

**Brownfields Rehabilitation Grant/Development Charge Reduction Program  
Application –Claridge Homes (325 Dalhousie) Inc. – 321 to 325 Dalhousie  
Street and 137 to 141 George Street**

**Demande de subvention et de réduction des redevances d'aménagement  
pour la remise en valeur des friches industrielles – Claridge Homes (325,  
rue Dalhousie) Inc. – du 321 au 325, rue Dalhousie et du 137 au 141, rue  
George**

### **COMMITTEE RECOMMENDATIONS**

**That Council:**

- 1. Approve the Brownfields Rehabilitation Grant and Development Charge Reduction Program Application submitted by Claridge Homes (325 Dalhousie) Inc., owner of the property at 321 to 325 Dalhousie Street and 137 to 141 George Street, for a Brownfields Rehabilitation Grant not to exceed \$1,850,518 over a maximum of 10 years, subject to the establishment of and in accordance with the terms and conditions of the Brownfields Property Rehabilitation Grant Agreement (with new annual tax growth of \$2,086,272 to recover this within one year once the Rehabilitation Grant ends);**
- 2. Delegate the authority to staff to execute a Brownfields Rehabilitation Grant Agreement with Claridge Homes (325 Dalhousie) Inc., establishing the terms and conditions governing the payment of the Brownfields Rehabilitation Grant for the redevelopment of 321 to 325 Dalhousie Street and 137 to 141 George Street, to the satisfaction of the Deputy City Manager, Planning and Infrastructure Portfolio, the City Clerk and Solicitor and the City Treasurer; and**

3. Exempt the proposed redevelopment of 321 to 325 Dalhousie Street and 137 to 141 George Street from paying future Municipal development charges up to a maximum of \$819,060, under Section 7(t) of the Development Charges By-law 2009-216, under the Guideline for the Development Charge Reduction Program due to Site Contamination, approved by Council March 28, 2007 and is included in the \$1,850,518 grant request as outlined in Recommendation 1.

### RECOMMANDATIONS DU COMITÉ

#### Que le Conseil:

1. approuve la demande de subvention et de réduction des redevances d'aménagement pour la remise en valeur de friches industrielles présentée par Claridge Homes (325, rue Dalhousie) Inc., propriétaire du bien-fonds situé du 321 au 325, rue Dalhousie et du 137 au 141, rue George, pour une subvention pour la remise en valeur de friches industrielles n'excédant pas 1 850 518 \$ sur une période maximale de 10 ans, sous réserve de la conclusion d'un accord de subvention, et conformément aux modalités de modalités (et moyennant un surplus de taxes annuel de 2,086,272 \$ afin d'assurer le recouvrement de la subvention dans un délai d'un an une fois qu'elle aura pris fin);
2. délègue au personnel l'autorité de signer un accord de subvention pour la remise en valeur de friches industrielles avec Claridge Homes (325, rue Dalhousie) Inc., établissant les modalités de versement de la subvention en vue de l'aménagement du 321 au 325, rue Dalhousie et du 137 au 141, rue George, à la satisfaction de la directrice municipale adjointe, Urbanisme et Infrastructure, du greffier municipal et chef du contentieux et du trésorier municipal;

3. **prend les dispositions nécessaires pour dispenser le promoteur du projet de réaménagement du bien-fonds situé du 321 au 325, rue Dalhousie et du 137 au 141, rue George du versement de redevances d'aménagement jusqu'à concurrence de 819 060 \$, conformément à l'article 7(t) du Règlement municipal 2009-216 sur les redevances d'aménagement et en vertu des lignes directrices en matière de réduction des redevances d'aménagement à cause de la contamination de l'emplacement, approuvées par le Conseil le 28 mars 2007, et que cette somme soit incluse dans la demande de subvention de 1 850 518 \$ mentionnée dans la Recommandation 1.**

#### DOCUMENTATION / DOCUMENTATION

1. Nancy Schepers, Deputy City Manager, Planning and Infrastructure, report dated January 21, 2014 (ACS2014-PAI-REP-0031)

Nancy Schepers, Directrice municipale adjointe, Urbanisme et Infrastructure, rapport daté du 21 janvier 2014 (ACS2014-PAI-REP-0031)

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique**

**and Council  
et au Conseil**

**January 21, 2014  
21 janvier 2014**

**Submitted by  
Soumis par:**

**Nancy Schepers, Deputy City Manager/Directrice municipale adjointe, Planning  
and Infrastructure/Urbanisme et Infrastructure**

**Contact Person  
Personne ressource:**

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demandes d'aménagement-Services, Planning and Growth  
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**Ward: RIDEAU-VANIER (12)**

**File Number: ACS2014-PAI-PGM-0031**

**SUBJECT: Brownfields Rehabilitation Grant/Development Charge Reduction  
Program Application –Claridge Homes (325 Dalhousie) INC. – 321 to  
325 Dalhousie Street and 137 to 141 George Street**

**OBJET: Demande de subvention et de réduction des redevances  
d'aménagement pour la remise en valeur des friches industrielles –  
Claridge Homes (325, rue Dalhousie) INC. – du 321 au 325, rue  
Dalhousie et du 137 au 141, rue George**

## **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 (325 Dalhousie) Inc., owner of the property at 321 to 325 Dalhousie Street and 137 to 141 George Street, for a Brownfields Rehabilitation Grant not to exceed \$1,850,518 over a maximum of 10 years, subject to the establishment of and in accordance with the terms and conditions of the Brownfields Property Rehabilitation Grant Agreement (with new annual tax growth of \$2,086,272 to recover this within one year once the Rehabilitation Grant ends);**
- 2. Delegate the authority to staff to execute a Brownfields Rehabilitation Grant Agreement with Claridge Homes (325 Dalhousie) Inc., establishing the terms and conditions governing the payment of the Brownfields Rehabilitation Grant for the redevelopment of 321 to 325 Dalhousie Street and 137 to 141 George Street, to the satisfaction of the Deputy City Manager, Planning and Infrastructure Portfolio, the City Clerk and Solicitor and the City Treasurer; and**
- 3. Exempt the proposed redevelopment of 321 to 325 Dalhousie Street and 137 to 141 George Street from paying future Municipal development charges up to a maximum of \$819,060, under Section 7(t) of the Development Charges By-law 2009-216, under the Guideline for the Development Charge Reduction Program due to Site Contamination, approved by Council March 28, 2007 and is included in the \$1,850,518 grant request as outlined in Recommendation 1.**

## **RECOMMANDATIONS DU RAPPORT**

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

- 1. approuver la demande de subvention et de réduction des redevances d'aménagement pour la remise en valeur de friches industrielles présentée par Claridge Homes (325, rue Dalhousie) Inc., propriétaire du bien-fonds**

- situé du 321 au 325, rue Dalhousie et du 137 au 141, rue George, pour une subvention pour la remise en valeur de friches industrielles n'excédant pas 1 850 518 \$ sur une période maximale de 10 ans, sous réserve de la conclusion d'un accord de subvention, et conformément aux modalités de modalités (et moyennant un surplus de taxes annuel de 2,086,272 \$ afin d'assurer le recouvrement de la subvention dans un délai d'un an une fois qu'elle aura pris fin);
2. déléguer au personnel l'autorité de signer un accord de subvention pour la remise en valeur de friches industrielles avec Claridge Homes (325, rue Dalhousie) Inc., établissant les modalités de versement de la subvention en vue de l'aménagement du 321 au 325, rue Dalhousie et du 137 au 141, rue George, à la satisfaction de la directrice municipale adjointe, Urbanisme et Infrastructure, du greffier municipal et chef du contentieux et du trésorier municipal;
  3. de prendre les dispositions nécessaires pour dispenser le promoteur du projet de réaménagement du bien-fonds situé du 321 au 325, rue Dalhousie et du 137 au 141, rue George du versement de redevances d'aménagement jusqu'à concurrence de 819 060 \$, conformément à l'article 7(t) du Règlement municipal 2009-216 sur les redevances d'aménagement et en vertu des lignes directrices en matière de réduction des redevances d'aménagement à cause de la contamination de l'emplacement, approuvées par le Conseil le 28 mars 2007, et que cette somme soit incluse dans la demande de subvention de 1 850 518 \$ mentionnée dans la Recommandation 1.

## **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.

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 Rehabilitation Grant Program.

Claridge Homes (325 Dalhousie) Inc. has filed an application under BRCIP for the demolition, clean-up and redevelopment of 321 to 325 Dalhousie Street and 137 to 141 George Street, a property which comprises of four lots of record having a lot area of 4,198.4 m<sup>2</sup> (1,074.7 m<sup>2</sup> and 22.3 m frontage for 137 George Street, 1,015.3 m<sup>2</sup> and 20 m frontage for 141 George Street, 1,092.6 m<sup>2</sup> and 52.1 m frontage for 321 Dalhousie Street and 1,015.8 m<sup>2</sup> and 20.1 m frontage for 110 York Street, see Documents 1, 2 and 9).

The property at 137 George Street is currently vacant and is used as a surface parking lot with a gate entrance from George Street and an additional laneway entrance from York Street to the north.

The property known as 141 George Street is currently occupied by a one-storey building used as The Honest Lawyer bar.

An 11-storey office building known as the Union du Canada is located at 321 Dalhousie Street and has restaurant uses at grade. Just south of the 11-storey building, there is a small surface parking lot.

The property at 110 York Street is currently occupied by a two and one half (2.5) storey bar known as The Whiskey Bar.

The property has been purchased for redevelopment and is presently undergoing remedial works for subsurface works and building demolition to address environmental contamination issues.

Phase I and II Environmental Site Assessments were prepared by Paterson Group Inc. in 2012, at which time a number of environmental impacts from petroleum-based products and heavy metals were identified under the property. The impacts were considered to be associated with the historical uses of the subject site and adjacent and neighbouring properties.

The soil and groundwater analytical test results are in excess of the applicable Ministry of the Environment (MOE) site standards for residential development. The recommendations of the Paterson Group report indicated that the contaminated soil and

groundwater must be removed from the site during redevelopment.

The site qualifies as an eligible "brownfield", in the Central Area, under the City's Brownfields CIP

Over \$110 million in new residential assessment and \$ 37 million in commercial assessment would be added to the property tax assessment roll at full development. Staff estimates that \$2,086,272 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).

The project will earn the City over \$3,000,000 in present value dollars in development charges, building permit fees and other development fees. The purpose of this report is to bring the application for 321 to 325 Dalhousie Street and 137 to 141 George Street before Committee and Council for consideration and approval.

## **DISCUSSION**

The Ottawa BRCIP specifies that, the total of all grants, rehabilitation grant and development charge reduction shall not exceed 50 per cent of the eligible cost for the rehabilitating of the said lands and buildings.

The Rehabilitation Grant Program is a tax-increment based grant funded through the tax increase that results from redevelopment of the property. The tax-increment grant is not paid in advance but is directly tied to the amount of development actually completed on the property. If the development does not proceed then no grants are paid.

The Rehabilitation Grant will equal 50 per cent of the City portion of the increase in property taxes that results from the redevelopment and is payable annually for up to 10 years, or up to the time when the total grant payments equal the balance of the total eligible grants, whichever comes first. The City will only pay the annual grant after property taxes have been paid in full each year.

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. The amount credited is reduced from the eligible cost cap under the Rehabilitation Grant Program. This program allows the owner to receive a development charge credit at the time of application for building permits.



The Claridge Homes (George Street) Inc. Grant Application

The required documents that are to be submitted to the City as part of a Rehabilitation Grant application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of May 22, 2013.

#### Proposed Remediation

The remediation program will consist of a generic approach. An excavation program will be carried out. Paterson Group Inc. estimates that 7,500 m<sup>3</sup> of soil impacted with petroleum hydrocarbons and heavy metals will be excavated from the site for off-site disposal at a MOE licensed landfill facility.

After advising staff, the applicant proceeded with site remediation activities. These activities were undertaken on the full understanding and written acknowledgment by the applicant that under the General Program Requirements, as stated in Section 6.2 (b) of the BRCIP that: "The City is not responsible for any costs incurred by an applicant in relation to any of the programs, including without limitation, costs incurred in anticipation of a grant and/or tax assistance."

However, while these rehabilitation works are being completed it is important to note that these works are still eligible costs under the provisions of the BRCIP as the works were undertaken after the submission of a completed application. Section 6.6.3. (a), of the Rehabilitation Grant Program requirements states that: "A grant application must be submitted to the City prior to the start of any rehabilitation works to which the grant will apply."

#### Proposed Redevelopment Scheme

This property was subject to heritage and zoning by-law approvals which were confirmed by the Ontario Municipal Board in January 2014. It is being developed through a site plan application (D07-12-12-0199).

The application is as follows;

- The proposed building at 325 Dalhousie Street consists of a boutique hotel with 185 hotel rooms, a restaurant, fitness area and conference which will replace the Union of Canada building, resulting with a total building height of 56.3 metres.
- The high-rise condominium along George Street will replace the existing single-storey building currently occupied by the Honest Lawyer bar and the adjacent

parking lot. The building is proposed to be 22 storeys with a total height of approximately 70 metres and containing approximately 282 units. Commercial uses are also proposed at grade along George Street. Vehicular access to the condominium building is provided from George Street to a four-storey underground parking structure. A total of 225 parking spaces are proposed in a four-level underground garage.

### Calculating the Rehabilitation Grant

Under the Brownfield Rehabilitation 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 a Brownfield Rehabilitation Grant under the program are \$3,701,035.

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 Rehabilitation Grant to be \$1,850,518 (Document 5).

The ability to receive the Rehabilitation Grant can occur over a number of venues and timing for the payouts of the grants.

### 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 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 Program Due to Site Contamination

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 Rehabilitation Grants Program. This program allows the owners to receive a credit at the time of application for building permits. The anticipated total development charges for full build-out for this development, is \$2,858,065. The eligible

development charge credit of 50 per cent of the eligible cost items is calculated as \$819,060 (see Document 7).

#### Economic Benefits to the Community

The overall economic impact of the proposed residential/commercial development is estimated at \$78 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.

Over \$110 million in new residential assessment and \$ 37 million in commercial assessment would be added to the property tax assessment roll at full development. Staff estimates that \$2,086,272 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).

The project will earn the City over \$3,000,000 in present value dollars in development charges, building permit fees and other development fees.

#### **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**

The Chair is aware of this application.

#### **LEGAL IMPLICATIONS**

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

#### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

## **FINANCIAL IMPLICATIONS**

The total eligible costs for a Brownfields Rehabilitation Grant and Development Charge Reduction Program are \$3,701,035 as detailed in Document 4. The Brownfields Redevelopment Community Improvement Plan caps assistance/grant at 50 per cent of eligible costs, or \$1,850,518, as detailed in Document 5. Of the \$1,850,518, \$819,060 will be funded through reductions to Development Charges, and \$1,031,458 will be funded through incremental taxes resulting from the increased assessments. In addition, \$214,834 will be contributed to the Municipal Leadership Revolving Fund, which will be funded through incremental taxes resulting from the increased assessments. Details are in Document 8.

According to the *Development Charge Act*, 1997, c.27 s.5(6)3 “An exemption may not be offset through an increase in fees for other categories.” Therefore a reduction in the development charges collections arising from an exemption may result in a shortfall in funding to support growth-related projects. This shortfall will be addressed in the five-year review of the Development Charge By-law as required by legislation.

The expenditure authority for the grant payments and revolving fund contributions will be brought forward through the annual budget process. 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.”

## **TECHNOLOGY IMPLICATIONS**

Information Technology approved this report without comment.

## **TERM OF COUNCIL PRIORITIES**

One of the City's priorities, as a strategic direction, is planning and growth management. An important objective is to respect the existing urban fabric, neighbourhood form and the limits of existing hard services, so that new growth is integrated seamlessly with established communities (Code F2). The proposed commercial/residential use of this underutilized site, made possible through rehabilitation, intensifies development within the City's current urban boundary. This will result in the more efficient use of existing infrastructure in a manner that enhances and complements the desirable characteristics of the area.

## **SUPPORTING DOCUMENTATION**

Document 1 Location Map

Document 2 Aerial View

Document 3 Rehabilitation Grant Application Requirements

Document 4 Rehabilitation Grant-Eligible Costs

Document 5 Calculating the Rehabilitation Grant/Development Charge Reduction

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

Document 9 Elevations

## **DISPOSITION**

City Clerk and Solicitor Department, Legal Services, to prepare the Brownfields property Tax Assistance/Rehabilitation 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.

LOCATION MAP

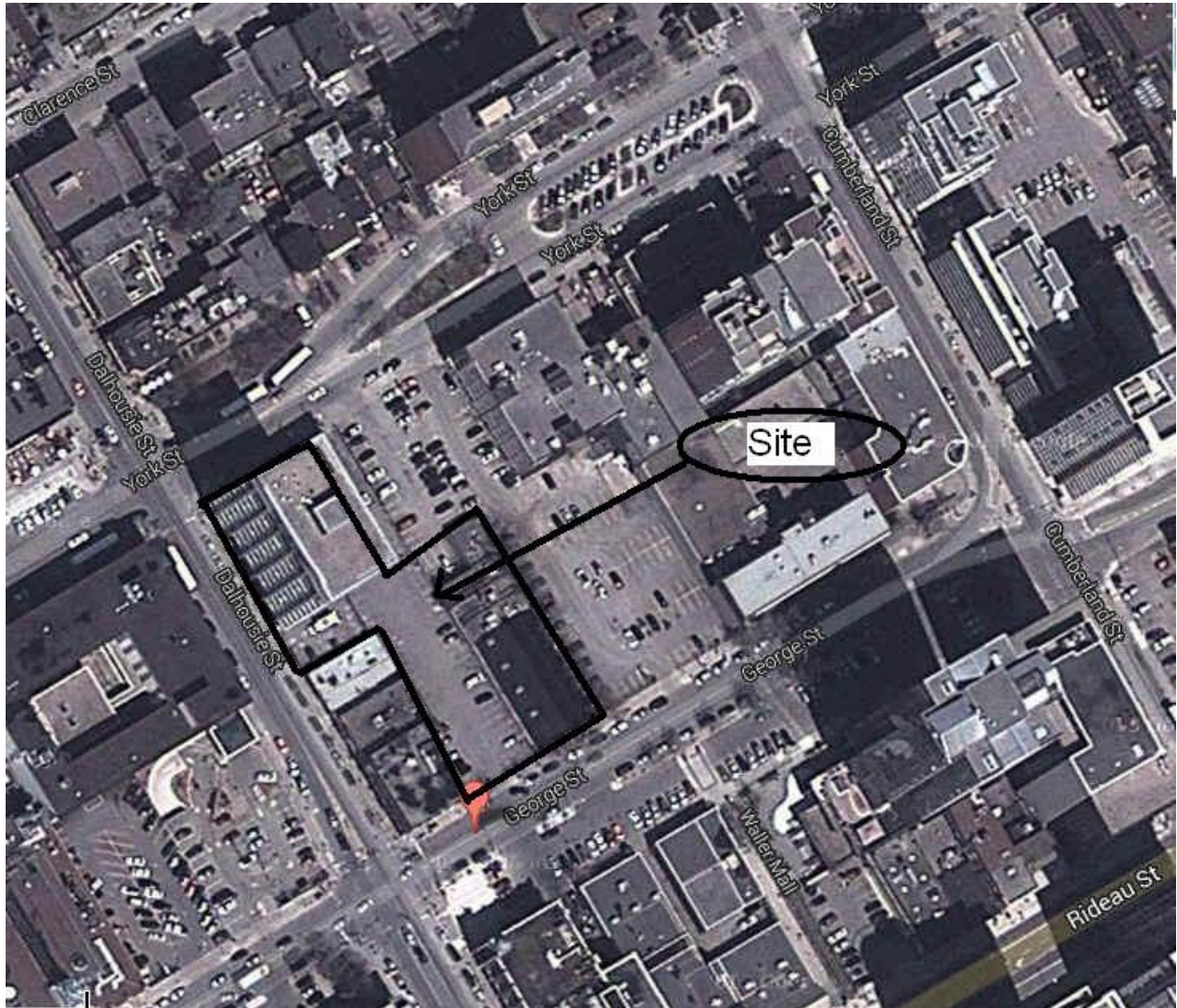
DOCUMENT 1



 Produced by Infrastructure Services and Community Sustainability Produit par les Services d'Infrastructure et Viabilité des collectivités		  <b>Location Map / Plan de révision</b>  <b>321 to 325 DALHOUSIE STREET and 137 to 141 GEORGE STREET</b>	Échelle N.T.S. Mètres
F18-04-13-GEOR	13-1907-C		  Scale N.T.S. Mètres
I:\COI\ 2013 \Location \ Dalhousie321			
2013 / 11 / 08			REVISION DATE / DE RÉVISION

AERIAL VIEW

DOCUMENT 2





## REHABILITATION GRANT

### APPLICATION REQUIREMENTS

DOCUMENT 3

A Brownfields Rehabilitation 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.

**REHABILITATION GRANT-ELIGIBLE COSTS**

DOCUMENT 4

The costs eligible for a Brownfields Rehabilitation Grant for 321-325 Dalhousie Street and 137-141 George Street are estimated as follows:

	Eligible Costs	Estimated Cost
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$30,120
2	Environmental Remediation including the cost of preparing an Record of Site Condition	\$1,608,000
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
Sub-Total		\$ 1,638,120
7	Leadership Program	\$0
8	Cost of Feasibility Study	\$0
9	30 % of Building Permit	\$256,550
10	Building removal	\$1,745,000
11	Building Rehab	\$0
12	50 % of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$61,415
	Total Costs Eligible for Rehabilitation Grant	\$3,701,035

## CALCULATING THE REHABILITATION

### GRANT/DEVELOPMENT CHARGE REDUCTION

DOCUMENT 5

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

The owner is also 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 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. The anticipated, total development charges for full build-out for this development are \$2,858,065. Eligible Development Charges of 50 per cent is equal to a credit of \$819,060 (50 % of items 1 – in Document 4). Actual Development Charge Reductions are applied at the time of building permit applications.

	Total Cost	Amount
1	Total eligible Costs- from Document 4	\$3,701,035
2	Total capping at 50 per cent of line 1	\$1,850,518
3	Total of Rehabilitation Grant Payable and development charge credit	\$1,850,518

\* The subject land is located within the programs “priority area”. This location is therefore eligible for a 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 equal the total eligible costs whichever comes first.

**The total Brownfields Rehabilitation Grant payable is \$1,850,518 (line 3 above). The Development Charge Reduction program amount of \$819,060 applied for is included in this amount. The total maximum rehabilitation grant is therefore \$1,031,458.**

**ESTIMATED FUTURE CITY PROPERTY TAX INCREMENT AND**

**ANNUAL MUNICIPAL\EDUCATION GRANT PAYABLE**

**DOCUMENT 6**

Pre-Project Property Tax Rates and Property Taxes

Current (2013) Value Assessment on the property at 321-325 Dalhousie Street and 137-141 George Street is \$587,250, classified in the commercial tax class. Current (2013) property taxes are approximately \$19,311 broken down as follows:

Table 1

Municipal Property Tax portion	\$104,888
Education Property Tax Portion	\$74,484
Total Pre-Project Property Taxes	\$179,373

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 in excess of \$147,000,000 (2015\$). The estimated taxes (Municipal and Education) to be generated from full build-out is \$2,265,645 (2015\$), see Table 2.

Table 2

Estimated Annual Post-Project Municipal\Education Property Taxes

Tax Class*	Estimated assessment	Estimated Municipal Tax	Estimated Education Tax	Estimated Total Tax
Commercial/Residential	\$147,000,000	\$1,336,730	\$928,914	\$2,265,645

\* Tax Class Commercial and Residential

**CALCULATING THE**

**DEVELOPMENT CHARGES PAYABLE**

DOCUMENT 7

1	Total eligible Costs from application	\$3,701,035
2	Total capping at 50 per cent of line 1 *	\$1,850,518
3	Estimated Development Charges	\$2,858,065
4	Total cost eligible for DC reduction from application – total items 1 to 6 (Document 4) **	\$1,638,120
5	Capping at 50 per cent of line 4 – development charge reduction	\$819,060
6	Development charge is reduced by the amount in line 5 (line 3 – line 5)	\$2,039,005 payable as DCs
7	Eligible cost cap is reduced by DC reduction (line 2 – line5)	\$1,031,458
8	Total potential grant	\$1,031,458

\*The maximum reduction of development charges is 50 percent of the cost components of line 4 if the site is located in a priority area. This location would qualify as being in a priority area under the Brownfields CIP and therefore is eligible for the 50 per cent maximum reduction.

\*\*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 \$2,039,005 (line 6 above) payable after the DC credit of \$819,060.

The total potential rehab grant payable is \$1,031,458 (line 8 above).

**PAYMENT OPTION SCENARIOS**

**DOCUMENT 8**

**Table 1**

Rehabilitation Tax Assistance (Municipal only) reduction with and DC Reduction - 137 to 141 George St. & 321 to 325 Dalhousie St.

Year	Base Tax	Proposed Tax	Increment	Eligible Amount	Applied Amount	DC Reduction	Sub Total	Cummulative Grant Amt	BRADMIN 15%
1	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ 615,921	\$ 615,921	\$ 819,060	\$ 1,434,981	\$ 1,434,981	\$ 92,388
2	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ 415,536	\$ 415,536	\$ -	\$ 415,536	\$ 1,850,517	\$ 122,446
3	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ -	\$ -	\$ -	\$ -	\$ 1,850,517	\$ -
4	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ -	\$ -	\$ -	\$ -	\$ 1,850,517	\$ -
5	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ -	\$ -	\$ -	\$ -	\$ 1,850,517	\$ -
6	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ -	\$ -	\$ -	\$ -	\$ 1,850,517	\$ -
7	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ -	\$ -	\$ -	\$ -	\$ 1,850,517	\$ -
8	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ -	\$ -	\$ -	\$ -	\$ 1,850,517	\$ -
9	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ -	\$ -	\$ -	\$ -	\$ 1,850,517	\$ -
10	\$ 104,888	\$ 1,336,731	\$ 1,231,842	\$ -	\$ -	\$ -	\$ -	\$ 1,850,517	\$ -
				\$ 1,031,457	\$ 1,031,457	\$ 819,060	\$ 1,850,517		\$ 214,834

Tax Form	Existing
Municipal	\$ 104,888
Education	\$ 74,484
Total	\$ 179,373

Rehabilitation Grant	\$ 1,031,457
DC Reduction	\$ 819,060
Total Grant	\$ 1,850,517

BRADMIN is 15 % of Proposed Tax Increment of City Portion.

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.

ELEVATIONS

DOCUMENT 9



141 George Street  
South Elevation  
3/14/14



325 Calrouxak Street  
York Street Elevation (North)