

SCHEDULE D

PEER REVIEW PROCESS

1. Retail Impact Study for Sydenham Heights Centre, Owen Sound prepared by JC Williams Group dated December 9, 2020
2. Sydenham Heights Centre – Peer Review Questions prepared by Tate Economic Research Inc dated February 11, 2021
3. JC Williams Group response dated February 25, 2021
4. Email Exchange between JC Williams Group and Tate Economic Research re Downtown Food Service Operators dated February 26, 2021
5. Memo re Peer Review of JC Williams Group Retail Impact Study for Sydenham Heights Centre prepared by Dave Aston (MHBC) dated March 19, 2021
6. Response to Peer Review:
 - a. JC Williams Group response to Peer Review prepared by Maureen Atkinson dated May 4, 2021
 - b. Cuesta Planning Consultants prepared by Genevieve Scott dated May 7, 2021
7. Email from Dave Aston (MHBC) to City Staff re proposed by-law wording re restaurants

J. C. Williams Group

Retail Impact Study for Sydenham Heights Centre, Owen Sound



December 9, 2020

Prepared for:

Prepared by:

THOMPSON
centres

J.C. WILLIAMS GROUP

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Retail Impact Study for Sydenham Heights Centre, Owen Sound

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1 – Introduction

The following report has been prepared for Thompson Shopping Centres by J. C. Williams Group regarding the property (referred to as Sydenham Heights Centre) on the northeast corner of 16th Street East and 20th Avenue in Owen Sound, Ontario. A more complete description of the property can be found in Section 2 of this report.

In order to identify the requirements for this market study report, J. C. Williams Group and the Thompson Shopping Centres management have consulted extensively with the City of Owen Sound staff and with James Tate of Tate Economic Research, who acts for the City on matters related to retail development and redevelopment.

The key issues that City staff and Mr. Tate asked to be addressed in this report are as follows:

- i) *“Designated commercial property, suitable for the intended scale and type of development is not available within the Downtown Area.*
- ii) *Available commercial property in the Downtown is not economically viable for the intended scale and type of development.*
- iv) *The proposed development will not undermine the economic viability or planned function of a significant commercial component of the Downtown or impair the function of a designated commercial district as identified in this plan.*

In addition, we would request that the applicant address the recent development approvals in the East City Commercial Area (specifically drive thru restaurants) and how the applicant’s proposal may or may not impair the function of the designated commercial districts.”¹

The following report addresses these issues and documents an inventory of retail space in Downtown Owen Sound as was required as a prerequisite to adequately respond to the issues noted above.

¹ Letter dated August 23, 2020 from James Tate, Tate Economic Research to MHABC Planning, attention D. Aston

2 – Description of the Proposed Project

The subject property is located in the East City Commercial area on the northeast corner of 16th Street East and 20th Avenue, as pictured in Figure 1 below.



Figure 1 Location of subject property, Owen Sound

The development is envisioned as a site that primarily serves customers from the region who enter Owen Sound on Hwy 26 with various goods and services as well as local residents.

Figure 2 below shows a plan for the subject property at 16th Street East and 20th Avenue.

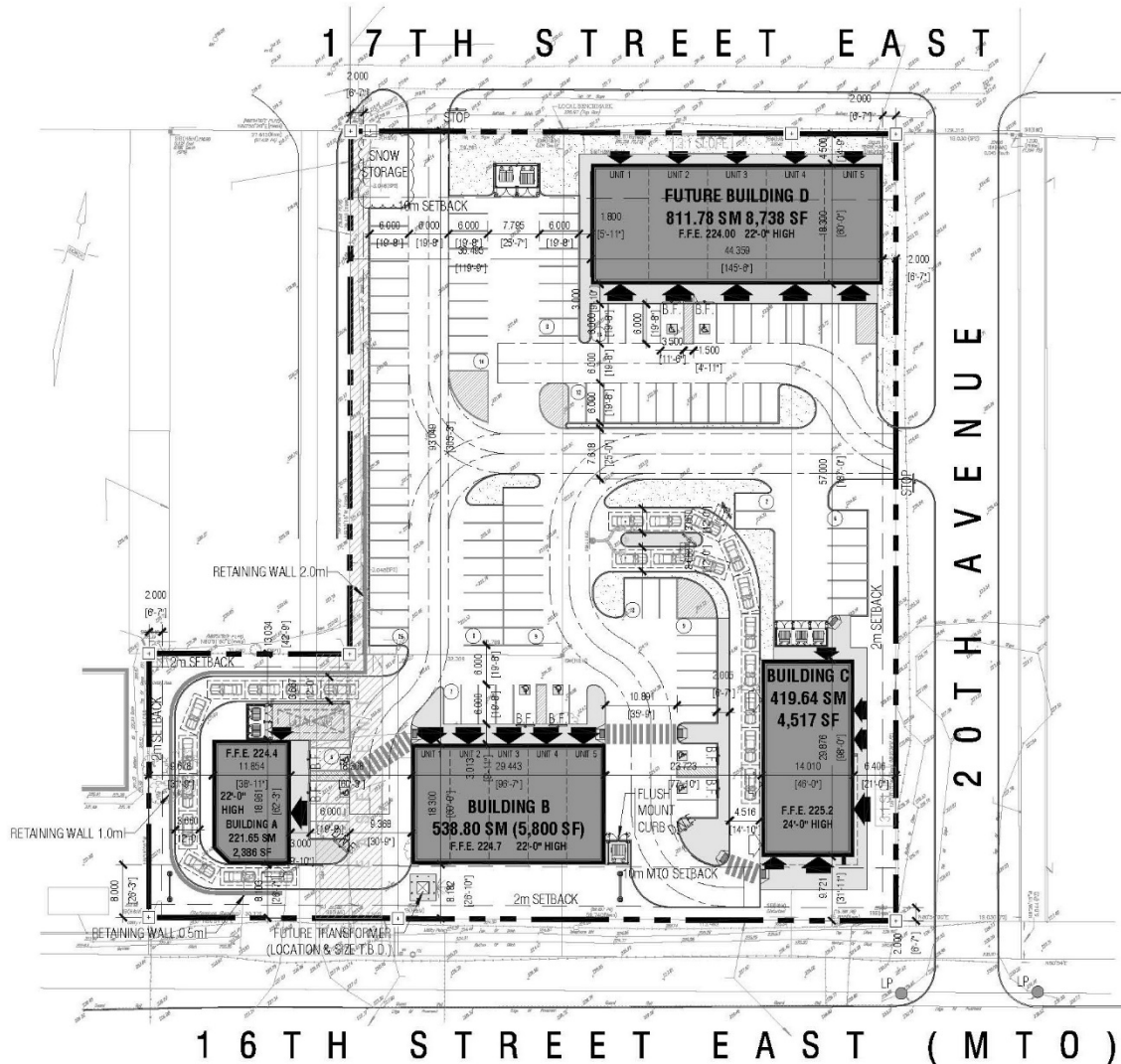


Figure 2 Site map

Data for the site is shown in Table 1 below.

	Square Feet	Square Metres	Acres
Total Site	119,782	11,128	2.748
Single Storey Commercial Building Areas	Square Feet	Square Metres	Coverage
Building A	2,386	221.65	1.99%
Building B	5,800	538.80	4.84%
Building C	4,517	419.64	3.77%
Building D	8,738	811.78	7.29%
Total Building Areas	21,440	1,991.87	17.90%

Table 1 Site data

Building A and Building C are designed as drive-thru restaurants focused on quick service eating options for the area. Drive-thru restaurants have become very popular because they allow travellers to avoid getting out of their vehicles. The time saved reduces potential contact with restaurant workers, providing a safer option. Building A will be just under 2,400 square feet and Building C will be approximately 4,500 – 5,000 square feet.

Drive-thru restaurants are not allowed Downtown, so these restaurants provide a very different function than the food service options available in Downtown Owen Sound. These restaurants are meant to provide additional options for restaurant operators who are looking for this kind of space in Owen Sound. There are only two restaurants on the site, located at the eastern and western edges of the site. They are meant to complement the other drive-thru restaurants along 16th Street East. Because there are only two restaurants, they do not constitute a cluster of restaurants that may otherwise compete with downtown. This was an issue on the Heritage Grove Centre site.

Building B will be built so it is visible from 16th Street East and will have tenants that require this visibility. Building D is built at the back of the site and will be available for tenants who do not require this visibility but may be looking for larger units, lower rents and/or opportunities for outdoor services such as those required by day care facilities. Both buildings have a 16 ft. clear height, curb pick-up potential and a large parking field for quick in-and-out convenience.

Neither Building B or D have assigned users and will only be built when tenants are available. The tenants in these buildings are meant to complement and service large format tenants, hotel guests, and regional hospital staff/visitors. These buildings in the East City Commercial area also offer space for retailers and service businesses that may require expansion space or that are new to the City.

The development is keeping the role envisioned for the East City Commercial area in the analysis section of the Owen Sound Retail & Commercial Policy Review. Relevant comments are noted below:

- *“The East City Area remains a major concentration of commercial development and a key retail destination in the City for the presence of large format retail space, attracting consumers from a wide region. This area is the logical location for concentrating commercial growth (16th Street/Highway 26 link).”²*

“East City Commercial

- *The East City area of the City is the appropriate node to expand/intensify retail and commercial development. This area has generally evolved to serve Owen Sound and the wider region. Survey results suggest the area is functioning as planned.*
- *The form and function of development in the East City area is appropriate, as it permits a range of commercial uses, while also permitting higher density residential. This designation should continue to accommodate future expansion as provided in Section 4.4 of the Official Plan.*
- *Survey results indicate there is demand for Big Box stores in Owen Sound. As the East City area is the appropriate node for larger format retail, consideration should be given to modifying policies to clarify the types of large format retail that are envisioned for this area (through the inclusion of a definition of large format retail and minimum store sizes).”³*

“Permitted uses within the East City Commercial designation include:

- *Limited smaller scale retail on underutilized or infill type lots, servicing commercial and personal uses, financial institutions and services, business, professional and medical offices, restaurants, entertainment and other community facilities such as day care centres, ancillary to and in support of large format retail and service commercial uses.”⁴*

² Retail & Commercial Policy Review Report, Tate Economic Research & MacNaughton Hermsen Britton Clarkson Planning, July 2018, page 61

³ Retail & Commercial Policy Review Report, Tate Economic Research & MacNaughton Hermsen Britton Clarkson Planning, July 2018, page 63

⁴ Pre-Consultation Review Schedule ‘A’, July 2020, page 2

3 – Growth Trends in the Region

The East City Commercial area is located in Owen Sound, but like many areas within Owen Sound, serves a good part of the Grey Bruce region. This section looks at the population trends within Owen Sound and the greater Grey Bruce region.

Owen Sound

Table 2 shows data taken from the Development Charge Background Study by Watson & Associates Economists, 2014. Since the Official Plan Update has not been made public yet, this is the latest official population growth data.

	Population Census excluding Undercount	Population Census including Undercount	Population Growth/Decline
2001	21,431	22,290	
2006	21,753	22,620	330
2011	21,688	22,560	-60
2014	21,582	22,450	-110
2024	22,742	23,710	1,260
Official Plan Target	23,942	24,900	1,190

Table 2 Population data⁵

These projections show an increase in population of the next five to ten years.



Figure 3 City of Owen Sound, property site marked

⁵ Development Charge Background Study, Watson & Associates Economists Ltd., December 29, 2014, page 3-4

Grey Bruce

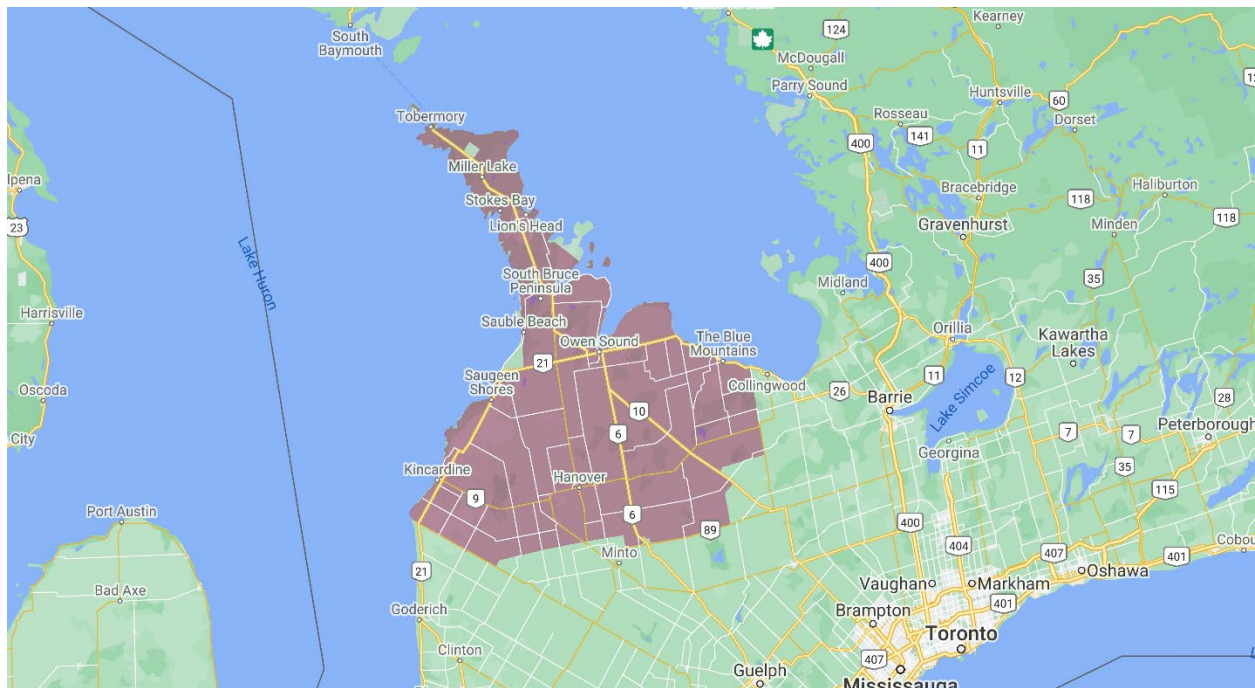


Figure 4 Grey-Bruce Region

Owen Sound is one of the largest municipalities in the Grey Bruce region and is an important service centre for northern and central Grey Bruce.

The total Grey Bruce population reported by Statistics Canada for 2016 was 162,000 compared to 158,700 in 2011, a 2% increase over five years. The eastern part of Grey Bruce, especially around Collingwood, has experienced significant growth. As real estate costs increase in this area, other parts of Grey Bruce could experience more demand for housing, thus increasing demand for retail farther north.

4 – Character and Amount of Retail Space in Downtown

Methodology

J. C. Williams Group conducted an on-site inventory of the retail space in Downtown Owen Sound on November 9th and 10th of 2020. Our inventory was based on a previous inventory conducted in 2001, provided by the City Planning Department. Square footage from the previous inventory was used for stores that remained the same regardless of changes in use. While the majority of buildings were the same as they were in 2001, some new buildings were assessed by a combination of physical building measurement and professional estimation. The new estimates make up less than 5% of the space.

The definition of Downtown Owen Sound was taken from the Official Plan, also provided by the City Planning Department. Figure 5 on the following page shows the area considered to be Downtown. It centres around 2nd and 3rd Streets East and 2nd and 1st Streets West. 10th, 9th, and 8th Avenues are the key East/West streets.

Evaluation of Downtown Owen Sound

The key reason to do this inventory is to assess the vulnerability for Downtown Owen Sound to new development, specifically the Thompson Centres' Sydenham Heights Centre. In order to do this, we have created a qualitative and quantitative assessment.

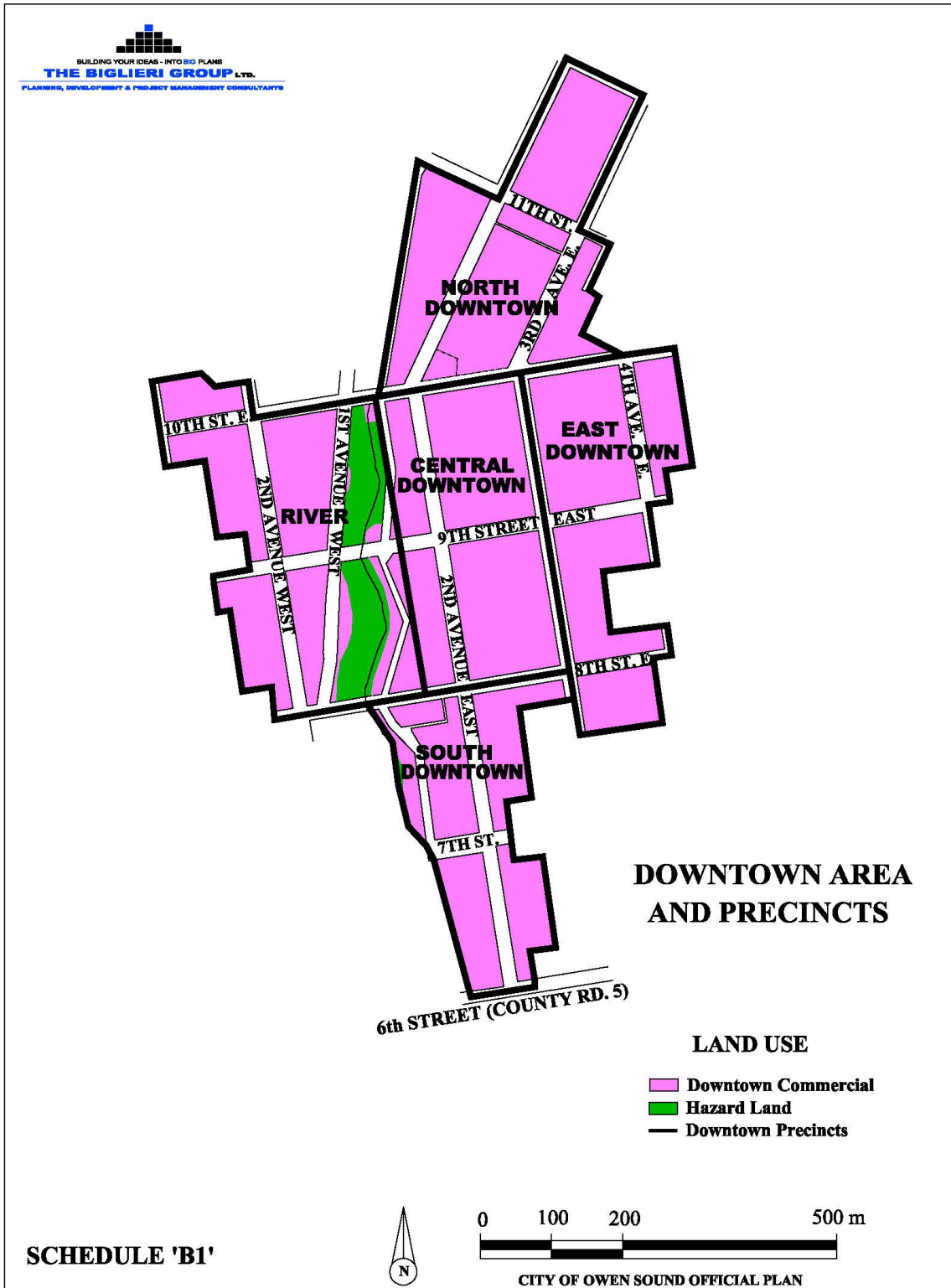


Figure 5 Downtown Area and Precincts, Owen Sound⁶

⁶ Provided by the City Planning Department.

Qualitative Assessment

Downtown Owen Sound has a relatively strong and vibrant retail core despite the challenges of the COVID-19-related lockdown which closed down non-essential stores and restaurants (except for take-out) for almost two months in early spring 2020. In addition, travel from out of province/out of country has been severely reduced since May.

Downtown Owen Sound merchants have also been impacted by the extended construction-related shut down of the 10th Street bridge that links East Downtown to West Downtown. Some merchants have had to deal with traffic disruption and construction fences in front of their stores for a good part of the summer.

From the inventory comparisons, it is clear that Downtown has lost a number of fashion merchants, but these have been replaced by some strong new retailers. Downtown has developed an interesting node of galleries and home décor retailers that have created an enjoyable experience that competes well with the big box stores and parking lots in other areas of the City. Supporting this gallery node are some unique local restaurants.

In addition, there have been new developments including the large, updated Shoppers Drug Mart and the Nortown Plaza that has provided new modern space. Also new to the area are an interesting array of lifestyle goods and services including athletic wear, bike shops, salons/spas, gyms, and workout locations.

On the negative side, there have been a number of notable closures such as a furrier, the previously mentioned apparel stores, and many smaller beauty salons that in some cases have turned over with new operators. There are some long-term vacancies where the spaces are in relatively poor condition. There are also a few clusters of vacancies that appear to be in the process of being redeveloped.

Despite these changes and the challenging business climate, the vacancy rate has remained virtually what it was in 2001 at 8%. This vacancy rate is considered very healthy.

Quantitative Assessment

Tables 3 and 4 below show the store counts and square footage by category from the 2001 and 2020 inventories. The stores have been categorized in a similar manner to the one used in 2001. We have added the category of Food Service which are primarily restaurants. DSTM is an acronym for Department Store Type Merchandise and refers to all stores that sell products other than food, hardware, or automotive products. Food retailers are referred to as FSRM. FSRM includes grocery stores as well as bakeries and other specialty food retailers. All other types of stores are referred to as Other and include a wide range of personal, professional and community services.

	2001 counts	2020 counts	% change
# of addresses	308	333	8%
Non-Vacant	280	289	3%
Other	194	192	-1%
DSTM	78	53	-32%
Vacant	28	44	57%
Food Service	-	24	-
FSRM	8	16	100%
Residential	-	4	-

Table 3 Store Inventory by Count

	2001 sq ft	% of total	2020 sq ft	% change	% of total
# of addresses	961,032		1,019,143	6%	
Non-Vacant	885,889	92.2%	933,059	5%	91.6%
Other	534,630	55.6%	584,393	9%	57.3%
DSTM	288,403	30.0%	225,839	-22%	22.2%
Vacant	75,143	7.8%	86,084	15%	8.4%
Food Service	n/a	0.0%	44,796	-	4.4%
FSRM	62,856	6.5%	78,031	24%	7.7%
Residential			-	-	
Avg. sq. footage per unit	3,164		3,229	2%	

Table 4 Store Inventory by Square Footage

There are over 330 retail businesses in Downtown Owen Sound, occupying more than 1 million square feet. This means that Downtown is clearly one of the most important retail nodes in the region. This number has increased from the 2001 inventory, adding 25 new locations. While some of the locations have been newly built, other locations have been converted from residential. This has occurred at the south end of 2nd Avenue East and in West Downtown. Most of these new additions from residential are occupied by professional or medical services rather than stores that sell merchandise.

As mentioned previously, there is 86,000 square feet of vacant space which is 8% of the current total space. This compares to 75,000 square feet of vacant space or 8% in 2001.

It is notable that DSTM space has had a significant drop. This is not surprising as this has been a trend throughout North America with shoppers buying more of these products online but also spending more on services. DSTM still accounts for almost a quarter of retail space in Downtown Owen Sound with 226,000 square feet of space.

The average size of stores has increased slightly from 3,164 in 2001 to 3,229 in 2020.

Conclusions

Our evaluation of Downtown Owen Sound is that it is strong and healthy both from a quantitative and qualitative point of view. It has been able to develop a lifestyle niche where the retail compliments the riverfront location and the many historic buildings that line its streets. This niche ensures that it is able to compete effectively not only with other retailers in Owen Sound but also with online shopping.

5 – Role of Non-Downtown Retail within Owen Sound

There are a number of retail locations in Owen Sound outside of downtown. Figure 6 below shows these key regions.

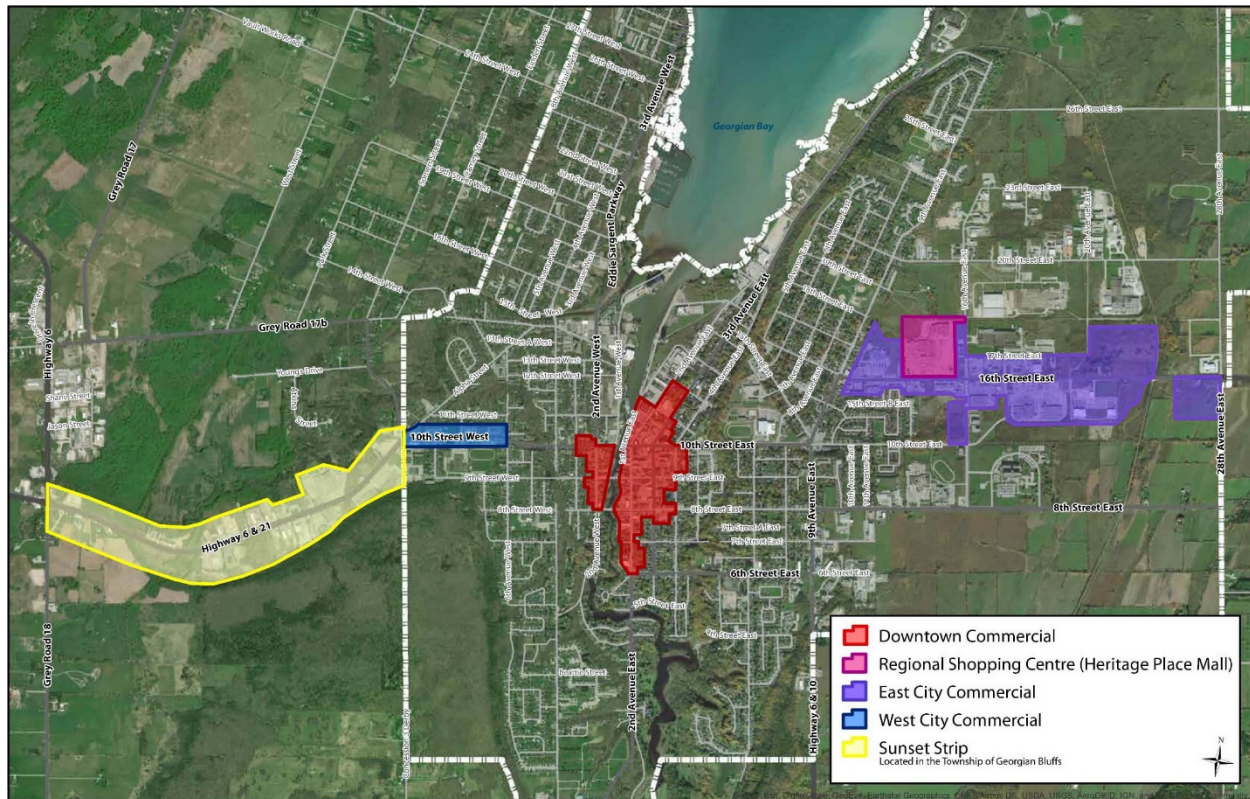


Figure 6 Map of Owen Sound Commercial Districts⁷

It is important that the residents of Owen Sound are well-served by strong retail districts that will increase their spend within the City and reduce the outflow of dollars to other areas and the internet. The different districts bring stores close to residents for convenience. Increased competition ensures that retailers reinvest in their stores, keeping them updated in order to remain relevant in the overall marketplace.

⁷ Retail & Commercial Policy Review Report, Tate Economic Research & MacNaughton Hermsen Britton Clarkson Planning, July 2018, page 37

East City Commercial

The East City Commercial area provides locations for retailers that would not otherwise be located in Owen Sound. Its location on a regional highway ensures a constant flow of traffic for retailers whose operations require this kind of location and the service/convenience needs of customers who are visiting large format retailers in the node. These businesses attract customers from throughout Owen Sound but also from around the larger Grey Bruce region.

As mentioned above in section 2, East City Commercial area is seen as a major concentration of commercial activity. This area provides opportunity for commercial growth within Owen Sound's borders without having to displace or demolish other operations. It is an ideal location for the Sydenham Heights Centre which expands the area without threatening other retail districts or existing areas within East City Commercial.

Development within East City Commercial

While most of the East City Commercial area is mostly fully built out, the Heritage Grove site which is located just east on 16th Street East from the Sydenham Heights Centre on the south side of this main arterial is partially developed. Heritage Grove has been developed primarily as a big box centre with tenants such as Winners, HomeSense and Michaels. An application approved in May 2020 completes the site and includes a hotel, gas bar, six restaurants and two unassigned units. Heritage Grove at full completion will have almost 200,000 square feet of space.

The plan for the site calls for a total of six restaurants which cover over 18,000 square feet. There are also patios assigned to five of the restaurants. The City has voiced a concern that this amount of space and number of units could create a cluster of restaurants that would compete with Downtown.

This development is significantly different in scale and character from the Sydenham Heights project. The Heritage Grove development is focused on capturing longer shopping visits as well as service travellers that stay at the hotel. The Sydenham Heights project is significantly smaller and is built around the fast-in-and-out aspects of the site. Because of these fundamental differences in the developments, it is our professional opinion that there is not an overlap between them.

Drive-Thru Restaurants

As mentioned previously, drive-thru restaurants have become the configuration of choice for many quick service operators because of their popularity with customers. While they had been growing in popularity pre-pandemic, they are in even more demand now. Meeting this demand will be critical to Owen Sound's ability to attract these kinds of operations. Drive-thru restaurants are not allowed in Downtown Owen Sound but are ideal in East City Commercial because shoppers there almost all arrive by car. They allow customers the convenience and safety of staying in their cars while picking up their food.

Heritage Grove has planned to have a drive-thru restaurant on site. It appears from its plans that this restaurant already has an operator which means that it will not be competing with the restaurants in the Sydenham Heights development but rather complementing them.

6 – Conclusions

It is clear from the data presented in this report that the Sydenham Heights development has met the tests in the Official Plan in relationship to new developments as follows:

- i) Designated commercial property, [is] suitable for the intended scale and type of development is not available within the Downtown Area.*

The Sydenham Heights development proposal is made up of almost 7,000 square feet or a third of the total area in drive-thru restaurants. These restaurants are not allowed in Downtown Owen Sound and so are not suitable to be located there.

The balance of the site consists of approximately 14,000 square feet or less than 1.4% of the total retail in Downtown Owen Sound. This space will not have any appreciable effect on the vacancies in the Downtown and will focus on service/convenience uses for shoppers in the immediate area.

- ii) *Available commercial property in the Downtown is not economically viable for the intended scale and type of development.*

As mentioned previously, drive-thru restaurants are not allowed in the Downtown and so this type of development is inappropriate for the Downtown.

- iv) *The proposed development will not undermine the economic viability or planned function of a significant commercial component of the Downtown or impair the function of a designated commercial district as identified in this plan.*

As outlined in section 4, Downtown Owen Sound is made up of more than 1 million square feet of retail space with an 8% vacancy rate. It has remained very strong through the past 20 years as new developments have been built outside the area. As well it has also seen redevelopment within its borders. All these facts suggest that it will continue to compete effectively with new development.

Because of the size and design of Sydenham Heights Centre, it is our professional opinion that this development will neither undermine the economic viability nor impair the function of Downtown Owen Sound.

Section 5 addresses the approved Heritage Grove project and compares this development to Sydenham Heights Centre. Because of the very different scale and role of these two developments in the East City Commercial, it is our professional opinion that Sydenham Heights Centre will not impair the function of Heritage Grove.



Ms. Maureen Atkinson
J.C. Williams Group Limited
603½ Parliament Street
Toronto, ON M4X 1P9

February 11, 2021

Re: Sydenham Heights Centre - Peer Review Questions

Dear Ms. Atkinson:

As you are aware, Tate Economic Research Inc. ("TER") is conducting a peer review of the J. C. Williams Group report titled "*Retail impact Study for Sydenham Heights Centre, Owen Sound*" dated December 9, 2020 ("JCWG Report"). In order to assist in our peer review process, we are requesting that you please respond to the following questions.

- 1) Tenants: Can you provide information relating to planned / potential tenants for the drive thru restaurants in Buildings A and C?
- 2) Inventory: Please provide the details (background electronic files) of the inventory.
- 3) Inventory: Please clarify if 2001 inventory included all retail commercial space.
- 4) Inventory: And also, in the 2001 inventory, were the restaurants and other food service units included in the "Other" category? Further to this question, would it be appropriate to consider Food Service as a sub-category of Other Services in 2020 (in order to facilitate a comparison to the 2001 inventory).
- 5) Economic Viability: We recognize that drive thrus total 7,000 square feet and are not permitted in the downtown. However, we anticipate that the balance of the site (14,000 square feet) would be comprised of uses that would be permitted in the downtown. Please address Section 4.4.2.9 ii) of the OP, which requires confirmation that "Available commercial property in the Downtown is not economically viable for the intended scale and type of development."

Thank-you in advance for responding to these questions. Your answers will help us conduct a comprehensive review of your study in an efficient manner. I am available to discuss, as required.

Yours truly,
TATE ECONOMIC RESEARCH INC.

A handwritten signature in black ink, appearing to read 'James P. Tate', with a stylized flourish at the end.

James P. Tate
President

From: [Amy Cann](#)
To: [Sabine Robart](#)
Subject: FW: Response to Peer Review Questions
Date: July 13, 2021 9:49:29 AM
Attachments: [Owen Sound Downtown 2020 Only.xlsx](#)
[JC Williams Group Response Letter Feb 25.pdf](#)

From: Maureen Atkinson <matkinson@jcwg.com>
Sent: February 25, 2021 2:53 PM
To: James Tate <jtate@tateresearch.com>
Cc: Amy Cann <acann@owensound.ca>
Subject: Response to Peer Review Questions

Jamie,

Thanks for reviewing your letter of February 11 with me. Attached are my responses to your questions. I was able to clean up the inventory of retail in Downtown Owen Sound and attach it here. It was actually in better shape than I thought thanks to our staff. I have also provided that comparison to food service numbers that you requested. I did want to point out, which I also did in my letter, that this may not be a like-for-like comparison. Food service has changed a lot in the 20 years between these inventories. There are a lot of operations that technically are FSRM operations but that also provide food service options. As you well know, this is a growing trend with even the grocery stores getting into the act by having eat-in table areas.

Please let me know if you have any questions. We look forward to you report.

Best regards,

Maureen

Maureen Atkinson
Senior Advisor



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J.C. WILLIAMS GROUP

Mr. James Tate
8 King Street E., Suite 1013,
Toronto, ON M5C 1B5

February 25, 2021

RE: Sydenham Heights Centre – Peer Review

Dear Mr. Tate,

This letter is in response to your letter of February 11, 2021 and our conversation on February 18 when you were able to clarify the five points in your letter. In this letter, I have responded to all these items.

- 1) **Tenants:** You requested information for the planned tenants for the drive-thru elements of Sydenham Heights Centre. Our client has informed me that the tenants for these buildings are as follows:
 - i. Building A – Mary Brown’s, and
 - ii. Building C McDonalds.

Please note that this information is confidential and is not for publication until it is announced publicly.

- 2) **Inventory:** You asked us to provide electronic files of our 2020 inventory. I thought it might take some time to comply, but we are able to provide the data file of the inventory with this letter.
- 3) **Inventory:** As we discussed, the 2001 inventory was provided by Amy Cann, Manager of Planning and Heritage at the City of Owen Sound. The inventory was for all the retail in Owen Sound at that time. I understand you will get the 2001 inventory directly from the City.

- 4) **Inventory:** You requested a separate breakdown of the restaurant component of the 2001 inventory. In order to comply with that request, we have simply added all retailers that were noted as Restaurants in the 2001 inventory. At that time, there were 31 restaurants that occupied a total of 73,985 square feet.

In 2020, there were a total of 24 food service operations with a total of 44,796 square feet. This does not include the food service operations that are included in the FSRM category. For example, the FSRM Circle K convenience store has a fairly robust fast-food operation and some of the specialty food stores categorized as FSRM such as the cheese store provide quick service food.

- 5) **Economic Viability:** Your comments here related to the balance of the space on the Sydenham Centre site, which is approximately 14,000 square feet, and its likelihood of attracting uses that could be located downtown. My understanding is that the indicator is whether the “Available commercial property in the Downtown is not economically viable for the intended scale and type of development” anticipated to be in this space.

In response to this question, we point out that the balance of the space will be built out with 16 ft. ceiling heights which is not currently available within downtown. The majority of properties in downtown are built to a more standard 9 – 12-foot ceiling heights. As such, the property will provide retail space that is unique in Owen Sound allowing additional options for retailers that would like to locate here.

We look forward to any other questions that you may have once you have read through our report.

Best regards,



Maureen Atkinson
Senior Advisor

From: [Amy Cann](#)
To: [Sabine Robart](#)
Subject: FW: Downtown Owen Sound Food Service Operators
Date: July 13, 2021 9:48:47 AM

From: Maureen Atkinson <matkinson@jcwg.com>
Sent: February 26, 2021 12:46 PM
To: James Tate <jtate@tateresearch.com>
Cc: Ben Van Impe <bvanimpe@tateresearch.com>; 'Dave Aston (daston@mhbcplan.com)' <daston@mhbcplan.com>; Amy Cann <acann@owensound.ca>; Kelly Hansen <khansen@jcwg.com>
Subject: RE: Downtown Owen Sound Food Service Operators

Jamie,

Thanks for pointing out these omissions. When I originally did the inventory, I was only going to do the three categories – FSRM, DSTM and Other but then I decided to include Food Service. When I went back through, I obviously missed these four. Good catch. Your tally is correct.

We can also include Nathaniel's if you think we should. I think I would have included them if I had seen a sign while I was doing the inventory. If it was there, I missed it. Thanks you for bringing to our attention.

We will make sure the final version of our report will be updated.

Best,

Maureen

From: James Tate <jtate@tateresearch.com>
Sent: February 26, 2021 10:31 AM
To: Maureen Atkinson <matkinson@jcwg.com>
Cc: Ben Van Impe <bvanimpe@tateresearch.com>; 'Dave Aston (daston@mhbcplan.com)' <daston@mhbcplan.com>; Cann, Amy <acann@owensound.ca>
Subject: FW: Downtown Owen Sound Food Service Operators

Hi Maureen,

Thanks for the response to our questions and providing the inventory. After reviewing your inventory, we have the following comments / questions:

- In your letter you note that in 2020, there were a total of 24 food service operations with a total of 44,796 square feet in Downtown Owen Sound.
- After reviewing your inventory, we think that there are 28 food service operations with a total of 55,534 square feet in Downtown Owen Sound.
- It appears that four businesses were classified as Other instead of Food Service in your inventory. We have highlighted these businesses in the attached PDF.

Please confirm the correct figures.

- In addition to the above, we note that Nathaniel's Restaurant, located at 215 8th Street East, is temporarily closed due to Covid-19. The website for Nathaniel's Restaurant confirms that they are intending to re-open in "early 2021". In your inventory 215 8th Street East is listed as Vacant.

Please advise whether Nathaniel's should be included in the inventory.

Thx, Jamie

James P. Tate, MBA, PLE
President
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To:	Sabine Robart, Amy Cann
From:	Dave Aston
Date:	March 19, 2021
File:	08219AR
Subject:	Peer Review of JC Williams Group Retail Impact Study for Sydenham Heights Centre

We (MHBC and Tate Economic Research Inc.) are pleased to provide this memo and attached analysis on the findings of the peer review on the JC Williams Group ("JCWG") report titled *Sydenham Heights Centre, Retail Impact Study* ("JCWG Report"). The JCWG Report was conducted for Thompson Centres and is dated December 9, 2020.

A rezoning is required in order to permit the proposed development and the Retail Impact Study is a component of the rezoning application.

The application proposes a total building area on the Site of 21,440 square feet. There are four buildings proposed. Two buildings, noted as Building A and Building C, are proposed to include restaurants with drive-thru facilities. Building A is planned at 2,386 square feet and Building C is to be 4,517 square feet. The balance of the Site is proposed for general retail / service uses.

The following provides a summary of the peer review findings:

- Concur that the proposed development is aligned with the vision for the East City Commercial area.
- Concur with the JCWG findings that it is to permit the Sydenham Heights Centre, as proposed from a retail market perspective.
- Based on the inventory provided by JCWG, the amount of restaurant space in the Downtown has declined. However, restaurants remain an important component of the Downtown.

Figure 1: Site Plan



Source: Tate Economic Research Inc. excerpted from JCWG Report.

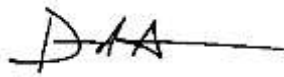
- Recommend that the City use caution in proceeding with the extent of restaurant space proposed at the Site.

The vacancy level has remained unchanged from 2001 in the Downtown. The vacancy rate is calculated at 8%, which represents 86,000 square feet of vacant space. TER notes that a balanced retail commercial market is considered to have 5.0% to 7.5% of vacant space. Therefore, it is noted that the vacancy level in Downtown Owen Sound is considered to be above balanced levels. TER agrees that, despite vacancy levels that are higher than balanced levels, the Downtown has a relatively strong and vibrant retail core.

It is recommended that the City consider restricting restaurants on the Site through a site specific regulation to a maximum of 2 units with a combined total of 700 square metres (approximately 7,500 square feet).

We would be pleased to have a follow up discussion with City staff, as may be required.

Yours truly,
MHBC

A handwritten signature in black ink, appearing to read 'D. Aston', with a horizontal line extending to the right.

David Aston, M.Sc., MCIP, RPP
Partner

c. James Tate

Peer Review of
JC Williams Group
Retail Impact Study for Sydenham Heights Centre
Owen Sound

Prepared for: MHBC Planning / City of Owen Sound

March 19, 2021





TATE ECONOMIC RESEARCH INC.

Mr. Dave Aston
MHBC Planning, Urban Design & Landscape Architecture
540 Bingemans Centre Drive, Suite 200
Kitchener, ON
N2B 3X9

March 19, 2021

**Re: Peer Review of JC Williams Group:
Retail Impact Study for Sydenham Heights Centre,
Owen Sound**

Dear Mr. Aston:

Tate Economic Research Inc. is pleased to submit our peer review of the above noted report to MHBC Planning and the City of Owen Sound.

Thank you for the opportunity to conduct this assignment on your behalf and we look forward to discussing the results with you.

Yours truly,

TATE ECONOMIC RESEARCH INC.

James P Tate
President

Sameer Patel
Vice President

1 Background

1.1 Mandate

Tate Economic Research Inc. (“TER”) and MHBC Planning (“MHBC”) were retained by the City of Owen Sound (“City”) to conduct a peer review of the JC Williams Group (“JCWG”) report titled *Sydenham Heights Centre, Retail Impact Study* (“JCWG Report”). The JCWG Report was conducted for Thompson Centres and is dated December 9, 2020.

1.2 Proposal Background

As stated in the JCWG Report, Sydenham Heights Centre is to be located on the northwest corner of 16th Street East (Highway 26) and 20th Avenue (“Site”). It is located within the East City Commercial District, in eastern Owen Sound. The Site is approximately 2.75 acres.

The total building area proposed on the Site is 21,440 square feet. There are four buildings proposed. Two buildings, noted as Building A and Building C, are proposed to include restaurants with drive-thru facilities. Building A is planned at 2,386 square feet and Building C is to be 4,517 square feet. The balance of the Site is proposed for general retail / service uses.

1.3 Official Plan Context

A rezoning is required in order to permit the proposed development. The City has requested that the applicant complete a Retail Impact Study as a component of the rezoning application. The City has specific requirements that relate to such studies.

Prior to the preparation of the JCWG Report, the City requested that TER advise the applicant on the requirements for the Retail Impact Study. The following excerpt is taken from the TER letter regarding the tests that should be addressed by a Retail Impact Study.

“Given the scale of the development, in the context of the Owen Sound market, we are primarily concerned with the impact tests that relate to the Downtown. Specifically, the OP refers to the Downtown in Section 4.4.2.9, stating that a market analysis shall confirm that:

- i) *Designated commercial property, suitable for the intended scale and type of development is not available within the Downtown Area.*
- ii) *Available commercial property in the Downtown is not economically viable for the intended scale and type of development.*
- iv) *The proposed development will not undermine the economic viability or planned function of a significant commercial component of the Downtown or*

impair the function of a designated commercial district as identified in this plan.”

The JCWG Report is primarily intended to address the requirements of the OP, as outlined by TER.

1.4 TER Scope of Work

The following points summarize the scope of work completed by TER:

- Participated in teleconference calls with the City and MHBC, as well as JCWG to discuss the JCWG study approach;
- Reviewed the Scope of Work proposed by the applicant on August 17, 2021.
- Responded to the proposed Scope of Work in a letter dated August 21, 2021 (Attached in Appendix A); and,
- Reviewed the JCWG Report including:
 - Commentary on the appropriateness of the JCWG methodology, including its inputs and assumptions;
 - Review of the inventory of competitive space in Downtown Owen Sound;
 - A review of the JCWG analysis;
 - Commentary on the validity of the JCWG conclusions; and,
 - Recommendations regarding the appropriateness of the JCWG conclusions in the context of any impacts on the Downtown, as outlined in the City’s OP.

1.5 Key Dates in Peer Review Process

As part of the peer review process, there was an exchange of information and discussions between TER and JCWG. The following points summarize some of the key dates in this process.

- MHBC / TER retained by the City on February 9, 2021.
- After review of the JCWG Report, TER provided JCWG a letter including a list of clarifying questions on February 11, 2021 (attached in Appendix A).
- Call with JCWG on February 18, 2021 to discuss the TER February 11, 2021 letter.

- JCWG prepared a response to these questions on February 25, 2021 (attached in Appendix A).
- Additional information was requested from JCWG by TER via email on February 26, 2021.
- JCWG responded to TER via email on February 26, 2021.

2 Peer Review Findings

2.1 Methodology & Approach

The JCWG Report utilizes a methodology that is consistent with the Terms of Reference. It is conducted in a professional and appropriate manner. TER is satisfied with the overall approach to the analysis. JCWG undertook the following work steps:

- Description of the Proposed Project;
- Growth Trends in the Region;
- Character and Amount of Retail Space in Downtown;
- Role of Non-Downtown Retail Within Owen Sound; and,
- Conclusions.

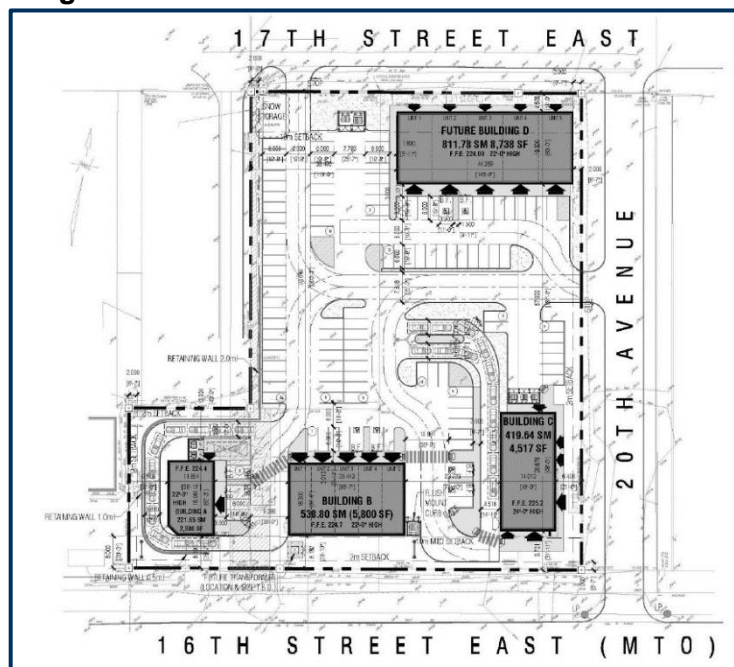
Overall, TER agrees with the methodology employed by JCWG.

2.2 Description of the Proposed Project

The JCWG Report provides an outline of the proposed development and a description of the Site. The proposed development concept is indicated in Figure 1 and Figure 2, which follows.

To summarize, Buildings A (2,386 square feet) and C (4,517 square feet) are proposed for drive-thru restaurant uses. They total 6,903 square feet. The uses proposed for Buildings B (5,800 square feet) and D (8,738 square feet) are unspecified. They total 14,438 square feet. The total project is proposed at 21,440 square feet.

Figure 1: Site Plan



Source: Tate Economic Research Inc. excerpted from JCWG Report.

Figure 2: Site Statistics

	Square Feet	Square Metres	Acres
Total Site	119,782	11,128	2.748
Single Storey Commercial Building Areas	Square Feet	Square Metres	Coverage
Building A	2,386	221.65	1.99%
Building B	5,800	538.80	4.84%
Building C	4,517	419.64	3.77%
Building D	8,738	811.78	7.29%
Total Building Areas	21,440	1,991.87	17.90%

Source: Tate Economic Research Inc. excerpted from JCWG Report.

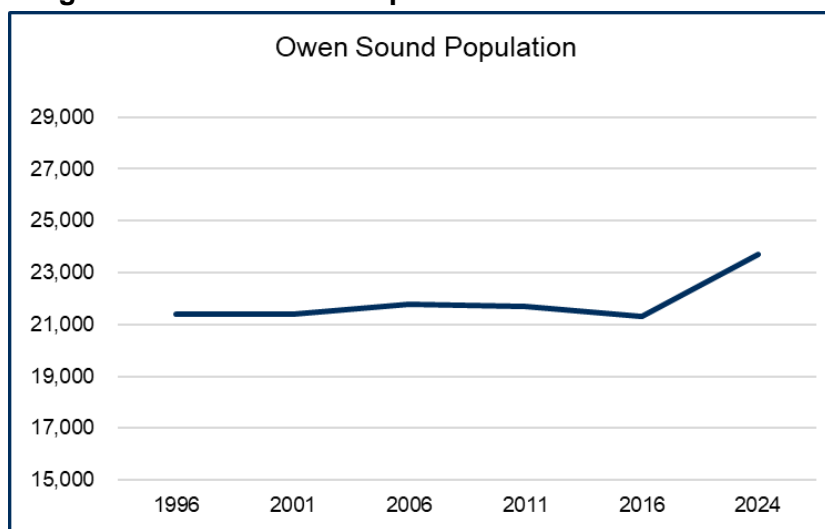
The JCWG Report also includes excerpts from the Owen Sound Retail & Commercial Policy Review (2018), prepared by MHBC Planning and TER, that are considered by JCWG to be relevant to this proposed development application. Based on the Owen Sound Retail & Commercial Policy Review, JCWG concludes “the development is (in) keeping the role envisioned for the East City Commercial area...”.

- ❖ TER concurs that the proposed development is aligned with the vision for the East City Commercial area.

2.3 Growth Trends in the Region

The JCWG Report includes a market profile for Owen Sound. It includes population forecasts that are indicative of significant growth. The JCWG forecasts indicate a 2024 population of 23,710, based on the 2014 Development Charges Study. These forecasts represent an increase from 2014 to 2024 of 5.6%.

Figure 3: Owen Sound Population Growth



Source: Tate Economic Research Inc.

- ❖ The JCWG forecasts indicate population growth, which, if it occurs, will support additional commercial space in Owen Sound, and potentially at the Site.

2.4 Character and Amount of Retail Space in Downtown

JCWG Report Approach & Findings

JCWG "...conducted an on-site inventory of the retail space in Downtown Owen Sound on November 9th and 10th of 2020." It was based on a 2001 inventory that was provided to JCWG and TER by the City. According to the JCWG Report, the purpose of the inventory was "...to assess the vulneraby (sic) for Downtown Owen Sound to new development, specifically the Thompson Centre's Sydenham Heights Centre."

The Downtown was evaluated in both a qualitative and a quantitative manner. The qualitative assessment includes commentary regarding store openings and closings since the 2001 inventory and concludes "Downtown Owen Sound has a relatively strong and vibrant retail core despite the challenges of the COVID-19 related lockdown..."

From a quantitative perspective, JCWG has contrasted the 2001 and 2020 inventories in terms of number of retail commercial units, square footages and vacancy levels. It is noted that there are over 330 businesses in Downtown and they total over 1 million square feet. There are 25 more retail commercial units than in the 2001 inventory.

The vacancy level has remained unchanged from 2001. It is calculated at 8%, which represents 86,000 square feet of vacant space. TER notes that a balanced retail commercial market is considered to have 5.0% to 7.5% of vacant space. Therefore, it is noted that the vacancy level in Downtown Owen Sound is considered to be above balanced levels.

- ❖ TER agrees that, despite vacancy levels that are higher than balanced levels, the Downtown has a relatively strong and vibrant retail core.

Additional Inventory Analysis

The inventory provided in the JCWG Report did not provide the opportunity to compare the supply of restaurant space in 2001 and 2020. TER requested that JCWG provide a more detailed analysis of the inventory to allow for the comparison of the current supply of restaurant space with the 2001 levels. JCWG provided this more detailed analysis to TER.

This more detailed analysis indicated that in 2001 there were 31 restaurants comprising 73,895 square feet. In 2020, there were 28 restaurants comprising 55,534 square feet. This situation represents a decline of 3 units and 18,361 square feet.

We note that this decline includes at least one restaurant that is anticipated to reopen post Covid.

- ❖ Based on the inventory provided by JCWG, the amount of restaurant space in the Downtown has declined. However, restaurants remain an important component of the Downtown.

2.5 Role of Non-Downtown Retail Within Owen Sound

JCWG Report Approach & Findings

This section of the JCWG Report includes a high-level assessment of the five Owen Sound Commercial Districts, as outlined in the 2018 Retail & Commercial Policy Review Report. The five districts are:

- Downtown Commercial;
- Regional Shopping Centre;
- East City Commercial;
- West City Commercial; and,
- Sunset Strip (located in Township of Georgian Bluffs).

The Subject Site is located within the East City Commercial area. The East City Commercial area includes large format retail centres such as SmartCentres Owen Sound, which is anchored by Walmart and Home Depot.

JCWG specifically addresses The Heritage Grove Centre which is located within the East City Commercial area. Heritage Grove, as noted in the JCWG Report on Page 14, "...has been developed primarily as a big box centre with tenants such as Winners, Home Sense and Michaels. An application approved in May 2020 completes the site and includes a hotel, gas bar, six restaurants and two unassigned units. Heritage Grove at full completion will have almost 200,000 square feet."

The JCWG Report states, on Page 14, that Heritage Grove "...is significantly different in scale and character from the Sydenham Heights project. The Heritage Grove development is focused on capturing longer shopping visits as well as service travellers that stay at the hotel. The Sydenham Heights project is significantly smaller and is built around the fast-in-and-out aspects of the site. Because of these fundamental differences in the development, it our professional opinion that there is not an overlap between them."

The JCWG Report appropriately notes that both restaurants on the Site are planned to include drive-thrus. Drive-thrus are not permitted in Downtown Owen Sound. The drive-thru component is considered essential to the types of restaurants proposed on the Site.

- ❖ TER agrees that the Sydenham Heights Centre is different in scale and character from the Heritage Grove development and that drive-thrus are important to the type of restaurants proposed.

Additional Non-Restaurant Analysis

In terms of the other (non-restaurant) uses proposed on the Site, there is a total of approximately 14,500 square feet of unspecified uses planned in two buildings. It is noted that there is enough vacant space in the Downtown (86,000 square feet) to accommodate the proposed space on the Site. TER requested that JCWG address this proposed non-restaurant space in the context of the Downtown impact tests, which are outlined below:

- i) *Designated commercial property, suitable for the intended scale and type of development is not available within the Downtown Area.*
- ii) *Available commercial property in the Downtown is not economically viable for the intended scale and type of development.*

In the response letter dated February 25, 2021, JCWG stated “the balance of the space will be built out with 16 ft. ceiling heights which is not currently available within downtown. The majority of properties in downtown are built to a more standard 9 – 12 foot ceiling heights. As such, the property will provide retail space that is unique in Owen Sound allowing additional options for retailers that would like to locate here.”

- ❖ TER concurs that the planned ceiling heights may be a differentiating factor, as certain tenants may prefer or require this additional height. We also note that the amount of space proposed at the Site is modest in the context of Owen Sound.

2.6 Conclusions

The following points summarize the conclusions of TER:

The designation permits the development as proposed: TER notes that the Subject Site is located within the East City Commercial area. The East City Commercial area designation permits smaller scale retail, service commercial and personal uses, offices as well as restaurants and other facilities. The uses proposed in the Sydenham Heights Centre are consistent with the uses permitted within the East City Commercial area designation. However, from a planning perspective, although the Site is designated for commercial uses, it requires a rezoning in order to proceed.

The development proposal is not considered “Major” in the Owen Sound context: The total amount of retail commercial space proposed at the Site is approximately 21,000 square feet. This amount can be contrasted to the 1 million square feet space in the Downtown. The Site represents approximately 2% of the Downtown, in terms of

square footage. The scale of the development limits the overall impact it could have on the retail structure of Owen Sound, particularly the Downtown.

Similarly, the 21,000 square feet at the Site can be contrasted with other retail centres in the East City Commercial area. SmartCentres is approximately 300,000 square feet and Heritage Grove is approximately 100,000 square feet.

By any of these comparisons, the Site is not considered a major expansion to the retail commercial structure of Owen Sound.

The restaurant uses warrant a cautious approach: However, when investigating the uses proposed at the Site, the amount of restaurant space proposed at the Site may warrant a cautious approach. As noted in the JCWG Report on Page 14, in reference to the amount of restaurant space permitted on the Heritage Grove site, “The City has voiced a concern that this amount of space and number of units could create a cluster of restaurants that would compete with Downtown”.

We note that there is approximately 7,000 square feet of restaurant space proposed at the Site. According to the JCWG Report, plans for the adjacent Heritage Grove indicate six restaurants totalling 18,000 square feet. We note that there are other restaurants in the East City Commercial area.

By comparison, there are 28 restaurants / fast food operations totalling 55,500 square feet in Downtown Owen Sound. The development of the proposed restaurant uses on the Site (and any further expansion beyond that analysed in the JCWG Report) may contribute to the creation of a restaurant node in Owen Sound attracting tourists and residents. The combination of the restaurants proposed at the Site and the other restaurants in the East City Commercial area may have the ability to impact the restaurants Downtown, which could lead to impact on the planned function of the Downtown.

TER is recommending that the restaurants on the Sydenham Heights Centre be capped at two units, with a maximum of 7,500 square feet, combined. This proposed cap would provide adequate protection for the planned function of Downtown Owen Sound.

In conclusion, TER concurs with the JCWG findings that it is to permit the Sydenham Heights Centre, as proposed. TER recommends that the City use caution in proceeding with the extent of restaurant space proposed at the Site. The City should consider restricting restaurants on the Site to a maximum of 2 units with a combined total of 7,500 square feet.

Appendix A – Correspondence



MHBC Planning
Attn: Dave Aston
540 Bingemans Centre Drive, Suite 200
Kitchener, Ontario
N2B 3X9

August 21, 2020

**Re: Retail Market Impact Study Terms of Reference
Sydenham Heights Centre, 16th Street & 20th Avenue
Owen Sound, ON**

Dear Mr. Aston:

On behalf of the City of Owen Sound, and further to your request, Tate Economic Research Inc. (TER) has reviewed a Terms of Reference for a Retail Market Impact Study related to the proposed development noted above. We have reviewed the concept plan relating to the development proposal. The applicant is proposing an open concept retail centre of approximately 20,000 square feet, including two drive thru restaurants.

The applicant has provided the following Scope of Work for a Retail Market Impact Study:

1. *Assessment of the Property and Location Characteristics of the Property;*
 - a. *Review property and location characteristics in context of concept plan to determine suitability for the local area;*
2. *Delineate a Local Market Area;*
3. *Population Forecasts;*
 - a. *Over five year period;*
 - b. *Consideration of forecasts adopted by municipality for planning purposes;*
 - c. *Serving as primary demand drivers for new retail space;*
4. *Review of Retail Service Levels and Demand Drivers;*
5. *Assessment of Impact on the Commercial Structure;*
 - a. *How the proposed development will address potential retail space needs in the East City Commercial Area over the next five years (not the entire City); and*
6. *Concluding remarks.*

As you are aware, TER is familiar with the Owen Sound market, as well as the tests and requirements of the City of Owen Sound Official Plan as they relate to retail development applications. Based on our review of the development

concept and our experience, we offer the following comments on the Scope of Work:

Given the scale of the development, in the context of the Owen Sound market, we are primarily concerned with the impact tests that relate to the Downtown. Specifically, the OP refers to the Downtown in Section 4.4.2.9, stating that a market analysis shall confirm that:

- i) *Designated commercial property, suitable for the intended scale and type of development is not available within the Downtown Area.*
- ii) *Available commercial property in the Downtown is not economically viable for the intended scale and type of development.*
- iv) *The proposed development will not undermine the economic viability or planned function of a significant commercial component of the Downtown or impair the function of a designated commercial district as identified in this plan.*

It is TER's opinion that these tests should be addressed with a complete inventory of retail, service, and vacant space in the Downtown. It is noted that there should be an analysis of "available commercial property in the Downtown" to address the tests of Section 4.4.2.9 ii).

We are requesting clarification as to how the applicant would undertake Work Step #5, which is an analysis to determine "*How the proposed development will address potential retail space needs in the East City Commercial Area over the next five years (not the entire City).*" In addition, we would request that the applicant address the recent development approvals in the East City Commercial Area (specifically drive thru restaurants) and how the applicant's proposal may or may not impair the function of the designated commercial districts, as identified in the plan.

I am available to discuss these comments, with you, City staff, and the applicant and its consultants as required. I can be reached at 416 723 7907 or jtate@tateresearch.com.

Yours truly,
TATE ECONOMIC RESEARCH INC.



James P. Tate
President



Ms. Maureen Atkinson
J.C. Williams Group Limited
603½ Parliament Street
Toronto, ON M4X 1P9

February 11, 2021

Re: Sydenham Heights Centre - Peer Review Questions

Dear Ms. Atkinson:

As you are aware, Tate Economic Research Inc. ("TER") is conducting a peer review of the J. C. Williams Group report titled "*Retail impact Study for Sydenham Heights Centre, Owen Sound*" dated December 9, 2020 ("JCWG Report"). In order to assist in our peer review process, we are requesting that you please respond to the following questions.

- 1) Tenants: Can you provide information relating to planned / potential tenants for the drive thru restaurants in Buildings A and C?
- 2) Inventory: Please provide the details (background electronic files) of the inventory.
- 3) Inventory: Please clarify if 2001 inventory included all retail commercial space.
- 4) Inventory: And also, in the 2001 inventory, were the restaurants and other food service units included in the "Other" category? Further to this question, would it be appropriate to consider Food Service as a sub-category of Other Services in 2020 (in order to facilitate a comparison to the 2001 inventory).
- 5) Economic Viability: We recognize that drive thrus total 7,000 square feet and are not permitted in the downtown. However, we anticipate that the balance of the site (14,000 square feet) would be comprised of uses that would be permitted in the downtown. Please address Section 4.4.2.9 ii) of the OP, which requires confirmation that "Available commercial property in the Downtown is not economically viable for the intended scale and type of development."

Thank-you in advance for responding to these questions. Your answers will help us conduct a comprehensive review of your study in an efficient manner. I am available to discuss, as required.

Yours truly,
TATE ECONOMIC RESEARCH INC.

A handwritten signature in black ink, appearing to read 'James P. Tate', with a stylized flourish at the end.

James P. Tate
President

J.C. WILLIAMS GROUP

Mr. James Tate
8 King Street E., Suite 1013,
Toronto, ON M5C 1B5

February 25, 2021

RE: Sydenham Heights Centre – Peer Review

Dear Mr. Tate,

This letter is in response to your letter of February 11, 2021 and our conversation on February 18 when you were able to clarify the five points in your letter. In this letter, I have responded to all these items.

- 1) **Tenants:** You requested information for the planned tenants for the drive-thru elements of Sydenham Heights Centre. Our client has informed me that the tenants for these buildings are as follows:
- i. Building A – Mary Brown’s, and
 - ii. Building C McDonalds.

Please note that this information is confidential and is not for publication until it is announced publicly.

- 2) **Inventory:** You asked us to provide electronic files of our 2020 inventory. I thought it might take some time to comply, but we are able to provide the data file of the inventory with this letter.
- 3) **Inventory:** As we discussed, the 2001 inventory was provided by Amy Cann, Manager of Planning and Heritage at the City of Owen Sound. The inventory was for all the retail in Owen Sound at that time. I understand you will get the 2001 inventory directly from the City.

- 4) **Inventory:** You requested a separate breakdown of the restaurant component of the 2001 inventory. In order to comply with that request, we have simply added all retailers that were noted as Restaurants in the 2001 inventory. At that time, there were 31 restaurants that occupied a total of 73,985 square feet.

In 2020, there were a total of 24 food service operations with a total of 44,796 square feet. This does not include the food service operations that are included in the FSRM category. For example, the FSRM Circle K convenience store has a fairly robust fast-food operation and some of the specialty food stores categorized as FSRM such as the cheese store provide quick service food.

- 5) **Economic Viability:** Your comments here related to the balance of the space on the Sydenham Centre site, which is approximately 14,000 square feet, and its likelihood of attracting uses that could be located downtown. My understanding is that the indicator is whether the “Available commercial property in the Downtown is not economically viable for the intended scale and type of development” anticipated to be in this space.

In response to this question, we point out that the balance of the space will be built out with 16 ft. ceiling heights which is not currently available within downtown. The majority of properties in downtown are built to a more standard 9 – 12-foot ceiling heights. As such, the property will provide retail space that is unique in Owen Sound allowing additional options for retailers that would like to locate here.

We look forward to any other questions that you may have once you have read through our report.

Best regards,



Maureen Atkinson
Senior Advisor

May 4, 2021

Genevieve Scott

Senior Planner

Cuesta Planning Consultants Inc.

978 First Avenue West

Owen Sound, ON N4K 4K5

Re: Sydenham Heights Centre, Owen Sound

Dear Gen,

Thank you for sending me the plan with your thinking about potential restaurant tenants in what we have been referring to as the retail area. Also, thank you for including me in the meeting with the Owen Sound planners and their advisors on April 27. It is to my understanding that the plan you sent satisfied the need that the City has to pay closer attention to restaurant uses within retail zoning. The call was very enlightening and now I understand better why Tate Economic Research responded as they did to our report.

I had a key misunderstanding that the City and their advisors do not consider restaurants as retail and give it special consideration. At the time when we wrote our report, there was no certainty for the uses other than the drive-through restaurants on sites. We knew at that time that they were intended to be used as restaurants and so clearly stated that. We left it open that the balance of the retail on the site would be some form of retail which could be anything that would fit into that category which, to our minds, included DSTM, FSRM, restaurants, and services. These are the categories we used for the downtown retail inventory.

Regarding the peer review, we also have a different interpretation of the fragility of the restaurants in Downtown. While there has been a decline in the square footage of restaurants in Downtown since 2001, there was only two permanent losses and one closure until COVID restrictions are over. In 2001 there were 31 restaurants and in 2020 there were 28 open and 1 waiting to reopen after COVID restrictions. Given the challenges to the restaurant industry in Canada in the past year, this seems remarkably strong to me.

As for the decline in square footage, this is really a reflection of generally smaller store sizes. Although I have not done in-depth research on the before and after characteristics of the restaurants, I suspect that the restaurants in downtown in 2020 had more operators who were tenants rather than owners of their buildings. This leads to more efficient use of space to control costs.

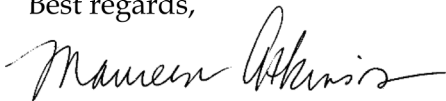
The other issue that I wanted to point out to the City and TER is that the restaurants on your site will be and should be fundamentally different than those in Downtown. Your tenants will be made up of multi-unit fast-food operations that are focused on fast in-and-out and minimal amenities. These restaurants will never go downtown because it is not their model to locate there.

Downtown is where creative entrepreneurs want to be so they can take advantage of the attractive environment and the uniqueness of each property. The historic buildings and the waterfront all add to the unique food and service that is not cookie-cutter. This is something that your property can never provide.

Neither of these kinds of operations are inherently good or bad – they are different. There are customers for both.

The plans that you sent me include four restaurants that are relatively small, either 1,200 or 1,400 square feet. Because of their size, there will be very little or no seating. I do not see a conflict with the restaurants that are located downtown.

Best regards,



Maureen Atkinson
Senior Advisor

Ms. Sabine Robart
Planner
City of Owen Sound
808 2nd Avenue East
Owen Sound, ON N4K 2H4

May 7, 2021.

Subject: Sydenham Heights Centre, Owen Sound

Dear Sabine,

We would like to thank you, Amy and the City of Owen Sound (City) peer reviewers for organizing and attending the meeting on April 27th, 2021 to discuss the specific inclusion of restaurant uses as part of the retail component at the proposed Sydenham Heights Centre.

As noted in our meeting, our primary concern resulting from the peer review response to the J.C. Williams Group Retail Impact Study (RIS), was the recommendation to include the proposed drive-through restaurant uses within a site-specific regulation that would restrict restaurants to a maximum of 700m² at the site. The intent of this restriction would be to preserve the viability of downtown restaurant uses.

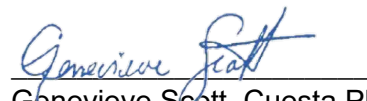
However, as drive-through restaurants are not permitted to locate in the downtown (C1) zone, this type of use should be excluded from the RIS's analysis of impact on the downtown retail area and the subsequent peer review. This policy interpretation has been accepted by the City staff and its peer reviewers with previous similar applications.

We appreciate the City's priority to maintain the health of the downtown, however we would also note that the East City Commercial designation does permit restaurant uses. With this in mind, our client would be willing to restrict the scale and overall area of the restaurant uses on this site to a maximum of four (4) units with a total 485m², not including the proposed drive-through uses. The average unit size would be 120m² and uses are likely to include pizza, burrito, chicken and breakfast operations.

In addition to the comments herein, J.C. Williams Group has provided correspondence, dated May 4, 2021, in support of the proposal (attached) for your consideration.

Based on the materials provided, we would respectfully request staff and its advisors consider the above noted proposal favourably and we look forward to your response.

Yours truly,



Genevieve Scott, Cuesta Planning Consultants Inc.

From: [Dave Aston](#)
To: [Amy Cann](#); [Sabine Robart](#); [James Tate](#)
Subject: Thomson Centre - Proposed Wording for By-law for Restaurants
Date: June 8, 2021 6:11:52 PM

Hi everyone,

Further to our recent meeting with the applicant, please accept this email as a proposed option for consideration for the proposed Zoning By-law.

The By-law would support the development of the lands and the potential for restaurant uses, including drive-thru uses.

The wording is proposed as follows:

- The total gross floor area for all restaurants, including drive thru restaurants, shall not exceed 50% of the total gross floor area.
- The minimum unit size for restaurants shall be 325.2 square metres.
- Notwithstanding the minimum restaurant unit size, restaurants less than 325.2 square metres may be permitted to a maximum aggregate gross floor area not to exceed 464 square metres.

DAVID ASTON, MSc, MCIP, RPP
Vice President, Partner

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