

Subject: Heritage Community Improvement Plan application for 70 Richmond Road, a property designated under Part IV of the *Ontario Heritage Act*

File Number: ACS2024-PDB-RHU-0060

Report to Finance and Corporate Services Committee on 6 November 2024 and Built Heritage Committee on 12 November 2024 and Council 13 November 2024

Submitted on October 28, 2024 by Court Curry, Manager, Right of Way, Heritage, and Urban Design Services, Planning, Development and Building Services and

Sheilagh Doherty, Director, Economic Development, Strategic Initiatives Department

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and

Chris Cope, Economic Development Officer, Strategic Initiatives Department 613-580-2424 x 28991, Chris.Cope@ottawa.ca

Ward: Kitchissippi (15)

Objet: Demande de plan d'améliorations communautaires des édifices à valeur patrimoniale visant le 70, chemin Richmond, un bien-fonds désigné en vertu de la partie IV de la *Loi sur le patrimoine de l'Ontario*

Dossier : ACS2024-PDB-RHU-0060

Rapport au Comité des finances et des services organisationnels le 6 novembre 2024 et au Comité du patrimoine bâti le 12 novembre 2024 et au Conseil le 13 novembre 2024

Soumis le 28 octobre 2024 par Court Curry, Gestionnaire, Services des emprises, du patrimoine, et du design urbain, Direction générale des services de la planification, de l'aménagement et du bâtiment

et

Sheilagh Doherty, Directrice, Développement économique, Direction générale des initiatives stratégiques

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Quartier: Kitchissippi (15)

REPORT RECOMMENDATIONS

That the Built Heritage Committee receive this report.

That the Finance and Corporate Services Committee recommend that Council:

- 1. Approve the Heritage Community Improvement Plan Grant Program application submitted by Devtrin (Island Park) Inc., owner of the property at 70 Richmond Road, for a Community Improvement Plan Grant not to exceed \$500,000 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 Grant Agreement; and**
- 2. Delegate authority to the General Manager, Planning, Development and Building Services, to finalize and execute a Heritage Community Improvement Plan Grant Agreement with Devtrin (Island Park) Inc., establishing the terms and conditions governing the payment of a Community Improvement Plan Grant for the restoration of 70 Richmond Road, to the satisfaction of the City Manager, City Clerk, City Solicitor, and City Treasurer.**

RECOMMANDATIONS DU RAPPORT

Que le Comité du patrimoine bâti prenne connaissance du présent rapport.

Que le Comité des finances et des services organisationnels recommande ce qui suit au Conseil municipal:

- 1. Approuver la demande déposée dans le cadre du programme du Plan d'améliorations communautaires des édifices à valeur patrimoniale par Devtrin (Island Park) Inc., propriétaire du bien-fonds situé au 70, chemin Richmond, pour une subvention n'excédant pas 500 000 \$ sur une période maximale de 10 ans, sous réserve de la conclusion d'une entente de subvention du Plan d'améliorations communautaires, et conformément à ses modalités; et**
- 2. Déléguer au directeur général de la Direction générale des services de la planification, de l'aménagement et du bâtiment le pouvoir de conclure une telle entente avec Devtrin (Island Park) Inc., laquelle établira les modalités de paiement de la subvention pour la restauration du 70, chemin Richmond, à la satisfaction du directeur municipal, de la greffière municipale, de l'avocat général et de la trésorière municipale.**

BACKGROUND

The principal goal of the Heritage Community Improvement Plan (CIP) is to encourage the restoration, rehabilitation and integration of buildings designated under the *Ontario Heritage Act* to ensure their conservation and continued contribution to a broad understanding of Ottawa's history. The Heritage CIP was first adopted by City Council in January 2020. By-law 2020-40 outlines the area of eligibility for the Heritage CIP, while By-law 2020-41 establishes the rationale for the program. In 2024, an amended bylaw ([By-law 2024-176](#)) was approved with updated program guidelines.

The CIP permits the City to provide financial incentives to property owners undertaking restoration of heritage attributes, as part of a redevelopment proposal that includes new housing units, and assists in achieving improved building architecture, site design and site landscaping.

CIPs are an economic development tool to improve the economic viability of designated areas and can improve quality of place through urban renewal. CIPs provide a framework through which a municipality may choose to offer financial incentives directly to businesses and individuals within a specified CIP Project Area under Section 28(7) of the *Planning Act*.

DISCUSSION

Recommendation 1

This report recommends approval of an application submitted by Devtrin (Island Park) Inc., the owner of the property, for a Heritage CIP grant for the restoration and alterations to be made to 70 Richmond Road.

The grant is not to exceed \$500,000 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 Grant Agreement.

The Heritage CIP Program is a tax increment-based grant program. This grant would be funded through the anticipated \$2,781,492, 10-year cumulative increase in the municipal portion of annual property taxes that would result from the restoration and rehabilitation of the property and its redevelopment. The tax increment grant would not be paid in advance but would be directly tied to the amount of building restoration actually completed and the corresponding increase in property tax contribution to the City. If the restoration and rehabilitation does not proceed, no grant would be paid.

The alteration includes the on-site relocation and rehabilitation of the former Champlain Oil Company Service Station and its integration into a proposed nine-storey mixed use

midrise building containing 103 residential apartment units, ground floor retail, and a two-level underground parking garage. The total retail gross rentable area on the ground floor is estimated at 102.2 metres squared (1,100 sq. ft.) while the total building gross floor area is estimated at 9,190.4 metres squared. (98,925 sq .ft.).

The approach used for 70 Richmond Road will be one of rehabilitation, in compliance with the *Standards and Guidelines for the Conservation of Historic Places in Canada*. While the project involves the temporary relocation of the historic building and repositioning at the front of the property, the entire building will be retained through this redevelopment. Additionally, after the building is relocated to its final location, the building will be restored. Only elements beyond repair will be replaced in kind. The windows, cladding and roofing will be preserved and repaired, and any missing components will be reinstated. (Documents 1 and 2). A heritage permit for these alterations was approved by Council on 22 June, 2022 ([ACS2022-PIE-RHU-0026](#)).

By redeveloping an existing site, the proposal makes efficient use of infrastructure and built environment, as well as existing access. The proposed alteration includes residential space that will increase housing opportunities in a desirable area. Furthermore, the site is located within the Inner Urban Area Transect of the City of Ottawa Official Plan. The policies of the Official Plan support infill, redevelopment, and other forms of intensification within the Inner Urban Transect at a scale dependent on proximity to major roads and transit and the area's planned function.

The property qualifies as an eligible Heritage CIP project, as it is designated under Part IV of the *Ontario Heritage Act* and satisfies all requirements of By-law No. 2024-176 that sets out the Heritage CIP program requirements. Although the heritage permit for the alteration was issued in June 2022, the applicant submitted their initial Heritage CIP application in May 2022. The application was deemed not complete as some information was outstanding. In December 2022, staff were directed to review all Community Improvement Plans, and as a result, all applications submitted to date were placed on hold until the review was complete.

In November 2023, Council approved the continuation of the Heritage Community Improvement Plan and in 2024, staff worked on updated program guidelines. The new guidelines and by-law were approved through report [ACS2024-PRE-EDP-0033](#) in April 2024. The overall intention and eligibility criteria of the Heritage CIP remained the same, however new project requirements were added that included a requirement for additional housing, and a demonstration of the highest standard of heritage conservation.

The 70 Richmond Road project includes the introduction of 103 residential units and includes a strong heritage conservation approach that meets the *Standards and Guidelines for the Conservation of Historic Places in Canada*. The entire building will be retained, with the rear incorporated into the new development, and the heritage resource rehabilitated and restored. This property was added to the Heritage Watch List in 2016 as a vacant heritage building. Through this redevelopment, a new use will be given to the building, new retail units added along a commercial main street, and the property will be removed from the Heritage Watch List.

Economic Benefits

The immediate economic impact of the proposed restoration and rehabilitation of 70 Richmond Road is estimated at approximately \$49,200,000 in construction value, which will provide additional direct, indirect and induced economic benefits to the city. Locally supplied materials will include concrete, lumber, mechanical equipment, sprinkler systems, electrical panels and materials, etc. Most trades used on the project are based in the Ottawa area and the project will generate approximately 210 design, consulting, construction, and trade jobs throughout the construction period of +/-24 months. The new development will require three full-time employees once operational.

As a result of the project, the assessed value of this property is expected to increase from \$1,184,000 Commercial Taxable (CT) class to a mix of \$1,231,000 CT plus \$26,859,000 in the new Multi-Residential (NT) tax class for a total overall assessment of \$28,089,000, an increase of \$26,906,000. This would result in an increase in the municipal portion of annual property taxes in 2025, the first-year post-development, from \$25,727 to \$311,915 – an increase of \$286,188 or more than 2,000 per cent.

The table in Document 3 shows an estimated cumulative increase in Municipal Property Taxes of \$2,781,492 by year ten of the 10-year grant period referenced in the CIP by-law based on an independent study of projected realty assessment and municipal property tax impact prepared by Altus Group. The 10-year net increase in municipal property taxes after payment of the CIP grant is estimated at \$2,281,493, however CIP grants will only be paid based on actual Municipal Property Assessment Corporation (MPAC) assessments before and after property redevelopment.

The Heritage CIP grant will be based on 75 per cent of the increase in the municipal portion of property taxes and is estimated to reach the \$500,000 cap in the third year of the grant (within a 10-year grant period). See Document 3 for a full summary. Please note that this amount represents an approximate order of magnitude and is based on estimated future assessed values and taxation rates. The final amount of the CIP grant will be based on actual revised assessment and then-current taxation rates following

completion of the project. Post-development property reassessment will be provided by MPAC.

Grants received through the Heritage CIP cannot exceed the lesser of the amount paid in restoration costs, or \$500,000. The estimated restoration cost for the project is \$1,825,852 (Document 4). The restoration components of the project include repairs to the stucco, the twin chimneys and buttresses. Additionally, the standing seam metal roof membrane and hoods will be replaced in-kind as required and reinforced. The windows and doors will also be removed, rehabilitated and reinstated.

The proposed development includes the relocation of the heritage building off-site while construction is ongoing, and these costs are included in the application. Where heritage buildings are required to be temporarily removed from a site to accommodate redevelopment, the best practice in heritage conservation is to move buildings in one piece rather than dismantle and reassemble or build a replica as it retains the architectural integrity of the heritage resource, minimizes risk of damage or loss of historic building materials and allows for the adaptive reuse of the entire building rather than just a façade. This project includes the temporary relocation of the building off site to create space for the construction of the new building which requires significant investment in engineering work, bracing, and transport costs to ensure the building is conserved. Given there is limited space on the property, heritage staff were satisfied that this method was the most appropriate for the project and meets the Standards and Guidelines for the Conservation of Historic Places in Canada.

The grant will not be paid in advance but will be directly tied to the amount of restoration actually completed on the property and the corresponding increase in annual municipal property tax contribution to the City.

Provincial Planning Statement (2024)

The Provincial Planning Statement (PPS) replaces the former Provincial Policy Statement and came into effect on October 20, 2024.

Section 4.6 of the PPS includes the following policy regarding the conservation of heritage resources:

- 4. Planning authorities are encouraged to development and implement:*
 - b) proactive strategies for conserving built heritage resources and cultural heritage landscapes.*

Policies within the City's Official Plan direct the designation and conservation of significant properties and comply with this policy.

Section 2.8 of the PPS includes the following regarding employment:

1. *Planning authorities shall promote economic development and competitiveness by:*
 - d) *encouraging intensification of employment uses and compatible, compact, mixed-use development to support the achievement of complete communities.*

Staff have reviewed this application and have determined that it is consistent with the Provincial Planning Statement, 2024.

FINANCIAL IMPLICATIONS

The maximum grant under the Heritage Community Improvement Grant Program is \$500,000 over a maximum period of ten years. The grant will be directly tied to the value of restoration completed on the property and the corresponding increase in municipal property tax contribution to the City. Budget authority requirements will be brought forward through the annual budget process.

LEGAL IMPLICATIONS

There are no legal implications associated with implementing the report recommendations.

COMMENTS BY THE WARD COUNCILLOR(S)

The ward councillor is aware of this report.

CONSULTATION

There was no public consultation for this report.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications associated with this report.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

TERM OF COUNCIL PRIORITIES

A city that is more liveable for all.

SUPPORTING DOCUMENTATION

Document 1 Project Drawings

Document 2 Conservation Plan

Document 3 Heritage CIP Grant Calculations

Document 4 Heritage Building Relocation and Restoration Cost Breakdown

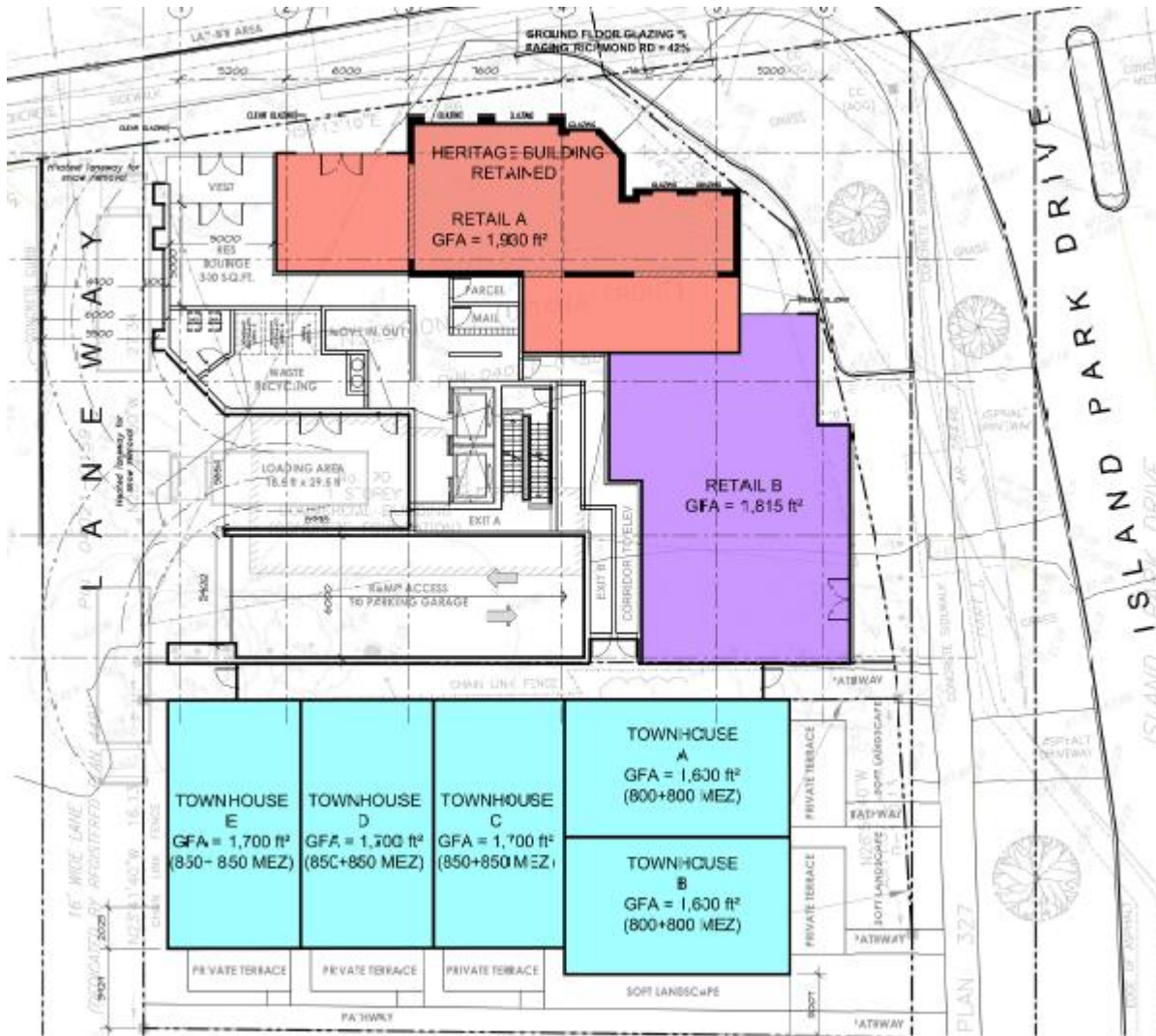
DISPOSITION

Legal Services will prepare the Heritage CIP Grant Agreement between Devtrin (Island Park) Inc. and the City.

The Finance Department, Revenue Branch will develop a general administrative approach to implement the Heritage CIP Financial Incentive Program for this application.

The Office of the City Clerk, Council and Committee Services, will notify the applicant of Council's decision.

Document 1 – Project Drawings



Site plan showing retained heritage building and new development



Front (north) elevation along Richmond Road



Render of 70 Richmond project as viewed from Richmond Road and Island Park Drive

Document 3 - Heritage CIP Grant Calculations

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 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 Heritage Community Improvement Plan 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 75 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.

Year		Pre-Development Estimated Municipal Taxes	Post-Development Estimated Municipal Taxes	Estimated Change Δ	Grant Amount at 75%
Current (CT)	2024	\$38,646			
1 (Mix CT + NT)	2025	\$25,727	\$311,915	\$286,188	\$214,641
2	2026	\$27,637	\$311,915	\$284,278	\$213,209
3	2027	\$29,258	\$311,915	\$282,657	\$72,150
4	2028	\$30,740	\$311,915	\$281,175	
5	2029	\$32,156	\$311,915	\$279,759	
6	2030	\$34,085	\$311,915	\$277,830	
7	2031	\$36,130	\$311,915	\$275,785	
8	2032	\$38,298	\$311,915	\$273,617	
9	2033	\$40,596	\$311,915	\$271,319	
10	2024	\$43,031	\$311,915	\$268,884	
Total		\$376,304	\$3,119,150	\$2,781,492	\$500,000

Document 4 – Heritage Building Relocation and Restoration Cost Breakdown

Description	Costs
Part 1 - Enabling Work	\$18,605.00
Part 2 - Preparation for Lifting	\$6,160.00
Part 3 - Lifting and Moving	\$1,572,256.00
Part 4 - New Structural Support	\$53,226.00
Part 5 - Restoration and Rehabilitaiton Work	
Reinstallation of the restored window sashes	\$23,493.00
Restoration of masonry walls that had temporary openings for transfer beam and needles	\$4,670.00
Restoration and upgrading (as necessary) of existing wood roof structure and standing seam metal roof	\$105,039.00
Conservation (if possible) of existing metal awnings and soffit	\$8,923.00
Installation of restored (or new) metal eaves and soffit integrating venting	\$3,640.00
Installation of restored round headed door and the new reconstructed unit	\$6,440.00
Preservation and Repairs, cleaning of metal elements, and window/door hardware	\$5,200.00
Restoration of all masonry and reparging, as necessary including restoration of the masonry to accommodate the round headed cottage door	\$18,200.00
TOTAL	\$1,825,852.00