

Subject: Strategic Use of Town Owned Lands**Recommendation:**

BE IT RESOLVED THAT Council receive Report #2023-0230 Strategic Use of Town Owned Lands, for information;

AND THAT Council identify and direct staff with respect to next steps.

Background:

The strategic use of Town lands was an action item identified by Council in the 2023-2027 Town Strategic Plan. During the preparation of the Strategic Plan, Council identified the need to determine the best use of Town owned lands adjacent to the Meridian Community Centre (MCC) at the northwest corner of Rice Road and Summersides Boulevard to be an "Action Item."



The sale of these lands to a third party was part of the funding strategy associated with the construction and development of the MCC. While these lands were initially marketed and listed for sale, Council took these lands off the market in 2019 and they continue to remain in the Town's ownership.

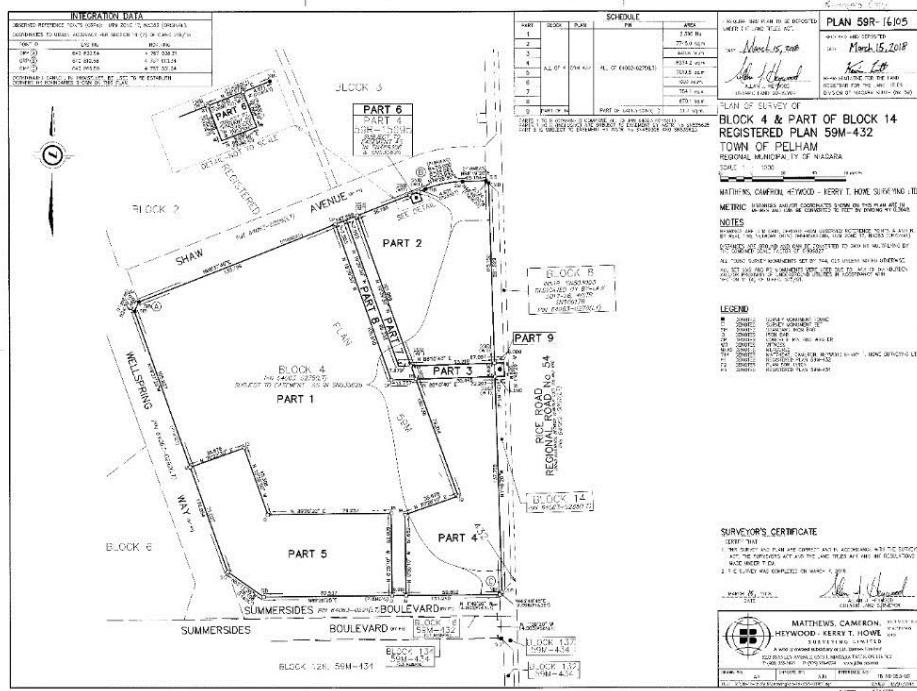
The MCC officially opened on September 15, 2018, as a community recreation centre for the Town. Attendance figures at the MCC have greatly exceeded all reasonable expectations, which has in turn increased the demand for parking at the MCC. Since 2018, Town staff have received numerous formal and informal complaints regarding the lack of available parking.

In response to the foregoing, Council approved a temporary parking lot on the lands in the fall of 2022. The northern half of the lands were graded and recycled asphalt material was laid down. The lands presently function as overflow parking when the MCC experiences high demand for parking, i.e., during tournaments and significant weekend events. Approximately 74 cars can be accommodated in this area. While the area was graded, no infrastructure was installed for this overflow parking area, i.e., storm sewers, lighting, or line painting.

Further, the temporary parking lot does not meet the finished grade quality of materials required for private property owners in Pelham. The status quo of a temporary parking lot is not sustainable. The lands are in a strategic location, are highly valuable and there are multiple potential uses for the lands. This report is has been written as the first step of what is anticipated to be a lengthy, thorough and likely contentious public consultation and Council decision-making process to determine the highest and best use for the lands.

Analysis:

The lands adjacent to the MCC at the northwest corner of Rice Road and Summersides Boulevard consist of Part 3 and 4, 59R-16105 and are 6981m² (1.72 acres) in area. The lands occupied by the MCC are Part 1, 7 and 8, 59R-16105. Part 2 and 5, 59R-16105 were sold by the Town for development purposes with Part 2 being approved for a 7-storey mixed-use medical office and 166-unit apartment building and Part 5 for 30 townhouse units and a 5-unit apartment building known as Summersides Mews.



Town Official Plan – East Fonthill Secondary Plan

The Town Official Plan designates the Town owned lands adjacent to the MCC as EF-Urban Highway Commercial. This designation permits a wide range of land uses that support the area being a community hub. The mix of uses is encouraged on individual development sites, and within individual buildings. High activity uses that animate the streetscape and encourage foot traffic, like retail uses, are encouraged at-grade and/or along the arterial and collector road frontages, with uses such as offices, recreational, cultural, and residential uses on second floors and above and/or behind the street-related facade. Office and other appropriate employment uses shall be encouraged above grade in mixed-use buildings located throughout the EF-Urban Highway Commercial designation, and in single-use buildings that are located off arterial or collector road frontages;

The following uses are permitted within the EF-Urban Highway Commercial designation:

- a) Commercial, professional and/or government offices;
 - b) Research and data processing facilities;
 - c) Retail commercial uses including retail stores, restaurants, and personal services;
 - d) Space extensive retail uses such as automotive related products, large

and bulky goods such as furniture and appliances, home improvement materials, supermarkets, hardware, nursery, or garden supply products;

- e) Hotels and tourist accommodations;
- f) Conference centres;
- g) Cultural, recreational and entertainment uses;
- h) Public and private institutional uses;
- i) Live-work units;
- j) Townhouses and apartment buildings;
- k) Accessory apartments/secondary suites;
- l) Housing for seniors and/or special needs housing;
- m) Childcare facilities;
- n) Parking facilities at-grade and/or in structure;
- o) Cycling facilities;
- p) Parks and parkettes; and,
- q) Public uses and public and private utilities.

It is also a policy of the Official Plan that the Implementing Zoning By-law may further refine the list of permitted and/or prohibited land uses within the EF-Urban Highway Commercial designation.

Policy B1.7.8.4.2 Development Policies provides the following direction with regards to density, building height and site plan control in this designation:

- a) It is recognized that the entire site will be developed over an extended period. As such, minimum densities, whether the overall density, or individual site densities will be calculated based on the required Master Site Plan, which will be phased over time. At build-out, the lands designated EF-Urban Highway Commercial are required to achieve a minimum density of fifty persons and jobs combined per gross hectare;
- b) Residential development shall be developed at densities ranging from a minimum of thirty-five units per net hectare, up to 160 units per net hectare;
- c) The minimum building height for any building within the EF-Urban Highway Commercial designation shall be two storeys, or 6.0 metres,

- whichever is greater. The maximum building height for any building within the EF-Mixed Use designation shall be ten storeys, or thirty-five metres, whichever is less. The ground floor of any live-work unit, or any non-residential building shall be a minimum of 4.0 metres. An exception to the minimum height requirement may be considered by the Town to facilitate single-storey residential units that are part of a senior citizens housing complex;
- d) The maximum height of any new development may be increased to up to twelve storeys through the Height Bonus provisions provided under Section 37 of the *Planning Act*; and,
 - e) Development within the EF-Urban Highway Commercial designation shall only proceed based on a Site Master Plan which shall form the basis of an Implementing Zoning By-law Amendment, followed by Site Plan Approval.

Town Zoning By-law 4481(2022)

The zoning on the land is East Fonthill Mixed Use 3 (EF-MU3) which permits the following uses:

- a) A recreational facility
- b) Commercial, professional, medical and government offices
- c) Retail commercial uses including retail stores, restaurants and personal services.
- d) Hotel and tourist accommodation
- e) Conference and convention centre use
- f) Public and private institutional use
- g) Townhouses and apartments
- h) Seniors and special needs housing
- i) Childcare facilities
- j) Parks and urban squares
- k) Public uses, public and private utilities
- l) Public art installation
- m) Roads, active transportation facilities and transit facilities

The zoning provisions require a minimum building height of two stories or 6.0m and a maximum building height of 10 stories or 35.0m.

Parking Strategy

In 2021 the Town retained RV Anderson Associates Limited to undertake a Parking Strategy for the Town. That study did evaluate the parking usage and needs at the MCC. The study found that most of the parking at the MCC is for less than an hour for both weekday and weekend and is broken down as follows:

Duration	Weekday	Weekend
Up to One Hour	81%	58%
Between One to Two Hours	18%	36%
Greater than Two Hours	1%	6%

The Parking Strategy also adjusted due to COVID restrictions and determined that the MCC would experience a deficiency of between 54-94 parking spaces during peak, i.e., tournament, periods. When growth projections to 2032 are applied, the parking deficiency at the MCC increases to between 125-170 parking spaces. The following recommended actions with regards to MCC parking were recommended by the Parking Strategy:

Meridian Community Centre			
Recommended Action	Strategy	Timeline	Financial
Initiate investigations into the provision of additional parking on the municipally owned lands between the MCC and Rice Road	Increase parking supply	0-5 years	>\$500k
Increase the designated snow storage capacity of the site to avoid parking spaces	Increase efficiency	0-3 years	<\$10k
Maintain appropriate number of accessible parking spaces with parking lot expansion	Increase efficiency	0-5 years	n/a

Options

Staff have identified three distinct and one hybrid option for use of the land. Each has considerable merit and potential benefit for the community. There is no consensus amongst senior staff as to the best utilization of the lands; and it is suspected that this challenge will be mirrored amongst both Council and the community.

What is clear is that Pelham has the opportunity to improve its infrastructure and add value to the quality of life by either increasing the housing supply, increasing

the parking supply, allowing for new commercial opportunities or a combination thereof.

Options available to Council are to sell the land in its entirety for development purposes consistent with the Town Official Plan and Zoning By-law:

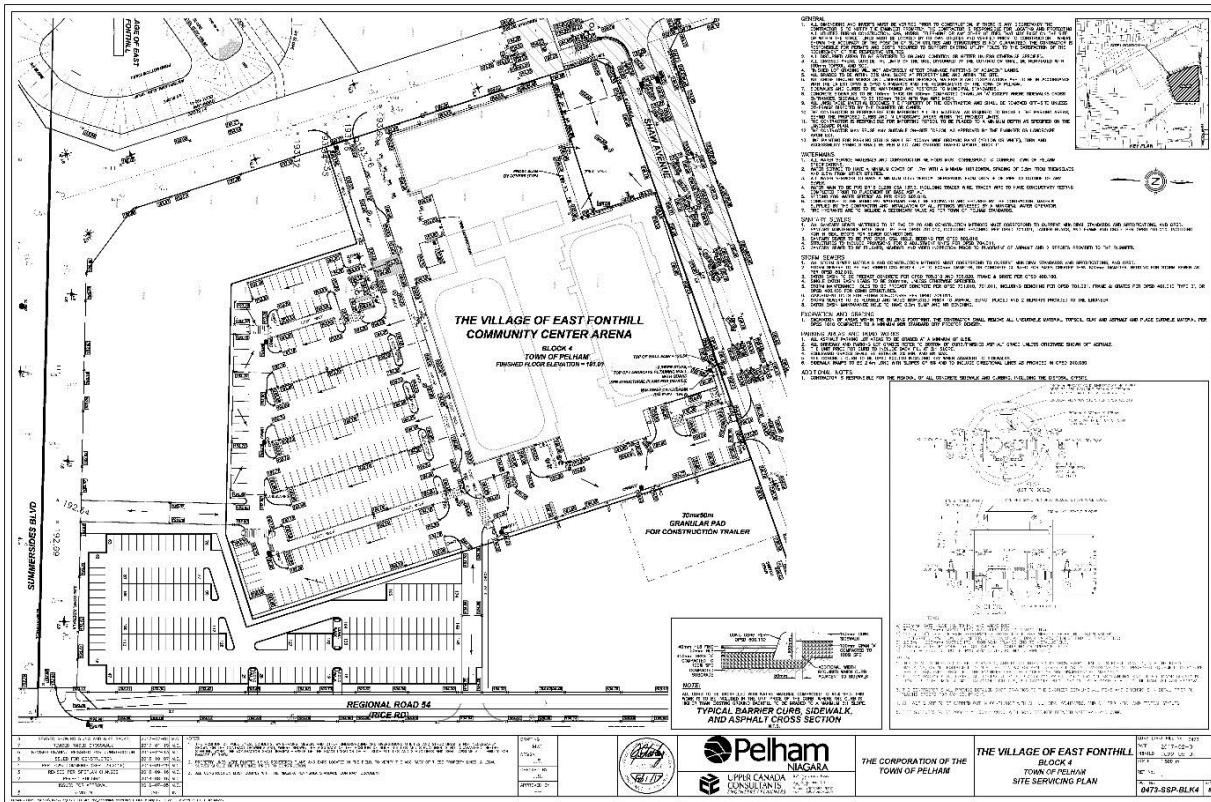
1. Hotel use, mixed commercial residential use, residential townhouse or apartment use, etc.;
2. Retain the northern portion of the land for parking,
3. Sell the southern half; or
4. Keep all the land and develop it for parking and a combination of affordable/attainable housing with a development partner, i.e., non-profit organization.

The identified options are discussed below, in no particular order.

Option 1: Parking

If the Town retains the lands for parking, permanent parking needs to be built which includes the installation of infrastructure such as stormwater management, lighting and hard surface treatment. Consideration may be to develop all the lands for parking or only a portion, i.e., the northern half where the temporary parking exists, and sell the southern portion. If the entirety of the land is developed for parking approximately 172 parking spaces can be provided vs. 74 spaces on the northern portion alone. As discussed in a companion report of today's date, Council may also consider offering paid overnight parking for residents or visitors on a portion or all of the parking lot.

A conceptual plan for an expanded parking layout is illustrated below. 172 parking spaces can be accommodated on the entire site with 98 spaces on the south portion and 74 parking spaces on the northern portion. Please note that this concept is more detailed and refined than what was included in the Parking Strategy report.



The estimated cost to develop all of Part 4, 59R-16105 for an expanded parking lot (based on 2023 estimates) is \$1.4M (including net HST). This cost is based on a conventional asphalt pavement parking lot with conventional storm sewer collection methods. In addition, the Town would incur additional costs of between 5% and 8% for detailed design and contract administration. The estimated total project cost is approximately \$1.5M.

Another option is to sell part of the land and retain part of the land for an expanded parking lot at the MCC. If this option is Council's preference, it is recommended that the North portion of Part 4, 59R-16105 be retained and developed for 74 parking spaces and the south portion be sold for development purposes. In the further alternative, Council can approve other variations of how much land is to be retained for parking and how much land is to be offered for sale.

The estimated cost to develop the North portion of Part 4 (based on 2023 estimates) is approximately \$800,000 (including net HST). This cost is based on a conventional asphalt pavement parking lot with conventional storm sewer collection methods. In addition, the Town will incur additional costs of approximately 5% - 8% for detailed design and contract administration for a total

estimated cost of \$852,000.

Council previously directed staff to investigate the possibility of using Low Impact Development (LID) alternatives on the design and construction of the proposed parking lots. The options and associated costs of these LID alternatives are presented in detail in Report 2022-0144. At that time staff consulted with design consultants to investigate the feasibility of implementing LID alternatives. Based on the Consultant's review and recommendation the additional benefit from LID practices within the relatively small portion of the overall drainage area would be minimal. Most of the practices stated above would only provide benefits if infiltration into the native soils is feasible, which would require additional geotechnical investigations. In addition, the LID options will treat the stormwater flows and improve quality, however, the existing stormwater management facility located at Hwy 20 and Rice Road, which ultimately receives this stormwater, has already been designed to accomplish this goal.

Because of the in-place implementation, the use of LIDs for the expanded parking lot is unlikely to have any measurable impact on the downstream water quality or quantity and will compound and increase significantly both the initial capital construction costs, approvals timelines, and ongoing operation and maintenance costs for the Town of Pelham.

The strongest argument against the parking proposal is financial. It is not just that construction of a permanent lot would be approximately \$1.5 million, which is unbudgeted (and excludes optional LID costs), but importantly the original financing plan for MCC construction costs included reaping the benefits from sale of these lands. While the potential sale price will not be discussed in a public report (Council can expect a closed session report with specifics on this topic before year's end) it is obviously a large number (1.72 acres of zoned and serviced land on a high traffic road). Conceptually, the sale price of that land was already supposed to be applied to the Town's debt and the lands are already supposed to be generating tax revenues from development that has not occurred.

Option 2: Affordable/Attainable Housing

Providing for affordable and/or attainable housing is important for the community and will help address an element of the housing crisis. However, the Town is not a provider of housing and lacks expertise in this area. Pelham would have to partner with at least one third party to achieve this goal.

The Region of Niagara has established an Office of Strategic Transformation that is tasked with finding opportunities to address the housing crisis in Niagara. If this is an option of interest to Council, staff should be directed to make contact with various service providers and return with greater specifics.

Council has a number of tools in relation to developing interests in affordable housing. It should understand though, that to entice a partnership for creating affordable housing units, the land would have to be granted as a contribution. Therefore, the proceeds from the land would not be in cash to the Town, but rather a small supply of affordable housing units. Should Council be interested in this for further consideration a more fulsome report could be prepared on the tools available to Council in pursuing the creation of affordable units. As noted, this would likely be in consultation with the Region and their ongoing initiative for affordable housing.

Option 3: Targeted Sale of Lands for a Hotel

Pelham does not have a plethora of accommodation options for guests and residents. The Town does have some short-term rentals, bed & breakfasts, one motel and one small boutique hotel. There are no large-scale commercial operations aimed at conventions or the family travel market.

The lands, while irregular in shape, are of a sufficient size to accommodate a mid-sized hotel. From an economic development perspective a hotel is a complimentary use to the MCC, which hosts a large number of sports tournaments, graduation ceremonies and similar events for which it is reasonable to expect demand for accommodation-related services.

A hotel would also generate employment in the urban area of Fonthill, with attendant benefit to residents. If this option is of interest to Council, further reporting will be necessary with respect to legal and procedural considerations whereby lands would only be sold for a specific purpose/use.

Option 4: Hybrid Usage

As has already been alluded to, it is possible that the lands could be divided and then put to different uses. For example, one portion of the lands could become a permanent parking lot, while another portion could be sold for multi-unit residential or possibly affordable/attainable housing. It is not clear that the hybrid model can be applied to a hotel as the lot is already on the small size for a typical commercial hotel and further suffers from an irregular shape.

It may however be possible to sell the lands and arrange for public access to the parking lot, or for special event parking, or similar. The main point here is that the other options are not necessarily binary choices; it is possible to try and satisfy competing demands or goals, although the compromises necessary to do so will bring attendant costs and limitations.

Financial Considerations:

The analysis in this section is restricted at this time to general, broad-stroke commentary. Based on potential council direction, more clarity, including a closed session report about the financial value of the lands, can be provided at Council's pleasure.

Retain All of the Lands for Parking Lot Expansion

There will need to be capital dollars of approximately \$1.5 million to fund the new parking lot for 172 parking spaces. This estimate is based on providing a conventional parking lot pavement structure (based on 2023 estimates). This amount is currently not in the Town's 10-year Capital Forecast.

Sell Part of the Land and Retain Part of the Land for Parking Lot Expansion

If part of the land is sold (approximately 0.9 acres), the proceeds from the sale, can be used towards the cost of the new parking lot. The parking lot that can be built on the part of land that is not sold is 74 parking spaces, for an estimated cost of \$852,000 based on conventional parking lot pavement structure (based on 2023 estimates). Lands that are sold for development will also generate future revenues from property tax in perpetuity.

Rough Estimate for Hotel Revenues

While this report does not address the potential valuation of the land, in addition to monies derived from a sale of the entire property, Pelham taxes hotels as commercial property. Assuming that a 5-7 floor hotel had a value of close to \$10,000,000, that would generate roughly \$325,000 per year in property taxes (which are split with the Region and school boards). This compares most favourably with residential units. Using the average valuation of the adjacent condominium properties, a thirty-unit townhouse condominium would generate approximately \$140,000 in annual property taxes.

Alternatives Reviewed:

Alternatives are as discussed in this report. The status quo of a temporary parking lot is not viable over the long-term as the temporary lot does not meet the community infrastructure standard, as established by Town Bylaw.

Strategic Plan Relationship: Community Development and Growth

Managing the growth pressures of the community, including the growth of the MCC and providing for a high quality of life for residents is critical to Pelham. Making informed decisions on the strategic use of Town lands is a key component of managing the Town's needs and opportunities.

Consultation:

The Senior Leadership Team of the Town was consulted during the preparation of this report.

Other Pertinent Reports/Attachments:

2022-0144 Parking and Development Options for Lands Adjacent to Meridian Community Centre, June 20, 2022.

2022-0186 Meridian Community Centre Temporary Parking Lot, August 22, 2022.

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