

**8. BROWNFIELD GRANT APPLICATION – 256 RIDEAU STREET AND 211  
BESSERER STREET**

**DEMANDE DE PARTICIPATION AU PROGRAMME DE SUBVENTION  
POUR LA REMISE EN VALEUR DES FRICHES INDUSTRIELLES – 256,  
RUE RIDEAU ET 211, RUE BESSERER**

**COMMITTEE RECOMMENDATIONS**

**That Council:**

- 1. Approve the Brownfield Redevelopment Grant application submitted by 9840508 Canada Inc. (Ashcroft Inc.), owner of the property at 256 Rideau Street and 211 Besserer Street, for a Property Tax Assistance Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$620,345 for which the grant payment period will be phased over a maximum of three 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 9840508 Canada Inc. (Ashcroft Inc.), establishing the terms and conditions governing the payment of the grant for the redevelopment of 256 Rideau Street and 211 Besserer Street, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department, the City Solicitor and the City Treasurer.**

## **RECOMMANDATIONS DU COMITÉ**

**Que le Conseil :**

- 1. Approuve la demande de subvention pour le réaménagement des friches industrielles présentée par 9840508 Canada Inc. (Ashcroft Inc.), propriétaire du bien-fonds situé au 256, rue Rideau et au 211, rue Besserer, en vue d'obtenir un allègement de l'impôt foncier dans le cadre du Programme d'améliorations communautaires pour le réaménagement des friches industrielles, une subvention n'excédant pas 620 345 \$ au total et dont la période de versement sera échelonnée sur trois 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. Délègue au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une entente de subvention pour le réaménagement des friches industrielles avec 9840508 Canada Inc. (Ashcroft Inc.), dans laquelle seront établies les modalités de paiement de la subvention pour le réaménagement du 256, rue Rideau et du 211, rue Besserer, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, du greffier municipal et avocat général et de la trésorière municipale.**

## **DOCUMENTATION/DOCUMENTATION**

- 1. Director's report, Planning Services, Infrastructure and Economic Development Department, dated 19 November 2020 (ACS2020-PIE-PS-0113).**

Rapport du Directeur, Services de la planification, Direction générale de la planification, de l'infrastructure et du développement économique, daté le 19 novembre 2020 (ACS2020-PIE-PS-0113).

**FINANCE AND ECONOMIC  
DEVELOPMENT COMMITTEE  
REPORT 19  
9 DECEMBER 2020**

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**COMITÉ DES FINANCES ET DU  
DÉVELOPPEMENT ÉCONOMIQUE  
RAPPORT 19  
LE 9 DÉCEMBRE 2020**

**Report to  
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du  
développement économique  
December 1, 2020 / 1er décembre 2020**

**and Council / et au Conseil  
December 9, 2020 / 9 décembre 2020**

**Submitted on November 19, 2020  
Soumis le 19 novembre 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:**

**Richard Buchanan**

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

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**Ward: RIDEAU-VANIER (12)**

**File Number: ACS2020-PIE-PS-0113**

**SUBJECT: Brownfield Grant Application – 256 Rideau Street and 211 Besserer Street**

**OBJET: Demande de participation au Programme de subvention pour la remise en valeur des friches industrielles – 256, rue Rideau et 211, rue Besserer**

## **REPORT RECOMMENDATIONS**

**That Finance and Economic Development Committee recommend Council:**

- 1. Approve the Brownfield Redevelopment Grant application submitted by 9840508 Canada Inc. (Ashcroft Inc.), owner of the property at 256 Rideau Street and 211 Besserer Street, for a Property Tax Assistance Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$620,345 for which the grant payment period will be phased over a maximum of three 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 9840508 Canada Inc. (Ashcroft Inc.), establishing the terms and conditions governing the payment of the grant for the redevelopment of 256 Rideau Street and 211 Besserer Street, 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 ce qui suit au Conseil :**

- 1. Approuver la demande de subvention pour le réaménagement des friches industrielles présentée par 9840508 Canada Inc. (Ashcroft Inc.), propriétaire du bien-fonds situé au 256, rue Rideau et au 211, rue Besserer, en vue d'obtenir un allègement de l'impôt foncier dans le cadre du Programme d'améliorations communautaires pour le réaménagement des friches industrielles, une subvention n'excédant pas 620 345 \$ au total et dont la période de versement sera échelonnée sur trois 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 le réaménagement des friches industrielles avec 9840508 Canada Inc. (Ashcroft Inc.), dans laquelle seront établies les modalités de paiement de la subvention pour le réaménagement du 256, rue Rideau et du 211, rue Besserer, à la satisfaction du directeur général de Planification, Infrastructure et Développement économique, du greffier municipal et avocat général et de la trésorière municipale.**

## **BACKGROUND**

Brownfields are properties where past actions have resulted in actual or perceived environmental contamination and/or derelict or deteriorated buildings. They may be vacant, abandoned or underutilized. These buildings 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.

9840508 Canada Inc. (Ashcroft Inc.), filed an application under BRCIP for the clean-up and redevelopment of 256 Rideau Street and 211 Besserer Street, having a lot area of approximately 1,710 square metres (0.171 hectares) with approximately 28.8 metres frontage along Rideau Street and approximately 28.8 metres frontage along Besserer Street (see Documents 1, 2 and 8). The property's previous uses were listed as commercial.

A Phase I and II Environmental Site Assessment was prepared by MMM Group Inc. in July 2014, 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 priority area candidate due to its location in the central area and meets the 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 Property Tax Assistance 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 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.

Brownfield Grant Application, 9840508 Canada Inc. (Ashcroft Inc.).

The required documents that are to be submitted to the City as part of a Brownfield Redevelopment Grant Program application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of December 19, 2017.

### 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 12,000 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. It is anticipated that the remediation work will take two to three months to complete.

### Proposed Redevelopment

9840508 Canada Inc. (Ashcroft Inc.), is redeveloping the property at 256 Rideau Street and 211 Besserer Street to accommodate a development consisting of a 28-storey student housing building with commercial use on the two main floors. A total of 279 rental units with 219 on-site bicycle parking spaces, will be provided to the residences. Vehicular parking spaces will not be provided for the residences.

The related Site Plan Control application (D07-12-18-0010) has been approved under the delegated authority.

Calculating the Brownfield Property Tax Assistance 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 Property Tax Assistance Grant. Staff has reviewed the submissions and has determined that the total costs eligible for a grant under the program is \$1,240,690.

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 \$620,345 (see Document 5).

The ability to receive the brownfield grant occurs through the Property Tax Assistance Grant process which deals with the timing for the payouts of the grants. Grants would be 100 per cent of the municipal share of the increase in property taxes that result from the redevelopment, payable annually for up to three 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 Property Tax Assistance Grant for this project is \$620,345.

#### 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 cost 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 \$566,250 (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 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 \$47 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 \$53 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 \$680,070 per year in increased municipal property and education taxes can be expected at the completion of the project (2022), 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 Fleury is aware of the recommendations in this report.

## **LEGAL IMPLICATIONS**

There are no legal impediments to implementing the report recommendations. If approved, Legal Services will prepare and finalize a Brownfield Rehabilitation Grant Agreement.

## **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 is \$620,345. Budget authority requirements will be brought forward through the annual budget process.

Development Charges of \$566,250 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 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:

- Economic Growth and Diversification: Encourage economic growth and diversification by supporting business investment and expansion, talent attraction and retention, and branding Ottawa as a place to be.
- Environmental Stewardship: Grow and protect a healthy, beautiful, and vibrant city that can adapt to change.

## **SUPPORTING DOCUMENTATION**

Document 1	Location Map
Document 2	Aerial View
Document 3	Brownfield Redevelopment Grant Application Requirements
Document 4	Brownfield Redevelopment Grant - Eligible Costs
Document 5	Calculating the Property Tax Assistance Grant
Document 6	Estimated Future City Property Tax Increment and Annual Municipal Grant Payable
Document 7	Payment Option Scenario
Document 8	Elevation 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



F18-04-17-RIDE

20-0875-D

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REVISION / RÉVISION - 2020 / 10 / 08

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

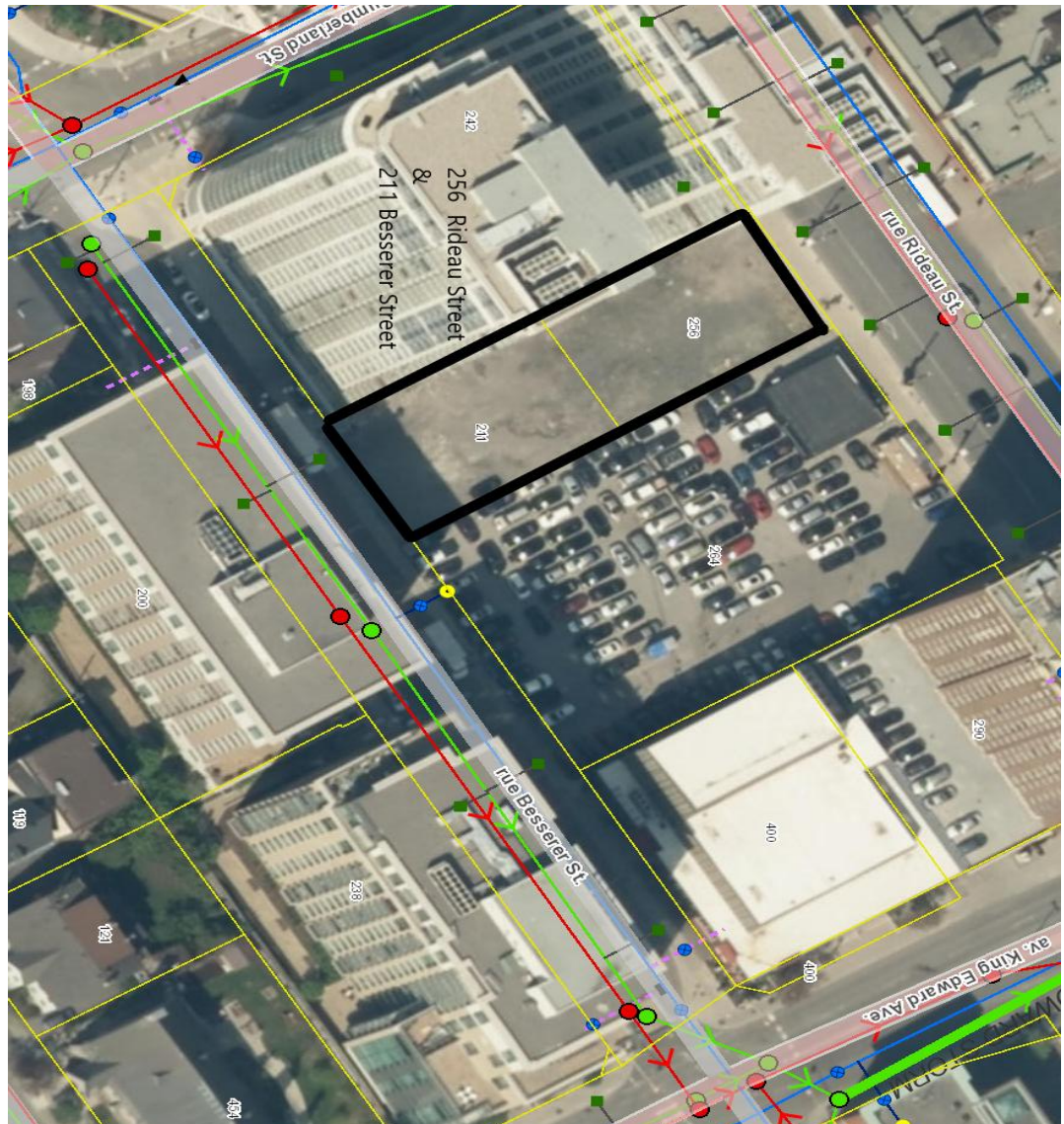


**256 rue Rideau Street  
211 rue Besserer Street**



Document 2 – Aerial View

256 Rideau Street and 211 Besserer Street



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

A Brownfield Redevelopment 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 256 Rideau Street and 211 Besserer 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	\$30,000
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$1,002,500
3	Placing clean fill and grading	\$100,000
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>\$1,132,500</b>
8	Cost of Feasibility Study	N/A
9	30% of Building Permit	\$72,000
10	50% Building Demolition	N/A
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	\$36,190
	<b>Sub-total 7 to 12 - Actuals</b>	<b>\$108,190</b>
	<b>Items 7 to 12 maximum amount allowable based on 15%</b>	<b>\$199,853</b>

	<b>of total</b>	
	Total Costs Eligible for Property Tax Assistance Grant	<b>\$1,240,690</b>

## Document 5 – Calculating the Property Tax Assistance 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	\$1,240,690
2	Total capping at 50 per cent of line 1	\$620,345
3	Total of Redevelopment Grant Payable	\$620,345

\* The land is located within a priority area. This location is eligible for the Property Tax Assistance Grant equivalent to 100 per cent of the municipal property tax increase that results from the redevelopment, payable annually for up to three years or until the maximum grant has been paid, whichever comes first.

The total Brownfield grant payable is \$620,345 (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 256 Rideau Street and 211 Besserer Street is \$3,421,000 classified as Parking Lots (GT) tax class. Recent (2016 tax year) property taxes are approximately \$77,725.03 broken down as follows:

**Table 3 – Recent (2016 tax year) Property Taxes**

Municipal Property Tax portion	\$47,334.50
Education Property Tax portion	\$30,390.53
<b>Total Pre-Project Property Taxes</b>	<b>\$77,725.03</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 \$53 million (based on an effective valuation date of 2016). The estimated taxes (Municipal and Education) to be generated from full build-out is \$680,070 (2022 tax year for complete development constructed), see Table 4.

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

Tax Class	Estimated assessment (2016 CVA)	Estimated Municipal Tax (2022)	Estimated Education Tax (2022)	Estimated Total Tax (2022)
Mixed Used (R4)	\$53,761,656	\$545,336	\$133,181	\$680,070 (\$1,553 BIA Tax incl.)



