

**Community Improvement Plans - 2020 Intake and Status Update –
Follow-Up
Planning Services Division
Report Date: January 25, 2021**

BACKGROUND

This report provides an update on the direction given to staff via the report entitled “Community Improvement Plans - 2020 Intake and Status Update” presented to Finance and Administration Committee on November 17, 2020. This report specifically provides additional information related to the resolutions below:

1. THAT the City of Greater Sudbury directs staff to prepare a business case for the 2021 Budget for the twelve (12) eligible and complete applications received as part of the 2020 Community Improvement Plan Intake;

AND THAT the City of Greater Sudbury directs staff to request a Stage 2 proposal of the proponents from the 300 Elgin Block application to be submitted by January 15, 2021

2. THAT the City of Greater Sudbury directs staff to allow executed CIP agreements, where the project has not commenced, to lapse on December 31, 2020

3. THAT the City of Greater Sudbury rescinds all 2017-2019 Community Improvement Plan approvals, and amends the necessary by-laws, where the implementing agreements have not been executed by the applicant by January 15, 2021;

AND THAT the City of Greater Sudbury directs staff to contribute any unspent CIP funds to the Tax Rate Stabilization Reserve – Committed

This report should be read in conjunction with the associated business case presented as part of the 2021 Budget (See page 319 of the Budget Document - Reference 1).

Business Case and Stage 2 Proposal for 300 Elgin (Resolution 1)

Per Council direction, staff completed and presented a business case to fund the 2020 Community Improvement Plan intake as part of the 2021 Budget. This report helps inform that business case (See Reference 1).

Per Resolution 1, Council further directed staff to request a Stage 2 proposal of the proponents from the 300 Elgin Block application detailing the following information:

- Detailed proposal, development strategy and project schedule
- Form and tenure of development
- Remediation approach, plan and costing
- Detailed plans, cost estimates and financing of project
- Independent information from a reputable source as to the developer's creditworthiness and ability to obtain financing for the project.

Stage 2 Submission

Staff received the Stage 2 Submission on January 15, 2021 (See Attachment A). A team made up of Planning and Economic Development staff reviewed this submission.

The following is a summary of the proponent's responses to Council's request for additional information. Please refer to Attachment A for more-detailed information. It should be noted that Attachment A refers to the Junction East project as the "Sudbury Library and Art Gallery."

Detailed proposal, development strategy and project schedule

The proponents have outlined four options. The base proposal is Plan A, which is a 150,000 sq ft facility that includes a hotel, a commercial office, commercial, event/meeting space, hospitality/shared space and parking. The proponents note that the Tax Increment Equivalent Grant (TIEG) was based on Plan A.

Plan B includes the same uses under a different space configuration. Plan C replaces the hotel use for a commercial residential use, and Plan D adds 5 floors to the proposal to include all uses. All options include an Event/Meeting space, Hospitality/shared space, and parking (See Plans A through D on page 14 of Attachment A).

The proposed densities, heights, layouts, and massing of the project are detailed on pages 17-21 of Attachment A.

The proponents have indicated that the Le Ledo project schedule aligns with the timeline and completion of the Junction East project (Page 21 - Attachment A). They anticipate that Le Ledo will open about/during the time of a 2024 assessment (Page 28 - Attachment A).

They have also indicated that the Le Ledo project is dependent upon the City developing the parking capacity/plan in the Junction (Page 23 - Attachment A).

Form and tenure of development

The project and resulting building will be owned by Le Ledo Inc. The user groups will be tenants in the building and some tenants may also be partners/shareholders in the ownership group (Page 1 – Attachment A).

Remediation approach, plan and costing

Le Ledo Inc. has retained a qualified professional to outline next steps and costing of remediation. Le Ledo Inc has indicated it will file a Record of Site Condition for the property and that the cost of remediation could be upwards of \$300,000. In addition to this remediation, the proponents have stated that they may be required to 'cap' the site to achieve a hard pack level at grade to encapsulate the property. The estimated cost of this capping is approximately \$3,000,000 (Pages 22 and 23 – Attachment A).

Detailed plans, cost estimates and financing of project

The proponents estimate that the cost of construction of Plan A is approximately \$40M and the timeline to construct is approximately 30 months. The proponents have submitted that the total cost of the project is approximately \$50M, including acquisition costs, professional fees, financing costs, etc (Page 23 – Attachment A).

Independent information from a reputable source as to the developer's creditworthiness and ability to obtain financing for the project.

The proponents' preferred lender has indicated terms by which funding could be made available to Le Ledo Inc. The preferred lender could provide funding subject to the validation of: project budget, investor structure, cap rate, business planning, and future revenues (Page 23 – Attachment A).

Le Ledo Inc has indicated that the investor group will only be realized after the City Budget approval, and any creditworthiness is based on the financial models for the project where the CIPs are a critical component to secure lender terms and funds (Page 1 of Attachment A).

Evaluation

As noted in the associated business case, this proposal represents the adaptive reuse of buildings in the downtown core, a new mixed-use component (commercial, office, hotel), facade improvements and the creation of new additional dwelling units (under Plans C and D).

If approved as part of the 2021 Budget, the project would achieve a number of Council's planning objectives for Downtown Sudbury and Brownfields including: revitalizing the core; increasing the residential population of the downtown; creating and retaining employment opportunities; growing the municipal assessment base (by over \$20 million); growing the municipal property tax revenue; taking advantage of existing infrastructure; and enhancing the quality of the public realm.

Investing in the Community Improvement Plans supports the objectives of Council's 2019-2027 Strategic Plan, including business attraction, development and retention; economic capacity and investment readiness (proposed \$50 million private investment); and strengthening community vibrancy.

Extended and Executed Agreements (Resolutions 2 and 3)

Per Council direction in Resolutions 2, staff followed up with proponents requesting status updates on their projects. In some cases, the proponents indicated that they were actively planning to complete their projects, while in other cases, the proponents indicated that they were not proceeding with their projects for various reasons. As a result, the City extended six agreements relating to projects in Downtown Sudbury, while five proponents allowed their agreements to lapse.

Per Council direction in Resolution 3, staff also followed up with proponents requiring that all unexecuted agreements be signed by January 15, 2021. As a result, one proponent has since signed their agreements, and one proponent has elected not to execute agreements.

As a result of Council's direction, all CIP agreements are now up to date and there is an approximate surplus of \$300,000 from underspent projects, lapsing agreements and cancelled projects. These monies could be reallocated to capital, be allocated towards the 2020 CIP Intake business case, or be returned to the taxation reserve. It should be noted that the associated business case includes this surplus and recommends that the \$300,000 be allocated to help fund the 2020 Intake projects.

References

1. "Fund Community Improvement Plans", from page 319 of the "2021 Proposed Budget"
<https://www.greatersudbury.ca/city-hall/budget-and-finance/2021-budget/2021-budget-final/>

Attachment

- A. Stage 2 Proposal – Le Ledo Inc.