

# BUSINESS

## Somerset House development put on ice

**Building in limbo as owners await court resolutions, reports Marion Warnica.**

**P**lans to restore Somerset House heritage building – which partially collapsed in late 2007 – are crumbling as owners temporarily abandon attempts to get a building permit.

“We’re tired of throwing money at the wall,” says Hugh Kennedy, the general manager of TKS Holdings Inc, which owns the building. “We deal with one thing and they (the city) just come back with something else. After awhile you just give up.”

The City of Ottawa required owners to get a new permit after the collapse.

The city closed the intersection at Bank and Somerset streets for eight weeks and decided the building should be torn down.

A court order reversed the decision days before demolition began, and owners applied for permission to turn the building into a new restaurant and office space.

Ottawa’s review system for building permits generally takes five to 25 days.

This case is still ongoing – after almost a full year.

In an exchange of letters described as “adversarial” by the building’s owners and “a tennis match” by the city, proposals have been offered and rejected, scrutinized and countered.

Kennedy says TKS Holdings Inc is tired of spinning its tires and will wait to try again until the air is cleared by a pending lawsuit.

The company is suing the city over several issues, including alleged damage caused by city-employed engineers who demolished part of the building to get inside for a structural assessment.

A second lawsuit pitting the city against the company is also pending.

The city’s chief building official, Arlene Gregoire, is on holidays this month, but acting director of building permit approvals, Peter Black, has sifted through the “one-inch-thick” stack of letters in the Somerset House file.

Black says the city hasn’t issued a building permit because the proposed plans don’t include special wall reinforcements that strengthen buildings during earthquakes. The reinforcements are required under the newest Ontario Building Code draft.

“It’s basically a matter of them being able to prove their argument. And they really haven’t done that at this point in time,” says Black.

Derek Crain, the architect in



Susan Krashinsky, Centretown News

Somerset House owners are still unable to get a building permit from the city to begin re-construction.

charge of the renovations, calls the city’s opposition unreasonable.

“If we forced the 2006 building code on all the heritage buildings in Ottawa, we would end up tearing them all down – including the parliament buildings,” he says.

The building code currently includes a clause that allows for creative interpretation of the rules if strict adherence interferes with a building’s heritage elements. Crain says in this case a renovation according to the earthquake rule would detract from the building’s

windows and doors – some of its remaining heritage elements. But the city’s engineers say it’s possible to reinforce Somerset House’s walls without damaging the historic features.

Coordinator of heritage planning for the city Stuart Lazear agrees the clause for preserving heritage buildings could be a way to solve things, but that it’s ultimately about interpretation between sides: “engineer to engineer.”

The provincial Building and De-

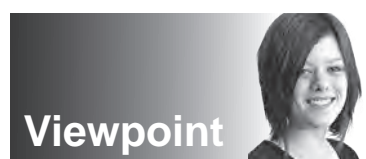
velopment Branch says there is an independent building commission for appeals if an applicant feels his or her case isn’t being treated fairly.

Hugh Kennedy says he might consider that option.

But he adds he’s not eager to add to the “way way more” than \$100,000 price tag the building permit application process has already cost.

Lawyers involved with the case expect the lawsuits to proceed in 2010.

## Safer investment ideas still exist, despite recession



**Viewpoint**

**Daniella D'Alimonte**

Investing might sound scary right now, considering the giant hits the global economy has taken in the last year. However, in times like these it is smart to stash your extra cash where it can benefit you the most.

Mutual funds are a great option for people prepared to chance the market without the risk of putting their money into individual stocks.

They allow people to buy units in mutually owned investments held in a fund run by professionals. These funds are made up of assets in an array of companies, spreading out the risk.

This means if there is poor performance by one or several of the companies the fund holds assets in, there is a good chance several others are doing well, hopefully balancing it.

However, it is important to keep in mind such funds have a certain

amount of risks tied to them so research is a must. It is important for investors to always look into what companies the fund invests in and how much.

A fund might invest in a wide variety of junior mining companies with different amounts of money invested in each depending on its predicted performance.

However, they are all junior mining companies. While a fund may be diversified, it is important to know how it is diversified.

Business and personal finance magazine are a good option for research. Canadian Business Magazine posts the top and worst mutual funds over five years.

Bonds are another good option to look to. In purchasing them, money is loaned to a specific company and the purchaser gains interest in return over a fixed period of time.

After this set period of time, when the bond matures, the purchaser receives his or her initial investment back.

The cost of these bonds depends on many factors such as market interest rates, the time the bond will take to mature and how easy it is to buy and sell the bond. The

credit quality of the company you are dealing with and where the bond ranks if the company were to go under are also factors.

In the case of Canada Savings Bonds (CSBs), the purchaser is loaning money to their country. The CSB, which is cashable at any time, has a minimum guaranteed interest rate.

Although it can fluctuate, it will never fall below the posted rate for that period. Canada Premium Bonds (CPBs) offer a higher rate upon purchase, however, they do not fluctuate with the market and they can only be cashed once a year within 30 days of the original purchase date.

These bonds are backed by the federal government, and can be purchased with funds in Registered Retirement Savings Plans or Registered Retirement Income Fund (RRIF).

They can be purchased for as little as \$100 by phone, through a bank or wherever the purchaser invests. CSBs are available early October through to April 1.

People can contribute to RRSPs as an individual or along with a spouse or common-law partner. While the money remains in the

plan, it is usually tax-free and can be used as a deduction on taxable income.

Generally though, taxes must be paid when the plan is cashed in, withdrawn from, or if regular payments are received from it in the form of RRIF.

An RRSP can be a great option for people saving up for their first home. The Home Buyers Plan, as of January, allows people to withdraw up to \$25,000 from their RRSP tax-free.

This money is to be put toward buying or building a first home, or toward a home for a relative with a disability.

However, people taking advantage of this plan must set up a schedule to repay the money to their RRSP within 15 years, otherwise the money withdrawn will be taxed. The Lifelong Learning Plan (LLP) is a similar program designed to fund educational endeavors.

Money can be removed from RRSPs to finance education and training for yourself or your partner. However, people can’t use this plan for their children or those of their partner. A Registered Education Savings Plan however,

is useful for this.

And for a similar option, any Canadian citizen over the age of 18 with a valid social insurance number can set up a tax-free savings account (TFSA). Available this year, TFSAs encourage Canadians to save money. All interest earned in these accounts is tax-free, even when withdrawn.

However, contributions are not deductible from taxable income, unlike with RRSPs. Only account holders can make contributions to these accounts, and up to \$5,000 can be contributed yearly. Any amount over \$5,000 will be taxed one per cent monthly.

According to Revenue Canada “the types of investments that will be permitted in a TFSA are the same as those permitted in a registered retirement savings plan (RRSP). This would include mutual funds, securities listed on a designated stock exchange, Guaranteed Investment Certificates (GICs), bonds, and certain shares of small business corporations.”

So, for those looking to see growth in savings, or simply to preserve a nest egg, one or several of these options are worth looking into.