

**Subject: Declaration of Surplus Land – 3169 and 3179 Conroy Road and
Transfer to Ottawa Community Lands Development Corporation**

File Number: ACS2023-PRE-CRO-0002

**Report to Finance and Corporate Services Committee on 2 May 2023
and Council 10 May 2023**

**Submitted on April 10, 2023 by Peter Radke, Director, Corporate Real Estate
Office, Planning, Real Estate and Economic Development Department**

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Ward: Gloucester-Southgate (10)

**Objet : Déclaration de terrain excédentaire – 3169 et 3179 rue Conroy et
transfert à la Société d'aménagement des terrains communautaires
d'Ottawa**

Dossier : ACS2023-PRE-CRO-0002

Rapport au Comité des finances et des services organisationnels

le 2 mai 2023

et au Conseil le 10 mai 2023

**Soumis le 10 avril 2023 par Peter Radke, Directeur, Bureau des biens immobiliers
municipal, Services de la planification, des biens immobiliers et du
développement économique**

**Personne ressource: Kimberley Millar, Gestionnaire, Initiatives immobiliere et
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REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee:

- 1. Declare 3169 Conroy Road and 3179 Conroy Road, being 04165-0544 and 04165-0548, containing an area of approximately 4.393 hectares (10.86 acres) and shown as Parcel 1 and Parcel 2 on Document 1 attached as surplus to City requirements;**
- 2. Recommend City Council authorize staff to transfer the lands detailed in Recommendation 1 above, subject to existing easements and any easements that may be required, to Ottawa Community Lands Development Corporation for future disposal to support the City's Employment Land Economic Development Objectives; and**
- 3. Recommend that the Ottawa Community Lands Development Corporation, through the sales process, require purchasers to provide a concept plan that demonstrates how noise, fumes, buffers and other related compatibility issues with the existing residential community will be addressed.**

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels :

- 1. Déclare comme excédentaires pour les besoins de la Ville le 3169, chemin Conroy et le 3179, chemin Conroy, correspondant aux numéros 04165-0544 et 04165-0548, couvrant une superficie d'environ 4,393 hectares (10,86 acres) et illustrés comme étant les parcelles 1 et 2 dans le document 1 ci-joint;**
- 2. Recommander au Conseil municipal d'autoriser le personnel à céder les terrains décrits dans la recommandation 1 ci-dessus, sous réserve des servitudes existantes et de toute servitude pouvant être requise, à la Société d'aménagement des terrains communautaires d'Ottawa en vue de leur aliénation pour soutenir les objectifs de la Ville en matière de développement économique des biens-fonds destinés à l'emploi; et**
- 3. Recommander à la Société d'aménagement des terrains communautaires d'Ottawa d'exiger des acquéreurs, dans le cadre du processus de vente, qu'ils fournissent un plan conceptuel démontrant comment seront prises en compte les questions liées au bruit, aux fumées, aux zones tampons et aux autres enjeux de compatibilité avec le secteur résidentiel existant.**

BACKGROUND

The subject lands, shown hatched on Document 1, contain a total area of approximately 4.393 hectares (10.86 acres) and were originally purchased by the former Regional Municipality for the development of an inner ring road in the 1980s. These plans were subsequently abandoned, and the properties were later zoned for General Industrial land use with the former City of Ottawa and retained under Zoning By-law 2008-250.

An Ottawa Employment Land Review was performed for the City in 2016 that included recommendations to protect and reserve lands at key 400 series urban highway interchanges as highway access is critical to efficient goods movement. The subject lands are in proximity to the Hawthorne Business Park and the Hunt Club Road extension interchange, one of three employment areas in the City with such characteristics. Maintaining an adequate supply of well-located employment land is also a key policy of the Official Plan and preserving opportunities for employment development is a cornerstone of the Provincial Policy Statement.

In 2000-2001 as a result of an OMB decision, a residential subdivision was permitted to be constructed immediately south of the subject lands. Over the 25-30 years that the subject lands had remained vacant and inactive, a significant number of trees had grown on the property. Homeowners in the residential subdivision cited these same trees as a visual barrier from the industrial property and they were ultimately incorporated into a berm and sound attenuation fence sloping north onto the City property.

Realizing the importance of the treed area and berm to the residents, staff engaged Muncaster Environmental consultants on two occasions in 2008 and again in 2012 to assess the quality of the treed area in preparation to market the subject lands. Both reports presented similar conclusions that the treed area has minimal significance with the ash tree being the most numerous species. That species has since been decimated due to disease.

In 2012, a City Forrester also provided Ottawa Community Lands Development Corporation (OCLDC) staff with his assessment that the trees on the property are young and provided low quality structure for a future forest. In particular, the trees are susceptible to wind damage and are at risk of the Emerald Ash Borer (EAB) because of the high content of Ash species. As a result of the condition and quality of the trees on the subject lands and the fact that it is not feasible to both retain the treed area in its current state and retain market value for the land, the City Forrester recommended that attempts be made to keep as many live trees as possible and plant native trees after construction in order to return some characteristic of the original tree canopy.

Although the berm has impacted the development potential of the City site, it does serve as a convenient area for the future replanting of native trees that after a few years, will surpass the canopy of the existing trees due to the difference in elevation and will provide an excellent vegetative buffer in addition to the existing berm and sound attenuation fence.

In 2016 the Real Estate Partnerships and Development Office (REPDO), now the Corporate Real Estate Office (CREO), undertook an internal and utility circulation of the subject property to determine if it could be declared surplus to City needs. Staff feedback from the 2016 circulation revealed a few planning issues that needed to be addressed prior to the disposal of the lands. Unfortunately in March of 2020, the Covid-19 pandemic had begun, severely affecting the real estate industry to the point that CREO staff decided to place the subject lands on hold indefinitely.

DISCUSSION

As discussed earlier, the most recent 2016 Ottawa Employment Land Review indicates few designated employment lands remain inside the greenbelt. In addition, the most critically important employment lands are those in proximity to urban interchanges of the 400 series highways. The Hawthorne Business Park and the subject lands being one of three employment areas in the City having such characteristics in Ottawa. For this reason and market demand, the vacant property represents an excellent opportunity for the City to promote and support economic development.

The recent interest in this property represents an opportunity for the City to not only release key lands to the market for employment purposes but to generate revenues for the City at a time when it is fiscally challenged.

In February 2023, staff completed an internal and utility circulation and it was determined that there was no City need to retain the entire subject property. Staff also consulted with Councillor Bradley to discuss the disposal. The following are comments provided from the circulation and the Ward Councillor:

- a) OCLDC staff was asked to investigate the suitability of the subject lands for residential development. In response, Development Review staff highlighted that according to Official Plan (OP) Section 6.4, the subject lands are designated Industrial and Logistics. These lands are considered employment areas as defined by the Provincial Planning Statement (PPS) and OP policies 6.4 and 3.5, employment areas are for clusters of business and economic activities including,

but not limited to manufacturing, warehousing, offices, and associated retail and ancillary facilities. The intent of the OP is to preserve land in strategic locations for goods movement and logistics uses and limit ancillary uses to avoid conflict with industrial uses and minimize absorption of land for non-industrial uses. The Conroy lands benefit by its strategic location adjacent to a rail line, its direct connection to the airport and proximity to a 400-series highway. Finding Industrial and Logistic lands is more challenging than finding residential and given the strategic location on the Conroy lands, it should be protected for industrial use. OCLDC staff contemplated the possibility of converting the lands to a General Urban designation and rezoning to permit residential development. However, OP Policy 3.5 8) indicates that applications to convert employment lands by adding non-employment uses shall only be considered at the time of the comprehensive review as required by the Planning Act. Therefore, residential development on the subject lands is not an option due to its Industrial and Logistic designation in the Official Plan and Industrial Zoning in the Zoning By-law. Employment designated lands are protected by Provincial Policies, and conversion of employment/industrial lands to residential uses is only permitted during an Official Plan review, which typically occurs every 5 years. The City's newest Official Plan only just came into effect recently on November 4, 2022.

- b) Concerns were expressed about potential industrial uses and possible nuisance effects like noises, fumes and the need for a tree buffer. The site is currently zoned IG3, and the intent of the zone is to permit uses in accordance with the designation and complementary uses to serve the employees, public in the immediate vicinity and passing traffic. However, given the proximity to and sensitivities of the existing residential development, and as per Recommendation 3 above, OCLDC staff will require purchasers to provide a concept plan demonstrating how the proposed uses intend to mitigate the concerns identified. One of the criteria for selecting a successful bidder will be their ability to adequately address these concerns.
- c) Transportation Planning indicate the requirement for a 44.5 metre right of way (ROW) protection for Conroy Road and adequate ROW protection for a possible future rail crossing.
- d) Parks Planning has expressed the desire to retain the east section of the subject lands that are not tree covered and are connected with Southwood Park provided that soils meet requirements for public spaces. OCLDC staff will work with Parks staff to determine if there is any potential for parklands in the area and will work to secure lands for a park on the site.

CREO is recommending the subject lands be declared surplus and transferred to OCLDC and marketed for sale to the general public. The transfer of the subject portions of 3169 Conroy Road to OCLDC will allow for a strategic disposal of the property for future development.

The mandate of OCLDC is to obtain “optimal value” pertaining to both financial and non-financial community value. This mandate is based on a four-pillar approach that emphasizes a concern for financial, social, environmental and cultural sustainability. By transferring the lands to OCLDC, the City can separate its land ownership/real estate development role from its planning authority role under the Municipal and Planning Acts. The transfer of the property to OCLDC will result in the following benefits:

- Achieve the highest and best use of the property and ensure compatibility with the Official Plan;
- Entering agreements with purchasers to provide additional development and design criteria that ensures a high standard of architecture, and measures to ensure compatibility with the adjacent residential community;
- Maximizing potential revenues for the City by generating additional tax revenues; and
- Ensuring efficient use of City infrastructure services by creating development opportunities in serviced areas.

This is in keeping with the City’s mandate to dispose of properties no longer required by the municipality.

The OCLDC will market the lands for land uses that comply with the current light industrial zoning. The OCLDC has the appropriate procedures and ability to sell the property with these provisions through an Agreement of Purchase and Sale and can utilize City Forestry staff resources in the review of development proposals and planting plans. This protective measure could be implemented through the OCLDC development agreement and the site plan approval process.

Marketing of the lands will be conducted in a manner that may elicit the highest value in keeping with the City’s strategic priority to practice prudent fiscal management of existing resources.

AFFORDABLE HOUSING LAND AND FUNDING POLICY

The Affordable Housing Land and Funding Policy approved by City Council on 26 April 2017, advances the vision and targets established in the Ten-Year Housing Homelessness Plan, the Official Plan and other Council-approved affordable housing initiatives. The Policy also requires that the Official Plan target of 25 per cent affordable housing be met on any City owned property where existing or proposed zoning allows for residential uses. These zones include:

- All residential zones (R) - Village and rural residential zones (RR, RU, VM, V1 – V3)
- Mixed use/Commercial Zones (TM, AM, GM, MC, MD and TD); and
- Institutional zones (I1 and I2).

Where property is disposed of without a condition requiring an affordable housing component in any of the above zones, 25 per cent of the net proceeds from the sale are to be credited to Housing account 820055-507320 to be used for the development of affordable housing elsewhere in the City.

In this case, the subject property is zoned IG – General Industrial Zone and is not within the terms of the Affordable Housing Land and Funding Policy. Therefore, 25 per cent of the net proceeds from a sale would not be applicable in this case.

In keeping with the Provincial housing goals under Bill 23: More Homes Built Faster Act 2022, and the City of Ottawa Municipal Housing Pledge of developing 151,000 homes by 2031, this site has been evaluated for its potential to contribute to these housing goals. However, this site is not a suitable candidate due to its industrial/employment designation in the Official Plan and Zoning By-law. The Provincial Policy protects employment designations and conversion of employment/industrial lands to residential uses is only permitted during an Official Plan review, which typically occurs every five years.

PARKLAND ACQUISITION AND FUNDING THROUGH PROPERTY DISPOSAL POLICY

The Parkland Acquisition and Funding Through Property Disposal Policy approved by City Council on July 6, 2022 requires that a portion of the net proceeds from the sale of City lands be directed towards the development of municipal parkland and recreation facilities to meet the targets of the Parks and Recreation Facilities Master Plan (2021).

The policy applies to the sale of surplus City owned land that, at the time of disposal is not zoned as parkland, considered municipal parkland, or used as a parks and recreation facility.

When a property is disposed that meets the policy application, 25 per cent of the net proceeds from the sale are to be credited to the Parkland account for the development of municipal parks and recreation facilities, or a minimum of 25 per cent of the City's net proceeds from sale are to be transferred to the fund designated for municipal parks and recreation. Alternatively, 25 per cent of the land area subject to disposal can be retained by the City for recreation uses.

The City lands identified in this report fall within the policy application. CREO staff have consulted with Recreation, Culture, and Facility Services Department and they have requested 25 per cent of the net proceeds from the sale be credited to Parkland Reserve account 820080-507320.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications anticipated.

FINANCIAL IMPLICATIONS

The Parkland Acquisition and Funding Through Property Disposal Policy applies on the future disposal of this property. Upon disposal of the property and completion of the deal, 25 per cent of the net proceeds will be transferred to the Parkland Reserve 820080-507320 and the remaining 75 per cent proceeds will be transferred to City Wide Capital Reserve 820052-507320.

LEGAL IMPLICATIONS

There are no legal implications associated with implementation of the report recommendations.

COMMENTS BY THE WARD COUNCILLOR(S)

The Ward Councillor is aware of the recommendations in this report and had the following comments:

- Ensure sufficient measures on the southern border of the subject lands to mitigate noise;
- Ensure activities that generate industrial noise (including but not limited to loading, unloading, or idling vehicles) be confined to northern portion of the subject lands;
- Maintain as many trees and replace any trees that have been removed as part of the development.

These requirements are addressed in Recommendation 3 and the Discussion section of this report.

CONSULTATION

In accordance with policies approved by City Council on 17 April 2020, the availability of the subject property was circulated to all City Departments, including the Housing Branch and the Ward Councillor to determine if the property was required for City mandated program.

ACCESSIBILITY IMPACT

There are no accessibility impacts associated with the recommendations.

ENVIRONMENTAL IMPLICATIONS

The Environmental Remediation Unit (ERU) had commissioned Phase I and Phase II Environmental Site Assessments in 2016 and 2017 as well as additional reporting in 2020. The work has identified presence of impacted soil at various locations on property. When the site is developed, ERU will share additional details and copies of the reports with bidders.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications associated with the report recommendation.

RURAL IMPLICATIONS

There are no rural implications associated with the recommendations.

SUPPORTING DOCUMENTATION

Document 1 – Location Map

DISPOSITION

Following Council's approval, CREO staff, as support for OCLDC will market the properties for sale.

Document 1 – Location Map

