

BY-LAW NO. 2022 - 247

A by-law of the City of Ottawa to adopt the Ottawa International Airport Community Improvement Plan.

WHEREAS pursuant to Section 28 of the *Planning Act*, R.S.O. 1990, c. P.13, City Council may, where it has passed a by-law designating the whole or part of an area covered by an official plan as a community improvement project area, adopt a plan as a community improvement plan for the community improvement project area;

AND WHEREAS Council has convened a public meeting to consider the adoption of the Ottawa International Airport Community Improvement Plan for the creation of a Development Incentive Grant Program;

AND WHEREAS on June 28, 2022 the Finance and Economic Development Committee recommended the designation of the Ottawa International Airport Community Improvement Plan Area;

AND WHEREAS on July 6, 2022, City council carried the recommendation of the Finance and Economic Development Committee;

THEREFORE the Council of the City of Ottawa enacts as follows:

1. Attachment 1, being the Ottawa International Airport Community Improvement Plan, is hereby adopted:
2. This by-law shall come into force in accordance with the provisions of the *Planning Act*, R.S.O. 1990, c. P.13, as amended.

ENACTED AND PASSED this 6th day of July, 2022.



DEPUTY CITY CLERK



MAYOR



Ottawa International Airport
Community Improvement Plan Program
(YOW CIP)

**Ottawa International Airport
Community Improvement Plan (YOW CIP) Program**

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YOW CIP Program Details

1. Basis of the YOW CIP Program

The Ottawa International Airport (Airport) provides essential infrastructure to connect Ottawa and other communities in the region to cities across Canada and around the world. Pre-pandemic, the Airport was a significant economic contributor to the local economy generating \$2.2 billion in total economic output annually and supporting 10,000 jobs (direct, indirect, induced), with approximately 11.1 direct full-time equivalent jobs per 10,000 passengers. Further, the Airport is a vital economic catalyst, facilitating activity in the commercial, industrial, technology, and tourism sectors. The considerable economic influence, contribution and potential of the Airport led to its designation as a Special Economic District in the City's new Official Plan.

Over the past two years, the COVID-19 pandemic has had a severe and prolonged impact on the Airport, including a devastating decline in airline routes and passenger volumes. In 2019, the Airport offered 27 non-stop destinations; in 2020, this figure dropped to just 6 non-stop destinations. The Airport moved 5.1 million passengers in 2019. However, in 2021, passenger volumes declined by 77 per cent to just 1.22 million passengers. These impacts affected the Airport's financial performance, with a combined loss before depreciation of \$24.9 million in 2020 and 2021.

Passenger volume reductions also resulted in a significant decrease in City revenue. The Airport, located on federal lands, makes payments in lieu of municipal taxes (PILT) according to a formula based on passenger volumes. In 2020, PILT payments were \$5.5 million based on robust passenger volumes in 2019. PILT payments decreased substantially to just \$1.5 million in 2021, a reduction of more than four million dollars or 73 per cent.

The pandemic has also resulted in the delay or cancellation of development projects on the Airport campus that would have increased employment and brought new aviation-related businesses to Ottawa. Despite numerous obstacles and the slow pace of recovery, the Airport continues to explore every possible revenue opportunity and prioritize new passenger, airline, and cargo businesses. If successful in attracting new development and redevelopment, these projects would help the Airport compete with larger Tier 1 airports to secure new direct air service routes and new business opportunities resulting in a significant economic boost for Ottawa and the National Capital Region.

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Worldwide, airports compete for the attention of airlines, ancillary uses, and land developers. The Airport is engaged in commercial discussions with multiple parties interested in establishing a presence at a Canadian international airport. These companies represent light maintenance hangars, heavy maintenance / repair / overhaul prospects, hotel developers, land developers focused on aerospace, security and logistics sectors, and other commercial activities. An airport-related CIP, utilizing Tax Increment Equivalent Grants, would make Ottawa considerably more attractive for this type of investment.

The Ottawa International Airport Community Improvement Plan (YOW CIP) provides a legislative foundation for a grant program to support economic development by allowing the City to provide grants to successful applicants for up to 25 years. Grants would be based on the incremental increases in the municipal portion of property taxes that result from increased assessment following development or redevelopment, or other improvements to existing properties within the YOW CIP Project Area.

If a tenant receiving a YOW CIP incentive is terminated, or otherwise ceases conducting business in that location, the incentive would cease. If another taxable tenant assumed the lease, the incentive could be assigned to the new tenant at the City's discretion.

The YOW CIP program would be in effect for 10 years with a 5-year option to extend at the discretion of Council and be available to Airport tenants who develop or redevelop eligible sites with projects that result in a minimum increase of two-hundred and fifty thousand dollars (\$250,000) in property tax assessment value.

Projects could be both terminal or airside and include direct aviation-related activities such as expanding and developing new hangars for passenger aircraft and cargo facilities as well as non-aviation uses.

2. Development Incentive Grant Program

The intent of the Development Incentive Grant program is to encourage the rehabilitation of lands and buildings and/or stimulate new development on sites in the YOW CIP Project Area.

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The Development Incentive Grant program would also heighten interest from companies considering establishing a presence at an international airport in Canada to choose Ottawa as their preferred location.

The YOW CIP would provide a financial incentive in the form of a Tax Increment Equivalent Grant (TIEG) to Airport tenants with eligible development and redevelopment projects within the YOW CIP Project Area. Grants would be equivalent to 75% of the increase in municipal property taxes directly related to the development / redevelopment, each year, up to 25 years, until the cumulative grant reaches the lesser of 100% of eligible project costs or \$25 million. The TIEG grants would be funded through the property tax increase associated with the improvement.

The increase in taxes, or tax increment, is calculated by subtracting the municipal portion of property taxes before reassessment from the municipal portion of property taxes post development, following reassessment by the Municipal Property Assessment Corporation (MPAC). Grants would be paid only after the project is completed, MPAC has reassessed the property, and the first year of taxes at the new increased assessment have been paid in full.

3. Approvals

Applications will be processed and approved on a first come, first served basis, subject to funding as approved by Council.

Staff from Economic Development Services and Finance will review each application to ensure eligibility under the YOW CIP program.

Staff will prepare a report for each application and submit to Council for approval.

As a condition of approval, applicants must execute an Agreement with the City. The Agreement will be registered against the land to which it applies and will specify the terms, duration, and default provisions of the grant provided.

4. Program Duration and Limits

The amount of time required from concept to completion for a development project may take several years depending on factors such as the location of the development project, the scale and complexity of the development, and availability

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of resources (financial, construction, etc.) to complete the work. Projects can take up to 3-5 years to be ready to undertake a CIP application.

The Ontario *Planning Act* sets no legal time limit for completing a Community Improvement Plan. Accordingly, and to allow time for potential applicants to assess the attractiveness of the program, consider development opportunities, and advance their planning, the YOW CIP program would commence on the date the Plan comes into effect following Council approval and enactment of the required by-laws. The program will be available for 10 years with one 5-year renewal option available to be exercised at Council's discretion. Applications would be accepted during the term of the program but would not be accepted on a retroactive basis for projects already underway (building permit issued by the City).

In the case of Council-approved TIEG grants that have been approved for a period of up to twenty-five years, any discontinuation of the program or change in grant entitlement would not affect or reduce the approved grant amounts, or the grant entitlement period.

All grants are offered subject to Council approval of funding. The commencement of timing for program duration for each incentive grant starts on the date the application is approved by Council.

Operating pressures associated with approved YOW CIP grants would be brought forward through the budget process in the anticipated year(s) of payout and funded through the incremental taxes that would be generated from the completed project.

5. Eligibility

- All submissions under the YOW CIP program must be in reference to developments or redevelopments located within both of:
 - a) the defined boundaries of the YOW CIP Project Area, illustrated in Schedule "A"; and
 - b) the currently existing T1A zone or such successor zone as may be established through the City's zoning review.
- Only those uses listed as permitted uses under the T1A zoning, or such successor zone as may be established through the City's zoning review, will be eligible for a YOW CIP program grant.
- Notwithstanding the list of permitted uses currently identified in the existing T1A zone or such successor zone as may be established through the City's zoning

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review, payday loan establishment uses shall not be eligible for a YOW CIP program grant.

- Projects where a Building Permit has already been issued by the City and/or where construction has already commenced are not eligible for the YOW CIP program.
- YOW CIP incentives would be available to Airport tenants who are required to pay municipal property taxes and who develop/redevelop sites that result in a minimum increase of two-hundred and fifty thousand dollars (\$250,000) in property tax assessment value.
- Eligible projects can be development/redevelopment for both terminal and airside sites and include direct aviation-related activities such as expanding and developing new hangars for passenger aircraft and cargo facilities as well as non-aviation uses.
- The YOW CIP program would be structured to assist with development/redevelopment costs associated with the progression of typical development projects from concept to completion.
- To qualify, applicants must satisfy the following conditions:
 - a) Prior to making an application for financial incentives, a pre-consultation with Planning Services and Economic Development Services staff is required;
 - b) Submit a complete YOW CIP program application to Economic Development Services describing (in detail) the development or redevelopment project; and
 - c) Include, as part of a YOW CIP application, an independent tax study by a qualified consultant, having an AACI designation (Accredited Appraiser Canadian Institute) or an AIMA (Associate) or MIMA (Accredited) designation from the Institute of Municipal Assessors, which provides an estimate of the property assessment increment anticipated upon project completion.
- YOW CIP program incentives would only be available to the tenant that signed the original grant application and Agreement, and incentives are not transferable. If a tenant receiving a CIP incentive is terminated or ceases doing business at the subject location, the TIEG incentive payments will cease. If another taxable tenant assumes the lease, the incentive could be assigned to the new tenant at the City's discretion.

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- The commencement of grant program duration for each YOW CIP incentive starts on the date the application is approved by Council (CIP Grant Eligibility Date).
- The financial incentive program in this YOW CIP would apply to the private sector only and is designed to encourage private sector revitalization and/or construction of new structures on properties within the YOW CIP Project Area.

6. Community Improvement Project Area

The YOW CIP Project Area is illustrated in Schedule "A".

The incentive program would be available to properties within the YOW CIP Project Area. All tenants and private developments in the YOW CIP Project Area may apply for a CIP grant subject to meeting the eligibility requirements.

In cases where the YOW CIP Project Area boundary does not follow a property line, only that portion of the property and building(s) within the project area would qualify for the YOW CIP program. City staff would determine the limit of the project area on properties where a lot line is not followed at the time an application is submitted.

7. General Program Requirements

Notwithstanding the general and program specific requirements contained in the YOW CIP, the City reserves the right to include other requirements and conditions as deemed necessary on a project-specific basis. The financial incentive program contained in the YOW CIP is subject to the following general requirements:

- 7.1 All Airport tenants located within the YOW CIP Project Area may apply for a YOW CIP grant (subject to eligibility).
- 7.2 The City reserves the right to audit the works that have been approved under the YOW CIP at the expense of the applicant.
- 7.3 The applicant shall be required to include, as part of any YOW CIP program application, an independent tax study by a qualified consultant, having an AACI designation (Accredited Appraiser Canadian Institute) or an AIMA (Associate) or MIMA (Accredited) designation from the Institute of Municipal Assessors, which provides an estimate of the property assessment increment anticipated.

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- 7.4 Generally, the City would provide grant payments under the YOW CIP only after the applicable permits have been issued, construction is complete and has received final inspection approval from the City, the property has been reassessed by MPAC demonstrating that the minimum required increase in assessment has been achieved, and, following reassessment, the property owner has paid the first year of increased property taxes in full.
- 7.5 The City is not responsible for any costs incurred by an applicant in relation to the program, including, without limitation, costs incurred in anticipation of a grant.
- 7.6 If an applicant is in default of any of the general or program specific requirements, or any other requirements of the City, the City may delay, reduce, or cancel the approved grant.
- 7.7 The City may discontinue the program at any time, but applicants with approved grants would continue to receive previously approved grants subject to meeting the general and program specific requirements.
- 7.8 All proposed works approved under the incentive program and associated improvements to buildings and/or land shall conform to all relevant codes, policies, procedures, standards, and guidelines, including applicable municipal by-laws, Official Plan policies and zoning requirements, and approvals.
- 7.9 The improvements made to buildings and/or land shall be made pursuant to a building permit where required, and/or other required permits, and shall be constructed in accordance with the Ontario Building Code where applicable.
- 7.10 City staff, officials, and/or agents of the City may inspect any property that is the subject of an application under the YOW CIP program offered by the City.
- 7.11 To be eligible to receive YOW CIP program grants, beginning with the first post-development grant payment and continuing throughout the grant period, the applicant's financial account with the City must be in good standing (including taxes, water, fines, and all other accounts due). On an annual basis, the current year's property taxes must be paid before the grant is released (i.e., the grant would not be paid if the property owner/applicant is in arrears).
- 7.12 If post-construction assessment is appealed by any party for a property and/or buildings subject of an approved grant application and the post-appeal

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assessment is reduced, the City would recalculate payments made to the applicant under a TIEG grant application, that were based on the higher assessment and corresponding municipal tax increment, and any overpayment amount shall be repaid to the City by the applicant.

- 7.13 To be considered for the YOW CIP program, a project must include one or more of:
 - a. An addition of area to an existing building;
 - b. Construction of a new building;
 - c. Significant alterations to an existing building resulting in an increase in assessed value;
 - d. Site works including landscaping and signage; and
 - e. Internal or external improvements to the structure and lands to bring the property up to current Ontario Building Code standards or to achieve compliance with the Accessibility for Ontarians with Disabilities Act;
- 7.14 Stand-alone internal building upgrades and maintenance costs in existing building space that will not have a beneficial impact on the assessed value of the property or that do not fall into one or more of the above categories, do not qualify for the YOW CIP grant program.
- 7.15 A pre-consultation meeting for the proposed development is required to determine the type of planning applications required and whether the project meets YOW CIP eligibility requirements.
- 7.16 Applications for funding under this program are subject to approval by City Council.
- 7.17 As a condition of approval for a YOW CIP grant, the applicant must enter into an Agreement with the City. The Agreement would be registered against the land to which it applies and would specify the terms, duration, and default provisions of the grant.
- 7.18 If the property is demolished or the applicant/tenant vacates the premises before the grant period elapses, all previous and future YOW CIP grants shall be forfeited by the applicant/tenant or third party to whom the grant has been assigned and repaid to the City.
- 7.19 Prior to obtaining a YOW CIP grant, and as a condition for said grant, the Applicant shall:

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- a. Request that the developed/redeveloped property be assessed by the Municipal Property Assessment Corporation and that the revised assessment be added to the Tax Roll of the City, and demonstrate to the satisfaction of the City, acting reasonably, that the development or redevelopment of the property has resulted in the occurrence of a tax increment;
- b. Satisfy the City that the post-construction assessed value of the property has increased by a minimum of Two Hundred and Fifty Thousand Dollars (\$250,000.00) as compared to the assessed value of the property in the year the application for a YOW CIP grant was made;
- c. Pay or cause to be paid all outstanding property taxes levied on the property for each year after the YOW CIP Grant Eligibility Date;
- d. Provide a written request to the City for the initial payment of the YOW CIP grant; and
- e. Satisfy the City that the project has been constructed in accordance with the building permit and approved site plan as may be applicable.

7.20 Prior to obtaining YOW CIP grant, and as a condition of eligibility for said YOW CIP grant, the applicant shall:

- a. Satisfy the City that costs incurred related to the YOW CIP grant have been paid in full and that there are no liens, claims or litigation in respect of the applicant obligation to pay said costs, or in the event of any such lien, claims or litigation the applicant is, in good faith, disputing same;
- b. Satisfy the City that there are no outstanding work orders and/or orders or requests to comply from any City department or other regulatory authority other than those orders that may be required in satisfying the development of the project, the property, and the business of the applicant to the extent it relates directly to and in respect of the property; and
- c. Satisfy the City that there are no outstanding arrears of municipal property taxes in respect of the property.

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8. Eligible Costs

Eligible Costs include:

The costs of development and or redevelopment of property and/or the construction or reconstruction of buildings based on the value of construction undertaken pursuant to a Building Permit and constructed in accordance with the Ontario Building Code and applicable zoning requirements and shall conform to any applicable design guidelines or Site Plan Control applying to the property and can include:

- 8.1 Costs of an Environmental Site Assessment;
- 8.2 Environmental remediation;
- 8.3 Demolishing buildings;
- 8.4 Constructing/upgrading on-site infrastructure, including water services, sanitary sewers, burial of hydro service and stormwater management facilities;
- 8.5 Constructing/upgrading off-site infrastructure, including roads, water services, sanitary sewers, stormwater management facilities, electrical and gas utilities;
- 8.6 Constructing/upgrading on-site features, including hard and soft landscaping, parking areas, and walkways;
- 8.7 Constructing/upgrading building façades, entrances, exterior decorative lighting, and signage;
- 8.8 Constructing/upgrading off-site features, including walkways, pedestrian amenities, hard and soft landscaping;
- 8.9 Constructing new building(s), making additions to buildings, and upgrading building facades in front or external side yards;
- 8.10 Building permit fees for any of the preceding works; and
- 8.11 The following Leadership in Energy and Environmental Design (LEED) Program Components:
 - a. Base plan review by a certified LEED consultant;
 - b. Preparing new working drawings to the LEED standard; or

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- c. Submitting and administering the constructed element testing and certification used to determine the LEED designation.

9. Administration

Economic Development and Long-Range Planning (EDLRP) will manage and administer the YOW CIP program with participation from the Development Review Services Branch (DRS), and Finance Department. A 'one window' approach will be used for a YOW CIP application submitted at the time of site plan application, if required, or building and/or sign permit application for the project.

Final approval of all YOW CIP program grants would be contingent on Council approving the first year of grant payment at the time of the annual City budget approval. Once a YOW CIP application is approved and an Agreement is entered into between the City and the applicant, the City is obligated to continue annual grant payments as set out in the Agreement. However, the recipient's accounts with the City – taxes, water, any fines, etc. – must be in good standing, and on an annual basis, the current year's property taxes must have been paid before the grant payable is released.

Prospective YOW CIP program applicants may have an initial consultation with an Economic Development Officer from EDLRP and/or a representative of DRS to determine whether the application will proceed.

Where the applicant does wish to proceed, and when initial discussions suggest the likelihood of acceptance under the YOW CIP program, the next step would be a required preliminary pre-consultation meeting to be arranged by EDLRP. Where a Site Plan application is required, both EDLRP and DRS would be required at this meeting. At the pre-consultation meeting, the applicant would be advised about any additional steps that may be required. For example, the applicant may be advised that the project requires a Site Plan, Rezoning, Transportation Study, Conservation or Heritage Authority input, etc.

For those instances where the project may proceed directly to Building Permit, the EDLRP representative would arrange a subsequent meeting with a Development Information Officer (DIO) and Building Services. The applicant would be advised about any additional steps that may be required. For example, the applicant may be

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advised that the project requires separate permit applications for signs, encroachment, etc.

Where these initial conversations confirm that the project should proceed, subject to required approvals that form part of the process, the applicant would then complete a YOW CIP Program application. The application must include the required supporting documentation, including an independent tax study that sets out an estimate of the property assessment increment prepared by a qualified consultant, having an AACI designation (Accredited Appraiser Canadian Institute), and must be submitted to the CIP Coordinator in EDLRP.

EDLRP staff, together with Development Review Services, would review the application, perform such due diligence as is deemed appropriate and forward the application together with any analysis or additional information to Committee and Council for consideration.

Where a YOW CIP program application has been approved by Council, the CIP Coordinator in EDLRP would inform the applicant and immediately begin a process to initiate a formal Agreement, which would be prepared by the City's Legal Department, based on the detailed information supplied by the applicant in the YOW CIP program application.

Concurrent with this process to enter into a formal YOW CIP program Agreement, the applicant would conclude any remaining project design requirements and proceed with next steps required in the development process and permit approvals.

These additional steps may include, but are not limited to, one or more of the following permits and approvals:

1. Site Plan Approval
2. Permits
 - a) Demolition permit
 - b) Application for construction permit
 - c) Septic permit
 - d) Zoning and Permitted Uses
 - e) Compliance
 - f) Official Plan Amendment
 - g) Minor variance, etc.
3. Other approvals
 - a) Lot grading approval
 - b) Ministry of Natural Resources consent
 - c) Permit required from Ministry of Transportation Ontario (MTO)

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- d) Permission to fill (Conservation Authority)
- e) Monitoring and Amendments, etc.

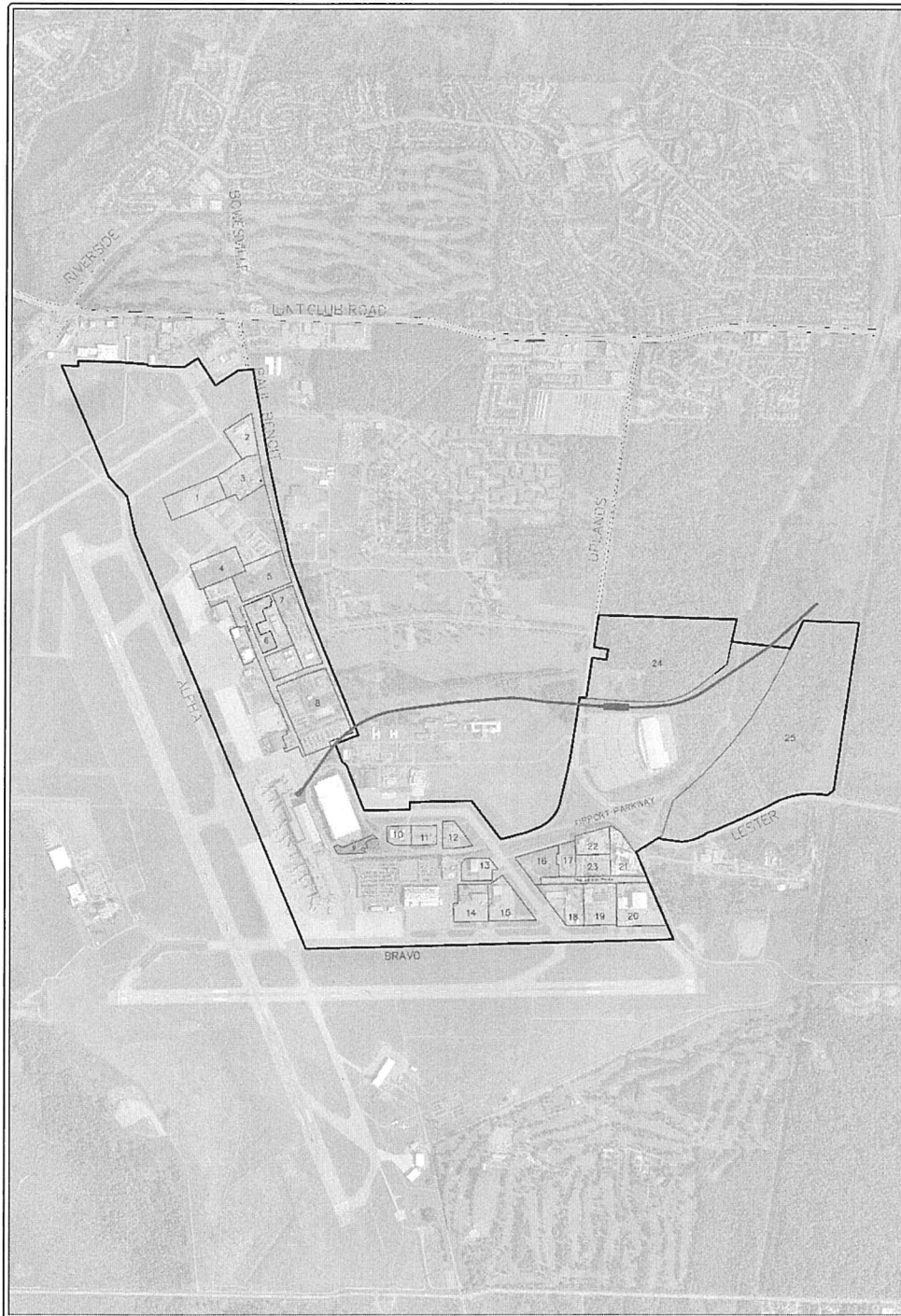
Each year until the end of the grant period or until the maximum grant amount has been reached, staff will review the project to ensure that the applicant has paid the property taxes in full for that year and all other amounts to be paid to the City are in good standing.

10. Financing

The YOW CIP program would be subject to an annual budget allocation approved by Council. Similar to the tax increment-based brownfield grants, YOW CIP grants would be identified as the applications are received and reviewed. Operating pressures associated with approved YOW CIP grants would be brought forward through the annual budget process in the anticipated year(s) of payout and funded through the incremental taxes that would be generated from the completed projects.

Schedule "A"

YOW CIP Project Area



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