

**4. FEE SIMPLE PROPERTY ACQUISITION OF 1010 SOMERSET STREET,
CITY OF OTTAWA
ACQUISITION EN FIEF SIMPLE DU 1010, RUE SOMERSET, OTTAWA**

COMMITTEE RECOMMENDATIONS

That City Council:

- 1. Approve the acquisition of the property known as 1010 Somerset Street, containing 2.55 hectares (6.3 acres) shown as Parcels 1 and 2 on Document 1 attached, from Her Majesty the Queen in right of Canada as represented by the Minister of Public Works and Government Services (“Canada”).**
- 2. Delegate authority to the General Manager of Planning, Infrastructure and Economic Development to enter into, conclude, execute and amend on behalf of the City:**
 - a. A Purchase and Sale Agreement and all documents necessary or incidental thereto between the City and (Canada) in respect of the 1010 Somerset Street lands described in this report (attached as Document 4), for a total consideration of \$11,000,000 subject to final adjustments on closing, applicable tax and reasonable legal expenses related to the transaction.**
 - b. A Collaborative Benefits Agreement (CBA), subject to the terms and conditions in the CBA Correspondence (attached as Document 3), as described in this report, with the Algonquins of Ontario (AOO) as a condition precedent to acquire the fee simple interest in 1010 Somerset Street;**
 - c. A Framework Agreement Loan Agreement Mortgage, and all documents necessary or incidental thereto with Canada Mortgage and Housing Corporation (CMHC) subject to the terms and conditions in the CMHC Framework Agreement (attached as Document 5) as described in this report in the amount of \$8,580,000 which loan is to be registered against the title to the**

property 1010 Somerset as a forgivable mortgage provided that the City complies with the development obligations with respect to Gladstone Village set out therein; and

- d. A Memorandum of Understanding with the Conseil des Écoles Publiques de l'Est de l'Ontario (CEPEO) (attached as Document 6) as described in this report for an exclusive period of two years to explore the possible inclusion of a primary school within a future development at 1010 Somerset Street and if feasible then dispose of the air rights for the construction of the school in accordance with the pricing formula in the MOU.
3. Approve a one-time contribution of \$400,000.00 from the City Wide Reserve to fund the development of a coordinated Master Concept Plan for a community hub at 1010 Somerset, together with the Plant Bath Recreation Facility and adjacent lands owned by Ottawa Community Housing Corporation (OCH), and to fund the extraordinary closing costs associated with the acquisition of 1010 Somerset Street lands.

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

1. Approuve l'acquisition de la propriété située au 1010, rue Somerset, d'une superficie de 2,55 hectares (6,3 acres) et illustrée comme constituant les parcelles 1 et 2 sur le document 1 ci-joint, de Sa Majesté la Reine du chef du Canada représentée par le ministre des Travaux publics et Services gouvernementaux Canada (« Canada »);
2. Délègue au directeur de Planification, Infrastructure et Développement le pouvoir de conclure, de signer et de modifier au nom de la Ville :
 - a. Une convention de vente et d'achat ainsi que tous les documents nécessaires ou s'y rapportant entre la Ville et le Canada, concernant les terrains situés au 1010, rue Somerset, décrits

dans le présent rapport (ci-joints en tant que document 4), pour un montant total de 11 000 000 \$, exception faite des ajustements finaux au moment de la clôture, de la taxe applicable et des frais juridiques raisonnables associés à la transaction.

- b. Un accord collaboratif sur les avantages, sous réserve des modalités du cadre de l'accord (ci-joint en tant que document 3), tel que décrit dans le présent rapport, avec Algonquins of Ontario (AOO) comme condition préalable à l'acquisition de l'intérêt en fief simple au 1010, rue Somerset;
 - c. Un cadre d'accord, un accord de prêt, une hypothèque ainsi que tous les documents nécessaires ou s'y rapportant conclus avec la Société canadienne d'hypothèques et de logement (SCHL), sous réserve des modalités du cadre de l'accord avec la SCHL (ci-joint en tant que document 5), tel que décrit dans le présent rapport et pour un montant de 8 580 000 \$, un prêt qui doit être enregistré à l'égard du titre de la propriété située au 1010, rue Somerset en tant qu'hypothèque à remboursement conditionnel, à condition que la Ville respecte ses obligations d'aménagement du village de Gladstone décrites dans le présent rapport; et
 - d. Un protocole d'entente avec le Conseil des écoles publiques de l'Est de l'Ontario (CEPEO) (ci-joint en tant que document 6) tel que décrit dans le présent rapport et pour une période exclusive de deux ans, en vue d'envisager l'intégration d'une école primaire dans un aménagement futur réalisé au 1010, rue Somerset; si le projet est réalisable, céder les droits relatifs à la propriété du dessus afin de permettre la construction de l'école, conformément à la formule d'établissement des prix énoncée dans le protocole d'entente.
3. Approuve une contribution ponctuelle de 400 000 \$ du fonds de réserve de la Ville afin de financer l'élaboration d'un plan directeur conceptuel coordonné pour la création d'un carrefour communautaire au 1010, rue Somerset, intégré au centre récréatif Plant et aux terrains adjacents appartenant à la Société de logement

communautaire d'Ottawa, et afin de financer les frais de clôture exceptionnels associés à l'acquisition des terrains situés au 1010, rue Somerset.

DOCUMENTATION/DOCUMENTATION

1. Director's Report, Corporate Real Estate Office, Planning, Infrastructure and Economic Development, dated February 8, 2021, (ACS2021-PIE-CRO-0003)

Rapport du Directeur, Bureau des biens immobiliers municipal, Services de la planification, de l'infrastructure et du développement économique, daté le 8 février 2021, (ACS2021-PIE-CRO-0003)

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
2 March 2021 / 2 mars 2021**

**and Council
et au Conseil
March 10, 2021 / 10 mars 2021**

**Submitted on February 8, 2021
Soumis le 8 février 2021**

**Submitted by
Soumis par:
Derrick Moodie,
Director / Directeur**

**Corporate Real Estate Office / Bureau des biens immobiliers municipal, Planning,
Infrastructure and Economic Development / Services de la planification, de
l'infrastructure et du développement économique**

**Contact Person
Personne ressource:
Robin Souchen,
Manager, Realty Services Branch / gestionnaire, services immobiliers
613-580-2424, 21549, Robin.Souchen@ottawa.ca**

Ward: SOMERSET (14)

File Number: ACS2021-PIE-CRO-0003

**SUBJECT: Fee Simple Property Acquisition of 1010 Somerset Street, City of
Ottawa**

OBJET: Acquisition en fief simple du 1010, rue Somerset, Ottawa

REPORT RECOMMENDATIONS

That the Finance and Economic and Development Committee recommend that City Council:

1. Approve the acquisition of the property known as 1010 Somerset Street, containing 2.55 hectares (6.3 acres) shown as Parcels 1 and 2 on Document 1 attached, from Her Majesty the Queen in right of Canada as represented by the Minister of Public Works and Government Services (“Canada”).
2. Delegate authority to the General Manager of Planning, Infrastructure and Economic Development to enter into, conclude, execute and amend on behalf of the City:
 - a. A Purchase and Sale Agreement and all documents necessary or incidental thereto between the City and (Canada) in respect of the 1010 Somerset Street lands described in this report (attached as Document 4), for a total consideration of \$11,000,000 subject to final adjustments on closing, applicable tax and reasonable legal expenses related to the transaction.
 - b. A Collaborative Benefits Agreement (CBA), subject to the terms and conditions in the CBA Correspondence (attached as Document 3), as described in this report, with the Algonquins of Ontario (AOO) as a condition precedent to acquire the fee simple interest in 1010 Somerset Street;
 - c. A Framework Agreement Loan Agreement Mortgage, and all documents necessary or incidental thereto with Canada Mortgage and Housing Corporation (CMHC) subject to the terms and conditions in the CMHC Framework Agreement (attached as Document 5) as described in this report in the amount of \$8,580,000 which loan is to be registered against the title to the property 1010 Somerset as a forgivable mortgage provided that the City complies with the development obligations with respect to Gladstone Village set out therein; and
 - d. A Memorandum of Understanding with the Conseil des Écoles Publiques de l'Est de l'Ontario (CEPEO) (attached as Document 6) as

described in this report for an exclusive period of two years to explore the possible inclusion of a primary school within a future development at 1010 Somerset Street and if feasible then dispose of the air rights for the construction of the school in accordance with the pricing formula in the MOU.

3. Approve a one-time contribution of \$400,000.00 from the City Wide Reserve to fund the development of a coordinated Master Concept Plan for a community hub at 1010 Somerset, together with the Plant Bath Recreation Facility and adjacent lands owned by Ottawa Community Housing Corporation (OCH), and to fund the extraordinary closing costs associated with the acquisition of 1010 Somerset Street lands.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande ce qui suit au Conseil :

1. Approuver l'acquisition de la propriété située au 1010, rue Somerset, d'une superficie de 2,55 hectares (6,3 acres) et illustrée comme constituant les parcelles 1 et 2 sur le document 1 ci-joint, de Sa Majesté la Reine du chef du Canada représentée par le ministre des Travaux publics et Services gouvernementaux Canada (« Canada »);
2. Déléguer au directeur de Planification, Infrastructure et Développement le pouvoir de conclure, de signer et de modifier au nom de la Ville :
 - a. Une convention de vente et d'achat ainsi que tous les documents nécessaires ou s'y rapportant entre la Ville et le Canada, concernant les terrains situés au 1010, rue Somerset, décrits dans le présent rapport (ci-joints en tant que document 4), pour un montant total de 11 000 000 \$, exception faite des ajustements finaux au moment de la clôture, de la taxe applicable et des frais juridiques raisonnables associés à la transaction.
 - b. Un accord collaboratif sur les avantages, sous réserve des modalités du cadre de l'accord (ci-joint en tant que document 3), tel que décrit dans le présent rapport, avec Algonquins of Ontario (AOO) comme condition

préalable à l'acquisition de l'intérêt en fief simple au 1010, rue Somerset;

- c. **Un cadre d'accord, un accord de prêt, une hypothèque ainsi que tous les documents nécessaires ou s'y rapportant conclus avec la Société canadienne d'hypothèques et de logement (SCHL), sous réserve des modalités du cadre de l'accord avec la SCHL (ci-joint en tant que document 5), tel que décrit dans le présent rapport et pour un montant de 8 580 000 \$, un prêt qui doit être enregistré à l'égard du titre de la propriété située au 1010, rue Somerset en tant qu'hypothèque à remboursement conditionnel, à condition que la Ville respecte ses obligations d'aménagement du village de Gladstone décrites dans le présent rapport; et**
 - d. **Un protocole d'entente avec le Conseil des écoles publiques de l'Est de l'Ontario (CEPEO) (ci-joint en tant que document 6) tel que décrit dans le présent rapport et pour une période exclusive de deux ans, en vue d'envisager l'intégration d'une école primaire dans un aménagement futur réalisé au 1010, rue Somerset; si le projet est réalisable, céder les droits relatifs à la propriété du dessus afin de permettre la construction de l'école, conformément à la formule d'établissement des prix énoncée dans le protocole d'entente.**
- 3. Approuver une contribution ponctuelle de 400 000 \$ du fonds de réserve de la Ville afin de financer l'élaboration d'un plan directeur conceptuel coordonné pour la création d'un carrefour communautaire au 1010, rue Somerset, intégré au centre récréatif Plant et aux terrains adjacents appartenant à la Société de logement communautaire d'Ottawa, et afin de financer les frais de clôture exceptionnels associés à l'acquisition des terrains situés au 1010, rue Somerset.**

EXECUTIVE SUMMARY

Executive Summary

The primary intent of this Council report is to validate an unbudgeted land acquisition of a federally owned property at 1010 Somerset Street in the Corso Italia District and obtain Council approval of the negotiated agreements outlining the purchase terms and

conditions. This report reflects the culmination of a 5 year negotiation process for this 2.55 hectare (6.3 acre) property that abuts Plouffe Park and the Plant Bath Recreation Complex to the east and 933 Gladstone Avenue, which was acquired in 2017 by Ottawa Community Housing Corporation (OCH), to the south (refer to Document 1).

The 1010 Somerset Street property is of keen interest to City staff owing to its proximity to the new Corso Italia rail station and location between City recreation facilities and the future OCH community. In 2017 Public Services Procurement Canada (PSPC) informed the City that the property was scheduled for disposal. The rarity of a land assembly, totaling 8.52 hectares (21 acres), in an established neighbourhood triggered an internal high-level needs analysis. Staff found clear identifiable civic needs, specifically the creation a community hub “Gladstone Village”. This would provide the realty infrastructure to achieve a multitude of priorities by aligning with the 2019-2022 Council Strategic Plan (refer to Document 2).

With an identifiable need, CREO staff approached PSPC with a request to purchase the property for civic uses. PSPC recognized the “public good” and agreed to commence negotiations subject to Treasury Board and City Council approvals. As part of the federal disposal process, consultation letters were sent (February 2019) by PSPC to Kitigan Zibi Anishinabeg, Algonquin Anishinabeg Nation Tribal Council and the Algonquins of Ontario. Only the Algonquins of Ontario (AOO) expressed an interest in the lands and the City was directed by the Crown to discuss opportunities for collaboration with the AOO as part of the sale process. As a precondition to the transfer of the property, the City and AOO are to enter into a Collaborative Benefits Agreement (CBA) as outlined in the attached correspondence (refer to Document 3).

The purchase price for 1010 Somerset Street was based on an appraised market value of \$25M (January 2020) as a residential development site. PSPC acknowledged that the planned City uses aligned with federal programming and policies and made 6 price adjustments totaling \$14M and agreed to delay the closing to Q3 2022. The price adjustments reflected costs the City would incur for, the CBA, alignment with federal sustainability and greening strategies, a possible connection to the PSPC district energy system, parkland dedication as per the new Corso Italia District Secondary Plan, demolition costs for the older industrial building and environmental remediation. The purchase price was set at \$11M and the terms and conditions are detailed in the Purchase and Sale Agreement (refer to Document 4).

After the negotiations with PSPC concluded, the City entered into negotiations with Canada Mortgage and Housing Corporation (CMHC) under the Federal Lands Initiative Program (FLI). The City (1010 Somerset Street), together with OCH (933 Gladstone Avenue), presented a development scenario for Gladstone Village with commitments to construct over 2021 to 2038 approximately 1,160 residential units, with 300 units to be built on 1010 Somerset Street. As with the PSPC negotiations, CREO staff focused on the synergies in the policies of the City and CMHC. Staff were careful not to over commit and place at risk the OCH development plan that was nearing site plan approval. In addition to the residential targets, the City and OCH agreed to specific levels of affordability, energy efficiency and accessibility. In exchange CMHC will contribute \$8,580,000 towards the purchase price in the form of a forgivable mortgage registered on the title. The terms of the loan are outlined in the CMHC Framework Agreement (refer to Document 5).

After considering the PSPC price adjustments and CMHC mortgage loan, the total funds required from the City, including closing costs of \$450,000 for legal and sunk HST, are estimated at \$2.87M. Given that more than 25% of the \$25M site will be used for parkland, the Cash-in-lieu-of-Parkland accounts for the Ward (\$1M) and City-Wide (\$1.82M) will be used to fund the acquisition in 2022 with the CREO operating budget absorbing \$50,000 of the anticipated closing costs.

The secondary intent of this report is twofold; firstly, to seek Council approval to execute a Memorandum of Understanding (MOU) with Conseil des Écoles Publiques de l'Est de l'Ontario (CEPEO) to explore the development of a primary school within the 1010 Somerset Street parcel; and secondly to seek funding to continue with a Master Concept Plan to create a community hub concept with a park and recreation and culture facilities.

The MOU provides the overarching terms and conditions of the CEPEO participation in the development of the 1010 Somerset Street conditional on an acceptable design for a primary school. The MOU provides a term of two years for exclusive negotiations to the CEPEO and includes a land (air rights) purchase price formula. The CEPEO purchase price is based on the \$25M market value with an inflation factor to the date of closing. The City will be proportionately reimbursed for its contractual obligations imposed by PSPC for; the CBA; the development premiums incurred for obtaining sustainability targets; environmental remediation costs; and park dedication. Based on a high-level review of the anticipated build out at 1010 Somerset Street, and an approximate area of

a primary school, the CEPEO estimated purchase price for air rights would be in the range of \$2.5M to \$3.5M (2020). The MOU between the City of Ottawa and Conseil des Écoles Publiques de l'Est de l'Ontario "CEPEO" is attached. (Refer to Document 6).

To continue with a Master Concept Plan to develop the vision of the "Gladstone Village" community hub, including new park and recreation and culture spaces, staff are seeking a onetime payment from the City-Wide Reserve Fund to create a capital account of \$400,000. Based on the results of this work staff will prepare a comprehensive strategy for implementation including the sale of future air rights and bring this back to Council for its consideration.

Résumé

Le présent rapport au Conseil vise principalement à valider l'acquisition non prévue au budget du terrain de la Couronne situé au 1010, rue Somerset, dans le secteur de la station Corso Italia, et à faire approuver par le Conseil les ententes conclues entourant les modalités d'achat. Il fait suite à un processus de négociation de cinq ans pour ce terrain de 2,55 hectares (6,5 acres) contigu au parc Plouffe et au Centre récréatif Plant à l'est, et au 933, avenue Gladstone au sud, propriété acquise par la Société de logement communautaire d'Ottawa (SLCO) en 2017 (voir document 1).

Le personnel de la Ville voit un grand intérêt dans ce terrain, puisqu'il est situé à proximité de la nouvelle station de train léger Corso Italia et entre certaines installations récréatives municipales et les futurs logements de la SLCO. En 2017, Services publics et Approvisionnement Canada (SPAC) a informé la Ville que le terrain devait être aliéné. Vu la rareté d'un tel remembrement dans un quartier établi – et la superficie totale de 8,52 hectares (21 acres) –, on a procédé à une analyse interne des besoins détaillée, qui a démontré des besoins municipaux clairement identifiables, en particulier la création d'un carrefour communautaire, le « Village Gladstone ». Ce carrefour permettrait à l'infrastructure immobilière de répondre à une multitude de priorités, ce qui cadre avec le plan stratégique du mandat 2019-2022 du Conseil (voir document 2).

Puisqu'il existait un besoin identifiable, le personnel du Bureau des biens immobiliers municipaux (BBIM) a présenté à SPAC une demande d'achat du terrain à des fins municipales. SPAC a reconnu l'intérêt public de la demande et accepté d'entamer les négociations, sous réserve de l'approbation du Conseil du Trésor et du Conseil municipal. Dans le cadre du processus d'aliénation fédérale, SPAC a envoyé, en février 2019, des lettres consultatives à la bande de Kitigan Zibi Anishinabeg, au

Conseil tribal de la nation algonquaine Anishinabe et au groupe Algonquins of Ontario. Seul ce dernier a exprimé un intérêt pour le terrain; RCAANC a donc demandé à la Ville de discuter avec lui des possibilités de collaboration en marge du processus d'achat. Le transfert de propriété est donc conditionnel à ce que la Ville et Algonquins of Ontario concluent une entente sur les avantages collaboratifs, comme l'indique la correspondance ci-jointe (voir document 3).

Le prix d'achat du 1010, rue Somerset a été établi en fonction de la valeur marchande en janvier 2020 (25 millions de dollars) qu'aurait un site résidentiel. SPAC a reconnu que l'utilisation prévue par la Ville cadre avec les politiques et programmes fédéraux et a révisé le prix à six reprises, pour une baisse totale de 14 millions de dollars, et convenu de reporter la clôture de la transaction au troisième trimestre de 2022. Les modifications de prix reflètent les coûts que la Ville engagerait pour l'entente sur les avantages collaboratifs, l'alignement aux exigences fédérales de durabilité et aux stratégies vertes, un possible raccordement au système énergétique de quartier de SPAC, l'acquisition de terrains réservés à la création de parcs selon le nouveau Plan secondaire du secteur de la station Corso Italia, la démolition du bâtiment industriel existant et l'assainissement de l'environnement. Le prix d'achat a donc été fixé à 11 millions de dollars; les modalités sont énoncées dans la convention d'achat et de vente (voir document 4).

Une fois les négociations avec SPAC terminées, la Ville a entamé celles avec la Société canadienne d'hypothèques et de logement (SCHL), au titre de l'Initiative des terrains fédéraux. La Ville (1010, rue Somerset) et la SLCO (933, avenue Gladstone) ont présenté un scénario d'aménagement pour le Village Gladstone en s'engageant à construire, entre 2021 et 2038, quelque 1 160 unités résidentielles, dont 300 au 1010, rue Somerset. À l'instar des négociations avec SPAC, le personnel du BBIM a axé ses efforts sur les synergies entre les politiques de la Ville et celles de la SCHL. Le personnel a fait attention de ne pas trop s'engager afin d'éviter de mettre en péril le plan d'aménagement de la SLCO, dont le plan d'implantation était sur le point d'être approuvé. En plus des cibles résidentielles, la Ville et la SLCO ont accepté des niveaux précis d'abordabilité, d'efficacité énergétique et d'accessibilité. En échange, la SCHL paiera 8 580 000 \$ sur le prix d'achat, sous forme d'hypothèque-subvention enregistrée sur le titre. Les conditions du prêt sont énoncées dans l'entente-cadre de la SCHL (voir document 5).

Une fois soustraits les révisions de prix de SPAC et le prêt hypothécaire de la SCHL, le coût total pour la Ville, y compris les frais de clôture de 450 000 \$ (frais juridiques et coût irrécupérable de la TVH), est évalué à 2,87 millions de dollars. Puisque plus de 25 % de la valeur du site de 25 millions de dollars sera utilisé pour les terrains à vocation de parc, les comptes de règlement financier des frais relatifs à ces terrains du quartier (1 million de dollars) et de la Ville (1,82 million de dollars) serviront à financer l'acquisition, en 2022. Le budget de fonctionnement du BBIM absorbera 50 000 \$ des frais de clôture prévus.

Le deuxième objectif du présent rapport est double : d'abord, obtenir l'approbation du Conseil pour la signature d'un protocole d'entente (PE) avec le Conseil des écoles publiques de l'Est de l'Ontario (CEPEO) afin d'étudier la possibilité de construire une école primaire au 1010, rue Somerset; puis obtenir des fonds afin de préparer un plan conceptuel directeur pour le carrefour communautaire.

Le PE prévoit les modalités générales de la participation du CEPEO dans l'aménagement du 1010, rue Somerset, sous réserve de la présentation d'une conception satisfaisante pour l'école primaire. Il prévoit deux ans pour les négociations exclusives avec le CEPEO et une formule de prix d'achat de terrain (droits relatifs à la propriété du dessus). Le prix d'achat du CEPEO repose sur la valeur marchande de 25 millions de dollars, avec un facteur d'ajustement à l'inflation jusqu'à la date de clôture. La Ville sera remboursée au prorata pour les obligations contractuelles qui lui sont imposées par SPAC pour l'entente sur les avantages collaboratifs, les primes d'aménagement à payer pour atteindre les cibles de durabilité, les coûts d'assainissement de l'environnement, et la création de parc. D'après un examen détaillé de la construction prévue au 1010, rue Somerset et la superficie approximative de l'école primaire, les droits relatifs à la propriété du dessus que devrait payer le CEPEO en fonction du prix d'achat se chiffrent entre 2,5 et 3,5 millions de dollars (2020). Le PE entre la Ville d'Ottawa et le CEPEO est joint au présent rapport (voir document 6).

Pour préparer le plan conceptuel directeur qui concrétisera la vision du carrefour communautaire (le « Village Gladstone »), y compris un nouveau parc et des espaces de loisirs et de culture, le personnel demande un versement unique provenant du fonds de réserve de la Ville pour ouvrir un compte de dépenses en immobilisations de 400 000 \$. Selon le résultat obtenu, le personnel préparera une stratégie générale de mise en œuvre, notamment concernant la vente des futurs droits relatifs à la propriété du dessus, et la présentera au Conseil pour examen.

BACKGROUND

In Q4 of 2013, the City's, Planning, Infrastructure and Economic Development Department (PIED) undertook a community design plan for the Corso Italia District that included Crown owned lands at 933 Gladstone Avenue and 1010 Somerset Street. In October 2013, an open house was held to introduce the scope of the study area, followed by a public engagement session and workshop in November 2013 and a second open house in March 2014. These meetings and workshops culminated in late 2014 with the creation of a draft Secondary Plan.

In early 2015, Public Service Procurement Canada (PSPC) began a process of rationalizing realty assets and identifying properties in the National Capital Region for disposal. The Crown asset at 933 Gladstone Avenue was circulated for disposal to the Corporate Real Estate Office (CREO). This property represented a large land holding in the center of the Corso Italia District and was of interest to the City.

The draft Secondary Plan had not contemplated the possibility of City ownership of any federal lands. The PIED planners acknowledged that had the City been in control of the lands at 933 Gladstone Avenue and/or 1010 Somerset Street, the Secondary Plan process would have had significantly different outcomes. Consequently, the draft 2014 Secondary Plan was placed on hold to allow for negotiations with PSPC to acquire the federal lands at 933 Gladstone Avenue and 1010 Somerset Street.

In Q2 of 2017, the City facilitated the sale of 933 Gladstone Avenue from PSPC to Canada Lands Development Corporation, and then to Ottawa Community Housing Corporation (OCH) for \$7M. This 2.92-hectare (7.23 acre) site was fragmented by three closed City-owned road allowances. OCH was limited in pursuing a development strategy owing to the lack of an approved Secondary Plan and from the fragmented nature of the land holdings.

The planning process was reinstated in 2019 to update the Corso Italia District Secondary Plan to reflect the change in ownership. The refresh of this plan included public workshops where the new ownership landscape, with OCH in possession of 933 Gladstone Avenue lands, was introduced. In addition, it was revealed to the public and community stakeholders that the City was in active negotiation with PSPC over the possible acquisition of 1010 Somerset Street lands. The Secondary Plan visioning included the residential development of 933 Gladstone Avenue lands by OCH and civic (public) uses across much of the 1010 Somerset Street lands. The OCH development

plans helped facilitate the new Secondary Plan and PIED staff worked with OCH to consider a phased approach that could be amended to enable a coordinated strategy to include City ownership of the lands at 1010 Somerset Street. Given that an agreement had been negotiated with PSPC for the purchase of 1010 Somerset Street lands, the new Secondary Plan is to be presented to Planning Committee March 11, 2021 and to Council March 24, 2021.

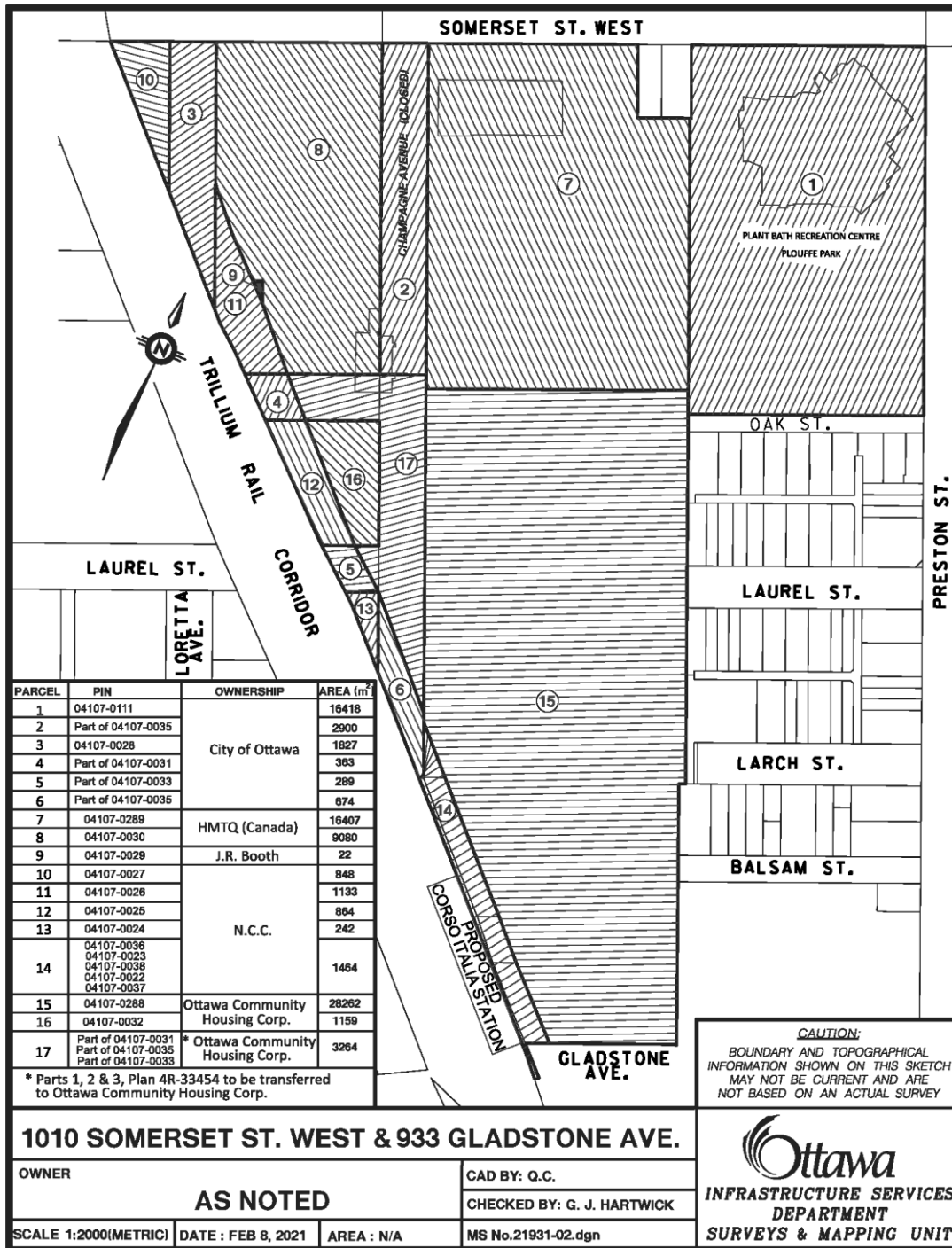
To address the fragmented nature of the OCH property, CREO staff presented a Council report [ACS2020-PIE-CRO-0006](#) (March 25, 2020) to dispose of the closed road allowances. These were valued in contribution to the parcel of lands at 933 Gladstone Avenue at \$2.65 M, with Council waiving the Disposal By-law to permit a sale to OCH for \$1.00 for affordable housing. This enabled OCH to consolidate its property interests and move forward with development plans in coordination with the new Corso Italia District Secondary Plan. OCH is poised to commence construction in Q3 2021 of the first phase of Gladstone Village with the ownership of the road allowance and the approval of the Secondary Plan. The OCH community will contain mixed uses and approximately 1,160 housing units, comprised of affordable, market rent and ownership.

The proposed “Gladstone Village” site is bounded by Somerset Street West, Gladstone Avenue, the O-Train tracks and includes all the former Federal lands (Plouffe Park Campus). There are three critical component parts to the land assembly with remnant parcels of closed roads and rail sidings:

- 933 Gladstone Avenue, approximately 3.26 hectares (8 acres) owned by OCH;
- 930 Somerset Street, 1.64 hectares (4 acres) improved with the Plant Bath Recreation Facility owned by the City;
- 1010 Somerset Street, 2.55 hectares (6.3 acres) owned by Canada (shown as Document 1, 1010 Somerset Street appended to this report).
- Remnant closed road allowances owned by the City, 0.6 hectares (1.49 acres) and
- Remnant former rail sidings owned by the NCC 0.45 hectares (1.12 acres)

The total land assembly represents 8.52 hectares (21.05 acres) inclusive of closed road allowances owned by the City and some sliver parcels owned by the NCC along the rail corridor partially improved with a multiuse pathway . Refer to Figure 1.

Figure 1. Land Assembly - Gladstone Village



The acquisition of 1010 Somerset Street lands from Canada is not part of an existing Council approved capital project and is therefore unfunded. The negotiations continued

for four years with the clear understanding that all agreements were non-binding until both Council authority is obtained by CREO and Treasury Board of Canada approval is obtained by PSPC.

The primary intent of this report to Council is to justify the need to acquire the lands at 1010 Somerset Street and seek Council approval of the negotiated agreements outlining the purchase terms and conditions. The secondary intent of this report is twofold; firstly, to seek Council approval to execute a Memorandum of Understanding with Conseil des Écoles Publiques de l'Est de l'Ontario to explore the development of a primary school within the 1010 Somerset Street parcel following acquisition; and secondly to seek funding to continue with a Master Concept Plan to create a community hub – “Gladstone Village”.

DISCUSSION

Section 1. Community Hub Concept- Gladstone Village

1.1 Proof of Concept

The purchase of the lands at 1010 Somerset Street would enable the City to partner with OCH in initiating a strategic neighbourhood development plan “Gladstone Village”. The project would have a unique municipal character through the alignment of overarching citywide programs and existing policy initiatives to achieve key Council Priorities as further detailed in **Document 2: Alignment Overview to 2019-2022 Strategic Plan**. The goal of the partnership would be to create a complete integrated and sustainable community hub with public and private residential development, commercial uses, institutional uses with a school, recreation and cultural facilities anchored at the Corso Italia LRT Station.

Early research into the concept of developing Gladstone Village was undertaken by City staff from CREO, Economic Development and Long Range Planning Unit (EDLRP), and OCH. Initial architectural blocking and phasing plans for the OCH parcel, based on new urban planning principles surrounding transit-oriented locations, were expanded to encompass the 1010 Somerset Street lands. The team established the vision for the “Village” focused on a cohesive development strategy across 8.52 hectares (21.05 acres) now reflected in the Corso Italia District Secondary Plan.

The development scheme centered on public uses being the principal activity for 1010 Somerset Street. Private uses were considered integral, but a secondary part, of the

community hub. Affordable housing and community support services and programming were the main initiatives. OCH completed several design workshops with key consultants and stakeholders, to ratify a site-specific development strategy attributed to 933 Gladstone Avenue. The OCH development plan for 933 Gladstone placed the required parkland dedication for its project on the 1010 Somerset Street lands to the north. This permitted OCH to maximize residential development and provided the City with an option to expand the adjacent recreation infrastructure located at 930 Somerset Street (Plant Bath Facility).

The broader proof of concept for a “hub development” incorporating 1010 Somerset Street, was carried out by CREO, Housing Branch, with assistance from the Business Support Service unit in Corporate Services. Structured interviews were completed with over 30 key City managers of departments or branches with community support mandates, outward facing lines of business or core service delivery activities. Staff meet with:

- Corporate Real Estate Office (CREO) Leasing Unit and Accommodations Unit;
- Economic Development and Long Range Planning Unit (EDLRP);
- Transitway and Parking;
- Housing Branch;
- Child Care Services;
- Parks and Facilities Planning;
- Asset Management;
- Design and Construction – Facilities;
- Arts and Heritage Development;
- Infrastructure Renewal;
- Stormwater Management;
- Emergency and Protective Services;
- Solid Waste Service;

- Fire Services;
- Employment and Social Services; and
- Climate Change and Resiliency Unit

The consultation process was widened, and external agencies and groups were contacted to introduce the notion of a community hub. In this limited market sounding exercise staff met with;

- Algonquins of Ontario (AOO);
- Public Service and Procurement Canada District Energy Unit;
- National Research Council;
- Ottawa Community Housing;
- Good Companions of Ottawa;
- Ottawa School of Art;
- Infrastructure Ontario; and
- Conseil des Écoles Publiques de l'Est de l'Ontario (CEPEO)

Following the internal staff interviews, participants were invited to a workshop designed to assess the City corporate needs and priorities for 1010 Somerset Street. Based on the anecdotal information collected, and operational requirements identified by both external agencies and City departments, significant business opportunities were identified to support the land acquisition of 1010 Somerset Street.

1.2 Business Opportunities

The purchase of the 1010 Somerset Street lands and the assembly of them with the lands at 930 Somerset Street and 933 Gladstone Avenue, presents a rare opportunity for the City and OCH to create a legacy development project. The combination of investing in both built forms and infrastructure constitutes a significant city-building project. Working together would create synergies in community design, infrastructure construction and help achieve development objectives embedded in City's 2019-2022 Strategic Plan and the Corso Italia District Secondary Plan. An overview of how the

acquisition of the 1010 Somerset Street lands supports and enables the Corporate Strategic Plan are highlighted in **Document 2. Acquisition Alignment to 2019-2022 Strategic Plan.**

Acquiring 1010 Somerset Street lands adds flexibility in community design and in the delivery of corporate initiatives. The business outcomes from an acquisition include;

- Intensification near an LRT Station;
- Sensitivity to existing built forms in the adjacent community;
- Opportunity to expand the Plouffe Park and create a large community park as per the Secondary Plan;
- Opportunity to expand the Plant Bath Community Centre;
- Improved delivery of City services (eg: social services, employment centres, childcare);
- Opportunity to increase affordable housing;
- Address Indigenous reconciliation policy objectives;
- Opportunity for development of new school facilities;
- District Energy partnership opportunities particularly with PSPC;
- Opportunities to showcase/implement environmentally efficient and sustainable construction standards;
- Arts and culture incorporated into community programming; and
- Synergy of municipal and provincial services by consolidating and co-locating offices within the vicinity of the LRT station.

Summary (Business Opportunities)

Staff found a clear identifiable civic need and use for the property at 1010 Somerset Street. The opportunity for a focused public investment into the assembled site, in the format of a community hub, will have significant city-building attributes and be a legacy project. A comparable opportunity may never again be available to assemble a

contiguous site of this size in the downtown under public (civic) ownership. Given the potential civic uses and business opportunities, CREO formally expressed an interest to PSPC to conditionally negotiate a Purchase and Sale Agreement to acquire 1010 Somerset Street subject to Treasury Board and Council approvals.

Section 2. Purchase and Sale Agreement

The CREO staff conveyed the notion to PSPC staff of developing a community hub and the need to “holistically” consider the Gladstone Avenue and Somerset Street properties as one development opportunity for municipal purposes. PSPC acknowledged that the proposed civic uses for 1010 Somerset Street aligned with many federal initiatives and they would work the City request into their disposal process. They obtain consent to enter into non-binding negotiations with the City ahead of other potential purchasers in their disposal hierarchy, such as Canada Lands Development Corporation.

PSPC is required under federal policy to transfer assets to external agencies at market value. The City and PSPC jointly hired a planning consultant to determine the highest and best use of the 1010 Somerset Street lands assuming the property was sold in the open market. Using the planning report, PSPC and the City each hired an independent appraiser to complete a market appraisal report with the City completing a third internal appraisal. The value estimates as of January 2020 ranged from \$25M to \$27M with a final reconciled market value of \$25M. The market value estimate of \$25M represented the opening position of PSPC in the non-binding negotiations.

The draft plans for affordable housing developed by OCH for 933 Gladstone Avenue and a list of potential public uses, derived from the business opportunity, were shared with PSPC. CREO reasoned that the market value should be reduced given the level of anticipated municipal uses, in collaboration with non-profit agencies and a school board. CREO estimated that approximately 70% of the site could be developed to align with the “public good” in the creation of a community hub. Conversely, 30% could be sold to the private sector to create mixed use development including private sector housing to support a balanced social demographic for the community. The proceeds from the disposal of private sector lands could be applied to offset (recover) some of the City’s capital investment. Future real estate disposals from the subject site can be managed through the Ottawa Community Land Development Corporation (OCLDC), the City’s municipal development corporation. Prior to any disposal, staff would seek Council approval to declare the real estate surplus and transferred to OCLDC. The City has had

success in the disposal of air rights at Lansdowne Park and Arts Court. Based on the current value, the proceeds from the sale of development rights to the private sector would be in the range of \$7.M (2020).

Committing to “70 per cent public uses”, negotiations with PSPC focused on identifying the civic uses that align with federal policies. Reductions in the price were negotiated for areas where priorities and objectives of Canada were being achieved, in whole or in part, by the City and its partners. The areas in which the priorities and objectives of both parties overlapped, and therefore warranted a reduction in price, were:

1. The City has an approved policy for Indigenous Reconciliation as per Council Report [ACS2018-CSS-GEN-0003](#). The Crown has a requirement to engage and consult with First Nations in the disposal of unceded lands. As part of the federal disposal process, consultation letters were sent (February 2019) by PSPC to Kitigan Zibi Anishinabeg, Algonquin Anishinabeg Nation Tribal Council and the Algonquins of Ontario. Only the Algonquins of Ontario (AOO) expressed an interest in the lands and the City was directed by the Crown to discuss opportunities for collaboration with the AOO as part of the sale process. Staff from Planning and CREO opened discussions to assess the conditions of collaboration with the AOO whereby Crown Indigenous Relations Northern Affairs (CIRNA) would consent to the acquisition of 1010 Somerset Street by the City of Ottawa.

The AOO recognized the strategic importance of the 1010 Somerset Street lands in the City’s vision for a community hub and sought a meaningful way to enhance the process of reconciliation and their interests while aligning with City objectives. The City and the AOO entered into discussions for a Collaborative Benefits Agreement (CBA) that would establish parameters for AOO’s participation in the development of Gladstone Village. The results of these discussions establish a framework for the CBA and are summarized in an exchange of correspondence with the AOO attached as **Document 3, Collaborative Benefits Correspondence (Agreement Framework)**.

This correspondence itemizes the key aspects for a CBA being: permanent and meaningful recognition of unceded Algonquin traditional territory; provision of space for Algonquin artists; indigenous employment and economic development opportunities; and youth mentorship and job skills development. Completing a

CBA over the next 12 months is a condition of the sale and purchase agreement. This condition holds minimal risk as both the City and AOO are motivated to complete the agreement based on mutual interests. On the creation of an executable CBA, CIRNA will release all claims against the property to permit the sale of the 1010 Somerset Street lands to proceed. On closing the transaction, the Crown will have no financial or any other obligations, with respect to the commitments made in the CBA. To support the City for the costs to be incurred associated with enacting the collaborative items identified in the exchange of correspondence between the City and AOO, PSPC provided a credit (reduction) of \$2,250,000 against the market value price.

2. The City has an approved Climate Change Master Plan as per Council Report ACS2019-PIE-EDP-0053. This master plan describes the City's overarching framework to reduce greenhouse gas (GHG) emissions and respond to the current and future effects of climate change. PSPC acknowledged that the City's plans, strategies and targets align with the Government of Canada's current sustainability guidelines and greening strategies. The City, as part of the acquisition negotiations made a commitment to implement its approved sustainability, greening strategy and targets for all future development at 1010 Somerset Street (both public and private). In exchange, PSPC provided a credit (reduction) of \$2,500,000 against the market value to contribute to the construction cost premiums to achieve these sustainability goals.
3. In line with the goals of the Climate Master Plan, the City and OCH are examining District Energy Systems (DES) for the proposed developments across all of Gladstone Village. The DES is intended to leverage industry-standard technology to reduce the cost of heating and cooling operations which will in turn facilitate the City meeting its energy efficiency targets. PSPC has a federally owned and operated DES with a central line located to the north along Wellington Street and the Sir John A Parkway. PSPC is currently expanding and upgrading the system which includes a connection to the new Ottawa Central Library. There is potential for a direct connection to the PSPC system using the rail corridor and or the adjacent multi-use path for both Gladstone Village and the City development lands at Bayview Yards/ Bayview Station.

During negotiations, the City made a commitment to use reasonable commercial efforts to explore connecting to the PSPC expanded DES provided that the

system is constructed and installed in a timeframe that meets with the City's development schedule for Gladstone Village. In the event that PSPC does not complete construction and installation as per the City's timetable for development, the City will use reasonable commercial efforts to ensure that the development on 1010 Somerset Street is constructed in such a manner that will permit the future connection to a third party system as per the City's Climate Change Master Plan. In exchange for the City's DES commitments, PSPC provided a credit (reduction) of \$1,250,000 against the market value.

4. Critical to the new Corso Italia District Secondary Plan is the creation of an urban park of approximately 1 hectare. The development plan of OCH presupposed that a central park would be established on the 1010 Somerset Street lands thereby releasing OCH of the statutory requirement ([ACS2019-PIE-EDP-0053](#)) to provide 10% of the site for parkland dedication. As a result, OCH will be able to maximize the affordable housing development at 933 Gladstone Avenue which is financially supported by the federal government through the CMHC Co Investment Fund.

PSPC recognized the park allocation in the Secondary Plan is integral to the intensification at 933 Gladstone Avenue and the importance of creating urban green space to support the nearby recreational facilities. The City committed to place a designation of "public park" for the 1 hectare green space identified in the Secondary Plan on the 1010 Somerset Street lands within twelve (12) months of the purchase. In exchange for the City's commitment to use this portion of the property for public purposes PSPC provided a credit (reduction) of \$5,000,000 against the market value.

5. The property is improved with an older industrial structure built circa 1941 and used by PSPC to support facility maintenance activities for Crown properties in the central area. PSPC typically disposes of property under "as is" conditions. The City was willing to accept the "as is" condition however, staff took the position that the market value of \$25M was based on a planning study examining the future highest and best use as a development parcel. In this scenario, the structure requires demolition and this cost should be accounted for in the baseline estimate of value as a future development site. Infrastructure Services Branch was contacted, and based on the building information provided by PSPC, estimated that \$1M as a reasonable budget to demolish the structure. PSPC

provided a credit (reduction) of \$1,000,000 against the market value and the City shall be solely responsible for all aspects of the demolition.

6. The property is being purchased in an “as is’ condition with the City accepting the site and the environmental liability associated with it. Owing to the historical industrial use of the property, concerns were expressed as to the soil environmental conditions of the lands. PSPC released Environmental Site Assessment Reports which were reviewed by City staff in the Environmental Remediation Unit. Staff provided a range in costs to remediate and manage soils for future residential and parkland uses of between \$2.5 to \$4.3M depending on concurrent remediation and development activities and the implementation of a risk management plan. PSPC acknowledged the City’s concerns but limited its responsibility to cleaning the site to align with the current industrial use and not to a future more sensitive residential / parkland use. PSPC provided a credit of \$2,000,000 against the market value to reflect the current environmental condition of the Property.

This credit is intended to compensate the City for its future cost to remedy the environmental conditions regardless of the actual cost based on future more sensitive uses. The net cost to the City is estimated to range from \$500,000 to \$2.3M for environmental conditions and is considered a normal business costs in land development for a site of this size within an established downtown location. There was no justification for a further reduction in the market value to account for soil environmental condition.

7. The 2021 Budget year for the City of Ottawa is impacted by the effects of the Covid 19 Pandemic. In light of the financial uncertainty of the pandemic and completion of the CBA with the AOO, the closing date for the transaction is targeted for September 2022. PSPC agreed to set the purchase price and to delay the closing approximately 15 months. This provides the City with flexibility in planning for this unbudgeted land acquisition.

Summary (Recommendations 2(a) and (b))

The seven adjustments listed above total \$14M thereby reducing the purchase price from a market value of \$25M (Jan. 2020) to an acquisition cost of \$11M (Sept. 2022). The Purchase and Sale Agreement detailing these adjustments and the terms and condition of the purchase is attached as **Document 4, Purchase and Sale Agreement**.

These price reductions are embedded in the terms and conditions of the purchase agreement to be presented to Treasury Board for approval.

CREO has supported PSPC staff in their worked with the Treasury Board Secretariat on the submission to Treasury Board. All issues and questions regarding the Purchase and Sale Agreement and have been addressed and Treasury Board Secretariat is scheduled to proceed with a submission to the Treasury Board scheduled for April 2021 for its approval of the transaction as describe herein.

The Treasury Board Ministers (members) have the authority to deny, or to add conditions, to any submission. Staff note that it would be considered unusual for the Board to amend the terms and conditions of the proposed transaction between PSPC and the City. Nevertheless, there remains a limited risk that the Treasury Board may impose conditions after Council approval. Council is not obliged to continue with the acquisition should the terms and conditions be altered at the Treasury Board's approval stage. In the unlikely event that the Treasury Board materially changes the Purchase and Sale Agreement, as described in this report, staff will report back to Council on the changes, impacts and seek direction.

Given the foregoing, Recommendations 1 and 2 (a) is for Council to approve the acquisition of the fee simple interest in 1010 Somerset Street lands, subject to the conditions in the Purchase and Sale Agreement as described in Document 4 Purchase and Sale Agreement (attached), for a total consideration of \$11,000,000 plus closing costs and applicable taxes.

In approving the purchase, Recommendation 2 (b) is for Council to delegate the authority to General Manager of PIED to enter into a Collaborative Benefits Agreement with the AOO as described in Document 3 as a condition precedent to the acquisition.

Section 3. CMHC Framework Agreement

Once the net purchase price of \$11M was negotiated with PSPC, a second series of negotiations commenced with CMHC under the Federal Land Initiative Program (FLI). CMHC has oversight authority for Crown properties deemed surplus and pending disposal. Their primary function is to review the residential attributes of a surplus property and where appropriate provide incentives for the development of residential uses and specifically affordable housing.

From the outset, CMHC viewed the 1010 Somerset Street lands as a significant opportunity to promote both affordable and market housing near an LRT station. CMHC sought to maximize outcomes as per FLI criteria in exchange for discounts in the cash purchase price. In order to deal directly with the City, the anticipated outcomes for CMHC had to be equal or better than a competitive disposal through an open Request for Proposal (RFP). However, the City is proposing non-residential uses for 1010 Somerset Street lands of a 1 hectare park space, recreation and community facilities and a primary school. The City's intended uses were not fully recognized as supportable uses within the FLI program criteria. The City's key priorities for the property, with limited residential opportunities, did not align with CMHC housing priorities.

The City proposed non-residential uses that supported a community hub, were not fully recognized in the policy guidelines of the FLI program. To address this shortfall, staff proposed a holistic view of Gladstone Village, considering the property at 1010 Somerset Street as being part of a larger development site in order to better align with the FLI program. CMHC agreed to consider the housing being proposed by OCH for 933 Gladstone Avenue in the FLI business case analysis for 1010 Somerset Street. The caveat was that CMHC would seek to place covenants on the OCH lands to protect its interests. As a result of this condition, OCH participation/cooperation would be required in any City/CMHC FLI incentive agreement.

At first, OCH was concerned with introducing limitations/covenants on their lands at this stage in their development plan. The OCH development plan was well advanced being approved by its Board of Directors, with CMHC financing in place, and only the Site Plan to be confirmed pending the approval of the Secondary Plan. Tripartite negotiations commenced between the City, OCH and CMHC to determine what FLI criteria could reasonably be applied to both 1010 Somerset Street and 933 Gladstone Avenue lands. The negotiation focused on finding a balance of purchase incentives to benefit the City while retaining the vision of a community hub and ensuring that the development plans of OCH would not be significantly altered and or delayed.

CREO, working with the OCH development team, presented a high-level development scenario inclusive of both 1010 Somerset Street and 933 Gladstone Avenue lands. The development plan remained within the OCH Board approved development scenario and the approved CMHC Co Investment Fund financing conditions. It addressed, in varying degrees, the mandatory requirements of the FLI program. CMHC acknowledged the development scenario and a Letter of Intent was executed that permitted CMHC to deal

directly with the City and avoid an RFP process. The letter was followed with a second round of more detailed negotiations to determine the level of commitments by the City and OCH and the corresponding value of incentives offered by CMHC. A Framework Agreement was developed between the City and CMHC specifying the commitments of both, and the future obligations of OCH. The Framework Agreement detailing the terms and conditions is attached as **Document 5. CMHC Framework Agreement**.

The Framework Agreement provides that CMHC will contribute funds towards the purchase price of the 1010 Somerset lands in exchange for the City delivering the agreed FLI objectives when the City and OCH develop Gladstone Village. CMHC's contribution to the purchase price of the 1010 Somerset lands and development obligations will be administered and secured in the form of a loan and registered mortgage reflecting a forgivable mortgage registered on the title to the 1010 Somerset lands following acquisition of them by the City. As with the PSPC negotiations, CREO staff focused on the synergies in the policies of the City and CMHC. The Framework Agreement has four key obligations:

1. **The Building Work:** The City committed to construct 300 residential units at 1010 Somerset Street. The OCH development plan was reconfigured to include an option permitting OCH to construct approximately 150 affordable units on 1010 Somerset Street as part of its building program. As part of the FLI conditions, the City (and OCH) commit to a minimum unit count and to a schedule for the delivery of the housing units. The core deliverable dates for residential development agreed to with CMHC for "Gladstone Village" align with the OCH Board sanctioned development plan. The City (and OCH) are committed to achieving these targets in order to receive a financial incentive from CMHC. The following targets for residential construction in the Framework Agreement are:

- a. **"Phase One"** being the substantial completion of a minimum of 340 residential housing units such that the units are ready for occupancy by November 30, 2025 (all OCH);
- b. **"Phase Two"** being the substantial completion of a minimum of 100 residential housing units such that the units are ready for occupancy by November 30, 2029; (all OCH) and

- c. “**Phase Three**” being the substantial completion of a minimum 720 residential housing units such that the units are ready for occupancy by March 31, 2038. (City and OCH).

2. **Affordability:** The CMHC and City operate under different definitions of affordability. The City (and OCH) committed to maintaining the units constructed by OCH as affordable for a minimum of 51 years (Affordability Period). The depth of affordability was an important consideration for CMHC. During the Affordability Period, the City and OCH committed that a minimum of 30% of the total units will have rents at or below 80% of the Median Market Rental Rate. This threshold aligned with the long-range business plan of OCH and did not impact on future operations or affect their mortgage financing capacity.

3. **Energy Efficiency:** The criteria for energy efficiency was partially addressed in the PSPC negotiations. CMHC is more prescriptive and sought specific targets applicable to the residential units. A baseline target was established relative to performance levels achievable for a similar building constructed on the property in accordance with the requirements of the National Energy Code of Canada for Buildings – 2017 NECB. Given the designs contemplated by OCH, a commitment was made to reach as a minimum range of 31%-45% reduction in energy consumption; and a minimum range of a 31-45% decrease in greenhouse gas emissions, for residential housing units constructed on the Property.

4. **Accessibility:** The CMHC and City operate under different definitions of accessibility. After significant input from Housing Branch and OCH, the City committed to a minimum of 20% of the residential housing units constructed will be accessible as per the accessibility plans developed with City guidelines (i.e. 10% of units could be designed to be barrier free, while 10% are designed with partial accessibility or be constructed to be easily converted if required under the *Accessibility for Ontarians with Disabilities Act*). The remaining units constructed will be designed with the minimum visitable design standards and/or designed to be as adaptable as possible. It was noted that some residential construction will be completed by the private sector on private lands. These specific accessibility guidelines do not apply to the other properties associated within Gladstone Village or in cases where OCH has existing agreements in force with CMHC.

The level of performance in the four categories was measured by CMHC to ascertain the incentive or mortgage loan amount. Based on the levels of commitment offered by the City (and OCH) a financial incentive of \$8,580,000 towards the purchase price of the 1010 Somerset Street lands is being offered to the City by CMHC. The incentive will be provided in the form of a forgivable CMHC loan and secured by a mortgage to be registered on title. The loan will not be subject to any payment or interest unless the City (and OCH) go into default at which time the outstanding balance will be subject to an interest charged at a rate of 5% per annum. Prior to closing, the City will be required to provide confirmation of the arrangements for delivery of the FLI obligations as between the City and OCH, by entering into a legal agreement.

The commitments made in the four categories are within the scope and ability of the City and OCH to perform over the 17-year performance period. In the negotiations, CREO staff were careful not to over commit the City to performance standards that could be costly to construct and or difficult to administer over time. The City's direct performance obligations of 300 units is within Phase 3 of the delivery of Gladstone Village are to be completed by November 2038. The mortgage can be postponed for construction financing and can be amended to consider partial discharges in the event of the sale of portions of 1010 Somerset Street for private sector development. City and OCH staff see minimal risk in accepting the financial incentive (mortgage) offered by CMHC as a condition of a direct purchase.

Summary (Recommendation 2 (c))

PSPC staff have included the CMHC Loan Agreement in its disposal report to Treasury Board Secretariat. Recommendation 2(c) is for Council to consent and delegate the authority to the General Manager of PIED to enter into, execute and implement the Framework Agreement, Loan Agreements, mortgage and all documents necessary or incidental thereto with CMHC, as described in this report. The forgivable loan carries little risk to the City as the obligations align/comply with existing City policies and mandated procedures.

The \$8,580,000 in mortgage funds will be advanced on closing and paid to PSPC as part of the purchase price. As discussed in the Financial Consideration section of this report, the incentives will reduce the City's cash investment for the purchase price of \$11M negotiated with PSPC to a down payment of \$2,420,000. This figure of

\$2,420,000 represents the City's direct cash investment to acquire the 1010 Somerset Street lands from PSPC, a property with a market value of \$25M.

Section 4. Memorandum of Understanding with City - CEPEO

A commitment to PSPC is that 70% of the property will be used for public purposes. In the validation of the community hub concept, CREO staff examined the inclusion of a school in the Project. CEPEO had previously expressed an interest in the development of a School on the OCH property at 933 Gladstone Avenue. The inability of the CEPEO to obtain funding for the school construction from the Ministry of Education precluded their inclusion in the OCH development scheme on the 933 Gladstone Avenue lands.

In September 2020 the CEPEO expressed an interest to the City for a school at 1010 Somerset Street should the City successfully acquire the property. The CEPEO is further advanced in its business plan for a new school and optimistic that the Ministry will approve the funding in the near future. To explore the feasibility of co-locating a school with future civic facilities, the City and CEPEO negotiated a Memorandum of Understanding (MOU) attached as **Document 6 Memorandum of Understanding City of Ottawa and Conseil des Écoles Publiques de l'Est de l'Ontario "CEPEO"**.

Under usual operating procedures, CREO staff would have delegated authority to execute a MOU. However, there are two extenuating circumstances that warrant staff to seek a delegated authority from Council (Recommendation 2(d)).

(1) During the term of the MOU, until February 28, 2023, the CEPEO requests that the City exclusively deals with CEPEO in relation to the opportunity to develop a school on the 1010 Somerset Street lands and that the City not consider opportunities to sell portions to 1010 Somerset Street with other school boards. We note that no other School Board expressed an interest in the PSPC circulation or made inquiries with the City on the availability of lands for the development of a school.

Granting a right of exclusivity is beyond staff's delegation authority. A direct negotiation for the disposal of a portion of the lands (air rights) to the school board would be in contravention of the City of Ottawa Disposal By-law of Real Property Section 2.3. In delegating authority to the GM of PIED to execute the MOU, Council will be waiving this section.

(2) The CEPEO business case for the new primary school, to be submitted to the Ministry of Education, must address site location and cost. For clarity, CEPEO

requested that a formula to calculate the site acquisition cost be included in the MOU. To accommodate this request, the parties established a purchase price for the school parcel based on the area of the future school bears in proportion to the overall building area above grade for the 1010 Somerset Project. This percentage of the total Project will be applied to the market value of 1010 Somerset Street lands, as determined by the appraisals for the Purchase and Sale Agreement between the City and PSPC.

The MOU defines the CEPEO purchase price as being based on its proportionate share of the market value of \$25M as of January 2020. If the school project proceeds, the school parcel transfer is not expected to close for five-seven years. To account for the passage of time until closing, the purchase price will be adjusted from the date of executing the MOU by the Consumer Price Index for the National Capital Region to the date of Transfer to the CEPEO. This purchase price is a forecasted amount and may not be representative of market value at the time of transfer. CREO staff are proposing this price formula and thus Council waive the market value requirement in Section 1.2 of the City of Ottawa Disposal of Real Property By-law and delegate the GM of PIED to execute the MOU.

By basing the CEPEO purchase price on the \$25M market value (2020) the City will be proportionately reimbursed for its contractual obligations imposed by PSPC. The CEPEO will be covering its proportionate share of the anticipated expenditures attributable to the CBA; the development premiums incurred for obtaining sustainability targets; environmental remediation costs; and park dedication. Based on a high-level review of the anticipated build out at 1010 Somerset Street, and an approximate area of a primary school, the CEPEO estimated proportionate share of the \$25M market value would be in the range of \$2.5M to \$3.5M (2020).

The MOU also requires the CEPEO to pay its proportionate share of fees of reasonable legal costs, taxes, and adjustments related to the City's acquisition of the lands from PSPC, and all reasonable costs associated with the proposed general development of the lands and the cost of any application for master site plan approval for the overall Project, planning and zoning applications, planning consultant(s), environmental studies, environmental remediation over the PSPC allowance of \$2M, road design and construction (if any), design and construction of site services, and design and construction of parkland.

The MOU is intended to explore a City/CEPEO joint venture. A joint venture would trigger a requirement on the City and CEPEO to enter into detailed contracts of a Project Agreement (Construction Agreement) and Material Agreements (Operating and Maintenance Agreements, Reciprocal Owners Agreement, Easements and a Purchase and Sale Agreement) and such other agreements as are reasonably required to facilitate the sale and purchase of the school parcel, the development of the school, and the long term use and operation of the lands. These Agreements would be executed prior to the commencement of the school construction. Before entering into these agreements the parties must agree, in principle, on all business issues that will govern the construction of the school, the project financing, conveyance of property interests, the school's operations following completion and the common areas or other shared property, the contribution of the City and CEPEO to the costs of operating, maintaining and repairing any shared property and the obligations of any other owners with respect to management, operations, maintenance, repair and lifecycle. Each party will carry their own professional fees in the development of these agreements. CREO will report back to Council on the negotiated business terms of the joint venture with the CEPEO (including the purchase of the air rights) to seek final approval.

Summary (Recommendation 2(d))

A secondary intent of this report is to seek Council approval to execute a Memorandum of Understanding with CEPEO to explore the development of a primary school within 1010 Somerset Street lands should the City acquire the property. The MOU provides the overarching terms and conditions of the CEPEO participation in a development of the 1010 Somerset Street lands conditional on an acceptable design for a primary school. In delegating authority to the GM of PIED to execute the MOU, Council will be waiving Sections 1.2 and 2.3 of the City of Ottawa Disposal of Real Property By-law to permit exclusive negotiations with the CEPEO based on a pricing formula as outlined in the Memorandum of Understanding for a period of approximately two years.

Section 5. Development of a Master Plan

Acquiring 1010 Somerset is the first step to enable the City to coordinate its corporate business lines and social obligations and be the primary lead in a community building project. Through the ownership of 1010 Somerset Street, together with 933 Gladstone Avenue, the City and OCH can achieve in real time the Council priorities as described in

Document 2 plus increase affordable housing opportunities and advance indigenous reconciliation in a meaningful way.

The creation of a Master Concept Plan, aligning with the new Secondary Plan objectives of the Corso Italia District, is the next step. The creation of a Master Concept Plan will reflect the goals and ambitions of the City visioning for Gladstone Village. Staff will be examining a conceptual model and how to integrate;

- Facility needs for parks, recreation, arts and culture (including indigenous arts and culture):
- The levels of social services and the corresponding facility needs with OCH;
- Review the school requirements with CEPEO;
- Sustainability goals and district energy systems; and
- Parking and transportation strategies

Architectural and urban planning services are needed to produce the building massing strategies and typographies for the Concept Plan. To corroborate the conceptual designs numerous supporting studies are required. The City will need to engage, amongst other professionals, civil engineering, transportation, and sustainable design consultants, landscape architects and remediation experts. To support the private sector business concepts anticipated in the concept plan will require the engagement of real estate appraisers and market analysts.

CREO staff, with the assistance of various City departments and OCH, will develop the scope of work and manage the process which would include outreach to stakeholder groups and include limited public consultations. The cost for this comprehensive work has an estimated range of \$300,000 to \$350,000.

In addition, extra ordinary legal costs will be incurred in the near term to close the transaction. Legal cost will be expended to negotiate the CBA with the AOO and complete final loan and mortgage documents with CMHC. Furthermore, should the planning review support the inclusion of a primary school with the CEPEO, additional fees will be expended to create a Term Sheet (Business Agreement). The estimated legal costs for these services are \$40,000 to \$60,000.

Summary (Recommendation 3)

The secondary intent of this report is to seek funding to continue with a Master Concept Plan to develop the vision of a community hub “Gladstone Village”. The Master Concept Plan is critical to moving the Gladstone Village vision forward. Staff are seeking a onetime payment from the City-Wide Reserve Fund to create a capital account of \$400,000 to complete this work. Based on the results of this work staff will prepare a comprehensive strategy for implementation and bring this back to Council for its consideration.

RURAL IMPLICATIONS

There are no rural implications with this report.

CONSULTATION

No direct public consultation was carried out with respect to the acquisition of property. The information that the City was in the process of acquiring the property was made public in the public consultation process during the updating to the Corsa Italia District Secondary Plan.

COMMENTS BY THE WARD COUNCILLOR

The Ward Councillor, Catherine McKenny, has reviewed the report and supports the recommendations.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations in this report, provided that the City and OCH agree to enter into a binding agreement to deliver the FLI requirements identified in the Framework Agreement between the City and CMHC.

RISK MANAGEMENT IMPLICATIONS

There are risk implications in that as the City is taking on, through commitments made in the Purchase and Sale Agreement, future performance obligations with PSPC and development obligations with regard to the CMHC mortgage. These performance obligations are explained in the report and do not require the City to act outside of existing policy and or processes. The risk to the purchase will be managed by the

appropriate staff to ensure the identified obligations are met within the designated timeframes.

Council will be approving the Purchase and Sale prior to final approval by Treasury Board. There remains a limited risk that the Board may impose a condition after Council approval. Council is not obliged to continue with the acquisition should the terms and conditions be altered at the Treasury Board approval stage. In the unlikely event that the Treasury Board materially changes the Purchase and Sale Agreement as described in this report, staff will report back to Council on these changes, the impacts and seek direction.

ASSET MANAGEMENT IMPLICATIONS

The purchase of 1010 Somerset Street includes a 30,000 square feet industrial building with limited loading/storage facilities. PSPC will be vacating the premises in advance of the purchase and an allowance of \$1M has been included in the purchase price to demolish the property. Staff are investigating with OCH in the possibility of retaining the structure for the short term (5 years) to be used at a construction office and material storage site for both OCH and City. The operating costs to run the building during this time would be recovered as part of existing OCH construction contracts and or future City contracts will be not represent a capital facility budget pressure.

PSPC has informed the City that it will terminate a parking lease on the site prior to closing. This lease is to provide staff parking for the nearby federal Booth Street Energy Mines and Resources complex. The status of this parking lot is unknown as Covid conditions has reduced the need for staff parking. Should there be a demand in September 2022 when the City takes ownership, the City will have the option to renew the parking lease or install its own parking operation on the site. Parking Operations have been notified and are examining the short term need for parking in the area and will be completing a study for long term needs according to the outcomes from the Master Concept Plan deliberations.

Parcels 1, 2, and 3 as shown in Document 1, are encumbered by existing water and major sewer infrastructure. This infrastructure will need to be either maintained, relocated or removed at City expense in order to support the recommended Master Plan Concept and/or existing development in the area. Costs and funding sources and financing plans associated with any required relocation or removal would need to be identified as part of the preparation of this plan.

FINANCIAL IMPLICATIONS

The acquisition cost and funding sources are as follows:

Acquisition Cost

Fair Market Value	\$25,000,000
Less PSPC Credits ¹	
To support the City's costs associated with enacting the Community Benefits Agreement Framework	\$(2,250,000)
To support the City's commitment to implement approved sustainability, greening strategy and targets for all future developments at 1010 Somerset	\$(2,500,000)
To support the City's efforts to connect to the PSPC expanded district energy system	\$(1,250,000)
To support a public park	\$(5,000,000)
To demolish the existing structure	\$(1,000,000)
To support future environmental remediation	\$(2,000,000)
Acquisition Cost after Credits	\$11,000,000
Closing, Legal, Sunk HST	\$450,000
Total Acquisition Cost	\$11,450,000

Funding

CMHC Forgivable Mortgage ²	\$8,580,000
Ward 14 Cash-in-lieu-of-Parkland	\$1,000,000
City-Wide Cash-in-lieu-of-Parkland	\$1,820,000
CREO Operating Budget	\$50,000
Total Funding	\$11,450,000

¹ The PSPC credits will result in future City pressures for, at minimum, the value of the credits.

The Community Benefits Agreement Framework will require 1 FTE and the associated funding. This pressure will be brought forward by PIED in the 2022 Draft Operating Budget.

The remaining credits will result in increased costs for the future City projects at this site. These pressures will be included in the associated capital project estimates and factored into the Long-Range-Financial Plan and Capital Forecast.

The future capital costs may be partially offset by the sale to the CEPEO, as outlined in the report.

² The CMHC forgivable mortgage commits the City to meet the criteria as outlined in the report. In the event the criteria are not met, the City will be required to repay the loan. The loan will not be subject to any payment or interest unless the City and OCH go into default at which time the outstanding balance will be subject to interest charged at a rate of 5% per annum.

Per CREO, the commitments made in the 4 categories are within the scope and ability of the City and OCH to perform over the 17-year performance period. In the negotiations, CREO staff were careful not to over commit the City to performance standards that could be costly to construct and/or difficult to administer over time. City and OCH staff see minimal risk in accepting the financial incentive (mortgage) offered by CMHC as a condition of a direct purchase.

In addition to the 1010 Somerset Street acquisition, Recommendation 3 requires a one-time contribution of \$400,000 from the City-Wide Reserves to fund the Master Concept Plan.

Pending Council approval of the recommendations, a capital account and budget of \$3,220,000 will be established for the 1010 Somerset Street acquisition and Master Concept Plan. Of the \$3,220,000, \$1,000,000 will be funded from Ward 14 Cash-in-lieu-of-Parkland, \$1,820,000 will be funded from City-Wide Cash-in-lieu-of-Parkland and \$400,000 will be funded from the City-Wide Reserve. The remaining \$50,000 expense will be funded directly from within CREO's existing operating budget.

ACCESSIBILITY IMPACTS

There are accessibility implications associated with the acquisition of property and its future development. The accessibility obligations, as a result of this acquisition, are based on City accessibility guidelines. The associated costs to comply with the PSPC Purchase and Sale Agreement accessibility conditions would have been incurred as the City is mandated to follow its own accessibility guidelines in the development of public facilities. CMHC is also an advocate of accessibility and these accessibility criteria have been factored into the financial incentives of a forgivable mortgage provided by CMHC.

ENVIRONMENTAL IMPLICATIONS

The Environmental Remediation Unit (ERU) completed an environmental pre-screening on the City's requirements from this property. This included a review of the available Environmental Site Assessment (ESA) reports completed on behalf of PSPC. According to these reports, which have investigated the soil and groundwater on-site, shallow fill material across the majority of the property is impacted by various contaminants in excess of the provincial standards for the future residential and parkland uses. As such, implementation of a remedial action plan and/or risk management plan and filing a Record of Site Condition (RSC) with the Ontario Ministry of the Environment, Conservation and Parks (MECP) will be required prior to a land use change to a more sensitive use.

TERM OF COUNCIL PRIORITIES

The alignment with Council Priorities of the acquisition is discussed in Document 2.

SUPPORTING DOCUMENTATION

Document 1 1010 Somerset Street Property Sketch

Document 2 Alignment Overview to 2019-2022 Strategic Plan.

Document 3 Collaborative Benefits Agreement Correspondence (Agreement Framework)

Document 4 Purchase and Sale Agreement (1010 Somerset Street)

Document 5 CMHC Framework Agreement

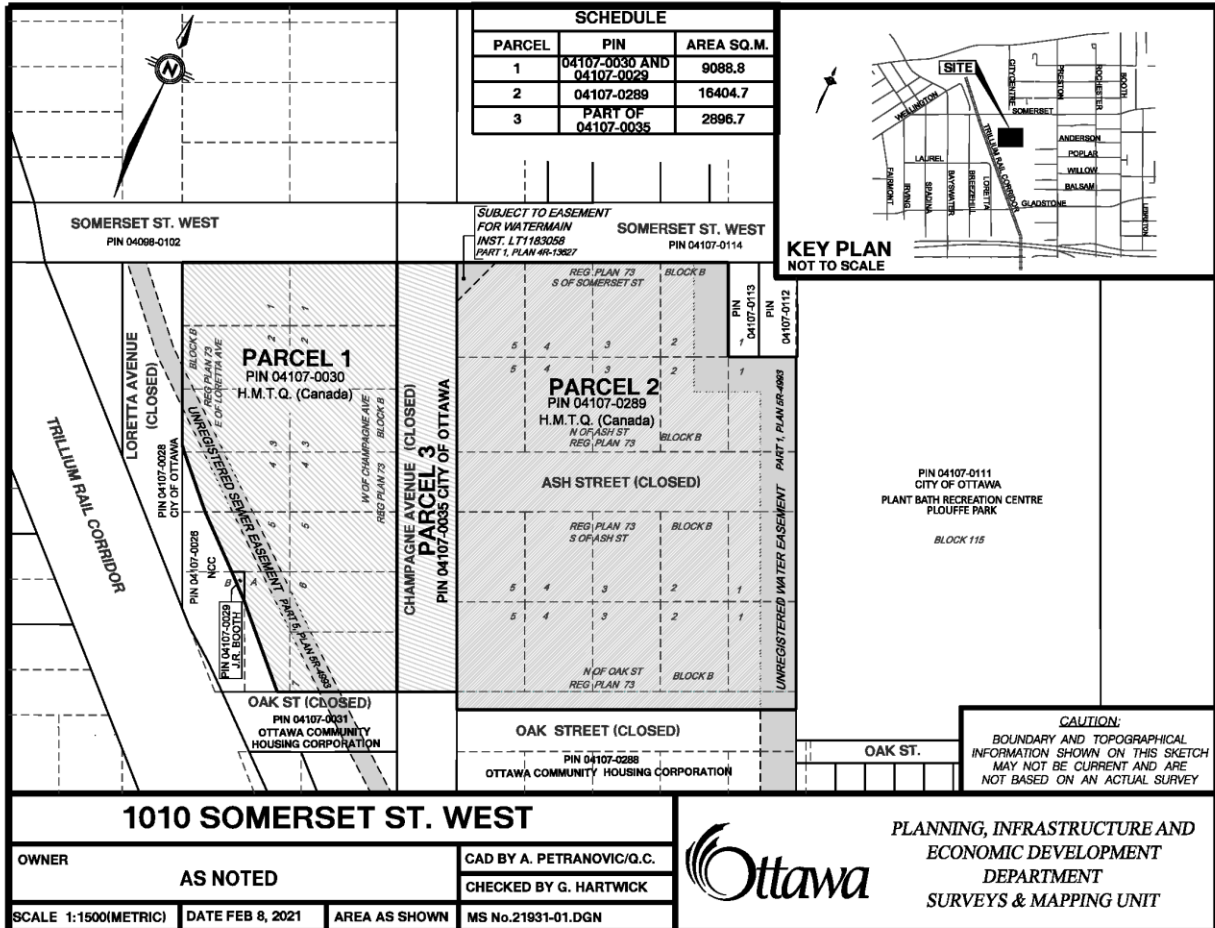
Document 6 Memorandum of Understanding City of Ottawa and Conseil des Écoles Publiques de l'Est de l'Ontario "CEPEO")

DISPOSITION

Following approval by Council, Realty Services Branch staff, Legal Services staff will;

1. Engage with the AOO to negotiate, execute and deliver the Collaborative Benefits Agreement as a condition precedent to the acquisition of 1010 Somerset Street;
2. Execute and deliver the Memorandum of Understanding City of Ottawa and Conseil des Ecoles Publiques de l'Est de l'Ontario "CEPEO") and commence work on exploring the inclusion of the CEPEO in a civic development at 1010 Somerset Street;
3. Execute and deliver the Agreement for Purchase and Sale with Canada in respect of the 1010 Somerset lands, endeavor to fulfill the terms and conditions of the Purchase and Sale Agreement with PSPC and all documents necessary or incidental thereto and following satisfaction of the conditions therein, proceed to complete the acquisition of the lands;
4. Execute and deliver the Framework Agreement, the Loan Agreement, Mortgage and all documents necessary or incidental thereto with CMHC
5. Negotiate an agreement with OCH to document the City and OCH's respective obligations required by the Framework Agreement and FLI obligations with respect to Gladstone Village; and
6. Commence the development a Master Concept Plan for a civic development at 1010 Somerset Street and a plan for its implementation with the intent to report back to Council.

Document 1 – 1010 Somerset Street Property Sketch



Document 2 – Alignment Overview to 2019-2022 Strategic Plan.

Strategic Alignment

The purchase, and ultimate development of the Gladstone Village lands, represents a legacy project for this term of Council. Council direction to proceed with the acquisition of 1010 Somerset Street would align with overarching City of Ottawa Strategic Plan 2019-2022 and specific council priorities, City-wide programs and policy initiatives to:

- **Economic Growth and Diversification**

Economic Growth and Diversification (1) Support public realm projects to enhance public life and social interactions: Investing in the acquisition of 1010 Somerset Street would allow the assembly of a large piece of real estate that would be under municipal control. Co-location of City services and strengthening existing recreation programming would be cost efficient. A significant component of 1010 Somerset Street (1 hectare) is to be designated as park and be worked into a broader public realm. This is a condition of the Purchase and Sale Agreement and PSPC has provided a \$5M incentive. Opportunities will be present to enhance public life and social interaction through the creation of built space by both the City and OCHC. Over the term of development there will be opportunities to assist artists in the community specifically those that maybe displaced from other private developments such as the nearby Enriched Bread Factory.

Economic Growth and Diversification (2) Collaborate with multiple stakeholders to provide a compelling, vibrant destination: Gladstone Village will include approximately 1300 residential units with a wide social/economic demographic. Planned are both public and private sector housing developments with a mix of unit-types and sizes to promote families. The acquisition of 1010 Somerset Street will enable the City to joint venture with the CEPEO to develop a primary school. The podiums of the OCH development, near the LRT station, will support commercial uses adding business opportunities to create an ultimate live work play community. Enhancing this community would be the anticipated cultural programming to be delivered from civic facilities at 1010 Somerset Street. A goal would be to highlight the existing arts community to attract visitors to the area much like the Daniels Spectrum arts community in Toronto.

Economic Growth and Diversification (3) Support high economic impact projects: The initial construction of Gladstone Village will generate employment in local industries like construction and create spin-off economies (e.g.: restaurants, retail etc.). Long term benefits to the economy will continue as Gladstone Village will be designed to populate and animate under-utilized lands and connect the fabric of adjacent neighbourhoods of Hintonburg, Little Italy, LeBreton and Bayview Yards.

- **Integrated Transportation**

Integrated Transportation (1) Make the O-Train Confederation Line extensions an integrated part of the OC Transpo System: Gladstone LRT Station is a new transit node along the Trillium Line and an integral part of Gladstone Village – it is the south east anchor point of the neighbourhood. The City and OCH will benefit from this investment in public infrastructure with future residents and visitors having easy access to the area.

Integrated Transportation (1 and 2) Implement mobility safety initiatives and traffic-calming measures: Gladstone Village will incorporate and promote infrastructure to support safe mobility choices. Residents and visitors will have the option of the Corso Italia LRT Station, twin multi-use pathways on either side of the O-Train tracks and many pedestrian pathways throughout the neighbourhood. The City in coordination with OCH will have the direct ability to develop according to the Corso Italia District Secondary Plan objectives of a pedestrian friendly environment.

- **Thriving Communities**

Thriving Communities (1) Invest in recreation infrastructure and improve selected parks and facilities across all City wards: The City has the opportunity to build an addition to the existing Plant Bath recreation center and increase green space as noted in the Purchase and Sale Agreement. This will better serve the community that has very little options in the surrounding area. When 1010 Somerset is combined with the Plant Bath facility the site can be developed with City wide recreation facilities to support active recreation and cultural opportunities to the broader community across all wards. The investment of CIL Parkland Funds from both City Wide and Ward accounts will secure priority for improvement of recreation assets on this site.

Thriving Communities (1) Increase affordable housing as a key component of the City's 10-Year Housing and Homelessness Plan: The City will joint venture with Ottawa Community Housing Corporation to create affordable housing for families and individuals in need. It is anticipated that 150 affordable housing will be integrated with up to 150 market priced units to create a mixed social demographic community at 1010 Somerset Street. The purchase incentives provided by CMHC of a forgivable loan of \$8.5M are specifically targeted to support affordable housing.

Thriving Communities (2) Continue commitment to our response to the Truth and Reconciliation Commission's Calls to Action: Gladstone Village's goal is to be inclusive and culturally diverse. Through arts, recreation programs, services and facilities, Gladstone Village will endeavor to meet the needs of urban Indigenous groups. The Collective Benefits Agreement with the Algonquins of Ontario will reflect the City meaningful recognition of the unceded land and will included business opportunities for indigenous peoples and support arts and culture through a commitment to create space for indigenous artists within the project's new recreation infrastructure.

Thriving Communities (2) Engage and support vulnerable members of the community: Working with OCHC the housing strategy will ensure space to house youth, older adults, new immigrants and marginalized groups.

- **Environmental Stewardship**

Environmental Stewardship (1) Review the Air Quality and Climate Change Management Plan: Planned sustainable construction methods in Gladstone Village will highlight the community as a demonstration project for energy management, conservation, recycling and reusing resources.

Environmental Stewardship (1) Implement the City of Ottawa – Declaration of Climate Emergency: Gladstone Village will be sustainably built and will aim for either Net Zero housing standards or more stringent Passive Haus standards. The Purchase and Sale Agreement highlights this commitment and a combined \$4M in credits between PSPC and CMHC has been included in the purchase agreement to support sustainability and reduction in Greenhouse Gas Emissions.

- **Service Excellence Through Innovation**

Service Excellence Through Innovation (1) Enhance our information technology and digital capabilities to better support our ability to deliver services to our residents: Clients of the City will experience efficiencies as the City will be able to consolidate a number of outward facing City services and departments in one district, within owned properties, or properties owned by OCH, that are conveniently serviced by the LRT.

- **Sustainable Infrastructure**

Sustainable Infrastructure (1) Increase capital funding to reduce the infrastructure funding gap: The City intends to design the community with a priority to reduce long-term operational costs through planned investment in garbage diversion and conservation strategies. In addition, the acquisition provides an opportunity to consolidate the delivery of arenas. The site could be a location for a twin pad arena, built in a sustainable design and would permit the closure of nearby energy inefficient single pad arenas. A twin pad arena complex could be part of a heat recovery system with the adjacent Plant Bath Recreation Complex. The heat removed to create an ice surface could be reused to heat the water in the pool complex. These systems would be part of a District Energy System for the Village. A \$1.25M incentive from PSPC to connect the Federal ESAP District Energy System has been provided with the purchase. The connection to a DES will reduce the City's greenhouse gas emissions and create efficiencies in energy consumption.