

**6. BROWNFIELDS GRANT PROGRAM APPLICATION – 70 GLOUCESTER AND
89 AND 91 NEPEAN STREET**

**DEMANDE DANS LE CADRE DU PROGRAMME DE SUBVENTION POUR
LES FRICHES INDUSTRIELLES – 70, RUE GLOUCESTER ET 89 ET 91, RUE
NEPEAN**

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Approve the Brownfields Rehabilitation Grant and Development Charge Reduction Program application submitted by Claridge Homes (70 Gloucester Street) Inc., Claridge Homes (89 Nepean Street) Inc. and Claridge Homes (91 Nepean Street) Inc., owner of the property at 70 Gloucester Street and 89 and 91 Nepean Street, for a grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed \$ 1,180,000 over a maximum of 10 years, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfields Redevelopment Grant Agreement; and**
- 2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development Department, to execute a Brownfields Redevelopment Grant Agreement with Claridge Homes (70 Gloucester) Inc., Claridge Homes (89 Nepean Street) Inc. and Claridge Homes (91 Nepean Street) Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 70 Gloucester and 89 and 91 Nepean Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department, the City Clerk and Solicitor and the City Treasurer.**

RECOMMANDATIONS DU COMITÉ

Que le Conseil :

- 1. Approuve la demande au programme de subvention pour la remise en valeur de friches industrielles et de réduction des redevances**

d'aménagement présentée par Claridge Homes (70, rue Gloucester) Inc., Claridge Homes (89, rue Nepean) Inc. et Claridge Homes (91, rue Nepean) Inc., propriétaire du bien-fonds situé au 70, rue Gloucester et aux 89 et 91, rue Nepean, une subvention qui serait versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles n'excédant pas 1 180 000 \$ sur une période maximale de dix ans, sous réserve de l'adoption des modalités de l'Entente de subvention pour la remise en valeur des friches industrielles, et conformément à celles-ci;

2. **Délègue au directeur général de Planification, Infrastructure et Développement économique le pouvoir d'exécuter l'Entente de subvention pour la remise en valeur de friches industrielles conclue avec Claridge Homes (70, rue Gloucester) Inc., Claridge Homes (89, rue Nepean) Inc. et Claridge Homes (91, rue Nepean) Inc., qui établit les modalités relatives au versement de la subvention permettant le réaménagement de la propriété située au 70, rue Gloucester et aux 89 et 91, rue Nepean, 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, Planning Services, dated 20 June 2017 (ACS2017-PIE-PS-0065)
Rapport de la Directrice, Services de la planification, daté le 20 juin 2017
(ACS2017-PIE-PS-0065)

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
July 4, 2017 / 4 juillet 2017**

**and Council / et au Conseil
July 12, 2017 / 12 octobre 2017**

**Submitted on June 20, 2017
Soumis le 20 juin 2017**

**Submitted by
Soumis par:**

**Lee Ann Snedden,
Director / Directrice,**

Planning Services / Services de la planification

**Planning, Infrastructure and Economic Development Department / Direction
générale de la planification, de l'infrastructure et du développement économique**

Report Author / Auteur du rapport:

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Ward: SOMERSET (14)

File Number: ACS2017-PIE-PS-0065

**SUBJECT: Brownfields Grant Program Application – 70 Gloucester and 89 and
91 Nepean Street**

**OBJET: Demande dans le cadre du Programme de subvention pour les
friches industrielles – 70, rue Gloucester et 89 et 91, rue Nepean**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

- 1. Approve the Brownfields Rehabilitation Grant and Development Charge Reduction Program application submitted by Claridge Homes (70 Gloucester Street) Inc., Claridge Homes (89 Nepean Street) Inc. and Claridge Homes (91 Nepean Street) Inc., owner of the property at 70 Gloucester Street and 89 and 91 Nepean Street, for a grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed \$ 1,180,000 over a maximum of 10 years, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfields Redevelopment Grant Agreement; and**
- 2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development Department, to execute a Brownfields Redevelopment Grant Agreement with Claridge Homes (70 Gloucester) Inc., Claridge Homes (89 Nepean Street) Inc. and Claridge Homes (91 Nepean Street) Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 70 Gloucester and 89 and 91 Nepean Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department, 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 au programme de subvention pour la remise en valeur de friches industrielles et de réduction des redevances d'aménagement présentée par Claridge Homes (70, rue Gloucester) Inc., Claridge Homes (89, rue Nepean) Inc. et Claridge Homes (91, rue Nepean) Inc., propriétaire du bien-fonds situé au 70, rue Gloucester et aux 89 et 91, rue Nepean, une subvention qui serait versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles n'excédant pas 1 180 000 \$ sur une période maximale de dix**

ans, sous réserve de l'adoption des modalités de l'Entente de subvention pour la remise en valeur des friches industrielles, et conformément à celles-ci;

- 2. Déléguer au directeur général de Planification, Infrastructure et Développement économique le pouvoir d'exécuter l'Entente de subvention pour la remise en valeur de friches industrielles conclue avec Claridge Homes (70, rue Gloucester) Inc., Claridge Homes (89, rue Nepean) Inc. et Claridge Homes (91, rue Nepean) Inc., qui établit les modalités relatives au versement de la subvention permettant le réaménagement de la propriété située au 70, rue Gloucester et aux 89 et 91, rue Nepean, 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 Council approved BRCIP update on October 14, 2015 identified this property as being processed based on the 2010 BRCIP Program.

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

- Project Feasibility Study Grant Program;
- Environmental Site Assessment Grant Program;
- Property Tax Assistance Program;
- Rehabilitation Grant Program; and

- Building Permit Fee Grant Program.

Claridge Homes (70 Gloucester Street) Inc., Claridge Homes (89 Nepean Street) Inc. and Claridge Homes (91 Nepean Street) Inc. has filed an application under the 2010 BRCIP for the clean-up and redevelopment of 70 Gloucester and 89 and 91 Nepean, having a lot area of 2,923.5 square metres and 56.32 metres frontage on Nepean Street and 40.32 metres frontage on Gloucester Street (see Documents 1 and 2). The property's present use is a four-storey office building and associated parking.

A Phase I and II Environmental Site Assessment (ESA) was prepared by Paterson Group Ltd., which identified that the entire site contained various metals which exceeded MOEC Table 3.

The groundwater at the site does not appear to exceed the Ontario Ministry of the Environment and Climate Change (MOECC) Table 3 standards.

The site qualifies as an eligible brownfield priority area candidate due to its location within 600 metres of a proposed Rapid Transit Station.

The purpose of this report is to bring the application before the Finance and Economic Development Committee and Council for consideration and approval.

DISCUSSION

The Ottawa 2010 BRCIP specifies a number of individual programs dealing with grants and credits available to property owners. This application is for the Rehabilitation Grant Program. The total grant from this program shall not exceed 50 per cent of the eligible cost specific to each program for rehabilitating said lands and buildings. If the development does not proceed, no grants are provided.

70 Gloucester Street and 89 and 91 Nepean Street Brownfield 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 August 24, 2015.

Proposed Remediation

The suggested remedial action plan consists of a generic approach, where excavation and disposal at an approved waste disposal facility would be undertaken. This will

involve the excavation at various depths up to 1.8 metres below grade, to remove all metal impacted soil. Overburden soils will be stripped, segregated and disposed off-site. Non-impacted soil and bedrock will be transported off-site to a clean material disposal site, while impacted soil will be placed in trucks and hauled to an approved waste disposal facility (approximately 6,000 cubic metres or 12,000 metric tonnes).

Based on the most recent analytical test results, the sites did not indicate the groundwater exceeding MOE Table 3 standards. Impacted groundwater encountered during the excavation activities, would require treatment prior to disposal to the municipal sewer system. A portable groundwater treatment system unit would be installed on-site to remediate the groundwater by means of activated carbon, and will remain on site until groundwater concentrations are in compliance with the MOE and/or municipal by-law standards.

The remediation program is expected to be complete in 2017. Building demolition of the existing buildings is required.

Proposed Redevelopment

This property is being developed through a Site Plan Control application. The proposed development consists of a 27 storey residential tower fronting on Gloucester Street with an attached six-storey low-rise wing fronting on Nepean Street and another 27-storey residential building on Nepean Street with commercial and community space with residential units at ground level. The proposed development will consist of 475 residential units (62 studios, 165 one-bedroom units, 224 two-bedroom units and 22 three-bedroom units and four guest suites) over approximately 35,080 square metres of new residential space, approximately 265 square metres of ground floor retail space, and approximately 13,620 square metres of underground parking space with 338 vehicular parking spaces.

Calculating the Brownfield Redevelopment Grant

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 program. Staff reviewed the submissions and has determined that the total costs eligible for a grant under the program are \$ 2,360,000.

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 \$1,180,000 (see Document 5).

The ability to receive the brownfields grant will be based on the timing for the payouts of the grant.

- **Rehabilitation Grant**

Grants would be capped at 50 per cent of the municipal share of the increase in property taxes that result from the redevelopment, payable annually for up to 10 years or, up to the time when the total grant payments equal the total eligible grants, whichever comes first. The City will only pay the annual grant after the property taxes have been paid in full each year and all terms and conditions specified in the registered legal agreement between the City and the applicant have been met.

- **Municipal Leadership Strategy Program**

As part of the Brownfields Grant Program, a Municipal Leadership Strategy is a general program of municipal property acquisition, investment and involvement in pilot projects with the private sector to remediate and rehabilitate brownfield sites in Ottawa. The program is funded from 15 per cent of the increment that is retained by the City as a result of properties participating in the Rehabilitation Grant Program and is placed into a Municipal Leadership Account. This account will function as a revolving fund. The allocation of 15 per cent of the tax increment that is retained by the City to the Municipal Leadership Account will end when the Rehabilitation Grant Program ends. At that time, the City may return funds remaining in the Municipal Leadership Account to general revenues or continue to utilize these funds for leadership activities until the Municipal Leadership Account is exhausted. The anticipated total funding under this program for this site is estimated at \$327,977.

Economic Benefits to the Community

The overall economic impact of the proposed commercial development is estimated by the applicant at \$102 million in direct construction value. During the development of the site, direct and indirect economic benefits to the local economy will be experienced as a

result of building demolition, site remediation and the construction period through payroll, purchased material supplies and services and equipment rentals.

The applicant estimates that over \$191 million in new commercial and residential assessment would be added to the property tax assessment roll at full development. The developers Tax Consultant has estimated that over \$1.0 million per year in increased municipal property and education taxes can be expected at the completion of the project, after the brownfields grant ends, which would subsequently go to the City's general revenues (see Document 6), based on the applicants projections.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

There was no public consultation required for this report.

COMMENTS BY THE WARD COUNCILLOR

Councillor McKenney is aware of the application related to this 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 \$1,180,000. The estimated Municipal Leadership Strategy contribution is \$327,977. Budget authority requirements will be brought forward through the annual budget process.

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 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 Grant Application Requirements

Document 4 Brownfields Redevelopment Grant-Eligible Costs

Document 5 Calculating the Brownfields Redevelopment Grant

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

Document 7 Payment Option Scenario

Document 8 Elevation

DISPOSITION

City Clerk and Solicitor Department, Legal Services, to prepare the Brownfields Rehabilitation Grant/Redevelopment 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



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REVISION / RÉVISION - 2016 / 05 / 01

LOCATION MAP / PLAN DE LOCALISATION
BROWNFIELDS REDEVELOPMENT PROGRAM /
PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES



**70 rue Gloucester Street and / et
89 and / et 91 rue Nepean Street**



Document 2 – Aerial View



Document 3 – Brownfields 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 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 Grant – Eligible Costs

The costs eligible for a Brownfields Redevelopment Grant for 70 Gloucester Street and 89 and 91 Nepean Street are estimated as follows:

Table 1 – Eligible Cost and Estimated Cost

	Eligible Costs	Estimated Cost
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$72,000
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$928,000
3	Placing clean fill and grading	\$0
4	Installing environmental and/or engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$0
5	Monitoring, maintaining and operating environmental and engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$0
6	Environmental Insurance Premiums	\$0
7	Leadership Program	\$0
Sub-Total	Total Costs eligible for DC reduction due to site contamination	\$1,000,000
8	Cost of Feasibility Study	\$10,000
9	30% of Building Permit	\$400,000
10	Building Demolition and Asbestos Abatement	\$750,000
11	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management	\$200,000

	facilities	
	Total Costs Eligible for Rehabilitation Grant	\$2,360,000

Document 5 – Calculating the Brownfields Redevelopment Grant

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

Table 2 – Total eligible costs

1	Total eligible Costs- from Document 4 (Items 1 – 2 in Document 4)	\$ 2,360,000
2	Total capping at 50 per cent of line 1	\$1,180,000
3	Total of Rehabilitation Grant Payable and development charge credit	\$1,180,000

* The land is located within a Mixed Use Centre and within 600 metres of a transit station. This location is therefore eligible for the Rehabilitation Grant program over a 10-year window.

The total brownfields grant payable is \$1,180,000 (line 3 above).

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

Pre-Project Property Tax Rates and Property Taxes

Current (2015 tax year) Value Assessment on the property at 70 Gloucester Street and 89 and 91 Nepean Street is \$191,000,000 classified in the commercial and residential land tax class. Current (2015 tax year) property taxes are approximately \$137,783 broken down as follows:

Table 3 – Current (2015 tax year) Property Taxes

Municipal Property Tax portion	\$95,708
Education Property Tax portion	\$42,075
Total Pre-Project Property Taxes	\$137,783

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 \$191,000,000 (based on an effective valuation date of January 01, 2012). The estimated taxes (Municipal and Education) to be generated from full build-out is \$2,157,195 (2016 tax year), see Table 4.

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	\$191,000,000	\$1,761,352	\$395,843	\$2,157,195

Document 7 – Payment Option Scenario

Table 1

Rehabilitation Tax Assistance (Municipal only) reduction - 70 Gloucester & 89 & 91 Nepean St.

Year	Base Tax (2 %/yr incr)	Proposed Tax	Increment	Eligible Amount	Applied Amount	DC Reduction	Sub Total	Cumulative Grant Amt	BRADMIN 15%
2017	\$ 95,708	\$ 95,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 95,708	\$ 1,761,352	\$ 1,665,644	\$ 832,822	\$ 832,822	\$ -	\$ 832,822	\$ 832,822	\$ 124,923
2019	\$ 95,708	\$ 1,796,579	\$ 1,700,871	\$ 850,436	\$ 347,178	\$ -	\$ 347,178	\$ 1,180,000	\$ 203,054
2020	\$ 95,708	\$ 1,832,511	\$ 1,736,803	\$ 868,401	\$ -	\$ -	\$ -	\$ 1,180,000	\$ -
2021	\$ 95,708	\$ 1,869,161	\$ 1,773,453	\$ 886,726	\$ -	\$ -	\$ -	\$ 1,180,000	\$ -
2022	\$ 95,708	\$ 1,906,544	\$ 1,810,836	\$ 905,418	\$ -	\$ -	\$ -	\$ 1,180,000	\$ -
2023	\$ 95,708	\$ 1,944,675	\$ 1,848,967	\$ 924,483	\$ -	\$ -	\$ -	\$ 1,180,000	\$ -
2024	\$ 95,708	\$ 1,983,568	\$ 1,887,860	\$ 943,930	\$ -	\$ -	\$ -	\$ 1,180,000	\$ -
2025	\$ 95,708	\$ 2,023,240	\$ 1,927,532	\$ 963,766	\$ -	\$ -	\$ -	\$ 1,180,000	\$ -
2026	\$ 95,708	\$ 2,063,705	\$ 1,967,997	\$ 983,998	\$ -	\$ -	\$ -	\$ 1,180,000	\$ -
				\$ 8,159,981	\$ 1,180,000	\$ -	\$ 1,180,000		\$ 327,977

Tax Form	Existing 2015	Proposed
Municipal	\$ 95,708	\$ 1,761,352
Education	\$ 42,075	\$ 395,843
Total	\$ 137,783	\$ 2,157,195

Rehabilitation Grant	\$ 1,180,000
DC Reduction	\$ -
Total Grant	\$ 1,180,000

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

It is important to note that the tax increment is only an estimate and provides guidance on the order of magnitude of the possible payment under the assumption that the project would be completed, reassessed and taxes levied and paid in this period. The tax rates and all of the assessment valuation parameters are held constant for illustration purposes. In practice the assessed value would likely increase reflecting increasing property values. As well, there would likely be some increase in the annual municipal levy during the projection period.

The administration of the rehabilitation grant program would require that any grants to be paid be based on actual Municipal Property Assessment Corporation (MPAC) property assessment (including any resolution of appeals) of improved properties. The prevailing tax rate would be applied and only after taxes are paid in full for one year and only when the City is satisfied that all terms and conditions have been met as specified in the legal agreement between the City and the applicant would a tax rebate be issued. This rebate would be capped at 50 per cent of the municipal share of the increase in property taxes over the pre-project municipal property taxes paid.

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

Document 8 – Elevation

