

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
July 7, 2020 / 7 juillet 2020**

**and Council / et au Conseil
July 15, 2020 / 15 juillet 2020**

**Submitted on June 23, 2020
Soumis le 23 juin 2020**

**Submitted by
Soumis par:**

Douglas James

Acting Director / Directeur par intérim

Planning Services / Services 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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Ward: SOMERSET (14)

File Number: ACS2020-PIE-PS-0070

SUBJECT: Brownfield Grant Program Application – 440-444 Bronson

**OBJET: Demande au titre du programme de subvention des friches
industrielles – 440-444, avenue Bronson**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

- 1. Approve the Brownfield Rehabilitation Grant application submitted by 444 Bronson Development Inc., owner of the properties at 440 and 444 Bronson Avenue, for a Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$128,812 for which the grant payment period will be phased over a maximum of 10 years of development, subject to the establishment of, and in accordance with, the terms and conditions of the Brownfield Redevelopment Grant Agreement; and**
- 2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfield Redevelopment Grant Agreement with 444 Bronson Development Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 440 and 444 Bronson Avenue, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department, the City Solicitor and the City Treasurer.**

RECOMMANDATIONS DU RAPPORT

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

- 1. d'approuver la demande de subvention pour la remise en valeur de friches industrielles présentée par 444 Bronson Development Inc, propriétaire des biens-fonds situés aux 440 et 444, avenue Bronson, pour une subvention versée dans le cadre du Plan d'améliorations communautaires pour le réaménagement de friches industrielles, pour un montant maximal de 128 812 \$ réparti sur une période d'aménagement maximale de 10 ans, sous réserve de la conclusion d'une entente de subvention en vue du réaménagement des friches industrielles, et conformément à ses conditions; et**
- 2. de déléguer au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une entente de subvention pour le réaménagement des friches industrielles avec 444 Bronson Development Inc., qui établira les modalités de paiement de la**

subvention pour le réaménagement des 440 et 444, avenue Bronson, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, de l'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 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. This report is in conformance with the October 14, 2015 BRCIP.

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.

444 Bronson Development Inc. has filed an application under BRCIP for the clean-up and redevelopment of 440 and 444 Bronson Avenue. The parcels have a combined lot area of approximately 828 square metres (0.083 ha) with 27.4 metres frontage along Bronson Avenue (see Documents 1, 2 and 8). Previous uses of the properties were residential (440 Bronson Avenue) and commercial (444 Bronson Avenue).

A Phase II Environmental Site Assessment and Supplemental Investigation were carried out by Paterson Group Inc. in June 2017 and June 2019, respectively. The fill material at the subject site was found to be impacted with Petroleum Hydrocarbon (PHC) fractions and metals that exceed the Ontario Ministry of the Environment, Conservation and Parks (MECP) Table 7.

Groundwater on this site was tested and the samples were in compliance with the Ontario Ministry of the Environment, Conservation and Parks (MECP) Table 7 Standards.

The site qualifies as a Brownfield priority area candidate due to its location and criteria under the BRCIP, as it is located on a Traditional Mainstreet.

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 includes a Rehabilitation grant, which 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 10 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.

444 Bronson Development 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 May 6, 2020.

Proposed Remediation

The suggested remedial action plan consists of a full depth generic approach including the excavation and disposal of impacted soil at an approved waste disposal facility (approximately 2,600 metric tonnes). If impacted water is identified in the overburden, groundwater will be pumped and treated on site by means of granular activated carbon.

Proposed Redevelopment

It is anticipated that the remediation work will take one to two months. 444 Bronson Development Inc. is redeveloping the properties at 440 and 444 Bronson Avenue to accommodate a six-storey mixed use building with one basement level. There will be a total of 46 residential units of varied occupancy distributed over the six-storeys (studio, one- and two-bedroom units) and commercial retail space at grade. The building will

have a total gross floor area (GFA) of approximately 2,170 square metres, with 2020 square metres residential GFA and 105 square metres of commercial GFA. Twenty-six bicycle parking spaces will be provided and two surface level visitor parking spaces.

The related Site Plan Control application (D07-12-17-0172) has been approved under delegated authority.

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 \$257,624.

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 \$128,812 (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 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 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. The anticipated generated fund is expected to be \$22,776.15.

Development Charge Deferral Program

Under the Development Charge Deferral Program, the owner of the property is eligible for a 50 per cent deferment of eligible items costs towards development charges (items 1 to 7, see Document 4) by entering into a Deferral Agreement with a preferred annual interest charge of the issued index interest rate with the City of Ottawa. The term of the agreement would be subject to a maximum of either two years after issuance of a building permit or three years after the approval by the Council of the BRCIP application by the developer, whichever one occurs first, at which time the payment of the Development Charge deferred amount, plus interest, would be made by the developer. This amount eligible for deferral is \$109,490 (subject to all terms and conditions specified in the registered legal agreement between the City and the applicant have been met).

Under the Development Charges By-Law 2014-229, Collection Procedures, Section 13 (2), the ability to enter an agreement between the City of Ottawa and the Owner is established and the City Treasurer is assigned to collect the applicable development charges.

Under the Delegated Authority By-law 2016-369, the City Solicitor has delegated authority to enter into an agreement with the owner for a Deferral of Development Charges.

Economic Benefits to the Community

The overall economic impact of the proposed residential development is estimated at over \$7 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 \$9.3 million in new residential and commercial assessment would be added to the property tax assessment roll at full development. The developer's taxation consultant estimates that over \$86,141 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 McKenney is aware of the report.

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.

ASSET MANAGEMENT IMPLICATIONS

The recommendations documented in this report are consistent with the City's [Comprehensive Asset Management \(CAM\) Program](#) objectives. The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

FINANCIAL IMPLICATIONS

The maximum grant under the 2015 Brownfield Redevelopment Community Improvement Plan Program is \$128,812. In addition, the estimated Municipal Leadership Strategy contribution is \$22,776, for a total requirement of \$151,588. Budget authority requirements will be brought forward through the annual budget process. Development Charges of \$109,490 are eligible for deferral under the Development Charge Deferral Program. Deferred DCs would be subject to interest.

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 2019-2022 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 Redevelopment Grant - Eligible Costs

Document 5 Calculating the Brownfield Redevelopment Grant

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

Document 7 Payment Option Scenario

Document 8 Site Plan

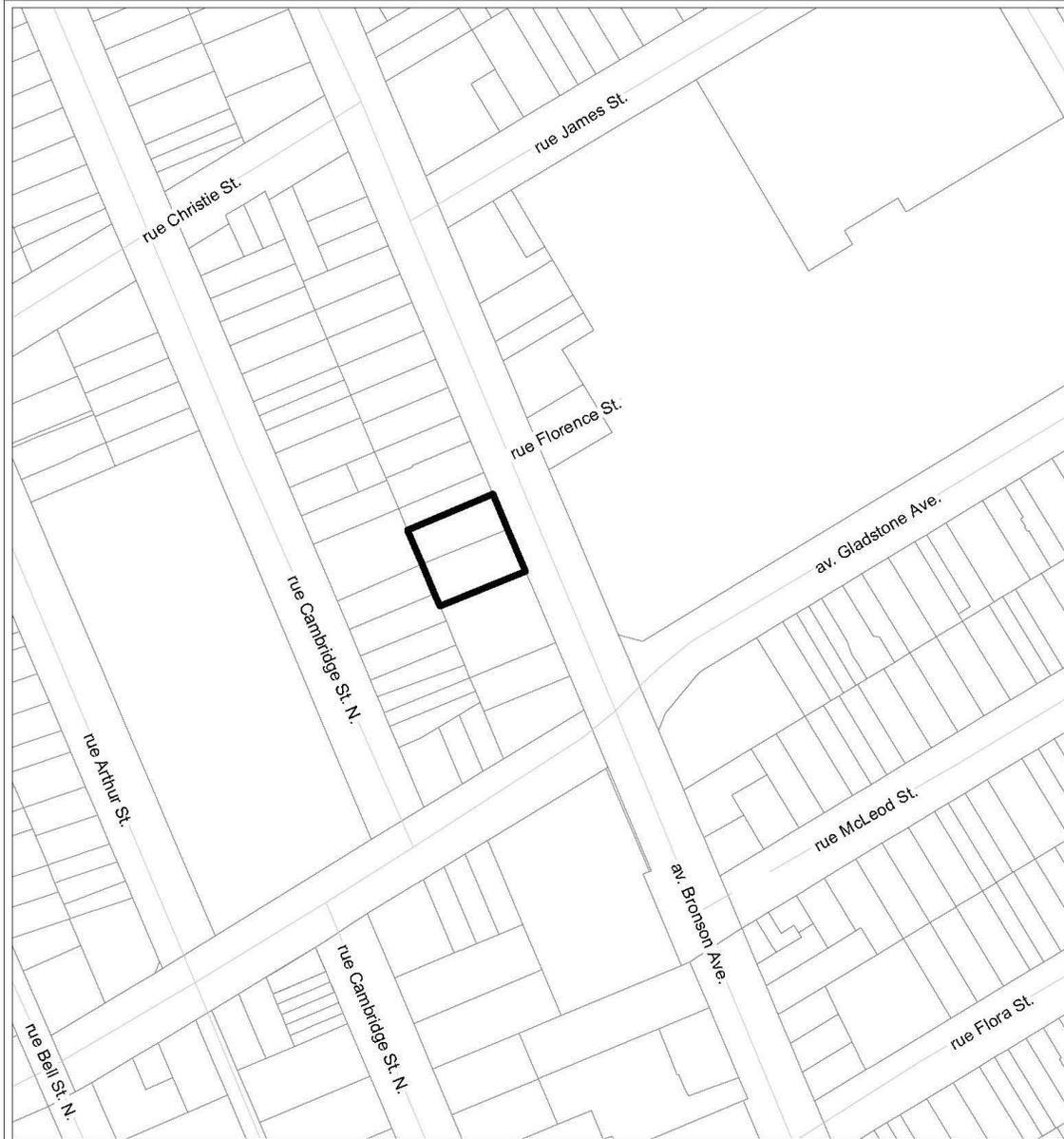
DISPOSITION

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	
F18-04-20-BRON	20-0380-D	 440, 444 ave. Bronson Avenue	
I:\CO\2020\Brownfields\Bronson_440_444			
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REVISION / RÉVISION - 2020 / 05 / 19			

Document 2 – Aerial View



440 and 444 Bronson Ave

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 Redevelopment Grant – Eligible Costs

The costs eligible for a Brownfield Redevelopment Grant for 440 & 444 Bronson Avenue 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	\$47,189
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$171,792
3	Placing clean fill and grading	N/A
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
	Sub-Total Costs eligible for 50% of DC deferral program	\$218,981
8	Cost of Feasibility Study	\$10,000
9	30% of Building Permit	\$9,291
10	50% Building Demolition	\$69,600
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	\$97,100

	Sub-total 7 to 12 - Actuals	\$185,991
	Items 7 to 12 maximum amount allowable based on 15% of total	\$38,644
	Total Costs Eligible for Rehabilitation Grant	\$257,624

Document 5 – Calculating the Brownfield Redevelopment 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	\$257,624
2	Total capping at 50 per cent of line 1	\$128,812
3	Total of Redevelopment Grant Payable	\$128,812

* The land is 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 10 years.

The total Brownfield grant payable is \$128,812 (line 3 above).

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

Pre-Project Property Tax Rates and Property Taxes

Recent (2016 tax year) Current Value Assessment (CVA) at 440 Bronson Avenue totaled \$446,500, classified as Residential Tax (RT) tax class. Recent (2016 tax year) Value Assessment at 444 Bronson Avenue totaled \$787,500, classified as Commercial Tax (CT) tax class and Industrial Tax (IT) tax class. Total 2016 CVA for 440 and 444 Bronson is \$1,234,000. Total recent (2019 tax year) property taxes for 440 and 444 Bronson Avenue are approximately \$26,310 broken down as follows:

Table 3 – Recent (2019 tax year) Property Taxes

Municipal Property Tax portion	\$17,527
Education Property Tax portion	\$8,783
Total Pre-Project Property Taxes	\$26,310

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 \$9.3 million (based on an effective valuation date of 2016). The estimated taxes (Municipal and Education) to be generated from full build-out is \$116,191 (2021 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 (2021)
Mixed Used (R4)	\$9,311,000	\$95,026	\$21,165	\$116,191

Document 7 – Payment Option Scenario

Table 1

Project Address: 440 & 444 Bronson Ave, 444 Bronson Development Inc.
Brownfield Calculation Template

Project #	Year	Calendar Year (from report)	Calendar Year (expected payout)	Existing Municipal Property Tax portion	Estimated Municipal Property Tax portion	Municipal Tax Increment	Rehab Grant (85% of property tax increase)	BML Revolving Fund	Max contribution	Additional Revenue to City	Cumulative Grant Amount
	1	2021	2024	\$ 20,235	\$ 95,026	\$74,791	\$ 63,572	\$11,218.65	\$63,572	\$11,219	\$63,572
	2	2022	2025	\$ 20,827	\$ 97,877	\$77,050	\$ 65,240	\$ 11,557.50	\$65,240	\$11,810	\$128,812
	3	2023	2026	\$ 21,437	\$ 100,813	\$79,376	\$ -	\$ -	\$0	\$79,376	\$128,812
	4	2024	2027	\$ 22,065	\$ 103,838	\$81,773	\$ -	\$ -	\$0	\$81,773	\$128,812
	5	2025	2028	\$ 22,711	\$ 106,953	\$84,242	\$ -	\$ -	\$0	\$84,242	\$128,812
	6	2026	2029	\$ 23,377	\$ 110,162	\$86,785	\$ -	\$ -	\$0	\$86,785	\$128,812
	7	2027	2030	\$ 24,078	\$ 113,466	\$89,388	\$ -	\$ -	\$0	\$89,388	\$128,812
	8	2028	2031	\$ 24,801	\$ 116,870	\$92,069	\$ -	\$ -	\$0	\$92,069	\$128,812
	9	2029	2032	\$ 25,545	\$ 120,377	\$94,832	\$ -	\$ -	\$0	\$94,832	\$128,812
	10	2030	2033	\$ 26,311	\$ 123,988	\$97,677	\$ -	\$ -	\$0	\$97,677	\$128,812
40	Total			\$231,387	\$1,089,370	\$857,983	\$128,812	\$22,776.15	\$128,812	\$729,171	

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 – Site Plan

