

APPENDIX 2: TOWN OF MILTON DOWNTOWN MARKET ANALYSIS

Town of Milton Downtown Market Analysis

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 Planning for growth

1. Introduction

1.1 Terms of Reference

Watson & Associates Economists Ltd. was retained by the Town of Milton to undertake a market analysis of the Town's downtown core area. The Downtown Market Analysis study is intended to evaluate market opportunities for expanded land-use permissions, primarily office and high-density residential uses, and to provide recommendations with respect to an appropriate land-use mix that supports a "healthy" downtown. The Downtown Market Analysis builds on the first phase of the Town's Downtown Study (Downtown Study Interim Report PD-005-2016) and is intended to help inform the future policy planning and permissions framework within the subject area.

1.2 Context

The study area reflects the Primary Area as delineated in the Downtown Study Interim Report, as illustrated in Figure 1. The area covers the historical downtown core of Milton, centred along Main Street East. Representing a gross land area of 28 ha (69 gross acres), the area is generally bound by Millside Drive and Mill Pond to the north, Millside Drive and Fulton Street to the east, a combination of Pine Street, Pearl Street and King Street to the south, and Bell Street, Elizabeth Street and James Street to the west.

Figure 1 – Study Area



The Town of Milton has experienced strong growth and development over the last decade. Historically, Milton's growth has been largely accommodated within greenfield areas. The Town's growth rate is expected to accelerate over the next 15 years with the population expected to more than double over the 2016 to 2031 period, increasing from approximately 109,000 to 236,000.¹ Over the same period, the Town's employment base is expected to expand from approximately 39,000 in 2016 to 114,000 in 2031, nearly a three-fold increase.²

As the Town continues to grow and mature, an increasing share of development will need to be accommodated within the built boundary, including the study area, as guided through provincial, regional and local planning policy. The opportunities the Town's

¹ 2016 population estimate by Watson & Associates Economists Ltd. Population forecast to 2031 is in accordance with Halton Region Best Planning Estimates (June 2011). Population figures include Census undercount of approximately 4%.

² 2016 employment estimate by Watson & Associates Economists Ltd. Employment forecast to 2031 is in accordance with Halton Region Best Planning Estimates (June 2011).

downtown presents are recognized along with the desire from a policy perspective to attract office, residential and additional retail development to the study area to meet planning objectives.

Recent feedback from stakeholders and the public suggests that there is support in the community for redevelopment within the study area. Feedback received at the Town's Downtown Study Phase 1 Workshop suggests that the public is generally supportive of the redevelopment of key sites within the downtown area, particularly to accommodate additional residential and mixed-use development.¹

2. Downtown Success Factors

Over the past half-century, Canadian downtowns have gone through significant transformation. Beginning in the 1960s through 1990s, downtown cores were in a general state of decline as retailing activity, once concentrated in downtown areas, steadily shifted to suburban markets. Over the last decade, however, a major revitalization of Canadian downtowns has begun to occur which has transformed many locations, particularly in larger municipalities, into more dynamic and multi-functioning nodes. The role of downtowns within the context of the broader community has changed as a result, with less emphasis on traditional retail activity and more emphasis on a diverse range of uses including arts and entertainment, culture, employment and as a place of residence.

Successful downtowns are multi-functional and are not dependent only on the retail landscape but instead offer a variety of activities that serve to bring people to the area for a broad range of reasons at varied times of the day and week.² Downtowns function best when they have a mix of economic functions including housing, offices, retail, entertainment, government and small industry.³ Having said that, the health and vibrancy of the retail sector in downtown areas remain an important component of the overall success of the area. Despite the changing landscape of downtowns, creating a vibrant retail sector in these areas remains a challenge in many markets.⁴ From an economic and planning perspective, the importance of a balanced land-use mix (office,

¹ Town of Milton Downtown Study Phase 1, Workshop #1, held on June 29, 2015.

² Downtown Success Indicators, Department of Urban and Regional Planning University of Illinois at Urbana-Champaign, August 2014.

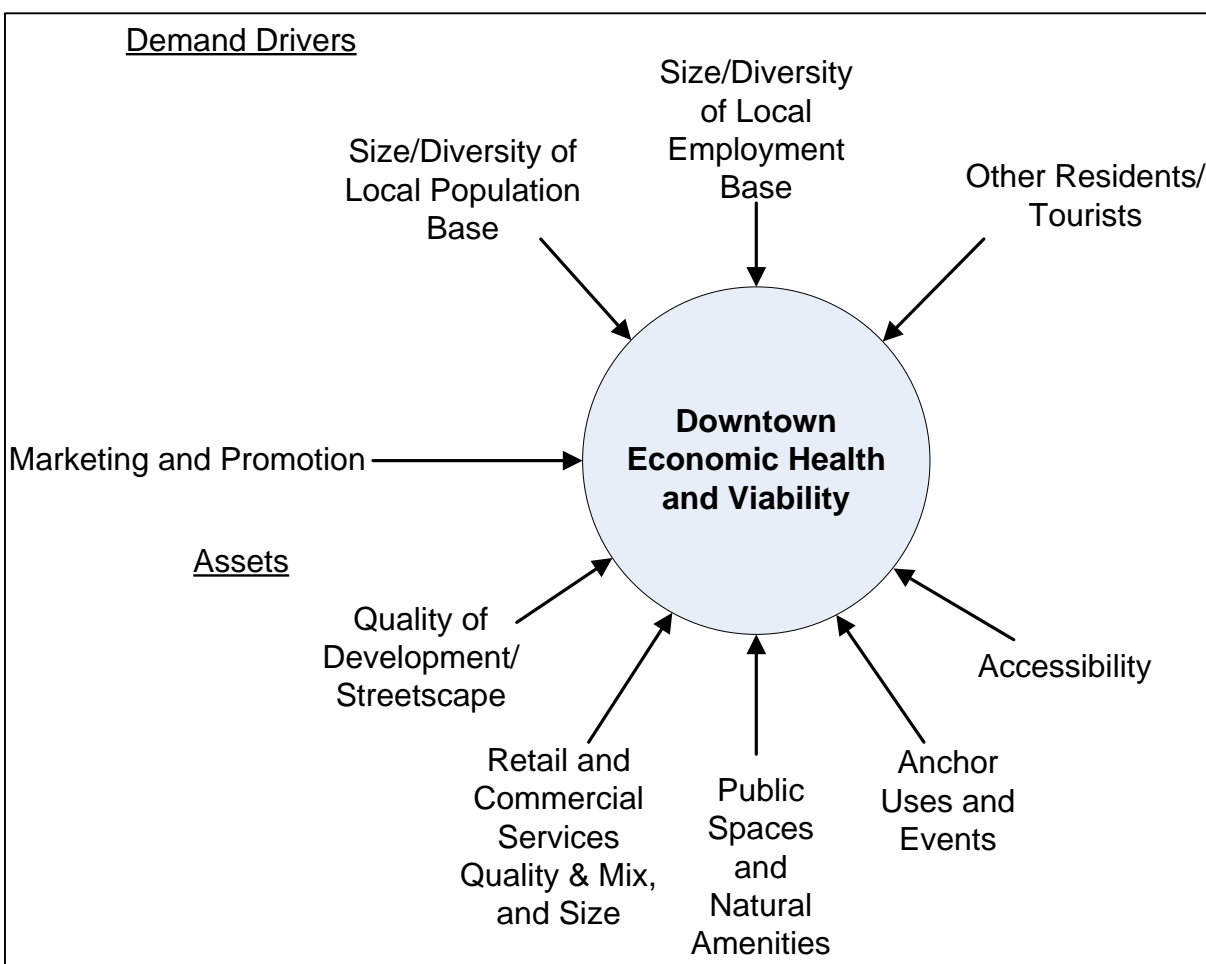
³ Downtown Hurdles, Planning Commissioners Journal, Number 59, Summer 2005.

⁴ *Ibid.*

retail commercial and residential) cannot be understated with respect to maintaining and strengthening the downtown.

With the diminishing role of retailing in downtown areas and the more multi-functional environment, the factors driving the success of downtown areas are more diverse, interdependent and complex than in the past. The economic health and vibrancy of downtown areas are dependent on a number of factors, including a range of demand drivers and local assets, as presented in Figure 2. These are all important elements in place making, a critical requirement for the success of downtown areas. These factors are discussed in more detail below.

Figure 2 – Determinants of Downtown Economic Health and Viability



2.1 Demand Drivers

The visitation base and patronage of local retail and services within a downtown area are typically comprised of the local population and employees within a 10-minute walk radius, in addition to residents from beyond the local area as well as tourists. Generally,

the share of expenditures of the population and employment base in the local area, versus persons from beyond the local area, depends on the density and demographics of the local area and the relative strength of the downtown in attracting visitors.

Local Population Base – the size and density of the local population and housing base in the downtown area are important factors in determining the economic health of the area. In its analysis of Canadian downtowns, the Canadian Urban Institute (CUI) determined that residential development within downtowns bring vitality back to downtowns.¹ Local residents can serve as a major customer base for retail and commercial services within a downtown area, particularly if they are located in close walking distance and the area offers a broad retail mix. Further, local residents help to create a more dynamic, 24/7 environment, which helps generate a broader demand for retail and services.

Local Employment Base – the size and diversity of the employment base in the downtown area are also important factors in determining the economic health of the area. The employment base in downtown areas is typically comprised of a mix of retail, office-based and institutional/government employment. Larger downtowns tend to have a greater share of office-based employment than smaller centres.

Employees in downtown areas provide additional sales opportunities for retailers. This impact provides the potential for further demand in certain retail categories. Based on studies in the U.S. and Canada, employees working in the downtown provide significant sales opportunities in the following retail categories: restaurants/food services; grocery; pharmacy/personal care; and selected non-food store retail.²

Downtown areas typically provide a wide-range of interesting retail options, as well as opportunities to live close to work which encourage downtown employees to make purchases while at work. A study prepared in the U.S. by International Council of Shopping Centres (ICSC) found that office workers in downtown areas with a large retail offering near their place of work spend more than double the time patronizing local retailers than office workers in suburban areas with a limited retail base.³

¹ Canadian Urban Institute, The Value in Investing in Canadian Downtowns, 2012.

² Office-Worker Retail Spending in a Digital Age, Michael P. Niemira and John Connolly, ICSC Research Department, 2012; Downtown Economic Study prepared for the Town of Oakville by JC Williams Group, 2014; and Downtown Trends, Downtown Winnipeg Research, City of Winnipeg, 2014.

³ Office-Worker Retail Spending in a Digital Age, Michael P. Niemira and John Connolly, ICSC Research Department, 2012.

Other Residents/Tourists

Typically, the majority of downtowns within small and medium sized municipalities are more reliant on drawing visitors from beyond the immediate area. Successful downtowns have major anchor uses/events which bring people from beyond the local area at either a municipal-wide level or regional level which has “spin off” effects for local retail and commercial services. Successful downtowns also tend to have unique retailing, culinary and entertainment experiences which tend to draw visitors from outside of the local area.

2.2 Local Assets

Quality of Development/Streetscape

Downtown areas typically offer a sense of place given their unique historic and cultural assets. The ability to attract people to spend time in downtown areas, however, is dependent on a number of factors including the condition/quality of development, built form, streetscape, the cleanliness of the environment and the sense of safety/well being. The desirability of a downtown area can be enhanced through landscaping, street furniture and lighting. Convenience is also a factor, including the provision for parking and bike racks. These are all factors which can enhance the sense of place within downtown areas.

Anchor Uses/Events

Successful downtowns are typically anchored by arts/cultural amenities (e.g. art gallery, central library, concert halls), sporting and entertainment venues, civic buildings (e.g. courthouse, city hall), post-secondary institutions, as well as festivals and special events. Anchor uses/events draw people to the downtown area and boost local economic activity through increased consumer spending at local businesses. Anchor uses/events can generate large visitation flows, which help support complementary uses such as retail and commercial service businesses in the area. The anchor uses/ events can also be attractive draws to encourage additional residential development in the area.

Retail and Commercial Services – Quality, Mix and Size

An active retail environment is considered one of the key components of a successful downtown.¹ A successful downtown needs to have a certain critical mass (size) of retail and commercial services that creates a shopping experience. This includes a minimum of three lineal blocks of retail and commercial services, including at least 10 restaurants/eateries and 10 destination retail shops.²

The mix of businesses needs to be diverse and create business activities which cater to both daytime and evening patrons across a broad range of retail categories, including grocery retailing, fashion, durable goods, restaurants/eateries and personal services. This should include unique businesses which are not located elsewhere in the community including niche-based retail.³ Successful downtown retailers tend to focus on unique selection or build on providing an experience. At-grade, street-oriented retail façades are an important attribute of successful retailing in downtown areas.⁴

The general economic health and vibrancy of the retail and commercial services sector in a downtown area can be assessed, in part, through a range of quantitative measures including the size of the retail base, i.e. gross floor area (G.F.A.), and the proportionate share of municipal-wide retail business located downtown, market rents, vacancy rates and business turnover.

Public Spaces and Natural Amenities

Successful downtowns tend to have strong access and linkages to public spaces and natural amenities such as parks and green spaces, waterfronts and public squares. These amenities need to offer visitors an opportunity to engage in activities and recreation opportunities with a social experience. Public spaces and natural amenities help draw visitation to the downtown and induce expenditures within existing retail and commercial services, spur development and revitalization and promote people to reside in the area.

¹ The Successful Few, Healthy Downtowns of Small Metropolitan Regions, Filion et al., Journal of the American Planning Association, Summer 2004, Vol. 70, No. 3.

² The 20 Ingredients of an Outstanding Downtown, 2013 Roger Brooks International.

³ The Successful Few, Healthy Downtowns of Small Metropolitan Regions, Filion et al., Journal of the American Planning Association, Summer 2004, Vol. 70, No. 3.

⁴ Downtown Success Indicators, Department of Urban and Regional Planning University of Illinois at Urbana-Champaign, August 2014.

Accessibility

Downtown areas need to provide for effective circulation of both motorized and non-motorized modes of transport. This includes effective vehicular circulation including parking, and increasingly, access to public transit (particularly high order transit), as well as offering a pedestrian and bicycle friendly environment. A pedestrian environment is considered one of the critical components of a successful downtown.¹

3. Assessment of Milton's Downtown

As part of this study, an assessment of the study area including a S.W.O.C. (strengths, weakness, opportunities, challenges) analysis which identifies the key market attributes and development characteristics was undertaken. This includes a high-level assessment of existing real estate market conditions, recent development trends and competitiveness.

3.1 Urban Structure

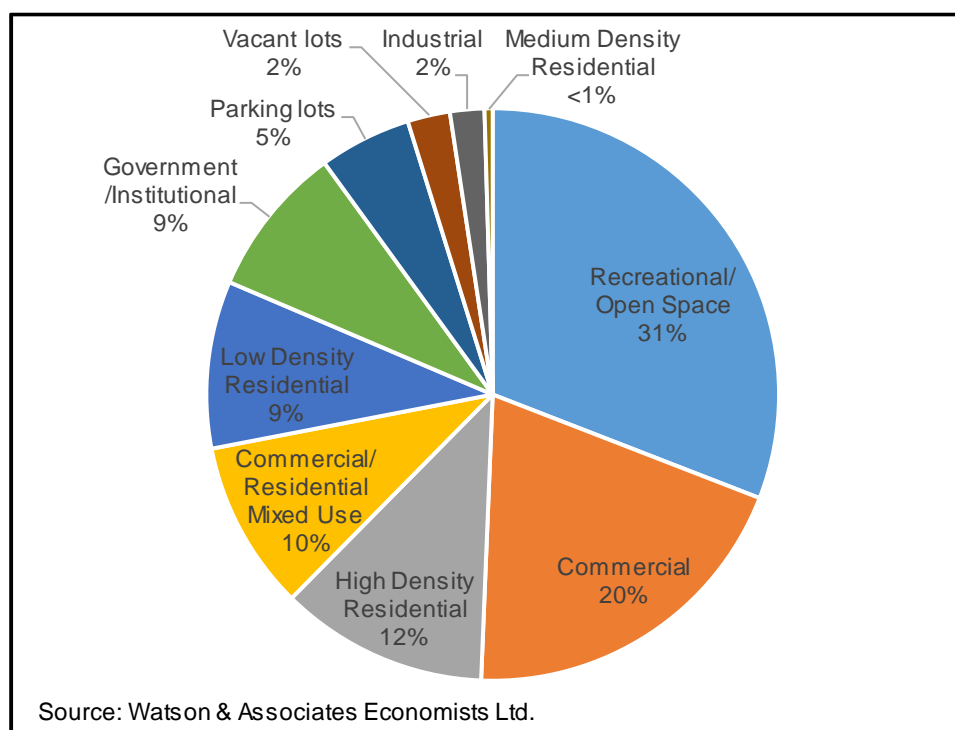
As illustrated in Figure 3, of the net land area, 30% is utilized for commercial or mixed use, 21% for residential land uses, 9% for government/institutional uses and 2% for industrial land uses. The commercial and mixed uses are concentrated along Main Street East, while the residential and government/institutional land uses are located primarily along the periphery of the study area.

Nearly one-third of land area is used for recreation/open space. This includes a large open space area comprised of Rotary Park, Livingston Park and Centennial Park within the northwest quadrant of the study area. The study area is also comprised of a number of underutilized lots including surface parking and vacant lots, representing 5% and 2% of the land base, respectively.

The study area offers opportunities for redevelopment on underutilized parcels. Phase 1 of the Downtown Study identified 15 underutilized parcels in the study area, totalling 1.8 net ha (4.4 net acres), which could potentially accommodate redevelopment. Of these sites identified, 65% are owned by the Town of Milton.

A flood plain covers a large portion of the northeast quadrant of the study area. Lands subject to the flood plain are not considered available for redevelopment.

¹ The Successful Few, Healthy Downtowns of Small Metropolitan Regions, Filion et al., Journal of the American Planning Association, Summer 2004, Vol. 70, No. 3.

Figure 3 – Study Area Land Use

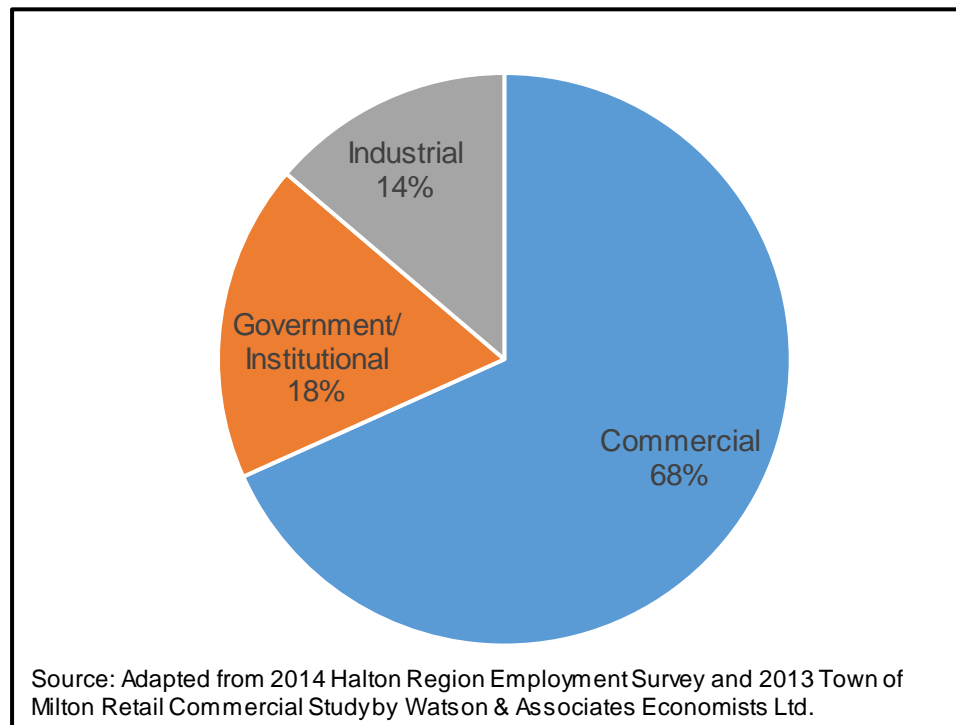
The building fabric within the downtown area is largely comprised of buildings 1 to 2 storeys in height. Landmark buildings include Towne Square, Carriage Square, Mill Square and Millside Centre. Over half the buildings, representing approximately 8 net ha (20 net acres), have been identified as having heritage interest.¹ These buildings provide the downtown with a unique streetscape and character. These buildings and sites are not considered available for redevelopment.

The study area has an estimated 381,000 sq.ft. of non-residential floor space.² This includes approximately 359,000 sq.ft. of occupied floor space and approximately 22,000 sq.ft. of vacant space (representing a vacancy rate of approximately 6%). Of the occupied building space, approximately two-thirds is in the retail and service commercial sector, as shown in Figure 4. The remaining one-third is comprised of government/institutional (18%) and industrial (14%) businesses.

¹ Heritage buildings as identified in the Downtown Study Phase 1 Report.

² Derived from 2014 Halton Region Employment Survey by Watson & Associates Economists Ltd.

Figure 4 – Study Area Non-Residential Floor Space by Major Sector, 2014



3.2 Existing Retail, Service Commercial and Office Development Base and Recent Trends

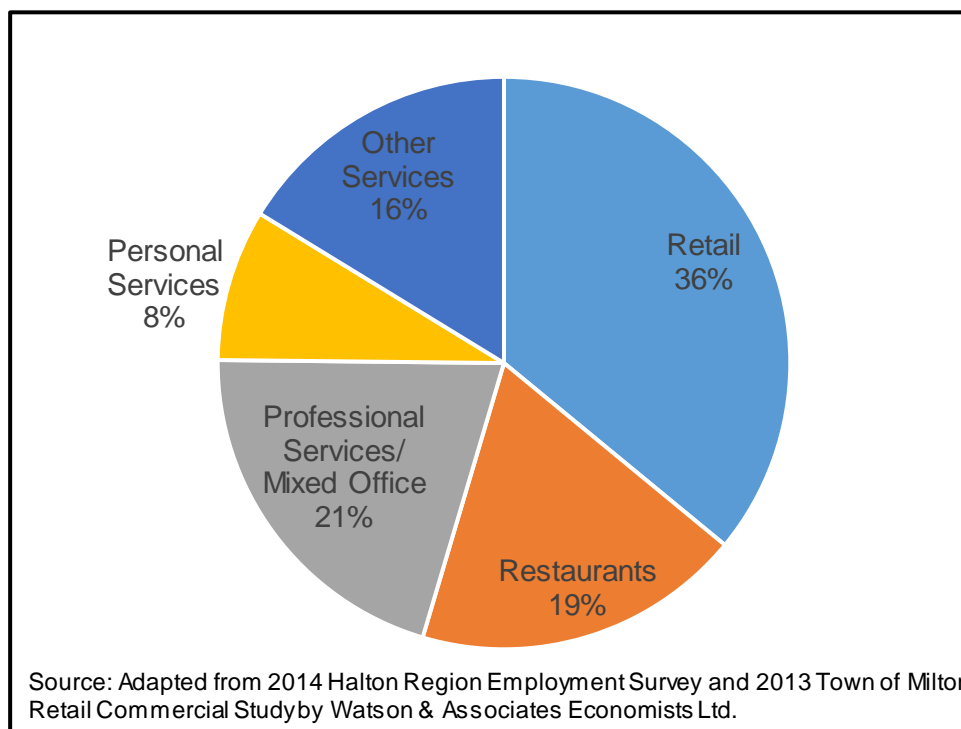
The study area has a notable retail and service commercial base, as discussed in section 3.1. The retail component comprises the largest share of the commercial base, representing approximately 36% (80,000 sq.ft.) of the total, as summarized in Figure 5. Retail businesses are comprised largely of small-scale speciality retailers, ranging in size between 500 and 2,000 sq.ft.

Approximately one-fifth of occupied commercial floor space (41,000 sq.ft.) is comprised of restaurants and eateries, while personal services account for 20,000 sq.ft. and represent 8% of the occupied space. Other services account for 16% of occupied space (56,000 sq.ft.) which includes, in part, banks, community organizations and travel agencies.

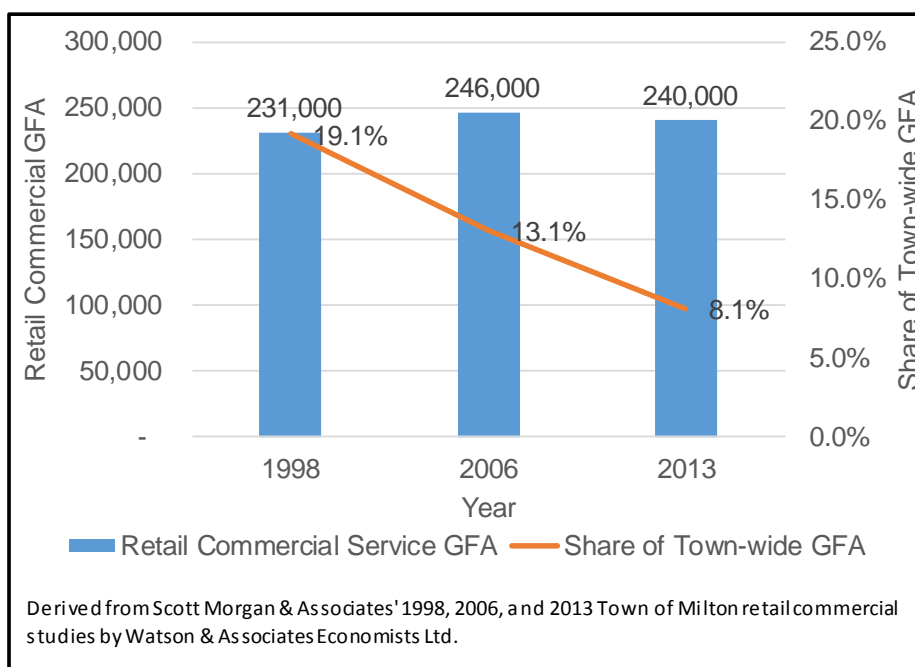
Office-based floor space, comprised of professional services and mixed office space, totals approximately 47,000 sq.ft., representing 21% of the occupied commercial space, as shown in Figure 5. The study area has somewhat limited office-based businesses. The area has no major office buildings (i.e. greater than 20,000 sq.ft.) and only two standalone office buildings which are both approximately 10,000 sq.ft. in size. This includes the Old Town Hall Office Building (251 Carriage Square), a 3-storey building

with a floor space of 10,600 sq.ft. and a 3-storey 10,500 sq.ft. office building located at 192 Main Street East. The remaining office-based uses are relatively small units ranging in size from approximately 1,000 to 2,500 sq.ft. accommodating largely professional services such as legal and accounting services.

Figure 5 – Study Area Retail and Service Commercial by Sub-Sector, 2014



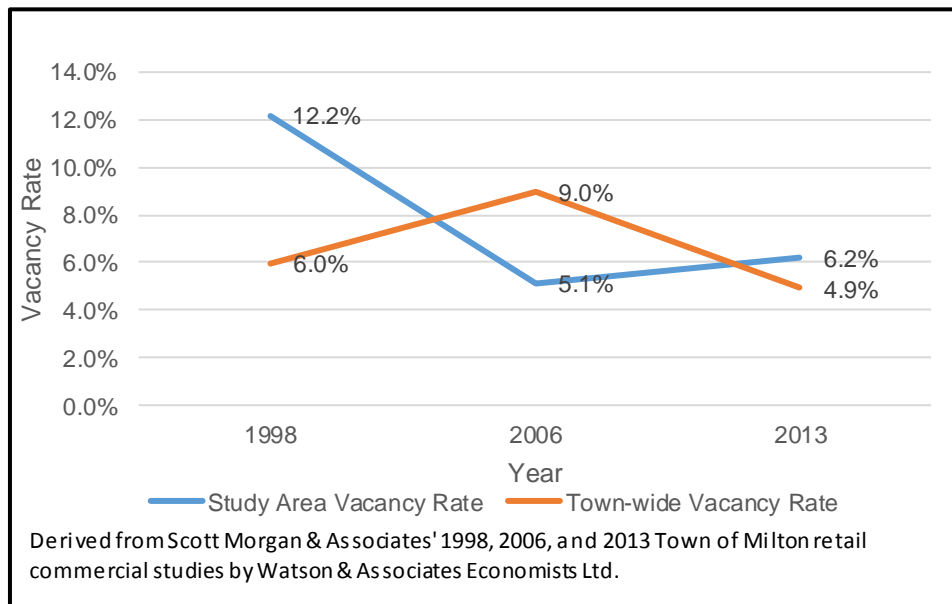
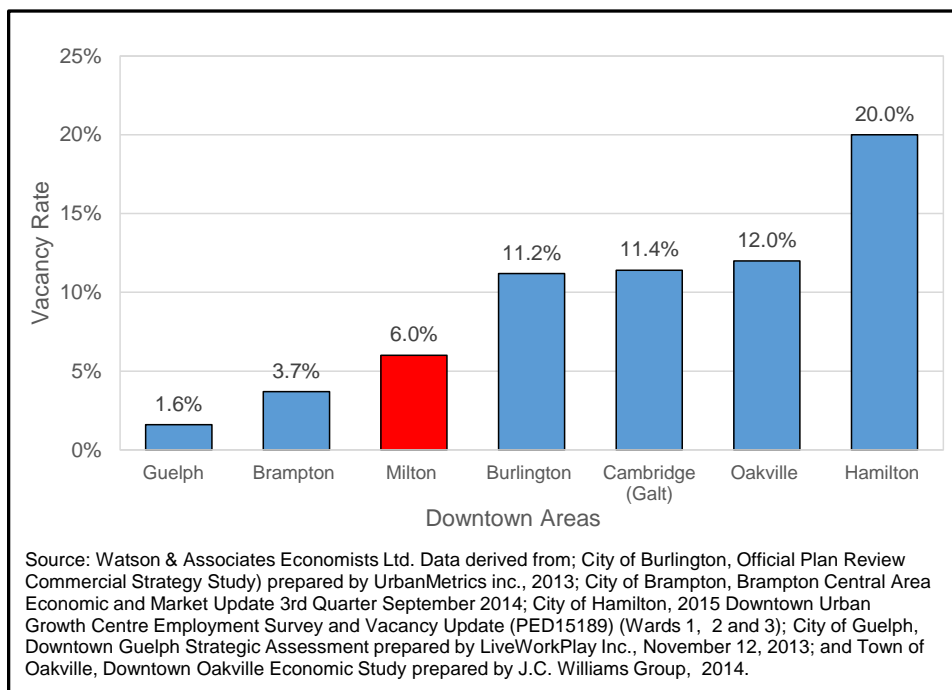
Over the past two decades, the study area has seen notable changes in its retail and service commercial base. Over the 1998 to 2013 period, the study area's retail and service commercial floor space expanded marginally from 231,000 sq.ft. in 1998 to 240,000 sq.ft. in 2013, as shown in Figure 6. During this time, the study area's share of Town-wide retail and service commercial floor space declined significantly from 19% to 8%.

Figure 6 – Study Area Retail and Service Commercial G.F.A., 1998 to 2013

Over the period, the study area's retail service commercial vacancy rate declined from 12% in 1998 to 6% in 2013, as illustrated in Figure 7. In 2013, the study area's vacancy rate was only marginally higher than the Town-wide average of 5%. As of 2016, the study area vacancy rate is estimated to be 6%,¹ suggesting that the vacancy rate has remained relatively stable since 2013. Many of the existing vacancies are within buildings on the periphery of the study area, while the vacancy rates within the core area along Main Street are relatively low.

The study area vacancy rate is relatively low compared to most downtown markets in neighbouring municipalities, as illustrated in Figure 8. This suggests that the retail commercial market within the study area is relatively healthy.

¹ Based on personal communication with Laurie Chambers, Executive Director, Downtown Milton B.I.A., May 3rd, 2016.

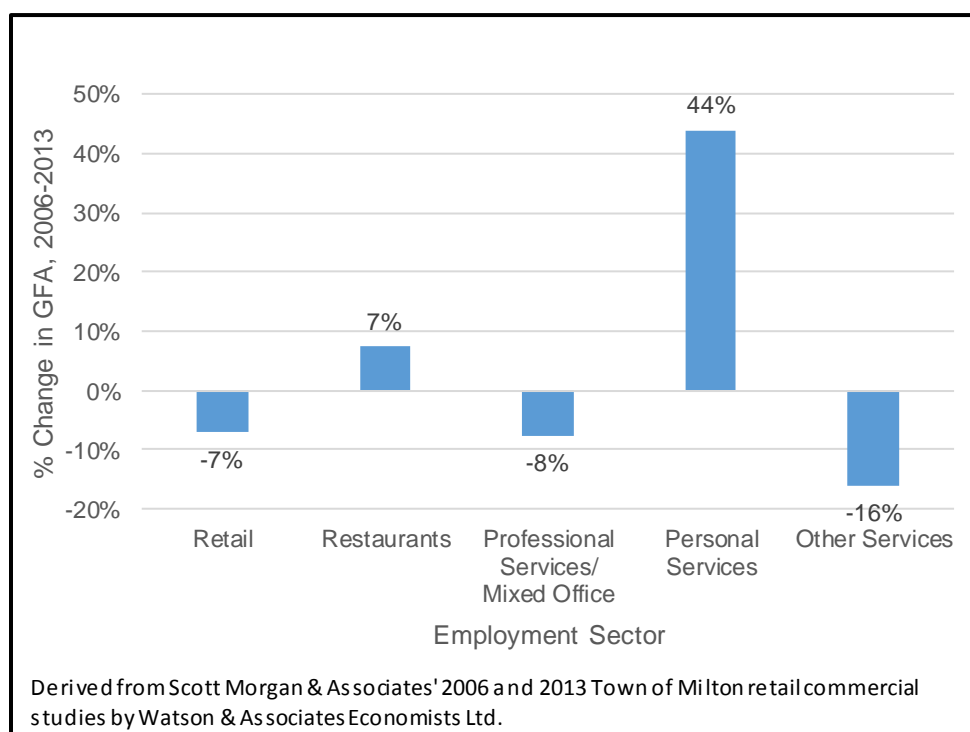
Figure 7 – Study Area Vacancy Rates, 1998 to 2013**Figure 8 – Downtown Vacancy Rates in Milton and Comparator Municipalities**

While the overall retail commercial service floor space has remained relatively stable over the past decade, there have been some notable trends by sub-sector, as illustrated in Figure 9. As shown, between 2006 and 2013, the restaurants and eateries floor space increased marginally (7%), while the floor space of personal services increased significantly (44%). Over the 2006 to 2013 period, the floor space of retail and professional services/mixed offices declined marginally (7% and 8%, respectively).

Floor space in other services, in comparison, declined by 16% during this same time period.

Over the 2006 to 2013 period, the downtown area has seen a decline in home furnishings and durable/semi-durable retail businesses. This decline is largely attributed to increased competition from large format retail stores that have been developed in the suburban market over the past decade. These losses have been largely offset by an increase in speciality retailing businesses.

Figure 9 – Study Area Change in Occupied Retail and Commercial Service G.F.A. by Sub-Sector, 2006 to 2013



3.3 Business and Employment Profile

The study area is home to approximately 185 businesses.¹ The vast majority (82%) of business are small in size (i.e. less than 10 employees). Major employers are relatively limited in number but include the Town of Milton (Town Hall), Martindale Gardens Retirement Residence, Total Care Transport Services and Sargent Farms.² Nearly three-quarters (73%) of the businesses within the study area are independent businesses, while 10% are classified as franchisees, 13% subsidiaries/branches and

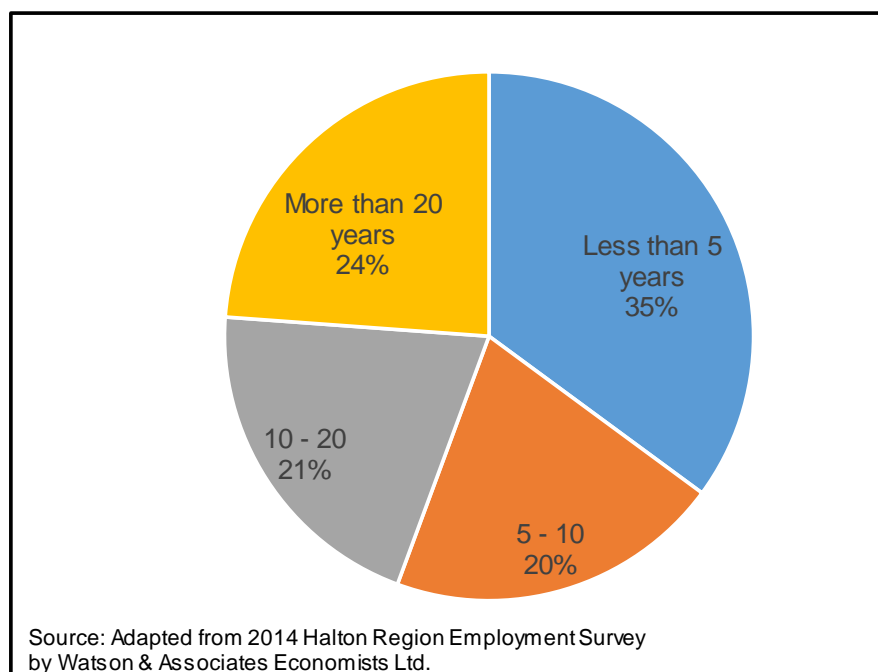
¹ Derived from 2014 Halton Region Employment Survey by Watson & Associates Economists Ltd.

² *Ibid.*

5% government/institutional.¹ Approximately four out of five businesses lease their floor space, while one-fifth own the business space.²

While a large share (45%) of businesses are long-time tenants, having been in their current space for 10 years or longer, approximately one-third of businesses have been in their current location for less than 5 years, as presented in Figure 10. This suggests that while there is a strong base of long-term businesses, the study area has also seen some turnover in tenancy.

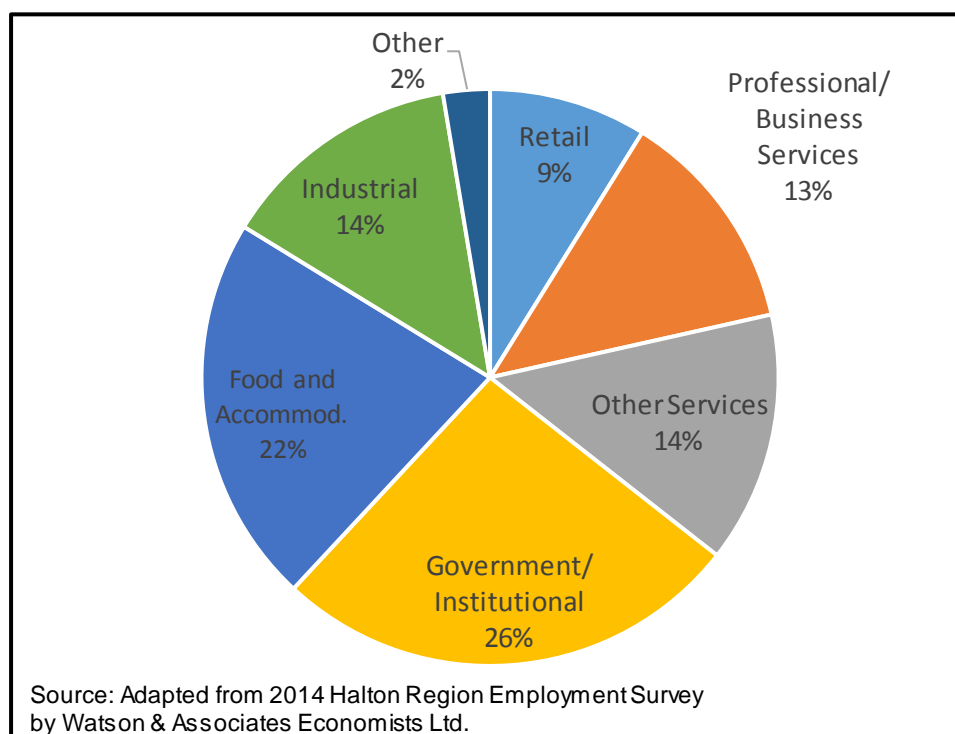
Figure 10 – Study Area Businesses and Length of Time at Current Location



Based on the 2014 Halton Region Employment Survey, the study area has 1,525 jobs, accounting for approximately 4% of the Town's employment base. As shown in Figure 11, one-quarter of employment within the study area is in the government/institutional sector. This is compared to 22% in food and accommodation, 13% in professional/business services, 14% in other services, 9% in retail and 14% in industrial. The retail sector accounts for a relatively small share of employment in the study area.

¹ Derived from 2014 Halton Region Employment Survey by Watson & Associates Economists Ltd.

² *Ibid.*

Figure 11 – Study Area Employment by Industry Sector

3.4 Population and Housing Profile

The study area has a moderately sized population and housing base. As of 2011, the estimated population of the area was 750, accommodated within 400 occupied dwelling units.¹ More than half the dwelling units and population reside in two high-density residential buildings located in the northeast corner of the study area. This includes 107 units within an apartment building (rentals) located at 82 Millside Drive and 148 units within a condominium building located at 100 Millside Drive.

Based on the employment profile presented in section 3.3, the downtown study area has approximately 2 jobs for every 1 person.

3.5 Existing Density

The downtown study area has a combined population and employment total of approximately 2,275, which represents an average density of 81 persons and jobs per gross ha. This is comparable to densities in Urban Growth Centres (U.G.C.s) in other municipalities of similar size within the Greater Golden Horseshoe (G.G.H.).

¹ Based on 2011 Statistics Canada Census data.

3.6 Recent Development Activity

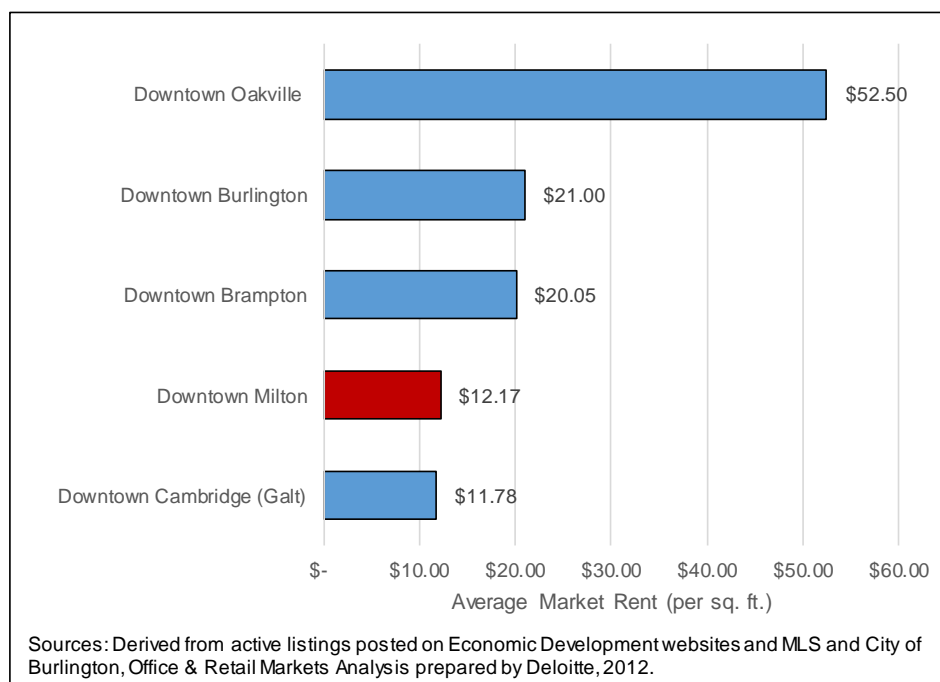
Over the past decade (2006 to 2015), the study area has seen limited residential and non-residential development activity. Within the commercial sector, only two small expansions totalling approximately 1,800 sq.ft. have been constructed over this period. The only new non-residential building development during this period was Milton's Town Hall (73,000 sq.ft. of floor space), which was constructed in 2007. Over the past decade, the study area has seen no new residential units constructed.

A 190-unit condominium development is proposed for Mill Street which would consist of two buildings (13 and 18 storeys each). This suggests that there is growing interest for residential development within the study area.

3.7 Market Rents

Retail market rents average \$12.17 per sq.ft. within the study area.¹ The lease rates for retail space in the study area are notably lower than in most neighbouring downtown markets, as shown in Figure 12. This suggests that retail sales revenue generation per sq.ft. is likely lower in downtown Milton than in most neighbouring markets.

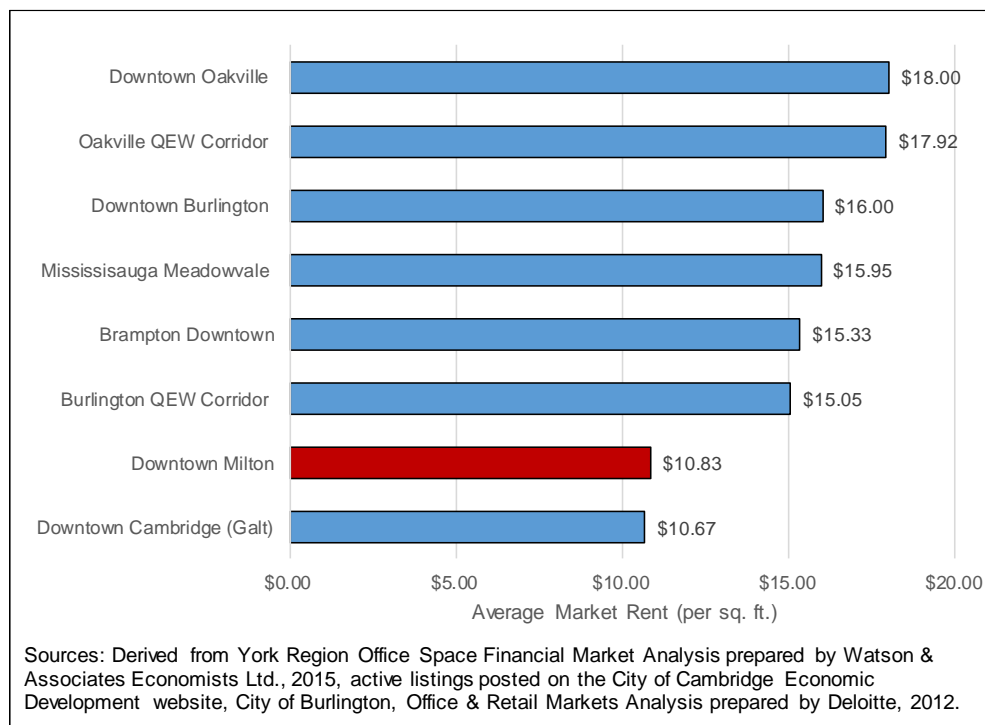
Figure 12 – Market Rents for Retail Space



¹ Watson & Associates primary market research, April 2016.

Office net market rents within the study area average \$10.83 per sq.ft.¹ Office rents in downtown Milton are relatively low compared to those in neighbouring employment areas and downtown markets, as presented in Figure 13. While the lower market rents in the study area may be partly explained through the quality of office space available, it does indicate that market demand for office space in Milton is lower than in most competing markets.

Figure 13 – Net Market Rents for Office Space



3.8 S.W.O.C Analysis

The study area was reviewed through a S.W.O.C. (strengths, weaknesses, opportunities, challenges) analysis as summarized in Figure 14.

¹ Watson & Associates primary market research, April 2016.

Figure 14 – S.W.O.C. Analysis

Strengths	Opportunities	Weaknesses	Challenges
<ul style="list-style-type: none"> • Study area contains a cohesive core of older and historic buildings which give the area a unique identity and appealing streetscape and character along Main Street • Notable employment and population base • Area anchored by notable open space (Rotary Park, Victoria Park) which is aesthetically pleasing and provides amenities to residents and workers • Retail and commercial sector is relatively robust characterized by relatively low vacancy rates • Patrons of commercial businesses include mix of local residents and suburban residents • Milton's downtown hosts a number of events which draw people to the area (e.g. farmers market) • Ample and inexpensive parking 	<ul style="list-style-type: none"> • Milton is expected to see robust growth through 2031 and an increasing share of development needs to be accommodated through intensification in major nodes/corridors including the study area • A range of underutilized parcels offer potential for intensification and redevelopment • Growing demand/interest in restaurants/eateries and specialty retailing 	<ul style="list-style-type: none"> • Limited physical size which may impact ability to generate a critical mass • Limited development activity in past decade • Relatively low market rents for office and retail space • Population within study area concentrated within northeast corner of study area, relatively limited population base west of Martin Street • Some derelict buildings/properties, which negatively impact the overall image of study area • Lack of grocery stores and limited retailers catering to everyday shopping needs • Lack of gateway or focal point (e.g. civic centre) which could anchor the area • Limited landscaping, lighting and street furniture, features which could give the area a more prestige character and inviting atmosphere • Not as pedestrian friendly as it could be (e.g. lack of suitable crosswalks across Main Street, no bench seating or bike racks) 	<ul style="list-style-type: none"> • The study area's share of Milton's commercial base has declined significantly over the past 15 years; strong competition from suburban markets • Large portion of land area is covered by flood plain which is not available for development/redevelopment • Existing industrial uses create land-use compatibility issues and traffic circulation concerns • Not in close proximity to Milton GO Train Station (access to high-order regional transit) • Majority of underutilized parcels identified for redevelopment potential are on the periphery of the study area and not along the Main Street corridor • Limited opportunities to accommodate office-based employment including "knowledge-based" sectors • Challenging environment for traditional retailing due to suburban competition, lack of customer volume • Historic nature of study area may limit size/scale of potential redevelopment

3.9 Observations

The study area is unique to Milton, containing a cohesive core of older and historic buildings which give the area a distinctive identity, and an appealing streetscape and character. While the study area has a relatively small land area, it has a notable retail and service commercial base centred along the Main Street East corridor, along with residential and government/institutional land uses located primarily along its periphery.

Over the past decade, the study area has seen limited residential and non-residential development activity. Nonetheless, the study area has seen changes in its retail and service commercial base. As in other downtown areas, the role of traditional retailing has diminished, which has been offset by the increased presence of restaurants/eateries and personal services. Vacancy rates have declined significantly suggesting that the sector's economic health has improved, though market rents remain relatively low. The role of the office sector remains modest and the area has seen limited growth in office-based uses.

With strong growth prospects for Milton and the unique assets which the study area offers, there is potential to expand and diversify the function and economic activities within the area. The opportunities for future growth are discussed in detail in Chapter 4.

4. Future Growth Potential in Milton's Downtown

As previously discussed, the study area contains a number of sites, totalling 1.8 net ha (4.4 net acres), that could be subject to redevelopment. From a physical capacity perspective, the area could accommodate a range of possible high-density residential and non-residential developments totalling approximately 380,000 sq.ft.¹

Future development potential for office, retail and residential development, including mixed-use development, from a market demand perspective, are discussed herein.

4.1 Office Development Potential

The G.T.H.A. has steadily shifted towards the service-sector and knowledge-based economy over the past decade. Knowledge is now recognized as the driver of productivity and economic growth, leading to a new focus on the role of information, technology and learning in economic performance. In an increasingly knowledge-based

¹ Physical capacity based on development of available lands at an average of 2.0 FAR.

environment, the ability to cultivate, retain and attract talented workers, high-value jobs and innovative businesses is vital for the future economic prosperity of Milton.

Shifting regional economic structure towards the knowledge-based and creative class economy is anticipated to be a key driver of the Town's commercial non-retail employment sector. While Milton's office market is currently limited, the Town is forecast to experience strong employment growth through 2031 in a number of office-based sectors such as professional, scientific and technical services and finance and insurance. A significant share of this employment growth is anticipated to be accommodated in major office¹ and multi-tenant commercial buildings.

In addition to a competitive cost environment, office development and associated employment sectors require access to skilled labour, proximity to related industry clusters (companies and public institutions such as universities), access to high order public transit,² prestige setting, access/exposure to major highways, ease of access/egress, proximity to amenities/services and potential for live/work opportunities.

The G.T.H.A. office market is in a period of transition and structural change, with an increasing demand for locations which offer access to high-order transit, a mixed-use environment, potential for live/work opportunities, and access/proximity to amenities and services. The quality and location of new office space are considered very important tools to attract and retain talent.³ As such, urban mixed-use environments are becoming increasingly desirable locations for office-related businesses.

While it is anticipated that the long-term market for office-based employment within Milton will be largely focused within the Town's employment areas (i.e. Derry Green Business Park, Trafalgar/Derry Lands, Milton Education Village), there are growing opportunities to accommodate knowledge-based sectors in more urban locations, most notably within the U.G.C. and the study area. The market for new office development within the G.T.H.A., however, is highly competitive and the study area will compete directly with other locations, including lands within the U.G.C. which are in immediate proximity to the GO train station as well as suburban employment areas and other urban mixed-use nodes within the west G.T.H.A.

¹ Reflects standalone office building greater than 20,000 sq.ft. (1,858 sq.m.).

² High order public transit includes all forms of transit service separated partially or completely from general vehicular traffic.

³ Emerging Trends in Real Estate, Canada and United States 2015, PricewaterhouseCoopers and Urban Land Institute.

Based on the market attributes of the study area and its redevelopment sites, site requirements for office development and anticipated trends in the sector, the study area's potential to accommodate office development is limited over the short to medium term but more favourable over the longer term. The study area offers an urban environment with access/proximity to amenities/services and potential for live/work which is increasingly desirable for office tenants. The study area, however, is not in proximity to the Town's GO train station, and from that perspective, the lands within the U.G.C. centred around the GO train station are more attractive for major office development.

Given the Town-wide growth potential in office-based employment over the long term (i.e. 2031) and the market attributes for office development within the study area, it is expected that office-based employment growth potential within the study area totals 100 to 200 jobs, representing 1% to 2% of the Town-wide employment growth in the sector over the 2016 to 2031 period. The study area's forecast office-based employment growth is expected to occur gradually over the time horizon.

The forecast office-based employment growth is expected to be concentrated in professional, scientific and technical services as well as finance, insurance and real estate. This represents approximately 25,000 to 50,000 sq.ft. of potential growth in office G.F.A., as summarized in Figure 15.

Figure 15 – Forecast Growth in Office-based Employment and Office G.F.A. within the Study Area, 2016 to 2031

	Potential Growth, 2016-2031		
Office-based Employment	100	-	200
Office GFA ¹ (sq.ft.)	25,000	-	50,000

1. Assumes 250 sq.ft. of GFA per employee

Based on a preliminary assessment, the economic viability of standalone major office development within the study area is currently unfavourable. This is attributed to the relatively low market rents, as highlighted in section 3.7 and the relatively high development costs due to the provision for underground parking. This is consistent with trends across the "905" area where the financial feasibility of standalone urban office development in secondary urban nodes/corridors is generally unfavourable.¹

¹ York Region Office Space Financial/Market Analysis and Marketing Plan Study, Watson & Associates Economists Ltd., 2015.

The analysis suggests that an urban office development without significant financial incentives needs to be part of a mixed-use development (i.e. combined with a residential component) in order to be economically viable.

4.2 Residential Development Potential

Many downtown areas in major cities across Canada have been enjoying positive population growth with people attracted to live in downtown areas close to high-quality amenities and in proximity to their workplaces, which reduces commute times.¹

The market potential for residential development within the study area will be determined by a number of market factors including demographic trends (population age structure, household size), housing costs in the local market, the character of the study area (community amenities, work opportunities, access to high order transit), site availability/suitability, and the potential for live-work opportunities.

Recent trends suggest that the local market is evolving to include more opportunities for high-density residential development, in part, due to eroding housing affordability and an aging population base. Housing location options within the Town's built boundary which offer proximity to employment, transit and services/amenities, are anticipated to show increasing market demand.

Over the 2016 to 2031 period, Milton's housing base is expected to expand by 45,000 units, of which nearly 20% (8,800 units) are forecast to be accommodated within the built boundary.² While the majority of units within the built boundary are expected to be accommodated within the U.G.C., approximately 1,000 high-density units are expected to be accommodated in areas outside the U.G.C.³ It is anticipated that between 10% and 20% of these units could potentially be accommodated within the study area, representing 100 to 200 units and 100,000 to 200,000 sq.ft. of residential G.F.A., as summarized in Figure 16. This would expand the study area's population by 150 to 300 people. The forecast population growth within the study area is expected to occur gradually over the time horizon.

¹ Canadian Urban Institute, The Value in Investing in Canadian Downtowns, 2012.

² Halton Region 2011 Best Planning Estimates (B.P.E.).

³ *Ibid.*

Figure 16 – Forecast Housing and Population Growth within the Study Area, 2016 to 2031

	Potential Growth, 2016-2031	
High Density Housing Units	100	200
Residential GFA (sq. ft.) ¹	100,000	200,000
Population ²	150	300

1. Assumes average of 1000 sq.ft. per dwelling unit

2. Assumes average PPU (persons per unit) of 1.5

Given the generally higher return on investment associated with suburban type development in greenfield areas, challenges often exist when pursuing projects oriented to higher density within the built boundary. High-density residential projects require large upfront investment, which is riskier than low-density development that can be phased/timed according to market demand. They also typically require underground parking which is more expensive to implement than surface parking, and land costs tend to be higher in built-up areas relative to greenfield locations.

A high-level examination of the potential market feasibility (based on typical development costs and revenues) associated with a prototypical new high-density residential development considered appropriate for the study area was undertaken through a high-level pro forma analysis.¹ Market demand and prices for condominiums within Milton are relatively strong. At a market value of \$380 to \$420 per square foot, representing typical prices for newer condominium developments within the central area of Milton, the analysis indicates that high-density residential development of this type within the study area is currently economically viable.² A more detailed pro forma analysis would need to be undertaken through subsequent study to validate these findings.

4.3 Retail Development Potential

The forecast growth in potential local population and employment within the study area is expected to have limited impact on the demand for additional retail/commercial service G.F.A. within the study area. With a potential increase of 100 to 200 office-based jobs and 200 to 300 population within the study area, as discussed in sections

¹ Condominium development characterized by a 4-storey structure with underground parking and a Floor Space Index of 2.0.

² Market prices based on a survey of newer condominium developments within the central area of Milton. Economic viability of residential development within the study area would need to be subject to a more detailed assessment to validate.

4.1 and 4.2, respectively, the demand for retail/commercial service G.F.A. in the study area could increase by approximately 4,000 to 8,000 sq.ft. over the forecast period, as summarized in Figure 17.

Figure 17 – Forecast Growth in Retail G.F.A. within the Study Area, 2016 to 2031

Demand Drivers	Potential Growth in Retail GFA, 2016-2031	
Local Employment Growth	1,250 -	2,500
Local Population Growth	2,750 -	5,500
Total	4,000 -	8,000

Source: Watson & Associates Economists Ltd.

Town-wide population growth within Milton over the 2016 to 2031 period is expected to be a more dominant driver of demand for additional retail/commercial service G.F.A. within the study area than the forecast growth in local population and employment. Quantifying the extent of this potential demand, however, is challenging given the number of factors which will influence future visitation patterns to the study area. This includes the relative future competitiveness of the study area in comparison to suburban markets for retail development, as well as the prevalence of anchor uses and events and their potential to draw outside residents to the area. This will be partly determined through the ability of the Town to market and promote the study area as a unique shopping experience and the extent to which it can leverage anchor uses/events and other assets to draw Town residents to the study area.

It is expected that the study area's share of Town-wide retail/commercial services G.F.A. will continue to decline over the forecast period as suburban retail development continues to expand at a strong rate, albeit at a slower rate than in the past decade. The retail/commercial service sector, however, has the potential to benefit from the strong Town-wide population growth that is expected over the forecast period. By capitalizing on this, the study area's role in the retail/commercial services sector can be stabilized over the longer term.

4.4 Market Potential of Key Redevelopment Sites

Of the redevelopment sites available, five sites (highlighted in blue outlines) have sufficient size to accommodate a medium- to large-scale development, as identified in Figure 18. The five sites range in size between 0.2 and 0.4 ha (0.5 and 1.0 acres), with the majority owned by the Town of Milton, as shown in Figure 19. The remaining sites are relatively small in size and have the potential for small infill projects.

Figure 18 – Study Area Redevelopment Sites

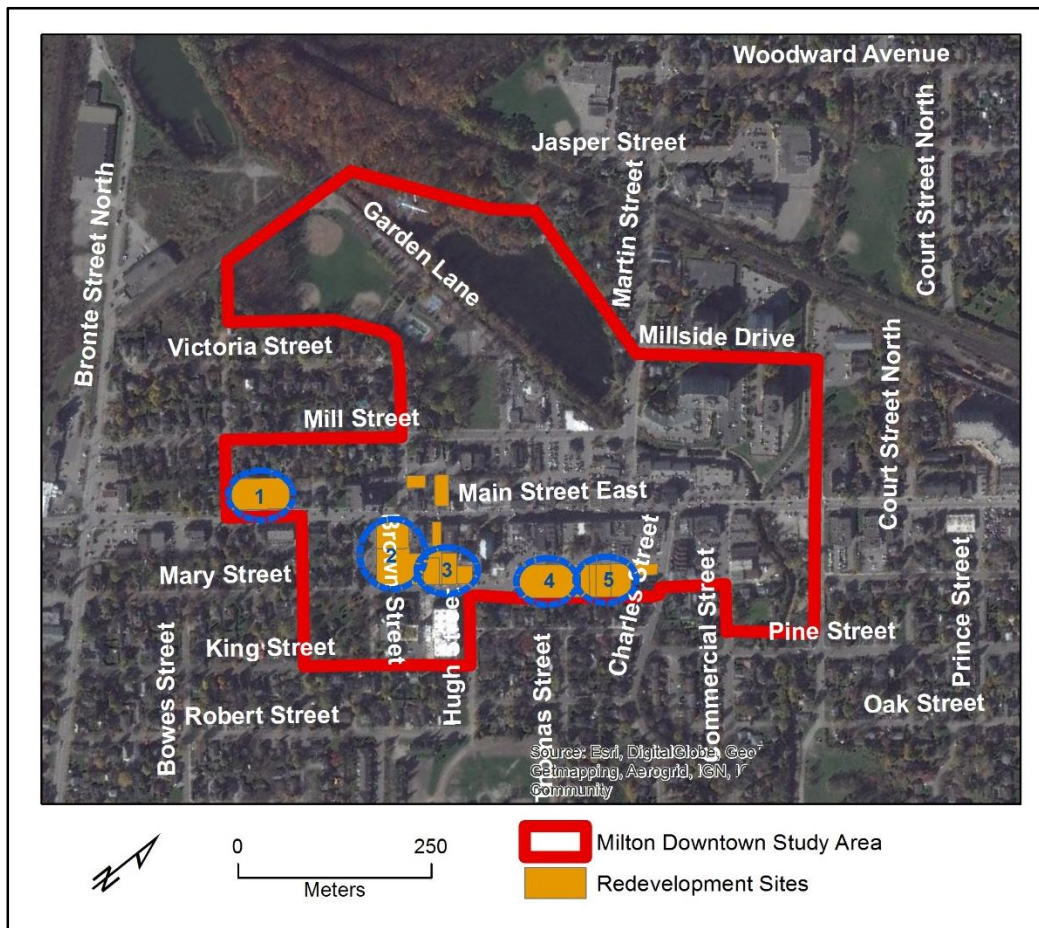


Figure 19 – Key Redevelopment Sites Characteristics

Site #	Address	Site Size (Ha)	Owner
1	69 Main Street East	0.3	Private
2	128 Main Street East/25 Brown Street	0.4	Town of Milton
3	147, 155, 167 Mary Street	0.2	Town of Milton
4	188 Mary Street	0.3	Town of Milton
5	216, 214, 222, 230 Mary Street	0.3	Town of Milton/Private

The five identified redevelopment sites are discussed in greater detail in the following sections with respect to market potential for office, residential, retail and mixed-use development.

Site 1

- This site is located on the edge of the downtown core and has frontage along Main Street East, an arterial roadway with good access and visibility. As well, this site has direct access to public transit and is in proximity to a major north-

south arterial (Bronte Street). The site offers a corner lot with frontage on a major arterial with access to a minor roadway.

- Offers high potential for office development given its frontage/visibility on an arterial roadway, relatively good vehicular access and access to public transit.
- High market potential for high-density residential development given its location on an arterial roadway (Main Street East) with access to public transit and direct access to local amenities/services.
- Ideal for larger retailers (3,000 sq.ft.+) which depend on intercepting a mix of traffic from vehicles and pedestrians, and the corner lot offers points of egress and ingress for frequent deliveries.
- Pedestrian traffic is low (relative to area); retail and office development are more dependent on vehicles and local population.

Site 2

- Site 2 has a central location, with frontage, access/visibility on three roadways, including an arterial roadway (Main Street East), as well as direct access to public transit.
- Offers high potential for office development due to its central location, in proximity to the commercial core and Town Hall and with frontage along Main Street East, which offers good access and visibility.
- High market potential for high-density residential development given its central location on an arterial roadway (Main Street East) with access to public transit and direct access to local amenities/services and local employment opportunities.
- Ideal for a range of retail uses, including larger retailers (3,000 sq.ft.+) that depend on intercepting a mix of traffic from vehicles and pedestrians, and the corner lot offers points of egress and ingress for frequent deliveries.
- Pedestrian traffic is high (relative to area) which is favourable for ground-floor non-residential development.
- Given its size and market attributes, Site 2 has the broadest range of redevelopment prospects of the sites discussed herein.

Site 3

- Site 3 is located on a local roadway (Mary Street) and doesn't have direct access to public transit. Pedestrian traffic along Mary Street is relatively low.
- Site has the potential to leverage its central location, next to Town Hall and Site 2.

- Offers moderate potential for office development given its central location, though frontage on a local street (Mary Street) is a less favourable market attribute with reduced access/visibility than sites on Main Street East.
- Moderate potential for high-density residential development given its location on a local roadway with no direct access to public transit and a greater distance to access services/amenities than Sites 1 and 2.
- Limited potential for retail uses. Appeals to only a select number of retail and service commercial categories due to lack of exposure from a major arterial road (Main Street). Appeals to certain retail and service categories, such as those that are less dependent on walk-in traffic but favour a general location in a downtown area.

Sites 4 and 5

- Sites 4 and 5 are located at the east end of Mary Street, on the periphery of the study area. These sites do not have direct access to public transit, have frontage on a local roadway with poor visibility/exposure and have very limited pedestrian traffic.
- Less favourable for office development than the other three sites, given their frontage on a local street (Mary Street), no direct access to public transit and location on the periphery of the study area.
- Moderate potential for high-density residential development given their location on the periphery of the study area, with no direct access to public transit on Mary Street and a greater distance/access to services/amenities than Sites 1 and 2. Despite these drawbacks, these sites are quieter locations with respect to traffic which may have a certain market appeal.
- Limited potential for retail development. Appeal to only a select number of retail and service commercial categories due to the lack of arterial road exposure (Main Street). Appeal to certain retail and service categories, such as those that are less dependent on walk-in traffic but favour a general location in a downtown area.

Based on the market demand for office, residential and retail development within the study area discussed in sections 4.1 through 4.3 and the site characteristics of the five key redevelopment sites discussed above, a summary of the market potential for each site is presented in Figure 20.

Figure 20 – Market Potential of Key Redevelopment Sites

Site #	Market Potential		
	Office	Residential	Retail
1	High*	High	Moderate
2	High*	High	High
3	Moderate*	Moderate	Low
4	Low	Moderate	Low
5	Low	Moderate	Low

Source: Watson & Associates Economists Ltd.

* as part of mixed use development

Based on the market potential findings presented in Figure 20, Site 2 has the highest overall potential for redevelopment, based on its potential for high-density residential, office and retail uses. This is followed by Site 1 which has high market potential for high-density residential and office uses and moderate potential for retail uses. In comparison, the development potential for Site 3 is moderately lower while the potential development of Sites 4 and 5 is relatively low for a mixed-use development, namely because of the relatively low potential for office or retail uses. Having said that, Sites 4 and 5 have moderate potential for standalone high-density residential. Any future potential realignment of Mary Street may improve the marketability of these lands.

4.5 Potential Role for the Town in Redevelopment Initiatives

Generally, redevelopment projects are often more challenging and more expensive than greenfield projects. This requires exploring the possible use of financial tools as a means to facilitate the redevelopment of sites within the study area, particularly for office and retail uses. Further, as previously discussed, 65% of the redevelopment lands within the study area are owned by the Town which offers additional possibilities for the role of the municipality in the development of these lands. These are discussed below:

4.4.1 Financial Tools

Under the current legislative framework, a range of financial incentive tools/programs could be used as a means to facilitate and encourage redevelopment within the study area, particularly for office and retail development, such as development charge exemptions, redevelopment/rehabilitation grant programs, redevelopment loan programs and waiving or refunding building application fees. Many of these incentives could be implemented through Community Improvement Programs (CIP) where a range of grants, loans and other incentives could be made available.

The potential benefits of financial incentives (in terms of actually encouraging development that otherwise would not have occurred) must be carefully weighed against the potential impacts on development charges and other municipal revenues, as well as in terms of the impact on the municipal tax levy or user rates. The Town should be strategic in their use, in terms of where these are applied and where they are fiscally sustainable.

4.4.2 Redevelopment of Town-Owned Lands

A large share of the redevelopment sites is owned by the Town which offers a unique opportunity to initiate and partner in redevelopment projects with the private sector. This could occur through various scenarios including public-private partnerships¹ (PPPs) and ground leasing. Both are a potential means to facilitate and encourage redevelopment of the subject lands.

Public-Private Partnerships

The Town of Milton has successfully partnered with the private sector on a range of development projects including the Town of Milton public library, Milton Centre for the Arts and the Mattamy National Cycling Centre. Public-private partnerships offer a potential approach to make possible the completion of projects that would not be possible using more traditional methods of economic development and have been used increasingly for redevelopment projects.²

Through a public-private partnership, key redevelopment sites owned by the Town could be developed for a landmark building that could potentially raise the profile of the study area and encourage further private sector investment and development. In Canada, a PPP model could incorporate a number of uses including civic buildings, community and recreation facilities, conventions centres, housing and parking.³

PPPs are a collaborative process with each party having something unique to offer to the project. The Town can potentially leverage and maximize public assets and increase their control over the development process and outcome, while private sector

¹ The Canadian Council for Public-Private Partnerships defines PPPs as “a cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.”

² Ten Principles for Successful Public/Private Partnerships, Urban Land Institute, Corrigan, Mary Beth, et al., 2005.

³ Public-Private Partnerships, A Guide for Municipalities, The Canadian Council for Public-Private Partnerships, November 2011.

is given greater access to land and infill sites and receive more support throughout the development process.¹ PPPs can be an effective mechanism to minimize risk, whereby the Town can share the risk with the private sector partner by not having to finance the project entirely on its own.

A number of steps would need to be undertaken before a PPP could be initiated. Building on the Town's Downtown Study, including the market assessment presented herein, a development strategy would need to be prepared which would identify the subject redevelopment site(s) being considered for a PPP, as well as a public vision and concept plan for the lands. The Town would also need to ensure that the project can be developed through a PPP, in accordance with the applicable provincial legislative and regulatory framework, and confirm that a PPP is the appropriate model to be used for the project. Further, there are many varying PPP models and the Town would need to assess its role in any potential project.

Ground Leasing

Another option for Milton is to lease the Town-owned lands to a developer(s) for a period of time. Known as a ground lease, the long-term lease of lands (typically 99 years) would obligate the developer to construct predefined commercial and/or residential development on the subject lands. During the term of the lease, the developer would own and manage the improvements to the land (i.e. buildings) and would retain the associated rents/revenues. During the lease period, the Town would remain the land owner and would receive lease payments from the developer for the use of the land. At the termination of the lease, the land and the buildings would revert to the Town.

The developer would take on the risks/obligations and financing for the development but by not having to purchase the land, the developer would reduce the initial development costs thereby increasing the financial viability of the project.

5. Review of Existing Policies and Permissions within the Study Area

A review of existing policies and permissions related to office, high-density residential and retail uses within the study area was undertaken to evaluate their effectiveness in

¹ Ten Principles for Successful Public/Private Partnerships, Urban Land Institute, Corrigan, Mary Beth, et al., 2005.

accommodating market potential and to identify opportunities to strengthen the viability of the study area. This review, along with recommendations, is presented herein.

5.1 Land Use Designations and Zoning

The study area's developed and developable lands are located within the Town's Central Business District designation. The Town's Official Plan (O.P.) section 3.5.1.1 identifies the Central Business District as a multi-use area that is a focal point for the community for commercial and other services, as well as major residential development, and has continued opportunities for enhancement through redevelopment. Section 3.5.3.1 identifies that permitted buildings may include mixed-use buildings which incorporate both residential and non-residential uses. The O.P. also recognizes the existing legacy industrial uses but recognizes that once these uses are terminated, they will no longer be permitted, as stated in section 3.5.2.1 e).

The Town's O.P. effectively captures the function and vision of the study area, including how it relates to commercial, community and residential uses including the provision for mixed-use development. Mixed-use development is considered a key component to creating a more balanced and fully functioning study area.

In accordance with Schedule "C" of the Town's O.P., the study area is divided into a number of sub-areas including a Core Commercial Sub-Area, a Secondary Commercial Sub-Area, an Institutional Sub-Area, a Low-Density Residential Sub-Area, a Community Park Sub-Area and a Greenlands A Area. The study area's commercial areas, including the redevelopment sites discussed in section 4, are within the Core Commercial Sub-Area and the Secondary Commercial Sub-Area. The commercial areas identified in the O.P. are mirrored in the Town of Milton's zoning by-law, which identifies two commercial zone classes within the study area. This includes the Central Business District Core Commercial Zone (CBD-A) and Central Business District Secondary Commercial Zone (CBD-B). The majority of the commercial lands within the study area are zoned Core Commercial with only the western and eastern periphery designated Secondary Commercial. The discussion herein focuses on the permitted uses and permissions within these two commercial zones.

5.2 Permitted Uses

In accordance with section 3.5.2.1 of the O.P., principal permitted uses within the Central Business District, "shall be the full range of commercial uses including retail, office, and service commercial uses and community facilities, including a diversified mixture of basic shopping facilities, specialty retail, business and professional offices,

personal service uses, special needs housing, and religious, recreational, entertainment and cultural facilities.” Further, section 3.5.2.1 c) identifies that a full range of medium and high-density residential and related uses shall be permitted; however, in accordance with the Town’s zoning by-law section 7.1, residential development is only permitted in the Core Commercial and Secondary Commercial Zone as part of a mixed-use development, where residential development is permitted on the upper floors. The Town’s O.P. also identifies that in mixed-use buildings, retail commercial uses that allow for a "storefront" presence should be encouraged to locate on the ground floor.

Section 3.5.3.28 of the O.P. identifies the Core Commercial area as a major node of retail commercial and institutional uses and that, “new development and redevelopment in this area should reinforce its character as a pedestrian shopping area in a traditional setting” with emphasis on “pedestrian traffic generating activities, particularly retail commercial uses located at grade level, with office and/or residential uses in second storey locations.” Permitted uses within the Secondary Commercial Sub-Area are less limiting in terms of development and permitted uses than the Core Commercial Sub-Area. In accordance with section 3.5.3.29, permitted uses within the Secondary Commercial Sub-Area on Schedule "C" include a full range of service commercial, office and institutional uses which are supportive of the Core Commercial, Commercial Node and Mixed Use Sub-Areas including restaurants, home furnishing and renovation service uses, personal service uses, financial service uses and existing retail uses.

In accordance with the Town’s zoning by-law, the Core Commercial and Secondary Commercial Zone permits a range of small-scale retail development (less than 2,750 m²) through the provision for Convenience Stores, Retail Store 1 and Retail Store 2 permitted uses. The zones also permit a full range of restaurant related uses. The provision for retail and restaurant related uses within the study area is considered appropriate for the market demand and potential identified, and in keeping with the built form and character of the study area and the focus on pedestrian-oriented activities.

The Core Commercial Zone and, to a lesser degree, the Secondary Commercial Zone are quite restrictive with respect to non-retail commercial uses. Though the two zones provide for personal service shops, laundromats and dry cleaning depots, other amenities are not permitted within the Core Commercial Zone, including fitness centres, day nurseries, places of worship, and medical clinics. Potential anchors/civic uses such as community centres and libraries are not permitted in either zone. As well, hotels, night clubs, banquet facilities and places of entertainment are also not permitted in either zone which greatly limits activity levels during evening hours within the study area. The restrictive nature of the Town’s zoning by-law with respect to these non-retail

commercial uses within the study area's commercial zones is considered a potential constraint to future redevelopment of the area and optimizing its viability.

In accordance with the Town's zoning by-law, standalone office buildings are not permitted in the Core Commercial Zone, which is appropriate given the nature and role of the Zone and the limited market potential for such building typologies. Office-based uses within the Core Commercial Zone are also restricted to upper floors (discussed further in section 5.3). Office development is less restrictive in the Secondary Commercial Zone. Standalone office buildings and office based uses on the ground floor (and upper floors) are permitted in the Secondary Commercial Zone which provides for opportunities for such development within the study area. This appears appropriate given the function and role of the zone, albeit there are limited sites within the study area that are zoned Secondary Commercial.

5.3 Development Parameters and Restrictions

The Town's O.P. identifies a number of development restrictions within the study area with respect to built form. Building heights within the Core Commercial Sub-Area and the Secondary Commercial Sub-Area are limited to four storeys, in accordance with OP Section 3.5.1.5 and corresponding Schedule "C." Within the Core Commercial Sub-Area, a minimum height of two storeys is also required for new development (section 3.5.3.28 d)). Further, according to O.P. section 3.5.2.1 b), the zoning by-law shall limit the maximum floor space of individual retail uses within the study area to approximately 2,750 square metres.

The stipulated building height restrictions within the study area may create some additional challenges for the feasibility of redevelopment projects in the study area, but the height restrictions are considered appropriate given the historic character and the existing built form of the commercial area and neighbouring low-density residential land uses. The limit on maximum individual retail uses is also considered appropriate given the nature of retailing activity within the study area and intended function and form of the area.

The Town's O.P. policies and zoning by-law also have restrictions on permitted ground-floor uses. Within the Core Commercial Sub-Area, section 3.5.3.28 identifies that, "new development and redevelopment in this area should reinforce its character as a pedestrian shopping area in a traditional setting." Section 3.5.3.28 a) identifies that pedestrian traffic generating activities, particularly retail commercial uses, be located at grade level, with office and/or residential uses in second storey locations. In accordance with the Town's zoning by-law, residential uses are permitted only on upper

floors within the Core Commercial and Secondary Commercial Zones. Further, office based uses, including administrative and clerical functions carried out in the management of a business, professional service, organization or public administration, are not permitted on the ground floor within the Core Commercial Zone. Offices of a mortgage broker, insurance broker, and investment or financial planners, are also not permitted on the ground floor in the Core Commercial Zone unless within a standalone bank building.

Given the desire to develop mixed-use developments within the study area and the important role that ground floors play for non-residential uses in downtown settings, it is appropriate that the zoning restricts residential development to upper floors within the Core Commercial and Secondary Commercial Sub-Areas. The provision for mixed-use development also allows for sufficient opportunities to accommodate the residential development potential identified in section 4.

The appropriateness of restrictions on ground-floor office-based uses in the Core Commercial Zone is less clear. Ground-floor retail uses generally have large windows and are open to walk-in traffic, which encourages interaction between the public and the occupants of the building, as well as providing a sense of security for the pedestrian.¹ In addition, they provide the opportunity for a “spill-out” of activity outside the building (e.g. restaurant patios, sidewalk sales, etc.) which further animates the street. While retail users are the preferred use of ground-floor retail, there are office uses that do depend upon the retail storefront for their business, including business-to-consumer financial, insurance and real estate services. These uses provide additional opportunities for local residents to visit the downtown and contribute towards building a multi-functional area. Other office users, typically do not depend upon the traffic passing the office and interaction of the downtown area.

5.4 Recommendations

Based on the review of the existing policy framework and the findings of the market analysis, the following are recommendations on corresponding changes to permissible uses in the study area:

¹ The City of Mississauga, Downtown Core Built Form Standards, January 2013.

Broaden Permitted Uses within Core Commercial and Secondary Commercial Zones

The Town's zoning by-law is considered overly restrictive with respect to non-retail commercial uses within the Core Commercial Zone and Secondary Commercial Zone. In order for the study area to be more attractive for residential and office-based employment and to develop as a more dynamic multi-functional node, the study area needs to provide potential to accommodate a greater range of amenities and services which will appeal to both residents and employees alike. By expanding the permitted uses within the Core Commercial Zone and Secondary Commercial Zone, it will expand the redevelopment potential of the sites. It is recommended that the Town's zoning by-law be amended to incorporate the additional uses within the Core Commercial Zone and Secondary Commercial Sub-Area, as identified in Figure 21. This includes allowing for day nurseries, fitness centres and medical clinics on upper floors within the Core Commercial Zone, and banquet facilities, community centres, hotels, libraries, night clubs, places of entertainment and places of worship within the Secondary Commercial Zone.

Figure 21 – Recommended Changes to Permitted Uses

Use	Add to Permitted Uses	
	CBD-A Core Commercial	CBD-B Secondary Commercial
Banquet Facility		X
Community Centre		X
Day Nursery	X*	Currently Permitted
Fitness Centre	X*	Currently Permitted
Hotel		X
Library		X
Medical Clinic	X*	Currently Permitted
Night Club		X
Place of Entertainment		X
Place of Worship		X

*On upper floors only (not on ground level)

Expanded Permissions for Ground-Floor Office in Core Commercial Zone

It is recognized that ground-floor space within the Core Commercial Zone should be utilized primarily for retail uses, including restaurants, which generate pedestrian activity; however, as previously discussed, there are a number of office uses which also rely on the retail storefront for their business. It is recommended that business-to-consumer financial, insurance and real estate services be permitted on the ground floor of development within the Core Commercial Zone.

Reclassification of Commercial Zones within the Study Area

Based on the market attributes of the study area and the policies and permissions related to Core Commercial and Secondary Commercial Zones, it is recommended that changes be made to the commercial designations and zoning within the study area to better reflect market opportunities. It is recommended that parcels within the study area that do not have frontage on Main Street or Martin Street, which are currently designated/zoned Core Commercial in accordance with O.P. Schedule “C” and the Town’s zoning by-law, respectively, be re-designated/rezoned to Secondary Commercial. This would reduce parcels with the Core Commercial designation/zoning within the study area to only those with frontage on Main Street and Martin Street and expand the commercial area zoned Secondary Commercial.

Limiting the Core Commercial Zone to parcels along Main Street will help reinforce the character and role of the pedestrian-oriented retailing node along Main Street, while enhancing the redevelopment potential of surrounding sites and the expanded supporting role of Secondary Commercial Zone. Within the expanded Secondary Commercial Zone, where activity levels are currently lower than along Main Street, there will be greater opportunities to accommodate development, including office development (standalone and ground floor), as well as other amenities including hotels, libraries, community centres, night clubs and places of entertainment. Collectively, this will offer the potential for a broader range of uses and lead to a more diverse and multi-functional study area.

6. Conclusions

Over the past decade, a major revitalization of Canadian downtowns has begun to occur which has transformed many locations into more dynamic and multi-functioning nodes. The role of downtowns within the context of the broader community has changed as a result, with less emphasis on traditional retail activity and more emphasis on a diverse range of non-residential and residential uses.

With the diminishing role of retailing in downtown areas and the more multi-functional environment, the factors driving the success of downtown areas are more diverse, interdependent and complex than in the past. The economic health and vibrancy of downtown areas are dependent on a number of factors, including a range of demand drivers and local assets

The study area is unique to Milton, containing a cohesive core of older and historic buildings which give the area a distinctive identity, and an appealing streetscape and

character. While the study area has a relatively small land area, it has a notable retail and service commercial base centred along the Main Street East corridor, along with residential and government/institutional land uses located primarily along the periphery.

Over the past decade, the study area has seen limited residential and non-residential development activity. Nonetheless, the study area has seen changes in its retail and service commercial base. As in other downtown areas, the role of traditional retailing has diminished, which has been offset by the increased presence of restaurants/eateries and personal services. Vacancy rates have declined significantly suggesting that the sector's economic health has improved, though market rents remain relatively low. The role of the office sector remains modest and the area has seen limited growth in office-based uses.

Given the renewed interest in downtown areas, the strong growth prospects for Milton and the unique assets which the study area offers, there is potential to expand and diversify the function and economic activities within the area. As the Town continues to expand and mature, there will also be a need to capitalize on these opportunities to accommodate future growth.

With respect to the office sector, the regional office market is in a period of transition and structural change, with urban mixed-use environments becoming increasingly desirable locations for office-related businesses. While it is anticipated that future office-based employment growth within Milton will be largely focused within the Town's employment areas, it is expected that office-based employment growth potential within the study area totals 100 to 200 jobs, representing 1% to 2% of the Town-wide employment growth in the sector over the 2016 to 2031 period. This represents approximately 25,000 to 50,000 sq.ft. of potential growth in office G.F.A. within the study area over the period.

Based on a preliminary assessment, the economic viability of standalone major office development within the study area is currently unfavourable, which is consistent with trends across the "905" area. The analysis suggests that an urban office development without significant financial incentives needs to be part of a mixed-use development (i.e. combined with a residential component) in order to be economically viable.

With respect to development for the residential sector, recent trends suggest that the local market is evolving to include more opportunities for high-density residential development. Based on future housing growth in Milton and forecast development trends within the built boundary, the market potential for housing development within the study area totals 100 to 200 high-density residential units, representing approximately

100,000 to 200,000 sq.ft. of residential G.F.A. This would expand the study area's population by 150 to 300 people.

A high-level examination of the potential market feasibility (based on typical development costs and revenues) indicates that high-density residential development within the study area is currently economically viable. A more detailed pro forma analysis, however, would need to be undertaken through subsequent study to validate these findings.

The forecast growth in potential local population and employment within the study area is expected to have limited impact on the demand for additional retail/commercial service G.F.A. within the study area. With a potential increase of 100 to 200 office-based jobs and 200 to 300 population within the study area, the demand for retail/commercial service G.F.A. in the study area could increase by approximately 4,000 to 8,000 sq.ft. over the forecast period. Town-wide population growth within Milton over the 2016 to 2031 period is expected to be a more dominant driver of demand for additional retail/commercial service G.F.A. within the study area than the forecast growth in local population and employment.

The study area contains a number of underutilized parcels which offer opportunities for redevelopment to accommodate the identified future growth potential. This includes five sites with sufficient size to accommodate a medium- to large-scale development. Of these, three have moderate to high potential to accommodate a range of mixed-use development encompassing office, residential and retail development.

The Town needs to build on and leverage the study area's unique attributes in future redevelopment initiatives. Milton needs to also prioritize its efforts to encourage and promote redevelopment where the potential is highest. This includes ensuring that planning policies and permissions are supportive of redevelopment initiatives and exploring the potential use of financial tools and development scenarios such as PPPs where fiscally sustainable.

Based on the review of the existing local policy framework and zoning and the results of the market analysis, a series of changes to the Town's O.P. and zoning by-law is recommended to maximize the future development potential of the study area. This includes:

- Broadening permitted uses within the Core Commercial and Secondary Commercial Zones;
- Expanding permissions for ground-floor office in the Core Commercial Zone; and

- Reclassifying Commercial Zones within the study area.

Through the recommended changes in the local policy framework and zoning, along with long-term redevelopment of the underutilized sites combined with the leveraging of local assets, the area is expected to evolve and diversify into a more important and focal multi-functional node within the broader Milton community.