

# **Markham Centre Economic Development Corporation**

## **Preliminary Business Case Study**

Prepared pursuant to Section 203 of the Municipal Act  
and Regulation 599/06 as amended by Ontario Regulation 87/10  
“Municipal Service Corporations”

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## **The vision for Markham Centre, the Town of Markham's Urban Downtown Core**

Markham Centre is being planned and implemented as the "Town Centre" urban core of the Town of Markham. The Markham Centre Secondary Plan (Official Plan Amendment No. 21) was adopted by Markham Council in 1994, and approved by the Ontario Municipal Board in 1997. The Secondary Plan provides for the future urban core of the Town of Markham, a "Town Centre", in the Central Area Planning District.

The goal of the Markham Centre plan is to provide a policy framework and direction for detailed land use planning for a vibrant, intensive, mixed use Town Centre. The Town Centre is to have a distinctive character as the urban core of the Town of Markham, which will be the central focus of the Town, unifying its many communities. It is envisioned to be a major activity centre which will be transit supportive as well as attractive and comfortable for pedestrians and will integrate a high standard of urban design with existing natural features to create a unique destination.

The Markham Centre area is generally bounded by Rodick Road on the west, Kennedy Road on the east, Highway 407 on the south, and the Highway 7 corridor on the north. Markham Centre is a long term vision. It has been two decades in the planning stages. Over the past decade a significant amount of land development and investment in infrastructure has occurred, but the full build out of Markham Centre is anticipated to take another 20 to 30 years. Plans and development proposals continue to evolve to reflect a renewed focus on urban intensification under the Provincial Growth Plan, the Metrolinx "Big Moves" Transportation Plan, the new Region of York Official Plan, and the Town's Growth Management Strategy to 2031.

The total area of Markham Centre is approximately 400 hectares, of which some 300 hectares is developable. The Rouge River Valley System is the primary open space element within the Planning District, and is a major component in defining the overall structure of the Plan. The basic land use targets identified in OPA 21 included 25,000 residents in 10,000 residential units, and 17,000 office jobs. More recent forecasts, arising from the Town's Growth Management Strategy, are targeting some 41,000 residents in 20,000 units, and some 39,000 jobs in Markham Centre.

## **Markham Centre has Attracted a Very High Quality of Development**

Markham Centre is currently home to the IBM Research Lab (IBM's third largest R+D centre in the world), the HQ of Motorola, the offices of Honeywell, and the Hilton Hotel and Conference Centre (second largest hotel and conference centre in York Region). Medium and high density residential development is well underway, with approximately 4,000 residential units currently occupied or under construction. Markham Centre is home to the Anthony Roman Centre (Markham's civic centre), Markham Theatre, Bill Crothers High School for Healthy Active Living, and the YMCA.

Markham Centre has gained wide recognition as a new way to manage dynamic growth, while sustaining the natural environment. All new development in Markham Centre must follow LEED standards. LEED (Leadership in Energy and Environmental Design) is a benchmark for the

design, construction and operation of high performance “green” buildings. All new development in Markham Centre is connected to the Markham District Energy system (district heating and cooling and co-generation of hydro electric power). When complete, Markham Centre will be an intensive, mixed use urban area, incorporating housing, employment and retail facilities, recreational, cultural, major institutional and civic buildings, to serve as a central “Town Centre” focus for Markham many communities. It will be a place where residents, culture, entertainment and businesses thrive side by side. A walkable community integrated with the natural beauty of the Rouge River Valley, Markham Centre will be a place everyone can enjoy.

### **Creating a New Urban Downtown in a Greenfield Setting is a Complex Task**

Creating a new urban downtown in a greenfield setting is a complex and evolutionary task. The Markham Centre plan divides the area into Districts, and relies on the preparation of more detailed “Precinct Plans” to guide the planning and development approval process. The “Precinct” is a smaller geographic area within a District, which is an appropriate scale and size for detailed planning studies. A plan for each Precinct is to be prepared by the affected landowners for approval by the Town, to establish further parameters for detailed land use and the physical character and form of development.

The Precinct Plans are to be endorsed by Council prior to approval of development applications, but are non-statutory documents. To date, Council has endorsed detailed Precinct Plans for lands in the following Districts: Civic Centre (Tridel Circa), Warden West (IBM, Hilton Hotel, Liberty, Stringbridge/Times), Centre North (Times Uptown) and Centre West (Remington “Downtown Markham”). Remington has recently hired Calthorpe Associates to update the Centre West Precinct Plan, including revised road and block patterns to provide additional connectivity across the GO Rail Line to the proposed “Mobility Hub” multi-model transit facility. Town Planning staff and Adamson Associates Architects have also recently initiated a Precinct Plan process for lands in the Centre East District (which lands are primarily in municipal and Provincial ownership), to address the Mobility Hub and emerging opportunities for land use intensification and transit oriented development. Engineering Department staff are currently undertaking a transportation study to address the technical requirements of Metrolinx and other transit agencies regarding the Mobility Hub.

In addition, the Markham Centre Advisory Committee and Town Staff developed the “Markham Centre Performance Measures”, endorsed by Council, which are used in the review of all development applications to ensure conformity with the planning vision and sustainability objectives for Markham Centre.

### **Several Catalytic Projects are in Discussion**

Unlike the relative simplicity (i.e., development transactions typified by single land owner, single developer) of the successful projects completed to-date, the next stage of development in Markham Centre will be typified by ambitious (in cost and in design) and visionary projects that

will require the commitment of significant investment and the establishment of complex partnerships. These projects include:

- Metrolinx Mobility Hub
  - Integration of transit alignments
  - Roads and crossings of the GO rail line
  - Identification and access to developable lands/properties
  - Intermodal transit station and pedestrian connections
- Markham International Sports Training Academy (MISTA)
  - Sports training, competition and recreational facilities
  - Road construction and linkages
  - Green infrastructure initiatives
  - Public access
- Sports, Entertainment & Cultural Venues
  - Equity investment and financing
  - Land acquisition and assembly
  - Access to and provision of special event parking
- Structured Parking
  - Municipal parking facilities and structures
  - Ownership and operation
  - Locations and land acquisition

### **Complexity and High Cost of Projects Present Barriers to Development and Investment**

In addition to the hard and soft infrastructure required by the original Markham Centre Secondary Plan (OPA 21), the increased intensification and density now being planned for the area will place increased demands on infrastructure requirements. In particular, the Unionville GO Station in the East Precinct has recently been identified as a future Metrolinx Mobility Hub, to serve local, regional and inter-regional transit modes. The multi modal transit station will be a multi-level facility, which is intended to be integrated with surrounding infrastructure, land uses and pedestrian and traffic facilities to create a vibrant mobility hub district spanning both sides of the GO Rail line. Conceptual planning for the Mobility Hub is underway by the Remington Group and the Town through the updates to the Downtown Markham Precinct Plan and the preparation of a new East Precinct Plan.

The existing GO tracks at grade act as a major barrier in the Mobility Hub. Town staff and consultants (Adamson Associates) are exploring options for overcoming this barrier, such as building pedestrian linkages and roads over the GO tracks, and VIVA and 407 Transitway connections under the GO tracks, with a layering of land uses and pedestrian connections spanning the tracks. The infrastructure investments that would be required for the road and transit alignments, structured and underground parking, municipal services, major land uses, and

the multi-modal transit station are challenging in their potential cost to the municipality, other levels of government, transit agencies, and private sector investors.

The current Development Charges regime for Markham Centre already makes this a particularly expensive area for development in comparison to other development sites in Markham and across the Greater Toronto Area. These high costs have posed competitive cost obstacles resulting in a relatively slow absorption rate for new commercial and office development in Markham Centre to date. Whereas the residential market demand has been sufficiently robust to absorb these high costs, the commercial and office markets in Markham Centre have lagged the pace of growth experienced in other districts. For example, the limited commercial and office development built to-date has relied on the limited opportunity to provide inexpensive surface parking, a condition that will not prevail in future phases of development.

The barriers and challenges to achieve the desired growth in Markham Centre include:

- The complexity and high cost of land assembly
- The high cost and funding of hard and soft infrastructure
- The absence of capable and motivated development consortia
- The limitations and constraints placed on public-private partnerships (“bonusing”)

In light of market constraints on the ability to achieve the planned intensity and pace of development, it is evident that alternative financial instruments and incentives must be considered in order to overcome the infrastructure challenges and to achieve Markham Centre’s planned building densities and build-out. The establishment of a Municipal Services Corporation (aka Economic Development Corporation) is one way to help overcome these challenges and to spur the desired growth in development.

### **Municipal Services Corporation Can Serve As Key “Enabling Tool”**

Section 203 of the *Municipal Act* permits a municipality to establish a share capital (i.e., for profit) corporation to provide a system, service or thing that the municipality itself could provide. In particular, the corporation may be established to provide economic development services, defined by Ontario Regulation 87/10 to include (relevant opportunities underlined):

- (a) Promotion of the Town for any purpose, including by the collection and dissemination of information and the development of economic development strategic plans;
- (b) Acquisition, development and disposal of sites in the municipality for residential, industrial, commercial and institutional uses,
- (c) Provision of public transportation systems,
- (d) Provision of residential housing,
- (e) Provision of general parking facilities (including structured parking)
- (f) Provision of counseling services to or encouragement of the establishment and initial growth of small businesses operating or proposing to operating in the Town
- (g) Undertaking community improvement consistent with a community improvement plan approved by the Town under subsection 28(4) of the *Planning Act*,

- (h) Improvement, beautification and maintenance of municipally-owned land, buildings and structures in an area designated by the Town beyond the standard provided at the expense of the municipality generally, and promotion of any area of the Town as a business or shopping area
- (i) Provision of facilities for amusement or for conventions and visitors' bureaus
- (j) Provision of culture and heritage systems.

The establishment of a Municipal Services Corporation (to be designated further as an Economic Development Corporation) can be utilized by lower tier municipalities to provide a variety of incentives to landowners within the municipality or a fixed part thereof, in order to achieve municipal objectives such as new development, urban renewal, development that meets certain environmental standards, and to encourage investment in areas to achieve the objectives of the Official Plan. As a result, the establishment of a Markham Centre Economic Development Corporation can provide the Town of Markham with the necessary enabling tool to proactively and effectively address existing and prospective development barriers including:

- The Coordination of development interests
- The development of project consortia/partnerships
- The negotiation and authority to transfer assets or conduct land swaps, etc.
- The entering into partnerships with private sector interests

The benefit of Municipal Services Corporation (MSC) is that the municipality can transfer assets, including land, to the MSC, and provide loans or grants, at less than fair market value, to private entities partnering with the municipality, improving the viability of the facility or infrastructure projects.

#### Advantages

- The Town may provide assistance to the corporation including
  - Giving, lending or selling any property of the Town, including money
  - Guaranteeing borrowing;
  - Providing the services of employees or contractors
- Such assistance is not required to be at fair market value
- The municipality can impose special levies on properties pursuant to s. 326 of the *Municipal Act* for the additional benefit received in this area
- Such assistance can be exempt from the bonusing prohibition and the municipality can make funding available to the corporation if the purpose of the funding is to "subsidize the cost of public transportation facilities or services or public access to recreation and cultural facilities"

#### Process

- A business case study must be completed and adopted by the Town
- There must be public consultation on the proposal to establish an MSC
- Once established the MSC can be designated as an EDC
- Once an "Asset Transfer Policy" has been established by the municipality, land or other assets can be transferred to the MSC

### **Purpose of the Markham Centre Economic Development Corporation**

It is proposed that the Town of Markham incorporate a single corporation for the following economic development purposes:

1. To promote Markham Centre for any purpose through the collection and dissemination of information and the preparation of strategic plans to advance the municipality's goals and objectives for its downtown
2. To undertake community improvement consistent with a Community Improvement Plan approved by the Town for Markham Centre through:
  - a. The development of sites in Markham Centre owned or held by the Town for residential, industrial, commercial or institutional use
  - b. The sale, lease or other disposition or encumbrance of all or any part of those sites
3. To undertake a program of grant-making consistent with purposes 1 or 2 or as generally within the Community Development purpose
4. To construct, operate, maintain or own (including of land related thereto) one or more of the following facilities or institutions:
  - a. Amusement or assembly facilities
  - b. Parking facilities
  - c. Sports, entertainment and cultural venues
5. To utilize the ability to acquire and dispose of land, including by leases, as well as the ability to develop and improve land (pursuant to uses defined in the Community Improvement Plan). The land in question may be used for commercial, industrial, residential or institutional purposes. The land may be disposed of either through sale or lease at or below fair market value. The authority also includes the ability to provide grants or loans to the owner of land for less than fair market value.

### **A Proposed Governance Model with Accountability to Council**

To achieve its objectives, the Markham Centre Economic Development Corporation should establish a governance structure that fulfills the following guiding principles:

<b>Accountability</b>	Proposed structure must provide for clear accountability to shareholders
<b>Clarity of Purpose</b>	Proposed structure must enable clear, focused mandates that do not duplicate work of others
<b>Key Competencies</b>	Proposed structure must be able to attract and retain managers with a high level of skills and competency
<b>Partner Engagement</b>	Proposed structure must support the ability to attract and engage private sector as well as non-profit and

	governments sectors
<b>Responsiveness</b>	Proposed structure must enable agencies to be “nimble” and have the tools to respond quickly to market opportunities
<b>Strategic Alignment</b>	Proposed structure must enable strategic alignment with the Town’s policy objectives
<b>Strong Leadership</b>	Proposed structure must have strong credible leadership to engender trust and support from partners and potential investors

Note: Adapted from City of Toronto’s *Model to Enhance Toronto’s Economic Competitiveness*

In conclusion, the advantages to the Town of Markham of establishing an MSC include:

- Enabling the Town to involve experienced members of the community through the Board, and engage experienced senior management for the MSC, where necessary, to create significant expertise in the intended area of endeavour of the company
- Enabling the Town (through the MSC) to make more expeditious decisions than the Council of the municipality
- As sole shareholder of the MSC, the Town can restrict the Board’s scope of authority, to the extent desired by Council
- The MSC provides limited liability to the Town.
- The Town may choose to appoint one or more staff member or members of Council to the MSC Board
- An MSC is entitled to borrow money, subject to control by the shareholder (i.e., the Town).