

Scoped Best Practices Review of Brownfield Incentive Programs in Ontario

Prepared for the City of Ottawa



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1.0 INTRODUCTION

The City of Ottawa retained RCI Consulting to prepare a Scoped Best Practices Review (BPR) of brownfield redevelopment incentive programs contained in the Brownfield Community Improvement Plans (CIPs) and Development Charge By-laws of several other Ontario municipalities with longstanding brownfield redevelopment incentive programs. The need for this Review has arisen as a result of the City of Ottawa's ongoing review of its Brownfield Redevelopment CIP.

1.1 Purpose

The purpose of this Scoped BPR is to provide the City of Ottawa with information to help answer the following questions:

- a) What is the evidence of impacts on investment, jobs, assessment values, and property taxes as a result of brownfield redevelopment projects that have taken advantage of municipal brownfield redevelopment incentive programs in Ontario?
- b) What are the recent trends in terms of municipalities in Ontario generally maintaining, reducing, or enhancing the brownfield redevelopment incentive programs contained in their CIPs through their CIP reviews and updates?

As considerable experience has shown in both Canada and the United States, it is virtually impossible for any municipality to develop a valid "but for" test when it comes to brownfield redevelopment incentive programs, i.e., "but for" the incentive program, would the brownfield redevelopment project have taken place anyway? However, comparison of the amount, scale, and type of brownfield redevelopment that took place prior and after the introduction of brownfield incentive programs in the context of local development trends can help provide some insight into the answer to this question.

1.2 Methodology

In order to provide useful information to help the City of Ottawa answer questions 1.1 a) and b) above, the brownfield redevelopment incentive programs contained in the Brownfield CIPs/Development Charge Bylaws of seven (7) Ontario municipalities (including Ottawa) with well-established, longstanding Brownfield CIP programs (10+ years) were examined. These municipalities include the:

- City of Cornwall (Brownfield CIP originally adopted 2005);
- City of Guelph (Brownfield CIP originally adopted 2004)
- City of Hamilton (Brownfield CIP originally adopted 2001);
- City of Kingston (Brownfield CIP originally adopted 2005);
- City of Ottawa (Brownfield CIP originally adopted 2007);
- City of Windsor (Brownfield CIP originally adopted 2010); and,
- Region of Waterloo/City of Kitchener with Cities of Cambridge and Waterloo having similar Brownfield CIPs (Region of Waterloo adopted brownfield incentives in 2006 with the local municipalities subsequently adopting Brownfield CIPs).

The City of Toronto was not included in this comparison because large scale brownfield redevelopment was occurring in Toronto well in advance of the City introducing brownfield redevelopment incentive programs. Furthermore, the City of Toronto's current Brownfields Remediation Tax Assistance (BRTA) Program is a very minor component of its larger Imagination, Manufacturing, Innovation and Technology (IMIT) Program, which is available only to a number of targeted employment sectors. As the City of Toronto's brownfield

redevelopment market is more mature and its lone brownfield redevelopment incentive program is minor and quite targeted, the City of Toronto was not included in the comparison.

The current Brownfield CIPs available on the websites of the above-noted seven municipalities were reviewed.

In order to provide information on question 1a) above, an internet search was done for staff and consultant reports from the respective municipalities containing published empirical results on investment, jobs, assessment values, and property taxes resulting from brownfield redevelopment projects that took advantage of incentive programs available in these municipalities. Where published empirical results could not be found, enquiries were made with staff in these municipalities to determine if any published empirical results were available.

It was determined that four of the seven comparator municipalities (Guelph, Hamilton, Waterloo, and Windsor) have published recent empirical results containing variable levels of economic impact data. These published reports were analyzed to identify the economic impacts on investment, jobs, assessment values, and property taxes of brownfield redevelopment projects that have taken advantage of brownfield incentive programs in these municipalities. In addition, a very recent study by DeSousa and Risdale of Ryerson University that surveyed Ontario municipalities with Brownfield CIPs regarding their incentive programs and practices was reviewed to identify the perceived effectiveness of the incentive tools contained in these CIPs, and the level of economic impact monitoring that has been done by Ontario municipalities¹.

In order to provide information on question 1b) above, the incentive program information contained in recent Best Practice Reviews of Brownfield Redevelopment Incentive Programs conducted by RCI Consulting was updated for the comparator municipalities. This was done by examining the Brownfield CIPs and brownfield incentive program guides and application forms currently available on the comparator municipality web sites and contacting the brownfield coordinators in those municipalities for clarification, where required. Additionally, the DeSousa and Risdale study of municipal brownfield redevelopment programs in Ontario was reviewed to identify the most common municipal incentive programs used across Ontario to promote brownfield redevelopment, and any recent trends regarding changes to these programs.

It was determined that most but not all of the comparator municipalities have reviewed and revised their Brownfield CIP programs over the last few years. In order to provide more detailed information on question 1b) above, municipal brownfield redevelopment incentive programs in the comparator municipalities were reviewed with a focus on recent revisions to the respective major Brownfield CIP programs in each municipality, specifically Tax Increment Grant (TIG) Programs and Development Charge Reduction/Grant and Deferral Programs. Finally, a few more recent Brownfield CIPs that feature performance based incentive programs tied to economic performance, design, housing, and/or environmental sustainability criteria were also reviewed to identify innovative approaches to brownfield incentive programs.

¹ DeSousa, C.A. and D.R Riddle. 2021

1.3 Report Content

Section 2.0 of the report presents a summary of published information on the economic impacts of brownfield redevelopment projects that have utilized brownfield incentive programs in the four (4) Ontario municipalities for which published reports were found, namely, Guelph, Hamilton, Waterloo Region, and Windsor.

Section 3.0 of the report presents information on how the seven (7) comparator municipalities have revised (maintained, reduced, or enhanced) their brownfield incentive programs over the last several years. This section of the report also highlights a few recent innovative incentive approaches being utilized by municipalities in Ontario to promote brownfield redevelopment projects that incorporate economic, design, housing, and environmental sustainability performance.

2.0 ECONOMIC IMPACTS

Research undertaken by the Ontario Ministry of Municipal Affairs and Housing (MMAH) in 2018 identified 80 municipalities in Ontario with CIPs containing brownfield provisions². While this is a significant increase from the 44 municipalities with CIPs containing brownfield provisions in 2011, the 80 municipalities represents only 18% of the 444 municipalities in Ontario. As noted by DeSousa and Risdale, municipalities with brownfield CIPs are located primarily in older and more populated parts of the province along the north shores of Lake Ontario, Lake Erie, and the St. Lawrence River, where the impacts of deindustrialization and economic restructuring have been most acute.

The search for municipal brownfield program monitoring results among the comparator municipalities (all with long standing brownfield incentive programs), indicates that reliable and detailed long-term monitoring data on the economic impact and effectiveness of municipal brownfield redevelopment incentive programs is hard to come by in Ontario. This despite most municipal Brownfield CIPs in Ontario containing well specified policies and programs to monitor the performance and impact of the municipal incentive programs contained in those CIPs. The study by DeSousa and Risdale confirms this finding. Only 28% (primarily large and some medium sized) of the 43 municipalities who responded to their survey tracked application and development details (site size, new residential units, commercial space). Only 12% tracked municipal financial contributions to the projects. Only 8% formally required and tracked broader socio-economic or environmental outcomes of the brownfield redevelopment projects approved for incentives, including standard variables such as the area of land or building being redeveloped, the number of new units, and the increase in assessed value and employment³. Unfortunately, the DeSousa and Risdale study did not contain any information or analysis on the socio-economic monitoring results of the few Ontario municipalities who track the outcomes of development projects that utilized their brownfield incentive programs.

The internet search done for staff and consultant reports in the comparator municipalities that contain published empirical results on construction value (investment), jobs, assessment values, and property taxes resulting from brownfield redevelopment projects identified four of the seven comparator municipalities (Guelph, Hamilton, Waterloo, and Windsor) with published empirical results containing variable levels of information. These published reports were analyzed to determine the economic impacts on investment, jobs, assessment values, and property taxes of brownfield redevelopment projects that have taken advantage of brownfield incentive programs in these municipalities.

2.1 City of Guelph

As part of its 2018 review of all of its CIPs (Brownfields, Downtown, and Heritage), the City of Guelph prepared a CIP Monitoring Report (see Guelph Staff Report IDE-2018-01). The Staff Report notes that, overall, the CIP incentive programs have been successful in their main goal of promoting the remediation, rehabilitation, adaptive reuse and redevelopment of brownfield sites throughout the City of Guelph in a fiscally responsible manner.

Between adoption of the Guelph Brownfield CIP in 2004 and the end of 2017, the City of Guelph approved seven (7) Brownfield Tax Increment Based Grants (TIGs) for 8 sites. Three of the seven Brownfield TIG projects also received Downtown Major Activation Grant Funding. Taking into consideration the combined

² DeSousa, C.A. and D.R Riddle. 2021. p. 105.

³ DeSousa, C.A. and D.R Riddle. 2021. p. 108.

Brownfield TIG funding and the Downtown Major Activation Grant Funding, the economic impact of the City's TIG funding on these 8 sites is estimated by the City of Guelph as follows:

- Total Tax Increment Grant Funding Commitment = \$23,067,642;
- Total Land Area Remediated and Redeveloped = 28.9 ha (71.3 acres);
- Total Project Construction Value = \$226,875,000
- Total Assessment Value Increase = \$224,398,606
- Total Annual Tax Increment Grant = \$2,520,118
- Total Residential Units Built = 614
- Total Commercial Gross Floor Area (GFA) Built or Rehabilitated = 3,837 m² (41,300 sq.ft.)
- Total Jobs = 82

Summary of Key Economic Impact Statistics

- Construction Value: Grant Funding Leverage Ratio, also known as the “**Leverage Ratio**” = (Total Project Construction Value – Total Tax Increment Grant Funding Commitment): Total Tax Increment Grant Funding Commitment = **8.84**
- Total Assessment Value Increase: Total Tax Increment Grant Funding Commitment = 9.73
- Total Tax Increment Grant Funding Commitment: Total Annual Tax Increment Grant = 9.15

A leverage ratio of 8.84 means that every \$1 that the City of Guelph has contributed toward Tax Increment Based Grant funding for brownfield redevelopment projects is estimated to leverage approximately \$8.84 in private sector investment construction value. Every \$1 of grant funding is estimated to generate an increase in assessment value of \$9.73. The ratio of Total Grant Funding Commitment: Total Annual Tax Increment Based Grant of 9.15 means that for the average project, the annual increase in property taxes collected by the City of Guelph will pay for the City's grant commitment in approximately 9.15 years.

2.2 City of Hamilton

In 2018, RCI Consulting prepared a comprehensive Review of the City of Hamilton ERASE CIP Incentive Programs (see Hamilton Staff Report PED18030 and Appendix B). Between inception of the Hamilton ERASE CIP in late 2001 and the end of 2016, the City of Hamilton had received 44 active ERASE Redevelopment Tax Increment Grant (ERG) applications (38 approved and 6 in due diligence). The total land area covered by these 44 ERG applications is 86.2 ha. (213 acres).

The 2018 Hamilton Report notes that virtually all of the ERG approved sites (96%) where remediation has been completed and an RSC has been filed have been redeveloped or are currently being redeveloped. The Report concludes that the ERG Program has produced a significant number of applications encompassing a large amount of brownfield land, and redevelopment activity has already taken place on most of the approved application sites. Therefore, Hamilton's Erase Redevelopment Grant Program has met its primary goal which is to encourage environmental remediation, rehabilitation, redevelopment and adaptive re-use of brownfield sites. Moreover, the Report notes that the economic impact of projects completed under the ERG Program has been substantial. More specifically, the economic impact of the 44 ERG applications approved in Hamilton to the end of 2016 is estimated as follows:

- Total City Erase Redevelopment Grant Funding Commitment = \$32,100,516;
- Total Land Area Remediated and Redeveloped = 85.09 ha (210.0 acres);
- Total Project Construction Value = \$572,488,925
- Total Residential Units = 1,155

- Total Commercial Gross Floor Area (GFA) Built or Rehabilitated = 69,991 m² (753,403 sq.ft.).
- Total Jobs = 531

While the key economic impact statistics could be estimated for the 44 ERG applications in Hamilton, the Hamilton ERASE CIP Review Report contains data on the actual economic impacts of the 22 ERG projects that were completed (20 projects) or substantially completed (2 projects) by the end of 2017. This focus on actual construction value, assessment value, property taxes, residential units and commercial space built, and employment data, as opposed to estimated values, provides a more reliable indicator of the actual economic impacts of the longest standing brownfield redevelopment incentive program in Canada. In addition, the Hamilton CIP Review Report factored out increases in assessment value and property taxes of ERG completed projects due to general increases in property values. Therefore, the assessment value and property tax increases of the completed ERG projects in Hamilton can be attributed directly to their remediation and redevelopment under the City of Hamilton's ERG Program.

The actual economic impacts of the 22 completed Erase Redevelopment Grant projects in Hamilton are as follows:

- Total Tax Increment Grant Funding Commitment = \$12,300,000⁴;
- Total Land Area Remediated and Redeveloped = approximately 48.5 ha (120 acres);
- Total Project Construction Value = \$151,414,805 (updated);
- Total Assessment Value Increase = \$129,000,000 (adjusted for general increases in assessment value);
- Total Annual Tax Increment = \$2,300,000 (adjusted for general increases in assessment value)
- Total Residential Units Built = 448
- Total Commercial GFA Built or Rehabilitated = 55,740 m² (600,000 sq.ft.)
- Total Jobs Created = 325
- Development Charges Paid = \$5,500,000
- Building Permit Fees Paid = \$1,400,000

Summary of Key Economic Impact Statistics

- **Leverage Ratio** = (Total Project Construction Value – Total Grant Funding): Total Grant Funding = **11.31**
- Total Assessment Value Increase: Total Grant Funding = 10.49
- Total Grant Funding: Total Annual Tax Increment = 5.35
- Average Assessment Value Increase = 600% (adjusted for general increases in assessment value)
- Average Annual Property Tax Increment = 362% (adjusted for general increases in assessment value)

The leverage ratio for actual projects completed under Hamilton's ERG Program is 11.3. Furthermore, brownfield redevelopment projects participating in the ERG Program generated an Assessment Value Increase: Total Grant Funding ratio of 10.49, an average assessment increase of 600% and an average property tax increase of 362%, both adjusted for general market increase in property values. At first glance, the low Total Grant Funding: Total Annual Tax Increment ratio of 5.35 seems to suggest that ERG approved projects in Hamilton take much less time to recoup grant funding through the annual TIG. However, this is not the case as many ERG projects in Hamilton applied their eligible Tax Increment Grant Amounts directly against City Development Charges payable at building permit issuance, and then took any balance as an annual grant. The comprehensive analysis of actual economic impact data in Hamilton demonstrates that the

⁴ Includes amounts of Tax Increment Based Grants that were applied directly against City Development Charges payable.

impacts on investment, jobs, assessment values, and property taxes of brownfield redevelopment projects taking advantage of Hamilton's ERASE Redevelopment Grant (ERG) Program are very significant.

2.3 Regional Municipality of Waterloo

The Regional Municipality of Waterloo initiated a formal review of its Brownfield Financial Incentive Program (BFIP) in 2016 with a Final Review Report produced in March of 2019 (see Waterloo Staff Report PDL-CPL-19-15/COR-FSD-19-13). The Regional BFIP offers a Joint TIG with the three local municipalities in the Region of Waterloo (Cambridge, Kitchener, and Waterloo) through their Local Municipal Brownfield CIPs. The Region also offers a Regional DC (RDC) Exemption Program through the Region's DC Bylaw. The Region has committed over \$37M to 49 BFIP applications approved on 36 sites, broken down as follows:

- 26 Phase Two ESA Grants for over \$700,000
- 12 Joint Tax Increment Grants at over \$26M; and,
- 11 Regional Development Charge Exemptions at \$11M.

The Region of Waterloo Report estimates the economic impact of the 49 approved BFIP applications in Waterloo as follows:

- Total Joint Tax Increment Grant Funding Commitment⁵ = \$37,000,000
- Total Increase in Assessment Value = \$750,000,000
- Total Annual Tax Increment = \$4,000,000 (by 2023)
- Total Residential Units = 2,500
- Total Commercial GFA built or rehabilitated = 92,900 m² (1,000,000 sq.ft.)

Summary of Key Economic Impact Statistics

- Total Assessment Value Increase: Total Grant Funding = 20.27
- Total Grant Funding: Total Annual Tax Increment = 9.25
- Average Assessment Value Increase = 3000%

The Region of Waterloo Report claims that for every \$1 of incentive funding provided by the Region, approximately \$20.27 of assessment value will result, and assessment values on Joint TIG approved sites are expected to be on average 3,000% higher than pre-redevelopment assessment values. Based on the Assessment Value: Grant Funding Ratio of 9.73 in Guelph (estimated), and 10.49 in Hamilton (actual), the anticipated increase in assessment value (and by definition property taxes) in Waterloo Region appears overly optimistic. Hamilton experienced a similar phenomenon when comparing estimated construction values and actual construction values for its completed ERG projects. The Hamilton Review Report found that construction value estimates provided by ERG applicants were on average almost 32% higher than actual construction values.

2.4 City of Windsor

The City of Windsor is currently undertaking a review and update of its Brownfield Redevelopment CIP. As part of this review and update, the City recently prepared a Monitoring Report (see Windsor Staff Report S 71/2021 to Council). Between the launch of the Windsor Brownfield Redevelopment CIP in 2010 and 2021, the City of Windsor has approved ten (10) Tax Assistance/Rehabilitation Grant applications. The economic

⁵ Includes the Regional Development Charge Exemption.

impact of the 10 Tax Assistance/Rehabilitation Grant applications approved in Windsor to 2021 is estimated as follows:

- Total City Funding Commitment = \$12,760,229
- Total Land Area Remediated and Redeveloped = 33.5 ha (82.8 acres)
- Total Project Construction Value = \$181,897,580
- Total Assessment Value Increase = \$216,260,081
- Total Residential Units = 962

Summary of Key Economic Impact Statistics

- **Leverage Ratio** = (Total Project Construction Value – Total Grant Funding)/Total Grant Funding = **13.26**
- Total AV Increase: Total Grant Funding = 16.95

Again, based on the leverage ratio for actual completed ERASE Redevelopment Grant projects in Hamilton of 11.3, and the Assessment Value Increase: Grant Funding ratio of 10.49 in Hamilton, the anticipated leverage ratio of 13.26 and Assessment Value Increase: Grant Funding Ratio of 16.95 in Waterloo appear somewhat overly optimistic.

2.5 Summary

Table 1 below presents a comparison of the economic impact data published by the four comparator municipalities analyzed above. Direct comparisons of economic impacts and statistics such as leverage ratios, and multipliers between these four comparator municipalities is not strictly possible due to methodological differences in data collection, a varying mix of projects between municipalities (e.g., residential versus non-residential), and the different timelines over which the data was collected. However, based on the empirical data reported and analyzed by the four municipalities above, a number of general conclusions can be drawn regarding the effectiveness and economic impacts of municipal brownfield redevelopment incentive programs in Ontario. These conclusions are as follows:

- Numerous municipalities with long-standing municipal brownfield redevelopment incentive programs in Ontario report that these programs have proven effective in promoting the remediation and redevelopment of numerous brownfield sites in their municipalities .
- In the context of promoting urban intensification, municipal brownfield redevelopment incentive programs have promoted and assisted in the remediation and redevelopment of hundreds of hectares of land in urban areas in Ontario. These lands are often located in key downtown areas.
- Municipal brownfield redevelopment incentive programs have assisted in promoting the construction of hundreds of residential units in municipalities that have long standing brownfield incentive programs, and some of these municipalities anticipate that the number of residential units built as a result of their brownfield incentive programs will number in the thousands.
- Municipal brownfield redevelopment incentive programs have assisted in promoting the construction and rehabilitation of a substantial amount of non-residential space (commercial and to a lesser extent industrial) and the number of jobs associated with these non-residential brownfield redevelopments total in the hundreds.

TABLE 1 Economic Impacts

Municipality	Time Period	No. of Approved TIG Applications	Total Grant Funding	Total Land Area Remediated/ Redeveloped (ha.)	Total Construction Value	Total Assessment Value Increase	Total Annual Tax Increment	Total Residential Units Built	Total Non-Res. Space Built (m2)	Total Jobs Created
Guelph	2004-2017	8	\$ 23,067,642	28.9	\$ 226,875,000	\$ 224,398,606	\$ 2,520,118	614	3,837	82
Hamilton*	2001-2016	22	\$ 12,300,000	48.5	\$ 151,414,805	\$ 129,000,000	\$ 2,300,000	325	55,740	325
Waterloo	2006-2018	23	\$ 37,000,000	NA	NA	\$ 750,000,000	\$ 4,000,000	2,500	92,900	NA
Windsor	2010-2020	10	\$ 12,760,229	33.5	\$ 181,897,580	\$ 216,260,081	NA	962	NA	NA
TOTAL		63	\$85,127,871.00	110.9	\$ 560,187,385	\$ 1,319,658,687	\$ 8,820,118.00	4,401	152,477	407

Notes:

* Hamilton values are actual to the end of 2016, not estimated.

NA = not available.

TABLE 1 Key Economic Impact Statistics

Municipality	Leverage Ratio	Assessment Value Increase: Grant Funding	Grant Funding: Annual Tax Increment	Average Assessment Value Increase	Average Annual Property Tax Increment
Guelph	8.84	9.73	9.15	NA	NA
Hamilton*	11.31	10.49	5.35	600%	362%
Waterloo	NA	20.27	9.25	3000%	NA
Windsor	13.26	16.95	NA	NA	NA

Leverage Ratio = (Total Project Construction Value – Total Grant Funding): Total Grant Funding

- In terms of the impact on investment, the real leverage ratio for municipal brownfield redevelopment incentive programs is typically in the range of 9.0 to 11.5, i.e., for every \$1 of municipal funding, a municipality can expect to generate between approximately \$9.00 and \$11.50+ in private sector construction investment.
- Similar to construction value, the impact of brownfield redevelopment incentive programs on assessment values is typically in the 10.0 to 11.0+ times range, even when adjusted for general market increases in property values. Therefore, brownfield redevelopment incentive programs have had a very significant positive impact on the assessment values of properties being redeveloped using these programs. The average assessment value increase for properties with completed ERASE Redevelopment Grant projects in Hamilton is approximately 600%.
- As a result of the large positive impact on assessment values, brownfield redevelopment incentive programs have also had a very significant positive impact on the property taxes of participating properties. The average property tax increase for properties with completed ERASE Redevelopment Grant projects in Hamilton is approximately 362%. The reason for the lower average property tax increase versus assessment value increase in Hamilton can be at least partially attributed to the fact that many of the ERASE Redevelopment Grant projects are changes in use from non-residential, such as industrial or commercial (higher tax rate), to residential (lower tax rate).
- The grant funding committed by municipalities under their brownfield incentive programs is often paid back in less than 10 years, at which point in time the municipality collects and continues to collect the full amount of the increased property taxes for many years to come.

3.0 INCENTIVE PROGRAMS AND RECENT TRENDS

This section of the report first examines the types of incentive programs currently offered by municipalities in Ontario to promote brownfield redevelopment. This is done by reviewing the results of the DeSousa and Riddle report and comparing the incentive programs offered by the comparator municipalities. Next this section of the report examines recent incentive program trends to determine if and how municipalities in Ontario are maintaining, reducing or enhancing their brownfield incentive program offerings.

3.1 Province Wide

In September of 2018, DeSousa and Risdale surveyed (online) all 80 municipalities in Ontario that MMAH identified in 2018 as having CIPs containing brownfield provisions. Only a few Ontario municipalities, e.g., Oakville, Burlington, have adopted Brownfield CIPs since this 2018 survey was done. DeSousa and Risdale also conducted site visits to interview municipal officials in charge of the programs in the six municipalities that are recognized by practitioners and professional organizations as having a progressive management approach to brownfields. These municipalities are: Cornwall, Guelph, Hamilton, Kitchener, Kingston and Ottawa. All of these progressive municipalities have been included in the comparator analysis contained below in Section 3.2.

Forty-three (43) of the 80 municipalities surveyed by DeSousa and Risdale sufficiently completed the online survey. The 43 completed municipal surveys included 14 from small (20,000 or less population), 15 from medium (20,000 to 100,000 population), and 14 from large (100,000+ population) municipalities⁶. The survey was designed to gather information on land information and policy, incentive programs and supports, and stakeholder activities.

Between 2011 and 2018, the number of Ontario municipalities with Brownfield CIPs increased from 44 to 80⁷. The highest increase in Brownfield CIPs was in smaller municipalities (211%), while medium and large municipalities witnessed increases of 60% and 43%, respectively⁸. This finding is not surprising considering that larger municipalities in Ontario with numerous brownfields developed their brownfield CIPs early on, while smaller municipalities with fewer brownfields have only developed Brownfield CIPs more recently. The larger municipalities (56%) that responded to the survey were more inclined to have their CIP cover the entire municipality as compared with smaller (17%) and medium (20%) sized municipalities.

Research by the Province of Ontario compares the types of brownfield redevelopment incentive programs offered by municipalities in Ontario between 2011 (44 municipalities) and 2018 (80 municipalities) (see **Table 2** below). The most common incentive offered in 2018 is the Tax Increment Equivalent Grant, also referred to as a Tax Increment Grant (TIG) (93%), Tax Assistance (70%), Study Grant (59%), and the Fees Grant (51%). The percentage of municipalities offering a TIG and Study Grants remained the same between 2011 and 2018 indicating the ongoing popularity of these types of incentives for larger, medium and smaller municipalities. Of particular note is the significant decline in municipalities offering Development Charge (DC) Exemptions/Reductions from 55% in 2011 to 33% in 2018. Because this data is for 44 municipalities in 2011 and 80 municipalities in 2018, further mining of the Provincial data would be required to determine if this finding is a result of some larger municipalities with long-standing brownfield incentive programs moving away from development charge reductions, smaller and medium sized municipalities who have only more

⁶ DeSousa, C.A. and D.R Riddle. 2021. p. 105

⁷ DeSousa, C.A. and D.R Riddle. 2021. p. 105

⁸ DeSousa, C.A. and D.R Riddle. 2021. p. 105

recently adopted Brownfield CIPs choosing not to include DC reductions in their CIPs/DC Bylaws, or a combination of both. The analysis of recent changes to brownfield incentive programs offered by the comparator municipalities in Section 3.2 below sheds some light on this question.

Table 2 Municipal Brownfield Incentives in Ontario

Type of Financial Incentive	No. of Municipalities 2018	% of Municipalities offering incentive, 2011	% of Municipalities offering incentive, 2018
Tax Increment Equivalent Grant	74	93%	93%
Tax Assistance	56	77%	70%
Study Grant Program	47	59%	59%
Development Charges Reductions/Exemptions	26	55%	33%
Fees Grant Program	41	48%	51%
Façade Grant or Loan Program	30	34%	38%
Rehab/Redevelopment Grants/Loans	7	9%	9%

Source: DeSousa, C.A. and D.R Riddle. 2021. p. 107. Program data shared by Ministry of Municipal Affairs and Housing.

Municipal survey respondents were asked by DeSousa and Riddle about the effectiveness of different incentive program tools. Thirty Five (35%) found TIGs to be very or moderately effective, followed by DC Reductions (21%), Study Grants (18%), Municipal Tax Assistance (16%) and Rehabilitation Grants/Loans (14%). Respondents from smaller municipalities had very limited awareness of the frequency of use or effectiveness of the different tools. Half of the large cities noted making regular use of the tools they perceived as effective (TIGs and Study Grants)⁹. These survey results on perceived effectiveness of different types of incentive programs should be interpreted carefully in the context of a declining proportion of municipalities utilizing DC Reductions. If municipalities are moving away from using DC reductions as a tool to promote brownfield redevelopment, then it stands to reason that fewer municipal staff may view DC reductions as an effective tool.

3.2 Comparator Municipalities Incentive Programs

Table 3 below provides a summary of the major brownfield redevelopment incentive programs (TIGs and DC Exemptions/Reductions/Deferrals) currently offered by the comparator municipalities, including the City of Ottawa, through their Brownfield CIPs and brownfield provisions in their DC Bylaws. For the two tier municipality in the comparison (Waterloo), both the upper and lower tier brownfield incentive programs are listed. Table 3 also provides summary information on the most recent program reductions or enhancements made by the comparator municipalities to their major brownfield redevelopment incentive programs through their CIP reviews/updates and DC Bylaw updates. These program reductions or enhancements are classed as “minor”, “moderate” or “major” based on the change to the previous incentive program in place.

⁹ DeSousa, C.A. and D.R Riddle. 2021. p. 107.

Table 3 Major Brownfield Redevelopment Incentive Programs and Recent Revisions

Municipality	Program Type and Description		Recent Program Revisions	
	Current TIG Program	Current DC Reduction/Exemption or Deferral Program	TIG Program	DC Exemption/Reduction/Deferral Program
City of Ottawa	Grant = 85% of TI for up to 10 years in Priority Areas and 5 years in Other Areas. Eligible costs include: 50% of ESA/RA/RAP, remediation and LEED components; 50% of building demolition; 50% of building rehabilitation; 50% of on-site infrastructure upgrading. Non remediation eligible costs are capped at 15% of total eligible costs.	DC Deferral of remediation costs up to 50% of DC Payable for up to 2 years in Priority Area, and up to 25% of DC payable for up to 2 years in Other Areas. Applicant can still collect remediation costs under the TIG Program.	Revised October 2015. TIG was increased from 50% to 85%, but eligible costs reduced from 100% to 50% for remediation, demolition and building rehabilitation. Non-remediation eligible costs were capped at 15% of total eligible costs. Result - moderate/major program reduction.	Revised October 2015. DC Reduction Program (remediation costs can be applied against DCs payable at building permit issuance up to a 50% DC Reduction in Priority Areas and up to a 25% DC Reduction in Other Areas) was replaced by a 2 year DC Deferral Program. Result - major program reduction.
City of Cornwall	Grant = 80% in Years 1 and 2, 70% in Years 3 and 4, 60% in Years 5 and 6, 50% in Years 7 and 8, and 40% in Years 9 and 10. Eligible costs include: ESA; remediation; building demolition; and at discretion of Council upgrading of on-site and off-site infrastructure.	None. But the City of Cornwall does offer a Discretionary Municipal Tipping Fees Grant Program that provides a reduction of tipping fees at the municipal landfill via a grant.	None.	None.
City of Guelph	Grant = 80% of TI for up to 10 years. Eligible costs include: ESA/RA/RAP/DSHM survey; remediation; LEED components; building demolition and 50% of building rehabilitation only if building demolition and rehabilitation costs are associated with site contamination.	DC Reduction - Applicant has option to enter into a DC Late Payment Agreement with the City where estimated TIG eligible costs or annual TIG payments for 10 years, whichever is less, are directed annually against DCs payable for up to 10 years, with any shortfall covered by the Applicant. Remediation costs applied against DC payable are deducted from the TIG.	None.	Revised July 2018. Introduced a DC Late Payment Agreement which is essentially a DC Deferral and Reduction where DCs would be deferred for up to 10 years by applying the annual TIG payment against DCs payable. Result - moderate program enhancement.
City of Hamilton	Grant = 80% of TI for up to 10 years. Eligible costs include: ESA/RA/RAP/DSHM survey and abatement ¹ ; remediation, LEED components; building demolition (specific areas only); and 25% of on-site infrastructure (specific areas only).	DC Reduction - Applicant has option to enter into a DC Deferral Agreement with City where the annual TIG payments for up to 10 years are directed against DCs payable with any shortfall covered by the Applicant. Eligible TIG costs applied against DC payable are deducted from the TIG.	Revised February 2018. Added DSHM survey and abatement for older industrial area, institutional uses, and heritage buildings. Result - minor program enhancement.	Revised June 2019. DC Reduction Program (remediation costs can be applied against 100% of DCs payable at building permit issuance) was replaced by a DC Deferral Option where applicant can elect to apply TIG payments against DCs payable for up to 10 years. Result - moderate program reduction.
City of Kingston	Grant = 80% of TI (90% in CIPA 6) for up to 10 years. Eligible costs include: ESA/RA/RAP; remediation; LEED components; building demolition.	None except for CIPA 6.	None.	Revised 2017. Deleted the Brownfields DC Exemption Program except for projects in CIPA 6 where an up to 50% DC Reduction is available.. Result - major program reduction.
City of Windsor	Grant = between 70% of TI (standard construction) and 100% of TI (LEED certified) for up to 10 years. Eligible costs include: FS/ESA/RA/RAP/DSHM survey; remediation; LEED components; building demolition and rehabilitation; planning and building permit fees; upgrading on-site and off-site infrastructure.	DC Reduction - Applicant has option to use DC Reduction Program to apply 100% of remediation costs approved under the TIG against DCs payable up to a 60% reduction of DCs payable at time of building permit issuance. Remediation costs applied against the DC payable are deducted from the TIG.	None.	None.
Region of Waterloo/City of Kitchener	Joint Grant = 100% of lower tier and upper tier TI for up to 10 years. Eligible costs include: Phase I ESA/ESA/RA/RAP; remediation.	DC Reduction - Applicant has option to apply for a City of Kitchener and Regional DC Exemption Program that applies 100% of remediation costs against City and Regional DCs payable at time of building permit issuance if RSC is issued on or before Dec. 31/21, or 50% of direct remediation costs against DC payable if RSC is issued between Jan 1/22 and July 31/24. Maximum DC Reduction is \$1M for City and \$1M for Region. Remediation costs applied against DCs payable are deducted from the Joint TIG.	Revised April 2019. Reduced Joint TIG Program from 110% of remediation costs to 100% direct remediation costs. Result - minor program reduction.	Revised September 2019. City and Region reduced the DC Exemption Program from 120% of remediation costs to 100% of remediation costs. Reduced the amount of remediation costs that can be applied against DCs payable from 100% to 50% if RSC filed after Dec. 31, 2021. Capped the DC Exemption for brownfields at \$1M per site for each of City and Region. DC Exemption Program will end with expiry of current DC Bylaw in August of 2024. Result - major program reduction.

Notes:

Remediation eligible cost typically includes environmental remediation, installing/maintaining risk management works, environmental monitoring, and environmental insurance premiums.

TI = Tax Increment; TIG = Tax Increment Grant Program; DC = Development Charges

FS = Feasibility Study; ESA = Phase II ESA; RA = Risk Assessment; RAP = Remedial Action Plan; DSHM = Designated Substances and Hazardous Materials

¹ DSHM survey and abatement applies only to the older industrial area, institutional uses, and designated heritage buildings.



3.2.1 Tax Increment Grant (TIG) Programs

All seven of the comparator municipalities have offered a Brownfields TIG Program for many years¹⁰. With the exception of Kingston, where the Brownfield CIP applies to the older industrial area, Williamsville Main Street Area, and several legacy brownfield areas/sites, all the other municipal CIPs in the group apply to the entire urban area or the entire municipality.

All of the municipalities have a Brownfield TIG Program that provides annual grant payments for up to 10 years, although the City of Ottawa offers annual grant payments for up to 5 years outside its priority areas. In terms of the level of the TIG, all of the municipalities with the exception of Cornwall offer a fixed percentage of the tax increment ranging from 70% in Windsor (100% if project is LEED certified) to 80% in Cornwall, Guelph, Hamilton and Kingston, 85% in Ottawa, and 100% in Kitchener/Waterloo. Cornwall offers its TIG based on a sliding scale with 80% in Years 1 and 2, 70% in Years 3 and 4, 60% in Years 5 and 6, 50% in Years 7 and 8, and 40% in Years 9 and 10. This works out to an average of 60% of the tax increment over 10 years. Therefore, at first blush, Ottawa's TIG level (85%) appears to be very competitive with other municipalities that have long standing Brownfield TIG Programs. However, an examination of the TIG eligible costs in Ottawa versus the other municipalities tells a different story (see below). Also, most of the other municipalities offer their 10 year TIG over their entire urban area/municipality, while Ottawa's 10 year TIG is restricted to its priority areas.

The scope of eligible brownfield costs permitted under the TIG programs varies from municipality to municipality. All of the municipalities allow environmental studies such as Phase II Environmental Site Assessments (ESA), Risk Assessments (RA), and Remedial Action Plans (RAP). Some municipalities such as Guelph, Hamilton, and Windsor also allow Designated Substances and Hazardous Materials (DS&HM) Surveys. All of the municipalities with the exception of Ottawa consider 100% of environmental remediation costs as TIG eligible. These costs typically include environmental remediation, placing/grading clean fill, installing/maintaining risk management works, environmental monitoring, and environmental insurance premiums. The City of Ottawa caps TIG eligible remediation costs at 50% of environmental remediation costs. This significantly reduces the amount of remediation costs that a developer can recoup in Ottawa as compared to the other municipalities.

Where a participating project is Leadership in Energy and Environmental Design (LEED) certified, several of the municipalities allow LEED component costs as a TIG eligible expense. LEED component costs are usually capped at 5% to 10% of the total building cost. The City of Ottawa caps LEED component costs at 50%.

Notable differences in permitted TIG eligible costs arise between the municipalities in the non-remediation costs of brownfield redevelopment. For example, Cornwall, Guelph, Kingston, and Windsor allow 100% of building demolition costs. Hamilton allows 100% of building demolition costs only in the City's Older Industrial Area and West Harbour Area. Ottawa allows 50% of building demolition costs, but this is further capped at 15% of total eligible costs. Kitchener/ Waterloo does not allow building demolition as an eligible cost.

When it comes to building rehabilitation, again there are considerable differences between the municipalities. Windsor allows 100% of building rehabilitation costs, Ottawa and Guelph allow 50% of building rehabilitation costs, with Ottawa again further capping the 50% of building rehabilitation costs at 15% of total eligible costs. Cornwall, Hamilton, Kingston and Kitchener/Waterloo do not allow building rehabilitation as an eligible TIG cost.

¹⁰ Tax Assistance Programs were not compared as most municipalities offer a similar three (3) year Tax Assistance Program.

Turning to infrastructure upgrading, there are significant differences in permitted TIG eligible costs across the municipalities. With respect to on-site infrastructure, Cornwall (at the discretion of Council) and Windsor allow 100% of on-site infrastructure upgrading as an eligible cost. Ottawa allows 50% of on-site infrastructure upgrading which is again capped at 15% of total eligible costs. Hamilton allows 25% of infrastructure upgrading only in the City's Older Industrial Area and West Harbour Area. Guelph, Kingston and Kitchener/Waterloo do not allow on-site infrastructure upgrading as an eligible cost.

With regard to off-site infrastructure upgrading, there is less variability than on-site infrastructure. Cornwall (at the discretion of Council) and Windsor are the only two municipalities of the seven that allow 100% of on-site infrastructure upgrading as an eligible cost. All the rest of the municipalities do not allow off-site infrastructure as an eligible cost.

Finally, there is the issue of capping of remediation and non-remediation eligible costs. The City of Ottawa caps TIG eligible costs at only 50% of remediation costs. The City of Ottawa is the only municipality in the comparison that does not allow 100% of remediation costs as eligible for the TIG. This significantly reduces the ability of Brownfield TIG applicants in Ottawa to recoup their brownfield remediation costs.

The City of Ottawa is also the only municipality that caps non-remediation eligible costs, and does so at only 15% of total TIG eligible costs. A number of the other municipalities allow building demolition, building rehabilitation and on-site infrastructure upgrading as TIG eligible costs, some even at percentages higher than the 50% allowed by Ottawa. Yet, none of these municipalities have seen fit to cap non-remediation eligible costs. The capping of non-remediation eligible expenses at 15% of total eligible costs in Ottawa significantly limits the ability of an applicant in Ottawa to recoup non-remediation brownfield costs.

In summary, while at first blush the City of Ottawa's Brownfield TIG Program appears very competitive with other municipalities due to its 85% TIG percentage, Ottawa's program is actually less competitive because it allows only 50% of remediation costs to be TIG eligible versus 100% for the other municipalities. Ottawa's Brownfield TIG program is also much less competitive in terms of non-remediation costs such as building demolition, building rehabilitation, and on-site infrastructure upgrading, largely as a result of non-remediation eligible costs being only 50% eligible, and then further capped at 15% of total eligible costs in Ottawa.

3.2.2 Development Charge (DC) Exemption/Reduction and Deferral Programs

For purposes of the analysis contained herein, Development Charge (DC) Exemption and Reduction Programs are treated the same, and referred to interchangeably herein as either a "DC Reduction" or "DC Exemption". These are programs where a municipality allows an applicant with an approved Brownfield TIG application to apply part or all of their TIG eligible costs against the DC normally payable, either upfront at the time of building permit issuance, or via a deferral/late payment agreement where the City retains annual TIG payments that would normally go to the applicant and applies them against the DC payable (including interest) over the 10 year TIG period. Applicants are responsible for any shortfall between the TIG eligible costs or total annual TIG payments, and the total DC payable. Conversely, applicants receive any remaining TIG payments if the total annual TIG payments are sufficient to pay the total DC payable within the 10 year TIG period. A "DC Deferral", as referred to herein, is simply a deferral of part or all of the full DC payable until a later date, at which time the DC payable must be paid in full by the applicant.

Of the seven municipalities in the comparison, four (Guelph, Hamilton, Windsor and Kitchener/Region of Waterloo) offer a DC Reduction Program, Kingston offers a DC Reduction Program only in CIPA 6 (former Davis Tannery Property), Ottawa offers a DC Deferral Program, and Cornwall offers no DC Reduction or Deferral. However, it should be noted that Cornwall offers a discretionary Municipal Tipping Fees Grant to reduce tipping fees at its municipal landfill, while none of the other municipalities offer this type of incentive.

With the Windsor and Kitchener/Waterloo DC Reduction Programs, the applicant has the option of applying 100% of remediation costs approved under the TIG against DCs payable at the time of building permit issuance. In Windsor, the DC Reduction is limited to 60% of the DC payable. In Kitchener/Waterloo, the DC Reduction can be up to 100% of the DC payable, but that will drop to 50% of the DC payable between January 1, 2022 and July 31, 2024, and then the Kitchener/Waterloo DC Reduction Program will be discontinued after July 31, 2024. Remediation costs applied against the DC payable are deducted from the TIG. Any remaining DC payable after eligible remediation costs have been applied against the DC payable must be paid at the time of building permit issuance. If the remediation costs are more than enough to cover the DC payable, the remaining TIG is then paid annually.

The DC Reduction Programs in Guelph and Hamilton are not quite as attractive as the true DC Reduction Programs in Windsor and Kitchener/Waterloo because the programs in Guelph and Hamilton include a deferral component rather than having the DC reduction applied at the time of building permit issuance. An applicant in Guelph or Hamilton with an approved TIG has the option of reducing their DC payable by entering into a DC Late Payment/Deferral Agreement with the municipality. The municipality will then apply the annual TIG payments against the DC payable (plus interest) for up to 10 years. Any DC shortfall must then be covered by the Applicant. If annual TIG payments are more than enough to cover the DC payable, the remaining TIG is then paid annually. In Guelph, only the eligible remediation cost component of the TIG can be applied against DCs payable. In Hamilton, the entire TIG eligible costs can be applied against DCs payable.

Ottawa offers a DC Deferral Program. Applicants can apply 100% of remediation costs for a maximum 50% deferral for up to 2 years of the DC payable in the Priority Area, and a maximum 25% deferral for up to 2 years of the DC payable in Other Areas. Applicants to the DC Deferral Program in Ottawa can still collect their remediation costs under the TIG program. Since it offers only a 2 year DC deferral, the Ottawa DC Deferral Program is much less competitive than the DC Reduction Programs offered in Guelph and Hamilton, and especially those offered in Windsor and Kitchener/Waterloo. However, the DC Deferral Program offered in Ottawa is certainly more competitive than a municipality that does not offer a DC reduction or deferral program.

3.3 Recent Trends

3.3.1 Tax Increment Grant (TIG) Programs

Over the last several years, despite many of the Ontario municipalities with long-standing Brownfield CIPs having conducted comprehensive reviews of their CIPs, there have been very few substantive changes to their Brownfield TIG Programs. Four of the seven municipalities (Cornwall, Guelph, Kingston, and Windsor) made no substantive changes to their TIG Programs. In 2019, the Region of Waterloo and their local municipalities made a very minor program reduction to their TIG Program by reducing remediation costs from 110% to 100% eligible, which just brings this program in line with practices in other municipalities. In 2018, the City of Hamilton made a minor program enhancement to their TIG Program by adding designated

substances and hazardous materials surveys and abatement as an eligible cost to their TIG Program, but only for projects in their older industrial area, current/closed institutional uses, or designated heritage buildings. A few of the municipalities (Hamilton and Guelph) have tightened up eligibility of soil excavation/disposal, building demolition, and building rehabilitation costs to ensure these costs are related only to site contamination.

Ottawa is the only municipality among the seven that has made a significant reduction to its Brownfield TIG Program over the last several years. In 2015, while Ottawa increased its annual TIG payment percentage from 50% of the Tax Increment to a very competitive 85% of the Tax Increment, it also reduced remediation cost from 100% TIG eligible % to 50% TIG eligible. This change significantly reduced the competitiveness of Ottawa's Brownfields TIG Program as compared to the other comparator municipalities.

In 2015, the City of Ottawa also reduced non-remediation TIG eligible costs from 100% to 50% eligible for building demolition and building rehabilitation. This reduction of non-remediation eligible costs from 100% to 50% largely brought Ottawa in line with most other comparator municipalities, and therefore did not significantly impact the competitiveness of Ottawa's Brownfield TIG Program. Rather, it was the capping of non-remediation eligible costs at 15% of total eligible costs in 2015 that represents a moderate/major TIG Program reduction in Ottawa. This change limits the ability of TIG Program applicants to recoup non-remediation brownfield related costs in Ottawa as compared to non-remediation brownfield related costs in most of the comparator municipalities.

3.3.2 Development Charge (DC) Exemption/Reduction and Deferral Programs

In contrast to the relative stability of their TIG Programs over the last several years, three of the five Ontario municipalities with long-standing Brownfield incentive programs (including Ottawa) have made substantive reductions to their Brownfield Development Charge (DC) Exemption/Reduction Programs. These program revisions are typically implemented via a change to the municipality's DC Bylaw, usually during the 5 year review of their DC Bylaw. Based on the staff reports in the comparator municipalities, this reduction in DC Reduction Program offerings has been in response to the large dollar value of DC Reductions being approved for brownfield redevelopment projects and pressure on the DC Reserves in these municipalities.

The only comparator municipality to actually enhance its DC Reduction Program over the last several years is Guelph. In 2018, the City of Guelph introduced a DC Reduction (Deferral) Program where it previously did not have a DC Reduction Program. The City of Guelph Program allows successful TIG applicants to apply their TIG eligible costs or annual TIG payments for 10 years, whichever is less, against the DC payable (plus interest) for up to 10 years, with any shortfall covered by the applicant. Since Guelph did not have a Brownfield DC Reduction or Deferral Program prior to 2018, this represents a moderate program enhancement, although it merely brought Guelph in line with most other comparator municipalities at the time.

In 2019, the City of Hamilton similarly converted their DC Reduction at building permit issuance to a DC Deferral (Reduction) where successful TIG applicants can elect to apply their annual TIG payments against the DC payable (plus interest) for up to 10 years. This represents a moderate program reduction for Hamilton as it previously had a DC Reduction Program where applicants could apply remediation costs against the DC payable at building permit issuance. Hamilton's DC Deferral Agreement includes an annual top up provision if the annual TIG payments will not cover the DC payable (plus interest), numerous financial protections for the municipality, and onerous financial obligations on the applicant.

In 2017, the City of Kingston eliminated their DC Exemption Program for all projects except those in their CIPA 6 (former Davis Tannery property). This represents a major program reduction. In 2019, the Region of Waterloo and their local municipalities reduced their DC Exemption Program from 120% of remediation costs to 100% of remediation cost which just brought them into line with other municipalities offering a DC Reduction Program. However, the Region of Waterloo and City of Kitchener reduced the amount of remediation costs that can be applied against DCs payable from the current 100%, to 50% starting on January 1, 2022. The City and Region also capped their respective DC Reductions at \$1M. Finally, the Region of Waterloo and City of Kitchener will completely do away with their DC Exemption Programs in August of 2024. All of these revisions represent a major program reduction and termination of the program altogether in August of 2024.

Finally, in 2015, earlier than other municipalities who reduced their DC Reduction Programs, the City of Ottawa replaced their DC Reduction Program with a 2 year DC Deferral Program. This represents a major program reduction. Even with the recent reductions to DC Reduction Programs in other municipalities such as Guelph, Hamilton and Waterloo, the City of Ottawa DC Deferral Program is not competitive with other municipalities that currently offer DC Reduction and Exemption Programs.

3.4 Innovative Approaches

A few municipalities in Ontario have recently prepared Brownfield CIPs with TIG programs that tie the level of incentivization to the performance of an as built project with regard to criteria such as economic impact, design, provision of affordable housing, and environmental sustainability. These criteria are often strategically drawn from direction provided in an Official and the goals of the CIP.

For example, when the City of Welland revised its 2007 Brownfield CIP in June of 2018, it provided an increase in its 80% TIG to 100% if the as-built project includes at least 3 of the 6 criteria listed below. The details of the criteria are listed in Appendix A. The City of Welland also offers a 75% DC Reduction for brownfield redevelopment through its DC Bylaw, and this 75% DC Reduction is similarly increased to 100% if the as-built project includes at least 3 of the 6 criteria.

- 1) Intensification of an existing use;
- 2) Creation of mixed uses;
- 3) Contribution towards the creation of a walkable neighbourhood character;
- 4) Creation of a range of housing opportunities and choices;
- 5) Reduced setbacks from roadways; and,
- 6) Energy Conservation Measures and Environmental Management Efforts.

In July of 2018, the Town of Oakville adopted its Brownfield CIP. This CIP contains a TIG Program that ties the level of the TIG to a number of performance criteria. The level of the TIG increases by 20% of the TI if the as built project achieves any of the following criteria:

- 1) Minimum employment density as specified by the Town;
- 2) Exemplary building/site design implementation or restoration of a designated heritage building (to be considered exemplary building/site design and implementation, a development must exceed the standards as outlined in the Livable by Design Manual, as determined by staff);
- 3) Inclusion of a minimum of 20% of residential units that are affordable; assisted special needs; or a combination of the three; and,
- 4) Sustainability Initiative Status.

To achieve the Sustainability Initiative Status, the as built project must:

- a) Achieve a minimum of LEED Silver certification; or,
 - b) Achieve net-zero (energy) or equivalent such as demonstrated by achieving one or more of the following:
 - i. CaGBC Zero Carbon Building Standard (ZCB); or,
 - ii. Recognition of Net-Zero from a reputable organization including: BOMA Canada, Natural Resources Canada and Canadian Home Builder's Association;
- Or,
- c) Include initiatives that demonstrate progress towards achieving Oakville's community greenhouse gas emissions reduction target. Each application will be reviewed on its alignment with the final recommendations of Oakville's community energy plan, at the discretion of the Town and be considered on a case-by-case basis. Initiatives will need to demonstrate operational greenhouse gas reductions over an appropriate period of time as determined by staff.

In March of 2021, the City of Burlington adopted its Brownfield CIP. The TIG Program in this CIP includes a 20% bump up to the TIG if the as built project achieves LEED Silver Certification or Equivalent¹¹, and a 30% bump-up to the TIG if the as built project achieves a minimum employment density by sector as specified by the City.

One potential criticism of performance criteria based incentive programs is that the criteria may have to be adjusted once a municipality using this approach has experience with real world projects that apply for the performance based incentive programs. This can necessitate a formal amendment to the CIP. In order to address this issue, the above-noted three municipalities placed the performance criteria in an appendix to the Brownfield CIP and specified that the appendix can be modified by the municipality from time to time, as required, without amendment to the CIP

In order to more strategically target its Brownfield CIP, the City of Ottawa may wish to consider introducing performance criteria into its TIG Program during the current review of its Brownfield CIP.

3.5 Summary

This report reviews current Brownfield CIPs in comparator municipalities with long-standing brownfield incentive programs, recent revisions made by these municipalities to their major brownfield redevelopment incentive programs (TIGs and DC Reduction/Deferral), and innovative brownfield redevelopment incentive programs recently introduced by a few other municipalities. A number of general conclusions can be drawn from this analysis regarding Ottawa's major brownfield redevelopment incentive programs and recent trends in terms of municipalities in Ontario generally maintaining, reducing, or enhancing the brownfield redevelopment incentive programs contained in their CIPs through their CIP reviews and updates? These conclusions are as follows:

- Between 2011 and 2018, the number of Ontario municipalities with Brownfield CIPs increased from 44 to 80. The highest increase in Brownfield CIPs was in smaller municipalities (211%), while medium and large municipalities witnessed increases of 60% and 43%, respectively.

¹¹ Equivalent can be achieved by execution of an agreement with the City for implementation and delivery of the agreed to voluntary measures contained in the City's Sustainable Building and Development Guidelines, and confirmation by the City that the "as built" development includes the agreed to voluntary measures.

- While most comparator municipalities offer their 10 year TIG over their entire urban area or municipality, Ottawa's 10 year TIG is restricted to its priority areas, with only a 5 year TIG offered in other areas.
- While the City of Ottawa's TIG level (85%) is very competitive with other municipalities that have long standing Brownfield TIG Programs, the City of Ottawa's Brownfield TIG Program is less competitive than comparator municipalities because it caps remediation costs at 50% TIG eligible while other municipalities typically allow 100% of remediation costs to be TIG eligible.
- The City of Ottawa Brownfield TIG Program is less competitive than comparator municipalities in terms of non-remediation costs such as building demolition, building rehabilitation, and on-site infrastructure upgrading, largely as a result of non-remediation eligible costs being only 50% eligible and then capped at 15% of total eligible costs.
- Since it offers only a 2 year DC deferral, the Ottawa DC Deferral Program is much less competitive than the DC Reduction Programs offered by many comparator municipalities such as Guelph, Hamilton, Windsor and Kitchener/Waterloo.
- Over the last several years, despite many of the Ontario municipalities with long-standing Brownfield CIPs having conducted comprehensive reviews of their CIPs, there have been very few substantive changes to their Brownfield TIG Programs.
- Ottawa is the only municipality among the seven comparator municipalities that has made a moderate to major reduction to its Brownfield TIG Program over the last several years by reducing remediation costs from 100% to 50% eligible, and by capping non-remediation eligible costs at 15% of total eligible costs. This significantly limits the ability of TIG Program applicants in Ottawa to recoup both remediation and non-remediation brownfield related costs when compared to remediation and non-remediation brownfield related costs in most of the comparator municipalities.
- The City of Ottawa's TIG Program cap of 50% on eligible remediation costs and 15% cap on non-eligible remediation costs is not only less competitive than other municipal Brownfield TIP Programs in Ontario, it is also more confusing. Therefore, the City of Ottawa should develop a simpler and more direct approach to limiting remediation and non-remediation TIG eligible costs.
- Over the last several years, a trend has emerged among Ontario municipalities with long-standing Brownfield DC Exemption/Reduction Programs to reduce the incentive available under these programs. This has largely been done by converting true up-front DC reduction programs to DC deferral programs where the annual TIG payment is used to pay DCs payable (plus interest) over the 10 year TIG period, with the applicant being responsible for any shortfall in the DC payable. Some municipalities have even deleted their Brownfield DC programs altogether.
- The City of Ottawa reduced its DC Program for Brownfields earlier than other municipalities by replacing their DC Reduction Program with a 2 year DC Deferral Program in 2015. The City of Ottawa 2 year DC Deferral Program is not competitive with many other major municipalities in Ontario that currently offer DC Reduction and Exemption Programs to promote brownfield redevelopment.
- In order to more strategically target its Brownfield CIP, the City of Ottawa may wish to consider introducing performance criteria into its TIG Program during the current review of its Brownfield CIP.

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Appendix A
City of Welland TIG and DC Bump-up Criteria

The criteria are listed below are the same as the criteria specified in Section 21 a) of Development Charges By-law No. 2109-83. In order to achieve the bump-up in the annual grant available under the City of Welland Brownfields TIG Program and the further 25% reduction of Development Charges, in the opinion of the City, the as-built project must include at least 3 of the following 6 features:

- 1) "Intensification of an existing use" meaning redevelopment or building addition so as to add floor area and/or a residential unit or units;
- 2) "Creation of mixed uses" meaning redevelopment, addition or conversion so as to add a new compatible use or uses to a building or property. "Creation of mixed uses" also means new development that proposes a mixed use building or a mix of uses on the site;
- 3) "Contribution towards the creation of a walkable neighbourhood character" meaning development, redevelopment, addition or conversion within a neighbourhood context that features one or more of the following: safe and clearly demarcated pedestrian access to and within the development site, building orientation and pedestrian access oriented toward the street, site and building access directly from the street without requiring passage across driveway or parking area, street-oriented building facade that features fenestration and entranceways to create a sense of permeability and movement between the street and the building interior, contribution to the quality of the public space on the street by the provision of space for public assembly, street furniture, artworks and/or landscaping;
- 4) "Creation of a range of housing opportunities and choices" meaning development, redevelopment, addition or conversion that adds multiple-unit housing types to the housing stock;
- 5) "Reduced setbacks from roadways" meaning development, redevelopment or conversion that places the building facade at the front lot line or closer to the street than the mid-point between the street line and the existing building. Where there is an existing building line along the block-face that is set back from the street line, "reduced front setbacks from roadways" means placing the building facade closer to the street line than the mid-point between the street line and the established building line;
- 6) "Energy Conservation Measures and Environmental Management Efforts," meaning development and redevelopment that features one or more of the following:
 - LEED Certification;
 - Thermal or Ground Source Heating, Use of Alternative Energy, LED Lighting Technology;
 - Intensive landscaping which may assist, for example, in stormwater management;
 - Restoration of natural environment, habitats and heritage features;