

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
February 13, 2017 / 13 février 2017**

**and Council / et au Conseil
February 22, 2017 / 22 février 2017**

**Submitted on January 26, 2017
Soumis le 26 janvier 2017**

**Submitted by
Soumis par:**

**Lee Ann Snedden,
Acting Director / Directrice par intérim,
Planning Services / Service de la planification
Planning, Infrastructure and Economic Development Department / Services de la
planification, de l'infrastructure et du développement économique**

Report Author / Auteur du rapport:

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Ward: ALTA VISTA (18)

File Number: ACS2017-PIE-PS-0008

**SUBJECT: Brownfield Grant Program Application – 200, 230 and 260 Steamline
Street**

**OBJET: Demande de participation au programme de subvention pour la
remise en valeur de friches industrielles – 200, 230 et 260, rue
Steamline**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

- 1. Approve the Brownfield Rehabilitation Grant application submitted by 1663321 Ontario Inc., owner of the property at 200, 230 and 260 Steamline Street, for a grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$4,516,053 for which the grant payment period will be phased over a maximum of 10 years per phase of development, subject to the establishment of, and in accordance with the terms and conditions of the Brownfield Redevelopment Grant Agreement;**
- 2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Redevelopment Grant Agreement with 1663321 Ontario Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 200, 230 and 260 Steamline Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department, the City Clerk and Solicitor and the City Treasurer.**

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 de friches industrielles soumise par 1663321 Ontario Inc., propriétaire des biens-fonds situés aux 200, 230 et 260, rue Steamline, en vue d'obtenir une subvention dans le cadre du Programme d'améliorations communautaires pour le réaménagement des friches industrielles, une subvention n'excédant pas 4 516 053 \$ au total et dont la période de versement sera échelonnée sur 10 ans par phase d'aménagement 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;**
- 2. Déléguer au directeur général de Planification, Infrastructure et Développement économique le pouvoir d'exécuter l'Entente de subvention pour la remise en valeur de friches industrielles conclue avec 1663321 Ontario Inc., qui établit les modalités relatives au versement de la subvention**

permettant le réaménagement des biens-fonds situés aux 200, 230 et 260, rue Steamline, à la satisfaction du directeur général du Service de la planification, de l'infrastructure et du développement économique, du greffier municipal et avocat général et de la trésorière municipale.

BACKGROUND

Brownfields are properties where past actions have resulted in 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 27, 2007 and amended by Council on May 12, 2010, and October 14, 2015.

The BRCIP presents the rationale behind brownfield redevelopment in Ottawa, and the actions and strategies that will promote brownfield redevelopment. The BRCIP contains a comprehensive framework of incentive programs which include the Brownfield Rehabilitation Grant Program.

1663321 Ontario Inc. has filed an application under the BRCIP for the clean-up and redevelopment of 200, 230 and 260 Steamline Street, having a lot area of 3.5 hectares with 92 metres frontage on Terminal Avenue (see Documents 1, 2 and 8). The property is presently used as an office/warehouse building with past railroad line access.

A Phase I and II Environmental Site Assessment was prepared by Paterson Group in July of 2014 and March of 2016 which identified the fill material at the subject site as exceeding the Ministry of the Environment and Climate Change(MOECC) of Ontario Table 3 standards for petroleum hydrocarbons (PHC) metals and Polycyclic aromatic hydrocarbons (PAH), likely stemming from the associated use of the property.

The site qualifies as an eligible Brownfield priority area candidate due to its location within 600 metres of a proposed transit station.

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. This application is processed based on the 2015 BRCIP for the Brownfield Rehabilitation

Grant Program. The total grant from this program shall not exceed 50 per cent of the eligible cost (with the provision that eligible costs seven to twelve, shown in Document 4, cannot exceed 15 per cent of the total eligible items being submitted for grant) specific to the program for rehabilitating said lands and buildings. If the development does not proceed, no grants are paid.

The Brownfield Rehabilitation Grant Program includes a rehabilitation grant, which is a tax-increment-based grant funded through the tax increase that results from redevelopment of the property. The grant is limited to 85 per cent of the increase in municipal tax and is payable annually for up to 10 years per phase of development, or up to the time when the total grant payments equal the maximum amount of grant, whichever comes first. The City will only pay the annual grant after property taxes have been paid in full each year.

1663321 Ontario Inc. Brownfield Grant Application

The required documents that are to be submitted to the City as part of a Brownfield Rehabilitation Grant Program application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of November 14, 2016.

Proposed Remediation

The suggested remedial action plan consisting of a generic, full-depth approach will be used. This will involve an excavation to depths up to 2 metres or more below grade to remove all impacted soil, including any contaminated portions of the on-site stockpile, and dispose of any impacted groundwater from within the boundaries of the site. Overburden soils will be stripped, segregated and disposed off-site. Impacted soil will be placed in trucks and hauled to an approved waste disposal facility (approximately 40,000 metric tonnes). Non-impacted soil material will be placed in trucks and hauled off-site for possible reuse or disposal as clean material. Excavated soil will be screened using visual and olfactory observations as well as a portable soil vapour analyser. Field observations will be used in combination with analysis of verification samples, to define the limits of the excavation. Once the soil remediation program has been completed, confirmatory base samples will be collected for analytical testing.

While the groundwater samples beneath the site do not appear to exceed the MOECC Table 3 standards, any potential impacted groundwater encountered during construction will be removed by a licensed pumping contractor for off-site disposal.

The remediation program is expected to be completed within approximately six to eight months. Demolition of the existing building is required.

Proposed Redevelopment

1663321 Ontario Inc. is redeveloping the property at 200, 230 and 260 Steamline Street to accommodate six residential buildings ranging from 10 storeys to 30 storeys with underground parking. It is estimated there will be approximately 1,779 apartment units, 77 bachelor units, 333 one-bedroom units, 804 one-bedroom plus den units, 290 two bedroom units, 62 two bedroom plus den units and 213 three bedroom units over a total gross floor area of 1,711,462 square feet (159,003 square metres).

Calculating the Brownfield Rehabilitation Grant

Under the Brownfield Rehabilitation Grant Program guide, the applicant is required to submit various technical documents to determine eligibility as well as the costs eligible for the Rehabilitation Grant. Staff have reviewed the submissions and has determined that the total costs eligible for a grant under the program are \$9,032,106.

The BRCIP specifies that the total eligible costs be capped at 50 per cent of the total costs (with the provision that eligible costs seven to twelve cannot exceed 15 per cent of the total eligible items being submitted for grant). A breakdown of the eligible costs is shown in Document 4. Applying this cap results in the calculation of the grant to be \$4,516,053 (see Document 5).

The ability to receive the Brownfield grant occurs through the Rehabilitation Grant process which deals with the timing for the payouts of the grants. As part of the process, the Municipal Leadership Strategy Program runs in parallel of the payments of the Rehabilitation Grant. The following two programs are as follows;

- 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 10 years per phase of development 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.

- **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 increment 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 estimated contribution associated with this application is \$1,429,920.

Economic Benefits to the Community

The overall economic impact of the proposed residential development is estimated at over \$450 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 building demolition, site remediation, the construction period through payroll, purchased material supplies, services, and equipment rentals.

Over \$496 million in new residential and commercial assessment would be added to the property tax assessment roll at full development. The developer's taxation consultant estimates that over \$5.6 million 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.

CONSULTATION

There was no public consultation for this report.

COMMENTS BY THE WARD COUNCILLOR

Councillor Cloutier is aware of the application for this report.

LEGAL IMPLICATIONS

There are no legal impediments to adopting the recommendations outlined in 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 \$4,516,053. The estimated Municipal Leadership Strategy contribution is \$1,429,920. Budget authority requirements will be brought forward through the annual budget process.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this report.

ENVIRONMENTAL IMPLICATIONS

The approval of this rehabilitation 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 (RSC) 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 assists in meeting the Environmental Strategy's goal of clean air, water and earth.

TERM OF COUNCIL PRIORITIES

This application is directly related to the 2015-2018 Term of Council Priorities:

SE1 – Improve the client experience through established service expectations.

FS2 – Align strategic priorities to Council's financial targets

SUPPORTING DOCUMENTATION

Document 1 Location Map

Document 2 Aerial View

Document 3 Brownfield Rehabilitation Grant Application Requirements

Document 4 Brownfield Rehabilitation Grant-Eligible Costs

Document 5 Calculating the Rehabilitation Grant

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

Document 7 Payment Option Scenario

Document 8 Site Plan

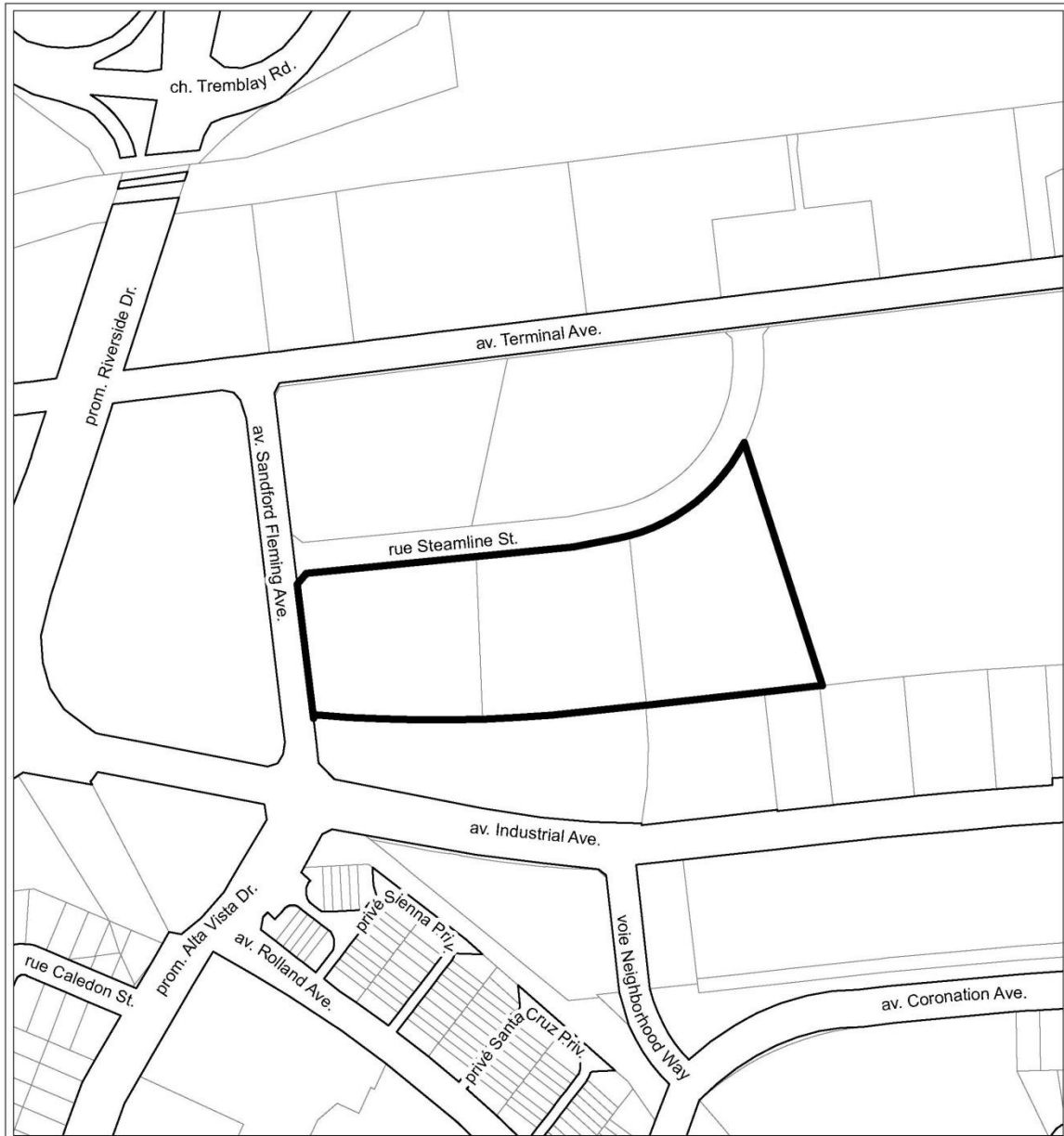
DISPOSITION




City Clerk and Solicitor Department, Legal Services, to prepare the Brownfield Rehabilitation Grant Agreement.

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

Document 1 – Location



		LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES	
F18-04-16-STE A	16-1513-Y		
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<small>©Parcel data is owned by Teranet Enterprises Inc. and its suppliers All rights reserved. May not be produced without permission THIS IS NOT A PLAN OF SURVEY</small>			
<small>©Les données de parcelles appartient à Teranet Entreprises Inc. et à ses fournisseurs. Tous droits réservés. Ne peut être reproduit sans autorisation. CE CI N'EST PAS UN PLAN D'ARPENTAGE</small>			
REVISION / RÉVISION - 2016 / 11 / 21		 200, 230, 260 rue Steamline Street	 <small>NOT TO SCALE</small>

Document 2 – Aerial View



200, 230 and 260 Steamline Street

Document 3 – Brownfield Rehabilitation Grant Application Requirements

A Brownfield Rehabilitation 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 Rehabilitation Grant – Eligible Costs

The costs eligible for a Brownfield Rehabilitation Grant for 200, 230 and 260 Steamline Street are estimated as follows:

Table 1 - Eligible Cost and Estimated Cost

	Eligible Costs	Estimate Cost
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$258,500
2	Environmental Remediation including the cost of preparing an Record of Site Condition	\$7,418,790
3	Placing clean fill and grading	N/A
4	Installing environmental and/or engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	N/A
5	Monitoring, maintaining and operating environmental and engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	N/A
6	Environmental Insurance Premiums	N/A
	Sub-Total of Eligible Costs 1-6	\$7,677,290
7	Leadership Program	\$1,083,000
8	Cost of Feasibility Study	\$10,000
9	30% of Building Permit	\$660,000
10	Building Demolition	\$356,818
11	Building rehab	N/A
12	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$650,823
	Sub Total 7 to 12 - Actuals	\$2,760,641
	Items 7 to 12 maximum amount allowable based on 15 % of total	\$ 1,354,816
	Total Costs Eligible for Rehabilitation Grant	\$9,032,106

Document 5 – Calculating the Rehabilitation Grant

The Ottawa Brownfield Community Improvement Plan (CIP) 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 seven 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	\$9,032,106
2	Total capping at 50 per cent of line 1	\$4,516,053
3	Total of Rehabilitation Grant Payable	\$4,516,053

* The land is located within 600 metres of a transit station. 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 10 years per phase of development, or until the time when the total grant payments equal the total eligible costs whichever comes first.

The total Brownfield grant payable is \$4,516,053 (line 3 above).

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

Pre-Project Property Tax Rates and Property Taxes

Current (2016 tax year) Value Assessment on the property at 200, 230 and 260 Steamline Street is \$4,279,000, classified in the commercial vacant land tax class. Current (2016 tax year) property taxes are approximately \$116,931 broken down as follows:

Table 3 – Current (2016 tax year) Property Taxes

Municipal Property Tax portion	\$68,868
Education Property Tax portion	\$48,063
Total Pre-Project Property Taxes	\$116,931

Based on a post-project assessment valuation prepared by Altus Group Tax Consulting Paralegal Professional Corporation, 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 \$496,374,000 (based on an effective valuation date of January 1, 2012). The estimated taxes (Municipal and Education) to be generated from full build-out is \$5,835,382 (2021 tax year for complete development constructed), see Table 4.

Table 4 - Estimated Annual Post-Project Municipal/Education Property Taxes (2021)

Tax Class	Estimated assessment (2016)	Estimated Municipal Tax (2021)	Estimated Education Tax (2021)	Estimated Total Tax (2021)
Commercial and Residential	\$496,374,400	\$4,784,671	\$1,050,711	\$5,835,382

Document 7 – Payment Option Scenario

Table 1

Rehabilitation Grant Program (Municipal tax portion only)
Site Address: 200, 230 and 260 Streamline St - F18-04-16-STE A

Year	Base Tax	Proposed Tax	Increment	Eligible Amount Rehab Grant	Applied Amount	Cummulative Grant Amount	Municipal Leadship
1 (2018)	\$ 71,881	\$ 307,200	\$ 235,319	\$ 200,021	\$ 200,021	\$ 200,021	\$ 35,298
2 (2019)	\$ 73,319	\$ 2,345,518	\$ 2,272,199	\$ 1,931,369	\$ 1,931,369	\$ 2,131,390	\$ 340,830
3 (2020)	\$ 74,785	\$ 2,392,428	\$ 2,317,643	\$ 1,969,997	\$ 1,969,997	\$ 4,101,387	\$ 347,646
4 (2021)	\$ 77,029	\$ 4,784,671	\$ 4,707,642	\$ 4,001,496	\$ 414,666	\$ 4,516,053	\$ 706,146
5 (2022)	\$ 79,340	\$ 4,928,211	\$ 4,848,871	\$ 4,121,540	\$ -	\$ -	\$ -
6 (2023)	\$ 81,720	\$ 5,076,057	\$ 4,994,337	\$ 4,245,186	\$ -	\$ -	\$ -
7 (2024)	\$ 84,171	\$ 5,228,338	\$ 5,144,167	\$ 4,372,542	\$ -	\$ -	\$ -
8 (2025)	\$ 86,697	\$ 5,385,189	\$ 5,298,492	\$ 4,503,718	\$ -	\$ -	\$ -
9 (2026)	\$ 89,297	\$ 5,546,745	\$ 5,457,448	\$ 4,638,831	\$ -	\$ -	\$ -
10 (2027)	\$ 91,976	\$ 5,713,148	\$ 5,621,172	\$ 4,777,996	\$ -	\$ -	\$ -
Total					\$ 4,516,053	\$ 4,516,053	\$ 1,429,920

Rehabilitation Grant \$ 4,516,053

Municipal Leadship Strategy is 15 % of the incremental tax increase.

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 rehabilitation 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 grant be issued.

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

