

For Information Only

Community Improvement Plans - 2020 Intake and Status Update - Follow Up

Presented To: Finance and Administration Committee

Presented: Tuesday, Feb 16, 2021

Report Date: Tuesday, Jan 26, 2021

Type: Correspondence for Information Only

File Number: CIP-2021-01-00

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

Investing in the Community Improvement Plans supports the objectives of Council's 2019-2027 Strategic Plan, including business attraction, development and retention; economic capacity and investment readiness; and strengthening community vibrancy.

Report Summary

The City of Greater Sudbury has a number of Community Improvement Plans (CIP) that provide financial incentives to encourage the creation of residential dwelling units in historic commercial areas, to support economic rejuvenation, and to improve pedestrian experience.

This report provides an update on the direction given to staff via the report entitled "Community Improvement Plans - 2020 Intake and Status Update" presented to Finance and Administration Committee on November 17, 2020.

Financial Implications

Staff was directed to present a business case as part of the 2021 Budget document for the 2020 CIP intake. The total amount requested, including the 300 Elgin block, is \$5,969,509 (or approximately \$600,000 per year for 10 years).

Signed By

Report Prepared By

Ed Landry
Senior Planner
Digitally Signed Jan 26, 21

Manager Review

Kris Longston
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Financial Implications

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Recommended by the Department

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Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
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Staff has confirmed a surplus of \$300,000 from 2017-2019 agreements where work has been completed below the estimated value of the grant or where agreements have expired. In the associated business case, staff is recommending that this surplus be used towards funding current or future CIP intakes.

**Community Improvement Plans - 2020 Intake and Status Update –
Follow-Up
Planning Services Division
Report Date: January 25, 2021**

BACKGROUND

This report provides an update on the direction given to staff via the report entitled “Community Improvement Plans - 2020 Intake and Status Update” presented to Finance and Administration Committee on November 17, 2020. This report specifically provides additional information related to the resolutions below:

1. THAT the City of Greater Sudbury directs staff to prepare a business case for the 2021 Budget for the twelve (12) eligible and complete applications received as part of the 2020 Community Improvement Plan Intake;

AND THAT the City of Greater Sudbury directs staff to request a Stage 2 proposal of the proponents from the 300 Elgin Block application to be submitted by January 15, 2021

2. THAT the City of Greater Sudbury directs staff to allow executed CIP agreements, where the project has not commenced, to lapse on December 31, 2020

3. THAT the City of Greater Sudbury rescinds all 2017-2019 Community Improvement Plan approvals, and amends the necessary by-laws, where the implementing agreements have not been executed by the applicant by January 15, 2021;

AND THAT the City of Greater Sudbury directs staff to contribute any unspent CIP funds to the Tax Rate Stabilization Reserve – Committed

This report should be read in conjunction with the associated business case presented as part of the 2021 Budget (See page 319 of the Budget Document - Reference 1).

Business Case and Stage 2 Proposal for 300 Elgin (Resolution 1)

Per Council direction, staff completed and presented a business case to fund the 2020 Community Improvement Plan intake as part of the 2021 Budget. This report helps inform that business case (See Reference 1).

Per Resolution 1, Council further directed staff to request a Stage 2 proposal of the proponents from the 300 Elgin Block application detailing the following information:

- Detailed proposal, development strategy and project schedule
- Form and tenure of development
- Remediation approach, plan and costing
- Detailed plans, cost estimates and financing of project
- Independent information from a reputable source as to the developer's creditworthiness and ability to obtain financing for the project.

Stage 2 Submission

Staff received the Stage 2 Submission on January 15, 2021 (See Attachment A). A team made up of Planning and Economic Development staff reviewed this submission.

The following is a summary of the proponent's responses to Council's request for additional information. Please refer to Attachment A for more-detailed information. It should be noted that Attachment A refers to the Junction East project as the "Sudbury Library and Art Gallery."

Detailed proposal, development strategy and project schedule

The proponents have outlined four options. The base proposal is Plan A, which is a 150,000 sq ft facility that includes a hotel, a commercial office, commercial, event/meeting space, hospitality/shared space and parking. The proponents note that the Tax Increment Equivalent Grant (TIEG) was based on Plan A.

Plan B includes the same uses under a different space configuration. Plan C replaces the hotel use for a commercial residential use, and Plan D adds 5 floors to the proposal to include all uses. All options include an Event/Meeting space, Hospitality/shared space, and parking (See Plans A through D on page 14 of Attachment A).

The proposed densities, heights, layouts, and massing of the project are detailed on pages 17-21 of Attachment A.

The proponents have indicated that the Le Ledo project schedule aligns with the timeline and completion of the Junction East project (Page 21 - Attachment A). They anticipate that Le Ledo will open about/during the time of a 2024 assessment (Page 28 - Attachment A).

They have also indicated that the Le Ledo project is dependent upon the City developing the parking capacity/plan in the Junction (Page 23 - Attachment A).

Form and tenure of development

The project and resulting building will be owned by Le Ledo Inc. The user groups will be tenants in the building and some tenants may also be partners/shareholders in the ownership group (Page 1 – Attachment A).

Remediation approach, plan and costing

Le Ledo Inc. has retained a qualified professional to outline next steps and costing of remediation. Le Ledo Inc has indicated it will file a Record of Site Condition for the property and that the cost of remediation could be upwards of \$300,000. In addition to this remediation, the proponents have stated that they may be required to 'cap' the site to achieve a hard pack level at grade to encapsulate the property. The estimated cost of this capping is approximately \$3,000,000 (Pages 22 and 23 – Attachment A).

Detailed plans, cost estimates and financing of project

The proponents estimate that the cost of construction of Plan A is approximately \$40M and the timeline to construct is approximately 30 months. The proponents have submitted that the total cost of the project is approximately \$50M, including acquisition costs, professional fees, financing costs, etc (Page 23 – Attachment A).

Independent information from a reputable source as to the developer's creditworthiness and ability to obtain financing for the project.

The proponents' preferred lender has indicated terms by which funding could be made available to Le Ledo Inc. The preferred lender could provide funding subject to the validation of: project budget, investor structure, cap rate, business planning, and future revenues (Page 23 – Attachment A).

Le Ledo Inc has indicated that the investor group will only be realized after the City Budget approval, and any creditworthiness is based on the financial models for the project where the CIPs are a critical component to secure lender terms and funds (Page 1 of Attachment A).

Evaluation

As noted in the associated business case, this proposal represents the adaptive reuse of buildings in the downtown core, a new mixed-use component (commercial, office, hotel), facade improvements and the creation of new additional dwelling units (under Plans C and D).

If approved as part of the 2021 Budget, the project would achieve a number of Council's planning objectives for Downtown Sudbury and Brownfields including: revitalizing the core; increasing the residential population of the downtown; creating and retaining employment opportunities; growing the municipal assessment base (by over \$20 million); growing the municipal property tax revenue; taking advantage of existing infrastructure; and enhancing the quality of the public realm.

Investing in the Community Improvement Plans supports the objectives of Council's 2019-2027 Strategic Plan, including business attraction, development and retention; economic capacity and investment readiness (proposed \$50 million private investment); and strengthening community vibrancy.

Extended and Executed Agreements (Resolutions 2 and 3)

Per Council direction in Resolutions 2, staff followed up with proponents requesting status updates on their projects. In some cases, the proponents indicated that they were actively planning to complete their projects, while in other cases, the proponents indicated that they were not proceeding with their projects for various reasons. As a result, the City extended six agreements relating to projects in Downtown Sudbury, while five proponents allowed their agreements to lapse.

Per Council direction in Resolution 3, staff also followed up with proponents requiring that all unexecuted agreements be signed by January 15, 2021. As a result, one proponent has since signed their agreements, and one proponent has elected not to execute agreements.

As a result of Council's direction, all CIP agreements are now up to date and there is an approximate surplus of \$300,000 from underspent projects, lapsing agreements and cancelled projects. These monies could be reallocated to capital, be allocated towards the 2020 CIP Intake business case, or be returned to the taxation reserve. It should be noted that the associated business case includes this surplus and recommends that the \$300,000 be allocated to help fund the 2020 Intake projects.

References

1. "Fund Community Improvement Plans", from page 319 of the "2021 Proposed Budget"
<https://www.greatersudbury.ca/city-hall/budget-and-finance/2021-budget/2021-budget-final/>

Attachment

- A. Stage 2 Proposal – Le Ledo Inc.

LE LEDO
INC.



Wednesday January 20, 2021.

Ed Landry
Planning Services Division, City of Greater Sudbury
200 Brady Street East, 3rd Floor
Sudbury, Ontario
P3A 5P3

Re: Le Ledo DCIP, BSCIP Phase 2 Information

Ed,

Further to the request of the resolution to council November 17, 2020 looking for additional information regarding the ‘300 Elgin Block’ – we are submitting this document to follow up the original application from June 2020, completed application in September 2020, and addendum in October 2020. These previous submissions include some documents that qualified Le Ledo for the haven’t been provided in this response.

On November 19, 2020 you asked in an email: Per the Council resolution, we require the following materials, prepared by qualified professionals:

- Detailed proposal (including proposed uses, density, height, massing, etc), development strategy and project schedule
- Form and tenure of development (who will 'own' the project? is it a condo corp? i.e. would Le Ledo Inc own hotel, restaurant, office space, residential, etc?)
- Remediation approach, plan and costing (note that this wasn't included in the materials accompanying the Phase 2 provided with the proposal. Also note the Province will need this information as part of the Brownfield Tax Assistance Application)
- Detailed plans, cost estimates and financing of project
- Independent information from a reputable source (e.g. a letter/report from a financial institution) as to the developer's creditworthiness and ability to obtain financing for the project.

An additional email on November 24, 2020 reiterated similar questions and are captured in this document.

Related to detailed proposal:

- proposed uses as per MPAC valuation (or increased valuation) to include user groups in commercial office, hotel, retail, restaurant/hospitality, commercial residential, and other uses permitted under the existing C6 zoning and historic use.
- MPAC value is \$24,000,000 based on 2016 assessment. Taxes will be paid on 2024 assessment at occupancy
- density, height and massing are illustrated in the document
- development strategy is based on documents authoured for City of Greater Sudbury by PWC, CBRE, Urban Strategies, RMS, Lord Cultural Resources and City of Greater Sudbury Planning Staff regarding City of Greater Sudbury desire to realize private investment into Downtown Sudbury.
- additionally, the strategy depends on the programs that this property qualifies for DCIP and BSCIP which assist with offsetting development and lender risk
- project schedule as discussed previously aligns with the timeline and completion of Sudbury Library and Art Gallery (SLAG) on the corner opposite Le Ledo site

Related to form and tenure of development:

- Le Ledo Inc. will be the owner of the project and has shareholders
- Le Ledo Inc. is a Canadian company, registered in Ontario with Head Office in Sudbury

- Le Ledo Inc. is the corporation which owns the project. The user groups will be tenants in the building and some tenants may also be partners/shareholders in the ownership group.

Related to remediation approach, plan and costing:

- reference letter from G3 within this document with next steps
- complete Phase III remediation
- complete RSC for the property

Related to detailed plans, cost estimates and financing:

- floor layouts with GFA, elevations, renderings are included in the document
- cost estimate summary included by qualified person
- letter from preferred lender included in this document

Related to creditworthiness:

- letter from preferred lender included noting conditions for Le Ledo Inc. to secure financing
- the investor group will only be realized after the budget approval, and any creditworthiness is based on the financial models for the project where the CIPs are a critical component to secure lender terms and funds

Le Ledo Inc. will communicate this document with councillors as you had suggested. Please note and recall that Le Ledo Inc. has not yet purchased the Ledo Block at this time, have invested close to \$100,000 into the project thus far between this submission, reports, drawings and research/due diligence.

As this edited version to be provided to council and the public since the original reply on January 15, 2021 – Le Ledo Inc. wants to make clear that we are not asking for additional TIEG amount on the increased lift over and above the \$24m MPAC assessed value. We have not applied for the Per Door Grant if we pivot to include a residential component which would have a higher MPAC value.

The majority of the Expressions of Interest that we have received for Hotel user groups are contingent on not only completion of the Library/Art Gallery project but the desire to have other drivers in the downtown , namely the the Arena/ Events to remain in the core. These comments are coming from highly respected and connected consultants who have commented on our project based on the numerous reports focused on the city centre and supplemental research done on our behalf. As council decision as of now is still to proceed with KED, we have made the decision to allow for a other options like a residential contingency in order to show our commitment to the city and the goals of council to have a vibrant downtown.

Please include this document in the staff report to council. We will also send and communicate with councillors as suggested.

This is an important moment for the City of Greater Sudbury to move ahead and develop the areas most common to all in the city. We look forward to bringing this project to completion and that Le Ledo Inc. and the City of Greater Sudbury need to work together to make this happen via the CIP programs that have been endorsed by council.

Regards,

Chris Tammi, President
Le Ledo Inc.



DOWNTOWN COMMUNITY IMPROVEMENT PLAN QUALIFIED



BROWNFIELD STRATEGY COMMUNITY IMPROVEMENT PLAN QUALIFIED

The City of Greater Sudbury's
BROWNFIELD STRATEGY
and Community Improvement Plan
For Urban Properties



The City of Greater Sudbury's Brownfield Strategy and Community Improvement Plan will help breathe new life into the many already-used and now vacant commercial and industrial properties – otherwise known as brownfields.

Brownfields present many unique economic, environmental and social challenges. They negatively affect assessment and taxation, may pose risks to human health and the environment and tarnish the image of the city.

Unlike other properties, brownfields have many barriers which prevent them from being brought back into full and productive urban uses. Tax arrears, absentee property owners, real or perceived contamination and capital-intensive remediation costs can deter interest and investment in brownfields.

The Brownfield Strategy and Community Improvement Plan is designed to help overcome these barriers by:

1. Implementing a new failed **tax sale procedure** to address arrears and ownership;
2. Making **four financial incentive programs** available to help reduce upfront costs;
3. Calling for a **brownfield marketing strategy** to better attract interest and investment; and,
4. Setting the stage for continued **local awareness** and **capacity building**.

MORE INFORMATION

For further information regarding this initiative, please contact:

Jason Ferrigan, MCIP, RPP
Senior Planner
Planning Services Division
City of Greater Sudbury
200 Brady Street East, 3rd Floor
Sudbury, Ontario P3A 5P3
Tel: (705) 674-4455 ext. 4298
Fax: (705) 673-2200
Email: jason.ferrigan@greatersudbury.ca

BROWNFIELD FINANCIAL INCENTIVE PROGRAMS

WHERE DOES IT APPLY?
The Brownfield Strategy and Plan applies to the entire City of Greater Sudbury.

WHO IS ELIGIBLE TO PARTICIPATE?
To be eligible, the property must:

- be located in the community improvement project area;
- be an urban property;
- have been previously used for commercial or industrial purposes;
- be vacant, derelict or at risk;
- be the subject of a residential or mixed use re-use or redevelopment proposal; and,
- have a "failed" Phase 2 Environmental Site Assessment.

Community improvement project area means those lands within the City of Greater Sudbury designated Mixed Use Commercial, Downtown, Town Centre, Regional Centre and Living Area 1, Mining/Mineral Reserve, Aggregate Reserve and Rural in the Official Plan.

Urban property means a property designated Mixed Use Commercial, Downtown, Town Centre, Regional Centre and/or Living Area 1 in the Official Plan.

WHAT INCENTIVES ARE AVAILABLE?
Four financial incentive programs are available under the Brownfield Strategy and Community Improvement Plan to help reduce upfront costs associated with remediation, reuse and redevelopment.

Tax Assistance Program: This program defers or cancels 100 percent of the municipal and education portion of the property tax (education portion subject to Minister of Finance approval) during the rehabilitation period (up to 18 months) and development period (a time period approved by Council, up to 18 months). The amount of assistance provided under this program varies depending on existing assessment and taxation, as well as the duration of rehabilitation and development periods.

Landfill Tipping Fee Rebate Program: This program reduces landfill tipping fees from \$72 to \$36 per metric tonne for impacted soil being removed from a brownfield, provided that it can be used as cover material at the city's landfill site. The City will provide approximately \$200,000 in funding under this program annually. The total amount of funding provided to each property will be \$40,000.

Planning and Building Permit Fee Rebate Program: This program refunds all or part of planning and building permit fees collected as part of the reuse or redevelopment of a brownfield, after certain performance criteria are met. The City will provide approximately \$350,000 in funding under this program annually. The total amount of funding provided to each property will be \$70,000.

Tax Increment Equivalent Grant Program: This program grants 100% of the incremental increase in the municipal portion of the property tax revenue resulting from improvements for a period of up to five years. The amount of assistance provided under this program varies depending on existing assessment and taxation, the value of the improvements and their impact on assessment and taxation. These programs can be used in conjunction with other incentive programs offered by the city or other levels of government. The total amount of incentives shall not exceed eligible costs.

HOW DO I APPLY?
Interested applicants are encouraged to contact Jason Ferrigan at the coordinates listed above to arrange for a pre-consultation meeting. Applicants may also download, complete and return the Brownfield Financial Incentive Application Form to Jason Ferrigan at the coordinates listed above. All applications will be reviewed by staff and may be approved by City Council.

Formation of Downtown Community Improvement Plan CC2012-104

Downtown Community Improvement Plan (DCIP) was updated by By-law 2016-246.

Intake process was established by PL2017-34

Council Resolution FA2020-70

Brownfield Strategy and Community Improvement Plan (BSCIP) was adopted by By-law 2011-222 and was amended once by By-law 2013-192.

Intake process was established by PL2017-34

Council Resolution FA2020-70

Plan would expand program to improve downtown

If approved, up to \$1M a year would be available for a variety of financial incentives

Oct 17, 2016 9:20 PM By: Sudbury.com [Darren MacDonald](#)

Greater Sudbury is considering a plan to boost investment downtown, and may expand it to include several other areas of the city.

Meeting on Monday, members of the planning committee deferred a final decision until staff could come back with information on whether the program should include interest-free loans, and what it would take to include other community improvement areas (CIPs), such as Capreol, the Donovan and the Flour Mill.

Senior planner Ed Landry said under an existing program for downtown, public investment dollars have \$4 of private-sector funding for every \$1 of public funds.The Townehouse on Elgin Street is an example of a business that took advantage of an incentive to improve the facade of buildings, Landry said.

Proposed changes to the incentive program means as much as 20 per cent of the costs of a major renovation could be recovered. “That's if they build it within the CIP area in downtown Sudbury,” he said.

While city council will ultimately determine how much money will be available for program during 2017 budget deliberations, staff suggested a ceiling of \$1 million a year. If only \$700,000 is spent in a given year, then \$300,000 would be added to top the fund up back to \$1 million. No single project would be able to receive more than \$200,000.

In addition to the facade improvement program, downtown landowners could also get a grant that rebates them for a set period of time the increased property taxes they have to pay because the value of their property has increased as a result of the improvements. Other incentives offer rebates on planning and building fees, for adding residential spaces and for feasibility studies to determine whether an existing property is worth renovating.

Ward 12 Coun. Joscelyne Landry-Altmann liked the plan, but wondered what it would take to expand. The Flour Mill CIP is interested, she said, as would others in the city. “There are other CIPs, as well,” Landry-Altmann said. “It's an opportunity to reach out and offer them the same opportunities as downtown.” Landry said staff was directed only to look at downtown CIP, but said it could be expanded if council directs them to do that. “We would have to have a separate discussion on that,” he said.

The city's director of planning services, said an expanded program would have to go through a formal process, including public hearings. But councillors would have to direct them to move forward. “Then we would build that direction into our work program for 2017,” he said.

Landry-Altmann also wanted information on making interest-free loans part of the program, which other cities have used to boost the redevelopment of targeted areas. In the end, the committee deferred a vote until the Nov. 21 meeting to give staff time to collect information on expanding the program and on providing interest-free loans.

City looking for downtown Sudbury ideas

City council has adopted the downtown community improvement plan

Sudbury Star Staff - Published on: April 29, 2017

The community improvement plan — or CIP — aims to address challenges facing downtown Sudbury by using financial mechanisms, such as grants and loans, to reduce the cost of development and redevelopment in downtown Sudbury.

The purpose of this CIP is to:

- Revitalize downtown Sudbury.
- Increase the residential population of the downtown.
- Create and retain employment opportunities.
- Grow the municipal assessment base.
- Grow the municipal property tax revenue.
- Repair and intensify the existing urban fabric with compatible projects.
- Take advantage of existing infrastructure.
- Enhance the quality of the public realm.

Through this plan, financial assistance may be available to owners or tenants, located in downtown Sudbury, who wish to invest in a property in the core. People can contact the City of Greater Sudbury planning services department to verify if their property is eligible. The CIP provides money for feasibility studies (up to \$5,000); façade improvement (\$15,000); planning fee rebates (\$5,000); building permit fee rebates (\$30,000); residential incentives (\$200,000); and tax increment equivalent grants.

These programs can be used in conjunction with other incentive programs offered by the city or other levels of government. The total amount of incentives shall not exceed eligible costs. The city has launched an expression of interest (EOI) period, which runs until May 26 at 4 p.m. Submit your proposal to: Planning services, City of Greater Sudbury, PO Box 5000, Stn A, 200 Brady St., 3rd floor, Sudbury, ON P3A 5P3. The EOI document is available online at www.greatersudbury.ca/dscip or can be picked up at planning services, on the third floor at Tom Davies Square. All submissions that meet the eligibility criteria will be brought forward to council for consideration.

An information session takes place on Tuesday from 5-7 p.m. in room C-12 at Tom Davies Square. At this session, information regarding timelines, program objectives and application requirements will be provided. For further information, contact Ed Landry, senior planner, at 705-674-4455, ext. 4298, or ed.landry@greatersudbury.ca.

Brownfield strategy garners national nod

Reclaiming Our Urban Places, Greater Sudbury’s Brownfield Strategy and Community Improvement Plan has been recognized as a national leading example by the Canadian Urban Institute’s (CUI) Brownie Awards.

Oct 11, 2012 8:43 PM by: Sudbury.com Staff

Reclaiming Our Urban Places, Greater Sudbury’s Brownfield Strategy and Community Improvement Plan has been recognized as a national leading example by the Canadian Urban Institute’s (CUI) Brownie Awards.

The strategy was named as a finalist in Category 1: Legislation, Policy and Program Development. Awards were presented late last week at the annual Canadian Brownfields conference, Gala Dinner in Niagara Falls.

“I’m proud of the dedicated and committed team behind this project,” said City of Greater Sudbury General Manager of Growth and Development. “To have this strategy recognized at a National Level and judged by peer experts in the industry, shows our ideas are among the best in the country.”

The CUI Brownie Awards, now in its 12th year, recognized winners in seven categories from across Canada for their leadership, innovation and commitment to building sustainable communities. The Brownie Awards jury is made up of representatives from ten professional and industry associations from across Canada.

The goal of the City of Greater Sudbury’s Brownfield Strategy and Community Improvement Plan is to breathe new life into already-used and now vacant commercial properties, known as brownfields.

Deal with vacant, abandoned properties, city urged

By [Bloomberg News](#), Sudbury Star wire service

Monday, March 28, 2011 6:10:44 EDT AM

Greater Sudbury is missing out on an opportunity to restore town centres and neighbourhoods and generate needed revenue, city councillors have been told. City planners presented council with the outline of a Brownfield Community Improvement Plan, a strategy to breathe new life into the many vacant commercial and industrial properties spread across the city and the communities they blight.

"Economically, brownfields have a negative effect on property values, assessment, taxation and municipal revenues," they told councillors. "As commercial or industrial properties that are not being used, brownfields represent a lost opportunity in terms of jobs and productivity. They also contribute to the underutilization of existing infrastructure."

In many ways, Greater Sudbury is fortunate the demise of a large industry has not left swaths of vacant land next to waterfront or urban centres like so many other communities in Ontario's manufacturing belt, staff said. Instead, Sudbury's brownfields are in pockets in almost every community, along main roads and at key intersections.

Staff survey found 66 vacant and abandoned commercial and industrial properties in the city. As well, there are another 17 commercial or industrial properties in tax arrears and eligible to proceed to a failed tax sale. The environmental integrity of these 83 brownfield sites is unknown, they said. Mostly, these properties were once automobile service and repair shops, dry cleaners, coal and fuel storage yards, concrete batching operations, warehousing and transport terminals. Most were gas stations -- 14% of the properties surveyed are owned by major petroleum companies. The assessed value of these 83 properties was \$16 million in 2009, generating \$674,711 in municipal tax revenue. Therein lies the incentive for a brownfield strategy: Redevelopment results in increased assessment, increased property value and increased tax revenue for the city.

For example, in Guelph, the redevelopment of four industrial sites for residential/commercial uses resulted in \$26.7 million increase in assessment and a corresponding \$569,000 increase in annual tax revenue. Staff’s report gave the example of a former gas station on a key corner lot in a town centre surrounded by homes and businesses. The now-vacant property is assessed at \$69,000 and generates \$2,276 in annual tax revenue. If the property were developed into a one-storey commercial building, its assessed value would jump to \$467,000 and tax revenue to the city would rise to \$22,000. Just as important, the redevelopment would repair the gap in the community's urban fabric and strengthen the gateway into the town centre.

"Socially, the condition and quality of brownfields can detract from a neighbourhood's quality of place," the city said. Left alone, these properties could sit derelict forever.

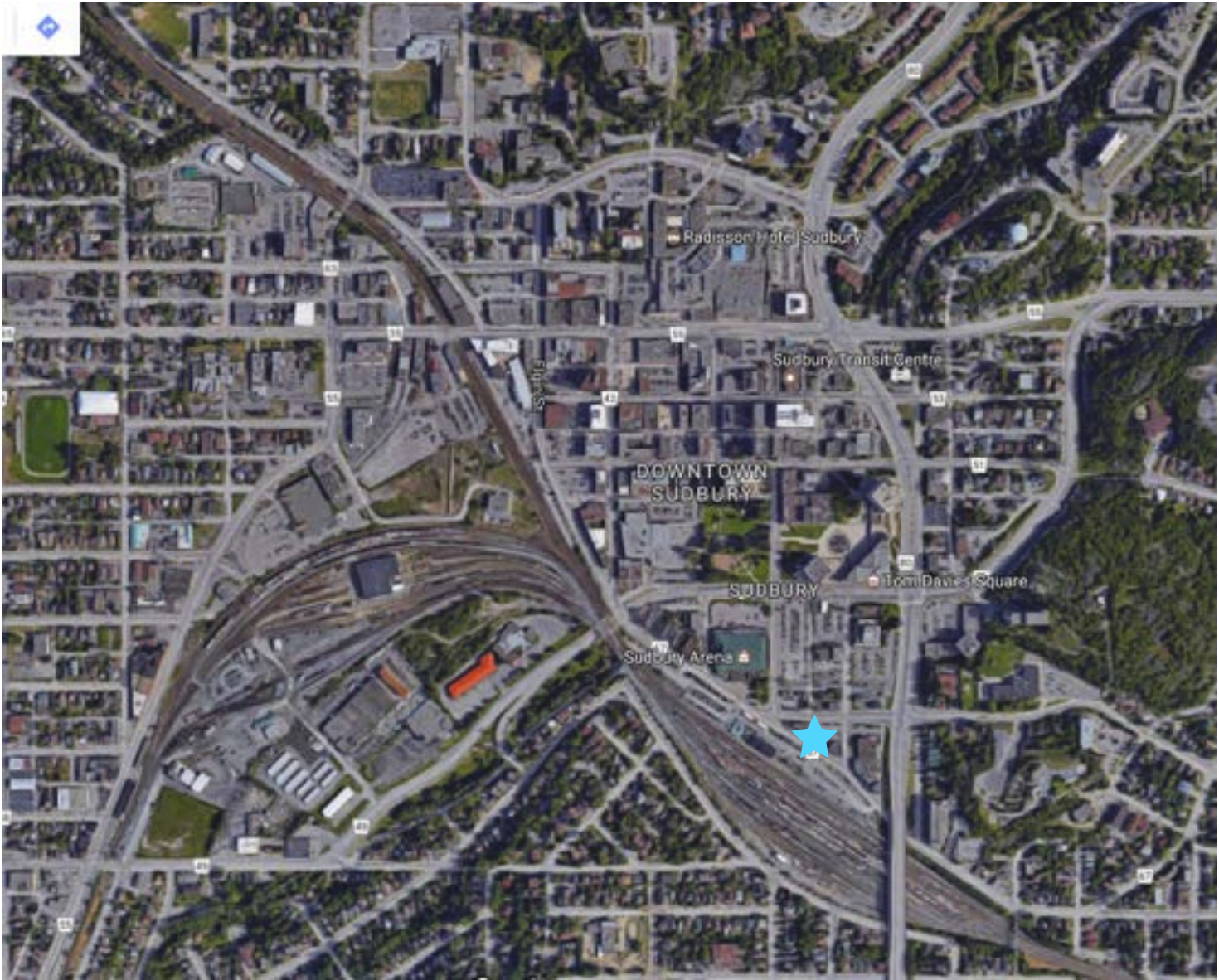
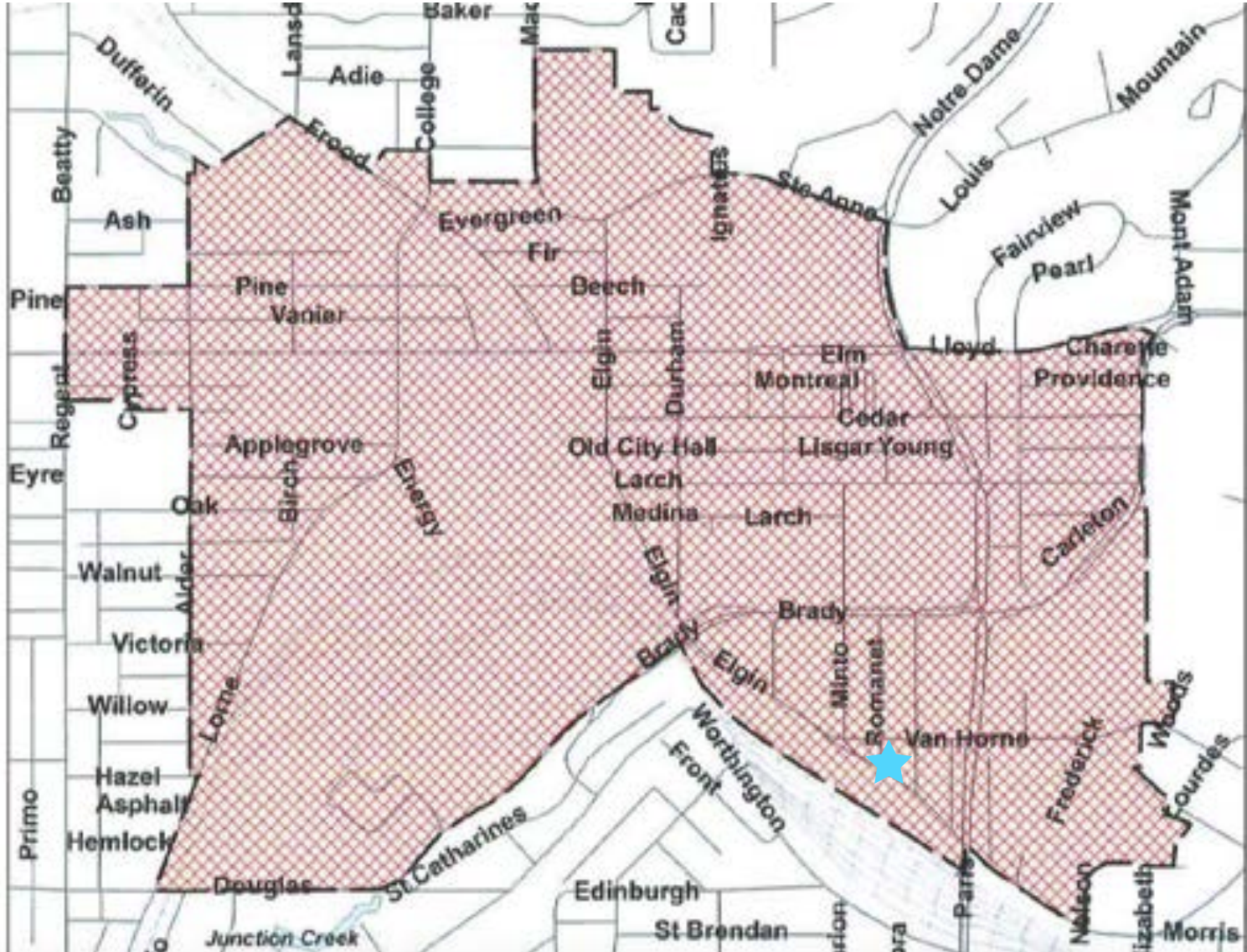
The city can get the ball rolling by marketing brownfield sites in the city and attracting investment to them. Staff also suggests financial incentives to reduce the up-front costs to developers, including a tax assistance program, landfill tipping fee rebate program, planning and building fee rebate program and a tax increment equivalent grant program.

Councillors accepted the report with little discussion.

The city will hold open houses for public input on the Brownfield Community Improvement Plan later this spring with a view to council passing it next fall.



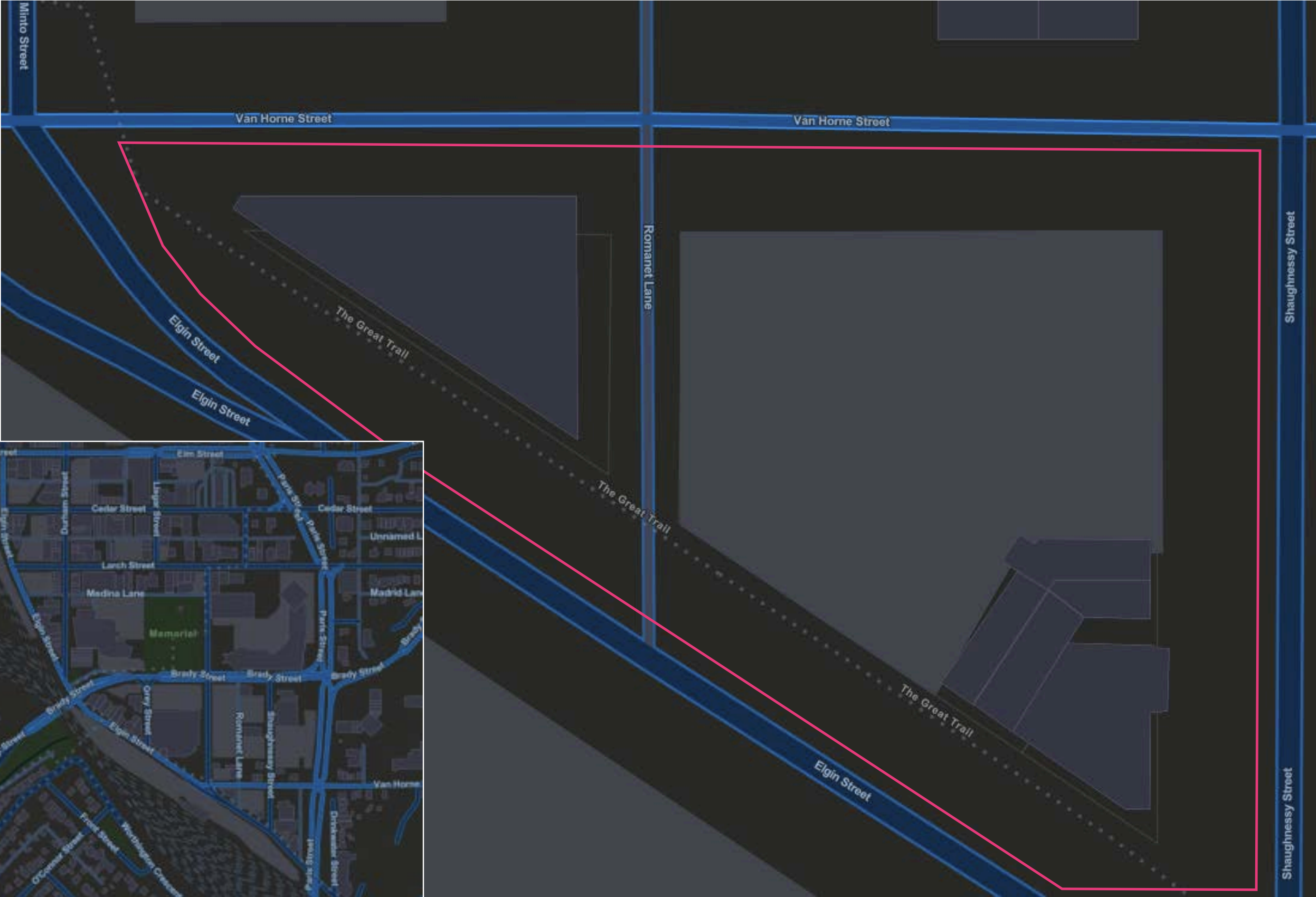
DOWNTOWN CIP AREA (Approved 2014) - PROPERTY LOCATION







LOCATION





ENVIRONMENTAL AND GEOTECHNICAL INVESTIGATION - JULY 2020

EA PHASE I AND II SUBMITTED TO CGS SEPTEMBER 2020

THE SUDBURY STAR

Markets / Local News / Business Wire News Releases

Le Ledo project takes step forward in Sudbury

It's one of a dozen projects that could receive city development funding

Mary Katherine Keown
Nov 19, 2020 • November 19, 2020 • 3 minute read

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A rig drills for core samples at the parking lot of the old Ledo Hotel in Sudbury, Ont. on Wednesday July 29, 2020. The \$45-million Le Ledo project will reimagine the Ledo Hotel on Elgin Street. PHOTO BY JOHN LAPPA /Sudbury Star















LE LEDO COMPLEX - OVERVIEW

Anticipated Benefits

As the largest privately owned and underdeveloped property in The Junction district, ‘the Ledo properties’ are inspired by the goals and aspirations stated in the Downtown Master Plan, and build upon the research that has been done to describe the City of Greater Sudbury’s desire to grow and develop the downtown and South District. The ‘Ledo properties’ are Sudbury’s cornerstone – where millions have passed by and through this historic location whether traveling on the CPR line during the beginnings of Canada, WW I and II, and historically a gathering space to this day. The plan is for the private sector to re-imagine & incorporate the existing Flatiron building, and develop the surface property to densify 10X its current configuration to complete a +150,000 sqft facility. This densification will multiply the Municipal property taxes nearly 1400% over its current assessment and increase the taxable value of an underperforming property. Le Ledo will help to focus the spotlight on the new Sudbury Library and Art Gallery that City of Greater Sudbury is building across the corner. The project will be the largest private investment in the city’s into the downtown ever. Programming of the building has contemplated a number of uses that adhere to historical and C-6 zoning (hotel, commercial residential, office, hospitality, etc.) and what the marketplace is indicating. Despite the challenges that the pandemic has brought us, Le Ledo Inc. sees a promising future for Sudbury. The city’s existing resource/education/tourism/northern hub can attract new GDP, commercial and residential growth at a time where people and companies are looking for other options to the ‘big city’, while having the cultural and lifestyle benefits a city of Sudbury and The Junction can offer. Le Ledo Inc. has spent nearly \$100,000 to-date on this submission. Completion of the Purchase and Sale Agreement and development hinges on the city approving the CIPs for this \$50,000,000 privately financed project at the 2021 budget review of DCIP and BSCIP business case.

- Build a \$50,000,000+ beacon for the downtown visible immediately from the ‘Bridge of Nations’ designed by an internationally recognized and awarded Canadian architect
- Provide City of Greater Sudbury a complimentary building to play off of the Sudbury Library and Art Gallery development across the intersection
- Act as a catalyst for other development in the South District and downtown
- Increase Municipal Taxes from \$40k/yr to over \$563,000/yr – a +1380% increase
- Contributes a minimum of \$221,305/year to the Ontario Ministry of Finance for Education tax – a +2400% increase
- Add nearly \$1,000,000 over 10 years to Downtown BIA levy to bolster funding the completion of Phase I of the Elgin Greenway
- Provide new hotel or quasi residential occupancy at modern standards
- Create new Class A office for existing, new or flex space users in the downtown
- Potential to add 5 additional floors – for ‘Office’ and/or ‘Commercial Residential’ occupancy (additional MPAC value to city)
- Generate cash flow for city for the development and funding of new ‘parking structure(s)’ in the district
- Job creation with an estimated 165 construction jobs during development, and ‘at occupancy’ operations of +200 full-time and part-time employees in the downtown
- Retain, attain and growth of talent and economy to Sudbury
- New 7000 sqft event space with clear view to the east of the lake and west to our sunset from a 14th storey vista
- High performance building that meets or exceeds Ontario Building Code Regs, NPC-300 standards and rehabilitates a property that qualifies for Sudbury’s BSCIP and DCIP policies written by staff and approved by council
- Offset risk of Public projects with Private sector investment and development
- Provides confidence to other private sector investment
- Fulfills achievable goals outlined in the Downtown Master Plan

Le Ledo will provide residents, businesses and visitors to Sudbury a fresh experience in the heart of the Junction district. Development of Le Ledo on existing and private lands will streamline the process to add new hotel, office and/or commercial residential space in the downtown to support the public investments without going through cumbersome procedures to convey/declare surplus existing City of Greater Sudbury property for private sector development and ownership. Based on research by Le Ledo Inc. and statements from City of Greater Sudbury, it is expected that 1000’s of new overnight stays are anticipated from the Public investments City of Greater Sudbury is making in the downtown with the Large Project file in this district. Le Ledo will increase foot traffic and activity will support local businesses and boost tourism, GDP and civic pride.

Le Ledo Inc. has stated that we will enter into a long term parking with City of Greater Sudbury for 120+ parking spots in the Junction area to support the intended uses to generate over \$100,000 per year in revenue to the city. Additionally, the corporation will be providing \$150,000 to a downtown social services agency to assist with outreach in the area and assist where possible on ongoing initiatives. Le Ledo Inc. wants the property to become a catalyst for the aspirations of the city though Private sector investment.

Anticipated Outcomes

Le Ledo development will be a stunning new addition to the downtown to complement the new Sudbury Library and Art Gallery and emphasis to complete Phase I of the Elgin Greenway to link the Junction with the lake. Le Ledo will be privately funded multi-use commercial building is to be completed by the private sector for Sudbury’s downtown. This privately owned commercial building will create \$6,000,000 (at a minimum) over ten years that the city wouldn’t otherwise receive without these programs. Le Ledo Inc. sees the completion of the project to coincide with the opening of the Central Library and Art Gallery in 4 years time. The project will help to create the connectivity along Elgin from MSoA, Place des Arts, Sudbury Community Arena along to the lake and encourage and support existing businesses in Sudbury’s downtown. At a time where people and companies are looking for other options to the ‘big city’, having the cultural, entertainment and lifestyle benefits in Sudbury and the Junction can offer drive growth and development with a building of this calibre, at this corner that will change the city in pronounced ways.

Additionally, the MPAC value for this proposal was based on 2016 values as MPAC due to Covid-19 did not complete the 2020 values for this review. Le Ledo will be reevaluated in 2024 by MPAC with a higher taxable value and thus higher revenue for City of Greater Sudbury over and above what is contemplated in this document.



Ownership, Equity, Financing and Debt, Revenue Structure

Le Lede Inc. is a privately owned Canadian company based in Sudbury and registered in the Province of Ontario

The capital stack (or capital) will come in two parts. during two periods:

- Period 1- Development and Construction :
- Part 1
- Equity representing the initial and development costs to get to the point of construction.

- This value to represent 25% from private sources (individual and institutional) whose investment is registered in the corporation (shareholders) for the purposes of the project (Le Ledo Inc).

- Disclosure of their net worth or origin of funds at this early stage is not possible as the cumulative value of each shareholder’s contribution (accredited investor or fund) and value of will determine;
- Part 2
- Construction Financing representing the funds required to complete construction of the project as described.

- This value to represent 70-75% from a team of 2-3 lenders who work together to provide financing of this sort for these types of projects.

- These funds will be sourced in GTA.

- Any budget overages will be covered by the Le Ledo Inc. shareholders, and the value and terms of the Construction Financing will be based on the shareholder profile (or Equity group).

- The ‘banks’ made clear it was premature or possible to provide a guarantee to ‘Le Ledo Inc’ as the shareholder profile of Le Ledo Inc. will only be finalized following budget approval of the tax benefits being applied for. At no time during this period are the CIP’s funding the capital expenses to build Le Ledo.
- Period 2 - Occupancy and Ownership:
- Part 1
- Equity stated in Le Ledo Inc. will remain structured in the shareholders agreement and represents an investment at this stage of +\$16,000,000.

- Additional investment into the corporation by shareholders over this value will contribute to;

-
- Part 2
- Mortgage/Debt Financing will represent a value to be determined, and be an amortized financial facility supported by 1-2 lenders at traditional commercial financing rates and terms.

- These lenders will likely have sourced the Construction Financing and will be intimately familiar with Le Ledo Inc. and the outcome.

- Lender confidence is high with the knowledge of the tax benefit and how these funds offset the risk for the shareholders and the funds they have contributed.

- Any ability to provide a commercial mortgage for Le Ledo Inc. are directly tied to the CIP programs, the completion on SLAG and other drivers in the downtown for our business and revenue models.

- At no time will Le Ledo Inc. receive CIP funds until after the completion of the project.

Revenue for Le Ledo Inc. will be generated by 3-6 sources once/after occupancy occurs. There will be 3-6 commercial uses for the property which will determine the revenue and cost streams based on their usage. All tenants/users will be in leasing agreements based on the use and cap or market rates associated for their purpose. The final revenue source is in the form of the annual tax rebate at the end of each year for 10 years, after the taxes are paid with the rebate and grant funds used to offset the initial risk and operating costs of the development. Those looking to lend and invest into this project and Sudbury need certainty based on the CIP’s to move forward. At no time will Le Ledo Inc. receive CIP funds until after the completion of the project.

Some shareholders in Le Ledo Inc. are also expected be part of the tenancy of the building upon completion and are looking to invest in Sudbury and its future.

Summary

				*Occupancy Options (+/- sqft) for Consideration - 3 storey podium + 11 storey tower				
	Existing	Projection	Difference		Plan A	Plan B	Plan C	Plan D (add 5 floors)
Municipal Tax	\$40,542	+\$563,410	+1390%	Hotel	54,150	36,090	0	54,150
Education Tax	\$ 9, 848	+\$221,305	+2247%	Commercial Office	22,450	40,510	22,450	34,482
BIA Levy	\$ 5,821	+\$ 88,005	+1512%	Commercial Residential	0	0	54,150	18,048
Property Value (MPAC)	\$1,463,700	+\$24,000,000	+1540%	Event/Meeting Space	12,600	12,600	12,600	12,600
Building Size	14,000 sqft.	+150,000	+971%	Hospitality/Shared Space	9,330	9,330	9,330	9,330
Jobs	0 Construction	165 Construction	+16500%	Parking	9,651	9,651	9,651	9,651
	2 Full/Part-time	200 Full/Part-time	+10000%					

Circulation and Common Spaces not Included in totals

*occupancy options will depend on market conditions, parking options, user group demands. Minimum MPAC value for Plan A is \$24,000,000. Plan B, C and D will be higher MPAC value. Le Ledo Inc. is basing its application and grants on Plan A which is the lowest MPAC of all possible options.



ADAPTIVE RESUSE EXAMPLES ONTARIO



Gooderham and Worts Distillery - Toronto
Established in 1832

Now Distillery District
- retail, residential, office, performing arts, restaurants, events, parking



Weston Bakery Building - Toronto
Built in 1910's

Now Queen Richmond Centre
- retail, office



Bell Telephone Building - Kitchener
Built in 1910

Now 48 Ontario St
- retail, office



Toronto Silver Plate Company Building - Toronto
Built in 1882

Now Fashion House
- retail, residential, restaurants, office



Toronto Public Utilities Building - Toronto
Built in 1930's

Becoming Waterworks
- retail, residential, restaurants, office



ADAPTIVE RESUSE EXAMPLES U.S. AND EUROPE



International Magazine Building – New York
Built in 1928

Now Hearst Tower

- retail, restaurants, offices



Albert Malthouse (Heineken) – Antwerp
Established in 1852

Now Kanaal

- residential, galleries, offices, bakery, restaurant, auditorium, office



Kaispeicher A Warehouse – Hamburg
Built in 1966

Now Elbphilharmonie Concert Hall

- concert hall, residential, hotel, restaurants



Sears Mail Order Building – Los Angeles
Established in 1852

Becoming Mail Order District

- residential, galleries, offices, restaurants, auditorium, office



Boyer Campbell Building – Detroit
Built in 1930

Now Milwaukee District

- residential, commercial, retail, gallery

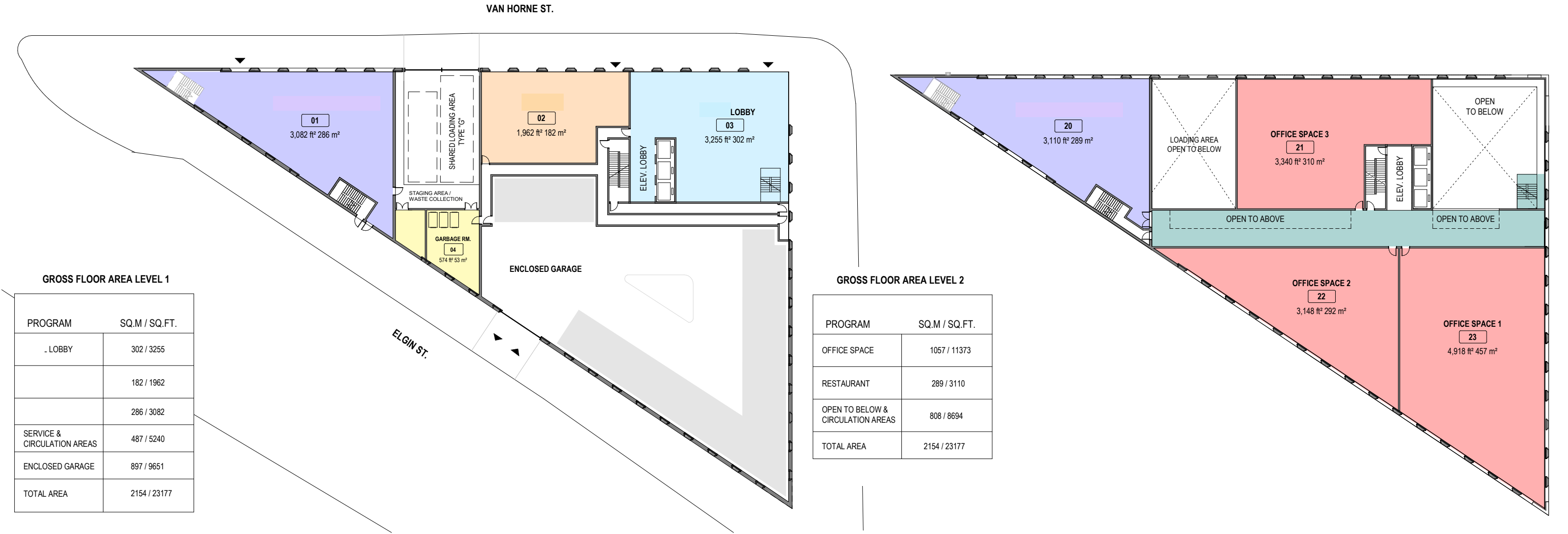


ELEVATION FROM NORTH - PLAN A, B, C. PLAN D WOULD ADD UP TO 5 FLOORS



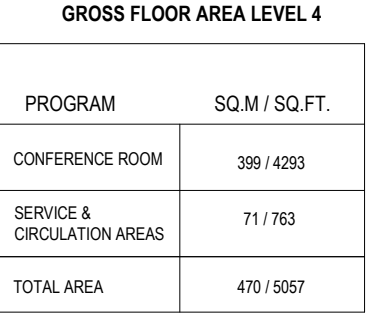


PROGRAMMING



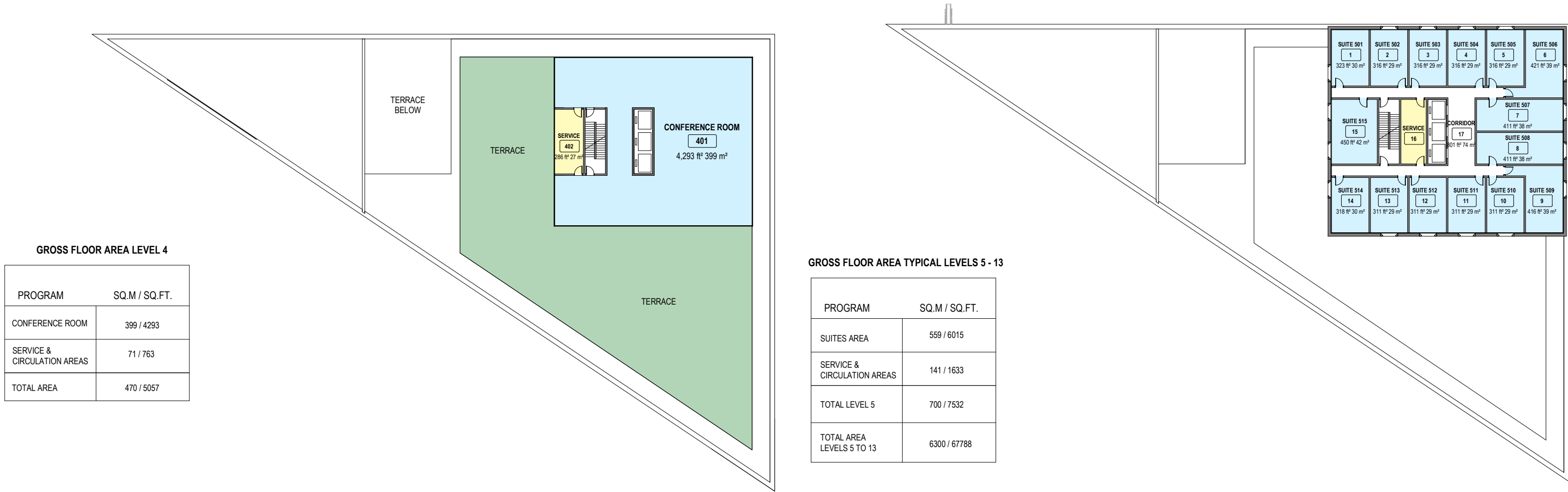


PROGRAMMING



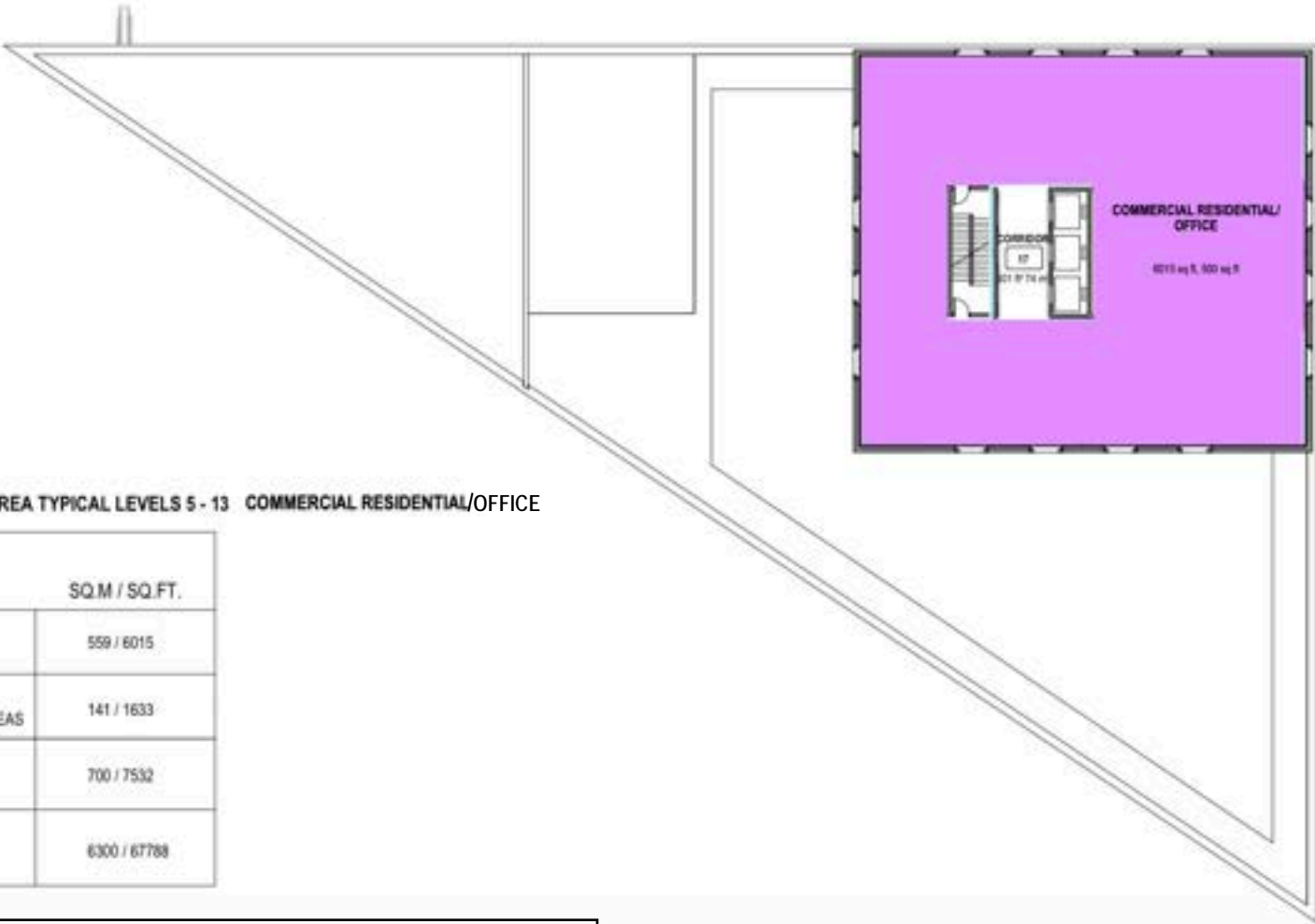
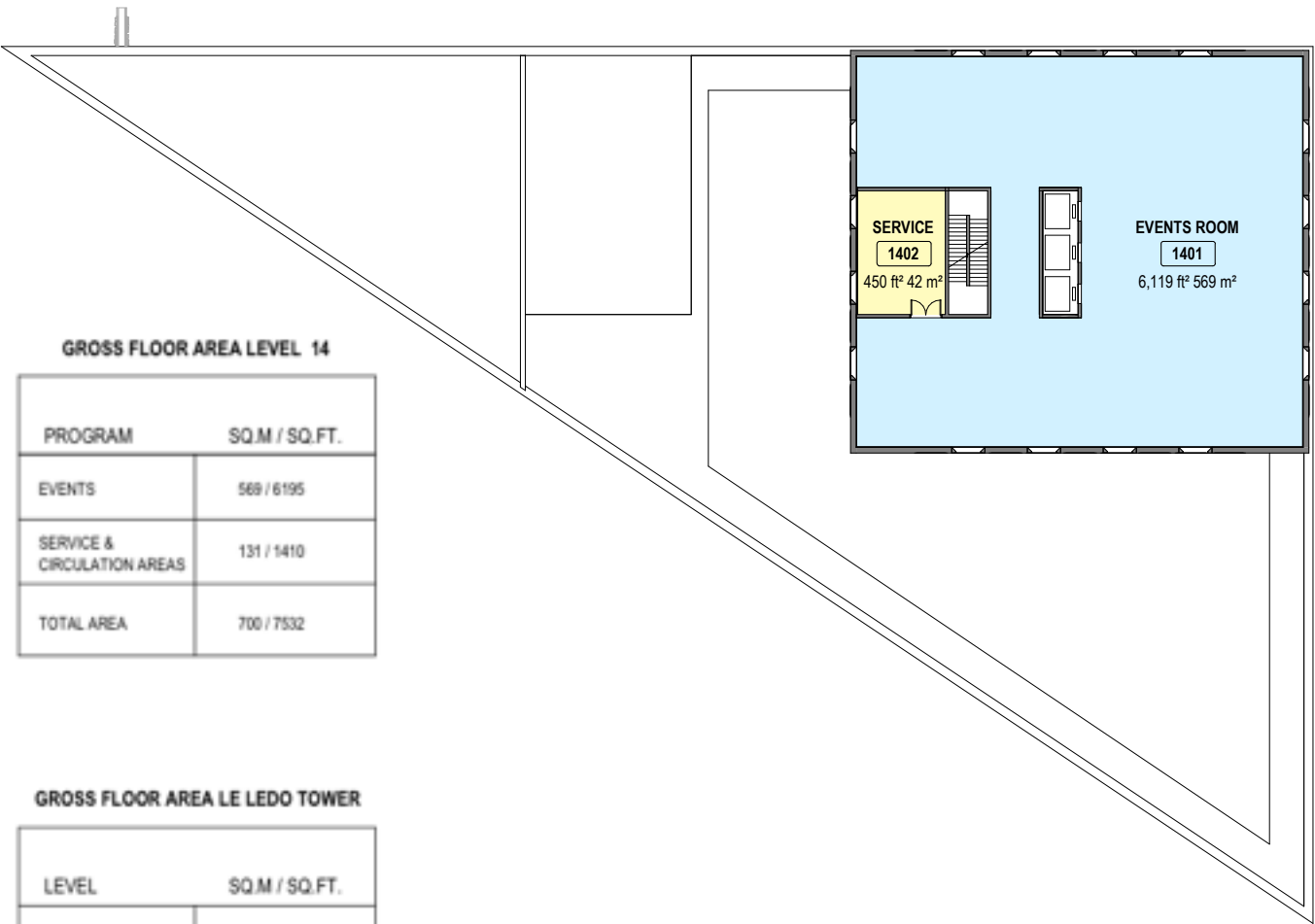


PROGRAMMING





PROGRAMMING



******NB**

Based on market demand, there may be a desire to add floors or add user groups. No more than 5 floors would be added with each floor 7532 sqft. If residential - 8-10 units per floor will be constructed. Up to 5 floors could be added with each floor 7532 sqft.

Additionally, office floors would be 7532 sqft per floor.

We would anticipate if any additional floors/usage would be between Meeting and Events Floor.

Will complete RSC and adhere to NPC-300 Codes for occupancy and design.

RSC will be completed regardless of occupancy.



Consultant company and name redacted for vendor/applicant confidentiality – Please contact Ed Landry with questions directly

December 20, 2020

Le Ledo Inc.
888 Regent Street
Sudbury, Ontario
P3E 6C6

Dear Sir:

Re: **Brownfield CIP
Ledo Block Property
Sudbury, Ontario**

Further to our recent discussions and the request of Mr. Ed Landry, Senior Planner, City of Greater Sudbury (CGS) for additional information related to Le Ledo and its associated costs, [redacted] presents the following information.

Based on our current understanding of the property and the proposed development, we do not anticipate any issues that would prevent undertaking the necessary work required to file a Record of Site Condition (RSC) with the Ministry of Environment, Conservation and Parks (MOECP). We have undertaken all work to date with the understanding that it is your intention to proceed with the RSC process for this Site. In order to file the RSC, a number of steps need to be completed. These are detailed below:

- Complete Remedial Investigation and Develop Remedial Action Plan (RAP) - This would involve determine the horizontal and vertical extent of the impact above criteria at the site based on the contaminants of concern (COCs). Based on the results a RAP with a preferred method of remediation would be developed. Estimated Cost - \$30,000
- Undertake Remediation of "Hot Spots" - Based on what we currently know about the site, the remedial options for the site would most likely involve remediating the soil and groundwater in the vicinity of the hot spot that was identified. Estimated Cost - \$200,000
- Undertake Modified Generic Risk Assessment (MGRA) - MGRA is required to deal with those areas and COCs where remediation is not feasible in order to file the RSC. Estimated Cost - \$50,000
- File Record of Site Condition - Estimated Cost \$15,000

In addition to the tasks and costs detailed above, the most likely outcome of the MGRA and necessary action to successfully file the RSC, would be the implementation of "Institutional Controls" to address the COCs that will remain at the Site. These institutional controls will most likely entail the placement of a "cap" which would be comprised of a completed foundation and a

Le Ledo Inc.

December 2020

thickness of clean imported fill material to seal and isolate the COCs. Details of the institutional controls would be determined based on the outcome of the above tasks. We understand that you have received an estimate of the cost to implement the institutional controls from others based on the soil and groundwater information that we have collected during our assessment of the Site.

Please note that assessment and cost estimates have not been completed on the portion of Romenet Laneway which Le Ledo Inc. will acquire after CIP approval. The results of the Phase I ESA and subsequent ground penetrating radar (GPR) survey indicate that an underground storage tank (UST) is present in this laneway on CGS property but is not marked on CGS as-builts. Some clarification from CGS on its origin/contents would be helpful to determine next steps.

Please also note that the estimated costs should be considered order of magnitude based on our current understanding of the site.

We trust this is sufficient for your current requirements. Please contact the undersigned should you have any questions or concerns.

Yours Truly,

PRIVATE AND CONFIDENTIAL - NOT FOR DISTRIBUTION OR PUBLICATION



Lender name redacted for vendor/applicant confidentiality - Please contact Ed Landry with questions directly



January 13, 2021.

Le Ledo Inc.
888 Regent Street, #201
Sudbury, Ontario
P3E 6C6

Re: FINANCING for LE LEDO INC proposed development

To follow up the review of your project and the potential lending facilities please accept this letter as reference for our position to support the project going forward.

Based on lender criteria, a variety of options are available for Le Ledo Inc., once accepting the required terms based on conditions that have been discussed including the validation of project budget, investor structure, cap rate, business planning and future revenues.

- The facilities available for the project include the following:
- Construction financing
 - Mezzanine or equity financing
 - Long-term take-out financing
 - including construction financing, mezzanine requirements stabilization funding and long-term debt

We understand the Le Ledo Inc. development plans are subject to the following:

- The plans and business model as described may be adjusted to align with its user groups, the investment structure, and lending conditions and based on the future zoning for the property (office, hotel, retail, hospitality, commercial, residential), and are subject to or other factors governed by the marketplace or City of Sudbury objectives for development of the downtown
- Le Ledo Inc. plans are contingent on the tax benefit programs the property qualifies for are ratified by council as described in the applications this year.
- The public sector investment into the Sudbury Library and Art Gallery (SLAG) is clearly defined to correspond with Le Ledo timelines to support the investment and outcome for the purposes of this project and the downtown. That the expected 'opening date' aligns with the opening of SLAG as defined by CGS timelines.
- That a clear plan is communicated by CGS to develop the parking capacity plan in The Junction as outlined by Downtown Master Plan and Parking EOI to support this private sector commercial development alongside public investment into the area.

Kindest Regards,



Construction manager and name redacted for vendor/applicant confidentiality - Please contact Ed Landry with questions directly



January 14, 2021.

Le Ledo Inc.
888 Regent Street, Unit 201
Sudbury, Ontario
P3E 3E8

Re - Le Ledo Budget - Executive Summary

Le Ledo Inc.

At your request, we have prepared a cost estimate for the construction of "Le Ledo" at the corners of Van Horne, Elgin and Shaughnessy in Sudbury.

This estimate is considered to be a "Class C Construction Cost Estimate". The Class C Construction Estimate is an estimate based on updated owner requirements, general description of the project, preliminary site investigation and existing conditions, and schematic drawings. The cost estimate also takes into consideration market conditions, as well as basic implementation logistics, labour and material costs and the owner contingencies and allowances. The level of precision is based historical cost data for similar projects suitably adjusted for such factors as inflation, location risk, quality size, and time. The method used for the cost estimate is established by the "Canadian Institute of Quantity Surveyors". These costs were based on architectural drawings prepared by drawings A2.01, A2.02, A2.03, A2.04, A2.05, A2.06, A6.01, A6.02, A6.03, HPA2026 AR Tower Elevation. Other were documents from Environmental Assessment Phase I and II, and initial geotechnical information; Duda and Dewitt Architects (dard Line Studios) 1980 drawings Project No. 8023 'Alterations to Ledo Hotel' Sheets 1-13; CGS as-builts, and historical survey. Additionally - my knowledge of the existing building, understanding of soil conditions in the area, and site visits. The existing Ledo building appears to be structurally sound, and can be repurposed into the design based on the robust structure and construction.

The proposed design will integrate the existing Ledo building and fully cover the remainder of the site with a 150,000 sqft comprised of a 3 storey podium and 11 storey tower. Additional floors can be built upon the podium foundation. As the entire site needs to be capped to the satisfaction of the MOE, we have determined the cost for this to be approximately \$2,950,400 of the budget for the foundation to be built upon to grade level, with the concrete seal (cap) required for occupancy and completion of the RSC.

We anticipate a 30 month construction period and have accounted for winter conditions.

Our expertise and relationship with the sub trades in the area will provide "preferred" pricing and we can use the lowest price union or non-union and best practices.

Based on these facts and review of the option, we have determined the cost for Le Ledo to be +/- \$40,000,000.

Thank you for selecting Limited as your Construction Manager and we are looking forward to proceed on the next phase of this project.

is a Construction Management company led by with its head office in Sudbury Ontario. He was previously the President of who built and managed the construction of numerous projects throughout the area including condominiums, long-term care facilities, apartment buildings, hotels, college residences, retail buildings, car dealerships, several Wal-Mart's, hospitals, and Laurentian University's LEED Platinum building.

Yours truly,

LE LEDO PROFOMA SUMMARY	BUDGET
Land Acquisition/Fees	\$1,301,500
Development Costs/Fees	\$439,663
Consulting/Professional Fees	\$3,118,665
Sales/Marketing/Leasing Fees	\$410,000
Remediation/Construction	\$40,017,869
Financing/Taxes/insurance/Bonds/Other Fees	\$4,696,470
Total	\$49,984,168*
* Costs include vetted estimates by consultants retained/chosen for the project, best practices and contingencies, known market	



Request for Decision

Part of Romanet Lane south of Van Horne and north of Elgin Street, Sudbury - Lane Closure and Declaration of Surplus Land

Resolution

THAT the City of Greater Sudbury close by by-law and declare surplus to the City's needs part of Romanet Lane, south of Van Horne and north of Elgin Street, Sudbury, legally described as PIN 73584-0917(LT), and offer the land for sale to the abutting owner(s) pursuant to the procedures governing the sale of limited marketability surplus land as outlined in Property By-law 2008-174, as outlined in the report entitled "Part of Romanet Lane south of Van Horne and north of Elgin Street, Sudbury - Lane Closure and Declaration of Surplus Land", from the General Manager of Corporate Services presented at the Planning Committee meeting on October 5, 2020.

Relationship to the Strategic Plan / Health Impact Assessment

This report refers to an operational matter.

Report Summary

This report will recommend that part of Romanet Lane, south of Van Horne and north of Elgin Street, Sudbury, be closed by by-law, declared surplus to the City's needs and offered for sale to the abutting owner(s).

Financial Implications

There are no financial implications associated with this report.

Presented To: Planning Committee
Presented: Monday, Oct 05, 2020
Report Date: Monday, Sep 14, 2020
Type: Routine Management Reports

Signed By

Report Prepared By
Angela Roy
Property Administrator
Digitally Signed Sep 14, 20

Manager Review
Keith Forrester
Manager of Real Estate
Digitally Signed Sep 14, 20

Recommended by the Division
Shawn Turner
Director of Assets and Fleet Services
Digitally Signed Sep 14, 20

Financial Implications
Steve Facey
Manager of Financial Planning & Budgeting
Digitally Signed Sep 16, 20

Recommended by the Department
Kevin Fowke
General Manager of Corporate Services
Digitally Signed Sep 23, 20

Recommended by the C.A.O.
Ed Archer
Chief Administrative Officer
Digitally Signed Sep 23, 20

Part of Romanet Lane south of Van Horne and north of Elgin Street, Sudbury – Lane Closure and Declaration of Surplus Land

Presented: October 5, 2020 Report Date: September 10, 2020

Background

The subject land measures 127 square metres (1,367 square feet) in size, is 6 metres wide (20 feet) and is zoned 'C6' – Downtown Commercial. The location of the lane is identified on the attached Schedule 'A'.

The City received a request, from an agent on behalf the abutting property owner, to purchase the subject land. The Applicant's Land is also identified on Schedule 'A'.

The proposal to close and declare surplus the lane was circulated to all City departments and outside agencies and the following comments were received:

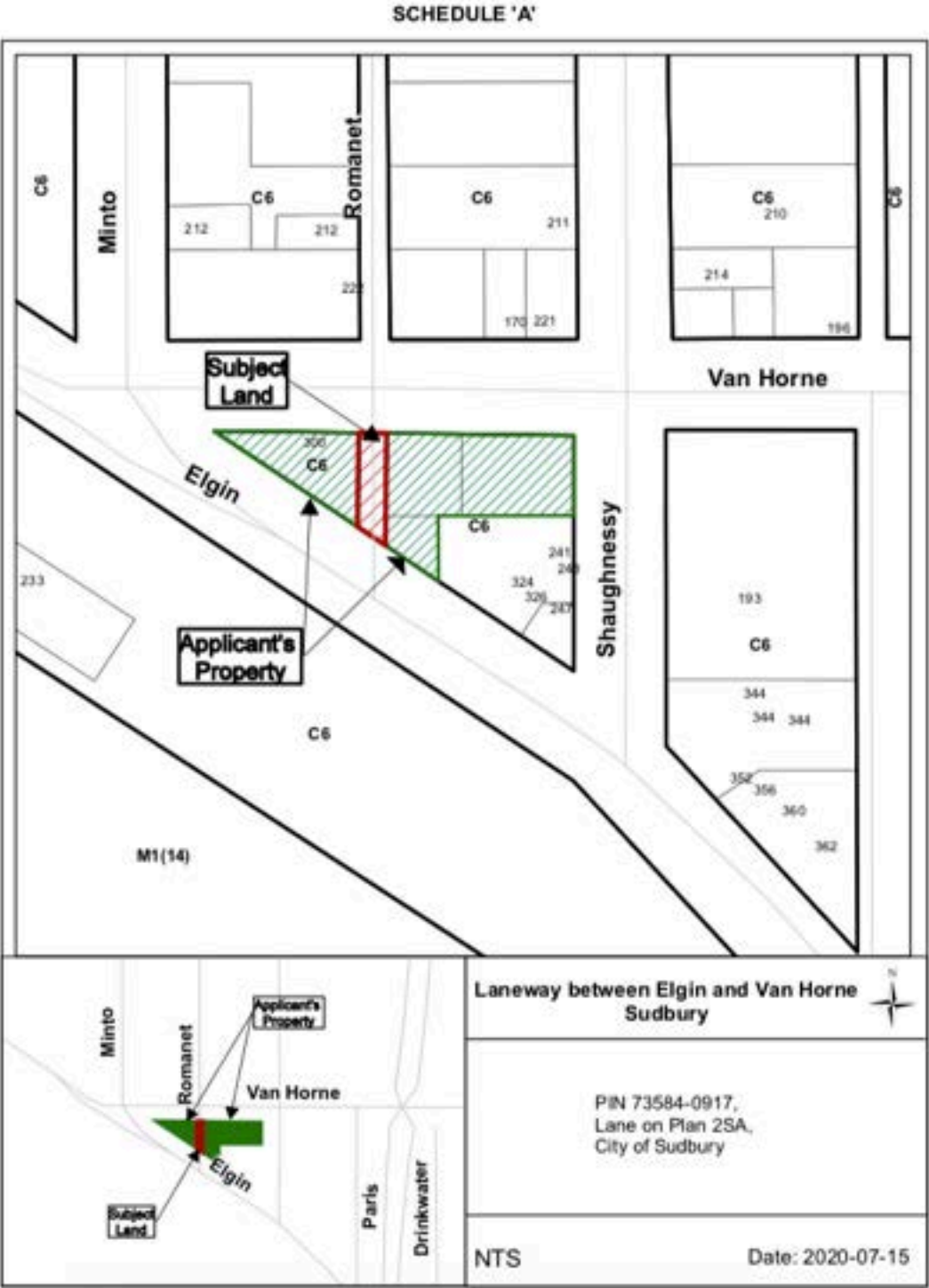
- Infrastructure Capital Planning advised that there is a 300mm diameter storm sewer running under the lane and requested that a blanket easement be retained to protect the storm system;
- Bell Canada requested that an easement be granted prior to the sale of the lane to protect its existing facilities;
- Greater Sudbury Utilities Inc., requested that an easement be granted prior to the sale of the lane to protect its existing plant, including existing overhead guy and downguys/anchors; and
- Eastlink requested that an easement be granted prior to the sale of the lane to protect its existing fibre optic lines in lane.

No further comments or objections were received.

Recommendation


It is recommended that part of Romanet Lane south of Van Horne and north of Elgin Street, Sudbury, be closed by by-law, declared surplus to the City's needs and offered for sale to the abutting owner(s).

If approved, a further report will follow with respect to the sale transaction. The by-law closing the lane will not be presented to Council until the sale of the lane has been approved by Council.







DEVELOPMENT AND RESEARCH
DOCUMENTS




LE LEDO INC. (LLI LP)
SUDBURY, ONTARIO
MARKET VALUATION

The Junction - Sudbury's Cornerstone



LE LEDO INC. (LLI LP)
SUDBURY, ONTARIO
INVESTMENT MEMO

The Junction - Sudbury's Cornerstone





Le Ledo Complex - CITY OF GREATER SUDBURY BROWNFIELD STRATEGY COMMUNITY IMPROVEMENT PLAN

PROPERTY		ADDRESSES		MPAC VALUE*		TAX %	TAX RATE %	TAX RATE %	TAX RATE %	TAX \$	TAX \$	TAX \$	TAX \$
Le Ledo Complex				(\$)		(Total)	(Municipal)	(Education)	(BIA)	(Municipal)	(Education)	(BIA)	(Total)
MPAC VALUE (EXISTING)													
2016 ASSESSMENT		300 Elgin		\$342,000		3.938195%	2.560529%	0.98000%	0.39777%	\$12,109	\$3,352	\$1,360	\$16,820
		300 Elgin		\$303,700		1.889855%	1.339189%	0.153000%	0.397666%	\$4,532	\$465	\$1,208	\$6,204
Existing Property	24,500sqft	308 Elgin		\$163,000		3.938195%	2.560529%	0.980000%	0.397666%	\$5,771	\$1,597	\$648	\$8,017
		246 Shaughnessy		\$240,000		1.889855%	1.339189%	0.153000%	0.397666%	\$3,581	\$367	\$954	\$4,903
		233 Shaughnessy		\$194,000		3.903574%	2.525908%	0.980000%	0.397666%	\$6,801	\$1,901	\$771	\$9,474
		233 Shaughnessy		\$221,000		3.903574%	2.525908%	0.980000%	0.397666%	\$7,748	\$2,166	\$879	\$10,793
				\$1,463,700		3.2439%	2.141875%	0.704333%	0.397666%	\$40,542	\$9,848	\$5,821	\$56,211
MPAC VALUE (NEW)													
						NEW TAX RATE OCCUPIED TOTAL	NEW TAX RATE OCCUPIED (Municipal 2020)	NEW TAX RATE OCCUPIED (Education 2020)	NEW TAX RATE (BIA 2020)				
						3.938313%	2.560529%	0.980000%	0.397784%				
							NEW TAX \$\$ (TOTAL)	NEW TAX \$\$ (Municipal)	NEW TAX \$\$ (Education)	NEW TAX \$\$ (BIA)			
NEW CONSTRUCTION (2020)		Existing Building					\$708,922	\$563,410	\$221,305	\$88,005			
		Podium - 3 Floors				% INCREASE	1,261.19%	1,389.69%	2,247.24%	1,511.94%			
		Tower - 10 floors+											
		Total		150,000+		\$ INCREASE	\$7,089,220	\$5,634,098	\$2,213,047	\$880,047			
COST OF CONSTRUCTION				\$45,000,000		(10 Year Minimum)							
NEW MPAC VALUE (minimum)				\$23,587,000 *									
*MPAC ASSESSED (Based on 2016 Values - no 2020 Update due to COVID)													
CGS BSCIP		TERM (Years/Timeline)		INCENTIVE (Details)		INCENTIVE (REQUEST VALUE)		NEW TAX VALUE (Total Year 2020)	NEW TAX VALUE (Total 10 Years)	TAX INCREASE (Municipal 2020)	TAX INCREASE (Education 2020)	TAX (BIA 2020)	GRANT (5 Years)
1 -BROWNFIELD STRATEGY TIEG		5 Years		100% of Municipal incremental increase for 5 years		see TIEG VALUE		\$708,922	\$7,089,220	\$563,410	\$221,305	\$88,005	\$2,817,049
1a - BROWNFIELD TIEG (Education Portion - funded by MOF)		5 Years - MOF FUNDED		100% of Education incremental increase for 5 years		see TIEG Education Value		-----	-----	-----	-----	-----	\$1,106,524
2 - ZONING BY-LAW AMENDMENT		one time/rebate		up to \$5,000		Not Applying		-----	-----	-----	-----	-----	\$5,000
3 - SITE PLAN CONTROL		one time/rebate		At Occupancy		\$1,750		-----	-----	-----	-----	-----	\$1,750
4 - PLAN OF SUBDIVISION		one time/rebate		At Occupancy		Not Applying		-----	-----	-----	-----	-----	\$0
5 - BUILDING PERMIT REBATE		one time/rebate						-----	-----	-----	-----	-----	\$60,000
6 - OCCUPANCY PERMIT		one time		inc. w/Building Permit		inc.		-----	-----	-----	-----	-----	inc.



Le Ledo Complex - CITY OF GREATER SUDBURY DOWNTOWN COMMUNITY IMPROVEMENT PLAN

PROPERTY		ADDRESSES	MPAC VALUE*	TAX %	TAX RATE %	TAX RATE %	TAX RATE %	TAX \$	TAX \$	TAX \$	TAX \$
Le Ledo Complex			(\$)	(Total)	(Municipal)	(Education)	(BIA)	(Municipal)	(Education)	(BIA)	(Total)
MPAC VALUE (EXISTING)											
2016 ASSESSMENT		300 Elgin	\$342,000	3.938195%	2.560529%	0.9800%	0.3977%	\$12,109	\$3,352	\$1,360	\$16,820
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		233 Shaughnessy	\$221,000	3.903574%	2.525908%	0.980000%	0.397666%	\$7,748	\$2,166	\$879	\$10,793
			\$1,483,700	3.2439%	2.141875%	0.704333%	0.397666%	\$40,542	\$9,848	\$5,821	\$56,211
MPAC VALUE (NEW)				NEW TAX RATE OCCUPIED TOTAL	NEW TAX RATE OCCUPIED (Municipal 2020)	NEW TAX RATE OCCUPIED (Education 2020)	NEW TAX RATE (BIA 2020)				
				3.938313%	2.560529%	0.980000%	0.397784%				
					NEW TAX \$\$	NEW TAX \$\$	NEW TAX \$\$	NEW TAX \$\$			
NEW CONSTRUCTION (2020)					(TOTAL)	(Municipal)	(Education)	(BIA)			
Existing Building					\$708,922	\$563,410	\$221,305	\$88,005			
Podium - 3 Floors				% INCREASE	1,261.19%	1,389.69%	2,247.24%	1,511.94%			
Tower - 10 floors+											
Total		150,000+		\$ INCREASE	\$7,089,220	\$5,634,098	\$2,213,047	\$880,047			
COST OF CONSTRUCTION		\$45,000,000		(10 Year Minimum)							
NEW MPAC VALUE (minimum)		\$23,587,000 *									
*MPAC ASSESSED (Based on 2016 Values - no 2020 update due to COVID)											
CGS DCIP		TERM (Years/Timeline)	INCENTIVE (Details)	INCENTIVE (REQUEST VALUE)	NEW TAX VALUE (Total Year 2020)	NEW TAX VALUE (Total 10 Years)	TAX INCREASE (Municipal 2020)	TAX INCREASE (Education 2020)	TAX (BIA 2020)	GRANT (5 Years)	
1 - DOWNTOWN CIP TIEG		5 Years	400% of municipal tax lift paid over 5 yrs	see TIEG VALUE	\$708,922	\$7,089,220	\$563,410	\$221,305	\$88,005	\$2,253,639	
2 - FACADE IMPROVEMENT		one time/max	up to \$15,000	\$15,000	-----	-----	-----	-----	-----	\$15,000	
3 - PLANNING FEE REBATE		one time/max	up to \$5,000	\$5,000	-----	-----	-----	-----	-----	\$5,000	
4 - BUILDING PERMIT REBATE		use Brownfield Application Values	up to \$30,000			-----	-----	-----	-----	\$30,000	
5 - RESIDENTIAL INCENTIVE		completion/ maximum	Not Applying	Not Applying	-----	-----	-----	-----	-----	\$0	
6 - FEASIBILITY STUDY GRANT		one time	Not Applying	Not Applying	-----	-----	-----	-----	-----	\$0	
7 - DOWNTOWN CIP INTEREST FREE LOAN		60/80/100% completion	Not Applying	Not Applying	-----	-----	-----	-----	-----	\$0	
8 - BROWNFIELD TIEG (See Brownfield Application)		5 Years	See BSCIP Program	see BSCIP	-----	-----	-----	-----	-----	See BSCIP	
9 - DEVELOPMENT CHARGES EXEMPT AREA		qualified	ref. By-Law 14-151	exempt	-----	-----	-----	-----	-----	exempt	



Business Case

Le Ledo – Community Improvement Plan Financial Request, Growth and Infrastructure Planning Services Division

Summary

This business case responds to Council Resolution FA2020–70, requesting additional information from Le Ledo Inc. It outlines the minimum of +\$7,000,000 in taxes and revenue that the municipality, province and BIA will receive over a ten year period. During this time, City of Greater Sudbury will rebate \$530,231 each year for ten years based on city policy documents: Downtown Sudbury Community Improvement Plan (DSCIP), and Brownfield Strategy and Community Improvement Plan (BSCIP). This property for is located within the corners of Elgin, Van Horne and Shaughnessy (known as ‘Le Ledo’) in the Downtown improvement Area. When approved, the development of the property will add over \$24,000,000 to the MPAC assessment for forever to increase the City’s overall assessment and municipal tax base.. This value based on 2016 assessment. Le Ledo will open about/during the time of a 2024 assessment.

The proponent has qualified for amounts that are established under the DSCIP and BSCIP. The total estimated grants and loan for the project are as follows: approximately \$5.1M of Tax Increment Equivalent Grants (\$2,253,639 DCIP and \$2,817,049 BSCIP); Planning Fee Rebate of \$5000; Building Permit Fee Rebates of \$60,000; Facade Improvement Grant of \$15,000; Zoning By-Law Amendment of \$5,000

If the business case isn’t approved, the City would lose a \$50,000,000+ private investment into City of Greater Sudbury on lands that are currently underperforming. The rebate from City of Greater Sudbury will be paid (earned) ONLY if the project is completed and taxes are paid on the property..

Community Impact

This proposal would allow the City of Greater Sudbury to earn (into the future) new revenue each year that the city isn’t currently receiving for a property that is woefully underperforming. Le Ledo Inc. requests financial incentives only because City of Greater Sudbury and council has approved to incentivize the private sector to invest in Sudbury. The project and investment group cannot be finalized or proceed if the policies and business case are not approved. The risk is that the perception of ‘nay’ decision discourages investment and development in City of Greater Sudbury, contrary per the DSCIP, and the development of a brownfield site, per the BSCIP.

Financial Incentives

The DSCIP, BSCIP and other City of Greater Sudbury guiding documents/messaging clearly state the financial incentives afforded to property owners and tenants who want to develop property in the downtown, or on a brownfield site, respectively:

Guidance for Action

- 1. Corporate Strategic Plan
- 2. Downtown Master Plan (CC2012–104)
- 3. Downtown Sudbury Community Improvement Plan (By-law 2016–246)
- 4. Brownfield Strategy and Community Improvement Plan (By-law 2011–222)
- 5. Council Resolution re: 2021 Budget (FA2020–70)
- 6. Planning Committee Resolution to develop business case (PL2017–34)

Insight

If recommended and approved by council, the Le Ledo Inc will complete the purchase of the property whose terms are tied to the outcome of this business case. Work on the project will continue for the next 3–4 years to completion to precede or coincide with the opening of the new Sudbury Library and Art Gallery. The private sector investment would respond to Council’s objective of funding economic development plans, would help meet the development targets outlined in the Downtown Master Plan, and would revitalize a brownfield site in the city’s most visible neighbourhood. Le Ledo Inc. will fund and finance the entire project through equity and debt facilities whose participation is linked to the approval of the CIP applications and business case. The CIPS and rebate offset the risks associated with contemplating the development of this size to the benefit of City of Greater Sudbury. The ratio of private investment of Le Ledo Inc. in relation to public funds is \$50,000,000 : \$53,000 or 9.4 : 1. At no time will Le Ledo Inc. receive any CIP funds until after the completion of the project.



Proposed Action

There are a number of strategic elements that Le Ledo Inc. has taken direction from City of Greater Sudbury and their policies:

- Corporate Strategic Plan: Growth and Economic Pillar: implement the economic development related plans approved by Council, with the necessary resources to support them
- Downtown Master Plan: Refocus incentive programs to match key planning outcomes: new commercial, residential, office hotel and retail. Increase residential population downtown
- Downtown Sudbury Community Improvement Plan: Revitalize downtown Sudbury; build on existing infrastructure; grow assessment and tax revenue; enhance quality of public realm
- Brownfield Strategy and Community Improvement Plan: create and retain employment opportunities; increase assessment and tax revenue; increase economic competitiveness; enhance environmental quality, health and safety; intensify and revitalize neighbourhoods and communities.; rehabilitate existing serviced lands
- Council approval of Intake Process (CC2018-50) to encourage investor activity, development and growth of the tax base
- Planning Committee Direction to develop business cases for Intake applicants

Recommending this investment in the CIP is consistent with the goals of the City of Greater Sudbury and the interest and desire to grow the tax base, population and pride of the city..

Urgency

Per Le Ledo September 2020 application, the proponent anticipates the completion of the project to coincide or precede the opening of the new Sudbury Library and Art Gallery in 3-4 years time. Delaying the decision to the 2022 budget will limit Le Ledo Inc.'s ability to assume the risk of the project and begin progress.

Alignment with Strategic Plan

Council has established a priority of implementing the economic development related plans approved by Council developments like Le Ledo in the Downtown CIP area. This priority rests under the Growth and Economic Development Pillar.

Analysis

Qualitative

When approved, project will stimulate a private sector investment of +\$50,000,000 and lead to the occupancy of a new 150,000 sqft building that will that will provide a workplace for 200 full-time and part-time jobs, and 165 jobs during construction. It would also help achieve a number of planning outcomes, including the revitalization of Downtown Sudbury and increasing the revenue generated from underperforming properties where infrastructure exists.

Quantifiable*

When approved, this 10 year investment (\$530,231 annually) would require a nominal increase to the levy. A 0.175% tax increase would be required to secure the development of the property.

The tax rebates will be advanced ONLY after occupancy and taxes are paid based on the new MPAC value not accounting for tax and MPAC increases.. The total grant for the tax assistance program approved by council, for the rehabilitation and development period of 36 months is estimated to be \$121,626.

The post-occupancy grants include the DCIP and BSCIP Tax Increment Equivalent Grant (estimated at \$5,070,688 over 10 years); Planning Fee Rebate (\$5,000); DCIP and BSCIP Building Permit Fee Rebate (\$90,000); Facade Improvement Grant (\$15,000), Tax Assistance Program – Development and Construction Stage (\$121,626).

The requests in the application are based on council direction from CC2012-104, By-law 2016-246, By-law 2011-222, By-law 2013-192 and the current council requesting proponent applications PL2017-34 for private investment into our Downtown and Town Centres.

Structure of Request *

10 year duration	Funded by Tax Levy with 0.17%-18%	\$530,231/yr
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There is a high likelihood that the desired planning outcomes outlined above will be realized if the business case is approved. The property is currently zoned for the purposes Le Ledo Inc. is contemplating. The outlined benefits are to occur once the the proposal is approved. The projection is to work through 2021 with the development team to begin the rest of the work. As stated, Le Ledo come online along the same timelines as the Sudbury Library and Art Gallery in 3-4 years.



That, pursuant to the Planning Committee recommendation that the Le Ledo Inc. has entered into an agreement to acquire Romanet Lane for \$20,000; we are prepared to also provide the city the documents required for site plan, building permit and occupancy. To also satisfy CPR as required under the NPC-300 guidelines per Ministry of Environment.

Le Ledo Inc. requests council declare the property NPC-300 compliant for the purposes of the potential occupancies and will satisfy the city and CP through the design process.

* Subject to City of Greater Sudbury staff confirmation

Implementation

When approved, Le Ledo Inc. would enter into agreements with the City of Greater Sudbury where terms as to when grants will be paid out, timelines for completion, etc. The individual agreements would include a variety of clauses that respect the efforts of both parties and allow Le Ledo to pivot and amend the allocation of space if required as the market conditions evolve,, provided the final MPAC assessment value is no less than the \$24M indicated in the application.

Nearly all of the incentives are provided only once the work is completed, or for a period of 10 years after completion and the taxes are paid.. The desired planning outcomes of this application are dependent on the the City of Greater Sudbury fulfilling the terms and intentions of the policies approved by the current council and goals therein.

Advantages

- Redevelopment and rejuvenation of downtown core
- Creates investment environment; achieves planning outcomes for Downtown Sudbury and Brownfield Redevelopment
- Development and private investment in the downtown to support Public investment into the downtown
- Grows assessment base (by \$24M +) and taxation (+\$563K)
- Advantages: Monies provided to other priorities; Disadvantage:

Disadvantages

- Perception that public funds are being provided to private landowners
- Short-term impact to municipal budget until additional assessment is realized
- Outcomes are dependent on private owner undertaking the improvements
- Proponent may not redevelop property
- Perception of having a CIP without resources

Capacity Impacts

Le Ledo Inc will file a Record of Site Condition, enter into a site plan agreement with the City, and obtain a building permit. Community Improvement Grant programs are administered by Planning Services, in consultation with Legal Services, Building Services and Finance.

Risks

There are no risks for the City of Greater Sudbury if council approves the applications. No funds will be paid to Le Ledo Inc. until certain milestones are achieved, construction is complete and taxes are paid.

In contrast, the risks associated for the City of Greater Sudbury is that this business case isn't approved and the investment in this project (totaling \$50,000,000) plus the other applicants from Downtown and Town Centres is not realized. This would result in the loss of at least \$563,000 in new taxes, lose investor confidence and create perception that the City of Greater Sudbury will not support the heavily promoted programs and policies to that have been created to foster private investment into the city for areas designated for this purpose.



