

**12. BROWNFIELD GRANT PROGRAM APPLICATION – 852 BANK STREET
DEMANDE DANS LE CADRE DU PROGRAMME DE SUBVENTION POUR
LES FRICHES INDUSTRIELLES – 852, RUE BANK**

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Approve the Brownfield Rehabilitation Grant application submitted by Currey Properties (852 Bank) Inc., owner of the property at 852 Bank Street, for a grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$313,466 for which the grant payment period will be phased over a maximum of 10 years 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 Currey Properties (852 Bank) Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 852 Bank 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 COMITÉ

Que le Conseil :

- 1. Approuve la demande de participation au programme de subvention pour la remise en valeur de friches industrielles soumise par Currey Properties (852 Bank) Inc., propriétaire du bien-fonds situé au 852, rue Bank, 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 313 466 \$ au total et dont la période de**

versement sera 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;

2. **Délégue au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une entente de subvention pour le réaménagement des friches industrielles avec Currey Properties (852 Bank) Inc., qui établit les modalités relatives au versement de la subvention permettant le réaménagement du 852, rue Bank, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, du greffier municipal et avocat général, et de la trésorière municipale.**

DOCUMENTATION/DOCUMENTATION

1. Acting Director's report, Planning Services, dated 16 May 2017 (ACS2017-PIE-PS-0061)

Rapport de la Directrice par intérim, Service de la planification, daté le 16 mai 2017 (ACS2017-PIE-PS-0061)

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
June 6, 2017 / 6 juin 2016**

**and Council / et au Conseil
June 14, 2017 / 14 juin 2017**

**Submitted on May 16, 2017
Soumis le 16 mai 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 / Direction
générale de la planification, de l'infrastructure et du développement économique**

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Ward: CAPITAL (17) / CAPITALE (17)

File Number: ACS2017-PIE-PS-0061

SUBJECT: Brownfield Grant Program Application – 852 Bank Street

**OBJET: Demande dans le cadre du Programme de subvention pour les
friches industrielles – 852, rue Bank**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

1. Approve the Brownfield Rehabilitation Grant application submitted by Currey Properties (852 Bank) Inc., owner of the property at 852 Bank Street, for a grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$313,466 for which the grant payment period will be phased over a maximum of 10 years 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 Currey Properties (852 Bank) Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 852 Bank 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 Currey Properties (852 Bank) Inc., propriétaire du bien-fonds situé au 852, rue Bank, 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 313 466 \$ au total et dont la période de versement sera 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;
2. Déléguer au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une entente de subvention pour le réaménagement des friches industrielles avec Currey Properties (852 Bank) Inc., qui établit les modalités relatives au versement

de la subvention permettant le réaménagement du 852, rue Bank, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, du greffier municipal et avocat général, et de la trésorière municipale.

BACKGROUND

Brownfield 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 27, 2007 and amended by Council on May 12, 2010, and October 14, 2015.

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 Brownfield Rehabilitation Grant Program.

Currey Properties (852 Bank) Inc. has filed an application under BRCIP for the clean-up and redevelopment of 852 Bank Street, having a lot area of 833 square metres and 39 metres frontage along Fifth Avenue, 21.4 metres of frontage along Bank Street and 14.5 metres of frontage along Monk Street (see Documents 1, 2 and 8). The property had previous uses such as a former commercial automobile garage.

A Phase I and II Environmental Site Assessment was prepared by Paterson Group Inc. in April and June of 2014, which identified that the fill material at the subject site exceeds the Ontario Ministry of the Environment and Climate Control (MOECC) Table 3 Standards for lead and petroleum hydrocarbons (PHC (F2)) parameters, likely stemming from the associated use of the property.

Groundwater samples were obtained and all samples were in compliance with the selected MOE Table 3 standards with the exception of the chloroform concentration in BH8-13, which exceeds the MOE Table 3 standards. The elevated chloroform concentration is considered to be the result of municipal water servicing the area of the property and is temporary.

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 for the Rehabilitation Grant program. 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 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 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 but is limited to 85 per cent of the increase in municipal tax and is payable annually for up to 10 years 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.

Currey Properties (852 Bank) 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 March 31, 2017.

Proposed Remediation

The suggested remedial action plan consists of a generic approach, where an excavation and disposal at an approved waste disposal facility would be undertaken. This will involve the excavation of depths up to 6.5 metres below grade, to remove all hydrocarbon and metal impacted soil. Overburden soils will be stripped, segregated and disposed off-site. 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 the collection and analysis of verification samples to determine the

excavation limits. Non-impacted soil and bedrock will be transported off-site to a clean material disposal site, while impacted soil will be placed in trucks and hauled to an approved waste disposal facility (approximately 1,600 cubic metres or 3,200 metric tonnes). Two underground storage tanks and associated piping will be decommissioned and removed from the site by a licensed contractor.

Based on the most recent analytical test results, the groundwater beneath the site is considered to be in compliance with MOE Table 3 standards. However, impacted groundwater may be encountered during the excavation activities, in which case, the groundwater will require treatment prior to disposal to the municipal sewer system. If treatment is required, a portable groundwater treatment system unit will be installed on-site to remediate the groundwater by means of activated carbon, and will remain on site until groundwater concentrations are in compliance with the MOE and/or municipal by-law standards.

The remediation program is expected to be complete within approximately two months. Building demolition of the existing buildings is required.

Proposed Redevelopment

Currey Properties (852 Bank) Inc. is redeveloping the property at 852 Bank Street to accommodate a mixed use development consisting of 1876 square meters of commercial space on the ground floor, 1988 square meters of office space on the second floor with the third and fourth floor with a total of 18 residential units.

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 \$626,932.

The BRCIP specifies that the total eligible costs be capped at 50 per cent of the total costs (with the provision that eligible items 7 to 12 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 \$313,466 (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 to 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 anticipated funding under this program for this site is estimated at \$67,231 and collection will commence after the first taxation year of the new development.

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 item costs towards development charges (items 1 to 7) through a Deferral Agreement with a preferred annual interest charge of the issued index interest rate. 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 \$289,860.

Economic Benefits to the Community

The overall economic impact of the proposed residential development is estimated at over \$7 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 \$11 million in new residential and commercial assessment would be added to the property tax assessment roll at full development. The developers taxation consultant estimates that over \$125,000 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 Chernushenko concurs with this application.

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 \$313,466. The estimated Municipal Leadership Strategy contribution is \$67,231. Budget authority requirements will be brought forward through the annual budget process.

Under the Development Charge Deferral Program, the owner of the property is eligible to defer payment of \$289,860, subject to an annual interest charge. At the end of the term of the agreement, the deferred Development Charges, plus interest, would be due from the developer.

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

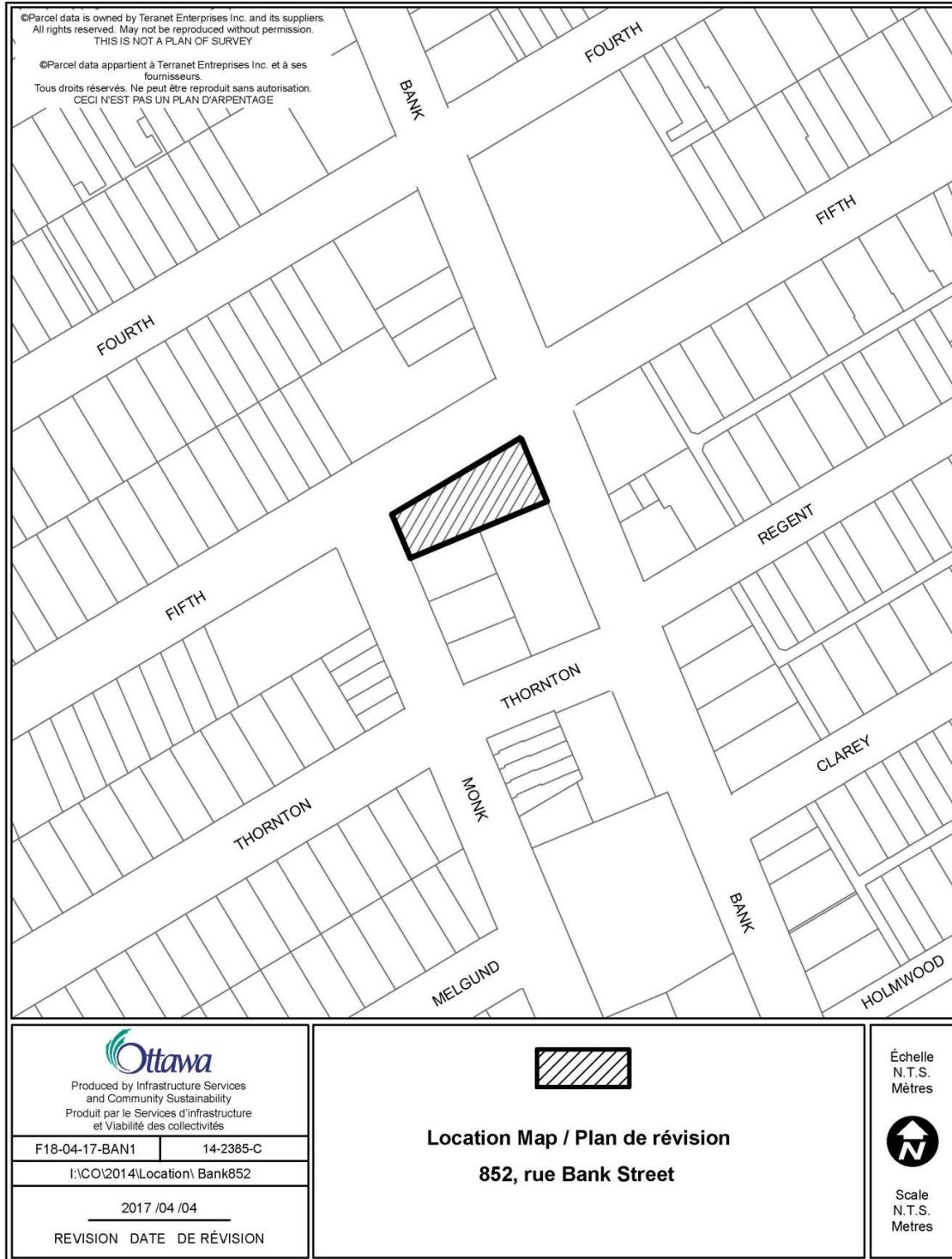
DISPOSITION

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



Document 2 – Aerial View



852 Bank 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 852 Bank 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	\$5,000
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$506,720
3	Placing clean fill and grading	\$68,000
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
7	Leadership Program	N/A
	Sub-Total Costs eligible for 50% of DC deferral program	\$579,720
8	Cost of Feasibility Study	N/A
9	30% of Building Permit	\$7,212
10	50% Building Demolition	\$15,000
11	50% Building rehab	N/A
12	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$25,000
	Sub-total 7 to 12 - Actuals	\$47,212
	Items 7 to 12 maximum amount allowable based on 15% of total	\$86,958
	Total Costs Eligible for Rehabilitation Grant	\$626,932

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 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	\$626,932
2	Total capping at 50 per cent of line 1	\$313,466
3	Total of Rehabilitation Grant Payable	\$313,466

* 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 \$313,466 (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 852 Bank Street is \$1,469,000, classified in the commercial vacant land tax class. Current (2016 tax year) property taxes are approximately \$33,376 broken down as follows:

Table 3 – Current (2016 tax year) Property Taxes

Municipal Property Tax portion	\$19,619
Education Property Tax portion	\$13,757
Total Pre-Project Property Taxes	\$33,376

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 \$11,118,000 (based on an effective valuation date of December 6, 2016). The estimated taxes (Municipal and Education) to be generated from full build-out is \$158,517 (2018 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	\$11,118,000	\$104,976	\$53,541	\$158,517

Document 7 – Payment Option Scenario

Table 1

Rehabilitation Grant (Municipal portion only) - 852 Bank St - 2017

Year	Base Tax	Proposed Tax	Increment	Eligible Amount	Applied Amount	Sub Total	Cummulative Grant Amt	BRADMIN 15%
1	\$ 19,619	\$ 104,976	\$ 85,357	\$ 72,553	\$ 72,553	\$ 72,553	\$ 72,553	\$ 12,804
2	\$ 19,619	\$ 107,076	\$ 87,457	\$ 74,338	\$ 74,338	\$ 74,338	\$ 146,891	\$ 13,118
3	\$ 19,619	\$ 109,217	\$ 89,598	\$ 76,158	\$ 76,158	\$ 76,158	\$ 223,050	\$ 13,440
4	\$ 19,619	\$ 111,401	\$ 91,782	\$ 78,015	\$ 78,015	\$ 78,015	\$ 301,065	\$ 13,767
5	\$ 19,619	\$ 113,629	\$ 94,010	\$ 79,909	\$ 12,401	\$ 12,401	\$ 313,466	\$ 14,102
6	\$ 19,619	\$ 115,902	\$ 96,283	\$ 81,841	\$ -	\$ -	\$ 313,466	\$ -
7	\$ 19,619	\$ 118,220	\$ 98,601	\$ 83,811	\$ -	\$ -	\$ 313,466	\$ -
8	\$ 19,619	\$ 120,584	\$ 100,965	\$ 85,821	\$ -	\$ -	\$ 313,466	\$ -
9	\$ 19,619	\$ 122,996	\$ 103,377	\$ 87,871	\$ -	\$ -	\$ 313,466	\$ -
10	\$ 19,619	\$ 125,456	\$ 105,837	\$ 89,961	\$ -	\$ -	\$ 313,466	\$ -
				\$ 810,278	\$ 313,466	\$ 313,466		\$ 67,231

Tax Form	Existing	Proposed
Municipal	\$ 19,619	\$ 104,976
Education	\$ 13,757	\$ 53,541
Total	\$ 33,376	\$ 158,517

Rehabilitation Grant	\$ 313,466
Total Grant	\$ 313,466

BRADMIN is 15 % of Remaining Proposed Tax Increment
Eligible Deferment of Development Charge = \$ 289,860

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 rebate be issued. This rebate would be capped at 50 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.

