

**Subject: Brownfields Grant Application - 200 Baribeau Street**

**File Number: ACS2024-PRE-PS-0030**

**Report to Finance and Corporate Services Committee on 2 April 2024  
and Council 17 April 2024**

**Submitted on March 14, 2024 by Derrick Moodie, Director, Planning Services,  
Planning, Real Estate and Economic Development**

**Contact Person: Wendy Tse, Coordinator (A), Front Ending Agreements and  
Brownfields Programs, Planning Operations and Continuous Improvement  
Branch**

**613-580-2424, ext.12585, Wendy.Tse@ottawa.ca**

**Ward: Rideau-Vanier (12)**

**Objet: Demande dans le cadre du Programme de subvention pour la remise  
en valeur des friches industrielles – 200, rue Baribeau**

**Dossier: ACS2024-PRE-PS-0030**

**Rapport au Comité des finances et des services organisationnels le 2 avril 2024  
et au Conseil le 17 avril 2024**

**Soumis le 14 mars 2024 par Derrick Moodie, Directeur, Services de la  
planification, Direction générale de la planification, des biens immobiliers et du  
développement économique**

**Personne ressource: Wendy Tse, Coordinatrice (i) Ententes préalables et  
Programme de friches industrielles, Opération de planification et de l'amélioration  
continue**

**613-580-2424, ext.12585, Wendy.Tse@ottawa.ca**

**Quartier: Rideau-Vanier (12)**

## REPORT RECOMMENDATIONS

That Finance and Corporate Services Committee recommend Council:

1. Approve the application submitted by Baribeau Street Development Inc., owner of the property at 200 Baribeau Street, for Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan (2015), not to exceed a total of \$3,878,794 for which the grant payment period will be phased over a maximum of ten years of development, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfield Redevelopment Grant Agreement; the maximum deferral of Development Charges of \$3,296,975 under the Development Charge Deferral Program; and the estimated contribution of \$345,044 towards the Municipal Leadership Strategy fund;
2. Delegate the authority to the General Manager, Planning, Real Estate and Economic Development, to execute a Brownfield Redevelopment Grant Agreement with Baribeau Street Development Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 200 Baribeau Street, to the satisfaction of the General Manager, Planning, Real Estate and Economic Development Department, the City Solicitor and the Chief Financial Officer.

## RECOMMANDATIONS DU RAPPORT

Que le comité des finances et des services organisationnels recommande au conseil :

1. D'approuver la demande de participation au Programme de subvention pour la remise en valeur des friches industrielles présentée par Baribeau Street Development Inc., propriétaire du bien-fonds situé au 200, rue Baribeau, pour une subvention versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles (2015) n'excédant pas 3 878 794 \$ au total, sur une période de versement échelonnée sur dix ans au maximum, sous réserve de l'adoption des modalités de l'Entente de subvention pour la remise en valeur des friches industrielles, et conformément à celles-ci; le report maximal des redevances d'aménagement fixé à 3 296 975 \$ en vertu du Programme de report des redevances d'aménagement; et le versement d'une somme estimée à 345 044 \$ au fonds de la Stratégie municipale de leadership;

- 2. De déléguer au directeur général de Planification, Immobilier et Développement économique le pouvoir de conclure une entente de subvention pour la remise en valeur de friches industrielles avec Baribeau Street Development Inc., laquelle établira les modalités de paiement de la subvention pour le réaménagement du 200, rue Baribeau, à la satisfaction du directeur général de Planification, Immobilier et développement économique, de l'avocat général et de la cheffe des finances.**

## **BACKGROUND**

### **Site location**

200 Baribeau Street

### **Owner**

Baribeau Street Development Inc. (Park River Properties)

### **Applicant**

Lauren Kratz, Paterson Group on behalf of Baribeau Street Development Inc.

### **Description of site and surroundings**

The site is located in the southwest quadrant of Landry Street and Baribeau Street and most recently used as a school for which a demolition permit was issued on November 3, 2020. The site is surrounded by low density residential development.

### **Summary of proposed development**

The proposed development consists of approximately 85-90 townhouses over 12 blocks. There are two proposed phases.

### **Related applications**

D02-02-20-0004 - Zoning By-law Amendment - to facilitate the construction of a townhome development on private streets was passed by Council and in effect on January 26, 2022.

D07-12-20-0118 – Site Plan Control – pending approval

## **DISCUSSION**

Brownfields are properties where past actions have resulted in actual or perceived environmental contamination and/or derelict or deteriorated buildings. They may be vacant, abandoned or underutilized. They are usually, but not exclusively, former industrial or commercial properties.

The Brownfields Redevelopment Community Improvement Plan (BRCIP) was adopted by Council on April 27, 2007 and amended by Council on May 12, 2010, and October 14, 2015. This report is in conformance with the 2015 Brownfields Redevelopment Community Improvement Plan pursuant to [Council](#)'s motion on January 24, 2024.

The Brownfields Redevelopment Community Improvement Plan presents the rationale behind the redevelopment of Brownfield in Ottawa, and the actions and strategies that will promote brownfield redevelopment. The Brownfields Redevelopment Community Improvement Plan contains a comprehensive framework of incentive programs which include the Property Tax Assistance, Rehabilitation Grant, Project Feasibility Study Grant, Environmental Site Assessment Grant, Building Permit Fee Grant, and Development Charge Deferral Programs, as well as the Municipal Leadership Strategy Program.

The site is subject to the Brownfields Grant program but is not within a [Brownfields priority area](#) based on the criteria under the Brownfields Redevelopment Community Improvement Plan, therefore grants will be paid over a five year term per phase or until the upset limit is reached, whichever occurs first. Development is anticipated to be phased over two phases. The five year term for Phase 1 begins the year of Council approval with the five year term for Phase 2 beginning at the time the first building permit is issued for that phase.

The purpose of this report is to bring the application before the Finance and Corporate Services Committee and Council for consideration and approval.

The Ottawa Brownfields Redevelopment Community Improvement Plan specifies grants available to the development industry. The total grant from this program shall not exceed 50 per cent of the eligible cost (with the provision that eligible items seven to 12 cannot exceed 15 per cent of the total eligible items being submitted for a grant) specific to the program for rehabilitating said lands and buildings. These items are included in Document 4 of this report. If the development does not proceed, no grants are paid.

### **Brownfields Grant Application**

Baribeau Street Development Inc. filed an application under the Brownfields Redevelopment Community Improvement Plan for the clean-up and redevelopment of 200 Baribeau Street.

The Phase I and II Environmental Site Assessments were prepared by Paterson Group in July 2019, which identified that the fill material at the subject site is impacted with various metals and polycyclic aromatic hydrocarbons that exceeds the Ontario Ministry of the Environment, Conservation and Parks (MECP) Table 3. Groundwater on this site was tested and the samples were in compliance with the Ontario Ministry of the Environment, Conservation and Parks (MECP) Table 3 Standards.

This application is for the Rehabilitation Grant, Project Feasibility Study Grant, Environmental Site Assessment Grant, Development Charge Deferral, and Municipal Leadership Strategy Programs.

The required documents that are to be submitted to the City as part of a Brownfield Redevelopment Grant Program application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of November 19, 2020.

### **Proposed Remediation**

The remedial action plan consists of a generic approach, where excavation and disposal at an approved waste disposal facility would be undertaken during the redevelopment of the subject site. If impacted groundwater is encountered it will be removed by a licensed pumping contractor for off-site disposal. The rehabilitation of the site has taken place.

### **Calculating the Brownfield Redevelopment Grant**

Under the Brownfield Redevelopment Grant Program, the applicant is required to submit various technical documents to determine eligibility as well as the costs eligible for the Grant. The BRCIP specifies that the total grant be capped at 50 per cent of the total eligible costs (with the provision that eligible items 7 to 12 cannot exceed 15 per cent of the total eligible items being submitted for a grant). A breakdown of the eligible costs is shown in Document 4 and the calculation of the grant is shown in Document 5.

- **Rehabilitation Grant**

Grants would be capped at 85 per cent of the municipal share of the increase in property taxes that result from the redevelopment, payable annually for up to ten years from Council approval or up to the time when the total grant payments equal the total

eligible grants, whichever comes first. The City will only pay the annual grant after all the terms and conditions specified in the registered legal agreement between the City and the applicant have been met. The maximum Rehabilitation Grant this project qualifies for is \$3,878,794. The anticipated maximum grant payment is \$1,955,247 based on the yearly property tax increments prior to the expiry dates.

- **Development Charge Deferral Program**

Under the Development Charge Deferral Program, the owner of the property is eligible for a 50 per cent deferment of eligible items costs towards development charges (items 1 to 7, see Document 4), by entering into a Deferral Agreement with a preferred annual interest charge of the issued index interest rate with the City of Ottawa. The term of the agreement would be subject to a maximum of either two years after issuance of a building permit or three years after the approval by the Council of the Brownfields Redevelopment Community Improvement Plan application by the developer, whichever one occurs first, at which time the payment of the Development Charge deferred amount, plus interest, would be made by the developer. This amount eligible for deferral is \$3,296,975 (subject to all terms and conditions specified in the registered legal agreement between the City and the applicant have been met).

Under the Development Charges By-law 2019-156, Collection Procedures, Section 13 (2), the ability to enter an agreement between the City of Ottawa and the owner is established, and the City Treasurer is assigned to collect the applicable development charges.

Under the Delegated Authority By-law 2023-67, the City Solicitor has delegated authority to enter into an agreement with the owner for a Deferral of Development Charges.

- **Municipal Leadership Strategy Program**

As part of the Brownfields Grant Program, a Municipal Leadership Strategy is a general program of municipal property acquisition, investment and involvement in pilot projects with the private sector to remediate and rehabilitate Brownfields sites in Ottawa. The program is funded from 15 per cent of the municipal share of the increase in property taxes that resulted from the redevelopment that is retained by the City as a result of properties participating in the Rehabilitation Grant Program and is placed into a Municipal Leadership Account. This account will function as a revolving fund. The allocation of 15 per cent of the tax increment that is retained by the City to the Municipal Leadership Account will end when the Rehabilitation Grant Program ends. At that time,

the City may return funds remaining in the Municipal Leadership Account to general revenues or continue to utilize these funds for Leadership activities until the Municipal Leadership Account is exhausted. The anticipated funding under this program for this site is estimated at \$345,044 and collection will commence from the first taxation year of the proposed new development.

### **Economic Benefits to the Community**

The overall economic impact of the proposed residential development is estimated at over \$24 million in direct construction value. During the development of the site, direct and indirect economic benefits to the local economy will be experienced as a result of site remediation, the construction period through payroll, purchased material supplies, services, and equipment rentals.

Over \$51 million in new residential assessment would be added to the property tax assessment roll at full development. The developer's taxation consultant estimates that over \$602,846 per year in increased municipal property and education taxes can be expected at the completion of the project, after the brownfield grant ends, which would subsequently go to the City's general revenues (see Document 6).

### **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

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

Councillor Stéphanie Plante provided the following comments:

I fully support this project moving forward. It has been already subject to considerable delay during a housing emergency, due to the comprehensive review of the program that found:

... the conclusion is that if the brownfield funding assisted with the prompt development of projects that would not have otherwise proceeded in the same time frame by more than two years, the program is cost neutral or net positive to the City.

The brownfield redevelopment incentive programs have proven effective in promoting remediation and redevelopment of brownfield sites, which are often located in key downtown areas.

The report before Committee also finds:

The proposed development project can be expected to produce an overall economic benefit as a direct result of the construction.

### **LEGAL IMPLICATIONS**

There are no legal impediments to implementing the report recommendations. This application is being considered under the applicable rules and criteria prior to the program pause in December 2022 in accordance with the January 24, 2024 direction from Council.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

### **ASSET MANAGEMENT IMPLICATIONS**

There are no asset management implications associated with this report.

### **FINANCIAL IMPLICATIONS**

The maximum grant under the 2015 Brownfield Redevelopment Community Improvement Plan Program is \$3,878,794. In addition, the estimated Municipal Leadership Strategy contribution is \$345,044, for a total requirement of \$4,223,838. Budget authority requirements will be brought forward through the annual budget process. Development Charges of \$3,296,975 are eligible for deferral under the Development Charge Deferral Program. Deferred DCs would be subject to interest. Actual payments of the Rehabilitation Grant will be reviewed at the end of each tax year to confirm the actual tax benefit of the development and to calculate the actual payment to the developer.

### **ECONOMIC IMPLICATIONS**

The proposed development project can be expected to produce an overall economic benefit as a direct result of the construction. During the development of the site, direct and indirect economic benefits to the local economy will be experienced as a result of site remediation, the construction period through payroll, purchased material supplies, services, and equipment rentals.

At full development, the reassessed property would be added to the property tax assessment roll and once the grant payment ends, the total tax amount would subsequently be added to the City's general revenues.



## **ENVIRONMENTAL IMPLICATIONS**

The approval of this grant will assist with the redevelopment of this brownfield property and ensure that this contaminated site is properly remediated prior to development. A Record of Site Condition will be required as per the funding agreement. Brownfield redevelopment is identified as a key strategy for promoting reinvestment in existing urban areas and for reducing the need to expand into greenfield sites. The remediation and redevelopment of brownfield sites assist in meeting the Environmental Strategy's goal of clean air, water and earth.

## **TERM OF COUNCIL PRIORITIES**

This project addresses the following Term of Council Priorities:

- A city that is green and resilient
- A city with a diversified and prosperous economy
- A city that has affordable housing and more liveable for all

## **SUPPORTING DOCUMENTATION**

Document 1	Location Map
Document 2	Aerial View
Document 3	Brownfield Redevelopment Grant Application Requirements
Document 4	Brownfield Redevelopment Grant - Eligible Costs
Document 5	Calculating the Brownfield Redevelopment Grant
Document 6	Estimated Future City Property Tax Increment and Annual Municipal Grant Payable
Document 7	Payment Option Scenario
Document 8	Site Plan

## **CONCLUSION**

The Planning, Real Estate and Economic Development Department recommend approval of the application. It is consistent with the intent of the Brownfields Redevelopment CIP (2015).

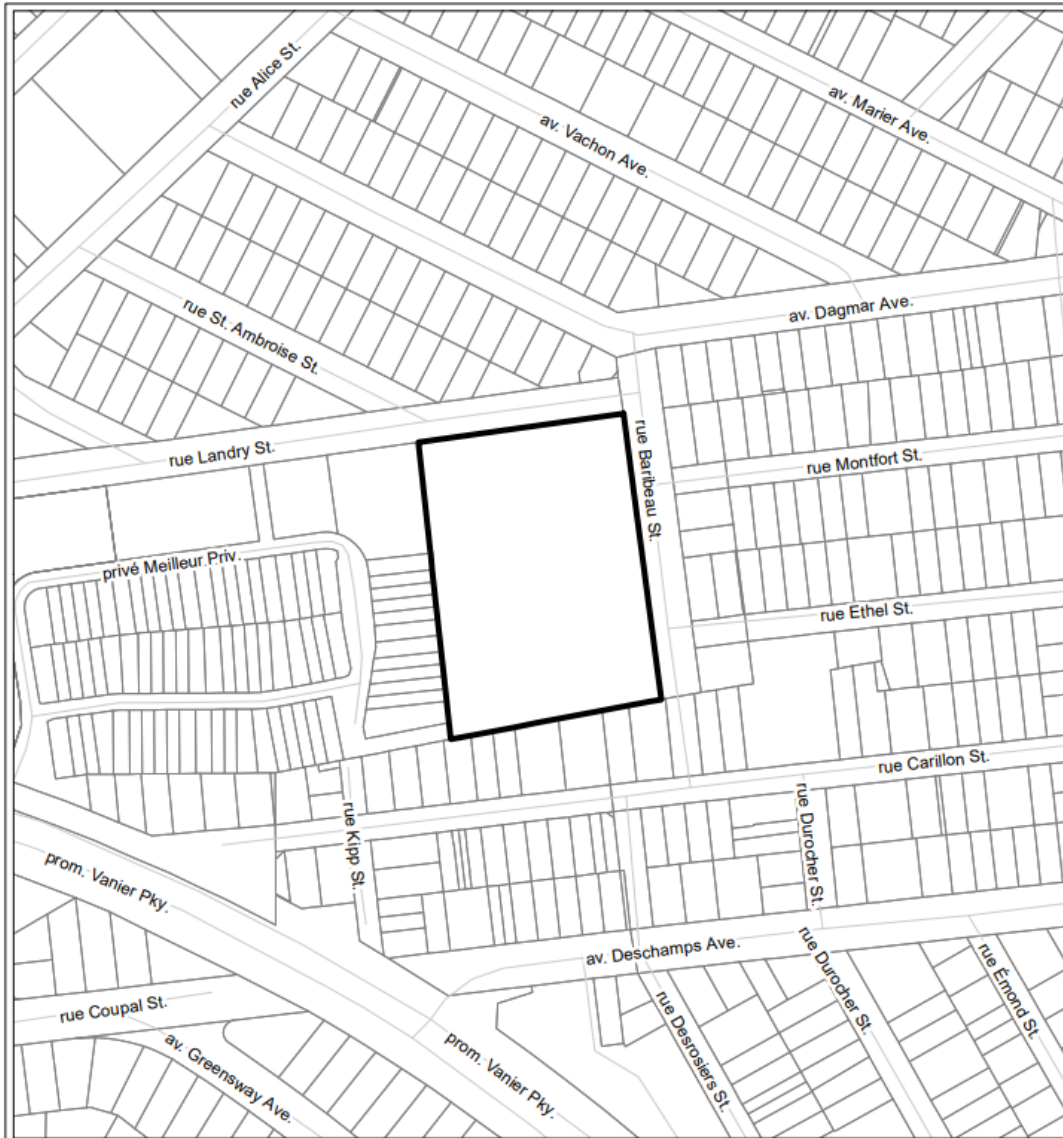
**DISPOSITION**




Legal Services, Innovative Client Services Department to prepare the Brownfields Rehabilitation Grant Agreement.

Planning, Real Estate and Economic Development Department and Finance Department, Revenue Branch to develop a general administrative approach to implement the Brownfield Redevelopment Financial Incentive Program and more specifically for this application.

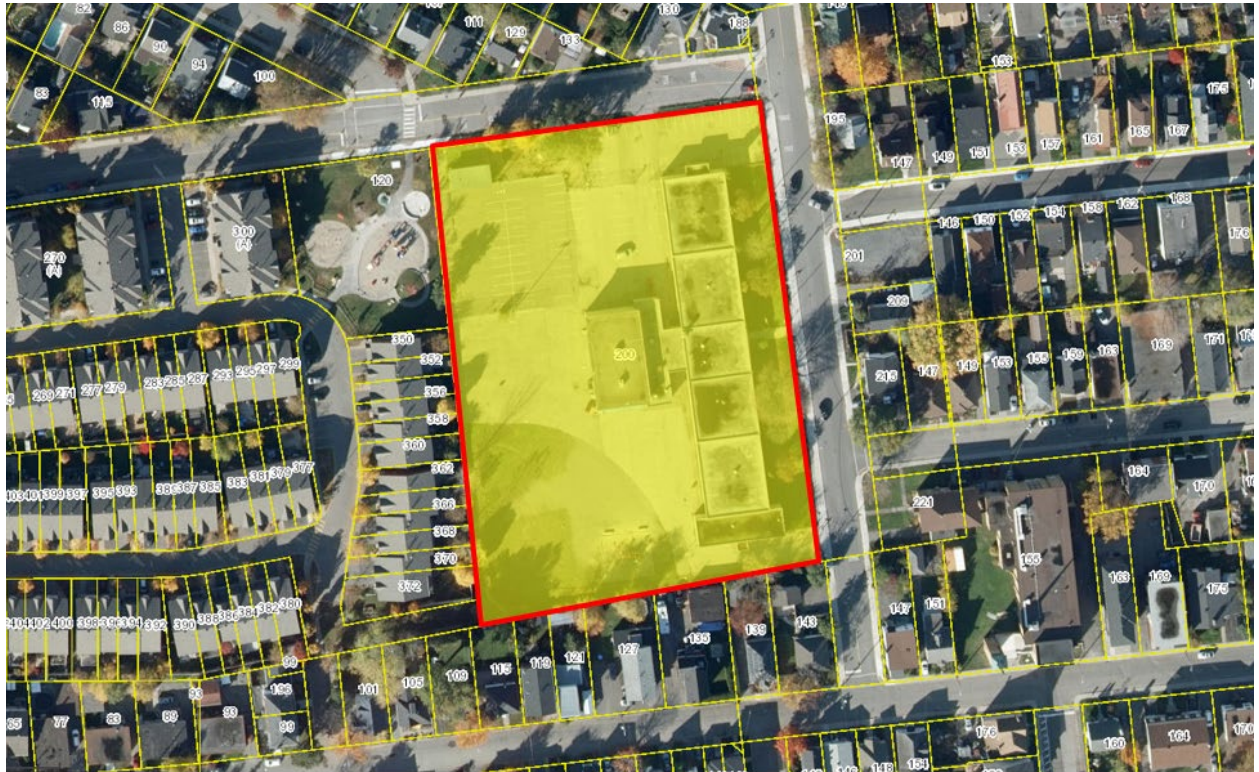
Planning, Real Estate and Economic Development Department to notify the applicant of Council's decision.

Document 1 – Location Map - 200 Baribeau Street



		LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES	
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REVISION / RÉVISION - 2020 / 12 / 16			

Document 2 – Aerial View - 200 Baribeau Street



### **Document 3 – Brownfield Redevelopment Grant Application Requirements**

A Brownfield Redevelopment Grant Program guide was prepared as part of the administration of the Brownfield Financial Incentives Program. This program guide provides the detailed requirements to an applicant in order to file a complete application with the City for consideration of financial assistance under this grant program. The applicant is required to submit various technical documents to determine eligibility and costs eligible for the rehabilitation grant. The following documents are required:

- All environmental studies (Phase I ESA, Phase II ESA and Remedial Action Plan);
- Detailed work plan and cost estimate prepared by a qualified person (as defined by the *Environmental Protection Act* and Ontario Regulation 153/04, as amended), for all eligible environmental remediation and risk assessment/risk management works;
- A cost estimate provided by a bona fide contractor for eligible rehabilitation/redevelopment and demolition costs;
- A set of detailed architectural/design and/or construction drawings; and
- An estimated post-project assessment value prepared by a private sector property tax consultant.

The applicant (registered owner) or agent acting on behalf of the registered owner is required to fully complete the application including all required signatures and complete the sworn declaration.

## Document 4 – Brownfield Redevelopment Grant – Eligible Costs

### Table 1 – Eligible Items and Estimated Cost – 200 Baribeau Street

	<b>Eligible Items</b>	<b>Estimated Cost</b>
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$45,100
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$5,031,950
3	Placing clean fill and grading	\$1,516,900
4	Installing environmental and/or engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$0
5	Monitoring, maintaining and operating environmental and engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$0
6	Environmental Insurance Premiums	\$0
7	Leadership Program	\$0
	<b>Sub-Total Costs eligible for 50% of DC deferral program</b>	<b>\$6,593,950</b>
8	Cost of Feasibility Study	\$5,500
9	30% of Building Permit Fee (only eligible in priority area)	\$0
10	50% Building demolition costs	\$517,083
11	50% Building rehabilitation costs	\$0
12	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$1,411,087
	<b>Sub-total 7 to 12 - Actuals</b>	<b>\$1,933,670</b>
	<b>Items 7 to 12 maximum amount allowable based on 15% of total</b>	<b>\$1,163,638</b>
	Total costs eligible for Redevelopment Grant	<b>\$7,757,588</b>

## Document 5 – Calculating the Brownfield Redevelopment Grant

The Ottawa Brownfield Redevelopment Community Improvement Plan (BRCIP) specifies that the total of all grants shall not exceed 50 per cent of the cost of rehabilitating said lands and buildings (with the provision that eligible items 7 to 12 cannot exceed 15 per cent of the total eligible items being submitted for grant). \*

**Table 2 – Total eligible costs**

1	Total eligible Costs- from Document 4	\$7,757,588
2	Total capping at 50 per cent of line 1	\$3,878,794
3	Total of Redevelopment Grant Payable	<b>\$3,878,794</b>

The land is not located within a priority area. This location is therefore eligible for the Rehabilitation Grant equivalent to 85 per cent of the municipal property tax increase that results from the redevelopment, payable annually over a five year term per phase or until the upset limit is reached, whichever occurs first.

## Document 6 – Estimated Future City Property Tax Increment and Annual Municipal Grant Payable

Recent (2016) Value Assessment on the property at 200 Baribeau is \$3,288,000, classified as Commercial (CT) tax class. The site's previous use as a school and a 2023 pre-project assessment estimate was completed using the vacant commercial land tax class (CX) by Altus Group as per below:

**Table 4 – Estimated (2023 tax year) Property Taxes**

Municipal Property Tax portion	\$61,855
Education Property Tax portion	\$27,903
<b>Total Pre-Project Property Taxes</b>	<b>\$89,758</b>

Based on a post-project assessment valuation prepared by Altus Group, as submitted as part of the application, it is estimated that once the entire project is complete, the proposed development could have a post-project assessment value of \$51 million (based on an effective valuation date of 2023). The estimated taxes (Municipal and Education) to be generated from full build-out is as shown in Table 5.

**Table 5 – Estimated Annual Post-Project Municipal/Education Property Taxes**

Tax Class	Estimated assessment (2023)	Estimated Municipal Tax (2023)	Estimated Education Tax (2023)	Estimated Total Tax (2023)
Residential (RT)	\$51,000,000	\$519,980	\$82,866	\$602,846



## Document 7 – Payment Option Scenario

Project Address: 200 Baribeau

Project #	Year	Calendar Year (from report)	Calendar Year (expected payout)	Existing Municipal Property Tax portion	Estimated Municipal Property Tax portion		Total Tax	Municipal Tax Increment	Applicable Municipal Tax Increment	Rehab Grant (85% of property tax increase)		BML Revolving Fund	Additional Revenue to City	Cumulative Grant Amount
					Phase 1	Phase 2				Eligible	Actual			
	1	2024	2025	\$61,940	\$143,939	\$0	\$143,939	\$81,999	\$81,999	\$69,699	\$69,699	\$12,300	\$12,300	\$69,699
	2	2025	2026	\$63,179	\$146,818	\$373,162	\$519,980	\$456,801	\$456,801	\$388,281	\$388,281	\$68,520	\$68,520	\$457,980
	3	2026	2027	\$64,442	\$149,754	\$380,625	\$530,380	\$465,937	\$465,937	\$396,047	\$396,047	\$69,891	\$69,891	\$854,027
	4	2027	2028	\$65,731	\$152,749	\$388,238	\$540,987	\$475,256	\$475,256	\$403,968	\$403,968	\$71,288	\$71,288	\$1,257,994
	5	2028	2029	\$67,046	\$155,804	\$396,002	\$551,807	\$484,761	\$484,761	\$412,047	\$412,047	\$72,714	\$72,714	\$1,670,041
	6	2029	2030	\$68,387		\$403,923	\$562,843	\$494,456	\$335,536	\$285,205	\$285,205	\$50,330	\$50,330	\$1,955,247
	7	2030	2031	\$69,755			\$574,100	\$504,345				\$0	\$0	\$504,345
	8	2031	2032	\$71,150			\$585,582	\$514,432				\$0	\$0	\$514,432
	9	2032	2033	\$72,573			\$597,294	\$524,721				\$0	\$0	\$524,721
	10	2033	2034	\$74,024			\$609,239	\$535,215				\$0	\$0	\$535,215
	<b>Total</b>			<b>\$678,226</b>			<b>\$5,216,151</b>	<b>\$4,537,925</b>	<b>\$2,300,290</b>		<b>\$1,955,247</b>	<b>\$345,044</b>	<b>\$2,423,758</b>	

It is important to note that the tax increment is only an estimate and provides guidance on the order of magnitude of the possible payment under the assumption that the project would be completed, reassessed and taxes levied and paid in this period. The tax rates and all of the assessment valuation parameters are held constant for illustration purposes. In practice the assessed value would likely increase reflecting increasing property values. As well, there would likely be some increase in the annual municipal levy during the projection period.

The administration of the Brownfields Redevelopment grant program would require that any grants to be paid be based on actual Municipal Property Assessment Corporation (MPAC) property assessment (including any resolution of appeals) of improved properties. The prevailing tax rate would be applied and only after taxes are paid in full for one year and only when the City is satisfied that all terms and conditions have been met as specified in the legal agreement between the City and the applicant would a tax rebate be issued. This rebate would be capped at 85 per cent of the municipal share of the increase in property taxes over the pre-project municipal property taxes paid.

In the administration of this grant each row would be calculated every year based on the new assessment, tax rate, taxes paid and actual municipal tax increment to establish the actual grant payment.

