

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
December 3, 2019 / 3 décembre 2019**

**and Council / et au Conseil
December 11, 2019 / 11 décembre 2019**

**Submitted on November 22, 2019
Soumis le 22 novembre 2019**

**Submitted by
Soumis par:**

**Lee Ann Snedden,
Director / Directrice,**

Planning Services / Service de la planification

**Planning, Infrastructure and Economic Development Department / Services de la
planification, de l'infrastructure et du développement économique**

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Ward: RIVER (16) / RIVIÈRE (16)

File Number: ACS2019-PIE-PS-0108

**SUBJECT: Brownfield Grant Program Application – 716 and 770 Brookfield
Road**

**OBJET: Demande de participation au programme de subvention pour la
remise en valeur de friches industrielles –716 and 770, rue Brookfield**

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend Council:

1. Approve the Brownfield Rehabilitation Grant application submitted by 1165098 B.C. LTD., owner of the property at Brookfield Road, for a grant under the Brownfield Redevelopment Community Improvement Plan Program not to exceed a total of \$2,570,711 for which the grant payment period will be a maximum of 10 years, subject to the establishment of, and in accordance with the terms and conditions of the Brownfield Redevelopment Grant Agreement; and
2. Delegate the authority to the General Manager, Planning, Infrastructure and Economic Development, to execute a Brownfields Redevelopment Grant Agreement with 1165098 B.C LTD., establishing the terms and conditions governing the payment of the grant for the redevelopment of 716, 770 Brookfield Road, to the satisfaction of the General Manager, Planning, Infrastructure and Economic Development Department.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande ce qui suit au Conseil :

1. Approuver la demande de participation au programme de subvention pour la remise en valeur de friches industrielles soumise par 1165098 B.C LTD, propriétaire des biens-fonds situés sur le chemin Brookfield, en vue d'obtenir une subvention dans le cadre du Plan d'améliorations communautaires pour le réaménagement des friches industrielles n'excédant pas 2 570 711 \$ et dont la période de versement sera échelonnée sur 10 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; et
2. Déléguer au directeur général de la Direction générale 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 1165098 B.C LTD, qui établit les modalités relatives au versement de la subvention permettant le réaménagement des biens-fonds situés aux 716 et 770, chemin Brookfield, à la satisfaction du directeur général de planification, infrastructure et développement économique.

BACKGROUND

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

The BRCIP presents the rationale behind brownfield redevelopment in Ottawa, and the actions and strategies that will promote brownfield redevelopment. The BRCIP contains a comprehensive framework of incentive programs including the Brownfield Rehabilitation Grant Program.

1165098 B.C LTD. has filed an application under the BRCIP for the clean-up and redevelopment of 716 and 770 Brookfield Road, having a lot area of 2.5 hectares with 240 metres frontage on Brookfield Road (see Documents 1, 2 and 8). The property is presently used as a parking lot.

A Phase I and II Environmental Site Assessment was prepared by the applicant in October of 2017. The assessment identified the fill material at the subject site exceeding the Ministry of the Environment and Climate Change (MOECC) of Ontario Table 3 standards for petroleum hydrocarbons (PHC), Polycyclic aromatic hydrocarbons (PAH), and metals likely stemming from the associated use of the property.

The site qualifies as an eligible brownfield priority area candidate as its location is within 600 metres of a transit station.

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 processed based on the 2015 BRCIP for the Brownfield Rehabilitation Grant Program. The total grant from this program shall not exceed 50 per cent of the eligible cost (with the provision that eligible costs for items seven to twelve, shown in Document 4, cannot exceed 15 per cent of the total eligible items being submitted for grant) specific to the program for rehabilitating said lands and buildings. 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. The grant is limited to 85 per cent of the increase in municipal tax and is payable annually for up to 10 years, 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.

1165098 B.C LTD. Brownfield Grant Application

The required documents that are to be submitted to the City as part of a Brownfield Rehabilitation Grant Program application are described in Document 3. Staff reviewed the submissions and deemed the application to be complete as of July 3, 2019.

Proposed Remediation

The suggested remedial action plan consisting of a generic, full-depth approach will be used. This will involve an excavation to depths up to 3 metres or more below grade to remove all impacted soil within the boundaries of the site. Overburden soils will be stripped, segregated and disposed off-site. Impacted soil and contaminated debris will be placed in trucks and hauled to an approved waste disposal facility (approximately 11,400 and 34,000 metric tonnes respectively). Non-impacted soil material will be placed in trucks and hauled off-site for possible reuse or disposal as clean material. Excavated soil will be screened in the field using a handheld instrument. Field observations will be used in combination with analysis of verification samples, to define the limits of the excavation. Once the soil remediation program has been completed, confirmatory base samples will be collected for analytical testing.

Throughout the excavation phase, groundwater control will be achieved using a mobile groundwater treatment unit. Impacted groundwater encountered during construction will be treated and removed off-site. Samples will be collected from the groundwater treatment system prior to discharging to the sanitary sewer system.

The remediation program is expected to be completed within approximately six to twelve months.

Proposed Redevelopment

1165098 B.C LTD. is redeveloping the property at 716 and 770 Brookfield Road to accommodate six residential buildings in two phases ranging from six to nine storeys with retail on the ground floor and one level of underground parking. It is estimated there will be approximately 850 apartment units, over a total gross floor area of 67,000 square metres. The associated site plan control application for phase one (D07-12-17-0140) has been approved.

Calculating the Brownfield Rehabilitation Grant

Under the Brownfield Rehabilitation Grant 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 have reviewed the submissions and have determined that the total costs eligible for a grant under the program are \$5,141,421.

The BRCIP specifies that the total eligible costs be capped at 50 per cent of the total costs (with the provision that eligible costs for items seven to twelve 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. The total eligible grant is equal to \$2,570,711 (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 of the payments of the Rehabilitation Grant. The following two programs are as follows;

- Rehabilitation Grant

Grants would be capped at 85 per cent of the municipal share of the increase in property taxes that result from the redevelopment, payable annually for up to 10 years or, up to the time when the total grant payments equal the total eligible grants, whichever comes first. The City will only pay the annual grant after the property taxes have been paid in full each year and all terms and conditions specified in the registered legal agreement between the City and the applicant have been met.

- **Municipal Leadership Strategy Program**

As part of the Brownfield Grant Program, a Municipal Leadership Strategy is a general program of municipal property acquisition, investment and involvement in pilot projects with the private sector to remediate and rehabilitate Brownfield sites in Ottawa. The program is funded from 15 per cent of the increment that is retained by the City as a result of properties participating in the Rehabilitation Grant Program and is placed into a Municipal Leadership Account. This account will function as a revolving fund. The allocation of 15 per cent of the tax increment that is retained by the City to the Municipal Leadership Account will end when the Rehabilitation Grant Program ends. At that time, the City may return funds remaining in the Municipal Leadership Account to general revenues or continue to utilize these funds for Leadership activities until the Municipal Leadership Account is exhausted. The estimated contribution associated with this application is \$733,547.

Economic Benefits to the Community

The overall economic impact of the proposed residential development is estimated at over \$160 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 \$257 million in new residential assessment would be added to the property tax assessment roll at full development. The developer's taxation consultant estimates that over \$2.9 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 Brockington is supportive the application.

LEGAL IMPLICATIONS

There are no legal impediments to adopting the recommendations of this report.

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 \$2,570,711. In addition, the estimated Municipal Leadership Strategy contribution is \$733,547, for a total requirement of \$3,304,258. Budget authority requirements will be brought forward through the annual budget process.

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 (RSC) will be required as per the funding agreement. Brownfield redevelopment is identified as a key strategy for promoting reinvestment in existing urban areas and for reducing the need to expand into Greenfield sites. The remediation and redevelopment of Brownfield sites assists in meeting the Environmental Strategy's goal of clean air, water and earth.

TERM OF COUNCIL PRIORITIES

This application is directly related to the 2019-2022 Term of Council Priorities:

- SE1 – Improve the client experience through established service expectations.
- FS2 – Align strategic priorities to Council's financial targets

SUPPORTING DOCUMENTATION

Document 1 Location Map

Document 2 Aerial View

Document 3 Brownfield Rehabilitation Grant Application Requirements

Document 4 Brownfield Rehabilitation Grant-Eligible Costs

Document 5 Calculating the Rehabilitation Grant

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

Document 7 Payment Option Scenario

Document 8 Concept Plan

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.

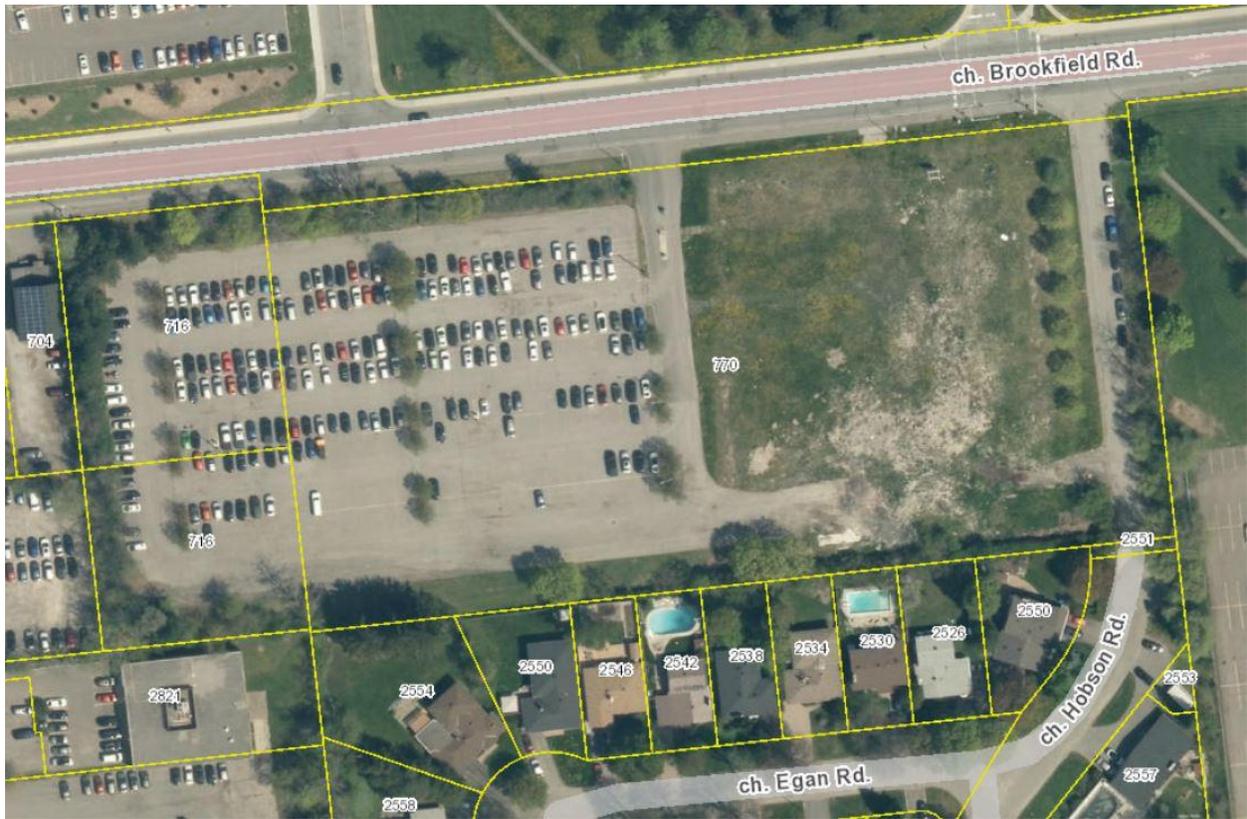
Planning, Infrastructure and Economic Development Department to notify the applicant of Council's decision.

Document 1 – Location



		LOCATION MAP / PLAN DE LOCALISATION BROWNFIELDS REDEVELOPMENT PROGRAM / PROGRAMME DE RÉAMÉNAGEMENT DES FRICHES INDUSTRIELLES	
F18-04-18-BROO	19-0964-B		
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REVISION / RÉVISION - 2019 / 08 / 28			

Document 2 – Aerial View



716, 770 Brookfield Road

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 Rehabilitation Grant – Eligible Costs

The costs eligible for a Brownfield Rehabilitation Grant for 716, 770 Brookfield Road 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	\$31,500
2	Environmental Remediation including the cost of preparing a Record of Site Condition	\$4,456,000
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 of Eligible Costs 1-6	\$4,487,500
7	Leadership Program	N/A
8	Cost of Feasibility Study	\$10,000
9	30% of Building Permit	\$215,000
10	Building Demolition	N/A
11	Building rehab	N/A
12	50% of the upgrading costs for on-site infrastructure including water services, sanitary sewers and stormwater management facilities	\$428,921
	Sub Total 7 to 12 - Actuals	\$653,921
	Total Costs Eligible for Rehabilitation Grant	\$5,141,421

Document 5 – Calculating the 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 seven to twelve 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	\$5,141,421
2	Total of Rehabilitation Grant Payable (Total capping at 50 per cent of line 1)	\$2,570,711

* The land is located within 600 metres of a transit station. 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, or until the time when the total grant payments equal the total eligible costs whichever comes first.

The total Brownfield grant payable is \$2,570,711 (line 2 above).

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

Pre-Project Property Tax Rates and Property Taxes

Current Value Assessment on the property for the 2019 tax year at 716, 770 Brookfield Road is \$4,459,000. Property taxes (2019 tax year) are approximately \$97,760 broken down as follows:

Table 3 – Current (2019 tax year) Property Taxes

Municipal Property Tax portion	\$63,571
Education Property Tax portion	\$33,673
Storm Water	\$516
Total Pre-Project Property Taxes	\$97,760

Based on a post-project assessment valuation prepared by Property Tax Review Services, 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 \$257,325,000 (based on the 2016 MPAC valuation model). The estimated taxes (Municipal, Educational and Stormwater) to be generated from full build-out is \$2,991,237 (2019 tax year rates used to estimate taxes), see Table 4.

Table 4 - Estimated Annual Post-Project Municipal\Education Property Taxes (2019)

Tax Class	Estimated assessment (2019)	Estimated Municipal Tax (2019)	Estimated Education Tax (2019)	Estimate Storm Water Tax (2019)	Estimated Total Tax (2019)
Multi-residential	\$257,325,000	\$2,355,639	\$539,525	\$516	\$2,991,237

Document 7 – Payment Option Scenario

Table 1

Rehabilitation Grant Program (Municipal tax portion only)
Site Address: 770 Brookfield - F18-04-18-BROO

Year	Base Tax	Proposed Tax	Increment	Eligible Amount Rehab Grant	Applied Amount	Cumulative Grant Amount	Municipal Leadship
2021	\$ 66,139	\$ 2,474,835	\$ 2,408,695	\$ 2,047,391	\$ 2,047,391	\$ -	\$ 361,304
2022	\$ 67,462	\$ 2,549,080	\$ 2,481,618	\$ 2,109,375	\$ 523,320	\$ -	\$ 372,243
2023	\$ 68,811	\$ 2,625,552	\$ 2,556,741	\$ 2,173,230	\$ -	\$ -	\$ -
2024	\$ 70,188	\$ 2,704,319	\$ 2,634,131	\$ 2,239,011	\$ -	\$ -	\$ -
2025	\$ 71,591	\$ 2,785,448	\$ 2,713,857	\$ 2,306,778	\$ -	\$ -	\$ -
2026	\$ 73,023	\$ 2,869,012	\$ 2,795,988	\$ 2,376,590	\$ -	\$ -	\$ -
2027	\$ 74,484	\$ 2,955,082	\$ 2,880,598	\$ 2,448,509	\$ -	\$ -	\$ -
2028	\$ 75,973	\$ 3,043,734	\$ 2,967,761	\$ 2,522,597	\$ -	\$ -	\$ -
2029	\$ 77,493	\$ 3,135,046	\$ 3,057,554	\$ 2,598,921	\$ -	\$ -	\$ -
2030	\$ 79,043	\$ 3,229,098	\$ 3,150,055	\$ 2,677,547	\$ -	\$ -	\$ -
2031	\$ 80,623	\$ 3,325,971	\$ 3,245,347	\$ 2,758,545	\$ -	\$ -	\$ -
Total					\$ 2,570,711	\$ -	\$ 733,547

Rehabilitation Grant \$ 2,570,711

Municipal Leadship Strategy is 15 % of the incremental tax increase.

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 base tax rate estimates shown have been increased by 2% for each tax year after the 2019 assessment valuation estimate. Altus Group provided the estimated proposed tax rate for each year. 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 grant be issued.

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 – Concept Plan

