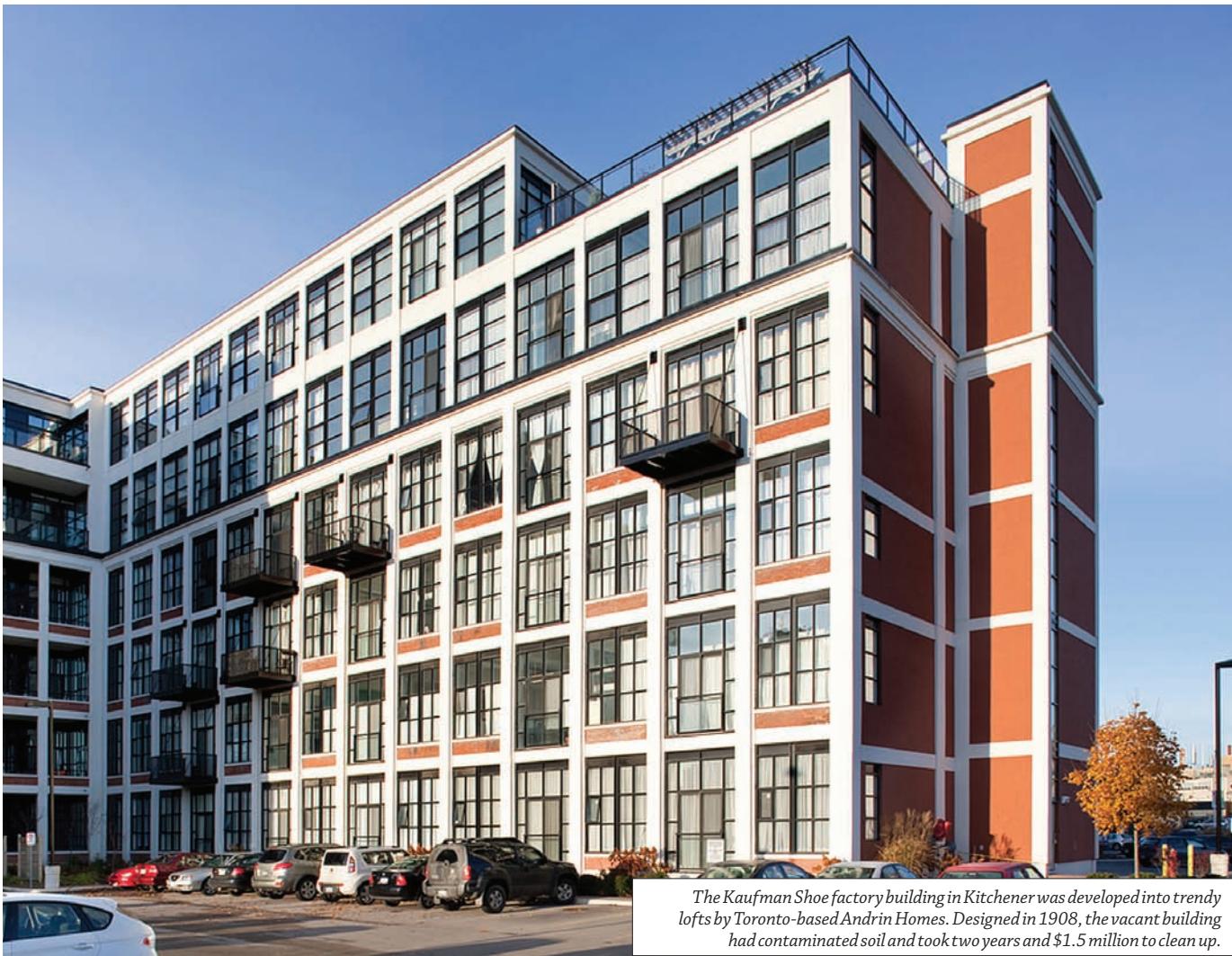


FROM BROWN TO GOLD

The trials, tribulations — and rewards
— of developing brownfields

BY MICHAEL RYVAL





The Kaufman Shoe factory building in Kitchener was developed into trendy lofts by Toronto-based Andrin Homes. Designed in 1908, the vacant building had contaminated soil and took two years and \$1.5 million to clean up.

Brownfield development is becoming a more common approach of building communities in many Ontario cities — despite the challenges of meeting environmental regulations, the physical clean-up of contaminated sites and dealing with potential resistance from neighbourhood residents. While it often requires more patience than developing greenfield sites, there's considerable satisfaction for builders in transforming former factories or contaminated waterfront sites into prime residential locations — the bricks-and-mortar equivalent of turning dross into gold.

Builders cognizant of the province's desire to pursue intensification have been aggressively developing brownfield sites. One indication is that close to 800 filings of Record of Site Conditions were submitted in fiscal 2011-12 with the Ministry of the Environment. That compares with about 500 filings in 2010-11.

While the recent number was skewed by builders rushing to anticipate the new stringent Regulation 153/04 under the *Environmental Protection Act*, says Chris Thompson, brownfield coordinator for the Ministry of Municipal Affairs and Housing, "there has been a significant increase in filings over the years. The trend is upward."

Gino D'Ambrosio, vice president at Toronto-based Andrin

Homes, can certainly attest to the complexity of infill redevelopment. In 2001, the firm acquired the Kaufman Shoe factory building in Kitchener that later became known as the Kaufman Lofts. Designed in 1908, the building was vacant and had contaminated soil. "We liked the location and the building had a very robust structure. The city also had a brownfield remediation program which made the financial equation work," recalls D'Ambrosio, adding that development charges were waived and the building permit fees and site plan application fees were refunded.

It took about two years to clean up the site at a cost of over \$1.5 million. "It was very labour-intensive, with lots of inspections and reports to the Ministry of the Environment," says D'Ambrosio, adding that solvents and rubber had to be removed and clean material had to be brought in. Moreover, the firm was determined to restore the building's heritage components, such as the art deco-style wooden doors and windows at the entrance. Completed in two phases over two-and-a-half years, the building has 270 fully occupied loft units.

One of the difficulties that builders face, says D'Ambrosio, is the unpredictable nature of remediating a brownfield site. "It's very hard to predict a price tag for the clean-up, unless you really know what you're dealing with. You also need to have a good sense of the approval time frame," says D'Ambrosio. "It always takes



Reid's Heritage Homes worked very closely with the City of Cambridge to develop the Preston Meadows site. Once a century-old foundry, the community is now in its final phase of construction and will be home to 450 people.

The clean-up took about 18 months. And a lot of people living next to the property were afraid the development would bring down the value of their properties.

longer to clean up these sites. And the cost of re-construction is typically much higher than new construction — it's full of surprises. You will find things you weren't anticipating."

But at the end of the day, D'Ambrosio is pleased with the end result. "It provided excellent housing in the downtown core and allowed us to restore a historic building. It was worth the effort in large part because of the financial incentives," says D'Ambrosio. "But if we had to pay development charges the project would not have been viable."

Kitchener-based Reid's Heritage Homes worked very closely with the City of Cambridge, who assisted with the development of the Preston Meadows site. The once derelict 4-hectare site of a century-old foundry in the Preston area was acquired from the city by Reid's in 2005. Now in its third and final construction phase, Preston Meadows will ultimately be home to about 450 people in a mix of mid-rise condominium and rental apartments and townhouses.

There was more to the infill project than a costly environmental clean-up, however. It also meant responding to some vocal opposition from the surrounding homeowners who expressed concerns about increased traffic and potential impact on property values. "It was a long process," recalls Jim Dodd, director of land acquisitions in Cambridge for Reid's. "The clean-up took

about 18 months. And a lot of people living next to the property were afraid the development would bring down the value of their properties. These are the challenges of modern-day planning and people not wanting anything in their backyard."

Working closely with city planning officials, Reid's held several neighbourhood meetings and ended up making substantial revisions to the original plan, based on current residents' concerns regarding traffic and property value. "It was 2008 by the time we got our final planning approvals in place," says Dodds.

Ironically, many neighbours weren't too concerned about being

Incentivize and They Will Come?

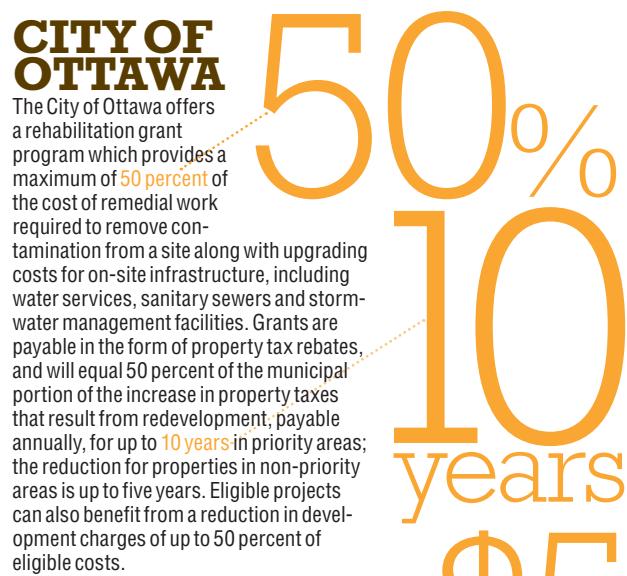
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Many municipalities and regional governments offer financial and/or policy-oriented incentives to builders and developers to turn brownfield sites into complete communities. Here is a sampling of several, including successful projects that resulted from the incentive programs:

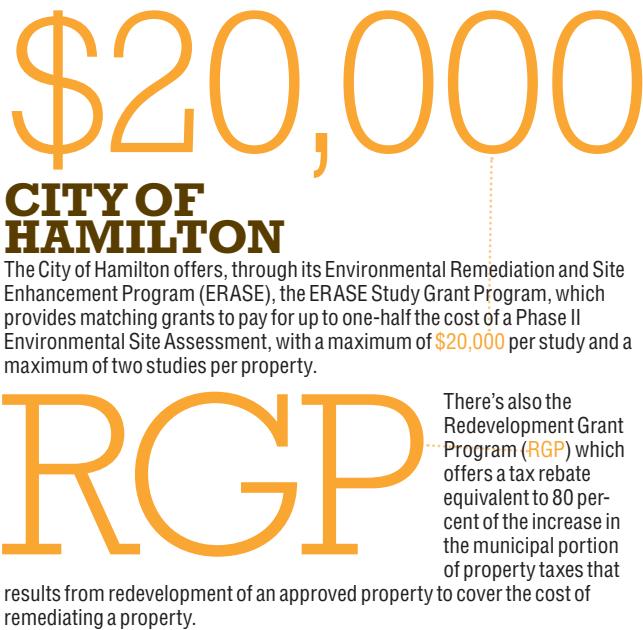


To learn more about municipal incentives...

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Successful projects, says Richard Buchanan, brownfield coordinator and program manager, development review, urban area, planning and growth management department, City of Ottawa, have included 345 St. Denis St., a residential condo development that was on a contaminated site that cost over \$3 million to clean up; the developer was eligible to deduct 50 percent of the clean-up costs from the development charge. Another project was at 280/300 West Huntclub Rd., a commercial development on a former petroleum storage facility that cost \$10 million to clean up, but was offset by **\$5 million** in grants.





Kilmer Brownfield Equity Fund has embarked on cleaning up an Etobicoke site that used to be an auto parts factory (see page 39 for "before" photo). The future community will consist of mid-rise condo buildings and about 200 townhouses.

next to a contaminated site, since they saw it as a wide open space, says Jim Kirchin, director of planning operations at the City of Cambridge. "Our role was to be a voice of reason, and explain all the studies. At the end of the day, the one thing that surprised me is that we got calls and emails saying that the project was much better than expected. That's surprising, because normally you only hear when people are upset."

As with many projects of this type, building Preston Meadows required a high degree of cooperation among various parties. Noting that Reid's benefited from a development charge credit that offset part of the clean-up costs, Dodd says, "it takes public-private partnerships and people willing to work together to make these projects successful."

Dealing with the complexity of these kinds of infill projects is indeed a specialized, niche business, admits David Harper, managing partner and president of Toronto-based Kilmer Brownfield Equity Fund, a six-year-old firm that targets larger properties. In a joint venture with Diamondcorp, it's cleaning up a 4.3 hectare site in Etobicoke formerly occupied by an auto parts factory, which will become known as 3600 Lake Shore Boulevard West and will consist of several mid-rise condo buildings and about 200 townhouses.

Also known as the Longbranch project, it's benefiting from new technology used to clean contaminated soil. "We looked at an alternative remedial method, other than just 'dig and dump' which is common to many brownfield sites. We're able to maintain a lot of the soils in the design of the property," says Harper, noting that remediation process is 80 percent complete.

Key to financing of the project has been a federal grant from Sustainable Development Technology Canada. "There are a number of engaged groups, either at the federal or provincial level, that want

More successful brownfield projects that have raised the bar

London Lane: Developed by Reid's Heritage Homes in Guelph, it consists of 105 condominium townhouses and 25 semi-detached homes. Built in 2000-01 on a 3.2-hectare site, the community was erected on what used to be the former Pirelli Cable plant.

Wellington Square: Developed by First Suburban Homes, in Cambridge (Galt City Centre), it consists of 82 townhouses. Completed in 2003, the community was built on land that was contaminated with heavy metals and hydrocarbons from a long industrial history.

Portland Park Village: Developed by Cityscape Development Corp. in Toronto's west end, it consists of 74 stacked townhouses and 119 condominium apartments.

Spencer Creek Village: Developed by The Alterra Group. in Dundas, it consists of 598 residential units in nine buildings. Completed in 2010, the community was built on the 1.3-hectare site of a former steel foundry and incorporated recycling of on-site soils to reduce costs and materials sent to landfills.

to see these brownfield sites redeveloped," says Harper.

So with all the potential hiccups, issues and added expense, are brownfield projects worth pursuing? Dodd, like others, argues that they are worthwhile — and inevitable. "There are no more greenfield developments, and we recognize that," says Dodd. "As a builder, if you want to keep growing, you have to look for different opportunities. We came into an existing neighbourhood and turned a derelict property into a place where people can live — and provided a level of affordable housing." **OHB**