

## REPORT

### Council

**Meeting Date: March 28, 2022**

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**FROM:** Legal Department

**DATE:** March 15, 2022

**SUBJECT:** **Former Hospital Lands update on Seniors Block – March 28, 2022**

**LOCATION:** 291 Reynolds Street

**WARD:** Ward 3

Page 1

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#### **RECOMMENDATION:**

1. That the Oakville Municipal Development Corporation (“OMDC”) be requested to market and seek out opportunities for the redevelopment of a portion of the former Oakville Trafalgar Memorial Hospital Site identified as the Seniors Block, Civic Square and former Oakville Trafalgar High school Building (collectively the “Property”).
2. That staff be delegated authority to complete the sale of the Property based on recommendations from the OMDC provided all the conditions set out in this report and the confidential staff report dated March 15, 2022, entitled *Confidential Former Hospital Lands Update on the Seniors Block – March 28, 2022* from the Legal department, are satisfied to the satisfaction of the CAO and Town Solicitor.
3. That the OMDC be paid a management fee of 1.5% of the purchase price for its work marketing and securing a buyer for the Property upon successful completion of the transaction.

#### **KEY FACTS:**

The following are key points for consideration with respect to this report:

- There is a companion confidential report listed on the confidential agenda of March 28, 2022.
- Council approved a master plan for the former Oakville Trafalgar Memorial Hospital (“OTMH”) site as shown on Appendix A (the “Master Plan”).
- The remaining sections of the Master Plan that have not yet moved forward are the proposed civic square, the former Oakville-Trafalgar High School

building (“OTHS”) and a block reserved for seniors oriented housing fronting on Allan Street (collectively, the “Property”).

- The Property is approximately 3 acres in size and is shown outlined on Appendix “B”.
- Staff are recommending the OMDC be requested to seek out opportunities for the redevelopment of the Property to achieve the vision of the Master Plan based on the conditions set out in this report.
- If the OMDC finds a buyer and recommends a deal that satisfies all the conditions in this report and the confidential companion report, staff are seeking authority from Council to complete the sale of the Property.
- If the OMDC finds a buyer but the deal requires a change to any of the conditions, staff will return to Council for direction.

### **BACKGROUND:**

Council, at its meeting of June 21, 2017, approved a master plan for the former OTMH site as shown on Appendix A (the “Master Plan”). The Oakville Trafalgar Community Centre, Reynolds Park and Wyndham Parkette are now open. The residential subdivision lands are currently in the process of being sold and have been draft plan approved for the development of a 35 unit subdivision. The remaining portion of the OTMH site that has yet to be developed are the areas identified in the Master Plan as the Seniors Block, former Oakville Trafalgar High School building (“OTHS”), and civic square as outlined in Appendix “B” (collectively the “Property”).

The Property is located at 291 Reynolds Street and has frontage on Reynolds Street as well as Allan Street. The Property is approximately 3 acres in size. The Wyndham Manor Long Term Care Centre is immediately south and adjacent to the Property.

The vision for the Property is a seniors’ oriented housing development that involves the refurbishment and preservation of the former OTHS building with a new civic square with consideration for the heritage character of the former OTHS building and the surrounding neighbourhood, which includes the Trafalgar Road Heritage Conservation District.

### **Seniors-oriented Housing Block**

It was clear through the consultation process at the time of the creation of the Master Plan, that there is a desire for some provision of seniors-oriented housing in the area. There is no pre-determined layout, built form, provider or assumed density for the area identified as the Seniors Block in the Master Plan. This area is reserved for seniors-oriented housing and the parameters shaping the future development are set out in the Official Plan which designates the property as Medium Density

Residential and restricts the height of any development to four storeys. This development could be delivered as either an independent living project, assisted-living, or a combination thereof.

### **Oakville Trafalgar High School**

The former OTHS building is designated under Part IV of the *Ontario Heritage Act*. The building has been vacant for more than 20 years and is currently home to a chimney swift colony who roost in the school's four chimneys. The birds are listed as a *threatened* species under both provincial and federal legislation. The building is in poor condition and will require substantial renovations. This would make any Town use or use by a community group cost prohibitive.

The building could be used for a variety of initiatives. Such uses could be commercial or office related as accessory to the adjacent seniors development or residential units. Regardless of what the building is ultimately used for, the re-use of the former high school building will require:

- Town approval of a heritage permit; and
- Documentation, prepared to the satisfaction of the Ministry of Natural Resources and Forestry, regarding the alterations to the chimneys and the maintenance or replacement of the chimney swift habitat.

### **Civic Square**

The Master Plan envisions a publicly-accessible civic square fronting on Reynolds Street with pedestrian connections to Wyndham Parkette, Oakville Trafalgar Community Centre and Reynolds Park. The civic square was contemplated to be privately owned but publicly accessible open space through a public easement. Some public consultation has already been sought for a preliminary design of the civic square, but the final design will be determined through the site plan process.

In 2018, staff sought feedback from the development community through an expression of interest for the Property (the "EOI"). Four proponents responded to the EOI suggesting there is some interest in achieving Council's vision for the site. The responses were mixed on whether the Town should retain ownership of the civic square and OTHS Building or whether they could be privately owned and incorporated into the Seniors Block.

### **COMMENT/OPTIONS:**

Staff could undertake an RFP for the Property similar to the sale of the residential subdivision lands on the OTMH site. This approach could save some administrative costs as the Town would not have to pay the OMDC a management fee. However, the Property is not as straightforward as the residential subdivision lands. The residential subdivision lands were zoned, draft plan approved and ready to be developed when the RFP was issued. The challenges with the OTHS building and the nature of the seniors oriented housing suggest a more flexible approach is

needed. A Town-issued RFP has limitations on the ability to negotiate with purchasers and the ability to compare and evaluate different visions for the Property.

Staff are recommending that the OMDC be requested to seek out opportunities for the redevelopment of the Property to achieve the vision of the Master Plan based on the conditions set out in this report and the confidential companion report. The OMDC is well suited to facilitate this process as it has some experience marketing heritage properties from its work marketing the former Brantwood school site. The OMDC is also able to have more back and forth discussions with developers than is possible under a Town led RFP process. This added flexibility will be beneficial in this case given the potential challenges of rehabilitating the OTHS building.

Staff are recommending the following conditions be given to the OMDC to guide this process and ensure the development achieves Council's vision for the site:

- 1) Marketing - The OMDC will be directed to market this sale opportunity in an open, public process. This will involve at a minimum installing a sign on the site and posting the opportunity on the OMDC website for a minimum of 45 days. The OMDC will also be given the contact information of the previous participants in the Town's 2018 EOI to contact directly, so they are made aware of this opportunity.
- 2) Official Plan – The future development must be seniors oriented, medium density, no higher than four storeys, and consistent with Official Plan policy. A repurchase agreement will be required to ensure there are no OP amendments filed after the Property is sold. The developer will be responsible for filing a site-specific zoning by-law amendment to ensure consistency with, and implementation of, the Official Plan.
- 3) Affordable Housing – The OMDC should explore the possibility of having affordable housing units on the Property.
- 4) Civic Square –The civic square should be privately owned but open to the public as open space through a public space easement granted to the Town. The easement terms should provide for the ability of the Town to hold community events in the space. The purchaser would be responsible for the construction of the civic square and finalizing the design with the Town through the site plan process. The expectation is this would be complete and open to the public no later than 7 years from the date of the sale of the Property. The retained Wyndham Parkette will be in excess of the parkland requirements for the future development of the Property, so no additional parkland contributions from the future developer will be required.

- 5) OTHS Building – The purchaser will be responsible for refurbishing and preserving the heritage character of the former OTHS building. Since this portion of the Property is not likely to have the value of the Seniors Block, there needs to be a requirement that this building is rehabilitated within 7 years of the sale of the Property along with the civic square.
- 6) Connectivity – The development must include pedestrian connections to the community centre, Reynolds Park and from Wyndham Manor/Wyndham Parkette to the community centre parking garage.
- 7) Parking – All required parking for the development must be located on-site with no off-site permissions.
- 8) Purchase Price – The purchase price for the Property must be above or within 5% of the lower end of the Town's appraised value of the Property which is set out in the confidential companion report on this agenda.

If Council approves the staff recommendations, staff will ensure the above conditions are all met before the Town agrees to move forward with a purchaser recommended by the OMDC. If these conditions are met, the Town will assume the purchase agreement provided by the OMDC and complete the sale of the Property to the purchaser recommended by the OMDC. If the OMDC finds a buyer but the deal requires a change to any of the above conditions, staff will return to Council for direction.

Staff are recommending compensating the OMDC at 1.5% of the purchase price on the successful completion of the transaction. The work being requested of the OMDC is similar to the work of a real estate broker and this percentage is in line with typical fees paid to brokers. This same commission structure was used on the sale of the former Brantwood School site property.

## **CONSIDERATIONS:**

### **(A) PUBLIC**

The OMDC will advertise this sale on its website and with a sign on the Property. The public will also be aware of this opportunity through the inclusion of this report in the public agenda.

### **(B) FINANCIAL**

In accordance with Town policy, the net proceeds from the sale of the Property will be used to replenish the general capital reserve. The capital reserve was used as an interim funding source for the demolition of the hospital buildings and the construction of the community centre and retrofit of the parking garage

on the OTMH site. The funds from the sale of the Property were always intended to replenish this interim draw on the capital reserve.

The retained Wyndham Parkette will be in excess of the Town's typical cash-in-lieu of parkland requirement, and as such additional parkland contributions from the future developer will not be required.

The OMDC will be paid a management fee from the proceeds of the sale at 1.5% of the purchase price and reimbursed for its closing costs, such as legal fees.

**(C) IMPACT ON OTHER DEPARTMENTS & USERS**

Executive staff from all commissions have been briefed and are in concurrence with recommendations of the report.

**(D) CORPORATE STRATEGIC GOALS**

This report addresses the corporate strategic goal to be the most livable Town in Canada.

**(E) CLIMATE CHANGE/ACTION**

N/A

**APPENDICES:**

Appendix A – Master Plan for the OTMH Site

Appendix B – Sketch showing the location of the Property

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