

- 3. MONTREAL ROAD COMMUNITY IMPROVEMENT PLAN APPLICATION FROM MRAK HOLDINGS INC. FOR 458 MONTREAL ROAD
DEMANDE DE PLAN D'AMÉLIORATIONS COMMUNAUTAIRES DU CHEMIN DE MONTRÉAL, PRÉSENTÉE PAR MRAK HOLDINGS INC. ET VISANT LE 458, CHEMIN DE MONTRÉAL**

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Approve the Montreal Road Community Improvement Plan Grant Program Application submitted by Mrak Holdings Inc., owner of the property at 458 Montreal Road, for a Community Improvement Plan Grant not to exceed \$2,910,171 over a maximum period of 10 years, subject to the establishment of, and in accordance with the terms and conditions of a Community Improvement Grant Agreement; and**
- 2. Delegate authority to the General Manager, Planning, Infrastructure and Economic Development, to finalize and execute a Montreal Road Community Improvement Plan Grant Agreement with Mrak Holdings Inc., establishing the terms and conditions governing the payment of a Community Improvement Grant for the redevelopment of 458 Montreal Road, to the satisfaction of the City Manager, the City Clerk, the City Solicitor and the City Treasurer.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. Approuve la demande déposée dans le cadre du Plan d'améliorations communautaires par Mrak Holdings Inc., propriétaire du 458, chemin de Montréal, pour une subvention n'excédant pas 2 910 171 \$ sur une période maximale de dix ans, sous réserve de la conclusion d'une entente de subvention du PAC,**

et conformément à ses modalités; et

2. **Délègue au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure avec Mrak Holdings Inc. une entente en vertu Plan d'améliorations communautaires du chemin de Montréal, laquelle établira les modalités de paiement de la subvention pour le réaménagement du 458, chemin de Montréal, à la satisfaction du directeur municipal, du greffier municipal, de l'avocat général et de la trésorière municipale.**

DOCUMENTATION/DOCUMENTATION

1. Director's report, Economic Development and Long Range Planning, Infrastructure and Economic Development Department, dated April 20, 2021 (ACS2021-PIE-EDP-0017)

Rapport du Directeur Développement économique et Planification à long terme, Direction générale de la planification, de l'infrastructure et du développement économique, daté le 20 avril 2021, (ACS2021-PIE-EDP-0017)
2. Extract of draft Minutes, Finance and Economic Development Committee, 18 May 2021.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 18 mai 2021.

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
18 May 2021 / 18 mai 2021**

**and Council
et au Conseil
26 May 2021 / 26 mai 2021**

**Submitted on April 20, 2021
Soumis le 20 avril 2021**

**Submitted by
Soumis par:
Don Herweyer,
Director Economic Development and Long Range Planning/ Infrastructure and
Economic Development Department / Directeur Développement économique et
Planification à long terme / Direction générale de la planification, de
l'infrastructure et du développement économique**

**Contact Person
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Ward: RIDEAU-ROCKCLIFFE (13)

File Number: ACS2021-PIE-EDP-0017

**SUBJECT: Montreal Road Community Improvement Plan Application from Mrak
Holdings Inc. for 458 Montreal Road**

**OBJET: Demande de plan d'améliorations communautaires du chemin de
Montréal, présentée par Mrak Holdings Inc. et visant le 458, chemin
de Montréal**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend Council:

- 1. Approve the Montreal Road Community Improvement Plan Grant Program Application submitted by Mrak Holdings Inc., owner of the property at 458 Montreal Road, for a Community Improvement Plan Grant not to exceed \$2,910,171 over a maximum period of 10 years, subject to the establishment of, and in accordance with the terms and conditions of a Community Improvement Grant Agreement; and**
- 2. Delegate authority to the General Manager, Planning, Infrastructure and Economic Development, to finalize and execute a Montreal Road Community Improvement Plan Grant Agreement with Mrak Holdings Inc., establishing the terms and conditions governing the payment of a Community Improvement Grant for the redevelopment of 458 Montreal Road, to the satisfaction of the City Manager, the City Clerk, the City 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 déposée dans le cadre du Plan d'améliorations communautaires par Mrak Holdings Inc., propriétaire du 458, chemin de Montréal, pour une subvention n'excédant pas 2 910 171 \$ sur une période maximale de dix ans, sous réserve de la conclusion d'une entente de subvention du PAC, et conformément à ses modalités; et**
- 2. Déléguer au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure avec Mrak Holdings Inc. une entente en vertu Plan d'améliorations communautaires du chemin de Montréal, laquelle établira les modalités de paiement de la subvention pour le réaménagement du 458, chemin de Montréal, à la satisfaction du directeur municipal, du greffier municipal, de l'avocat général et de la trésorière municipale.**

BACKGROUND

Community Improvement Plans (CIPs) are a tool to improve the economic viability of specific areas and 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*. The Montreal Road Community Improvement Plan (CIP) was adopted by Council on 12 June, 2019 ([link to staff report](#)). By-law No. 2019-213 designates the Montreal Road CIP Project Area, a part of the area covered by the Official Plan for the City of Ottawa, and By-law No. 2019-224 sets out the rationale for the Montreal Road CIP and comprehensive program details.

The principal goal of the Montreal Road CIP is to stimulate business investment, urban renewal and property upgrades in the area. The CIP permits the City to provide financial incentives to property owners that will encourage urban renewal, promote the development of cultural assets, support businesses including not-for-profits and cultural organizations, contribute to making the city an attractive and business-friendly environment and encourage investment and expansion. This program within the Quartier Vanier Zone will help to attract new businesses, support existing businesses, and nurture economic growth.

DISCUSSION

This report recommends approval of an application submitted by Mrak Holdings Inc., for a Montreal Road CIP grant for property improvements. Mrak Holdings is a privately held company and the owner of 458 Montreal Road.

The grant is not to exceed \$2,910,171, over a maximum period of 10 years, subject to the establishment of, and in accordance with the terms and conditions of a Community Improvement Grant Agreement.

The Montreal Road CIP Program is a tax increment-based grant program. This grant will be funded through the anticipated \$3,880,228 increase in the Municipal portion of the Property Taxes that will result from the redevelopment of the property. The tax increment grant will not be paid in advance but will be directly tied to the amount of development actually completed on the property and the corresponding increase in property tax contribution to the City. If the development does not proceed, then no grant would be paid.

The proposed development is for a two-storey Porsche automobile dealership to be located at the corner of the subject site being 458 Montreal Road. The Porsche building will have a total Gross Floor Area of 3,240 metres squared, that will consist of a showroom, offices, service areas and parts storage. A site plan application for the proposed development has been filed and site plan approval should be issued this spring.

The development would involve partially removing one older building on the site and replacing it with a new world class Porsche building. The new facility will take up more frontage along Montreal Road and St. Laurent Boulevard with elegant design and materials, and include a gateway feature that will accommodate plantings, bench seating, and product display.

The development supports the continuation of the permitted use at the site for automobile dealerships. By redeveloping an existing site, the proposal makes efficient use of available infrastructure, built environment, as well as an existing access. The proposed dealership is larger than the other two automobile dealership buildings on the site and will support more jobs at this location, offering increased economic stability in the area.

The property qualifies as an eligible Montreal Road CIP project, as it is located within the area identified as the Montreal Road CIP Area as described in By-law No. 2019-213 and satisfies all requirements of By-law No. 2019-224 that sets out the Montreal Road CIP program requirements.

Economic Benefits

The proposed development involves partially removing an older building on the site and situating a new Porsche building, that will occupy more frontage along Montreal Road and St. Laurent Boulevard. The new facility has been designed by Porsche as the newest “world design” and will be one of the first to be constructed in Canada with elegant design and materials, along with unique features to accommodate plantings, bench seating, and product display. The glass façade will be clear, facing the public realm, and will create visual interest and animation in support of the area’s Traditional Mainstreet designation. The new facility will represent an important gateway to the Quartier Vanier shopping district and showcase the City’s newly upgraded streetscape.

The economic impact of the proposed redevelopment of 458 Montreal Road related to direct construction value is estimated at approximately \$17 million, providing direct and indirect benefits to the City. Building permits and development charges are estimated at approximately \$1.9 million.

The proposed dealership will support more jobs at this location for the immediate and surrounding community as well as becoming a long term regional employment draw. Employment creation for this project can be categorized into two distinct opportunities:

1. Initially, the development itself will be a significant generator of new employment including various construction and engineering jobs required to design and construct the building over a two-year period;
2. The proposed new dealership will be approximately triple the size of the existing Porsche facility down the street and is larger than the other two existing uses on site.

The Municipal portion of the property taxes is expected to increase in 2021 to approximately \$355,620 – an increase of approximately \$329,995.00 annually, or nearly 1400 per cent over the existing \$25,625 in property taxes. During the 10-year post development grant period, the Municipal portion of property taxes for the development will increase by an average \$388,025 per year resulting in a 10-year post development aggregate increase in the Municipal portion of the property taxes of \$3,880,225.

The Montreal Road CIP grant will be based on 75 per cent of the increase in the Municipal portion of the property taxes and is estimated to be approximately \$291,015 annually or \$2,910,150 over the 10-year grant period. This amount represents an approximate order of magnitude only 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, and post-development reassessment provided by the Municipal Property Assessment Corporation (MPAC).

Grants received through the Montreal Road CIP cannot exceed fifty per cent (50%) of the total cost of the project. The estimated cost for the project is \$17,000,000.

The grant will not be paid in advance but will be directly tied to the amount of development actually completed on the property and the corresponding increase in property tax contribution to the City. If the development does not proceed then no grant would be paid.

RURAL IMPLICATIONS

There are no rural implications with associated with this report.

CONSULTATION

There was no public consultation for this report.

COMMENTS BY THE WARD COUNCILLOR

Councillor Rawlson King provided the following comments:

“I am supportive of this initiative since it will enable this business to update and renew its facilities while stimulating business activity. The proposed dealership will support more jobs at this location for the immediate and surrounding community, as well as become a long-term regional employment draw.

Since the property is located at the eastern gateway of the Quartier Vanier shopping district, this esthetically enhanced development will showcase the City’s newly upgraded streetscape along Montreal Road.

In terms of quantifiable economic benefit, the new development will generate an estimated \$17 million in direct and indirect benefits to the City in direct construction value, along with substantially increasing tax revenues over the long term.

Due to the potential for this project to nurture economic growth in the Ward and within the City as a whole, I am supportive of this Montreal Road Community Improvement Plan (CIP) application.”

LEGAL IMPLICATIONS

There are no legal impediments to adopting the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications to implementing the recommendations of this report.

FINANCIAL IMPLICATIONS

The maximum grant under the Montreal Road Community Improvement Grant Program is \$2,910,171 over a maximum period of ten years. The grant will be directly tied to the amount of development completed on the property and the corresponding increase in property tax contribution to the City. Budget authority requirements will be brought forward through the annual budget process.

ACCESSIBILITY IMPACTS

Staff will ensure that any applicable accessibility standards are adhered to during the execution of the projects and initiatives identified in this report. This will involve consulting with the appropriate staff within the City.

TERM OF COUNCIL PRIORITIES

This project addresses the following Term of Council Priorities:

- **Economic Growth and Diversification:** Encourage economic growth and diversification by supporting business investment and expansion, talent attraction and retention, and branding Ottawa as a place to be.
- **Thriving Communities:** Promote safety, culture, social and physical well-being for our residents.

SUPPORTING DOCUMENTATION

Document 1 Grant Calculations

DISPOSITION

The City Clerk, City Solicitor, and Legal Services will prepare the Montreal Road CIP Grant Agreement between Mrak Holdings Inc. and the City.

The Planning, Infrastructure and Economic Development Department and the Finance Department, Revenue Branch will develop a general administrative approach to implement the Montreal Road CIP Financial Incentive Program for this application.

The Planning, Infrastructure and Economic Development will notify the applicant of Council's decision.

Document 1 – Grant Calculations

	Original Assessments	2020 Tax Rate Details	Pre-Development Taxes	Revised Assessments		Post-Development Taxes		Grant Amount
Taxation Year	470 Montreal Road Assessment	2020 Municipal Tax Rate	Estimated Taxes (Municipal Portion): PRE-Development	Porsche Store Estimated New Assessment	Total Estimated New Assessment	Estimated Taxes (Municipal Portion): POST-Development	Incremental Tax Change: Post Development	Estimated Grant Amount at 75%
	Alfa Romeo/Maserati Store	1.68%						
	A	D	E = (A x D)	F	G (A + F)	H = (G x D)	J = (H - E)	K = (J x 75%)
Year 0	\$1,467,000	1.68%	\$24,708.68	\$0	\$1,467,000	\$0.00	\$0.00	\$0.00
Year 1	\$1,467,000	1.75%	\$25,627.19	\$18,890,000	\$20,357,000	\$355,618.68	\$329,991.50	\$247,493.62
Year 2	\$1,467,000	1.81%	\$26,567.27	\$18,890,000	\$20,357,000	\$368,663.94	\$342,096.66	\$256,572.50
Year 3	\$1,467,000	1.88%	\$27,529.46	\$18,890,000	\$20,357,000	\$382,015.76	\$354,486.30	\$265,864.73
Year 4	\$1,467,000	1.94%	\$28,514.25	\$18,890,000	\$20,357,000	\$395,681.35	\$367,167.10	\$275,375.32

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
REPORT 25
26 MAY 2021**

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**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE
RAPPORT 25
LE 26 MAY 2021**

Year 5	\$1,467,000	2.01%	\$29,522.18	\$18,890,000	\$20,357,000	\$409,668.07	\$380,145.89	\$285,109.42
Year 6	\$1,467,000	2.08%	\$30,553.80	\$18,890,000	\$20,357,000	\$423,983.49	\$393,429.69	\$295,072.27
Year 7	\$1,467,000	2.15%	\$31,609.67	\$18,890,000	\$20,357,000	\$438,635.32	\$407,025.65	\$305,269.24
Year 8	\$1,467,000	2.23%	\$32,690.35	\$18,890,000	\$20,357,000	\$453,631.47	\$420,941.12	\$315,705.84
Year 9	\$1,467,000	2.30%	\$33,796.42	\$18,890,000	\$20,357,000	\$468,980.02	\$435,183.61	\$326,387.70
Year 10	\$1,467,000	2.38%	\$34,928.48	\$18,890,000	\$20,357,000	\$484,689.27	\$449,760.79	\$337,320.59
			\$326,047.75			\$4,181,567.37	\$3,880,228.31	\$2,910,171.23