *Envisioning Brantford – Municipal Comprehensive Review, Part 1: Employment Strategy, Intensification Strategy, Housing Strategy and Land Needs*, hereafter referred to as *Envisioning Brantford*.<sup>3</sup> Table 6.2 of *Envisioning Brantford* identifies that Brantford is forecast to accommodate an additional 2,252 Major Office Employment (MOE) jobs by 2041.<sup>4</sup> Based on an office employment density of 290 square feet per employee (27 square metres per job), this results a need for approximately 654,500 square feet of additional office space in Brantford by 2041. As noted earlier, the MLDP proposes between 160,000

<sup>3</sup> *Envisioning Brantford – Municipal Comprehensive Review, Part 1: Employment Strategy, Intensification Strategy, Housing Strategy and Land Needs*, December 2018, prepared by SGL Planning and Design Inc., The Planning Partnership, Cushman & Wakefield, Hemson Consulting, Dillon Consulting and BluePlan.

<sup>4</sup> Major Office Employment refers to “freestanding office buildings of approximately 4,000 square metres of floor space, or with approximately 200 jobs or more”.

and 207,000 square feet of market-based office space. Therefore, the MLDP could accommodate between 25% and 30% of all office growth in Brantford to 2041.

It is notable that Policy 2.2.5.2 of the Brantford Official Plan direct major office development to the Downtown Urban Growth Centre (UGC). While the northern portion of the MLDP is located within the UGC, about two-thirds of the office space in the MLDP is not with the UGC. If Brantford's intent is to direct office growth to the UGC, they may want to limit the amount of office space included in the MLDP, particularly sections not located in the UGC.

## 1.2 Economic Analysis of the Concept Plan

In addition to our review of the MLDP concept plan, we have also completed an Economic Analysis. The purpose of this Economic Analysis is to summarize the potential costs and revenue associated with retaining the entirety of the MLDP lands in comparison to selling all or a portion of the land to help realize the vision for the MLDP lands as identified in the concept plan.

### Ongoing Municipal Costs Associated with Retaining MLDP Lands

As part of the Economic Analysis, we have summarized the estimated ongoing costs associated with the City retaining the MLDP lands. These costs are based on information provided to urbanMetrics by staff at the City of Brantford.

It is our understanding that the City of Brantford has, to date, undertaken significant investments to remediate lands located within the MLDP via a Risk-Assessed approach and is currently in the monitoring and compliance phase. In June 2014, Council approved an overall project budget of approximately \$41.4 million to accommodate the completion of all phases of the remediation work. This includes demolition of existing buildings, environmental investigations and remediation of the sites.

In addition to the costs that have been incurred for remediation, if the City retains the MLDP lands, it is our understanding that there will be additional costs associated with earthworks. In 2017, the City has estimated a cost of \$10 million to implement a soft soil cap, inclusive of all earthworks, design work and final grading for 22 and 66 Mohawk Street. The costs for earthworks for 347 Greenwich Street have not been estimated by the City, but this would be in addition to the \$10 million noted above.

In addition to the Risk-Assessed remediation of the MLDP, there will also be ongoing monitoring costs associated with a Certificate of Property Use. These ongoing monitoring costs will be the responsibility of the City, if it decides to retain the lands. The preliminary cost estimate for post-remediation monitoring and on-going temporary risk management for the sites located at 22 and 66 Mohawk Street and 347 Greenwich Street are conservatively estimated at approximately \$550,000



for all 3 properties for one year. If the City retains the lands, the monitoring results may lead to the Ontario Ministry of Environment, Conservation and Parks identifying future requirements, which are unknown at this time, but are likely to pose additional costs to the City as the land owner.

If the MLDP lands were retained by the City and developed with a park or other civic uses, there would be additional one-time development costs associated with the construction of these facilities, as well as ongoing maintenance costs that would be incurred by the City.

## Estimated Municipal Costs and Revenue Associated with Selling all or a Portion of the MLDP Lands

The purpose of this report is to help inform future decisions regarding the potential sale or retention of the entirety or a portion of the MLDP lands to help achieve the vision in the concept plan.

As it is still unclear what, if any lands within the MLDP would be retained by the City, it is not possible to provide an estimate of costs that could be incurred by the City. That being said, if the City sold lands located at 22 and 66 Mohawk Street, it could avoid paying the estimated \$10 million to implement a soft soil cap. The City could also avoid paying a portion of the potential future ongoing environmental monitoring costs. If the City sold a portion of the MLDP lands to help realize the vision for this area, it could reduce the costs incurred by the City, in comparison to retaining the entirety of the lands.

In addition to these potential future costs, if the City decides to sell all or a portion of the MLDP lands to help realize the vision for the lands, there would be revenue associated with the sale to developers. As part of this Economic Analysis, we have provided direction, at a high level, on the potential value of lands in the MLDP based on recent land transactions in the City of Brantford. However, it is important to recognize that urbanMetrics is not an appraisal firm and therefore not qualified to provide expert opinion on land values. Also, as there are still many unknowns in terms of the ongoing monitoring costs, earthworks costs, etc., it is very difficult to provide a reasonable estimate of land value. Once there is more certainty regarding the earthworks costs required for these lands, it will be important for the City to retain a professional appraiser to estimate the value of lands within the MLDP.

To provide some direction on land prices, there are two recent transactions that have occurred for lands located in the MLDP, as summarized below:

**166 Greenwich Street** – This site, which is designated Core Commercial in Schedule 1-1 of the Brantford Official Plan and zoned F-C1 was sold in March 2020 for \$400,000. This represents a price of nearly \$321,000 per acre.

**180 Greenwich Street** – This site, which is located adjacent to 166 Greenwich Street is also designated Core Commercial in Schedule 1-1 of the Brantford Official Plan and zoned F-C1. The

1.3 acre parcel was recently sold by the City for \$332,000, representing a price of approximately \$255,000 per acre.

In addition to revenue associated with the sale of lands located in the MLDP, the City would also collect revenue from Development Charges, Community Benefits Charges and building permit fees as the lands in the MLDP are developed with residential and non-residential uses. This is in addition to ongoing tax revenue that would be generated by residential and non-residential uses on the site.

## Strategic Measures for Enhancing Land Values in the MLDP

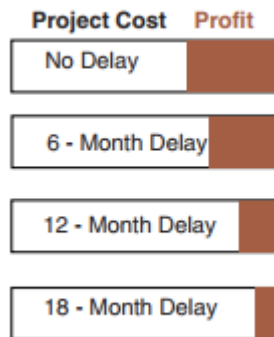
Prior to the disposition of all or portions of the lands identified as residential, office and retail uses, it is recommended that the following strategic measures listed below, be considered. The suggested measures may reduce time and costs associated with due diligence periods of prospective buyers and therefore may increase land values.

- Lowering development charges;
- Providing site assessment and remediation grants or loans;
- Reducing municipal administrative and user fees;
- Changing the site zoning to a higher land use (“up-zoning”);
- Reducing parking requirements;
- Streamlining and fast-tracking approval processes;
- Writing letters acknowledging municipal funding to help developers secure other financing; and,
- Providing loan guarantees.<sup>5</sup>

Pre-zoning lands in the MLDP for residential or mixed-use development could increase the value of the lands to a developer by reducing the costs associated with time through the application process. The impact on developer profit, and by extension the value of land is summarized in *A Practical Guide to Brownfield Redevelopment in Ontario*, and shown in Figure 9, below. As shown, an 18-month delay can have a significant impact on a developer profit margin.

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<sup>5</sup> *Green Municipal Fund; Getting Started on Your Brownfield Sites: Committing to Action*, Federation of Canadian Municipalities.

**Figure 9: Impact of Development Timelines on Developer Profit**

SOURCE: urbanMetrics inc. based on *A Practical Guide to Brownfield Redevelopment in Ontario*, Ministry of Municipal Affairs and Housing

Bill 108 has recently reduced the timelines for zoning by-law applications from 150 to 90 days. Therefore, pre-zoning the lands for residential or mixed-use development could reduce the development timeline by up to three months. It is also important to note that pre-zoning the lands provides developers with more certainty regarding the number of units that can be accommodated on the property. The City should explore the opportunity to pre-zone lands located in the MLDP prior to sale of properties.

In addition to potential financial benefits associated with pre-zoning lands in the MLDP to reduce development timelines, there may also be community building benefits associated with the potential removal of the privately owned rail spur that currently bisects the MLDP. The existing privately owned rail spur line is unlikely to have a measurable impact land values. It is presently understood that the current owner of the rail spur continues to use the line with no known plans to change. While the rail spur may not impact land values, the removal would contribute to improved connectivity between the anticipated future non-industrial land uses within the District Plan.

## Potential Return on Investment

Overall if the City considers selling all or a portion of the lands in the MLDP, it could reduce additional costs incurred by the City related to soft soil caps and ongoing environmental monitoring costs. The sale of lands located in the MLDP would also allow the City to off-set a portion of the funds spent to-date remediating the site.

In terms of the development of the office/commercial blocks in the MLDP, as we identified earlier, there has been very little stand-alone office development occurring in Brantford. However, if the City has identified community groups that are committed to leasing space in a new office building in the MLDP, there may be an opportunity for Brantford to partner with a developer to construct a building at the Enhanced Mixed-Use Gateway to the MLDP, on lands still retained by the City. There are a

number of benefits associated with the construction of an office building at the gateway to the MLDP including:

- Provides community groups access to new office space;
- Helps the City achieve policies related to the construction of office space in the downtown and achieve UGC density targets; and,
- Demonstrates to the development community that the City is invested in the creation of a vibrant mixed-use community in the MLDP.

We appreciate the opportunity to conduct this assignment on your behalf and look forward to discussing the results with you.