

**Report to  
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du  
développement économique  
February 2, 2021 / 2 février 2021**

**and Council / et au Conseil  
February 10, 2021 / 10 février 2021**

**Submitted on January 21, 2021  
Soumis le 21 janvier 2021**

**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: BAY (7) / BAIE (7)**

**File Number: ACS2021-PIE-PS-0017**

**SUBJECT: Brownfield Grant Application – 2583 and 2599 Carling Avenue**

**OBJET: Demande de participation au Programme de subvention pour la  
remise en valeur des friches industrielles – 2583 et 2599, avenue  
Carling**

## REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

1. Approve the Brownfield Redevelopment Grant application submitted by Carling Richmond Storage GP Corporation, on behalf of Carling/Richmond Storage Limited Partnership, owner of the property at 2583 and 2599 Carling Avenue, for a Property Tax Assistance and Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$1,260,918 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;
2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Redevelopment Grant Agreement with Carling Richmond Storage GP Corporation, on behalf of Carling/Richmond Storage Limited Partnership, establishing the terms and conditions governing the payment of the grant for the redevelopment of 2583 and 2599 Carling 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 subvention pour le réaménagement de friches industrielles soumise par Carling Richmond Storage GP Corporation, au nom de Carling/Richmond Storage Limited Partnership, propriétaire du bien-fonds situé au 2583 et 2599, avenue Carling, dans le cadre du Programme d'allègement de l'impôt foncier et de subvention pour la remise en valeur des friches industrielles, au titre du Plan d'amélioration communautaire pour le réaménagement des friches industrielles, pour un montant total n'excédant pas 1 260 918 \$ sur une période de réaménagement 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 modalités;
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 de friches industrielles avec Carling Richmond Storage GP Corporation, au nom de Carling/Richmond Storage Limited Partnership, laquelle établira les modalités de paiement de la subvention pour le réaménagement du 2583 et 2599, avenue Carling, à la satisfaction du directeur général de la Planification, de l'Infrastructure et du 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.

Carling Richmond Storage GP Corporation, on behalf of Carling/Richmond Storage Limited Partnership, filed an application under BRCIP for the clean-up and redevelopment of 2583 and 2599 Carling Avenue. The property has a lot area of 1,518 square metres and 109-metres frontage along Carling Avenue (see Documents 1, 2 and 9). It had previous uses such as an automobile service garage and former retail fuel outlet.

A Phase I and II Environmental Site Assessment was prepared by Paterson Group Inc. on August 17 2016, which identified that the fill material at the subject site exceeds the Ontario Ministry of the Environment, Conservation and Parks (MOECP) Table 3 Standards for a combination of benzyene, toluene, ethylbenzene, xyense (BTEX) and petroleum hydrocarbon fractions 1-4 (PHC F1-F4), likely stemming from the associated use of the property as an automobile service garage and former retail fuel outlet.

Groundwater samples were obtained, and 18 samples were found to be impacted with BTEX, PHC (F1-F4) and hexane and MTBE parameters associated with gasoline, in excess of MOECC Table 3 standards.

The site qualifies to be eligible for a Brownfield priority area candidate due to its location on an arterial main street and is within 600 metres of an existing rapid transit station, as defined in the locational 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 and Rehabilitation Grant program. The total grants 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.

### **Proposed Redevelopment**

Carling Richmond Storage GP Corporation, on behalf of Carling/Richmond Storage Limited Partnership, has redeveloped the property at 2583 and 2599 Carling Avenue to accommodate a mixed use development consisting of 1,876 square meters of commercial space on the ground floor, 1,988 square meters of office space on the second floor with the third and fourth floor with Commercial storage space. The related Site Plan Control application (D07-12-16-0130) has been approved under the delegated authority.

### **Brownfield Grant Application**

Carling Richmond Storage GP Corporation submitted a Brownfield Grant Application on behalf of Carling/Richmond Storage Limited Partnership. 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 September 26, 2016.

### **Proposed Remediation**

The suggested remedial action plan consists of a Risk Assessment approach, where an excavation and disposal at an approved waste disposal facility would be undertaken. This will involve the excavation of depths up to 6.0 metres below grade, to remove all hydrocarbon and metal 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 vapor analyzer. 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 transported off-site to a clean material disposal site, while impacted soil will be placed in trucks and hauled to an approved waste disposal facility (approximately 1,600 cubic metres or 3,200 metric tonnes). Two underground storage tanks and associated piping will be decommissioned and removed from the site by a licensed contractor.

Based on the most recent analytical test results, the groundwater beneath the site is considered to be in compliance with MOECP Table 3 standards. However, impacted groundwater may be encountered during the excavation activities, in which case, the groundwater will require treatment prior to disposal to the municipal sewer system. If treatment is required, a portable groundwater treatment system unit will be installed on-site to remediate the groundwater by means of activated carbon and will remain on site until groundwater concentrations are in compliance with the MOECP and/or municipal by-law standards.

The remediation program is expected to be complete within approximately two months. Building demolition of the existing buildings is required.

Calculating the Brownfield Property Tax Assistance and Rehabilitation Grants 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 \$2,521,836.

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 \$1,260,918 (see Document 5).

The ability to receive the brownfield grant occurs through the Property Tax Assistance and Rehabilitation Grant process which deals with the timing for the payouts of the grants. The anticipated maximum Property Tax Assistance and Rehabilitation Grant for this project is \$1,260,918.

- Property Tax Assistance

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 the first three years per phase of development 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.

- 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 the remaining first 10 years per phase of development 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 funding under this program for this site is estimated at \$145,499 and collection will commence after the first taxation year after the final Property Tax Assistance payment of the new development occurs.

- 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 \$1,153,000 (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 building demolition, site remediation, the construction period through payroll, purchased material supplies, services, and equipment rentals.

Over \$10.5 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 \$250,094 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 Kavanagh is aware of the report.

#### **LEGAL IMPLICATIONS**

There are no legal impediments to implementing the report recommendations.

#### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

## **ASSET MANAGEMENT IMPLICATIONS**

There are no 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 \$1,260,918. In addition, the estimated Municipal Leadership Strategy contribution is \$145,499, for a total requirement of \$1,406,417. Budget authority requirements will be brought forward through the annual budget process. Development Charges of \$1,153,000 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 project addresses the following 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.
- **Thriving Communities:** Promote safety, culture, social and physical well-being for our residents.
- **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 and Rehabilitation Grant
- Document 6      Estimated Future City Property Tax Increment and Annual Municipal Grant Payable
- Document 7      Payment Option Scenario
- Document 8      Elevation Plan

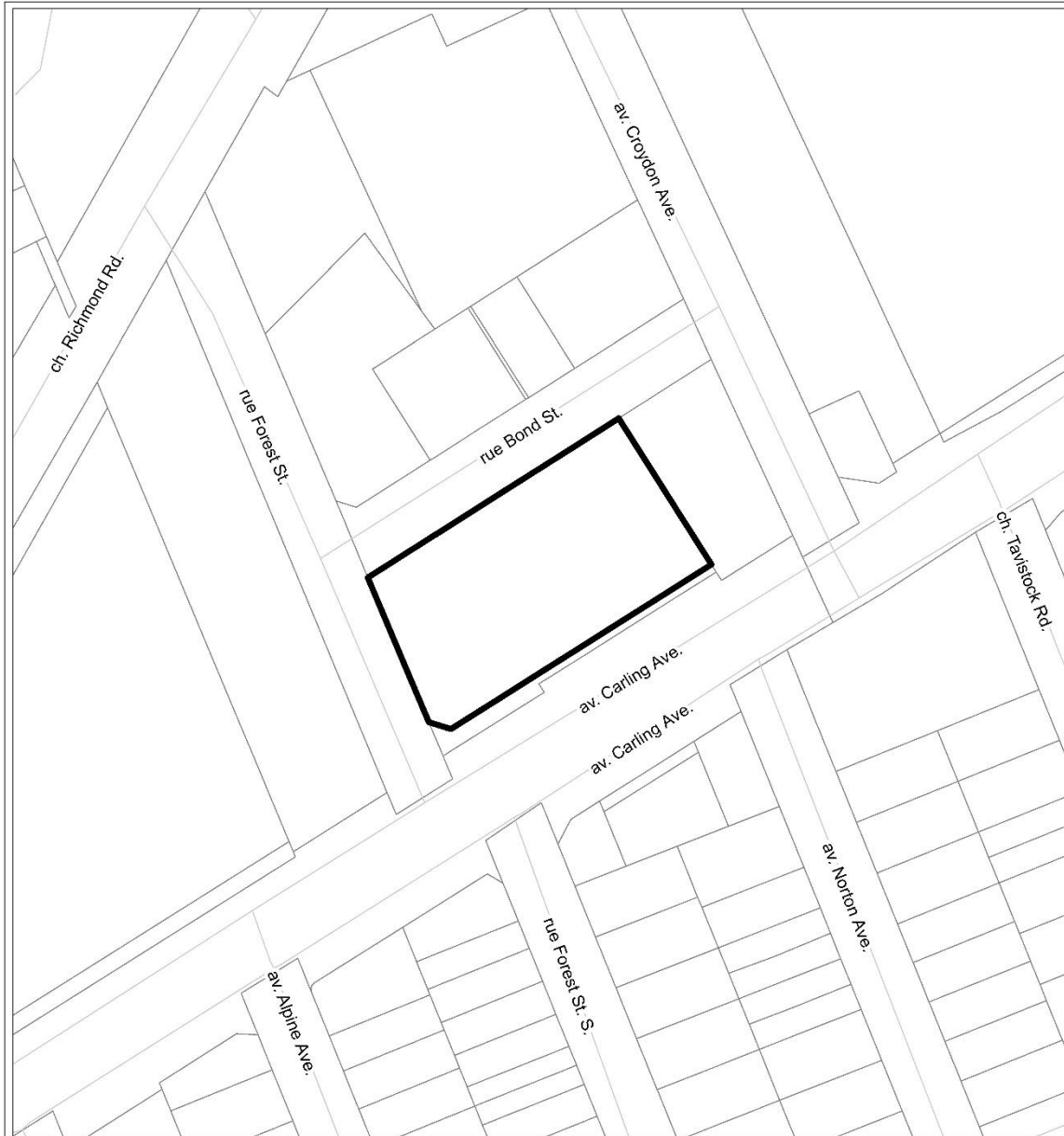
**DISPOSITION**

Innovative Client Services, Legal Services, to prepare the Brownfield Redevelopment 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	
F18-04-16-CARL	20-0901-L		
I:\COI\2020\Brownfields\Carling_2583_2599			<b>2583, 2599 av. Carling Ave.</b>
<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>			
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REVISION / RÉVISION - 2020 / 10 / 09			

**Document 2 – Aerial View**

2583 and 2599 Carling Avenue



### **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 2583 and 2599 Carling 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	\$35,500
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$1,653,000
3	Placing clean fill and grading	\$437,500
4	Installing environmental and/or engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$150,000
5	Monitoring, maintaining and operating environmental and engineering controls/works as specified in the Remedial Work Plan and/or Risk Assessment	\$30,000
6	Environmental Insurance Premiums	N/A
	<b>Sub-Total Costs eligible for 50% of DC deferral program</b>	<b>\$2,306,000</b>
7	Leadership Program	N/A
8	Cost of Feasibility Study	N/A
9	30% of Building Permit	\$42,000
10	50% Building Demolition	\$85,000
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	\$88,836
	<b>Sub-total 7 to 12 - Actuals</b>	<b>\$215,836</b>

	<b>Items 7 to 12 maximum amount allowable based on 15% of total</b>	<b>\$406,941</b>
	Total Costs Eligible for Property Tax Assistance and Rehabilitation Grant	<b>\$2,521,836</b>

## Document 5 – Calculating the Property Tax Assistance and 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	\$2,521,836
2	Total capping at 50 per cent of line 1	\$1,260,918
3	Total of Property Tax Assistance and Redevelopment Grant Payable	\$1,260,918

\* The land is located within a priority area. This location is eligible for the Property Tax Assistance and Rehabilitation Grant equivalent to 100 per cent of the municipal property tax increase up to three years for the Property Tax portion and 85 per cent for the remaining seven years that results from the redevelopment for the Rehabilitation Grant, payable annually for up to ten years or until the maximum grants have been paid, which ever comes first.

The total Brownfield grant payable is \$1,260,918 (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 2583 and 2599 Carling Avenue is \$2,868,000, classified as Commercial Retail (CT) tax class. Recent (2020 tax year) property taxes are approximately \$88,874 broken down as follows:

**Table 3 – Recent (2020 tax year) Property Taxes**

Municipal Property Tax portion	\$52,242
Education Property Tax portion	\$36,632
<b>Total Pre-Project Property Taxes</b>	<b>\$88,874</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 \$10.5 million (based on an effective valuation date of 2012). The estimated taxes (Municipal and Education) to be generated from full build-out is \$338,968 (2022 tax year for complete development constructed), see Table 4.

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

Tax Class	Estimated assessment (2022)	Estimated Municipal Tax (2022)	Estimated Education Tax (2022)	Estimated Total Tax (2022)
Mixed Used (R4)	\$10,513,886	\$199,252	\$139,716	\$338,968





Document 8 – Elevation Plan

