

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
April 6, 2021 / 6 avril 2021**

**and Council / et au Conseil
April 14, 2021 / 14 avril 2021**

**Submitted on March 10, 2021
Soumis le 10 mars 2021**

**Submitted by
Soumis par:**

**Lee Ann Snedden
Director / Directrice**

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 Program / Ententes préalables et
Programme de friches industrielles, Planning Services / Services de la
planification**

613-580-2424, 27801, Richard.Buchanan@ottawa.ca

Ward: SOMERSET (14)

File Number: ACS2021-PIE-PS-0040

SUBJECT: Brownfield Grant Program Application – 180 Metcalfe Street

**OBJET: Demande de participation au programme de subvention pour la
remise en valeur des friches industrielles – 180, rue Metcalfe**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

1. Approve the Brownfield Rehabilitation Grant application submitted by Construction Jadco Inc., owner of the property at 180 Metcalfe Street, for a Rehabilitation Grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$754,924 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; the maximum deferral of Development Charges of \$641,685 under the Development Charge Deferral Program; and the estimated contribution of \$172,254 towards the Municipal Leadership Strategy fund; and
2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Redevelopment Grant Agreement with Construction Jadco Inc., establishing the terms and conditions governing the payment of the grant for the redevelopment of 180 Metcalfe 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 la remise en valeur de friches industrielles présentée par Construction Jadco Inc., propriétaire du bien-fonds situé au 180, rue Metcalfe, pour une subvention versée en vertu du Plan d'améliorations communautaires pour le réaménagement des friches industrielles n'excédant pas 754 924 \$ au total, sur une période de versement échelonnée sur dix 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; le report maximal des redevances d'aménagement fixé à 641 685 \$ en vertu du Programme de report des redevances d'aménagement; et le versement d'une somme estimée à 172 254 \$ au fonds de la Stratégie municipale de leadership; et
2. Déléguer au directeur général de Planification, Infrastructure et Développement économique le pouvoir de conclure une entente de

subvention pour la remise en valeur de friches industrielles avec Construction Jadco Inc., laquelle établira les modalités de paiement de la subvention pour le réaménagement du 180, rue Metcalfe, 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. 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 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.

The site qualifies to be eligible for a Brownfield priority area candidate due to its location and criteria under the BRCIP, as it is within 600 metres of a rapid transit station (Parliament Stations).

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. 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 Site

The property has a lot area of approximately 1,827 square metres (0.183 ha) with 30.2 metres frontage along Metcalfe Street and 58.8 metres frontage along Nepean Street.

(see Documents 1, 2 and 8). The property's previous uses were listed as commercial. The site is within 600 metres of a rapid transit station (Parliament Stations).

Proposed Redevelopment

Construction Jadco Inc. is redeveloping the property at 180 Metcalfe Street to accommodate a 27 storey mixed-use building with retail uses at-grade, 303 residential units above and six storeys of underground parking. The related Site Plan Control application (D07-12-18-0125) has been approved under the delegated authority. Brownfield Grant Application

Construction Jadco Inc. filed an application under the BRCIP for the clean-up and redevelopment of 180 Metcalfe Street.

A Phase I and II Environmental Site Assessment was prepared by Paterson Group Inc. in May and August of 2018, 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 did not exceed the Ontario Ministry of the Environment, Conservation and Parks (MECP) Table 7 Standards.

This application is for the Rehabilitation Grant, Development Charge Deferral, and Municipal Leadership Strategy Programs.

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 9, 2019.

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 28,800 mt). 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 2 to 3 months

Calculating the Brownfield Rehabilitation 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 \$1,509,847.

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 \$754,924 (see Document 5).

- 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. The anticipated maximum Rehabilitation Grant for this project is \$754,924.

- 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 \$641,685 (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.

- 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 \$172,254 and collection will commence after the first taxation year after the final Property Tax Assistance payment of the new development occurs.

Economic Benefits to the Community

The overall economic impact of the proposed residential development is estimated at over \$66.5 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 \$120 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 \$1.4 million 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 this 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

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

FINANCIAL IMPLICATIONS

The maximum grant under the 2015 Brownfield Redevelopment Community Improvement Plan Program is \$754,924. In addition, the estimated Municipal Leadership Strategy contribution is \$172,254, for a total requirement of \$927,178. Budget authority requirements will be brought forward through the annual budget process. Development Charges of \$641,685 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:

- 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 Rehabilitation Grant Application Requirements
- Document 4 Brownfield Redevelopment Grant - Eligible Costs
- Document 5 Calculating the Redevelopment Brownfield Grant
- Document 6 Estimated Future City Property Tax Increment and Annual Municipal Grant Payable
- Document 7 Payment Option Scenario
- Document 8 Elevation Drawing

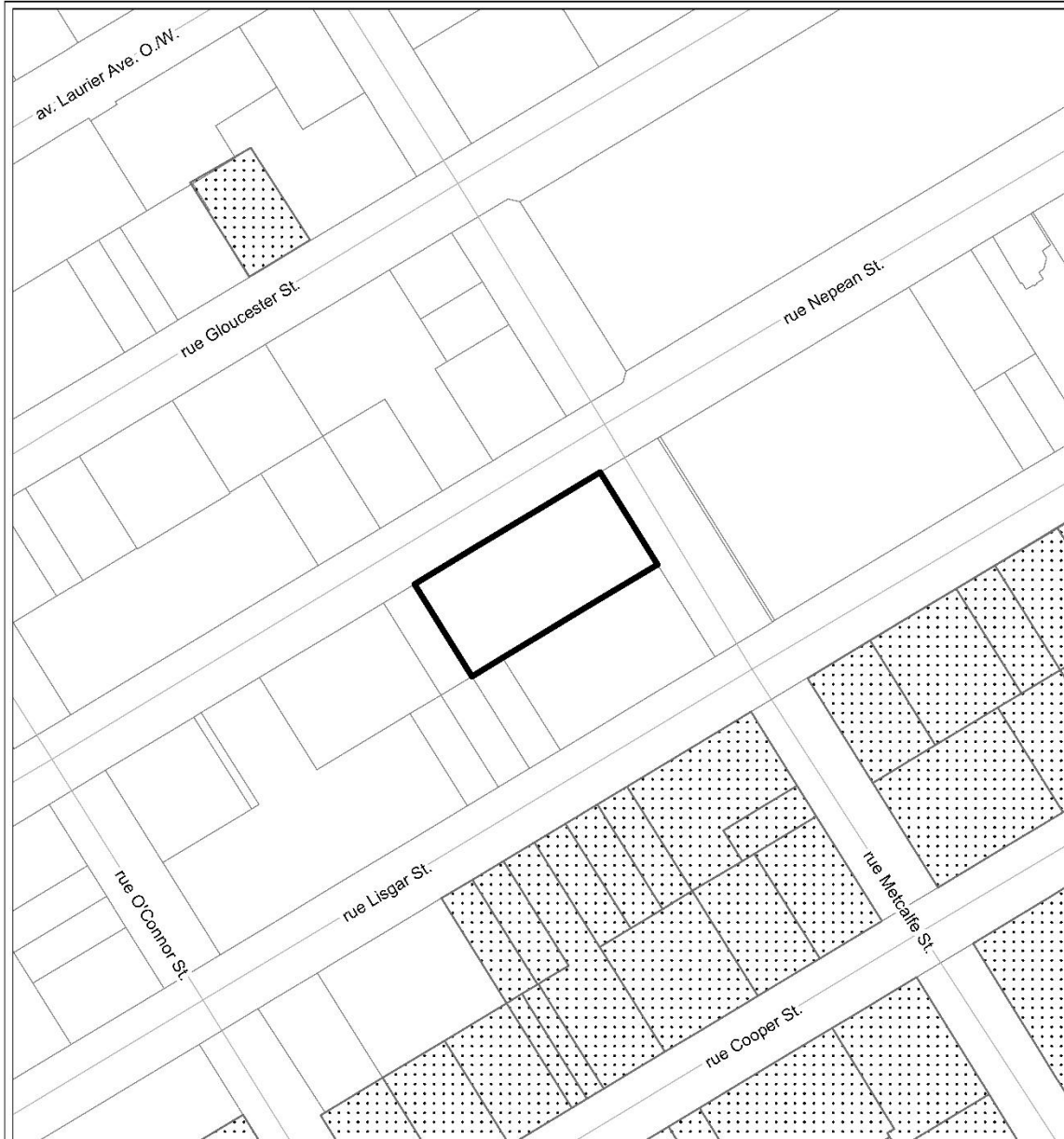
DISPOSITION





City Clerk and Solicitor Department, 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



		LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES	
F18-04-19-METC	19-1449-B		
I:\COV2019\Brownfields\Metcalfe_180			
<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>		 180 rue Metcalfe St.	
<small>©Les données de parcelles appartiennent à Teranet Entreprises Inc. et à ses fournisseurs. Tous droits réservés. Ne peut être reproduit sans autorisation. OCEI N'EST PAS UN PLAN D'ARPENTAGE</small>		 Heritage (Section 60) Patrimoine (Article 60)	
REVISION / RÉVISION - 2019 /12 /20			

Document 2 – Aerial View



180 Metcalfe Street

Document 3 – Brownfield Rehabilitation Grant Application Requirements

A Brownfield Rehabilitation Grant Program guide was prepared as part of the administration of the Brownfield Financial Incentives Program. This program guide provides the detailed requirements to an applicant in order to file a complete application with the City for consideration of financial assistance under this grant program. The applicant is required to submit various technical documents to determine eligibility and costs eligible for the rehabilitation grant. The following documents are required:

- All environmental studies (Phase I ESA, Phase II ESA and Remedial Action Plan);
- Detailed work plan and cost estimate prepared by a qualified person (as defined by the *Environmental Protection Act* and Ontario Regulation 153/04, as amended), for all eligible environmental remediation and risk assessment/risk management works;
- A cost estimate provided by a bona fide contractor for eligible rehabilitation/redevelopment and demolition costs;
- A set of detailed architectural/design and/or construction drawings; and
 - An estimated post-project assessment value prepared by a private sector property tax consultant.

The applicant (registered owner) or agent acting on behalf of the registered owner is required to fully complete the application including all required signatures and complete the sworn declaration.

Document 4 – Brownfield Redevelopment Grant – Eligible Costs

Table 1 - Eligible Cost and Estimated Cost - 180 Metcalfe Street

	Eligible Costs	Estimate Cost
1	Environmental studies, Remedial Work Plan and Risk Assessment not covered by Environmental Site Assessment Grant Program	\$45,500
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$1,237,870
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	\$1,283,370
8	Cost of Feasibility Study	\$10,000
9	30% of Building Permit	\$91,500
10	50% Building Demolition	\$196,600

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	\$11,478
	Sub-total 7 to 12 - Actuals	\$309,578
	Items 7 to 12 maximum amount allowable based on 15% of total	\$226,477
	Total Costs Eligible for Rehabilitation Grant	\$1,509,847

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	\$1,509,847
2	Total capping at 50 per cent of line 1	\$754,924
3	Total of Redevelopment Grant Payable	\$754,924

* 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 \$754,924 (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 on the property at 180 Metcalfe Street is \$2,359,000, classified as Commercial Tax (CT) tax class. Recent (2020 tax year) property taxes are approximately \$64,249 broken down as follows:

Table 3 – Recent (2020 tax year) Property Taxes

Municipal Property Tax portion	\$39,051
Education Property Tax portion	\$25,198
Total Pre-Project Property Taxes	\$64,249

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 over \$120 million (based on an effective valuation date of 2020). The estimated taxes (Municipal and Education) to be generated from full build-out is over \$1.4 million (2023 tax year for complete development constructed), see Table 4.

Table 4 - Estimated Annual Post-Project Municipal\Education Property Taxes (2023)

Tax Class	Estimated assessment (2020)	Estimated Municipal Tax (2023)	Estimated Education Tax (2023)	Estimated Total Tax (2023)
Residential (RT)	\$121,241,905	\$1,188,002	\$224,703	\$1,412,705

Document 7 – Payment Option Scenario

Table 1

Project Address: 180 Metcalfe - Construction Jadco Inc. - F18-04-19-METC

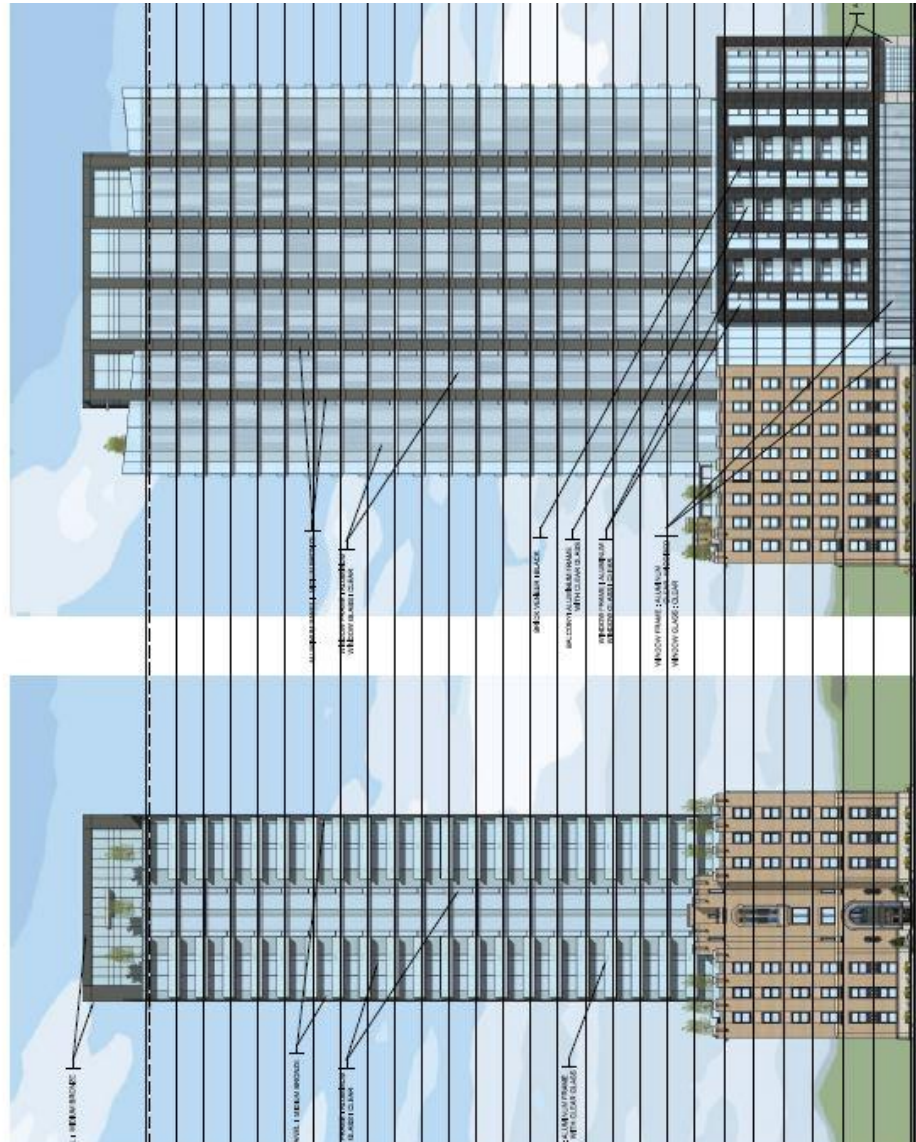
Project #	Year	Calendar Year (from report)	Calendar Year (expected payout)	Existing Municipal Property Tax portion	Estimated Municipal Property Tax portion	Municipal Tax Increment	Rehab Grant (up to 85% of property tax increase)	BML Revolving Fund	Max contribution	Additional Revenue to City	Cumulative Grant Amount
	1	2023	2024	\$ 39,640	\$ 1,188,002	\$1,148,362	\$ 754,924	\$172,254	\$754,924	\$393,438	\$754,924
	2	2024	2025	\$ 40,433	\$ 1,195,420	\$1,154,987	\$ -	\$ -	\$0	\$1,154,987	\$754,924
	3	2025	2026	\$ 41,241	\$ 1,202,887	\$1,161,646	\$ -	\$ -	\$0	\$1,161,646	\$754,924
	4	2026	2027	\$ 42,066	\$ 1,210,406	\$1,168,340	\$ -	\$ -	\$0	\$1,168,340	\$754,924
	5	2027	2028	\$ 42,908	\$ 1,217,976	\$1,175,068	\$ -	\$ -	\$0	\$1,175,068	\$754,924
	6	2028	2029	\$ 43,766	\$ 1,225,598	\$1,181,832	\$ -	\$ -	\$0	\$1,181,832	\$754,924
	7	2029	2030	\$ 44,641	\$ 1,233,271	\$1,188,630	\$ -	\$ -	\$0	\$1,188,630	\$754,924
	8	2030	2031	\$ 45,534	\$ 1,240,997	\$1,195,463	\$ -	\$ -	\$0	\$1,195,463	\$754,924
	9	2031	2032	\$ 46,445	\$ 1,248,771	\$1,202,326	\$ -	\$ -	\$0	\$1,202,326	\$754,924
	10	2032	2033	\$ 47,373	\$ 1,256,968	\$1,209,595	\$ -	\$ -	\$0	\$1,209,595	\$754,924
40	Total			\$434,047	\$12,220,296	\$11,786,249	\$754,924	\$172,254	\$754,924	\$11,031,325	

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 85 per cent of the municipal share of the increase in property taxes over the pre-project municipal property taxes paid.

In the administration of this grant each row would be calculated every year based on the new assessment, tax rate, taxes paid and actual municipal tax increment to establish the actual grant payment.

Document 8 – Elevation Drawing



NORTH ELEVATION

EAST ELEVATION