

## Draft Directions for a Burlington Brownfield Community Improvement Plan

BEDC/City of Burlington

### Brownfield Focus Community Improvement Plan Draft Directions

April 14, 2020



### Brownfields in Burlington

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- **“Brownfields”** - abandoned, idled or underutilized properties where past actions caused known or suspected environmental contamination, but where there is an active potential for redevelopment.
- Fewer brownfields in Burlington than other municipalities, but Environmental Risk Database (ERD) prepared in 2006 identified about a dozen known brownfield sites and potentially as many as 294 brownfield sites in Burlington;
- Brownfields are impacting ability to meet intensification and growth targets, attract employment, increase assessment.
- Sites range from large manufacturing to gasoline stations and dry cleaners.
- One tool municipalities can use is a Community Improvement Plan (CIP).



## What is a Community Improvement Plan?

- S. 106 of Municipal Act prohibits “bonusing”, but S. 28 of Planning Act provides an exception for CIP’s.
- Municipality designates a community improvement project area where the CIP will apply.
- Once the CIP is approved, the municipality can provide grants and loans for:
  - i. development, redevelopment, construction and reconstruction of land and buildings for rehabilitation purposes;
  - ii. environmental site assessment/ remediation;
  - iii. provision of energy efficient uses, buildings, structures, works, improvements or facilities.



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## Brownfield CIP Best Practices

Type of Financial Incentive Program	Number of Municipalities	% of all Municipalities (52) with Brownfield CIPs
Tax Increment Grant	50	96%
Tax Assistance	40	77%
Environmental Study Grant	30	58%
Planning/Building Fees Grant	28	54%
Development Charge Reduction/Exemption	27	52%
Façade Grant/Loan	21	40%
Rehabilitation and Redevelopment Grant/Loan	2	4%

Source: Ontario MMAH, 2012

- Most Brownfield CIPs cover entire urban area/municipality.
- Some municipalities use a “hybrid” approach that provides greater incentives to “priority areas” in the municipality.
- Innovative CIP trends include tying the incentive amount to project performance (economic, design, sustainability)



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## Brownfield CIP Best Practices

Type of Program	Municipality							
	Cornwall	Guelph	Kingston	Hamilton	Niagara Falls/ Niagara Region	Ottawa	Kitchener, Cambridge, Waterloo/ Waterloo Region	Oakville
1) Environmental Study Grant	X	X	X	X	X	X	X	X
2) Project Feasibility Study Grant	X					X		
3) Property Tax Assistance (Freeze/ Cancellation)	X	X	X	X	X	X	X	X
4) Tax Increment Grant (TIG)	X	X	X	X	X	X	X	X
5) Development Charge Reduction				X	X	X	X	
6) Remediation Loan				X				
7) Municipal Tipping Fees Grant	X							
8) Planning/ Building Permit Fees Grant	X					X		
9) Payment-in-Lieu of Parkland Dedication Grant	X							



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## Brownfield CIP Best Practices

- Oakville Brownfield CIP

Priority Area	Base TIG for Qualifying Project	Plus the Project	Achieves Minimum Employment Density specified by Town (See Appendix F)	Achieves exemplary building/site design implementation or restores a designated heritage building/ property (see Appendix G)	Includes a minimum of 20% of residential units that are: - Affordable; - Assisted; - Special needs; or a combination of the three. (See Appendix H)	Achieves Sustainability Initiative Status (see Appendix I)	Maximum Duration of TIG Payment
1 Employment Areas	80%		100%	100%	n/a	100%	12 years
1 (Midtown Oakville/Major Transit Station Areas	80%		100%	100%	100%	100%	12 years
2 Nodes and Corridors	70%		90%	90%	90%	90%	10 years
3 Rest of Urban Area	60%		80%	80%	80%	80%	8 years



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## Work to Date

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- Project Team includes City and Regional staff and a BEDC Board Member.
- Tasks completed:
  - ✓ Review of previous Brownfield Reports
  - ✓ Tour, Photos and Characterization of Potential Brownfield Sites
  - ✓ Policy Direction Review
  - ✓ Community Improvement Needs Analysis
  - ✓ Goals and Targets
  - ✓ Preliminary Incentive Program Concepts
  - ✓ Stakeholder Workshop
  - ✓ Draft Incentive Programs



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## Policy Directions

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- Strong support and direction for Brownfield Focus CIP in City, Regional, and Provincial policies.
- Mayor's Red Tape Red Carpet Task Force Report and new OP recommend a Brownfield CIP that promotes business development and the **development of employment land for new, more intensive uses**.
- Other key policies stress:
  - ✓ Protection of employment lands;
  - ✓ Removal of constraints on availability of employment lands;
  - ✓ Employment land intensification;
  - ✓ Directing business growth to employment lands along QEW, Hwy. 403 and 407;
  - ✓ Directing growth and intensification to urban centres and sustainable mixed use and employment areas in Mobility Hubs;
  - ✓ Improve sustainability of development.



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## Community Improvement Needs

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- Reviewed 2009 Brownfield Variables and Options Report and 2010 Brownfields Assistance Program Report (MMM).
- Consultant conducted tour of Employment Lands with BEDC staff.
- Consultant toured Employment Lands, Mobility Hubs, Urban Centres, and Urban Corridor
- Reviewed input received from Project Team.
- 2009 Report identified 294 potential brownfield properties:
  - 192 (65%) moderate risk – 8 were vacant at the time;
  - 102 (35%) high risk – 5 were vacant at the time;
  - Actual number of brownfield sites (contaminated) estimated to be 30 to 90.



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## Community Improvement Needs

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- Most potential brownfield sites are primarily located along QEW, Hwy 403, Hwy 407, and CNR corridor.
- Some potential brownfield sites are also located in the Urban Centres, Mobility Hubs, and Mixed Use Nodes and Intensification Corridors.
- Potential brownfield sites in the following areas were visited:
  - Aldershot Mobility Hub;
  - King Road General Employment Area;
  - Burlington Mobility Hub;
  - Industrial Street General Employment Area;
  - Mainway Road General Employment Area;
  - Appleby Mobility Hub;
  - Uptown Urban Centre.



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## Community Improvement Needs

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- Based on Zoning:
  - 131 sites (197.6 ha.) zoned for General Employment Uses;
  - 23 sites (54.3 ha.) zoned for Commercial Uses;
  - 42 sites (31.6 ha.) zoned Mixed Use; and,
  - 7 sites (1.3 ha) zoned Downtown Mixed Use Centre.
- Wide variety of potential brownfield sites (location, size, intensity of use)
- Some also have functionally obsolete buildings.



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## Goals

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- **Primary Goal of BF Focus CIP** - stimulate brownfield redevelopment for purposes of generating employment intensification and employment growth in Burlington, particularly on Employment Lands.
- **Additional Goals**
  - Protect City's existing employment land base from conversion to non-employment uses.
  - Make redevelopment of brownfields for employment uses more attractive to private land and building owners.
  - Expand assessment base and increase long-term property tax revenues.
  - Improve quality and comprehensiveness of environmental studies done on potential brownfield sites.



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## Goals

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- **Additional Goals (cont'd)**
  - Ensure remediated and risk assessed brownfield sites are environmentally suitable for the proposed use(s).
  - Improve physical and visual qualities of brownfield sites.
  - Improve and restore City's natural environment.
  - Reduce environmental impact of brownfield redevelopment by promoting environmentally sustainable buildings and sites.
  - Enhance quality of living and working environments within the City as a result of the remediation of brownfield properties.
  - Promote development of sustainable mixed use and employment areas within the Mobility Hubs that encourage transit use.
  - Ensure City's participation in this CIP, including the offering of incentive programs, is within the financial capabilities of the City.



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## Community Improvement Project Area

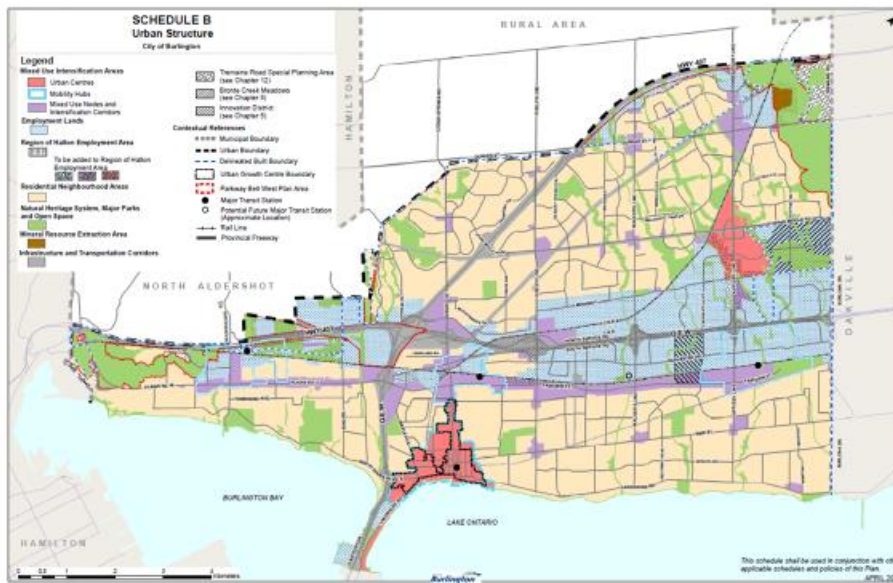
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- Current OP – CIPA can be part or all of Urban Area and part or all of one or more RSAs.
- Newly Adopted OP - CIPA can be part or all of entire City.
- Only a few potential brownfield sites in the Rural Area - do not need to be a significant priority in a CIP.
- Development policies in Rural Area are also fairly restrictive.
- Draft Community Improvement Project Area (CIPA) for Brownfield Focus CIP = **“all land within the urban area of the City of Burlington, as amended from time to time”**.



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# Community Improvement Project Area



## Preliminary Draft Incentive Programs

- We developed and examined the following range of options for brownfield redevelopment incentive programs to address the key community improvement needs and goals.
- **Option 1 – Geographic Focus** - brownfield redevelopment will be promoted (regardless of proposed land use) but prioritized in certain geographic areas as follows:

Priority	Area
1	Employment Lands
2	Mobility Hubs
3	Urban Centres and Mixed Use Nodes and Intensification Corridors
4	Rest of Urban Area

- **Option 2 – Employment Focus** - brownfield redevelopment will be promoted only for employment uses and then prioritized in the geographic areas.
- **Option 3 – Hybrid Focus** – same as Option 1 but employment uses given a higher incentive versus non-employment uses in all geographic areas.



## Preliminary Draft Incentive Programs

- ***Option 2 (Employment Focus) was chosen as the preferred option because it best aligns with the City's policy goals and is within the financial capabilities of the City.***
- What are employment uses? NAICS Codes:
  - Sector 23: Construction
  - Sector 31-33: Manufacturing
  - Sector 42: Wholesale Trade
  - Sector 48-49: Transportation and Warehousing
  - Sector 51: Information
  - Sector 52: Finance and Insurance
  - Sector 53: Real Estate and Rental and Leasing
  - Sector 54: Professional, Scientific, and Technical Services
  - Sector 55: Management of Companies and Enterprises
  - Sector 56: Administrative, Support and Waste Management and Remediation Services



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## Preliminary Draft Incentive Programs

Program Name	Program Description
<b>Environmental Study Grant (ESG) Program</b>	- Grant equal to 50% of the cost of eligible environmental studies to a maximum: <ul style="list-style-type: none"> <li>a) grant of \$3,000 for a Phase I ESA;</li> <li>b) grant of \$20,000 for any other eligible environmental study;</li> <li>c) of two (2) studies per project and \$30,000 per project.</li> </ul>
<b>Tax Assistance Program (TAP)</b>	- Cancellation of the City property taxes and education property taxes for up to 3 years. - Cancellation of education property taxes is subject to approval by the Minister of Finance.
<b>Tax Increment Grant (TIG) Program</b>	- Annual grant equal to a percentage (%) of the municipal property tax increase generated by the project for up to 12 years after project completion. (see TIG Table). - The percentage and duration of the annual grant payments is dependent on the location of the project and whether or not the project achieves certain employment densities and demonstrates environmental sustainability.
<b>Remediation Loan Program (RLP)</b>	- Low interest loan to a maximum of \$400,000 for eligible remediation expenses with the loan repaid through the TIG.
<b>Fees Grant Program (FGP)</b>	- A grant equal to the costs of planning application fees and demolition/building permit fees to a maximum grant of \$20,000. The FGP applies only to properties approved for the TAP, TIG or RLP.



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## Preliminary Draft Incentive Programs

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### Key General Program Requirements

- Programs available only to employment uses.
- No retroactivity
- Property must be contaminated as per O. Reg 153/04.
- With exception of the ESG, applicant must be owner of property.
- City will require legal agreements for major programs.
- Other sources of government funding must be declared and prorated adjustment will be made.
- Polluting owners cannot apply and only Council can make an exception to this rule.
- Studies and eligible works must be started and completed within time frames set by City.
- Staff review applications and make a recommendation to Council or Council's designate.
- City can audit eligible costs at expense of applicant.



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## Preliminary Draft Incentive Programs

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### 1. Environmental Study Grant (ESG) Program

- 50% grant for Phase I, II ESAs, DSHMS, RWPs, and RAs to a maximum:
  - Grant of \$3,000 for a Phase I ESA;
  - Grant of \$20,000 for any other eligible environmental study;
  - Of 2 studies and \$30,000 per project.

### 2. Tax Assistance Program (TAP)

- City (and possibly Regional) and Education property taxes cancelled for a maximum of 3 years or point where eligible costs have been repaid.
- Eligible costs are the costs of:
  - Environmental studies (net of ESG);
  - Environmental remediation;
  - Environmental controls/works specified in RA or RWP and,
  - Environmental insurance premiums.



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## Preliminary Draft Incentive Programs

### 3. Tax Increment Grant (TIG) Program

- Eligible costs are the costs of:
  - Environmental studies (net of ESG);
  - Environmental remediation;
  - Environmental controls/works specified in RA or RWP;
  - Environmental insurance premiums;
  - LEED Program components (up to 10% of construction costs);
  - Building demolition (including foundations/structures);
  - Building rehabilitation, renovation, and retrofit works.
- Eligible uses = employment uses.
- Annual Grant equal to a % of City (and Regional?) property tax increase paid after project completed, reassessed by MPAC and property taxes paid.
- Grant is paid for a set number of years or point where eligible costs are repaid, whichever comes first.
- The TIG % increases based on project performance (employment density and sustainability).



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## Preliminary Draft Incentive Programs

### 3. Tax Increment Grant (TIG) Program

Employment Focus – (Applies only to Employment Uses)

Priority Area	Base TIG for Qualifying Project	Plus the Project	Achieves minimum Employment Density specified by the City (TBD)	Achieves minimum LEED Silver Certification or minimum Sustainability Score as specified by the City's Sustainable Building Design Guidelines (TBD)	Maximum Duration of TIG Payment
1 Employment Lands	70%		100%	90%	12 years
2 Mobility Hubs	60%		90%	80%	11 years
3 Urban Centres, Mixed Use Nodes and Intensification Corridors	50%		70%	70%	9 years
4 Rest of Urban Area	40%		60%	60%	6 years



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## Preliminary Draft Incentive Programs

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### 4. Remediation Loan Program (RLP)

- Low interest (0%) loan = to 75% of remediation costs to max. of \$400,000 for eligible remediation expenses.
- Loan amortized and repaid to City over a 5 year period through the TIG payments.
- Any shortfall made up by owner via annual payments.
- Remediation and redevelopment must be completed within set timeframes.

### 5. Fees Grant (FGP)

- Grant equal to planning fees, and building demolition and permit fees to a maximum of \$20,000.
- Available only to approved TIG applications.
- Paid after project completed.



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## Next Steps

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1. Project Update to Committee/Council – receive comments.
2. Prepare Draft CIP.
3. Project Team Meeting to review Draft CIP.
4. Hold Stakeholder Workshop #2 and receive comments.
5. Finalize Draft CIP.
6. Agency Circulation.
7. Finalize CIP.
8. Statutory Public Meeting.
9. Council Adoption.



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