

DATE: April 11, 2023

REPORT NO: PD-19-2023

SUBJECT: Recommendation Report– Brownfield Property Tax Assistance and Brownfield Rehabilitation Grant Applications for lands situated on South Side of St Catharine Street (former CP Dunnville Spur Line Lands) – DeHaan Homes Inc, Agent Luciano Piccioni , Legal De

CONTACT: Dave Heyworth, Manager of Planning
Brian Treble, Director of Planning & Building

OVERVIEW:

- The Township has received its first applications for Brownfield Property Tax Assistance and Brownfield Rehabilitation Grant under the Brownfield Community Improvement Plan and a building permit offset grant for lands formerly used as the Dunnville Spur Line by CP Railway between St Catharine Street and Twenty Mile Creek on the South Side of St Catharine Street, being Part of Lot 56, Registered Plan M-88.
- On March 21, 2022 Township Planning Staff recommended to Planning Committee that NPG Planning Solutions be hired to assist the Township in completing a review of the applications.
- Mr. Aaron Butler, of NPG Planning Solutions, assisted with the review. His report is found at attachment 1 of this report and he will be in attendance at the Planning Committee meeting to discuss his findings and assist with an understanding of the process as well.
- The environmental remediation and rehabilitation of this site complies with the program requirements as contained in the Brownfield CIP and are therefore eligible for a grant. The application can be supported as it:
 - meets the eligibility requirements for the Tax Assistance and Rehabilitation Grant;
 - will result in the remediation of the site;
 - is in compliance with the Township's Planning documents
- A tax cancellation by-law must be passed to implement the approval which then automatically waives future building permits and authorizes the signing of the Tax Assistance and Rehabilitation grant agreement.
- Support can be granted based on compliance with the guiding Brownfield CIP documents. The decision of Council is final and there is no appeal process.

1. That, Recommendation Report PD-19-2023, regarding "Brownfield Property Tax

Assistance and Brownfield Rehabilitation Grant Applications for lands situated on South Side of St Catharine Street (former CP Dunnville Spur Line Lands) – DeHaan Homes Inc, Agent Luciano Piccioni, Legal Description: Being Part of Lot 56, Registered Plan M-88, (File No. 1519-021-001), Legal Description: Being Part of Lot 56, Registered Plan M-88, (File No. 1519-021-001)”, dated April 11, 2023 be RECEIVED; and,

2. That, Council approve the Brownfield Property Tax Assistance and Brownfield Rehabilitation Grant application for lands located between St Catharine Street and Twenty Mile Creek on the South Side of St Catharine Street and further identified through this report subject to the applicant meeting the program requirements including entering into an agreement with the Township.
3. That, a by-law (attachment 3) be passed to cancel all or part of property taxes in a form as found at attachment 3 and which also authorizes the signing of the Tax Assistance and Rehabilitation agreement; and
4. That, the Tax Assistance and Rehabilitation grant request be forwarded to the Region of Niagara for support under the Smarter Niagara Incentive Program (SNIP).
5. That, building permit fees are waived automatically should approval be granted.

ALIGNMENT TO STRATEGIC PLAN:

Theme #3

- **Strategic Responsible Growth**

BACKGROUND:

Brownfield CIP

The Brownfield CIP provides a framework of actions and incentive programs to promote Brownfield redevelopment. The Brownfield CIP was adopted in 2011. This is the first application under the Brownfield CIP.

Brownfields are abandoned, idled, or underused properties where expansion or redevelopment is complicated by real or perceived environmental contamination as a result of historical land use practices

Brownfield redevelopment can result in the following environmental, economic and social benefits:

- Improvements in environmental quality (soil, air and ground water)
- Improvements to human health
- Protection of groundwater resources, wetlands and wildlife habitats.
- Utilization of existing sewer, water and road infrastructure, resulting in the reduction of urban sprawl and its associated costs
- Economic growth, including the retention and creation of local jobs
- Increased property tax revenues in the long term
- Revitalization of neighbourhoods and employment areas
- Increased affordable housing opportunities

Brownfield Tax Assistance Program (TAP)

The purpose of the Brownfield Property Tax Assistance Program (TAP) is to encourage

the remediation and rehabilitation of brownfield sites by providing a cancellation of part or all of the property taxes on a property that is undergoing or has undergone remediation and development to assist with payment of the cost of environmental remediation. This program applies only to properties requiring environmental remediation and/or risk assessment/management,

The TAP allows for the cancellation of part or all of municipal 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. The education property taxes are not part of this application.

Note that the CIP stipulates that if a property that has been approved for tax assistance is severed, subdivided, sold or conveyed prior to the end of the three-year period, any remaining municipal property tax assistance can be converted into a grant and paid out under the Brownfield Rehabilitation Grant Program. In anticipation that the subject property will be divided by Plan of Condominium and conveyed to a Condominium Corporation and individual unit owners, this extends the Brownfield Rehabilitation Grant Program from 10 years to a potential maximum of 13 years.

Brownfield Rehabilitation Grant Program (RGP)

The purpose of the Brownfield Rehabilitation Grant Program is to encourage the remediation, rehabilitation and adaptive re-use of brownfield sites by providing grants to help pay for remediation costs not fully disbursed by the Brownfield Property Tax Assistance Program and non-environmental rehabilitation costs normally associated with brownfield site redevelopment.

The RGP is a grant equivalent to 100% of the municipal property tax increase created by the project for up to 10 years after project completion.

An application can be made for the Brownfield Rehabilitation Grant Program or the Brownfield Property Tax Assistance Program, or both programs together. If an application for both the Brownfield Rehabilitation Grant Program and the Tax Assistance Program has been approved, the annual grant available under the Brownfield Rehabilitation Grant Program will begin when the benefits of the Brownfield Property Tax Assistance Program end.

Subject Property

The land on the north side of Twenty Mile Creek is approximately 66,176 ft² (6148m²) in size and is remnant lands left following the registration of the new Crossings South Condo Community. This condominium community is proposed to be called Crossings North. These lands were formerly used as a rail line by CP Railway Company. The applicant completed a Phase One Environmental Site Assessment (ESA) which identified potential contamination associated with fill of unknown origin and quality. A further ESA (Phase II) identified exceedances of polycyclic aromatic hydrocarbon (PAH) associated with the sand and gravel fill deposits along the former spur line.

Remediation of the property will involve removal of the soil to a licensed fill site. The estimated duration of the remediation works is 12 to 14 weeks and environmental

remediation is expected to commence in 2023.

The intended use of the property is for a 10-unit residential condominium development with an internal street. The width of the parcel is such that residential units can only be situated on one side of the internal condominium road. The draft approved condominium plan for this development is found at attachment 2.

CURRENT SITUATION:

The purpose of the Brownfield Property Tax Assistance and Brownfield Rehabilitation Grant Programs are to encourage the remediation, rehabilitation and adaptive re-use of brownfield sites by providing a freeze of taxes during property remediation followed by a grant to assist in the additional rehabilitation costs normally associated with brownfield sites. This is a tax increment based incentive that is available where rehabilitation will result in an increase in assessment values and property taxes on the lands.

The subject property is located within the Smithville-wide Brownfield CIP and is eligible to receive up to 3 years of frozen taxes plus up to ten (10) years of an annual grant of 100% of the incremental tax increase in each year or until all eligible costs have been met. The annual grant available under the Rehabilitation Grant program will begin when the final building inspection for the new development has taken place (i.e. occupancy), a reassessment of the property has been completed by MPAC and property taxes have been paid in full for the year in which the grant is to be provided.

The applicant has submitted the required documents and estimates for eligible environmental costs and rehabilitation costs under the incentive program (further detailed under Financial Implications below). The remediation of these lands will meet the intent of the Brownfield Community Improvement Plan with the removal of contamination on urban lands and introducing a new use for the subject lands. The redevelopment of the property to residential condominium development similar to the existing development on the adjacent lands to the south (also previously owned by the applicant) is in compliance with the Township's Planning documents. The development will be subject to plan of condominium approval, a development agreement and road occupancy agreement, but is now exempt from site plan control based on Bill 23.

If supported by Council, the applicant and the Township will enter into a Rehabilitation Grant Agreement outlining the terms and conditions of the grant. The applicant has been provided a draft copy of this agreement (see attachment no. 4) and is agreeable to its terms. The Township will seek Regional participation in the Tax Assistance and Rehabilitation Grant should Council support be provided. The applicant will be required to enter into a separate agreement with the Region to receive Tax Assistance on the Region's share of property tax.

FINANCIAL IMPLICATIONS:

The estimated total eligible environmental costs associated with the property rehabilitation is \$1,281,000. This includes the costs of remediation, placing of clean fill, and the preparation and the filing of a Record of Site Condition.

As per the terms of the Incentive Program, environmental costs may be applied against the Tax Assistance portion of the Grant as well as against the Region's Development

Charges under their Development Charges Reduction Program - Brownfields.

The estimated eligible costs of rehabilitation, which includes on-site and off-site infrastructure up-grades, totals \$1,487,360.75. These costs, plus any eligible environmental costs remaining after the tax assistance and Regional Development Charge reduction, can be applied to the Rehabilitation Grant portion of the incentive program.

It is estimated that the tax assistance will total \$2716.39 from the Township and \$4414.12 from the Region, with the assumption that taxes will be cancelled for one year during remediation. The remaining two years of eligible tax cancellation is assumed to be paid out in the form of two additional years under the Rehabilitation Grant program, for a total of twelve (12) years. The Rehabilitation Grant will total an estimated \$145,368.94 from the Township and \$194,995.69 from the Region for a maximum total incentive of \$347,494.43 to the applicant. These estimates are based upon the pre-project assessment value of \$353,000 recently provided by MPAC.

Please note that the actual tax assistance/grant payment amounts will be based on the actual pre-project assessed value as determined by MPAC with the assumption of Ownership by (applicant) and the post-project assessed value (AV) as determined by MPAC and actual applicable Township and Regional property tax rates. The above calculations as outlined below, are best estimates based on several assumptions.

The Table below breaks down the dispersal of incentives in terms of amounts and timing.

YEAR	TOWNSHIP TAX ASSISTANCE*	REGION TAX ASSISTANCE^	TOWNSHIP GRANT*	REGION GRANT^	TOTAL
1	\$2,716.39	\$4,414.12			\$7,130.50
2			\$10,242.95	\$16,249.64	\$26,492.59
3			\$10,550.24	\$16,249.64	\$26,799.88
4			\$10,866.75	\$16,249.64	\$27,116.39
5			\$11,192.75	\$16,249.64	\$27,442.39
6			\$11,528.53	\$16,249.64	\$27,778.17
7			\$11,874.39	\$16,249.64	\$28,124.03
8			\$12,230.62	\$16,249.64	\$28,480.26
9			\$12,597.54	\$16,249.64	\$28,847.18
10			\$12,975.46	\$16,249.64	\$29,225.10
11			\$13,364.73	\$16,249.64	\$29,614.37

12			\$13,765.67	\$16,249.64	\$30,015.31
13			\$14,178.64	\$16,249.64	\$30,428.28
TOTAL	\$2,716.39	\$4,414.12	\$145,368.24	\$194,995.69	\$347,494.43

The Township does have funds in the Planning Reserve to cover the costs related to the Tax Assistance Portion of the grant. Once the units are built, the additional property taxes collected would be offset by the transfer of the annual grant dollars to the Developer. The Township will need to include this grant amount in its annual operating budget.

INTER-DEPARTMENTAL COMMENTS:

This report has been reviewed by Aaron Butler, of NPG Solutions, Donna DeFilippis, Bev Hendry and Tom Richardson as well as by the developer's agent, Luciano Piccioni. Finally, this report has been reviewed by Marian Bannerman of the Niagara Region Smarter Niagara Incentive Program (SNIP).

CONCLUSION:

The requested Brownfield Property Tax Assistance and Brownfield Rehabilitation Grant will satisfy Council's strategic priority by implementing the financial incentive programs of the Brownfield CIP and working towards a healthy and vibrant community with the remediation and redevelopment of the lands to provide a new land use for the vacant property.

Therefore, Township Planning staff advise that Council approval of the Tax Assistance and Brownfield Rehabilitation Grant applications for lands formerly used as the Dunnville Spur Line by CP Railway between St Catharine Street and Twenty Mile Creek on the South Side of St Catharine Street, subject to the applicant meeting the program requirements including entering into an agreement with the Township; following passage of a tax cancellation by-law is appropriate.

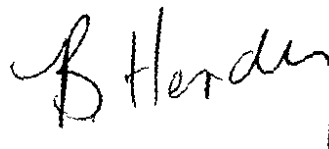
If approval is granted, the Tax Assistance and Rehabilitation Grant Agreement may be signed by the Clerk and Mayor, as authorized by the tax cancellation by-law through its approval; and the Tax Assistance and Rehabilitation grant request shall be forwarded to the Niagara Region for support under the Smarter Niagara Incentive Program (SNIP).

ATTACHMENTS:

1. Report by NPG Solutions
2. Draft Approved Condominium Plan
3. Draft Authorizing By-law and Draft Property Tax Assistance By-law
4. Draft Brownfield Property Tax Assistance and Brownfield Rehabilitation Grant Agreement
5. Draft Schedule B (Calculations)
6. Authorization By-law for Signing of Agreement

Prepared & Submitted by:

Approved by:



Brian Treble
Director of Planning & Building

Bev Hendry
CAO



Dave Heyworth
Manager of Planning