

5. SALE OF SURPLUS LAND, CENTREPOINTE, NEPEAN

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Declare as surplus to Regional needs, part of Lots 34 & 35, Concession 2, in the City of Nepean, containing an area of approximately 3.585 ha. (8.86 acres), shown as Blocks M and N, on Annex “A”, attached;**
- 2. Approve the sale of lands described in Recommendation 1, to Arnon Corporation for the sum of \$2,000,000. subject to the conditions outlined in the body of this report.**
- 3. Authorize staff to negotiate a settlement with the NCC with respect to the disposition of funds, in accordance with the details provided in the body of this report.**

DOCUMENTATION

- 1. Planning and Development Approvals Commissioner’s report dated 29 May 00 is immediately attached.**
- 2. Extract of Draft Corporate Services and Economic Development Committee Minute, 06 June 00 follows the report and includes a record of the vote.**

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. 18-97-70075-003
Your File/V/Réf.

DATE 29 May, 2000

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Commissioner
 Planning and Development Approvals Department

SUBJECT/OBJET **SALE OF SURPLUS LAND, CENTREPOINTE, NEPEAN**

DEPARTMENTAL RECOMMENDATIONS

That the Corporate Services and Economic Development Committee and Council:

- 1. Declare as surplus to Regional needs, part of Lots 34 & 35, Concession 2, in the City of Nepean, containing an area of approximately 3.585 ha. (8.86 acres), shown as Blocks M and N, on Annex "A", attached;**
- 2. Approve the sale of lands described in Recommendation 1, to Arnon Corporation for the sum of \$2,000,000. subject to the conditions outlined in the body of this report.**
- 3. Authorize staff to negotiate a settlement with the NCC with respect to the disposition of funds, in accordance with the details provided in the body of this report.**

PURPOSE

This report deals with the disposition of part of the Region's land located on the west side of Woodroffe Avenue, south of Baseline Road in the City of Nepean. The land on which the Transitway and station are located, together with the balance of land owned by the National Capital Commission (NCC), to the west of the station and extending south to the railroad tracks, was purchased by the Region as part of an agreement between the NCC and the Region with respect to the transfer of the Federal Bridges (Laurier and Mackenzie King) in Ottawa. A portion of the site, immediately south of Baseline Road has been developed with the Transitway and station. The future extension of the Transitway to the south, will require the use of a significant amount of the balance. Part of the site to the south of the station and

immediately north of Tallwood Avenue is being used by the Region to accommodate the new Peter D. Clarke Centre.

The purpose of this report is to address the disposition of that portion of the land acquired from NCC, located immediately west of the Baseline Transitway station, between Baseline Road and the limit of land occupied by Nepean City Hall. The blocks are identified as Blocks M and N on Annex "A" attached. The land is vacant, contains 3.585 ha. (8.86 ac.) and is zoned Institutional.

BACKGROUND

The subject property consists of two vacant Blocks to the west of the transit station, bisected by a strip of land to be retained by the Region for the future extension of Navaho Drive. The property has no useable road frontage and is accessible only through the Arnon property to the west. The provision of access from Woodroffe will be possible once the Transitway is reconstructed and Navaho Drive is extended. That is not expected to occur for at least 10 years. In the meantime, the adjacent owners have approached the Region with a proposal to purchase our surplus land for incorporation into their development.. Arnon Corporation (Arnon) is the sole abutting owner. Their site is improved with two office buildings, both occupied by Nortel. Nortel, is anxious to move forward with a third building for occupation by February, 2001. Further expansions are possible on the site. The land required to extend Navaho across the Arnon land will be conveyed to Nepean under an existing agreement, once Navaho is extended from Woodroffe.

As part of our review of the Arnon proposal, we considered two other options. The first, to wait for the reconstruction of the Transitway and extension of Navaho Drive. This scenario will prevent intensification in the area of the station for a number of years until decisions are implemented around the Transitway and Navaho. The second option was to investigate the possibility of disposing of the entire block between Woodroffe and the Arnon lands, either including the Transitway site, subject to retaining rights for the reconstruction of the Transitway, or through marketing the right to build over the Transitway. The Navaho extension requirements would have to be retained. The general consensus from developers and realtors was that this is perhaps better viewed as a long term option. Under the circumstances, the option of a sale to Arnon is the preferred solution.

Official Plan Objectives

The subject lands are part of a larger "Primary Employment Centre" designation in the Regional Official Plan. The Primary Employment Centre lands include lands south of Baseline Road with the eastern leg of Centrepointe Drive being the western boundary, Navaho Drive being the eastern limit and Tallwood Drive and the Algonquin College property serving as the southern boundary. Section 4.3 of the Regional Official Plan encourages the development of mixed-use developments at relatively high densities which would act as a focal point to their respective community. The required characteristics of a Primary Employment are present in the Baseline and Woodroffe Primary Employment Centre which are:

- potential for at least 5,000 jobs;
- potential for relatively high densities of employment and other uses;
- a location adjacent to an existing or proposed rapid transit station - i.e. Baseline Station.
-

Other pertinent policies within the Official Plan for Primary Employment Centres include the following:

- maximize accessibility for walking, cycling, and transit service between uses and to rapid transit stations and bus stops;
- lands within 300m of a rapid transit station to be generally at a minimum floor space index (F.S.I) of 1.5 and primarily be for office or other high density uses. Lands beyond 300m should ultimately have a minimum F.S.I. of 0.75. The minimum FSI's shall apply unless site specific studies establish that greater flexibility in distance and/or density to a rapid transit station is required;
- consider permitting proposed developments that do not meet the density policies provided that future development opportunities to satisfy the density targets are preserved;
- prepare a transportation impact study for Primary Employment Centres which addresses all relevant modes of transportation. Development applications would be evaluated on the study results;
- ensure that zoning by-laws allow for maximum development potential based on the area wide transportation study;
- require zoning by-laws to have reduced parking requirements and maximum parking space provisions for developments in the vicinity of rapid transit stations
- initiate practices and policies to encourage development in accordance with the economic development policies of the Plan

Baseline Woodroffe Secondary Plan Objectives

The Baseline Woodroffe Secondary Plan is being prepared to guide the development and redevelopment of lands within the Primary Employment Centre. The basic direction of the Secondary Plan is to create a centre with a mix of uses, to make it a vibrant area with character, to accommodate a high level of employment, to improve transportation connections and to encourage walking, cycling and transit. The Secondary Plan is also intended to do the following:

- implement new (1997) Regional Official Plan polices for Primary Employment Centres
- designate Regional lands for development and removal of inner ring road designation which no longer applies to these lands will allow for development of any Regional lands surplus to Transitway and municipal requirements;
- provide for new infrastructure required to service future development including Navaho Drive extension to Constellation Crescent and the extension of Constellation Crescent to Baseline Road
- provide policy direction to imminent development - employment uses in Centrepointe, redevelopment of Shopper City West and the expansion of Algonquin College;
- reflect strategic location of the area inside the Greenbelt and proximity to transit station.

The Transportation Review required by the Region's Official Plan and for the Secondary Plan for the Baseline-Woodroffe Primary Employment Centre has been undertaken with extensive input from Regional and City of Nepean staff. Amongst the conclusions of the study were that the levels of development based on the F.S.I. in the Regional Official Plan could *not* be supported by the surrounding roadway network even assuming very aggressive non-auto modal splits. The Study proposes an F.S.I. of 1.0 within 300m of the transit station, 0.7 for office development on the east side of Woodroffe within the Shopper City site and 0.4 for the balance of the sites which still contain residual development potential.

In terms of parking supply, the Secondary Plan will include a recommended maximum parking ratio of 2.2 spaces/1000 sq. ft (2.5 spaces/1000 sq. ft. is current minimum) for lands within 300m of the transit station. It is also proposed that the number of parking spaces provided may not exceed the ratio *based on the build out* of their site development. Outside of the 300m, the current minimum parking requirement would become the maximum with a view towards further reductions towards the 2.2 spaces/1000 sq.ft. target to occur over time and in accordance with regular Parking Demand Studies.

The Arnon Proposal

Arnon's property holdings in the area consists of approximately 16.5 acres of land improved with a 137,200 sq. ft. building on Blocks O and P (see Annex "A") as well as a 208,000 sq. ft. building on Blocks L2/L. Arnon approached the Region in the spring of 1999 expressing an interest in securing title to the Region's 8.86 acres of land, for the purpose of providing surface parking which they required to accommodate the next phase of their campus, a 177,000 sq. ft. office building to be attached to the building located on Block L2/L. Nortel requires occupancy in the new building by February 1, 2001.

Arnon is anxious to expand their campus for the exclusive use of Nortel. At present their site has approximately 345,000 sq. ft. of office space with the latest proposal raising this to over 520,000 sq. ft.. The employee capacity of the existing buildings is approximately 1,500 a number which is expected to exceed 2,500 once the third building is constructed.

Nortel is requesting parking supply in excess of four (4) spaces/1000 sq. ft. of office space which exceeds the current Nepean zoning by-law minimum of 2.5 spaces/1000 sq. ft.. They have submitted a proposal to the City of Nepean which includes a decked parking structure on part of Block L. Nortel is committed to a transit friendly campus in this location. As transit use increases over time, further expansion may be possible.

In the short term, the use of the Region's land will eliminate the need to construct deck parking on Block L, provided it can be used for surface parking (zoning amendment from the City of Nepean is required). This will eliminate a perceived permanence of parking and provide greater flexibility for further expansion of office uses on the site. Arnon's proposal, including a deck parking structure, has been approved by Nepean's Planning Committee.

While Nortel has been a strong supporter of transit use (participating in the Travel Demand Management program at their Carling Campus and initiating similar programs at other locations) they are convinced that the amount of parking they are requesting is necessary to meet their employee's current needs. At the same time, they and Arnon are committed to promoting transit and other non-auto alternatives at this location.

Agreement

The agreement reached with Arnon contains the following provisions:

1. The full market value of the land is *\$2,000,000. based on an appraisal report completed for the Region;
2. Arnon is to provide a plan illustrating how they will eventually meet the FSI required in the Secondary Plan (1.0 on most of the site with 0.7 on the areas beyond 300m). This provision applies to the combined Blocks L2/L/M and O/P/N;
3. For a period of ten (10) years, there will be a condition surviving closing requiring the payment of a penalty in the amount of \$1,300,000. to be paid by Arnon to the Region if within the ten (10) year period, Arnon and/or its successors/assigns, have not initiated construction of such additional buildings as may be necessary to raise the overall FSI of Blocks L2/L/M and/or Blocks O/P/N, to a level of (0.7). If Arnon does initiate a building program on either combined Block, raising the FSI of the aforementioned combined Blocks to (0.7), the penalty payable on the block(s) will be waived. The penalty will be apportioned on the basis of the relative size of Blocks M & N;
4. Any proposal to increase the FSI on the combination of Blocks L2/L/M or O/P/N, must include plans indicating how the ultimate FSI of 1.0 will be met upon completion of the development;
5. In the event all or any part of the penalty is paid by Arnon to the Region, the money will be reinvested for transit purposes only, as directed by Council of the day;
6. This agreement is subject to Arnon obtaining the necessary zoning to permit surface parking on Block M;
7. As part of this agreement, Arnon/Nortel are committed to the promotion of transit and/or alternate means of transportation, on this campus. Linkages to the station are a requirement.

*To estimate the value of real estate, an independent appraisal was completed by Higgs Cameron Cyr & Wilson Ltd. which concludes that the market value of commercial land is within the range of \$ 250,000/acre. Since the zoning and servicing are not in place, a 10% discount has been applied resulting in a land value estimate of \$225,000/acre. By applying the land area of 8.86 acres the market value calculation is \$2,000,000.

NCC Agreement

It should be noted that there is a restrictive covenant in favour of the National Capital Commission that was registered on title when the Region purchased the land in 1996. The covenant states in part, “*in the event all or any part of the lands are sold by the Region for a price which on a per square foot basis exceeds \$ 2.61 per square foot (\$113,692/ac) then any such excess amount, less the land transfer tax and registration fees paid by the Region and the carrying costs directly attributable to these lands from the date of acquisition is to be paid to the NCC within 90 days of completion of such sale*”.)

At this point, we have not initiated discussions with NCC on this issue. It is our recommendation that staff be authorized to initiate discussions with the NCC to resolve this issue. A subsequent report will then be provided.

Surplus Property

The property has been circulated internally to determine if there is a need to retain this land. The most critical factor has been the alignment of the Transitway and station as it crosses this area. An internal report recommending the existing alignment was reviewed and approved by a joint meeting of the Transportation and Transit Services Committees on May 23, 2000. External government agencies have been notified of our intention to dispose of this land. No interest has been expressed in purchasing the site. We are recommending that it be declared surplus to Regional needs. As noted below, we do not believe there is a New City impact in so doing.

NEW CITY IMPACT - TRANSITION BOARD

Since the Southwest Transitway and Baseline Transitway Station will be re-developed at sometime in the future, the proposed sale will provide a temporary use of the surplus lands with the ultimate plan of increasing density within this area.

This property is located north-east of the current site of Nepean City Hall and Nepean Hydro. There are additional potentially surplus lands immediately adjacent to that site. The sale of the subject lands while in proximity to the City Hall, do not lend themselves to incorporation with that site in any reasonable fashion. . As such, we believe it is appropriate to dispose of these lands.

In accordance with Ottawa Transition Board Regulation 100/2000 - Section 4, Guidelines - Financial Guideline No. 1, Section 5.1b), this transaction requires the approval of the Transition Board.

PUBLIC CONSULTATION

The corridor lands are currently under a Secondary Plan review which has involved consultation with the public.

EXPENDITURE JUSTIFICATION

The sale of Regional lands will allow Arnon to proceed with the immediate development of 176,663 sq.ft. for Nortel and will provide additional land for the future expansion of Woodline Campus. The potential penalty payment of \$ 1.3 million will provide an inducement to intensify development near the Transitway.

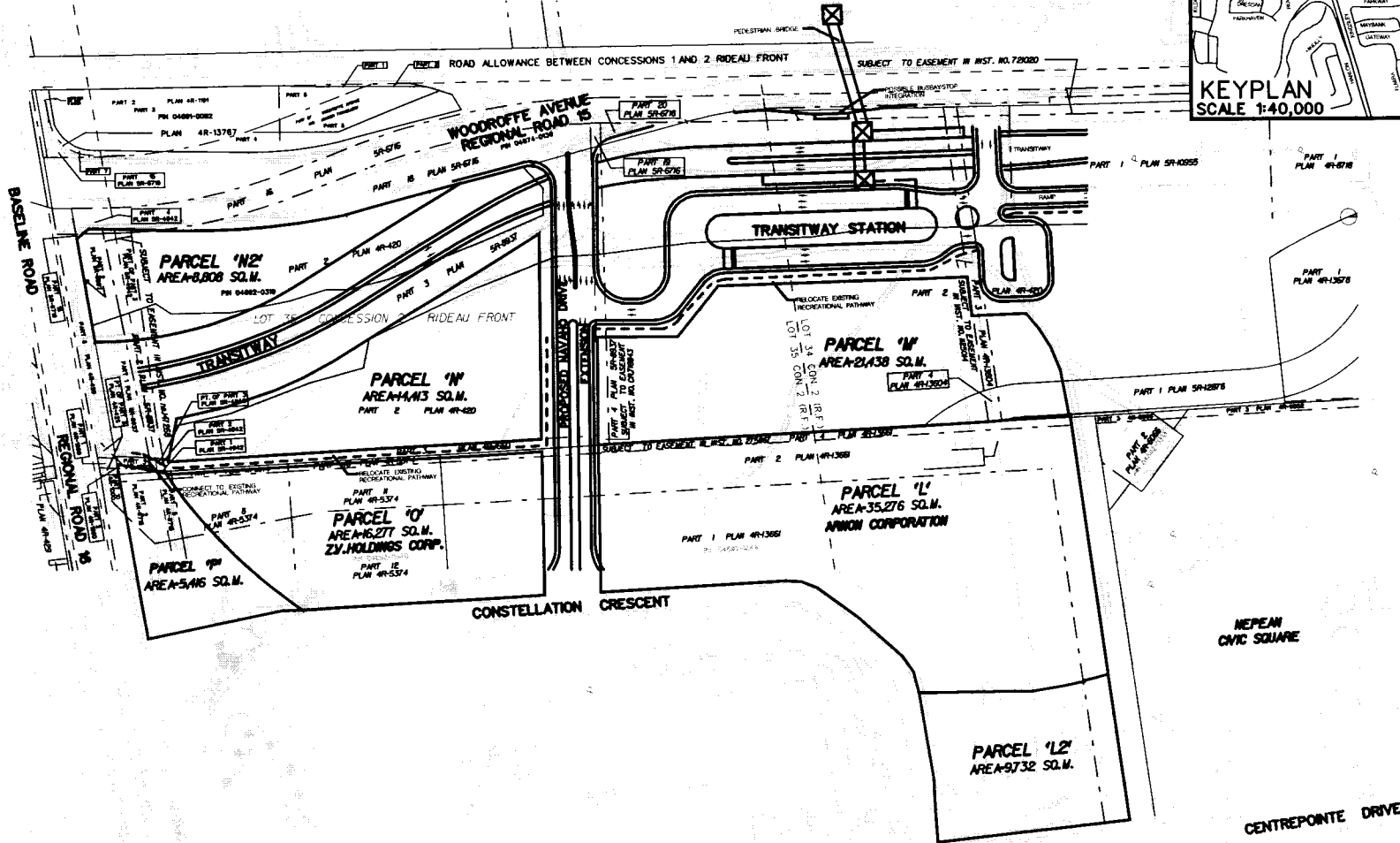
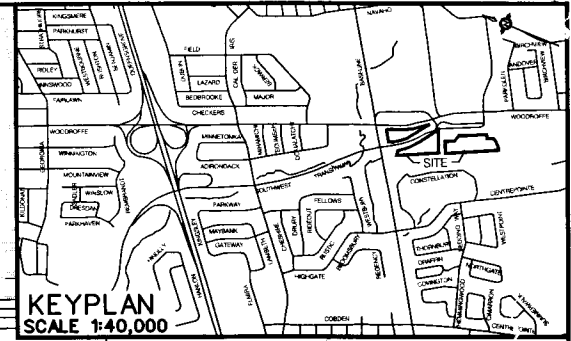
FINANCIAL STATEMENT

This transaction will generate a revenue to the Corporation from the sale proceeds. It will also create revenue from realty taxes and will generate employment opportunities.

*Approved by Nick Tunnacliffe, RPP, MCIP
Planning and Development Approvals Commissioner*

Attach. (1)

ANNEX "A"



| | | | | | | |
|------------------------------------------------------|---------------------------|--------|------------------|------------------------------------------------------------|-------------------|-----------|
| SURPLUS LANDS AT WOODROFFE AVE. AND BASELINE ROAD | | | | REGION OF OTTAWA-CARLETON INFORMATION TECHNOLOGY OFFICE | | |
| OWNER | REGION OF OTTAWA CARLETON | AREA | AS SHOWN ON PLAN | BRANCH | SURVEYS & MAPPING | 4152A.DGN |
| SCALE | 1:4000 | METRIC | DATE 2000/05/23 | FILE | | |

SALE OF SURPLUS LAND, CENTREPOINTE, NEPEAN

- Planning and Development Approvals Commissioner's report
dated 29 May 00

Councillor A. Loney requested additional information with respect to how this proposal relates to the Secondary Plan process, currently underway with the City of Nepean and the Region. Nick Tunnacliffe, Commissioner, Planning and Development Approvals explained that the Regional Official Plan and the Nepean Official Plan encourage development around the transitway and this encourages more transit use. One of the relevant policies is that car parking requirements be reduced in the zoning by-law. The Secondary Plan Nepean has undertaken is looking at development in the Baseline/Woodroffe area including Shoppers' City West, Nepean City Hall and the vacant parcels in the Centrepointe area. He noted the City's draft report suggests the zoning by-law be changed so that existing zoning requirements of a minimum of 2.5 spaces per 1000 square feet of building area be reduced to 2.2 spaces as a maximum. This would reduce the amount of parking available, if and when it is approved by Nepean.

Mr. Tunnacliffe stated this was why the report was before the Committee for recommendation. He explained that if the staff recommendation is not approved, Arnon (the adjacent property owner to whom the property is being sold) would go ahead with an office building for lease to Nortel. In order to meet the parking requirements of the existing by-law, Arnon proposes to build a parking structure. If that happens, there would be a large amount of parking in a structure, unlikely to be demolished, that is in close proximity to the transit station.

Commissioner Tunnacliffe explained the alternative is the deal staff have negotiated, that is to sell part of the region's land, is in effect backland, without access, to Arnon, who will use the land for surface parking for the Nortel Development. He advised that staff have negotiated with Arnon, a penalty of \$1.3 million that they would have to pay to the new City if an office building is not built on the previously regionally owned land (they will be able to do this without adding parking spaces).

Councillor Loney asked the Commissioner to expand on the floor space index (F.S.I.) aspect. Mr. Tunnacliffe advised the Regional Official Plan requires development at an F.S.I. of 1.5 within 300 metres of a rapid transit station and a minimum of FSI 0.75 beyond 300 metres. As part of the work undertaken in the Secondary Plan, it has been determined that the level of development, even with the optimistic transit modal split, will result in gridlock for cars in the surrounding streets. This is why the secondary plan is recommending that the FSI be reduced to 1 within 300 metres, 0.7 on the east side of Woodroffe and 0.4 for the balance of the site.

Extract of Draft Minute
Corporate Services and
Economic Development Committee
06 June 2000

This measure, coupled with a transit modal share that staff believe is attainable and the balance to car trips, will not overload the streets in the vicinity.

Councillor Loney asked, in terms of the new roadway that is required, if there would be any regional obligation (other than at the Transitway Station) with respect to payment.. Mr. Tunnacliffe stated the road referred to is the extension of Navaho Drive; it currently runs east of Woodroffe and would be extended across Woodroffe, be grade-separated at the Transitway and extend through the site to Constellation Drive in Centrepointe. He said staff anticipate the new City would be responsible for the grade separation structure but the road on each side of the Transitway would be paid for by the development.

Councillor Loney said he understood from the City of Nepean Planning Director that Arnon had, in a previous plan, dedicated the land required through their property from Constellation Drive. Mr. Tunnacliffe replied his understanding was that Arnon agreed to dedicate the land at no charge when the facility is constructed. He surmised this would be when the Southwest Transitway goes in as a grade-separated facility, which could be in 8 to 10 years.

Councillor Loney asked Mr. Tunnacliffe, if, as a professional planner and the head of the Planning and Development Approvals Department, he considered this proposal to be a reasonable compromise. Mr. Tunnacliffe replied in the affirmative. He noted it was a difficult process to try to accommodate all the competing interests of all the parties involved.

Councillor R. Cantin said he had understood that the extension of Navaho Drive would not be required if the deal was reached because there would be access to Baseline Road. Mr. Tunnacliffe stated that access to Baseline Road is being proposed but as the entire area develops, there will also be a need for the Navaho Drive extension. Councillor Cantin felt this would be a very expensive proposition. Councillor Loney said it was his understanding that the City of Nepean has already collected money for the extension of Navaho Drive in their Development Charges. The Councillor noted the big expense would be the grade separation of the transitway station and he indicated he was not convinced that the station was necessary.

The Committee then approved the staff recommendations:

Extract of Draft Minute
Corporate Services and
Economic Development Committee
06 June 2000

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CARRIED