

- 8. HERITAGE COMMUNITY IMPROVEMENT PLAN APPLICATION FOR 35-37 WILLIAM STREET, A PROPERTY DESIGNATED UNDER PART V OF THE *ONTARIO HERITAGE ACT* AND LOCATED WITHIN THE BYWARD MARKET HERITAGE CONSERVATION DISTRICT
DEMANDE DE PLAN D'AMÉLIORATIONS COMMUNAUTAIRES D'ÉDIFICES À VALEUR PATRIMONIALE VISANT LES 35-37, RUE WILLIAM, UNE PROPRIÉTÉ DÉSIGNÉE AUX TERMES DE LA PARTIE V DE LA *LOI SUR LE PATRIMOINE DE L'ONTARIO* ET SITUÉE DANS LE DISTRICT DE CONSERVATION DU PATRIMOINE DU MARCHÉ BY**

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Approve the Heritage Community Improvement Plan Grant Program application submitted by 2719210 Ontario Inc., owner of the property at 35-37 William Street and 62 York Street, for a Community Improvement Plan Grant not to exceed \$387,301 over a maximum period of 10 years, subject to the establishment of, and in accordance with the terms and conditions of a Community Improvement Grant Agreement; and**
- 2. Delegate authority to the General Manager, Planning, Infrastructure and Economic Development, to finalize and execute a Heritage Community Improvement Plan Grant Agreement with 2719210 Ontario Inc., establishing the terms and conditions governing the payment of a Community Improvement Grant for the restoration of 35-37 William Street and 62 York Street, to the satisfaction of the City Manager, the City Clerk and Solicitor and the City Treasurer.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. Approuve la demande déposée dans le cadre du Plan d'améliorations communautaires par 2719210 Ontario Inc., propriétaire des 35-37, rue William et du 62, rue York, pour une subvention n'excédant pas 387 301 \$ sur une période maximale de dix ans, sous réserve de la conclusion d'une entente de subvention du PAC, et conformément à ses modalités; et**
- 2. Délègue au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une telle entente avec 2719210 Ontario Inc., laquelle établira les modalités de paiement de la subvention pour le réaménagement des 35-37, rue William et du 62, rue York, à la satisfaction du directeur municipal, du greffier municipal et avocat général et de la trésorière municipale.**

DOCUMENTATION/DOCUMENTATION

1. Manager and Director's report, Infrastructure and Economic Development Department dated April 28, 2021 (ACS2021-PIE-RHU-0013)

Rapport du Gestionnaire et Directeur, Direction générale de la planification, de l'Infrastructure et du développement économique, daté le 28 avril 2021, (ACS2021-PIE-RHU-0013)
2. Extract of draft Minutes, Built Heritage Sub-Committee, May 11, 2021.

Extrait de l'ébauche du procès-verbal, Sous-comité du patrimoine bâti, Le 11 mai 2021
3. Extract of draft Minutes, Finance and Economic Development Committee, 1 June 2021.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 1 juin 2021.

**Report to
Rapport au:**

**Built Heritage Sub-Committee
Sous-comité du patrimoine bâti
11 May 2021 / 11 mai 2021**

and / et

**Finance and Economic Development Committee
Comité des finances et du développement économique
1 June 2021 / 1er juin 2021**

**and Council
et au Conseil
9 June 2021 / 9 juin 2021**

**Submitted on April 28, 2021
Soumis le 28 avril 2021**

**Submitted by
Soumis par:**

**Court Curry,
Manager / Gestionnaire,
Right of Way, Heritage and Urban Design Services / Services des emprises, du
patrimoine et du design urbain
Planning, Infrastructure and Economic Development Department / Direction
générale de la planification, de l'infrastructure et du développement économique**

and / et

**Don Herweyer
Director / directeur
Economic Development and Long Range Planning / Développement économique
et planification à long terme
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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Chris Cope,

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Ward: RIDEAU-VANIER (12)

File Number: ACS2021-PIE-RHU-0013

**SUBJECT: Heritage Community Improvement Plan application for 35-37 William
Street, a property designated under Part V of the *Ontario Heritage
Act* and located within the ByWard Market Heritage Conservation
District**

**OBJET: Demande de plan d'améliorations communautaires d'édifices à
valeur patrimoniale visant les 35-37, rue William, une propriété
désignée aux termes de la partie V de la *Loi sur le patrimoine de
l'Ontario* et située dans le District de conservation du patrimoine du
marché By**

REPORT RECOMMENDATIONS

That the Built Heritage Sub-Committee receive the report.

That the Finance and Economic Development Committee recommend that Council:

1. Approve the Heritage Community Improvement Plan Grant Program application submitted by 2719210 Ontario Inc., owner of the property at 35-37 William Street and 62 York Street, for a Community Improvement Plan Grant not to exceed \$387,301 over a maximum period of 10 years, subject to the establishment of, and in accordance with the terms and conditions of a Community Improvement Grant Agreement; and
2. Delegate authority to the General Manager, Planning, Infrastructure and Economic Development, to finalize and execute a Heritage Community Improvement Plan Grant Agreement with 2719210 Ontario Inc., establishing the terms and conditions governing the payment of a Community Improvement Grant for the restoration of 35-37 William Street and 62 York Street, to the satisfaction of the City Manager, the City Clerk and Solicitor and the City Treasurer.

RECOMMANDATIONS DU RAPPORT

Que le Sous-comité du patrimoine bâti prenne connaissance du rapport.

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

1. Approuver la demande déposée dans le cadre du Plan d'améliorations communautaires par 2719210 Ontario Inc., propriétaire des 35-37, rue William et du 62, rue York, pour une subvention n'excédant pas 387 301 \$ sur une période maximale de dix ans, sous réserve de la conclusion d'une entente de subvention du PAC, et conformément à ses modalités; et
2. Déléguer au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une telle entente avec 2719210 Ontario Inc., laquelle établira les modalités de paiement de la subvention pour le réaménagement des 35-37, rue William et du 62, rue

**York, à la satisfaction du directeur municipal, du greffier municipal et
avocat général et de la trésorière municipale.**

BACKGROUND

The principal goal of the Heritage Community Improvement Plan (CIP), adopted by Council on January 29, 2020, is to encourage the restoration and adaptive re-use of buildings designated under the *Ontario Heritage Act*. [By-law No. 2020-40](#) outlines areas of eligibility for the Heritage CIP while [By-law No. 2020-41](#) establishes the rationale for the Heritage CIP and comprehensive program details. The CIP permits the City to provide financial incentives to property owners undertaking restoration of heritage attributes for a redevelopment proposal, and assists in achieving improved building architecture, site design and site landscaping.

CIPs are a strategy to improve the economic viability of areas and can improve quality of place through urban renewal. CIPs provide a framework through which a municipality may choose to offer financial incentives directly to businesses and individuals within a specified CIP Project area under Section 28(7) of the *Planning Act*.

DISCUSSION

This report recommends approval of an application submitted by 2719210 Ontario Inc., a privately held company, the owner of the property, for a Heritage CIP grant for the restoration and alterations to be made to 35-37 William Street and 62 York Street.

The grant is not to exceed \$387,301, over a maximum period of 10 years, subject to the establishment of, and in accordance with the terms and conditions of a Community Improvement Grant Agreement.

The Heritage CIP Program is a tax increment-based grant program; this grant will be funded through the anticipated \$ 516,402 cumulative increase in the Municipal portion of the Property Taxes that will result from the restoration and rehabilitation of the property. The tax increment grant will not be paid in advance but will be directly tied to the amount of restoration actually completed on the property and the corresponding increase in property tax contribution to the City. If the restoration and rehabilitation does not proceed, no grant would be paid.

The proposed development is in response to an April 2019 fire that damaged much of the building and destroyed the former Vittoria Trattoria restaurant. The proposal includes the conservation of the two-storey William Street façade and developing a new

building in the rear. The proposal also includes adding two additional storeys which will be stepped back from the front façade.

The approach used on this site will be one of restoration, in compliance with the *Standards and Guidelines for the Conservation of Historic Places in Canada*. The surviving elements of the building will be repaired including the stone and brick of the front façade. Only elements beyond repair will be replaced in kind. New one-over-one historically appropriate windows, and new wooden cornices will be installed on the front (Document 1 - Conservation Plan). A heritage permit for these alterations was approved by Council on January 30, 2020 ([ACS2020-PIE-RHU-0005](#)).

This development supports the continued and permitted mixed use at the site. By redeveloping an existing site, the proposal makes efficient use of infrastructure, built environment, as well as existing access. The proposed alteration includes additional residential space that will increase housing opportunities in a desirable area. Furthermore, the project will support more employment at this location, offering increased economic stability in the area.

The property qualifies as an eligible Heritage CIP project, as it is located within the area identified as the Heritage CIP Area as described in By-law No. 2020-40 and satisfies all requirements of By-law No. 2020-41 that sets out the Heritage CIP program requirements.

Economic Benefits

The economic impact of the proposed restoration and rehabilitation of 35-37 William Street and 62 York Street related to direct construction value is estimated at approximately \$5.5 million, providing direct and indirect benefits to the City, including fees for building permits and Development Charges.

The proposed redevelopment will restore the empty space resulting from the 2019 fire. It will allow the restaurant to return to business, which in turn will create jobs and animate the street. It will provide housing in the popular ByWard Market area and help revitalize William Street. Vittoria Trattoria was much frequented by residents and tourists and its loss in the ByWard Market has been felt. The project will generate consulting, construction and trade jobs for the period of time it takes to complete the building and since most construction materials are sourced locally, most of the value of \$5.5 million construction cost will benefit Ottawa's economy.

Due to redevelopment efforts, the municipal portion of the property taxes is expected to increase in 2022 from \$35,629 to \$80,675 – an increase of \$45,046 annually, or 126 per

cent over the existing \$35,629 taxes if the building is not improved. During the 10-year post development grant period, the Municipal portion of property taxes for the development will increase by \$516,402.

The Heritage CIP grant will be based on seventy-five per cent (75%) of the increase in the municipal portion of the property taxes and is estimated to be \$387,301 over the 10-year grant period (Document 2). This amount represents an approximate order of magnitude and is based on estimated future assessed values and taxation rates. The final amount of the CIP grant will be based on actual revised assessment and then-current taxation rates following completion of the project; post-development reassessment will be provided by the Municipal Property Assessment Corporation (MPAC).

Grants received through the Heritage CIP cannot exceed the amount paid in restoration costs, or \$500,000. The estimated restoration cost for the project is \$647,721 (Document 3).

The grant will not be paid in advance but will be directly tied to the amount of restoration actually completed on the property and the corresponding increase in property tax contribution to the City.

RURAL IMPLICATIONS

There are no rural implications with associated with this report.

CONSULTATION

There was no public consultation for this report.

COMMENTS BY THE WARD COUNCILLOR

Councillor Fleury provided the following comment:

“It has been a long journey since the devastating fire at the Vittoria Trattoria. At the time, the loss for our community, the ByWard Market renowned businesses and Ottawa's heritage was significant.

I want to thank the applicant for rebuilding and committing to rebuilding and restoring this piece of Ottawa's history. It is not every day that we come across owners who can take on this type of project, who commit to the financial burden and who decide to remain in the community after such a setback.

The ByWard Market is lucky that we have so many committed stores and building owners who do.

That is why I am pleased with the City's efforts to support its restoration and reconstruction to maintain and promote its heritage character.

The fact that this proposal aims to preserve the two-storey William Street façade is important, as it helps maintain this property's place in the ByWard Market's history. As a property designated under Part V of the Ontario Heritage Act, I am thankful to see that this Heritage Community Improvement Plan exists. It will help this building come back to life.

However, it is important to note that this redevelopment is only possible because it is substantial enough to qualify. I wish there were more financial support and incentives for all of our heritage properties. Our current Built Heritage grant program is limited to \$10,000 for small-scale projects and \$25,000 for large-scale projects. When working with heritage materials, restorations can add up quickly and homeowners either take on a more considerable burden or can not restore everything at once, or sometimes at all. All our heritage homes and properties deserve the option to restore and rejuvenate appropriately without worrying about the burden of shouldering the total financial impact of restoring heritage homes and properties.”

LEGAL IMPLICATIONS

There are no legal implications associated with implementing the report recommendation.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications to implementing the recommendations of this report.

ASSET MANAGEMENT IMPLICATIONS

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

FINANCIAL IMPLICATIONS

The maximum grant under the Heritage Community Improvement Grant Program is \$387,301 over a maximum period of ten years. The grant will be directly tied to the value of restoration completed on the property and the corresponding increase in

municipal property tax contribution to the City. Budget authority requirements will be brought forward through the annual budget process.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

TERM OF COUNCIL PRIORITIES

This CIP application is directly related to the 2019-2022 Term of Council Priorities:

- **Economic Growth and Diversification:** Encourage economic growth and diversification by supporting business investment and expansion, talent attraction and retention, and branding Ottawa as a place to be.
- **Thriving Communities:** Promote safety, culture, social and physical well-being for our residents

SUPPORTING DOCUMENTATION

Document 1 Conservation Plan

Document 2 Heritage CIP Grant Calculations

Document 3 Eligible Restoration Costs

DISPOSITION

The City Clerk and Solicitor Department, Legal Services will prepare the Heritage CIP Grant Agreement between 2719210 Ontario Inc. and the City.

The Planning, Infrastructure and Economic Development Department and the Finance Department, Revenue Branch will develop a general administrative approach to implement the Heritage CIP Financial Incentive Program for this application.

The Planning, Infrastructure and Economic Development will notify the applicant of Council's decision.

Document 2 – Heritage CIP Grant Calculations

Year		Pre- Development Estimated Municipal Taxes	Post- Development Estimated Municipal Taxes (Less Education)	Estimated Net Change	Grant Amount at 75%
	2021	\$ 34,592			
1	2022	\$ 35,629	\$ 80,675	\$ 45,046	\$ 33,784
2	2023	\$ 36,698	\$ 83,096	\$ 46,397	\$ 34,798
3	2024	\$ 37,799	\$ 85,588	\$ 47,789	\$ 35,842
4	2025	\$ 38,933	\$ 88,156	\$ 49,223	\$ 36,917
5	2026	\$ 40,101	\$ 90,801	\$ 50,700	\$ 38,025
6	2027	\$ 41,304	\$ 93,525	\$ 52,221	\$ 39,165
7	2028	\$ 42,543	\$ 96,331	\$ 53,787	\$ 40,340
8	2029	\$ 43,820	\$ 99,220	\$ 55,401	\$ 41,551
9	2030	\$ 45,134	\$ 102,197	\$ 57,063	\$ 42,797
10	2031	<u>\$ 46,488</u>	<u>\$ 105,263</u>	<u>\$ 58,775</u>	<u>\$ 44,081</u>
		\$ 408,451	\$ 924,852	\$ 516,402	\$ 387,301

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 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 Heritage Community Improvement Plan 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 75 per cent of the municipal share of the increase in property taxes over the pre-project municipal property taxes paid.

In the administration of this grant, each row would be calculated every year based on the new assessment, tax rate, taxes paid and actual municipal tax increment to establish the actual grant payment.

Document 3 – Eligible Heritage Restoration Costs

Eligible Items	Estimated Cost
Heritage consultants	\$48,573
Engineering	\$77,916
Structural rehabilitation	\$445,946
Restoration of heritage attributes (masonry, cornice, doors, windows, etc)	\$75,286
TOTAL	\$647,721