Agenda Item # Page #

Planner: G. Bailey

TO:	**CHAIR AND MEMBERS PLANNING & ENVIRONMENT COMMITTEE**
FROM:	**JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER**
SUBJECT:	**APPLICATION FOR BROWNFIELD INCENTIVES BY: 2423652 ONTARIO LTD. FORMER 1 TERRACE STREET MEETING ON MARCH 6, 2017**

RECOMMENDATION

That, on the recommendation of the Managing Director, Planning and City Planner, relating to the property formerly municipally numbered as 1 Terrace Street, the application from 2423652 Ontario Ltd. for a reimbursement on 50% of Development Charges paid by property owners other than the applicant, up to a maximum amount of $147,422.22 **BE REFUSED** as the application does not conform with the program requirements in the Community Improvement Plan for Brownfield Incentives.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

None

BACKGROUND

The Community Improvement Plan (CIP) for Brownfield Incentives was adopted by Council on February 20, 2006 and approved by the Province, with modifications, on November 21, 2006.

The purpose of the Brownfield Incentives CIP is to remove or reduce the obstacles that hinder brownfield remediation and redevelopment. The financial incentive programs are used to evaluate contaminated properties and encourage the private sector to invest in those properties. The incentive programs to encourage the investigation, remediation and redevelopment of brownfield sites include the Contamination Assessment Study Grant Program, which was recently reinstated during the 2016-2019 budget process and the continuation of three programs: Property Tax Assistance, Development Charge Rebate and Tax Increment Equivalent Grants.

CIP Eligibility Requirements

Eligibility requirements for each brownfield incentive program are outlined in the CIP.
The incentive programs (excluding the Contamination Assessment Study Grant), which may be significant in terms of financial assistance, are considered individually, based on the evaluation of a business case assessment from the applicant, and the availability of program funding. Council may consider providing any one incentive or combination of incentives based on the relevant CIP eligibility requirements and merits of each application; however, the cumulative amount of funding that may be provided through the Property Tax Assistance Program, Tax Increment Equivalent Grant Program and Development Charge Rebate Program cannot exceed the eligible site remediation costs for the subject property.

In addition to the general requirements in Section 2 of the CIP, additional eligibility requirements apply to the three programs. Each application is evaluated on a case-by-case basis to consider the public and economic benefit of providing one or more incentive(s) to a property and incentives may be approved by Council where:

a) The landowner/applicant has not contributed to the site contamination;
b) There are not outstanding property taxes, municipal orders or by-law infractions on the subject property;
c) All relevant supporting documentation and reports (for example, ESA's Remedial Action Plans, Risk Assessments) have been provided to the City;
d) Financially supporting the proposal is considered to be both cost-effective for the City and

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in the public interest;

e) The incentives are considered necessary to make the remediation and redevelopment on the subject property feasible;
f) The amount of available and budgeted municipal funding is sufficient to cover the cumulative cost of all incentives that have been approved; and
g) Municipal Council deems that the costs associated with providing the program incentives are outweighed by the cumulative benefits of providing the incentive(s).

Eligible remediation costs that are identified in the CIP include 100% of the costs associated with building demolitions, site remediation, rehabilitation of any existing structures, and environmental insurance premiums during the remediation phase. If the application is endorsed by Council, an agreement is required between the City and the property owner, outlining the terms and conditions that apply to the approved incentive(s).

The agreement between the City and the property owner is registered on title and remains in effect until all requirements of the CIP have been satisfied. Upon completion of the site remediation work, the property owner must provide the City with documentation to confirm that the required work has been undertaken in a satisfactory manner and paid for. In the case of the Development Charge Rebate Program, the property owner must pay the full amount required under the Development Charges By-law at the building permit stage, after which the property owner is reimbursed for costs incurred for brownfield remediation, up to 50% of the Development Charges.

The language used in the Development Charges Rebate Program guidelines can be interpreted to imply the applicant is receiving a rebate on Development Charges that is drawn from the City Services Reserve Fund or the Urban Works Reserve Fund. This is not the case. The rebate is in all practicality a reimbursement of remediation costs from the City's Community Improvement Plan financial incentive funding sources. Development Charges are used only as a program measuring tool to calculate how much of the remediation costs will be reimbursed.

The funding for brownfield remediation under the Brownfield Community Improvement Plan comes from an annual allocation of Federal Gas Tax of $350,000 which is designated specifically for brownfield remediation. This allocation is maintained in the Federal Gas Tax Reserve Fund until required. Once the remediation costs have been incurred and all of the requirements of the Community Improvement Plan are met, payment for remediation costs is made from the Federal Gas Tax Reserve Fund.

EVALUATION OF 2423652 ONTARIO LTD. APPLICATION AND BUSINESS CASE

2423652 Ontario Ltd. has resubmitted a 2009 application for the Development Charge Rebate Program to cover the costs incurred for site remediation, which is $147,422.22. The applicant has not applied for the Property Tax Assistance Program or the Tax Increment Equivalent Grant Program.

Project Background

On July 30, 2002, Aar-Con Enterprises Corp. submitted a draft plan of subdivision application for 107 single detached dwelling lots, one walkway block and one park/open space block served by the extension of Terrace Street and Brookside Street and one new street on 6.77 hectares of land located at 1 Terrace Street, (Application File No. 39T-02511). Municipal Council supported the draft plan of subdivision, subject to conditions and red-line revisions, and the concurrent Official Plan and Zoning By-law Amendments. The City of London Subdivision Approval Authority on May 15, 2003 granted draft approval to the plan as red-line amended subject to conditions.

CN Rail appealed the decision of the City of London Approval Authority. CN Rail and the applicant reached a settlement and the settlement required adding a further condition of draft plan approval. The City did not object to the addition of the condition. On August 23, 2004 the Ontario Municipal Board approved the red-line amended draft plan of subdivision with the modified conditions.

Shortly after the draft approval was granted the City was advised that fill material was discovered over a significant portion of the draft approved plan. Studies submitted in support of the applicant indicated fill material (believed to be garbage) did exist on the site and that it was limited to being within the vicinity of a trunk storm sewer. The fill was reported to be used as backfill. As a result the City and Aar-Con Enterprises Corp. (and Sifton Properties Limited through a joint venture)

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negotiated responsibility for the fill. Negotiations concluded with the City purchasing 2.647 hectares in November 2008. The applicant retained the remaining 3.915 hectares.

The terms of the settlement reserved to the owners the right to seek appropriate amendments from the Ontario Municipal Board to their draft approved plan. This resulted in several requests over time to the OMB to prevent the draft approval from lapsing.

Aar-Con Enterprises Corp. remediated the site between April 2009 and June 2010 at a cost of $147,422.22. A Record of Site Condition was filed with the Ministry of the Environment in 2009 and 2011.

Revised draft plan conditions and a revised draft plan of subdivision were accepted and approved by the OMB in its decision issued on May 10, 2012. The draft plan shows 66 single detached dwelling lots and one private open space block, served by the extension of Terrace Street and two new streets (see page four and five). This plan of subdivision was given draft approval by the OMB which has reserved to itself the delegation of formal approval authority of the final plan of subdivision and subdivision agreement.

A June 2014 report to Civic Works Committee requested the renaming of a specific portion of Terrace Street to Hayes Street. The two new streets in the subdivision are Yvonne Crescent and Yvonne Court.

In 2015, the site was sold by Aar-Con Enterprises Corp. to 2423652 Ontario Ltd. The subdivision plan was registered in the land registry office on October 8, 2015 (33M-686).

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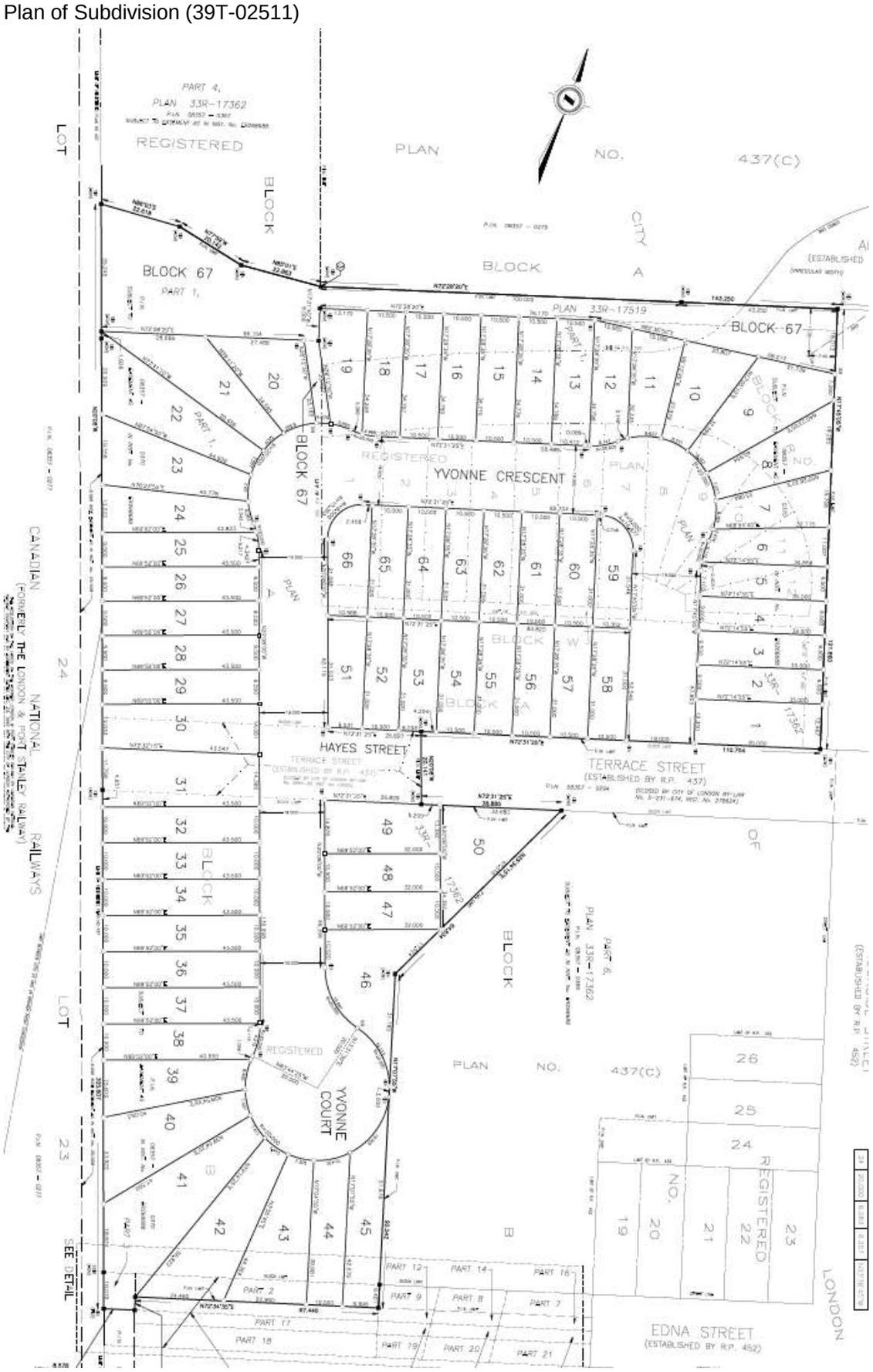
Plan of Subdivision (39T-02511)



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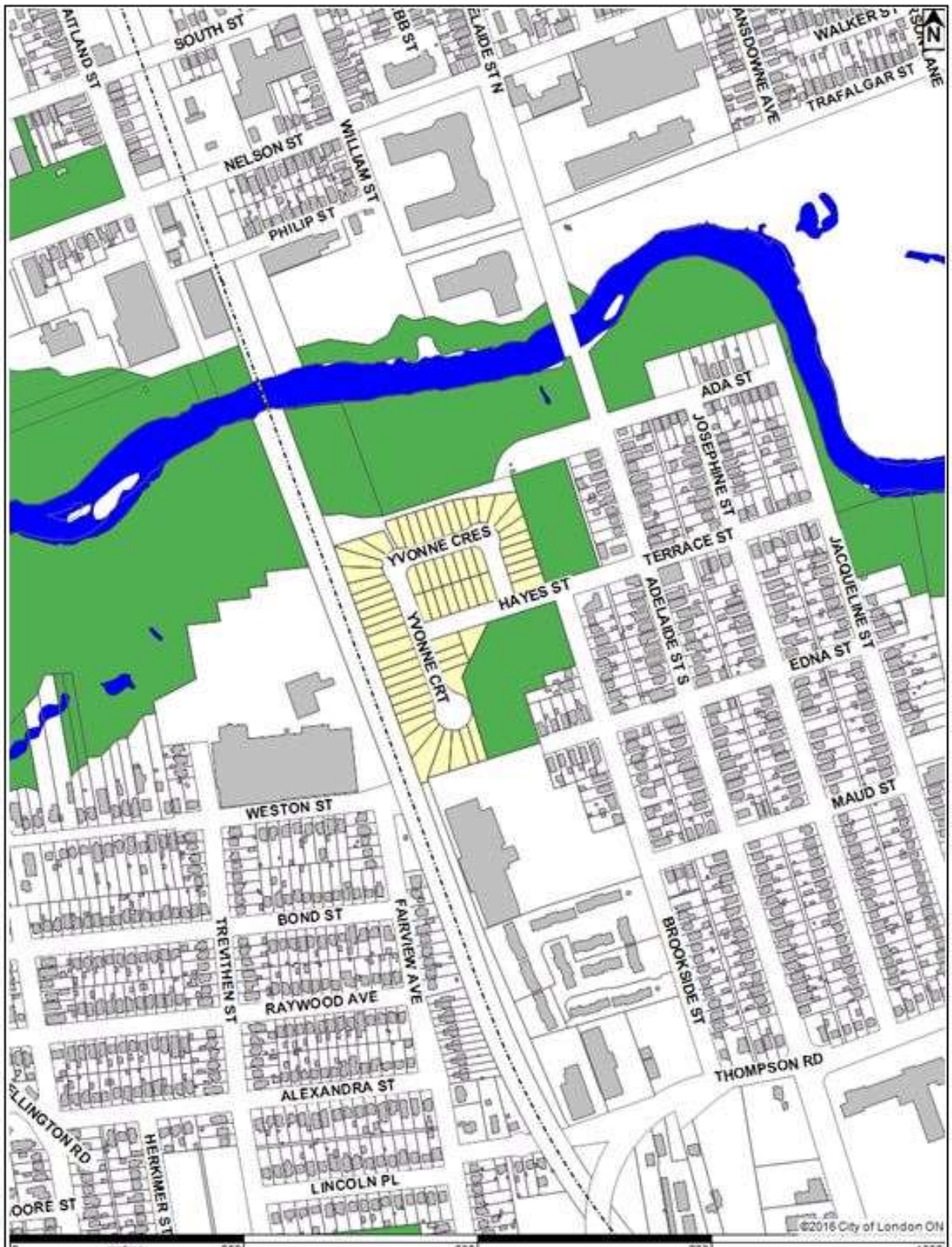

LOCATION MAP

Subject Site: **Brownfield Incentives**
File Number: **FORMER 1 TERRACE ST.**
Created By: **Graham Bailey**
Date: **2016-04-04**
Scale: **1:5000**

Corporation of the City of London
Prepared By: Planning and Development

N

LEGEND

- Subject Site
- Parks
- Assessment Parcels
- Buildings
- 123 Address Numbers

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Brownfield Incentive Application Background

In January 2016, 2423652 Ontario Ltd. resubmitted the brownfield incentive application with a business case.

Under the Development Charge Rebate Program in the Brownfield CIP, municipal staff review the application based on the criteria outlined on page two of this report. Where incentives are being recommended, staff will submit a report to the Planning and Environment Committee. In this instance, staff reviewed the application between January and April 2016 and issued an email to the applicant in April 2016 stating the application would not be recommended for approval (see rationale below) and as a result a report to PEC would not be submitted.

Dialogue continued with the applicant and the Councillors' Office on behalf of Councillor van Holst resulting in the applicant's October 3, 2016 delegation status at PEC to seek approval of the requested brownfield incentives. Municipal Council, at its meeting held on October 11, 2016 resolved:

That the following actions be taken with respect to the request for a Brownfield Incentive application for the Chelsea Green subdivision (33M-686):

a) *the Civic Administration BE REQUESTED to report back at a future meeting of the Planning and Environment Committee with an analysis of the Business Plan, under the premise that it was still in the original ownership, recognizing that the applicant includes the original ownership, relating to the removal of contaminated soil in the Chelsea Green subdivision (33M-686); and,*

b) *the Civic Administration BE REQUESTED to report back at a future meeting of the Planning and Environment Committee, concurrent with the report noted in part a) above, with respect to any potential exposures with respect to retroactive approvals relating to this matter;*

it being noted that the Planning and Environment Committee heard the attached presentation from P. Hinde, 2423652 Ontario Ltd., and reviewed and received a communication dated August 15, 2016, from D. de Jong, 2423652 Ontario Ltd., and P. Aarts, Aar-Con Enterprises Corp and a communication dated January 6, 2016, from D. de Jong, 2423652 Ontario Ltd, with respect to this matter. (2016-D09) (7/17/PEC)

On December 7, 2016, Staff meet with Don de Jong and Paul Hinde from 2423652 Ontario Ltd. and Paul Aarts, from Aar-Con Enterprises Corp. to further discuss the application for brownfield incentives. At this meeting, it was clarified that 2423652 Ontario Ltd. and Aar-Con Enterprises Corp. continue to own parcels in the subdivision and are cost sharing on the development of the site.

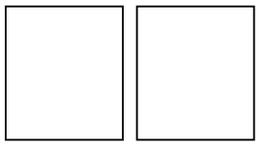
Based on the Council resolution above, Staff offer the following evaluation of the application and business case, as well as the potential exposure with respect to retroactive approval of brownfield incentives and approval of applications that do not comply with the CIP requirements.

Application Evaluation

The brownfield incentive application for the former 1 Terrace Street property (Chelsea Green Meadow) has been on-going for numerous years. Parts of an application were submitted by the previous property owner Aar-Con Enterprises Corp. on October 22, 2009, including a Phase II ESA and a Remediation Plan. A formal business case did not appear to have been submitted and Planning Services has no record of communication with Aar-Con Enterprises Corp. since 2009.

2423652 Ontario Ltd. acquired the site from Aar-Con Enterprises Corp. in 2015 and resubmitted the application with the inclusion of a business case letter (see Appendix "A"). 2423652 Ontario Ltd. and Aar-Con Enterprises Corp have since indicated that they are partners in the development and that the business case is a joint submission. In this instance, instead of submitting a cost estimate for remediation, the applicant has submitted an account transaction summary outlining the various payments made by Aar-Con Enterprises Corp. to remediate the site between 2009 and 2010.

In reviewing the application staff note that in numerous instances the requirements of the CIP were not followed by the applicant and the applicant's potential solutions are not in compliance



with the CIP. These issues include:

Phase II ESA Completion Date – The Supplementary Phase II ESA was completed in 2003 prior to the CIP coming into effect in 2006. The CIP requires the Phase II ESA to have been completed after the CIP came into effect.

This requirement exists to remove the ability for retroactive applications being made prior to the CIP coming into effect, as well as to prevent outdated Phase II ESAs from being submitted with an application.

Remediation not paid for by current owner – Aar-Con Enterprises Corp. paid for the remediation in 2009 and 2010. Aar-Con Enterprises Corp. is no longer the owner of the site. The site was sold to 2423652 Ontario Ltd., who is selling the lots to home builders. According to the applicant, 2423652 Ontario Ltd. and Aar-Con Enterprises Corp. are partners in the development and will remain partners until the last lot is sold, but ownership is attributed to 2423652 Ontario Ltd.

This requirement exists to remove the City from any secondary economies and trading of the property on the real estate market.

Remediation took place prior to Council approval for the grant – An application was submitted in 2009 by Aar-Con Enterprises Corp. At that time, a report on this application was never written and taken to Council for approval of the incentives. As a result, Council approval was never given for the grant.

This requirement exists in practice to ensure sufficient funding is available and can be reported to Council in its consideration of the application as earmarked in the appropriate reserve fund for the grant.

Grant payment to 2423652 Ontario Ltd. that will no longer own the lots and is not paying the Development Charges (DCs) – 2423652 Ontario Ltd. wishes for the Development Charges to be paid by the home builders with the grant going back to 2423652 Ontario Ltd. The CIP requires *the property owner provides for the full amount required under the Development Charges By-law – C.P.1440-167 and requests a rebate in the amount of the eligible costs*. The business case from 2423652 Ontario Ltd. states the value of the DC Rebate grant was factored into the purchase price of the site from Aar-Con Enterprises Corp., as well as into the sale of the lots from 2423652 Ontario Ltd. to the home builders. These claims are difficult for the City to confirm. There is no provision in the CIP and the DC Rebate Program to permit the City to review the Purchase and Sale Agreement from the applicant to a home builder for clauses which indicate grant money would be delivered to the applicant, nor does the Program permit the City to verify the lots are being sold at a price that reflects a grant will be paid to the applicant.

Lastly, as the City cannot verify the above claims, payment of a grant to someone other than the property owner that undertook the remediation and is paying the Development Charges may constitute a windfall.

Business Case Evaluation

Each application will be considered on a case by case basis to consider the public and economic benefit of providing one or more incentive(s) to a property. In evaluating applications, approval of the incentive(s) may be recommended where:

a) *the landowner/applicant has not contributed to the site contamination;*
   - According to the business case Aar-Con Enterprises Corp. nor 2423652 Ontario Ltd. contributed to any contamination since purchasing the site;
   - The site was formerly occupied by Serco Corporation (confirmed in the 1996 Vernon's Business Directory) and staff agree that the landowner/applicant has not contributed to the previously contaminated site.

b) *there are no outstanding property taxes, municipal orders or by-law infractions on the subject property;*
   - This requirement is normally confirmed prior to issuing a grant. If there are any outstanding property taxes, municipal orders or by-law infractions on the

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property, staff asks the applicant to clear the outstanding issue(s) prior to the grant cheque being requested. As of January 9, 2017, no outstanding issues were noted.

c) *all relevant supporting documentation and reports (i.e. ESA's, Remedial Action Plans, Risk Assessments) have been provided to the City;*
   - All documents and reports have been provided to the City. The Phase II ESA was completed in 2003 prior to the CIP coming into effect in 2006. <u>This is not in compliance with the CIP requirements.</u>

d) *financially supporting the proposal is considered to be both cost-effective for the City and in the public interest;*
   - Brownfield incentives are paid for out of the Federal Gas Tax Reserve Fund. This funding source is not from property taxes, development charges, or user fees and therefore could be considered to be more cost-effective for the City and in the public interest;
   - The site was remediated without Council approval for the grant. Providing funding now after the fact will reduce the money available to other brownfield projects. A remediation cost of $147,422.22 is comparable to other recent requests for brownfield incentives, however, at this time staff are reviewing two other brownfield incentive applications. These applications will be scheduled for a Planning and Environment Committee meeting in the near future.

e) *the incentives are considered necessary to make the remediation and redevelopment on the subject property feasible;*
   - The land was remediated and redevelopment of the site was achieved and homes are now for sale on the site prior to receiving approval for brownfield incentives. The business case from 2423652 Ontario Ltd. claims the value of the grant was factored into the purchase price of the site from Aar-Con Enterprises Corp., as well as into the sale of the lots from 2423652 Ontario Ltd. to the home builders. These claims are difficult for the City to confirm;
   - The business case states that if the grant is not issued, remediation costs will be passed on to future landowners.

f) *the amount of available and budgeted municipal funding is sufficient to cover the cumulative cost of all incentives that have been approved; and*
   - Yes, the Federal Gas Tax Reserve Fund contains enough money to cover the cost of the incentive if approved;
   - Approval of this grant will lower the amount available to future brownfield applications.

g) *Municipal Council deems that the costs associated with providing the program incentives are outweighed by the cumulative benefits of providing the incentive(s).*
   - Municipal Council to decide based on this staff report and its recommendation and the applicant's input including the business case.

In general, brownfield remediation and redevelopment has numerous public and economic benefits:

<u>Public Benefit</u>
- Removes actual and potential sources of land, water, and air contamination;
- Improves environmental health through remediation;
- Improves public health and safety;
- Reduces opportunity for crime and dumping at a vacant site.

<u>Economic Benefit</u>
- Allows for smart growth practices through urban intensification;
- Helps revive older urban communities and surrounding areas;
- Locates new development in areas where existing municipal infrastructure and services can be used;

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- Increases property assessment values and the resulting tax base;
- Reduces urban sprawl and helps to preserve greenfield land.

The redevelopment of this former brownfield site will increase property assessment values. 66 new single detached dwellings could generate approximately $217,074 in annual property taxes for the City, based on the 2016 tax rate and an average assessed value of $280,000 (the low end of the sale price as indicated in the business case).

Further, Development Charges will be paid by the home builders for the 66 single detached dwellings. Under the City of London Development Charges By-law (2016 rates), the 66 single detached dwellings are expected to generate Development Charge revenues of approximately $1,889,778 ($28,663 per dwelling x 66). This estimate does not reflect any potential demolition credits and this estimate may not reflect the actual Development Charges owing. Final determination of Development Charges payable will be made by the Chief Building Official (or designate) at the time of an application for building permit for each individual lot.

Lastly, Brownfield incentive applications satisfy the Growing Our Economy Strategic Area of Focus in the *Strategic Plan for the City of London 2015 – 2019*. Within the Growing our Economy Strategic Area of Focus, brownfield remediation supports the Urban Regeneration strategies of using Community Improvement Plans to coordinate City and private investment to meet both local and City-wide priorities, as well as investing more in brownfield remediation.

Staff Recommendation

Staff recognize the positive benefits of brownfield remediation and redevelopment including new property taxes being generated on a former vacant industrial site. However, Staff are unable to recommend approval of an application that is not in compliance with the requirements as written in the City Council approved Community Improvement Plan for Brownfield Incentives.

The decision to approve or refuse the grant rests with City Council deeming that the costs associated with providing the incentive are outweighed by the cumulative benefits of providing the incentive.

PROPOSED REIMBURSEMENT PROCESS IF COUNCIL APPROVES THE INCENTIVE

Under the Development Charge Rebate Program, remediation costs may be reimbursed to the property owner in an amount equal to up to 50% of the amount paid for Development Charges. Based on the remediation cost of $147,422.22, the full incentive can be provided when Development Charges are paid on 11 of the 66 lots.

This application for the Development Charge Rebate Program is the first application where the redevelopment of the brownfield is a residential subdivision consisting of individual lots instead of a single residential development on a single lot. This difference complicates any proposed reimbursement. With individual lots, Development Charges are paid on each lot as the building permit is pulled, compared to an apartment building for example, where the Development Charges are paid in full for the entire project when the building permit is pulled.

The reimbursement of the remediation costs is further complicated by the applicant's desire to receive the grant but sell the lots to third party home builders who will pull the building permit and pay the applicable Development Charges. As previously noted, this request is not in compliance with the CIP requirements.

If Council deems the incentive to be appropriate and that the costs associated with providing the incentive ($147,422.22) are outweighed by the cumulative benefits of providing the incentive, Staff recommend the following reimbursement process:

- The applicant will be required to enter into an agreement outlining relevant terms and conditions of the Community Improvement Plan and agreeing to this proposed reimbursement process;

- The applicant will inform Planning Staff when a building permit is pulled for a lot in the subdivision and the Development Charges have been paid. The applicant may need to coordinate with the home builders who will be pulling the building permits and paying the Development Charges;

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- Planning staff will confirm with Building and Finance staff that the Development Charges have been paid on a lot;
- Planning staff will track the number of lots that have paid Development Charges;
- Once Planning Staff have confirmed that enough Development Charges have been paid to cover the cost of remediation (currently estimated at 11 lots), a request will be made to Finance to issue a cheque in the full amount of the remediation ($147,422.22) to 2423652 Ontario Ltd.

IMPLICATIONS OF SUPPORTING THE GRANT

Brownfield CIP applications are considered on a case-by-case basis. As previously noted, if Staff are not recommending approval, a report to Planning and Environment Committee is not required. If an application is not recommended for approval by Staff, the applicant can request delegation status at Planning and Environment Committee to have the matter heard before the Committee.

As Brownfield CIP applications are considered on a case-by-case basis and the final decision on approval is made by City Council, Staff do not believe that City Council approval of an application that is not in compliance with the CIP requirements will result in additional approvals for non-compliant applications, but it may result in more applications that would not have been previously submitted (for example, retroactive requests or applications that do not comply with the requirements) and disputes to the current CIP requirements. In other words, approval of one application that is not in compliance with the CIP requirements may result in additional 'retroactive' brownfield incentive reports to Planning and Environment Committee.

With the on-going Community Improvement Plan review it would be worthwhile to consider 'opening' the Brownfield CIP to review the requirements and guidelines to update the language, reflect brownfields redeveloped into subdivisions, and address other challenges such as changes in ownership after remediation has occurred.

CONCLUSION

2423652 Ontario Ltd has resubmitted an application under the Brownfield Incentives Community Improvement Plan for reimbursement of the costs incurred to undertake remediation on a brownfield site. Staff are unable to recommend approval of this application because there are numerous instances where the application is not in compliance with the CIP requirements. These include an out-of-date Phase II ESA, the remediation not being paid for by the current owner, the remediation taking place before Council approval for the grant, and the Development Charges not being paid for by the property owner.

A brownfield site was remediated at a cost of $147,422.22 and single family homes are now for sale on the site which will generate new property taxes for the City. The decision to approve or refuse the grant rests with City Council deeming that the costs associated with providing the incentive are outweighed by the cumulative benefits of providing the incentive, as well as being comfortable with issuing a grant for an application that falls outside the DC Rebate program requirements in the Brownfield Community Improvement Plan and any future implications that may have on requests for brownfield incentives.

The following actions should be taken if City Council's decision is to approve their request for brownfield incentives:

(a) the proposed reimbursement process outlined in this report **BE APPROVED**;

(b) the applicant **BE REQUIRED** to enter into an agreement with the City of London to be executed by the Managing Director, Planning and City Planner or designate, outlining relevant terms and conditions of the Community Improvement Plan and agreeing to the reimbursement process approved in (a) above;

Acknowledgment

This report was circulated to representatives from Development Finance, Building – Permits,

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Inspections and Property Standards, Financial Planning and Policy, Environmental and Engineering Services, and the City Solicitors Office for comment.

PREPARED BY:	**SUBMITTED BY:**
GRAHAM BAILEY, MCIP, RPP **PLANNER II, URBAN REGENERATION**	**JIM YANCHULA, MCIP, RPP** **MANAGER, URBAN REGENERATION**
RECOMMENDED BY:	
JOHN M. FLEMING, MCIP, RPP **MANAGING DIRECTOR, PLANNING AND CITY PLANNER**	

January 11, 2017
GB/gb

Attach: Appendix “A” – Business Case Letter

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Appendix "A" – Business Case Letter

2423652 Ontario Ltd.

January 6, 2016

CITY OF LONDON
PLANNING SERVICES

RECEIVED JAN 08 2016

FILE NO
REFERRED TO
SUBSEQUENT REFERRALS
☐ FOR ACTION
☐ FOR INFORMATION
☐ FOR REPORT
☐ FILE
☐ B.F.
☐ OTHER

City of London
300 Dufferin Ave.
P.O. Box 5035
London, Ontario.
N6A 4L9

Attention: Mr. Graham Bailey
Planning- Urban Regeneration

Re: Brownfield Incentive Application
Chelsea Green Subdivision
33M- 686

Please accept this business case for a Development Charge Rebate Grant related to the recently registered plan of subdivision 33M-656 by 2423652 Ontario Ltd.

The Brownfield site at Hayes Street and Brookside Avenue (former municipal address 1 Terrace Street) received plan of subdivision approval by the Ontario Municipal Board in 2015. The plan was registered in the land registry office of the land title division of Middlesex on October 8, 2015 (33M-686).

As noted in all previous planning applications relating to the subject lands, the site was contaminated as a result of former industrial uses and disposal activity. The site is adjacent to an established residential neighbourhood, a public park (Chelsea Green) and the Thames River. The contaminants had the potential of leaching pollutants into the park and Thames River. The site remained vacant after all industrial buildings were demolished and disposal activity stopped. The site contamination, as a result of its former use has been noted in the fully completed environmental site assessments which were carried out over the years. A record of site condition was received from the Ministry of Environment and Energy which permitted the planning applications to be submitted to support the redesignation of the subject lands for future residential uses. At the time of the initial investigations, the site remediation contractor had estimated the cost of the remediation to be approximately $150,000. The actual costs to remove the contaminated soils were $147,422.22 as noted on the attached application and account transaction summary.

200-609 William Street, London, Ontario. N6B 3G1 519-657-5989

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2423652 Ontario Ltd.

It should be noted that neither AAR-CON ENTERPRISES CORP. nor 2423652 Ontario Ltd. contributed to any contamination since purchasing the site.

It is without question that the high cost of remediating the site has contributed to it being vacant since the former industrial uses and disposal activity ceased.

The City of London's financial support of this proposal is both cost effective for the City and in the public interest. The subject lands will now support sixty-six (66) new single-unit residential lots situated within an area of the City of London which has not seen any form of new residential development for well over a decade. Based upon early construction estimates and sales projections, we foresee the sales of these homes at various price points in the range of $280,000-$320,000. The projected housing price is targeted below "average" in the City of London which will provide an opportunity for first time home buyers to enjoy single unit living This will result in an increase in the residential tax base of the City of London in the neighbourhood of at least $320,000 per year. Therefore, based on current property tax rates, the City's approval of this proposed incentive will pay for itself in the first year of the new property taxes on the completed development. The Development Charge Rebate Program allows for us to offer new single unit homes at the price point noted above. Without Councils support of this application, the costs associated with remediation will no doubt need to be passed on to future landowners.

Beyond the financial incentives for the City of London, the redevelopment of this long vacant site is vital to the City achieving both "infill" and "Brownfield" redevelopment goals and objectives as detailed in the City of London's Official Plan. The property is located within the current City of London urban growth boundary. New single unit residential development has not occurred in this part of the City of London for decades. This built form will provide the only new housing starts within this neighbourhood to residents of the City of London since townhouses were constructed at the south end of Brookside Avenue over 10 years ago. The site is ideally located to major employment lands including London Health Sciences Centre, Parkwood Hospital, the recently relocated London Psychiatric Facility, White Oaks Mall, and the employment lands associated with the Veterans Memorial Parkway. The subdivision is adjacent to Chelsea Green Park and the Thames Valley multi use recreational trail which parallels the south branch of the Thames River. London transit is located one block east on Adelaide Street which provides easy access to all points of the City of London. Both elementary and secondary schools are located in close proximity to this new residential subdivision. The servicing of the site has been connected to existing infrastructure again a goal and objective of City of London Council. Finally, as part of the site servicing of this development, Brookside Park has been cleared, graded and ready to be developed as a park by the City of London's Parks department.

You will note from the City records that there are no taxes in arrears with respect to this property.

200-609 William Street, London, Ontario. N6B 3G1 519-657-5989

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2423652 Ontario Ltd.

We trust that the amount of available and budgeted municipal funding is sufficient to cover the cumulative cost of remediating the site and that Council will deem that the costs associated with providing the Development Charges Rebate Program incentives outweigh the cumulative benefits of providing the incentives.

Should you require any further information, please do not hesitate to contact us.

Sincerely,
2423652 Ontario Ltd.

Don de Jong
Principal

CITY OF LONDON
PLANNING SERVICES

RECEIVED JAN 08 2016

FILE NO
REFERRED TO
SUBSEQUENT REFERRALS
☐ FOR ACTION ☐ FILE
☐ FOR INFORMATION ☐ NFE
☐ FOR REPORT ☐ OTHER