

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
3 October 2017 / 3 octobre 2017**

**and Council  
et au Conseil  
11 October 2017 / 11 octobre 2017**

**Submitted on September 26, 2017  
Soumis le 26 septembre 2017**

**Submitted by**

**Soumis par:**

**John Smit,**

**Director / Directeur**

**Economic Development and Long Range Planning / Développement  
économique et Planification à long terme / Infrastructure and Economic  
Development Department / Direction générale de la planification, de  
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**Ward: COLLEGE (8) / COLLÈGE (8)**

**File Number: ACS2017-PIE-EDP-0036**

**SUBJECT: Bells Corners Community Improvement Plan Application - 300  
Moodie Drive**

**OBJET: Demande de subvention dans le cadre du Plan d'améliorations  
communautaires de Bells Corners – 300, promenade Moodie**

## **REPORT RECOMMENDATIONS**

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

- 1. Approve the Bells Corners Community Improvement Grant Program Application submitted by Colonnade Development Incorporated, owner of the property at 300 Moodie Drive, for a Community Improvement Plan Grant not to exceed \$2,320,420 over a maximum period of 10 years, subject to the establishment of, and in accordance with the terms and conditions of a Community Improvement Grant Agreement; and**
- 2. Delegate authority to the General Manager, Planning, Infrastructure and Economic Development, to finalize and execute a Bells Corners Community Improvement Plan Grant Agreement with Colonnade Development Incorporated, establishing the terms and conditions governing the payment of a Community Improvement Grant for the redevelopment of 300 Moodie Drive, to the satisfaction of the City Manager, the City Clerk and Solicitor and the City Treasurer.**

## **RECOMMANDATIONS DU RAPPORT**

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

- 1. Approuver la demande de subvention en vertu du Plan d'améliorations communautaires (PAC) de Bells Corners présentée par Colonnade Development Incorporated, propriétaire du 300, promenade Moodie, pour une subvention n'excédant pas 2 320 420 \$ sur une période maximale de 10 ans, sous réserve de la conclusion d'une entente de subvention du PAC, et conformément à ses modalités.**
- 2. Déléguer au directeur général de la Planification, de l'Infrastructure et du Développement économique le pouvoir de conclure, avec Colonnade Development Incorporated, une entente en vertu Plan d'améliorations communautaires de Bells Corners qui établira les modalités de versement de la subvention pour le réaménagement du 300, promenade Moodie, à la satisfaction du directeur municipal, du greffier municipal et avocat général et de la trésorière municipale.**

## **BACKGROUND**

The Bells Corners Community Improvement Plan (CIP) was adopted by Council on 14 September 2016. By-law 2016 - 311 designates the Bells Corners CIP Project Area, a part of the area covered by the Official Plan for the City of Ottawa, and By-law 2016-321 sets out the rationale for the Bells Corners CIP and comprehensive program details.

The Bells Corners CIP seeks to encourage and facilitate rehabilitation, redevelopment, and revitalization of the existing built environment while providing enhanced employment opportunities, all of which are important for the health and liveability of this section of Bells Corners. The Bells Corners CIP provides an incentive for private landowners to undertake redevelopment projects on private property that would not otherwise be undertaken.

CIPs are a strategy to improve the economic viability of areas, and can improve quality of place through urban renewal. CIPs provide a framework through which a municipality may choose to offer financial incentives directly to businesses and individuals within a specified CIP Project area under Section 28(7) of the *Planning Act*.

## **DISCUSSION**

This report recommends approval of an application submitted by Colonnade Development Incorporated, a privately held company, the owner of the property, for a Bells Corners CIP grant for improvements to be made to 300 Moodie Drive.

The grant is not to exceed \$2,320,420, over a maximum period of 10 years, subject to the establishment of, and in accordance with the terms and conditions of a Community Improvement Grant Agreement.

The Bells Corners CIP Program is a tax increment-based grant program. This grant will be funded through the anticipated \$3,093,892 increase in the Municipal portion of the Property Taxes that will result from redevelopment of the property. The tax increment grant will not be paid in advance but will be directly tied to the amount of development actually completed on the property and the corresponding increase in property tax contribution to the City. If the development does not proceed, then no grant would be paid.

The proposed development will sit on a 0.93-hectare site, and will have a total gross leasable area of 7,669 square metres. The current uses of the property include an

automotive repair garage, an auto parts distributor and a thrift outlet store. The balance of the property has been vacant and unoccupied for a lengthy period of time.

The redevelopment project includes:

- demolishing the two existing single-storey buildings (one with a small mezzanine at the front), having an aggregate area of 2,621 square metres;
- remediating the environmental contamination including the soil below the concrete floor slab; and
- developing and constructing two new commercial structures; a proposed 279 square metre restaurant with a drive-thru facility and a six-storey, 124 room hotel along with common meeting rooms and other associated amenity space.

The property is located in the Bells Corners CIP Project Area as described in By-law 2013-292 and qualifies as an eligible Bells Corners CIP project, located within the area identified as the Bells Corners CIP Area.

### **Economic Benefits**

The economic impact of the proposed redevelopment of 300 Moodie Drive related to direct construction value is estimated at approximately \$18 million, providing direct and indirect benefits to the City. Building permits and development charges are estimated at approximately \$1.9 million.

This investment project will result in significant job creation for the immediate and surrounding community as well as becoming a long term regional employment draw. Employment creation for this project can be categorized into three distinct opportunities:

1. Initially, the development itself will be a significant generator of new employment including various construction and engineering jobs required to design and construct the buildings over a two+ year period;
2. A hotel of this scale would anticipate having between 100-110 employees, most of them full-time reception and housekeeping staff. The Hotel and Hospitality diploma program at Algonquin College is often a reliable resource for attracting new graduates to full-time employment. Similarly, the proposed restaurant would employ upwards of 40-50 employees with a combination of full-time and part-time staff and traditionally many of the part-time positions would be attractive as youth employment opportunities;

3. The ongoing asset management, administrative work and the whole property management function will be required by the property owner for the entire life cycle of the project. The owner is an Ottawa-based company and will require additional hires should this project proceed.

The municipal portion of the property taxes is expected to increase in 2018 to approximately \$337,960 – an increase of approximately \$302,384 annually, or nearly 850 per cent over the existing \$35,576. During the 10-year post development grant period, the Municipal portion of property taxes for the building will increase by an average \$309,389 per year resulting in a 10-year post development aggregate increase in the municipal portion of the property taxes of \$3,093,892.

The Bells Corners CIP grant will be based on 75 per cent of the increase in municipal portion of the property taxes, and is estimated to be approximately \$232,042 annually or \$2,320,420 over the 10-year grant period. This amount represents an approximate order of magnitude only based on estimated future assessed values and taxation rates. The final amount of the CIP grant will be based on actual revised assessment and then current taxation rates, following completion of the projects, and post-development reassessment provided by the Municipal Property Assessment Corporation.

Grants received through the Bells Corners CIP cannot exceed the total cost of the project. The estimated cost for the project is \$20,229,160.

The grant will not be paid in advance but will be directly tied to the amount of development actually completed on the property and the corresponding increase in property tax contribution to the City. If the development does not proceed then no grant would be paid.

## **RURAL IMPLICATIONS**

There are no rural implications with associated with this report.

## **CONSULTATION**

There was no public consultation for this report.

## **COMMENTS BY THE WARD COUNCILLOR**

Councillor Chiarelli provided the following comments:

"One of the major goals of the CIP is to take advantage of synergies. We (in our office along with the BIA) have been working very hard to capitalize on new developments by

promoting the establishment of businesses that serve them. The move of DND headquarters to Moodie Drive creates the opportunity for Bells Corners to supply the service needs that the move creates.

We also want to promote economic activity that takes advantage of the inherent strengths of Bells Corners and its economic and geographical advantages. Some of these were identified in the Gap Assessment Study paid for by the Bells Corners BIA. Seventy percent of tourists visiting the capital are not here to see the Parliament Buildings but are attending festivals and tournaments. The vast majority of these arrive by car. Bells Corners is located at the confluence of three major road ways into Ottawa. So, the hotel proposal meets the two main goals because it serves DND by providing the extra hotel capacity it will require and is located right near it and also it is well situated to serve the growing number of people coming to Ottawa to attend tournaments and festivals. Additionally, it answers the call from the gap assessment study and the commitment made by the Mayor and local Councillor in the last election campaign."

### **LEGAL IMPLICATIONS**

There are no legal implications associated with implementing the recommendations contained within this report.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications to implementing the recommendations of this report.

### **FINANCIAL IMPLICATIONS**

The maximum grant under the Bells Corners Community Improvement Grant Program is \$2,320,420, over a maximum period of ten years. The grant will be directly tied to the amount of development completed on the property and the corresponding increase in property tax contribution to the City.

Budget authority requirements will be brought forward through the annual budget process.

### **ACCESSIBILITY IMPACTS**

Staff will ensure that any applicable accessibility standards are adhered to during the execution of the projects and initiatives identified in this report. This will involve consulting with the appropriate staff within the City.

**TERM OF COUNCIL PRIORITIES**

This application is directly related to the 2015-2018 Term of Council Priorities:

FS2 - Align strategic priorities to Council's financial targets

EP2 - Support growth of local economy

**DISPOSITION**

The City Clerk and Solicitor Department, Legal Services will prepare the Bells Corners CIP Grant Agreement between Colonnade Development Incorporated and the City.

The Planning, Infrastructure and Economic Development and the Finance Department, Revenue Branch will develop a general administrative approach to implement the Bells Corners CIP Financial Incentive Program for this application.

The Planning, Infrastructure and Economic Development will notify the applicant of Council's decision.