

# BROWNFIELD INVESTMENT IN WATERLOO REGION

**4<sup>th</sup> Annual Brownfield Forum :**  
**Brownfield Redevelopment & the Community**

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# Presentation Overview

- Regional Context/Trends
- Brownfield Financial Incentive Program
- Case Study –Collaborative Solutions for Complex Projects

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# Waterloo Region – Pop. 543,700



**City of Kitchener**  
Population 224,100

**City of Cambridge**  
Population 127,900

**City of Waterloo**  
Population 121,700

**Township of Woolwich**  
Population 22,200

**Township of Wilmot**  
Population 19,100

**Township of Wellesley**  
Population 10,400

**Township of North Dumfries**  
Population 9,500

# Reurbanization at a Glance

1991	=	5%
2003	=	15%
2006	=	29%
2009	=	37% *
2010	=	56% *



\* Inside BUA as per Places to Grow Growth Plan (2006). Previous years extrapolated from building permit locations.

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# Brownfields Financial Incentive Program

- Incentive Framework approved  
October 2006 by Regional Council (on a Pilot Basis)
- 2.5 Million Dollars
- Developed in collaboration with the Area Municipalities
- Extensive background research

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# Brownfields Financial Incentive Program

## Objective:

Encourage the rehabilitation and redevelopment of brownfield sites throughout Waterloo Region.

## Definition:

A property which contains environmental contamination either in the ground or buildings due to the operational activities of a previous land use, where the extent of the contamination rendered the property vacant, under-utilized, unsafe, unproductive or abandoned.

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# Why? Barriers and Issues

- Liability
- Regulations
- Financial
- Technology
- Planning
- Stigma, Education and Awareness



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# Why? Impacts

- **Economic**
  - **Lost assessment base, lower tax revenue, and lost jobs**
  - **Increased cost of surveillance (police, fire, by-law)**
- **Environmental**
  - **Threaten water, air and ground through actual or potential release of hazardous material**
- **Social**
  - **Loss of social cohesion, identity and community (no eyes on the street)**
- **Cultural**
  - **Important cultural heritage lost, or neglected**

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# Why? Benefits

- Economic development and investment in urban areas (strategically located)
- Many services (hard and soft) already in place
- Increased investments in the areas surrounding the brownfield site known as the “Multiplier Effect”
- Mixed-use development, providing retail, living, and service options for residents
- Safer, cleaner and healthier communities
- Transit, pedestrian, and cyclist-friendly design
- Additional green and public spaces

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# Why? Environmental Issues

- Common contaminants include:
  - Polycyclic Aromatic Hydrocarbons (PAHs) – Coal Related
    - Ex. Coal Tar
  - Polyhalogenated Compounds (PHCs) – Petroleum Related
  - Heavy Metals
  - Volatile Organic Compounds (VOCs) – Petroleum/Solvent Related
    - Ex. Trichloroethylene (TCE)
- If these sites are to redevelop they will require an RSC

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esley

Woolwich

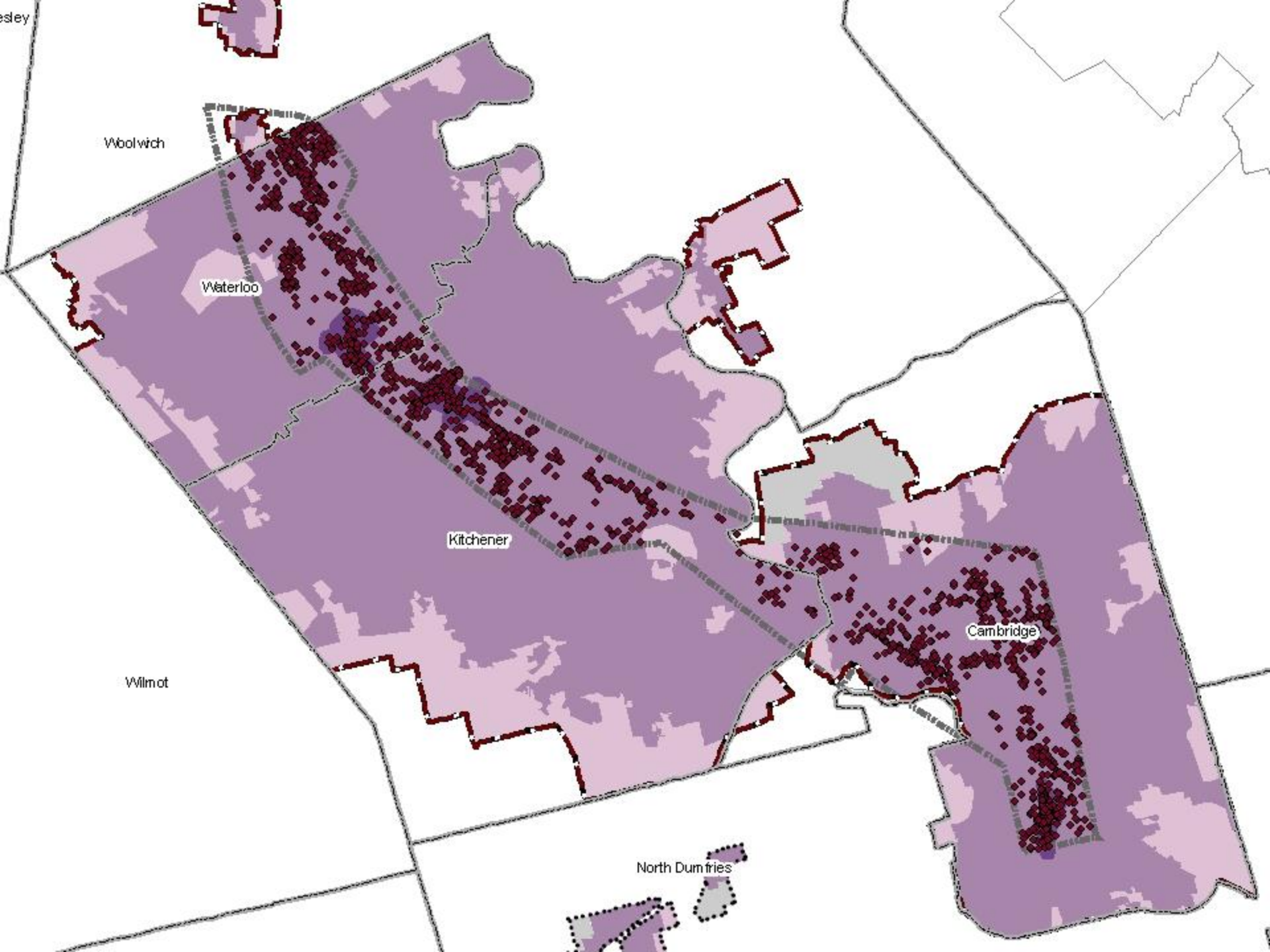
Waterloo

Kitchener

Cambridge

Wilmot

North Dumfries



# RSC - Legislation/Regulations

## Process:

- ❑ Phase 1 ESA: History of Land use and Operations on site.
- ❑ Phase 2 ESA: On-site Investigation – delineate extent of contamination
- ❑ Phase 3 (Site Remediation) – Contracted work
- ❑ Sign the RSC – 256 elements

## When Required:

- ❑ Ontario Reg 153/04 – Moving to a more sensitive land use (Ind-Com to Res/Parkland)
- ❑ ROW Protocol – OPA, ZC, Plan of Subdivision & Consent.
- ❑ Purchase – land transfer

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# Site Clean-Up (Remediation)

To file a RSC there are 2 general approaches:

## Generic Clean- Up

- Deal with contaminants by removing or cleaning-up to MOE Site Condition Standards " Soil, Groundwater and Sediment Standards for Use under Part XV.1 of the Environmental Protection Act (April 15, 2011), came into force July 1, 2011.

## Risk Assessment

- Using a Risk-Based Approach, Property Specific Standards are developed for each contaminant that is appropriate for the proposed end land use. Risk Management Measures may be included to block future exposure.

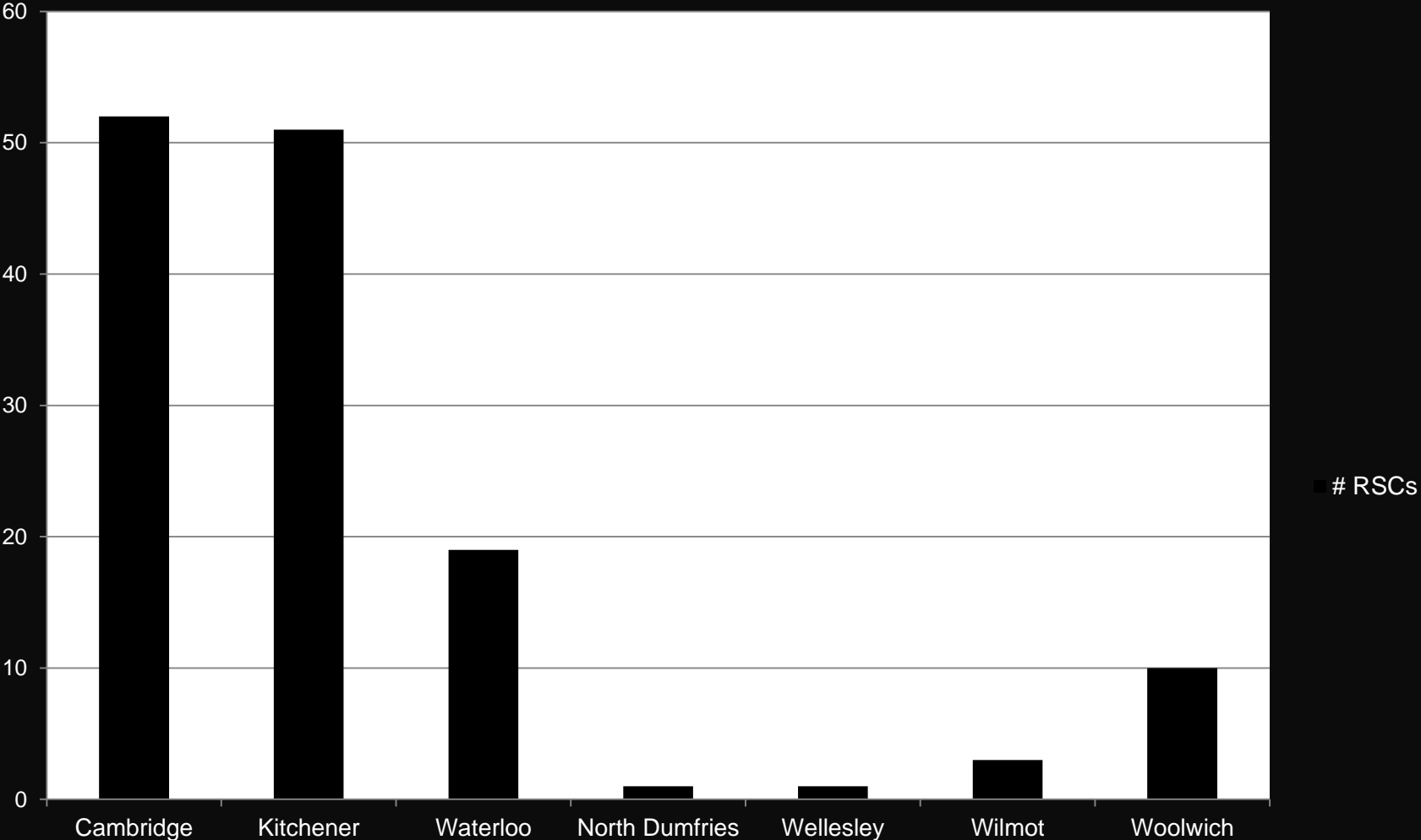
Revitalization

Opportunity

Investment



# Waterloo Region RSCs (since 2004)



# Brownfields Financial Incentive Program

## 4 Components

- Phase II ESA Grants
- Regional Development Charge Exemptions
- Joint Tax Increment Grant Program
- Funding for Area Municipalities for the implementation of Community Improvement Plans for CIPs



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# Phase II ESA Grants

- The completion of certain Phase II Environmental Site Assessments (ESAs) that address groundwater impacts and meet the Region's groundwater resources protection requirements
- 50 per cent of one Phase II ESA per site to a maximum of \$40,000



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# RDC Brownfield Exemptions

- Maximum value of the exemption:  
Total amount of eligible clean-up costs  
- any other assistance received
- Brownfield sites throughout the Region may be eligible – not applicable for sites within downtown core exemption areas



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# Joint Tax Increment Grant (TIG) Program

- Based on the increase in area municipal and regional tax assessment, eligible clean-up costs and any other brownfield assistance received earlier in the development process
- Provide developers of brownfield properties in eligible areas with an opportunity to receive grants when the project is completed that will help them recoup 100 per cent of clean-up costs

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# Joint TIG Program

## Hypothetical Example

Redevelopment of a brownfield with 178 townhouses

### Tax Increment Amount

Change in Taxes	Before Remediation	After Project Completion	Increment
<b>Current Value Assessment</b>	<b>\$ 1,250,000</b>	<b>\$ 29,000,000</b>	<b>\$ 27,750,000</b>
<b>Annual Taxes</b>			
Area Municipal	\$ 11,282	\$ 132,808	\$ 121,526
Region	\$ 16,903	\$ 198,966	\$ 182,063
<b>Subtotal</b>	<b>\$ 28,185</b>	<b>\$ 331,774</b>	<b>\$ 303,589</b>
Education	\$ 27,348	\$ 85,840	\$ 58,492
<b>Total Annual Taxes</b>	<b>\$ 55,533</b>	<b>\$ 417,614</b>	<b>\$ 362,081</b>

# Joint TIG Program

## TIG Payment Schedule

- TIG payments begin after project completion
- Property owners still pay property taxes during and after project
- TIGs are capped at the lower of the net eligible costs of remediation or the sum of the annual tax increment for 10 years after redevelopment

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# Joint TIG Program Implementation

- Is implemented through Area Municipal Community Improvement Plans (CIPs)
- Available only in CIP project areas
- Developed a CIP template and draft legal agreements
- Coordination through Brownfields Working Group

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# Regional Program Implementation Requirements

- Regional/ Area Municipal Coordination (Planning, Finance, Environmental Services Departments)
- Ongoing Communication
- “One Window” Service

## BROWNFIELDS

Property that contains environmental contamination either in the ground or in buildings due to the operational activities of a previous land use, where the extent of the contamination rendered the property vacant, under-used, unsafe, unproductive or abandoned.

## BROWNFIELDS IN WATERLOO REGION

# R

### Revitalization

Brownfield redevelopment opens the door to new economic and residential growth, and the creation of additional recreational spaces. Revitalizing these sites will provide strong financial opportunities and compelling public and media relations recognition, and will assist in bringing new life to the community.

# O

### Opportunity

Brownfields represent opportunity – for owners, developers, municipalities and the public in general. In many cases, these sites have exceptional potential, offering prime locations, existing infrastructure and a solid return on investment.

# I

### Investment

Brownfield remediation requires a commitment from all parties. As part of our dedication to making it work, we offer ongoing, one-on-one assistance throughout the development process, financial incentives to minimize your risk, and assistance in communicating with municipal departments to get your project completed successfully.

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# Response

- 8 Phase II grants (\$270 K)
- 4 approved applications - maximum RDC exemptions of \$5.1 million
- 2 CIPs implementing the Joint TIG program
  - ▣ 2009 Lang Tannery, \$ 890 K (Kitchener)
  - ▣ 2011 Waterscape, \$ 7.5 million (Cambridge)
  - ▣ 2011 750 Lawrence, \$1.2 million (Cambridge)
- Brownfields Working Group (2008)
  - ▣ Joint marketing and communication
  - ▣ Discuss relevant issues and devise strategies

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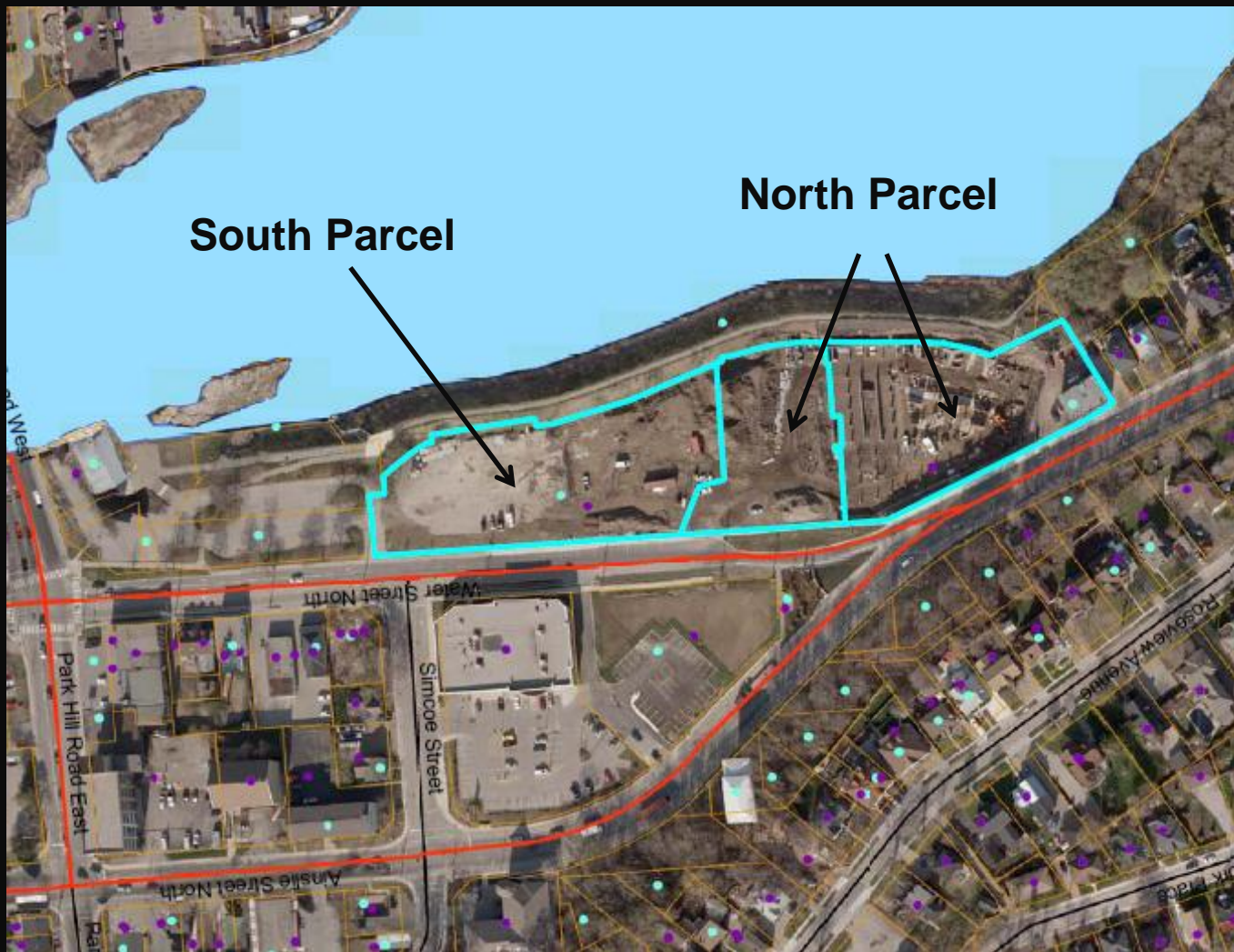
# **CASE STUDY – WATERSCAPE ON THE GRAND RIVER**

## **COLLABORATIVE SOLUTIONS FOR COMPLEX PROJECTS**

# Context

- July 29, 2009 Received the second joint TIG Application – first application in Cambridge
- 2 Parcels acquired by developer in 2006
  - 170 Water Street North "North Parcel" (.87 ha)
  - 130 Water Street North "South Parcel" (0.63 ha)
- 2 Partners

# Site Location



# Site Background

## North Parcel (.87 ha)

- In use since the early 1900s
  - ▣ Three story multi tenant building
  - ▣ Machinery
  - ▣ Automotive supplies
  - ▣ Lawyers Office
- Environmental Impacts
  - ▣ Heavy Metals
  - ▣ Poly Aromatic Hydrocarbons
  - ▣ Petroleum Hydrocarbons



# Site Background

## South Parcel (0.63 ha)

### □ Former Uses

- 1886-1910 Galt Gas Company (Coal Gasification Plant)
- Other uses followed (textile mill, auto garage)
- Site was demolished in 1985 (to prepare for redevelopment that never occurred)

### □ Environmental Impacts

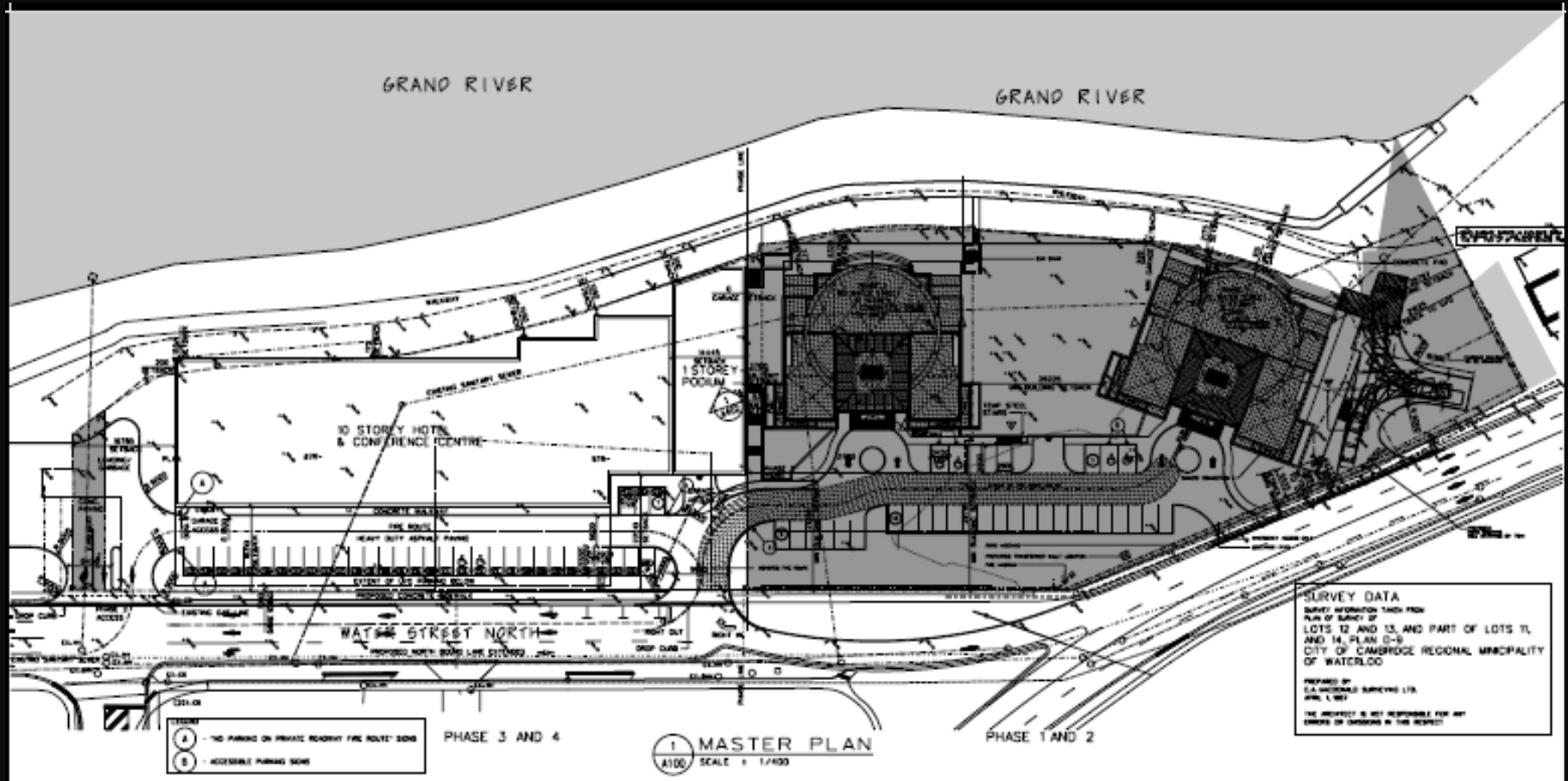
- Coal Tar; Polycyclic Aromatic Hydrocarbons, Petroleum Hydrocarbons, Volatile Organic Hydrocarbons, Heavy Metals

# Redevelopment

- 3 Phased remediation and redevelopment
  - Waterscape 1 – 14 Story multi-res (113 units)
  - Waterscape 2 – Second Phase multi-res
  - Hotel & Conference Centre – South Parcel



# Site Plan



# Developing the TIG Framework

- Challenging Negotiations:
  - Process (Phased Remediation & Redevelopment)
  - Multiple Parties (Area Municipalities, Region, Developer/Partner)
  - Technical Issues(Definitions, Process, Incomplete Information)
  - Financial Impacts
  - Timing Implications
  - Legal Agreement

# Finding Solutions

- Developed a "Case by Case" TIG Structure
- Maintained intent of TIG Program – but included:
  - ▣ Additional Flexibility
  - ▣ Assignability
  - ▣ Some environmental controls
  - ▣ Potential cost savings measures
- Almost a 2 year process
  - ▣ Regional Council approved April 12, 2011
  - ▣ Implementation is ongoing

# Lessons Learned



- Finding the Common Interest
  - A lot of discussion – listening and asking questions
  - Determining a range of acceptable alternatives – where does your range overlap with others?
  - Start with that range to develop creative options to meet all sides needs
  - Often an iterative process – may have to start over or regroup when new information is presented

# Keys to Success

- Understanding all sides of the issue
- Being clear on your objective
- Keeping a positive attitude
- Preparation – doing your homework
- Stick to your principles but be flexible in your approach
- Know when it's time to wrap things up



# Make it Happen!

*2010 CUI Brownie Awards recognizes excellence in Brownfield Projects  
Developments across Canada  
November 3, 2010 – Toronto, ON*



**WINNER!**

- ***Category 3 – Financing, Risk Management and Partnerships***  
**The Waterscape on the Grand River, Cambridge, Ontario**

# Questions?



# References

- **ROW Brownfields**  
[www.region.waterloo.on.ca/brownfields](http://www.region.waterloo.on.ca/brownfields)
- **Federal Brownfields Redevelopment Website**  
<http://www.ene.gov.on.ca/envision/land/decomm/brownfields.htm>
- **Brownfields Ontario**  
<http://www.mah.gov.on.ca/Page220.aspx>
- **Canada Mortgage & Housing Corporation (CMHC)**  
<http://cmhc.ca/en/inpr/su/sucopl/>
- **Aboutremediation.com**  
[www.aboutremediation.com](http://www.aboutremediation.com)
- **Canadian Brownfields Network (CBN)**  
<http://www.canadianbrownfieldnetwork.com/>

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# Thank You!



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