

<p>5. BROWNFIELDS GRANT PROGRAM APPLICATION – 175 MAIN STREET DEMANDE DANS LE CADRE DU PROGRAMME DE SUBVENTION POUR LES FRICHES INDUSTRIELLES – 175, RUE MAIN</p>
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COMMITTEE RECOMMENDATIONS

That Council:

- 1. Approve the Brownfields Rehabilitation Grant Program and Development Charge Reduction Program application submitted by 175 Main Street Regional Inc., owner of the property at 175 Main Street, for a grant under the 2010 Brownfields Redevelopment Community Improvement Plan Program not to exceed \$15,811,365, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfields Redevelopment Grant Agreement;**
- 2. Approve the grant be implemented on the basis of the phasing of the development and an eligible 10-year window be made available to each phase of the development, in accordance with the terms and conditions of the 2015 Brownfields Redevelopment Community Improvement Plan Program;**
- 3. Exempt the proposed redevelopment of 175 Main Street from paying future municipal development charges up to a maximum of \$12,132,830, 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 \$15,811,365 grant request, as outlined in Recommendation 1;**
- 4. Delegate the authority to the General Manager, Planning and Growth Management to execute a Brownfields Redevelopment Grant Agreement with 175 Main Street Regional Inc., establishing the terms and conditions governing the payment of the grant for the**

redevelopment of 175 Main Street, to the satisfaction of the General Manager, Planning and Growth Management, the City Clerk and Solicitor and the City Treasurer.

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

1. approuve la demande de participation au Programme de subvention pour la mise en valeur des friches industrielles et au Programme de réduction des redevances d'aménagement présentée par 175 Main Street Regional Inc., propriétaire du bien-fonds situé au 175, rue Main, relativement à une subvention dans le cadre du Plan d'amélioration communautaire pour le réaménagement des friches industrielles de 2010 d'un montant maximal de 15 811 365 \$, sous réserve de la conclusion d'une entente de subvention pour la mise en valeur des friches industrielles, et conformément à ses modalités;
2. approuve un calendrier de versement de la subvention suivant les étapes de l'aménagement et prévoyant une période de 10 ans pour chaque étape, conformément aux modalités du Plan d'amélioration communautaire pour le réaménagement des friches industrielles de 2015;
3. dispense le réaménagement proposé du 175, rue Main, du versement de toute redevance d'aménagement municipale future jusqu'à concurrence de 12 132 830 \$, conformément au paragraphe 7 (t) du *Règlement 2014-229 sur les redevances d'aménagement* et aux lignes directrices en matière de réduction des redevances d'aménagement à cause de la contamination de l'emplacement, approuvées par le Conseil le 11 juin 2014, et fasse en sorte que cette dispense soit incluse dans la demande de subvention de 15 811 365 \$, tel qu'il est précisé à la recommandation 1.

- 4. délègue au directeur général, Urbanisme et Gestion de la croissance, le pouvoir de conclure une entente de subvention pour le réaménagement des friches industrielles avec 175 Main Street Regional Inc.; cette entente établira les modalités relatives au versement d'une subvention permettant le réaménagement du 175, rue Main, à la satisfaction du directeur général, Urbanisme et Gestion de la croissance, du greffier municipal et chef du contentieux, et de la trésorière municipale.**

DOCUMENTATION / DOCUMENTATION

1. John L. Moser, Acting Deputy City Manager, Planning and Infrastructure, report dated 16 March 2016 / Directeur municipal adjoint par intérim, urbanisme et infrastructure, rapport daté le 16 mars 2016 (ACS2016-PAI-PGM-0064)
2. Extract of Draft Minutes, Finance and Economic Development Committee, 5 April 2016 / Extrait de l'ébauche du procès-verbal du Comité des finances et du développement économique, le 5 avril 2016.

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
REPORT 13
13 AVRIL 2016**

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**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE
RAPPORT 13
LE 13 AVRIL 2016**

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
April 5, 2016 / 5 avril 2016**

**and Council / et au Conseil
April 13, 2016 / 13 avril 2016**

**Submitted on March 16, 2016
Soumis le 16 mars 2016**

**Submitted by
Soumis par:**

**John L. Moser, Acting Deputy City Manager / Directeur municipale adjoint par
intérim, Planning and Infrastructure / Urbanisme et Infrastructure**

Contact Person / Personne ressource:

**Lee Ann Snedden, Acting Chief / Chef par intérim,
Development Review Services / Services d'Examen des projets d'aménagement,
Planning and Growth Management / Urbanisme et Gestion de la croissance
(613) 580-2424, 25779, LeeAnn.Snedden@ottawa.ca**

Ward: CAPITAL (17) / CAPITALE (17)

File Number: ACS2016-PAI-PGM-0064

SUBJECT: Brownfields Grant Program Application – 175 Main Street

**OBJET: Demande dans le cadre du Programme de subvention pour les
friches industrielles – 175, rue Main**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

- 1. Approve the Brownfields Rehabilitation Grant Program and Development Charge Reduction Program application submitted by 175 Main Street Regional Inc., owner of the property at 175 Main Street, for a grant under the 2010 Brownfields Redevelopment Community Improvement Plan Program not to exceed \$15,811,365, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfields Redevelopment Grant Agreement;**
- 2. Approve the grant be implemented on the basis of the phasing of the development and an eligible 10-year window be made available to each phase of the development, in accordance with the terms and conditions of the 2015 Brownfields Redevelopment Community Improvement Plan Program;**
- 3. Exempt the proposed redevelopment of 175 Main Street from paying future municipal development charges up to a maximum of \$12,132,830, 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 \$15,811,365 grant request, as outlined in Recommendation 1;**
- 4. Delegate the authority to the General Manager, Planning and Growth Management to execute a Brownfields Redevelopment Grant Agreement with 175 Main Street Regional Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 175 Main Street, to the satisfaction of the General Manager, Planning and Growth Management, the City Clerk and Solicitor and the City Treasurer.**

RECOMMANDATIONS DU RAPPORT

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

- 1. d'approuver la demande de participation au Programme de subvention pour la mise en valeur des friches industrielles et au Programme de réduction des redevances d'aménagement présentée par 175 Main Street**

- Regional Inc., propriétaire du bien-fonds situé au 175, rue Main, relativement à une subvention dans le cadre du Plan d'amélioration communautaire pour le réaménagement des friches industrielles de 2010 d'un montant maximal de 15 811 365 \$, sous réserve de la conclusion d'une entente de subvention pour la mise en valeur des friches industrielles, et conformément à ses modalités;
2. d'approuver un calendrier de versement de la subvention suivant les étapes de l'aménagement et prévoyant une période de 10 ans pour chaque étape, conformément aux modalités du Plan d'amélioration communautaire pour le réaménagement des friches industrielles de 2015;
 3. de dispenser le réaménagement proposé du 175, rue Main, du versement de toute redevance d'aménagement municipale future jusqu'à concurrence de 12 132 830 \$, conformément au paragraphe 7 (f) du *Règlement 2014-229 sur les redevances d'aménagement* et aux lignes directrices en matière de réduction des redevances d'aménagement à cause de la contamination de l'emplacement, approuvées par le Conseil le 11 juin 2014, et fasse en sorte que cette dispense soit incluse dans la demande de subvention de 15 811 365 \$, tel qu'il est précisé à la recommandation 1.
 4. de déléguer au directeur général, Urbanisme et Gestion de la croissance, le pouvoir de conclure une entente de subvention pour le réaménagement des friches industrielles avec 175 Main Street Regional Inc.; cette entente établira les modalités relatives au versement d'une subvention permettant le réaménagement du 175, rue Main, à la satisfaction du directeur général, Urbanisme et Gestion de la croissance, du greffier municipal et chef du contentieux, et de la trésorière municipale.

EXECUTIVE SUMMARY

A proposed development plan for 175 Main Street will include 916 residential units comprised of single family homes, townhomes, back-to-back townhomes, and apartments along with 3,395 square metres of retail space and the partial demolition and rehabilitation of the Deschâtelets building. This development is proposed to be

phased into four parts with an expected full build out within 10 to 15 years (subject to market conditions and sales). The developers estimated construction value of this entire development is approximately \$276 million with a post project assessment value of land and buildings in the order of \$388 million. The developers projected anticipated property taxes for this entire development are approximately \$5.2 million. The existing property was exempted from payment of property taxes based on an exemption for religious organization but has since been purchased by the developer and is now assessed based on existing development. The site is presently occupied by the Oblates Residence (Deschâtelets) complex and is used as a residence and archive storage for the convent's priest and Saint Paul University students.

The site has been found to have been contaminated with off-site fill which appears to have taken place sometime between about 1902 and 1922 along with disposal of on-site coal and ash from the on-site furnace which was spread in areas of the site. The total estimated debris fill volume is approximately 125,291 cubic metres with an additional 4,330 cubic metres of impacted topsoil.

The Brownfield Rehabilitation Grant Program and Development Charge Reduction Program application submitted is for the entire project but costs are broken down by phases to reflect the development's remediation and construction schedule. The application is for \$15,811,365, made up of a Development Charge Credit of \$12,132,830 and Rehabilitation Grant of \$3,678,535. Any portions of the Development Charge Credit not used can be transferred to the Rehabilitation Grant portion.

The release of the brownfield funds is based on the registration of each development phase, the extent of works completed in each phase, when building permits are granted and the conditions of the brownfield agreement being satisfied. The site is located in a priority area as defined in the Brownfields Redevelopment Community Improvement Plan (BRCIP), which defines the period of eligibility of payment for each phase to extend over a 10-year span. Total grants eligible will be applied to all phases over each phase's eligible 10-year payment period.

RÉSUMÉ

Le projet d'aménagement du 175, rue Main prévoit la construction de 916 habitations, dont des maisons unifamiliales, des maisons en rangée, des maisons en rangée dos à dos, des appartements et un espace commercial de 36 539 pieds carrés, ainsi que la démolition partielle et la transformation de la Maison Deschâtelets. Le promoteur propose de réaliser l'aménagement en quatre étapes et de terminer le tout d'ici 10 à 15 ans (selon les conditions du marché et les ventes). La valeur estimée des travaux de construction de l'aménagement complet est d'environ 276 millions de dollars, et la valeur foncière des terrains et des bâtiments après les travaux serait de l'ordre de 388 millions de dollars. L'impôt foncier anticipé pour l'aménagement complet est d'environ 5,2 millions de dollars. La propriété existante a fait l'objet de l'exonération d'impôt accordée aux organismes religieux, mais comme elle a été ensuite achetée par le promoteur, on a attribué une évaluation à l'aménagement actuel. Le lieu est actuellement occupé par la Maison Deschâtelets des Oblats et sert de résidence et de centre d'archives aux prêtres du couvent et aux étudiants de l'Université Saint Paul.

L'emplacement a été contaminé, entre 1902 et 1922, par du remblai semblant provenir d'ailleurs et par le charbon et les cendres du foyer de la résidence que l'on a répandus à divers endroits. Le volume total estimé de débris est d'environ 125 291 mètres cubes, en plus de 4 330 mètres cubes de terre végétale contaminée.

La demande de subvention et de réduction des redevances d'aménagement pour la remise en valeur des friches industrielles a été présentée pour l'ensemble du projet, mais les coûts ont été ventilés par étape pour refléter le calendrier d'assainissement et de construction. La demande de subvention s'élève à 15 811 365 \$, ce qui comprend un crédit de redevances d'aménagement de 12 132 830 \$ et une subvention pour la remise en valeur de 3 678 535 \$. Toute portion non utilisée de la réduction des redevances d'aménagement sera transférée à la subvention pour la remise en état des friches industrielles.

Les subventions pour les friches industrielles sont octroyées en fonction de l'enregistrement de chaque étape d'aménagement, de l'étendue des travaux réalisés à chaque étape, du moment où un permis de construire est octroyé et du respect des conditions de l'entente relative à la friche industrielle. L'emplacement se trouve dans un secteur prioritaire selon le Plan d'amélioration communautaire pour le réaménagement des friches industrielles, qui établit à 10 ans la période d'admissibilité aux paiements

pour chaque étape. Toutes les subventions seront versées selon les périodes de 10 ans associées à la réalisation de chacune des étapes.

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. As outlined in the recent 2015 BRCIP update, this application was received prior to October 14, 2015 and, as such, has been identified as being eligible under the 2010 BRCIP program funding criteria (Recommendation 1).

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 a comprehensive framework of incentive programs which include the Brownfields Funding Programs.

Greystone Village Inc. has filed an application under the 2010 BRCIP for the clean-up and redevelopment of 175 Main Street, having a lot area of 7.16 hectares with 120.96 metres frontage on Main Street and 193.56 metres frontage on Clegg Street (see Documents 1, 2 and 9). The property is presently occupied by the Oblates Residence (Deschâtelets) complex and is used as a residence and archive storage for the convent's priest and Saint Paul University students. A Phase I and II Environmental Site Assessment was prepared by Golder Associates Ltd., between March and September of 2014, which identified a number of environmental impacts such as metals and polycyclic aromatic hydrocarbons along with off-site fill and coal ash from the on-site furnace which was spread in areas of the site, all exceeding Ministry of the Environment (MOE) generic O.Reg 153 Table 3 standards.

The subject land is located within the BRCIP Program's priority area. 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 have been paid out, whichever comes first. As part of the rehabilitation grant, the development charge credit is set at 50 per cent of eligible costs (Items 1-6 in Document 4).

On October 14, 2015, Council approved an update to the BRCIP which recognises the nature of larger phased developments. This development is proposed to be constructed in four phases over a projected 20-year period (subject to market trends). The BRCIP program allows for the recovery of costs of remediation of the site through the increased municipal taxes through the development of each phase over a 10-year period. The Ministry of the Environment acknowledges Record of Site Conditions for registered phases of developments. Under the 2015 BRCIP update to the program, the proponent has been identified as eligible under the 2010 BRCIP criteria, which limits the phasing of the development. As part of this application approval, it is recommended that this application be permitted to incorporate the phasing component of the approved 2015 BRCIP program to allow this type of development to occur (see Recommendation 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 2010 BRCIP specifies that the total of all rehabilitation grants and development charge reduction shall not exceed 50 per cent of the eligible cost for rehabilitating said lands and buildings. The tax increment grant for the rehabilitation grant is not paid in advance, but is directly tied to the amount of development actually completed on the property. If the property proceeds on a phased basis, then only the eligible costs incurred in the approved phases will apply. 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 6 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 subject to meeting their

requirements under their Brownfields Redevelopment Grant Agreement. Any unused portions of the allowable development charge credit can be transferred to additional phased portions of the overall development which has been approved by the City of Ottawa and/or will be rolled over into the Brownfields Rehabilitation Grant Program for the applicable phase underway. Development Charge credits are only applied to actual Development Charges paid at the time of building permit issuance and any credits not used would be rolled over into the Rehabilitation Grant portion.

The Brownfields Rehabilitation Grant Program is a tax increment based grant funded through the tax increase that results from redevelopment of each phase 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 per phase of development or up to the time when the total grant payments applicable to the works completed on each phase equals the maximum amount of assistance, whichever comes first. The City will only pay the annual grant after property taxes have been paid in full each year and the applicant has met their obligations outlined in their Brownfields Redevelopment Grant Agreement.

175 Main St. Brownfields Redevelopment Application

The required documents that are submitted to the City as part of a Brownfields Redevelopment Program application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of December 23, 2014 with revised submissions received on July 20, 2015 and December 24, 2015.

The contaminated materials were a result of historic infilling of portions of the site. Additional fill has been placed overtop the contaminated fill which will have to be excavated to allow access to remove the contaminated fill. Additional contaminated materials were found in the topsoil in portions of the site.

Proposed Remediation

The proposed approach to remediate the impacted fill material and topsoil is excavation and off-site disposal. The remedial costs in the brownfield application reflect complete excavation to meet the generic O.Reg 153 Table 3 standards.

There is an estimated 215,000 tonnes of contaminated soil over the site that will have to be disposed off-site at a licensed landfill. In order to access the contaminated soil it is necessary to excavate and stockpile the overlying soil fill that is not contaminated. The remedial approach for the first phase of the development has started and involves excavating all the impacted material, disposal of it off-site, and backfilling, including engineering fill beneath building foundations.

The estimated debris fill thickness is estimated to be up to eight metres in the southern portion of the site. Portions of the sites topsoil is impacted and will be sorted as construction proceeds.

Due to depths of fill extending below the groundwater table, there will be a need to treat contaminated groundwater which exceeds the MOE Table 3 standards. This treatment would continue until the area is backfilled above the groundwater table and the need to pump the groundwater is no longer required.

The remediation program is to be on a phased basis and is expected to be complete within approximately four years. Demolition of a portion of an existing building along with the restoration of the remaining portion is to take place in Phase 3.

Proposed Redevelopment Scheme

This property is being developed through a Plan of Subdivision application D07-16-15-0001. It is broken down into four phases which is anticipated to be completed by 2028 under reasonable market sale conditions. The following development is as follows;

Phase 1A – 155 residential units consisting of singles, towns and apartment dwellings; start in 2016.

Phase 1B – 28 residential units consisting of single, towns; start in 2018.

Phase 2 – 464 residential units consisting of towns, back to back towns and apartment dwellings along with approximately 3,395 square metres of retail space; start in 2021.

Phase 3 – 120 residential units consisting of towns and apartment dwellings and the partial demolition of the existing Deschâtelets building and rehabilitation of remaining into approximately 149 apartment dwellings/seniors housing; start in 2020.

Calculating the Brownfields Redevelopment Funding

Under the Brownfields Redevelopment 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 the Brownfields Redevelopment program is \$31,622,729.

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 grant to be \$15,811,365 (see Document 5), subject to any additional development charge credits which may occur.

The ability to receive the Brownfield Redevelopment Funding can occur through a number of programs with varied 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 per phase 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, subject to the developer meeting their obligations under their Brownfields Redevelopment Grant Agreement. The anticipated total development charges for full build-out for this development is \$12,647,222 and the available

development charge credit is estimated at \$12,132,830 (see Document 7). The development will be constructed in phases as outlined in the summary chart below. The timing between the development phases will have an impact on the actual amount of Development Charges credits to be used. In the example in Document 8 utilizing the developers anticipated timeline of development, the actual Development Charge credits utilized are less than the actual overall Development charges applicable to the entire project. This is due to the timeframe of initial phases and the taxes generated over the period of development being sufficient to address the total Brownfield Redevelopment application amount for funding. This would change if the timelines between phases were different.

Summary of Phasing and Development Charges (see Document 8)

Phase	Development Charge Credit	Remedial Works to start	Building Permits to be pulled	Development Charge Applicable
1A	\$4,886,503	2015	2016-2018	\$2,322,732
1B	\$2,057,456	2017	2018-2024	\$2,805,377
2	\$2,039,231	2020	2021	\$1,523,840
3	\$3,149,641	2019	2020-2027	\$5,614,262
Total	\$12,132,830			\$12,647,222

Under the Brownfields Rehabilitation Grant program, development charge credits are only available when the developer pulls any permits, and that they have met their obligations under their Brownfield Redevelopment Grant Agreement.

As per the Development Charges Bylaw update in June of 2014, the Development charge Credits exercised by the proponent will be required to be accounted for by the City of Ottawa through its annual budget process to direct credit amounts received by

the developer to the Development Charge Fund.

- Grant Payments As Each Phase proceeds

The phase 1A remediation works has commenced with the developer anticipating pulling building permits between the fall of 2016 to 2018. The development charge credit identified under their application is greater than the actual development charges applicable and therefore the remaining credit will be applied against the next phase of development.

Phase 1B remediation of the development will commence in 2017 with the developer drawing building permits 2018 to 2024. The development charge credit in Phase 1B will apply, but the remaining development charge credits not used in Phase 1A will be applied to this phase. Payments to the developer will be adjusted to account for the overall costs applicable to both phases and will be reimbursed through the development charge credits and Rehabilitation Grant program.

Phases 2 and 3 of development will utilize the same option to apply any unused development charge credits not utilized in past phases to be applied to the phase under consideration.

The total Rehabilitation Grant payments the developer is entitled to will be controlled by the extent of work completed, but will be generated by the municipal tax increases in all phases which have been constructed, but only within their 10-year window of payment or until the portion of grant eligible has been paid.

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 funding under this program for this site based on the developers estimated timelines is estimated at \$860,239 to be collected over a 10 year period after the first taxation year of the first new unit is developed. This amount can vary based on the anticipated development time frame and on the ability to utilize the available Development Charge Credit available. In document 8, a payment scenario is provided based on the developers anticipated development which reflects the estimated \$860,239 but as indicated, the actual Development Charge Credit utilized is less than the approved eligible credit under the program due to the Rehabilitation Grants making up the difference of the total grant eligible under the BRCIP.

Economic Benefits to the Community

The developer has estimated that the overall economic impact of the proposed commercial development is estimated at \$276 million in direct construction value. During the development of the site, direct and indirect economic benefits to the local economy should be experienced as a result of building demolition, site remediation and the construction period through payroll, purchased material, supplies, services, and equipment rentals.

Through the developers Taxation Specialist, they anticipate that over \$364 million in new commercial assessment and residential assessments would be added to the property tax assessment roll at full development. They have estimated that over \$5.1 million per year in increased municipal property and education taxes can be expected at the completion of the project, after the rehabilitation grant ends, which would subsequently go to the City's general revenues (see Document 6).

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

There was no public consultation for this report.

COMMENTS BY THE WARD COUNCILLOR

Councillor Chernushenko concurs with the recommendations in the report.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

FINANCIAL IMPLICATIONS

The maximum grant under the 2010 Brownfield Redevelopment Community Improvement Plan Program is \$15,811,365, including maximum Development Charge reductions of \$12,132,830. The associated contribution to the Municipal Leadership fund is estimated to be \$860,239.

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 expenditure authority for the grant payments, Development Charge exemptions and Municipal Leadership fund contributions and will be brought forward through the annual operating budgets. Actual payments of the Rehabilitation Grant will be reviewed at the end of each tax year to confirm the actual tax benefit of the development and to calculate the actual payment to 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 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 Brownfields Redevelopment Program Application Requirements

Document 4 Brownfields Redevelopment Program Eligible Costs

Document 5 Calculating the Rehabilitation Grant/Development Charge Credit

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

Document 7 Calculating the Development Charges Payable

Document 8 Payment Option Scenario

Document 9 Concept Plan

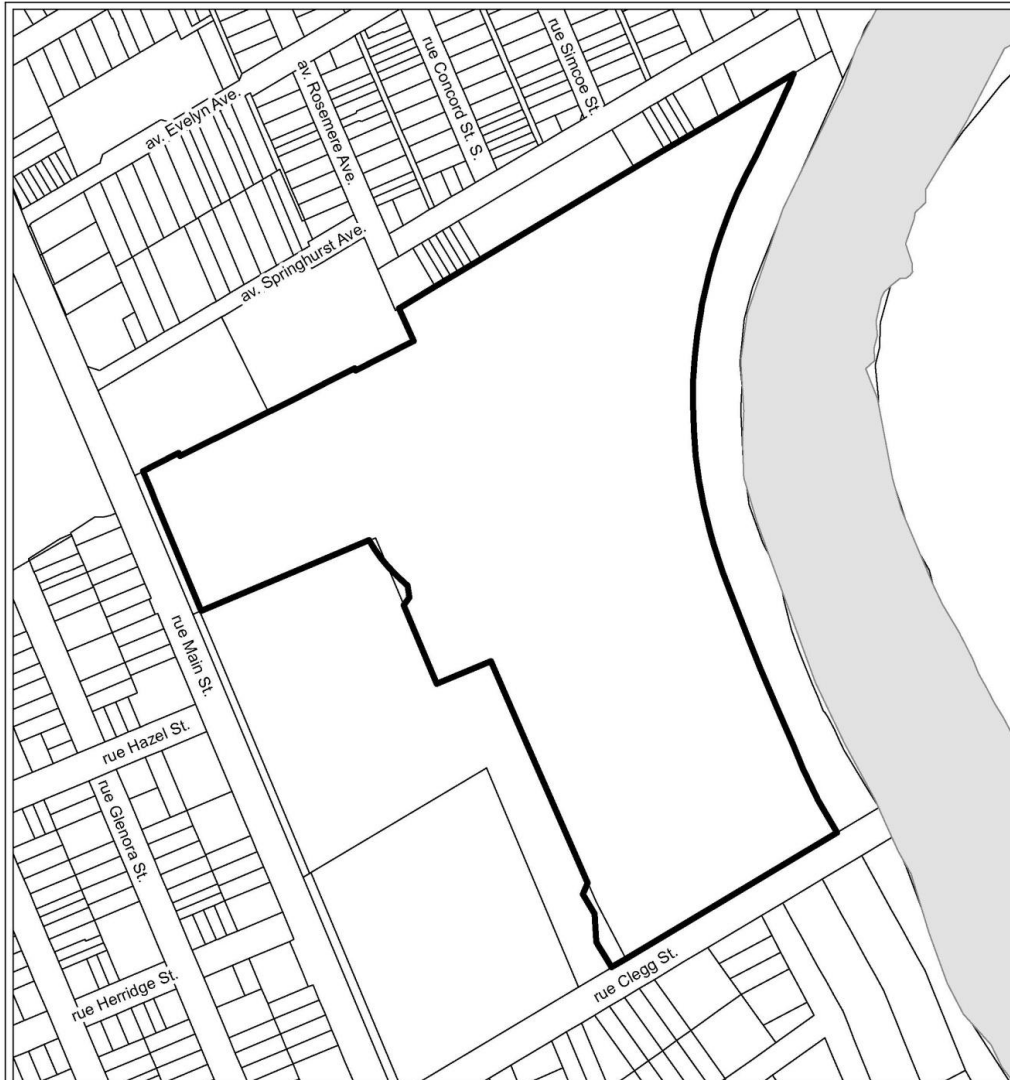
DISPOSITION

City Clerk and Solicitor Department, Legal Services, to prepare the Brownfields Redevelopment Grant Agreement.

Planning and Growth Management 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.

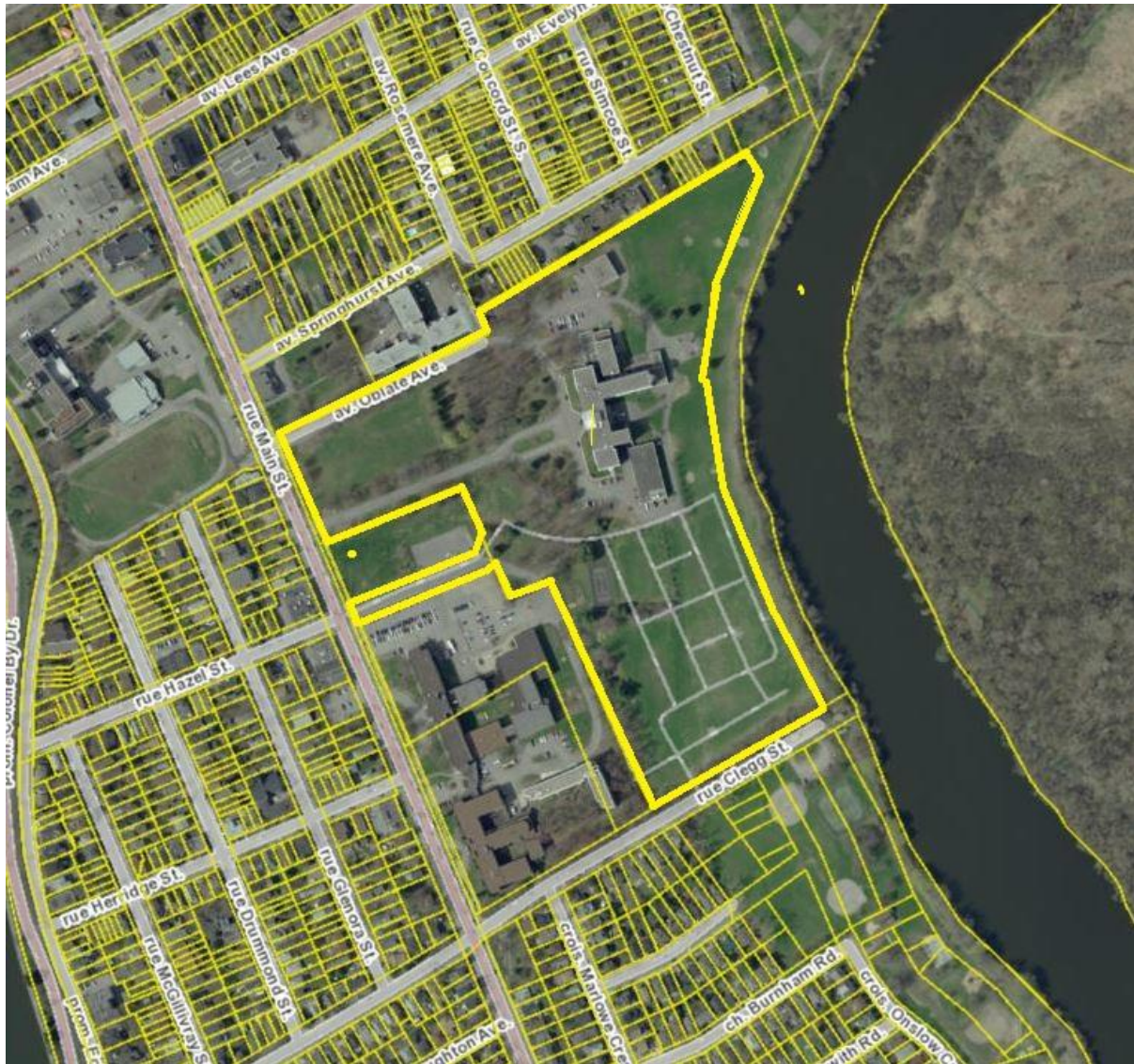
Planning and Growth Management Department to notify the applicant of Council's decision.

Document 1 – Location Map



		<p>LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES</p>
F18-04-15-MAIN	15-XXXX-Y	<p>Part of / partie de 175 rue Main Street</p>
I:\CO\2015\Brownfields\Main175		
<p><small>©Parcel data is owned by Teranet Enterprises Inc. and its suppliers All rights reserved. May not be produced without permission THIS IS NOT A PLAN OF SURVEY</small></p> <p><small>©Les données de parcelles appartient à Teranet Entreprises Inc. et à ses fournisseurs. Tous droits réservés. Ne peut être reproduit sans autorisation. CECI N'EST PAS UN PLAN D'ARPENTAGE</small></p>		
REVISION / RÉVISION - 2015 / 11 / 04		

Document 2 – Aerial View



Document 3 – Brownfields Redevelopment Program Application Requirements

A Brownfields Redevelopment 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 – Brownfields Redevelopment Program Eligible Costs

The costs eligible for a Brownfields Rehabilitation Grant for 175 Main Street are estimated as follows:

Table 1 – Eligible Cost and Estimated Cost

	Eligible Costs	Phase 1A Estimate	Phase 1B Estimate	Phase 2 Estimate	Phase 3 Estimate
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$60,000	\$45,000	\$60,000	\$40,000
2	Environmental Remediation including the cost of preparing an Record of Site Condition	\$8,539,715	\$3,589,137	\$3,278,723	\$5,001,038
3	Placing clean fill and grading	\$1,173,290	\$480,775	\$739,738	\$1,258,244
4	Installing environmental and/or engineering controls/works as specified in the Remedial Work	N/A	N/A	N/A	N/A

	Plan and/or Risk Assessment				
5	Monitoring, maintaining and operating enviro and eng controls /works as specified in the Remedial Work Plan	N/A	N/A	N/A	N/A
6	Environmental Insurance Premiums	N/A	N/A	N/A	N/A
Sub-Total	Total Costs eligible for DC reduction due to site contamination	\$9,773,005	\$4,114,912	\$4,078,461	\$6,299,282
Table 2 - Eligible Cost and Estimated Cost (Cont'd)					
7	Leadership Program	\$49,710			
8	Cost of Feasibility Study	N/A	N/A	N/A	N/A
9	30% of Building Permit	\$151,025	\$25,542	\$435,890	\$193,710
10	Building demolition			\$115,200	\$1,036,800

11	Buidling Rehabilitation and Retrofit			\$93,600	\$3,218,400
12	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$782,266	\$204,895	\$875,733	\$174,298
	Total Costs Eligible for Rehabilitation Grant	\$10,756,006	\$4,345,349	\$5,598,884	\$10,922,490

Document 5 – Calculating the Rehabilitation Grant/Development Charge Credit

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

The owner is also eligible for the Development Charge Credits 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 subject to the owner meeting their obligations of their Brownfield Redevelopment Agreement. The anticipated, total development charges for full build-out for this development are \$12,647,222. Eligible Development Charges of 50 per cent is equal to a credit of \$12,132,830 (50 per cent of items 1 – 6 in Document 4). Actual Development Charge Reductions are applied at the time of building permit applications.

Table 2 - Total eligible costs

1	Total eligible Costs- from Document 4	\$31,622,729
2	Total capping at 50 per cent of line 1	\$15,811,365
3	Total of Rehabilitation Grant Payable and development charge credit	\$15,811,365

* The subject land are located within the program’s “priority area”. 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 per phase, or until the time when the total grant payments equal the total eligible costs whichever comes first.

The total Brownfields Redevelopment Funds payable is \$15,811,365 (line 3 above). The Development Charge Reduction program amount of \$12,132,830 applied for is included in this amount. The total maximum rehabilitation grant is therefore \$3,678,535 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/Education Grant Payable

Pre-Project Property Tax Rates and Property Taxes

Current (2016) Value Assessment on the property at 175 MAIN STREET is \$7,408,000, classified in the General Use tax class. Current (2015) property taxes are approximately \$205,580.65 broken down as follows:

Table 3 - Current (2015) Property Taxes

Municipal Property Tax portion	\$179,008.03
Education Property Tax portion	\$26,572.62
Total Pre-Project Property Taxes	\$205,580.65

Based on a post-project assessment valuation prepared by The Regional Group of Companies Inc., 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 \$276,000,000 (2016\$). The estimated taxes (Municipal and Education) to be generated from full build-out is \$5,200,000 (2016\$), see Table 2.

Table 4 – Estimated Annual Post-Project Municipal\Education Property Taxes (2016)

Tax Class	Estimated assessment (2016)	Estimated Municipal Tax	Estimated Education Tax	Estimated Total Tax
Commercial and Residential	\$276,000,000	\$3,430,000	\$1,770,000	\$5,200,000

Document 7 – Calculating the Development Charges Payable

Table 5 - Development Charges Payable

1	Total eligible Costs from application	\$31,622,729
2	Total capping at 50 per cent of line 1 *	\$15,811,365
3	Estimated Development Charges	\$12,647,222
4	Total cost eligible for DC reduction from application – total items 1 to 6 (Document 4) **	\$24,265,660
5	Capping at 50 per cent of line 4 – development charge reduction	\$12,132,830
6	Development charge is reduced by the amount in line 5 (line 3 – line 5)	\$514,392 payable as DCs by developer
7	Eligible cost cap is reduced by DC reduction (line 2 – line5)	\$3,678,535

*The maximum reduction of development charges is 50 per cent of the cost components of line 4 since the site is located outside a priority area.

**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 \$514,392 (line 6 above) payable after the development charges credit of \$12,132,830, assuming the full Development Charge Credit is utilized by the developer. Subject to Market trends in the sales of units within the development will have an impact on this ability to utilize the credit. Document 8 presents a Payment Option Scenario based on an assumed market trend outcome. The

resulting payouts to the developer through the Development Charge Credits available and the Rehabilitation grants paid out demonstrate the total eligible Brownfield Redevelopment Grant is paid out over an 11 year period. With the Rehabilitation Grants being generated through the tax increments for the development constructed and occupied, the full Development Charge credit is not required.

The potential Rehabilitation Grant payable is \$3,678,535 (line 7 above) plus any development charge credits not used at the time of issuance of the building permit.

Document 8 – Payment Option Scenario

Table 1

175 Main St.
Rehabilitation Tax Assistance (Municipal only) and DC Reduction

Year	Proposed Tax as units are occupied				Proposed Total Tax generated by BRCP	Increment	Eligible Amount	Applied Amount	DC Reduction	Annual Grant IDC credit	Cumulative Grant/DC credit	BRCP Revolving Fund	
	Phase 1A	Phase 1B	Phase 2	Phase 3									
2017	\$ 179,008	\$ -	\$ -	\$ -	\$ 179,008	\$ -	\$ -	\$ -	\$ 307,426	\$ 307,426	\$ 307,426	\$ -	
2018	\$ 179,008	\$ 252,698	\$ -	\$ -	\$ 252,698	\$ 73,690	\$ 36,845	\$ 36,845	\$ 983,686	\$ 1,020,531	\$ 1,327,957	\$ 5,527	
2019	\$ 179,008	\$ 478,566	\$ 26,318	\$ -	\$ 478,566	\$ 299,558	\$ 149,779	\$ 149,779	\$ 1,554,167	\$ 1,703,946	\$ 3,031,903	\$ 22,467	
2020	\$ 179,008	\$ 810,216	\$ 141,648	\$ -	\$ 951,864	\$ 772,856	\$ 386,428	\$ 386,428	\$ 1,171,026	\$ 1,557,454	\$ 4,589,357	\$ 57,964	
2021	\$ 179,008	\$ 810,216	\$ 141,648	\$ -	\$ 1,331,494	\$ 1,152,486	\$ 576,243	\$ 576,243	\$ 2,082,928	\$ 2,639,171	\$ 7,228,528	\$ 86,436	
2022	\$ 179,008	\$ 810,216	\$ 141,648	\$ -	\$ 1,979,822	\$ 1,799,814	\$ 899,907	\$ 899,907	\$ 2,992,043	\$ 2,991,950	\$ 10,220,478	\$ 134,986	
2023	\$ 179,008	\$ 810,216	\$ 473,298	\$ 506,368	\$ 2,829,388	\$ 2,350,360	\$ 1,175,180	\$ 1,175,180	\$ 612,600	\$ 1,787,780	\$ 12,008,258	\$ 176,277	
2024	\$ 179,008	\$ 810,216	\$ 473,298	\$ 506,368	\$ 2,689,550	\$ 2,510,542	\$ 1,255,271	\$ 1,255,271	\$ -	\$ 1,255,271	\$ 13,263,529	\$ 188,291	
2025	\$ 179,008	\$ 810,216	\$ 473,298	\$ 506,368	\$ 2,689,550	\$ 2,510,542	\$ 1,255,271	\$ 1,255,271	\$ 1,292,564	\$ 2,547,835	\$ 15,811,364	\$ 188,291	
2026	\$ 179,008	\$ 810,216	\$ 804,948	\$ 506,368	\$ 3,327,700	\$ 3,143,692	\$ 1,571,846	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
2027	\$ 179,008	\$ 810,216	\$ 804,948	\$ 506,368	\$ 3,376,454	\$ 3,198,446	\$ 1,598,223	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
2028	\$ 179,008	\$ -	\$ 983,956	\$ 506,368	\$ 2,744,246	\$ 2,565,238	\$ 1,282,619	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
2029	\$ 179,008	\$ -	\$ -	\$ 685,376	\$ 2,286,024	\$ 2,107,016	\$ 1,053,508	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
2030	\$ 179,008	\$ -	\$ -	\$ 685,376	\$ 685,376	\$ 506,368	\$ 253,184	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
2031	\$ 179,008	\$ -	\$ -	\$ 685,376	\$ 685,376	\$ 506,368	\$ 253,184	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
2032	\$ 179,008	\$ -	\$ -	\$ 685,376	\$ 685,376	\$ 506,368	\$ 253,184	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
2033	\$ 179,008	\$ -	\$ -	\$ 685,376	\$ 685,376	\$ 506,368	\$ 253,184	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
2034	\$ 179,008	\$ -	\$ -	\$ 685,376	\$ 685,376	\$ 506,368	\$ 253,184	\$ -	\$ -	\$ -	\$ 15,811,364	\$ -	
Totals										\$ 5,734,924	\$ 10,076,440	\$ 15,811,364	\$ 860,239

Tax Form	Existing
Municipal	\$ 179,008
Education	\$ 26,573
Total	\$ 205,581

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.

Document 9 – Concept Plan



SCALE 1:1000
OCTOBER 2015

GREYSTONE VILLAGE
THE OBLATE LANDS REDEVELOPMENT / REDEVELOPPEMENT DU TERRAIN DE OBLATS D'OTTAWA - 175, RUE MAIN - MAIN STREET

