



OAKVILLE

## REPORT

PLANNING AND DEVELOPMENT COUNCIL MEETING

MEETING DATE: SEPTEMBER 11, 2017

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**FROM:** Economic Development Department  
Planning Services Department

**DATE:** August 28, 2017

**SUBJECT:** **Brownfield Redevelopment Strategy**

**LOCATION:**

**WARD:** Town wide

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### **RECOMMENDATION:**

That the Brownfield Redevelopment Strategy, outlined in the August 28, 2017 report from the Economic Development and Planning Services departments, be endorsed and used as the basis for the preparation of the Community Improvement Plan and implementation.

### **KEY FACTS:**

The following are key points for consideration with respect to this report:

- Oakville is home to several known and suspected brownfield sites.
- Brownfield sites can have negative environmental, financial and economic impacts on the community.
- On November 2, 2015 P&D Council directed staff to develop a Brownfield Redevelopment Strategy and Community Improvement Plan (CIP) for private lands.
- The programs proposed in the Brownfield Redevelopment Strategy must be implemented through a CIP, similar to the Façade Improvement Program in Kerr Village.
- With Council's endorsement of the Brownfield Redevelopment Strategy, a Draft CIP will be prepared that will include detailed incentive programs, a monitoring program, marketing plan, and administrative procedures.
- The CIP is an enabling document; however, Council is under no obligation to activate and implement any of the incentive programs contained in the CIP. Once activated, the programs in the CIP can be used individually or together by an applicant.
- The Brownfield Redevelopment Strategy's proposed incentive programs can be leveraged and enhanced through Regional participation. Discussion is taking place at the staff level in this regard, with recommendations to be included in the final report to P&D Council.

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- The Final CIP and staff report will be presented for consideration by P&D Council at a Statutory Public Meeting, planned for December 2017.

## **BACKGROUND:**

### **Brownfield Definition**

Brownfields are underutilized or abandoned lands that may be the site of real or perceived environmental contamination resulting from previous uses or landfilling practices, but where there is an active potential for redevelopment. Typical examples of brownfields include heavy industrial manufacturing (metals, glass, and chemicals), petroleum storage, printers, dry cleaners, landfills, gasoline stations, etc.

Oakville is home to several known and suspected brownfield sites. While Oakville does not have the same number of contaminated properties when compared to some other Ontario municipalities, there are approximately two dozen known or suspected contaminated sites in Oakville. There is also potential for other unknown brownfield sites, particularly in industrial areas such as Speers Road and Wyecroft Road, Midtown Oakville, and other sites throughout the town.

### **Brownfield Studies**

The Town is undertaking a comprehensive, coordinated, cross-departmental approach to addressing public and private brownfields in Oakville. The Comprehensive Brownfield Management Project is broken into three phases:

Phase 1 – address the Public Sector Accounting Board (PSAB) 3260 requirements for public lands;

Phase 2 – evaluate departments' activities related to contaminated site management of both public and private side lands; and

Phase 3 – develop an approach to support the assessment, remediation and redevelopment of privately owned contaminated sites.

Phases 1 and 2 are being led by the Environmental Policy department. This report deals with Phase 3 which is led by the Economic Development department and supported by an inter-departmental technical team. As part of Phase 3, staff was directed by Council on November 2, 2015 to develop a Brownfield Redevelopment Strategy and Community Improvement Plan (CIP) for private lands in the Town of Oakville, which will include sustainability goals, specific targets, actions, and an implementation and monitoring strategy, contingent on receiving matching study funding from the Federation of Canadian Municipalities (FCM) Green Municipal Fund (GMF).

An application to FCM was submitted in May 2016 and approved for funding at the end of 2016. Through an RFP process, RCI Consulting was engaged to undertake

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analysis and stakeholder consultation as well as prepare the Brownfield Redevelopment Strategy and CIP. Two stakeholder workshops and one public information meeting were held during 2017. The stakeholder workshops were attended by developers, brownfield property owners, and consultants. Each workshop included a presentation followed by facilitated discussion, providing an opportunity for input and feedback.

This report has been prepared as an interim step to obtain Council's endorsement of the proposed Brownfield Redevelopment Strategy prior to developing the Draft CIP. The Strategy will be used as the basis for the development of the CIP, including detailed incentive programs, a monitoring program, marketing plan, and administrative procedures, which will then be distributed for comments and revised accordingly. The Final CIP and staff report will be presented for consideration by P&D Council at a Statutory Public Meeting, planned for December 2017.

## **COMMENT/OPTIONS:**

### **The Problem**

Brownfields are problematic for the Town for a variety of reasons which include negative environmental, financial and economic development impacts. These impacts may adversely affect the Town's ability to meet provincially mandated intensification/growth targets, attract employment, and increase property tax revenues. It is estimated that at the present time, contaminated properties result in approximately \$80,000 per year in tax losses for the Town resulting from owners having their properties reassessed due to contamination.

From an environmental perspective, contaminated properties can create significant health and safety hazards for people living or working on or near a contaminated property. Contaminants may include toxins such as metals, polychlorinated biphenyl (PCBs), road salts, VOCs, polycyclic aromatic hydrocarbons (PAHs), or petroleum hydrocarbons (PHCs). In addition to the health and safety impacts for those living and working near a contaminated property, there is also potential for the contaminants to migrate off-site, impacting neighbouring properties.

From an economic development perspective, contaminated properties can result in underutilized employment lands and difficulty attracting new employment opportunities.

The cost of cleaning up brownfields can be expensive, if not prohibitive, for many property owners. In some cases it is unlikely that a brownfield property will be cleaned-up without assistance.

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## **The Solution**

Cleaning up brownfields improves the quality of the environment - and the health and safety of the community – through the remediation of contaminated lands to improve land, water, air quality and wildlife habitat. This action mitigates the impact of real and perceived risks as well as improves the desirability of a property or neighbourhood.

The redevelopment of contaminated properties can bring new employment, commercial and residential opportunities to the community, allow for smarter growth through intensification, and encourage development in areas that would make more efficient use of existing public infrastructure and services.

Contaminated properties can result in tax losses for the Town through assessment reductions; however, the clean-up and redevelopment of these sites can actually increase property assessment values, resulting in additional tax revenue for the Town.

The Brownfield Redevelopment Strategy provides a solution that encourages the remediation and redevelopment of privately-owned brownfield properties in Oakville and supports the Town's commitment to livability as it addresses negative social, environmental and economic impacts that affect the town's residents and businesses. The strategy comprises three incentive programs that result in net new revenue for the Town over time.

The Brownfield Redevelopment Strategy's proposed incentive programs must be implemented through a Community Improvement Plan (CIP). A CIP is a tool of the *Planning Act* which allows a municipality to make grants or loans to businesses as an exception to the rule against bonusing in the Municipal Act. This is a similar process by which the façade improvement program was implemented in Kerr Village.

Many municipalities have successfully implemented brownfield incentive programs to encourage redevelopment and improve these properties and neighbourhoods. The Brownfield Redevelopment Strategy for Oakville offers many of the best practices gleaned from other municipalities, but customizes them to meet the specific brownfield redevelopment needs and goals identified in Oakville.

Once the CIP has been adopted and approved, the draft incentive programs can be activated by Council, one or more at a time, based on Council approval of the implementation of each program, and to subject to the availability of funding. The CIP is an enabling document, however, Council is under no obligation to activate and implement any of the incentive programs contained in the CIP. Once activated, the programs in the CIP can be used individually or together by an applicant.

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## **BROWNFIELD REDEVELOPMENT STRATEGY**

### **Community Improvement Project Area**

Under the *Planning Act*, a Community Improvement Project Area (CIPA) must be designated by by-law in order to implement a Community Improvement Plan. The proposed CIPA will be “all land within the urban area of the Town of Oakville, as amended from time to time”. While the CIPA will be the entire town, it was determined through policy review, analysis and stakeholder consultation that Employment Areas should have the highest priority, followed by the Growth Areas, and then the rest of the Urban Area. Employment Areas are given the highest priority because brownfield redevelopment in these areas addresses all of the key issues identified – environmental, financial and economic development. The boundary of the CIPA and the three priority sub-areas are shown in Appendix A to this report.

The Brownfield Redevelopment Strategy proposes three financial incentive programs to promote the redevelopment of privately-owned brownfield sites. Appendix A provides an outline of the Brownfield Redevelopment Strategy including methodology; policy support; community improvement needs and goals; community improvement project area; and detail on the above mentioned draft incentive programs. These programs are summarized below and will be detailed in the CIP:

#### **1. Environmental Study Grant Program**

The purpose of the Environmental Study Grant Program is to encourage property owners to undertake environmental studies in order to ascertain the type of contamination and potential remediation costs on brownfield properties. This program would offer a grant equal to 50% of the cost of eligible environmental studies to a maximum of:

- a) \$3,000 for a Phase I ESA;
- b) \$20,000 for any other eligible environmental study;
- c) two studies per project and \$30,000 per project.

#### **2. Tax Increment Grant**

The purpose of the Tax Increment Grant (TIG) Program is to encourage the redevelopment of brownfield sites by providing a tax rebate (legislatively referred to as a grant) to help pay for remediation costs associated with the site. The proposed TIG Program provides a rebate of 60% to 100% of the municipal property tax increase resulting from the redevelopment. The percentage rebated depends on the priority areas for redevelopment and the environmentally sustainable, design, and affordability goals as set out in the Table 1 below. These goals form a customized program for Oakville that helps to achieve multiple objectives for redevelopment. The TIG Program rebate is paid annually until the eligible remediation costs are

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repaid or the maximum timeframe has been reached, whichever occurs first. Over time, the program provides net new revenue to the Town.

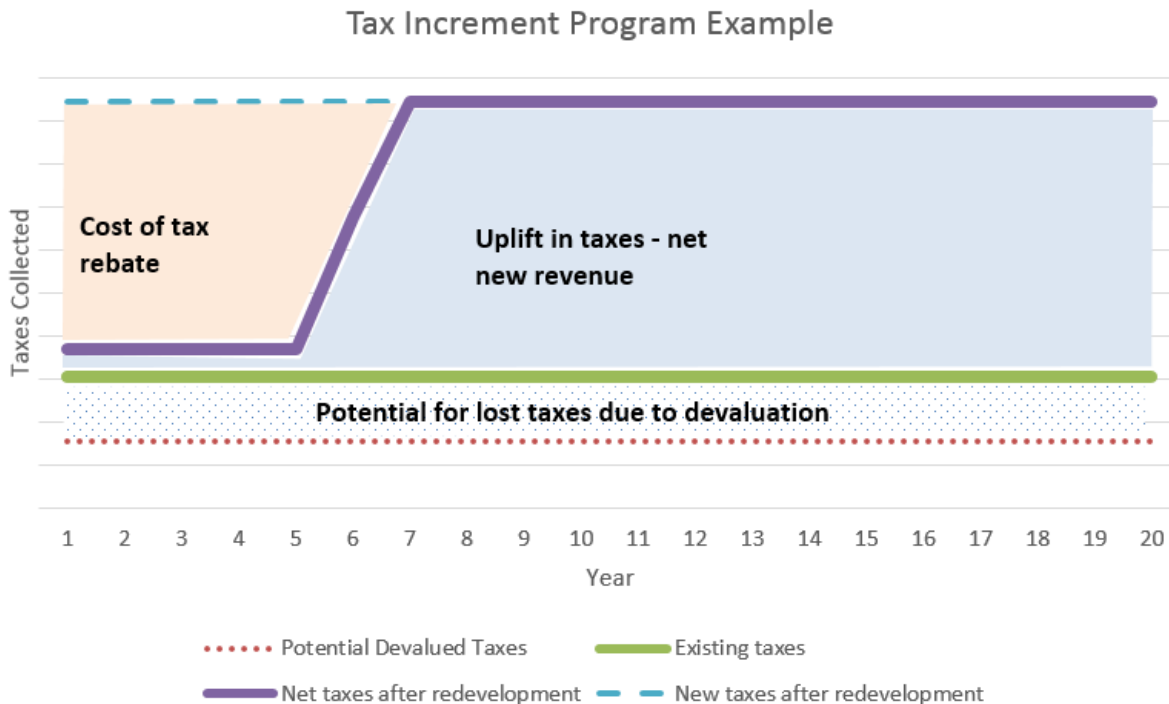
Table 1: TIG Matrix of eligibility

Priority Area	Base TIG for Qualifying Project	Plus the Project	Achieves Minimum Employment Density	Achieves LEED certification or other env. sustainability standard recognized by Town	Achieves exemplary building/ site design & construction or restores designated heritage building	Includes min. 20% residential units that are affordable	Maximum Duration of TIG Payment
1 Employment Areas	80%		100%	100%	100%	100%	12 years
2 Growth Areas	70%		90%	90%	90%	90%	10 years
3 Other Areas	60%		80%	80%	80%	80%	8 years

The benefit of the TIG program is illustrated in Figure 1 below. The green line indicates the existing level of taxes on the brownfield property. The dotted line (Potential devalued taxes) shows the potential for a loss in tax revenue that could occur if an owner requests a reassessment of the property value because of the contamination. The dashed line (New taxes after redevelopment) shows the new level of taxes resulting from the redevelopment of the site, while the dark line (Net taxes after redevelopment) shows the **net** new taxes. The area to the right of the dark line depicts the uplift in taxes and the net new revenue to the Town over time. The area to the left of the dark line shows the impact of the TIG program, being the equivalent amount of the eligible remediation costs that are rebated to the property owner. As the figure illustrates, the TIG Program never impacts the existing taxes paid to the Town and provides the opportunity to realize a higher level of taxes in perpetuity.

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Figure 1: TIG Program Illustration



Appendix B to this report provides a financial scenario that further demonstrates the benefit of the Tax Increment Grant Program.

### 3. Tax Assistance Program

The purpose of the Tax Assistance Program is to encourage redevelopment of brownfield sites by freezing municipal and education property taxes for three years on a property that is undergoing or has undergone remediation and redevelopment. The freeze in taxes remains in effect until the eligible remediation costs are recovered or three years, whichever occurs first. Experience has shown that many municipalities include a Tax Assistance Program in their CIPs but the program is used only for very large redevelopment projects due to the additional approval process and timeline.

#### Halton Region

In 2016, Halton Region released its Regional Program for Community Improvement Plans (CIPs) Guidelines. These guidelines allow the Region to participate in local municipal CIPs by way of grants to local municipalities in support of local municipal

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CIP programs, which implement Regional Official Plan policies, as set out in the guidelines. In addition, the guidelines cap any Regional contribution at a maximum of \$50,000 per application and specify that any Regional contribution be matched locally. Funding of \$75,000, to be provided annually, was approved in the Region's 2017 budget.

In its current form, the Regional guidelines do not specify the types of local municipal CIP programs in which the Region would participate. However, given the current maximum contribution and budget allocation, Regional participation in the Town's proposed Environmental Study Grant program is more likely than Regional participation in the Tax Increment Grant Program and the Tax Assistance Program. Regional participation in these two programs will make these programs much more attractive to potential applicants as the grants for their eligible costs will be received more quickly and are more likely to reach the maximum repayment value allowed. Should the Region participate in the TIG program, the value of the grant paid to the applicant would be shared between the Region and the Town, thus reducing the financial obligation for the Town.

Appendix B to this report includes the impact of Regional participation in the TIG program. Both the Town and Region would contribute to the rebate of the cleanup costs, but they would jointly share in the long-term benefit provided by the uplift in taxes resulting from the redevelopment. Regional staff have participated in the Town's working group for the development of the Brownfield Redevelopment Strategy. Recommendations regarding Regional participation will be included in the Final CIP and staff report to P&D Council at the end of 2017.

### **Next Steps**

If Council endorses the Brownfield Redevelopment Strategy as set out in this report, a Draft CIP will be prepared that includes the detailed incentive programs, a monitoring program, marketing strategy and administrative procedures. Internal staff meetings will be held to review and complete the Draft CIP. This Draft CIP will then be circulated to the Ministry of Municipal Affairs and other stakeholders for comment. These comments will then be utilized to finalize the CIP which will then be presented for consideration to Council at a Statutory Public Meeting. It is estimated that the Final CIP will be presented to Council in December 2017. Subsequently, by-laws to designate the CIPA and to adopt the CIP will be brought to Council for approval.



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## **CONSIDERATIONS:**

### **(A) PUBLIC**

Over the last few months, two stakeholder meetings and a public information meeting were held to receive input into the proposed Brownfield Redevelopment Strategy. The Draft CIP will be available for the public to review in advance of the Statutory Public Meeting and final report to Council.

### **(B) FINANCIAL**

This report does not generate any financial impact to the Town; however, it sets the context for future financial consideration when the Final CIP and staff report are brought forward to Council later this year.

The Brownfield Redevelopment Strategy proposes three financial incentive programs, one of which will require funding, being the Environmental Study Grant Program. Halton Region currently administers an annual grant of \$75,000 to be used in conjunction with the local municipal CIP programs throughout the Region. A recommendation to establish a level of funding from the Town will be set out in the final report to Council. Because the request for environmental study grants will be unknown in any given year, it is suggested that a maximum of \$40,000 be authorized and funded from the corporate contingency reserve on an annual basis. Establishing the funding level and authorization in advance will allow the program to be implemented in an efficient manner. Town and any potential Regional funding for environmental study grants will be matched by the applicant.

With respect to the Tax Increment Grant (TIG), a budget will not be necessary because the rebate will be offset entirely by the growth in assessment resulting from the redevelopment. The site will be flagged with the Finance department when a TIG application is processed so that the growth in the assessment is not factored into the budget until the rebate of the remediation costs is complete or the maximum timeframe is reached, whichever occurs first.

For the Tax Assistance Program, the existing taxes are frozen at the pre-development level. The assessment growth is not recognized until the remediation costs are rebated or the maximum timeframe of three years is reached, whichever occurs first.

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**(C) IMPACT ON OTHER DEPARTMENTS & USERS**

The experience in other municipalities indicates that brownfield incentive programs can be initially slow to see an uptake from the development community. It is anticipated that the administration of the three proposed programs can be undertaken by existing resources in Environment, Finance, Economic Development and Planning Services departments.

**(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS**

This report addresses the corporate strategic goal to:

- enhance our economic environment
- have environmentally sustainable programs/services
- continuously improve our programs and services
- provide outstanding service to our residents and businesses
- be fiscally sustainable

**(E) COMMUNITY SUSTAINABILITY**

This work addresses the economic, environmental and social pillars of sustainability. The redevelopment of privately-owned brownfields can encourage new employment, commercial and residential opportunities into the community; increase property values and tax revenues; reduce or eliminate liability as well as reduce environmental, health and safety hazards.

**APPENDICES:**

- Appendix A – Brownfield Redevelopment Strategy
- Appendix B – Tax Increment Grant Program Example

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