

## New life for old properties

Creative developers are turning brownfields into golden opportunities

**BOB BURTT**

They don't look like it now, but the dilapidated industrial buildings that dot the landscape in Waterloo Region and Guelph once generated wealth, provided jobs and were the pride of their communities.

Many of them have been boarded up only to fall victim to vandals and graffiti artists. Others have been demolished or burned to the ground. No longer home to thriving enterprises, the properties are a blight on the landscape and a drag on the economy. Planners call them brownfield sites. Typically, they are contaminated by previous activities. They are left vacant or underused and often are unsafe. In the worst cases, they are a threat to public health.

There are hundreds of known or potential brownfield sites in Waterloo Region and Guelph. In Guelph alone, there are more than 200 potential sites, according to city estimates. It's hard to be exact about the number of sites because owners aren't legally obliged to tell municipalities and municipalities aren't willing to speculate publicly about sites that may or may not be contaminated.

"We have our guesses, but we keep them to ourselves," says Terry Boutilier, Kitchener's brownfield co-ordinator.

One of the fundamental problems with brownfields is finding an acceptable end use and a developer ready to take on the risk that's involved in developing the property. Cleanup costs can run into millions of dollars, enough to render a project financially unfeasible.

The former Pannill Veneer and Greb Shoe sites in Kitchener are good examples of properties that are tough to market. The size of the properties and the complexity of the cleanup required has, so far, thwarted hopes for redevelopment.

The Greb property has been unused since the company, at one time Canada's largest footwear manufacturers, with 2,300 employees, including 1,200 in Kitchener, stopped production of shoes and boots in 1991.

Pannill, a wood veneer manufacturer that employed more than 200 people at its peak in the late 1980s, closed in 2002. A fire, believed to have been set by an arsonist, destroyed the vacant factory in 2005. "We've been working with the owners on that site for four years. It takes time," says Boutilier.

Despite the challenges, communities in Waterloo Region and Guelph have made impressive strides at finding new uses for old properties.

In Cambridge, rubble and debris at the former Galt Malleable Iron foundry site on Wellington Street gave way to an attractive housing project several years ago; the former Riverside Silk Mills building in downtown Galt became the new home for the University of Waterloo's School of Architecture; more recently, part of the former Savages Shoes factory on Queenston Road was used for a four-storey affordable housing apartment building; Haastown Holdings plans to build highrise luxury condominiums on a site on Water Street, beside the Grand River, that is contaminated with coal tar.

Cambridge's success in dealing with brownfields is due to its willingness to work with developers and not tie them up in knots, says April Souwand, senior environmental planner with the city. "If they meet Ministry of Environment and provincial criteria, the city is not going to get in their way."

Waterloo also has had success rehabilitating brownfield sites.

The Bauer Buildings, now under construction at King and Allen streets, is a good example. Laurence Development is putting up a mixed use development -- it will contain shops, offices, restaurants and 141 loft condos -- on the site of the former Bauer Industries factory. The property was contaminated with a chemical called perchloroethylene, a known cancer-causing agent that was once commonly used in dry cleaning and other industrial operations. The site has been cleaned up and it now meets Ministry of the Environment standards for new development.

Unlike Kitchener and Cambridge, Waterloo doesn't offer brownfield developers special incentives other than waiving development fees. But contaminated sites are still attracting the interest of developers because of the shortage of land available for development in Waterloo, says Ron Ormson, the city's environmental co-ordinator. "We have a couple greenfield sites left, but planners describe our land supply as tight to non-existent," he says.

In total, 24 hectares of contaminated properties have been cleaned up and redeveloped in Waterloo since 1986. They include Waterloo's city hall, built on a rehabilitated coal tar site, and the Perimeter Institute for Theoretical Physics on Caroline Street, which was built on a former landfill site.

Kitchener's brownfield program has attracted \$78 million in development and prompted the cleanup of 4.4 hectares of contaminated land, all in the downtown area, since it was launched in 2004, says Boutilier. Many of the properties, like the Kaufman Lofts, located in the former Kaufman Footwear factory, have been developed into residential sites. The University of Waterloo Health Sciences Campus, under construction on the site of the former Epton Industries rubber products factory at King and Victoria streets, is another prime example of a new use for a

formerly contaminated site.

One of the most celebrated cleanups involved the former Canadian Blower and Forge site on Woodside Avenue in Kitchener. The property became the focus of a nasty fight when neighbours rallied against plans by a Toronto company to recycle contaminated soil in the former factory. In the end, those plans failed, and a new owner, Stirling Bridge, proposed a townhouse development for the site. The project won a Canadian Urban Institute Brownie Award last year.

The development also will provide a boost for city coffers. Once all 128 townhouses are completed, property taxes generated by the property will rise to \$417,614 (at 2005 levels) from the \$55,533 that were paid before. For the first 10 years, the tax increases will be returned to Stirling Bridge to offset the \$1.7-million cost of cleaning up the site.

Guelph had success in bringing four brownfield sites back onto the market in 2000 and 2001. The Guelph Textile Mills building on Neeve Street was turned into condos, semi-detached homes were built on the former Perelli Cable property on Suffolk Street, a former factory on Wyndham Street was converted into condos, and a business incubator was built on an industrial site on York Road. Putting those old sites to work again saw the taxes levied on the properties skyrocket to more than \$600,000 from \$58,000.

"We've had a bit of a lull since then," says Carrie Musselman, an environmental planner with the city. Guelph is updating its brownfield strategy so she expects to see more activity soon.

The former International Malleable Iron property on Beverly Street is probably the most notorious brownfield site in Guelph. After more than a decade of studies and investments totalling more than \$2.3 million, the city hopes the property will soon be put back to use. A park, condo development and offices for Family and Children's Services are among the proposed uses.

There are other benefits from redeveloping brownfield sites apart from boosting property taxes and pleasing neighbouring residents. The sites often are in downtown areas so redeveloping them supports the kind of intensification that most municipalities in southern Ontario are encouraging. Redevelopment reduces urban sprawl, creates more demand for public transit, increases property taxes, improves community safety, and, in many cases, provides additional employment.

"When we create 270 living spaces as we did with Kaufman, that's 270 spaces you don't have to create on the periphery of the city," says Boutillier.

That's why many municipalities offer generous incentives, such as waiving development charges, offering tax breaks to offset cleanup costs and, in some cases, providing outright grants.

But even with all of the incentives, the challenge of turning a brownfield site into something viable can be daunting.

As president of First Suburban Homes, Robert Barnhart was the driving force behind one of Cambridge's first and most significant brownfield redevelopment projects -- the Wellington Square townhouse development in downtown Galt. Completed in 2003, it is comprised of 82 townhouses on a site that was contaminated with heavy metals due to its long history as the home of the R. McDougall Foundry. Barnhart is semi-retired now, but even if he wasn't, he wouldn't be eager to take on another brownfield site. When all was said and done, "it wasn't an economic windfall by any stretch of the imagination," he says.

Brian Blackmere, director of development planning and land acquisition with Reid's Heritage Homes, is of a similar view. His firm expects to start construction this fall of two apartment buildings and a condominium townhouse on the site of the former Kanmet foundry on Margaret Street in Cambridge. The foundry closed in 1991 leaving a huge mess. An environmental investigation set the cost of cleaning up the site at just over \$1 million, but final costs are expected to be twice as much.

"It was a real dirty site and what was found in the original investigation was only the tip of the iceberg," says Blackmere. "They (earlier owners) used every square foot of the property to bury foundry sand and there were concrete bunkers, underground tanks and pipes filled with sludge and lagoons that had been built to store byproducts and waste."

The proposed redevelopment also drew the wrath of area residents; they complained that it would bring too much traffic to their neighbourhood.

Blackmere and Barnhart agree that brownfield sites should be cleaned up, but they aren't about to sign up for duty again any time soon. "It's kind of like childbirth," Blackmere says. "Until I forget the pain, I wouldn't elect to do another. The municipality and the region really need to step up to the plate."

"Developers don't like uncertainty and if you go into a public meeting with 200 people screaming that their property value is going to go down, there's a good chance the politicians will roll over," he says. "We all need to be on the same page. It is either the right thing or it isn't."

Victor Labreche of Labreche Patterson & Associates, a planning firm in Kitchener, says area municipalities have done a good job promoting development of brownfield sites, but for some properties the challenges associated with cleaning up are so daunting that development will have to wait. But as time goes on and the land supply dwindles, those sites will become more appealing. And new technology, not yet available, could make it easier to clean up some of those sites, he says.

In addition to providing financial incentives, some municipalities have granted severances on contaminated sites, so properties can be redeveloped in phases, which makes the cost of the environmental cleanup more manageable.

Last year, the Ontario government passed legislation that addresses one of the major stumbling blocks to redevelopment of brownfield sites -- the threat of being held legally responsible for future environmental problems. For example, municipalities are now protected from being drawn into lawsuits if they issue building permits for a brownfield site and environmental problems show up later.

The legislation also protects developers from provincial cleanup orders in cases where contaminants migrate from a property, as long as the developer didn't cause the contamination and the migration doesn't exceed defined environmental standards.

Brownfields are an economic priority for the province, says Marcia Wallace, who was appointed Ontario's brownfield co-ordinator in 2005. It's her job to remove barriers that stand in the way of brownfield sites being redeveloped. "Success or failure with the remediation of contaminated sites could make the difference between downtown revitalization programs taking off or not," Wallace says.

Still to come is legislation that will provide what Wallace calls regulatory certainty for landowners. That's a big deal for petroleum companies that own thousands of abandoned gas stations in Canada. "What the petroleum companies are telling us is the big reason they are not selling their sites is the regulatory uncertainty, so if we provide that certainty it should encourage them to sell, but that has yet to be tested," says Wallace.

She estimates there are as many as 100,000 service station sites sitting idle in Canada, including 40,000 in Ontario.

Boutilier knows the problem well. He has identified 16 former service station sites in Kitchener and has formed a working group that will determine what needs to be done to have the properties redeveloped. "We are working with the oil companies and the province and we want new rules and a new understanding that will encourage redevelopment. The oil companies need closure," Boutilier says.

#### BROWNFIELD SITES

Some examples of brownfield sites in Waterloo Region and Guelph.

##### Silknit

Location: Queen Street West, Cambridge.

Former use: Textile mill

When it closed: 1984

Size: 8 hectares

Problem: Property has largely been idle since Silknit went into receivership in 1984. Some of the buildings were demolished in 1995 after a series of fires.

Status: There are no current plans to develop the property.

##### Greb Shoe

Location: Hayward Avenue, Kitchener

Former use: Production of safety boots

When it closed: 1991

Size: 2.02 hectares

Problem: There is substantial level of contamination; taxes are owed on the property

Status: The City of Kitchener is working with the owners to find a new use for the site.

##### Pannill Veneer

Location: Corner of Louisa and St. Leger streets, Kitchener

Former use: Production of wood veneer; vacant site behind property once housed the Breithaupt Tannery

When it closed: 2002

Size: 6.07 hectares

Problem: The site is contaminated; a fire destroyed the Pannill factory buildings in 2005

Status: There are no plans for development being considered.

##### International Malleable Iron Co.

Location: Beverly Street, Guelph

Former use: Foundry

When it closed: 1989

Size: 5.45 hectares

Problem: The site is contaminated with heavy metals.

Status: The City of Guelph took possession of the site in 1997 after the previous owner failed to pay back taxes; it is assessing what needs to be done to clean up the site with a view to redeveloping the property.

Petro Canada

Location: Corner of Woolwich Street and London Road, Guelph

Former use: Gas station

When it closed: 1992

Size: 0.15 hectares

Problem: Site is contaminated with gasoline

Status: An environmental remediation firm wants to buy the property, clean it up and build up to 10 townhouses.

The Record.com

<http://news.therecord.com/article/357175>



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