

**Item No. 6**

TO: Oakville Municipal Development Corporation Board of Directors

From: Mark G. Meneray, President & CEO

Date: April 15, 2021

Item: Brantwood School – Search for Partnering Opportunities

RECOMMENDATION:

THAT the report respecting the OakvilleMDC's efforts to identify potential partners to undertake the redevelopment of the former Brantwood School building be forwarded to Town staff for their consideration.

DISCUSSION:

The former Brantwood School site located at 221 Allan Street in downtown Oakville was purchased by the Town of Oakville in April 2012 upon being declared surplus lands by the Halton Board of Education. The property is approximately 09 ha (2.2 acres) in size with frontage on Allan Street, Douglas Avenue and Palmer Avenue. The site includes a vacant two storey school building that is approximately 26,201 ft² in area; the original structure having been constructed in 1920 and subsequent additions to the building being made in 1921, 1947 and 1980 . There is an existing paved parking area at the south side of the vacant school building providing 16 parking spaces. There is also an existing playground at the back of the school,

fronting onto Douglas Avenue. The site is surrounded predominantly by residential uses, including single detached dwellings to the north, south and east. To the west, across Allan Street, is the Oakville Curling Club and Wallace Park. The front (9-room) portion of the building (the west façade facing Allan Street) is designated under Part V of the Ontario Heritage Act as part of the Trafalgar Road Heritage Conservation District. Additionally, the entire site is listed but not designated on the Town's Register of Properties of Cultural Heritage Value or Interest. An aerial view of the site context is shown in Appendix 1 to this Report, while Appendix 2 provides a closer view of the subject property.

The Town Council endorsed concept plan for the entire site requires that the western portion of the property on which the school is located (0.31ha) be redeveloped for residential purposes, while the remainder of the property be subdivided to create 7 detached residential building lots (0.44 ha), along with a small playground area (0.15 ha) fronting on Douglas Avenue. The front portion of the existing school building is to be converted to condominium uses, accommodating 5 to 9 residential apartment units, fronting on Allan Street

In 2017, the Town undertook a Request for Proposal process to dispose of the complete site. However, this Request for Proposal exercise was not successful and Town Council has now considered separating the school building portion of the site from the area containing the detached building lots and disposing of each portion separately, with the OakvilleMDC managing the redevelopment of the school portion and the Town being responsible for the sale of the residential building lots. In May 2019, Town Council passed the following resolution:

That the Oakville Municipal Development Corporation ("OMDC") be requested to seek out potential partners for the redevelopment of the former school building and staff report back to Council with the results of this search.

The OakvilleMDC has been working to identify potential partners interested in the redevelopment of the school in accordance with the Town's concept plan. Over the course of the past several months, seven potential partners have been engaged with an emphasis being placed on experienced developers who specialize in the conversion and repurposing of heritage buildings. However, redevelopment of the school building as a separate undertaking has not been an attractive option. Four of these potential partners who had expressed interest in the school building alone have now indicated they are no longer pursuing this redevelopment opportunity for a number of reasons. A major deterrent is the profitability of the final product.

Concern has been expressed that the high cost to repurpose this one-hundred-year-old building, which will only yield a maximum of nine units does not provide a level of profit sufficient to attract interested developers. As a result, potential partners looking to redevelop only the school building have in every case drastically discounted the price they are willing to pay for the building, which is a reflection of their concern for profitability. Although accepting a lower value might encourage potential partners to take on the project and ensure that the building is repurposed in accordance with Town Council's concept, it obviously does not provide the Town with a return on their investment which reflects the real market value of the property.

The heritage assessment report prepared by the Town requires that the western façade of the building be maintained and that the interior of the school be repurposed within the existing building envelope. Potential partners have expressed concern with their ability to fully preserve these heritage characteristics in a meaningful way, while still creating a marketable and profitable end product.

Citing the age and physical condition of the building and fear of the unknown, there is also apprehension about the potential for unknown deficiencies. Although a building condition assessment and designated substance survey report have been completed for the school building, potential partners remain concerned that there may be hidden structural or undetected defects (particularly environmental defects) that would need to be remedied, the cost of which would further erode what they already view as a marginally profitable undertaking.

The marketing of the former Brantwood school building as a separate project has not proven to be a feasible option as it does not appeal to potential partners as a stand-alone entity. Having said this however, three of the potential partners the OakvilleMDC has been working with have indicated a strong interest in redeveloping the school site in conjunction with the seven detached residential lots, which was the original approach taken by the Town in 2017. Clearly, the profit for a developer (and the Town) with this site lies in the disposition of the residential lots. Concern about the profitability of the school portion as a separate endeavour is significantly reduced if not eliminated with this option, since the combined profit realized from the repurposing of the school building and the development of the seven residential lots as one undertaking will generate a significant level of return.

Those potential partners who have expressed interest in redeveloping the entire site (of which three remain) have all indicated that the global profit to the developer from the redevelopment of both portions together completely compensates for the lack of profit that might otherwise be inherent in the redevelopment of the school

building alone. Developers have indicated they are less concerned about taking on the risk of the school conversion and the potential for unforeseen costs if they can offset the unknowns against the profit otherwise achievable from the residential lots.

The resolution from Town Council noted above directs Town staff to report back to Council with the results of the OakvilleMDC's efforts to secure potential partners for the redevelopment of the school building as a separate undertaking. The OakvilleMDC will continue its efforts in this regard and although still possible, it does appear that based on the feedback received from potential partners to date, marketing the former Brantwood School site as a separate undertaking will not attract a high level of interest going forward and is unlikely to generate an acceptable level of financial return reflective of its real market value for the Town. It is recommended that this report be forwarded to Town staff for their consideration so that they may advise Council of the OakvilleMDC's activities and experience in identifying potential partners for the site.