BY-LAW NO. 2013 - 295

A by-law of the City of Ottawa to adopt the Carling Avenue Community Improvement Plan.

WHEREAS pursuant to Subsection 28(4) 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 any 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 Section 5.2.5 of the City of Ottawa Official Plan contemplates the preparation of Community Improvement Plans for designated Community Improvement Project Areas;

AND WHEREAS on November 14, 2012 City Council approved the “Economic Development and Innovation Department Work Program”, which includes a strategy to develop a Carling Avenue Community Improvement Plan as a work item;

AND WHEREAS on September 3, 2013 Finance and Economic Development Committee recommended the designation of the Carling Avenue Community Improvement Area adoption of the Carling Avenue Community Improvement Plan;

AND WHEREAS on September 11, 2013 City Council carried the recommendations of the Finance and Economic Development Committee;

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

1. The attached “Schedule A”, being the Carling Avenue 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 11th day of September, 2013.

CITY CLERK

MAYOR
Carling Avenue Community Improvement Plan

1. Background

On 14 November 2012, Council approved the 2013 Economic Development and Innovation Department Work Program which was presented in a report entitled the “Economic Development Strategy Implementation Plan Update” (ACS2012-CMR-OCM-0015). Item 11 of this Work Program, “Community Improvement Plans,” sets out a Citywide Strategy to use Community Improvement Plans strategically for economic development and refers specifically to the Department’s plan to launch two pilot CIP projects: 1) an employment-related CIP (Orléans); and 2) an urban revitalization CIP (Carling Avenue), which is the subject of this plan.

Carling Avenue has been identified as needing economic development activity, particularly measures to incent urban revitalization. The section of Carling Avenue between Pinecrest Road and Bayshore Drive is a region in the city of Ottawa where natural assets combine with a uniquely diversified population. However, commercial property owners have been reluctant to make investments in their properties. There are a high number of residents living in Ottawa Community Housing in the area, and several businesses have suggested that if there was an offsetting market of higher resident incomes in the area, their business could raise the level of investment to attract that end of the market. The result of this perpetual underinvestment is low economic returns, poor job opportunity creation, and poor prospects for improvement.

Additionally, this section of Carling Avenue is found within Bay Ward, which can be characterized as having a significant elderly population, a higher-than-average proportion of lower incomes, and markedly fewer high-income families than other areas of the city. There is a disproportionately large immigrant population in the ward that, while diverse, has particular concentrations of visible minorities. These characteristics are taken in to consideration in this CIP and the plan objectives are guided by these unique characteristics so that increased investment in the commercial district at the heart of Bay Ward would result in greater prosperity and jobs.

The purpose of this Community Improvement Plan (CIP) is 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 Carling Avenue. The CIP benefits private landowners undertaking redevelopment projects on private property; however, the eligibility and reporting criteria make an effort to see that the tenants creating the jobs are aware of the CIP incentives so they can negotiate lease terms with complete information.

The CIP project area is comprised of private properties within the CIP boundary (refer to Appendix “B”). The CIP does not apply to residential or greenfield development.
2. Basis of the Plan

Consideration of a CIP for the section of Carling Avenue between Greenbank Road and Bayshore Drive began with a breakfast meeting on November 29, 2012, for local business owners. The meeting was hosted by Councillor Taylor at the Ron Kolbus Lakeside Centre with the purpose of introducing the notion of urban renewal and business development along Carling Avenue. Several speakers, including representatives of the City’s Economic Development group, a BIA Executive, a representative of the Ottawa Community Loan fund and the Owner of a local coffee shop chain, all made presentations.

The district will soon have access to a new and affluent market, when the federal Department of Defence moves approximately 10,000 workers to their recently acquired campus at 3500 Carling Avenue.

Commercial property owners however, have been reluctant to make the investments in their properties that would be necessary to capitalize on existing opportunities and accordingly, would be less prepared to attract business from new markets. The result of this underinvestment is low economic returns, poor job opportunity creation, and poor prospects for improvement.

2.1. Municipal Act

Section 106 (1) and (2) of the Municipal Act, 2001 prohibits municipalities from directly or indirectly assisting any manufacturing business or other industrial or commercial enterprise through the granting of bonuses. Prohibited actions include:

- giving or lending money or municipal property;
- guaranteeing borrowing;
- leasing or selling any municipal property at below fair market value; and,
- giving a total or partial exemption from any levy, charge or fee.

Section 106 (3) of the Municipal Act, 2001 provides an exception to this bonusing rule for municipalities exercising powers under the provisions of Section 28 (6), (7) or (7.2) of the Planning Act or Section 365.1 of the Municipal Act, 2001.

2.2. Planning Act

Section 28 of the Planning Act allows municipalities with provisions in their official plans relating to community improvement to designate by by-law a “community improvement project area” and prepare and adopt a community improvement plan for the community improvement project area. Once the community improvement plan has been adopted by the municipality and comes into effect, the municipality may exercise authority under Section 28 (6), (7) or (7.2) of the Planning Act or Section 365.1 of the Municipal Act, 2001 in order that the exception provided for in Section 106(3) of the Municipal Act, 2001 would apply.
According to Section 28 (1) of the *Planning Act*, a “community improvement project area” is defined as “a municipality or an area within a municipality, the community improvement of which in the opinion of the council is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason.”

Section 28 (1) of the *Planning Act* defines “community improvement” as “the planning or re-planning, design or redesign, re-subdivision, clearance, development or redevelopment, construction, reconstruction and rehabilitation, improvement of energy efficiency, or any of them, of a community improvement project area, and the provision of such residential, commercial, industrial, public, recreational, institutional, religious, charitable, or other uses, buildings, structures, works, improvements or facilities, or spaces therefore, as may be appropriate or necessary.”

Once a CIP has come into effect, the municipality may:

a. acquire, hold, clear, grade or otherwise prepare land for community improvement (Section 28(3) of the *Planning Act*);

b. construct, repair, rehabilitate or improve buildings on land acquired or held by it in conformity with the community improvement plan (Section 28(6));

c. sell, lease, or otherwise dispose of any land and buildings acquired or held by it in conformity with the community improvement plan (Section 28(6)); and make grants or loans, in conformity with the community improvement plan, to registered owners, assessed owners and tenants of land and buildings within the community improvement project area, and to any person to whom such an owner or tenant has assigned the right to receive a grant or loan, to pay for the whole or any part of the eligible costs of the community improvement plan (Section 28(7)).

Section 28 (7.1) of the *Planning Act* specifies that the eligible costs of a community improvement plan for the purposes of Subsection 28(7) may include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities.

Section 28(7.3) of the *Planning Act* specifies that the total of all grants and loans made in respect of particular lands and buildings under Section 28(7) and (7.2) of the *Planning Act* shall not exceed the eligible cost of the community improvement plan with respect to those lands and buildings. The grant program contained in Section 5.0 of this Plan includes safeguards to ensure that this legislative requirement is met.

### 2.3. Provincial Policy Statement

The Provincial Policy Statement (PPS), issued under Section 3 of the *Planning Act*, guides municipalities as planning decisions are made. The *Planning Act* requires that municipal decisions in respect of the exercise of any authority that affects a planning matter “shall be consistent with” the PPS.
The PPS supports long-term economic prosperity. For example, Section 1.7 a) of the PPS states, “long-term economic prosperity should be supported by optimizing the long-term availability and use of land, resources, infrastructure, and public service facilities.” The Carling Avenue CIP seeks to attract private sector investment in redevelopment projects that optimize available land while promoting job creation.

The PPS also supports Smart Growth through urban growth management. For example, Section 1.1.3.3 of the PPS states “planning authorities shall identify and promote opportunities for intensification and redevelopment where this can be accommodated taking into account existing building stock or areas, including Brownfield sites, and the availability of suitable existing or planned infrastructure and public service facilities required to accommodate projected needs.”

Other policies in the PPS [Sections 1.1.1 a), 1.1.1 g) and 1.6.2] support the management of growth to achieve efficient development and land use patterns which sustain financial well-being over the long term. The development and redevelopment of employment properties on Carling Avenue has a role to play in supporting the economic and social health of the Bay Ward community.

2.4. Ottawa Official Plan

The Community Improvement policies in Section 5.2.5 of the Official Plan set out the rationale for preparing a community improvement plan, criteria to be considered when designating a community improvement project area, priority areas for community improvement, and the range of actions that Council may undertake to implement community improvement plans. Depending on the purpose for which it is designated, a Community Improvement Plan Project Area may be part or all of the urban area of the City of Ottawa, and/or part or all of one or more villages in the City of Ottawa. The full text of Section 5.2.5 of the City of Ottawa Official Plan is contained in Appendix “A.”

2.5. Economic Strategy

The City of Ottawa’s five-year economic development strategy, “Partnerships for prosperity” that was adopted by City Council on July 14, 2010 says:

“In today’s business environment, where both the knowledge-based work force and investment capital are highly fluid, the economic development challenge is to retain and relentlessly grow this knowledge resource.”

Overall, the Economic Strategy promotes creation of a city that can retain and capture employment opportunities while reducing its ecological footprint for land and energy use and improving the quality of life through development. Intensification through development and redevelopment of non-greenfield properties on this section of Carling Avenue would help to achieve this goal.

The 2013 Economic Development and Innovation Department Work Program, which was presented in a report entitled the “Economic Development Strategy Implementation Plan Update” (ACS2012-CMR-OCM-0015), sets out a Citywide Strategy to use CIPs
strategically for economic development. Other municipalities in Ontario and particularly those with significant urban areas make use of CIPs to focus on and initiate change and redevelopment.

The Carling Avenue CIP aligns directly with Priority EP3 of Term of Council Priorities, which seeks to support growth of the local economy. Within Priority EP3 is Strategic Initiative S3, which sets out a priority to implement a comprehensive economic development program to increase Ottawa’s prominence as an economically prosperous and sustainable city.

2.6. Recommended Financial Incentives

Although Section 28(7) of the Planning Act of the Province of Ontario permits a variety of financial incentives including waiver of Development Charges, interest-free loans, etc., a Tax Increment Equivalent Grant (TIEG) program is recommended for the Carling Avenue CIP as it can provide a meaningful benefit to property owners in addition to being “self-financing.” The program would be structured to cover the costs associated with the progression of typical development projects from inception to completion. All grants would be paid only after site development is completed, the Ontario Municipal Property Assessment Corporation (MPAC) has reassessed the value of the property, and the first year of taxes have been paid in full. Grants are funded entirely from incremental assessments and the corresponding increased contribution to tax revenues made by owners of CIP project properties that, but for the provision of financial incentives, would not otherwise have occurred.

As the municipality receives increased property taxes from the property owner, due to the value uplift that results from the project investment, the City would reimburse the owner in the form of an annual grant. The grant would be payable each year for a total of 10 years upon completion of the project. Other jurisdictions including Toronto, Niagara Falls and Windsor offer similar programs, extending the annual grant payment for 10 years typically, or extending annual payments until the entire cost of the redevelopment project has been repaid to the owner, whichever comes first.

2.7. Grant Amount

The 2013 work plan for the Economic Development and Innovation Department, approved through a report to Council in November 2012, stated in its Appendix on a citywide CIP program that “the total incentive offered per project cannot exceed 75 per cent of eligible project costs, or $5,000,000, whichever is lower.” This report recommends a 75% grant annually on the tax increment over a period of 10 years. In no case would the total amount of the grant payments provided under this program exceed the total cost of the project that resulted in the reassessment.

The following sample redevelopment project illustrates how the TIEG grant under the Carling Avenue CIP would be calculated. In this illustration, a project is undertaken to upgrade and enlarge an existing 11,000-square-foot building in a full service transit zone, with fire services, and assessed at $2,601,500. This assessment results in a
property tax bill of $96,180 in 2012 (based on a Taxation Rate of 3.697117%). The Municipal portion of the property tax bill is $57,419 (based on a Taxation Rate of 2.207117%).

The property owner upgrades the building to add 15,000 additional square feet. While the cost to add 15,000 square feet to a building of this size would vary widely depending on building type, level of finishes, cost of demolition, etc., this estimate is based on a probable cost range of $200 to $300 per square foot. The owner's investment for this redevelopment can then be estimated at $3 million to $4.5 million.

On completion, MPAC would reassess the property. In order to estimate the TIEG grant opportunity, it is necessary to estimate the possible tax uplift generated by the redevelopment. However, estimating post-development assessment values is difficult as there are a variety of assessment approaches. MPAC may reassess the property using one or a blend of several approaches. These may include a “cost approach,” an “income approach,” or a blend. A “cost approach” would be the easiest to estimate, as it is based on easily determined current value of land plus the cost of improvements, less depreciation. This approach is not ordinarily used for commercial buildings, and as a rule is only used for small commercial buildings, and occasionally industrial or manufacturing plants. For typical commercial developments, an “income approach” is more common.

The “income approach” analyzes future benefits such as the property’s income-producing potential. Income valuation techniques vary by property type but generally take into account market rents, vacancy and legitimate expenses to calculate net operating income; and then use this figure to estimate value using a market capitalization rate. Even the capitalization rate varies, as it is determined from an analysis of market transactions in that neighbourhood and a variety of other market and financial information.

The initial subject building used for this illustration was assessed at $237 per square foot. For the purposes of this illustration, a range of $200 to $300 per square foot has been used to estimate possible incremental assessments based on several typical examples. Table 1 illustrates these ranges and incremental tax outcomes. The example illustrates how a $3 million to $4.5 million investment might result in an increase in property taxes in the range of $66,214 to $99,321. However, each opportunity would need to be assessed independently because of the wide variety of variables in the calculation.

This example might create the following scenario:
Table 1 - illustrating a $3 to 4 Million project to expand an 11,000 sq. ft. (1,206 sq. m.) building to 26,000 sq. ft. (2,508 sq. m.) showing a projected increase in Property Taxes and potential TIEG grants under the Carling Avenue CIP Program.

<table>
<thead>
<tr>
<th>Cost of Redevelopment</th>
<th>Current Assessment</th>
<th>Post Development Assessment</th>
<th>Estimated Incremental Assessment</th>
<th>Post Development Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000,000 to $4,500,000</td>
<td>$2,601,500</td>
<td>$5,601,500</td>
<td>$3,000,000</td>
<td>$66,214</td>
</tr>
<tr>
<td>Example “A” @$200 psf=</td>
<td>$3,000,000</td>
<td>$93,134</td>
<td>$123,632</td>
<td>$123,632</td>
</tr>
<tr>
<td>Example “B” @$300 psf=</td>
<td>$4,500,000</td>
<td>$93,134</td>
<td>$156,738</td>
<td>$156,738</td>
</tr>
</tbody>
</table>

In example A, the municipal taxes over the 10 years would total $1,236,320 ($126,632 x 10) of which $662,140 is the total tax increment. At the 75% grant level, the property owner would receive a total of $496,605 from the City, or 75% of the total tax increment. The City would retain the remaining $165,535.

Cost / Benefit from a Municipal Perspective

There are many variables in both design and ultimate costing of redevelopment projects. Similarly, the methods of property valuation and assessment would vary widely from project to project, but examples “A” and “B” in the previous table illustrate how TIEG grants, available under the Carling Avenue CIP might affect private investment.

The range established is based on an illustrative project, but the example demonstrates how the provision of an accumulated TIEG grant over 10 years might range from $497K to $745K. However, this forgone property tax amount would have generated a $3 million to $4.5 million in private investment.

Other communities that compete with Ottawa for new private investment have already initiated Community Improvement Plans and, in the case of Windsor, have implemented economic development-oriented CIPs where the municipality provides grants equal to 100% of the incremental property taxes for 10 years.

Through an industry consultation process, we have learned that commercial property owners are more likely to respond to an incentive or grant program that has a 10-year duration or more, commensurate with typical leases for commercial space.

Historically, property owners in this area have been reluctant to make improvements to their buildings and many are now tired and in need of updating. The CIP program and associated TIEG grants proposed for the Carling Avenue CIP would change the business case and could accelerate redevelopment projects that have been considered
in the past, but stalled for lack of apparent upside. This would be true only if such incentives are sufficiently aggressive to make a material difference.

This level of incentive is in line with those provided by other municipalities as shown in Table 1. Moreover, the St. Joseph Boulevard Community Improvement Plan has shown that an incentive of 70% has produced a small number of applicants though the maximum combined grant is $1,000,000. Increasing the maximum grant from the Carling Avenue CIP to $5,000,000 may incite larger employment-related projects.

Table 1 – CIP Tax Increment Equivalent Grant Incentives Employed by Other Ontario Municipalities

<table>
<thead>
<tr>
<th>CIP Area</th>
<th>Grant Name / Type</th>
<th>Percentage of Increment as a Grant</th>
<th>Overall Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woodbine Live (Toronto)</td>
<td>Revitalization / Transformative Project / Tourism and Economic Development</td>
<td>90% for 5 years and declining by 5% each year after for 20 years</td>
<td>60%</td>
</tr>
<tr>
<td>Windsor</td>
<td>Business Development Grant Program</td>
<td>100% for 10 years</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Small Business Investment Grant Program</td>
<td>100% for 10 years</td>
<td></td>
</tr>
<tr>
<td>Old East Village (London)</td>
<td>Rehabilitation / Renovation Grants</td>
<td>Year 1 and year 2 at 70%; each year after decreases by 10% until year 8 to 10 which is 10%</td>
<td>37%</td>
</tr>
<tr>
<td>Cornwall</td>
<td>City of Cornwall Rehabilitation Grant (Tax based) Program</td>
<td>Sliding scale, in part or in full for up to 10 years (based upon each individual case)</td>
<td>Variable</td>
</tr>
<tr>
<td>Hamilton</td>
<td>Tax Increment Grant Program (Downtowns and BIAs)</td>
<td>100% first year and declining by 20% each year up to 5 years</td>
<td>60%</td>
</tr>
<tr>
<td>Niagara Falls</td>
<td>Revitalization Grant</td>
<td>80% in years 1 to 5; 60% in years 6 and 7; 40% in year 8; and, 20% in years 9 and 10</td>
<td>60%</td>
</tr>
<tr>
<td>Region of Waterloo</td>
<td>Joint Tax Increment Grant (Brownfields)</td>
<td>100% for each year for 10 years</td>
<td>100%</td>
</tr>
</tbody>
</table>

For clarity, the proposed grant for the Carling Avenue CIP is narrower in scope than those used by the City’s other community design plans:

- The Brownfield Redevelopment CIP provides all of a Rehabilitation Grant Program (includes a tax increment grant and a grant for eligible costs related to
actions taken to reduce the concentration of contaminants on, in or under the property);
- A Property Tax Assistance Program for City and education property tax increase that would normally occur on a brownfield property; an Environmental Site Assessment Grant Program; a Project Feasibility Study Grant Program; and
- A Building Permit Fee Program.
- The St. Joseph Boulevard CIP provides a Project Feasibility Study Grant Program; Planning Fee Grant Program; a Development Incentive Grant Program; and, Building Permit Fee Grant Program.

The reasons for these differences represent the recommended provisions of CIPs as presented in the 2013 Economic Development and Innovation Department Work Program, which stated in its Appendix “we would offer only various types of tax-increment equivalent incentives.” These differences are also justified based on the purpose of the proposed Carling Avenue CIP and feedback received during focus groups. By focusing on the one element of the entire suite of costs and taxes, the Carling Avenue CIP can propose a simplified formula to potential applicants and improve its marketability.

2.8. Program Duration

Given the amount of time needed from concept to completion for a typical redevelopment project, it is proposed that the grant program accept applications for an initial period of five years (up to 2018) following Council approval and adoption of the required by-laws, with an option for Council to extend the program. Grants would not be available on a retroactive basis and Council can extend or cancel the Carling Avenue CIP programs at any time (except any approved grant program payments to owners must continue). Discontinuation of the program or a change in grant entitlement would not affect previously approved grants. Changing the CIP by adding new grant programs or by increasing or decreasing the grant payment amounts would be approved through a formal amendment to the Carling Avenue CIP in accordance with the provisions of the Planning Act.

Other jurisdictions including Toronto, Niagara Falls, and Windsor offer similar programs, extending the annual grant payment for 5 to 20 years typically.

3. Goals

The principal goal of the Carling Avenue Community Improvement Plan is to attract new business investment to the area and to encourage rehabilitation, redevelopment, and revitalization of the existing built environment while providing enhanced employment opportunities, all of which are important for the health and livability of this section of Carling Avenue.

Its objective is to encourage and co-operate with the private sector in a full and long-term program supporting revitalization to ensure a favourable climate for commercial activity and stimulate property development within its boundaries to the economic
potential that their location, accessibility, natural amenities and community infrastructure would allow.

Other goals include:

- Improve the appearance of Carling Avenue streetscape and buildings, including built cultural heritage resources, façade improvements through redevelopment, etc.
- Increase employment opportunities;
- Encourage redevelopment of vacant and underutilized properties;
- Focus growth in areas where municipal services are already available; improve physical and visual quality of the commercial centre;
- Improve environmental health and safety (including energy efficiency);
- Stimulate private investment activity and private property maintenance;
- Reinforcement of the Carling Avenue area as an important commercial and employment centre within Bay Ward; and,
- Strengthen the area as a recognized “live, work, play” destination.

Employment Objective

The Carling Avenue CIP also seeks to help companies meet the goal of providing new high quality jobs on Carling Avenue by providing grants that partially offset the increase in property taxes associated with redevelopment opportunities that serve to attract new employment. The purpose of the program is to attract new businesses to locate on Carling Avenue and to encourage existing businesses to expand. Companies large and small would be eligible to use this program, though certain restrictions in the type of business that would benefit from this program would apply.

Carling Avenue Commercial Landscape

The section of Carling Avenue between Pinecrest Road and Bayshore is characterized by its ethnically-themed restaurants, entertainment (cinema), health, medical, and pharmaceutical services. This makeup reflects the demographic characteristics of the area with its great diversity of immigrants as well as an elderly and lower socio-economic strata that may demand a higher level of health and medical services.

A particular difficulty for businesses in this area is the lack of a defined identity that resonates with their market. Rather than “the Glebe, Vanier, or Hintonburg,” this area is referred to as the area of Carling “near the Coliseum Theatre” or “between Bayshore and Pinecrest.” Additionally, several business owners have highlighted that there is a high concentration of Ottawa Community Housing residents within the area (e.g., Britannia Woods: 178 units; 800 residents and Michelle Heights: 132 units; 500 residents). With a high concentration of low-income families, businesses currently must cater to low prices and, as a result, are making smaller capital investments in order to be financially viable. Several businesses have suggested that if there was an offsetting market of higher resident incomes in the area, their business could raise the level of investment to attract that end of the market.
With the transformation of the former “Nortel Campus” at 3500 Carling Avenue to a federal Department of National Defence (DND) headquarters, an influx of 10,000 employees is expected over the next five years. This represents a great economic development opportunity for the Carling Avenue businesses if they are able to capture this market. Residential development to accommodate relocating DND staff could change the demographic characteristics of this area, but even a non-resident consumer market passing through this area could create a great investment and commercial opportunity for businesses and property owners. Nevertheless, a concerted effort would be required to encourage individuals to frequent this commercial district given the commercial infrastructure’s need for improvement and rejuvenation.

This CIP encourages business development to attract next generation businesses, which would raise properties to a higher order of use to maximize their economic potential. The infusion of new investment is expected to result in a more diverse business mix, constituting a complete community, while leveraging the natural beauty, transportation infrastructure and new market opportunity afforded by the relocation of DND to 3500 Carling Avenue.

Demographic Considerations

To determine the attributes, including demographic details of the several residential neighbourhoods in Bay Ward surrounding this commercial area, information was obtained from Environics Analytics, Statistics Canada, and the Ottawa Neighbourhood Study, led by the University of Ottawa. This analysis revealed some interesting and unique characteristics of the area.

Bay Ward has a total population of 45,720 people, representing approximately 3.6% of Metropolitan Ottawa’s total population of 1,264,688. Of this, about one-third are either in the under 20 group, or are seniors over 65. Two-thirds are in the 20-65 age group. Figure 1 below illustrates age distribution in the ward:

**Figure 1 - Age Distribution in Bay Ward**

![Age Distribution](image)

Similarly, more than half the population falls into one of two income groups, either affluent or low-income households. Approximately 23.2% of the households in the ward have earnings less than $30,000 compared to 16.8% throughout the city. Even the
27.4% portion of households with incomes over $100,000 is considerably lower than the Ottawa average at 34.7%. Figure 2 below illustrates income distribution in the ward.

**Figure 2 - Income Distribution in Bay Ward**

Bay Ward is unique in its highly diversified ethnicity. The table below illustrates this well by comparing the ward to the city average. The proportion of immigrants in the city population on average is approximately 18.8% compared to Bay Ward with 29.4%. Distribution among many origins can also be seen in this table.

**Figure 3 - Bay Ward Ethnic Distribution**

As such, Bay Ward can be characterized as having a significant elderly population, a higher-than-average proportion of lower incomes, and markedly fewer high-income families than other areas of the city. Additionally, there is a disproportionately large immigrant population in the ward that, while diverse, has particular concentrations of
visible minorities. These characteristics should be taken into consideration in this CIP strategy and the plan objectives are guided by these unique characteristics so that increased investment in the commercial district at the heart of Bay Ward would result in greater prosperity and jobs.

4. Community Improvement Project Area

The proposed Carling Avenue CIP Project Area as illustrated in Appendix “B” encompasses all commercial properties situated between 2910 Carling Avenue to 3095 Carling Avenue inclusive and 62 Wylie Avenue.

The incentive program would be available to properties within the Carling Avenue Community Improvement Plan Project Area; however, the CIP would not apply to public road rights-of-way, residential properties or greenfield development. In cases where the 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 Carling Avenue CIP grant 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.

5. Community Improvement Plan Incentive Program

5.1. Introduction

The incentive grants contained in this CIP represent the incentives that would assist in achieving the goals outlined in Section 3.0. The grant provided in respect of the subject lands and buildings of an applicant under the program contained in the Carling Avenue CIP would be a 75% grant annually on the municipal property tax increment over a period of 10 years and would not exceed $5,000,000. If the Carling Avenue CIP is combined with any other CIP program, including brownfields CIP programs, the total grant shall still not exceed $5,000,000. In any case, the grant cannot exceed the total cost of the project.

To be eligible for payment of a grant, the amount of work undertaken on the property and/or buildings shall result in a minimum increase of $50,000 in the assessed value of the property as determined through post-construction reassessment by the Municipal Property Assessment Corporation (MPAC).

Any property owner (or assignee) in the Carling Avenue CIP Project Area is eligible to apply for the incentive program. Grants awarded under the Carling Avenue CIP program for a particular property are only available to the owner that signed the original grant agreement and are not transferable. If all or part of a property is sold within a grant eligibility period, grant payments would immediately be discontinued. However, the City may, at its discretion, transfer all or part of a grant amount to a new property owner subject to the new owner entering into an agreement (where applicable) with the City that fulfills the requirements of the original agreement, plus any new requirements.
Coordinated development proposals that include abutting properties under the same or separate ownership are permitted to apply only for one grant in this CIP (i.e., more than one application for the same type of grant on abutting properties that comprise a coordinated development is not permitted).

The commencement of timing for program duration for each incentive grant starts on the date the application is approved by Council, as required based on total program funding amount.

The financial incentive programs in this CIP apply to the private sector and are designed to encourage private sector revitalization of properties within the Carling Avenue CIP Project Area.

5.2. General Program Requirements

The general and program specific requirements contained in this CIP are not necessarily exhaustive and the City reserves the right to include other requirements and conditions as deemed necessary on a property-specific basis. The financial incentive program contained in this CIP is subject to the following general requirements:

a) All owners of private properties in the Carling Avenue CIP Project Area may apply for a CIP grant, but only for commercial or industrial land uses. Only one Carling Avenue CIP grant application per property would be considered.

b) The City reserves the right to audit the works that have been approved under the Carling Avenue CIP at the expense of the applicant;

c) The aggregate of all approved applications within the project period for the Carling Avenue CIP shall not exceed $10,000,000.

d) To be eligible to receive a grant, the amount of eligible work undertaken on the property and/or buildings shall result in a minimum increase of $50,000 in the assessed value of the property as determined through post-construction reassessment by the Municipal Property Assessment Corporation (MPAC).

e) The applicant shall be required to include as part of any Carling Avenue CIP grant application an independent tax study by a qualified consultant, having 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.

f) Generally, the City would provide grant payments under this CIP only after applicable permits have been issued, construction is complete and has received final inspection approval by 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 property taxes in full.

g) 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;
h) 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;

i) The City may discontinue the program at any time, but applicants with approved grants would continue to receive said grant subject to meeting the general and program specific requirements;

j) 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;

k) The improvements made to buildings and/or land shall be made pursuant to a building permit where required, and/or other required permits, and be constructed in accordance with the Ontario Building Code where applicable;

l) City staff, officials, and/or agents of the City may inspect any property that is the subject of an application for the Carling Avenue CIP Incentive Program offered by the City;

m) To be eligible to receive Carling Avenue CIP grants, beginning with the first post-development grant and continuing throughout the grant period, the owner’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 is in arrears).

n) 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 assessment is reduced, the City would recalculate payments made to the Applicant that were based on the higher assessment and corresponding municipal tax increment and any overpayment amount shall be repaid to the City by the Owner.

o) To be considered for the Carling Avenue CIP grant program, a project must include one or more of:
   
i. An addition of building space to an existing building;
   ii. Construction of a new building, where a previous building has been located;
   iii. Interior fit-up;
   iv. Significant alterations to an existing building resulting in improved marketability of the rental premises and a corresponding increase in assessed value
   v. Exterior façade improvement facing a public road right-of-way; and
   vi. Site works including landscaping and signage.

p) Stand-alone internal building upgrades and maintenance costs in existing building space that are not expected to have a beneficial impact on the assessed value of the property do not qualify for the incentive grant programs in this CIP.
q) A pre-consultation meeting for the proposed development is required to determine the type of necessary planning applications.

r) The maximum amount per application for the Carling Avenue CIP cannot exceed $5,000,000.

s) All Carling Avenue CIP grants are subject to an agreement signed by the owner and registered on the title of the property to which they apply. If an applicant has received approval for a Carling Avenue CIP Grant, the related requirements and grant payment amounts would form part of the legal agreement.

t) Carling Avenue CIP grants shall be forfeited by the owner or third party, to whom the grant has been assigned, and repaid to the City if the property is demolished before the grant period elapses.

5.3. Tax Incentive Equivalent Grant

Although Section 28(7) of the Planning Act of the Province of Ontario permits a variety of financial incentives including waiver of development charges or interest-free loans, a Tax Increment Equivalent Grant (TIEG) grant program is the instrument employed for the Carling Avenue CIP as it can provide meaningful benefit to property owners and tenants.

The TIEG is given to the property owner who attracts new private sector investment to lands and/or buildings that are currently vacant, underutilized, idled, or in need of repair or renovation, (the grant does not apply to greenfield development). The improvement or new development would increase the assessment (value) of the property. The grant is based on the increase in the property’s contribution to municipal property tax revenue that results from the increased value. After the taxes have been paid each year, the City then gives back a percentage of the increment in the property tax for that year over a period of 10 years.

The annual grant available is based on the municipal tax increment amount. The applicant would initially pay for the entire cost of development. After the City receives payment of the property taxes that result from the project, the City would reimburse the applicant in the form of an annual grant equivalent to 75% of the increase in the municipal portion of property taxes for a period of up to ten years, or up to the time when total grant payments equal either the total project costs excluding all taxes or $5,000,000, whichever comes first.

Total project costs for the TIEG under the Carling Avenue Community Improvement Plan Incentive Program include the following:

a. Demolishing buildings;
b. Constructing / upgrading on-site infrastructure including water services, sanitary sewers, burial of hydro service and stormwater management facilities;
c. Constructing / upgrading off-site infrastructure including roads, water services, sanitary sewers, stormwater management facilities, electrical and gas utilities,
d. Constructing / upgrading on-site features including hard and soft landscaping, parking areas, walkways, decorative lighting and signage;

e. Constructing / upgrading off-site features including walkways, pedestrian amenities, hard and soft landscaping;

f. Constructing new building(s), additions to buildings, upgrading building facade in front or external side yards;

g. **BUILDING PERMIT FEES FOR ANY OF THE PRECEDING WORKS; AND,**

h. **THE FOLLOWING LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN (LEED) PROGRAM COMPONENTS:**
   i. Base plan review by a certified LEED consultant;
   ii. Preparing new working drawings to the LEED standard; or,
   iii. Submitting and administering the constructed element testing and certification used to determine the LEED designation;

Applications would be processed and approved on a first come, first served basis, subject to availability of funding as approved by Council. City staff would undertake review and evaluation of an application and supporting materials against program requirements. Applications for funding under this program are subject to approval by City Council. As a condition of approval of an application for a TIEG, 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.

The assessment and municipal property taxes (“base rate”) would be determined before commencement of the project. The increase in municipal property taxes (or “municipal tax increment”) is calculated by subtracting the municipal property taxes before reassessment from municipal property taxes after reassessment as determined by the Municipal Property Assessment Corporation (MPAC) following project completion.

The amount of the grant payment would be recalculated annually based on the municipal property taxes levied and the resultant municipal tax increment paid by the owner for that year.

The TIEG for the Carling Avenue Community Improvement Plan Program would commence on or after the date that this Plan comes into effect and would be offered for an initial period of five years, with an option to extend the program for up to another five years, subject to the availability of funding as approved by City Council.

While the City cannot guarantee that the benefits of the Carling Avenue CIP program would flow through to tenants, every effort would be made to facilitate the tenant receiving a benefit. There is no requirement for the property owner and tenant to submit an application jointly. The owner must provide evidence to the City that the tenant is aware of the program so that they may negotiate lease terms with complete information
5.4. Project Eligibility Criteria

Location

As a first priority, all submissions under the Carling Avenue CIP must be located within the defined boundaries illustrated in Appendix B and only applies to non-residential uses. Candidate properties would be reviewed in careful detail based on best knowledge of current trends and history to ensure that incentive are in fact required to stimulate development. The applicant would be required to provide a rationale clearly demonstrating that the project would not otherwise proceed in the absence of the incentive and that the project meets a need in the community for either job creation appropriate to the local labour market or goods/services provision to the local consumer or business market.

Ineligible Job Uses:

As the purpose of the Carling Avenue CIP is to address deficiencies in the investment levels of businesses along Carling Avenue in terms of market offerings and job creation, commercial uses that do not contribute to a desirable community fabric would not be eligible for the incentive financing of this program. Excluded uses would include:

- Video arcades;
- Adult novelty stores, services and/or adult entertainment;
- Nightclubs;
- Warehousing and storage facilities;
- Bingo parlour or other gaming facilities;
- Industrial uses, including those which, by their nature, generate noise, fumes, odours, and are hazardous or obnoxious;
- Wholesale operations;
- Cross-dock facilities;
- Body rub establishments;
- Correction facilities;
- Corrections residences;
- Emergency shelters; and
6. Implementation

6.1. Administration

The Economic Development and Innovation Department would manage and administer the Program with participation from Planning and Growth Management (PGM) and the Finance Department. A “one window” approach would be utilized through a single application submitted at the time of site plan application for the project.

Final approval of all new grants would be contingent on Council approving the first year of grant payment at the time of annual City budget approval. However, once a grant application is approved and an agreement is entered into between the City and the applicant, the City is obliged to continue annual grant payments as set out in the agreement (namely, 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 be paid before the grant is released.

Applicants may have an initial conversation either with an Economic Development Officer in the Economic Development and Innovation Department (EDI), or with a representative of Planning and Growth Management (PGM). In either case, these initial conversations may lead to an applicant’s desire to proceed.

Where the applicant does wish to proceed, and when initial discussions suggest the likelihood of acceptance under the Carling Avenue CIP program, the next step would be a required preliminary pre-consultation meeting to be arranged by EDI. Both EDI and PGM would be required at this meeting. The applicant would be advised at the pre-consultation what additional steps would be required. For example, the applicant may be advised that the project may include a need for Site Plan, Rezoning, Transportation Study, Conservation or Heritage Authority input etc.

For those cases where the project may proceed directly to Building Permit, the EDI would arrange a subsequent meeting with a Development Information Officer (DIO) and Building Services. The applicant would be advised what additional steps would be required. For example, the applicant may be advised that his project would require 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 CIP Incentive Application. The application must include required supporting documentation, including an independent tax study that sets out an estimate of the property assessment increment prepared by a qualified consultant, having AACI designation (Accredited Appraiser Canadian Institute), and submit it to the CIP Coordinator in the Economic Development and Innovation Department.
EDI staff, together with Planning and Growth Management Department, the Finance Department would review the application and perform such due diligence as is deemed appropriate, and forward the application together with any analysis or additional information to Committee and Council. Representatives from Economic Development and Innovation, Planning and Growth Management and Finance Department would examine each application to ensure the projects receiving grants do not represent “organic growth” and that they are occurring as a result of financial incentives.

Where a CIP incentive has been approved for a project, EDI 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 CIP grant application.

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

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

1. Site Plan Approval
2. Permits
   a. Demolition permit
   b. Application for construction permit
   c. Septic permit
3. Zoning and Permitted Uses
   a. Compliance
   b. Official Plan Amendment
   c. Change
   d. Minor variance etc.
4. Other approvals
5. Lot grading approval
6. Ministry of Natural Resources consent
7. Permit required from Ministry of Transportation Ontario. MTO
8. Permission to fill (conservation authority)

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

Figure 4 on the following page illustrates the administration process.
6.2. Monitoring and Amendments
The City would conduct periodic reviews of the grant programs and activities relating to community improvement under this Plan to determine effectiveness. Council may utilize this information to amend this Plan as necessary to ensure that the goals outlined in Section 3.0 are achieved.

The following variables should be monitored on an individual project and aggregate basis for the incentive program:

- Number of applications
- Increase in assessed value of participating properties
- Estimated and actual amount of tax increment financing grants provided.
- Hectares/ acres of land developed.
- Commercial space constructed.
- Estimated number of jobs created/maintained.
- Number of program defaults.

The feedback from monitoring the CIP may lead to minor revisions to the grant programs. Therefore, the City may periodically review and adjust the terms and requirements of any of the programs contained in this Plan, or discontinue any of the programs contained in this Plan, without amendment to the Plan. Such minor changes or discontinuation of programs would be provided to the Minister of Municipal Affairs and Housing for information purposes. Increases in funding provided by existing financial incentives or changes to eligibility criteria that would increase funding provided, the addition of any new programs to this Plan, or an expansion of the Community Improvement Project Area would require a formal amendment to the CIP in accordance with Section 28 of the Planning Act.

6.3. Financing
The grant program described in this Plan would be available subject to an annual budget allocation approved by Council. Similar to the tax-increment-based Brownfield grants, Carling Avenue CIP grants would be identified as the applications are received and reviewed. Operating pressures associated with approved Carling Avenue 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 community improvements.

7. Additional Community Improvement Plan Programs
The City of Ottawa Brownfields Redevelopment Community Improvement Plan under Section 28 of the Provincial Planning Act would continue to be available to commercial property owners in the Carling Avenue CIP Project Area.
Unlike the brownfields program, the Carling Avenue CIP is not designed to reimburse costs, but rather provides a financial incentive program that would encourage property owners to redevelop properties in the Carling Avenue CIP Project Area.

Property owners undertaking brownfield redevelopment projects, who also wish to apply for grants under the Carling Avenue CIP, shall be permitted to apply, and if eligible, receive grants under both the City of Ottawa Brownfields Redevelopment Community Improvement Plan (CIP) and the Carling Avenue CIP; however, the tax increment grant can only be granted through one program (i.e., not granted twice).
Appendix “A”

Section 5.2.5 of the City of Ottawa Official Plan

5.2.5 – Community Improvement

[Amendment #40, April 26, 2006]

The Community Improvement provisions of the Planning Act allow municipalities to prepare Community Improvement Plans for designated Community Improvement Project Areas that require community improvement as the result of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason. Once a Community Improvement Plan has been adopted by a municipality, approved by the Province, and is in effect, the municipality may offer incentives to encourage private sector investment. The municipality may also undertake a wide range of actions for the purpose of carrying out the community improvement plan.

Policies

General

1. The City will maintain and promote an attractive and safe living and working environment through community improvement. To this end, community improvement will be accomplished through the:

   a. Designation by by-law of Community Improvement Project Area(s), the boundary of which may be part or all of the urban area of the City of Ottawa, and/or part or all of one or more Villages as defined in this Plan, and as amended from time to time;

   b. Preparation, adoption and implementation of a Community Improvement Plan(s) within a designated Community Improvement Project Area(s), pursuant to the Planning Act and the community improvement policies set out in this Plan;

   c. Ongoing maintenance, rehabilitation, redevelopment and upgrading of areas characterized by deficient/obsolete/deteriorated buildings, deficient municipal recreational or hard services, and social, community, or economic instability; and,

   d. Establishment of programs to facilitate municipal and private sector rehabilitation and redevelopment that addresses identified economic development, land development, environmental, energy efficiency, housing, and/or social development issues/needs.
Community Improvement Project Areas

2. The designation of Community Improvement Project Areas shall be based on one or more of the following conditions being present:

   a. Known or perceived environmental contamination;

   b. Vacant lots and underutilized properties and buildings which have potential for infill, redevelopment or expansion to better utilize the land base or the public infrastructure;

   c. Other barriers to the repair, rehabilitation or redevelopment of underutilized land and/or buildings;

   d. Buildings, building facades, and/or property, including buildings, structures and lands of heritage and/or architectural significance, in need of preservation, restoration, repair, rehabilitation, energy efficiency or renewable energy improvements, or redevelopment;

   e. Absence of an adequate mix of uses;

   f. Deficiencies in physical infrastructure including but not limited to the sanitary sewer system, storm sewer system, and/or watermain system, streetscapes and/or street lighting, municipal parking facilities, sidewalks, curbs, or road state of repair;

   g. Poor overall visual quality, including but not limited to, streetscapes and urban design and/or overhead wiring;

   h. A concentration of obsolete or aging low-density land uses, vacant lots, surface parking lots and/or abandoned buildings;

   i. High commercial vacancy rates;

   j. Deficiencies in community and social services including but not limited to public open space, parks, indoor/outdoor recreational facilities, and public social facilities and support services;

   k. Opportunities to improve the mix of housing types;

   l. High commercial vacancy rates;

   m. Any other environmental, energy efficiency, social or community economic development reasons.
4. Priority for the designation of Community Improvement Project Areas and the preparation and adoption of Community Improvement Plans shall be given to those areas:

a. Targeted for growth and intensification in Section 2.2.3 Managing Growth Within the Urban Area, in particular, the Central Area, Traditional and Arterial Mainstreets, Mixed-Use Centres and the vicinity (within 600 metres) of existing or planned rapid transit stations; and/or

b. Where the greatest number of conditions (as established in Policy 2) are present; and/or,

c. Where one or more of the conditions (as established in policy 2) is particularly acute; and/or,

d. Where one or more of the conditions (as established in policy 2) exists across the urban area of the city.

**Community Improvement Plans**

5. Community Improvement Plans may be prepared and adopted to:

a. Facilitate the renovation, repair, rehabilitation, remediation, redevelopment or other improvement of lands and/or buildings;

b. Facilitate the preservation, restoration, adaptive reuse and improvement of buildings with historical, architectural or other heritage significance;

c. Facilitate the development of mixed-use buildings, or the introduction of a wider mix of uses in areas that are deficient in mixed uses;

d. Facilitate the restoration, maintenance, improvement and protection of natural habitat, parks, open space and recreational amenities;

e. Facilitate residential and other types of infill and intensification;

f. Facilitate the construction of a range of housing types and the construction of affordable housing;

g. Upgrade and improve municipal services and public utilities such as sanitary sewers, storm sewers, watermains, roads and sidewalks;

h. Improve pedestrian and bicycle circulation;
i. Facilitate public transit supportive land uses and improve the quality of, and accessibility to, transit facilities;

j. Contribute to the ongoing viability and revitalization of the Central Area, Mainstreets, and other areas that may require community improvement;

k. Improve environmental and energy consumption conditions;

l. Improve social conditions and support services;

m. Promote cultural development;

n. Facilitate and promote community economic development; and,

o. Improve community quality, safety and stability.

6. During the preparation of a Community Improvement Plan and any subsequent amendments, the public will be informed and public input will be obtained in keeping with the policies for Public Notification contained in this Plan.

**Implementation**

7. In order to implement a Community Improvement Plan in effect within a designated Community Improvement Project Area, the City of Ottawa may undertake a range of actions as described in the Community Improvement Plan, including:

a. The municipal acquisition of land and/or buildings within the Community Improvement Project Areas where a Community Improvement Plan has been adopted, approved and is in effect, and the subsequent:

   i. Clearance, grading, or environmental remediation of these properties,
   
   ii. Repair, rehabilitation, construction or improvement of these properties,
   
   iii. Sale, lease, or other disposition of these properties to any person or governmental authority,
   
   iv. Other preparation of land or buildings for community improvement.

b. Provision of public funds such as grants, loans and other financial instruments;

c. Application for financial assistance from senior level government programs;
| d. Participation in senior level government programs that provide assistance to private landowners for the purposes of community improvement; |
| e. Provision of information on municipal initiatives, financial assistance programs, and other government assistance programs; |
| f. Support of heritage conservation through the *Ontario Heritage Act*. |

8. All developments participating in programs and activities contained within Community Improvement Plans shall conform with the policies contained in this Plan, applicable Community Design Plans, the zoning by-law, maintenance and occupancy by-laws, and all other related municipal policies and by-laws.

9. The City shall be satisfied that its participation in community improvement activities will be within the financial capabilities of the City.