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| 7. BROWNFIELDS GRANT PROGRAM APPLICATION – 900 ALBERT STREET<br><br>DEMANDE DANS LE CADRE DU PROGRAMME DE SUBVENTION POUR LA<br>REMISE EN VALEUR DES FRICHES INDUSTRIELLES – 900, RUE ALBERT |
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### **COMMITTEE RECOMMENDATIONS**

#### **That Council:**

- 1. Approve the Brownfields Rehabilitation Grant and Development Charge Reduction Program application submitted by TIP Albert GP Inc., owner of the property at 900 Albert Street, for a brownfields rehabilitation grant not to exceed \$8,255,397 over a maximum of 10 years, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfields Rehabilitation Grant Agreement;**
- 2. Delegate the authority to staff to execute a Brownfields Rehabilitation Grant Agreement with TIP Albert GP Inc., establishing the terms and conditions governing the payment of the Brownfields Rehabilitation Grant for the redevelopment of 900 Albert Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development, the City Clerk and Solicitor and the City Treasurer; and**
- 3. Resolve to exempt the proposed redevelopment of 900 Albert Street from paying future municipal development charges up to a maximum of \$7,711,750, under Section 7(t) of the Development Charges By-law 2014-229, under the Guideline for the Development Charge Reduction due to Site Contamination Program, approved by Council June 11, 2014 and included in the \$8,255,397 grant request, as outlined in Recommendation 1.**
- 4. Waive the requirement in Section 1.2 of the City's Disposal of Real Property Policy that the use of City property be conducted on the basis of market value, and approve the City's land being encumbered by TIP Albert GP Inc. relocation of municipal infrastructure**

consisting of the West Nepean Sanitary Collector Sewer, Mooney's Bay Sanitary Collector Sewer and the Nepean Bay Storm Sewer from the development property at 900 Albert Street onto adjacent City property at 1035 Somerset Street West for the sum of \$1.00.

### **RECOMMANDATIONS DU COMITÉ**

Que le Conseil :

1. Approuve la demande dans le cadre du Programme de subvention pour la remise en valeur des friches industrielles et de réduction des redevances d'aménagement présentée par TIP Albert GP Inc., propriétaire du bien-fonds situé au 900, rue Albert, pour une subvention ne devant pas excéder 8 255 397 \$ sur une période maximale de 10 ans, sous réserve de la conclusion d'une entente de subvention pour la remise en valeur de friches industrielles, et conformément à ses modalités;
2. Délègue au personnel le pouvoir de conclure une entente de subvention pour la remise en valeur des friches industrielles avec TIP Albert GP Inc., établissant les modalités relatives au versement de la subvention permettant le réaménagement du 900, rue Albert, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, du greffier municipal et avocat général et de la trésorière municipale;
3. Prenne les dispositions nécessaires pour dispenser le réaménagement proposé au 900, rue Albert du versement de toute redevance d'aménagement municipale future jusqu'à concurrence de 7 711 750 \$, en vertu de l'alinéa 7t) du *Règlement municipal sur les redevances d'aménagement* (n° 2014-229), conformément aux lignes directrices du Programme de réduction des redevances d'aménagement due à la contamination de l'emplacement, approuvées par le Conseil le 11 juin 2014, et de faire en sorte que cette exemption soit incluse dans la demande de subvention de 8 255 397 \$ décrite à la recommandation 1;

4. **Renonce à la disposition de l'article 1.2 de la Politique sur l'aliénation des biens immobiliers de la Ville exigeant que les biens immobiliers soient aliénés à leur valeur marchande et approuver le déménagement par TIP Albert GP Inc. sur le terrain municipal adjacent, situé au 1035, rue Somerset Ouest, de l'infrastructure municipale située au 900, rue Albert, laquelle est formée des égouts collecteurs sanitaires de Nepean Ouest et de la baie Mooneys et de l'égout collecteur d'eaux pluviales de la baie Nepean, moyennant la somme de 1 \$.**

#### DOCUMENTATION/DOCUMENTATION

1. Director's report, Planning Services, dated 26 September 2017 (ACS2017-PIE-PS-0118)

Rapport de la Directrice, Services de la planification, daté le 26 septembre 2017 (ACS2017-PIE-PS-0118)

2. Extract of draft Minutes, Finance and Economic Development Committee, 3 October 2017

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 3 octobre 2017

**Report to  
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du  
développement économique  
October 3, 2017 / 3 octobre 2017**

**and Council / et au Conseil  
October 11, 2017 / 11 octobre 2017**

**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**

**Report Author / Auteur du rapport:**

**Richard Buchanan, Project Manager / Gestionnaire de projets, Development  
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**(613) 580-2424, 27801, Richard.Buchanan@ottawa.ca**

**Ward: SOMERSET (14)**

**File Number: ACS2017-PIE-PS-0118**

**SUBJECT: Brownfields Grant Program Application – 900 Albert Street**

**OBJET: Demande dans le cadre du Programme de subvention pour la remise  
en valeur des friches industrielles – 900, rue Albert**

## **REPORT RECOMMENDATIONS**

**That Finance and Economic Development Committee recommend Council:**

- 1. Approve the Brownfields Rehabilitation Grant and Development Charge Reduction Program application submitted by TIP Albert GP Inc., owner of the property at 900 Albert Street, for a brownfields rehabilitation grant not**

to exceed \$8,255,397 over a maximum of 10 years, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfields Rehabilitation Grant Agreement;

2. Delegate the authority to staff to execute a Brownfields Rehabilitation Grant Agreement with TIP Albert GP Inc., establishing the terms and conditions governing the payment of the Brownfields Rehabilitation Grant for the redevelopment of 900 Albert Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development, the City Clerk and Solicitor and the City Treasurer; and
3. Resolve to exempt the proposed redevelopment of 900 Albert Street from paying future municipal development charges up to a maximum of \$7,711,750, under Section 7(t) of the Development Charges By-law 2014-229, under the Guideline for the Development Charge Reduction due to Site Contamination Program, approved by Council June 11, 2014 and included in the \$8,255,397 grant request, as outlined in Recommendation 1.
4. Waive the requirement in Section 1.2 of the City's Disposal of Real Property Policy that the use of City property be conducted on the basis of market value, and approve the City's land being encumbered by TIP Albert GP Inc. relocation of municipal infrastructure consisting of the West Nepean Sanitary Collector Sewer, Mooney's Bay Sanitary Collector Sewer and the Nepean Bay Storm Sewer from the development property at 900 Albert Street onto adjacent City property at 1035 Somerset Street West for the sum of \$1.00.

#### **RECOMMANDATIONS DU RAPPORT**

**Que le Comité des finances et du développement économique recommande ce qui suit au Conseil :**

1. Approuver la demande dans le cadre du Programme de subvention pour la remise en valeur des friches industrielles et de réduction des redevances d'aménagement présentée par TIP Albert GP Inc., propriétaire du bien-fonds situé au 900, rue Albert, pour une subvention ne devant pas excéder 8 255 397 \$ sur une période maximale de 10 ans, sous réserve de

- la conclusion d'une entente de subvention pour la remise en valeur de friches industrielles, et conformément à ses modalités;
2. Déléguer au personnel le pouvoir de conclure une entente de subvention pour la remise en valeur des friches industrielles avec TIP Albert GP Inc., établissant les modalités relatives au versement de la subvention permettant le réaménagement du 900, rue Albert, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, du greffier municipal et avocat général et de la trésorière municipale;
  3. Prendre les dispositions nécessaires pour dispenser le réaménagement proposé au 900, rue Albert du versement de toute redevance d'aménagement municipale future jusqu'à concurrence de 7 711 750 \$, en vertu de l'alinéa 7t) du *Règlement municipal sur les redevances d'aménagement* (n° 2014-229), conformément aux lignes directrices du Programme de réduction des redevances d'aménagement due à la contamination de l'emplacement, approuvées par le Conseil le 11 juin 2014, et de faire en sorte que cette exemption soit incluse dans la demande de subvention de 8 255 397 \$ décrite à la recommandation 1;
  4. Renoncer à la disposition de l'article 1.2 de la Politique sur l'aliénation des biens immobiliers de la Ville exigeant que les biens immobiliers soient aliénés à leur valeur marchande et approuver le déménagement par TIP Albert GP Inc. sur le terrain municipal adjacent, situé au 1035, rue Somerset Ouest, de l'infrastructure municipale située au 900, rue Albert, laquelle est formée des égouts collecteurs sanitaires de Nepean Ouest et de la baie Mooneys et de l'égout collecteur d'eaux pluviales de la baie Nepean, moyennant la somme de 1 \$.

## 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 Brownfields 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 Council approved BRCIP update on October 14, 2015 identified this property as being processed based on the 2010 BRCIP Program.

The BRCIP presents the rationale behind the redevelopment of brownfields in Ottawa, and the actions and strategies that will promote brownfield redevelopment. The BRCIP contains comprehensive framework for the following incentive programs:

- Project Feasibility Study Grant Program;
- Environmental Site Assessment Grant Program;
- Property Tax Assistance Program;
- Rehabilitation Grant Program; and
- Building Permit Fee Grant Program.

TIP Albert GP Inc. has filed an application under BRCIP for the clean-up and redevelopment of 900 Albert Street, having a lot area of 14,489 square metres and 230 metres of frontage along Albert Street and 23 metres of frontage along City Centre Avenue (see Documents 1, 2 and 9).

Crossing the property are a series of City easements which correlate to critical infrastructure comprising of sanitary and storm sewers that have been in place since 1950. The subject site was last actively used as a rail yard with associated buildings until decommissioned in the 1960s. The NCC acquired the site as part of its urban strategy plan to remove the railways from the downtown core. It was used as a storage yard and for a period as a snow disposal site until 1993. The property was declared surplus and sold for future development. The site is currently vacant and sits within 50 meters of Bayview Station which is at the confluence of the Confederation and Trillium light rail lines. The property was acquired by TIP Albert GP Inc. in 2015.

A Phase I Environmental Site Assessment was prepared by Paterson Group Inc. in June of 2014. This resulted in a Phase 2 Environmental Site Assessment which was initiated in August of 2014, with a subsequent sampling program in December 2015, which identified a number of environmental impacts from petroleum hydrocarbons,

fractions 1 – 4 (PHCs F<sub>1</sub>-F<sub>4</sub>), metals, polycyclic aromatic hydrocarbons (PAHs), and volatile organic compounds (VOCs) exceeding Ministry of the Environment and Climate Change (MOECC) Table 3 standards that were found among the fill materials, likely stemming from the associated use of the property.

The site does qualify as an eligible brownfield priority area candidate due to its location adjacent to a Light Rail 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 a number of individual programs dealing with grants and credits available to the development industry. This application is for the Rehabilitation Grant and the Development Charge Credit programs. The total grants from these programs shall not exceed 50 per cent of the eligible cost specific to each program for rehabilitating said lands and buildings. If the development does not proceed then no grants are paid.

The owners are eligible for the Development Charge Reduction Due to Site Contamination Program which allows a maximum reduction of municipal development charges up to 50 per cent of eligible cost items (items 1 to 7 in Document 4). The amount credited is reduced from the eligible cost cap under the Brownfields Rehabilitation Grant Program. This program allows the owner to receive a development charge credit at the time of application for building permits. Any unused portions of the allowable development charge credit will be rolled over into the Brownfields Rehabilitation Grant Program.

The Brownfields Rehabilitation Grant Program, is a tax increment based grant funded through the tax increase that results from redevelopment of the property but is limited to 50 per cent of the increase in municipal taxes and is payable annually for up to 10 years, 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.

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 \$ 6,095,000) are attributed to the extent of additional works required to deal with the potential off-site groundwater contamination migrating into the excavation during the foundation construction. At the time of completion of the foundation excavation, an assessment, subject to the General Manager, Planning, Infrastructure and Economic Development approval, will be made to determine if the need for the additional work is required and if the costs are to be considered an eligible item.

### **TIP Albert GP Inc. Brownfields Rehabilitation Grant Application**

The required documents that are to be submitted to the City as part of a Brownfields Rehabilitation Grant Program application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of November 12, 2015.

### **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 7.0 metres below grade and will be below the Nepean Bay Storm Sewer, Mooney's Bay Sanitary Collector Sewer. The excavation will remove all hydrocarbon, polycyclic aromatic hydrocarbons 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 (construction item), while impacted soil will be placed in trucks and hauled to an approved waste disposal facility (approximately 65,000 cubic metres or 130,000 metric tonnes). Based on the most recent analytical test results, the groundwater beneath the site in certain areas is considered to not be in compliance with MOE Table 3 standards. The groundwater will require some treatment prior to disposal to the municipal sewer system. A portable groundwater treatment system unit is to be installed on-site to remediate the groundwater by means of activated carbon to ensure groundwater concentrations are in compliance with the MOECC and/or municipal by-law standards.

A separate report assessing the groundwater infiltration from adjacent sites during construction of the foundation will be conducted to determine if contamination is

entering the site from surrounding lands and the characteristics of the surrounding morphology analyzed to determine flow patterns and rates. Based on the recommendation placed forward and subject to the General Manager, Planning, Infrastructure and Economic Development approving the recommendations, a determination of the extent of works to be completed will be made and the eligible items allowable under the Brownfield Grant Program. The costs of provisional works proposed is estimated at \$ 6,095,000 and is included in the total eligible item estimate (see Document 4, Table 1, item 2).

The soil remediation program is expected to be complete within approximately six months.

### **Proposed Redevelopment Scheme**

This property is being developed through an Official Plan Amendment application D01-01-16-0005, a Rezoning application D02-02-16-0018 and a Site Plan Control application D07-12-16-0165 which is subject to Public consultation. Development proposals are accessible to the public through the Development Application Search Tool on Ottawa.ca. City staff information and details about the development are posted on signs at the proposed site. Notification of the proposal is also forwarded to concerned Community Groups

The proposed development consists of a mixed-used building with three residential towers. A total of 1,632 residential units (97,077 square metres) are proposed, complemented by 10,864 square metres of retail space and 17,422 square metres of office space. A total of 1,183 parking spaces have been proposed for the development, including 779 residential parking spaces, 30 residential visitor parking spaces, 198 retail spaces, and 176 office spaces. The parking has been distributed across five levels of underground parking and three (3) levels of above-grade parking.

Crossing the property at 900 Albert St. are critical elements of municipal infrastructure comprising of sanitary and storm sewers. This infrastructure is at depths of approximately 7 meters and is an obstacle to the complete excavation of the site and full brownfield rehabilitation. The proposed development scheme by TIP Albert GP Inc. is premised on removing and relocating the existing infrastructure. Thus the relocation will permit a complete brownfield remediation and the ability to maximize the overall development plan as per City planning objectives and land uses near LRT Stations. The

relocation of underground municipal infrastructure is required to facilitate the proposed development of the lands.

All the costs to design, engineer, relocate and operationalize the municipal infrastructure, estimated at \$10,706,050 will be at TIP Albert GP Inc.'s expense. The proposed development scheme has the City infrastructure relocated onto the adjacent City lands within the operating rail corridor (Trillium Line). This relocation of City infrastructure is in keeping with the implementation strategy of the Bayview Station District Secondary Plan, with respect to the build over of significant pipe infrastructure. It will also allow for the efficient redevelopment of the site and will reduce risk with respect to possible damage from construction, overbuild, and long term maintenance issues associated with building proximity of such large City infrastructure. The relocation of the infrastructure will also help provide for a larger remediation of this contaminated site. Once the relocation is complete, and approved, the City will release the corresponding infrastructure easements on 900 Albert Street. TIP Albert GP Inc. will be responsible for all costs to extinguish the City easements and to remove the redundant infrastructure from their property.

The relocation of the infrastructure within the rail corridor will not require an easement as the lands are owned by the City. However, when a private developer uses City lands, the approved Council policy is to extract market value based compensation by way of an encroachment or license fee. Approximately 2,054.8 square meters (22,107 sq. ft.) of City lands will be encumbered by the relocated services (refer to Document 10). A market value fee of \$920,000 was estimated based on internal and external appraisal reports and would normally be requested by the Corporate Real Estate Office (CREO) under these terms and conditions. Nevertheless, with respect to the relocation of the City Infrastructure, consideration should be given to the benefits that will result from a complete remediation and redevelopment of the site. Relocating the civic services on City property will help contribute to the creation of a complete mixed-use community and allow intensification in accordance with City Council policies of a large vacant and contaminated site. Relocation of City infrastructure, in particular, the West Nepean Collector and the Mooney's Bay Storm Sewer, will create an opportunity to have a development that is better integrated with the surrounding area and provide for a stronger built form and public realm presence along Albert Street. Planning, Infrastructure and Economic Development is recommending that as part of the

brownfield strategy detailed in this report that Council waive City policy with respect to the market value compensation for the use of City lands.

### **Calculating the Brownfields Rehabilitation Grant**

Under the Brownfields 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 and Development Charge Reduction. Staff reviewed the submissions and has determined that the total costs eligible for a brownfields rehabilitation grant under the program are \$16,510,794 (includes provisional costs for additional items relating to the groundwater assessment report).

The BRCIP specifies that the total grants be capped at 50 per cent of the total eligible costs. A breakdown of the eligible costs is shown in Document 4. Applying this cap results in the calculation of the rehabilitation grant to be \$8,255,397 (see Document 5), subject to any additional development charge credits which may occur.

The ability to receive the rehabilitation grant can occur over a number of venues and timing for the payouts of the grants.

- **Brownfields Rehabilitation Grant Program**

Grants, paid in the form of property tax rebates, would be capped at 50 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.

- **Development Charge Reduction Due to Site Contamination Program**

The owners are eligible for the Development Charge Reduction Due to Site Contamination Program which allows a maximum reduction of development charges up to 50 per cent of eligible cost items but the amount credited will be reduced from eligible grants under the Brownfields Rehabilitation Grant Program. This program allows the owners to receive a credit at the time of application for building permits. The anticipated total development charges for full build-out of this development is \$28,877,931. The eligible development charge credit of 50

per cent of the eligible cost items is calculated as \$7,711,750 (see Document 7).

- Municipal Leadership Strategy Program

As part of the Brownfields 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 total funding under this program for this site is estimated at \$696,756.

#### Economic Benefits to the Community

The overall economic impact of the proposed commercial and residential development is estimated at \$400 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 and the construction period through payroll, purchased material supplies and services and equipment rentals.

Over \$415 million in new commercial assessment and residential assessments would be added to the property tax assessment roll at full development. Staff estimates that over \$6,995,000 per year in increased municipal property and education taxes can be expected at the completion of the project, after the brownfields rehabilitation grant ends, which would subsequently go to the City's general revenues (see Document 6).

The project will earn the City over \$20,000,000 in present value dollars in development charges, building permit fees and other development fees.

#### **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

## **CONSULTATION**

There was no public consultation for this report.

## **COMMENTS BY THE WARD COUNCILLORS**

Councillor McKenney provided the following comments:

“I am aware and support the portion of this report pertaining to the proposed agreement to apply the appropriate grants under the Brownfields Grant Program for this site.

However, I have serious reservations regarding the recommendation on page 8 of this report that Council waive the encroachment fee as established in City policy with respect to the market value compensation for the use of City lands. I believe it would be premature to waive the \$920,000 normally required by the Corporate Real Estate Office for city lands encumbered by private infrastructure before the full and final redevelopment plans are submitted and the supposed positive community building aspects evaluated.

As part of this recommendation the report cites a number of potential benefits brought by this redevelopment. However, as this application is still under negotiation I believe it would be more prudent to measure the total monetary value to be waived against measureable features of the proposed development in its final form as ultimately presented to Committee and Council. These features should include the provision of affordable housing units, contributions to the nearby active transportation network, and considerable animation to the ground elevation on the south façade of this proposal as required in the CDP for this area.

Until these items are substantively addressed and reviewed by staff, Committee, and Council I cannot support waiving the \$920, 000 encroachment fee.”

## **LEGAL IMPLICATIONS**

In respect of recommendation to waive the policy requiring market value for the use of City land, as noted in the report, the City has in place a Brownfields Redevelopment Community Improvement Plan. As permitted by the *Planning Act*, subsection 28(6), and the *Municipal Act*, section 106, where a Community Improvement Plan is in place, the municipality may sell, lease or otherwise dispose of an interest in land at less than market value without contravening the bonusing provisions of the *Municipal Act*.

## **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

## **ASSET MANAGEMENT IMPLICATIONS**

The recommendations documented in this report are consistent with the City's Comprehensive Asset Management (CAM) Program ([City of Ottawa Comprehensive Asset Management Program](#)) objectives.

The recommended approach will increase the reliability of water supply to existing residents in the South Urban Community, in particular the residents of South Barrhaven. However, the project will also improve the reliability of water supply to existing residents in the Manotick community. It is an efficient and affordable approach to project delivery which supports a forward looking approach to meet future challenges, including changing demographics and populations, legislative and environmental factors.

## **FINANCIAL IMPLICATIONS**

### **Recommendations 1 and 3**

The maximum grant under the 2010 Brownfield Redevelopment Community Improvement Plan Program is \$8,255,397, including Development Charge exemptions estimated to be \$7,711,750. As approved by Council through the 2014 Development Charges Policy and Framework (ACS2014-CMR-ARA-0004) report, the loss of DC funds collectable under an exemption must be reimbursed into the Development Charge Fund by the City of Ottawa.

The estimated Municipal Leadership Strategy contribution is \$696,756.

A provision item is included in the total grant for works which can only be verified at the time of completion of the excavation of the works and represents an eligible item cost of \$6,095,000 and a grant of \$3,047,500. If the works are not required, the grant and associated Municipal Leadership Strategy contribution, will be reduced accordingly.

Budget authority requirements for the above expenses will be brought forward through the annual budget process.

### **Recommendation 2**

There are no direct financial implications.

### **Recommendation 4**

The value of the land is approximately \$920,000.

### **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.

### **TECHNOLOGY IMPLICATIONS**

Information Technology and Planning, Infrastructure and Economic Development have agreed that for Land Use reports from Development Review Services and Policy Development and Urban Design Branches, there is no technology component.

### **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 Rehabilitation Grant Application Requirements

Document 4 Rehabilitation Grant-Eligible Costs

Document 5 Calculating the Rehabilitation Grant/Development Charge Reduction

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

Document 7 Calculating the Development Charges Payable

Document 8 Payment Option Scenario

Document 9 Elevation

Document 10 Encroachment Impacted Area Plan

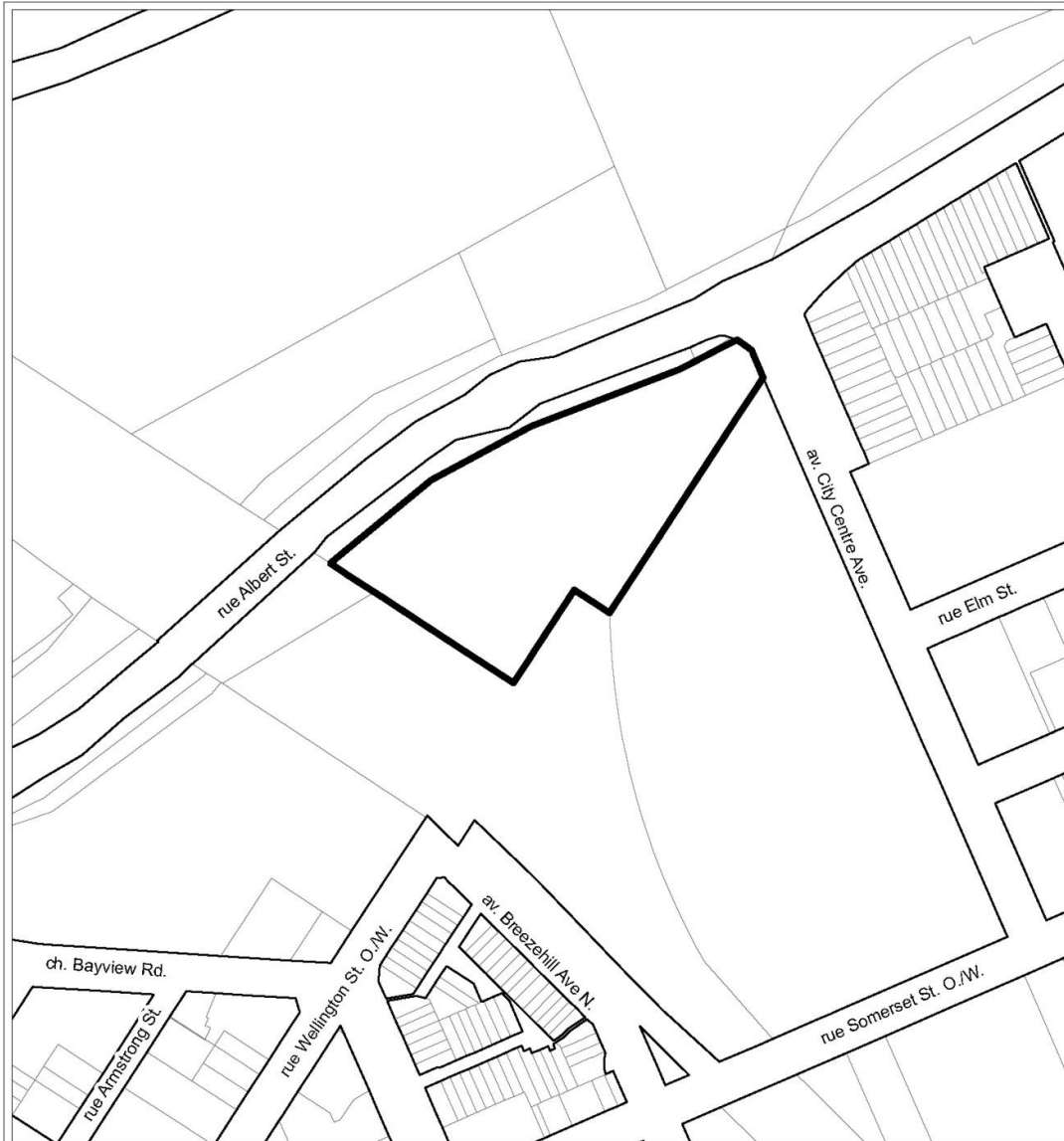
## **DISPOSITION**




City Clerk and Solicitor Department, Legal Services, to prepare the Brownfields Property Tax Assistance/Rehabilitation Grant Agreement.

Planning, Infrastructure and Economic Development Department and Finance Department, Revenue Branch to develop a general administrative approach to implement the Brownfields 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



		LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES	
F18-04-15-ALBE	17-1074-D	 <b>900 rue Albert Street</b>	
I:\CO\2017\Brownfields\Albert_900			
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REVISION / RÉVISION - 2017 / 07 / 05			

Document 2 – Aerial View



900 Albert Street

### Document 3 – Rehabilitation Grant Application Requirements

A Brownfields Rehabilitation Grant Program guide was prepared as part of the administration of the Brownfields 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 – Rehabilitation Grant-Eligible Costs**

The costs eligible for a Brownfields Rehabilitation Grant for 900 Albert Street are estimated as follows:

**Table 1 - Eligible Cost and Estimated Cost**

	Eligible Costs	Estimated Cost
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$95,000
2 <sup>(1)</sup>	Environmental Remediation including the cost of preparing an Record of Site Condition	\$14,751,000
3	Placing clean fill and grading	\$577,500
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
<b>Sub-Total</b>	<b>Total Costs eligible for DC reduction due to site contamination</b>	<b>\$15,432,500</b>
8	Cost of Feasibility Study	\$10,000
9	30% of Building Permit	\$487,000
10	Building removal	N/A
11	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management	\$590,294

	facilities	
	Total Costs Eligible for Rehabilitation Grant	\$16,510,794

- (1) Costs include the extent of works required to construct the additional waterproofing in the event that the Groundwater Assessment conducted during the foundation excavation indicates the need for this work and subject to the General Manager, Planning, Infrastructure and Economic Development Department approval.

## Document 5 – Calculating the Rehabilitation Grant/Development Charge

### Reduction

The Ottawa Brownfields Community Improvement Plan (CIP) specifies that the total of all grants and development charge reductions shall not exceed 50 per cent of the cost of rehabilitating said lands and buildings.\*

The owner is also eligible for the Development Charge Reduction Due to Site Contamination Program which allows a maximum reduction of development charges up to 50 per cent of eligible cost items but the amount received will be deleted from eligible grants for the Rehabilitation Grants Program. This program allows the owner to receive a credit at the time of application for building permits. The anticipated, total development charges for full build-out for this development are \$28,877,931. Eligible Development Charges of 50 per cent is equal to a credit of \$7,711,750 (50 per cent of items 1 – 7) in Document 4) but only actual Development Charge reductions are applied at the time of building permit applications, which would leave \$21,166,181 of Development Charges to be paid by the developer.

**Table 1 - Total eligible costs**

1	Total eligible Costs- from Document 4	\$16,510,794
2	Total capping at 50 per cent of line 1	\$8,255,397
3	Total of Rehabilitation Grant Payable and development charge credit	\$8,255,397

\* The subject land is located adjacent to a Light Rail Station. This location is therefore eligible for the Rehabilitation Grant equivalent to 50 per cent of the municipal property tax increase that results from the redevelopment, payable annually for up to 10 years, or until the time when the total grant payments equal the total eligible costs whichever comes first.

The total Brownfields Grant payable is \$8,255,397 (line 3 above). The Development Charge reduction program amount of \$7,711,750 applied for is included in this amount. The total maximum Rehabilitation Grant is therefore \$543,647 plus any unused Development Charge Credits not used at the time of building permit issuance.

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

Pre-Project Property Tax Rates and Property Taxes

Current (2014 tax year) Value Assessment on the property at 900 Albert Street is \$1,477,750, classified in the commercial vacant land tax class. Current (2015 tax year) property taxes are approximately \$26,173 broken down as follows:

**Table 1 - Current (2016) Property Taxes**

Municipal Property Tax portion	\$16,769
Education Property Tax portion	\$9,404
<b>Total Pre-Project Property Taxes</b>	<b>\$26,173</b>

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 in excess of \$415,000,000 (effective a valuation date of January 01, 2012). The estimated taxes (Municipal and Education) to be generated from full build-out is over \$7,300,000 (pro-rated for the 2020 tax year based on staggered completion dates), see Table 2.

**Table 2 - Estimated Annual Post-Project Municipal Education Property Taxes (Prorated for the 2020 tax year)**

Tax Class	Estimated assessment (2020)	Estimated Municipal Tax	Estimated Education Tax	Estimated Total Tax
Commercial and Residential	\$415,000,000	\$5,103,388	\$2,264,594	\$7,367,982



**Document 7 – Calculating the Development Charges Payable**

**Table 1 - Development Charges Payable**

1	Total eligible Costs from application	\$16,510,794
2	Total capping at 50 per cent of line 1 *	\$8,255,397
3	Estimated Development Charges (DC)	\$28,877,931
4	Total cost eligible for DC reduction from application – total items 1 to 7 (Document 4) **	\$15,423,500
5	Capping at 50 per cent of line 4 – Development Charge reduction	\$7,711,750
6	Development charge is reduced by the amount in line 5 (line 3 – line 5)	\$21,166,181 payable as DCs
7	Eligible cost cap is reduced by DC reduction (line 2 – line5)	\$543,647
8	Total potential remaining Rehabilitation grant	\$543,647

\*The maximum reduction of development charges is 50 percent of the cost components of line 4 since the site is located along a Traditional Main Street.

\*\*The environmental site assessment, remediation and grading costs and environmental insurance premiums cost component of an approved rehabilitation grant may be applied against development charges payable, subject to Council approval.

The development charge is reduced to \$0 (line 6 above) payable after the development charges credit of \$7,711,750.

The total potential Rehabilitation Grant payable is \$543,647(line 8 above) plus any Development Charge credits not used at the time of issuance of the building permit.

**Document 8 – Payment Option Scenario**

Table 1

Rehabilitation Tax Assistance (Municipal only) reduction with and DC Reduction - 900 Albert

Year	Base Tax	Proposed Tax	Increment	Eligible Amount	Applied Amount	DC Reduction	Sub Total	Cummulative Grant Amt	BRADMIN 15%
2020	\$ 16,769	\$ 5,103,388	\$ 5,086,619	\$ 2,543,310	\$ -	\$ 7,711,750	\$ 7,711,750	\$ 7,711,750	\$ -
2021	\$ 16,769	\$ 5,205,456	\$ 5,188,687	\$ 2,594,344	\$ 543,647	\$ -	\$ 543,647	\$ 8,255,397	\$ 696,756
2022	\$ 16,769	\$ 5,309,565	\$ 5,292,796	\$ 2,646,398	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
2023	\$ 16,769	\$ 5,415,756	\$ 5,398,987	\$ 2,699,494	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
2024	\$ 16,769	\$ 5,524,071	\$ 5,507,303	\$ 2,753,651	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
2025	\$ 16,769	\$ 5,634,553	\$ 5,617,784	\$ 2,808,892	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
2026	\$ 16,769	\$ 5,747,244	\$ 5,730,475	\$ 2,865,238	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
2027	\$ 16,769	\$ 5,862,189	\$ 5,845,420	\$ 2,922,710	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
2028	\$ 16,769	\$ 5,979,432	\$ 5,962,664	\$ 2,981,332	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
2029	\$ 16,769	\$ 6,099,021	\$ 6,082,252	\$ 3,041,126	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
2030	\$ 16,769	\$ 6,221,001	\$ 6,204,233	\$ 3,102,116	\$ -	\$ -	\$ -	\$ 8,255,397	\$ -
				\$ 30,958,610	\$ 543,647	\$ 7,711,750	\$ 8,255,397		\$ 696,756

Tax Form	Existing	Proposed
Municipal	\$ 16,769	\$ 5,103,388
Education	\$ 9,404	\$ 2,264,594
Total	\$ 26,173	\$ 7,367,982

Rehabilitation Grant	\$ 543,647
DC Reduction	\$ 7,711,750
Total Grant	\$ 8,255,397

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

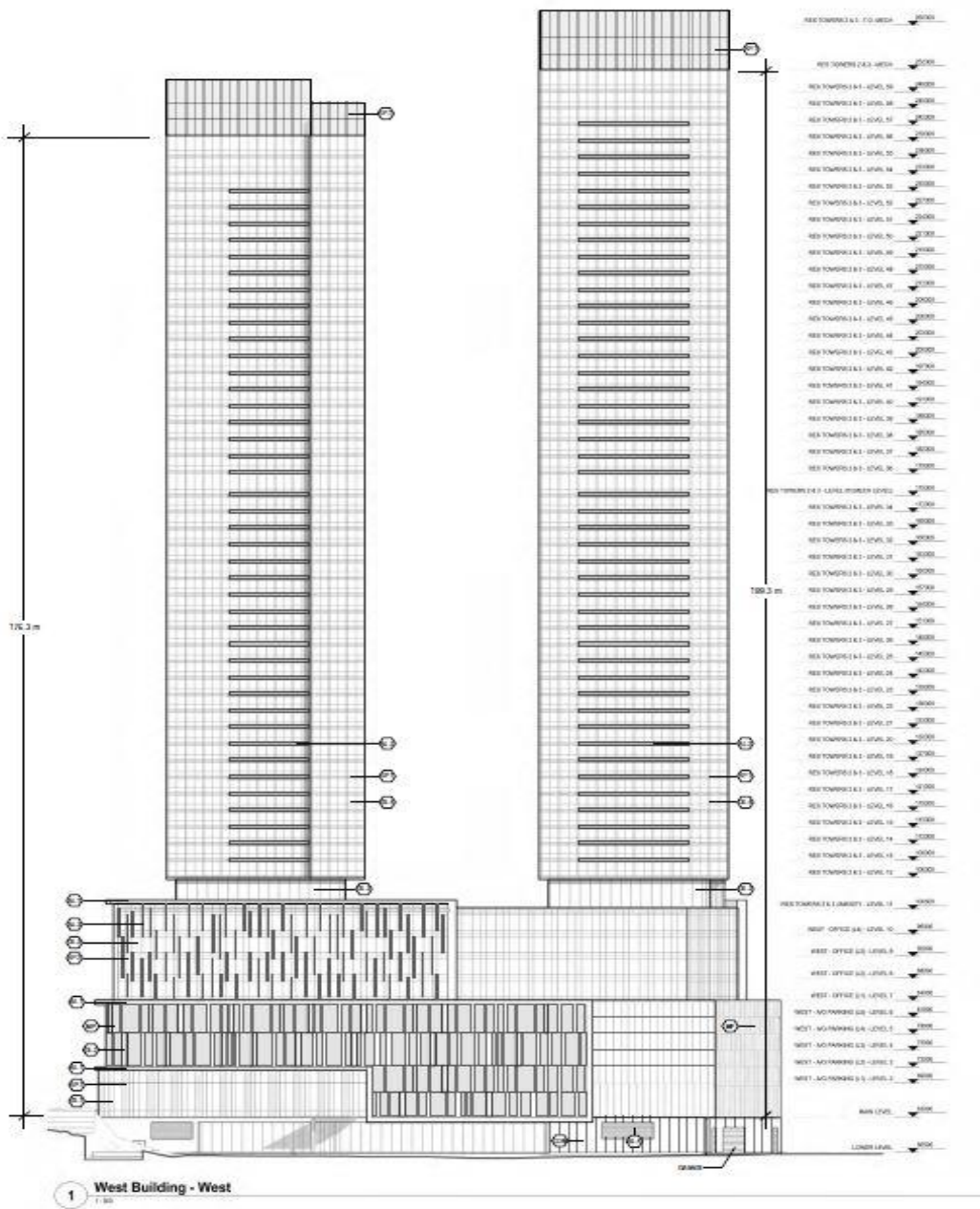
It is important to note that the tax increment is only an estimate and provides guidance on the order of magnitude of the possible payment under the assumption that the project would be completed, reassessed and taxes levied and paid in this period. The tax rates and all of the assessment valuation parameters 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.

The Municipal Leadership Strategy Program is estimated at \$696,756.

Document 9 – Elevation



West Elevation

Document 10 – Encroachment Impacted Area Plan

