

**Report to  
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du  
développement économique  
November 5, 2019 / 5 novembre 2019**

**and Council / et au Conseil  
November 27, 2019 / 27 novembre 2019**

**Submitted on October 11, 2019  
Soumis le 11 octobre 2019**

**Submitted by  
Soumis par:**

**Lee Ann Snedden,  
Director / Directrice**

**Planning Services / Service de la planification**

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

**Contact Person**

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**Front Ending Agreements and Brownfields Programs / Ententes préalables et  
Programme de friches industrielles, Planning Services / Services de la  
planification**

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**Ward: CAPITAL (17) / CAPITALE (17)**

**File Number: ACS2019-PIE-PS-0106**

**SUBJECT: Brownfield Grant Program Application – 47 Havelock Street**

**OBJET: Demande dans le cadre du Programme de subvention pour les  
friches industrielles – 47, rue Havelock**

## REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

1. Approve the Brownfield Rehabilitation Grant application submitted by Canal Lofts Inc., owner of the property at 47 Havelock Street, for a Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$213,172 for which the grant payment period will be phased over a maximum of 5 years of development, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfield Redevelopment Grant Agreement;
2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Redevelopment Grant Agreement with Canal Lofts Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 47 Havelock Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department, the City Clerk and the City Treasurer.

## RECOMMANDATIONS DU RAPPORT

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

1. Approuver la demande de participation au Programme de subvention pour la remise en valeur des friches industrielles présentée par Canal Lofts Inc., propriétaire du bien-fonds situé au 47, rue Havelock, pour une subvention versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles n'excédant pas 213 172 \$ au total, sur une période de versement échelonnée sur cinq ans au maximum, 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 de conclure une entente de subvention pour la remise en valeur des friches industrielles avec *Canal Lofts Inc.*, qui établit les modalités relatives au versement de la subvention permettant le réaménagement du 47, rue Havelock, à la satisfaction du

**directeur général de Planification, Infrastructure et Développement économique, du greffier municipal 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 Brownfield Redevelopment Community Improvement Plan (BRCIP) was adopted by Council on April 27, 2007 and amended by Council on May 12, 2010, and October 14, 2015.

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

Canal Lofts Inc. has filed an application under BRCIP for the clean-up and redevelopment of 47 Havelock Street, having a lot area of 655.4 square metres and 41.0 metres frontage along Havelock Street and 49.1 metres along Greenfield Avenue (see Documents 1, 2 and 8). The property previous uses were residential.

A Phase I and II Environmental Site Assessment was prepared by Kollaard Associates on December 8, 2017. The fill material at the subject site exceeds the Ontario Ministry of the Environment and Climate Control (MOECC) Table 7 Standards for benzene, ethylbenzene, toluene, xylenes and petroleum hydrocarbon fractions 1 - 4, likely stemming from the fuel oil tank for the previous resident.

Groundwater water was encountered on-site and confirmed contaminates as stated above.

The site does not qualify as an eligible Brownfield priority area candidate due to its location and criteria under the BRCIP.

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

## **DISCUSSION**

The Ottawa BRCIP specifies grants available to the development industry. This application is for the Rehabilitation Grant program. The total grant from this program shall not exceed 50 per cent of the eligible cost (with the provision that eligible items 7 to 12 cannot exceed 15 per cent of the total eligible items being submitted for grant) specific to the program for rehabilitating said lands and buildings. These items can be seen in Document 4 of this report. If the development does not proceed, no grants are paid.

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

### Canal Lofts Inc. Brownfield Grant Application

The required documents that are to be submitted to the City as part of a Brownfield Rehabilitation Grant Program application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of September 25, 2017.

### Proposed Remediation

The suggested remedial action plan consists of a generic approach, where an excavation and disposal at an approved waste disposal facility would be undertaken. This will involve the excavation of depths up to 6 metres below grade, to remove all impacted soil. Overburden soils will be stripped, segregated and disposed off-site. Excavated soil will be screened using visual and olfactory observations as well as a portable soil vapour analyser. Field observations will be used in combination with the collection and analysis of verification samples to determine the excavation limits. Non-impacted soil and bedrock will be removed off-site, while impacted soil will be placed in trucks and hauled to an approved waste disposal facility (approximately 250 cubic metres or 500 metric tonnes).

The remediation program is expected to be complete within approximately two months.

## Proposed Redevelopment

Canal Lofts Inc. is redeveloping the property at 47 Havelock Street to accommodate a residential development consisting of a 1,534 square metres, four storey building containing 23 residential apartment units. Construction type is wood frame with brick exterior finish.

## Calculating the Brownfield Grant

Under the Brownfield Redevelopment Program guide, the applicant is required to submit various technical documents to determine eligibility as well as the costs eligible for the Rehabilitation Grant. Staff has reviewed the submissions and has determined that the total costs eligible for a grant under the program is \$426,344.

The BRCIP specifies that the total eligible costs be capped at 50 per cent of the total costs (with the provision that eligible items 7 to 12 cannot exceed 15 per cent of the total eligible items being submitted for grant). A breakdown of the eligible costs is shown in Document 4. Applying this cap results in the calculation of the grant to be \$213,172 (see Document 5).

The ability to receive the Brownfield grant occurs through the Rehabilitation Grant process which deals with the timing for the payouts of the grants. As part of the process, the Municipal Leadership Strategy Program runs in parallel to the payments of the Rehabilitation Grant. The following two programs are as follows:

- Rehabilitation Grant

Grants would be capped at 85 per cent of the municipal share of the increase in property taxes that result from the re-development, payable annually for up to 5 years or up to the time when the total grant payments equal the total eligible grants, whichever comes first. The City will only pay the annual grant after the property taxes have been paid in full each year and all terms and conditions specified in the registered legal agreement between the City and the applicant have been met.

- Municipal Leadership Strategy Program

As part of the Brownfield Grant Program, a Municipal Leadership Strategy is a general program of municipal property acquisition, investment and involvement in pilot projects with the private sector to remediate and rehabilitate Brownfield sites in Ottawa. The program is funded from 15 per cent of the increment that is

retained by the City as a result of properties participating in the Rehabilitation Grant Program and is placed into a Municipal Leadership Account. This account will function as a revolving fund. The allocation of 15 per cent of the tax increment that is retained by the City to the Municipal Leadership Account will end when the Rehabilitation Grant Program ends. At that time, the City may return funds remaining in the Municipal Leadership Account to general revenues or continue to utilize these funds for Leadership activities until the Municipal Leadership Account is exhausted. It is anticipated that this site will generate \$3,315.00 towards the Municipal Revolving Fund.

### Economic Benefits to the Community

The overall economic impact of the proposed residential development is estimated at over \$3.2 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 site remediation, the construction period through payroll, purchased material supplies, services, and equipment rentals.

Over \$7 million in new residential assessment would be added to the property tax assessment roll at full development. The developer's taxation consultant estimates that over \$50,000 per year in increased municipal property and education taxes can be expected at the completion of the project, after the Brownfield grant ends, which would subsequently go to the City's general revenues (see Document 6).

### **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

### **CONSULTATION**

There was no public consultation for this report.

### **COMMENTS BY THE WARD COUNCILLOR**

Councillor Menard provided the following comment.

"The brownfield grant program should be reformed to better benefit communities rather than developers".

**LEGAL IMPLICATIONS**

There are no legal impediments to implementing the recommendations of this report. If the recommendations are carried Legal Services will prepare a Rehabilitation Grant Agreement.

**RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

**ASSET MANAGEMENT IMPLICATIONS**

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

**FINANCIAL IMPLICATIONS**

The maximum grant under the 2015 Brownfield Redevelopment Community Improvement Plan Program is \$213,172. In addition, the estimated Municipal Leadership Strategy contribution is \$3,315, for a total requirement of \$216,487. 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 2019-2021 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 Brownfield Rehabilitation Grant Application Requirements

Document 4 Brownfield Rehabilitation Grant - Eligible Costs

Document 5 Calculating the Brownfield Rehabilitation Grant

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

Document 7 Payment Option Scenario

Document 8 Site Plan

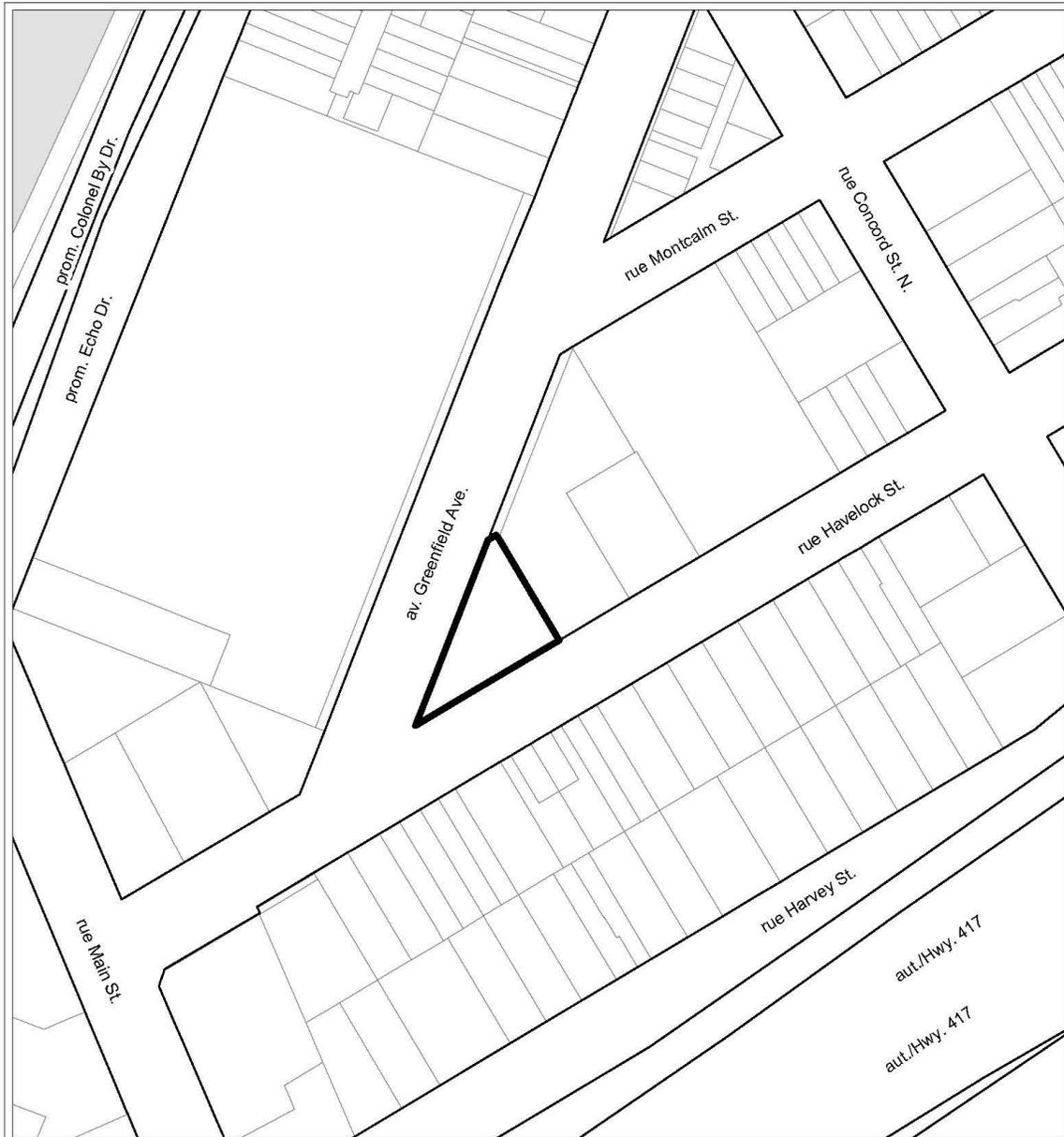
## **DISPOSITION**

Legal Services, Innovative Client Services Department, to prepare the Brownfield Rehabilitation Grant Agreement.

Planning, Infrastructure and Economic Development Department and Finance Department, Revenue Branch to develop a general administrative approach to implement the Brownfield Redevelopment Financial Incentive Program and more specifically for this application.

Planning, Infrastructure and Economic Development Department to notify the applicant of Council's decision.

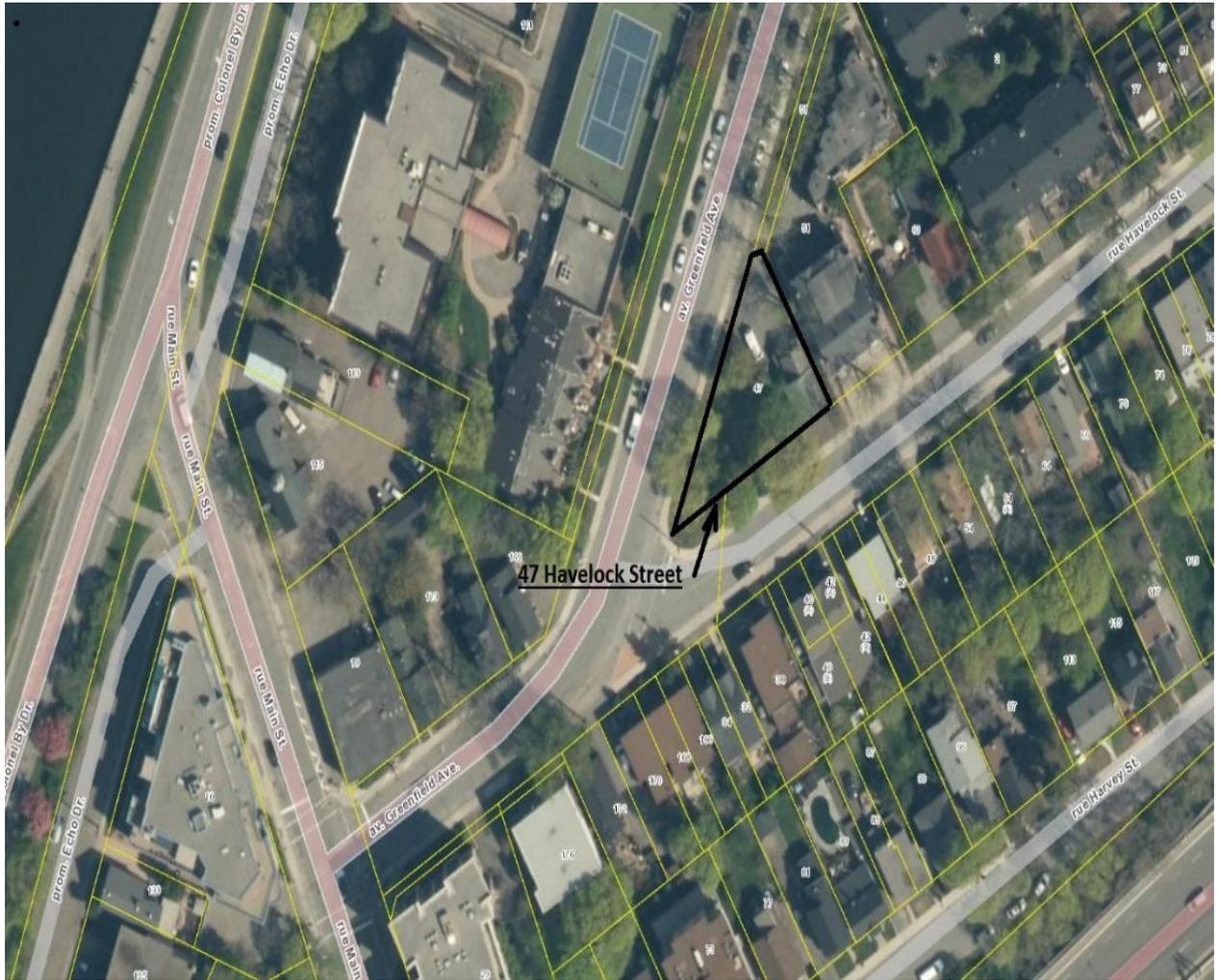
Document 1 – Location Map



		LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES	
D018-04-17-HAVE	18-0454-D	 <b>47 rue Havelock Street</b>	
I:\CO\2018\Brownfields\Havelock_47			
<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>			
<small>©Les données de parcelles appartient à Teranet Enterprises Inc.                  et à ses fournisseurs. Tous droits réservés. Ne peut être reproduit                  sans autorisation. CE CI N'EST PAS UN PLAN D'ARPENTAGE</small>		REVISION / RÉVISION - 2018 / 04 / 11	



Document 2 – Aerial View



47 Havelock Street

### **Document 3 – Brownfield Rehabilitation Grant Application Requirements**

A Brownfield Rehabilitation Grant Program guide was prepared as part of the administration of the Brownfield 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 – Brownfield Rehabilitation Grant – Eligible Costs

The costs eligible for a Brownfield Redevelopment Grant for 47 Havelock Street are estimated as follows:

Table 1 - Eligible Cost and Estimated Cost

	Eligible Costs	Estimate Cost
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$15,895
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$339,775
3	Placing clean fill and grading	\$54,174
4	Installing environmental and/or engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	N/A
5	Monitoring, maintaining and operating environmental and engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	N/A
6	Environmental Insurance Premiums	N/A
7	Leadership Program	N/A
	<b>Sub-Total Costs eligible for 50% of DC deferral program</b>	<b>\$409,844</b>
8	Cost of Feasibility Study	N/A
9	30% of Building Permit	N/A
10	50% Building Demolition	\$ 10,000
11	50% Building rehab	N/A
12	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$6,500
	<b>Sub-total 7 to 12 - Actuals</b>	<b>\$16,500</b>
	<b>Items 7 to 12 maximum amount allowable based on 15% of total</b>	<b>\$72,325</b>
	<b>Total Costs Eligible for Rehabilitation Grant</b>	<b>\$426,344</b>

## Document 5 – Calculating the Brownfield Rehabilitation Grant

The Ottawa Brownfield Community Improvement Plan (CIP) specifies that the total of all grants shall not exceed 50 per cent of the cost of rehabilitating said lands and buildings (with the provision that eligible items 7 to 12 cannot exceed 15 per cent of the total eligible items being submitted for grant).\*

**Table 2 – Total eligible costs**

1	Total eligible Costs- from Document 4	\$426,344
2	Total capping at 50 per cent of line 1	\$213,172
3	Total of Redevelopment Grant Payable	\$213,172

\* The land is not located within a priority area. This location is therefore eligible for the Rehabilitation Grant equivalent to 85 per cent of the municipal property tax increase that results from the redevelopment, payable annually for up to five years per phase of development, or until the time when the total grant payments equal the total eligible costs whichever comes first.

The total Brownfield grant payable is \$213,172 (line 3 above).

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

### Pre-Project Property Tax Rates and Property Taxes

Current (2016 tax year) Value Assessment on the property at 47 HAVELOCK STREET is \$240,000, classified in the residential vacant land tax class. Current (2017 tax year) property taxes are approximately \$3,505.03 broken down as follows:

**Table 3 – Current (2017 tax year) Property Taxes**

Municipal Property Tax portion	\$2,208.17
Education Property Tax portion	\$1,296.86
<b>Total Pre-Project Property Taxes</b>	<b>\$3,505.03</b>

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 \$7,139,687 (based on an effective valuation date of December 6, 2017). The estimated taxes (Municipal and Education) to be generated from full build-out is \$50,275 (2019 tax year for complete development constructed), see Table 4.

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

Tax Class	Estimated assessment (2016)	Estimated Municipal Tax (2021)	Estimated Education Tax (2021)	Estimated Total Tax (2019)
Residential	\$6,805,000	\$31,673	\$18,601	\$50,275

**Document 7 – Payment Option Scenario**

Table 1

Rehabilitation Grant (Municipal only)			47 Havelock Street					
Year	Base Tax	Proposed Tax	Increment	Eligible Amount	Applied Amount	Cummulative Grant Amt	BRADMIN 15%	
1	\$ 2,208	\$ 31,673	\$ 29,465	\$ 25,045	\$ 25,045	\$ 25,045	\$ 662.96	
2	\$ 2,208	\$ 31,673	\$ 29,465	\$ 25,045	\$ 25,045	\$ 50,090	\$ 662.96	
3	\$ 2,208	\$ 31,673	\$ 29,465	\$ 25,045	\$ 25,045	\$ 75,135	\$ 662.96	
4	\$ 2,208	\$ 31,673	\$ 29,465	\$ 25,045	\$ 25,045	\$ 100,180	\$ 662.96	
5	\$ 2,208	\$ 31,673	\$ 29,465	\$ 25,045	\$ 25,045	\$ 125,226	\$ 662.96	
				\$ 125,226	\$ 125,226		\$ 3,315	

Tax Form	Existing	Proposed
Municipal	\$ 2,208	\$ 31,673
Education	\$ 1,297	\$ 18,601
Total	\$ 3,505	\$ 50,274

Rehabilitation Grant \$ 125,226

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

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

The administration of the 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 85 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.

