



**City of Kingston
Report to Council
Report Number 15-384**

To: Mayor and Members of Council
From: Cynthia Beach, Commissioner, Corporate & Strategic Initiatives
Resource Staff: Paul MacLatchy, Director Environment & Sustainable Initiatives
Date of Meeting: October 6, 2015
Subject: Potential Brownfield Projects for Municipal Ownership, Remediation and Redevelopment

Executive Summary:

In addition to the Brownfield Community Improvement Plan and the failed tax sale program, the City of Kingston's brownfield strategy contemplated the potential for remediation and redevelopment of one or more municipally owned or acquired properties. This report provides an assessment of brownfield properties that may be suitable for municipal acquisition, remediation and redevelopment as per the direction received from Kingston City Council on December 16, 2014 (Report 15-015).

Staff have examined potential brownfield properties; all within current Project Areas of the City's Brownfield Community Improvement Plan (CIP) and identified the following four as candidates:

- 11 Queen Street (Block 4)
- 305 & 323 Rideau Street
- 1121 Montreal Street
- 1100 Montreal Street

The Block 4 property has been the subject of reports to Council and a strategy for its remediation and redevelopment has been provided. The property has a reasonably good prospect of redevelopment by a private sector developer using the City's Brownfield Community Improvement Program and redevelopment is expected to occur in that fashion. The property at 305-323 Rideau Street was recently acquired by the City and options to consider the redevelopment will be found after staff have evaluated responses to an RFI/RFP process.

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The property at 1121 Montreal Street is in failed tax sale status and may be acquired through the registration of a Notice of Vesting; however, this is not being recommended at this time. The property is less important to the Rideau Heights Regeneration Strategy and also is encumbered somewhat by utility easements through the rear of the property and narrow street exposure relative to the property size.

The property at 1100 Montreal Street, located on the corner of Montreal Street and Weller Avenue, is in failed tax sale status and may be acquired through the registration of a Notice of Vesting, which is being recommended at this time. The property is regarded as important to the Rideau Heights Regeneration Strategy if it were redeveloped using a municipally-led remediation and redevelopment model utilizing a request for proposals approach. Once the City vests title in the property at 1100 Montreal, staff will develop a more accurate estimate for environmental remediation, make application for funding assistance to the FCM's Green Municipal Fund, prepare a redevelopment model that would be supportive of the Rideau Heights Regeneration Strategy and make a recommendation for a new capital project within the 2016 budget submission.

Recommendation:

That Council approve the write-off of uncollectible taxes for 1100 Montreal Street, which failed to sell under the tax sale provisions in the *Municipal Act, 2001*, in the amount of \$219,868.56, of which \$184,883.58 is the City's portion and \$34,984.98 will be charged back to the school boards; and

That the City Treasurer be authorized to prepare and register a notice of vesting in the name of The Corporation of the City of Kingston pursuant to subsection 379(5) of the *Municipal Act, 2001* for the property known municipally as 1100 Montreal Street, Roll No. 10.11.040.140.08700.0000; and

That Council authorize staff to make application to the Federation of Canadian Municipalities' Green Municipal Fund for financial assistance toward the remediation and redevelopment of 1100 Montreal Street; and

That Council direct staff to report back to Council with a new project to remediate and redevelop the brownfield property at 1100 Montreal Street in a manner supportive of the Rideau Heights Regeneration Strategy for consideration within the 2016 capital budget submission.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Cynthia Beach, Commissioner,
Corporate & Strategic Initiatives**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Lanie Hurdle, Community Services

Denis Leger, Transportation, Facilities & Emergency Services Not required

Jim Keech, President and CEO, Utilities Kingston Not required

Desiree Kennedy, Chief Financial Officer & City Treasurer

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Options/Discussion:

Background: City Council's 2015-2018 Strategic Priorities indicates the rejuvenation of brownfields as an important strategy toward the creation of a "Liveable City". Within the City's Brownfield Strategy staff are tasked with evaluating the feasibility of acquiring brownfield properties for remediation and redevelopment where private sector interest through the failed tax sale process has not been fruitful or properties which are already under municipal ownership.

In accordance with direction received from Kingston City Council on December 16, 2014 ([Report 15-015](#)) staff have examined potential brownfield properties, all within current Project Areas of the City's Brownfield Community Improvement Plan (CIP) and identified the following four as candidates for a municipally-led remediation and redevelopment project:

- 11 Queen Street (Block 4)
- 305 & 323 Rideau Street
- 1121 Montreal Street
- 1100 Montreal Street

Block 4 Property: The City owned Block 4 property has been the subject of reports to Council and a strategy for its remediation and redevelopment has been provided. Staff expect that the property will be offered to the development community at a future date and that a successful proponent would utilize the City's Brownfield Community improvement Plan benefits to assist in remediation and redevelopment of the property. As a viable strategy for moving the property forward is already in place it was not considered further for additional actions under the brownfield program.

305-323 Rideau Street: The property at 305-323 Rideau Street was recently acquired by the City as part of a larger parcel of land. The property is subject to an RFI/RFP process for the sale of the land and the restoration of the heritage designated building. A separate staff report will be provided later this year outlining options for Council to consider. The site is eligible for the City's Brownfield Community improvement Plan benefits to assist in remediation and redevelopment of the property.

1121 Montreal Street: The property at 1121 Montreal Street is in failed tax sale status and may be acquired through the registration of a Notice of Vesting. The property was offered for sale by bid proposal under the failed tax sale program on two separate requests for proposal occasions but received no bids even with the recent adding of the potential for Brownfield Community Improvement Plan benefits. The property is a brownfield property and may be a reasonable candidate for re-sale and redevelopment once remediated. However, given its location on the east side of Montreal Street the property is less important to the Rideau Heights Regeneration Strategy. Redevelopment of the property is also encumbered somewhat by a sewer utility

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easement that bisects the property. It is not recommended for municipal acquisition and remediation at this time.

1100 Montreal Street: The brownfield property at 1100 Montreal Street, located on the corner of Montreal Street and Weller Avenue (Exhibit A), is in failed tax sale status and may be acquired through the registration of a Notice of Vesting, which is being recommended at this time. The 0.5 acre property was offered for sale by bid proposal under the failed tax sale program and has not generated satisfactory redevelopment interest through the failed tax sale process even with the recent adding of the potential for Brownfield Community Improvement Plan benefits. The property is regarded as important to the Rideau Heights Regeneration Strategy if it were redeveloped in a manner that supported the strategy.

This report proposes an approach where the municipality vests title to the property, undertakes a remediation program to make the property safe and suitable for redevelopment to neighborhood commercial and residential uses, and solicits developer interest in ownership and redevelopment through a Request for Interest / Request for Proposals (RFI/RFP) process where the redevelopment terms of reference are developed to be strongly supportive of the Rideau Heights Regeneration Strategy.

The environmental condition of the property is such that soil contamination from previous auto-service and fuel retailing operations must be remediated before a Record of Site Condition can be produced so that redevelopment can occur. Staff estimate that remediation of the property will consist of a combination of re-using marginally contaminated soils on suitable properties in need of fill, removal of contaminated soils that are not re-useable to a licensed landfill site and backfilling with clean soil material. The cost to remediate the property and produce a Record of Site Condition is estimated at approximately \$275,000.

Once remediated the property would be put up for sale and redevelopment using an RFI/RFP process where a terms of reference for redevelopment would be provided to potential bidders. The terms of reference for redevelopment would be developed in conjunction with the Housing & Social Services Department so that it maximizes support for the Rideau Heights Regeneration Strategy. The proposed Rideau Heights Neighborhood Regeneration Strategy identifies 1100 Montreal Street property as a candidate for market housing but may also benefit from accessory neighborhood commercial uses such as a small grocery, medical or dental offices, etc. The property is currently zoned Residential A5, allowing for residential uses. Amendments to the property's zoning would be required to allow for any proposed commercial uses.

In 2013 city staff commissioned an appraisal of this property as part of an opportunity to develop the land for residential use in conjunction with a neighbouring property. At that time, the appraised value for 1100 Montreal Street was \$100,000 for the potential residential use. A zoning amendment to allow for commercial uses may increase the appraised value of the property.

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Existing Policy/By-Law:

Council's recent adoption of Strategic Priorities has included the goal to "Develop a community renewal plan for Rideau Heights" under the theme of Planning a Liveable City. The proposed Rideau Heights Regeneration Strategy identifies the property at 1100 Montreal Street as important to the overall redevelopment of the neighborhood and specifically recommends that it be redeveloped into market housing that supports the revitalization of the North-End including mixed residential and commercial investment along Montreal Street.

Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

The municipal portion of the tax write-off in the amount of \$184,883.58 has been expensed each year as part of the allowance for doubtful accounts review and, therefore, will not affect current operating budgets. Education levies are paid to the school boards in the year in which the taxes are levied; therefore, education taxes in the amount of \$34,984.98 will be recovered from the school boards in 2015.

This report identifies the inclusion of approximately \$275,000 in the proposed 2016 capital budget for the environmental remediation of 1100 Montreal Street. It is likely that the remediated property could sell for approximately \$100,000; perhaps more if commercial uses are permitted. The amount recovered from the property sale could likely be reduced by redevelopment conditions the City would place on potential bidders so that the project integrates uses that support to the Rideau Heights Regeneration Strategy.

Once redeveloped (assuming ground floor commercial and 3 floors of residential with a total floor area of approximately 2,500 square meters) the City could expect to receive approximately \$54,000 to \$80,000 annually in property taxes, net of the school board portion.

A summary of anticipated project costs and resultant revenues to the City is as follows:

- Property acquisition costs = \$0
- Estimated Remediation Costs = \$275,000
- Estimated Revenue to the City from Land Sale = \$100,000
- Estimated Annual revenue to the City from post-redevelopment property tax = \$54,000 to \$80,000*

* Depends on exact redevelopment form and assumes pre development tax is zero due to chronic failed tax sale status

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Contacts:

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Other City of Kingston Staff Consulted:

Nathan Richard, Project Manager Brownfields

Peter Huigenbos, Manager Real Estate & Land Development

Sheldon Laidman, Director Housing & Social Services

Jeff Walker, Manager Taxation & Revenue

Exhibits Attached:

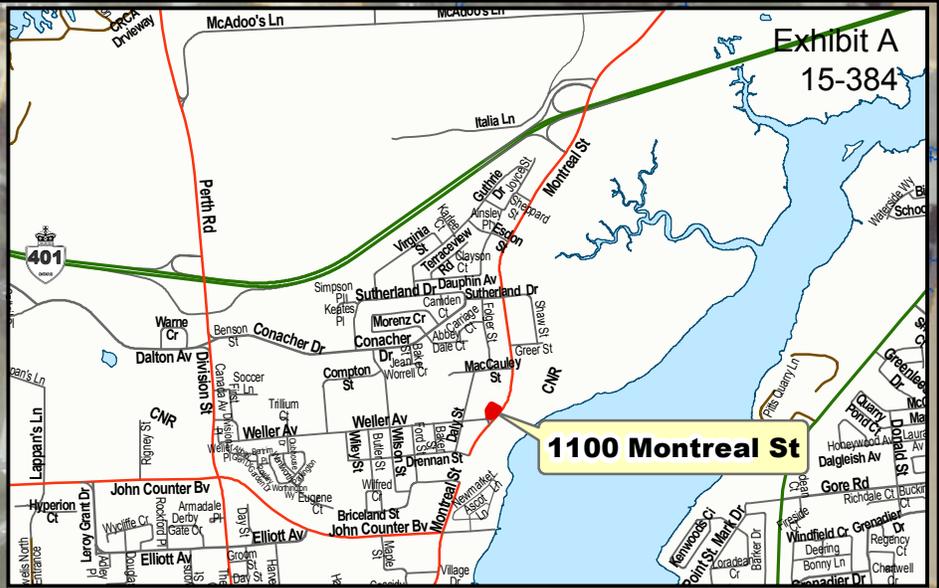
Exhibit A – 1100 Montreal Street

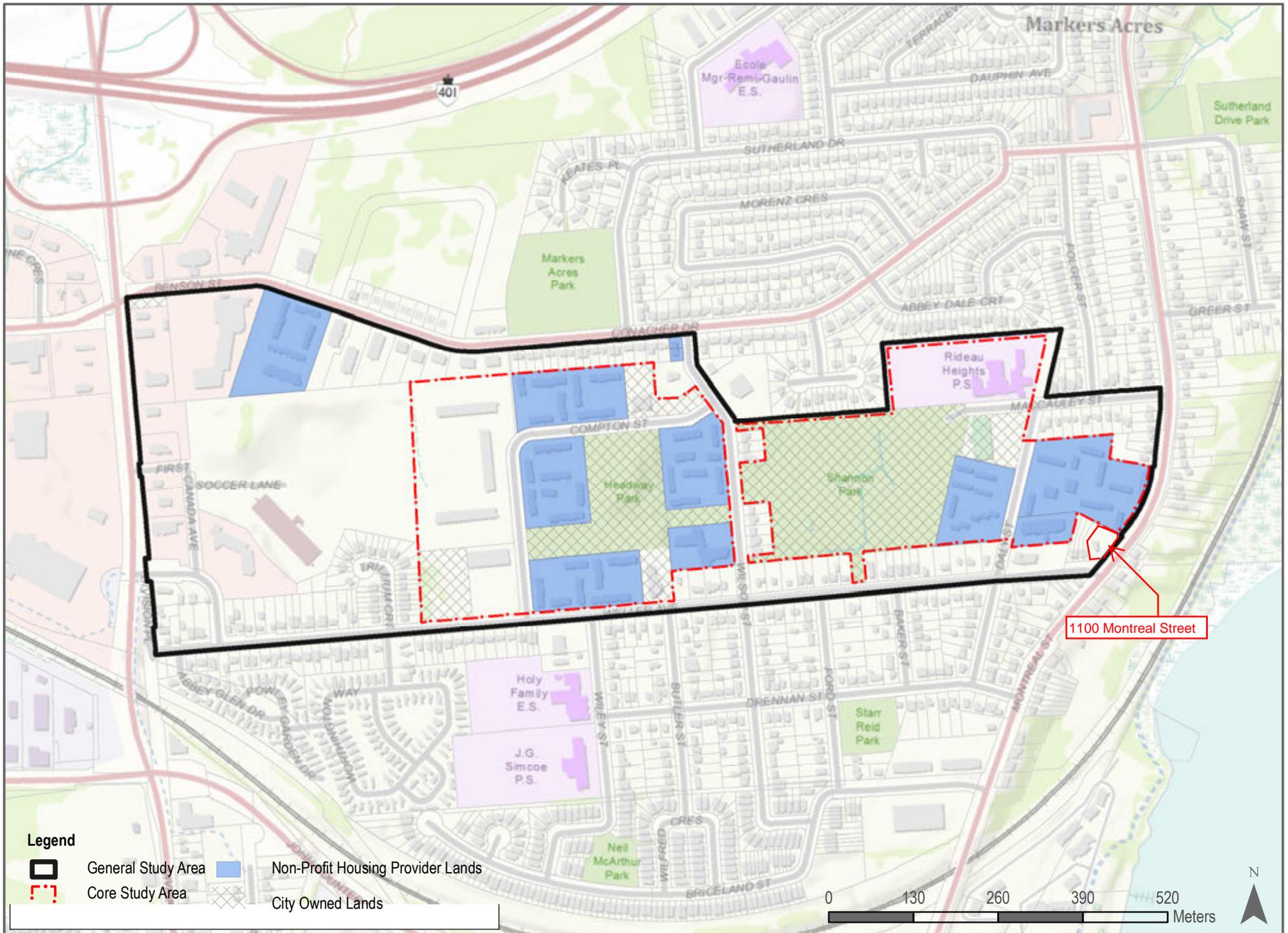
Exhibit B – 1100 Montreal Street with Respect to the Rideau Heights Regeneration Strategy Area

**City of Kingston
Tax Sales Property
Roll # 101104014008700
1100 Montreal St**



Exhibit A
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- Legend**
- General Study Area
 - Core Study Area
 - Non-Profit Housing Provider Lands
 - City Owned Lands