

<p>5. BROWNFIELD GRANT PROGRAM APPLICATION – 819 BANK STREET DEMANDE AU TITRE DU PROGRAMME DE SUBVENTION DES FRICHES INDUSTRIELLES – 819, RUE BANK</p>

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Approve the Brownfield Rehabilitation Grant application submitted by Minto Properties Inc., owner of the property at 819 Bank Street, for a Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$1,698,294.00 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; and**
- 2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Redevelopment Grant Agreement with Minto Properties Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 819 Bank Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. Approuve la demande de participation au Programme de subvention pour la remise en valeur des friches industrielles présentée par Minto Properties Inc., propriétaire du bien-fonds situé au 819, rue Bank, pour une subvention versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles**

n'excédant pas 1 698 294,00 \$ au total, sur une période de versement échelonnée sur 10 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; et

2. **Délègue au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une entente de subvention pour le réaménagement des friches industrielles avec Minto Properties Inc., qui établit les modalités relatives au versement de la subvention permettant le réaménagement du 819, rue Bank, à la satisfaction du directeur général de planification, infrastructure et développement économique.**

DOCUMENTATION/DOCUMENTATION

1. Director's report, Planning Services, Planning, Infrastructure and Economic, dated 22 November 2019 (ACS2019-PIE-PS-0118).

Rapport de la Directrice, Service de la planification, Services de la planification, de l'infrastructure et du développement économique, daté le 22 novembre 2019 (ACS2019-PIE-PS-0118).

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
December 3, 2019 / 3 décembre 2019**

**and Council / et au Conseil
December 11, 2019 / 11 décembre 2019**

**Submitted on November 22, 2019
Soumis le 22 novembre 2019**

Submitted by

Soumis par:

Lee Ann Snedden

Director / Directrice

Planning Services / Services 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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**Front Ending Agreements and Brownfields Programs / Ententes préalables et
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Ward: CAPITAL (17) / CAPITALE (17)

File Number: ACS2019-PIE-PS-0118

SUBJECT: Brownfield Grant Program Application – 819 Bank Street

**OBJET: Demande au titre du programme de subvention des friches
industrielles – 819, rue Bank**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

- 1. Approve the Brownfield Rehabilitation Grant application submitted by Minto Properties Inc., owner of the property at 819 Bank Street, for a Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$1,698,294.00 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; and**
- 2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Redevelopment Grant Agreement with Minto Properties Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 819 Bank Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department.**

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 Minto Properties Inc., propriétaire du bien-fonds situé au 819, rue Bank, pour une subvention versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles n'excédant pas 1 698 294,00 \$ au total, sur une période de versement échelonnée sur 10 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; et**
- 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 Minto**

Properties Inc., qui établit les modalités relatives au versement de la subvention permettant le réaménagement du 819, rue Bank, à la satisfaction du directeur général de planification, infrastructure et développement économique.

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 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.

Minto Properties Inc. has filed an application under BRCIP for the clean-up and redevelopment of 819 Bank Street, having a lot area of approximately 3,700 square metres (0.370 hectares) with 54.2 metres frontage along Fourth Avenue, 63.5 metres frontage along Bank Street and 63.5 metres frontage along Fifth Avenue (see Documents 1, 2 and 8). The property uses are listed as Mixed-Use Buildings.

Minto Properties Inc. has retained an Actuary to establish estimated increases in property taxes and assessments due to development.

A Phase I and II Environmental Site Assessment was prepared by Paterson Group Inc. in September 2018 and August of 2017, which identified that the fill material at the subject site contained concentrations of tetrachloroethylene and trichloroethylene exceeding the Ontario Ministry of the Environment, Conservation, and Parks (MECP) Table 3 Standards were in soil samples located on the subject site, likely stemming from the former use of part of the site (dry-cleaning facility) .

Groundwater analytical test results identified VOCs including tetrachloroethylene and its breakdown products at concentrations exceeding the MECP Table 3 Standards.

The site qualifies to be eligible for a Brownfield priority area candidate due to its location and criteria under the BRCIP, as it is located on a Traditional Mainstreet (Bank Street).

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.

Minto Properties 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 April 16, 2019.

Proposed Remediation

The suggested remedial action plan consists of a Risk Assessment to obtain the required Record of Site Condition (RSC). This will involve the disposal of impacted soil and groundwater from within the proposed building footprint during redevelopment.

Additional foundation works is required to prevent the potential for groundwater contamination migrating into the proposed building. Any proposed foundation drainage is considered temporary until the proposed structure is constructed to be impermeable. The foundation drains can remain to allow future basement repairs but cannot be connected to the existing building foundation drainage collection system.

Excavated soil will be screened using visual and olfactory observations as well as a portable soil vapor analyzer. Impacted soil from within the proposed building footprint will be placed in trucks and hauled to an approved waste disposal facility. A portable treatment system will be installed to treat on-site accumulated groundwater by means of granular activated carbon.

Proposed Redevelopment

It is anticipated that the remediation work will take six to nine months. Minto Properties Inc. is redeveloping the property at 819 Bank Street to accommodate a residential development. The building will occupy an area of approximately 3,697 square metres. The proposed development will consist of two levels of underground parking with 118 spaces; and 162 new residential units (20 studio units, 38 one-bedroom units, 18 one-bedroom plus den units, 40 junior two-bedroom units, 32 two-bedroom units and 15 two-bedroom plus den units). The total gross floor area for the proposed 7-storey apartment complex is estimated at 10,067 square metres.

Calculating the Brownfield Grant

Under the Brownfield Redevelopment 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 has reviewed the submissions and has determined that the total costs eligible for a grant under the program is \$3,396,588.00.

Eligible items that are covered in the Brownfields Rehabilitation Grant Program are indicated in Document 4. Eligible item 2 deals with remediation works involved in the cleanup. A portion of these costs (estimated at \$1,355,000.00) are attributed to the extent of additional works required to deal with the potential for groundwater contamination migrating into the proposed building and the need to construct waterproofing to prevent the infiltration of groundwater from entering the building. These works are considered contingent on the basis the structure does not experience

any groundwater infiltration after the construction of the works for one year. After one year of completion of the proposed works, an assessment report shall be prepared by a professional engineer, registered in the province of Ontario, to confirm the proposed waterproofing measures have been preventing the migration of groundwater into the new construction in the past year and its ability to maintain this function. This report shall be submitted to the General Manager, Planning, Infrastructure and Economic Development for review and approval. The Owner acknowledges and agrees to allow the City periodic access to the structure during this one year to conduct its own observations and inspections. All Brownfield grants for the provisional item shall not be released until this review has taken place. Once the review has been reviewed and the General Manager has made their determination on acceptance of the report, no further investigations will be considered and a final determination of the payment of the grant will be made.

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 \$1,698,294.00 (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 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 potential amount generated through the Brownfield Grant Program could be in the order of \$59,948.00 (see document 7 for details).

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 \$1,483,550.00 (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 2014-229, 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 2016-369, the City Solicitor has delegated authority to enter into an agreement with the owner for a Deferral of Development Charges.

Economic Benefits to the Community

The overall economic impact of the proposed residential development is estimated at over \$36 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 \$53 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 \$585,000.00 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 Menard is aware of the report.

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the recommendations of this report. If the recommendations are adopted Legal Services will prepare a Brownfield Rehabilitation Grant Agreement establishing terms and conditions applicable to the said grant.

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 \$1,698,294. In addition, the estimated Municipal Leadership Strategy contribution is \$59,948, for a total requirement of \$1,758,242. Budget authority requirements will be brought forward through the annual budget process.

Development Charges of \$1,483,550 are eligible for deferral under the Development Charge Deferral Program. Deferred DCs would be subject to interest.

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 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 2019-2022 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 Redevelopment Grant - Eligible Costs

Document 5 Calculating the Redevelopment Brownfield Grant

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

Document 7 Payment Option Scenario

Document 8 Elevations

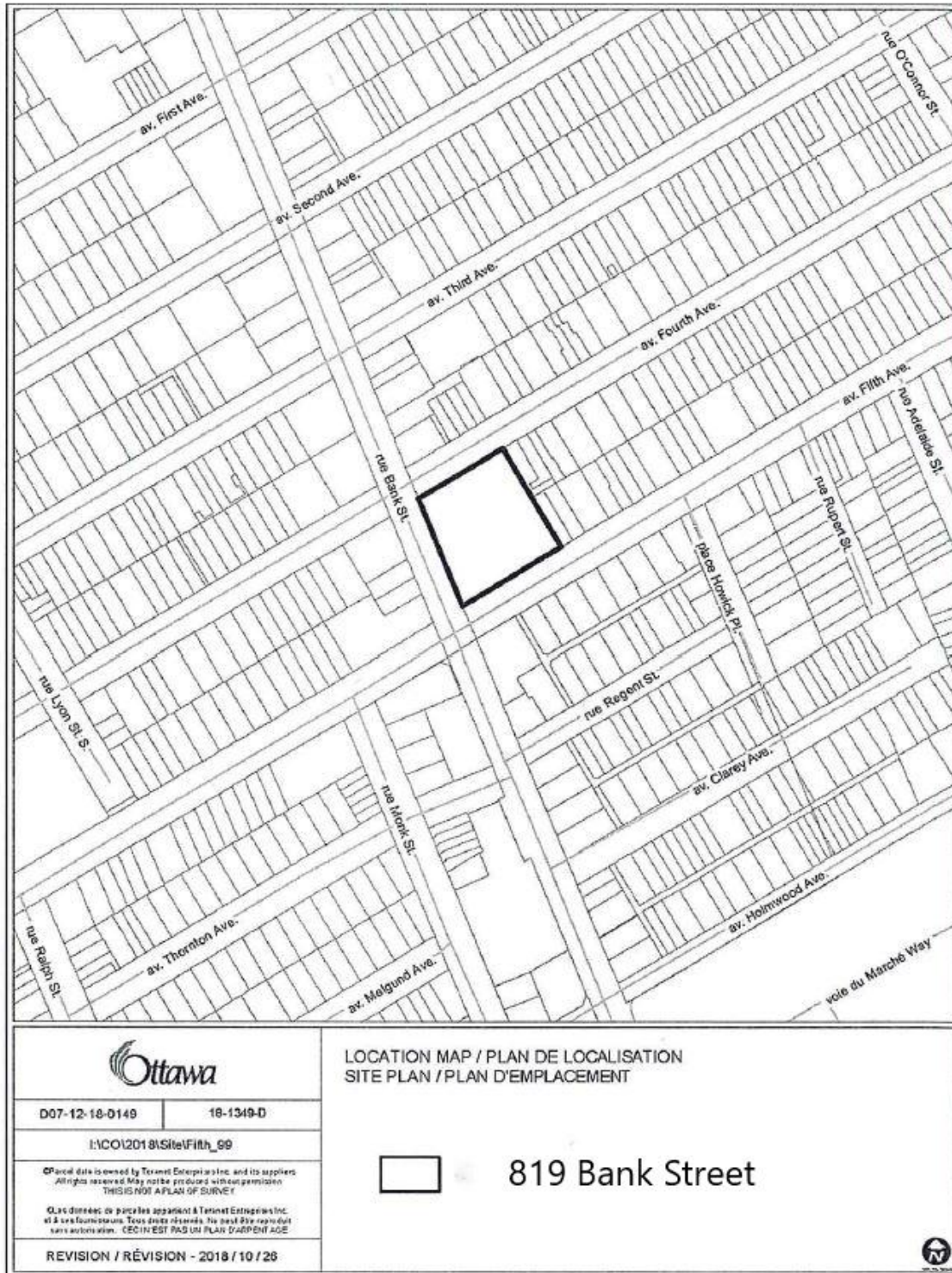
DISPOSITION

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 Map



Document 2 – Aerial View



819 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 Redevelopment Grant – Eligible Costs

The costs eligible for a Brownfield Redevelopment Grant for 819 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	\$85,500.00
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$2,501,600.00
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	\$200,000.00
5	Monitoring, maintaining and operating environmental and engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$100,000.00
6	Environmental Insurance Premiums	N/A
7	Leadership Program	\$80,000.00
8	Cost of Feasibility Study	\$10,000.00
9	30% of Building Permit	\$49,000.00
10	50% Building Demolition	\$275,000.00
11	50% Building rehab	\$298,250.00

12	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$108,964.00
	Sub-total 7 to 12 - Actuals	\$821,214.00
	Items 7 to 12 maximum amount allowable based on 15% of total	\$509,488.00
	Total Costs Eligible for Rehabilitation Grant	\$3,396,588.00
	Total Costs eligible(Items 1–7) for 50% of DC deferral Pg.	\$2,967,100.00

Document 5 – Calculating the Brownfield Redevelopment 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	\$3,396,588.00
2	Total capping at 50 per cent of line 1	\$1,698,294.00
3	Total of Redevelopment Grant Payable	\$1,698,294.00

* The land is located within a priority area. This location is therefore eligible for the Rehabilitation Grant payment equivalent to 85 per cent of the municipal property tax increase that results from the redevelopment, payable annually for up to ten years or when the total Grant is paid, which ever comes first.

The total Brownfield grant payable is \$1,698,294.00 (line 3 above).

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

Pre-Project Property Tax Rates and Property Taxes

Recent 2016 Current Value Assessment on the property at 819 Bank Street is \$8,112,000.00, classified as Neighborhood shopping center with offices above. Recent (2018 tax year) property taxes are approximately \$221,037.00 broken down as follows:

Table 3 – Recent (2018 tax year) Property Taxes

Municipal Property Tax portion	\$134,162.00
Education Property Tax portion	\$86,875.00
Total Pre-Project Property Taxes	\$221,037.00

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 \$53,582,000.00 (based on an effective valuation date of October 15, 2018). The estimated taxes (Municipal and Education) to be generated from full build-out is \$28,080.00 (2021 tax year for complete development constructed), see Table 4.

Table 4 - Estimated Annual Post-Project Municipal\Education Property Taxes (2020)

Tax Class	Estimated assessment (2016 CVA)	Estimated Municipal Tax (2021)	Estimated Education Tax (2021)	Estimated Total Tax (2021)
Residential (RT)	\$53,582,000.00	\$637,793.00	\$21,053.00	\$842,706.00

Document 7 – Payment Option Scenario

Table 1

Rehabilitation Grant (Municipal only)				810 Bank Street			
Year	Base Tax	Proposed Tax	Increment	Eligible Amount	Applied Amount	Cummulative Grant Amt	BRADMIN 15%
1	\$ 142,585	\$ 637,793	\$ 495,208	\$ 420,927	\$ 420,927	\$ 420,927	\$ 11,142
2	\$ 146,863	\$ 656,926	\$ 510,063	\$ 433,554	\$ 433,554	\$ 854,480	\$ 11,476
3	\$ 151,268	\$ 676,634	\$ 525,366	\$ 446,561	\$ 446,561	\$ 1,301,041	\$ 11,821
4	\$ 155,806	\$ 696,933	\$ 541,127	\$ 459,958	\$ 397,253	\$ 1,698,294	\$ 21,581
5	\$ 160,481	\$ 717,841	\$ 557,360	\$ 473,756	\$ -	\$ 1,698,294	\$ -
6	\$ 165,295	\$ 739,377	\$ 574,082	\$ 487,970	\$ -	\$ 1,698,294	\$ -
7	\$ 170,254	\$ 761,558	\$ 591,304	\$ 502,608	\$ -	\$ 1,698,294	\$ -
8	\$ 175,362	\$ 784,405	\$ 609,043	\$ 517,687	\$ -	\$ 1,698,294	\$ -
9	\$ 180,622	\$ 807,937	\$ 627,315	\$ 533,218	\$ -	\$ 1,698,294	\$ -
10	\$ 191,622	\$ 832,175	\$ 640,553	\$ 544,470	\$ -	\$ 1,698,294	\$ -
				\$ 2,234,755	\$ 1,698,294		\$ 56,020
				Rehabilitation Grant		\$ 1,698,294	

BRADMIN is 15 % of the difference of the Proposed Tax Increment and Applied grant

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 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 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 – Elevations

