

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
October 6, 2020 / 6 octobre 2020**

**and Council / et au Conseil
October 14, 2020 / 14 octobre 2020**

**Submitted on September 23, 2020
Soumis le 23 septembre 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

Personne ressource:

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Ententes préalables et Programme de friches industrielles, Planning Services /
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Ward: BEACON HILL-CYRVILLE (11)

File Number: ACS2020-PIE-PS-0097

SUBJECT: Brownfield Grant Program Application – 1068 Cummings Avenue

**OBJET: Demande de participation au Programme de subvention pour la
remise en valeur des friches industrielles – 1068, avenue Cummings**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

- 1. Approve the Brownfield Rehabilitation Grant application submitted by
Cummings Caron Property Limited, owner of the property at 1068**

Cummings Avenue, for a Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$579,921 for which the grant payment period will be phased over a maximum of five 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 Cummings Caron Property Limited, establishing the terms and conditions governing the payment of the grant for the redevelopment of 1068 Cummings 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 :

- 1. d'approuver la demande de participation au Programme de subvention pour la remise en valeur des friches industrielles présentée par Cummings Caron Property Limited, propriétaire du 1068, avenue Cummings, pour une subvention versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles n'excédant pas 579 921 \$, sur une période de versement échelonnée sur cinq ans au maximum, sous réserve de la conclusion d'une entente de subvention en vue du réaménagement des friches industrielles, et conformément à ses conditions.**
- 2. de déléguer au directeur général de la Planification, de l'Infrastructure et du Développement économique le pouvoir de conclure une entente de subvention pour la remise en valeur des friches industrielles avec Cummings Caron Property Limited, dans laquelle seront établies les modalités de paiement de la subvention pour le réaménagement du 1068, avenue Cummings, et qui devra être approuvée par le directeur général de la Planification, de l'Infrastructure et du Développement économique, l'avocat général et 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.

Cummings Caron Property Limited, filed an application under BRCIP for the clean-up and redevelopment of 1068 Cummings Avenue, having a lot area of approximately 15,200 square metres (1.52 hectares) with approximately 160 metres frontage along Cummings Avenue and approximately 95 metres frontage along Caron Street (see Documents 1, 2 and 8). The property's previous uses were listed as commercial.

A Phase I and II Environmental Site Assessment and a Phase 1 Environment Site Assessment Update was prepared by Paterson Group Inc. in August 2016, December 2019 and March 2019, which identified that the fill material at the subject site is impacted with metals and exceeds the Ontario Ministry of the Environment, Conservation and Parks (MECP) Table 3.

Groundwater on this site was tested and the samples exceeded the Ontario Ministry of the Environment, Conservation and Parks (MECP) Table 3 Standards.

The site qualifies to be eligible for a Brownfield non-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 seven to 12 cannot exceed 15 per cent of the total eligible items being submitted for a 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 taxes 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.

Brownfield Grant Application, Cummings Caron Property Limited.

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 August 25, 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 15,000 metric tonnes). If impacted water is identified in the overburden, a licensed contractor will be commissioned to pump the water for off-site treatment and disposal.

Proposed Redevelopment

It is anticipated that the remediation work will take two to three months. Cummings Caron Property Limited, is redeveloping the property at 1068 Cummings Avenue to accommodate a development consisting of a six-storey retirement home and a senior's apartment complex with a total of 316 units.

The development proposal consists of 186 rooming units within the retirement home portion of the development and 130 residential units included within the senior's apartment portion. The unit mix is predominantly one bedroom and bachelor units. In total, the proposal includes 164 vehicle parking spaces located above and below grade as well as 112 spaces for bicycle parking.

The related Site Plan Control application (D07-12-19-0121) has been approved under the 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 \$1,159,841.

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 a grant). A breakdown of the eligible costs is shown in Document 4. Applying this cap results in the calculation of the grant to be \$173,976 (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 five 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. The anticipated maximum Rehabilitation Grant for this project is \$579,921.

- 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 \$110,035.

Development Charge Deferral Program

Under the Development Charge Deferral Program, the owner of the property is eligible for a 25 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 \$246,466 (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 \$75 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 \$45 million in new residential/commercial assessment would be added to the property tax assessment roll at full development. The developer's taxation consultant estimates that over \$511,188 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 Tierney is aware of the recommendations in this report.

LEGAL IMPLICATIONS

There are no legal implications associated with implementing the report recommendations.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

FINANCIAL IMPLICATIONS

The maximum grant under the 2015 Brownfield Redevelopment Community Improvement Plan Program is \$579,921. In addition, the estimated Municipal Leadership Strategy contribution is \$110,035, for a total requirement of \$689,956. Budget authority requirements will be brought forward through the annual budget process.

Development Charges of \$246,466 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 assist 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

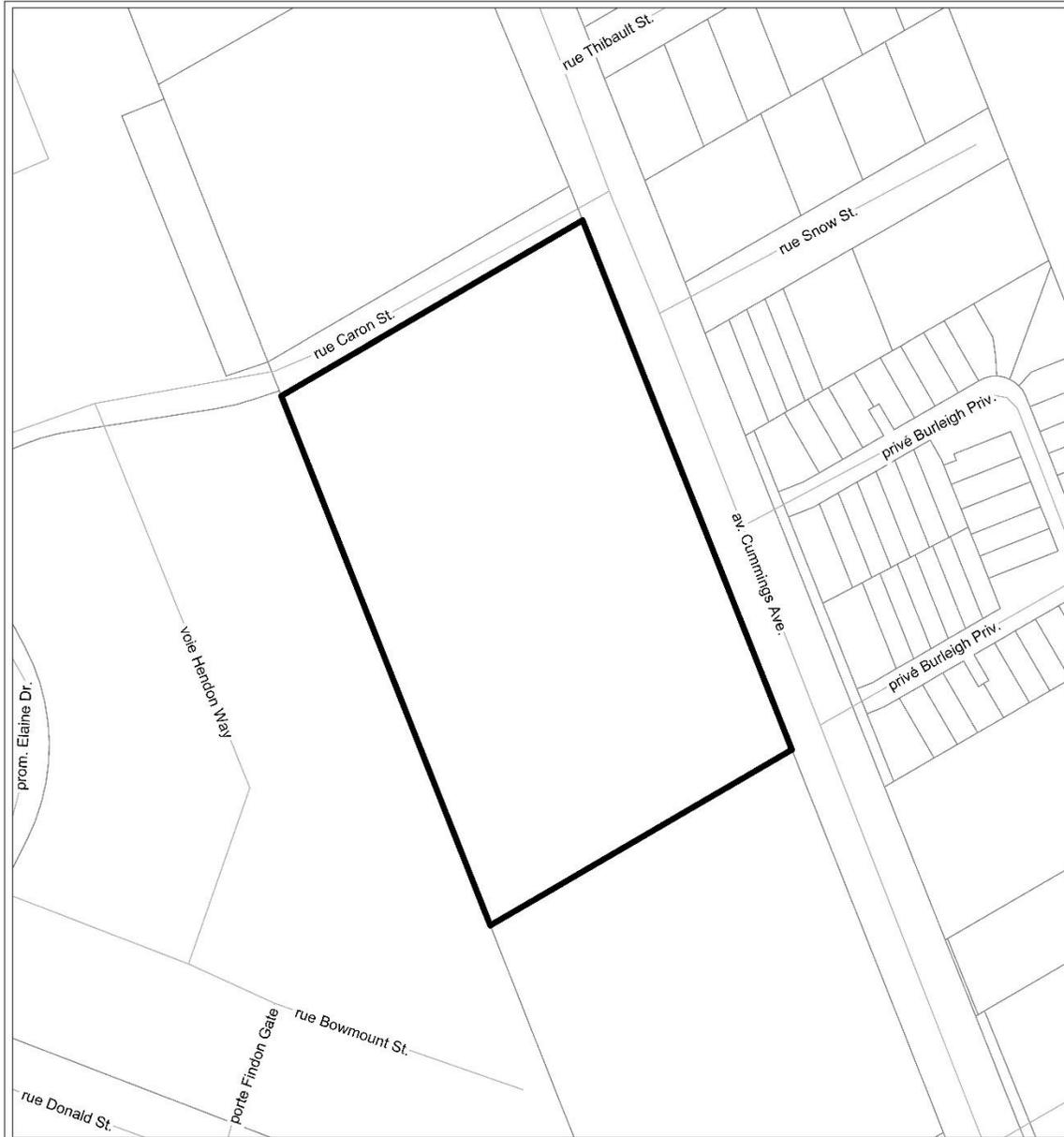
DISPOSITION

Innovative Client Services, Legal Services, 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



		<p>LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES</p> <div style="display: flex; align-items: center; justify-content: center;"> <div style="border: 1px solid black; width: 20px; height: 10px; margin-right: 5px;"></div> <p>1068 av. Cummings Ave.</p> </div> <div style="text-align: right;">  </div>
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Document 2 – Aerial View

1068 Cummings Avenue



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 1068 Cummings 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	\$76,365
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$909,500
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
	Sub-Total Costs eligible for 25% of DC deferral program	\$985,865
7	Leadership Program	N/A
8	Cost of Feasibility Study	\$8,400
9	30% of Building Permit	N/A
10	50% Building Demolition	\$210,000
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	\$149,411
	Sub-total 7 to 12 - Actuals	\$367,811

	Items 7 to 12 maximum amount allowable based on 15% of total	\$173,976
	Total Costs Eligible for Rehabilitation Grant	\$1,159,841

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	\$1,159,841
2	Total capping at 50 per cent of line 1	\$579,921
3	Total of Redevelopment Grant Payable	\$579,921

* 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.

The total Brownfield grant payable is \$579,921 (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) Value Assessment on the property at 1068 Cummings Avenue is \$3,744,800, classified as Residential Tax (RT) tax class. Recent (2019 tax year) property taxes are approximately \$101,321.70 broken down as follows:

Table 3 – Recent (2019 tax year) Property Taxes

Municipal Property Tax portion	\$63,708.66
Education Property Tax portion	\$37,613.04
Total Pre-Project Property Taxes	\$101,321.70

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 \$45 million (based on an effective valuation date of 2016). The estimated taxes (Municipal and Education) to be generated from full build-out is \$511,188 (2021 tax year for complete development constructed), see Table 4.

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

Tax Class	Estimated assessment (2016)	Estimated Municipal Tax (2021)	Estimated Education Tax (2021)	Estimated Total Tax (2020)
Mixed Used (R4)	\$45,060,000	\$433,867	\$77,321	\$511,188

Document 8 – Site Plan

