

**Subject: Brownfield Grant Application – 388 and Part of 400 Albert Street, and
156 and 160 Lyon Street North**

File Number: ACS2022-PIE-PS-0071

**Report to Finance and Economic Development Committee on 28 June 2022
and Council 6 July 2022**

**Submitted on June 16, 2022 by Derrick Moodie, Director, Planning Services,
Planning, Real Estate and Economic Development**

**Contact Person: Stream Shen, Coordinator (A), Front Ending Agreements and
Brownfields Programs, Development Review South**

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Ward: Somerset (14)

**Objet : Demande de participation au Programme de subvention pour la
remise en valeur des friches industrielles – 388 et partie du 400, rue Albert, et 156
et 160, rue Lyon Nord**

Dossier : ACS2022-PIE-PS-0071

Rapport au Comité des finances et du développement économique

le 28 juin 2022

et au Conseil le 6 juillet 2022

**Soumis le 16 juin 2022 par Derrick Moodie, Directeur, Services de la planification,
Direction générale de la planification, des biens immobiliers et du développement
économique**

**Personne ressource : Stream Shen, Coordinateur par intérim, Ententes préalables
et Programme de friches industrielles Examen des demandes d'aménagement
sud**

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Quartier: Somerset (14)

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

1. Approve the Brownfield Redevelopment Grant application submitted by 5015218 Ontario Inc. and Albert & Main Developments Inc., owner of the property at 388 and Part of 400 Albert Street, and 156 and 160 Lyon Street North, for Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan (2015), not to exceed a total of \$1,153,765 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 \$980,700 under the Development Charge Deferral Program; and the estimated contribution of \$240,231 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 5015218 Ontario Inc. and Albert & Main Developments Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 388 and Part of 400 Albert Street, and 156 and 160 Lyon Street North, 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 du développement économique recommande ce qui suit au Conseil :

1. Approuver la demande de participation au Programme de subvention pour la remise en valeur des friches industrielles présentée par 5015218 Ontario Inc. et Albert & Main Developments Inc., propriétaires du bien-fonds situé aux 388 et partie du 400, rue Albert, et aux 156 et 160, rue Lyon Nord, pour une subvention de remise en valeur versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles (2015) n'excédant pas 1 153 765 \$ 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 980 700 \$ en vertu du Programme de report des redevances d'aménagement; et la contribution estimée à 240 231 \$ au fonds de la Stratégie municipale de leadership;

2. **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 5015218 Ontario Inc. et Albert & Main Developments Inc., laquelle établira les modalités de paiement de la subvention pour le réaménagement des 388 et partie du 400, rue Albert, et des 156 et 160, rue Lyon Nord, à la satisfaction du directeur général de Planification, Immobilier et Développement économique, du greffier municipal et avocat général et de la trésorière municipale.**

BACKGROUND

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 Brownfield Redevelopment Community Improvement Plan (BRCIP) was adopted by Council on April 25, 2007, and amended by Council on May 12, 2010, and October 14, 2015. This report is in conformance with the 2015 BRCIP.

The BRCIP presents the rationale behind the redevelopment of Brownfield in Ottawa, and the actions and strategies that will promote brownfield redevelopment. The BRCIP 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 located within the [BRCIP Priority Area](#).

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

DISCUSSION

The Ottawa BRCIP 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 7 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 can be seen in Document 4 of this report. If the development does not proceed, no grants are paid.

The Site

The property has a lot area of approximately 4,075 square metres with approximately 41 metres of frontage along Albert Street, 29 metres of frontage along Lyon Street North, and 60 metres of frontage along Slater Street (see Documents 1, 2 and 8). The property's previous uses were listed as commercial and residential. It is considered a Priority Area as defined under the BRCIP.

Proposed Redevelopment

5015218 Ontario Inc. and Albert & Main Developments Inc. is redeveloping the property at 388 and Part of 400 Albert Street, and 156 and 160 Lyon Street North to accommodate two residential high-rise buildings (23 and 29 storeys) with ground floor commercial uses. The related Site Plan Control application (D07-12-17-0069) ready for approval, subject to receiving owner concurrence.

Brownfield Grant Application

5015218 Ontario Inc. and Albert & Main Developments Inc. filed an application under the BRCIP for the clean-up and redevelopment of 388 and Part of 400 Albert Street, and 156 and 160 Lyon Street North.

A Phase I and II Environmental Site Assessment was prepared by Paterson Group Inc. in 2019, which identified that the fill material at the subject site is impacted with mercury and lead concentrations in excess of the Ontario Ministry of the Environment, Conservation and Parks (MECP) Table 3 standards.

Groundwater on this site was tested and the samples is in compliance with the Ontario Ministry of the Environment, Conservation and Parks Table 3 Standards.

This application is for the Rehabilitation Grant, Project Feasibility Study Grant, Environmental Site Assessment Grant, Building Permit Fee 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 January 20, 2022.

Proposed Remediation

The suggested remedial action plan consists of a full depth generic approach. Impacted soil will be excavated from the site and it will be disposed of at a licensed landfill facility. It is anticipated that the remediation work will take five months to complete.

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. (See 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 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 the property taxes have been paid in full each year and all terms and conditions specified in the registered legal agreement between the City and the applicant have been met. The anticipated maximum Rehabilitation Grant for this project is \$1,153,765.

- **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 BRCIP 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 \$980,700 (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 2020-360, 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 Brownfield 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 Brownfield 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 \$240,231.

Economic Benefits to the Community

The overall economic impact of the proposed residential development is estimated at over \$175 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 \$329 million in new residential/commercial assessment would be added to the property tax assessment roll at full development. The developer's taxation consultant estimates that over \$1.8 million per year in increased municipal property and education taxes can be expected at the completion of the project (2027), 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 application

CONSULTATION

There was no public consultation for this report.

COMMENTS BY THE WARD COUNCILLOR(S)

The Councillor is aware of the report.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendations of this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report

FINANCIAL IMPLICATIONS

The maximum grant under the 2015 Brownfield Redevelopment Community Improvement Plan Program is \$1,153,765. In addition, the estimated Municipal Leadership Strategy contribution is \$240,231, for a total requirement of \$1,393,996. Budget authority requirements will be brought forward through the annual budget process. Development Charges of \$980,700 are eligible for deferral under the Development Charge Deferral Program. Deferred DCs would be subject to interest.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

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:

- Economic Growth and Diversification
- Environmental Stewardship

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

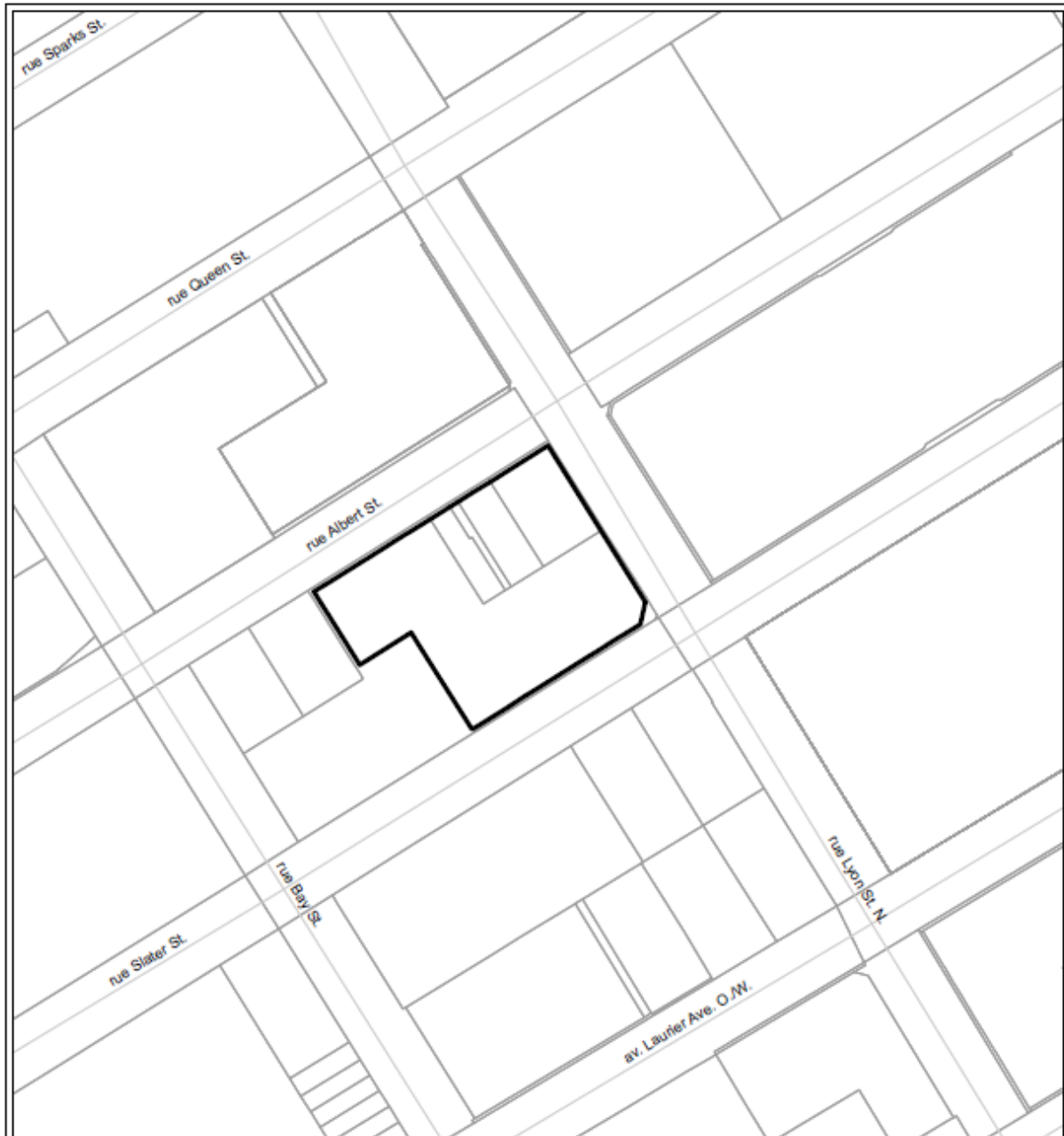
DISPOSITION




Legal Services, Innovative Client Services Department to prepare the Brownfield 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



		LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES	
F18-04-21-0010	22-0441-Y		
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<small>©Parcel data is owned by Terraset Enterprises Inc. and its suppliers. All rights reserved. May not be produced without permission. THIS IS NOT A PLAN OF SURVEY. ©Les données de parcelles appartiennent à Terraset Enterprises Inc. et à ses fournisseurs. Tous droits réservés. Ne peut être reproduit sans autorisation. CECI N'EST PAS UN PLAN D'ARPENTAGE</small>			
REVISION / RÉVISION - 2022 / 05 / 11		 Part of / partie de 400 rue Albert Street 388 rue Albert Street 156, 160 rue Lyon Street North/nord	

Document 2 – Aerial View

Address: 388 and Part of 400 Albert Street, and 156 and 160 Lyon Street North



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 Cost and Estimated Cost – 388 and Part of 400 Albert Street and 156 and 160 Lyon Street North

	Eligible Items	Estimate Cost
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$90,500
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$1,809,900
3	Placing clean fill and grading	\$0
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	\$61,000
7	Leadership Program	\$0
	Sub-Total Costs eligible for 50% of DC deferral program	\$1,961,400
8	Cost of Feasibility Study	\$10,000
9	30% of Building Permit Fee	\$300,000
10	50% Building demolition costs	\$0
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	\$367,000
	Sub-total 7 to 12 - Actuals	\$677,000
	Items 7 to 12 maximum amount allowable based on 15% of total	\$346,129
	Total costs eligible for Rehabilitation Grant	\$2,307,529

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	\$2,307,529
2	Total capping at 50 per cent of line 1	\$1,153,765
3	Total of Redevelopment Grant Payable	\$1,153,765

The land is 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 for up to ten years

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

Recent (2021 tax year) Value Assessment on the property at 388 and Part of 400 Albert Street, and 156 and 160 Lyon Street North is \$12,598,000, classified as commercial and residential tax class. Recent property taxes are broken down as follows:

Table 3 – Recent (2022 tax year) Property Taxes

Municipal Property Tax portion	\$154,829
Education Property Tax portion	\$71,313
Total Pre-Project Property Taxes	\$226,142

Based on a post-project assessment valuation prepared by Yeoman & Company, 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 \$178 million (based on an effective valuation date of 2027). The estimated taxes (Municipal and Education) to be generated from full build-out is as shown in Table 4.

Table 4 – Estimated Annual Post-Project Municipal/Education Property Taxes

Tax Class	Estimated assessment (2027)	Estimated Municipal Tax (2027)	Estimated Education Tax (2027)	Estimated Total Tax (2027)
Multi-residential	\$178,252,000	\$1,772,484	\$324,742	\$2,097,226

Document 7 – Payment Option Scenario

Project Address: 388 and Part of 400 Albert Street and 156 and 160 Lyon Street North

Project #	Year	Calendar Year (from report)	Calendar Year (expected payout)	Existing Municipal Property Tax portion	Estimated Municipal Property Tax portion	Municipal Tax Increment	Rehab Grant (85% of property tax increase)	BML Revolving Fund	Max contribution	Additional Revenue to City	Cumulative Grant Amount
	1	2023	2024	\$ 157,926	\$ 157,926	\$0			\$0	\$0	\$0
	2	2024	2025	\$ 161,084	\$ 161,084	\$0			\$0	\$0	\$0
	3	2025	2026	\$ 164,306	\$ 164,306	\$0			\$0	\$0	\$0
	4	2026	2027	\$ 167,592	\$ 167,592	\$0			\$0	\$0	\$0
	5	2027	2028	\$ 170,944	\$ 1,772,484	\$1,601,540	\$ 1,153,765	\$ 240,231	\$1,153,765	\$447,776	\$1,153,765
	6	2028	2029	\$ 174,363	\$ 1,807,934	\$1,633,571	\$ -	\$ -	\$0	\$1,633,571	\$1,153,765
	7	2029	2030	\$ 177,850	\$ 1,844,092	\$1,666,243	\$ -	\$ -	\$0	\$1,666,243	\$1,153,765
	8	2030	2031	\$ 181,407	\$ 1,880,974	\$1,699,567	\$ -	\$ -	\$0	\$1,699,567	\$1,153,765
	9	2031	2032	\$ 185,035	\$ 1,918,594	\$1,733,559	\$ -	\$ -	\$0	\$1,733,559	\$1,153,765
	10	2032	2033	\$ 188,736	\$ 1,956,966	\$1,768,230	\$ -	\$ -	\$0	\$1,768,230	\$1,153,765
	Total			\$1,729,241	\$11,831,951	\$10,102,710	\$1,153,765	\$240,231	\$1,153,765	\$8,948,945	

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 Brownfield 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.

Document 8 – Site Plan

