



**STAFF REPORT**  
**Economic Development**

Title: Lease Agreement for St. Columba Arts Space:  
Supplementary Info  
Report Number: CAO2025-020.1  
Author: Justin McFadden  
Council Date: June 23, 2025  
File: 250031  
Attachments: N/A  
Ward No.: Ward 5

**Recommendations:**

- 1) That Council receive report CAO2025-020.1 as information.

**A. Executive Summary**

On June 16, 2025 Council deferred report CAO2025-020 “Lease Agreement for St Columba Arts Space” noting a requirement for additional information to enable a decision. This supplementary report provides additional information that was identified as required during the June 16<sup>th</sup> meeting.

Facilities and Site Condition Overview

In January, 2025, FDMS staff completed a building condition inspection of the St Columba church. Staff from both the capital and maintenance teams participated in the investigation. The purpose of this inspection was to provide an assessment of the current condition of the building, as well as an estimate of the anticipated capital repairs that would be required to activate the building for its temporary public use. This also included a review of accessibility repairs and upgrades that would be required, in order to improve the overall accessibility of the building. In addition, the team prepared an estimate of the anticipated annual operating expenses for this building. This information was supplemented by historical documentation (e.g. building drawings, reports, property management bills, etc.) that were provided to the City by the seller. A summary of the key findings was provided to City staff who were facilitating the purchase agreement.

In March, 2025, FDMS and IPPW staff also completed a thorough investigation of the sanitary and storm pipes leading from the building to the road. This involved running a camera through the lines, to investigate the integrity of the pipes.

In addition to the building condition inspections, the City was also provided a copy of a Designated Substance Assessment report that was prepared in 2020. A Designated Substance Assessment report provides information on the potential presence of certain designated substances in a building and is a requirement of the Occupational Health & Safety Act. The results of this assessment were consistent with expectations for a building that was constructed in the 1960's and would not inhibit the intended occupancy of this building.

A Phase I ESA was not completed on the property as the only historical use has been a church combined with surrounding residential uses, both of which are generally deemed to be very low risk for contamination. A Record of Site Condition ("RSC") was not pursued for the same reasons. Pursuant to Ontario Regulation 153/04, an RSC is not required to change a church property to residential. However, if the existing building at 250 Lincoln is leased for temporary artisan use, the lands would be considered a "community use" under O. Reg 153/04 and an RSC would be required before the property could be redeveloped for residential purposes. It is estimated that an RSC review would cost in the range of \$40,000.

#### Zoning, Temporary Use & Development Timeline Overview

To enable the interim use as an "Arts Hub", a temporary use zoning bylaw will need to be enacted. Economic Development would submit the zoning application, for processing and assessment by the Planning Division. The most expedient process is for the application to be considered under delegated authority pursuant to By-law 2023-073, which allows the Director of Planning to approve applications and pass by-laws for zoning matters that are minor in nature (e.g., temporary uses). Following an engagement period to secure written comments from interested persons and agencies (no public meeting), a planning report would be presented to the Director of Planning for a decision based on the merits of the application. If approved, a by-law would then need to be passed by the Director, followed by a notice of decision and completion of the legislated appeal period under the Planning Act, before the interim use would be permitted. In the alternative, Council could direct that the temporary use zoning application follow a standard process, wherein the decision rests with Council at a Formal Public Meeting.

With respect to enabling housing on the site, the simplest process to optimize residential redevelopment would be to rezone the property under the existing Low Density Residential (LDR) designation, to a zone category such as Residential 9 (R9) with site specific provisions to allow stacked townhouses and low-rise multi-unit residential buildings (e.g., low rise apartment buildings). The existing Low Density Residential (LDR) designation in the City's Official Plan requires a low-rise built form, but enables medium density uses such as stacked townhouses (3 storey) and apartment buildings (4 storey), to a maximum density of 150 bedrooms per hectare. The St. Columba site is 0.419 hectares in size, allowing up to 62 bedrooms under LDR which based on similar local developments could net up to 20 stacked townhouses.

Timeline estimate:

Public engagement / visioning for site = 3-6 months

Public Request for Expressions of Interest (RFEOI) = 4-6 months  
Negotiate and Sign Agreement of Purchase and Sale = 3 months  
Proponent Site Design and Planning Approvals = 1 year  
Total timeline from Council report approval to initiation of construction = 28-35 months

If the City of Waterloo is interested in pursuing a larger building (e.g., 6 storey apartment building) or more density (exceed 150 bedrooms per hectare), an amendment to the Official Plan would be required. Council can approve the Official Plan Amendment (OPA) under its new authority per Bill 23; however, a larger building would require more planning evaluation, and therefore would take additional time (including for engagement) to ensure a good planning outcome. This process would be expected to add 2-4 months to the timeline outlined above.

### Project Financial Overview

On February 24, 2025 Council approved report CAO2025-008 - Property Acquisition – 250 Lincoln Road. The property acquisition plus allocations for legal and closing costs and future demolition totalled \$2.4 million. To operate the facility as a temporary programming space for the next 3 years, it was estimated that an additional \$350,000 in funding was required for the capital improvements as identified as part of the Facility Maintenance review and the annual ongoing operating funding required to operate the facility was estimated at \$50,000 per year. This \$50,000 will cover a combination of day-to-day operating costs (e.g. water, hydro, natural gas etc.), property maintenance costs (e.g. snow removal, lawn maintenance, custodial services, etc.), as well as allocations for ongoing minor maintenance and repairs to the building. Project funding for the property acquisition, capital repairs and annual operating was to be funded as follows:

- 1) CCPCR – Affordable Housing Program
  - \$500,000
  - 2025 projected ending balance after funding the project \$0
  - Affordable Housing Program receives and annual property tax contribution of \$125,000
- 2) Land Sale Affordable Housing Contribution
  - \$1,650,000 Affordable Housing Contribution as part of the Waterloo Town Square North Parking Lot Land Exchange Agreement
- 3) Tax Rate Stabilization Reserve
  - \$750,000
  - Via CAO2025-008, \$750,000 was to be funded from TRS
  - This was intended to cover \$250,000 of the property acquisition, \$350,000 towards the capital improvements and \$150,000 towards the annual ongoing operating funding (\$50,000 per year for 3 years)

On January 31, 2025, the City submitted a request for additional Housing Accelerator Fund (HAF) funding via an additional HAF initiative - Places of Worship for the purpose of creating affordable housing. This initiative aimed to undertake a Place of Worship

Inventory and to proactively carry out planning assessments and associated Official Plan Amendments and Zoning By-law amendments to permit multi-unit housing as of right on Places of Worship properties. The City's initiative will streamline the creation of new housing units by reducing cost, uncertainty and time associated with the planning approvals process. HAF funds can also be used to acquire properties for affordable/attainable housing purposes. On March 20, 2025 (after approval of CAO2025-008 on February 24, 2025) staff were advised that our application for additional HAF funding had been approved and the City would be receiving up to an additional \$1.3 million in HAF funding. With this grant award now in place, HAF funding in the amount of \$750,000 can be allocated towards the acquisition of 250 Lincoln Road returning the TRS portion.

### **B. Financial Implications**

The above funding sources totalling \$2.9 million would allow the City to acquire the property, cover the required legal/closing cost, future demolition and fund the necessary capital improvements (\$350,000) as identified by the Facility Maintenance review and fund the annual ongoing operating (\$50,000 per year for 3 years) required to operate the facility.

The project is being funded by CCPCR – Affordable Housing Program, Land Sale Affordable Housing Contribution and Housing Accelerator Fund (HAF) grant funding that can replace the previously planned TRS contribution.

The City's Reserve and Reserve Fund policies are intended to provide flexibility and stability to address challenges and to take advantage of opportunities. In the majority of cases, City Reserve and Reserve Funds are funded through property tax contributions and or property tax surpluses. Annually Finance brings forward a Reserve and Reserve Funds Update report that provides a comprehensive look at each of the City's Reserves and Reserve Funds. Given the budget pressures facing the City as part of the 2026 Budget Confirmation process (similar to 2025) and pressures to be considered as part of the 2027 and 2028-2030 budget processes, healthy Reserve and Reserve Fund balances will be critical to provide the necessary financial flexibility needed to address the various budget pressures.

Annually the City makes a direct investment in Arts and Creative Industries (ACI) in the amount of approximately \$1.7 million. This includes contributions to the Clay and Glass Gallery, The Museum, Button Factory, K-W Art Gallery, K-W Oktoberfest, Foundational Arts and Culture grants, Foundational Festivals, Lumen, Buskers, and the July 1st Community Picnic. In many cases the City investments are further expanded through grants and sponsorship increasing the overall community impact and benefit. Additionally, the City's 2025-2033 capital budget and forecast includes over \$1 million in capital investments in ACI related projects such as public square amenities and public art implementation.

**C. Technology Implications**

N/A

**D. Link to Strategic Plan**

(Strategic Priorities: Reconciliation, Equity, Accessibility, Diversity and Inclusion; Environmental Sustainability and Climate Action; Complete Community; Infrastructure and Transportation Systems; Innovation and Future-Ready)

(Guiding Principles: Equity and Inclusion; Sustainability; Integrity; Workplace Wellbeing; Community-centred; Operational Excellence)

Strengthening the resilience of arts sector organizations and encouraging business innovation and the development of new initiatives supports the Strategic Plan priorities of supporting a diversified economy and innovation ecosystem.


**E. Previous Reports on this Topic**

- CAO2025-008 Property Acquisition – 250 Lincoln Road
- CAO2025-020 Lease Agreement for St. Columba Arts Space

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