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ROWNFIELD REDEVELOPMENT FOR HOUSING

CASE STUDIES

Built Project Initiatives

BRANDT'S CREEK CROSSING

Kelowna, B.C.

1223 Water Street

PROJECT SUMMARY

The Canada Lands Company Limited (CLC) acquired the CN Rail Yards in downtown Kelowna in 1995, with the objective of creating a vibrant, pedestrian friendly, mixed-use neighbourhood with Brandt's Creek as its centre point. The challenge was to find a way to save and restore the portion of the creek running through the centre of the site in culverts and shallow ditches. CLC's solution lay in developing a 1.8 hectare (4.4 acre) stream protection corridor, which reinstated Brandt's Creek as a 350 metre (1,150 foot) waterway.

Cascadia Pacific is currently planning the first phase of residential development, the Icon. The development, which is being marketed as Kelowna's most exclusive residential real estate, will consist of 89 condominium units in one tower, in addition to seven freehold townhomes.

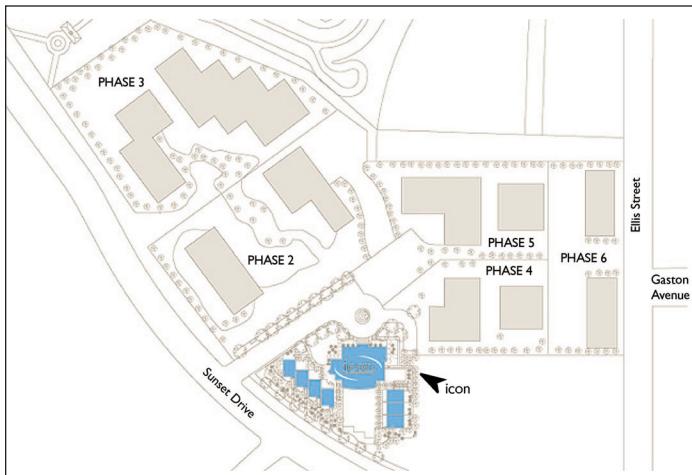


Figure 1: Site Plan showing the first residential phase (Icon) in relation to the remaining site plan.

Source: Cascadia Pacific

Canada

Developer

Canada Lands Company Limited (CLC) (land developer)
Cascadia Pacific (developer of the first residential phase).

Date project started

The land was acquired in 1995.
CN closed operations in 1997.
CLC began remediating in 2000.

Date project completed

Site reconditioning was completed in 2002 (including track removal, site remediation, and general site servicing).

The first residential phase will begin in 2005.

Site area

- The former CN Rail site is 10.1 hectares (25 acres) in size.
- CLC purchased additional lands from the City.
- Brandt's Creek Crossing netted 8.4 hectares (20.74 acres) after the 1.8 hectares (4.4 acre) stream protection corridor and other uses were taken into consideration.

Previous site use(s)

CN Rail works yard.

Number and types of residential units

Construction of an 89 unit condominium complex and seven freehold townhomes will begin in 2005. In total, 600 residential units are expected to be built by 2010.

Floor area of residential units

Condominium units: 84-150 m² (910-1,600 sq.ft.) (mostly 2 bedroom units).

Townhomes: 147 m² (1,585 sq.ft.) (all are 3 bedroom units).

Gross residential density

Phase One of residential development will consist of 89 units on 0.6 hectares (1.45 acres).

Maximum height

Phase One will consist of a single 20 storey tower, and seven three storey townhomes.

Landscaped open space

0.2 hectare (0.5 acre) (Sunset Park) in addition to the 1.8 hectare (4.4 acre) stream protection corridor.

Selling prices

Condominium units: \$235,000 to \$509,000

Townhomes: \$500,000+ (sold out).

Rental prices

No rental units are planned.

Non-residential uses

Plans include:

- 1.7 hectares (4.27 acres) for commercial use (e.g., hotel).
- 1.6 hectares (3.87 acres) for office use.
- 1.5 hectares (3.73 acres) for industrial use.

PROJECT OVERVIEW

Brandt's Creek Crossing is located north of downtown Kelowna, British Columbia, immediately adjacent to the City's Cultural District. The site is separated from Lake Okanagan by Sunset Drive, and three high-rise residential developments.

In 1997, the former CN rail yards in downtown Kelowna were cleared of track and remediated to address environmental impacts. Since then, the lands have been subdivided and rezoned to create an exciting 8.4 hectare (20.75 acre) mixed-use neighbourhood incorporating industrial, office, commercial, residential lots and a hotel site, focusing on a 1.8 hectare (4.4 acre) stream protection corridor and Sunset Park.

Canada Lands Company acquired the site in 1995. CLC determined that the site was heavily contaminated with hydrocarbons and heavy metals, and spent in excess of \$1.5 million to remediate the site. To date, CLC has cleared, remediated, planned, subdivided, and serviced the former rail yard lands and the lots are currently for sale. The residential portion and two commercial lots were subject to a Request for Proposals. CLC is currently working with Cascadia Pacific, who will develop the site for multi-family residential uses. One residential lot and two industrial lots have been sold to date. CLC is currently working with a developer to construct a hotel at the south end of Brandt's Creek Crossing.

Cascadia Pacific is developing the first phase of residential development at the site with a project called "Icon". Icon is the first phase of a master planned community in Brandt's Creek Crossing that will change the face of the neighbourhood, according to the developer. Icon will act as the centerpiece of a community that is to feature extensive landscaping and greenspace and a vibrant collection of homes. Icon is designed to become Kelowna's most exclusive new residence.



Figure 2: Brandt's Creek Crossing and area

Source: Canada Lands Company

PREVIOUS SITE USE(S) AND CONDITION

CN began operating the rail yard in 1925 and continued to use the site in this capacity for 72 years.

CLC began clearing the site in 1997. Remediation was started in 2000 and completed in 2002.

Upon taking over the site CLC determined that it was heavily contaminated with copper, metals and hydrocarbons. The method used to remediate the site consisted of a traditional “dig and dump” approach. Over \$1.5 million was spent on remediation.

DEVELOPMENT COSTS AND FINANCING

Neither the City of Kelowna nor the Government of British Columbia contributed financial incentives for the redevelopment of the site. The City did contribute \$100,000 toward the creation of the 0.2 hectare (0.5 acre) Sunset Park which now serves as the focal point of the development.

- Site servicing costs were \$2.4 million.
- \$1 million to rejuvenate Brandt's Creek.
- \$1 million to build Sunset Park and the Brandt's Creek walkway.
- Municipal fees paid to subdivide and rezone the site total approximately \$36,000 to date.

AFFORDABILITY

The first phase of residential development is market based housing.

None of the residential phases will include affordable or rental units. The marketing material currently in use by Cascadia Pacific promotes the exclusivity of the residential development and the prices bear this out.

Condominium units are selling for at least \$235,000 and reach as high as \$509,000 for a 150 m² (1600 sq.ft.) unit. The freehold townhomes of the first phase (called “The City Home” unit) were selling for \$500,000 and are sold out.

PLANNING

Given the extent of the redevelopment project, the contamination issues, and the intention to redevelop for residential use, the City required that CLC produce an Area Structure Plan for the site. The Area Structure Planning exercise is the most detailed level of planning required by the City, and it also requires the greatest amount of negotiation and collaboration between the developer and the City.



Figure 3: The commemorative structure showing the rejuvenated Brandt's Creek and a look out.

Source: Canada Lands Company

Subdivision and rezoning applications were submitted to the City for approval in the fall of 1998, and the Area Structure Plan, Development and Design Guidelines and rezoning were approved in December of 2000. The subdivision plan was approved in March of 2001.

CLC had not anticipated the extent of heavy metals contamination on the site, but other than the costs involved, contamination did not prove to be difficult address.

CLC obtained Certificates of Compliance from the Ministry of Land, Water and Air Protection which specified that the property slated for residential use met or exceeded the required standards.

CLC notes that the contamination issues were just one of several complications that required diligence on the part of the developer and the City to work through. Being a former rail yard, with a significant drainage course flowing through it, surrounded by a mixture of industrial, commercial, and residential uses, having some unusual lot line anomalies and containing a federally protected heritage train station, the plan required compliance with legislation at all levels of government as well as negotiations with sometimes uncooperative adjacent landowners. Issues requiring resolution were related to federal and provincial heritage legislation, provincial streamside and contamination legislation, municipal bylaws relating to servicing standards and offsite improvements as well as agreements for property exchanges and lot line adjustments. In support of the plan and in addition to the environmental work done, CLC prepared drainage and servicing studies, traffic impact studies, a heritage evaluation and design guidelines for future development. This diligence was rewarded as the development was very positively received by Council after an uncontroversial public hearing.

The City views Brandt's Creek Crossing is a very high quality development that is in keeping with the Official Community Plan goal of increasing residential development in the downtown area.

When CLC approached the City with plans for a park in Brandt's Creek Crossing, the Parks Department supported a small park for local residents as a connection between Rotary Marsh and Brandt's Creek. CLC was willing to construct the park and inquired as to the opportunity for the City to cost share in the construction. The Parks Department indicated that they would partner with CLC up to 50% of the cost of a typical park. The cost share is normally between \$10,120 per hectare (\$25,000 per acre) for a neighbourhood park to \$20,235 per hectare (\$50,000 per acre) for a city-wide park. The City contributed \$100,000 towards Sunset Park. CLC noted that the Sunset Park project provides an example of how communities and development companies can partner to create lasting legacies.

ECONOMIC AND OTHER BENEFITS

In 1996, the assessed value of the CN Rail Yard was approximately \$3.45 million (\$2.9 million for the land component). In 2004, the assessed value of Brandt's Creek Crossing's 8.4 hectares (20.74 acres) was approximately \$12.5 million.

In 1996, property taxes paid on the CN Rail Yard lands of approximately 10 hectares (25 acres) totaled \$80,000. In 2004, taxes paid in Brandt's Creek Crossing totaled approximately \$224,000.

The project represents more than \$50 million in direct investment in the Kelowna area.

CLCs efforts to rejuvenate Brandt's Creek and to create the park have resulted in a significant amenity at the site, one which substantially increases the attractiveness of the site and increases the value of the land.

The area surrounding the development includes significant industrial activity (e.g. a wood chipping operation), two 16 storey high rise residential units, a 20 storey high rise residential building currently under construction, and an arena/ complex). As such, the redevelopment of the site is unlikely to adversely affect the neighbourhood in terms of the level of intensification or transportation issues.

The project is a major component of the rejuvenation of downtown Kelowna (including major hotel, office space, park land, and high-end residential development). The long term economic impact of this development in Kelowna stands to be substantial and wide-spread (geographically as well as socially).

LESSONS LEARNED

The most significant obstacle to the redevelopment of the site encountered by CLC (to date) was the cost of remediating the severe contamination. CLC did not anticipate the extent of metals contamination found on the site and incurred unexpected costs. CLC now routinely screens for metals contamination on all former railway potential sites.

CLC's early engagement with the community and neighbourhood associations proved to be very helpful and they would practice this strategy again. Going to council with the community and neighbourhood associations on side made the process considerably less difficult.

SUCCESS FACTORS – DEVELOPER'S PERSPECTIVE

From the developer's perspective, the site's location relative to the other amenities present on Kelowna's waterfront represents the main contributor to success.

SUCCESS FACTORS – MUNICIPALITY'S PERSPECTIVE

One of the primary success factors from the municipality's perspective was CLC's ownership of the entire site. CLC did not have to go through a complicated process of land assembly.

CLC's clear title to the site and CN Rail's previous title also obviated the need to negotiate responsibility for the remediation process.

The municipality also identified CLC's preparedness and resources as another primary reason for the success of the project to date.

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