

**10. BROWNFIELD GRANT PROGRAM APPLICATION, UNADDRESSED
PROPERTY ON INNES ROAD**

**DEMANDE AU TITRE DU PROGRAMME DE SUBVENTION DES FRICHES
INDUSTRIELLES, BIEN-FONDS SANS ADRESSE SITUÉ SUR LE CHEMIN
INNES**

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Approve the Brownfields Rehabilitation Grant application submitted by Glenview Homes (Innes) Ltd., owner of the property located at Innes Road as shown at Document 1, under the Brownfield Redevelopment Community Improvement Plan Program not to exceed \$631,353 over a maximum of ten years, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfields Rehabilitation Grant Agreement; and**
- 2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Rehabilitation Grant Agreement with Glenview Homes (Innes) Ltd., establishing the terms and conditions governing the payment of the brownfields grant for the redevelopment of a property located on Innes Road as shown at Document 1, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development, the City Clerk and Solicitor and the City Treasurer.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. Approuve la demande de subvention pour la remise en valeur des friches industrielles présentée par Glenview Homes (Innes) Ltd., propriétaire du bien-fonds situé sur le chemin Innes et illustré dans le document 1, dans le cadre du Plan d'améliorations**

communautaires pour le réaménagement des friches industrielles, pour un montant maximal de 631 353 \$ sur une période maximale de dix ans, sous réserve de la conclusion d'une entente de subvention en vue du réaménagement des friches industrielles, et conformément à ses conditions; et,

- 2. Délègue au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une entente de subvention pour la remise en valeur de friches industrielles avec Glenview Homes (Innes) Ltd., qui établit les modalités relatives au versement de la subvention permettant le réaménagement d'un bien-fonds situé sur le chemin Innes et illustré dans le document 1, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, du greffier municipal et avocat général, et de la trésorière municipale.**

DOCUMENTATION/DOCUMENTATION

1. Director's report, Economic Development and Long Range Planning dated 19 March 2019 (ACS2019-PIE-PS-0043).

Rapport du Directeur, Développement économique et planification à long terme, daté le 19 mars 2019 (ACS2019-PIE-PS-0043).

**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 April 25, 2019
Soumis le 25 avril 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**

Contact Person

**Personne ressource:
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**Project Manager, Development Review / Examen des demandes d'aménagement
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Ward: INNES (2)

File Number: ACS2019-PIE-PS-0043

**SUBJECT: Brownfield Grant Program Application, Unaddressed property on
Innes Road**

**OBJET: Demande au titre du programme de subvention des friches
industrielles, bien-fonds sans adresse situé sur le chemin Innes**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

- 1. Approve the Brownfields Rehabilitation Grant application submitted by Glenview Homes (Innes) Ltd., owner of the property located at Innes Road as shown at Document 1, under the Brownfield Redevelopment Community Improvement Plan Program not to exceed \$631,353 over a maximum of ten years, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfields Rehabilitation Grant Agreement; and**
- 2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Rehabilitation Grant Agreement with Glenview Homes (Innes) Ltd., establishing the terms and conditions governing the payment of the brownfields grant for the redevelopment of a property located on Innes Road as shown at Document 1, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development, the City Clerk and Solicitor and the City Treasurer.**

RECOMMANDATIONS DU RAPPORT

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

- 1. Approuver la demande de subvention pour la remise en valeur des friches industrielles présentée par Glenview Homes (Innes) Ltd., propriétaire du bien-fonds situé sur le chemin Innes et illustré dans le document 1, dans le cadre du Plan d'améliorations communautaires pour le réaménagement des friches industrielles, pour un montant maximal de 631 353 \$ sur une période maximale de dix ans, sous réserve de la conclusion d'une entente de subvention en vue du réaménagement des friches industrielles, et conformément à ses conditions; et,**
- 2. Déléguer au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une entente de subvention pour la remise en valeur de friches industrielles avec Glenview Homes (Innes) Ltd., qui établit les modalités relatives au versement de la**

subvention permettant le réaménagement d'un bien-fonds situé sur le chemin Innes et illustré dans le document 1, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, du greffier municipal et avocat général, et de la trésorière municipale.

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 BRCIP presents the rationale behind brownfield redevelopment in Ottawa, and the actions and strategies that will promote brownfield redevelopment. The BRCIP contains a comprehensive framework of incentive programs, which include the Brownfields Property Tax Assistance Program and the Brownfields Rehabilitation Grant Program.

Glenview Homes (Innes) Ltd. has filed an application under the BRCIP for the clean up and redevelopment of a property with access to Innes Road as shown in Document 1 (the "Innes Road Property"). The City is in the process of reassigning the address of the Innes Road Property and as such, it is currently without a municipal address. The Innes Road Property has a lot area of 163,776 square metres and 230 metres frontage on Innes Road (see Documents 1 and 2).

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 processed based on the 2015 BRCIP for the Brownfields Rehabilitation Grant program. The total grant from this program shall not exceed 50 per cent of the eligible costs (with the provision that eligible costs seven (7) to twelve (12), shown in Document 4, cannot exceed 15 per cent of the total eligible items being submitted for

grant) specific to the program for rehabilitating said lands and buildings. If the development does not proceed, no grants are paid.

The Brownfields Redevelopment Grant Program includes a Rehabilitation Grant program, which are tax-increment-based grants funded through the tax increase that results from redevelopment of the property. The Rehabilitation Grant Program is limited to 85 per cent of the increase in municipal tax and is payable annually for up to ten years, or up to the time when the total grant payments equal the maximum amount of the grant, whichever comes first. The City will only pay the annual grant after property taxes have been paid in full each year.

Glenview Homes (Innes) Ltd. Grant Application

The required documents that are to be submitted to the City as part of a Brownfields Redevelopment Grant Program application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of March 14, 2019.

Proposed Remediation

A Phase I and II Environmental Site Assessment was prepared by WSP Canada Group Ltd. in July 27, 2016 and November 28, 2018, which identified that the Groundwater water contamination is limited to ethylbenzene and PHC F1 to F4. Fill material at the subject site exceeds the Ontario Ministry of the Environment and Climate Control (MOECC) Standards Table 2 for petroleum hydrocarbon compound fraction 3 and 4, barium, cobalt, and vanadium.

The approach will apply Generic Table 2 and/or Table 3 Site Specific Standards. Risk management measures are not expected to be used for this project. It is estimated that the soil remediation may take up to one month to complete while the groundwater remediation may take up to five months. It is estimated that the site monitoring may take up to 6 months. All contaminated materials will be sent to the City of Ottawa licensed landfill site.

Proposed Redevelopment

The subject lands are proposed to be developed as a residential subdivision comprised of 165 townhouses and 170 single detached units for a total of 335 units as well as parkland.

Calculating the Brownfield Redevelopment Grant

Under the BRCIP guide, the applicant is required to submit various technical documents to determine eligibility as well as the costs eligible for the Rehabilitation Grant. Staff have reviewed the submissions and has determined that the total costs eligible for a Rehabilitation Grant under the program to be \$1,262,706

The BRCIP specifies that the total eligible costs be capped at 50 per cent of the total costs. A breakdown of the eligible costs is shown in Document 4. Applying this cap results in the calculation of the brownfields grant to be \$631,353(see Document 5).

The ability to receive the grant occurs through the Rehabilitation Grant process, which deals with the timing for the payouts of the grant. As part of the process, the Municipal Leadership Strategy Program runs in parallel to the payments of the Rehabilitation Grant.

- 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 ten 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. This amount is estimated at \$165,223.⁰⁰.

- 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) through a Deferral Agreement with a preferred annual interest charge of the issued index interest rate. The term of the agreement would be subject to a maximum of either two years after issuance of a building permit or three years after the approval by the Council of the BRCIP application by the developer, whichever one occurs first, at which time the payment of the Development Charge deferred amount, plus interest, would be made by the developer. This amount eligible for deferral is estimated at \$536,650.00 (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 commercial development is estimated at \$142.5 million in direct construction value. During the development of the site, direct and indirect economic benefits to the local economy will be experienced as a result of building demolition, site remediation, the construction period through payroll, purchased material supplies, services, and equipment rentals.

Over \$127 million in new residential assessment would be added to the property tax assessment roll at full development. Altus Group estimates over \$1.7 million 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 associated to this report

COMMENTS BY THE WARD COUNCILLOR

Councillor Dudas concurs with this report.

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the recommendations of this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications associated with the recommendations of this report.

FINANCIAL IMPLICATIONS

The maximum grant under the 2015 Brownfield Redevelopment Community Improvement Plan Program is \$631,353. The estimated Municipal Leadership Strategy contribution is \$165,223. Budget authority requirements will be brought forward through the annual budget process.

Under the Development Charge Deferral Program, the owner of the property is eligible to defer payment of \$536,650, subject to an annual interest charge. At the end of the term of the agreement, the deferred Development Charges, plus interest, would be due from the developer.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this report.

ENVIRONMENTAL IMPLICATIONS

The approval of this rehabilitation grant will assist with the redevelopment of this Brownfield property and ensure that this contaminated site is properly remediated prior

to development. A Record of Site Condition (RSC) will be required as per the funding agreement. Brownfield redevelopment is identified as a key strategy for promoting reinvestment in existing urban areas and for reducing the need to expand into Greenfield sites. The remediation and redevelopment of Brownfield sites assists in meeting the Environmental Strategy's goal of clean air, water and earth.

TERM OF COUNCIL PRIORITIES

This project addresses the following 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 Brownfields Redevelopment Grant Application Requirements

Document 4 Brownfields Redevelopment Grant - Eligible Costs

Document 5 Calculating the Rehabilitation Grant

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

Document 7 Payment Option Scenario

DISPOSITION




City Clerk and Solicitor Department, Legal Services, to prepare the Brownfields Property Tax Assistance and 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	
F18-04-18-INNES	19-0301-X		
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REVISION / RÉVISION - 2019 / 03 / 22			
			Un-addressed - Innes Road
			

Document 2 – Aerial View



Document 3 – Brownfield Redevelopment Grant Application Requirements

A Brownfields Redevelopment 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 II ESAs 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 Brownfields Redevelopment Grant for the Innes Road property are estimated as follows:

Table 1 - Eligible Cost and Estimated Cost

	Eligible Costs	Estimated Cost
1	Phase II Environmental Site Assessments, Remedial Action Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$67,400
2	Environmental Remediation including the cost of preparing an Record of Site Condition	\$758,400
3	Placing clean fill and grading	\$50,000
4	Installing environmental and/or engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$20,000
5	Monitoring, maintaining and operating environmental and engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$20,000
6	Environmental Insurance Premiums	\$157,500
7	Leadership Program	N/A
Total Cost Eligible for Development Charge Deferral (1-7)		\$1,073,300
8	Cost of Feasibility Study	\$10,000
9	30% of Building Permit	\$172,809
10	50% of Building demolition and asbestos Abatement	\$17,500
11	Building rehabilitation and Retrofit Works	N/A

12	50% of the costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$319,380
Sub Total of Incentive Eligible Costs (Items 7-12) - Actuals		\$519,689
Total of Incentive Eligible Costs Maximum (items 7-12) 15% of Total Eligible Cost		\$189,406
Total Eligible Costs for Rehabilitation Grant (items 7-12) based on governing 15 % adjustments to Item (7-12)		\$ 1,262,706

Document 5 – Calculating the Rehabilitation Grant

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 applied for the Rehabilitation Grant program, which allows 50 per cent of eligible cost items as grant for the Brownfields Rehabilitation Grant Program. The program allows the owner to receive 85 per cent of the increase in municipal tax for a maximum of ten years or when the total eligible amount is reached, whichever comes first. The anticipated portion of the Brownfield Redevelopment Grant available is \$631,353.

Table 2 - Total eligible costs Items 7-12 - 15% Maximum Criteria

	Estimated Costs	Eligible Grant
Sub Total for Eligible Items 1-6	\$1,073,300	\$536,650
Sub Total of Incentive Eligible Costs (items 7-12) - Actuals	\$519,689	\$259,845
Total Eligible Costs Eligible for Rehabilitation Grant (1-12) before applying the 15 % max criteria	\$1,592,989	\$796,495
Total of Incentive Eligible Costs (items 7-12) 15% of Total Eligible Costs	\$189,406	\$94,703
Total Eligible Costs Eligible for Rehabilitation Grant (1-12) with 15% adjustment to Items (7-	\$1,262,706	\$631,353

12)		
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Document 6 – Estimated Future City Property Tax Increment and Annual Municipal Grant Payable

Pre-Project Property Tax Rates and Property Taxes

The 2016 tax year Value Assessment on the Innes Road Property was \$4,421,000, classified in the commercial tax class. Current (2019 tax year) property taxes are approximately \$119,923.71 broken down as follows:

Table 3 - Current (2018 tax year) Property Taxes

Municipal Property Tax portion	\$120,740.16
Education Property Tax portion	\$80,402.75
Total Pre-Project Property Taxes	\$201,142.91

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 \$127,485,000 (based on an effective valuation date of 2016). The estimated taxes (Municipal and Education) to be generated from full build-out is \$1,862,878 (2030 tax year), see Table 4.

Table 4 - Estimated Annual Post-Project Municipal\Education Property Taxes (2021)

Tax Class	Estimated assessment (2016)	Estimated Municipal Tax (2030)	Estimated Education Tax (2030)	Estimated Total Tax (2030)
Residential	\$127,485,000	\$1,550,610	\$312,268	\$1,862,878

Document 7 – Payment Option Scenario

Proposed Tax Increment	Eligible Amount	Applied Amount	Cummu Grant A	Un-addressed - Innes R
\$ 1,222,230	\$ 1,101,490	\$ 936,266	\$ 631,353	\$ 6:
\$ 1,258,897	\$ 1,138,157	\$ 967,433	\$ -	\$ 6:
\$ 1,296,664	\$ 1,175,924	\$ 999,535	\$ -	\$ 6:
\$ 1,335,564	\$ 1,214,824	\$ 1,032,600	\$ -	\$ 6:
\$ 1,375,630	\$ 1,254,890	\$ 1,066,656	\$ -	\$ 6:
\$ 1,416,899	\$ 1,296,159	\$ 1,101,735	\$ -	\$ 6:
\$ 1,459,406	\$ 1,338,666	\$ 1,137,866	\$ -	\$ 6:
\$ 1,503,189	\$ 1,382,449	\$ 1,175,082	\$ -	\$ 6:
		\$ 8,417,174	\$ 631,353	

Existing	Rehabilitation Grant	Total Grant
\$ 120,740	\$ -	\$ -
\$ 80,403	\$ -	\$ -
\$ 201,143	\$ -	\$ -

5 % of the difference of the Proposed Tax Increment and Applied grant = \$ 536,650
 ment of Development Charge = \$