



CITY OF KINGSTON
REPORT TO COUNCIL

Report No.: 13-150

TO: Mayor and Members of Council

FROM: Cynthia Beach
Commissioner, Sustainability and Growth

RESOURCE STAFF: Carola Bomfim Lima
Manager, Project Development

DATE OF MEETING: April 3, 2013

SUBJECT: Scenario Review for Block 4 – North Block District

EXECUTIVE SUMMARY:

In line with the project timeline approved by Council in November 2012, staff have undertaken the preparation of several possible development scenarios for Block 4 in the North Block District. These scenarios were developed based on a review of the previous studies and reports and guidelines on various aspects of the site (including urban planning and design, traffic impact analyses, heritage assessments, and environmental assessments). A summary of these development options has been prepared to enable Council to provide direction regarding the criteria to evaluate development proposals.

The scenarios have taken into account new information generated through the preparation of a Consolidated Traffic Analysis (combining the outputs of the various previous studies done that related, at least in part, to Block 4), the Phase 1 and 2 Environmental Site Assessments (which were based partially on historical data and partially on new testing carried out in the footprint of the previous police station building), and a Heritage Preservation Report based on previous assessments. The development scenarios also consider matters identified through an “opportunities and constraints” analysis that the project team carried out. Finally, the scenarios were assessed through a real estate “proforma” modelling, which provided a relative assessment of the potential financial viability of each of the scenarios.

These development scenarios were presented to the public at an Open House on March 28. Online and social media are also being used to provide information to collect comments to allow a wider discussion of the issues. Refer to Exhibit A for a copy of the presentation material. A summary of the feedback will be provided to Council as soon as it is compiled (targeted for April 2nd – this will be issued as an added prior to the Council meeting on April 3).

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In order for Staff to move forward with the process of finding a purchaser/developer for Block 4, direction from Council is required on what sort of development the City would like to see. At this stage, the following high level direction is required regarding:

- 1) Preferred uses (options are: residential – condo/rental/entry level, commercial uses including retail, conference/hotel or a combination of these uses);
- 2) Building height (options are: current height permitted by zoning at 6 storeys, height proposed in 2009 report at up to 18 storeys, or a combination or flexibility within that range);
- 3) Parking ratios (options are: require that development adhere to the current zoning requirements for parking ratios, or allow the development to provide parking within a predetermined range, based on degree of utilization of traffic demand management strategies)
- 4) Public parking requirements (require the Developer to pay for provision of 40 parking stalls) A separate report will be coming forward to Council in the near future that speaks in more detail to the downtown public parking strategy and the potential for the use of other sites to provide public parking for the downtown area;
- 5) Preservation of heritage buildings (options are: require the Developer to purchase and pay for the restoration of the building envelope and interior reconstruction or the City retains ownership and carries out the restoration of these buildings and interior reconstruction, either with land sale revenue or from other funding sources);
- 6) Public amenities that Council would like to be included in the development and that they would consider for bonusing through the planning approval process or otherwise providing a financial value through the process of purchase and sale. (Options are: subsidize development to obtain more “public amenity” items such as conference facility, more extensive heritage restoration, more public open space or aim for a “break-even” that optimizes the provision of “public amenity” items at no cost to the City, or generate revenue which would provide capital but may not provide the same extent of public amenities or may require greater compromise on items like building or urban design quality); and
- 7) Direction regarding potential for municipal funding conference centre amenities that may be required or preferred in the development scenario.

Attached to this report is Exhibit C, Report 12-369 (November 20, 2012), as background and reference.

RECOMMENDATION:

THAT Council consider the options described below and provide direction to staff to proceed with the preparation of a two stage Request for Proposals process, considering the following:

Item 1 – Building uses

Option 1.1:

THAT Council permit development proposals to include uses included in the current zoning for the property that include a mix of residential type uses, hotel with associated conference space, and ground floor commercial uses.

Item 2 – Building height

Option 2.1:

THAT Council permit development proposals to be built to the height permitted by the current zoning by-law.

OR

Option 2.2:

THAT Council permit development proposals to be built to a maximum height of 18 stories subject to the planning approvals required for the site including an urban design study and Heritage Impact Statements to provide the rationale for the maximum permitted heights with a planning application being prepared with this information for council’s consideration.

Item 3 – Parking ratios

Option 3.1:

THAT Council require that development proposals comply with existing parking ratios as set out in the current zoning.

OR

Option 3.2:

THAT Council permit development proposals to permit parking according to ratios within a predetermined range, based on implementation of traffic demand management strategies

Item 4 – Public parking requirement

THAT Council require that development proposals include provision of 40 public parking stalls.

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Item 5 – Heritage building preservation

Option 5.1:

THAT Council require that development proposals include developer ownership and restoration of the heritage buildings at 19-23 Queen Street.

OR

Option 5.2:

THAT the City retain ownership of heritage buildings and be responsible for the restoration and interior improvements.

Item 6 – Value proposition for public benefits and financial benefits

Option 6.1:

THAT Council require that development proposals be “cost neutral” to the City.

OR

Option 6.2:

THAT Council require that development proposals generate net revenue from the sale of land.

OR

Option 6.3:

THAT Council require that development proposals be permitted to include a public funding component.

Item 7 - Conference Centre Uses on the site

Option 7.1:

THAT Council require that development proposals that include a Conference Centre component be “cost neutral” to the City.

OR

Option 7.2:

THAT Council accept development proposals that include a conference centre component with the option for a municipal funding contribution to capital or other associate costs of a conference centre and that prior to proceeding with the Request for Proposals, staff provide a further report to Council outlining the evaluation criteria for proposals and any changes in the work plan related to this option.

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Item 8 – Proceed with obtaining necessary statutory approvals

THAT staff be authorized to prepare the necessary background studies and reports for the approval of these options including requirements under the *Municipal Act, Planning Act* and *Heritage Act* for Council to provide approvals through the statutory approvals process and that a final report be prepared for Council to approve the terms of reference for the redevelopment of the property.

AUTHORIZING SIGNATURES:

ORIGINAL SIGNED BY COMMISSIONER _____ Cynthia Beach, Commissioner, Sustainability and Growth
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER _____ Gerard Hunt, Chief Administrative Officer

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Lanie Hurdle, Community Services	√
Denis Leger, Transportation, Properties & Emergency Services	√
Jim Keech, President & CEO, <i>Utilities Kingston</i>	√

(N/R indicates consultation not required)

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OPTIONS/DISCUSSION:**Introduction**

The purpose of this report is to outline the various development scenarios, the implications associated with each scenario, report on the results of the public meeting and the on-line survey, and to provide the scenarios for Council consideration. The scenarios identified in this report include the following:

- A. Current zoning by-law permitted height and permitted uses – 6 storey, retail on ground floor, residential above. This scenario would require a zoning by-law amendment for reduced parking ratios;
- B. Amended zoning by-law to increase permitted height to 18 storeys and reduce parking ratios – 18 storeys, retail ground floor, above grade parking, apartment, condominium above; and
- C. Amended zoning to increase permitted height to 18 storeys and reduce parking ratios – 18 storeys, retail/conference ground floor, above grade parking, hotel, apartment, condominium above.

Assumptions:

- 1) Site remediation funded through Brownfield Improvement Plan tax rebate funding. Risk transferred and work completed by the developer.
- 2) Heritage restoration costs would be a cost to the developer.
- 3) Provision of 40 public parking spaces by the developer.

Options for Redevelopment of Block 4 of the North Block

Refer to the table in Exhibit B for a more detailed summary of the scenarios, the opportunities and constraints associated with each. Staff will be available at the meeting on April 3 with Council to review the various options and provide information related to the development scenarios. Staff prepared the development scenarios prior to the public meeting on March 28 and have outlined options available for Council. A summary of the information received from the Open House on March 28 will be summarized and provided to Council as an added to this report.

Project Milestones

Council direction is required for staff to prepare the more detailed Request for Proposal. Once the initial parameters are established by Council, a more detailed report will describe the design criteria and other factors that will be used to evaluate the development proposals. Criteria established for the site to encourage sustainable features, quality open space, design criteria or other aspects that will contribute the vitality of the downtown and an increased tax based. More detailed information will be prepared that will allow council to confirm the recovery of the costs

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incurred by the City on the site preparation as well as the value provided for public good with regards to public amenities or benefits.

The Request for Proposal will be a competitive market driven process. The proposals submitted to the City may include a combination of the uses and benefits. Council direction is required on to ensure that developers have a clear understanding of the requirements or constraints when they are preparing their proposals.

If Council approves the options outlined in this report, the next steps in the process as approved by Council in November 2012 will include the following milestones:

	Action	Target Completion Date
1	Based on the requirements identified by Council, draft design guidelines for Block 4 that will form part of a Request for Proposals.	Target completion by June 2013
2	Present the draft guidelines to the community to obtain feedback – “How well did we translate what we heard at the first session?”	Target completion by June 2013
3	Draft the Request for Information and Request for Proposals.	Target completion by June/September 2013
4	Issue the Request for Information from potential Developers, receive responses, evaluate and shortlist. This step is aimed at confirming that Proponents have the financial capacity, operational capacity and experience, and brownfield experience in order to successfully complete development of Block 4, and determining a shortlist of Proponents that will be invited to submit a Proposal for purchase and development of Block 4.	RFI - Target issuance by July 2013
5	The City initiates a re-zoning request for Block 4, based on the design guidelines previously drafted and the priorities identified by Council.	Target completion by October 2013
6	Issue the Request for Proposals to the shortlisted developers, receive proposals, evaluate and select preferred Proponent.	RFP- Target issuance by October 2013 Target completion by January 2014
7	Allow the preferred Proponent to make a presentation to the Community to obtain their feedback on the proposal.	Target completion for the end of January 2014
8	Bring a report to Council outlining the results of the Request for Proposal process and the community feedback, and make a recommendation for negotiation Agreement for Purchase and Sale of Block 4 with the preferred Proponent.	Target completion by February 2014
9	Finalize the rezoning process, incorporating any aspects of the	Target completion by

	preferred Proposal that are deemed relevant.	March 2014
10	Negotiate final terms of Agreement for Purchase and Sale.	Target completion by August 2014
11	Developer begins work on site.	Target date September/October 2014

The milestones approved by Council in November 2012, outlines that a zoning and heritage approval process would be started by City staff while the Request for Proposals is being prepared. If Council approves the options that include the potential rezoning (primarily for parking requirements to be determined through TDM measures and to allow for additional height), city staff have proposed to proceed with the preparation of a zoning application. The timelines have been outlined so that City staff would prepare the preliminary studies required but would proceed with the applications for the zoning amendments once Council has chosen the preferred development proposal. While council can provide direction for staff to prepare the background studies required, they can only approve the changes to zoning through the formal process under the *Planning Act*.

The milestones have been prepared in order to allow for Council to provide a decision regarding a preferred development proposal during this term. Once direction is received from Council, staff will evaluate and update the project milestones.

Conference Centre Component:

In the overview of the Concept Plan provided by Planning Partnership in the North Block Community and Business Enhancement Opportunities, there is reference to the development plan including “approximately 1,000 square metres of hotel-related conference space”.

At this point it is unclear whether or not Council wishes to pursue conference space on this block. If Council approves recommendation 7.2 it is proposed that staff would provide a further report to Council providing addition information that would be considered for evaluation of such proposals and the adjustments that may be required to timelines.

If Council approves recommendation 7.1, this degree of analysis will be done by the private sector developer. The private sector would prepare options for the conference facility that are cost neutral to the City.

EXISTING POLICY/BY LAW:

Official Plan Context:

In terms of the **City Structure**, as shown on Schedule 2 to the Official Plan, the North Block District is part of the City’s Central Business District Centre which is intended to remain as the City’s Primary Centre during the life of the Official Plan. As such, it is intended to contain the most diverse uses and public facilities in a setting that respects both its heritage resources and commercial role (Section 2.2.9). Centres are also identified as areas where intensification will be

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focused, and where greater heights and densities will be permitted when the infrastructure is available (Section 2.2.8). The Commercial land use designation for these areas is intended to foster residential intensification, a pedestrian-focused mix of land uses, and support for transit, in order to encourage more sustainable development (Section 3.4.1).

As shown on Schedule 3-A, **Land Use**, to the Official Plan, the North Block District is designated Central Business District (CBD). The planned function of the CBD is to continue as a multi-faceted centre of the City and surrounding region and as such it is identified at the top of the City's commercial hierarchy (Section 3.4.6). The goal for the Central Business District is: "To provide for the broadest range of commercial activity that is suitable to the Central Business District setting, in order to support the traditionally diverse role and pedestrian oriented activity focus of the City's architecturally valuable downtown core" (Section 3.4.A). A broad range of commercial use is permitted and encouraged provided that the built form is sensitive to the historic building fabric, scale, pedestrian amenity linkages with the lake, and protected view corridors (Section 3.4.A.3).

Development within the Central Business District is to be guided by the Downtown Action Plan, the Urban Design Guidelines for the North Block Central Business District, the Downtown and Harbour Architectural Guidelines Study, the Downtown and Harbour Zoning By-Law and the Downtown and Harbour Special Policy Area policies of Section 10A of the Official Plan (Section 3.4.A.7).

As shown on Schedule 3-D to the Official Plan, the North Block District is identified as **Site Specific Policy Area No. 22** and is subject to the policies of Section 3.18.22 of the Plan. These policies recognize the special status of the North Block District and outline a number of provisions intended to guide the gradual intensification of the District. These provisions relate to such matters as: building heights; strengthening pedestrian access; ground floor building setbacks to allow for covered pedestrian walkways; reduction of amenity space requirements; maintaining waterfront views; replacement of surface parking with parking structures; traffic and parking impact studies; protection of heritage buildings; archaeological investigations; site remediation; and, the use of a Holding (H) Symbol.

Section 10A to the Official Plan provides more detailed policies for the **Downtown and Harbour Special Policy Area**. These policies, to be read in conjunction with the other policies of the Plan respecting the North Block District, are based on a number of other special studies, including: the Downtown Action Plan; Urban Growth Strategy; Downtown and Harbour Architectural Guidelines Study; Community Improvement Plan Brownfields Project Areas 1A and 1B; Kingston Transportation Master Plan; Cycling and Pathways Study; and, Core Area Transportation Review. Similar to the policy direction noted above, the goal for the Downtown and Harbour Special Policy Area is: "To foster the continued prominence and function of the Downtown and Harbour Area as the principal mixed use business district or commercial "Centre" and civic focus within the City, for both residents and visitors". A wide range of commercial use is permitted, including all levels of retailing, offices, professional and service uses, hospitality uses and tourist accommodation, cultural, entertainment and recreation uses.

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Medium and high density residential uses are also encouraged in the Area. New industrial, automotive and low density residential uses are prohibited. Large-scale commercial uses that may not be compatible with the massing of historic buildings and automobile sales or gas bars will be required to locate on the periphery of the Area or may be prohibited.

Four of the blocks in the North Block District are included in the North Block and Environs component sub-area of the Downtown and Harbour Special Policy Area. The half block on the south side of Queen Street is included in the Lower Princess Street Retail Area component sub-area, although Section 10A.5.2 makes it clear that this property is part of the North Block Site Specific Policy Area and therefore subject to the policies of Section 3.18.22 of the Official Plan. Particular policies in Section 10A that affect the North Block District include:

- Identification of the half block south of Queen Street and the half block on the north side of Queen Street between King and Wellington Streets as Major Development sites on Schedule DH-2;
- Identification of King Street, Ontario Street, Barrack Street (between Ontario and King Streets) and Queen Street (between Ontario and King Streets) as Prime Pedestrian Streets on Schedule DH-3;
- Identification of Ontario Street, King Street, Queen Street, Barrack Street and Wellington Street (between Queen and Barrack Streets) as requiring Mandatory Commercial Frontage on Schedule DH-3;
- A maximum building height of 25.5 metres (after employing angular plane setbacks) – higher building heights may be considered subject to submission of a site specific urban design study to the satisfaction of the City;
- Preserving views to the water from Barrack and Queen Streets;
- Conservation and re-use of existing heritage buildings; and
- New development to be compatible with the built heritage fabric and street-oriented pedestrian function of the Area.

Recommendations within the 2009 Community & Business Enhancement Opportunities Report suggest the use of Section 37 of the *Planning Act* (**Height and Density Bonus**). Section 9.5.25 of the Official Plan provides for the use of Section 37 where an increase in height or density is requested as part of a development proposal. In exchange for granting the increased height and/or density, the types of public benefit that could be achieved include: provision of a range of housing types (e.g. affordable housing, seniors housing); additional parkland dedication; improved public transit facilities; public areas, pathways and connections (this could be the urban squares); providing public and/or underground parking; conserving cultural heritage resources; providing public art; providing green technology and sustainable architecture; and, providing streetscape improvements in accordance with Council-endorsed documents such as the Downtown Action Plan. Such requests for increased height and density must be supported by appropriate studies to ensure that: there are no adverse effects on neighbouring uses; the proposed development is compatible with surrounding uses; the development supports the

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strategic objectives of the Official Plan; appropriate infrastructure exists to support the proposed development; there is a reasonable planning relationship between the proposed development and the public benefit being achieved; that there is an equitable relationship between the value of the increased height and density and the value of the public benefit; and, that the development constitutes good planning and is consistent with the policies of the Official Plan.

Zoning By-Law No. 96-259:

The Downtown and Harbour Zoning By-Law zones the North Block District as a site specific '(H) C1-22' Central Business System Zone. This zoning permits a wide range of commercial uses as well as mixed commercial/residential developments. The minimum building height is two storeys. Minimum lot coverage is 50%; maximum lot coverage is 100%. Maximum density is 123 dwelling units per net hectare. There are no off-street parking requirements for permitted commercial uses and no off-street loading requirements. Parking for residential uses is to be provided at a ratio of 1 space per unit. The site specific zoning places a Holding (H) Symbol on the entire District that will not be removed until such time as all servicing issues have been resolved to the City's satisfaction and a Record of Site Condition has been registered in accordance with Provincial regulations. Automotive gas bars, automotive sales establishments, automobile service stations and automobile specialty repair shops are specifically prohibited in the District. The maximum permitted building height is 17 metres (55 feet) at the street line and 25.5 metres (83 feet) along the required angular plane (upper floor step-back). Specific provisions are also included for parking structures.

Policy for the Sale and Acquisition of Land:

The sale of any City-owned lands within the North Block District would be subject to the City's Policy for the Sale and Acquisition of Land that was approved by Council on June 20, 2006.

Community Improvement Project Area:

The purpose of this CIP is to facilitate the implementation of the City of Kingston's Brownfields Program and its key financial components. The Program will provide tax assistance and grants for the rehabilitation of environmentally compromised land through an appropriate Remedial Work Plan.

The City's Brownfields Program was first approved in principle by City Council on June 10, 2003. The success of the Program depends on the financial incentives, which are to be implemented through a CIP grant program adopted pursuant to Section 28 of the *Planning Act*. The main grant component, the Tax Increment-Based Rehabilitation Grant Program (TIRGP), provides financial assistance based on the difference in the assessed value of the property before and after the rehabilitation and redevelopment. If there is no significant increase in the value of property, then the site/project would not be eligible for the grant. The higher property values are often achieved more easily in the urban area due to the higher densities that are possible because of municipal piped services. The policy assists the City by encouraging development in areas that already receive City services

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NOTICE PROVISIONS:

A public open house was held on March 28 along with options for community questions or input into the process through a variety of social media and the City's web site. There is no statutory notice required for the decisions requested from Council. Once Council has provided direction, statutory notices will be provided for processes under the Planning Act, Municipal Act, Heritage Act or other legislation as required.

FINANCIAL CONSIDERATIONS:

Depending on the options selected, the cost and time for implementation will vary. A more detailed report financial report will be provided to Council prior to finalizing the Request for Proposal. Property value information will be provided to Council in a closed session.

CONTACTS:

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OTHER CITY OF KINGSTON STAFF CONSULTED:

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Denis Leger, Commissioner, Transportation, Properties and Emergency Services
Paul MacLatchy, Director, Environment and Sustainable Initiatives
Sheila Kidd, Director, Transportation Services

EXHIBITS ATTACHED:

Exhibit 'A' - Open house presentation material.
Exhibit 'B' - Options outline, opportunities and constraints summary and risk analysis.
Exhibit 'C' - November 20, 2012 Council Report 12-369