
Subject: Development Charge Demolition Credit Extension Request – Brownfield Redevelopment, St. Catharines

Report to: Corporate Services Committee

Report date: Wednesday, June 16, 2021

Recommendations

1. That the eligibility period for the Regional Development Charge demolition credit associated with the brownfield redevelopment located at 155 Ontario St., Catharines, **BE EXTENDED** to August 8, 2024, in accordance with section 18 (c) of By-law 2017-98.

Key Facts

- The purpose of this report is to seek Council's approval to extend the Regional Development Charges (RDC) demolition credits associated with the brownfield redevelopment located at 155 Ontario St., St. Catharines, in accordance with section 18 (c) of the RDC By-law 2017-98 which are set to expire August 8, 2021 (demolition permit issued August 9, 2016).
- As per By-law 2017-98 if a demolition takes place on a brownfield, an application may be made to the Regional Treasurer for an extension of time for the demolition credit of up to three additional years (an increase from the base 5 years) if the redevelopment has not been able to proceed due to delays in completing the remediation works.
- The developer has identified in their extension request, as included as Appendix 1 to Report CSD 33-2021, that the site redevelopment was delayed as a result of the environmental remediation work that was required for the site in order to achieve the record of site condition.

Financial Considerations

The demolition permit for the former hospital located at 155 Ontario St., St. Catharines was issued to the developer on August 9, 2016. As per the demolition permits, the demolition resulted in the removal of 219,037 square feet of institutional building space. To date, 136,827 square feet has been utilized of the available credit to reduce the RDC payable for the redevelopment of special care dwelling and other institutional space by \$1,216,396. On August 8, 2021, the remaining demolition credits of 82,210 square feet

are set to expire. If the extension is approved, the 82,210 square feet demolition credit will be extended for an additional 3 years as a reduction of \$748,111 (based on 2021 rates) against DCs payable by the developer.

Table 1 – Summary of Demolition Credits

Description	Square Footage	Effective RDC Rate	Amount
Demolition Credit Available as per Demolition Permits – Issued August 2016	219,037	N/A	N/A
Partial Utilization of Demolition Credit for Redevelopment Permit – Issued 2020	(136,827)	\$8.89 (2020 rate)	\$(1,216,396)
Demolition Credits Remaining – To Expire August 2021	82,210	\$9.10 (2021 Rate*)	\$748,111

* Subject to annual indexing.

Analysis

On March 31, 2021, staff received a letter (Appendix 1 to Report CSD 33-2021) from Stantec on behalf of the owner of 155 Ontario St., St. Catharines, requesting that the RDC demolition credits associated with the former hospital use of the property be extended for an additional three years. The request was made under section 18 (c) of the RDC By-law 2017-98, which permits an extension of three years (i.e., in addition to the base five years for a total of eight year) if the redevelopment was delayed as a result of brownfield environmental remediation work required on the site.

Region staff have reviewed the request and believe the extension is reasonable and fits within the intent of section 18 (c) of the RDC Bylaw 2017-98. As such, staff is recommending Council approve the request to extend the remaining RDC demolition credits as identified in Table 1 to August 8, 2024.

The section from the RDC by-law that allows for the extension has been included below for reference:

“Where demolition takes place on a brownfield, the above conditions apply however, an application may be made to the Regional Treasurer for an extension of time for the redevelopment credit of up to three additional years if the redevelopment has not been able to proceed due to delays in completing the remediation works. This application must be received prior to the expiry of the initial five year period as provided in section 18. (1) of

this By-law. This application will be considered by Regional Council for approval.”

Notwithstanding the request for the demolition credit extension, the redevelopment of this property is progressing well as can be seen with the pictures included as part of Appendix 2 to Report CSD 33-2021.

Alternatives Reviewed

Council may elect to deny the extension request, which is not recommended. This project involves the redevelopment of a currently underutilized former institutional site. The extension of the demolition credits would be reasonable given the environmental remediation work that was undertaken, Council's previous endorsement establishing brownfield remediation as an incentive pillar priority, and the perceived benefit of the redevelopment on the surrounding area.

Relationship to Council Strategic Priorities

This report supports the Council Strategic Priority of Supporting Businesses and Economic Growth.

Other Pertinent Reports

None.

Prepared by:

Rob Fleming, MBA
Senior Tax & Revenue Analyst
Corporate Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Corporate Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was reviewed by Margaret Murphy, Associate Director, Budget Planning & Strategy and Helen Chamberlain, Director, Financial Management & Planning/Deputy Treasurer.

Appendices

Appendix 1 Letter Re: Request for Development Charge Demolition Credit Extension

Appendix 2 Construction Progress Pictures



Stantec Consulting Ltd.
600-171 Queens Ave London ON N6A 5J7

May 7, 2021
File: 161413720

Attention: Mr. Todd Harrison, Regional Treasurer
Regional Municipality of Niagara
1815 Sir Isaac Brock Way
Thorold, ON
L2V 4T7

Dear Mr. Harrison,

Reference: 155 Ontario St. St. Catharine's - Regional Development Charges – Extension Request for Demolition Credits, under By-law No. 2017-98 - Seasons Retirement Communities (St. Catharine's) LP

Please accept this letter in support of a formal application for extending the timeframe to use the redevelopment credit permitted under subsection 18 (c) of the Regional Development Charges By-law (By-law No. 2017-98). The applicant, Seasons Retirement Communities (St. Catharine's) LP (also registered as 1671366 Ontario Ltd.), is seeking an extension of three additional years of demolition credits (due August 2021) for the redevelopment of the property identified as 155 Ontario St., St. Catharine's (former Hotel Dieu Hospital property), where demolition takes place on a brownfield site.

These lands have been identified, through the Environmental Site Assessment process, as requiring significant remediation works that has taken multiple years to undertake. Development has been unable to proceed as expected on these lands due to delay in completing the necessary remediation, notably the remediation of petroleum-impacted soil within the property.



Figure 1. Former Hotel Dieu Hospital

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The former use of the property was institutional, as it was the site of the Hotel Dieu Health Sciences Hospital Facilities, as shown in Figure 1.

In accordance with the Environmental Site Assessment Phase I and II, two (2) areas with significant, historic environmental issues on the subject lands were investigated in advance of redevelopment (Figure 2), with the following remediation works occurring:

1. **AREA 1:** An underground storage tank (UST) located north adjacent to the Annex building.
 - Steel UST removed without incident following removal and disposal of residual tank fuel and water.
 - Six (6) confirmatory soil samples were removed from the excavation along with duplicate QA/QC samples and were submitted for petroleum hydrocarbon (PHC) and benzene, toluene, ethylbenzene and total xylenes (BTEX) analyses, to understand the extent of the impacted soil. The excavation site was subsequently regraded using on-site soils.
 - Representative soil samples were also collected from the stockpiled soils adjacent to the excavation and submitted for PHCs, BTEX and metals, inorganics analyses. These samples did not meet Ministry standards for conductivity; and therefore, were removed from the site (between December 2016 and March 2017) and disposed of at a Ministry-licensed receiver.
2. **AREA 2:** Historic petroleum hydrocarbon impacted soil in the vicinity of the former boiler room (at the western portion of the site) including the UST located east of the former boiler room.
 - Steel UST removed without incident following removal and disposal of residual tank fuel and water.
 - Thirteen (13) confirmatory soil samples were removed from the excavation along with two (2) duplicate QA/QC samples and were submitted for petroleum hydrocarbon (PHC) and benzene, toluene, ethylbenzene and total xylenes (BTEX) analyses. Sampling revealed that two of the areas did not meet Ministry soil standards. Additional excavation work and subsequent collection of three (3) additional confirmatory soil samples from the excavation along with a duplicate QA/QC sample and submitted them for PHCs and BTEX analyses, which met Ministry standards. Subsequent re-grading occurred using nearby on-site soils.
 - Thirty-eight (38) representative soil samples were collected from the stockpiled soil adjacent to the excavation and were submitted for analyses, which revealed that the submitted samples met Ministry standards. The material was subsequently used to backfill the nearby larger excavation.

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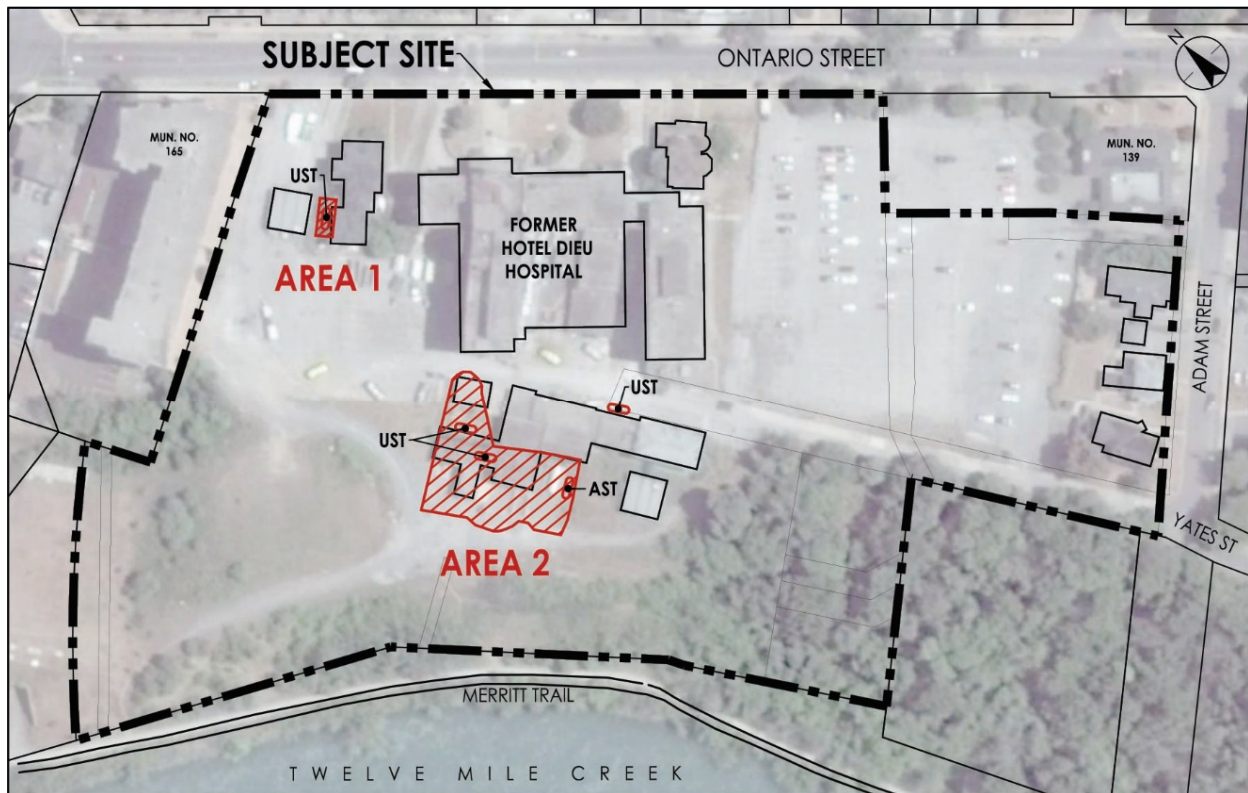


Figure 2. Areas of Environmental Concern

In summary, a Phase 1 and 2 Environmental Site Assessment (ESA) and a subsequent soil delineation program demonstrated the need for these site remediation activities, which included the decommissioning of two (2) USTs, soil remediation activities, and conducting confirmatory sampling and chemical analysis work. This was documented in a Remediation Report for 155 Ontario St., St. Catharines, ON (March 13, 2017, WSP).

In consultation with the Conservation Authority and the City of St. Catharine's, it was expressed that there was a requirement by Niagara Region to complete an Environmental Impact Study (EIS) for the Site, as well as a geotechnical report. These studies were required as part of the development process as a result of the environmental concerns on the Site stemming from the remediation. There was site disturbance to remediate the contaminated area that caused negative impacts on the soil stability and disturbed the top of bank line. As such, a geotechnical report was warranted to study the re-establishment of the top of bank location and the slope stability, and provide setbacks for the development, in Area 2. Furthermore, considerations to existing municipal services had to be addressed through detailed engineering design due to brownfield remediation. As a result of these additional approvals and studies, the project was significantly delayed.

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The remediation works described above have extended the timeframe for redeveloping the site to an 'Apartment Building/Long Term Care Facility' and have led to complexities in meeting the "Rules with Respect to Redevelopment – Demolitions" outlined in subsection 18 (a) of the By-law for demolition permits numbered: 68-2017. These permits were issued at two intervals. The first was in August of 2016 – the demolition of the Hotel Dieu Hospital; and, the second in July 2020 – the building permit issued for Phase 1. These have been provided on the Demolition Credit Review attached to this letter, as well as an indication of the total remaining future credits.

Currently, Phase 1 of the re-development is proceeding. Having received Site Plan Approval (SP-17-024), Phase 1 is currently under construction and the Final Site Plan agreement has been signed for the whole Site. As such, the applicant is continuing to redevelop the site as planned. Figure 3 shows the three phases of the proposed re-development.

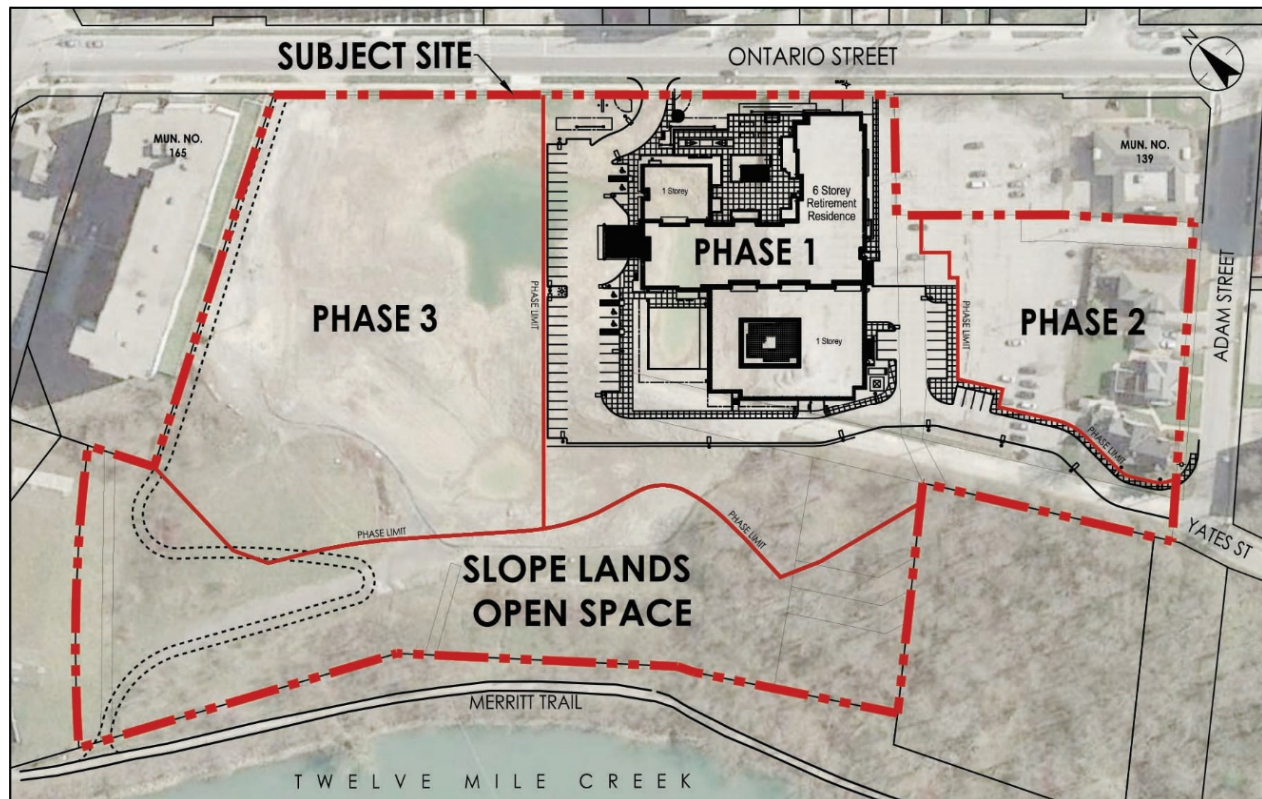


Figure 3. Phases of Development

Based on comments provided by City of St. Catharines staff, it is understood that the filing of a Record of Site Condition (RSC) in accordance with Ontario Regulation 153/04 is not required for the Site at this time, as there is no change in use or occupancy of the site. Therefore, no RSC has been submitted to the Province's Brownfield Environmental Site Registry.

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We are aware this request will need to be presented to Regional Council for approval and would appreciate any additional guidance on how we can help to facilitate the next steps. As outlined in the attached, the remaining Demolition Credit expires in June 2021; therefore, claiming these credits is time sensitive.

Regards,

Stantec Consulting Ltd.



Amelia Sloan, MCIP RPP

Phone: 226-926-8794
Amelia.Sloan@stantec.com

Attachment: Demolition Credit Review

- c. Taya Devlin – City of St. Catharine's
- David Gallagher – Seasons Retirement Communities
- Brian Blackwell – Stantec Consulting Ltd.

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Demolition Credit Review

155 Ontario St - St. Catharines, On

Seasons Retirement Communities

May 7, 2021

Total Demolition Credits Available					
Description	Demolition Permit	Date Issued	Demo Credit Expiry Date	Eligible Credit Building Area	Credit Type
155 Ontario Street Former Hotel Dieu Hospital	16-109945-IS	August 2016	August 2021	219,036.97 ft ²	Institutional Rate
	16-109948-IS				

Total Available - 2020 Rates	
Development Charge / Demolition Credit	Available Demolition Credit
\$8.89 per ft ²	\$1,947,238.66 (219,036.97 ft ²)

Total Demolition Credits Claimed to Date					
Description	Building Permit	Date Issued	Date Claimed	Claimed Credit Unit Count	Credit Type
155 Ontario Street New Seniors Facility	19-112048-RN	July 2020	July 2020	143 Units	Special Care
155 Ontario Street New Seniors Facility	19-112048-RN	July 2020	July 2020	17,264.00 ft ²	Institutional

Total Claimed - 2020 Rates	
Development Charge / Demolition Credit	Claimed Demolition Credit
\$7,433 per Unit	\$1,062,919.00
\$8.89 per ft ²	\$153,476.96
Total Claimed	\$1,216,395.96

Total Demolition Credits Remaining					
Description	Demolition Permit	Total Available 2020 Rates	Total Claimed 2020 Rates	Total Remaining 2020 Rates	Dollar to ft ² Conversion
155 Ontario Street Future Development	16-109945-IS	\$1,947,238.66	\$1,216,395.96	\$730,842.70	Dollar / \$8.89
	16-109948-IS	(219,036.97 ft ²)	(136,827.44 ft ²)	(82,209.53 ft ²)	(Institutional Rate)

Total Remaining - Future	
Total Remaining for Future Credits	Demo Credit Expiry Date
82,209.53 ft² (Institutional Rate)	August 2021 Plus Extension

Notes:

- Demolition credit expiry dates shown above are original and do not include requested extensions
- Demolition credits are requested to be extended by 3 years, with a new expire date being August 2024
- Dollar amounts shown based on Niagara Region 2020 development charge rates, rates increase yearly

