




INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	October 20, 2021
SUBJECT/REPORT NO:	Memorandum of Understanding with City and Aeon Studios on Barton-Tiffany Lands – Status Update (PED19063(c)) (Ward 2)
WARD(S) AFFECTED:	Ward 2
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SUBMITTED BY: SIGNATURE:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department 

COUNCIL DIRECTION

On April 24, 2019, Council approved confidential Report PED19063(a) which approved the terms and conditions of a Memorandum of Understanding (MOU) with Hamilton Studios Ltd Inc. (Aeon Studios), for the development and sale of lands, to create a hub for the film, television, and multi-media industry in Hamilton's Barton-Tiffany area. A summary of the MOU and map of City properties in the area is attached as Appendix "A" to Report PED19063(c).

Report PED19063(c) provides a summary of key background information with respect to both the previous Council approvals and the existing MOU conditions, a status update on the progress made to date on the terms and conditions contained within the MOU, as well as the anticipated next steps required to complete the expectations of the MOU.

INFORMATION

Background:

The City of Hamilton is the owner of the lands bounded by Queen Street North/Stuart Street, Barton Street West and Tiffany Street, collectively referred to as the "Barton-Tiffany lands", as identified in Appendix "A" to Report PED19063(c) .

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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From a policy perspective, the West Harbour (Setting Sail) Secondary Plan came into effect by way of an Ontario Municipal Board (OMB) decision on December 27, 2012, which designated these lands as a Special Policy Area. This was to facilitate the area's transition from former industrial uses to an intensified area including mixed-use residential and commercial developments, as well as other cultural and recreational uses, to broaden the year-round engagement within the area and create new economic opportunities.

Setting Sail also stipulated further studies and guidelines were required to ensure conformity to this vision was maintained over time. In September 2014, Council adopted the "Barton-Tiffany Urban Design Study, Design Concept, and Guidelines", which provided the design vision for the built form, including building typologies, street networks, street-scaping and other elements. As well, recognizing the proximity to a planned transit and mobility hub, Council approved the "James Street North Mobility Hub Study", which further refined the policy framework for future development.

Simultaneously, Hamilton started to become a hub for the creative cultural industries; including a wide variety of businesses in areas such as music, film, fashion, writing and publishing, visual and applied arts and graphic design, and live performance and festivals. Specific to the film, television, and media industries, Hamilton has seen consistent and significant growth from this sector over the years and has been well-positioned to attract a large film studio, which would include pre and post-production facilities, to support the expansion, retention and attraction of the larger sector. The City adopted a goal of attracting a major film studio as a stretch target in the Council approved Economic Development Action Plan (2016-2020). As momentum within the industry continued, the Barton-Tiffany lands were identified both internally and by the industry itself, as a prime location for this form of development, and industry leaders expressed an interest in developing the Barton-Tiffany lands into an industry hub.

On March 27, 2019, Council approved three separate reports relating the Barton-Tiffany lands:

- i. Confidential Report PED19063 – approved staff direction and authorization to negotiate an MOU with Aeon Studios, towards the development of a media industry hub (Studio District) in the Barton-Tiffany area;
- ii. PED18210(a) – presented in public session, Council approved the re-zoning of the Barton-Tiffany area to permit the additional uses required to establish a complete Studio District; and,
- iii. PED19056 – presented in public session, Council approved the Creative Industries Sector Strategy, which identified the establishment of a Studio District on the Barton-Tiffany lands as a sector and economic development priority.

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On April 24, 2019, Council approved Confidential Report PED19063(a), which approved the terms and conditions of the MOU with Hamilton Studios Ltd Inc. (Aeon Studios), for the development and sale of lands for the Studio District in the Barton Tiffany area. Appendix “D” of Confidential Report PED19063(a) entitled “*Summary of MOU*”, was released as a public document at that time. This summary is also attached as Appendix “A” to Report PED19063(c).

Key Requirements of the MOU:

The MOU identifies several issues and requirements to be performed by each Party, which are summarized below:

Requirements of Aeon Studios:

- To develop and construct, at its sole cost and expense, a Studio District within the Barton-Tiffany lands, providing an economic benefit to the City of Hamilton with a media industry hub inclusive of ancillary film production services such as sound stages, production offices, and various other facilities;
- To provide to the City a comprehensive Master Plan, outlining its long-term vision, strategic plan, concepts and business case for the contemplated Studio District. The plan is to address and demonstrate its alignment with the City’s Secondary Plan, Design Guidelines, and other policies. It is also to reference the City’s objectives for the Studio District of excellent urban design, building design and integration, pedestrian-orientation and community connectivity, permeability and public accessibility, and provision of affordable artistic community spaces; and,
- To conduct, in collaboration with City staff, public open houses and consultation presenting the Master Plan and the Studios long-term vision for the Barton-Tiffany lands.

Requirements of the City:

- To sell the identified City-owned lands, fee-simple, with the financial valuation to be established using a Highest and Best Use method or “Fair Market Value” financial considerations, and including retention of any applicable easements and rights-of-way (if any) held by the City necessary towards an approved development;
- To ensure the zoning approvals permit the contemplated film studio use on the subject lands (completed through Council’s approval on March 27th, 2019 of PED18210(a)); and,
- To grant permission to enter the City-owned lands for the purposes of site inspection, testing, and development planning.

Actions to Date:

With the execution of the MOU in April 2019, City staff have worked collaboratively with representatives from Aeon Studios, to implement the terms and conditions of the MOU. Aeon immediately began at its sole expense, the process of site condition assessment and due diligence studies, including significant soil and contamination studies.

As this process progressed and the City and Aeon worked in good faith, it became clear that the timeframes agreed to in the MOU were too aggressive, and therefore on August 8, 2019, both parties agreed to formally extend the MOU timeframes, with a further extension agreed to on January 29, 2020.

In February 2020, representatives from Aeon Studios presented to City staff a proposed site plan for the Barton-Tiffany lands and outlined a long-term vision for the concept of the Studio District. City staff gave feedback and comments, and both parties agreed this was the initial phase in developing the Master Plan and would begin to prepare a public consultation and engagement plan.

In March 2020, the COVID-19 pandemic provided challenges that were unforeseen during the MOU negotiation. From a film, television, and media industry perspective, the pandemic affected plans and schedules as lockdowns began in several jurisdictions, including in Ontario. Although Aeon continued to conduct their due-diligence studies and discussions between City staff and Aeon continued throughout the pandemic, the pandemic restrictions limited the ability for both parties to plan and implement any form of public engagement plan.

As the pandemic restrictions began to ease, Hamilton's economy began to recover, with the film and television industry assisting in the rebound. From an investment perspective, Hamilton is acknowledged as a leading jurisdiction, with construction investment outpacing expectations in all sectors. As well, the film and television industry as a whole, has expressed a desire to expand the capacity within the broader GTHA, which has raised both the profile and expectations of our plans for the Barton-Tiffany lands.

In February 2021, Aeon acquired the former industrial building located at 243 Queen Street North, officially opened and is operating as Aeon Bayfront Studios. As well, Aeon has disclosed to City staff several other property acquisitions of privately-held lands within the Barton-Tiffany area. It is understood that these acquisitions are consistent with the long-term vision of creating the Studio District and allow for greater studio capacity for the film and television industry prior to the development of the purpose-built facilities on the Barton-Tiffany lands.

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In September 2021, Aeon presented a revised Master Plan to City staff, including a proposed public engagement plan, scheduled to begin in October 2021.

Next Steps:

City staff and representatives from Aeon have committed to collectively focus on a clear path forward to finalizing the requirements of the MOU. The following are the agreed upon next steps to meeting this objective.

1. Aeon Studios Public Delegation to the General Issues Committee (GIC)

With the goal of beginning formal public consultation, Aeon Studios has expressed an interest in publicly delegating to GIC with the intent of revealing their proposed Master Plan. The presentation will be fully conducted by Aeon representatives and is expected to highlight:

- Hamilton Studio District Vision and Mission;
- Progress and Actions To-Date;
- Proposed Master Plan; and,
- Public Consultation Plan.

2. Implementation of Aeon Public Consultation Plan

As stated, the MOU stipulates that Aeon and City staff work collectively to consult the public with respect to Aeon's Master Plan for the Studio District. Both parties will prepare and implement a public consultation plan beginning in October 2021.

3. Preparation and Submission of Aeon Master Plan and Business Case to City Staff

As per the terms of the MOU, Aeon will prepare and submit a comprehensive Master Plan and Business Case to City staff for review. It is expected this plan would be submitted by February 2022.

4. City Staff Report Back to GIC by end of Q1 2022

Staff will review both Aeon's Master Plan and Business Case, as well as the feedback received through public consultation, and report back to GIC with a status update by the end of Q1 2022.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED19063(c) – Summary of the MOU and Location Map