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# BROWNFIELD REDEVELOPMENT FOR HOUSING

## CASE STUDIES

### Built Project Initiatives

#### WELLINGTON SQUARE

Cambridge (Galt City Centre), Ontario

Bounded by Bruce Street, Harris Street, Commonwealth Lane and Wellington Street South

#### PROJECT SUMMARY

Wellington Square is a residential development of 82 townhouse units built on formerly contaminated and derelict industrial land in Galt City Centre, Cambridge. The site was contaminated with heavy metals and hydrocarbons from a long industrial history. The bulk of the serious contamination was attributed to a foundry which operated on the site for many years.

The project was the first to take advantage of Cambridge's new Contaminated Sites Grant Program, as well as several other complementary City programs geared to promoting redevelopment in the core areas of Galt City Centre, Preston Towne Centre and Hespeler Village.



Figure 1: The Wellington Square development sits on a former industrial site in Galt City Centre, Cambridge, Ontario.

Source: City of Cambridge

#### Developer

First Suburban Homes

#### Date project started

2000

#### Date project completed

September 2003

#### Site area

Approximately 2 ha (5 acres)

#### Number and types of residential units

82 townhouses

#### Floor area of residential units

The townhouses range in size from 167 to 232 m<sup>2</sup> (1,800 to 2,500 sq.ft.)

#### Gross residential density

41 units per ha, or 16.4 units per acre

#### Maximum height

3-storey townhouses plus a loft

#### Parking

Each townhouse includes an attached single or double garage. No other parking is provided.

#### Landscaped open space

One parkette was included in the development. The parkette is triangular in shape, 91 m (300 feet) long, 30 m (100 feet) wide at the widest end, and 6 m (20 feet) wide at the narrowest end.

## Selling prices

Units sold for between \$156,900 and \$226,900.<sup>1</sup>

## Non-residential uses

None

## PROJECT OVERVIEW

Wellington Square is a residential development of 82 townhouse units built on approximately 2 ha (5 acres) of a former industrial site in the core area of Galt City Centre (Galt became part of Cambridge in 1973 through amalgamation). The remaining parcel of the industrial site—approximately 0.7 ha (1.8 acres)—was sold to the Lancer Group of Toronto for the development of 138 condominium apartment units.<sup>2</sup>

The former industrial site, bounded by Wellington Street South, Bruce Street, Harris Street and Commonwealth Street, was contaminated with heavy metals and hydrocarbons from a long industrial history. The site was home to the R. McDougall Foundry for many years and the greater part of the land was contaminated with foundry sand (containing heavy metals).

The project was the first to make use of the City of Cambridge's Contaminated Sites Grant Program. The grant provides up to \$1,500 to developers for each residential unit created on former contaminated sites within the three core areas of Cambridge—the historic downtowns of the former towns of Galt, Preston and Hespeler.<sup>3</sup> The first model homes were constructed in 2000 and the last units were completed in September 2003.

<sup>1</sup> Corporation of the City of Cambridge (2003). "City of Cambridge Brownfields Showcase and Contaminated Sites Grant Program." Presentation provided by Ms. Laurel Davies Snyder, Core Area Project Manager, Planning Services Department, City of Cambridge.

<sup>2</sup> Flynn, D. (2001). *Redeveloping Wellington Square, Cambridge, Ontario*. Stantec Consulting Ltd. Presentation made at the *Managing Contaminated Land and Brownfield Redevelopment Conference*, November 15, 2001.

<sup>3</sup> See CMHC's residential intensification case study, Contaminated Sites Grant Program, Cambridge, Ontario, for details concerning this program. The case study can be viewed at: [http://www.cmhc-schl.gc.ca/en/imquaf/hehosu/sucopl/upload/B\\_Cambridge\\_EN.pdf](http://www.cmhc-schl.gc.ca/en/imquaf/hehosu/sucopl/upload/B_Cambridge_EN.pdf)

<sup>4</sup> See [http://www.canurb.com/media/pdf/Brownie2003/CapitalFinancing\\_Cambridge.pdf](http://www.canurb.com/media/pdf/Brownie2003/CapitalFinancing_Cambridge.pdf)

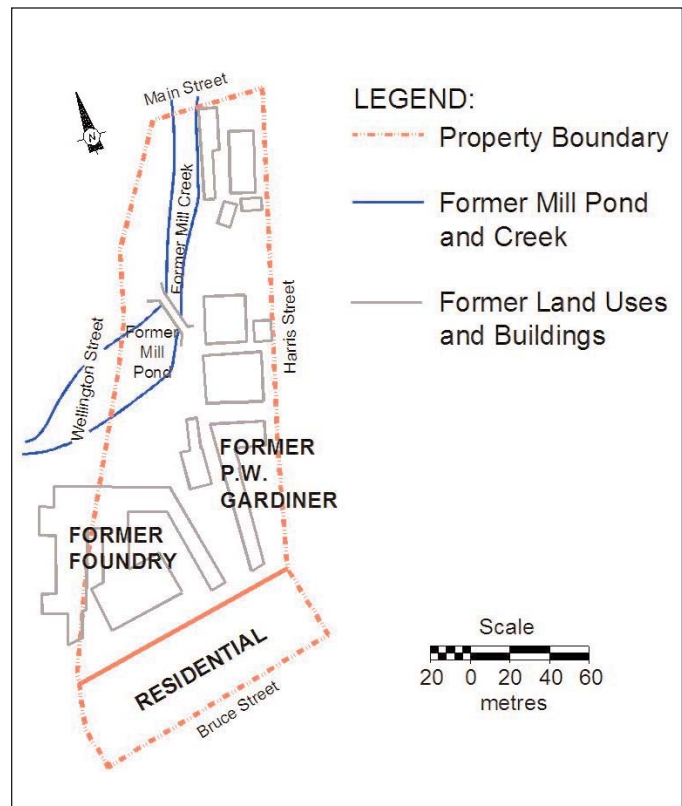


Figure 2: Layout of the original site and its former use.

Source: URS Canada (formerly Dames and Moore Canada); Adapted by David Flynn, Stantec Consulting Ltd.

Notwithstanding the contamination, the site was considered to be very attractive for redevelopment given its proximity to public transportation and downtown amenities including shopping, recreation, cultural and educational facilities. Wellington Square is across the street from a bus terminal and within walking distance of the main shopping area. This development represents the first residential infill project in the area since 1997.

The Canadian Urban Institute recognized this project, and specifically the City's Contaminated Sites Grant Program and related programs aimed at promoting the redevelopment in the core areas of Cambridge, by awarding the City a Brownie Award in 2003.<sup>4</sup>

Wellington Square has fulfilled the objectives of the Contaminated Sites Grant Program, and made a positive contribution to the City of Cambridge. The development has forged the way for similar redevelopments in the core areas of Cambridge. Wellington Square is responsible for a "mini-rejuvenation" of downtown Cambridge and the revitalizing benefits attributable to Wellington Square are still unfolding.

The various incentives offered by the City of Cambridge and the Region of Waterloo were pivotal in the developer's decision to redevelop the site. Without the Contaminated Sites Grant Program and other complementary programs for core areas (as well as a generally supportive and cooperative process), First Suburban Homes would not have considered the project.

## PREVIOUS SITE USE(S) AND CONDITION

Previous uses of the site include:

- a brewery
- steam saw mill
- a foundry
- a door and sash manufacturer
- a rail depot and ticket office
- a gasoline station
- a headstone manufacturer
- some residential use <sup>5</sup>

A phase I environmental site assessment (ESA) was conducted in 1989, and five phase II ESAs were conducted between 1989 and 1999. These investigations indicated that the site was contaminated with lead, zinc, hydrocarbons and polycyclic aromatic hydrocarbons (PAHs). The contamination was confined to the soils and was not present in groundwater. These contaminants which were largely related to backfilling with wastes from the former foundry included:

- foundry sand
- coal
- slag

These backfilled materials showed up on the site as a "Black Fill Layer" during site excavation. <sup>6</sup> The site had been vacant since 1980.

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<sup>5</sup> Flynn, D. (2001). *Redeveloping Wellington Square, Cambridge Ontario*. Stantec Consulting Ltd. Presentation made at the *Managing Contaminated Land and Brownfield Redevelopment Conference*, November 15, 2001.

<sup>6</sup> Ibid.

<sup>7</sup> The Cambridge area is characterized by shallow bedrock which poses real challenges to any development requiring excavation. In the context of contaminated sites, this shallow bedrock can act as a receptacle for contaminants. Remediation projects in the area (and others like it) often involve the scraping and dusting of the bedrock layer.



Figure 3: "Black Fill Layer" found during the remediation of the Wellington Square site.

Source: R. Sydor, Stantec Consulting Ltd.

Remediation involved removal of affected soils from the site and subsequent disposal of these soils in licensed facilities:

- 98,000 tonnes of material was excavated from the site (the site was excavated to an average depth of 1.8 meters (5.9 ft.) across the entire site);
- 45,000 tonnes of soil was screened on site with 30,000 tonnes of material sent to the landfill, and 15,000 tonnes retained on site as backfill;
- 59,000 tonnes was disposed of in the Region of Waterloo Landfill;
- 23 tonnes of highly contaminated soil was disposed of at the Safety Kleen Landfill in Sarnia, Ontario;
- 1,100 tonnes of asphalt was recycled;
- 6,200 tonnes of concrete was crushed and used as backfill on site;
- 31,000 tonnes of backfill material was imported to the site;
- the bedrock surface was scraped to remove adhering contaminants <sup>7</sup>

Verification samples were collected to confirm remediation.

## DEVELOPMENT COSTS AND FINANCING

- The site was purchased for approximately \$2 million (including more than \$1 million in remediation costs).
- The remediation costs were incurred by the vendor (a private numbered Ontario corporation) as a condition of sale but passed on to the purchaser (First Suburban Homes).
- First Suburban Homes retained their own environmental consultant to oversee the remediation undertaken by the vendor at a cost of approximately \$50,000.
- Site servicing costs of approximately \$15,000 to \$18,000 per unit were also incurred by the developer.
- Cambridge's Contaminated Sites Grant Program provided the developer with a grant equivalent to \$1,500 per residential unit built on the site (\$123,000 for 82 units).
- Other incentives for projects in core areas used by the developer include:
  - the waiving of all development application fees; these would have amounted to less than \$10,000 in the case of Wellington Square;
  - the waiving of all building permit fees; these would have amounted to \$1,100 per residential unit built (or \$90,200 on 82 units); and,
  - the exemption of all development charges; these would have amounted to \$8,500 per unit built (including development charges applied by the City and the Region—or \$697,000 for the 82 units).
  - the developer made use of the "Realty Tax Grant Program" which provides grants of approximately 75 per cent in the first year, 50 per cent in the second year and 25 per cent in the third year on the City's portion of realty tax increases resulting from property improvements. The value of the grant is based on property value information obtained from the Municipal Property Assessment Corporation (MPAC). The grant applies to the property owner and comes into effect after the owner receives the tax bill for the property improvement. The program applies to the owner, or any subsequent owners,

over the three-year period following the improvement/ renovation. The grant is based on the change in the assessed value of the property and not on the total tax liability for the property. The program applies to the city's three core areas (Galt City Centre, Preston Towne Centre and Hespeler Village).<sup>8</sup> While the grants flow to the purchasers of the units, the developer used this program to market the development.

- The cost of each completed unit ranged between \$160,000 and \$180,000.
- Even with the incentives, the developer notes that each unit would have had to sell for between \$200,000 and \$250,000 to make the project profitable. While the homes were architecturally beautiful, views of the older commercial area of Cambridge and older housing stock in the area made it difficult for the developer to get these prices at the time.
- According to the City, Wellington Square was the first project of this type in the core areas of Cambridge. The market for urban residential development in the city was nascent. Evidence to date suggests that the market for such development in Cambridge is growing and prices are increasing. For example, the approved 138-unit condominium development adjacent to Wellington Square is now pre-selling units for approximately \$200,000 per unit.

## AFFORDABILITY

First Suburban Homes targeted this development to upper middle-class professional families. Homes included high-grade stone finished exteriors and high amenity interiors.



Figure 4: Wellington Square townhouses and parkette  
Source: City of Cambridge

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<sup>8</sup> See [http://www.city.cambridge.on.ca/relatedDocs/tax\\_rebate\\_program\\_form.pdf](http://www.city.cambridge.on.ca/relatedDocs/tax_rebate_program_form.pdf)

## PLANNING

Wellington Square is located in the core area of Galt City Centre—in an area designated by the City as “Primary Commercial.”

All core areas in Cambridge have been zoned for commercial and high-density residential use to allow for a mix of both uses. The City notes that having dual zoning in the core areas allows for possible residential development and redevelopment which is considered to be desirable. As a result, the project did not require rezoning applications.

The development is within walking distance of the commercial centre of Cambridge and located across from a bus terminal. The area is mostly commercial, and Wellington Square made a positive impact by increasing the resident population and providing a local market for core area businesses.

The site is served by two major roadways and internal streets. The development is well integrated with the surrounding area in terms of materials, height, orientation and street pattern.

Based on its experience with the Wellington Square project, the City is interested in promoting further residential development on contaminated or uncontaminated sites located in all core areas.



Figure 5: Another view of Wellington Square

Source: City of Cambridge

## ECONOMIC AND OTHER BENEFITS

First Suburban Homes estimates that the project has had a substantial financial impact on the City:

- before development, the site generated approximately \$15,000 per year in municipal tax revenues; and,
- after development, municipal tax revenues from the site have increased to approximately \$205,000 annually.

The assessed value has increased, providing a positive financial benefit for the City.

The City and developer anticipate that the increase in the local residential population will stimulate new business investment in the area, as well as more residential development as the area is revitalized. The Wellington Square project has replaced a derelict contaminated and underutilized site with an aesthetically pleasing high-end residential development. The Galt City Centre attracts bus trips to view the core and to shop. Wellington Square is one of the bus trip attractions.

City officials note that Wellington Square has ignited a process of socioeconomic rejuvenation in Galt City Centre, Cambridge’s main downtown area. Wellington Square and future projects in the core areas of Cambridge will have a cumulative revitalization impact on the City’s core areas.

## LESSONS LEARNED

The developer is very proud of Wellington Square, even though the project did not do as well financially as expected.

The developer was unable to obtain the anticipated values for the units partly because of the state of the commercial and housing stock in the vicinity. The experience with this development shows that no matter how attractive a redevelopment is the surrounding area can contribute to its marketability.

In addition, the City noted that when Wellington Square was being sold to the public, downtown Cambridge was not seen as a viable residential alternative. This view is slowly changing as evidenced by the completion of more projects in core areas since Wellington Square and the imminent construction of several others. However, the perception that only suburban areas of Cambridge represent viable residential locations was intransigent and slow to change.

Early projects like Wellington Square serve to educate the market about the potential advantages of living in the core, and benefit subsequent projects completed in core areas.

The cost of remediation was a major factor necessitating the need to increase initial selling prices. Even with the considerable incentives provided to the developer by the City of Cambridge, brownfield redevelopment is more expensive and difficult than greenfield development. First Suburban Homes will not undertake brownfield-related projects in the future. Even so, without the assistance provided by the City of Cambridge and the Region of Waterloo, the development would not have been possible.

The developer's point of view is that even though some cities like Cambridge do offer substantial subsidies for brownfield redevelopment, these are sometimes insufficient to ensure a profitable project, especially when it is the first one to enter a particular market.

From the municipality's perspective, Wellington Square demonstrated that contaminated and derelict sites can be turned into visually appealing and beneficial uses. The City has learned that to facilitate the revitalization of the core areas of small cities like Cambridge, the market needs considerable help. Were it not for the substantial incentives provided by the Contaminated Sites Grant Program and other supporting programs, Wellington Square would not have happened, and the mini-rejuvenation now taking place in Galt City Centre may not have been initiated.

## SUCCESS FACTORS – DEVELOPER'S PERSPECTIVE

From the developer's perspective, Wellington Square is not a financial success. The project did not generate a profit, even with the considerable subsidies provided by the City and Region.

If not for the City's Contaminated Sites Grant Program and other complimentary programs for core areas, the project would not have been considered. The site was relatively unencumbered in terms of rezoning and approval requirements, and the development process (with the exception of the remediation phase) was straightforward and relatively expedient and affordable.

The City's approval process was expedient (for example, site plan approval took only two months) and the City was motivated to see the project happen. This was noted as a major success factor by the developer.

## SUCCESS FACTORS – MUNICIPAL PERSPECTIVE

From the beginning, the City was very supportive of the Wellington Square project because of its focus on bringing residential development into downtown Cambridge.



Figure 6: Wellington Square  
Source: City of Cambridge

The area was already zoned for commercial and high-density residential so changes to zoning bylaws were not required. The Wellington Square development blended perfectly with the City's vision of the downtown core with mixed uses and a healthy residential population.

The site's location in the heart of downtown Cambridge, within walking distance to public transportation and other urban amenities, contributed to the project's success. The Wellington Square development and the projects following it have created a market for existing and new commercial establishments in the core areas.

The City of Cambridge acknowledges that the primary obstacle to the development was the contamination on the site. The City made considerable concessions to the developer to defray many of the costs associated with the remediation of the site. The Contaminated Sites Grant Program was pivotal in the success of this project.

The City of Cambridge was awarded a Brownie Award by the Canadian Urban Institute in 2003 for the Contaminated Sites Grant Program. The Wellington Square project is generally considered to have met the objectives of the program, and represents a success for the City.

## CONTACT INFORMATION

### Developer

Mr. Robert Barnhart, President  
First Suburban Homes  
610 McMurray Road, Unit #2  
Waterloo, ON N2V 2E7  
Telephone: (519) 576-3530  
E-mail: [pres@robarco.on.ca](mailto:pres@robarco.on.ca)

### Municipality

Mr. Alain Pinard, Director Policy Planning  
Planning Services Department  
City of Cambridge, ON N1R 5W8  
Telephone: (519) 740-4650 (ext. 4574)  
E-mail: [pinarda@city.cambridge.on.ca](mailto:pinarda@city.cambridge.on.ca)

Ms. Laurel Davies Snyder  
Core Areas Project Manager  
Cambridge Core Areas Revitalization  
Planning Services Department  
City of Cambridge  
73 Water Street, 3rd Floor  
P.O. Box 669  
Cambridge, ON N1R 5W8  
Telephone: (519) 740-4650 (ext. 4213)  
E-mail: [daviesl@city.cambridge.on.ca](mailto:daviesl@city.cambridge.on.ca)

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