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Planner: G. Bailey

TO:	CHAIR AND MEMBERS PLANNING & ENVIRONMENT COMMITTEE
FROM:	JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER
SUBJECT:	APPLICATION FOR BROWNFIELD INCENTIVES BY: RYGAR PROPERTIES INC. 100 FULLARTON ST., 475-501 TALBOT ST., AND 93-95 DUFFERIN AVE. MEETING ON MARCH 27, 2017

RECOMMENDATION

That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with respect to the brownfield incentive application and business case submission from Rygar Properties Inc. ("Rygar") relating to the property located at 100 Fullarton St., 475-501 Talbot St., and 93-95 Dufferin Ave:

- (a) A total expenditure of up to \$2,735,007 in municipal brownfield financial incentives **BE APPROVED** and allocated under the following two programs in the Community Improvement Plan (CIP) for Brownfield Incentives:
 - i) Provide a rebate equivalent to 50% of the Development Charges that are required to be paid by Rygar on the commercial component of the project;
 - ii) Provide tax increment equivalent grants on the municipal component of property taxes for up to three years post development of each phase of the project.
- (b) The Civic Administration **BE DIRECTED** to process the brownfield incentive application to provide for eligibility for tax increment equivalent grants for up to three years for each phase of the development project under the Brownfields CIP and up to the full 10 year term of the Rehabilitation and Redevelopment Tax Grant Program of the Downtown CIP for each phase of the project.
- (c) The applicant **BE REQUIRED** to enter into an agreement with the City of London outlining the relevant terms and conditions for the incentives that have been approved by Council under the Brownfield CIP;

IT BEING NOTED THAT the maximum value of brownfield incentives provided by the City of London does not exceed the total value of eligible remediation costs incurred by the property owner.

IT BEING FURTHER NOTED THAT the agreement between the City of London and Rygar will be transferable and binding on any subsequent property owner(s).

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None

BACKGROUND

The Community Improvement Plan (CIP) for Brownfield Incentives was adopted by Council on February 20, 2006 and approved by the Province, with modifications, on November 21, 2006.

The purpose of the Brownfield Incentives CIP is to remove or reduce the obstacles that hinder brownfield remediation and redevelopment. The financial incentive programs are used to evaluate contaminated properties and encourage the private sector to invest in those properties. There are

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four incentive programs to encourage the investigation, remediation, and redevelopment of brownfield sites in the City of London: the Contamination Assessment Study Grant Program assists property owners in conducting Phase II Environmental Site Assessments and is capped at \$10,000 per property. Municipal Council approval is not required for the Study Grant Program. The remaining three programs: Property Tax Assistance, Development Charge Rebate, and Tax Increment Equivalent Grants require Municipal Council approval, may be significant in terms of financial assistance, are considered individually based on the evaluation of a business case from the applicant, and the availability of program funding.

CIP Eligibility Requirements

Eligibility requirements for each brownfield incentive program are outlined in the CIP. Council may consider providing any one incentive or combination of incentives based on the relevant CIP eligibility requirements and merits of each application; however, under the Brownfield incentive programs the cumulative amount of funding that may be provided through the Property Tax Assistance Program, Tax Increment Equivalent Grant Program, and Development Charge Rebate Program cannot exceed the eligible site remediation costs for the subject property.

In addition to the general requirements in Section 2 of the CIP, specific eligibility requirements apply to the three programs. Each application is evaluated on a case-by-case basis to consider the public and economic benefit of providing one or more incentive(s) to a property.

The Rygar Properties Inc. Development Project

The project comprises a mixed-use redevelopment of the subject site (100 Fullarton St., 475-501 Talbot St., and 93-95 Dufferin Avenue – see Figure 1) which includes a nine-storey building in the central portion of the site along Talbot Street with approximately 491 m² of commercial space on the ground floor and 110 residential units above, a 38-storey tower on the southern portion of the site with approximately 414 m² of commercial space on the ground floor and 310 residential units above, and a 29-storey tower on the northern portion of the site with approximately 657 m² of commercial space on the ground floor and 232 residential units above (see Figure 2). The unit count information has been provided by Rygar and is current as of February 14, 2017.

The project will be built out in a phased manner. It is intended the first phase would involve the nine-storey building starting construction in 2017 and finishing in 2019, the second phase would involve the 38-storey tower starting construction in 2019 and finishing in 2021, and the final phase would involve the 29-storey north tower starting construction in 2021 and finishing in 2022 (see Figure 3).

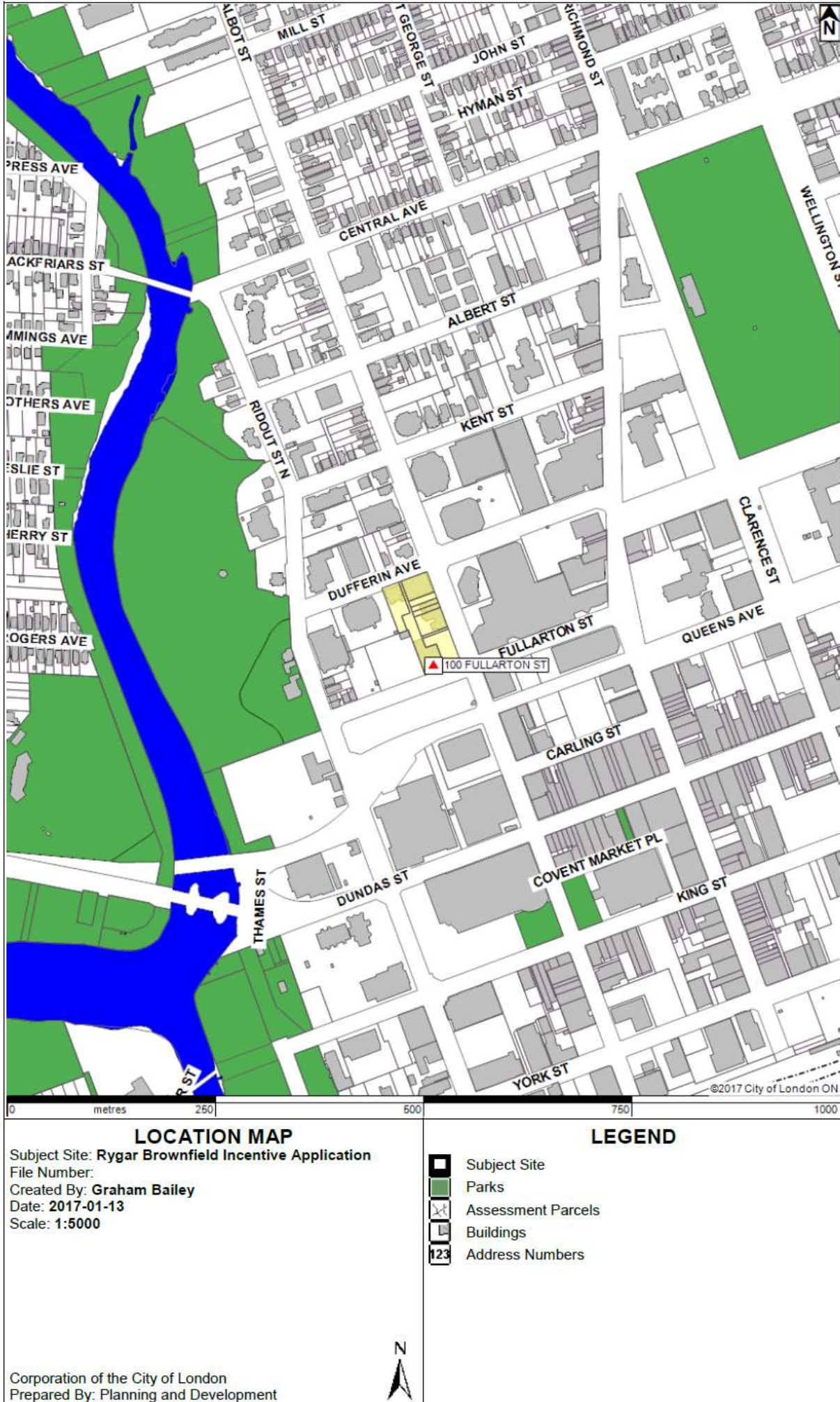
The Official Plan land use designation on the property is Downtown Area. In September 2016, a Zoning By-law Amendment application was approved by Council to permit the proposed development. The Zoning By-law Amendment application was appealed to the Ontario Municipal Board (OMB) and a hearing was held on December 12, 2016. The OMB has since dismissed the appeal. A Request for Review of the decision was filed with the OMB on January 21, 2017.

At the time of finalizing this report a Site Plan Approval application has not been submitted. Site Plan Approval is a prerequisite to the issuance of a building permit. The Brownfield CIP incentive programs “come online” at different points during the remediation and redevelopment process. In general, Property Tax Assistance is available for up to three years during the remediation and redevelopment of the property. The Development Charge Rebate program pays a grant once the applicant pulls the building permit and pays the Development Charges. Finally, the Tax Increment Equivalent Grant program pays grants after the site has been redeveloped and reassessed.

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Figure 1 – Subject Site



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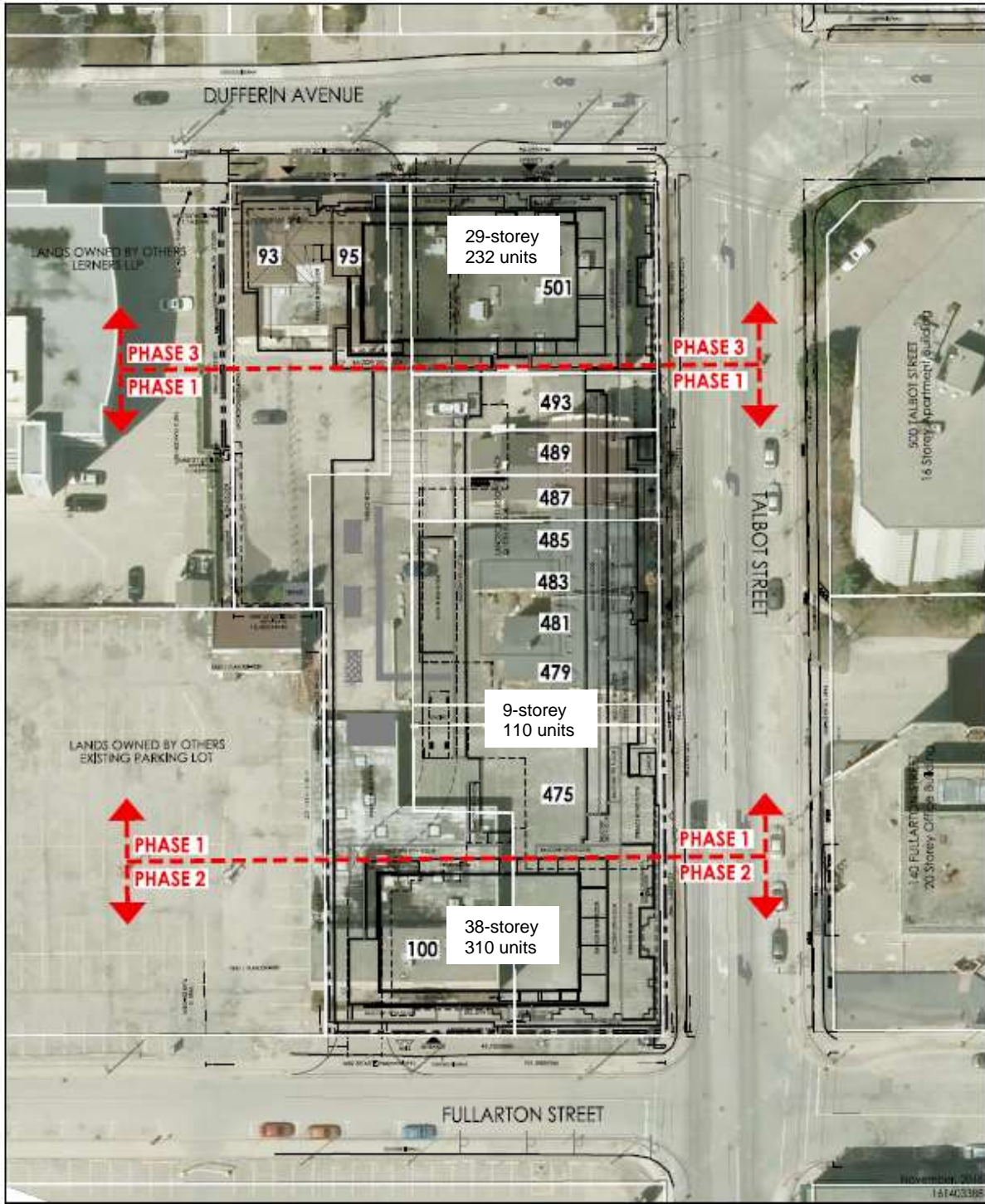
Figure 2 – Project Renders



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Figure 3 – Project Phasing



600-171 Queens Avenue
 London ON N6A 5J7
 Tel. 519-645-2007
 www.stantec.com



Client/Project
 RYGAR CORPORATION INC.
 100 FULLARTON
 London, ON Canada

Figure No.
 1.0

Title
 Site Plan Overlay
 November 25, 2016

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Site Remediation Investigations

Under Provincial Regulation, it is mandatory that a Record of Site Condition (RSC) be filed with the Ministry of Environment and Climate Change, to confirm that the site is 'clean' and that the property meets the applicable site condition standard for the intended use.

Five Phase II Environmental Site Assessments (ESA) were prepared for Rygar by Exp Services Inc., which confirmed the presence of several potential contaminants on the site from previous industrial and commercial uses including: petroleum hydrocarbon, poly aromatic hydrocarbons (PAHs) impacted soil and the presence of metals that exceeds Ministry of the Environment and Climate Change soil, groundwater, and sediment standards. Site investigations were conducted including the installation of boreholes and a groundwater monitoring well. Petroleum impact was identified in the soil sample recovered from a depth of about five metres. The impact was identified at the northeast portion of the property in the vicinity of an abandoned underground storage tank. The presence of contaminants were identified under the existing asphalt parking lot and concrete slab of the building foundations.

Based on the findings of the Phase II ESA reports, it can be confirmed that the Rygar site constitutes a brownfield under the CIP definition and that the remediation of identified contaminants must be undertaken in accordance with Provincial Regulation 153/04 (as amended) before the site can be redeveloped for a residential use.

An RSC cannot be filed with the Ministry of the Environment and Climate Change until such time as the required remediation has been undertaken and the condition of the site confirmed as meeting relevant Provincial standards. The Record of Site Condition must be submitted to the City and acknowledged by the Ministry of the Environment and Climate Change prior to commencing the residential development and the funding be released under the Tax Increment Equivalent Grant Program.

Downtown CIP Incentives

The Rygar property is located within the Downtown Community Improvement Project Area which, through the Downtown CIP provides incentives to encourage redevelopment and revitalization on a clean site. The Downtown CIP incentives are available as-of-right to eligible property owners within the area who apply.

The Rygar development is eligible for numerous Downtown CIP incentives, including: the Residential Development Charge (DC) Grant program; the Downtown Rehabilitation and Redevelopment Tax Grant Program; and loan programs for eligible façade improvements or Building Code related upgrades to the heritage buildings at 93-95 Dufferin Street that the developer intends to maintain. It is noteworthy that these grants will constitute a significant financial incentive for the applicant, beyond the Brownfield Incentive Programs. However, it is important to recognize that these same Downtown incentives are available to all properties within the Downtown CIP Project Area – even clean sites.

The incentives which are the subject of this report relate to the costly remediation of brownfield conditions on the Rygar lands. The Brownfield Incentive Programs are intended to help property owners remove contaminants from lands in the Downtown Area that would otherwise not likely be developed. This program brings contaminated lands "up to the same playing field" as non-contaminated lands. In doing so, the development of these lands is encouraged which has a significant environmental benefit in the public interest, while also leading to intensification that generates business activity in the core and also creates tax revenue that would not otherwise occur. While the Brownfield Incentive Programs directly addresses the clean-up of the site, the other Downtown incentives apply as they would for any other site in the Downtown Area that is not contaminated. Without the combination of such incentives, a brownfield site may not be developed, even with the Downtown incentives that apply to clean sites in the Core.

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CONSIDERATION OF BROWNFIELD INCENTIVES

Brownfield CIP

The purpose of the Brownfield CIP is to remove or reduce the obstacles that hinder brownfield remediation and redevelopment in the City of London. The incentive programs in the Brownfield CIP assist property owners with bringing a brownfield site up to the same standard as a greenfield site. In other words, to help “level the playing field”.

Rygar is applying for funding under the Brownfield CIP since the site constitutes a brownfield and remediation work is required to meet minimum Provincial environmental standards and to file a Record of Site Condition. Under the Brownfield CIP, incentives can only be provided to compensate property owners for costs that they incur to remediate the property.

Unlike the Downtown CIP, applications for incentives under the Brownfield CIP are not as-of-right but evaluated on a case-by-case basis, to consider the need for remediation, and the public and economic benefit of providing one or more incentives to a property. Incentives under the Brownfield CIP are specifically applied only to eligible site remediation costs as defined in the CIP and the maximum of all grants and tax assistance for eligible brownfield properties cannot exceed the cost of remediating the property. Criteria in the Brownfield CIP provide that approval of the incentive(s) may be recommended where:

- a) The landowner/applicant has not contributed to the site contamination;
- b) There are not outstanding property taxes, municipal orders or by-law infractions on the subject property;
- c) All relevant supporting documentation and reports (for example, ESA’s Remedial Action Plans, Risk Assessments) have been provided to the City;
- d) Financially supporting the proposal is considered to be both cost-effective for the City and in the public interest;
- e) The incentives are considered necessary to make the remediation and redevelopment on the subject property feasible;
- f) The amount of available and budgeted municipal funding is sufficient to cover the cumulative cost of all incentives that have been approved; and
- g) Municipal Council deems that the costs associated with providing the program incentives are outweighed by the cumulative benefits of providing the incentive(s).

Eligible remediation costs that are identified in the CIP include 100% of the costs associated with building demolitions, site remediation, rehabilitation of any existing structures, and environmental insurance premiums during the remediation phase. The City is not under any obligation to approve Brownfield incentives for a particular property and each application is evaluated on a case-by-case basis.

If the application is endorsed by Municipal Council, an agreement is required between the City and the property owner, outlining the terms and conditions that apply to the approved incentive(s). The agreement between the City and the property owner is registered on title and remains in effect until all requirements of the CIP have been satisfied. Upon completion of the site remediation work, the property owner must provide the City with documentation to confirm that the required work has been undertaken in a satisfactory manner and paid for.

Business Case Submission (Appendix “A”)

The business case submission from Rygar includes a detailed estimate of site remediation costs based on the findings of the Phase II ESAs. The costs that were identified in the business case submission as potentially being eligible for incentives under the Brownfield CIP are summarized below:

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Table 1 – Site Remediation Work and Estimated Costs for Rygar Project	
Site Remediation Associated Works	Estimated Cost
Removal of heavy metal and PAH impacted soil from Area A (to a depth of 2.5 m and 3.8 m within the petroleum impacted area and Area B (to a depth of 1.5 m)	\$1,745,289
Boundary Soils Retention - removal of petroleum impacted soil to an approximate depth of 6.5 m to property limits on the west boundary and east boundary	\$420,000
Removal and disposal of additional petroleum impacted soil between 3.8 m to approximately 6.5 m.	\$280,098
Removal of underground storage tank	\$38,220
Environmental consultant fees and associated laboratory fees	\$251,400
Total Estimated Cost	\$2,735,007

The Rygar submission states that based on the known environmental condition of the site and estimate of potential remediation costs, incentives are required under the Brownfield CIP in order to make the development feasible. A request was made for funding from two of the Brownfield incentive programs to cover environmental remediation costs associated with the project.

Property Tax Assistance Program – Provides tax relief through the cancellation of 25% of current municipal property taxes for up to three years during the site rehabilitation and development period as defined under the CIP. The matching education component which is under the jurisdiction of the Ministry of Finance can also be applied for separately. Although eligible to apply for the Property Tax Assistance Program, Rygar has decided not to apply for both the municipal and education components.

Development Charge Rebate Program – A DC grant is already provided as-of-right for the residential component of the development under the Downtown CIP. Rygar has applied for a separate grant equivalent to 50% of DCs for the commercial component of the project under the Brownfield CIP.

The language used in the Development Charge Rebate Program requirements can be interpreted to imply the applicant is receiving a rebate on DCs that is drawn from the City Services Reserve Fund or the Urban Works Reserve Fund. This is not the case. The rebate is in all practicality a reimbursement of remediation costs from the City’s Community Improvement Plan financial incentive funding sources. DCs are used only as a program measuring tool to calculate how much of the remediation costs will be reimbursed.

Based on the estimated commercial floor area of 1,562.80 m² for all three phases and the 2017 DC rate for commercial space of \$257.51 per square metre of gross floor area, the total DC for the commercial component is estimated at \$402,437. Under the Brownfield CIP up to 50% of this amount (\$201,218) may be rebated to cover eligible remediation costs that are incurred by the property owner. Again, this estimate may not reflect the actual commercial DCs for the project. Final determination of DCs will be made by the Chief Building Official (or designate) at the time of an application for building permit.

In estimating the DC rebate it should be noted that the development may be eligible for demolition credits for the demolition of the existing buildings on site. If demolition credits reduce the amount of commercial DCs paid by the property owner, the rebate provided under the Brownfield CIP would be limited to 50% of the net DC amount that is paid. If no commercial and residential DCs are paid, the Brownfield Development Charge Rebate Program is not applicable.

Tax Increment Equivalent Grant Program – Under the Brownfield CIP, the property owner is eligible to apply for up to 100% of the post development municipal property tax increment for up to three years, to cover eligible site remediation costs. The amount of the tax increment equivalent grant is equal to the increase between the predevelopment and post-development municipal portion of property taxes after rehabilitation and development has taken place. Where improvements have been approved by the City, resulting in an increased assessed value of the property and therefore increased taxes, the City will provide a grant equal to the amount of the municipal property tax increase as a result of the rehabilitation and development for up to a maximum of three years from the date of the increase in assessed value.

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The Brownfield CIP was modelled on the Provincial program for brownfields and uses the same definitions and terminology as the provincial program. For brownfields, the development period for which incentives are available is defined as:

Development Period – Means, with respect to the eligible property, the period of time starting on the date the rehabilitation period ends and ending on the earlier of:

- i) The third anniversary of the passage of the site specific enabling by-law, or a longer period of time as may be specified in the enabling by-law;*
- ii) The date that the tax assistance provided for the eligible property equals the remediation costs; or*
- iii) The date the City confirms that the development on the subject property is suitable for occupancy.*

Under the Brownfield CIP, the start of the grant period (Year 1) is defined as the first full calendar year that taxes are paid after the project is completed (i.e. after the Development Period) and the property is reassessed.

Under the Program Guidelines for the Rehabilitation and Redevelopment Tax Grant Program available through the Downtown CIP, the start of the grant period (Year 1) is determined as either:

- i) Year 1 is either the first full calendar Year that taxes are paid after the project is completed and reassessed; or*
- ii) Year 1 is the portion of the full calendar year after the project is completed and reassessed.*

This means that under the Downtown CIP program, the property owner is able to determine the start date (Year 1) based on the project completion and reassessment. For multiphase projects, this has meant that the developer starts the 10 year program after reassessment resulting from either the completion of the first phase of the project or the completion of the entire project. This differs from the Brownfields CIP, in that the start date (Year 1) and development period are defined as commencing at the end of the rehabilitation period, and running until the amount of incentives equals the value of the rehabilitation (in this instance, up to \$2,735,007), the date of occupancy, or if applicable, three years from the passage of the enabling by-law for the Property Tax Assistance program.

In order to provide flexibility to Rygar, noting that the program guidelines would suggest that once the incentives provided under the Brownfields program commence, the 10-year grant repayment period is initiated, Staff are recommending that Year 1 for incentives under both the Brownfield CIP and the Downtown CIP be determined as provided under each of the programs separately, meaning that the Start Date would differ for the two programs. This would mean that Rygar would be eligible for incentives under the Brownfields program for up to three years for each phase. Rygar would also be eligible for the full ten years under the Rehabilitation and Redevelopment Tax Grant Program for each phase, but would be able to choose the Start Date at a future time different than the Start Date for the Brownfields incentives. For the purposes of calculating the Year 1 value for the incentives, the pre-assessment value would be the same as the value used for the Brownfields incentives.

It is not possible to precisely estimate the size of the grants that would apply to the Rygar site until such time as each phase is completed and the post-development assessment value has been established by the MPAC. However, based on preliminary construction estimates and assumptions about the applicable tax rates, grant values for each phase are provided below with the estimated year the grant payments would be made based on a draft construction timeline provided by Rygar:

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Year	Phase 1	Phase 2	Phase 3
2021	\$216,911		
2022	\$216,911		
2023	\$216,911	\$696,109	
2024		\$696,109	
2025		\$490,838*	
2026			N/A - \$532,861
2027			N/A - \$532,861
2028			N/A - \$532,861

*Amount is less than 100% of the post development municipal property tax increment of \$696,109 because at that point the site remediation costs would have been covered by the brownfield incentives (see Brownfield CIP Incentives summary).

Despite the table above indicating Not Applicable (N/A) for Phase 3, if the actual grants provided for Phase 1 and 2 do not cover the eligible brownfield remediation expenses, Rygar would remain eligible to receive brownfield tax increment equivalent grants for Phase 3 until the amount of brownfield incentives reaches the value of eligible remediation costs incurred by Rygar to a maximum of \$2,735,007.

Brownfield CIP Incentives Summary

Incentive Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
DC Rebate	\$63,309 (Phase 1)		\$53,317 (Phase 2)		\$84,592 (Phase 3)					\$201,218
Tax Grant – Phase 1					\$216,911	\$216,911	\$216,911			\$650,733
Tax Grant – Phase 2							\$696,109	\$696,109	\$490,838	\$1,883,056
Tax Grant – Phase 3							N/A	N/A	N/A	N/A
Total	\$63,609	\$0	\$72,728	\$0	\$301,503	\$216,911	\$913,020	\$696,109	\$490,838	\$2,735,007

As seen in the above summary table, the Brownfield Tax Increment Equivalent Grant program provides the majority of the remediation costs back to the property owner. Because the Tax Grant program requires each phase to be built, reassessed by MPAC, and the new taxes paid for the year before an annual grant is provided, based on the estimates, Rygar would need to construct at least the first two phases of the project to recover their estimated remediation costs.

Evaluation of Rygar Application and Business Case

The Rygar application and Business Case submission were circulated and reviewed by staff. The Rygar application and business case submission has confirmed that the site constitutes a brownfield under the definition in the CIP and that under existing Provincial legislation, the proposed residential development project cannot proceed until such time as site remediation has been undertaken and a Record of Site Condition has been filed in accordance with the relevant provisions under the *Environmental Protection Act*.

Since the Brownfield incentives involve the expenditure of public funds, Municipal Council should be satisfied that the public and economic benefits associated with the Rygar project will outweigh any costs incurred by the City. Several attributes that have been identified, as follows:

1. Remediation of a site that was previously contaminated through a variety of industrial and commercial uses and does not meet current Provincial regulatory standards for residential development;
2. The proposal constitutes infill development on a fully serviced site;
3. The development will include 652 residential units, providing new accommodations in the area and contributing to the ongoing revitalization of the Downtown through:
 - a) Increasing Downtown foot traffic;
 - b) Providing additional “eyes on the street” and an increased presence at night;

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- c) Helping support rapid-transit ridership;
 - d) Delivering on Municipal Council's Downtown Plan;
 - e) Promoting Downtown residential neighbourhood development;
 - f) Supporting business development.
4. The development will eventually generate significant tax revenues over and above the grants that are provided for it under either the Downtown CIP and Brownfield CIP;

Further, in evaluating applications, the Brownfield CIP programs note that approval of the incentive(s) may be recommended where:

- a) The landowner/applicant has not contributed to the site contamination;
 - According to the provided business case, Rygar Properties Inc. did not contribute to any contamination since purchasing the site. Staff agree that the landowner/applicant has not contributed to the previously contaminated site.
- b) There are not outstanding property taxes, municipal orders or by-law infractions on the subject property;
 - This requirement is normally confirmed prior to issuing a grant. If there are any outstanding property taxes, municipal orders, or by-law infractions on the property, staff asks the applicant to clear the outstanding issue(s) prior to the grant cheque being requested.
- c) All relevant supporting documentation and reports (i.e. ESA's, Remedial Actions Plans, Risk Assessments) have been provided to the City;
 - All documents and reports have been provided to the City.
- d) Financially supporting the proposal is considered to be both cost-effective for the City and in the public interest;
 - The magnitude of the incentive ask is outweighed by the benefits provided by the project including the increase in taxes and its contribution to the continued revitalization of the Downtown.
- e) The incentives are considered necessary to make the remediation and redevelopment of the subject property feasible;
 - Staff are not party to Rygar's financial proforma for the project and must rely on the submitted Business Case to help determine if the incentives are necessary to make the project feasible. In this instance, the estimated remediation cost is \$2,735,007, which can be considered a significant sum of money to spend to ensure the site is developable for residential uses;
 - It should be re-emphasised that for Rygar to receive the majority of the remediation costs back as grants, the first two phases of the project would have to be built.
- f) The amount of available and budgeted municipal funding is sufficient to cover the cumulative cost of all incentives that have been approved;
 - In reviewing site specific applications for Brownfield incentives it is important to consider the implications that potential expenditures will have on overall program funding. The funding for brownfield remediation under the Brownfield CIP comes from an annual allocation of Federal Gas Tax of \$350,000 which is maintained in the Federal Gas Tax Reserve Fund. The balance in this allocation includes the estimated remediation costs of \$2,735,007 over the projected nine years of Brownfield grant payments (2017 to 2025);
 - Other applications for Brownfield incentives will be received in 2017 (including the former McCormick factory at 1156 Dundas Street). These applications are incorporated into the allocation as they arise.
- g) Municipal Council deems that the costs associated with providing the program incentives are outweighed by the cumulative benefits of providing the incentive(s).
 - Municipal Council to decide based on this staff report and its recommendation and the applicant's input including the business case.

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Lastly, Brownfield incentive applications satisfy the Growing Our Economy Strategic Area of Focus in the *Strategic Plan for the City of London 2015 – 2019*. Within the Growing our Economy Strategic Area of Focus, brownfield remediation supports the Urban Regeneration strategies of using Community Improvement Plans to coordinate City and private investment to meet both local and City-wide priorities, as well as investing more in brownfield remediation.

Overall, the Rygar project represents a significant investment in the Downtown and should be supported financially by incentives that are targeted for site remediation. The municipal component of the 2016 property taxes on the non-remediated and mostly vacant site equals approximately \$78,000 per year. At full project build out, the municipal portion of the taxes are estimated at \$1.4 million per year. According to Rygar, full project build out is expected to be complete by 2023. Over the 12 years between 2024 and 2035, the project could generate \$17.4 million in property taxes. This far exceeds the \$936,000 (\$78,000 per year x 12 years) in property taxes if the remediation and redevelopment does not occur. Projected taxes over the 2017 to 2035 period are estimated to be \$21.2 million. Beyond 2035, estimated taxes are \$1.4 million annually.

The value of all incentives that are provided under the Brownfield CIP would be capped once it reaches the total eligible cost of remediation incurred by the property owner. For this reason, incentives that are provided under the Brownfield CIP must be allocated and administered separately from those provided under the Downtown CIP. In the Business Case submission, Rygar provided a breakdown of estimated remediation costs that would be eligible for incentives under the Brownfield CIP. These costs are based on available information and some assumptions about the environmental standards that are applied under existing Provincial Regulations.

CONCLUSION

Rygar Properties Inc. is proposing a major development in the Downtown which includes three high rise apartment towers and ground floor commercial uses on a site that is contaminated from past industrial and commercial activity. In addition to the environmental benefits that will result from site remediation, this development will provide significant public and economic benefits including the provision of 652 new residential units, contribute to the continued revitalization of the Downtown, and the generation of significant new tax revenues for the City.

Zoning for the proposed development was approved by City Council in 2016. Rygar retained the services of Exp Services Inc. to prepare five Phase II Environmental Site Assessments, which provide information on the existing environmental conditions and confirms that site remediation is required so that the development can satisfy Provincial environmental standards. The Rygar application includes a Business Case submission with a detailed breakdown of estimated remediation costs, and a request for total brownfield funding in the amount of \$2,735,007.

In addition to the incentives that are available under the Downtown CIP, the proposed development merits incentives that are specifically targeted to the cost of site remediation to meet Provincial environmental standards. Based on a review of the Business Case submission and consideration of available funding under the Brownfield CIP, the following incentives are being recommended to cover eligible site remediation costs associated with the Rygar application up to a maximum amount of \$2,735,007:

- a) Development Charge Rebate Program – a rebate grant to be provided equivalent to 50% of the DCs that would normally apply to the commercial component of the development; and
- b) Tax Increment Equivalent Grant Program – a rebate grant to be provided for up to three years post development for each phase (after the assessed value has increased).

Under the provisions of the Brownfield CIP, the overall amount of funding that is provided for all financial incentives is capped when it reaches the value of eligible remediation costs incurred by Rygar. Prior to the issuance of any incentives an agreement will be executed between Rygar and the City outlining the nature of the development proposal and specifying the relevant terms and conditions that apply under the provisions of the Brownfield CIP.

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PREPARED BY:	SUBMITTED BY:
GRAHAM BAILEY, MCIP, RPP URBAN REGENERATION	JIM YANCHULA, MCIP, RPP MANAGER, URBAN REGENERATION
RECOMMENDED BY:	
JOHN M. FLEMING, MCIP, RPP MANAGING DIRECTOR, PLANNING AND CITY PLANNER	

March 1, 2017

GB/gb

Attached: Appendix "A" – Business Case Submission

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Agenda Item # Page #

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Appendix "A" – Business Case Submission