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| <p><b>8. MONTREAL ROAD COMMUNITY IMPROVEMENT PLAN</b></p> <p><b>PLAN D'AMÉLIORATIONS COMMUNAUTAIRES DU CHEMIN DE MONTRÉAL</b></p> |
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**COMMITTEE RECOMMENDATIONS**

**That Council:**

- 1. Approve the adoption of a By-law to designate the area shown in Document 1 as the Montreal Road Community Improvement Plan Area; and**
- 2. Approve and adopt by By-law the Montreal Road Community Improvement Plan as set out in Document 2.**

**RECOMMANDATIONS DU COMITÉ**

**Que le Conseil :**

- 1. approuve l'adoption d'un règlement désignant la zone illustrée dans le document 1 comme étant le Secteur d'améliorations communautaires du chemin de Montréal; et**
- 2. approuve et adopte, par voie de règlement municipal, le Plan d'améliorations communautaires du chemin de Montréal énoncé dans le document 2.**

**DOCUMENTATION/DOCUMENTATION**

- 1. Director's report, Economic Development and Long Range Planning dated 19 March 2019 (ACS2019-PIE-EDP-0010).**

Rapport du Directeur, Développement économique et planification à long terme, daté le 19 mars 2019 (ACS2019-PIE-EDP-0010).

2. Extract of draft Minutes, Finance and Economic Development Committee,  
10 May 2019.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 10 mai 2019.

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
7 May 2019 / 7 mai 2019**

**and Council  
et au Conseil  
22 May 2019 / 22 mai 2019**

**Submitted on 19 March 2019  
Soumis le 19 mars 2019**

**Submitted by  
Soumis par:  
John Smit**

**Economic Development and Long Range Planning / Développement économique  
et planification à long terme**

**Contact Person / Personne ressource:**

**Chris Cope, Economic Development Officer, Economic Development and Long  
Range Planning / Agent du développement économique Développement  
économique et Planification à long terme  
613-580-2424, 28991 Chris.Cope@Ottawa.ca**

**Ward: RIDEAU-VANIER (12) RIDEAU-  
ROCKCLIFFE (13)**

**File Number: ACS2019-PIE-EDP-0010**

**SUBJECT: Montreal Road Community Improvement Plan**

**OBJET: Plan d'améliorations communautaires du chemin de Montréal**

## **REPORT RECOMMENDATIONS**

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

- 1. Approve the adoption of a By-law to designate the area shown in Document 1 as the Montreal Road Community Improvement Plan Area; and**
- 2. Approve and adopt by By-law the Montreal Road Community Improvement Plan as set out in Document 2.**

## **RECOMMANDATIONS DU RAPPORT**

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

- 1. d'approuver l'adoption d'un règlement désignant la zone illustrée dans le document 1 comme étant le Secteur d'améliorations communautaires du chemin de Montréal; et**
- 2. d'approuver et d'adopter, par voie de règlement municipal, le Plan d'améliorations communautaires du chemin de Montréal énoncé dans le document 2.**

## **EXECUTIVE SUMMARY**

### **Assumption and Analysis**

Designated as a Traditional Main Street, Montreal Road is a main thoroughfare of Vanier. The street contains a mix of businesses, community organizations and residential properties. The historically francophone Vanier neighbourhood flanking Montreal Road is well established with most of the housing constructed prior to the 1960's and is among the most affordable neighborhoods in Ottawa.

Commercial development and redevelopment on the portion of Montreal Road between North River Road and the Aviation Parkway has not kept pace with other main streets in the city and has not shown material improvement in recent years. The lack of development and perceived deterioration along Montreal Road has resulted in reduced property values and low commercial and residential rents, and an overabundance of payday loan establishments, pawn shops and commercial vacancies. The resulting lower rents however have enhanced the street's attractiveness for some sectors. This

affordability has attracted many artists, artistic and cultural organizations, social enterprises, not-for-profit organizations, and unique entrepreneurs, making it one of the most distinct and dynamic streets in Ottawa and creating opportunities for future growth.

Community Improvement Plans (CIPs), permitted under the *Ontario Planning Act*, are tools that permit municipalities to offer financial incentives to property owners to improve the economic viability of specific areas, and to improve quality of place through urban renewal.

The City of Ottawa's updated economic development strategy for 2015-2018 "Partnerships for Innovation" (link to report [ACS2015-CMR-OCM-0006](#)), adopted by City Council on 13 May 2015, provides direction to use CIPs as a method of stimulating private investment in commercial neighbourhoods where commercial renewal has been non-existent or sluggish.

In 2018, the City, in partnership with the Quartier Vanier Business Association, began a process of consultation with businesses and property owners to discuss the viability of a Community Improvement Plan (CIP) as a possible tool to stimulate revitalisation of this portion of Montreal Road. The proposed plan would offer Tax Increment Equivalent Grants (TIEGs) for eligible projects. Grants would be calculated based on the increase in the property's contribution to municipal property taxes resulting from the value created through redevelopment/investment.

The City retained Cushman & Wakefield (C&W) to assist with research and analysis. C&W concluded that the City should proceed with the development of a CIP for Montreal Road. C&W recommended that City staff reconsider the \$250,000 redevelopment investment threshold minimum, and implement a lower threshold amount of \$50,000.

This report provides a rationale for implementing a CIP for Montreal Road, based on an "Urban Revitalization" approach, to stimulate investment in the Montreal Road corridor. The report further recommends establishing the requisite By-laws and policies.

As noted, the proposed CIP would provide a financial incentive in the form of a Tax Increment Equivalent Grant (TIEG) to property owners with qualified development and redevelopment projects. The grant would be equivalent to a portion of the increase in the municipal property taxes directly attributable to the improvement. These TIEG grants would be "self-financing" or in other words, funded through the property tax

increase associated with the improvement. The program would be based on the assumption that development would not occur 'but for' the incentive made available to the property owner.

### **1. Development Incentive Grant Program**

The City would provide an annual grant equal to seventy-five per cent (75%) of the municipal tax increment directly attributable to the redevelopment for qualifying redevelopment projects located in the Montreal Road CIP Program area. Grants would extend over a 10-year period after project completion, to a maximum of five million dollars (\$5,000,000) and not exceeding fifty per cent (50%) of the total cost of the investment/redevelopment project.

### **2. Quartier Vanier District**

A distinctive difference in character exists between the "arterial commercial" feel of Montreal Road east of St. Laurent Boulevard, and the "main street/storefront commercial" feel in the western section between North River Road and St. Laurent Boulevard. This western segment is incredibly unique and exhibits a broad diversity of land and commercial uses and a notable presence of independent and distinctive businesses. Moreover, it has become a hub for artists, artistic and cultural organizations, social enterprises, not-for-profits, and entrepreneurs, making it one of the most distinct and dynamic communities in Ottawa.

To build on existing strengths and diversity in this unique area, shown as "Quartier Vanier Zone" on the map in Document 1, three special supplementary benefit programs would be available for investment/redevelopment projects that qualify under the Development Incentive Grant Program, and which include one or more of the specific elements detailed below.

#### **2.1. Affordable Housing Development Supplementary Benefit**

Redevelopment projects within the Quartier Vanier zone of the Montreal Road CIP area that include a minimum of ten (10) new residential dwelling units of which thirty percent (30%) of the units are Affordable Housing units in accordance with criteria as set out in CIP By-law will be eligible for supplementary benefit.

#### **2.2. Support for Cultural Activities and Artists Supplementary Benefit**

Redevelopment projects within the Quartier Vanier zone of the Montreal Road CIP area that include a minimum of three hundred square meters (300 M<sup>2</sup>) of space dedicated to arts and cultural activities will be eligible for supplementary benefit. To continue eligibility throughout the grant period, the space dedicated to arts and cultural activities must be designed and used continuously and exclusively for arts and cultural endeavours throughout the grant period.

### **2.3. Support for Social Enterprises Supplementary Benefit**

Redevelopment projects within the Quartier Vanier zone of the Montreal Road CIP area that include a minimum of three hundred square meters (300 M<sup>2</sup>) of space dedicated to social enterprise(s) will be eligible for supplementary benefit. Social Enterprise would be defined as a not-for-profit organization with primarily social objectives and an overall mission to serve the public good. These organizations may sell goods, provide services or operate one or more profit enterprises to generate earned income to create a blended financial and social return on investment.

Where eligibility under one or more of the three special supplementary benefit programs: Affordable Housing, Support for Cultural Activities and Artists, and/or Support for Social Enterprises has been met, the City would reimburse the owner in the form of an annual grant equal to one hundred per cent (100%) of the municipal tax increment for the property. Grants would extend for up to 10 years after project completion to a maximum of five million dollars (\$5,000,000), and not exceeding fifty per cent (50%) of the total cost of the redevelopment project

Operating pressures associated with approved Montreal Road CIP grants would be brought forward through the annual Budget process in the anticipated year(s) of payout. The program would be funded through the incremental taxes associated with assessment increases attributed to the property improvements.

### **Public Consultation/Input**

Economic Development and Long Range Planning (EDLRP) conducted two consultation meetings for property owners in the proposed CIP area. The purpose of these meetings was to explore owners' readiness for a CIP on Montreal Road and to facilitate a discussion around the types of incentives and mechanisms that would best fit the needs of the area.

Session participants asked questions about logistics and timing of the proposed CIP and raised several concerns and suggestions including:

- The minimum threshold for property value uplift should be modest to encourage upgrades to smaller properties;
- The proposed Salvation Army shelter might inhibit redevelopment on Montreal Road;
- The City should do everything that can be done to improve the neighbourhood;
- The Quartier Vanier BIA thought that the proposed shelter would not stop development on Montreal Road and noted that there are very few large parcels of property left; it is more likely that smaller owners would be willing to absorb risk;
- Mixed-use works well - condo/apartment on top, commercial on the bottom; and
- Should the CIP area go all the way to the end of Montreal Road even though that would include a much different retail mix.

Cushman & Wakefield (C&W) interviewed select property owners following development of an Opportunity Short-List. They conducted 19 interviews using a combination of face-to-face and telephone interviews. In the C&W report, all responses are provided in an aggregated fashion. The interviews were designed to learn about the property owner's perception of CIP elements that would be appropriate for Montreal Road and, more specifically, for their own property as well as their level of interest in participating in a CIP Program.

EDLRP staff also attended the public information session #1, on Tuesday April 24, 2018, organized by the City's Infrastructure Projects group, responsible for the reconstruction of Montreal Road. Although this consultation was primarily focused on the Montreal Road Revitalization plan, a table and information boards were available and Economic Development staff was on hand to solicit feedback on the proposed Montreal Road CIP. Finally, EDLRP staff engaged in a series of one-on-one meetings with five of the larger property owners within the proposed CIP area. Universally, these larger owners indicated that they were considering plans for their Vanier properties and that they would be pleased to have additional information about the CIP Program should it be approved.



## BACKGROUND AND LEGISLATIVE CONTEXT

The Community Improvement policies in [Section 5.2.5 of the Official Plan \(OP\)](#) establish a rationale for preparing a community improvement plan. This section of the OP sets out the criteria to be considered when designating a community improvement project area, establishes priority areas for community improvement, and sets out a range of actions that Council may undertake to implement community improvement plans.

On November 14, 2012, Council approved the “Economic Development Strategy Implementation Plan Update” (link to report [ACS2012-CMR-OCM-0015](#)) as presented by Economic Development and Innovation Services (EDI). This report articulated EDI’s work plan for 2013. Item 11 of the work plan – entitled “Community Improvement Plans” (CIP) – directs EDI to explore the strategic use of CIPs for economic development.

In 2013, Council approved two pilot CIPs to demonstrate how this tool could be used for economic benefit. The Carling Avenue CIP (link to report [ACS2013-CMR-OCM-0006](#)) aims to support urban revitalization along Carling Avenue and the Orléans CIP (link to report [ACS2013-CMR-OCM-0003](#)) aims to stimulate the creation of knowledge-based employment in Orléans. In September 2016, Council approved a third CIP designed to produce economic benefits in Bells Corners (link to report [ACS2016-PIE-EDI-0001](#)). All three programs offer incentives in the form of Tax Increment Equivalent Grants, which enable the City to reimburse property owners a percentage of the property tax increase directly associated with the improvements to the property for a fixed period following completion and occupancy of the site.

The City of Ottawa’s updated economic development strategy for 2015-2018, “Partnerships for Innovation” (link to staff report [ACS2015-CMR-OCM-0006](#)), was adopted by City Council on May 13, 2015. The accompanying public report ([link to public report](#)) says, “Financial incentives and municipal programs that support businesses, contribute to making a city an attractive place for business investment and expansion. When companies are considering expanding or relocating operations, one of their many deciding factors includes the availability of incentive programs.”

The strategy directs Economic Development and Long Range Planning to explore expanding the CIP program to add new urban renewal CIPs as a method of stimulating private investment in commercial neighbourhoods where commercial renewal has been

non-existent or sluggish. The report specifically identified the Montreal Road community among others, as an area that could potentially benefit from a CIP.

The report suggests, “The CIP program is used primarily as a vehicle to encourage business attraction, stimulate urban renewal, and create jobs.” In this way, CIPs are a strategy to improve the economic viability of areas, and can improve quality of place through urban renewal.

Financial incentives and municipal programs that support businesses, contribute to making a city an attractive place for business investment and expansion. When companies are considering expanding or relocating operations, one of their many deciding factors includes the availability of incentive programs and CIPs provide the means for municipalities in the province to offer a variety of financial incentives including grants, waiver of development charges or interest-free loans. (Link to [Section 28 of the Planning Act of the Province of Ontario.](#))

The Building Better Revitalized Neighbourhoods (BBRN) initiative began in 2016 with studies in the Heatherington and Vanier South-Overbrook communities, focused on engaging key stakeholders to discover what is already working in each of the neighbourhoods and to identify the priorities and opportunities for revitalization. In December 2017, Council approved the Vanier South-Overbrook Neighbourhood Revitalization Strategy, now branded “Vision Vanier”. Several different initiatives are under this umbrella, to ensure projects move forward in a coordinated manner. In addition to the BBRN Vanier Revitalization Strategy (subject to Council direction and funding), Vanier Cultural Revitalization, Vanier Public Art, Montreal Road Revitalization, a key element of Vision Vanier is the proposed Montreal Road Community Improvement Plan (CIP).

This report provides a rationale for establishing and implementing a CIP for Montreal Road based on an “Urban Revitalization” approach to stimulate private investment in properties on Montreal Road, leading to enrichment of the business, artistic and cultural communities, and seeks to establish the requisite By-laws and policies.

### **Goals and Objectives**

The principal goals of the Montreal Road CIP would be to attract new business investment to the area and to encourage rehabilitation, redevelopment, and revitalization of the existing built environment, while supporting the arts and cultural

character of the district. This would provide enhanced employment opportunities while strengthening the economic, health and social impacts of the life and work of artists and activities of arts, heritage and cultural assets and organizations that are important for the health and liveability of Montreal Road.

## **DISCUSSION**

Designated as a Traditional Main Street, Montreal Road is the main commercial thoroughfare of Vanier. The street contains a mix of businesses, community organizations and residential properties. The historically francophone neighbourhood nearby is well established with most of the housing constructed prior to the 1960's and is among the most affordable in Ottawa. The area is home to a large indigenous and Inuit population as well. Vanier's francophone history traces back to Vanier City, which will celebrate 50 years in 2019, and many residents are able to trace their family histories to the area's early days.

Despite this diversity, affordability and authenticity, the Montreal Road area continues to face challenges with community safety and economic development. Vanier residents as reported in the 2016 Census, have median income 24% less than the Ottawa average.

Commercial development and redevelopment on the portion of Montreal Road between North River Road and the Aviation Parkway has not kept pace with other main streets in the city and has not shown material improvement in recent years. The lack of development and perceived deterioration along the street has resulted in reduced property values and low commercial and residential rents enhancing the streets attractiveness for some sectors but not for others which in turn has led to a lack of business investment, declining levels of property maintenance and an increasing perception of general economic decline along Montreal Road. This in turn has further contributed to the closure, downsizing and/or relocation of many businesses. As well, many existing businesses are not contributing positively to the community (i.e. adult stores, payday loans, marijuana dispensaries etc.).

While there have been challenges, the relative affordability within the area has also led to Vanier and Montreal Road being attractive to many artists, artistic and cultural organizations, social enterprises, not-for-profits, and entrepreneurs, making Vanier one of the most distinct and dynamic communities in Ottawa and creating opportunities for

future growth and providing a solid foundation for a cultural resurgence for the area and for Montreal Road.

Because of the unique blend of local businesses, and the artistic and culturally diverse nature of the area, considerable opportunity exists to refresh and/or replace older or previously demolished buildings. A Community Improvement Plan (CIP) for the area could serve as a catalyst for urban renewal, business growth and increased commercial vitality in the area.

In 2018, the City, in partnership with the Quartier Vanier Business Association, began a process of consultation by meeting with business and property owners to discuss the viability of a CIP for this portion of Montreal Road.

### **Cushman & Wakefield Independent Study**

EDLRP retained Cushman & Wakefield (C/W) to assist with research and analysis to study the opportunities and efficacy of a Montreal Road Community Improvement Plan (CIP) based on the premise that if enacted, a CIP would permit the City to provide a form of financial incentive to property owners. The CIP could encourage urban renewal, support businesses including not-for-profits and cultural organizations, and encourage property investment and expansion. The plan under consideration would offer Tax Increment Equivalent Grants (TIEGs) for eligible projects. These grants would be calculated based on the increase in the property's contribution to municipal property taxes resulting from the value created through redevelopment.

The Study Area extended along Montreal Road from North River Road in the west, to Aviation Parkway in the east. Along this route, the character and pattern of land use changes noticeably from a "main street/storefront commercial" feel in the west, to a more "arterial commercial" feel in the east. City staff had previously identified 76 properties for review. A tour of the Study Area revealed a diversity of land uses, limited vacancy, a notable presence of independent businesses, no sites with significant excess land, and the presence of some currently vacant land parcels.

Cushman & Wakefield prepared an Opportunity Short List categorizing the 76 properties into five groups, based upon probability/potential of future redevelopment. Sites that exhibited potential for a higher and better use, and those where an owner controlled adjacent properties which together would have increased redevelopment potential, were placed on a short list for further assessment.

Property owners on the short list were contacted and 19 of the 25 property owners/representatives participated in the study. C/W observed that larger regional/institutional owners were generally willing to explore participation in the program, but that implementation of a CIP would not necessarily expedite decisions to improve their properties. Importantly, a strong majority of regional/institutional owners indicated that the minimum threshold (\$250,000) for property value uplift being considered as eligible properties under a CIP program could be a barrier for smaller, localized participants, and that a potential modified threshold should be considered to encourage wider participation.

Among the local/independent property owners, almost 80% indicated that the implementation of a CIP would expedite decisions to improve their properties, although two-thirds of respondents indicated they did not have the funds required to reach the minimum property value uplift threshold being considered under the CIP. They raised concerns that the investment in the property would not be “worth it in the end.” All respondents indicated that further program information would be well received and should be made available to them in a comprehensive but accessible means, in order for them to understand the potential of a CIP fully.

Cushman & Wakefield concluded that the City of Ottawa should proceed with the development of a CIP for Montreal Road, focused on properties from North River Road to St. Laurent Boulevard.

They recommended that City staff reconsider the \$250,000 investment threshold minimum, and instead rely upon a lower threshold amount of \$50,000. This would prohibit trivial applications that do little to enhance property values while having the effect of increasing the perceived equitability/inclusiveness of the CIP. Noting that there were fewer opportunities along the portion of Montreal Road east of St. Laurent Blvd, C/W suggested that the City consider limiting the CIP area to the western portion of the study area. As a result of further discussion with large property owners, and follow up with the two Ward Councillors, the attached Document 2 - Montreal Road Community Improvement Plan Program recommends retention of the original area. Lowering the investment threshold minimum from \$250,000 to \$50,000 would add additional opportunities for the portion east of St. Laurent Blvd., which had not been considered in C/W's recommendation.

C/W's suggested Implementation Strategy recommended the following: the role of the Quartier Vanier BIA as a "program champion"; having a dedicated City staff point-of-contact; preparing a comprehensive marketing plan; and setting a minimum five-year initial program horizon.

### **Proposed CIP Grant Program:**

This report recommends implementing the Montreal Road Community Improvement Plan as set out in Document 2. The program would commence on or after the date that this Plan comes into effect and would be offered for a period of five years, subject to the availability of funding as approved by City Council. A twenty-five million dollar (\$25,000,000) upset limit on aggregate grant commitments over the duration of the five-year Montreal Road CIP program period is recommended, with staff reporting to Council for direction in the event this limit is likely to be reached or exceeded.

The proposed Montreal Road CIP Program would provide a financial incentive in the form of a Tax Increment Equivalent Grant (TIEG) directly to property owners with qualified development/redevelopment projects. The TIEG grant will be equivalent to a portion of the increase in the municipal property taxes directly attributable to a development/ redevelopment.

Because TIEG grants are "self-financing" or in other words, funded through the property tax increase associated with the improvement, TIEG incentives are in frequent use in Ontario. The program is based on the assumption that development would not occur 'but for' the incentive made to the property owner.

### **1. Development Incentive Grant Program**

The intent of the Development Incentive Grant Program is to encourage the rehabilitation of lands and buildings and/or stimulate new development on sites previously occupied. The Development Incentive Grant Program will also encourage infill and mixed-use development, and assist in achieving improved building architecture, site design and site landscaping in the area. These benefits will be encouraged by offering a financial incentive in the form of an annual grant funded from incremental property tax assessments and the corresponding increased contribution to tax revenues made by owners of CIP project properties.

All submissions under the Montreal Road CIP Development Incentive Grant Program must be for redevelopment (not Greenfield development) of properties located within the defined boundaries of the Montreal Road Community Improvement Plan Area as illustrated in Document 1.

Eligible projects can include non-residential properties and/or mixed-use properties that include one or more residential dwelling units. Ground floor space in eligible mixed-use properties however, must be exclusively comprised of active uses except those properties having ground floor tenant space with frontage on Montreal Road that are required to have active uses in the front 6 metres as a minimum under the zoning By-law, but permit ground floor dwelling units farther than 6 metres back from the frontage.

Active uses shall promote an active pedestrian environment on the ground floor and may include, but not be limited to shops, small businesses, markets, cafes, arts workshops, retail establishments, restaurants, catering establishments, bars and brewpubs, art and craft studios, performance space, wineries, personal service establishments.

Candidate properties would be reviewed in detail, based on best knowledge of current trends and history to ensure that an incentive is, in fact required to stimulate development. The applicant is required to provide a rationale clearly demonstrating that the project would not otherwise proceed in the absence of the incentive and that the project meets a need in the community for urban renewal and/or job creation appropriate to the local labour market or goods/services provision to the local consumer or business market.

The City would reimburse the successful applicants in the form of an annual grant equal to seventy-five per cent (75%) of the municipal tax increment resulting from the redevelopment. Grants would extend for up to 10 years after project completion to a maximum of five million dollars (\$5,000,000), but not exceeding fifty per cent (50%) of the total cost of the redevelopment project.

## **2. Quartier Vanier District**

The Montreal Road CIP Area extends along Montreal Road from North River Road in the west, to the Aviation Parkway in the east. However, a distinctive change in character exists between the "arterial commercial" feel east of St. Laurent

Boulevard, compared with the "main street/storefront commercial" feel in the western section between North River Road and St. Laurent Boulevard. This western segment, which coincides with the boundary of the Montreal Road portion of the Quartier Vanier BIA, is incredibly unique. Not only does it exhibit a broad diversity of land uses, limited vacancy, and a notable presence of independent businesses, but it also has become a hub for artists, artistic and cultural organizations, social enterprises, not-for-profits, and entrepreneurs, making it one of the most distinct and dynamic communities in the National Capital Region.

Building on existing strengths and diversity in this unique area, shown as "Quartier Vanier Zone" on Document 1, three special programs will be available for redevelopment projects that qualify under the Development Incentive Grant Program. These additional incentives would be available to successful applicants under the Montreal Road CIP Development Incentive Grant Program where the project includes one or more of the specific elements detailed below, that would strengthen and enhance the distinctive nature of the Quartier Vanier Zone.

### **2.1. Affordable Housing Development Supplementary Benefit**

The intent of the "Affordable Housing Development Supplementary Benefit" is to encourage a range of higher-density housing types in the Quartier Vanier Zone that include affordable housing. This would help to offset possible affordability losses attributable to increased property values and reinforce the central focus of the Montreal Road area as a hub for the artistic and cultural community. Providing affordable housing would not only help to strengthen the arts community in Vanier by attracting new artists to the community but would help prevent current artists from having to leave the area in search of lower rents.

Projects must include ten (10) or more new residential dwelling units, of which at least 30% of the units consist of affordable housing in accordance with criteria set out in the City of Ottawa Official Plan

Affordable Housing shall be defined as:

- a) in the case of rental housing, the least expensive of:
  1. a unit for which the rent does not exceed 30 per cent of gross annual household income for low and moderate income households; or



2. a unit for which the rent is at or below the Average Market Rent (AMR) of a unit as determined by the Canada Mortgage Housing Corporation (CMHC) for Zone 10 “Vanier,” for a given year.
- b) in the case of ownership housing, the least expensive of:
1. housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households; or
  2. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area.

The Property Owner acknowledges and agrees that to continue to qualify for the Montreal Road Development Incentive Grant, Affordable Housing Development program and receive the Supplementary Benefit, the period of affordability, as determined by the City in its sole and absolute discretion, must be maintained exclusively and continuously throughout the entire grant period.

## **2.2. Support for Cultural Activities and Artists Supplementary Benefit**

Building on existing strengths and diversity in the Quartier Vanier Zone, the "Support for Cultural Activities and Artists Supplementary Benefit" would support the life and work of artists in Vanier, helping to revitalize the heritage, cultural and creative sector in the area.

The objective of the program would be to support the area's artists and arts organizations and encourage collaboration between artists and property owners, to provide access to affordable space for cultural activities, arts and arts programming, and create new opportunities for arts activities.

Eligibility for the Support for Cultural Activities and Artists Supplementary Benefit would be defined as being projects that provide a minimum of three hundred square meters (300 M<sup>2</sup>) of space dedicated to arts and cultural activities.

To maintain the supplementary benefit, dedicated arts/cultural space must be designed and used exclusively and continuously throughout the grant period for arts and cultural endeavours including one or more of the following:

- creation, practice, sale, development and or public presentation of artistic, cultural, heritage and/or indigenous activities; and/or
- administration of an artistic, cultural, heritage and/or indigenous for profit or not-for-profit organization who's mandate is to present artistic, cultural, heritage and/or indigenous activities to the public of Ottawa or elsewhere.

### **2.3. Support for Social Enterprises Supplementary Benefit**

As with 2.1 and 2.2 above, the "Support for Social Enterprises Supplementary Benefit" is intended to build on existing strengths and diversity in the Quartier Vanier Zone.

A social enterprise would be defined under the Support for Social Enterprises Supplementary Benefit program as a not-for-profit organization with primarily social objectives and an overall mission to serve the public good. These organizations may sell goods, provide services or operate one or more profit enterprises to generate earned income to create a blended financial and social return on investment. Their profits would be returned to the business or to a social purpose, rather than maximizing profits to shareholders. Social Enterprise organizations would reinvest their earned income into realizing their social mission and pursue the development of the community rather than being driven by the need to maximize profit for shareholders and owners.

Where eligibility under one or more of: Affordable Housing Development Supplementary Benefit program, Support for Cultural Activities and Artists Supplementary Benefit program, or Support for Social Enterprises Supplementary Benefit program has been met, the City would reimburse the owner in the form of an annual grant equal to one hundred per cent (100%) of the municipal tax increment for the property. Grants would extend over up to a 10-year period after project completion to a maximum of five million dollars (\$5,000,000), but not exceeding fifty per cent (50%) of the total cost of the redevelopment project.

Staff from Economic Development and Long Range Planning and Financial Services would examine each application. This review would ensure that the projects receiving grants are eligible under the program and that they do not represent 'organic growth', but rather are occurring because of financial incentives. In the case of applications under the Support for Cultural Activities Incentive Grant Program and Support for Social

Enterprises Supplementary Benefit program, this review shall include staff from Cultural Services. Similarly, in the case of applications under the Affordable Housing Development Supplementary Benefit program, the review shall include staff from Housing Services.

Grants would be paid only after site development is completed, the Municipal Property Assessment Corporation (MPAC) has reassessed the property and the first year of taxes at the new assessment have been paid in full.

Staff will prepare a report for each application under the Montreal Road CIP and submit it for approval by Council.

Following approval by Council, each year until the end of the grant period, or until the maximum grant amount has been reached, staff would:

- review the project to ensure that performance targets and qualifying requirements continue to be met;
- confirm that the owner has paid the property taxes in full for that year; and
- confirm that all other amounts to be paid to the City are in good standing.

Using the tax increment amount as a guide provides a reasonably consistent mechanism of determining grant payment amounts that reflect actual improvements carried out on a property.

## **RURAL IMPLICATIONS**

There are no rural implications from this report

## **CONSULTATION**

On Monday April 30, 2018, Economic Development and Long Range Planning (EDLRP) conducted two consultation meetings for property owners in the proposed CIP area to receive information and provide input. These meetings were by invitation, and provided both an afternoon and evening session. The purpose of the meeting was to explore owners' readiness for a CIP on Montreal Road and to facilitate a discussion around the types of incentives and mechanisms that would best fit the needs of the area

Session participants asked questions about the logistics and timing of the proposed CIP and raised several additional concerns:

- There was a strong feeling that if a minimum threshold for property value uplift was needed, it should be modest, to encourage upgrades to smaller properties.
- Several participants were concerned that the proposed Salvation Army shelter would inhibit redevelopment on Montreal Road.
- Several participants suggested that the City should do everything possible to make the neighbourhood better.
- One participant from the Quartier Vanier BIA thought that the proposed Salvation Army shelter would not stop development on Montreal Road, but noted that there are very few large parcels of property left and thought it more likely that smaller owners would be willing to absorb risk. He suggested that many of them have been here 25 years or more and suggested that the City target the smaller property owners.
- It was suggested that mixed-use works well (condo/apartment on top, commercial on the bottom).
- “What if we can all live together?” – How we treat this change on the new development will be important.
- Several asked why the CIP area goes all the way to the end of Montreal Road even though it would include a much different retail mix east of St. Laurent Blvd.

Cushman & Wakefield (C/W) interviewed select property owners following their development of an Opportunity Short-List. They conducted 19 interviews using a combination of face-to-face and telephone interviews. C/W conducted these interviews on a confidential basis in order to obtain feedback that a property owner/representative might not have disclosed directly to City staff. In their report, all responses were provided in an aggregated fashion, so that specific property owners cannot be identified. The C/W interviews built upon the consultation event held by City staff on April 30, 2018.

C/W’s interview included questions meant to qualify the interviewee and covered topics such as interviewee’s perception of CIP elements that would be appropriate for

Montreal Road, and more specifically, for their own property; level of interest in participation in a CIP; and determination of ongoing interest in the CIP development process.

EDLRP staff also attended a public information session on Tuesday April 24, 2018, organized by the City's Infrastructure Projects group, who are responsible for the reconstruction/revitalization of Montreal Road. Although this consultation was primarily focused on the Montreal Road Revitalization plan, EDLRP, in collaboration with Culture Services staff, staffed several tables with information boards to provide information and seek feedback on the proposed Montreal Road CIP as well as Culture Development and Public Art Initiatives.

Finally, EDLRP engaged in a series of one-on-one meetings with five large property owners. Universally, these large owners indicated that they were considering plans for their Vanier properties and that they would be pleased to have additional information about the CIP, should it go forward.

### **COMMENTS BY THE WARD COUNCILLOR**

Councillor Fleury provided the following comments:

“The Montreal Road Community Improvement Plan (CIP) is part of Montreal Road's grand transformation. Now that Rideau Street is on its way to completion, it is only logical to see the aging infrastructure along the rest of this main street get renewed. This revitalization opportunity is combined with many initiatives including a Vanier art plan, the revitalization of Riverain Park, the Building Better Revitalized Neighbourhoods (BBRN) initiative and more. For further information, you can visit [Ottawa.ca/visionvanier](http://Ottawa.ca/visionvanier).

The CIP is part of the Vision Vanier initiative that my team and I have been working on for many years. For the first time in the City's history, we are combining a public street infrastructure renewal with a CIP. This will, hopefully, combine brand new infrastructure with economic development. We wish to create a range of options in order to encourage economic renewal along the corridor.

I believe that this effort will be monumental. I am excited to see the implementation of these combined strategies. It will be an opportunity to see a strong business-mix along with renewed spaces for offices and living spaces.

In order for the program to be successful it will be important for the City to reach out beyond its traditional developers. The City needs to inform the broader public of this important investment opportunity, and it needs to equip interested investors with the range of opportunities through the CIP.

The City is prepared for this renewal due to the 2014 efforts in redoing the zoning to reflect this traditional main street's character. The goal of the CIP is to see the construction of new buildings and transform the business mix along Montreal Road.”

### **ADVISORY COMMITTEES COMMENTS**

There were no comments or recommendations made by any Advisory Committees relating to this report.

### **LEGAL IMPLICATIONS**

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

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk implications associated with this report.

### **FINANCIAL IMPLICATIONS**

Staff will prepare a report for each application under the Montreal Road CIP and submit it for approval by Council. Operating pressures associated with approved Montreal Road CIP grants would be brought forward through the budget process in the anticipated year(s) of payout and funded through the incremental taxes that would be generated from the community improvements.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this proposed CIP. Accessibility issues will be addressed as part of the Site Plan Control and Building Permit processes.

### **TERM OF COUNCIL PRIORITIES**

The Montreal Road CIP directly aligns with Priority EP2 of the 2014-2018 Term of Council Priorities, which seeks to support the growth of the local economy by ensuring

that businesses and entrepreneurs have the access to economic development programs, services, tools, and infrastructure that encourage and facilitate business start-up, expansion and job creation.

Within Priority EP2 is Strategic Initiative 2, which sets out a priority to renew and implement the Economic Development Strategy. Initiatives within the strategy include use of CIPs and increased support for Business Improvement Areas.

### **SUPPORTING DOCUMENTATION**

Document 1 Montreal Road Community Improvement Plan Area

Document 2 Montreal Road Community Improvement Plan Program (*Held on file with the City Clerk*)

Document 3 Cushman & Wakefield Study (*Held on file with the City Clerk*)

### **DISPOSITION**

Legal Services Branch to prepare the requisite by-laws to designate the Montreal Road Community Improvement Plan Area, and for adoption of the Montreal Road Community Improvement Plan in accordance with Section 28(4) of the Planning Act, and place the aforementioned by-laws on the Orders of the Day.

Economic Development and Long Range Planning and Finance to implement the Montreal Road Community Improvement Plan.

Economic Development and Long Range Planning and Finance to prepare an annual CIP grant monitoring report to Council.

Document 1 - Montreal Road Community Improvement Plan Area

