

**Subject: Application by Trim Works Developments Limited for 1280 Trim Road**

**File Number: ACS2023-PRE-EDP-0027**

**Report to Finance and Corporate Services Committee on 4 July 2023**

**and Council 12 July 2023**

**Submitted on June 28, 2023 by David Wise, Director, Economic Development and Long Range Planning, Planning, Real Estate and Economic Development Department**

**Contact Person: Chris Cope, Economic Development Officer, Economic Development and Long Range Planning, Planning**

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**Ward: Orléans East-Cumberland (1)**

**Objet : Demande de Trim Works Developments Limited pour le 1280, chemin Trim**

**Dossier : ACS2023-PRE-EDP-0027**

**Rapport au Comité des finances et des services organisationnels**

**le 4 juillet 2023**

**et au Conseil le 12 juillet 2023**

**Soumis le 28 juin 2023 par David Wise, Directeur, Développement économique et planification à long terme, Services de la planification, des biens immobiliers et du développement économique**

**Personne ressource : Chris Cope, Agent du développement économique, Développement économique et planification à long terme**

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**Quartier : Orléans-Est-Cumberland (1)**

## **REPORT RECOMMENDATION(S)**

**That the Finance and Corporate Services Committee recommend Council:**

- 1. Approve the grant application submitted by Trim Works Developments Limited, in respect to 1280 Trim Road, in accordance with the Integrated Orléans Community Improvement Plan, not to exceed \$1,257,737 over a maximum period of 10 years, subject to the establishment of, and in accordance with, the terms and conditions of a Community Improvement Plan Agreement; and**
- 2. Delegate authority to the General Manager, Planning, Real Estate and Economic Development, to finalize and execute an Integrated Orléans Community Improvement Plan Agreement with Trim Works Developments Limited, establishing the terms and conditions governing the payment of a grant for the redevelopment of 1280 Trim Road, to the satisfaction of the General Manager, Planning, Real Estate and Economic Development Department, the City Solicitor, and the Chief Financial Officer.**

## **RECOMMANDATION(S) DU RAPPORT**

**Que le Comité des finances et des services organisationnels recommande au Conseil :**

- 1. d'approuver la demande de subvention présentée par Trim Works Developments Limited pour le 1280, chemin Trim conformément au Plan d'améliorations communautaires intégré d'Orléans, demande d'un montant maximal de 1 257 737 \$ sur au plus 10 ans, sous réserve de la conclusion d'une entente pour le Plan et conformément aux modalités de celle-ci;**
- 2. de déléguer au directeur général, Planification, Immobilier et Développement économique le pouvoir de parachever et de signer l'entente avec Trim Works Developments Limited, entente précisant les modalités de versement d'une subvention pour le réaménagement du 1280, chemin Trim, à sa satisfaction personnelle du directeur général, Planification, Immobilier et Développement économique, mais aussi à celle de l'avocat général et du chef des finances.**

## **BACKGROUND**

A Community Improvement Plan (CIP) is an economic development tool, permitted under Section 28(7) of the *Planning Act*, which allows a municipality to provide financial

incentives directly to property owners to stimulate new development, redevelopment, or other property upgrades.

The Community Improvement Plan policies in Section 11.3 of the new Official Plan, adopted by Council in October 2021, establish a rationale for preparing a Community Improvement Plan and set out the criteria to be considered when designating a Community Improvement Plan Project Area. The Official Plan establishes priority areas for community improvement and sets out a range of actions that Council may undertake to implement Community Improvement Plans.

The Integrated Orléans Community Improvement Plan (CIP) was adopted by Council on September 8, 2021 ([ACS2021-PIE-EDP-0030](#)). By-law No. 2021 – 285 provides comprehensive program details and designates the Integrated Orléans Community Improvement Plan (CIP) and Project Area.

The purpose of this report is to bring an application under the Integrated Orléans Community Improvement Plan from Trim Works Developments Limited for 1280 Trim Road, before the Finance and Corporate Services Committee and Council for consideration and approval.

## **DISCUSSION**

This report recommends approval of an application submitted by Trim Works Developments Limited, in respect of 1280 Trim Road, in accordance with the Integrated Orléans Community Improvement Plan (CIP). Trim Works Developments Limited is a privately held company and the owner of the property at 1280 Trim Road located within the boundary of the Integrated Orléans Community Improvement Plan Project Area.

As outlined in the CIP program application submitted by Trim Works Developments, the proposed project would result in a cumulative positive differential of approximately \$1,676,983 in the municipal portion of property taxes over the 10-year grant period. Subject to Council approval and the execution of a Community Improvement Plan Grant Agreement, a financial incentive in the form of an annual Tax Increment Equivalent Grant, payable to Trim Works Development Limited following the payment of annual property taxes, would total a maximum of \$1,257,737 over the 10-year grant period. Approximately \$419,246 in new municipal property taxes would accrue to the City over the same period.

The economic impact of the proposed development is estimated at \$7,630,893 in direct construction costs in addition to indirect and induced economic benefits to the local economy. New tenants will require a minimum of 75 new permanent full-time employees.

## **Project Description**

The project at 1280 Trim Road includes the demolition of an existing 488 square meter vacant, dilapidated building and the construction of three new buildings totaling 1,565 square meters ( $557 \text{ m}^2 + 325 \text{ m}^2 + 682 \text{ m}^2$ ).

The three new buildings are all proposed as one-storey structures to house several new businesses and restaurants. The buildings will be wood framed with membrane roofing.

The applicant has indicated that current construction costs, combined with high interest rates, has presented challenges to generating a sufficient return to proceed with the project. The CIP incentive will allow the project to move forward, remove the dilapidated building on-site, and contribute a new retail presence to the development of Trim Road. If the applicant is unable to secure a grant under the Integrated Orléans CIP program, the project will not proceed.

## **Calculating the CIP Program Grant**

On March 6, 2023, the City received an application to the Integrated Orléans CIP program from Trim Works Developments Limited, for 1280 Trim Road. City staff reviewed the application and deemed it complete.

Requirements for applications submitted to the City under the Integrated Orléans CIP program are described in Document 1 and the application by Trim Works Developments Limited for 1280 Trim Road meets these requirements.

As part of the Integrated Orléans CIP program application, the Applicant was required to submit an independent tax study by a qualified consultant, to provide an estimate of the property assessment increase anticipated at project completion to determine eligibility for a grant under the program. The tax study also provides the associated municipal property tax increase attributable to the project.

The applicant provided an appraisal report on the proposed development at 1280 Trim Road Ottawa prepared by McLean, Simon, and Associates (OTTAWA). The amounts shown in Document 3 “Grant Calculation – Proposed Subject Property” are extracted from that report.

The application is made under Section 3.4 of the Integrated Orléans CIP program “Employment Creation Incentive Program” and, accordingly, the project is required to deliver a minimum of twenty new full-time equivalent jobs. The anticipated tenants in the three new buildings will require approximately 75 new full-time equivalent employees to meet operational needs.

Under Section 3.4 of the Integrated Orléans CIP program, the grant is calculated as equal to 75 per cent of the municipal property tax increment directly attributable to the development up to the lower of a cumulative maximum grant of 50 per cent of eligible construction costs or \$5 million. Total eligible costs for this project are estimated at \$7,630,893 and 50 per cent of this amount is \$3,815,447. A breakdown of Eligible Costs is shown in Document 2.

Over the 10-year grant period, the estimated positive cumulative differential in the municipal portion of property taxes attributable to the project is approximately \$1,676,983. The CIP grant will be based on 75 per cent of this increase and is estimated at approximately \$167,698 annually (10-year average) or \$1,257,737 cumulative over the 10-year grant period. This amount represents an approximate order of magnitude based on estimated future assessed values and taxation rates (see Document 3).

The actual CIP grant will be based on the actual revised property assessment and then current taxation rates, following completion of the project and reassessment by the Municipal Property Assessment Corporation (MPAC). The CIP grant will not be paid in advance but will be directly tied to the amount of development completed on the property and the corresponding increase in municipal property tax contribution to the City. If the development does not proceed, no grant would be provided.

### **Consistency with Official Plan and Secondary Plan policies.**

This location is within the boundaries of the Trim Minor Road Designation of the Orléans Secondary Plan. The Trim Minor Road Designation is intended to support the adjacent Local Production and Entertainment designations and the Trim O-Train Station. As this area is characterized by and reserved for employment uses including industrial activities, residential development is not permitted, but commercial activities including retail and restaurant uses are in line with the policy intent. While the Secondary Plan is supportive of up to 6-storeys, a one-storey development is permitted. With respect to the O-Train station, the policies of the Secondary Plan require that development contribute towards improving and enhancing the pedestrian and cycling experience on Trim Road, including framing the buildings to the adjacent street, and orienting principal entrances towards the street while locating parking towards the rear of the site.

This CIP grant is conditional upon demonstration of compliance with the policies in the Orléans Corridor Secondary Plan through an approved Site Plan, to the satisfaction of the General Manager of Planning, Real Estate and Economic Development.

### **FINANCIAL IMPLICATIONS**

The maximum grant under the Integrated Orléans Community Improvement Plan is \$1,257,737 over a maximum period of ten years. The grant will be directly tied to the amount of development completed on the property and the corresponding increase in property tax contribution to the City. Budget authority requirements will be brought forward through the annual budget process.

## **LEGAL IMPLICATIONS**

There are no legal impediments to the adoption of the recommendations in this report. The suspension adopted by Council on December 14, 2022 does not apply to the Integrated Orléans Community Improvement Plan.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

I am aware of the application related to this report and am fully supportive.

The Integrated Orléans Community Improvement Plan (CIP) is part of a larger economic development effort being made to transform Orléans into a more desirable and sustainable community. This application is a prime demonstration of how the CIP incentive will allow a project to move forward and contribute positively to the development of Trim Road as a commercial hub.

The application proposes to revitalize a dilapidated building and provide a boost to the local economy of \$7,630,893 in direct construction costs and a minimum of 75 new permanent full-time jobs. This increased employment will contribute to the establishment of a daytime economy that will see our local restaurants and services thrive.

The application is consistent with the Official Plan and Secondary Plan policies, and would help to improve the area, so that we can attract businesses and jobs as well as give our local business owners new, fresh spaces to work out of.

The applicants have clearly demonstrated that given current construction costs and high interest rates, the development would not proceed without the CIP grant.

I have been an ardent supporter of intensification and revitalization in my ward. Part of my vision for Orléans is to see a concentration of revitalized businesses close to transit. This proposal is the first of what I hope to be many proposals to revitalize businesses in the heart of our community.

I will continue to work very hard to support this vision through the Economic Corridor Study and the Community Improvement Plan. I am excited to see the first application under the Integrated Orléans Community Improvement Plan and am fully supportive of its approval.

**ADVISORY COMMITTEE(S) COMMENTS**

N/A

**CONSULTATION**

There was no public consultation for this report.

**ACCESSIBILITY IMPACTS**

There are no accessibility impacts.

**ECONOMIC IMPLICATIONS**

The economic impact of the proposed development is estimated at \$7,630,893 in direct construction costs in addition to indirect and induced economic benefits to the local economy. All materials for the project will be sourced locally, and all consulting and design work will be performed by local firms. Accordingly, the value of locally supplied materials is also estimated at \$7,630,893.

At least 75 new permanent full-time jobs will be created when the buildings are fully constructed and leased. The project will result in new businesses opening in an area that is rapidly expanding and will contribute to the development of the Trim Road commercial hub.

Following project completion, approximately \$9,830,000 in new commercial assessment is projected to be added to the City's property tax assessment roll in year 1 (2025). By the time the grant period ends in 10 years, the cumulative positive municipal property tax differential will be approximately \$1,676,983 and after payment of CIP grants totalling \$1,257,737, the City will benefit from \$419,246 in net new municipal property taxes. At the end of the 10-year grant period, the City will receive approximately \$204,817 in annual property taxes (Municipal portion) from this property going forward.

**RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report

**RURAL IMPLICATIONS**

There are no rural implications associated with this report

**SUPPORTING DOCUMENTATION**

Document 1 Requirements for Integrated Orléans Community Improvement Plan  
Program Application Submissions

Document 2 Eligible Project Cost Estimates

Document 3 Grant Calculation – Proposed Development at 1280 Trim Road

**DISPOSITION**

Legal Services, Innovative Client Services Department to prepare the Community Improvement Plan Grant Agreement.

Planning, Real Estate and Economic Development Department and Finance Department, Revenue Branch to develop a general administrative approach to implement the Integrated Orléans CIP Financial Incentive Program for this application.

Planning, Real Estate and Economic Development Department to notify the applicant of Council's decision.



## Document 1

### Requirements for Integrated Orléans Community Improvement Plan Program Application Submissions

To qualify, applicants must satisfy the following conditions:

- a) The property is located within the defined boundaries of the Integrated Orléans Community Improvement Plan Project Area as described in By-law 2021-284.
- b) The project is a redevelopment or replacement of an existing building and is not a Greenfield development.
- c) The proposed work to be undertaken is expected to result in a minimum increase of fifty thousand dollars (\$50,000) in the assessed value of the property.
- d) It can be demonstrated that the project would not otherwise have proceeded in the absence of the incentive.
- e) For applications to the “Employment Creation Incentive Program” the project will result in a minimum of twenty new permanent full-time jobs. Added jobs must be the result of new businesses in the area and/or expansions of existing companies. A relocation of existing employment will not satisfy program criteria
- f) The property is in a location with significant development potential, specifically those designated as Town Centres, Mixed-Use Centres, Employment Areas, Enterprise Areas, and Main Streets. These areas include locations that are centred on the rapid-transit network, major roads, busy commercial streets
- g) Prior to making an application for financial incentives, a pre-consultation with Planning Services and Economic Development Services staff is required;
- h) Submit a complete Integrated Orléans CIP program application to Economic Development Services describing (in detail) the development or redevelopment project; and
- i) Include, as part of the application, an independent tax study by a qualified consultant, having an AACI designation (Accredited Appraiser Canadian Institute) or an AIMA (Associate) or MIMA (Accredited) designation from the Institute of Municipal Assessors, which provides an estimate of the property assessment increment anticipated upon project completion.

**Document 2****Eligible Project Cost Estimates**

Grants received through the Integrated Orléans CIP cannot exceed 50 per cent of the total cost of the project. Eligible items in the calculation of total costs are listed below.

**ESTIMATED PROJECT COSTS:**

a. Demolishing buildings	\$ 80,578
b. Constructing / upgrading on-site infrastructure including water services, sanitary sewers, burying hydro service and stormwater management facilities	\$ 393,853
c. Constructing / upgrading off-site infrastructure including roads, water services, sanitary sewers, stormwater management facilities, electrical and gas utilities	\$ 18,000
d. Constructing / upgrading on-site features including hard and soft landscaping, parking areas, walkways, decorative lighting, and signage	\$ 565,503
e. Constructing / upgrading off-site features including walkways, pedestrian amenities, hard and soft landscaping	\$ 33,090
f. Constructing new building(s), additions to buildings, upgrading building facade in front or external side yards	\$ 6,115,379
g. Building permit fees for any of the preceding work	\$ 424,490
h. Leadership in Energy and Environmental Design (LEED) Program Components:	
a. Base plan review by a certified LEED consultant;	\$ 0
b. New working drawings to the LEED standard; and	\$ 0
c. Submitting and administering the constructed element testing and certification used to determine the LEED designation.	\$ 0
<b>Total</b>	<b>\$ 7,630,893</b>

**Document 3**

## Grant Calculation – Proposed Development at 1280 Trim Road

<b>1280 Trim Road Post-Development 10-Year Municipal Property Tax and Grant Projection</b>						
	Assessment 2022 existing		Municipal Property Tax			Grant @ 75% of Increase
	2025+ estimated	Taxation Rate	Not Improved	After Completion	Increase	
2022	\$1,170,000		-	-	-	
2023	-	-	-	-		
2024	-	-	-	-		
2025	\$11,000,000	1.558017	\$18,229	\$171,382	\$153,153	\$114,865
2026	\$11,000,000	1.589177	\$18,593	\$174,809	\$156,216	\$117,162
2027	\$11,000,000	1.620961	\$18,965	\$178,306	\$159,340	\$119,505
2028	\$11,000,000	1.653380	\$19,345	\$181,872	\$162,527	\$121,895
2029	\$11,000,000	1.686447	\$19,731	\$185,509	\$165,778	\$124,333
2030	\$11,000,000	1.720176	\$20,126	\$189,219	\$169,093	\$126,820
2031	\$11,000,000	1.754580	\$20,529	\$193,004	\$172,475	\$129,356
2032	\$11,000,000	1.789671	\$20,939	\$196,864	\$175,925	\$131,944
2033	\$11,000,000	1.825465	\$21,358	\$200,801	\$179,443	\$134,582
2034	\$11,000,000	1.861974	\$21,785	\$204,817	\$183,032	\$137,274
			<b>\$199,600</b>	<b>\$1,876,583</b>	<b>\$1,676,983</b>	<b>\$1,257,737</b>